INDUSTRIAL DEVELOPMENT AUTHORITY REGULAR MEETING AGENDA

4TH FLOOR CONFERENCE ROOM

December 10, 2024

10:30 AM

A. CALL TO ORDER

B. ROLL CALL

C. MEETING MINUTES

1. IDA 2024-11-14 Meeting Minutes

D. FINANCIAL REPORT

1. IDA Financial Report as of November 30, 2024

E. STAFF UPDATES

F. ACTION ITEMS

1. A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, APPROVING AND AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND MICHAEL CHEEK FOR 208 NORTH UNION ST SUITE 202.
2. A resolution for a lease agreement with Carter Craig, Bass, Blair & Kushner for parking spaces at 126 S Union St

3. A resolution for an office space lease agreement with Carter Craig, Bass, Blair & Kushner for 126 S Union St
4. Re-Leased Software- Property Management Software-
5. A resolution regarding the disposition, removal, and/or sale of structures located at 188 Stokesland Ave Ext
6. Request approval to enter into an agreement with Garland/DBS Inc. to replace the roof at 527 Bridge Street
7. Request approval to obtain credit financing to replace the roof at 527 Bridge Street, Danville, Virginia
8. A resolution for the purchase of parcels 22329, 21745, and 21746 located at the corner of Shelton Street and Lynn Street from Shelton Street LLC for an amount not to exceed $50,000.
9. A resolution of action by unanimous written consent of the members and manager of 424 Memorial Drive Managing Member LLC
10. A resolution for the commencement date for the IDA's lease at 424 Memorial Drive
11. A resolution for River District Events LLC to use lot on corner of Main Street and Craghead St for New Year's Eve event

G. CLOSED MEETING

As Permitted by Subsection (A)(3) of Section 2.2-3711 of the Code of Virginia, 1950, as amended for discussion or consideration of the acquisition of real property or of the disposition of publicly held real property; and

As Permitted by Subsection (A)(5) of Section 2.2-3711 of the Code of Virginia, 1950, as amended for discussion concerning a prospective business or industry related to economic development.

As Permitted by Subsection (A)(7) of Section 2.2-3711 of the Code of Virginia, 1950, as amended for consultation with legal counsel concerning actual litigation and briefings by staff regarding specific legal matters requiring legal advice.

A. Motion to Convene in Closed Meeting
B. Motion to Reconvene in Open Meeting
C. Motion to Certify Closed Meeting

H. NEW BUSINESS

I. ADJOURN

INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA
MINUTES OF MEETING
NOVEMBER 14, 2024

PURSUANT TO A WRITTEN NOTICE, A COPY OF WHICH IS ATTACHED HERETO, A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA WAS HELD IN THE FOURTH FLOOR CONFERENCE ROOM OF THE MUNICIPAL BUILDING ON THURSDAY, NOVMEBER 14, 2024, AT 10:30 A.M.

THE FOLLOWING MEMBERS WERE PRESENT AND ABSENT:

PRESENT: T. NEAL MORRIS, CHAIRMAN
RUSSELL REYNOLDS, VICE CHAIRMAN
JOHN LARAMORE, SECRETARY
KRISTEN BARKER
ROBERT WOODALL

ABSENT: DAVE CUMBO
PHILIP HALL

ALSO PRESENT: W. CLARKE WHITFIELD, JR., CITY ATTORNEY
MICHAEL ADKINS, CHIEF FINANCIAL OFFICER
KELVIN PERRY, ECONOMIC DEVELOPMENT
SAMANTHA BAGBY, ECONOMIC DEVELOPMENT
KEN LARKING, CITY MANAGER
JASON GREY, UTILITIES DIRECTOR

T. NEAL MORRIS, CHAIRMAN, CALLED THE MEETING TO ORDER AT 10:30 A.M.

ROLL CALL

MINUTES

COPIES OF THE MINUTES OF THE OCTOBER 8, 2024, REGULAR CALLED MEETING OF THE IDA WERE DISTRIBUTED TO THE MEMBERS WITH THEIR AGENDA PACKETS. A MOTION WAS MADE BY MR. WOODALL TO APPROVE THE MINUTES AS PRESENTED. THE MOTION WAS SECONDED BY MR. LARAMORE AND CARRIED WITH THE MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

COPIES OF THE MINUTES OF THE OCTOBER 18, 2024, SPECIAL CALLED MEETING OF THE IDA WERE DISTRIBUTED TO THE MEMBERS WITH THEIR AGENDA PACKETS. A MOTION WAS MADE BY MR. WOODALL TO APPROVE THE MINUTES AS PRESENTED. THE MOTION WAS SECONDED BY MR. LARAMORE AND CARRIED WITH THE MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

FINANCES

MICHAEL ADKINS, THE CHIEF FINANCIAL OFFICER AND DIRECTOR OF FINANCE, PROVIDED THE MEMBERS OF THE IDA BOARD AT THE MEETING WITH A PACKET OF THE CURRENT FINANCIAL STATEMENTS OF THE IDA.

A MOTION WAS MADE BY MR. LARAMORE TO APPROVE THE FINANCIAL REPORT. THE MOTION WAS SECONDED BY MR. REYNOLDS AND CARRIED WITH MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

RESOLUTIONS

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY A PARKING LEASE AGREEMENT WITH THE ALEXANDER COMPANY, INC FOR THE LOWER LEVEL PARKING AREA OF 424 MEMORIAL DRIVE, DAN RIVER FALLS.

MOTION WAS MADE BY MS. BARKER; SECONDED BY MR. WOODALL

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE

MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT FOR 800 WEST MAIN STREET, PARCEL 56612.

MOTION WAS MADE BY MR. WOODALL; SECONDED BY MR. REYNOLDS

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT AS WELL AS THE ACTUAL PURCHASE OF 118 TO 132 SOUTH UNION STREET.

MOTION WAS MADE BY MS. BARKER; SECONDED BY MR. REYNOLDS

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION APPROVING AND AUTHORIZING THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA TO APPROVE A CONTRACT FOR RE-SURFACE PAVING AT 816 MONUMENT STREET NOT TO EXCEED $63,000.00.

MOTION WAS MADE BY MS. BARKER; SECONDED BY MR. REYNOLDS

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING THE CONVEYANCE TO THE CITY OF

DANVILLE A 10' WIDE UTILITY EASEMENT FROM THE CITY'S EXISTING RIGHT-OF-WAY ON LOCKETT DRIVE, PARCEL 75918, FOR THE PURPOSE OF SERVING MULTIPLE WATER CUSTOMERS AT 1000 LOCKETT DRIVE.

MOTION WAS MADE BY MR. WOODALL; SECONDED BY MR. REYNOLDS

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING THE REPLACEMENT OF 13 FLAG POLES AND FLAGS ON BRIDGE STREET NOT TO EXCEED $45,937,17.

MOTION WAS MADE BY MS. BARKER; SECONDED BY MR. LARAMORE

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING ENTERING A CONTRACT WITH SOLEX ARCHITECTURE NOT TO EXCEED $55,000 FOR ARCHITECTURE, ENGINEERING, AND DEVELOPMENT SERVICES OF THE PROPERTY IDENTIFIED AS 620-622 NORTH MAIN STREET.

MOTION WAS MADE BY MR. LARAMORE; SECONDED BY MR. REYNOLDS

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING AN AGREEMENT WITH HURT & PROFFITT INC NOT TO EXCEED $177,000.00 FOR ENGINEERING DESIGN AND PERMITTING SERVICES AT GYPSUM ROAD, PARCEL 78170.

MOTION WAS MADE BY MR. LARAMORE; SECONDED BY MR. WOODALL

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A CONSULTING SERVICES AGREEMENT BY AND BETWEEN THE IDA AND CHERRY BEKAERT, LLC.

MOTION WAS MADE BY MR. WOODALL; SECONDED BY MS. BARKER

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. WOODALL	-AYE

(MR. HALL JOINED THE MEETING AT THIS POINT)

MR. REYNOLDS MOVED THE MEETING BE RECESSED AND THE BOARD IMMEDIATELY RECONVENED IN EXECUTIVE CLOSED MEETING FOR THE PURPOSES:

1. *DISCUSSION CONCERNING A PROSPECTIVE BUSINESS OR INDUSTRY OR THE EXPANSION OF AN EXISTING BUSINESS OR INDUSTRY WHERE NO PREVIOUS ANNOUNCEMENT HAS BEEN MADE AS PERMITTED BY SUBSECTION (A)(5) OF SECTION 2.2-3711 OF THE CODE OF VIRGINIA, 1950, AS AMENDED*.

2. *DISCUSSION OR CONSIDERATION OF THE ACQUISITION/DISPOSITION OF REAL PROPERTY FOR A PUBLIC PURPOSE WHERE DISCUSSION IN AN OPEN MEETING WOULD ADVERSELY IMPACT THE BARGAINING POSITION OF THE AUTHORITY AS PERMITTED BY SUBSECTION (*A)(3) OF SECTION 2.2-3711 OF *THE CODE OF VIRGINIA, 1950, AS AMENDED.*

MOTION WAS MADE BY MR. REYNOLDS; SECONDED BY MR. LARAMORE

MR. MORRIS	- AYE
MR. LARAMORE	-AYE
MR. REYNOLDS	- AYE
MRS. BARKER	- AYE
MR. HALL	-AYE
MR. WOODALL	- AYE

MR. REYNOLDS MOVED THE MEETING IMMEDIATELY RECONVENE INTO AN OPEN MEETING. THE MOTION WAS SECONDED BY MR. LARAMORE AND CARRIED WITH THE MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. LARAMORE	-AYE
MR. REYNOLDS	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

UPON RECONVENING, MR. REYNOLDS MOVED THAT THE BOARD ADOPT A RESOLUTION CERTIFYING THAT TO THE BEST OF EACH MEMBER'S KNOWLEDGE THAT:

1. *ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER SECTION 2.2-3711; AND*

2. *ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING.*

MOTION WAS MADE BY MR. REYNOLDS; SECONDED BY MR. HALL

MR. MORRIS	- AYE
MR. LARAMORE	-AYE
MR. REYNOLDS	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

ADJOURN

JOHN LARAMORE
SECRETARY

T. NEAL MORRIS
CHAIRMAN

Industrial Development Authority
Statement of Accounts
As of November 30, 2024

Regular Checking		$ 540,006.16
USDA Loan Account		$ 80,278.65
City Funded Loan Account		$ 2,116,344.96
North Union Properties/Master Tenant		$ 32,473.27
Reserve Account		$ 8,511,021.69
Reserve Account Details		
Hold for IDA Debt Svc	*765,502.71*	
Hold for Imperial Warehouse	*650,000.00*	
Hold for Enterprise Zone	*430,905.00*	
Hold for Int'l. Recruitment	*100,000.00*	
Hold for Parking Debt Svc	*504,000.00*	
Hold for Coleman Site	*96,925.00*	
Hold for Dan River Falls	*1,749,218.82*	
Hold for FY22 Edev Incentives	*1,962,612.00*	
Hold for FY23 Edev Incentives	*898,395.58*	
Hold for 217 N Union	*37,000.00*	
Hold for 121/123 N Union	*500,000.00*	
Avail for DR Falls Capital	*816,462.58*	
	8,511,021.69	

City Funded Loans:

Beginning Balance November 1, 2024	$ 2,097,511.90
The Bee - Monthly Payment	18,179.41
Southside Ice - Pmt from Bankruptcy Trustee	-
Uncle Al's Diner	567.00
Interest /Bank Fees	86.65
Ending Balance November 30, 2024	$ 2,116,344.96

Industrial Development Authority
Statement of Account - Regular Checking
For the month ended November 30, 2024

Beginning Balance at November 1, 2024		$846,618.59
RECEIPTS:		
Rent:		109,794.12
Utility/Insurance Reimbursement:		
DR Foundation	1,220.65	
Averett	3,661.96	4,882.61
City of Danville Support		-
Pittsylvania County IDA - Shell Bldg		6,182.12
Interest Income/Wire Fees/Checks		(2.07)
DISBURSEMENTS:		
AUB Loan - Lockett Drive	(11,566.62)	
AUB - 500 Stinson Drive #1	(4,887.77)	
AUB - 500 Stinson Drive #2	(5,717.03)	
AUB - 512 Bridge Street	(16,467.81)	
AUB - Barker Road	(7,306.55)	
AUB Loan - Old Belt One	(6,721.18)	
VSBFA Bank - 500 Cane Creek	(9,251.38)	
VSBFA - MEP Equip Loan	(308.62)	
Locus Bank - Shell Building	(12,315.20)	
Locus Bank - Ecomnets Bldg	(7,141.56)	
First National - Gaither Rd Prop	(3,136.84)	
Movement Bank - Monument	(2,651.24)	
US Bank - Bond Interest	(13,666.67)	
Kent Shelton - Dan River Falls	(3,192.00)	
Lucks Lawncare	(175.00)	
Centech - 816 Monument St & NU	(2,155.18)	
Deposit on Stokesland Ave	(37,960.66)	
City of Danville - Real Estate Tax	(40,230.55)	
Piedmont Fire & Security	(1,475.00)	
Solex Architecture - 624 N Main	(11,750.00)	
Architectural Partners - DR Falls	(3,500.00)	
Brown Edwards - FY24 Audit	(8,000.00)	
Utility Bills/Elevator Maint	(13,492.92)	
Insurance	(4,399.43)	(227,469.21)
PASS THROUGHS:		
From City for Incentives		-
Incentive Vantage Arts Flats		(200,000.00)
Ending Balance at November 30, 2024		**$ 540,006.16**

125 N Union	250.00	
Alexander Company	5,700.00	
Averett	22,780.00	
Barry Smith	260.00	
Belk	14,205.00	
City - Gang Prev.	-	
City - IT Dept.	11,360.00	
DR Foundation	5,610.00	
Launch Place	3,000.00	
Link's Café	3,660.00	
MEP	-	
Mind Body Wellness	-	10/28
Morrisette Paper	6,762.61	
Overfinch	12,587.80	
Revive Nutrition	1,200.00	
River District Assoc	1,585.00	
Riverside Running	2,812.48	
Robert Stephens	260.00	
Sth VA Legal	1,575.00	
Vintages	1,347.00	
Walraven	14,839.23	
	109,794.12	

Industrial Development Authority
Statement of Account
USDA Loan Funds

For the month ended November 30, 2024

Beginning Balance at November 1, 2024			$ 80,009.30
RECEIPTS:			
	Dry Fork Fruit Dist.	266.07	
	River City Escapes	-	
	Interest	3.28	
			269.35
DISBURSEMENTS:		-	
			-
Ending Balance at November 30, 2024			**$ 80,278.65**

Reconciliation to original USDA grant of $99,000

ORIGINAL USDA FUNDS			$ 99,000.00
LESS OUTSTANDING LOANS:			
	River City Escapes	12,043.59	
	Dry Fork Fruit Dist.	8,253.06	(20,296.65)
INTEREST EARNED			20,983.00
DEFAULTED LOANS			(19,457.70)
PENALTIES EARNED			50.00
BALANCE IN ACCOUNT			**$ 80,278.65**

Industrial Development Authority of Danville

A/R Aging Summary

As of November 30, 2024

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
127 North Union				315.00	10,395.00	$10,710.00
424 Memorial Drive		25,069.74				$25,069.74
A La Carte					533.00	$533.00
Alexander Company, Inc		-1,900.00				$ -1,900.00
Averett University		-11,390.00				$ -11,390.00
Belk United Electronic Services		-7,102.50				$ -7,102.50
Christine B Eanes, LLC		-600.00				$ -600.00
Danville Regional Foundation					0.00	$0.00
Ecomnets1					0.00	$0.00
J&W Associated LLC dba Links Cafe		3,229.91				$3,229.91
Lou's Antiques Co					22,000.00	$22,000.00
Making Everything Possible, LLC		408.62	429.18			$837.80
Noblis					0.00	$0.00
Overfinch North America		8,137.32				$8,137.32
PLDR Law Office		222.82				$222.82
Riverside Running Co., LLC		850.75				$850.75
Robert David		1,500.00				$1,500.00
Robert Stephens		232.00	8.00	250.00	42.00	$532.00
Southern Virginia Legal PLLC		-1,575.00				$ -1,575.00
The Launch Place		489.29				$489.29
Unison Tube, LLC					54,865.83	$54,865.83
Vintages by the Dan		111.68				$111.68
Walraven		-14,839.23				$ -14,839.23
TOTAL	**$0.00**	**$2,845.40**	**$437.18**	**$565.00**	**$87,835.83**	**$91,683.41**

Industrial Development Authority of Danville

Statement of Financial Position

As of November 30, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Loans (City Funded)	2,116,344.96
North Union Master Tenant LLC	7,166.18
North Union Properties, LLC	25,307.09
Regular Checking	540,006.16
Reserve Account	8,511,021.69
USDA Checking	80,278.65
Total Bank Accounts	**$11,280,124.73**
Accounts Receivable	
Real Estate Tax AR	35,520.13
Rent Receivable	56,163.28
Total Accounts Receivable	**$91,683.41**
Other Current Assets	
Accounts Receivable	295,919.17
Allowance for Rent	-87,163.83
Due from City/County	12,408,000.00
Lease Interest Rec. - GASB 87	27,285.55
ST Lease Rec. - GASB 87	693,360.53
Total Other Current Assets	**$13,337,401.42**
Total Current Assets	**$24,709,209.56**
Fixed Assets	
Accumulated Depreciation	-6,143,851.44
Buildings	**26,580,470.51**
Construction In Progress	**25,622,156.98**
Equipment	**75,000.00**
Land	**6,029,608.09**
Land Improvements	**2,580,260.66**
Total Fixed Assets	**$54,743,644.80**
Other Assets	
Allowance for Doubtful Accounts	-26,393.33
LT Lease Rec. - GASB 87	6,679,091.81
Notes Receivable	
123 South Union LLC Note Receiv	2,706,046.38
Dry Fork Distillery N/R	9,011.82
Eng Biopharmaceut Inc.	150,000.00
Note Rec - Uncle Al's Diner LLC	25,962.06
River City Escapes Note Receiva	12,043.59
Southside Ice	14,193.51
Total Notes Receivable	**2,917,257.36**

Industrial Development Authority of Danville

Statement of Financial Position

As of November 30, 2024

	TOTAL
Total Other Assets	**$9,569,955.84**
TOTAL ASSETS	**$89,022,810.20**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Accounts Payable Other	1,588,609.50
Accrued Interest	48,715.68
Retainage Payable	1,076,855.14
Security Deposits	100,455.78
Total Other Current Liabilities	**$2,814,636.10**
Total Current Liabilities	**$2,814,636.10**
Long-Term Liabilities	
Bonds Payable	2,114,000.00
Deferred Lease Rev - GASB 87	7,221,497.42
Lease Revenue Note - 2021A	10,000,000.00
Notes Payable	
AUB - 1350 Barker Road	828,776.02
AUB - 206/208 N Union Loan	673,104.60
AUB - 500 Stinson Drive	694,095.03
AUB - 512 Bridge Loan	1,383,568.59
AUB - Dan River Falls	17,753,853.99
AUB Loan - 500 Stinson #2	104,836.31
AUB Loan - Locket Drive	903,507.04
AUB Loan - Old Belt 1 Upfit	512,190.73
FNB - Gaither Rd Parcels	471,553.86
Locus - Cyber Prk Shell Bldg	949,493.07
Locus Bank - 1 Ecomnets Way	1,426,427.46
Movement Bank - 816 Monument	467,542.37
VSBFA - 500 Cane Creek	1,303,680.25
VSBFA - MEP Loan	68,278.50
Total Notes Payable	**27,540,907.82**
Revolving Loan Fund - USDA	99,000.00
Total Long-Term Liabilities	**$46,975,405.24**
Total Liabilities	**$49,790,041.34**
Equity	**$39,232,768.86**
TOTAL LIABILITIES AND EQUITY	**$89,022,810.20**

Industrial Development Authority of Danville

Statement of Activity

July - November, 2024

	TOTAL
Revenue	
Grants	
Grants - City of Danville	2,148,974.33
Grants - Commonwealth of VA	795,919.17
Total Grants	**2,944,893.50**
Parking Space Rental Income	23,424.00
Program Fees	29,326.95
Reimbursed Expenses	30,788.00
Rental Income	449,195.42
Total Revenue	**$3,477,627.87**
GROSS PROFIT	**$3,477,627.87**
Expenditures	
Bank Service Charges	150.00
Incentive Payments	713,786.50
Insurance	76,380.70
Interest Expense	656,545.21
Licenses and Permits	2,187.71
Loan Fees	5,047.49
Office Supplies	424.17
Professional Fees	21,482.00
Accounting	31,601.95
Consulting	147,872.48
Legal Fees	350.00
Total Professional Fees	**201,306.43**
Repairs	
Building Repairs	47,830.75
Total Repairs	**47,830.75**
Taxes	12,081.96
Telephone	1,442.99
Utilities	26,436.78
Total Expenditures	**$1,743,620.69**
NET OPERATING REVENUE	**$1,734,007.18**
Other Revenue	
Interest Income	143,963.66
Total Other Revenue	**$143,963.66**
Other Expenditures	
Loss on Sale of Property	239,160.33
Return of Grant Funds to City	250,000.00
Total Other Expenditures	**$489,160.33**
NET OTHER REVENUE	**$ -345,196.67**
NET REVENUE	**$1,388,810.51**

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM: Samantha Bagbey, Project Manager

RE: A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, APPROVING AND AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND MICHAEL CHEEK FOR 208 NORTH UNION ST SUITE 202.

ATTACHMENTS

1. 1748 Res Lease Agreement Mike Cheek - 208 N Union, Suite 202
2. Lease Agreement for 208 N Union Suite 202 - IDA and Mike Cheek

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A LEASE AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND MICHAEL W. CHEEK FOR THE PROPERTY IDENTIFIED AS 208 NORTH UNION STREET, SUITE 202.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a Lease-Agreement between the Industrial Development Authority of Danville, Virginia and Christine B. Eanes, LLC, operating as Revive Nutrition, substantially in the form attached hereto and made a part hereof, as if fully setout herein; and

BE IT FURTHER RESOLVED, by the IDA that it hereby approves and authorizes a lease term of Thirty-Six (36) months at a lease rate of Eight Hundred dollars ($800.00) per month; and

BE IT FINALLY RESOLVED, by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any Officer, to execute the new Lease Agreement and any other documents necessary to complete the transaction described in this resolution.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____

City Attorney

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into and effective as of this **_11TH_** day of **____DECEMBER__,** 2024, between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ("Landlord"), **and MICHAEL W. CHEEK (in their personal and individual capacity).**

WITNESSETH

FOR and in consideration of the mutual promises and covenants of the parties to this Lease, the parties do covenant and agree as follows:

1. Definitions: The following words or phrases shall have the following meanings when used in this Lease, unless otherwise specifically provided:

   "Agreement" shall mean this lease agreement including all terms, conditions, rights, and responsibilities between the above-named Landlord and Tenants.

   "Building" shall mean all of the building or other structure located on, or hereafter placed upon, **208 N UNION STREET SUITE 202 and bearing tax Parcel ID number #24488**

   "Commencement date" shall mean **DECEMBER 11, 2024**.

   "Premises" shall mean THE SECOND FLOOR (approximately 717sqft) known as 208 N UNION STREET SUITE 202 and bearing tax Parcel ID number #24488.

   "Real Estate Taxes" shall mean all real estate taxes, assessments, or charges upon all or any portion of the Entire Property or any Buildings or improvements thereon or the Premises or improvements thereon.

2. Recitals: The parties to this Lease recite the following facts:

   A. Landlord is the Industrial Development Authority of Danville, Virginia (IDA), a political subdivision of the Commonwealth of Virginia.

   B. Tenants are **MICHAEL W. CHEEK**

   C. The Landlord desires to lease the Premises to the Tenants and the Tenants desires to lease the Premises from the Landlord for the primary purpose of operating **A FLEX OFFICE SPACE FOR HIMSELF AND REMOTE WORKERS** in the **CBC CENTRAL BUSINESS DISTRICT**

3. Lease of Premises:

Landlord hereby leases to Tenants, and Tenants hereby leases from the Landlord the Premises, described above in Paragraph 1.

4. Term:

A. Initial Term:
The initial term of this Lease ("Term") shall begin upon the commencement date of this Lease by the parties hereto and shall extend for **THIRTY-SIX (36) MONTHS** after the Commencement Date to the Termination Date.

B. Renewal Lease Term:
If the Lease is still in full force and effect, Tenant, with written approval by Landlord, may renew the lease. Renewal may be for as many as two (2) new twelve (12) month renewals, provided written notice of the election to renew shall be delivered to Landlord not less than sixty (60) days prior to the expiration of the previous lease term. If said extension is duly exercised by Tenant and approved by Landlord, the Term of this Lease shall be automatically extended for an additional twenty-four-month period upon all of the same terms, provisions and conditions set forth in this Lease **except** the new amount of rent for each renewed term.

5. Rent:

A. Tenant shall pay as rent to Landlord during the Initial term **EIGHT HUNDRED DOLLARS ($800)** per month for the first **THIRTY-SIX (36) MONTHS** of the lease beginning on **DECEMBER 11, 2024**. Rent is payable and due in advance on the first day of each calendar month during the Lease term to Landlord in-person or by mail at **427 Patton Street, Danville, Virginia, 24541, Suite 203 – The Office of Economic Development and Tourism**. The rental payment amount for any partial calendar months included in the Lease term shall be prorated on a daily basis.

B. The rental rate for any Renewal Lease term, if exercised by the Tenants as permitted under this Lease, shall be as follows. Tenant's rent will increase to **EIGHT HUNDRED FORTY DOLLARS ($840)** (5% increase from initial lease term) per month for two twelve (12) month renewals of the lease term.

C. If Rent is not paid by the fifth (5th) day of each calendar month (or if such day is a Non-Business Day, the immediately preceding day that is not a Non-Business

Day), Tenant shall pay to Landlord, as Additional Rent, a late payment fee equal to five percent (5%) of the amount due plus interest accruing on the delinquent amount owed until paid, equal to the then applicable judgment rate of interest set forth in Virginia Code § 6.2-302 as amended, currently at six percent (6%) per annum.

D. A security deposit of **EIGHT HUNDRED DOLLARS ($800)** equal to the first month's rent is required to be paid prior to the Commencement Date as defined in paragraph 1 above for the initial term.

6. Maintenance, Improvement and Repairs:

A. Tenants shall make, at Tenant's expense, all necessary improvements to the Premises including floors, walls, ceilings, plumbing, and lighting.

B. Routine on-going repairs of interior areas not defined as the Premises and the exterior of the building including the roof, walls, foundation, gutters, downspouts, drainage systems, (signage excepted) shall be responsibility of the Landlord. See attachment A.

C. If Repairs relate to an insurable claim, the Party entitled to insurance recovery must pay for the repairs.

D. Tenants are responsible for their own trash disposal, janitorial, any needed security services, and any routine maintenance and inspections of necessary items listed in attachment A.

7. Alterations and Improvements:

A. Landlord's written consent is required to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Premises as Tenants may deem desirable at Tenant's expense. Provided the same shall not adversely affect the structural integrity of the Building and are made in compliance with all applicable codes and are otherwise performed in a workmanlike manner and utilizing good quality materials.

B. Tenants shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Premises and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenants at the commencement of the Lease term or placed or installed on the Leased Premises by Tenants, thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenants shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenants at Tenants' expense.

8. Use.

A. Tenants shall not use nor cause to be used all or a portion of the Premises for any of the following: 1) sexually oriented adult entertainment, 2) bookstore or magazine shop selling pornographic materials, 3) billiard parlor or pool hall, 4) any use which is not permitted by right under zoning classification applicable to the Premises, and 5) any other use which is illegal under any laws applicable to the Premises.

B. Tenants shall use Premises for the operation of **A FLEX OFFICE SPACE FOR HIMSELF AND REMOTE WORKERS.** In the event that Tenants no longer uses Premises as described, this Lease shall end upon thirty (30) days' notice by Landlord.

C. Tenant is permitted to use the leased premises, approximately seven hundred seventeen (717) square feet, as a co-working space, allowing for the simultaneous occupancy of multiple independent businesses or individuals utilizing shared office amenities, including desks, conference rooms, and common areas, provided that all operations comply with local laws and regulations and do not disrupt the normal use of the building by other tenants. Tenant will need to provide semi-annual reports to the Landlord with the following information:

1. Name of the person(s) using the space
2. Business name, if applicable
3. Contact information
4. Dates of use

Landlord will only use this information if issues should arise within the building such as, but not limited to, vandalism, destruction, safety, or security issues. With the tenant's permission, the information may be used to highlight the co-working space and the need to expand or grow this type of business. Confidentiality will be utilized, and users' information will not be released or identified to others if being used for promoting growth and expansion.

9. Taxes.

A. Personal Property Taxes: Tenants shall be responsible for paying all personal property taxes with respect to Tenants' personal property at the Premises.

B. Real Estate Taxes: Tenants shall be responsible for paying all real estate taxes for the Premises **(approximately 717sqft) known as 208 N UNION STREET SUITE 202 and bearing tax Parcel ID number #24488.**

C. Tenant will receive separate invoice(s) for respective property tax from The City of Danville Finance Department.

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10. Insurance.

A. Landlord shall maintain fire and extended coverage insurance on the Building and the Entire Property in such amounts as Landlord shall deem appropriate.

(i) Tenant shall be responsible, at their expense, for fire and extended coverage insurance on all personal property, including removable trade fixtures, located in the Premises.

B. Tenants and Landlord shall, each at their own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than $1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional interest on Tenants' policy or policies of comprehensive general liability insurance, and Tenants' compliance with this Paragraph. Tenants shall obtain the agreement of Tenants' insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

11. Utilities.

Tenants shall pay all charges for water, sewer, gas, electricity, telephone, internet and all other services of and for leased premises.

12. Signs.

Tenants shall have the right to place on the Premises any sign which is permitted by applicable zoning ordinances and private restrictions. Tenants shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenants.

13. Entry.

Landlord shall have the right to enter upon the Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with business of the Tenants on the Premises. Landlord will attempt to contact Tenants twenty- four (24) hours prior to entry except in the case of an emergency in which case no notice would be required.

14. <u>Damage and Destruction</u>.

If the Premises or any part thereof or any appurtenance thereto is so damaged, not caused by Tenants, by fire, casualty, or structural defects that the same cannot be used for Tenants' purposes, then Tenants shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage, not caused by Tenants, to any part of the Premises, and if such damage does not render the Premises unusable for Tenants' purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, epidemics, swarms of boll weevils, plagues of locusts, inability to obtain necessary permits, materials, or labor or other matters, which are beyond the reasonable control of Landlord. Tenants shall be relieved from paying rent and other charges during any portion of the Lease term that the Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenants' purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenants. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence, which is beyond Tenants' reasonable control, and which renders the Premises, or any appurtenance thereto, inoperable, or unfit for occupancy or use, in whole or in part, for Tenants' purposes.

15. <u>Default.</u>

If default shall at any time be made by Tenants in the payment of rent when due to Landlord as herein provided, and if said default shall continue for five (5) days after written notice thereof shall have been given to Tenants by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenants, and such default shall continue for ten (10) days after notice thereof in writing to Tenants by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenants written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenants default, either in law or equity.

16. <u>Quiet Possession.</u>

Landlord covenants and warrants that upon performance by Tenants of its obligations hereunder, Landlord will keep and maintain Tenants in exclusive, quiet, peaceful, undisturbed, and uninterrupted possession of the Leased Premises during the term of this Lease.

17. Condemnation.

If any legally, constituted authority condemns the building or such part thereof which shall make the Premises unsuitable for leasing, this Lease shall cease when the public authority issues the condemnation order, and Landlord and Tenants shall account for rent as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

18. Subordination.

Tenants accept this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenants agree that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust, or other lien now existing or hereafter placed upon the Leased Premises of the Building and Tenants agree upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request Tenants agree that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenants alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

19. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord:
Industrial Development Authority of Danville, Virginia

C/O City Attorney’s Office
P.O. Box 3300
Danville, VA 24543

With a copy to:
City Attorney’s Office
P.O. Box 3300
Danville, VA 24541

If to Tenants:
MICHAEL W. CHEEK
522 BRIDGE STREET
DANVILLE, VA 24541

20. Brokers.

Tenants represent that Tenants were not shown the Premises by any real estate broker or agent and that Tenants have not otherwise engaged in any activity, which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

21. Waiver.

No waiver of any default of Landlord or Tenants hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenants shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

22. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

23. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenants and their respective legal representatives, successors and assigns.

24. Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

25. Performance.

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenants to Landlord specifying the default, Tenants may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenants shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the Landlord of five percent (5%) per annum. If this Lease terminates prior to Tenants' receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenants on demand.

26. Compliance with Law.

Tenants shall comply with all laws, orders, ordinances, and other public requirements now or hereafter pertaining to Tenants' use of the Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

27. Applicable Law and Entire Agreement.

A. This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

B. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Landlord:

Industrial Development Authority
of Danville, Virginia

By: ________________________________

Name: T. Neal Morris
Its: Chairman

Tenant:

Name: **MICHAEL W CHEEK**
(in their personal and individual capacity)

By: __________________________________

Name: **MICHAEL W CHEEK**

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution for a lease agreement with Carter Craig, Bass, Blair & Kushner for parking spaces at 126 S Union St

ATTACHMENTS

1. Res Parking Lease Agreement 126 S Union St
2. Parking Lease - 126 S Union - S. Bass - Carter Craig Law Office

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A LEASE-AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW (VIRGINIA LD # 02502268), A VIRGINIA LIMITED LIABILITY COMPANY FOR THE PROPERTY IDENTIFIED AS PARCEL #20204 LOCATED ON PATTON STREET, DANVILLE, VIRGINIA.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a Lease-Agreement between the Industrial Development Authority of Danville, Virginia and Carter Craig, Bass, Blair & Kushner, P.C DBA Carter Craig, Attorneys at Law, substantially in the form attached hereto and made a part hereof, as if fully setout herein; and

BE IT FINALLY RESOLVED, by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any Officer, to execute the new Lease Agreement and any other documents necessary to complete the transaction described in this resolution.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____

City Attorney

CC & B REAL ESTATE LLP
PARKING LEASE – Patton St Lot – Parcel # 20204

This **PARKING LEASE** made this **_1st_ day of ___APRIL__________, 2025** by and between the **Industrial Development Authority of the City of Danville, Virginia** a political subdivision of the Commonwealth of Virginia hereinafter referred to as Landlord and **CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW (Virginia lD # 02502268)**, a Virginia limited liability company hereinafter referred to as the Lessee.

NOW, THEREFORE, in consideration of the rent and mutual covenants and agreements hereinafter recited, the sufficiency of which are hereby acknowledged, Landlord does hereby lease and demise unto Tenant, and Tenant does hereby lease and take as tenant from Landlord, the Demised Premises (as herein defined), for Tenant to have and hold the same upon the following terms and conditions:

Premises: This Parking Lease is limited to **5** parking spaces designated by Landlord and located in the **City Parking Lot bearing parcel #20204 located on Patton Street, Danville, VA** in the location indicated on Exhibit A (the "Premises").

Landlord's Rights: Landlord reserves the right to amend the rules and regulations of this lease by providing a 30-day notice of such amendment is submitted in writing to the Lessee and provided such amendment does not affect the Lessee's costs or ability to exclusively utilize the designated parking spaces for the storage of passenger vehicles and/or motorcycles 24 hours a day and 7 days a week. Upon any Lessee's s failure to observe the following rules and regulations, Landlord reserves the right at any time to demand the Lessee to terminate any sub-lessee's parking agreement within thirty (30) days written notice to the Lessee. Landlord may have vehicles ticketed, immobilized, and/or towed at the vehicle owner's expense without notice if sub-lessee violates any of the parking regulations.

Rent in the amount of **$175.00 per month** (inclusive of all impositions) is due **on the first of each month beginning with the Commencement date of the** lease between Landlord and Lessee for occupancy of office space at 126 South Union Street, Danville, Virginia.. A late fee equal to 10% of the yearly rent will be assessed after the third of the month. Payments may be dropped off or mailed to: Danville Office of Economic Development and Tourism; **427 Patton Street; P.O. Box 3300, Danville, VA 24543-3300**. It is the Lessee's responsibility for payments to arrive on time. Checks, ACH or wire transfers that are returned for any reason will incur a $50 penalty. If any rent has become delinquent for more than 15 days, Landlord shall provide a written default notice to the Lessee. Landlord reserves the right to terminate the Lease immediately should Lessee fail to cure the written default within 15 days.

Term: This lease shall be coterminous with lease between Landlord and Lessee for occupancy of office at 126 South Union Street, Danville, Virginia**..**

Parking Rules and Regulations: Lessee shall require that all employees use the Premises solely to park passenger vehicles and/or motorcycles, not utilize the parking spaces for any other purpose, and must park in the assigned parking spaces. Employees that park in marked parking spaces designated or reserved for other uses will have their vehicle removed at the owner's expense. Lessee shall prohibit parking for any period of time within the premises or any outdoor parking spaces except those specifically under the control of Lessee. Storage or disposal of any animals, explosives, gasoline, or other flammable material, hazardous waste, contaminant, oil, or radioactive material is expressly prohibited. Smoking is prohibited. Lessee or its sub-lessees shall not make any alterations or post any signage to the Premises without written consent of Landlord. The use of electrical vehicles, freezers, refrigerators or any other electrical device that requires continuous power, or power use in excess of four

(4) hours on the Premises is not permitted. Vehicles must have current license plates and emissions stickers, be in working order and are able to be moved within 24 hours of Landlord's request. Landlord may require vehicle to be removed if vehicle is found to be non-operable or in other violation at the vehicle owner's expense. Commercial or repair activities are not allowed unless deemed necessary to permit a vehicle to be moved. Landlord will also provide access to the Operating Rules and Regulations which will clarify garage operations, equipment, and other rules that must be followed by all Lessee's sublessees, their guests and visitors. Lessee is required to park within the designated area (Exhibit (A) at all times or be in violation of the Rules and Regulations and subject to the remedies noted within.

Access Control: Lessee will be responsible for signage that indicates which spots are designated by Landlord for **LESSEE'S use** with approval from The Industrial Development Board. Lessee will be responsible for providing employees with proper documentation for identifying lessee vehicles during the workday to indicate that are allowed to park in the designated spaces. Lessee will be responsible for monitoring and regulating who is parked in the designated parking spots for the office.

Subleases under this lease to any individual that is not an employee of **LESSEE**, or any commercial business is prohibited unless Lessee receives written consent of the Landlord.

Landlord is not responsible for theft or damage to vehicle or its contents and may request sub-lessees to park in alternative locations to allow for repairs and maintenance activities from time to time.

Visitors or guests are required to park in designated common areas and abide by all rules and regulations that are in place.

Accessible (handicap) Spaces may be used only by vehicles displaying a current appropriate license plate or hangtag. Vehicles parked in signed Accessible spaces that do not properly display a current thang tag or license plate shall be subject to immediate removal and be responsible for any and all costs for their impoundment or removal.

Termination: Upon Termination of this lease, the Lessee shall promptly remove and/or cause sub-lessees to promptly remove all belongings and vehicle from Premises. If Lessee or any sublessees fail to promptly remove any personal property, Landlord shall retain any rights permitted by law or ordinance to presume that Tenant has abandoned the personal property and may dispose of the personal property in any matter that Landlord, in Landlord's sole discretion, determines is appropriate. Landlord will not be required under this lease to store any items of personal property that Tenant leaves behind unless required by law or ordinance.

Governing Law: This Lease and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia. Each Party shall be responsible for its own attorney's fees and costs.

Amendment, Modification and/or Supplement: The parties may amend, modify, and/or supplement this Lease in such manner as may be agreed upon by the parties, provided such amendments, modifications, and/or supplement are reduced to writing and signed by the parties or their successors in interest to be bound thereby.

Severability: The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions hereof, and this Lease shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

Survival: Any termination, cancellation or expiration of this Lease notwithstanding, provisions which are by their terms intended to survive and continue shall so survive and continue.

Entire Agreement: This Lease (together with the Grant Agreement as finally amended and the Option Agreement) contains the entire agreement and understanding of the parties to this Lease with respect to the transactions contemplated hereby; and this Lease and the schedules hereto supersede all prior understandings and agreements of the parties with respect to the subject matter hereof with the exception of the Grant Agreement as finally amended and those matters specifically addressed in the Option Agreement.

Headings: The descriptive headings in this Lease are inserted for convenience only and do not constitute a part of this Lease.

Notice: Any notice required or contemplated to be given to a party by the other party shall be in writing and shall be given by hand delivery, certified or registered United States mail, or a private courier service which provides evidence of receipt as part of its service, as follows:

If to Landlord: Industrial Development Authority of Danville, Virginia
Attention: City Attorney
427 Patton Street
P. O. Box 3300
Danville, VA 24543

With copy to: City Attorney
City of Danville, Virginia
427 Patton Street
P. O. Box 3300
Danville, VA 24543

If to Tenants:
CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW
Stephen G. Bass
126 South Union Street
Danville, VA 24541

Any party may change the address to which notices hereunder are to be sent to it by giving written notice of such change in the manner provided herein. A notice given hereunder shall be deemed given on the date of hand delivery, five (5) days following deposit with the United States Postal Service properly addressed and postage prepaid, or the next business day following delivery to a courier service properly addressed with all charges prepaid, as appropriate.

IN TESTIMONY WHEREOF, witness our signatures and seals to this **LEASE AGREEMENT** as of the date first above written:

<u>LANDLORD</u>:

INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, a political subdivision of the Commonwealth of Virginia

By:________________________________(SEAL)
Name:______________________________
Title:_______________________________

<u>TENANT</u>:

CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW
Virginia limited liability company

By:________________________________(SEAL)
Name:______________________________
Title:_______________________________

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution for an office space lease agreement with Carter Craig, Bass, Blair & Kushner for 126 S Union St

ATTACHMENTS

1. Res Office Space Lease Agreement 126 S Union St
2. Office Lease - 126 S Union - S. Bass - Carter Craig Law Office

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A LEASE-AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW, A VIRGINIA LIMITED LIABILITY COMPANY FOR THE PROPERTY IDENTIFIED AS 126 S UNION STREET PARCEL #20219.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a Lease-Agreement between the Industrial Development Authority of Danville, Virginia and Carter Craig, Bass, Blair & Kushner, P.C DBA Carter Craig, Attorneys at Law, substantially in the form attached hereto and made a part hereof, as if fully setout herein; and

BE IT FINALLY RESOLVED, by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any Officer, to execute the new Lease Agreement and any other documents necessary to complete the transaction described in this resolution.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into and effective as of this **_1ST day of ____APRIL__, 2025**, between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ("Landlord"), **and STEPHEN G. BASS (in his personal and individual capacity), AND CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW (Virginia ID # 02502268) ("Tenant").**

WITNESSETH

FOR and in consideration of the mutual promises and covenants of the parties to this Lease, the parties do covenant and agree as follows:

1. Definitions: The following words or phrases shall have the following meanings when used in this Lease, unless otherwise specifically provided:

   "Agreement" shall mean this lease agreement including all terms, conditions, rights, and responsibilities between the above-named Landlord and Tenants.

   "Building" shall mean all of the building or other structure located on, or hereafter placed upon, **126 S UNION STREET and bearing tax Parcel ID number # 20219**

   "Commencement date" shall mean **APRIL 1, 2025, which date shall be approximately 90 days after Closing; such 90 day period representing a period of occupancy by Tenants after Closing, without payment of rent, during which time Tenants shall be permitted to remove all personal property/possessions remaining in the Building at the time of Closing, on the upper level of the Building**. If Closing is delayed beyond December 31, 2024, the Commencement Date shall be adjusted accordingly.

   "Premises" shall mean the 126 S Union location at the corner of Patton and S Union Street (approximately 3,500sqft) known as 126 S UNION STREET and constituting approximately 15% of the square footage of tax Parcel ID number # 20219.

   "Real Estate Taxes" shall mean all real estate taxes, assessments, or charges upon all or any portion of the Entire Property or any Buildings or improvements thereon or the Premises or improvements thereon.

2. Recitals: The parties to this Lease recite the following facts:

A. Landlord is the Industrial Development Authority of Danville, Virginia (IDA), a political subdivision of the Commonwealth of Virginia.

B. Tenants are **STEPHEN G. BASS AND CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW**

C. The Landlord desires to lease the Premises to the Tenants and the Tenants desires to lease the Premises from the Landlord for the primary purpose of operating **AN ATTORNEY'S OFFICE** in the **CBC Central Business District**.

3. Lease of Premises:

Landlord hereby leases to Tenants, and Tenants hereby leases from the Landlord the Premises, described above in Paragraph 1.

4. Term:

A. Initial Term:
The initial term of this Lease ("Term") shall begin upon the Commencement date and shall extend for ___ **TWELVE (12) MONTHS** after the Commencement Date to the Termination Date.

5. Rent:

A. Tenant shall pay as rent to Landlord during the term **TWO THOUSAND DOLLARS** (**$2,000)** per month for **TWELVE (12) MONTHS** of the lease beginning on **APRIL 1, 2025**. Rent is payable and due in advance on the first day of each calendar month during the Lease term to Landlord in-person or by mail at **427 Patton Street, Danville, Virginia, 24541, Suite 203 – The Office of Economic Development and Tourism**. The rental payment amount for any partial calendar months included in the Lease term shall be prorated on a daily basis.

Commented [BL1]: Talk to Michael about online portal for payment AND/OR automatic payments via QB

B. If Rent is not paid by the fifth (5th) day of each calendar month (or if such day is a Non-Business Day, the immediately preceding day that is not a Non-Business Day), Tenant shall pay to Landlord, as Additional Rent, a late payment fee equal to five percent (5%) of the amount due plus interest accruing on the delinquent amount owed until paid, equal to the then applicable judgment rate of interest set forth in Virginia Code § 6.2-302 as amended, currently at six percent (6%) per annum.

C. A security deposit is not required of the tenant due to the purchase agreement of the entire building.

6. Maintenance, Improvement and Repairs:

A. Tenants shall make, at Tenant's expense, all necessary improvements to the Premises including floors, walls, ceilings, plumbing, and lighting **UP TO $500 PER OCCURANCE but Landlord shall be responsible for the cost of maintaining the sprinkler system for the Building in which the premises are located; the sprinkler system serving the Building being located within the premises**.

B. Routine on-going repairs of interior areas not defined as the Premises and the exterior of the building including the roof, walls, foundation, gutters, downspouts, drainage systems, (signage excepted) shall be responsibility of the Landlord. See attachment A.

C. If Repairs relate to an insurable claim, the Party entitled to insurance recovery must pay for the repairs.

D. Tenants are responsible for their own trash disposal, janitorial, any needed security services, and any routine maintenance and inspections of necessary items listed in attachment A.

Commented [BL2]: CAMS account - Michael conversation

7. Alterations and Improvements:

A. Landlord's written consent is required to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Premises as Tenants may deem desirable at Tenant's expense. Provided the same shall not adversely affect the structural integrity of the Building and are made in compliance with all applicable codes and are otherwise performed in a workmanlike manner and utilizing good quality materials.

B. Tenants shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Premises and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenants at the commencement of the Lease term or placed or installed on the Leased Premises by Tenants, thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenants shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenants at Tenants' expense.

8. Use.

A. Tenants shall not use nor cause to be used all or a portion of the Premises for any of the following: 1) sexually oriented adult entertainment, 2) bookstore or magazine shop selling pornographic materials, 3) billiard parlor or pool hall, 4) any use which is not permitted by right under zoning classification applicable to the Premises, and 5) any other use which is illegal under any laws applicable to the Premises.

Commented [BL3]: Clarke - we remove this? Instead name appropriate zoning rather than listing and the public seeing these types of categories.

B. Tenants shall use Premises for the operation of **AN ATTORNEY'S OFFICE** In the event that Tenants no longer uses Premises as described, this Lease shall end upon thirty (30) days' notice by Landlord.

9. Taxes.

A. Personal Property Taxes: Tenants shall be responsible for paying all personal property taxes with respect to Tenants' personal property at the Premises.

B. Real Estate Taxes: Tenants shall be responsible for paying all real estate taxes for the Premises (approximately **3,500SQFT**) known as **126 S UNION STREET and representing approximately 15% of tax Parcel ID number # 20219. Tenants share of real estate taxes shall not exceed $500 per term year.**

C. Tenant will receive separate invoice(s) for respective property tax from The City of Danville Finance Department.

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10. Insurance.

A. Landlord shall maintain fire and extended coverage insurance on the Building and the Entire Property in such amounts as Landlord shall deem appropriate.

(i) Tenant shall be responsible, at their expense, for fire and extended coverage insurance on all personal property, including removable trade fixtures, located in the Premises.

B. Tenants and Landlord shall, each at their own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than $1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional interest on Tenants' policy or policies of comprehensive general liability insurance, and Tenants' compliance with this Paragraph. Tenants shall obtain the agreement of Tenants' insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

11. <u>Utilities.</u>

Tenants shall pay all charges for water, sewer, gas, electricity, telephone, internet and all other services of and for leased premises.

12. <u>Signs.</u>

Tenants shall have the right to place on the Premises any sign which is permitted by applicable zoning ordinances and private restrictions. Tenants shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenants.

13. <u>Entry.</u>

Landlord shall have the right to enter upon the Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with business of the Tenants on the Premises. Landlord will attempt to contact Tenants twenty- four (24) hours prior to entry except in the case of an emergency in which case no notice would be required.

14. <u>Damage and Destruction</u>.

If the Premises or any part thereof or any appurtenance thereto is so damaged, not caused by Tenants, by fire, casualty, or structural defects that the same cannot be used for Tenants' purposes, then Tenants shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage, not caused by Tenants, to any part of the Premises, and if such damage does not render the Premises unusable for Tenants' purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, epidemics, swarms of boll weevils, plagues of locusts, inability to obtain necessary permits, materials, or labor or other matters, which are beyond the reasonable control of Landlord. Tenants shall be relieved from paying rent and other charges during any portion of the Lease term that the Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenants' purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenants. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence, which is beyond Tenants' reasonable control, and which renders the Premises, or any appurtenance thereto, inoperable, or unfit for occupancy or use, in whole or in part, for Tenants' purposes.

15. Default.

Commented [BL4]: Create an official eviction policy for clarity

If default shall at any time be made by Tenants in the payment of rent when due to Landlord as herein provided, and if said default shall continue for five (5) days after written notice thereof shall have been given to Tenants by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenants, and such default shall continue for ten (10) days after notice thereof in writing to Tenants by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenants written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenants default, either in law or equity.

Commented [BL5]: Clarke - clarify, keep legality, but put in terms we understand. Clarification - due on the 1st but giving them until 5th? Charge a late fee after 10 days?

16. Quiet Possession.

Landlord covenants and warrants that upon performance by Tenants of its obligations hereunder, Landlord will keep and maintain Tenants in exclusive, quiet, peaceful, undisturbed, and uninterrupted possession of the Leased Premises during the term of this Lease.

17. Condemnation.

If any legally, constituted authority condemns the building or such part thereof which shall make the Premises unsuitable for leasing, this Lease shall cease when the public authority issues the condemnation order, and Landlord and Tenants shall account for rent as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

18. Subordination.

Tenants accept this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenants agree that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust, or other lien now existing or hereafter placed upon the Leased Premises of the Building and Tenants agree upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request Tenants agree that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenants alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

19. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord:
Industrial Development Authority of Danville, Virginia
C/O City Attorney's Office
P.O. Box 3300
Danville, VA 24543

With a copy to:
City Attorney's Office
P.O. Box 3300
Danville, VA 24541

If to Tenants:
CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW
Stephen G. Bass
126 South Union Street
Danville, VA 24541

With a copy to:
D. Thomas Blair
620 Cherrystone Road
Chatham, VA 24531

20. Brokers.

Tenants represent that Tenants were not shown the Premises by any real estate broker or agent and that Tenants have not otherwise engaged in any activity, which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

21. Waiver.

No waiver of any default of Landlord or Tenants hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenants shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

22. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

23. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenants and their respective legal representatives, successors and assigns.

24. Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

25. Performance.

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenants to Landlord specifying the default, Tenants may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenants shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the Landlord of five percent (5%) per annum. If this Lease terminates prior to Tenants' receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenants on demand.

26. Compliance with Law.

Tenants shall comply with all laws, orders, ordinances, and other public requirements now or hereafter pertaining to Tenants' use of the Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

27. Applicable Law and Entire Agreement.

A. This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

B. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Landlord:

Industrial Development Authority
of Danville, Virginia

By: ______________________________

Name: T. Neal Morris

Its: Chairman

Tenant:

Name: STEPHEN G. BASS **(in ~~their~~ his personal and individual capacity)**

By: ________________________________

Name: **STEPHEN G. BASS**

Tenant:

CARTER CRAIG, BASS, BLAIR & KUSHNER, P.C. DBA CARTER CRAIG, ATTORNEYS AT LAW
(Virginia lD # 02502268)

By ____________________________________

Name: **STEPHEN G. BASS**

Title: **OWNER/President**

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM: Kelvin Perry, Assistant Director of Economic Development and Tourism

RE: Re-Leased Software- Property Management Software-

Request approval to purchase a property management software program to assist in managing IDA owned properties. One-time implementation fee of $1,098.00 and an annual fee of $3,660. The IDA will receive the first three months free with twenty-five percent savings.

ATTACHMENTS

1. 1762 Res for Re-Leased Software Purchase
2. Re-Leased Sales Order_Industrial Development Authority
3. Re-Leased Statement of Work_Industrial Development Authority

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING THE PURCHASE OF PROPERTY MANAGEMENT SOFTWARE FROM Re-LEASED SOFTWARE INC.

NOW THEREFORE, BE IT RESOLVED by the Industrial Development Authority of Danville, Virginia that it hereby approves and authorizes the purchase of a property management software from Re-Leased Software Inc. to manage all IDA owned property in an amount not to exceed Four Thousand, Seven Hundred, Fifty-eight dollars ($4,758.00) for the first year; and

BE IT FINALLY RESOLVED by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman or, in his absence any Officer, to execute this purchase and any other documents necessary to complete the transaction described in this resolution.

APPROVED:

____

Chairman

ATTEST:

____

Secretary/Treasurer

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Re-Leased

Re-Leased Software Company Limited
Level 2, 111 Wellesley Street West
Auckland, 1010
New Zealand

Sales Order

SUBSCRIBER INFORMATION

SUBSCRIBER NAME	Industrial Development Authority	**KEY CONTACT**	Kim Custer
		CONTACT EMAIL	kim.custer@discoverdanville.com
SUBSCRIBER ADDRESS	427 Patton street Danville United States 24543	**ACCOUNTS CONTACT**	
		ACCOUNTS EMAIL	
		SALES ORDER EXPIRY	12/13/2024

TERMS & CONDITIONS

SUBSCRIPTION START DATE		**PAYMENT METHOD**	ACH / DIRECT DEBIT
INITIAL SUBSCRIPTION TERM	24 months	**PAYMENT TERMS**	See below
SUBSCRIPTION END DATE		**BILLING FREQUENCY**	ANNUALLY IN ADVANCE
RENEWAL DATE			
RENEWAL TERM	12 months		

YOUR INITIAL SUBSCRIPTION

INITIAL SUBSCRIPTION TERM – to

Product	Sub Total	Discount	Frequency	Total Price
Re-Leased Pro for Landlords - Subscription for 1 to 25 Tenancies	$3,660.00		Annual	$3,660.00
Onboarding	$1,464.00	25.00%	One-Time	$1,098.00

	Currency	Total	Payment due date
TOTAL ANNUALLY RECURRING FEES	USD	**$3,660.00**	First payment due within 30 days of signing. Subsequent payments due on receipt
TOTAL ONE-TIME FEES	USD	**$1,098.00**	At contract signing

Re-Leased Software Company Limited
Level 2, 111 Wellesley Street West
Auckland, 1010
New Zealand

Re-Leased

SUBSCRIPTION TERMS

1 This Sales Order allows for unlimited users and companies but is limited to the number of leases stated in this Sales Order, subject to Re-Leased's reasonable use policy.

2 Your onboarding (including data import, onboarding and training) is governed by the Statement of Work ("SOW") provided to you by Re-Leased. If you have not been provided a copy of this SOW, please request this from your Re-Leased Account Executive. By signing this agreement, you are agreeing to the scope and procedures detailed in the SOW.

3 Any additional Professional Services, Consulting and/or Training needs of the customer that are outside of the SOW, will be charged in accordance with the rate card included in the SOW.

4 For the avoidance of doubt, we do not take any responsibility for the onboarding, entity set up and/or data import in respect of your accounting system, whether this is Xero, Quickbooks or another system.

5 The Services are non-cancellable and non-refundable from the date of signing this agreement (the “Effective Date”).

6 By signing this sales order, you undertake in line with clause 9.2 of the “Re-Leased Master Subscription Agreement (available at https://www.re-leased.com/resources/terms-conditions) that you represent and warrant and covenant that you have conducted your own due diligence into the Service to ensure that the functionality provided by the Service meets your requirements. Furthermore, and in line with clause 2.7 of the “Re-Leased Master Subscription Agreement”, you agree that your purchase is not contingent on the delivery of any future functionality or features, or dependent on any oral or written public comments made by Re-Leased regarding future functionality or features.

7 Unless otherwise stated on page 1 of this agreement, the Subscription Start Date will be 1 calendar month after the execution of this sales order.

8 As per clause 2.1.1 of Re-Leased's standard terms and conditions, upon acceptance of this sales order you will be automatically enrolled into the Re-Leased Pay service. This is to enhance onboarding simplicity to the Re-Leased pay platform. For the avoidance of doubt, you will not be onboarded or have access to Re-Leased Pay until you have gone through the formalized payments onboarding process. In any case, if you do not want to automatically enrol into the Re-Leased Pay service please let your account executive know in writing, and we will opt you out.

PAYMENT TERMS

1 The pricing and terms outlined in this Sales Order are valid only if signed and returned by Customer before the offer expiry date set forth above.

2 Unless otherwise detailed, Customer’s first payment is due on the day of signing this Sales Order. Recurring payments are due on receipt.

3 All prices set forth in this Sales Order are exclusive of sales taxes such as VAT, GST and Sales Tax, where applicable.

4 Customer’s software subscription pricing, including any additional leases added during the current subscription term will increase by 5% upon subscription renewal.

ADDITIONAL TERMS

A discount will be applied to the first annual invoice to reflect 3 free months, applicable for the first year of this contract only.
All prices set forth in this Sales Order are exclusive of sales taxes such as VAT, GST and Sales Tax, where applicable.

Re-Leased agrees to waive the indemnification requirement outlined in Section 8.2 for Industrial Development Authority, acknowledging their status as a government entity with restrictions on indemnification.

United States. Governing Law: This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia. Each Party shall be responsible for it own attorney’s fees and costs.

ORDER TERMS

1 This Sales Order is governed by the terms of the “Re-Leased Master Subscription Agreement” (available at https://www.re-leased.com/resources/terms-conditions), unless Customer has a written master subscription agreement executed by Re-Leased and Customer for such Services, in which case, such master subscription agreement will govern. By signing below, Customer has read and agrees to be bound by the Re-Leased Master Subscription Agreement which is incorporated herein by reference. Capitalized terms used in this Sales Order without definition shall have the meanings assigned to them in the Re-Leased Master Subscription Agreement. To the extent there is any conflict between this Sale Order and the Re-Leased Master Subscription Agreement, this Sales Order shall govern. The terms, pricing and other information provided in this Sales Order are Re- Leased’s Confidential Information. Customer agrees that Re-Leased is authorized to charge Customer all fees due during the subscription period and any renewal term as set forth in this Sales Order. Upon signature by Customer and submission to Re-Leased, this Sales Order shall become legally binding.

Re-Leased Software Company Limited
Level 2, 111 Wellesley Street West
Auckland, 1010
New Zealand

The parties hereby agree to the terms of this Sales Order as of the Effective Date set forth above.

RE-LEASED SOFTWARE COMPANY LIMITED		**Industrial Development Authority**	
NAME:	Myles Donneky	NAME:	
TITLE:	Sales Director	TITLE:	
SIGNATURE:	DocuSigned by: Myles Donneky 7917C86BFD7F4EC...	SIGNATURE:	
DATE SIGNED:	3/12/2024 | 20:12 GMT	DATE SIGNED:	

Re-Leased Software Company Limited
Level 2, 111 Wellesley Street West,
Auckland Central
Auckland, 1010
New Zealand

Re-Leased

Industrial Development Authority
427 Patton street
Danville
United States
24543

Via email: kim.custer@discoverdanville.com

Dear Kim Custer,

Re-Leased Onboarding Statement of Work

Welcome to Re-Leased, we are excited to kick-off your onboarding journey, and look forward to working with your team. This onboarding statement of work outlines the key objectives, tasks, and deliverables for the successful onboarding of Re-Leased. By clearly defining the scope, timeline, and responsibilities, this statement of work sets the foundation for a successful collaboration between Re-Leased and Industrial Development Authority, ultimately enabling you to optimize your real estate operations and drive business growth.

We will provide these services on the basis of the fees described in the schedules below. The services will be governed by Re-Leased's standard terms and conditions which are published here: *https://www.re-leased.com/resources/terms-conditions*. The standard terms and conditions together with this engagement letter form the entirety of the agreement between us with respect to these services.

1. Onboarding Approach and Key Activities

Your onboarding to Re-Leased is all about working together to make sure the deployment and adoption process is a success! We start by really understanding your needs and goals, taking the time to analyse your existing systems and processes. Our onboarding team then configures our training to meet your business requirements. We handle data entry and integration with care, ensuring everything connects seamlessly.

We don't stop there - we provide thorough user training to make sure you and your team are comfortable and confident using Re-Leased. And don't worry, we're here for ongoing support and communication, ready to address any questions or concerns along the way.

Key Activities	Description	Required Customer Personnel
Project Kick-Off	• Project Kick-off call with you and your team to explore project overview and discuss requirements • Presentation of project success plan which you and your team can collaborate.	• Owner / Director • Business Champion • Key users
Re-Leased Training	• Essential Re-Leased training delivered via Microsoft Teams and self guided video content • Training & testing of Accounting Integration (Re-Leased Connected only)	• Owner / Director (if the user as well) • Business Champion • End users
Data Import	• Discussion with your dedicated business champion to walk through the data collection & import process to your Re-Leased account. *Data Import Services will be provided as per Section 3. Data Import*	• Business Champion • Any staff involved in the data migration process
Software configuration	• Core account configuration • Ensuring settings are complete • Setup of Accounting Integration • Opening balance conversions	• Business Champion
Hypercare/ Review	• Pre and post Go Live success support and review by your Customer Success Manager and/or Onboarding Consultant.	• Core Business Team

2. Fees

Fee Structure

The one-time onboarding and training fee outlined in your Subscription Agreement and/or Sales Order reflect the time spent and expertise level assigned to your onboarding. Fees are based on the scope, and data migration complexity required to support your successful implementation of Re-Leased. The onboarding fee is built on the assumption that the customer will prioritise the onboarding of Re-Leased, and provide appropriate individuals, and resources to the engagement to ensure it can progress in a timely manner. Delays in access to the Customers staff, resources, data, or documentation may delay the onboarding scope and incur additional costs.

Onboarding Fee

Item	Cost
Onboarding	$1,098.00USD

Additional Training Fees *(Optional)*

Item	Cost
Online Training Session (Per Hour) Delivered via Microsoft Teams	200 USD
Onsite Training (Full Day - 6 Hours) Typically, 9:30 am to 4:30 pm if within the trainer's regional base and 10:00 am to 4:00 pm if outside the trainer's regional base.	1200 USD

Please note: Onsite training is subject to approval, and will incur travel, and expense costs that will be agreed prior to any Onsite training being conducted.

3. Data Import

Approach

With any change in 'mission critical' business process software, there is a requirement to relocate the data from the status quo environment, which is either the legacy system, spreadsheets, or several systems.

You currently have approximately 25 properties and 25 leases in Spreadsheets system that you would like to have imported into the Re-Leased platform. Unless otherwise stated in the statement of work, the data migration service is limited to conversion and import of data from Spreadsheets to Re-Leased.

Inclusions

Re-Leased Data Import Inclusions
Core Property: • Property Name • Property Address • Usage Type • Area Title/s • Size • Property Manager • Additional details (Year built, sold date, amount sold, & construction)
Owner Data: • Landlord Entity Name • Mailing Address • Contact Number/s • Bank Account Details • Payment Method • GST Registration • Owner Group Name & Percentages
Core Tenancy Data (*Linked with Core Property information*): • Tenancy Contact Details • Rent Information (current Rent)

• Rent Reviews • Lease Renewals & Expiries • Recurring Outgoing Amounts (excludes Budget/Service Charge setup) • Future Inspections & Maintenance (if applicable)
Balance Conversion *(Trust and Client Accounting only):* • Opening Trust balances • Funds applied to relevant ledgers (Trial balance) • Bond Accounts • Suspense Items • Paid to Dates & Part Payments applied (Notes: By default, part payments are applied to the oldest invoice and cannot be applied to an individual invoice line item).
Core Account Configuration • Chart of Account Codes (Upon customers request) • Management Commissions & Fee Rules • Company Logo • Email Signature & Company Letterhead • Invoice Template • Creditors / Suppliers and Additional Contacts

Exclusions

Every effort is made to import as much data as possible. However, some data must be manually entered directly into the Re-Leased software platform. If applicable the following data must be entered into Re-Leased manually by your team once the data import has been completed:

- Outgoing budgets/Service Charge apportionments
- Recurring income & expense invoices
- Interest on arrears / late payment notes
- Income, expense, and other transaction history (opening rent arrears balances only)
- Correspondence templates (Master copies provided)
- Insurance Details
- Strata / Block Management Details
- General notes
- Documents/Images
- Due to the differences between storage and functionality of various property management systems, we require the customer to export and/or input the necessary data fields for transferring to Re-Leased.
- Under certain conditions, our team can facilitate the data extraction from the status quo environment in collaboration with the customer.
- Due to the differences between storage and functionality of various property management systems, data may be required to be populated by the client where repeatability cannot be established (unless otherwise stated in the statement of work).
- Re-Leased is not responsible for maintaining a copy of the original or converted data sheets.
- Any services not expressly stated in such a separate statement of work are outside the scope of work and will be provided only for additional fees.
- For the avoidance of doubt, it is important to understand that the ultimate responsibility for the provision, accuracy and verification of all property, tenancy and client data provided to Re-Leased is the responsibility of the customer. This is also detailed in our Terms and Conditions, specifically, clause 3.2 (vi) and 9.2 (vi).

Management Responsibilities

You agree and acknowledge the following:

1. That our performance of the Services is conditional and dependent on your timely and effective performance of your obligations under this Contract.
2. You agree to provide all information, upon request that is relevant to the services even if the same information has been given to us previously during the sales process or during a previous engagement with Re-Leased.
3. You agree that you remain solely responsible for managing all aspects of your business, for taking all decisions and operating all accounting, internal control (including effective control over financial reporting) or management information systems.
4. You agree that should you become disengaged or unresponsive for a period of 14 days or longer, that Re-Leased will cease work and you will be handed over to our support team. Additional training or support beyond general assistance will be payable as set out in the additional training fees above.
5. You agree that should you fail to make payment of one or more of your invoices within 14 days of the payment date, Re-Leased will pause work on your project until payment is made.

4. Assumptions

The provision of our services is based upon the following assumptions and responsibilities:

General assumptions

- We will deliver the scope defined in this Statement of Work. If there is a requested change, a variation will be mutually agreed by both parties and may incur additional costs.
- Ownership, operation, maintenance, and the delivery of any changes (other than those agreed through a contract variation) in Re-Leased will remain the sole responsibility of Industrial Development Authority. This includes any actions to extract data, backup information and decommission such systems during or after go-live of the Re-Leased system.

Access to people and information

- We will have timely access to key staff for interviews and participation in workshops, meetings, training, and testing.
- Industrial Development Authority may be required to give Re-Leased access to the legacy platform as part of the data services if requested. If no access can be given, the client will provide a copy of the data to be migrated via email or a cloud storage platform
- Industrial Development Authority will provide Re-Leased with access to the data for the purpose of review, and to design and develop the data conversion method.
- If required, Industrial Development Authority will provide a copy of the data to be migrated via email or a cloud storage platform.

Sign-off

- Industrial Development Authority is responsible for final sign-off once data services have been delivered. Specifically, Industrial Development Authority has 5 business days to review imported records to verify accuracy of migrated data. If Industrial Development Authority remains silent regarding their findings and/or 5 business days elapses without notification to Re-Leased; then it will be deemed that the migration accurate and acceptable.

Client Acceptance

Industrial Development Authority: Re-Leased Onboarding

Industrial Development Authority confirms and accepts the engagement of Re-Leased Software Company Limited to provide the Services on the terms and conditions as set out in this Statement of Work and in conjunction with our standard terms and conditions as published here: https://www.re-leased.com/resources/terms-conditions.

RE-LEASED SOFTWARE COMPANY LIMITED		**Industrial Development Authority**	
NAME:	Myles Donneky	**NAME:**	
TITLE:	Sales Director	**TITLE:**	
SIGNATURE:	DocuSigned by: Myles Donneky 7917C86BFD7F4EC...	**SIGNATURE:**	
DATE SIGNED:	3/12/2024 | 20:12 GMT	**DATE SIGNED:**	

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution regarding the disposition, removal, and/or sale of structures located at 188 Stokesland Ave Ext

ATTACHMENTS

1. Res. Disposition, Removal and Sale of Structures 188 Stokeland Ave

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, APPROVING AND AUTHORIZING THE DISPOSITION, REMOVAL, AND/OR SALE OF STRUCTURES ON PARCELS #75418 AND #52643, HAVING A STREET ADDRESS OF 188 STOKESLAND AVENUE EXTENSION.

WHEREAS, The Industrial Development Authority of Danville, Virginia (IDA) purchased parcels #75418 and #52463, otherwise known as 188 Stokesland Avenue Extension from Mark W. Hopkins and Vera G. Hopkins (together) and Aurora Golf Virginia Incorporated; and

WHEREAS, the Hopkins and Aurora Golf Virginia Inc. desire to dispose of, remove, and/or sell all of the buildings on the property.

NOW THEREFORE, BE IT RESOLVED, the Industrial Development Authority of Danville, Virginia hereby approves and authorizes the disposition, removal, and or/sale of all buildings located on tax parcels #75418 and #52463, otherwise known as 188 Stokesland Avenue Ext.; and

BE IT FURTHER RESOLVED, that, should said disposition, removal, and/or sale occur after closing, the Hopkins and Aurora Golf Virginia Inc. shall provide a certificate of liability insurance in the amount of One Million dollars ($1,000,000) naming the IDA as an additional insured; and

BE IT FURTHER RESOLVED, that the disposition, removal, or sale must occur no later than thirty (30) days after the closing of the purchase of the property; and

BE IT FINALLY RESOLVED, that the Chairman, or in his absence any Officer, be, and hereby is, authorized to execute any and all documents, and take any necessary actions to complete this transaction.

Approved:

____
Chairman

Attest:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM: Kelvin Perry, Assistant Director of Economic Development and Tourism

RE: Request approval to enter into an agreement with Garland/DBS Inc. to replace the roof at 527 Bridge Street

Request for approval to replace the roof at IDA owned property located 527 Bridge Street for an amount not to exceed $689,788.

ATTACHMENTS

1. 1765 Res Garland DBS Inc for Lee-Kesler Roofing for 527 Bridge St Roof
2. 527 Bridge St roof replacement bid sheet1

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION APPROVING AND AUTHORIZING THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA TO REPLACE THE ROOF LOCATED AT 527 BRIDGE STREET DANVILLE, VIRGINIA THROUGH AN AGREEMENT WITH GARLAND/DBS INC. TO USE LEE-KESLER ROOFING IN AN AMOUNT NOT TO EXCEED $689,788.00.

NOW THEREFORE, BE IT RESOLVED, that the Industrial Development Authority of Danville, Virginia approves and authorizes entering into an agreement with Garland/DBS Inc. to contract out a job with Lee-Kesler Roofing in an amount not to exceed Six Hundred Eighty-Nine Thousand, Seven Hundred Eighty-Nine dollars ($689,788.00) to replace the roof at 527 Bridge Street Danville, Virginia; and

BE IT FINALLY RESOLVED, that the Chairman, or in his absence any Officer, be, and hereby is, authorized to execute any and all documents necessary to complete this transaction.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Garland/DBS, Inc.
3800 East 91st Street
Cleveland, OH 44105
Phone: (800) 762-8225
Fax: (216) 883-2055

ROOFING MATERIAL AND SERVICES PROPOSAL

City of Danville
527 Bridge St
Danville, Virginia 24541

Date Submitted: 10/22/2024
Proposal #: 25-VA-241165
MICPA # PW1925
VIRGINIA General Contractor License #: 2705134748

Purchase orders to be made out to: Garland/DBS, Inc.

Please Note: The following budget/estimate is being provided according to the pricing established under the Master Intergovernmental Cooperative Purchasing Agreement (MICPA) with Racine County, WI and OMNIA Partners, Public Sector (U.S. Communities). Garland/DBS, Inc. administered an informal competitive process for obtaining quotes for the project with the hopes of providing a lower market-adjusted price whenever possible.

Scope of Work:

1. Please refer to Specification Package for full Scope of Work.

Replacement Of The Existing Roof

Proposal Price Based Upon Market Experience:	**$**	**689,788**

Garland/DBS Price Based Upon Local Market Competition:

1 Lee-Kesler Roofing	**$**	**689,788**
2 S.G. Young	$	706,446
3 BIRS Inc	$	751,157
4 John T. Morgan Roofing	$	754,485
5 Eskola LLC	$	758,761

Potential issues that could arise during the construction phase of the project will be addressed via unit pricing for additional work beyond the scope of the specifications. This could range anywhere from wet insulation, to the replacement of deteriorated wood nailers.

Please Note – The construction industry is experiencing unprecedented global pricing and availability pressures for many key building components. Specifically, the roofing industry is currently experiencing long lead times and significant price increases with roofing insulation and roofing fasteners. Therefore, this proposal can only be held for 30 days. DBS greatly values your business, and we are working diligently with our long-term suppliers to minimize price increases and project delays which could effect your project. Thank you for your understanding and cooperation.

Clarifications/Exclusions:

1. Permits are excluded. If permits are required this will be addressed via change order.
2. Bonds are included.
3. Plumbing, Mechanical, Electrical work is excluded.
4. Masonry work is included to which it obtains to the scope of work.
5. Interior Temporary protection is excluded.
6. Any work not exclusively described in the above proposal scope of work is excluded.

If you have any questions regarding this proposal, please do not hesitate to call me at my number listed below.

Respectfully Submitted,

Jarod Miller

Jarod Miller
Garland/DBS, Inc.
(216) 430-3606

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM: Kelvin Perry, Assistant Director of Economic Development and Tourism

RE: Request approval to obtain credit financing to replace the roof at 527 Bridge Street, Danville, Virginia

Request approval to obtain credit financing to replace the roof at 527 Bridge Street, Danville, Virginia for an amount not to exceed $700,000. Financing for this project will be provided through First National Bank.

ATTACHMENTS

1. 1767 Res Term Sheet with First National Bank 527 Bridge Street
2. First National Bank Term Sheet 10-23-24 $700,000 Danville IDA 527 Bridge St Roof Repairs

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION APPROVING AND AUTHORIZING THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA TO OBTAIN FINANCING WITH FIRST NATIONAL BANK FOR ROOF REPAIRS AT 527 BRIDGE STREET DANVILLE, VIRGINIA.

NOW THEREFORE, BE IT RESOLVED, that the Industrial Development Authority of Danville, Virginia approves and authorizes financing through First National Bank in an amount not to exceed Seven Hundred Thousand dollars ($700,000) for roof repairs at 527 Bridge Street, Danville, VA; and

BE IT FINALLY RESOLVED, that the Chairman, or in his absence any Officer, be, and hereby is, authorized to execute any and all documents necessary to complete this transaction.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

FIRST NATIONAL BANK

EST. 1908

Industrial Development Authority of Danville
TERM SHEET
October 23, 2024
(For discussion purposes only)

Borrower: Industrial Development Authority of Danville

Amount: Up to $700,000.00

Purpose: Provide funding for New Roof on 527 Bridge St., Danville, VA 24541. Parcel #'s 21487 & 26821.

Loan Type: Commercial Term Loan

Loan Term: 15 years

Repayment: On demand, otherwise 60 monthly principal and interest payments with a balloon payment on the 60^{th} month.

Collateral: 1^{st} D/T on 527 Bridge St., Danville, VA 24541. Parcel #'s 21487 & 26821.

Appraisal required with LTV not to exceed 80%

Interest Rate: 6.25% fixed for 60 months.

Loan Fee: 0.50% of loan amount

Prepayment Penalties: 1% if the loan is refinanced through another Bank; no prepayment penalty for paying the loan down / out with company cash flow.

Guarantors: N/A

Financial Reporting: Borrower to provide updated financial information on an annual basis.

Other: Loan documents are to be approved by the Bank and executed properly.

Other usual and customary requirements for loans of this type.

All costs incidental to the granting of this loan shall be borne by the borrower.

Deposit Account: We are not requiring deposit accounts with FNB for this loan approval but would like the borrower to consider establishing a deposit relationship with the bank.

Expiration: The Terms and Conditions discussed herein shall expire on December 31, 2024.

Disclaimer

This Term Sheet is presented to the above-referenced borrower in connection with a credit facility proposed by First National Bank. This Term Sheet describes some of the basic terms proposed to be included in loan documents between the Bank and the borrower. This Term Sheet is for discussion purposes only and is not a commitment, nor does it purport to summarize all of the conditions, covenants, representations, warranties, events of default or other provisions that may be contained in documents required to consummate this financing. The terms are subject to standard credit underwriting and approval and to negotiation and execution of loan documents in form and substance satisfactory to the Bank and its counsel.

This Term Sheet is confidential and may not be disclosed to third parties without prior consent of the Bank.

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution for the purchase of parcels 22329, 21745, and 21746 located at the corner of Shelton Street and Lynn Street from Shelton Street LLC for an amount not to exceed $50,000.

ATTACHMENTS

1. 1766 Resolution Purchase Agmt for Shelton Street Parcels
2. Lynn Street Parcels_Purchase Agreement_v.2

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT FOR AND THE ACTUAL PURCHASE OF PARCELS 22329, 21745, AND 21746 FROM SHELTON STREET LLC.

NOW THEREFORE, BE IT RESOLVED by The Industrial Development Authority of Danville, Virginia, that it does hereby approve and authorize the execution of a purchase agreement for parcels 22329, 21745,and 21746 located at the corner of Shelton Street and Lynn Street, from Shelton Street LLC at a cost not to exceed Fifty Thousand Dollars ($50,000), plus closing costs, substantially in the form attached hereto; and

BE IT FURTHER RESOLVED by The Industrial Development Authority of Danville, Virginia, that it does hereby approve and authorize the actual purchase of parcels 22329, 21745, and 21746 between the Industrial Development Authority of Danville, Virginia and Shelton Street LLC.; and

BE IT FINALLY RESOLVED by The Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any officer, of The Industrial Development Authority of Danville, Virginia to execute any and all documents necessary to finalize the above-referenced transaction.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

APPROVED AS TO
FORM AND LEGAL SUFFICIENCY:

____
City Attorney

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE ("Agreement") is made and entered into this ____ day of ______ 2024 (the "Effective Date"), between SHELTON STREET LLC, a Virginia limited liability company, whose address is 541 Bridge Street #2, Danville, Virginia 24541, (hereinafter "Seller"), and THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, a political subdivision of the Commonwealth of Virginia, whose address is City of Danville, Industrial Development Authority, C/O City Attorney's Office, P. O. Box 3300, Danville, VA 24543 (hereinafter "Purchaser").

W I T N E S S E T H:

WHEREAS, Seller is the owner of those certain parcels of real property identified by the City of Danville, Virginia ("City"), as Parcels 22329, 21745, and 21746 and located at the corner of Shelton Street and Lynn Street in the City (collectively, "Property"); and

WHEREAS, Seller desires to sell the Property to Purchaser, and Purchaser desires to purchase the Property from Seller, subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

1. Purchase and Sale. Subject to the terms and conditions hereinafter set forth, Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller the Property, together with (a) all rights, easements and privileges, appurtenances belonging and appertaining thereto, including, without limitation, all easements, rights of way or other interests in, on or under any lands, highways, alleys, streets, or rights of way abutting or adjoining the Property (b) all buildings and other improvements thereon, and (c) and any fixtures attached to the Property.

2. Purchase Price. (a) The purchase price ("Purchase Price") to be paid by Purchaser to Seller for the Property shall be Fifty Thousand Dollars ($50,000.00)..

(b) At "Closing", the Purchase Price payable by Purchaser to Seller shall be paid by cash, wire transfer or other immediately available funds.

3. Closing Agent and Deposit. The Closing agent shall be ______________________ (the "Closing Agent"). No deposit is required as a part of this sale.

4. Representations and Warranties of Seller. Seller, to induce Purchaser to enter into this Agreement and to complete Closing, makes the following representations and warranties to Purchaser, which representations and warranties are true and correct as of the date of this Agreement, and shall be true and correct at and as of the Closing Date in all respects as though such representations and warranties were made both at and as of the date of this Agreement, and at and as of the Closing Date:

(a) There is no action, suit or proceeding pending or, to the knowledge of Seller, threatened against or affecting the Property or any portion thereof.

(b) Seller has not received any written notice of any condemnation proceeding or other proceedings in the nature of eminent domain ("Taking") which is currently pending in connection with the Property, and to Seller's knowledge no Taking has been threatened.

(c) Sellers represents to the best of its knowledge that the Property is free and clear of any hazardous materials, waste or other contamination and that there are no underground storage tanks located on the Property.

(d) Seller is and on the Closing Date shall have full power and authority to enter into and perform this Agreement and all documents, instruments and contracts entered into or to be entered into by it pursuant to this Agreement and to carry out the transactions contemplated hereby. This Agreement is, and all documents to be executed by Seller and delivered to Purchaser at the Closing will be on the Closing Date, duly authorized, executed and delivered by Seller and all consents and approvals of third parties have been obtained. This Agreement is, and all documents to be executed by Seller and delivered to Purchaser at the Closing will be the legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms will not violate any provisions of any agreement, judicial order or any other thing to which Seller is a party or to or by which Seller or the Property is subject or bound.

(e) To Seller's best knowledge, the Property is not subject to a roll back tax or any similar tax related to the discontinuance of any use to which the Property has been put, which shall be paid by the Seller prior to closing.

(f) Seller has not received any notice or notices of violation (or claimed violations) of any law, ordinance, order, statute, rule or regulation or any complaints, order, citation or notice with regard to, affecting or relating to the Property.

(g) Seller is not involved in any pending tax appeals with respect to the Property.

(h) Seller has not entered into any presently effective contract regarding the sale, conveyance, transfer or disposition of the Property (except for this Agreement). Seller has not granted to anyone and no one possesses any option to purchase or right of first refusal to purchase the Property. Seller has not entered into any occupancy agreement, lease or the like with respect to, and no one has any right to use or occupy, the Property.

5. Inspections. (a) Seller and Purchaser hereby acknowledge that as of the Effective Date, Purchaser has not yet had an opportunity to fully review and evaluate this transaction. If on or before 5:00 p.m. (Eastern Standard Time) on a date which is one hundred twenty (120) days from the Effective Date ("Inspection Completion Date"), Purchaser determines, in its sole and absolute discretion, that Purchaser does not desire to purchase the Property, then Purchaser shall have the right to give written notice to Seller electing to terminate this Agreement, provided such notice is delivered to Seller prior to 5:00 p.m. (Eastern Standard Time) on the Inspection

Completion Date. In the event such notice of termination is delivered on or before 5:00 p.m. (Eastern Standard Time) on the Inspection Completion Date, then parties shall be released from all further obligations each to the other under this Agreement except those obligations that expressly survive Closing or earlier termination of this Agreement. In the event that the Purchaser does not terminate this Agreement as set forth in this Section 5, then Purchaser's right to terminate this Agreement shall be deemed waived by Purchaser.

(b) Upon reasonable prior notice to Seller, Purchaser, its agents, employees and representatives shall have access to the Property at all reasonable times commencing on the Effective Date and through the Inspection Completion Date (or earlier termination of this Agreement) to inspect the Property and to conduct reasonable tests thereon including, but not limited to, soil and groundwater borings and hazardous waste studies, and to make such other examinations ("Tests and Studies") with respect thereto as Purchaser, its counsel, licensed engineers, surveyors or other representative may deem reasonably necessary. Seller reserves the right to be present or have its agent or representative present during Purchaser's investigations of the Property. Any Tests and Studies of the Property by Purchaser and all costs and expenses in connection with Purchaser's inspection of the Property shall be at the sole cost of Purchaser and shall be performed in a manner not to unreasonably interfere with the Seller's ownership of the Property or damage the Property. Further, Purchaser shall be responsible for any and all damage caused by such inspections, examinations, testing and disposal of all waste produced at the Property as a result of such investigations and shall sign, as generator, all forms necessary for such disposal. Further, Purchaser shall indemnify and hold Seller harmless from and against all loss, costs and expenses suffered by Seller from the entry on the Property of Purchaser, Purchaser's agents, contractors and employees, to conduct the Tests and Studies, excluding, however, any loss sustained by Seller as a result of what the Tests and Studies reveal. Purchaser shall immediately remove any lien of any type which attaches to the Property by virtue of any of such Tests and Studies. Upon completion of any such inspection, examination or test, Purchaser shall restore any damage to the Property caused by such inspection, examination or test.

(c) Within ninety (90) days of the Effective Date, Purchaser may obtain, at its sole option and at its sole cost and expense, a title insurance commitment ("Commitment") issued by the Closing Agent covering the Property, a survey (the "Survey") of the Property, dated subsequent to the date hereof, prepared by a licensed surveyor or Registered Professional authorized to do business in the Commonwealth of Virginia, and an Environmental Site Assessment ("Environmental Assessment") dated subsequent to the date hereof.

(d) Purchaser shall review the Commitment, the Survey and the Environmental Assessment and shall, prior to the expiration of the Inspection Complete Date, notify Seller in writing ("Objection Notice") of any matters ("Defects") evidenced by the Commitment, the Survey, or the Environmental Assessment that adversely affect the marketability of the Property. Any such matters not specified as Defects in the Objection Notice or any Defects waived (or deemed waived) by Purchaser pursuant to the terms hereof shall be deemed Acceptable Exceptions. Upon receipt of the Objection Notice, Seller may, but shall not be obligated to, cure such Defects. In the event that Seller is unwilling or unable to cure any Defect(s) on or before the Inspection Completion Date ("Cure Period"), Seller shall notify Purchaser in writing (with failure to respond within ten (10) days of receipt of the Objection Notice to be deemed Seller's refusal to cure the Defects) then Purchaser, at Purchaser's option, may within ten (10) days thereof: (i) elect to accept title to the Property subject to the Defects without any adjustment to the Purchase Price (in which event the remaining Defects shall be deemed Acceptable Exceptions); or (ii) terminate this Agreement by written notice thereof to Seller, whereupon this Agreement shall be terminated, and both parties shall thereafter be released from all further obligations hereunder except for those obligations that expressly survive Closing or earlier termination of this Agreement. In the event Purchaser fails to elect to terminate the Agreement as provided above within such 10-day period, Purchaser shall be deemed to have elected clause (i) above.

If Seller notifies Purchaser that it intends to take action to effectuate the removal of the objected to exceptions, then Seller shall be obligated to take all commercially reasonable action of which it advised Purchaser in the Response Notice that it would take; provided, however, in no event shall Seller be required to expend any funds in connection with such cure (excluding the release of any monetary liens that are recorded against the Property).

(e) The provisions of this Section 5 shall survive Closing or any termination of this Agreement.

6. <u>Environmental Studies and Soil Tests</u>.

Purchaser acknowledges that prior to the Closing Date, Purchaser may conduct any environmental and soils tests with respect to the Property which Purchaser may deem necessary or advisable, and Purchaser shall rely upon such tests as well as Sellers's Representations and Warranties contained in section four (4) above, in electing whether or not to purchase the Property.

7. <u>Covenants by Seller</u>. Between the date hereof and the Closing, Seller agrees that:

(a) it will maintain the Property in the same condition as it is on the date of this Agreement (reasonable wear and tear excepted);

(b) it will not, by reason of any action or omission of Seller, cause or permit any representation or warranty to become not true, incorrect or inaccurate;

(c) it shall perform any and all material obligations with respect to the Property under all easements, covenants, restrictions and contracts of record;

(d) it will promptly give notice to Purchaser of every threatened or actual litigation whether or not covered by insurance against or relating to the Property (including, without limitation, the sale thereof to Purchaser) or any portion thereof between the date of this Agreement and the Closing;

(e) it will not, without the prior written consent of Purchaser, apply for, consent to or process any applications for zoning, re-zoning, variances, site plan approvals, subdivision approvals or development with respect to the Property or any portion thereof;

(f) it will not, without the prior written consent of Purchaser, grant any rights or other privileges in or with respect to the Property or any portion thereof or grant, or consent to or waive the right to object to, any easements, covenants or restrictions affecting all or any portion of the Property;

(g) it will not enter into or modify any mortgages, operating leases, ground leases, space leases or other agreements or encumbrances with respect to or affecting the Property or any portion thereof that cannot be terminated or discharged at Closing; and

(h) it will promptly notify Purchaser if it discovers, determines or is notified that any warranty or representation made by Seller hereunder is not (or is no longer) true.

8. Seller's Defaults; Purchaser's Remedies. In the event that Seller shall be in material default hereunder for any reason other than Purchaser's default, Purchaser may deliver a written notice to Seller stating with particularity the alleged default of Seller, the action required by Seller to cure such default, and Purchaser's intent to exercise its remedies provided below if the default is not cured. Seller shall have five (5) business days after receipt of such notice to cure the alleged default to Purchaser's reasonable satisfaction (and the Closing Date shall be delayed, if necessary, until the end of such five (5) business day period). In the event such default is not cured within such five (5) business day period, then Purchaser may elect, as its sole and exclusive remedy, to seek to enforce specific performance only for failure to cause the Property to be conveyed in accordance with the terms and provisions hereof or to terminate this Agreement by written notice to Seller and the Closing Agent. It is expressly understood and agreed that the remedy of specific performance shall not be available to enforce any other obligation of Seller hereunder other than a failure to cause the Property to be conveyed in accordance with the terms and provisions hereof. Purchaser hereby expressly waives its rights to seek damages in the event of Seller's default hereunder. Purchaser shall be deemed to have elected to terminate this Agreement if Purchaser fails to file suit for specific performance against Seller in a court having jurisdiction in the City on or before sixty (60) days following the date upon which the Closing was to have occurred.

9. Purchaser's Default; Seller's Remedies. In the event that Purchaser shall be in default hereunder for any reason other than Seller's default, Seller may deliver a written notice to Purchaser stating with particularity the alleged default of Purchaser, the action required by Purchaser to cure such default and Seller's intent to terminate this Agreement if the default is not cured. Purchaser shall have five (5) business days after receipt of such notice to cure the alleged default to Seller's reasonable satisfaction (and the Closing Date shall be delayed, if necessary, until the end of such five (5) business day period). In the event such default is not cured within such five (5) business day period, then Seller may, as Seller's sole and exclusive remedy for such default, terminate this Agreement by written notice to Purchaser and the Closing Agent. Seller hereby expressly waives its rights to seek damages in the event of Purchaser's default hereunder.
.

10. Prorations. At Closing, real estate taxes, assessments and all other items of income and expense shall be prorated as of the Closing Date. Any assessments for prior years due to change in land usage or ownership, including, without limitation, rollback taxes, shall be the sole responsibility of Seller. The terms and provisions of this Section shall survive Closing.

11. Closing Costs. (a) Seller shall be responsible for the (i) costs of preparing the Deed (ii) the Grantor's Tax on the Deed and (iii) the cost of curing any Title Defects.

(b) Purchaser shall be responsible for (i) the cost to obtain the Commitment, (ii) all premiums, and other charges on the owner's title policy issued to Purchaser pursuant to the Commitment (the "Title Policy") and any endorsements to the Title Policy, (iii) all documentary stamps, taxes and transfer taxes on the Deed, with the exception of the Grantor's Tax, (iv) documentary stamps and intangible costs on any deed of trust and notes, (v) the recording costs on the Deed, and (vi) any fees or charges imposed by the Closing Agent at Closing.

(c) Each party shall be responsible for payment of its own legal fees.

12. Closing. The "Closing" shall be held no later than thirty (30) days from the Inspection Completion Date ("Initial Closing Date"). Notwithstanding the foregoing provisions of this Section 12, Purchaser shall have the right to adjourn the Initial Scheduled Closing Date for any reason one (1) time (for not more than thirty (30) days) to a date specified by Purchaser (the "Purchaser Adjourned Closing Date") by (i) delivering notice to Seller on or before the Initial Scheduled Closing Date and (ii) depositing the amount of Five Hundred Dollars ($500.00) (the "Closing Extension Deposit"), by wire transfer of immediately available federal funds to the order of the Closing Agent, as escrow agent, which Closing Extension Deposit shall be held by the Closing Agent and applied to the Purchase Price at Closing. As used herein, the term "Closing Date" shall mean the Initial Scheduled Closing Date and the Purchaser Adjourned Closing Date, as applicable. It is expressly agreed by Seller and Purchaser that time is of the essence with respect to the parties' obligations to close this transaction on the Closing Date. For the avoidance of doubt, Seller and Purchaser acknowledge that any adjournment of the Closing Date pursuant to any right of adjournment granted hereunder, then time shall be of the essence with respect to Seller's and Purchaser's obligation to close this transaction on such adjourned Closing Date.

(a) At Closing, Seller shall cause to be executed and delivered to Purchaser the following documents with respect to the Property being conveyed:

(i) A general ~~special~~ warranty deed ("Deed") subject only to the Acceptable Exceptions;

(ii) A non-foreign affidavit in a form reasonably acceptable to Purchaser;

(iii) Such other documents that the Closing Agent may reasonably require in connection with the issuance of the owner's policy to Purchaser, including but not limited to, such affidavits required for deletion of the parties in possession and mechanics' lien exceptions appearing on an owner's title insurance policy; and

(b) At Closing, Purchaser shall deliver the Purchase Price (subject to prorations and adjustments, including, but not limited to, a credit for the Closing Extension Deposit, if applicable).

(c) At Closing, Seller and Purchaser shall each execute counterpart closing statements in a customary form, and such other documents required by the Closing Agent that are reasonably necessary to consummate Closing.

(d) At Closing, both parties shall pay their respective costs by wire transfer, by cashier's check drawn on a bank reasonably acceptable to Closing Agent, or of immediately available funds, or, in the case of Seller, as a debit to the Purchase Price.

13. Brokers. Each party warrants and represents to the other that no real estate broker or agent has been involved in negotiations leading to the execution of this Agreement and that no other commission is owed to any other broker or agent as a result of the action of such party, and each party hereto agrees to indemnify and hold harmless the other party from all liability, expense, loss, cost or damage. Each party agrees to pay its own attorneys' fees, that may arise by reason of any claim, demand or suit of any agent or broker arising out of the facts constituting a breach of the foregoing representations and warranties.

14. Assignability. Purchaser shall not have the right to assign this Agreement and its rights hereunder to any entity or person without Seller's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Purchaser shall have the right, without Seller's consent, to assign this Agreement and its rights hereunder to any entity which, directly or indirectly, shall control, be controlled by or be under common control with Purchaser or any director or officer of Purchaser.

15. Notices. Any notices required or permitted to be given under this Agreement shall be in writing and shall be deemed given if delivered by hand, sent by recognized overnight courier (such as Federal Express), transmitted via electronic mail transmission or mailed by certified or registered mail return receipt requested, in a postage pre-paid envelope, and addressed as follows:

If to Seller:
Shelton Street LLC
541 Bridge Street #2
Danville, VA 24541
Attention: Ross Fickenscher
Email: ross.fick@gmail.com

With a copy to:
Williams Mullen
200 South 10th Street, Suite 1600
Richmond, VA 23219
Attention: Allison Domson
Email: adomson@williamsmullen.com

If to Purchaser:
Industrial Development Authority of Danville, VA
C/O City Attorney's Office

P.O. Box 3300
Danville, VA 24541
Attention: Chairman
Email:___________________

<u>With a copy to</u>:
City Attorney's Office
P.O. Box 3300
Danville, VA 24541
Attention: City Attorney
Email: <u>clarke.whitfield@danvilleva.gov</u>

Notices personally delivered or sent by overnight courier shall be deemed given on the date of receipt, notices sent via electronic mail transmission shall be deemed given upon transmission and notices sent via certified mail in accordance with the foregoing shall be deemed given when deposited in the U.S. Mails.

16. <u>Eminent Domain</u>. If, prior to Closing, the Property or any material portion thereof is taken by eminent domain, Seller shall promptly notify Purchaser and Purchaser shall have the option of either: (i) canceling this Agreement by delivery of written notice to Seller, whereupon both parties shall be relieved of all further obligations under this Agreement except for those obligations that expressly survive Closing or earlier termination of this Agreement; or (ii) Purchaser may proceed with the Closing, whereupon Purchaser shall be entitled to and Seller shall assign to Purchaser all of Seller's interest in all condemnation payments, awards and settlements applicable to the Property.

17. <u>Miscellaneous</u>.

(a) This Agreement shall be construed and governed in accordance with laws of the Commonwealth of Virginia and in the event of any litigation hereunder, the venue for any such litigation, shall be the City of Danville, Virginia. All of the parties to this Agreement have participated fully in the negotiation and preparation hereof and, accordingly; this Agreement shall not be more strictly construed against any one of the parties hereto.

(b) In the event any interpretation of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or reconstrued as deleted as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

(c) In the event of any litigation between the parties under this Agreement, each party shall be responsible for its own attorneys' fees and courts costs through all trial and appellate levels. The provisions of this subparagraph shall survive the Closing and any termination or cancellation of this Agreement.

(d) In construing this Agreement, the singular shall be deemed to include the plural, the plural shall be deemed to include the singular and the use of any gender shall include every other gender and all captions and paragraph headings shall be discarded.

(e) All of the Exhibits to this Agreement are incorporated in and made a part of this Agreement.

(f) This Agreement constitutes the entire agreement between the parties for sale and purchase of the Property, and supersedes any other agreement or understanding of the parties with respect to the matters herein contained. This Agreement may not be changed, altered or modified except in writing signed by the party against whom enforcement of such a change would be sought. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

(g) The term "Effective Date" of such other similar term, shall mean the date on which Seller and Purchaser have executed and delivered this Agreement as evidenced by the date stated in the introductory paragraph of this Agreement.

(h) The parties hereby agree that time is of the essence with respect to performance of each of the parties' obligations under this Agreement. The parties agree that in the event that any date on which performance is to occur falls on a Saturday, Sunday or state or national holiday, then the time for such performance shall be extended until the next business day thereafter occurring.

(i) This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, all of which shall be deemed to be one and the same instrument. Facsimile transmission signatures shall be deemed original signatures.

(j) The Purchaser agrees that the terms set forth in this Agreement, all written materials obtained by Purchaser from Seller with respect to the Property, and all information obtained by Purchaser from sources other than Seller with respect to the Property, shall remain totally and completely confidential and shall not be revealed or disclosed to any person or party whatsoever, except: (i) with the prior written consent of Seller; (ii) as may be disclosed to Purchaser's attorneys, accountants and other representatives that are involved in connection with the consummation of this transaction, and then only to the extent necessary to accomplish the transactions set forth herein, after having directed each such recipient of such information to maintain the confidentiality of such information; (iii) as may be required by applicable law; (iv) as may be necessary in connection with assisting Purchaser in obtaining necessary governmental approvals; and (v) in connection with any litigation between the parties. If for any reason the Closing does not occur, Purchaser shall (x) return to Seller all materials and other information regarding the Property, and (y) immediately deliver to Seller all written studies, analyses, reports and assessments relating to any of the Purchaser's investigations.

(k) The Seller shall repair any damage to the Property caused by the removal of Seller's Personal Property, ordinary wear and tear excepted.

(l) Purchaser acknowledges and agrees that the Property shall be conveyed by Seller to Purchaser in its then present “AS IS, WHERE IS, WITH ALL FAULTS” condition, and except as otherwise stated herein, Seller shall not be deemed to have made any representations or warranties, express or implied, regarding the condition thereof, including, without limitation, any representation or warranty regarding the presence or possible presence thereon of any “hazardous materials” (as defined in the Comprehensive Environmental Response Compensation and Recovery Act, as amended), “hazardous wastes” (as defined in the Resource Conservation and Recovery Act, as amended), PCBs, petroleum hydrocarbons, and other toxic or hazardous substances so defined pursuant to any other state or local requirements prevailing as of the date this Agreement is signed by both parties, including, without limitation, those established by the Virginia Department of Environmental Quality.

{Signatures appear on the following pages}

WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

SELLER:

SHELTON STREET LLC, a Virginia limited liability company

By: ______________________________
Name: Ross Fickenscher
Title: Manager

PURCHASER:

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, a political subdivision of the Commonwealth of Virginia

By: ______________________________
Name: ______________________________
Title: ______________________________

APPROVED BY THE CITY ATTORNEY:

______________________________ (ATTEST)

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution of action by unanimous written consent of the members and manager of 424 Memorial Drive Managing Member LLC

ATTACHMENTS

1. Resolution for TAC - Danville - Authorizing Resolutions 424 Memorial Drive Managing Member LLC - 39525746.2
2. AR Operating Agreement - 424 Memorial Drive Managing Member LLC (DRAFT 12.4.2024) - 39524598.2

A RESOLUTION OF ACTION BY UNANIMOUS WRITTEN CONSENT OF THE MEMBERS AND MANAGER OF 424 MEMORIAL DRIVE MANAGING MEMBER, LLC

THE UNDERSIGNED, being all the Members and the Manager of 424 MEMORIAL DRIVE MANAGING MEMBER, LLC, a Virginia limited liability company (the "Company") pursuant to the provisions of the Virginia Limited Liability Company Law (the "Act") and the Operating Agreement of the Company dated December 15, 2022, as amended (the "Operating Agreement") do hereby: (i) consent to taking action on the following resolutions without a meeting, (ii) indicate the vote of the undersigned in favor of such resolutions, and (iii) direct that this consent be filed with the minutes of the proceedings of the Company on December ____, 2024.

WHEREAS, The Alexander Company, Inc., a Wisconsin corporation, which is a corporation authorized to transact business in the Commonwealth of Virginia as The Alexander Company of Wisconsin, Inc. ("TAC") and the Industrial Development Authority of Danville, Virginia are jointly developing the property located at 424 Memorial Drive, Danville, Virginia and the historic Danville White Mill building located thereon as a condominium known as the White Mill Condominium (the "Condominium");

WHEREAS, in a series of transactions occurring on or about the date hereof, White Mill Shell & Commercial, LLC ("Unit 1 Owner") and White Mill Unit 3, LLC ("WM Unit 3") desire to undertake additional rehabilitation and buildout of Unit 1 and Unit 3 of the Condominium, respectively (the "Rehabilitation");

WHEREAS, in connection with the Rehabilitation and prior rehabilitation work with respect to Unit 2 of the Condominium, each of White Mill MT 1, LLC, a Virginia limited liability company ("MT1"), White Mill MT 2, LLC, a Virginia limited liability company ("MT2"), and White Mill MT 3, LLC, a Virginia limited liability company ("MT3"; and together with MT1 and MT2, each a "Master Tenant" and collectively the "Master Tenants"), of which Company is the managing member, desire to enter into amendments to their respective operating agreements and amendments to their respective master leases with Unit 1 Owner and WM Unit 3 and documents referenced or ancillary to the amended and restated operating agreements of Master Tenants (the "Master Tenant Documents");

WHEREAS, in connection with the Rehabilitation of Unit 3, WM Unit 3 is obtaining construction loan financing from Locus Bank, a Virginia state bank ("Locus"), in the approximate amount of $5,456,941.00 (the "Construction Loan"), and the Company, as the manager, sometimes also referred to as the managing member, of 424 Memorial Drive, LLC, the sole member of WM Unit 3 ("424 LLC"), desires to approve of all acts of 424 LLC with respect to the Construction Loan; and

WHEREAS, in connection with the Rehabilitation of Unit 3, 424 LLC is requesting a bridge loan of the expected state and federal historic tax credits to be generated by the Rehabilitation of Unit 3, from Locus in the principal amount of $3,918,216.00 for the construction and finance of the Project (the "Bridge Loan") and the Company, as the manager of 424 LLC and on its own behalf, desires to approve all of the acts of 424, LLC and the Company in relation to the Bridge Loan;

WHEREAS, in connection with the Bridge Loan, the Company and 424 LLC desire to enter into an intercreditor agreement with Sterling Bank and make such amendments to the loan documents dated on or about December 15, 2022, between Sterling Bank and 424 LLC and/or the Company as may be reasonably necessary to facilitate the Bridge Loan (the "Sterling Bank Documents");

WHEREAS, in order to induce Locus to issue the Bridge Loan to 424 LLC, the Company has been asked to enter into an Assignment of Right to Receive Proceeds and Security Agreement with Locus (the "Company Loan Documents") which whereby the Company agrees to assign any of the Company's rights to receive certain capital contributions in connection with the Rehabilitation of Unit 3 from its investor members.

NOW, THEREFORE, BE IT RESOLVED, that any and all notice to take any action in adopting the following resolutions is hereby waived by the undersigned pursuant to the Act and the Operating Agreement; and be it further

RESOLVED, that all acts of 424 LLC and the Company with respect to the Construction Loan and the Bridge Loan, are hereby approved and the Manager is hereby authorized and empowered to execute and deliver the Construction Loan Documents on behalf of 424 LLC as member of WM Unit 3 and to execute and deliver the Bridge Loan documents and Sterling Loan Documents as manager of 424 LLC; and be it further

RESOLVED, that the Company is hereby authorized and empowered to execute and deliver the Company Loan Documents and Sterling Loan Documents; and be it further

RESOLVED, that the Company as manager, sometimes also referred to as managing member, of each of the Master Tenants, is hereby authorized to execute and deliver the Master Tenant Documents and to take such further acts and execute such further documents as may be necessary or convenient in connection with the effectuation of the transactions contemplated in the Master Tenant Documents; and be it further

RESOLVED, that the Company is authorized to execute and deliver that certain amended and restated operating agreement of the Company of even date herewith related to, among other things, the additional capital contributions to be made by the members of the Company in connection with the Rehabilitation; and be it further

RESOLVED, that the Company is authorized in its capacity, as the manager, also sometimes referred to as the managing member of 424 LLC, to execute and deliver the third amendment to operating agreement of 424 LLC and execute such further documents and take such further actions as may be necessary or convenient to effectuate the transactions contemplated therein or otherwise in connection with the Rehabilitation; and be it further

RESOLVED, that the TAC, being the Manager of the Company, is hereby, authorized to execute, deliver and perform in the name of and on behalf of the Company all other documents, agreements, instruments and certificates to be executed by the Company in connection with the Rehabilitation, which instruments shall contain such terms and conditions as may be approved by the Manager, such approval to be conclusively presumed from the fact of execution thereof; and be it further

RESOLVED, that the Manager of the Company is hereby authorized and empowered to make, execute and deliver to Locus and any and all members, investors, and lenders of and to Company, Master Tenants, Unit 1 Owner, and WM Unit 3, in the name of and on behalf of the Company, any and all documents, instruments, agreements, affidavits or certificates of any kind or nature whatsoever and to take from time to time any actions that such Manager in its discretion determines to be appropriate to consummate the transactions contemplated by the Construction Loan, Bridge Loan, Sterling Loan Documents, Master Tenant Documents, and the Rehabilitation, and the execution and delivery of such documents, instruments, agreements, affidavits or certificates by the Manager of the Company shall constitute conclusive evidence that the terms and conditions contained therein have been determined to be appropriate by the Company; and be it further

RESOLVED, that either one of (a) Joseph M. Alexander, acting alone in his capacity as the President of The Alexander Company, Inc.; or (b) Nicolas P. Alexander, acting alone in his capacity as Vice President of The Alexander Company, Inc., as Manager of the Company, is hereby authorized and empowered to execute and deliver in the name of and on behalf of the Company any and all documents, instruments, agreements or certificates of any kind or nature whatsoever and to take from time to time any actions that the Manager determines in its discretion to be appropriate to accept and effectuate the terms and obligations of the Construction Loan and the Bridge Loan in order to develop and rehabilitate the Project; and be it further

RESOLVED, any and all lawful actions heretofore taken by the Manager, by Joseph M. Alexander, Nicolas P. Alexander, or any other authorized agents of the Company to effectuate the actions authorized by the foregoing resolutions or otherwise in furtherance of the actions authorized by the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Members and Manager have executed this Action by Unanimous Written Consent as of the day and year first set forth above.

MEMBERS:

THE ALEXANDER COMPANY, INC.

By:__________________________________
Joseph M. Alexander, President

IDA DANVILLE MANAGER, LLC,

By: Industrial Development Authority of Danville, Virginia, its Managing Member

By: ______________________________
T. Neal Morris, Chairman

____
David G. Vos

MANAGER:

THE ALEXANDER COMPANY, INC.

By:__________________________________
Joseph M. Alexander, President

AMENDED & RESTATED

OPERATING AGREEMENT

OF

424 MEMORIAL DRIVE MANAGING MEMBER, LLC

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THE SECURITIES EVIDENCED BY AND/OR ISSUED PURSUANT TO THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY SECURITIES OR BLUE SKY LAWS OF ANY STATE OR JURISDICTION. THEREFORE, THE SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNTIL A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR THE APPLICABLE STATE SECURITIES OR BLUE SKY LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD TO THE PROPOSED TRANSFER OR, IN THE OPINION OF LEGAL COUNSEL ACCEPTABLE TO THE COMPANY AND ITS MANAGER, REGISTRATION OR QUALIFICATION UNDER THE SECURITIES ACT OR BLUE SKY LAWS IS NOT REQUIRED IN CONNECTION WITH THE PROPOSED TRANSFER.

AMENDED & RESTATED OPERATING AGREEMENT

THIS AMENDED & RESTATED OPERATING AGREEMENT (this "**Agreement**") of 424 Memorial Drive Managing Member, LLC, a Virginia limited liability company (the "**Company**"), is made and entered into effective as of the 12th day of December, 2024 (the "**Agreement Effective Date**"), by and among The Alexander Company, Inc., a Wisconsin corporation, which is a corporation authorized to transact business in the Commonwealth of Virginia as The Alexander Company of Wisconsin, Inc. ("**TAC**"), IDA Danville Manager, LLC, a Virginia limited liability company ("**IDA-LLC**"), and David G. Vos, an adult resident of the State of Wisconsin ("**Vos**"). TAC, IDA-LLC, and Vos are referred to herein individually as a "**Member**" and collectively as the "**Members**".

RECITALS:

A. The Company was formed, effective as of July 18, 2022, as a result of the filing of its Articles of Organization with the Commonwealth of Virginia State Corporation Commission pursuant to the Virginia Limited Liability Company Act (the "**Act**").

B. The Members previously entered into the Operating Agreement of 424 Memorial Drive Managing Member, LLC dated as of the 15th day of December 2022 (the "**Original Operating Agreement**") and in connection with Original Operating Agreement, the Industrial Development Authority of Danville, Virginia ("**IDA**") contributed to IDA-LLC all of its right, title, and interest in the membership and other equity interests it owned in the Project Owner, and effective on the 15th day of December 2022 and immediately following such contribution, IDA-LLC contributed to the Company all of its right, title, and interest in the membership and other equity interests in the Project Owner, including the portion of such interests so contributed to IDA-LLC by IDA (the "**Contributed Interests**"), and the other Members of the Company made the contributions to the Company's capital described therein and herein.

C. The Original Operating Agreement was subsequently amended by that First Amendment to the Operating Agreement of 424 Memorial Drive Managing Member, LLC made as of July 24, 2024 (the "**First Amendment**"), which amendment was completed to require and reflect an additional $1,600,000 contribution to the Company's capital made by IDA-LLC to fund certain improvements to Unit 1 (as defined herein).

D. Now IDA-LLC desires to partially fund the costs of certain tenant improvement work for the commercial space in Unit 1 by contributing up to $[5,477,300] to the Company's capital and having the Company contribute such amounts to the Project Owner's capital.

E. IDA-LLC, TAC, and Vos also now desire (i) to reflect that Contributed Interests with respect to Unit 3 (as defined herein) include forty-nine (49) surface parking spaces with an agreed value of $[396,368] and (ii) to partially fund the costs of the rehabilitation and buildout of Unit 3 into forty (40) residential apartments by respectively contributing cash in the amounts of $[1,000,000], $[1,308,298], and $[113,765] to the Company's capital and having the Company contribute such contributions to the Project Owner's capital.

F. As a result of TAC and Vos contributing to the rehabilitation and buildout of Unit 3, Section 13.12 of the Original Operating Agreement requires the allocations of Net Profits and Net Losses (as defined herein) and distributions by the Company with respect to Unit 3 be made in accordance with the Members' Percentage Interests (as defined herein) and not in accordance the Members' Commercial Percentage Interests (as defined herein).

G. In accordance with Section 13.12 of the Original Operating Agreement, the Members desire to wholly amend and entirely restate the Original Operating Agreement as amended by the First Amendment and adopt this Agreement as the operating agreement of the Company under the Act to set forth their rights and responsibilities with respect to the Company and its business and affairs.

NOW, THEREFORE, in consideration of the foregoing and the agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions. Capitalized words and phrases used herein and in the exhibits and schedules hereto shall have the following meanings, unless the text expressly or by necessary implication requires otherwise:

(a) "**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments:

(1) Credit to such Capital Account any amounts which such Member is obligated to restore under this Agreement or is deemed obligated to restore pursuant to the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(c), as well as any addition thereto pursuant to the next to last sentence of Treasury Regulation Sections 1.704-2(g)(1) and (i)(5), after taking into account thereunder any changes during such year in partnership minimum gain (as determined in accordance with Treasury Regulation Section 1.704-2(d)) and in the minimum gain attributable to any partner nonrecourse debt (as determined under Treasury Regulation Section 1.704-2(i)(3)); and

(2) Debit to such Capital Account the items described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Sections 1.704-1(b)(2)(ii)(d) and 1.704-2, and will be interpreted consistently with those provisions.

(b) "**Affiliates**" means, with respect to any Person: (i) any Person directly or indirectly controlling, controlled by, or under common control with, such Person; (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person; (iii) any officer, director, member, manager, or general partner of such Person; or (iv) any Person who is an officer, director, member, manager, general partner, trustee, or holder of ten percent (10%) or more of the voting securities of any Person described in clauses (i) through (iii) above.

(c) "**Articles of Organization**" means the Articles of Organization of the Company, as filed with the Commonwealth of Virginia State Corporation Commission, as the same has been or may be amended from time to time.

(d) "**Capital Account**" means the separate account maintained for each Member pursuant to Section 8.1.

(e) "**Capital Contribution**" means any contribution to the capital of the Company in cash or property by a Member whenever made.

(f) "**Code**" means the Internal Revenue Code of 1986, as amended, and any successor provisions or codes thereto.

(g) "**Commercial Percentage Interests**" for each Member is as shown on Exhibit A.

(h) "**Contributed Interests**" has the meaning provided in the Recitals hereto.

(i) "**Distribution Cash**" means all cash, revenues, and funds received by the Company, but excluding Capital Contributions or Net Proceeds, less the sum of the following to the extent paid or set aside by the Company:

(1) All principal and interest payments on indebtedness of the Company, including amounts due on indebtedness to Members or Affiliates of Members;

(2) All cash expenditures incurred incident to the normal operation of the Company, including fees to Members or Affiliates of Members; and

(3) The establishment of Reserves.

(j) "**Entity**" means any general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association, or any foreign trust, or foreign business organization.

(k) "**Fiscal Year**" means the Company's fiscal year, which shall be the calendar year.

(l) "**Manager**" or "**Managers**" means the manager or managers of the Company under the Act.

(m) "**Managing Member Interest**" means the Company's ownership interest in the Project Owner.

(n) "**Member**" means each Person who executes a counterpart of this Agreement as a Member or who hereafter becomes a Member of the Company pursuant to the provisions of this Agreement.

(o) "**Membership Interest**" means all of a Member's right, title and interest in the Company under this Agreement and the Act, including, but not limited to, the Member's share of Net Profits, Net Losses, Distribution Cash and Net Proceeds.

(p) "**Net Proceeds**" means the cash proceeds from the sale, exchange, transfer, refinancing or other disposition of the Project, reduced by all costs and expenses reasonably incurred in connection with any such transaction, including repayments of indebtedness required as a result of the transaction. Net Proceeds shall also include interest and principal payments on installment notes received in a sale transaction.

(q) "**Net Profits**" and "**Net Losses**" mean the income, gain, loss, deductions, and credits of the Company in the aggregate or separately stated, as appropriate, determined in accordance with tax basis accounting principles employed under the cash method of accounting at the close of each taxable year on the Company's information tax return filed for federal income tax purposes.

(r) "**Non-Reimbursed Expenditures**" means those reasonable, out-of-pocket expenditures or advances made by a Member in furtherance of the Project.

(s) "**Operating Deficit**" means, for any specified period of time determined by the Manager, the amount by which cash and accrued expenditures exceed cash receipts with respect to a Unit, as determined by the Manager in its sole discretion by reference to the Annual Budget.

(t) "**Percentage Interests**" for each Member is as shown on Exhibit A.

(u) "**Person**" means any individual or Entity, and the heirs, personal representatives, successors and assigns of such "Person" where the context so permits.

(v) "**Project**" means the White Mill Condominium, which is a condominium of the property located at 424 Memorial Drive, Danville, Virginia and the historic Danville

White Mill building located thereon and initial rehabilitation of the core and shell thereof as well as Unit 1 and Unit 2 and later rehabilitation of Unit 3, which is to be rehabilitated as a mixed-use commercial and residential rental project consisting of at least one (1) unit of residential rental housing and commercial shell and parking space, portions of which shall be leased to White Mill MT 1, LLC, a Virginia limited liability company, White Mill MT 2, LLC, a Virginia limited liability company, and White Mill MT 3, LLC, a Virginia limited liability company, pursuant to the terms of separate master lease agreements, located in the city of Danville, Pittsylvania County, Virginia.

(w) "**Project Owner**" means 424 Memorial Drive, LLC, a Virginia limited liability company, which is the owner of the Project for federal income tax purposes and the sole member of WM Commercial, WM Apartments and WM Unit 3 (as each such term is defined in Section 2.6 hereof), which are the owners of Unit 1, Unit 2 and Unit 3, respectively.

(x) "**Project Owner's Report**" means the annual or more frequent report by the Project Owner to the Company delineating the Project Owner's income and other relevant items which allocates Distribution Cash, Net Proceeds, Net Profits, and Net Losses and other relevant items as being attributable to Unit 1, Unit 2, Unit 3, or other sources.

(y) "**Reserves**" means, for any fiscal period, funds set aside or amounts allocated during such period to reserves that shall be maintained in amounts required by third parties doing business with the Company or otherwise deemed appropriate by the Manager for working capital and for replacement of capital items and furniture, fixtures and equipment and to pay taxes, insurance, debt service, or other costs or expenses incident to the ownership and operation of the Company's business, including without limitation any reserves required pursuant to any condominium documents in effect at the Project.

(z) "**Treasury Regulations**" means the regulations promulgated under the Code, as such regulations may be amended from time to time. All references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations, and any references to Temporary Regulations shall be deemed also to refer to any corresponding provisions of final Treasury Regulations.

(aa) "**Unit 1**" means unit 1 of the White Mill Condominium as created by that certain plat of condominium recorded on or about the date hereof and declaration of condominium recorded on or about the date hereof.

(bb) "**Unit 2**" means unit 2 of the White Mill Condominium as created by that certain plat of condominium recorded on or about the date hereof and declaration of condominium recorded on or about the date hereof.

(cc) "**Unit 3**" means unit 3 of the White Mill Condominium as created by that certain plat of condominium recorded on or about the date hereof and declaration of condominium recorded on or about the date hereof.

ARTICLE II
ORGANIZATION AND PURPOSE

2.1 Formation. The Company was organized as a Virginia limited liability company pursuant to the Act by the filing of the Articles of Organization with the Commonwealth of Virginia State Corporation Commission.

2.2 Name. The name of the Company is "424 Memorial Drive Managing Member, LLC". The name of the Company may be changed from time to time in the discretion of the Manager, and the Manager is hereby authorized and empowered to execute and deliver in the name and on behalf of the Company any and all documents necessary or appropriate to effect any such name change, including, without limitation, articles of amendment to the Articles of Organization, provided that the Manager will promptly notify each Member of any such name change. The Company may conduct its business under such other fictitious names as the Manager selects and the law permits, provided that the Manager will promptly notify each Member of any such fictitious names.

2.3 Principal Place of Business. The principal office and place of business of the Company shall be located at 2450 Rimrock Road, Suite 100, Madison, WI 53713. The Company may locate its principal office and places of business at any other place or places as the Manager may from time to time deem advisable.

2.4 Registered Agent and Registered Office. The Corporation Service Company shall be the initial registered agent of the Company. The address of the Company's registered office in the Commonwealth of Virginia shall be 100 Shockoe Slip Fl. 2, Richmond, VA 23219-4100. The Company's registered agent and registered office may be changed from time to time by the Manager filing the name of the new registered agent and/or the address of the new registered office with the appropriate authority as required by applicable law.

2.5 Term. The Company shall continue in existence until dissolved and terminated pursuant to the provisions of this Agreement.

2.6 Purpose. The sole purpose of the Company shall be to (i) own a membership interest in, and act as the managing member of, the Project Owner, which entity is (a) the sole member of White Mill Shell & Commercial, LLC, a Virginia limited liability company ("**WM Commercial**"), the owner of Unit 1, (b) the sole member of White Mill Apartments, LLC, a Virginia limited liability company ("**WM Apartments**"), the owner of Unit 2, and (c) the sole member of White Mill Unit 3, LLC, a Virginia limited liability company ("**WM Unit 3**"), the owner of Unit 3, (ii) make a capital contribution of at least $[14,393,740] and possibly up to $[19,871,040] to Project Owner (the "**Funding Obligation**"), which Project Owner will use to partially fund the historic rehabilitation costs for the Project, (iii) fulfill the duties and obligations imposed on the Company pursuant to the operating agreement of the Project Owner, (iv) own a membership interest in, and act as the managing member of, each of the following (a) White Mill MT 1, LLC, a Virginia limited liability company ("**MT 1**"), the master tenant of Unit 1, (b) White Mill MT 2, LLC, a Virginia limited liability company ("**MT 2**"), the master tenant of Unit 2, and (c) White Mill MT 3, LLC, a Virginia limited liability company ("**MT 3**"), the master tenant of Unit 3, and (v) fulfill the duties and obligations imposed on the Company pursuant to those various operating agreements governing MT 1, MT 2 and MT3. The Company may exercise all powers reasonably connected with such activities and businesses that may be legally exercised by limited liability companies under the Act, and the Company may engage in all activities necessary, customary, convenient, or incident to any of the foregoing.

2.7 Organization Costs. The Company shall be responsible and shall pay for all fees, expenses and costs incurred in establishing and forming the Company, including, but not limited to, organizational fees, legal fees and accounting fees.

2.8 Partnership for Tax Law Purposes; No State Law Partnership. The Members intend that the Company be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes, but that the Company not be operated or treated as a "partnership" for any other purpose, including, but not limited to, Section 303 of the Federal Bankruptcy Code. The Members hereby agree that the Company shall not be operated as an "association" taxed as a corporation under the Code and that no election shall be made under the Treasury Regulations by the Members, the Manager or any officer of the Company to treat the Company as an "association" taxable as a corporation without the prior unanimous written consent of all Members.

2.9 Foreign Qualification. The Company shall not transact business in any jurisdiction other than the Commonwealth of Virginia.

ARTICLE III
RIGHTS AND RESPONSIBILITIES OF MEMBERS

3.1 General. The rights and responsibilities of the Members shall be as provided in the Articles of Organization, this Agreement and the Act (except to the extent properly governed by the Articles of Organization and/or this Agreement).

3.2 Members; Capital Contributions; Agreed Values; Percentage Interests. The names and business addresses of the Members upon the execution of this Agreement, the Capital Contributions of each such Member, the agreed value thereof for Capital Account purposes, the Commercial Percentage Interest of each such Member, and the Percentage Interest of each such Member are set forth on Exhibit A attached hereto. Exhibit A (i) shall be modified once the amount of IDA-LLCs Capital Contributions with respect to Unit 1 has been determined and (ii) shall be modified as appropriate from time to time to reflect the admission of new Members or any change in the Commercial Percentage Interests or Percentage Interests of the existing Members.

3.3 Admission of Members; Additional Percentage Interests. Notwithstanding any provision contained herein to the contrary, and without limiting any other conditions imposed pursuant to this Agreement, prior to the admission of any new Member to the Company, the Company must have received a written instrument, in form and substance acceptable to the Company, signed by or on behalf of the new Member containing the new Member's express acceptance of and agreement to be bound by all terms and conditions of this Agreement. The Manager may, at the time that a Member is admitted, close the Company's books (as though the Company's taxable year had ended) or make *pro rata* allocations of Net Profits and Net Losses to a new Member for that portion of the Company's taxable year in which a Member was admitted in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder. Exhibit A shall be modified as appropriate from time to time to reflect the admission of new Members or any change in Commercial Percentage Interests or Percentage Interests.

3.4 Capital Contributions of Members; Operating Deficit Guaranty. In order for the Company to satisfy the Funding Obligation, TAC and Vos shall make aggregate cash Capital Contributions to the Company totaling $[5,436,623] and IDA-LLC shall make aggregate cash Capital Contributions to the Company totaling at least $[7,279,869] and not exceeding $[12,757,169]. TAC and Vos have previously made $4,014,561 of such aggregate cash Capital Contribution, with TAC making $3,693,396.12 of such Capital Contribution and Vos making $321,164.88 of such Capital Contribution. TAC and Vos shall make the remaining $[1,422,063] of such aggregate cash Capital Contributions on a prorated basis when needed to fund the construction draws set forth in those certain financial projections prepared in connection with the rehabilitation and buildout of Unit 3, with all such cash Capital Contributions being made 92% by TAC and 8% by Vos. IDA-LLC has previously made $6,279,869 of such aggregate cash Capital Contributions to the Company, and IDA-LLC shall (i) make $[1,000,000] of such aggregate cash Capital Contributions to the Company on a prorated basis when needed to fund the construction draws set forth in those certain financial projections prepared in connection with the rehabilitation and buildout of Unit 3, and (ii) on an as-needed basis, make up to $[5,477,300] of Capital Contributions to the Company for funding the completion of the tenant improvements to Unit 1 on a lien-free basis. In addition, the Members agree, IDA-LLC's contribution of the Contributed Interests has an agreed value of $[1,677,247] and the Members further agree that: $700,576 of such agreed value shall be assigned to Unit 1; $579,293 of such agreed value shall be assigned to Unit 2; and $[616,499] of such agreed value shall be assigned to Unit 3. Furthermore, prior to the ten (10) year anniversary of the date hereof, TAC and IDA-LLC shall be required to make Capital Contributions to the Company as necessary to fund Operating Deficits or cost overruns (as determined by the Manager in its sole discretion by reference to the Annual Budget) with respect to: (a) for TAC, Unit 2 and Unit 3 and, (b) for IDA-LLC, Unit 1. For the avoidance of doubt, Vos shall not be required to make any Capital Contributions to the Company, and the Membership Interests owned by Vos shall be treated as "profits interests" within the meaning of Revenue Procedure 93-27, 1993-2 C.B. 343 for income tax purposes. If, at any time or from time to time, from and after the Agreement Effective Date, an Operating Deficit exists with respect to Unit 1 prior to the ten (10) year anniversary of the placement in service date of Unit 1 or with respect to Unit 3 prior to the ten (10) year anniversary of the placement in service date of Unit 3, then IDA-LLC shall make additional Capital Contributions (an "**Operating Deficit Contribution**") to the Company in an amount equal to the amount of the Operating Deficit accruing (as determined by the Manager in its sole discretion by reference to the Annual Budget). In the event that IDA-LLC is required to make an Operating Deficit Contribution to the Company, IDA-LLC shall, from time to time, within thirty (30) Business Days (as defined below) after Notice thereof from the Manager, make cash contributions to the Company in the amount of the required Operating Deficit Contribution(s). The Manager agrees to provide estimates of potential Operating Deficits to IDA-LLC on a periodic basis. For purposes of this Agreement, the term "Business Day" shall mean any day that is not a Saturday, Sunday, or a holiday recognized by the City of Danville, Virginia, or the Commonwealth of Virginia where nonessential state offices are closed.

3.5 Additional Capital Contributions. Except as otherwise expressly provided in this Agreement, no Member shall be required to make any additional Capital Contributions to the Company.

3.6 Interest on Capital Contributions. Except as otherwise expressly provided in this Agreement, no Member shall be paid interest on such Member's Capital Contributions to the Company.

3.7 Loans by or to Members. No Member may make a secured or unsecured loan to the Company.

3.8 Limitation of Liability. Each Member's liability for debts, liabilities, and obligations of the Company shall be limited as set forth in this Agreement and other applicable law. Unless otherwise specifically agreed by a Member in a writing separate from this Agreement, no Member shall be personally liable for any debt, obligation or liability of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members or the Manager for liabilities of the Company.

3.9 Liability of a Member to the Company. A Member who receives a distribution made by the Company which is either in violation of this Agreement or in violation of the Act is liable to the Company for the amount of such distribution if the Company makes a claim for such amount within three (3) years after the distribution date.

3.10 Indemnification. The Company shall indemnify the Members and agents of the Members for all costs, losses, liabilities, and damages paid or accrued by such Member or agent in connection with the business of the Company to the fullest extent provided or allowed by the Act.

3.11 Member Voting Rights. Except as otherwise required by this Agreement, or by applicable law, a matter submitted to a vote of the Members shall be deemed approved if at least fifty percent (50%) of the Percentage Interests outstanding at such time are voted in favor of the matter.

3.12 Securities Law Matters. Each Member hereby agrees, represents and warrants, as applicable, that: (a) the Member is acquiring the Member's interest in the Company for the Member's own account as an investment; (b) the Member acknowledges that the interests have not been registered under the Securities Act of 1933 or any state securities laws, and may not be resold or transferred by the Member without appropriate registration or the availability of an exemption from such requirements; and (c) the Member agrees to the terms of this Agreement and to perform the Member's obligations hereunder.

3.13 Withdrawal. Except as otherwise provided in this Agreement, no Member shall be entitled to: (a) voluntarily withdraw from the Company; (b) withdraw any part of such Member's Capital Contribution from the Company; (c) demand the return of such Member's Capital Contribution; or (d) receive property other than cash in return for such Member's Capital Contribution.

3.14 Related Party Transactions. The Members hereby acknowledge and agree that the Company has contracted and may from time to time contract in the future with Persons who are Members or Affiliates of Members. Exhibit B hereto identifies such contracts in existence on the date hereof. Any such existing contracts are hereby ratified and confirmed by the Members, and any extensions or renewals thereof shall not require approval of the Members notwithstanding anything in this Section 3.14 to the contrary. Subject to forty-five (45) days advance written notice to IDA-LLC, the Members hereby authorize the Manager to engage in similar transactions in the future; provided, however, that the fees for any such contracted services shall be competitive with fees for similar services provided by third parties in the same general geographical area, as determined in the sole discretion of the Manager.

3.15 Guaranties. To the extent the Manager, in pursuit of the Company's purpose, is required to provide a guaranty to any lender of the Company, (a) TAC will be responsible for and as applicable indemnify and hold harmless the Manager with respect to claims under the guaranty of Sterling Bank loan unless due to a default by IDA-LLC or its Affiliates under agreements pertaining to the Project or otherwise due to recklessness or willful misconduct of the IDA-LLC or its Affiliates, in which case IDA-LLC will be responsible for and as applicable, to the extent permitted by applicable law, indemnify and hold harmless the Manager with respect to such claims under the guaranty of Sterling Bank; and (b) IDA-LLC will be responsible for and as applicable indemnify and hold harmless the Manager with respect to claims under the guaranty of American National Bank and Trust Company loan during the period of construction of the Project unless due to a default by TAC or its Affiliates under agreements pertaining to the Project or otherwise due to TAC's recklessness or willful misconduct, in which case TAC will be responsible for and as applicable, to the extent permitted by applicable law, indemnify and hold harmless the Manager with respect to such claims under the guaranty of American National Bank and Trust Company. Any indemnification payment made by a Member pursuant to this Section shall be treated as a Capital Contribution by such Member to the Company.[1]

3.16 168(h) Election. IDA-LLC hereby represents and warrants that it has made an election under Section 168(h)(6)(F)(ii) of the Code and hereby covenants that it shall not take any action, or fail to take any action, which would have the effect of terminating such election.

ARTICLE IV
MEETINGS OF MEMBERS

4.1 Annual Meeting. An annual meeting of the Members may be called by the Manager and, if called, shall be held at such time and place as shall be determined by the Manager for the purpose of transacting such business as may properly come before the meeting.

4.2 Special Meetings. Special meetings of the Members may be called for any purpose or purposes by the Manager or by any one or more Members owning or holding at least fifty percent (50%) of the Percentage Interests outstanding at the time such meeting is called, unless otherwise prescribed by the Act or other applicable law.

[1] NTD: It's our understanding the 424 Memorial Drive Managing Member is not making any guaranty in connection the loan from Locus. Thus, we have left 3.15 the same.

4.3 Place of Meetings. The Manager may designate any place, either within or outside the Commonwealth of Virginia, as the place of meeting for any meeting of the Members. If no designation is made in the notice of meeting, or if a meeting is otherwise called, the place of meeting shall be the principal office of the Company. Meetings of Members may be held in person or by use of any means of communication by which all Members participating in the meeting may simultaneously hear each other.

4.4 Notice of Meetings; Waiver of Notice. Written notice stating the place, day, and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered no fewer than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Manager or the Members calling the meeting, to each Member entitled to vote at the meeting. When any notice is required to be given to any Member, a waiver of the notice in writing signed by the person entitled to the notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of the notice. If all of the Members shall meet at any time and place, either within or outside of the Commonwealth of Virginia, and consent to the holding of a meeting at that time and place, then the meeting shall be valid without call or notice, and at the meeting any lawful action may be taken.

4.5 Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment of the meeting, or Members entitled to receive payment of any distribution, or to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed (or otherwise delivered) or the date on which the resolution declaring the distribution is adopted, as the case may be, shall be the record date for the determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, the determination shall apply to any adjournment of the meeting.

4.6 Quorum. Members owning or holding fifty percent (50%) of the Percentage Interests outstanding on the date of a meeting, represented in person or by proxy, shall constitute a quorum at any meeting of Members. Members participating in a meeting by means of remote communication (e.g., conference call, video call, etc.) shall be deemed present and may vote at such meeting. In the absence of a quorum at any meeting of Members, Members holding a majority of the Percentage Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At an adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during the meeting of that number of Members whose absence would cause less than a quorum.

4.7 Manner of Acting. The affirmative vote of Members owning or holding at least fifty percent (50%) of the Percentage Interests outstanding at such time shall be the act of the Members. Unless otherwise expressly provided in this Agreement or required under applicable law, Members who have an interest (economic or otherwise) in the outcome of any particular matter upon which the Members vote or consent may vote or consent upon any such matter and their Percentage Interests, vote or consent, as the case may be, shall be counted in the determination of whether the requisite matter was approved by the Members.

4.8 Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. The proxy shall be delivered to the other Members before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

4.9 Action by Members Without a Meeting. Action required or permitted to be taken at a meeting of the Members may be taken without a meeting by unanimous consent of the Members.

ARTICLE V
MANAGEMENT

5.1 Management. The business and affairs of the Company shall be managed by the Manager, sometimes also referred to as the “Managing Member”. Except as provided in Section 5.3 of this Agreement or by nonwaivable provisions of applicable law, the Manager shall have full and complete authority, power, and discretion to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company’s business without obtaining the consent or approval of the Members, including, but not limited to, directing the activities of any officers or employees of the Company, appointing and removing persons from positions as officers of the Company and calling and holding meetings of the Members. The Manager shall also have the power to adjust and set compensation levels for all officers and employees of the Company. At least sixty (60) days before the beginning of each Fiscal Year, the Manager shall prepare and submit to the Members an annual operating budget for the Company (the “**Annual Budget**”), and the Manager shall operate the Company in accordance with the then current Annual Budget until a revised Annual Budget is approved pursuant to Section 5.3(h) below. Unless authorized to do so by this Agreement or by the Manager, no Member that is not a Manager, attorney-in-fact, employee, or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable pecuniarily for any purpose. Notwithstanding any other provision of this Agreement, solely with respect to actions taken, or matters voted on, by the Company with respect to WM Commercial under the Bylaws of the White Mill Condominium Association, Inc., as from time to time in effect, in its capacity as the Manager of the Project Owner which is the sole Member of WM Commercial, the Manager shall act and vote as directed by IDA-LLC and execute any and all documents in accordance with such direction.

5.2 Number; Tenure. There shall initially be one “manager” of the Company, as that term is defined and used in the Act. TAC shall be the Manager of the Company, effective as of the date of this Agreement. The Manager shall serve in that capacity until the Manager’s dissolution, or until the Manager’s earlier removal or resignation in accordance with the terms of this Agreement.

5.3 Limitations on Management Authority. Notwithstanding any other provision of this Agreement, neither a Manager nor any Member, officer, employee, or agent of the Company shall have authority to take any of the following actions on behalf of the Company without obtaining the consent or approval of Members owning or holding fifty percent (50%) of the Percentage Interests outstanding at such time:

(a) Do any act which is in contravention of or inconsistent with this Agreement or any other agreement to which the Company is a party;

(b) Do any act which would make it impossible to carry on the ordinary business of the Company;

(c) Possess property of the Company or assign rights in specific property of the Company for other than a business purpose of the Company;

(d) Except as otherwise permitted by this Agreement, admit any other Person as a Member;

(e) Materially change the nature of the business or purpose of the Company;

(f) Confess a judgment against the Company;

(g) Appoint and remove persons from senior-level positions as officers of the Company; or

(h) Approve the Annual Budget, and in no event may any Annual Budget, or any modification thereto, be approved without the consent of IDA-LLC, provided, however, that the Annual Budget may be modified by the Manager in the event of an emergency or in the event that cost overruns pertain to Capital Contributions required to be funded by TAC with respect to Unit 2.

5.4 Resignation. A Manager may resign at any time by delivery to the Company of a written notice of resignation. The resignation of a Manager shall take effect upon receipt by the Company of the notice of resignation or at such later time as shall be specified in the notice. If the Manager is also a Member, the Manager's resignation shall not affect the Manager's rights as a Member and shall not constitute the Manager's withdrawal as a Member.

5.5 Removal. TAC shall not be removed as Manager unless (a) required by a third party debt or equity financing source for the Project or (b) for cause upon IDA-LLC's reasonable, good faith determination that Manager has acted in, engaged in or undertaken any of the following: (i) willful dishonesty, illegal conduct, or gross misconduct, which is, in each case, materially injurious to the Company, (ii) embezzlement, misappropriation, or fraud, whether or not related to the Project, or (iii) any action that would, if undertaken by the Company, permit a Master Tenant (as defined in the operating agreement of the Project Owner) to remove the Company as the Managing Member of the Project Owner.

5.6 Vacancies. Any vacancy occurring in the position of Manager may be filled by the affirmative vote of Members owning or holding fifty percent (50%) of the Percentage Interests outstanding at the time of the vote.

5.7 Liability for Certain Acts. A Manager shall perform the Manager's managerial duties in good faith, in a manner the Manager reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. If the Manager so performs the duties of Manager, then, except as provided in the Act or this Agreement, the Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage is the result of: (a) a willful failure to deal fairly with the Company or its Members in connection with a matter in which the Manager has a material conflict of interest; (b) a violation of a criminal law (unless the Manager had reasonable cause to believe that the conduct was lawful or no reasonable cause to believe that the conduct was unlawful); (c) a transaction from which the Manager derived an improper personal profit; or (d) willful misconduct.

5.8 No Exclusive Duty to Company. The Manager shall not be required to manage the Company as the Manager's sole and exclusive function, and the Manager may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of a Manager or to the income or proceeds derived therefrom. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture. A delegation of authority pursuant to this Section, or the assignment of a title pursuant to this Section, shall not, of itself, create any contract rights.

5.9 Delegation of Authority. The Manager may, from time to time, delegate to one or more individuals (who need not be Members of the Company) such authority and duties as the Manager may deem advisable to carry out the day-to-day business of the Company and may enter into contracts with such individuals for such purpose. In addition, the Manager may, from time to time, assign titles (including, chief executive officer, president, vice president, secretary, and treasurer) to any such individuals selected by the Manager. Unless the Manager specifies otherwise, if the title is one commonly used for officers of a business corporation, then the assignment of such title shall constitute the delegation of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made pursuant to this Section. Any number of titles may be held by the same individual. Any delegation pursuant to this Section may be revoked at any time by the Manager.

5.10 Provisions Governing Officers.

(a) Removal. The Manager may remove any officer and, unless restricted by this Agreement, an officer may remove any officer or assistant officer appointed by that officer, at any time, with or without cause and notwithstanding the contract rights, if any, of the officer removed. The appointment of an officer does not of itself create contract rights.

(b) Resignation. An officer may resign at any time by delivering notice of resignation to the Company. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date and the Company accepts the later effective date.

(c) Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Manager for the unexpired portion of the term. If a resignation of an officer is effective at a later date as contemplated by in Subsection (b) of this Section, then the Manager may fill the pending vacancy before the effective date if the Manager provides that the successor may not take office until the effective date.

5.11 Execution of Documents. The Manager or any of the authorized officers of the Company may execute documents or instruments on behalf of the Company, including but not limited to agreements, contracts, checks, drafts, mortgages, leases, deeds, and bills of sale. This Section relates only to the execution of documents or instruments on behalf of the Company. Any approval required for such documents or instruments, or the transactions contemplated therein, shall be governed by other Sections of this Agreement.

5.12 Reliance. Any person dealing with the Company may rely on the authority of any officer or the Manager in taking any action that is in the name of the Company without inquiry into the provisions of this Agreement or compliance therewith.

5.13 Indemnity of the Manager, Employees, and Other Agents. The Company shall, to the maximum extent permitted or required by law, indemnify, defend, and hold harmless the Manager, its employees and other agents (each, an "**Actor**"), to the extent of the Company's assets, for, from, and against any liability, damage, cost, expense, loss, claim, or judgment incurred by the Actor arising out of any claim based upon acts performed or omitted to be performed by the Company, its Members, the Manager or any of its or their employees or agents in connection with the business of the Company acting in capacity as a Manager, employees, or agents of the Company, including without limitation, attorneys' fees and costs incurred by the Actor in settlement or defense of such claims. Notwithstanding the foregoing, no Actor shall be so indemnified, defended, or held harmless for claims based upon its acts or omissions in the breach of this Agreement or which constitute: (a) a willful failure to deal fairly with the Company or its Members in connection with a matter in which the Actor has a material conflict of interest; (b) a violation of a criminal law (unless the Actor had reasonable cause to believe that the person's conduct was lawful or no reasonable cause to believe that the conduct was unlawful); (c) a transaction from which the Actor derived an improper personal profit; or (d) willful misconduct. Amounts incurred by an Actor in connection with any action or suit arising out of or in connection with Company affairs shall be reimbursed by the Company if such action or suit arises in a matter for which indemnification is available under this Section (provided that the Company shall in all events advance expenses of defense, but only if the Actor undertakes in writing to repay the advanced funds to the Company if the Actor is finally determined by a court of competent jurisdiction not to be entitled to indemnification pursuant to the provisions of this Section). The Manager shall include in the Annual Budget the cost of obtaining insurance to secure the obligations of the Company to indemnify as provided in this Section 5.13 and shall include the present Annual Budget item for obtaining such insurance.

ARTICLE VI
TAX ALLOCATIONS

6.1 Allocations of Net Profits and Net Losses. Except as otherwise expressly provided in this Agreement, the Net Profits and Net Losses of the Company for each Fiscal Year will be allocated as follows:

(a) Net Losses shall be allocated among the Members (i) to the extent the Project Owner's Report shows such Net Losses are attributable to the Project Owner's interest in Unit 1, in proportion to their Commercial Percentage Interests and (ii) otherwise, including to the extent the Project Owner's Report shows such Net Losses are attributable to the Project Owner's interest in Unit 2 or Unit 3, in proportion to their Percentage Interests; provided, however, that to the extent that the allocation of any Net Losses to a Member would cause the Member to have an Adjusted Capital Account Deficit, the Net Losses shall first be allocated to the other Members, each in proportion to the Percentage Interests held by such Members (excluding, for this purpose, the Percentage Interest owned or held by any Member that would have an Adjusted Capital Account Deficit if any additional Net Losses were allocated to the Member), until each Member has a zero Capital Account balance, after which Net Losses shall again be allocated in the manner described in (i) and (ii) of this Section 6.1(a).

(b) Net Profits (other than Net Profits allocated under Subsection (c) of this Section) shall be allocated among the Members (i) to the extent the Project Owner's Report shows such Net Profits are attributable to the Project Owner's interest in Unit 1, in proportion to their Commercial Percentage Interests and (ii) otherwise, including to the extent the Project Owner's Report shows such Net Profits are attributable to the Project Owner's interest in Unit 2 or Unit 3, in proportion to their Percentage Interests.

(c) Net Profits recognized by the Company upon the refinancing, sale, exchange, transfer, or other disposition of all or substantially all of the Managing Member Interest, or upon disposition of the Project by the Project Owner, shall be allocated among the Members: (i) first, in proportion to and to the extent of each Member's deficit Capital Account balance until no Member has a deficit Capital Account balance; (ii) second, to the Members until their Capital Account balances equal the amount of Net Proceeds each Member is entitled to receive under Section 7.1(b), with such allocations to be made among the Members in proportion to the total allocations needed to achieve such Capital Account balances; and (iii) thereafter, among the Members in proportion to their Percentage Interests.

6.2 Special Allocation of Net Profits and Net Losses and Items Thereof. The special allocations set forth below shall supersede the allocations of Net Profits and Net Losses under Section 6.1 of this Agreement:

(a) The following provisions of the Treasury Regulations promulgated under Section 704 of the Code (the "**Section 704 Regulations**"), as they may be amended from time to time, shall be applied in allocating Net Profits and Net Losses hereunder: (i)

Section 1.704-2(f) (minimum gain chargeback); (ii) Section 1.704-2(i)(4) (partner minimum gain chargeback); and (iii) Section 1.704-1(b)(2)(ii)(d) (qualified income offset).

(b) The Members shall, to the extent permissible by the Section 704 Regulations, reallocate Net Profits and Net Losses, or items thereof, if and to the extent necessary to ensure that the Members' Capital Account balances immediately prior to the liquidation of the Company are equal to the net proceeds each Member would be entitled to receive if liquidating distributions were to be made in accordance with the provisions of Section 7.1(b) of this Agreement (with the Manager determining, in its sole discretion, the estimated portion of such liquidating distributions as would be attributable to Unit 1 and Unit 3 or Unit 2 based on information in the Project Owner's Report). Member Nonrecourse Deductions shall be allocated among the Members as required in Section 1.704-2(i)(1) of the Treasury Regulations in accordance with the manner in which the Member or Members bear the burden of an economic loss corresponding to the Member Nonrecourse Deductions.

(c) In accordance with Section 704(c) of the Code and the Treasury Regulations promulgated thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take into account any variation between the adjusted basis of such property to the Company for federal and state income tax purposes and its agreed fair market value at the time of contribution.

(d) In the event that the Company has taxable income that is characterized as ordinary income under the recapture provisions of the Code, each Member's distributive share of taxable gain or loss from the sale of Company assets (to the extent possible) shall include a proportionate share of this recapture income equal to that Member's share of prior cumulative depreciation deductions with respect to the assets which gave rise to the recapture income.

(e) Any federal rehabilitation credit under Section 47 of the Code for any taxable year allocated to the Company shall be allocated to TAC.

ARTICLE VII
DISTRIBUTIONS

7.1 Distributions. The following provisions shall govern distributions of Company assets:

(a) Operating Distributions. Distribution Cash, if any, shall be distributed within ninety (90) days after the end of each Fiscal Year (or at such other time as the Managers may determine after taking into consideration the working capital needs of the Company) among the Members (i) to the extent the Project Owner's Report shows such Distribution Cash is attributable to the Project Owner's interest in Unit 1, in proportion to their Commercial Percentage Interests and (ii) otherwise, including to the extent the Project Owner's Report shows such Distribution Cash is attributable to the Project Owner's interest in Unit 2 or Unit 3, in proportion to their Percentage Interests.

(b) Net Proceeds Distributions. Net Proceeds shall, following the allocation of all Net Profits and Net Losses hereunder, be distributed to the Members (i) to the extent the Project Owner's Report shows such Net Proceeds are attributable to the Project Owner's interest in Unit 1, (A) to IDA-LLC to the extent of its Capital Contributions to the Company to fund cost overruns and Operating Deficit payments in excess of its share of the Funding Obligation as specified in Section 3.4, then (B) to each Member that made Capital Contributions assigned to Unit 1 as shown on Exhibit A in proportion to such Capital Contributions until such distributions to such Member on a cumulative basis equal such Member's Capital Contributions assigned to Unit 1, then (C) in proportion to their Commercial Percentage Interests, (ii) to the extent the Project Owner's Report shows such Net Proceeds are attributable to the Project Owner's interest in Unit 2, (A) to TAC to the extent of its Capital Contributions to the Company to fund cost overruns and Operating Deficit payments in excess of its share of the Funding Obligation as specified in Section 3.4, then (B) to each Member that made Capital Contributions assigned to Unit 2 as shown on Exhibit A in proportion to such Capital Contributions until such distributions to such Member on a cumulative basis equal such Member's Capital Contributions assigned to Unit 2, then (C) in proportion to their Percentage Interests, and (iii) to the extent the Project Owner's Report shows such Net Proceeds are attributable to the Project Owner's interest in Unit 3, (A) to IDA-LLC to the extent of its Capital Contributions to the Company to fund cost overruns and Operating Deficit payments in excess of its share of the Funding Obligation as specified in Section 3.4, then (B) to each Member that made Capital Contributions assigned to Unit 3 as shown on Exhibit A in proportion to such Capital Contributions until such distributions to such Member on a cumulative basis equal such Member's Capital Contributions assigned to Unit 3, then (C) in proportion to their Percentage Interests.

(c) Final Liquidating Distributions. Distributions upon the final liquidation of the Company (as defined in Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), as determined by the Manager, shall be made to the Members in proportion to and to the extent of their positive Capital Account balances following the allocation of all Net Profits, Net Losses and other tax items under Article VI through the date of liquidation.

(d) Limitation Upon Distributions. Notwithstanding any other provision contained herein to the contrary, no distributions may be declared and made if, after giving effect to such distributions, any of the following would occur: (i) the Company would not be able to pay its debts as they become due in the usual course of business; (ii) the Company's total assets would be less than its total liabilities; or (iii) such distribution would otherwise be in violation of the Act.

ARTICLE VIII
ACCOUNTING AND TAX MATTERS

8.1 Capital Accounts. A separate Capital Account will be maintained for each Member as set forth below:

(a) The Capital Account of a Member shall mean the capital account of that Member determined from the inception of the Company strictly in accordance with the rules set forth in Section 1.704-1(b)(2)(iv) of the Treasury Regulations. Subject to the previous sentence, Capital Account shall mean the amount of money contributed by the Member to the Company —

(1) increased by: (i) the fair market value of property contributed by the Member to the Company (net of liabilities secured by the property or to which the property is subject), and (ii) the amount of income allocated to the Member; and

(2) decreased by: (iii) the amount of money distributed to the Member, (iv) the fair market value of property distributed to the Member by the Company (net of liabilities secured by the property or to which the property is subject), (v) the Member's share of expenditures of the Company described in Section 705(a)(2)(B) of the Code (including, for this purpose, losses which are nondeductible under Section 267(a)(1) or Section 707(b) of the Code), (vi) the Member's share of amounts paid or incurred by the Company to organize the Company or to promote the sale of (or to sell) interests (except to the extent properly amortizable for tax purposes), and (vii) the amount of loss allocated to the Member.

(b) In determining Capital Accounts, an assumption of a Member's unsecured liability by the Company shall be treated as a distribution of cash to the Member. An assumption of the Company's unsecured liability by a Member shall be treated as a cash contribution to the Company. For this purpose, the assumption of a secured liability in excess of the fair market value of the security shall be treated as the assumption of an unsecured liability to the extent of that excess.

(c) In the event that assets of the Company other than cash are distributed to a Member in kind, Capital Accounts shall be adjusted for the hypothetical gain or loss that would have been realized by the Company if the distributed assets had been sold for their fair market values in a cash sale (in order to reflect unrealized gain or loss).

(d) In the case of a transfer of Membership Interests, the transferee shall inherit the Capital Account of the transferor with respect to such Membership Interests, subject to any permitted adjustments under the Treasury Regulations.

(e) In the event of the acquisition of any additional Membership Interests by any new or existing Member in exchange for more than a de minimis Capital Contribution, the assets of the Company shall be revalued and the Members' Capital Accounts adjusted to reflect the gain (or loss) that would have been allocated to each Member if all the assets of the Company had been sold at their fair market value immediately prior to the acquisition of the additional Membership Interests.

(f) Except as otherwise required by the Act, no Member shall have any liability to restore all or any portion of the Member's Adjusted Capital Account Deficit.

8.2 Accounting Period. The Company's "**Fiscal Year**" shall be the calendar year.

8.3 Books and Records. The Company shall establish such books, records, and accounts for the Company as are customary for businesses similarly situated or as are required by the Act and as accurately reflect the financial condition and position of the Company in accordance with generally accepted accounting principles consistently applied. The books and records of the Company may be inspected and/or copied by any Member, at the Member's own expense, during ordinary business hours and for proper purposes.

8.4 Reports. The Company shall prepare and provide the Members with unaudited annual financial statements (balance sheet, income statement, and statement of cash flow), together with all information required for the preparation of tax returns, within ninety (90) days after the close of each Fiscal Year.

8.5 Tax Matters Person. TAC is hereby designated as the "partnership representative" of the company, as provided in Treasury Regulations under Code Section 6223 (the "**Tax Matters Person**") unless and until removed and replaced by the Members, and as such shall perform the duties as are required or appropriate thereunder. The Tax Matters Person shall have sole authority to designate the "designated individual" as described in Treasury Regulations section 301.6223-1(b)(3)(i). Each Member by the execution of this Agreement consents to such designation of the Tax Matters Person and "designated individual" and agrees to execute, certify, acknowledge, delivery, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent. The Company shall indemnify and reimburse the Tax Matters Person for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with the exercise of the duties of the Tax Matters Person. The payment of all such expenses shall be made before any distributions are made of net profits or any discretionary reserves are set aside by the Members. The taking of any action and the incurring of any expense by the Tax Matters Person in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Person.

ARTICLE IX
TRANSFERABILITY

9.1 General Restriction on Transfers. Each Member agrees and covenants that, except as otherwise permitted or required by this Agreement, the Member will not (a) Transfer (as defined below) any Membership Interests the Member owns (or any interest in any Membership Interests the Member owns), or (b) permit any Membership Interests the Member owns (or any interest in any Membership Interests the Member owns) to be the subject of a Transfer. No attempted Transfer in violation of this Agreement shall give the transferee rights to participate in the management of the business and affairs of the Company or to become a substituted Member; any such transferee shall only be entitled to receive the distributions and to share in the allocations of Net Profits and Net Losses to which the transferor would be entitled with respect to the Membership Interests attempted to be transferred. For purposes of this Agreement, "**Transfer**" means, with respect to a Membership Interests, to sell, pledge, encumber or otherwise transfer or dispose of ownership or control of the Membership Interests, or any interest in the Membership Interests, whether voluntarily or involuntarily (including, without limitation, by operation of law, except as provided in Section 9.5 of this Agreement). Notwithstanding the foregoing, for purposes of this Agreement, a pledge of Membership Interests to a financial institution solely as security for indebtedness shall not be deemed to be a Transfer, provided that any action (including, without limitation, an action in foreclosure) that is taken by the secured party in order to transfer any interest in the Membership Interests after an event of default under any security agreement shall be deemed to be a Transfer.

9.2 Permitted Transfers; Permitted Transferees. Any Member may Transfer Membership Interests to any Permitted Transferee (as defined below) without the consent of the Manager and the other Members and without triggering an option to purchase under this Agreement. Any Permitted Transferee receiving Membership Interests as permitted under this Section 9.2 shall become a substituted Member as to such Membership Interests. Any Membership Interests transferred as permitted under this Section 9.2 shall nevertheless remain subject to the terms of this Agreement in the hands of the transferee. For purposes of this Agreement, "Permitted Transferee" means: (i) another Member; (ii) the Company; (iii) the spouse or lineal descendants of the transferring Member, or any entity in which all of the beneficial owners are Permitted Transferees, a trust, limited liability company, limited partnership or limited liability partnership created solely for the benefit of one or more of a Member, the Member's spouse and/or lineal descendants, but only if the Member serves as the sole trustee, sole manager or sole general partner, as applicable, thereof or (iv) an entity controlled by the IDA, provided that such entity is not a "tax-exempt entity" within the meaning of Section 168(h)(2) of the Code. For the avoidance of doubt, no "tax-exempt entity" within the meaning of Section 168(h)(2) of the Code may be a Permitted Transferee under this Agreement. In the event that (a) the Member ceases to be the sole trustee, sole manager or sole general partner, as applicable, of any such trust, limited liability company or limited partnership, whether by death, resignation, removal or otherwise, or (b) the trust, limited liability company or limited partnership ceases to be solely for the benefit of one or more of a Member, the Member's spouse and/or lineal descendants, then all Membership Interests held by the trust, limited liability company or limited partnership that do not then revert to the Member shall be treated for purposes of Article IX hereof as being a part of a proposed transfer to a Person other than a Permitted Transferee, and the trust, limited liability company or limited partnership and any beneficiaries thereof shall be under the same obligation to sell or offer to sell such Membership Interests in the same manner and on the same terms and conditions as a Member under Article X of this Agreement.

9.3 Proposed Transfers; Rights of First Refusal; Requirements. If any Member desires to Transfer Membership Interests, other than to a Permitted Transferee, or if by reason of a Member's death or dissolution, as applicable, all or a portion of such Member's Membership Interest may pass to a party that is not a Permitted Transferee, then the Company and the other Members shall have an option to purchase such Membership Interests, as provided in Article X of this Agreement. With regard to Membership Interests subject to the option to purchase, a Member's estate shall be under the same obligation to sell or to offer to sell such Membership Interests in the same manner and upon the same terms and conditions as a Member under Article X of this Agreement. Except as provided in Section 9.2, a transferee of Membership Interests shall become a substituted Member, with the rights and responsibilities of a Member, only if and when all of the following conditions are satisfied to the satisfaction of the Manager:

(a) The Company has received a written instrument of transfer of such Membership Interests, which instrument shall be signed by the transferor Member and the transferee and shall contain the name and address of the transferee and the transferee's express acceptance of and agreement to be bound by all of the terms and conditions of this Agreement;

(b) All requirements of applicable state and federal securities laws have been met by the transferor and the transferee;

(c) Such transfer will not result in the Company's loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Membership Interests;

(d) Such transfer will not result in the Company being classified as an "association" which is taxable as a corporation for federal income tax purposes;

(e) The Company shall have been reimbursed for all reasonable expenses incurred by the Company in connection with such transfer, including but not limited to reasonable attorneys' fees and expenses relating to evaluation of the proposed transfer and preparation, filing, and/or publishing of any and all documents necessary or appropriate to effectuate such transfer;

(f) Such transfer has been approved and consented to by the Manager, which approval and consent shall not be unreasonably withheld, conditioned, or delayed, provided, however, that, with respect to any proposed transferee that is a "tax-exempt entity" within the meaning of Section 168(h)(2) of the Code, the Manager may, in its sole discretion, withhold its consent and approval of such proposed transfer for any reason or no reason at all; and

(g) Such substituted Member shall provide evidence satisfactory to IDA-LLC showing sufficient capitalization and operational funding for the continued operations of the Project.

9.4 Bankruptcy; Certain Involuntary Transfers; Defaults. If any Member at any time during the period of ownership of any Membership Interests becomes bankrupt or insolvent, or files any debtor proceedings, or takes or has taken against such Member any proceeding of any kind under any provisions of any applicable bankruptcy or insolvency law seeking any readjustment, rearrangement, composition, postponement or reduction of debts, liabilities or obligations (in the case of an involuntary proceeding, which is not dismissed or removed within sixty (60) days), or is subject to any Transfer of any interest in Membership Interests by operation of law (subject to Section 9.5 of this Agreement), or commits any breach of the agreements or provisions contained in this Agreement (the occurrence of any such event being referred to as a "**Default**"), then the Company and the other Members shall have the option to purchase all or any portion of the Membership Interests owned by such Member in Default, as provided in Article X of this Agreement. Such purchase option will be one remedy for such Default, without prejudice to any other right or remedy that the Company or any other Member may have under law or pursuant to this Agreement.

9.5 Marital Property. For purposes of this Agreement, all references to Membership Interests owned or held by a Member shall include, without limitation, all interests in Membership Interests now owned or hereafter acquired by a spouse of such Member (the "**Spouse**") as marital property or pursuant to the Spouse's elective rights to deferred marital property or to an augmented marital property estate. The creation of an interest in the Membership Interests in the Spouse by operation of marital property or community property laws (e.g., by reason of reclassification by agreement between the Member and the Member's Spouse or because the Member acquires a portion or all of the Member's interest in exchange for property that is classified as marital property or community property) during such Member's lifetime shall not be deemed to be a Transfer of the Membership Interests or any portion thereof for purposes of this Article IX so long as (a) the Membership Interests in which such interest is created continue to be registered in the name of such Member and (b) such Member maintains full management and control rights with respect to such Membership Interests; provided, however, that if either of the foregoing conditions shall cease to be satisfied, then such Member, the Company and the other Members shall have the option to purchase such Spouse's interest in the Membership Interests in the sequence and manner and upon the same terms and conditions as specified in Section 9.6 of this Agreement as if the marital relationship of such Member and such Member's Spouse had been terminated. During the marriage of a Member and the Member's Spouse, such Member's obligation to sell or offer to sell Membership Interests pursuant to this Agreement shall include an obligation on the part of such Member's Spouse to sell or offer to sell any interest of such Spouse in the Membership Interests in the same manner and upon the same terms and conditions.

9.6 Termination of a Marriage of a Member. Upon the termination of the marriage of a Member, whether by death of such Member's Spouse or by divorce, if such Member does not succeed to the marital property or other interest of such Member's Spouse in the Membership Interests held by such Member, then such Member shall have the right to purchase such interest from such Member's Spouse or the personal representative of such Spouse's estate, as the case may be, on the terms agreed by the parties thereto or, if no mutual agreement can be reached within sixty (60) days after the termination of the marriage, in accordance with the following provisions of this Section 9.6, at the Determined Value (as hereinafter defined): the purchase price shall be paid as follows: (a) twenty-five percent (25%) of the purchase price shall be paid in cash at Closing (payable by check which clears in the ordinary course or in other immediately available funds); and (b) the balance of the purchase price shall be evidenced by a negotiable promissory note of the Company or the purchasing other Members, as the case may be, in a form acceptable to the then current counsel for the Company, providing for three (3) equal annual installments of principal and interest, beginning on the first anniversary of the date of Closing, with interest at the highest prime rate published in the Money Rates section of The Wall Street Journal (Midwest Edition) on the date of Closing or, if none is published on that day, the most recently published highest prime rate in said section in said newspaper prior to such day. Any such promissory note shall be secured by the Membership Interests purchased and shall provide for prepayment in whole or in part at any time without penalty. For purposes of this Section, the "Determined Value" shall be the value agreed upon by the parties thereto, or if such agreement is not reached within sixty (60) days after the purchase option governed by this Section 9.6 arises, the Membership Interest price determined by an appraisal prepared by a qualified appraiser, licensed in the Commonwealth of Virginia, mutually selected by the parties thereto. If the parties are unable to agree on an appraiser within five (5) days of beginning to attempt to agree, then each party to the transaction shall choose an appraiser, licensed in the Commonwealth of Virginia, and appraisers so chosen shall select a different appraiser, licensed in the Commonwealth of Virginia, whose determination of fair market value shall govern and shall be binding and conclusive. Unless otherwise agreed by the parties to the transaction, the appraisal costs shall be borne one-half (1/2) by the selling

Member and one-half (1/2) by the Company or Members purchasing the Membership Interests. If such Member desires to exercise this purchase option, then such Member shall give written notice of such exercise to such Member's Spouse or such Member's Spouse's estate, as the case may be. If such Member fails to exercise such right to purchase within thirty (30) days of the date of termination of such Member's marriage, then the Company and the other Members shall have an option to purchase such Spouse's interest in such Membership Interests, as provided in this Section 9.6 of this Agreement. With regard to Membership Interests subject to the option to purchase, such a Spouse or a Spouse's estate shall be under the same obligation to sell or to offer to sell such Membership Interests in the same manner and upon the same terms and conditions as a Member under Article X of this Agreement.

9.7 Financial Adjustments. In the event of any Transfer under this Article IX, the Company may, after consultation with the Company's accountants, close the Company books (as though the Company's tax year had ended) or make *pro rata* allocations of Net Profits and Net Losses reflecting the differing Commercial Percentage Interests and Percentage Interests of the Members in the Company for the year of transfer in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder. In addition, the Company may file an election under Section 754 of the Code to adjust the tax basis of the Company's assets in the event of a transfer of Membership Interests or a distribution of the Company's property in accordance with the provisions of this Agreement.

ARTICLE X
OPTIONS TO PURCHASE

10.1 General. Any purchase option for which provision is made in Article IX of this Agreement shall be governed by the following provisions of this Article X.

10.2 Terms of Purchase (Third Party Offer). If the Member holding Membership Interests subject to a purchase option governed by this Article X has received a Third Party Offer (as defined below) for the Membership Interests that such Member desires to accept, then such Member shall: (a) deliver to the Company and to the other Members a copy of the Third Party Offer and, if not specified in the Third Party Offer, the following information (i) the name and address of the proposed transferee(s), (ii) the Membership Interests to be transferred, and (iii) the proposed purchase price and the other terms of the proposed transfer; and (b) offer to sell such Membership Interests to the Company and to the other Members, in accordance with the following provisions of this Article X, at the price and on the terms contained in the Third Party Offer. For purposes of this Agreement, "**Third Party Offer**" means an arm's-length, binding, *bona fide*, written offer to purchase from an unrelated third party, which describes the terms and conditions of the offer and does not include any term or provide for any consideration which, by reason of the unique or unusual nature of the term or consideration, could not be met or provided for by an ordinary third party.

10.3 Company's Purchase Option. For a period of fifteen (15) days following receipt of the items specified in Section 10.2 the Company shall have the option to purchase the Membership Interests subject to the purchase option on the terms and conditions specified in Section 10.2. The Company shall give the selling Member written notice if it chooses to exercise its purchase option.

10.4 Other Members' Purchase Option. If, or to the extent that, the Company does not exercise its purchase option under Section 10.4 above within the 15-day period specified therein, then the Members other than the selling Member shall have the option to purchase, as provided under Section 10.2 above, any such Membership Interests not purchased by the Company by the end of its 15-day option period for an additional 30-day period. In the event that one or more other Members exercise their purchase options under this Section 10.4, each exercising Member shall have the option to purchase a proportionate number of the Membership Interests to be purchased under this Section 10.4 based on a fraction, the numerator of which is the Percentage Interest held by such Member and the denominator of which is the total Percentage Interest owned by all Members exercising the purchase option under this Section 10.4. Should any of the Members other than the selling Member fail to purchase all of the Membership Interests to which that Member is entitled under this Section 10.4, each other such Member shall have the option to purchase a proportionate number of those unpurchased Membership Interests based on a fraction, the numerator of which is the Percentage Interests owned by such Member and the denominator of which is the total Percentage Interests owned by all Members still willing to exercise their purchase options under this Section 10.4.

10.5 Closing. The consummation of any purchase and sale contemplated by this Article X is referred to as the "Closing." The Closing shall take place at a place, date and time as the parties shall agree. If the parties cannot so agree, the Closing shall take place at the Company's principal business office on the thirtieth (30th) day following the expiration of the option period at 10:00 a.m. local time. For this purpose, the expiration of the option period shall be deemed to occur at the end of the 45-day combined option period under Sections 10.3 and 10.4 or on the date written notice is given to the selling Member of exercise of the option to purchase all Membership Interests offered for sale by the selling Member, whichever is earlier. If such day is a Saturday, Sunday or national holiday, then the Closing shall take place on the next succeeding business day.

10.6 Effect of Purchase of Member's Membership Interests. A Member shall cease to be a Member upon the election by the Company or other Members to purchase all of the Member's Membership Interests pursuant to Section 10.3 or 10.4, and the former Member shall have no rights as a Member during any period the Company or the other Members are making payments under any promissory note given as part of the purchase price for the former Member's Membership Interests. Any distributions to be paid after the election to purchase all of a Member's Membership Interests pursuant to Section 10.3 or 10.4, but before the closing of the purchase, shall be paid: (a) to the purchaser(s), if the closing takes place, or (b) to the selling Member, if the closing does not take place.

10.7 Permitted Transfers After Option Period. If, or to the extent that, the Company and the other Members do not exercise the options to purchase all of the Membership Interests subject to a purchase option governed by this Article X during the 45-day combined option period under Sections 10.3 and 10.4, then the selling Member may Transfer the remaining Membership Interests for a period of one hundred eighty (180) days following the end of the 45-day combined option; provided, however, that if the transferring Member received a Third Party Offer for such Membership Interests, then the transferring Member may only Transfer the Membership Interests pursuant to the terms of the Third Party Offer presented to the Company and the other Members under Section 10.2. If, or to the extent that, the selling Member does not Transfer such Membership Interests during such 180-day period, then a new offer shall be made to the Company and the other Members and the provisions of this Article X shall apply again to any such untransferred Membership Interests before any Transfer of such Membership Interests by the selling Member to any third party (other than a Permitted Transferee).

ARTICLE XI
DISSOLUTION AND TERMINATION

11.1 Dissolution. The Company shall be dissolved upon the occurrence of any of the following events:

(a) Upon the happening of the events specified in this Agreement or the Articles of Organization;

(b) A written agreement to dissolve is signed by Members owning or holding ninety percent (90%) of the Percentage Interests outstanding at such time;

(c) Upon the judicial dissolution of the Company pursuant to the Act; or

(d) In the event of a merger or consolidation where the Company is not the surviving entity.

11.2 Effect of Dissolution. Upon an event of dissolution, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until the activities set forth in Section 11.3 have been completed. As soon as possible following the occurrence of any of the events specified in Section 11.1 effecting the dissolution of the Company, the appropriate representative of the Company shall execute articles of termination in such form as shall be prescribed by the Act and file the same with the Virginia State Corporation Commission.

11.3 Liquidation. Upon dissolution, an accounting shall be made of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. If the Company is dissolved and its affairs are to be wound up, the Manager shall:

(a) Sell or otherwise liquidate all of the Company's assets as promptly as is consistent with obtaining fair value for them.

(b) Allocate any Net Profits or Net Losses resulting from such sales to the Members in accordance with Article VI of this Agreement.

(c) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than for distributions, and establish such reserves as may be reasonably necessary to provide for contingencies or liabilities of the Company (for purposes of determining the Capital Accounts of the Members, the amounts of such reserves shall be deemed to be an expense of the Company).

(d) Distribute the remaining assets to the Members, either in cash or in kind, as determined by the Manager, in accordance with the provisions of Section 7.1(c) of this

Agreement. If any assets of the Company are to be distributed in kind, the net fair market value of those assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Those assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of Section 8.1 of this Agreement to reflect such deemed sale. Notwithstanding anything to the contrary, any distribution made to Vos upon the final liquidation of the Company shall not exceed his adjusted Capital Account balance.

11.4 Deficit Capital Account Balance. Except as otherwise elected by a Member pursuant to this Section, a Member shall not have any obligation to restore any deficit in the Member's Capital Account upon the liquidation of the Company (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations). Notwithstanding anything to the contrary contained in this Agreement, a Member may from time to time elect to be obligated to restore a deficit in the Member's Capital Account up to a limited dollar amount. Such election shall be made by the Member's delivery of a written notice of election to the Manager no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in the Member's Capital Account that the Member agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Membership Interests. Upon a liquidation of the Company (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations), if a Member has made such an election and has a deficit balance in the Member's Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs) then the Member shall contribute to the capital of the Company the limited dollar amount of the deficit in the Member's Capital Account which the Member has expressly agreed in writing to restore to the capital of the Company pursuant to this Section.

11.5 Return of Contribution; Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of such Member's capital contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the capital contribution of one or more Members, the Members shall have no recourse against any other Member.

11.6 Termination. The Company shall terminate when all assets of the Company have been sold and/or distributed and all affairs of the Company have been wound up.

11.7 Consequences of Termination. Upon the termination of the Company pursuant to Section 11.6, all rights and obligations under this Agreement shall forthwith terminate; provided, however, that all claims of any Member against another Member for damages arising out of acts or omissions of the other Member outside the scope of, or in breach of, this Agreement shall not be affected by termination of the Company.

ARTICLE XII
MISCELLANEOUS PROVISIONS

12.1 Notices. Any notice, consent, request, authorization or approval (collectively, a "**Notice**") permitted or required under this Agreement shall make specific reference to the fact that the Notice is pursuant to this Agreement, and shall be in writing, signed and personally delivered or sent by registered or certified mail. The date of personal delivery or the date of mailing by United States Postal Service registered or certified mail shall be considered the date of the Notice. Any Notice to the Company shall be sent to it at 2450 Rimrock Rd., Suite #100, Madison, WI 53713. A copy of any Notice sent to the Company shall also be sent to Attorney Kevin A. Martin (c/o Michael Best & Friedrich LLP, One South Pinckney Street, Suite 700, Madison, WI 53703) or any other attorney designated by the Manager.

12.2 Waiver of Partition. The Members hereby agree that no Member, nor any successor in interest to any Member, shall have the right, while this Agreement remains in effect, to have any Company property partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property partitioned, and all Members, on behalf of themselves and their heirs, personal representatives, successors and assigns, hereby waive any such right.

12.3 Choice of Law and Severability; Waiver of Jury Trial. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws and decisions of the Commonwealth of Virginia. The Members hereby submit to the exclusive jurisdiction of the state court located in Danville, Virginia or the U.S. District Court for the Western District of Virginia (Danville, Division), in any action or proceeding arising out of, or related to this Agreement, and the parties hereby agree that all claims in respect of any action or proceedings shall be heard or determined only in either of these courts. If any provision of this Agreement shall be contrary to the laws of the Commonwealth of Virginia or any other applicable law, at the present time or in the future, such provision shall be deemed null and void, but this shall not affect the legality of the remaining provisions of this Agreement. This Agreement shall be deemed to be modified and amended so as to be in compliance with applicable law and this Agreement shall then be construed in such a way as will best serve the intention of the parties at the time of the execution of this Agreement.

EACH PARTY WAIVES ANY RIGHT TO A TRIAL BY JURY TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY LITIGATION WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT.

12.4 Captions, Gender and Number. The captions in this Agreement are inserted only as a matter of convenience and in no way affect the terms or intent of any provision of this Agreement. All defined phrases, pronouns and other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the actual identity of the organization, person or persons may require.

12.5 Counterparts. This Agreement may be executed in one or more counterparts, each bearing the signatures of one or more Members. Each such counterpart shall be considered an original and all of such counterparts shall constitute a single agreement binding all the parties as if all had signed a single document.

12.6 Binding Effect. Except as provided to the contrary, the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of all the Members, their heirs, personal representatives, successors and assigns.

12.7 Entire Agreement. This Agreement, including any Schedules and Exhibits, constitutes the entire agreement among the Members regarding the terms and operations of the Company, except as amended in writing pursuant to the requirements hereto, and supersedes all prior and contemporaneous agreements, statements, understandings and representations of the parties.

12.8 Creditors. The provisions of this Agreement are not for the benefit of and may not be specifically enforced by any creditors of the Company.

12.9 No State Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member for any purposes other than federal and state tax purposes, and the provisions of this Agreement may not be construed to suggest otherwise.

12.10 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney, and other instruments necessary to comply with any applicable laws, rules, or regulations.

12.11 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, that would have originally constituted a violation, from having the effect of an original violation.

12.12 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

12.13 Amendments. Except as specifically provided in this Agreement, neither this Agreement nor the Articles of Organization may be amended except by the unanimous written consent of all the Members. Notwithstanding the preceding sentence, the Manager, upon ten (10) days prior written notice to IDA-LLC (which, for the purposes of this Section 12.13 may be provided to IDA-LLC via electronic mail to the then current City Manager of the City of Danville, Virginia (the "**City**") and a carbon copy email to IDA-LLC's legal counsel, including but not limited to, the then current City Attorney for the City and IDA-LLC's special counsel at Christian & Barton, LLP or such other special counsel as designated by IDA-LLC), may amend this Agreement to make those changes that the Manager determines are necessary, appropriate, or desirable to achieve the intent of this Agreement, including, without limitation, by clarifying ambiguities, correcting inconsistencies, inserting unintentional omissions, attempting to ensure compliance with the Act and applicable tax and securities laws, and making any other changes which do not alter the rights or obligations of the Members in a manner that would materially disadvantage the Members. Such changes may only be made by the Managers after specific consultation with legal counsel on such matters.

ARTICLE XIII
MEDIATION

13.1 Deadlock and Mediation.

(a) In the event the Members are unable to reach the unanimity required to take any action required to be taken by the unanimous consent of the Members (a "**Deadlock**"), any Member shall have the right to provide to the other Members a written notice describing in reasonable detail the nature of the Deadlock and the outcome such Member desires. Following the delivery of the notice provided for in the immediately preceding sentence, the Members shall negotiate in good faith to resolve the Deadlock. If the Members are unable to resolve the Deadlock within fifteen (15) days, or a mutually agreed upon longer or shorter period of time (the "**Negotiation Period**"), then the Members shall follow the procedures set forth in Section 13.1(b) through 13.1(d) to resolve the Deadlock.

(b) In the event the Members are unable to timely resolve the Deadlock during the Negotiation Period, any Member may, within thirty (30) days following the expiration of the Negotiation Period, resolve the Deadlock by providing a written notice to the other Member or Members (the Member providing said notice and the Member or Members, as the case may be, receiving the notice, the "**Parties**") preventing the reaching of unanimous consent on a proposed action notifying such Member or Members of the intent to engage a single mediator, experienced in the subject matter, to mediate the Deadlock. The Parties shall unanimously select the mediator within forty-five (45) days following the expiration of the Negotiation Period and conduct mediation in the City of Danville, Virginia or absent agreement, by the mediator. Should the Parties be unable to agree upon a single mediator within forty-five (45) days following the expiration of the Negotiation Period, the Member providing the notice described in this Section 13.1 shall within sixty (60) days following the expiration the Negotiation Period select a mediator experienced and knowledgeable in the matters which are the subject of the dispute, and the Member or Members receiving the notice described in this Section 13.1 shall within sixty (60) days following the expiration the Negotiation Period select a mediator experienced and knowledgeable in the matters which are the subject of the dispute. The mediators selected by the Parties shall then within seventy-five (75) days of the expiration of the Negation Period unanimously select a third mediator experienced and knowledgeable in the matters which are the subject of the dispute. The mediation conducted by these mediators shall be at a location to be agreed upon by the Parties or absent agreement, by the mediators. Within five (5) Business Days of selection, the mediator or mediators, as the case may be, shall be furnished copies of the notice, this Agreement, response and any other documents exchanged by the Parties. The costs of the mediator or mediators and the mediation shall be shared equally by the Parties to the dispute. If no Member submits the Deadlock to mediation within the thirty-day period following the expiration of the Negotiation Period, then no action shall be taken on the matter.

(c) If the Parties and the mediator or mediators are unable to settle the same within one hundred and five (105) days of the expiration of the Negotiation Period, or such other time as the Parties agree, either Party, in its sole discretion, may pursue litigation in order to resolve the dispute.

(d) The Parties consent to selection of a mediator by any Court shall not constitute consent to jurisdiction of such court or waiver of defenses as to venue or jurisdiction.

(e) Each Party agrees to be responsible for its own attorney’s fees.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, or caused it to be duly executed, effective as of the date first set forth above.

MEMBERS:

THE ALEXANDER COMPANY, INC.

By:________________________________
Joseph M. Alexander, President

IDA DANVILLE MANAGER, LLC,

By: Industrial Development Authority of Danville, Virginia, its Managing Member

By: ____________________________
T. Neal Morris, Chairman

____
David G. Vos

MANAGER:

THE ALEXANDER COMPANY, INC.

By:________________________________
Joseph M. Alexander, President

[Signature Page to Amended & Restated Operating Agreement of 424 Memorial Drive Managing Member, LLC]

EXHIBIT A
MEMBERS AND CAPITAL CONTRIBUTIONS

	Unit 1		Unit 2		Unit 3			
Name and Address of Member	Description of Capital Contribution	Agreed Value	Description of Capital Contribution	Agreed Value	Description of Capital Contribution	Agreed Value	Percentage Interest	Commercial Percentage Interest
The Alexander Company, Inc. 2450 Rimrock Rd., Suite 100 Madison, WI 53713	N/A	N/A	$3,693,396.12	$3,693,396.12	$[1,308,298]	$[1,308,298]	67.5%	0.0%
IDA Danville Manager, LLC c/o Office of the City Attorney City of Danville, Virginia (427 Patton Street, Room 421 – zip code 24541) P.O. Box 3300 Danville, Virginia 24543	Contributed Interests Assignment + $5,700,576 + Up to $[5,477,300] for Tenant Upfits in 2025	$6,401,152 + Up to $[5,477,300] = $[11,878,452] (Max)	Contributed Interests Assignment + $579,293	$1,158,586	Contributed Interests Assignment + $1,000,000	$[1,616,499]	25.0%	100.0%
David G. Vos c/o The Alexander Company, Inc. 2450 Rimrock Rd., Suite 100 Madison, WI 53713	N/A	N/A	$321,164.88	$321,164.88	$[113,765]	$[113,765]	7.5%	0.0%
TOTALS	N/A	$6,401,152 - $[11,878,452]	N/A	$5,173,147	N/A	$[3,038,562]	100%	100%

EXHIBIT B
RELATED PARTY CONTRACTS

Property Management Agreement – City as Manager
Property Management Agreement – TAC as Manager
Development Agreement – TAC & Project Owner

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution for the commencement date for the IDA's lease at 424 Memorial Drive

ATTACHMENTS

1. 2024-12-10 Resolution COMMENCEMENT DATE NOTICE
2. Commencement Date Notice - Danville Sublease with IDA for Unit 1 - 39530101.1-39534805-v2

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AUTHORIZING AND APPROVING THE ATTACHED COMMENCEMENT DATE NOTICE.

NOW THEREFORE, BE IT RESOLVED by the Industrial Development Authority of Danville, Virginia (IDA) that it hereby authorizes and approves Commencement Date Notice, substantially in the form attached hereto; and

BE IT FURTHER RESOLVED by the Industrial Development Authority of Danville, Virginia, that the Chairman, or in his absence any Officer, be, and is hereby, authorized to sign any required documents and perform any other duties needed to complete the above-mentioned transaction.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

COMMENCEMENT DATE NOTICE

DATE: December 5, 2024

LANDLORD: WHITE MILL MT 1 LLC

TENANT: INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA

PROPERTY: 424 Memorial Drive, Danville, Virginia (the "**Property**"), comprised of three (3) units within a mixed use condominium building (the "**Building**").

PREMISES: Unit 1 of White Mill Condominium, Danville, Virginia ("**Premises**").

In accordance with Section 3.1.1 of that certain Master Lease, dated as of December 8, 2022 ("**Master Lease**"), by and between Landlord and Tenant for the Premises described above, Landlord hereby notifies Tenant of the following:

1. Pursuant to Section 3.1.1 of the Master Lease, the Commencement Date for the Initial Term of the Lease is December 31, 2024.

2. In accordance with the Master Lease, and subject to adjustment as may be provided in the Master Lease:

(a) Tenant's obligation to pay Minimum Rent in the amount of One Hundred Twenty-Four Thousand Three Hundred Seventy-Nine and 00/100 Dollars ($127,379.00) per month commenced on the Commencement Date and shall continue on the first day of each month thereafter until November 30, 2025. Commencing on December 31, 2025 and on each month thereafter, Tenant shall pay Minimum Rent in the amount of One Hundred Seventy-Two Thousand Six Hundred Twenty-Four and 00/100 Dollars ($172,624.00) per month. Landlord and Tenant acknowledge that the rent during the foregoing periods differ from the Minimum Rent agreed upon by Landlord and Tenant in the Master Lease but have been agreed upon by Landlord and Tenant. Promptly following written request by either party, Landlord and Tenant shall execute an amendment to the Master Lease reflecting such revised Minimum Rent amounts.

(b) Tenant's obligation to pay Additional Rent in the amount of Fifteen Thousand Six and 00/100 Dollars ($15,0006.00) commenced on the Commencement Date.

3. Tenant shall return an executed copy of this Commencement Date Notice to Landlord within ten (10) business days of its receipt by Tenant. If Tenant fails to do so, pursuant to Section 3.1.2 of the Master Lease, Tenant will conclusively be deemed to have approved the contents of this Commencement Date Notice.

[Signature page follows.]

LANDLORD:

WHITE MILL MT 1 LLC,
a Virginia limited liability company

By: 424 Memorial Drive Managing Member, LLC
Its: Manager

By: The Alexander Company, Inc.
Its: Manager

By:________________________________
Joseph M. Alexander, President

ACKNOWLEDGMENT OF COMMENCEMENT DATE NOTICE

Tenant hereby acknowledges this Commencement Date Notice and shall return an executed copy to Landlord within ten (10) business days of Tenant's receipt thereof.

TENANT:

INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA,
a political subdivision of the Commonwealth of Virginia

By:____
Name:____
Its: ____

MBF\011626\0049\39534805.v2-12/5/24

Industrial Development Authority

STAFF REPORT

DATE: December 10, 2024

TO: Industrial Development Authority

FROM:

RE: A resolution for River District Events LLC to use lot on corner of Main Street and Craghead St for New Year's Eve event

ATTACHMENTS

1. 2024-12-10 Resolution Approving New year's Eve Celebration by River District Event LLC
2. Photo Location of parcel for River Distrct Events LLC

PRESENTED: December 10, 2024

ADOPTED: December 10, 2024

RESOLUTION NO. 2024-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AUTHORIZING AND APPROVING RIVER DISTRICT EVENTS LLC TO USE THE VACANT LOT AT THE CORNER OF MAIN AND CRAGHEAD STREETS FOR A NEW YEAR'S EVE CELEBRATION.

NOW THEREFORE, BE IT RESOLVED by the Industrial Development Authority of Danville, Virginia (IDA) that it hereby authorizes and approves River District Events LLC to use the vacant lot at the corner of Main and Craghead Streets, having an address of 231 Main Street as shown on the plat attached hereto as Exhibit A from December 31, 2024 until January 2, 2025 for the purpose of a New Year's Eve celebration; and

BE IT FURTHER RESOLVED by the Industrial Development Authority of Danville, Virginia, that River District Events LLC must present the IDA with a certificate of liability insurance in the amount of One Million dollars ($1,000,000.00) and naming the IDA as an additional insured no later than December 18, 2024; and

BE IT FINALLY RESOLVED by the Industrial Development Authority of Danville, Virginia, that the Chairman, or in his absence any Officer, be, and is hereby, authorized to sign any required documents and perform any other duties needed to complete the above-mentioned transaction.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney


26828
21351
MEMORIAL DR
MAIN ST
109
106
BRIDGE ST
231
213
209
215
225
20003
309
22447
CRAGHEAD ST
201
21994
PATTON ST
205
20116
21831
219
20206
24274
215
LOYAL ST
24104