DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY AGENDA

City of Danville, Virginia
County of Pittsylvania, Virginia

Institute for Advanced Learning and Research
150 Slayton Avenue, Room 206
Danville, Virginia

January 13, 2025

12:00 PM

County of Pittsylvania Members

William V. ("Vic") Ingram, Chairman
Robert M. Tucker, Jr.
Darrell W. Dalton, Alternate

City of Danville Members

Sherman M. Saunders, Vice Chairman
J. Lee Vogler, Jr.
Dr. Gary P. Miller, Alternate

Staff

Kenneth F. Larking, City Manager Officer
Vincent Shorter, Interim County Administrator Officer
Christian & Barton, L.L.P., Legal Counsel to Authority
Susan M. DeMasi, Authority Secretary
Michael L. Adkins, Authority Treasurer

1. **MEETING CALLED TO ORDER**

2. **ROLL CALL**

3. **PUBLIC COMMENT**

Members of the public who desire to comment on a specific agenda item will be heard during this period. The Chairman/Vice Chairman of the Authority may restrict the number of speakers. Each speaker shall be limited to a total of three minutes for comments.

[Please note that the public comment period is not a question-and-answer session between the public and the Authority.]

4. **APPROVAL OF MINUTES**

A. Consideration of Approval of Minutes from Regular Meeting held on December 9, 2024.

5. **NEW BUSINESS**

A. Election and Reappointment of Officers for Calendar Year 2025 | *Michael C. Guanzon, Esq., Christian & Barton, LLP, Legal Counsel to the Authority.*

i. Election of Chairman from Danville City Member Locality (*see* Bylaws, Article VI, paragraph 1)

ii. Election of Vice Chairman from Pittsylvania County Member Locality (*see* Bylaws, Article VI, paragraph 4)

iii. Reappointment of Secretary from the Authority's staff – Susan M. DeMasi, City Clerk, City of Danville

iv. Reappointment of Treasurer from the Authority's staff – Michael L. Adkins, Chief Financial Officer, City of Danville

v. Reappointment of City Manager Officer – Kenneth F. Larking, City Manager, City of Danville

vi. Reappointment of County Administrator Officer – Vincent E. Shorter, Interim County Administrator, Pittsylvania County

[*At this point of the Agenda, the newly elected Chairman shall preside over the meeting.]*

B. Consideration of Resolution No. 2025-01-13-5B, report on the Regional Bus Service Feasibility Study to the Authority's Board of Directors. *[No Written Resolution]* | *Mark Adelman, Director of Transportation, City of Danville, and KFH Group, Inc.*

C. Consideration of Resolution No. 2025-01-13-5C, approving the grant to the City of Danville, Virginia, of a revised permanent easement, containing approximately 19,362 square feet, located on a portion of Lot 4 (GPIN 1367-30-1931), for water main facilities and such other utility facilities to serve Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia | *Jason C. Grey, Director of Utilities, City of Danville, Virginia*

D. Consideration of Resolution No. 2025-01-13-5D, approving the grant to the City of Danville, Virginia, of a temporary construction storage easement, containing approximately 258,581 square feet, located on a portion of Lot 4 (GPIN 1367-30-1931) of the Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia, for storage of construction materials, in connection with Resolution No. 2025-01-13-5B | *Mr. Grey*

E. Consideration of Resolution No. 2025-01-13-5E, authorizing the Chairman of the Authority to execute and deliver those certain Loan Documents for a $1,895,000.00 loan from the Virginia Small Business Financing Authority to finance the purchase of certain real property consisting of approximately 289.47 acres (GPIN 1366-12-5834), commonly known as 5981 Berry Hill Road, Danville, Virginia 24541, near the Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia, in connection with Resolution No. 2024-12-09-5C | *Mr. Guanzon*

F. Financial Status Reports as of December 31, 2024. | Michael Adkins, Authority Treasurer.

6. CLOSED MEETING

During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects, located in Pittsylvania County, Virginia, and/or Danville, Virginia; and

B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Southern Virginia Megasite at Berry Hill project, Cyber Park project and/or Cane Creek Centre project, where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2- 3705.1(8) (appraisals and cost estimates of real property in one or more of the Authority's projects subject *to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease); and*

C. *As permitted by Virginia Code § 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and*

D. *As permitted by Virginia Code § 2.2-3711(A)(8) for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; and*

E. *As permitted by Virginia Code § 2.2-3711(A)(29) for discussion of the award of a public contract involving the expenditures of public funds where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.*

7. RETURN TO OPEN SESSION

A. Confirmation of Motion and Vote to Reconvene in Open Meeting.

B. Motion to Certify Closed Meeting.

8. COMMUNICATIONS

A. Authority Board Members

B. Staff

9. ADJOURN

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 4.A.

DATE: January 13, 2025

FROM: Susan DeMasi | Authority Secretary

RE: Consideration of Approval of Minutes from Regular Meeting held on December 9, 2024.

SUMMARY

Consideration of Approval of Minutes from Regular Meeting held on December 9, 2024.

ATTACHMENTS

1. Meeting Minutes

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
December 9, 2024

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:16 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Room 207, Danville, Virginia. Present were City of Danville Members Vice Chairman Sherman M. Saunders, J. Lee Vogler, Jr., and Alternate Dr. Gary P. Miller. Pittsylvania County Members present were Chairman William V. Ingram, Robert Tucker and Alternate Darrell Dalton.

City/County staff members attending were: Danville City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, Interim County Administrator Vincent Shorter, Authority Treasurer Michael Adkins, City of Danville Accountants Jaime Pritchett and Meredith Franklin, City of Danville Assistant Director of Economic Development Kelvin Perry, Pittsylvania County Director of Economic Development Matt Rowe, Pittsylvania County Project Manager Kattie Saunders, Legal Counsel to the Authority Michael C. Guanzon, Esq., and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner and Shawn Harden from Dewberry, Linda Green from SVRA, Dr. John Hughes, EVP of Operations at IALR, Telly Tucker, President of the Institute for Advanced Learning and Research, Don Merricks, Don Gibson and Leslie Mantiply from the IALR Board of Directors, Danville City Council Member Madison Whittle and Board of Supervisor Murray Whittle.

Chairman William V. Ingram presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE NOVEMBER 13, 2024, REGULAR MEETING

Upon **Motion** by Mr. Vogler and **second** by Mr. Tucker, Minutes of the November 13, 2024, Regular Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. PRESENTATION OF A REPORT FROM THE INSTITUTE FOR ADVANCED LEARNING AND RESEARCH

Telly Tucker, President of the Board of Trustees of the Institute for Advanced Learning and Research, thanked the RIFA Board for being there and using the Institute for the RIFA meetings every month. Mr. Tucker noted he was there to give an update on activities at the Institute, and introduced Don Merricks, Don Gibson, and Leslie Mantiply from the Institute Board, Executive Vice President of Operations John Hughes, and Linda Green, Vice President of Economic Development. Mr. Tucker noted the Institute's mission was to be a Regional Catalyst for Economic Transformation, and explained they do that through the work of their five divisions:

Advanced Learning – this team was led by Dr. Julie Brown, and focuses on K-12 relationships throughout the community with programs like Go Tech;

Applied Research – this team was led by Dr. Scott Logan who focuses on biotechnology, agriculture and chemistry research.

Manufacturing Advancement Division – this was the newest division and the largest, led by Jason Wells.

Economic Development – led by Linda Green, including the Southern Virginia Regional Alliance.

Conference Center Division – led by Tracy Fink.

Mr. Tucker noted when he arrived in May 31, 2022, there were less than fifty employees, today there were more than 140 employees; in two and a half years they have almost tripled in size. There were probably twenty-five open requisitions and expects by the end of next year to be somewhere around 170 employees at the Institute.

Advanced Learning

Mr. Tucker noted he tasks all the division vice presidents with making sure their programs were aligned to the Institute's strategic plan. The Advanced Learning division connects with their strategic goal of being the center of excellence for education and workforce development. There were twelve programs that fall under Advanced Learning, including Go Tech, Stem Camps in the summer, and Wonder Community that provides lifelong learning experiences. There were two AmeriCorp teams at the Institute, there were apprenticeships and internships, both high school and college, and there was a career expo every year. Mr. Tucker noted GoTech started in Pittsylvania County five years ago; today Go Tech was in fifty-two middle schools across the Commonwealth. They were in conversations with the state about making Go Tech a statewide initiative, and there was some interest from other states.

Manufacturing Advancement

Mr. Tucker noted Manufacturing Advancement was their newest and largest division; it has been around for about six years. One of the flagship programs was ATDM, Accelerated Training in Defense Manufacturing. This was a federally funded program by both the Navy and the Department of Defense; it was a five day a week, four-month program. Starting in January they will move to the newest building, the National Training Center for the ATDM; it was a federally funded facility just for that program. They have graduated over seven hundred students, with currently about 193 in the program on campus. The job placement rate was about 80%-90%, and they have hosted students from Australia, Puerto Rico and Guam, in addition to the Continental US. Construction was underway for Phase II. Dr. Miller questioned why there wasn't 100% employment and Mr. Tucker explained that some students go through the program and decide this was not what they wanted to do. Sometimes it was family or health reasons or sometimes they get hired outside of the defense industrial base.

Mr. Tucker stated about two years ago, there was a ribbon cutting on the Center for Manufacturing Advancement; today, that building was 100% full to capacity. There were five companies operating in the building, with twenty-eight full time employees, with the average salary exceeding 2.5 times the prevailing wage in the region. Also on the campus was the Naval Aviation School for Additive Manufacturing (NASAM) where every six weeks they get active-duty service men and women from the Naval Air-side of the Navy; they come in specifically for additive training at the campus.

Applied Research

Mr. Tucker noted Applied Research was led by Dr. Scott Loman; there were more than eighty NDAs with companies they were doing research for, in agriculture, biotechnology, and chemistry that was sought after all around the world. There were seven companies actively engaged on the campus; they may have a contract employee, they may have hired the Institute to do some research, or they may have some space for research. Mr. Tucker discussed the Controlled Environment Agriculture Summit, stating there were only two of them in the United States, one happens in Las Vegas, and for the third year, one happened in Danville. Governor Younkin attended and met with a number of agriculture companies that were either entrepreneurial or considering locating to this region.

Economic Development

Mr. Tucker explained that under the Southern Virginia Regional Alliance and the Economic Development arm of the Institute, they partner with Patrick and Halifax Counties, Pittsylvania County, and the City of Danville. This falls under their goal from their strategic plan of being a go-to partner for business and economic growth. Mr. Tucker reviewed the metrics from Economic Development for Fiscal Year 2025 to date, which included four new companies announced, 2,214 jobs created and $1.377B in Capital Investment. From a site inventory standpoint, the region represents about 5% of the sites in the Commonwealth, but about 35% of the certified sites; not every community has certified sites. Mr. Tucker reviewed the naming of the Harville-Saunders Parkway, and the announcement of Microporous.

Institute Conference Center

The Conference Center supports businesses and organizations' training, meeting and event needs. Last year they had more than 37,000 visitors in the main building. The conference group has done a great job driving new revenue and new tourism opportunities for the region in terms of hosting meetings and events, summits and guests in general on the campus.

Mr. Tucker noted this was not a comprehensive review of everything that was going on; they have started regular tours for the community and have seen overwhelming interest from people. Mr. Tucker explained they were seeking additional funding from the General Assembly for an expansion, about $25-28M, to add another four launch bays on the CMA building. Board members thanked Mr. Tucker for the presentation.

5B. CONSIDERATION OF RESOLUTION 2024-12-09-5B APPROVING REIMBURSEMENT OF COSTS FOR WORK PERFORMED BY DANVILLE UTILITIES

Authority Treasurer Michael Adkins noted that RIFA received a Tobacco Commission Grant, #3011, for Phase II water development at the Megasite. RIFA used that grant to directly pay contractors such as Dewberry and CW Cauley. The last year or two, the work had been done by Danville Utilities and the agreement was that this grant funding would help offset the costs Danville Utilities incurred for the Phase II water system improvement. Most recently, RIFA received about $1.2M and that was to be treated as reimbursement to Danville Utilities as they served as the contractor for the last year and a half for the work there. This resolution was asking permission for Mr. Adkins to transfer the $1,220,222 to Danville Utilities in reimbursement for the work performed by the City Utility department.

Mr. Vogler **moved** for adoption of *Resolution 2024-12-09-5B*, *a Resolution approving the total reimbursement of $1,220,222.00 in costs for work performed by Danville Utilities, in furtherance of Resolution No. 2015-08-10-5B, for Water System Improvements Phase II (Virginia System) in the Authority's Southern Virginia Megasite at Berry Hill, located in Pittsylvania County, Virginia, where grant funds for such expenditures were received and retained by the Authority from that certain Virginia Tobacco Region Revitalization Commission Grant #3011; and where the Authority's Treasurer, as fiscal agent of the Authority, has determined that funding for the reimbursement amount is available within a line item previously approved by the Authority as "Southern Virginia Megasite at Berry Hill – Water & Sewer" [No Written Resolution.]*

The Motion was **seconded** by Mr. Tucker and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Saunders, Vogler, (4)
NAY: None (0)

5C. CONSIDERATION OF RESOLUTION 2024-12-09-5C AUTHORIZING EXECUTION OF A COMMITMENT LETTER FOR A LOAN FROM THE VSBFA

Pittsylvania County Director of Economic Development, Matt Rowe, explained this item was to authorize the RIFA Board to execute the Commitment Letter from Virginia Small Business Financing Authority. This was for a loan of up to $1,895,000, the purchase price agreed upon for the Waller-Hairston family, for the approximately 290 acres. The County Board of Supervisors and the Danville City Council would need to approve their respective Moral Obligations as well. The additional contract they had with the Waller-Hairston family went through December 8th, and Mr. Guanzon has reached out to their attorney and requested the extensions RIFA was allowed, for $16,500. The County has excess Brownfield planning grant funds, so they went ahead and purchased those to do due diligence on the property, using about $75,000. They received on Thursday a third-party appraisal of the property, which came back for $2,315,000. Staff feels this was a strong transaction; the VSBFA was providing a rate of around 5.5% and amortizing it over a twenty-five-year period with a ten year balloon.

Mr. Saunders **moved** for adoption of *Resolution 2024-12-09-5C, a Resolution authorizing the Chairman of the Authority to execute and deliver that certain Commitment Letter for a $1,895,000.00 Loan from the Virginia Small Business Financing Authority to finance the purchase of certain real property consisting of approximately 289.47 acres (GPIN 1366-12-5834), commonly known as 5981 Berry Hill Road, Danville, VA 24541, near the Authority's Southern Virginia Megasite at Berry Hill Project, located in Pittsylvania County, Virginia, in connection with Resolution No. 2024-09-09-5B.*

The Motion was **seconded** by Mr. Vogler and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Saunders, Vogler (4)
NAY: None (0)

At 12:39 p.m., at the request of Mr. Saunders, Mr. Ingram made a Motion for a temporary adjournment, the Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Saunders, Vogler (4)
NAY: None (0)

The Board **reconvened** at 1:06 p.m.

Mr. Vogler **moved** to Amend the Order of the Agenda Items, the Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Saunders, Vogler (4)
NAY: None (0)

6. CLOSED SESSION

At 1:08 p.m. Mr. Vogler **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects, located in Pittsylvania County, Virginia, and/or Danville, Virginia; and

B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Southern Virginia Megasite at Berry Hill project, Cyber Park project and/or Cane Creek Centre project, where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2- 3705.1(8) (appraisals and cost estimates of real property in one or more of the Authority's projects subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease); and

C. As permitted by Virginia Code § 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and

D. As permitted by Virginia Code § 2.2-3711(A)(8) for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; and

E. As permitted by Virginia Code § 2.2-3711(A)(29) for discussion of the award of a public contract involving the expenditures of public funds where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Tucker and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Saunders, Vogler (4)
NAY: None (0)

7. RETURN TO OPEN SESSION

On **Motion** by Dr. Miller and **second** by Mr. Tucker and by unanimous vote at 1:53 p.m., the Authority returned to open meeting.

Dr. Miller **moved** for adoption of the following Resolution:

That the Authority certify that, to the best of each Member's knowledge:

(i) only public business matters lawfully exempted from the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and

(ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by Authority.

The Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Saunders, Miller (4)
NAY: None (0)

RETURN TO NEW BUSINESS ITEMS

5D. CONSIDERATION OF RESOLUTION 2024-12-09-5D APPROVING A ONE YEAR RENEWAL OF A LEASE WITH MOUNTAIN VIEW FARMS OF VIRGINIA

Legal Counsel to the Authority Michael Guanzon explained this item was a renewal of the sod lease with Mountain View Farms of Virginia, which was part of the thirty acres fronted by Stateline Bridge Road. It was only for harvesting sod, soy beans and other cover crops; there was no tobacco, and the rental fee will be $1,200 for the year. It can be terminated with a 60 days early termination with notice.

Mr. Saunders **moved** for adoption of *Resolution 2024-12-09-5D, a Resolution approving a one-year renewal of the lease with Mountain View Farms of Virginia, L.C., a Virginia Limited Liability Company, as tenant, for that certain real property (being a portion of GPIN 1356-80-4414) of the Authority, containing approximately 30 acres and fronting on Stateline Bridge Road, in the Authority's Southern Virginia Megasite at Berry Hill Project, in Pittsylvania County, Virginia, for the purpose of planting and harvesting sod, soybeans, and/or other cover crops, but not tobacco, at a total rental fee of $1,200; such renewal also includes a 60-day early termination right and right to show the property to business recruits of the Authority.*

The Motion was **seconded** by Mr. Tucker and carried by the following vote:

VOTE:	4-0
AYE:	Ingram, Tucker, Saunders, Miller (4)
NAY:	None (0)

5E. FINANCIAL STATUS REPORTS AS OF NOVEMBER 30, 2024

Authority Treasurer Michael Adkins gave the Financial Status report as of November 30, 2024, beginning with the $7.3M Bonds for Cane Creek which had no activity for November. General Expenditures for the current fiscal year include a payment to Bob's Rentals of $14,030 for rental of tents, chairs and other items for the ribbon cutting at the Harville-Saunders Parkway as well as the Microporous announcement. Monthly meals at the Institute were $456, monthly utilities were $132 and the recurring monthly maintenance paid to Sellars Brothers for services provided at Berry Hill and the Cyber Park was $4,890. Funding Other than Bonds at the Megasite had one legal bill from Troutman Pepper Hamilton Saunders for legal services of $630. Lot 4, Lots 1 and 2, Water and Sewer at Berry Hill and Cyber Park Site Development had no expenditures for November. Rent, Interest and Other Income show RIFA received the $1,500 per month lease payment from AEP, and the monthly payment from the Institute for the Hawkins' building of $23,342. Miscellaneous income shows RIFA received three checks from Hopkins' Lumber for timber sales totaling $18,175; that brings the total timber sales to date up to $1,920,000. As far as expenses, RIFA did have one pass-through, a grant paid to Aerofarms for the AFID grant. The State sent the money to RIFA and told them it was time to pass it on to Aerofarms. RIFA had its recurring monthly expense to the Institute for the Hawkins' Building of $23,342, and one progress payment to KFH Group, the group doing the Regional Bus Feasibility Study, and that payment was $9,350.

Mr. Tucker **moved** to accept the Treasurer's Report, the Motion was **seconded** by Dr. Miller and carried by the following vote:

VOTE:	4-0
AYE:	Ingram, Tucker, Saunders, Miller (4)
NAY:	None (0)

8. COMMUNICATIONS

Mr. Rowe gave a brief update on the grave relocation noting staff received a permit from the Department of Historic Resources on November 26th. Last week, WSP group, RIFA's archeological consultants, were out doing mapping and initial rate work, delineating the depressions on the grave sites. By the end of this week, or beginning of next week, the Danville Public Works crew will be out there doing some clearing of the vegetation. In Hairston

II, staff had believed there were seventeen gravesites; in the first day, they found fifty-five. These were individuals and gravesites that people had forgotten about. In the Adams-Wilson cemetery, there was a portion of a headstone that had been cracked, and they didn't know who that individual was. They were able to find remnants of that headstone, piece it back together and identify that individual. In Hairston II, they found another grave marker confirming the age of that cemetery from the 1940s. Staff will be with their advisory team, along with a couple additional descendants, at a meeting at the Bachelor's Hall Fire Department tomorrow at 11:00 am, then head out and show the individuals the sites before the proper clearing itself.

Mr. Shorter thanked the Board for allowing him to serve with them for the last six months, wished them all well and enjoyed working with them.

Mr. Guanzon thanked the Board for the opportunity to serve, it has been very energetic, challenging and intellectually stimulating, and appreciated everyone's patience. He also appreciated the care that all the staff has given to ensure they were on track. It has been a pleasure to work with the Chairman and Vice Chairman on these meetings and wished everyone a very Merry Christmas.

Dr. Miller wished everyone Happy Holidays and Happy New Year. Mr. Tucker wished everyone a Merry Christmas. Mr. Dalton noted it was another great meeting, he enjoyed working with everyone and hopes he will be back next year; Merry Christmas and Happy New Year. Mr. Saunders thanked the Board for allowing him to serve on it and thanked the staff for doing an excellent job. Mr. Saunders noted he has enjoyed serving with the Chairman and the Board, he was feeling good about everything and thanked the Board for the recognition of the Harville- Saunders Parkway.

Mr. Ingram noted he has had the honor of serving on this Board for five years, was the Chairman twice, and was grateful for the support. This has been one of the enjoyable parts of his political career to be able to serve with his colleagues and friends. Mr. Ingram thanked staff members and the Board members for their work.

Meeting adjourned at 2:17 p.m.

APPROVED:

____
Chairman

____
Secretary to the Authority

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.A.

DATE: January 13, 2025

FROM: Michael Guanzon | Legal Counsel to Authority

RE: Election and Reappointment of Officers for Calendar Year 2025 | *Michael C. Guanzon, Esq., Christian & Barton, LLP, Legal Counsel to the Authority.*

i. Election of Chairman from Danville City Member Locality (*see* Bylaws, Article VI, paragraph 1)

ii. Election of Vice Chairman from Pittsylvania County Member Locality (*see* Bylaws, Article VI, paragraph 4)

iii. Reappointment of Secretary from the Authority's staff – Susan M. DeMasi, City Clerk, City of Danville

iv. Reappointment of Treasurer from the Authority's staff – Michael L. Adkins, Chief Financial Officer, City of Danville

v. Reappointment of City Manager Officer – Kenneth F. Larking, City Manager, City of Danville

vi. Reappointment of County Administrator Officer – Vincent E. Shorter, Interim County Administrator, Pittsylvania County

[*At this point of the Agenda, the newly elected Chairman shall preside over the meeting.]*

ATTACHMENTS

1. Resolution 2025-01-13-5A

Resolution No. 2025-01-13-5A

A RESOLUTION TO REAPPOINT THE SECRETARY, TREASURER, CITY MANAGER OFFICER AND COUNTY ADMINISTRATOR OFFICER OF THE AUTHORITY.

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the **"Authority"**) is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority, pursuant to paragraph 5 of Article VI of the Amended and Restated Bylaws of the Authority (the "**Bylaws**"), is required to appoint a Secretary and Treasurer from the Authority's staff, which may include staff provided by a Member Locality or other persons employed or contracted by the Authority; and

WHEREAS, the Authority, pursuant to paragraph 6 of Article VI of the Bylaws, is required to appoint a City Manager Officer and County Administrator Officer; and

WHEREAS, under paragraph 2 of Article VI of the Bylaws, the term of office of a Secretary, Treasurer, City Manager Officer and County Administrator Officer shall be for the calendar year, and accordingly, the terms of Secretary Susan M. DeMasi Treasurer Michael L. Adkins, City Manager Officer Kenneth F. Larking and County Administrator Officer Vincent E. Shorter expired on December 31, 2024; and

WHEREAS, each of Susan M. DeMasi and Michael L. Adkins is eligible for reappointment under paragraph 5 of Article VI of the Bylaws, and each of Kenneth F. Larking and Vincent E. Shorter is eligible for reappointment under paragraph 6 of Article VI of the Bylaws.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Board hereby reappoints the following persons to serve the Authority in the office designated below and to have such powers and duties as prescribed to that person by the Bylaws and pursuant to applicable law:

Secretary: **Susan M. DeMasi** (term of office expires on December 31, 2025 and shall continue until her successor is appointed or reappointed)

Treasurer: **Michael L. Adkins** (term of office expires on December 31, 2025 and shall continue until his successor is appointed or reappointed)

City Manager Officer: **Kenneth F. Larking** (term of office expires on December 31, 2025 and shall continue until his successor is appointed or reappointed so long as he then remains eligible to continue serving)

County Administrator Officer: **Vincent E. Shorter** (term of office expires on December 31, 2025 and shall continue until his successor is appointed or reappointed so long as he then remains eligible to continue serving)

2. The Authority hereby authorizes and directs staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions.

3. This Resolution shall take effect immediately upon its adoption.

- # -

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the Directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a meeting duly called and held on January 13, 2025, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority this 13th day of January 2025.

(SEAL)

____
SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial Facility Authority

ITEM: 5.B.

DATE: January 13, 2025

FROM: Ken Larking | Danville City Manager

RE: Consideration of Resolution No. 2025-01-13-5B, report on the Regional Bus Service Feasibility Study to the Authority's Board of Directors. *[No Written Resolution] | Mark Adelman, Director of Transportation, City of Danville, and KFH Group, Inc.*

ATTACHMENTS

None

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM:	5.C.
DATE:	January 13, 2025
FROM:	Ken Larking | Danville City Manager
RE:	Consideration of Resolution No. 2025-01-13-5C, approving the grant to the City of Danville, Virginia, of a revised permanent easement, containing approximately 19,362 square feet, located on a portion of Lot 4 (GPIN 1367-30-1931), for water main facilities and such other utility facilities to serve Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia | *Jason C. Grey, Director of Utilities, City of Danville, Virginia*

ATTACHMENTS

1. Resolution 2025-01-13-5C
2. Exhibit A

Resolution No. 2025-01-13-5C

A RESOLUTION APPROVING THE GRANT TO THE CITY OF DANVILLE, VIRGINIA, OF A REVISED PERMANENT EASEMENT, CONTAINING APPROXIMATELY 19,362 SQUARE FEET, LOCATED ON A PORTION OF LOT 4 (GPIN 1367-30-1931), FOR WATER MAIN FACILITIES AND SUCH OTHER UTILITY FACILITIES TO SERVE AUTHORITY'S SOUTHERN VIRGINIA MEGASITE AT BERRY HILL PROJECT, LOCATED IN PITTSYLVANIA COUNTY, VIRGINIA

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the "**Authority**") is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority, the County of Pittsylvania, Virginia (the "**County**"), and the City of Danville, Virginia (the "**City**"), in order to stimulate economic growth and development of the community by creating jobs and infrastructure have agreed to provide incentives to new and expanding businesses which conduct industrial activity; and

WHEREAS, the Authority owns the real property (GPIN 1367-30-1931), more commonly known as Lot 4 ("**Lot 4**") in the Authority's Southern Virginia Megasite at Berry Hill project (the "**SVM**"), located in the County; and

WHEREAS, in connection with Authority's water and sewer infrastructure project to service the SVM, the Authority granted the City a utility easement for water utility facilities (the "**Original Easement**") over certain portions of SVM, including but not limited to, Lot 4; and

WHEREAS, the City has requested a modification to the Original Easement in order to reduce construction costs and environmental effects of water main pipeline crossing at an active stream, where such revised easement will contain approximately **19,362 square feet**, for the purposes redirecting the crossing of an active stream, substantially in the form shown on **Exhibit A**, attached hereto and incorporated herein by this reference (the "**Revised Easement**"); and

WHEREAS, the Authority has reviewed and desires to execute and to deliver to the City the Revised Easement to facilitate the further development of the SVM; and

WHEREAS, the Authority has determined that it is in the best interests of the Authority, the citizens of the County and the City, and in furtherance of the development of the SVM, for the Authority to approve, to execute and to deliver to the City the Revised Easement, consistent with this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, THAT:

1. The Authority hereby approves the negotiation, execution and delivery of the Revised Easement, subject to the approval by legal counsel to the Authority as to legal form. The Authority hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, in consultation with the other, to further negotiate and amend the

Revised Easement, on behalf of the Authority, consistent with this Resolution and as approved by legal counsel to the Authority as to legal form, such execution of any such amendments by the Chairman (or Vice Chairman as the case may be) to conclusively establish the approval of any such amendments.

2. The Authority hereby authorizes and directs the City Manager Officer, the County Administrator Officer, and the Authority's staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Revised Easement, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions; however, such authorization shall be subject to the same approval by legal counsel to the Authority.

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Revised Easement, and the matters contemplated therein or related thereto on before the date of this Resolution is adopted.

4. This Resolution shall take effect immediately upon its adoption.

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CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on January 13, 2025, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority as of the 13th day of January 2025.

SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial Facility Authority

(SEAL)

Exhibit A

(Form of the Revised Easement)

COMMONWEALTH OF VIRGINIA
CITY OF DANVILLE

This instrument prepared by:______________________________ on behalf of City of Danville Utilities, Water & Gas

Project No.___________, Tax Parcel:____________, District:__________, City/County: Pittsylvania County

THIS DEED OF EASEMENT, made and entered into this 13th day of January, 2025, by and between DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia, herein referred to as "Grantor"; and the CITY OF DANVILLE, VIRGINIA, P.O. Box 3300, Danville, Virginia 24543, a municipal corporation chartered under the laws of the Commonwealth of Virginia, herein referred to as "Grantee";

WITNESSETH:
That for and in consideration of the sum of One Dollar ($1.00) cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged by Grantor, Grantor does hereby grant and convey to Grantee, its licensees, agents, successors and assigns, the following described easement:

A permanent easement and right-of-way for utility facilities, consisting of the perpetual right to enter and to install, construct, erect, maintain, repair, rebuild, replace, operate and patrol such lines and facilities, including all necessary pipe, conduits, location markers, fixtures, and other appurtenances, and the right to reconstruct, improve, add to, enlarge, change the type, as well as the size of and remove such facilities or any of them in, upon, under, over, or across the parcel or tract of land described as follows. 2106.92 AC Being all of Tract "Berry Hill Rd/863 PT TR HK" as recorded in Deed Book 44 Page 232, in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia (GPIN # 1367-30-1931), a 20' permanent construction & maintenance easement located adjacent and South of the Transcontinental Gas Pipeline Corp. Also, Grantee is granted a permanent construction & maintenance easement of 15' width adjacent to the existing 20' easement running Northwest to Southeast on the same parcel. Exhibit to be attached.

Together with the right to permit any other person, firm or corporation to service, maintain and replace utilities to or together with any facilities hereunder within the easement and to operate the same for utilities purposes with the right of ingress and egress to said premises at all times, to clear the land and keep it cleared of all trees, within the easement area.

Grantor covenants that no permanent building or structure shall be erected within the easement herein granted without the written consent of Grantee. This easement shall run with the land of the Grantor, and shall be binding upon the heirs, executors, administrators, successors and assigns of Grantor and Grantee.

[SIGNATURE IS ON FOLLOWING PAGE.]

This Instrument Is Exempt From The Tax Imposed By Virginia Code 58.1~801
Pursuant To The Provisions Of Virginia Code 58.1~811(A)(3)

COMMONWEALTH OF VIRGINIA
CITY OF DANVILLE

WITNESS the following signature and seal.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL
FACILITY AUTHORITY, a political subdivision of
the Commonwealth of Virginia (SEAL)

By: ____
Name: ______________________________________
Chairman

COMMONWEALTH OF VIRGINIA

CITY OF _________Danville________, to wit:

The foregoing instrument was acknowledged before me this _____ day of _____________________ 20___,
by ____
in his capacity as Chairman of DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia, as grantor.

____
Notary Public

My Commission expires _______________, day of ____________________________, 20_____

This Instrument Is Exempt From The Tax Imposed By Virginia Code 58.1~801
Pursuant To The Provisions Of Virginia Code 58.1~811(A)(3)

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.D.

DATE: January 13, 2025

FROM: Ken Larking | Danville City Manager

RE: Consideration of Resolution No. 2025-01-13-5D, approving the grant to the City of Danville, Virginia, of a temporary construction storage easement, containing approximately 258,581 square feet, located on a portion of Lot 4 (GPIN 1367-30-1931) of the Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia, for storage of construction materials, in connection with Resolution No. 2025-01-13-5B | *Mr. Grey*

ATTACHMENTS

1. Resolution 2025-01-13-5D
2. Exhibit A

Resolution No. 2025-01-13-5D

A RESOLUTION APPROVING THE GRANT TO THE CITY OF DANVILLE, VIRGINIA, OF A TEMPORARY CONSTRUCTION STORAGE EASEMENT, CONTAINING APPROXIMATELY 258,581 SQUARE FEET, LOCATED ON A PORTION OF LOT 4 (GPIN 1367-30-1931) OF THE AUTHORITY'S SOUTHERN VIRGINIA MEGASITE AT BERRY HILL PROJECT, LOCATED IN PITTSYLVANIA COUNTY, VIRGINIA, FOR STORAGE OF CONSTRUCTION MATERIALS, IN CONNECTION WITH RESOLUTION NO. 2025-01-13-5C

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the "**Authority**") is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority, the County of Pittsylvania, Virginia (the "**County**"), and the City of Danville, Virginia (the "**City**"), in order to stimulate economic growth and development of the community by creating jobs and infrastructure have agreed to provide incentives to new and expanding businesses which conduct industrial activity; and

WHEREAS, the Authority owns the real property (GPIN 1367-30-1931), more commonly known as Lot 4 ("**Lot 4**") in the Authority's Southern Virginia Megasite at Berry Hill project (the "**SVM**"), located in the County; and

WHEREAS, the Authority, pursuant to Resolution No. 2025-01-13-5C, and as part of the Authority's water and sewer infrastructure project to service the SVM, the Authority granted the City a revised utility easement for water utility facilities (the "**Revised Easement**") over certain portions of SVM, including but not limited to, Lot 4; and

WHEREAS, in connection with Resolution No. 2025-01-13-5C, the City has requested a temporary construction easement for a laydown area and access to the laydown area on Lot 4, where such temporary construction easement will contain approximately **258,581 square feet** of space for the purposes storing construction materials and access to the storage area, substantially in the form shown on **Exhibit A**, attached hereto and incorporated herein by this reference (the "**Construction Easement**"); and

WHEREAS, the Authority has reviewed and desires to execute and to deliver to the City the Construction Easement to facilitate the further development of the SVM; and

WHEREAS, the Authority has determined that it is in the best interests of the Authority, the citizens of the County and the City, and in furtherance of the development of the SVM, for the Authority to approve, to execute and to deliver to the City the Construction Easement, consistent with this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, THAT:

1. The Authority hereby approves the negotiation, execution and delivery of the Construction Easement, subject to the approval by legal counsel to the Authority as to legal form. The Authority hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, in consultation with the other, to further negotiate and amend the Construction Easement, on behalf of the Authority, consistent with this Resolution and as approved by legal counsel to the Authority as to legal form, such execution of any such amendments by the Chairman (or Vice Chairman as the case may be) to conclusively establish the approval of any such amendments.

2. The Authority hereby authorizes and directs the City Manager Officer, the County Administrator Officer, and the Authority's staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Construction Easement, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions; however, such authorization shall be subject to the same approval by legal counsel to the Authority.

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Construction Easement, and the matters contemplated therein or related thereto on before the date of this Resolution is adopted.

4. This Resolution shall take effect immediately upon its adoption.

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CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on January 13, 2025, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority as of the 13th day of January 2025.

____

SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial Facility
Authority

(SEAL)

Exhibit A
(Form of the Construction Easement)

COMMONWEALTH OF VIRGINIA
CITY OF DANVILLE

This instrument prepared by:____________________________on behalf of City of Danville Utilities, Water & Gas

Project No.___________, Tax Parcel:____________, District:__________, City/County: Pittsylvania County

THIS DEED OF EASEMENT, made and entered into this 13th day of January, 2025, by and between DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia, herein referred to as "Grantor"; and the CITY OF DANVILLE, VIRGINIA, P.O. Box 3300, Danville, Virginia 24543, a municipal corporation chartered under the laws of the Commonwealth of Virginia, herein referred to as "Grantee";

WITNESSETH:
That for and in consideration of the sum of One Dollar ($1.00) cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged by Grantor, Grantor does hereby grant and convey to Grantee, its licensees, agents, successors and assigns, the following described easement:

A temporary construction easement for a laydown area and access to said laydown area on or across the parcel or tract of land described as follows. 2106.92 AC Being all of Tract "Berry Hill Rd/863 PT TR HK" as recorded in Deed Book 44 Page 232, in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia (GPIN # 1367-30-1931), a 30' width construction easement to allow for adequate equipment and materials storage and ingress/egress for construction of project being adjacent to Berry Hill Rd (SR 863), more or less 4,112' in length by 30' in width traveling Northwest to said laydown area (410'x270') with continuation, more or less 1,091' Northwest to Transcontinental Gas Pipeline Corp. (1356.88.1456). Exhibit to be attached.

Together with the right to permit any other person, firm or corporation to service, maintain and replace utilities to or together with any facilities hereunder within the easement and to operate the same for utilities purposes with the right of ingress and egress to said premises at all times, to clear the land and keep it cleared of all trees, within the easement area.

Grantor covenants that no permanent building or structure shall be erected within the easement herein granted without the written consent of Grantee. This easement shall run with the land of the Grantor, and shall be binding upon the heirs, executors, administrators, successors and assigns of Grantor and Grantee.

[SIGNATURE IS ON FOLLOWING PAGE.]

This Instrument Is Exempt From The Tax Imposed By Virginia Code 58.1~801
Pursuant To The Provisions Of Virginia Code 58.1~811(A)(3)

COMMONWEALTH OF VIRGINIA
CITY OF DANVILLE

WITNESS the following signature and seal.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL
FACILITY AUTHORITY, a political subdivision of
the Commonwealth of Virginia (SEAL)

By: ____
Name: ____
Chairman

COMMONWEALTH OF VIRGINIA

CITY OF _________Danville________, to wit:

The foregoing instrument was acknowledged before me this _____ day of _____________________ 20___,
by ____
in his capacity as Chairman of DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia, as grantor.

____
Notary Public

My Commission expires ________________, day of _____________________________, 20

This Instrument Is Exempt From The Tax Imposed By Virginia Code 58.1~801
Pursuant To The Provisions Of Virginia Code 58.1~811(A)(3)

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.E.

DATE: January 13, 2025

FROM: Michael Guanzon | Legal Counsel to Authority

RE: Consideration of Resolution No. 2025-01-13-5E, authorizing the Chairman of the Authority to execute and deliver those certain Loan Documents for a $1,895,000.00 loan from the Virginia Small Business Financing Authority to finance the purchase of certain real property consisting of approximately 289.47 acres (GPIN 1366-12-5834), commonly known as 5981 Berry Hill Road, Danville, Virginia 24541, near the Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia, in connection with Resolution No. 2024-12-09-5C | *Mr. Guanzon*

ATTACHMENTS

1. Resolution 2025-01-13-5E
2. Exhibit A

Resolution No. 2025-01-13-5E

A RESOLUTION AUTHORIZING THE CHAIRMAN OF THE AUTHORITY TO EXECUTE AND DELIVER THOSE CERTAIN LOAN DOCUMENTS FOR A $1,895,000.00 LOAN FROM THE VIRGINIA SMALL BUSINESS FINANCING AUTHORITY TO FINANCE THE PURCHASE OF CERTAIN REAL PROPERTY CONSISTING OF APPROXIMATELY 289.47 ACRES (GPIN 1366-12-5834), COMMONLY KNOWN AS 5981 BERRY HILL ROAD, DANVILLE, VIRGINIA 24541, NEAR THE AUTHORITY'S SOUTHERN VIRGINIA MEGASITE AT BERRY HILL PROJECT, LOCATED IN PITTSYLVANIA COUNTY, VIRGINIA, IN CONNECTION WITH RESOLUTION NO. 2024-12-09-5C

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the "**Authority**") is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority, the City of Danville, Virginia (the "**City**"), and the County of Pittsylvania County, Virginia (the "**County**"), in order to stimulate economic growth and development of the community by creating jobs and infrastructure have agreed to provide incentives to new and expanding businesses which conduct industrial activity; and

WHEREAS, pursuant to Resolution No. 2024-09-09-5B, the Authority authorized the execution of that certain Contract of Sale with Waller S. Hairston, William Hunt Hairston, Allen Waller Hairston, Anne Bartlett Hairston-Strang, and Sallie Hairston Miller, collectively as sellers, for certain real property containing approximately 289.47 acres (GPIN 1366-12-5834) located in Pittsylvania County, Virginia, commonly known as Berry Hill Road/863 Dan River-Oak Hill Tr. (the "**Contract of Sale**"), for part of its continued development of the Authority's Southern Virginia Megasite at Berry Hill project (the "**SVM**"), located in Pittsylvania County, Virginia; and

WHEREAS, pursuant to Resolution No. 2024-12-09-5C, the Authority was authorized to execute and deliver a commitment letter with the Virginia Small Business Financing Authority ("**VSBFA**") to obtain a $1,895,000.00 loan in order to close the purchase under the Contract of Sale (the "**Loan**"); and

WHEREAS, to be able to close on the Loan from VSBFA, and as a requirement for a $1,895,000.00 loan from the Virginia Small Business Financing Authority ("**VSBFA**"), the Authority has determined that the terms and conditions of the loan documents, including but not limited to, a loan agreement, promissory note, deed of trust, assignment agreement, and a security agreement (collectively, the "**Loan Documents**"), substantially in the form attached hereto as **<u>Exhibit A</u>**, and incorporated herein by this reference, are reasonable and appropriate and are in furtherance of the continued development of the SVM; and

WHEREAS, the Authority's staff has or will complete their due diligence review of the property under the Contract of Sale, and has or will recommend that the Authority proceed to the closing on the purchase under the Contract of Sale; and

WHEREAS, the Authority's Board of Directors has determined that it is in the best interests of the Authority and the citizens of the City and the County for the Authority to execute and deliver the Loan Documents, subject to the approval by legal counsel to the Authority as to legal form.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby authorizes and approves the execution and delivery of the Loan Documents with VSBFA, as described in this Resolution and substantially in the form set forth in **Exhibit A**, subject to the approval by legal counsel to the Authority as to legal form, each of the Authority's Chairman and Vice Chairman, in consultation with each other, is authorized to further modify the Loan Documents on such terms and conditions as the Chairman or Vice Chairman, in consultation with the other, determines to be reasonable, appropriate and consistent with this Resolution and hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, to execute and deliver the Loan Documents, and all other related documents to consummate the transaction, on behalf of the Authority, such execution of the Loan Documents, and related documents by the Chairman (or Vice Chairman as the case may be) to conclusively establish his approval of any modifications as consulted by and between the Chairman and Vice Chairman.

2. The Authority hereby authorizes and directs the City Manager Officer and the County Administrator Officer, on behalf of the Authority, to proceed to closing under the Contract Sale after all of the closing conditions are deemed by them in their discretion to have been satisfied, after consultation with the Authority's legal counsel.

3. The Authority hereby authorizes and directs the City Manager Officer, the County Administrator Officer, and the Authority's staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Loan Documents, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions.

4. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Loan Documents and the matters contemplated therein or related thereto on or before the date of this Resolution is adopted.

5. This Resolution shall take effect immediately upon its adoption.

- # -

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on January 13, 2025, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority as of the 13th day of January 2025.

____

SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial
Facility Authority

(SEAL)

<u>Exhibit A</u>

(VSBFA Loan Documents)

LOAN AGREEMENT

This LOAN AGREEMENT **(the "Agreement")** is dated as of [________], 2025 and is between **Danville-Pittsylvania Regional Industrial Facility Authority,** a political subdivision of the Commonwealth of Virginia **("Borrower")**, whose address is 427 Patton Street, Danville, Virginia 24541, and the **Virginia Small Business Financing Authority**, a public body corporate and a political subdivision of the Commonwealth of Virginia **("Lender")**, whose address is P.O. Box 446, Richmond, Virginia 23218-0446.

All words shall be deemed to refer to the singular, plural, masculine, feminine or neuter as the identity of the person or entity or the context may require. The following terms shall have the following meanings as used in this Agreement:

"Affiliate" of any Person (as defined below) means (i) any other Person that directly, or indirectly through one or more intermediaries, controls the subject Person (a "Controlling Person") or (ii) any Person (other than the subject Person) which is controlled by or is under common control with a Controlling Person. As used herein, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Environmental Law" means and includes any present and future local, state, federal or international law or treaty (whether under common law, statute, rule, regulation or otherwise) relating to public health, safety or the environment, including, by way of example, but not limitation, the following: the Resource Conservation and Recovery Act 42 U.S.C. 6901, et seq., as amended by the Hazardous and Solid Waste Act Amendments of 1984 ("CERCLA"); the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986; the Hazardous Materials Transportation Act, 49 U.S.C. 1802, et seq.; the Rivers and Harbors Act of 1899, 33 U.S.C. 401, et seq., the Clean Water Act, 33 U.S.C. 1251, et seq.; the Clean Air Act, 42, U.S.C. 7401, et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.; the Safe Drinking Water Act, 42 U.S.C. 7901. 300f, et seq.; the Uranium Mill Tailings Radiation Control Act, 42 U.S.C. 7901, et seq.; the Federal Occupational Safety and Health Act, 29 U.S.C. 651, et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136, et seq.; the National Environmental Policy Act, 42 U.S.C. 4321, et seq., the Noise Control Act, 42 U.S.C. 4901, et seq.; the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. 11001, et seq.; the Lead Based Paint Poisoning Prevention Act, 42 U.S.C. 4821, et seq.; the Chesapeake Bay Preservation Act, VA Code §10.1-2100 et seq., and any regulations now or hereafter promulgated pursuant thereto and, as to all of the foregoing, the amendments, regulations, orders, decrees, permits or licenses now or hereafter promulgated thereunder as any of the foregoing now exist or may be changed or amended or come into effect in the future.

"Hazardous Materials" means (i) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls ("PCB's"), (ii) any chemicals or other materials or substances that are now or hereafter become defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted Hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," "pollutants" or words of similar import under any Environmental Law and (iii) any other chemical or other material or substance, exposure to which is now or hereafter prohibited, limited or regulated under any Environmental Law.

"Person" means any natural person, corporation, unincorporated organization, trust, joint-stock company, joint venture, association, company, limited or general partnership, limited liability company, any government or any agency or political subdivision of any government, or any other entity or organization.
The parties hereto agree as follows:

Section 1. The Loan

(a) **Amount.** Lender agrees, on the terms and conditions set forth in this Agreement, to make a loan **(the "Loan")** to Borrower in an amount not to exceed $1,895,000.00. The Loan is not revolving in nature.

(b) **Purpose.** The proceeds of the Loan shall be made available to Borrower in order to finance the acquisition of the approximately 290-acre commercial property known as 5981 Berry Hill Road, Danville, Virginia 24541 **(the "Project")**. The Loan and all disbursements of the proceeds thereof will be used solely for the purposes set forth herein and will be in compliance with the Virginia Small Business Financing Act, § 2.2-2279 et seq. of the Code of Virginia (1950), as amended **(the "Act")**.

(c) **Note; Advances.** The Loan shall be evidenced by and repayable with interest in accordance with the terms of the promissory note of Borrower in form satisfactory to Lender **(the "Note")**, the aggregate principal amount of which shall not exceed $1,895,000. The Loan is not revolving in nature. As used herein, **"Advance"** means an advance of Loan proceeds.

(d) **Payments Generally**. Borrower shall make each Loan payment on the date when due, in funds immediately available in Richmond, Virginia to Lender at its address referred to above. Whenever any payment on the Loan shall be due on a day which is not a business day, the date for payment shall be extended to the next succeeding business day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time. Without waiver of the specific pledge of Revenues (as defined below) made herein, the Loan is payable by Borrower from its revenues and receipts generally, as permitted by Section 15.2-4908(A)(i) of the Code of Virginia (1950), as amended.

(e) **Prepayments; Permitted and Required**. Borrower may prepay the Loan at any time, without premium or penalty. In addition to the required monthly principal and interest payments on the Loan, Borrower shall remit to Lender any prepayments of any lease. All prepayments received hereunder shall be applied in inverse order of maturity, first to late charges, if any, then to accrued interest and the balance, if any, to principal.

(f) **Lender's Records.** All disbursements and payments on the Note shall be recorded by Lender on its books and records or, at Lender's option in any instance, endorsed on a schedule to the Note; provided that the failure of the Lender to record any of the foregoing shall not limit or otherwise affect the obligation of Borrower to repay the principal amount of the Note together with accrued interest thereon.

(g) **No Warranty by Lender; Indemnification.** Nothing contained in this Agreement or any other Loan Document shall constitute or create any duty on or warranty by Lender regarding (i) the proper application by Borrower of the Loan proceeds. Borrower (1) acknowledges that Borrower has not relied and will not rely upon any experience, awareness or expertise of Lender regarding such matters, and (2) to the extent allowed by applicable law, shall indemnify, hold harmless, and defend Lender from any costs, expenses, damages, judgments, or liabilities, including without limitation, attorneys' fees, arbitration fees, and expert witness fees, arising from or connected with (i) such matters, (ii) payment or non-payment for labor or materials furnished for the acquisition of the Project, (iii) any claims of mechanics or materialmen, or (iv) any action or inaction by Borrower with respect to the foregoing. The parties further agree that Lender has not acted and will not act as a fiduciary for the Borrower or as the Borrower's agent or municipal advisor. The Lender has not and will not provide financial, legal, tax, accounting or other advice to the Borrower or to any financial advisor or placement agent engaged by the Borrower with respect to this Agreement. The Borrower shall seek and obtain its own financial, legal, tax, accounting and other advice with respect to this Agreement from its own advisors (including as it relates to structure, timing, terms and similar matters).

(h) **Pledge of Revenues.** The Revenues are hereby pledged to Lender to secure the payment of the principal of and interest on the Loan and the payment and performance of Borrower's obligations under the Loan Documents (as defined in Section 2.1(a) below). This pledge shall be valid and binding from and after the execution and delivery of this Agreement. The Revenues, as received by Borrower, shall be held in trust by it solely for use and application as permitted and provided for by this Agreement and shall immediately be subject to the lien of this pledge without any physical delivery or further act. As used herein, **"Revenues"** means (i) all revenues, rentals, fees and other payments received by or due to Borrower under or on account of the Project, including any amounts paid under the Support Agreements (defined below), (ii) the proceeds of any insurance covering loss relating to the Project, (ii) interest on any money or securities related to the Project held by or on behalf of Borrower, and (iii) any other money from other sources pledged by Borrower to the payment of the Loan.

Section 2. Conditions to Loan.

2.1 Conditions to Funding. The obligation of Lender to proceed to the closing of the Loan is subject to the satisfaction of the following conditions precedent:

(a) Receipt by Lender of this Agreement, the Note, the Credit Line Deed of Trust and Security Instrument **(the "Deed of Trust")** securing the Loan through a deed of trust on the Property, the Assignment Agreement from Borrower for the benefit of Lender **(the "Assignment Agreement")**, the Moral Obligation Support Agreement of the City of Danville, Virginia **(the "City")** and the Borrower and the Moral Obligation Support Agreement of the County of Pittsylvania, Virginia **(the "County")** and the Borrower in support of the Loan **(collectively, the "Support Agreements")**, and any and all other agreements, assignments, documents, certificates, financing statements or filings executed in connection with, or securing, evidencing or pertaining to, the Loan **(all of the foregoing, as amended from time to time, are collectively, the "Loan Documents")**, all in form satisfactory to Lender, appropriately completed and executed;

(b) [Reserved];

(c) Receipt by Lender of (i) evidence satisfactory to Lender that the Project is not within any area designated as having special flood hazards, or (ii) evidence of flood insurance as required by applicable law;

(d) [Receipt by Lender of a copy of Borrower's construction contract for the Project;]

(e) The Loan Documents shall be effective to create in favor of Lender legal, valid and enforceable priority perfected liens and security interests in all of Borrower's rights to receive payments from a lessee under any lease, its property and assets covered thereby, including, but not limited to, the Project **(the "Collateral")**, subject only to the Permitted Liens (as hereinafter defined). All filings, recordings, deliveries of instruments and other actions or consents necessary or desirable in the opinion of Lender to grant, perfect, protect and preserve such liens and security interests shall have been duly effected. Lender shall have received evidence thereof in form and substance satisfactory to Lender;

(f) Receipt by Lender of Borrower's effective, paid-up policies of fire and all-risk replacement cost coverage of all insurable property with standard non-contributory mortgage clause in favor of Lender and with loss proceeds payable to Lender, comprehensive general public liability insurance with Lender as an additional insured. All policies must be written by insurers, in amounts, with endorsements, and on terms and conditions satisfactory to Lender;

(g) Receipt by Lender of (i) a certificate of Borrower that it is a duly created and validly existing Authority as defined in Virginia Code §15.2-6402; (ii) a certificate of the secretary or a principal officer of Borrower certifying that the copies of the organizational documents attached thereto are true and correct copies of same as of the date of the closing and to such other matters as Lender may request; and (iii) a certified copy of the resolution of the directors or members of the Borrower authorizing the execution and delivery of the Loan Documents and the performance of the transactions contemplated hereby;

(h) Receipt by Lender of (i) a certificate of fact for the Borrower from the appropriate regulatory official of the state of Borrower's organization; (ii) a certificate of the secretary or a principal officer of the Borrower certifying that the copies of the organizational and other charter documents attached thereto are true and correct copies of same as of the date of the closing and to such other matters as Lender may request; and (iii) a certified copy of the resolution or consent of the directors (or members or managers, as applicable) of the Borrower authorizing the execution and delivery of the Loan Documents and the performance of the transactions contemplated thereby;

(i) [Reserved];

(j) [Borrower shall provide evidence satisfactory to Lender a complete set of permit ready architectural plans and specifications and final budget for cost of the improvements for the Project for the Lender's third-party contractor to review them at the sole cost of the Borrower;]

(k) Lender shall have received and approved a written report of an environmental assessment of the Project made as of a date, of a scope and in form and content all satisfactory to Lender, by an expert environmental site assessment engineering firm acceptable to Lender, made in accordance with Lender's established guidelines, and such subsequent environmental assessments as are required by Lender;

(l) Receipt by Lender of an appraisal of the Project in form and content acceptable to Lender;

(m) Compliance by Borrower with the additional conditions set forth on Exhibits A, B and C hereto, [except for the provisions of Exhibit A relating to Davis-Bacon Act, which Lender acknowledges are not applicable to this Loan];

(n) Receipt by Lender of written opinion of the counsel of Borrower, reasonably acceptable to Lender;

(o) Satisfaction of all requirements set forth in the commitment letter from Lender to Borrower dated November 5, 2024 **(as the same may be amended, the "Commitment")**;

(p) Borrower shall have paid all of the fees and all expenses payable in connection with the Loan, including, without limitation, all fees set forth in the Commitment and all reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, execution and closing of this Agreement and the transactions contemplated herein; and

(q) Receipt by Lender of such additional supporting documents and information as Lender or its counsel may reasonably request.

2.2 Advances. The obligation of Lender to make any Advance is subject to the satisfaction of the following conditions:

(a) Satisfaction of the conditions set forth in Section 2.1;

(b) Receipt by Lender of a Draw Request - Notice of Borrowing in the form attached as **Schedule 1 (a "Draw Request")**, together with receipt and approval by Lender of invoices for the property to be purchased with the proceeds of the Loan or other evidence, satisfactory to Lender;

(c) no Default has occurred or is continuing or would result from the Advance;

(d) the representations and warranties of Borrower contained in this Agreement and in the other Loan Documents shall be true and accurate;

(e) satisfaction of all conditions set forth in **Exhibit D** hereto, if any; and

(f) all legal matters incident to the Advance and the transactions contemplated hereby and thereby shall be satisfactory to Lender and its counsel.

2.3 Additional Conditions. Each request and deemed request for any Advance shall be deemed to be a certification by Borrower to Lender as to the matters set forth in **Sections 2.2(c)** and **2.2(d)** and Lender may, without waiving any condition, consider the conditions specified in **Sections 2.2(c)** and **2.2(d)** fulfilled and a representation by Borrower to such effect made, if no written notice to the contrary is received by Lender prior to the making of the Advance then to be made.

Section 3. Representations and Warranties. Borrower represents that from the date of this Agreement and as of the date of each Advance, and until final payment in full of the Loan, or as otherwise specified herein:

(a) Borrower is duly created, validly existing and in good standing under the laws of Virginia and has all powers, governmental licenses, authorizations, consents and approvals required to exist as an Authority defined in Virginia Code §15.2-6402.

(b) The execution, delivery and performance by Borrower of the Loan Documents to which it is a party are within its power, have been duly authorized as may be required and, if necessary, by making appropriate filings with any governmental agency or unit and are the legal, binding, valid and enforceable obligations of Borrower; and do not (i) contravene, or constitute (with or without the giving of notice or lapse of time or both) a violation of any provision of applicable law, a violation of the organizational documents of Borrower, or a default under any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting Borrower, (ii) result in the creation or imposition of any lien (other than the lien(s) created by the Loan Documents) on any of Borrower's assets, or (iii) give cause for the acceleration of any obligations of Borrower to any other creditor.

(c) Borrower has good and marketable title to its interest in the Collateral, and the Collateral is free and clear of mortgages, security deeds, pledges, liens, charges, and all other encumbrances, except as approved by Lender and as set forth on Schedule 2 **("Permitted Liens")**. To Borrower's knowledge, no default has occurred under any Permitted Liens and no claims or interests adverse to Borrower's present rights in its properties and assets have arisen.

(d) All information describing the Borrower furnished to Lender by or on behalf of Borrower in connection with the Loan is and will be true, correct and complete in all material respects. Any such information relating to Borrower's financial condition in relation to the Project accurately reflects (in all material respects) Borrower's financial condition as of the date(s) thereof, (including all contingent liabilities of every type), and Borrower further represents that, as of the date of this Agreement and as of the date of each Advance, the financial condition of Borrower in relation to the Project has not changed materially and adversely since the date(s) of such documents.

(e) Borrower has duly filed, paid and/or discharged all taxes or other claims that may become a lien on the Project, except to the extent that such items are being appropriately contested in good faith and an adequate reserve for the payment thereof is being maintained.

(f) Borrower is in compliance in all material respects with all Environmental Laws applicable to the Project, including, without limitation, all applicable federal, state and local laws and regulations relating to environmental matters and the release, handling and disposal of Hazardous Materials. To Borrower's knowledge, Borrower has obtained and are in material compliance with all required governmental permits, certificates, licenses, approvals and other authorizations, and has filed all notifications relating to air emissions, effluent discharges and solid and hazardous waste storage, treatment and disposal required in connection with its ownership or use of the Project. To Borrower's knowledge, no Hazardous Materials have been released, discharged or disposed of on the Project which could result in an action under any environmental law which could have a material adverse effect on the Project or on the financial position, results of operations or prospects or any facility or operation of such facility. There are no outstanding notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings, administrative, criminal or civil, at law or in equity, pending against Borrower or its properties that would have a material adverse effect on Borrower's business, financial position, results of operations or prospects, and no investigation or review is pending or to the knowledge of Borrower threatened against Borrower by any governmental body, agency or official with respect to any alleged violation of any Environmental Law, regulation, ordinance, standard, permit or order in connection with its ownership or use of any real estate or the conduct of its business.

(g) As of the date hereof, there are no pending or (to Borrower's knowledge) threatened suits, claims or demands against Borrower that have not been disclosed to Lender by Borrower in writing.

(h) Borrower is in compliance in all respects with all federal, state and local laws, rules and regulations applicable to its properties, operations, business, and finances, including, without limitation, any federal or state laws relating to liquor (including 18 U.S.C. § 3617, et seq.) or narcotics (including 21 U.S.C. § 801, et seq.) and/or any commercial crimes; the Employee Retirement Income Security Act of 1974, as amended **("ERISA")**, if applicable (including the minimum funding standards of ERISA and all applicable regulations thereto and requirements thereof); and the Internal Revenue Code of 1986, as amended.

(i) Borrower is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA PATRIOT Act of 2001).

(j) Borrower is not a Sanctioned Person, has none of its assets in a Sanctioned Country and does not do business in or with, or derive any of its operating income from investments in or transactions with, Sanctioned Persons or Sanctioned Countries in violation of economic sanctions administered by OFAC. The proceeds of the Loan will not be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Country. "OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control. "Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/enforcement/ofac/sanctions/, or as otherwise published from time to time. "Sanctioned Person" means (i) a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at http://www.treas.gov/offices/enforcement/ofac/sdn/, or as otherwise published from time to time, or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country, or (C) a person resident in a Sanctioned Country to the extent subject to a sanctions program administered by OFAC.

(k) The proceeds of the Loan shall be used for purposes outlined in Section 1(b) and for no other purpose. Each of the items of expense for which Borrower has requested or will request disbursement of the proceeds of the Loan is an eligible "Cost", as defined in the Act.

Section 4. Affirmative Covenants.

Borrower agrees that, in relation to the Project, from the date hereof and until final payment in full of the Loan, unless Lender shall otherwise consent in writing, Borrower will:

(a) Comply with all terms and conditions contained in all Loan Documents.

(b) Allow Lender, or its agents, during normal business hours, access to the books, records and such other documents of Borrower as Lender shall reasonably require, and allow Lender, at Borrower's expense, to inspect and examine the same and to make copies thereof. Lender shall have the right to erect temporary signs on the Project identifying itself as a lending institution, subject to applicable regulatory requirements and reasonable approval by the Borrower.

(c) Comply with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and for which adequate reserves are provided.

(d) Conduct its business in substantially the same manner as such business is now and has previously been conducted.

(e) Comply with the terms of the Support Agreements, including, without limitation, requesting an appropriation of funds from the City and the County sufficient to make required payments on the Note and providing Lender copies of any notice or communication Borrower gives or receives under or with respect to the Support Agreements.

(f) Maintain or cause to be maintained adequate insurance coverage with respect to the Project and the Collateral against loss or damage of the kinds and in the amounts customarily required for commercial borrowers similarly situated.

(g) Maintain, preserve and keep the Project in good repair, working order and condition, making or causing to be made all needed replacements, additions and improvements thereto, to the extent allowed by this Agreement.

(h) Furnish to Lender immediately upon becoming aware of the existence of any condition or event which constitutes a Default (as defined in the Loan Documents) or any event which, upon the giving of notice or lapse of time or both, may become a Default, written notice specifying the nature and period of existence thereof and the action which Borrower is taking or proposes to take with respect thereto.

(i) Pay and discharge when due, and before subject to penalty or further charge, and otherwise satisfy before maturity or delinquency, all obligations, debts, taxes, and liabilities of whatever nature or amount (including the withholding of income taxes and social security contributions), except those which Borrower in good faith disputes and for which adequate reserves are provided therefor, and shall post any bond or other security required by applicable law or by the Lender against the payment thereof; provided, further that, in any event, payment of any such tax, assessment, charge, lien or claim shall be made before any of Borrower's property shall be seized or sold in satisfaction thereof.

(j) If required, comply with Section 1809 of the Small Business Act relating to I.R.S. Code Section 6302(h)(2)(C)(i)(iv) and (ii)(iv) or deposit with a bank insured by the Federal Deposit Insurance Corporation or any successor thereto, when due, all F.I.C.A. and withholding taxes and such other taxes as may from time to time be owing, comply with all requirements of the Lender with respect thereto and furnish the Lender with such proof of payment thereof as the Lender may from time to time request.

(k) Promptly after obtaining knowledge thereof, notify Lender in writing of (i) any material adverse change in its financial condition or business relating to the Project or the Collateral; (ii) any default under any material agreement, contract or other instrument relating to the Project to which it is a party, or any acceleration of the maturity of any indebtedness relating to the Project owing by Borrower; (iii) any material adverse claim against or affecting the Project; (iv) the commencement of, and any material determination in, any material litigation with any third party or any proceeding relating to the Project, that, if decided against Borrower, would result in liability of Borrower in excess of $50,000; and (v) at least 30 days prior thereto, any change in Borrower's name or address as shown above, and/or any change in Borrower's organizational structure.

(l) Deliver promptly such other information regarding the operation, business affairs, and financial condition of Borrower which Lender may reasonably request.

(m) Deliver to Lender a copy of all financial statements, reports, notices, and regular or periodic reports relating to the Project required to be filed by or with Borrower with any other lender or governmental authority.

(n) Create and retain approximately Two Thousand and Fifteen (2,015) permanent full-time jobs within [ten (10)] year(s) of the date of the Loan at the Southern Virginia Mega Site Project adjacent to the Project **(collectively, "Required Jobs")** as a result of the Loan. Borrower shall provide evidence of such Required Jobs and the average wage rate of its employees to Lender upon written request from the Lender.

(o) Comply or cause to be complied with in all material respects with all Environmental Laws and not generate, store, handle, process, dispose of or otherwise use, and not knowingly permit any lessee or other occupant of the Project, to generate, store, handle, process, dispose of or otherwise use, Hazardous Materials in, on, under or about the Project, except in accordance with Environmental Laws, in a manner that could lead or potentially lead to imposition on Borrower or Lender or the Project of any liability or lien of any nature whatsoever under any Environmental Law.

(p) Notify Lender promptly after obtaining knowledge thereof of any known spill or other release of any Hazardous Material in, on, under or about the Project which is required to be reported to a governmental authority under any Environmental Law, promptly forward to Lender copies of any written notices received by Borrower relating to any alleged violation of any Environmental Law and promptly pay when due any fine or assessment against Lender or Borrower with respect to the Project relating to any Environmental Law, unless contested in good faith subject to maintenance of adequate reserves therefor.

(q) Conduct any further diligence recommended under any environmental site assessment and perform any and all remedial work necessary under all Environmental Laws applicable (now or in the future) to Borrower or its business with respect to the Project, whether as recommended under any environmental site assessment or otherwise, unless contested in good faith subject to the maintenance of adequate reserves therefor.

Section 5. Negative Covenants. Borrower agrees that from the date of this Agreement and until final payment in full of the Loan, unless Lender shall otherwise consent in writing, Borrower will not:

(a) Change its fiscal year.

(b) Make or suffer a change of ownership that effectively changes control of Borrower from current ownership.

(c) Consolidate or merge with or into any other entity or sell, lease or otherwise transfer all or any substantial part of its assets to any other entity.

(d) Create, assume, or permit to exist any mortgage, security deed, deed of trust, pledge, lien, charge or other encumbrance on the Collateral other than: (i) security interests required by the Loan Documents; (ii) liens for taxes contested in good faith by appropriate proceedings and for which adequate reserves are provided, so long as the execution or other enforcement thereof is effectively stayed and adequate reserves are established therefor; or (iii) Permitted Liens.

(e) Incur any indebtedness secured by the Collateral except: (i) obligations of Borrower to Lender; (ii) unsecured trade liabilities incurred in the ordinary course of business; (iii) indebtedness described on Schedule 3 hereof; or (iv) indebtedness (not overdue) secured by Permitted Liens.

(f) Permit the entry of any judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against the Collateral, including the Project, which is not discharged or execution is not stayed within 30 days of entry.

(g) (i) Repurchase or otherwise acquire any of its equity ownership interests, (ii) pay dividends or distributions of any kind to equity holders or management (provided, so long as no Default or event or condition which, with notice or passage of time or both, would become a Default, shall have occurred and be continuing, Borrower may make distributions to its equity owners during each calendar year in an aggregate amount not exceeding the amount of federal and state income tax payable by such owners in such year with respect to the taxable income of Borrower), (iii) repay the principal of or interest on loans made to Borrower by its equity holders or management other than in accordance with subordination agreements acceptable to Lender, (iv) repay the principal of or interest on any subordinated debt other than in accordance with subordination agreements acceptable to Lender, or set aside any sum or property for any such purpose.

(h) Directly or indirectly, pay any funds to or for the account of, make any investment in, engage in any transaction with or effect any transaction in connection with any joint enterprise or other joint arrangement with, any Affiliate of Borrower, except that Borrower may make payment or provide compensation (including without limitation the establishment of customary employee benefit plans) for personal services rendered by employees and other Persons on terms fair and reasonable in light of the circumstances under which such services were or are to be rendered. Nothing in this subsection shall prohibit Borrower from making sales to or purchases from any Affiliate and, in connection therewith, extending credit or making payments, or from making payments for services rendered by any Affiliate, if such sales or purchases are made or such services are rendered in the ordinary course of business and on terms and conditions at least as favorable to Borrower as the terms and conditions which would apply in a similar transaction with a Person not an Affiliate, or prohibit Borrower from participating in, or effecting any transaction in connection with, any joint enterprise or other joint arrangement with any Affiliate if Borrower participates in the ordinary course of its business and on a basis no less advantageous than on the basis on which such Affiliate participates.

(i) Permit any lessee to transfer one or more Required Jobs from one commuting area within the Commonwealth of Virginia (as described in Exhibit C attached hereto) to another either by closing an operation in one commuting area and increasing the number of jobs in another commuting area as a result of the Loan.

(j) Use any of the Loan proceeds, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(k) Repay the principal of or interest on any subordinated debt other than in accordance with subordination agreements acceptable to Lender, or set aside any sum or property for any such purpose.

Section 6. Information. Borrower shall deliver (or caused to be delivered) to Lender:

(a) As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Borrower, the annual audited financial statements of Borrower for such year, including, without limitation, a balance sheet, profit and loss statement and statement of cash flows, with supporting schedules, all in reasonable detail and reviewed by a public accounting firm selected by Borrower and acceptable to Lender, which financial statements shall present fairly the financial position of Borrower as of the date of such financial statements and the results of its operations for the period covered by such financial statements in conformity with generally accepted accounting practices **("GAAP")** (except for changes in the application of which such accounting firm concurs). Borrower shall furnish to Lender immediately any audited financial statements that are required to be provided to any other lender. All such annual statements shall be certified as to their correctness by a principal financial officer of Borrower.

(b) As soon as possible, but in no event more than five (5) calendar days after Borrower obtains knowledge of a Default or any event, which with passage of time or giving of notice or both, would constitute a Default, a certificate of the chief executive officer or principal financial officer of Borrower setting forth the details of such Default or event and the action Borrower has taken or proposes to take with respect thereto.

(c) Borrower shall provide to Lender copies of any notice or communication Borrower gives or receives under or with respect to the Support Agreements, promptly upon the giving or receipt thereof.

(d) As soon as available, any financial statements of any lessee for such year as required under the terms of any lease.

(e) From time to time, any other such information with respect to Borrower as Lender may reasonably require.

Section 7. Default; Remedies. If one or more of the following events **("Default")** shall have occurred and be continuing:

(a) Borrower shall fail to pay when due any principal of or interest on the Loan, or any fee or any other amount payable under the Loan Documents, after the expiration of any applicable grace or cure period;

(b) Borrower shall fail to observe or perform any covenant or agreement contained in any of the Loan Documents, other than as specified in clause (a) above, which continues for 30 days after written notice thereof has been given to Borrower by Lender, provided however, that such grace period shall only apply two (2) times during any twelve (12) consecutive month period;

(c) the occurrence of a default under any lease which continues beyond any applicable grace, notice and/or cure period;

(d) [reserved];

(e) any representation, warranty, certification or statement made by Borrower in this Agreement, in any other Loan Document or in any certificate, financial statement or other document delivered pursuant hereto or thereto, shall prove to have been incorrect in any material respect when made;

(f) any event or condition shall occur which results in the acceleration of the maturity of any indebtedness of Borrower in excess of $100,000 or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such indebtedness or any Person acting on such holder's behalf to accelerate the maturity thereof, unless such event or condition has been waived;

(g) in the event (i) the City or County terminates its obligations under the Support Agreements, (ii) the City or County fail to pay any Deficiency Amount (as defined in the Support Agreements) as and when due or (iii) the City or County defaults under any other obligation under the Support Agreements (which continues beyond any applicable grace, notice and/or cure period);

(h) Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against Borrower under the federal bankruptcy laws as now or hereafter in effect;

(j) there shall exist or occur any event, circumstance or condition that Lender in good faith believes impairs the prospect of payment or performance by, a Borrower of its obligations under any of the Loan Documents;

(k) the dissolution or liquidation of Borrower if a corporation, partnership, joint venture or other type of entity; or Borrower, or any of its directors, stockholders or members, shall take action seeking to effect the dissolution or liquidation of Borrower.

(l) one or more judgments or orders for the payment of money in excess of $20,000 shall be rendered against Borrower and such judgment or order shall continue unsatisfied for a period of 21 days during which execution shall not be effectively stayed or bonded off;

(m) any event or condition shall occur which results in the acceleration of the maturity of any indebtedness of Borrower for borrowed money in excess of $25,000 or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such indebtedness to accelerate the maturity thereof, unless such event or condition has been waived.

Upon the occurrence of a Default, Lender may refuse to make any further Advances hereunder and may terminate Lender's commitment to make the Loan. Thereupon, Lender shall have the right, without further notice, to declare immediately due and payable the outstanding principal balance of the Note, all accrued and unpaid interest thereon and all other sums due in connection therewith, and Lender may exercise any right, power or remedy permitted by law or as set forth in any of the Loan Documents.

Borrower shall pay all of Lender's expenses incurred to enforce or collect the Loan including, without limitation, arbitration, paralegals', attorneys' and experts' fees and expenses and court costs, whether incurred without the commencement of a suit, in any trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

Section 8. Waiver of Jury Trial; Submission to Jurisdiction. Borrower hereby irrevocably and unconditionally waives all right to trial by jury in any action, proceeding, or counterclaim arising out of or related to any of the Loan Documents or any of the transactions contemplated hereby or thereby. Any legal action or proceeding with respect to any Loan Document or any document related hereto or thereto shall be brought in the courts of the Commonwealth of Virginia in Richmond, Virginia or of the United States of America for the Eastern District of Virginia, Richmond Division, and by execution and delivery of this Agreement Borrower hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Borrower hereby irrevocably and unconditionally waives any objection, including without limitation, any objection to the laying of venue or based on the grounds of the *forum non conveniens* which it now or hereafter may have to the bringing of any action or proceeding in such respective jurisdictions.

Section 9. Reimbursement, Enforcement and Indemnification. Borrower agrees to reimburse Lender for any payment made by Lender under the Agreement, together with interest and costs of collection, including reasonable attorney's fees. Borrower acknowledges and agrees that Lender may at its option assume (and in such event shall be subrogated to) all rights and remedies of Lender under the Loan Documents and may enforce any such rights or remedies against any collateral for the Loan, and against Borrower. Additionally, to the extent allowed by applicable law, Borrower shall hold Lender harmless from, and hereby indemnify Lender against, and agree to pay to Lender any and all liabilities, damages, claims, costs and losses incurred or suffered by Lender, including reasonable attorneys' fees and costs, resulting from (a) any materially incorrect certification, statement, representation or warranty made by Borrower or an agent of Borrower to Lender in connection with the Loan, this Agreement or any of the other Loan Documents or (b) any breach by Borrower of the terms and conditions of this Agreement or any of the other Loan Documents. Borrower also acknowledges that any statement, certification or representation made by Borrower in connection with the Loan is subject to the penalties provided in 18 U.S.C. § 1001.

Section 10. Indemnity. To the extent permitted by law, Borrower shall protect, indemnify, defend and hold Lender and any Affiliate of Lender, any participants in or assignee of all or part of the Loan, the directors, officers, employees and agents of Lender and/or its Affiliates, and the heirs, personal representatives, successors and assigns of each of the foregoing, harmless from and against any and all Claims of any kind or nature whatsoever arising out of or in any way connected with any investigation, enforcement, cleanup, removal, containment, remedial or other private, governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Law against Borrower or Lender or against or with respect to the Project or any condition, use or activity on or with respect to the Project or at any time threatened or made by any Person against Borrower or Lender or against or with respect to the Project or any condition, use or activity on or with respect to the Project relating to any damage, contribution, cost recovery, compensation, loss or injury resulting from or in any way arising in connection with any Hazardous Materials or Hazardous Materials Contamination. Upon demand by Lender, Borrower shall diligently defend any such Claim which affects the Project or is made or commenced against Lender, whether alone or together with Lender, Borrower or any other Person, all at Borrower's sole cost and expense and by counsel to be approved by Lender in the exercise of its reasonable judgment. In the alternative, Lender may at any time elect to conduct its own defense through counsel selected by Lender and at the cost and expense of Borrower. For purposes of this section, "Lender" shall include the United States Government and its agencies, departments, commissions, boards and bureaus.

Section 11. Miscellaneous.

(a) All notices and communications under this Agreement shall be in writing and shall be given by either (i) hand delivery, (ii) first class mail (postage prepaid), (iii) e-mail (provided that confirmation of successful transmission is provided) or (iv) reliable overnight commercial courier (charges prepaid) to the addresses listed above. Notice shall be deemed to have been given and received: (i) if by hand delivery, upon delivery; (ii) if by mail, three (3) calendar days after the date first deposited in the United States mail; (iii) if by email upon delivery of a "read" receipt to the sender and (iv) if by overnight courier, on the date scheduled for delivery. A party may change its address by giving written notice to the other party as specified herein.

(b) Borrower shall pay to Lender immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the Virginia Office of the Attorney General), expended or incurred by Lender in connection with (a) the negotiation and preparation of this Agreement and the other Loan Documents, Lender 's construction loan administration hereof and thereof, and the preparation of any amendments and waivers hereto and thereto, (b) the enforcement of Lender's rights and/or the collection of any amounts which become due to Lender under any of the Loan Documents, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Lender or any other person) relating to Borrower or any other person or entity, together with all insurance, appraisal, survey, recording, environmental, engineering, closing, escrow and title, title insurance fees and costs, and the cost of any other reports or tests deemed necessary by Lender to satisfy the requirements of this Agreement.

(c) The covenants, conditions, waivers, releases and agreements contained in this Agreement shall bind, and the benefits thereof shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns. The Loan may not be assigned by Borrower without the prior written consent of Lender. This Agreement may not be modified, waived or terminated except by an agreement in writing signed by the party against whom enforcement of any waiver, modification or discharge is sought.

(d) This Agreement shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Virginia without reference to conflict of laws principles.

(e) This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

(f) Borrower acknowledges and agrees that Lender, pursuant to the Uniform Electronic Transactions Act, Chapter 42.1, Title 59.1, Code of Virginia (1950), as amended **(the "Electronic Transactions Act")**, is authorized to maintain, store and otherwise retain the Loan Documents in their original, inscribed tangible form or a record thereof in an electronic medium or other non-tangible medium which permits such record to be retrieved in a perceivable form;

that a record of any of the Loan Documents in a non-tangible medium which is retrievable in a perceivable form shall be the agreement of Borrower to the same extent as if such Loan Document was in its original, inscribed tangible medium and such a record shall be binding on and enforceable against Borrower notwithstanding the same is in a non-tangible form and notwithstanding the signatures of the signatories hereof or thereof are electronic, typed, printed, computer generated, facsimiles or other reproductions, representations and forms; and that Lender's certification and compliance with the Electronic Transactions Act that a non-tangible record of any of the Loan Documents is an accurate and complete copy or reproduction of the original, inscribed tangible form shall be conclusive, absent clear and convincing evidence of the incorrectness of said certification, and such non-tangible record or a reproduction thereof shall be deemed an original .and have the same force and effect as the original, inscribed tangible form.

(g) **Patriot Act Notice.** To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For purposes of this section, account shall be understood to include loan accounts.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia

[SEAL]

By: ___________________________________(SEAL)
Name: ______________
Title: Chairman

ATTEST:

By: ___________________________
Name: ________________
Title: Secretary

COMMONWEALTH OF VIRGINIA

CITY OF ____________________________, to-wit:

The foregoing instrument was acknowledged before me this _____ day of ________________, 2025, by __________, the Chairman of the Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia.

____
Notary Public

My commission expires ________________.

Notary Registration Number: ___________________.

[Signature page to Loan Agreement]

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

By: ______________________________________
Name: Linda Tackett
Title: Regional Lending Manager

[Signature page to Loan Agreement]

EXHIBIT A
[Additional Covenants]

Federal Requirements

1. PAYMENT OF TAXES. Danville-Pittsylvania Regional Industrial Facility Authority ("Borrower") certifies that it has paid all taxes due and payable to the U.S. Internal Revenue Service and the Commonwealth of Virginia as of the Closing Date of the Loan.

2. NOT LOCATED IN FLOOD PLAIN. Borrower certifies that the building, either securing this Loan or containing assets that secure this Loan, is not located in a flood plain, or is covered by flood insurance as required by applicable law in accordance with paragraph 8 below.

3. CIVIL RIGHTS

(a) Borrower certifies that it is, and will be, in compliance with all Federal requirements and Federal and State laws regarding Civil Rights, including but not limited to:

(1) Section 601 of Title VI of the Civil Rights Act of 1964, codified at 42 U.S.C. 2000d et seq. (proscribing discrimination on the basis of race, color or national origin), and the Department of Commerce's implementing regulations found at 15 CFR part 8;

(2) 42 U.S.C. 3123 (Proscribing discrimination on the basis of sex);

(3) 29 U.S.C. 794, as amended, and the Department of Commerce's implementing regulations found at 15 CFR part 8b (proscribing discrimination on the basis of disabilities);

(4) 42 U.S.C. 6101, as amended, and the Department of Commerce's implementing regulations found at 15 CFR part 20;

(5) 42 U.S.C. 6709 (proscribing discrimination on the basis of sex under the Local Public Works Program); and

(6) Other Federal statues, regulations and Executive Orders as applicable.

(b) Borrower will not intimidate, threaten, coerce, or discriminate against, any person for the purpose of interfering with any right or privilege secured by section 601 of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, 42 U.S.C. 3123, 42 U.S.C. 6709, and the Age Discrimination Act of 1975, or because the person has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under this part.

4. ENVIRONMENT. Borrower certifies that it is, and will be, in compliance with all Federal and State laws, including but not limited to:

a) The Clean Air Act, as amended (42 U.S.C. 740l et seq.);

b) The Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.);

c) The Coastal Zone Management Act of 1972, P.L. 92-583, as amended (l6 U.S.C. 1451, et seq.);

d) Executive Order 11988, Floodplain Management (May 24, 1977), and regulations and guidelines issued thereunder by the Economic Development Administration;

e) Executive Order 11990, Protection of Wetlands (May 24, 1977);

f) The Endangered Species Act of 1973 P.L. 93-205, as amended (16 U.S.C. 1531, et seq.);

g) The Safe Drinking Water Act, P.L. 93-523, as amended (42 U.S.C. 300f-300J-26);

h) The Wild and Scenic Rivers Act, as amended (16 U.S.C. 1271, et seq.);

i) The Resource Conservation and Recovery Act of 1976, P.L. 94-580, as amended (42 U.S.C. 6901);

j) Historical and Archeological Data Preservation Act, Pub. L. 86-523, as amended, 16 U.S.C. § 469a-1 et. seq.;

k) National Historic Preservation Act of 1966, Pub. L. 89-665, as amended, 16 U.S.C. § 470 et.seq.;

l) Flood Disaster Protection Act of 1973, Pub. L. 93-234, as amended, 42 U.S.C. § 4002 et seq.;

m) Farmland Protection Policy Act, Pub. L. 97-98, as amended, 7 U.S.C. § 4201 et.seq.; and

n) Other Federal Environmental Statutes and Executive Orders, and state laws as applicable.

5. ENVIRONMENTAL REQUIREMENTS

Borrower agrees to be responsible for all liabilities that might be incurred as a result of providing an award to assist, directly or indirectly, in the preparation of site construction, renovation, or repair of any facility or site, if applicable, to the extent that such liabilities are incurred because of ground water, surface soil, or other conditions caused by operations of Borrower or any of its predecessors on the property.

Borrower further agrees to provide a Phase I environmental audit of the real estate, if any, held as collateral acceptable to the Lender and agrees to comply with applicable laws and statutes including, but not limited to, those listed in this Agreement.

6. ELIGIBLE LENDING AREA

Borrower agrees to maintain its operations with the City of Danville, Virginia and the County of Pittsylvania, Virginia. In the event that operations are moved out of this community, the outstanding balance of the Loan will be immediately due and payable.

7. EARTHQUAKE REQUIREMENTS. For new building construction projects: Borrower is aware of and intends to comply with one of three model Codes outlined by the Committee on Seismic Safety in Construction (ICSSC): 1991 ICBO Uniform Building Code; 1992 Supplement to the BUCA National Building Code; or 1991 Amendments to the SBCC Standard Building Code.

8. FLOOD HAZARD INSURANCE. Where applicable, Borrower will obtain flood hazard insurance pursuant to the Flood Disaster Protection Act of 1973, P.L. 93-234, as amended (42 U.S.C. 4002, et seq.)

9. DAVIS-BACON ACT. Borrower certifies that if construction is being financed in whole or in part by the Loan and when any related construction contract exceeds $2,000, it will comply with the Davis-Bacon Act, as amended [40 U.S.C. 276a-276a-5); 42 U.S.C. 3222], to the extent applicable.

10. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT 7 ANTI-KICKBACK ACT

Borrower certifies that, if applicable, it will comply with the Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 327-333) and with the Anti-Kickback Act, as amended (40 U.S.C. 276 (c); 18 U.S.C. 874).

11. ACCESS FOR THE HANDICAPPED. Borrower certifies that if the Loan is used in whole or in part to finance a building or facility intended for use by the public or the employment of physically handicapped, it must be accessible to the physically handicapped, pursuant to Public Law 90-480, as amended (42 U.S.C. 4151, et seq.), and the regulations issued thereunder.

12. CONFLICT OF INTEREST

a) Borrower certifies that, to its knowledge, no officer or employee of the Borrower is related by blood, marriage, law or business arrangement to the Lender or an employee of Lender or any member of Lender's Board of Directors, or a member of any other Board (hereinafter referred to as "other Board") which advises, approves, recommends or otherwise participates in decisions concerning loans or the use of grant funds.

b) Borrower certifies that it is aware that no officer, employee, or member of Lender's Board of Directors, or other Board, or person related to the officer employee, or member of the Board by blood, marriage, law, or business arrangement may receive any benefits resulting from the use of loan or grant funds, unless the officer, employee, or Board member affected first discloses to the Lender of public record the proposed or potential benefit and receives Lender's written determination that the benefit involved is not so substantial as to affect the integrity of Lender's decision process and of the services of the officer, employee or board member.

13. NOTICE OF DEBARMENT. Borrower agrees to notify the Lender immediately upon notification that it has been debarred, suspended, or otherwise excluded from receiving federal financial assistance.

Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia

________________, 2025

By: _________________________________(SEAL)
Name:
Title: Chairman

EXHIBIT B

Virginia Small Business Financing Authority

Certification Regarding Debarment, Suspension, and Other Responsibility Matters

Danville-Pittsylvania Regional Industrial Facility Authority
[Name of Applicant Business]

______________________________ ____________ _____________, 2025
[Tax Identification Number] [Date]

(1) The applicant business certifies, to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;

(b) Have not within a three-year period preceding the application for this loan been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification, and

(d) Have not, within a three-year period preceding the application for this loan, had any public transaction (Federal, State, or local) terminated for cause or default.

(2) Where the applicant business is unable to certify to any of the statements in this certification, such applicant business shall attach an explanation to this proposal.

(3) <u>If Borrower is not the employer related to use of the Project, Borrower represents and warrants to Lender that Borrower has advised the employer of the restrictions set forth above and has made all such investigations and inquiries it deems reasonably necessary to assure employer's compliance with the restrictions.</u>

Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia

By:
_____________________________________(SEAL)
Name: ____________________

Title: Chairman

EXHIBIT C

Certification And Assurance of Compliance With EDA's Nonrelocation Regulations

Borrower certifies to Lender and assures that, as an owner or employer on a project (the "Project") involving financial assistance provided by the Economic Development Administration of the U.S. Department of Commerce ("EDA"), it will comply with EDA's nonrelocation regulations at 13 CFR 309.3 (or any replacement thereof) (the "Regulations"). These regulations provide that EDA financial assistance will not be used directly or indirectly to assist employers who transfer one or more jobs from one commuting area to another. A commuting area is that area defined by the distance people normally travel to work in the locality of the project receiving EDA financial assistance (the "Project Area"). This restriction applies to the transfer of jobs, not of personnel.

Borrower certifies and assures that it has no intention to transfer one or more jobs from one commuting area to another by either (1) closing an operation in one commuting area and opening a new operation in the Project Area, which is in a new commuting area, or (2) curtailing its operations in another location and increasing the number of jobs of the existing operations located in the Project Area, for a period forty-eight (48) months from the date of approval by EDA of financial assistance.

Borrower certifies and assures that it has not located and that it will not locate in the Project Area prior to the date of EDA's approval of the proposed financial assistance, for the purpose of avoiding the restrictions of this nonrelocation rule.

Borrower understands that (a) EDA financial assistance is not prohibited with respect to the expansion of an employer through the creation of a new branch, affiliate, or subsidiary which will not result in a decrease in jobs in any area where Borrower conducts business operations, and (b) retail stores which open new outlets in EDA-funded facilities are exempt from this requirement, provided: (1) the retail store is not a direct recipient of EDA financial assistance; (2) the retail store is not engaged in a pattern of operation which would result in relocating a substantial portion of its operations from one multi-state region to another; and (3) the new outlet opening will not result in a significant reduction of employment in the retail store's entire operation.

If Borrower is not the employer related to use of the Project, Borrower represents and warrants to Lender that Borrower has advised the employer of the Regulations and has made all such investigations and inquiries it deems reasonably necessary to assure employer's compliance with the Regulations.

________________, 2025

Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia
Borrower

By: ________________________________
Name: ___________________
Title: Chairman

EXHIBIT D

Post Closing Disbursement Procedures

[These procedures are subject to waiver at Lender's discretion]

(1) All Advances shall be made from time to time upon written application of Borrower pursuant to a Draw Request in form set forth in Schedule 1, satisfactory to Lender. Each Draw Request shall constitute a representation by Borrower that no Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default has occurred and is continuing.

(2) Borrower shall submit a Draw Request prior to the date on which the Advance is to be made. Such Draw Requests and Advances shall not be made more than once each month. Such Draw Request shall include: (a) the amount requested; (b) a certification by Borrower that the proceeds of the Advance will be used for the purposes set forth in the Commitment; (c) a title bring-down related to the Project and (d) copies of invoices or other evidence, including a standard AIA form contractor draw request, if required by the Inspector, evidencing amounts due or expenditures made by Borrower with respect to the Loan. Lender shall use its reasonable best efforts to review each Draw Request and, if approved, fund the related Advance by wire transfer within fifteen (15) business days of such Draw Request.

(3) Borrower shall comply with the "Additional Procedures" attached hereto (if any).

SCHEDULE 1

Draw Request - Notice of Borrowing

TO: Virginia Small Business Financing Authority
Richmond, Virginia 23218-0446
Attn: Linda Tackett, Regional Lending Manager
Facsimile No. [(804) 225-3384]

This Draw Request is given pursuant to Section 2 of that certain Loan Agreement dated as of [________] [__], 2025 (the "**Loan Agreement**"), by and between the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY** (individually and collectively, "Borrower"), and the **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY** (the "Lender"). All initially capitalized terms used but not defined in this Draw Request shall have the meanings assigned to such terms in the Loan Agreement.

The undersigned hereby requests an advance as follows: $_______________.

The undersigned requests that such advance be made available on or about ______________, 2025, and deposited or disbursed to persons identified on and in accordance with **Attachment 1** hereto.

[FOR FIRST DRAW – Attached is the anticipated draw schedule for the use of proceeds of the Loan.]

The undersigned certifies that, as of the date of the requested Advance:

(a) the representations and warranties of Borrower contained in the Loan Agreement and the Loan Documents are true and correct in all material respects on and as of such date, except (i) to the extent such representations and warranties expressly relate solely to an earlier date, or (ii) for changes contemplated and permitted by the Loan Agreement;

(b) no Event of Default or Default has occurred or will result from the proposed advance (except for those which have been waived by the Lender in writing);

(c) after giving effect to any advance requested hereby, the aggregate principal amount of advances outstanding will not exceed $1,895,000;

(d) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition; and

(e) the proceeds of the Loan(s) requested hereby shall be used only for purposes permitted by the Commitment and Loan Agreement.

Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia

By: ________________________________
Name:
Title: Chairman

Date: _______________, 2025

<u>ATTACHMENT 1</u>
<u>TO DRAW REQUEST</u>
<u>(NOTICE OF BORROWING)</u>

<u>DISBURSEMENTS AND WIRES</u>

1. $__________________ shall be paid to __________________ to pay _______ ____ in accordance with the **<u>attached invoice[s].</u>**

2. $__________________ shall be paid to __________________ to pay _______ ____ in accordance with the **<u>attached invoice[s].</u>**

3. [other]

SCHEDULE 2

Permitted Liens

[NONE, if left blank]

SCHEDULE 3

Existing Indebtedness and Guaranties

[NONE, if left blank]

PROMISSORY NOTE

Principal Amount: $1,895,000.00 February [__], 2025
Richmond, Virginia

FOR VALUE RECEIVED, the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY,** a political subdivision of the Commonwealth of Virginia ("Borrower"), whose address is 427 Patton Street, Danville, Virginia 24541, promises to pay to the order of **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("Lender"), at P. O. Box 446, Richmond, Virginia 23218-0446, or at such other place as may be designated in writing by Lender, in immediately available funds and without set-off, deduction or counterclaim, the principal sum of up to **One Million Eight Hundred Ninety-Five Thousand and 00/100 Dollars ($1,895,000.00)** (the "Loan") or if less, the aggregate principal amount of all advances of Loan proceeds to Borrower (each, an "Advance", and collectively, the "Advances") made hereunder from time to time pursuant to the Agreement (as hereinafter defined). Advances once repaid may not be reborrowed. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by Lender less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by Lender.

This Note is issued pursuant to the provisions of a certain Loan Agreement (as the same may from time to time be amended or modified, the "Agreement") between Borrower and Lender dated as of even date herewith, and is a "Note" described in the Agreement. Capitalized terms used but not defined in this Note shall have the meanings given to them in the Agreement.

Neither the Commonwealth of Virginia, nor any political subdivision thereof, nor Borrower shall be obligated to pay this Note or the interest thereon or other costs incident thereto except from the Revenues and Collateral (each as defined in the Agreement) pledged therefor and neither the faith and credit nor the taxing power of the Commonwealth of Virginia, or any political subdivision thereof, is pledged to the payment of the principal of this Note or the interest thereon or other costs incident thereto.

From the date hereof and continuing until this Note is paid in full, interest shall be charged on the unpaid principal balance of this Note at a fixed annual rate equal to **Five and a half Percent (5.5%)** (the "Interest Rate"). Upon the occurrence of a "Default" (as defined below), the Interest Rate shall, at Lender's sole discretion, be increased by five percentage points (5%) over the rate identified above (the "Default Rate") and shall remain at the Default Rate for so long as such Default continues or is waived.

This Note shall allow a draw period of six (6) months commencing on the date hereof (the "Draw Period"). Borrower may request loan advances of Loan proceeds from Lender during the Draw Period, subject to Lender's approval and Borrower's compliance with all conditions set forth in the Loan Documents (as defined below). Commencing [March 1, 2025] and on the first day of each month for the first twelve (12) months ("Interest Period"), Borrower shall make monthly interest only payments on the outstanding principal balance of the Loan. Following the expiration of the Interest Period on the first day of each month, Borrower shall make 108 consecutive monthly installments of principal and interest each in the amount of $13,039.22, and a final payment of, the unpaid principal balance of the Loan and all accrued and unpaid interest thereon shall be due and payable on March [__], 2035 (the

"Maturity Date"), unless the Loan shall be accelerated sooner pursuant to any provision hereof.

This Note may be prepaid at any time, in whole or in part, without premium or penalty. All payments received hereunder shall be applied in inverse order of maturity, first to late charges, if any, then to accrued interest and the balance, if any, to principal.

This Note and all other documents or agreements relating to or otherwise evidencing or securing this Note are hereinafter collectively referred to as the "Loan Documents."

If any payment due under to this Note is not paid within ten (10) days after its due date, Borrower agrees to pay to Lender as a late charge a sum equal to the lesser of five percent (5%) of the amount of such delinquent payment or $250.00. If this Note is not paid when due, whether at maturity or by acceleration, Borrower agrees to pay all costs of collection, including reasonable attorneys' fees incurred by Lender (including allocated fees of the Office of the Attorney General of Virginia), whether or not suit is filed hereon. Such costs of collection shall include, without limitation, (i) court costs, reasonable attorneys' fees, expenses of accountants and appraiser and the cost of all appeals, and (ii) all costs and expenses incurred in connection with the protection of or realization upon the collateral securing this Note or for the enforcement of any guaranty hereof and any defense or prosecution of legal proceedings involving any claims made or threatened against Lender arising out of or related to the Loan Documents and the transactions contemplated thereunder.

Additionally, Borrower shall, to the extent allowed by applicable law, protect, indemnify, defend and hold Lender, any person owned or controlled by, owning or controlling, or under the common control of or affiliated with, Lender, any participants in the Loan, the directors, officers, employees and agents of Lender, and/or such other persons, and the heirs, personal representatives, successors and assigns of each of the foregoing, harmless from and against any liability, suit, action, claim, demand, loss, expense, penalty, fine, judgment or other cost of any kind or nature whatsoever, including without limitation, fees, costs and expenses of attorneys, consultants, contractors and experts (a "Claim") of any kind or nature whatsoever arising out of or in any way connected with any investigation, enforcement, cleanup, removal, containment, remedial or other private, governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Law against Borrower or Lender with respect to the Project or against or with respect to the Project or any condition, use or activity on the Project or at any time threatened or made by any person against Borrower or Lender with respect to the Project (or against the Project) or any condition, use or activity on the Project relating to any damage, contribution, cost recovery, compensation, loss or injury resulting from or in any way arising in connection with any Hazardous Materials. Upon demand by Lender, Borrower shall, to the extent allowed by applicable law, diligently defend any such Claim which affects the Project or is made or commenced against Lender, whether alone or together with Lender, Borrower or any other person, all at Borrower's sole cost and expense and by counsel to be approved by Lender in the exercise of its reasonable judgment. In the alternative, Lender may, to the extent allowed by applicable law, at any time, after consultation with Borrower, elect to conduct its own defense through counsel selected by Lender and at the cost and expense of Borrower. For purposes of this section, "Lender" shall include the United States Government and its agencies, departments, commissions, boards and bureaus.

At the option of Lender, this Note shall become immediately due and payable and/or shall become payable at the Default Rate, without notice, upon the occurrence of any of the following (each a "Default"), and Lender may exercise any right, power or remedy permitted by law or as set forth in any of the Loan Documents, all of which shall be cumulative:

1. Borrower shall fail to pay when due (a) any principal of, or interest on the Note or (b) any other amount or indebtedness due Lender from Borrower under the Loan Documents and such failure shall continue for a period of ten (10) days after written notice from Lender, provided however, that such grace period shall only apply two (2) times during any twelve (12) consecutive month period.

2. The discovery that any representation or warranty made by Borrower to Lender in the Loan Documents, was or is false, inaccurate or untrue in any material respect.

3. Borrower shall fail to observe or perform any covenant or agreement contained in the Loan Documents (other than those covered by clauses 1. or 2. above) and such failure continues beyond the applicable grace, notice and/or cure period, if any.

Borrower further acknowledges that all obligations evidenced by this Note and the Loan Documents are subject to collection pursuant to the Set-Off Debt Collection Program as authorized under the Virginia Debt Collection Act (§§ 58.1-520 through 58.1-535 of the Code of Virginia).

The failure of Lender to exercise its option to accelerate this Note as provided above, or to exercise any other option or remedy granted to it hereunder or under any of the Loan Documents, or the acceptance by Lender of partial payments or partial performance, shall not constitute a waiver of any Default by Borrower, and all such options and remedies shall remain continuously in force. Acceleration of maturity may at Lender's option be rescinded by written acknowledgment to that effect, but the tender and acceptance of partial payment or partial performance alone shall not in any way affect or rescind such acceleration of maturity.

Whenever this Note matures, whether at the stated maturity or by acceleration, Lender may set off against the balance hereof any and all credits, money, stocks, bonds or other security or property of any nature whatsoever on deposit with, owed or held by, or in the possession of, Lender, to the credit of or for the account of Borrower, without notice to or consent of Borrower.

Borrower (i) waives and renounces any and all homestead exemption rights and the benefits of all valuation and appraisement privileges as against this debt or any renewal or extension hereof; (ii) waives presentment, demand, protest, notice of nonpayment, notice of dishonor, and any and all lack of diligence or delays in the collection or enforcement hereof; (iii) consents to the release or substitution of any of the collateral securing this Note; and (iv) consents to any extension of the time for payment of this Note and any other indulgence or forbearance by Lender. Any such extension, release, substitution, indulgence, or forbearance may be made without notice to any party and without in any way affecting the personal liability of any party liable hereon.

This Note may not be changed orally, but only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought. This Note shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of law principles.

Waiver of Jury; Jurisdiction. BORROWER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, OTHER LOAN DOCUMENTS, ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH,

OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. BORROWER ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN AND ENTER INTO THE OTHER LOAN DOCUMENTS. Any legal action or proceeding with respect to this Note or any other Loan Document or any document related hereto or thereto shall be brought in the Circuit Court for the City of Richmond, Virginia, and by execution and delivery of this Note, Borrower hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid court. Borrower hereby irrevocably and unconditionally waives any objection, including without limitation, any objection to the laying of venue or based on the grounds of the forum non conveniens which it now or hereafter may have to the bringing of any action or proceeding in such jurisdiction.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed, delivered, and sealed on the day and year first above written.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY,
a political subdivision of the Commonwealth of Virginia

[SEAL]

By: ____
Name:
Title:

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF __________________________, to-wit:

The foregoing instrument was acknowledged before me this _____ day of ___________, 2025, by [_______], the [__________] of the Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia, for and on behalf of the Borrower.

____
Notary Public

My commission expires ________________.

Notary Registration Number: ____________________.

[signature page to Note]

TRANSACTIONS ON NOTE

Date	Amount of Advance Made This Date	Amount of Principal Paid This Date	Outstanding Principal Balance This Date	Notation Made By

This instrument was prepared by and
mail after recording to:

Sands Anderson PC
919 E. Main Street, Suite 2300
Richmond, Virginia 23219

NOTICES PERMITTED OR REQUIRED
UNDER VIRGINIA CODE § 55.1-318, AS AMENDED,
MAY BE SENT OR DELIVERED TO:

Virginia Small Business Financing Authority
P. O. Box 446
Richmond, Virginia 23218-0446

Amount Secured: $1,895,000.00

Parcel ID Number(s) or Tax Map Number(s): 1366-12-5834

Notice to Clerk; Exemption Claimed. This Deed of Trust is exempt from recordation taxes pursuant to §58.1-811(b)(4) of the Code of Virginia (1950), as amended.

CREDIT LINE DEED OF TRUST
AND SECURITY AGREEMENT

THIS CREDIT LINE DEED OF TRUST AND SECURITY AGREEMENT (this "Deed of Trust") is made as of February ___, 2025, between **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia whose address is 427 Patton Street, Danville, Virginia 24541 (the "Grantor"), **[_______________],** whose business address is [________________________] and **[______________]**, whose business address is [________________________], as trustees, either of whom may act (the "Trustees") and index as grantees for the benefit of **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "Lender").

THIS IS A CREDIT LINE DEED OF TRUST within the meaning of Section 55.1-318 of the Code of Virginia (1950), as amended. For the purposes of, and to the extent required by, such section, (i) the name of the noteholder secured by this Deed of Trust is Virginia Small Business Financing Authority, (ii) the address to which communications may be mailed or delivered to such noteholder is P. O. Box 446, Richmond, Virginia 23218-0446, and (iii) the maximum amount of principal to be secured hereunder at any one time is One Million Eight Hundred Ninety-Five Thousand and 00/100 Dollars ($1,895,000.00).

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. As used in this Deed of Trust, the terms listed below shall have the indicated meanings unless otherwise required by the context. Terms not otherwise defined below shall have the meanings ascribed to them in the Loan Agreement of even date herewith, by and between the Lender and the Grantor (the "Loan Agreement").

Accounts means any of the Income and the General Intangibles that constitutes an "account" as defined in Section 8.9A-102(a)(2) of the Code of Virginia (1950), as amended.

Advance Rate means an interest rate equal to five percent (5%) per annum over the then applicable interest rate set forth in the Note.

Assignment of Contracts and Documents means the Assignment of Contracts and Documents by the Grantor in favor of the Lender.

City Support Agreement means the Moral Obligation Support Agreement between the City of Danville, Virginia and the Grantor dated as of February [__], 2025.

City Support Agreement Revenues means all payments made by the City of Danville, Virginia to the Grantor under the City Support Agreement.

Collateral means all of the collateral security for the Obligations, now existing or hereinafter acquired as described in this Deed of Trust, the Loan Agreement or the other Financing Documents.

Condemnation means any taking of or damage to the Project, any part thereof or any interest therein under the exercise of the power of eminent domain, or any transfer of the Project or any interest therein by sale in lieu of the exercise of such power or under threat of the exercise of such power.

Contracts means all contracts, architects and engineering contracts, warranties related to the improvements and similar instruments and agreements related to the Project.

County Support Agreement means the Moral Obligation Support Agreement between Pittsylvania County, Virginia and the Grantor dated as of February [__], 2025.

County Support Agreement Revenues means all payments made by Pittsylvania County, Virginia to the Grantor under the County Support Agreement.

Default means any event or circumstance that, with the lapse of time, the giving of notice, or both, would constitute an Event of Default.

Environmental Indemnity means the Environmental Certificate and Indemnification Agreement from the Grantor in favor of the Lender of even date herewith.

Equipment means all items constituting "equipment" as defined in Section 8.9A-102(a)(33) of the Code of Virginia (1950), as amended, including, but not limited to, all items of tangible personal property owned by the Grantor or in which the Grantor has any interest, now or hereafter placed in or upon or used in any way in connection with the operation, occupancy or enjoyment of the Property or the Improvements, including, without limitation, all plumbing and electrical apparatus and equipment, cleaning and maintenance equipment, all boilers, tanks, engines, motors, incineration and power equipment, laundry equipment, conduits, switchboards, lifting, cleaning, fire prevention, fire extinguishing, irrigation, refrigeration, ventilation and communications apparatus, elevators, escalators, shades, drapes, awnings, screens, storm doors and windows, stoves, cabinets, partitions, ducts and compressors, piping and plumbing fixtures, pumps, heating, air conditioning and air cooling systems, lighting systems, fixtures and equipment and all right, title and interest of the Grantor in and to any such personal property and fixtures that may be subject to any lease, title retention, security agreement or other instrument, together with all proceeds thereof.

Event of Default means any of the events set forth in Section 5.1 of this Deed of Trust.

Financing Documents means the Note, this Deed of Trust, the Loan Agreement, the Assignment of Contracts and Documents, the Environmental Indemnity, all other deeds of trust and all loan commitments, letter agreements and all other documents, whether now or hereafter executed, evidencing, securing or executed in connection with the Loan, all as amended, renewed, extended, modified, substituted or supplemented from time to time.

Fixtures means any of the Equipment constituting a "fixture" as defined in Section 8.9A-102(a)(41) of the Code of Virginia (1950), as amended.

General Intangibles means all general intangibles that are now owned or hereafter acquired by the Grantor or in which the Grantor now has or hereafter acquires any right, title or interest, and that, directly or indirectly, relate to the Project, including, but not limited to, (a) all of the Grantor's choses in action, things in action, suits, actions, causes of action and claims of every kind and nature, whether at law or in equity, relating to the Project, (b) all condemnation awards and insurance proceeds relating to the Project, (c) all contract rights, plans, surveys, engineering, geotechnical and environmental reports, licenses, permits, zoning approvals, rights, agreements, accounts, real estate sales contracts, management contracts and all other private and governmental documents of every kind or character whatsoever relating to the Project, (d) all of the Grantor's rights under this Deed of Trust, and (e) all customer lists, servicing rights, uncertificated securities, licenses, goodwill and all claims for tax refunds and other payments from any local, state or federal governmental authority or agency and all intellectual property, whether or not registered, including patents and patent rights, copyrights, trademarks, service marks, trade names and logos, arising out of, used or to be used in connection with the Project, and any other property described as "general intangibles" as defined in Section 8.9A-102(a)(42) of the Code of Virginia (1950), as amended, together with all proceeds thereof.

Impositions means all real estate and other taxes, fees, assessments, levies, utility charges and connection fees, insurance premiums payable on any insurance the Grantor is required to maintain hereunder, amounts required to be paid to obtain or renew Permits and other similar charges (whether or not required by a governmental body) that are assessed, levied or imposed against the Project or the Grantor's interest therein or incurred in the construction, ownership, operation, occupancy, maintenance and use of the Project.

Improvements means all buildings, improvements, structures and fixtures, if any, to be in any manner placed on or attached to the Property in accordance with the Loan Agreement, and all buildings, improvements, structures or fixtures, now or hereafter located on the Property, and all replacements thereof, additions thereto and proceeds therefrom.

Income means all of the rents, benefits, revenues, profits, security deposits and other sums now or hereafter due, or to which the Grantor may now be or hereafter become entitled, arising from or issuing out of the Property or the Leases, whether or not yet earned by performance and including, without limitation, any moral obligation payments to which the Grantor or the Property may be entitled.

Leases means all leases, subleases, tenant contracts, rental agreements, or other occupancy agreements, if any, whether oral or written, now existing or hereafter entered into for the use or occupancy of all or any part of the Project, together with all modifications or renewals of any of the foregoing.

Note means, individually, promissory note from the Grantor to the Lender in the principal amount of One Million Eight Hundred Ninety-Five Thousand Five Hundred and 00/100 Dollars ($1,895,000.00) dated the same date as the date hereof, and all modifications, substitutions, renewals or extensions thereof.

Obligations means (i) the duty of the Obligors to pay, without offset or deduction, all sums due under the Note and the other Financing Documents, and any and all liability, whether liquidated or unliquidated, defined, contingent, conditional or of any nature whatsoever, including, without limitation, those arising under any swap, derivative or similar transaction or arrangement at any time entered into between any Obligor and Lender in connection with the Note, also including, but not limited to, any transaction or arrangement entered into between any Obligor and Lender pursuant to a separate interest rate exchange transaction, if any, and to perform and comply with all of the terms and conditions of the Financing Documents, and any future advances and other obligations that the then record owner of all or part of the Property may agree to pay or perform (whether as principal, surety or guarantor) for the benefit of the Lender, (ii) all duties, obligations, debts and liabilities of every kind and description owing by any Obligor to the Lender, now or hereafter existing, whether matured or unmatured, direct or indirect, secured or unsecured, original, extended or renewed, absolute or contingent, originally contracted with or acquired by the Lender, contracted with the Lender alone or jointly with others, and whether or not evidenced by negotiable instruments or other written agreements, including lines of credit and obligations arising in connection with any letters of credit or drafts presented in connection therewith or any reimbursement agreement executed in connection with the issuance of any letter of credit, which arise in connection with the Note or the other Financing Documents, and (iii) the obligation of the Obligors is not limited to the dollar amount of the Note and includes, without limitation as to amount, (A) interest on such principal amount until paid at the rate provided from time to time in the Note, (B) all late charges, loan fees or other fees or charges owed the Lender by the Obligors, (C) any funds advanced or re-advanced by the Lender to or for the benefit of the Obligors to fulfill any obligations or undertakings imposed upon the Obligors by this Deed of Trust or the other Financing Documents, together with interest thereon from the date of advance until paid at the Advance Rate, and (D) all costs, expenses and reasonable attorney's fees incurred by the Lender in connection with the collection of any of the foregoing or the protection of any of the Lender's rights, or the enforcement of any of the Lender's remedies, under any of the Financing Documents.

Obligors means the Grantor and any co-makers, endorsers, sureties and other parties obligated to pay any sum pursuant to, or to perform any act in order to comply with, the provisions of any of the Financing Documents.

Permits means all permits, licenses, registrations, certificates, authorizations and approvals of every nature and kind, now or hereafter issued, or required to be issued by any Person in connection with the ownership, construction, use, occupancy or operation of the Project.

Person means an individual, membership, limited liability company, business or land trust, joint stock company, trust, unincorporated association, joint venture, governmental or quasi-governmental authority or other entity of whatever nature.

Project has the meaning given to it in the Loan Agreement and includes, without limitation, the Property, the Improvements and the Equipment.

Property means the Grantor's interest in the real property described on Exhibit A attached hereto, together with all easements, rights-of-way and appurtenances thereto belonging, including, without limitation, all riparian rights, all reversionary interests therein and all right, title and interest of the Grantor in any street, road, avenue or alley, opened or proposed, that adjoins such real estate.

Security Property means any and all of the property of the Grantor referred to in Section 2.1.

UCC means the Uniform Commercial Code as adopted in the Commonwealth of Virginia, as the same may be amended from time to time.

UCC Property means collectively (i) the Accounts, (ii) the Equipment, (iii) all materials intended for the construction, alteration, repair or restoration of the Improvements, (iv) the General Intangibles, (v) the Fixtures, (vi) the Contracts, (vii) the Permits, and (ix) all proceeds from all thereof, whether cash or otherwise.

Section 1.2. Interpretation. For the purpose of construing this Deed of Trust and unless the context indicates otherwise, words in the singular number shall be deemed to include words in the plural number, and vice versa, and words in one gender shall be deemed to include words in the other genders. Titles to articles and section headings are for convenience only and neither limit nor amplify the provisions of this Deed of Trust. In the event of any inconsistency between the terms of this Deed of Trust and the terms of the Loan Agreement, the terms of the Loan Agreement shall control.

ARTICLE II
CONVEYANCE OF SECURITY PROPERTY

Section 2.1. Grant to Trustees. Grantor hereby grants and conveys to the Trustees, with General Warranty and English Covenants of Title but subject to such easements, conditions and restrictions of record affecting the Security Property as are approved by the Lender, in trust to secure the Obligations, the following described property, whether now owned or hereafter acquired, together with any substitutions therefor or replacements thereof, and any additions thereto and any proceeds thereof;

(i) the Property;

(ii) the Improvements;

(iii) the Equipment;

(iv) the Accounts;

(v) the General Intangibles;

(vi) the Income;

(vii) the Leases;

(viii) the Fixtures;

(ix) the Permits;

(x) the UCC Property; and

(xi) the proceeds of the conversion, whether voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, all proceeds payable under any policy of insurance with respect to the damage or destruction of all or any part of the Project and all proceeds from any Condemnation.

Section 2.2. **Assignment of Leases and Rents, City Support Agreement Revenues and County Support Agreement Revenues.** Grantor hereby absolutely and unconditionally assigns to Lender all of Grantor's right, title and interest in and to all current and future Leases, Rents and proceeds therefrom, City Support Agreement Revenues and County Support Agreement Revenues; it being intended by Grantor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of Section 5.6 of this Deed of Trust, Lender grants to Grantor a revocable license to collect and receive the Rents. Grantor will hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Obligations, for use in the payment of such sums.

Section 2.3. **Security Agreement.** With respect to the UCC Property, this Deed of Trust is a security agreement between the Grantor and the Lender, and the Grantor hereby assigns to and grants to the Lender a continuing security interest in each and every item of the UCC Property, whether now owned or hereafter acquired, and the proceeds thereof, to secure the Obligations. The Grantor authorizes the Lender to file in the appropriate office where the Grantor is formed and in the jurisdiction in which the Project is located, and in such other offices or jurisdictions as the Lender may require, financing or continuation statements meeting the requirements of the UCC to perfect the security interests hereby granted. The remedies for any violation of this security agreement shall be, at the option of the Lender, (a) those set forth in this Deed of Trust, (b) those prescribed by law, (c) those contained in the UCC or (d) any combination of the foregoing, it being the understanding of the parties that, upon the occurrence of an Event of Default, the Lender may, at its option, proceed as to both real and personal property in accordance with the rights and remedies granted herein with respect to real property. All substitutions for, replacements of and additions to the UCC Property, and the proceeds thereof, shall immediately be subject to the security interest herein granted, and the Grantor agrees to maintain the UCC Property free and clear of all other liens, encumbrances and security interests.

ARTICLE III
COVENANTS OF GRANTOR

Section 3.1. **Payment and Performance.** The Grantor shall, without offset or deduction, (a) pay all amounts owed and perform all other Obligations secured hereby or by any other lien now or hereafter encumbering the Project, (b) pay all sums due under the Financing Documents, (c) pay all inspection fees and Trustee's fees and reimburse the Trustee or the Lender for any such sums paid by the Lender upon demand, and (d) comply with all of the other Obligations and the terms of the other Financing Documents.

Section 3.2. **Maintenance of the Project.** The Grantor shall keep the Project in good condition and repair and shall not (a) commit or permit waste to be committed thereon, (b) make or allow any alterations thereto except as contemplated in the Loan Agreement without the prior written consent of the Lender, which consent shall not be unreasonably withheld, delayed, or conditioned, or (c) do or suffer to be done any act that will or may render the Project less valuable, including, without limitation, the abandonment of all or any portion of the Project.

Section 3.3. **Use of Project; Compliance with Laws.** The Grantor shall cause the Project to be used and operated as set forth in the Loan Agreement, and shall comply with all lawful requirements of any governmental authority affecting the Project, including, without limitation, all environmental, land use and subdivision laws, rules and regulations, and the terms, covenants, restrictions and warranties as set forth in the Loan Agreement, whether now existing or later enacted, whether foreseen or unforeseen, and whether involving any change in governmental policy or requiring structural or other changes to the Project, irrespective of the cost of making such changes.

Section 3.4. **Restrictive Covenants.** The Grantor shall at all times comply with all restrictions, conditions, easements and covenants, including but not limited to all operating restrictions (collectively, "Restrictive Covenants") encumbering the Project and shall duly enforce its rights under all Restrictive Covenants encumbering the Project for the benefit of either or both of the Property and the Improvements. If Grantor receives any notice (whether oral or written) that any Restrictive Covenant has been violated, the Grantor shall promptly notify the Lender in writing.

Section 3.5. **Management of Project.** The Grantor shall not enter into a management agreement or otherwise permit any other party to manage the leasing, subleasing or operation of the Project without the Lender's prior consent, which consent shall not be unreasonably withheld, delayed or conditioned. When the Lender approves any management agreement or arrangement, the Grantor shall, at the Lender's request, assign its interest thereunder to the Lender as additional security for the Obligations and cause any such management agreement to be and remain subordinate to the Obligations. Any manager of the Project must have proven ability in managing similar projects in the greater Danville metropolitan area of Virginia or be otherwise approved by the Lender, which approval will be granted in the Lender's sole discretion.

Section 3.6. **Impositions.** The Grantor shall pay all Impositions when due. After giving the Lender ten (10) days' notice of its intention to do so, however, the Grantor may, in good faith, at its own expense and in its own name, contest any Imposition other than an insurance premium. In the event of such a contest, the Grantor may permit the contested Imposition to remain unpaid during the period of the contest and any subsequent appeal unless, in the opinion of the Lender, such action may impair the lien of this Deed of Trust or any security interest hereby granted, in which event the Grantor shall satisfy such Imposition promptly, or secure the payment thereof by posting with the Lender a bond with corporate surety or a letter of credit, either of which must be issued by an institution approved by, and in a form and amount approved by, the Lender. Upon request, the Grantor shall furnish the Lender proof of payment of all Impositions.

Section 3.7. **Insurance.** The Grantor, at its expense and for the benefit of the Lender, naming the Lender as mortgagee or as an additional insured, as appropriate, shall keep (or cause the subtenant(s) to keep) the Improvements and the Equipment insured as required by the Loan Agreement. All of the Grantor's rights, title and interests in and to all insurance policies described in this Section are hereby assigned to the Lender. Upon the occurrence of an Event of Default, the Lender, on behalf of the Grantor, may adjust and compromise any claims under such insurance policies and collect, receive and apply the proceeds thereof as the Lender shall see fit. The Lender is hereby irrevocably appointed as the Grantor's attorney-in-fact, coupled with an interest, for such purposes, and may deduct from such proceeds any expenses incurred by the Lender in connection therewith.

Section 3.8. **Insurance and Tax Escrow.** If required by the Lender after an Event of Default, the Grantor shall pay the Lender monthly, together with and in addition to the payments on the Note and any sums due under any of the other Financing Documents, an amount determined by the Lender to be necessary to enable the Lender to pay each Imposition one (1) month before it becomes due. If the total payments made to the Lender pursuant to the preceding sentence are less than the amount required to pay any Imposition one (1) month before it becomes due, the Grantor shall pay the Lender, on demand, the amount necessary to make up such deficiency. If there is an excess of such payments, the excess will reduce subsequent payments required under this Section. The Lender shall not be required to pay interest on any sums held pursuant to this Section. If an Event of Default has occurred, the Lender may, at its option, apply any amounts received pursuant to this Section to the payment of the Obligations in such order as the Lender may elect.

Section 3.9. **Sale or Encumbrance of the Project.** Without the prior consent of the Lender, which consent shall not be unreasonably withheld, delayed or conditioned, the Grantor shall not (a) lease, sell or transfer its interests in the Project or any portion thereof or any interest therein other than (i) the leases of equipment and vending leases and (ii) leases in the ordinary course of business, (b) encumber or pledge the Project or any interest therein, in whole or in part, (c) grant a lien or security interest in the Project or any portion thereof or (d) except as otherwise provided in the Loan Agreement, permit any mechanic's, materialman's, laborer's, statutory or other lien (whether or not junior to the liens created by this Deed of Trust) to be created, recorded or remain outstanding upon all or any part of the Project. Except for transfers of ownership interests permitted by the Loan Agreement, a transfer of any ownership interest in the Grantor shall be deemed a transfer of the Project for purposes of this Section.

Section 3.10. Maintenance of Grantor's Existence. The Grantor will keep in full force and effect its existence, franchises, rights and privileges, and will do or will cause to be done all things necessary to preserve and keep in full force and effect its right to own property, enforce its contracts and continue its business.

Section 3.11. **Estoppel Certificates.** The Grantor shall, within ten (10) days after receipt of a written request from the Lender, furnish to the Lender (or cause to be furnished to the Lender), or any other person designated by the Lender, a certificate setting forth (a) the amount of principal and interest then owing on the Note and the other Obligations and the date to which payments of principal and interest have been made, (b) whether or not any offsets or defenses against the payment of such principal and interest exist (and, if so, describing such offsets or defenses in detail), (c) whether or not any Default then exists or any Event of Default has occurred and is continuing (and, if so, describing such Defaults or Events of Default in detail), and (d) such other matters as the Lender may reasonably request.

Section 3.12. **Payment of Filing Fees and Taxes.** The Grantor shall pay on demand all fees, taxes and expenses incident to the execution, acknowledgment, recordation and filing of any of the Financing Documents, or any amendment or supplement thereto, any financing statement, continuation statement or security agreement with respect to the UCC Property and any instrument of further assurance.

Section 3.13. **Right of Inspection.** The Lender and the Trustees shall have the right to enter upon and inspect the Project at such reasonable time or times as they may desire, either in person or through their duly authorized agents or representatives.

Section 3.14. **Books and Records.** The Grantor shall keep and maintain, or shall cause to be kept and maintained, at its expense and in accordance with customary tax accounting principles, proper and accurate books, records and accounts reflecting all items of income and expense in connection with the construction and operation of the Project. The Lender, the Trustees and their agents, accountants and attorneys shall have the right at any reasonable time and from time to time to examine such books, records and accounts of the Grantor wherever located, to make such copies or extracts thereof as they shall deem appropriate and to discuss the Grantor's affairs, finances and accounts with the Grantor and its employees, accountants and agents.

Section 3.15. Environmental Compliance. Grantor represents and warrants that so long as this Deed of Trust remains in effect the Project will not be used for the generation, collection, manufacture, storage (other than the normal and customary amounts necessary for the operation and development of the Project), treatment, disposal, release or threatened release of any hazardous substance, as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq., the Superfund Amendments and Reauthorization Act, applicable state laws, or regulations adopted pursuant to any of the foregoing. Grantor agrees to comply with any federal, state, or local law, statute, ordinance, regulation, court or administrative order or decree or private agreement regarding materials which require special handling in collection, storage, treatment or disposal because of their impact on the environment ("Environmental Requirements"). Grantor agrees, to the extent allowed by law, to indemnify and hold the Lender harmless from and against any and all claims, losses, expenses and costs resulting from a breach of this Section 3.15 and Grantor will pay or reimburse the Lender for all costs and expenses for expert opinions, inspections or investigations required or requested by the Lender which, in the Lender's sole discretion, are necessary to ensure compliance with this Section 3.15. This obligation to indemnify shall survive the payment of the Obligations and the release of this Deed of Trust. Nothing contained herein shall require the Grantor to indemnify the Lender for any claim or liability resulting from the Lender's gross negligence or willful wrongful acts, or from cost, expense or liability arising from the introduction of any hazardous substances to the Property after the Lender exercises its rights pursuant to Section 5.4 hereof, or after foreclosure or deed in lieu thereof. The Grantor shall maintain the Property in a manner which complies with all Environmental Requirements and shall give notice to the Lender within five (5) days of receipt of any notice regarding any violation of the Environmental Requirements set forth herein.

Section 3.16. **Compliance with Americans with Disabilities Act**. The Grantor represents and warrants that the Project is, and shall be maintained, in compliance with Title III of the Americans with Disabilities Act of 1990, as amended, and is, and shall be maintained, in compliance with all state and local accessibility requirements.

Section 3.17. Compliance with Leases. The Grantor shall observe and perform each of its duties and obligations as lessor or lessee under any Lease of the Project and will use commercially reasonable efforts to cause all other parties to observe and perform their respective duties and obligations under any Lease.

Section 3.18. Compliance with Laws. The Grantor shall comply with all other applicable laws, rules or regulations relating to the use, occupancy, management and operation of the Project by the Grantor and its subtenants.

Section 3.19. Fixture Filing. The parties agree that the recordation of this Deed of Trust shall constitute a "fixture filing" (as such term is defined in the UCC). The Grantor shall not change its name, identity or structure in any manner that might make any financing or continuation statement filed hereunder seriously misleading within the meaning of Section 8.9A-102(a)(40) and 8.9A-502(a) and (b) of the UCC (or other applicable provision of the UCC).

Section 3.20. Payment of Costs. In addition to such other amounts as it has agreed to pay pursuant to the provisions of this Deed of Trust, the Grantor shall pay all expenses, including reasonable attorney's fees, incurred by the Lender or the Trustees in (a) the collection of any sum, the payment of which is secured hereby, (b) preserving the Security Property or disposing of all or any part of the same, whether by foreclosure or otherwise, (c) participating in any litigation or administrative proceeding involving the Project or the Financing Documents, whether as a plaintiff or a defendant, or (d) conducting any additional title examinations requested by the Trustees or the Lender. Subsequent to an Event of Default persisting beyond any applicable cure period, all such expenses and fees, and interest thereon at the Advance Rate, shall be payable on demand and shall be secured by this Deed of Trust.

Section 3.21. **Further Assurances.** The Grantor shall, at its expense, perform such further acts and execute, acknowledge and deliver all such documents as the Lender shall, from time to time, reasonably require to assure the Lender that the Grantor is paying, performing and complying with all of the Obligations and that the liens and security interests granted by this Deed of Trust are perfected and preserved.

Section 3.22. [Reserved]

Section 3.23. SNDAs and Estoppels. At Lender's request, Grantor will use commercially reasonable efforts to cause any or all landlords, tenants or subtenants to execute subordination, non-disturbance and attornment agreements with the Lender, on the Lender's form or such other form as may be reasonably acceptable to the Lender, together with an estoppel certificate confirming, among other things, that (i) leases are in full force and effect, (ii) there are no defaults under the leases, (iii) tenants claim no right to any abatement, concession, set-off or other reduction of their obligation to pay rent, additional rent, or other amounts due to Grantor (as landlord), (iv) tenants have taken occupancy of their respective premises on a full and current rent-paying basis and all preconditions to the commencement of rent have been fully satisfied, and (v) such other matters as may be reasonably requested by the Lender.

ARTICLE IV
DAMAGE, DESTRUCTION AND CONDEMNATION

Section 4.1. Notice. In case of (a) any damage to or destruction of all or any part of the Project by fire or other casualty, (b) a Condemnation, (c) the loss of all or any part of the Project because of failure of title, or (d) the commencement of any proceeding or negotiation that might result in a Condemnation or such a loss, the Grantor shall promptly give notice thereof to the Lender describing generally the nature and extent of such damage, destruction, Condemnation, loss, proceeding or negotiation, and shall take all necessary steps to preserve any undamaged part of the Project and comply with reasonable requirements established by the Lender to preserve the Security Property.

Section 4.2. Restoration of the Project. If all or any part of the Project is destroyed or damaged and the insurance proceeds, if any, payable on account of such damage or destruction are made available to the Grantor pursuant to Section 4.3 of this Deed of Trust, the Grantor shall promptly repair or restore the same to its condition immediately before such damage or destruction, with such alterations and additions as the Lender may approve, regardless of whether the available insurance proceeds, if any, are adequate to pay for the cost of such repair or restoration. If the Lender does not make the insurance proceeds, if any, available to the Grantor to pay for the cost of repairing or restoring the Project as provided by Section 4.3 of this Deed of Trust, the Grantor, at their option, either shall repair or restore the Project to its previous condition with the Grantor's own funds or shall remove all rubble and debris and maintain the remaining Improvements in a safe and neat condition.

Section 4.3. Application of Insurance Proceeds. If all or any part of the Project is destroyed or damaged and the insurance proceeds therefrom are less than Fifty Thousand and 00/100 Dollars ($50,000.00), the Lender shall, after deducting the expenses incurred in the collection and administration of the proceeds of any insurance paid because of such damage or destruction (including attorneys' fees), make the remainder of such proceeds available to the Grantor for the purpose of replacing, repairing or restoring the Project as required by Section 4.2 of this Deed of Trust. If all or any part of the Project is destroyed or damaged and the insurance proceeds therefrom are equal to or greater than Fifty Thousand and 00/100 Dollars ($50,000.00), the Lender shall, after deducting the expenses incurred in the collection and administration of the proceeds of any insurance paid because of such damage or destruction (including attorneys' fees), make the remainder of such proceeds available to the Grantor for the purpose of replacing, repairing or restoring the Project as required by Section 4.2 of this Deed of Trust subject to the following terms and conditions being satisfied at the time of the damage or destruction (as applicable) and at all times during the replacement, repair or restoration:

i. the Lender shall have approved the plans and specifications for the repair or restoration of the damaged portion of the Project ("Plans and Specifications Approval"), the contract for such repair or restoration and the contractor that will perform such repair or restoration;

ii. the insurance proceeds received, and being held by the Lender, plus such other funds which the Grantor deposit with the Lender, are sufficient, in the Lender's sole opinion, to restore the Project in accordance with the plans and specifications approved by the Lender; and if at any time the Lender makes an upward revision of the total remaining cost of restoration, and as a result the Lender does not have available a sufficient amount of remaining insurance proceeds to pay the remaining cost of restoration, Grantor shall pay to the Lender such additional amounts as are necessary to cover the amount by which such upward revision exceeds the remaining proceeds;

iii. no Default then exists and no Event of Default has occurred and is continuing beyond applicable grace and cure periods;

iv. the Lender shall have made a reasonable determination that the time needed to complete the restoration will (a) not result in its completion occurring during the last 365 days of the term of the Loan, (b) not violate any applicable laws, and (c) not exceed 270 days from the date of the Plans and Specifications Approval;

v. the ground lessor under any ground lease applicable to the Property has expressly agreed that such ground lease will continue in full force and effect, and that the Property may continue to be used as contemplated in such ground lease, after repair and restoration;

vi. the tenant under any sublease applicable to the Property has expressly agreed that such sublease will continue in full force and effect, and that the Property will continue to be used as contemplated in such sublease, after repair and restoration;

vii. the Lender shall have reasonably determined that the value of the restored Project is sufficient to comply with any applicable financial requirements in the Loan Agreement;

viii. disbursement of the insurance proceeds shall be in accordance with typical construction loan disbursement procedures established by the Lender, as the Lender shall, in its sole opinion, deem necessary, appropriate or desirable;

ix. Grantor shall have in place and provide to the Lender a policy or policies of builder's risk insurance in an amount not less than the full insurable value of the Project insuring against such risks (including without limitation fire and extended coverage and collapse of the improvements on the Project, if applicable, to agreed limits) as the Lender may request, and any other insurance as the Lender may reasonably request, in form and substance and from companies reasonably acceptable to the Lender;

x. the work shall be performed under the supervision of an architect or engineer approved in writing by the Lender (such architect or engineer being referred to hereinafter as the "Architect") and, before Grantor commences any work other than temporary work to protect property or prevent interference with business, Grantor shall have received the Lender's Plans and Specifications Approval;

xi. the Lender receives each request for payment on seven (7) days' prior written notice accompanied by a certificate signed by the Architect stating that: (1) the work completed to date has been performed in compliance with the approved plans and specifications; (2) the sum requested is necessary to reimburse Grantor for payments by Grantor to, or is due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the work (giving a brief description of such services, materials and related costs and to whom same is payable) and, when added to all sums previously disbursed by the Lender, does not exceed the value of the work performed to the date of such certificate; and (3) the amount of the remaining proceeds held by the Lender (in addition to any amounts paid by Grantor pursuant to this paragraph shall be sufficient to pay for the work in full upon completion of the same (giving in such reasonable detail as the Lender may require an estimate of the cost of such completion);

xii. each request for disbursement by the Lender shall be accompanied by lien waivers satisfactory to the Lender covering that part of the work for which payment or reimbursement was requested in the immediately preceding request for payment and, if required by the Lender, any endorsement to the Lender's title policy insuring that no liens have been filed in connection with the work performed to date;

xiii. the Lender receives, at the Lender's option, satisfactory payment and completion bonds covering the work;

xiv. the restoration work is performed in accordance with, and the Project is at all times in compliance with, all laws affecting the Project and/or such work;

xv. the Grantor commence restoration within forty five (45) days of receiving the Plans and Specifications Approval and diligently prosecute the completion of the restoration of the Project; provided, however, with respect to any damage or destruction which, in the Lender's sole opinion, shall impose an immediate danger or hazard to Persons or property, restoration thereof shall commence immediately upon the occurrence of the damage or destruction without the necessity of obtaining the Plans and Specifications Approval; provided, that upon the removal of such immediate danger or hazard to Persons or property, restoration thereof shall thereafter commence in accordance with the procedure outlined above;

xvi. the Lender receives the final request for payment after completion of the work accompanied by a final lien waiver or waivers and a copy of any such certificate or certificates as shall be required by law to render occupancy of the improvements legal; and

xvii. the Lender shall have the right to hire its own consultants (e.g., architect and/or engineer or other), to act on its behalf, in any capacity, and Grantor shall pay such consultants' fees.

All insurance proceeds shall be delivered to and held by the Lender, to be applied in accordance with this Section 4.3, and each insurance company is authorized and directed to make payment directly to the Lender. Any insurance proceeds held by the Lender shall be held without the payment of interest thereon. In the event that at any time any of the terms and conditions set forth in this Section 4.3 are not satisfied, then the Lender shall have the option, in its sole discretion, of paying or applying all or any part of the insurance proceeds: (i) to the Obligations and in such order as the Lender shall determine; or (ii) to the repair, restoration, replacement and rebuilding of the improvements on the Project. Grantor shall reimburse the Lender for all costs incurred by the Lender in connection with this Section 4.3 including, but not limited to, consultants' fees and reasonable attorneys' fees. Any balance of such insurance proceeds remaining after the completion of the repair or restoration work, or all of the insurance proceeds if the Lender elects not to make them available for repair or restoration, shall be applied to the payment of the Obligations in such order as the Lender may determine.

Section 4.4. Condemnation. If all or any substantial portion of the Project shall be damaged, taken or transferred through Condemnation, then the entire principal balance of the Note, and any accrued but unpaid interest thereon, shall, at the option of the Lender, become immediately due and payable. The term "substantial portion of the Project" as used in this Section shall mean so much of the Project as shall have, in the Lender's opinion, a material effect on the ability of the Grantor to operate the Project as originally contemplated or to make when due payments on the Obligations. All compensation and other amounts payable as a result of a Condemnation in which all or any substantial portion of the Project is taken shall be applied to the payment of the Obligations in such order as the Lender may determine. No settlement respecting any Condemnation shall be effected without the consent of the Lender, which consent shall not be unreasonably withheld, delayed or conditioned. The Lender and the Trustees are each hereby authorized, at their option, to commence, appear in and prosecute, in their own names or in the name of the Grantor, any action or proceeding relating to any Condemnation, and to settle or compromise any claim in connection therewith. If less than a substantial portion of the Project is damaged, taken or transferred in a Condemnation, or if the Lender does not elect to declare the Note and the other Obligations immediately due and payable as provided above, then the Lender, after deducting from the Condemnation proceeds all sums expended by the Lender in connection therewith, including, without limitation, reasonable attorney's fees, shall require the Grantor to repair, restore or replace the Project or the affected portion thereof as nearly as practical to its condition immediately prior to the Condemnation, and in such event any proceeds of the Condemnation shall be applied to the costs of such repair, restoration or replacement on the same terms and conditions as are specified in this Deed of Trust regarding the application of insurance proceeds.

ARTICLE V
DEFAULT, REMEDIES

Section 5.1. **Events of Default.** Each of the following shall constitute an "Event of Default" under this Deed of Trust, whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) Failure of any Obligor to make any payment when due of principal or interest on the Note, or to pay any other sum secured by this Deed of Trust or any other sum due and payable under any of the other Financing Documents and such failure continues for ten (10) days following written notice from Lender to Grantors.

(b) The abandonment of the Project, the failure to maintain at all times the insurance required by this Deed of Trust, the failure to comply with the provisions of Sections 3.9 or 3.10 of this Deed of Trust or the failure of the Grantor to notify the Lender of any Default with respect to the Grantor's obligations under Sections 3.15 and 3.16 of this Deed of Trust.

(c) Failure of any Obligor to comply with any of the other terms, conditions or covenants contained in this Deed of Trust or in any of the other Financing Documents to which such Obligor is a party, and the continuation of such failure for thirty (30) days after the Lender sends written notice thereof (or such other period as may be specified in this Deed of Trust or in the Loan Agreement); provided however, that no such cure period shall apply if, in the Lender's reasonable determination, such condition could create a hazard, result in a violation of Legal Requirements or diminish the value of the Project, if left uncorrected.

(d) The fact that any representation or warranty of any Obligor in any of the Financing Documents proves to be untrue or misleading in any material respect as of the time it is made or deemed to be made and continues past any applicable notice and cure period.

(e) Any Obligor shall: (i) make a general assignment for the benefit of creditors; (ii) fail to pay its debts generally as they become due; (iii) admit in writing its inability to pay its debts generally as they become due; (iv) file a petition, pleading or motion under any bankruptcy or other law for the relief or aid of debtors seeking for such Obligor reorganization, liquidation, dissolution or other relief as a debtor or (v) consent to or acquiesce in the appointment of a receiver, custodian, liquidator, trustee or other similar official for such Obligor, for the whole or any substantial part of its assets, or for any part of the Project.

(f) A petition, pleading or motion shall be filed (i) against any Obligor under any bankruptcy or other law for the relief or aid of debtors seeking reorganization, liquidation, dissolution or other debtor relief for such Obligor or (ii) seeking to appoint a receiver, custodian, liquidator, trustee or other similar official for any Obligor, for the whole or any substantial part of such Obligor's assets, or for any part of the Project, and such petition, pleading or motion is not dismissed within forty-five (45) days after the filing thereof, or any order for relief or appointment entered as a result of the filing of such petition, pleading or motion is not stayed within seven (7) days after the entry thereof.

(g) The filing of a lien against the Project or any part thereof (other than a mechanics' or materialmen's lien satisfied, secured, insured over or released as provided in the Loan Agreement) or the entry of a judgment for the payment of money against any Obligor and the failure, within thirty (30) days after the filing or entry thereof, to have the same bonded off and discharged, or the execution thereof stayed, provided that, if the execution thereof is stayed, then within ten (10) days after the expiration of the stay, such lien shall be discharged and released.

(h) The occurrence of any default under any of the documents evidencing any indebtedness secured by a lien encumbering the Project or any part thereof that is subordinate or prior to the lien of this Deed of Trust, and the failure to cure such default within any applicable grace period.

(i) The occurrence of any default under any other loan made by the Lender to the Grantor or any affiliate of the Grantor which is not cured during the applicable cure period.

(j) The amendment or modification of the organizational documents of the Grantor or the Grantor in any manner that would adversely affect the Lender, without the prior written consent of the Lender, which consent shall not be unreasonably withheld, delayed or conditioned.

(k) Any default by the Grantor in the payment of any of their respective obligations for borrowed money, and the failure to cure such default within any applicable grace period.

(l) The levy, attachment or seizure of (i) any rights, title or interests of the Grantor, or of any successor to the Grantor, in or to the Project, or (ii) any equity interest in the Grantor, if such order is not vacated and the proceeding in which it was entered is not dismissed within ten (10) days after the entry of such order.

(m) The voluntary rezoning of the Project or any portion thereof by the Grantor without the prior written consent of the Lender, which consent may be granted by the Lender in its sole discretion.

(n) If, at any time for any reason whatsoever, the Project or its use and operation does not comply with all applicable, rules, regulations or requirements, including all applicable parking, land use or subdivision laws, rules and regulations for a period of thirty (30) days after notice to the Grantor specifying such lack of compliance, or such lesser period as required by the applicable governmental authority.

(o) Any default under the Loan Agreement enduring beyond any applicable cure period.

(p) Any termination, breach of or default under the Leases, Support Agreements, or any other agreement as it pertains to the Project that remains uncured past any applicable notice and cure period.

Section 5.2. <u>Acceleration of Note</u>. Upon the occurrence of an Event of Default, the entire unpaid principal amount of the Note, all accrued but unpaid interest thereon, if any, and all other sums now or hereafter secured by this Deed of Trust shall, at the option of the Lender and without notice, demand or any other action by the Lender, immediately become due and payable. Furthermore, in the event of a transfer of an interest in the fee title to the real property described on Exhibit A hereto, all sums secured by this Deed of Trust shall be immediately due and payable, without in any way releasing, discharging or otherwise affecting the liability of Grantor hereunder or for the indebtedness hereby secured. Any change in the legal or equitable title, or in the beneficial ownership, of the real property described on Exhibit A hereto, whether or not of record and whether or not for consideration, shall be deemed a "transfer of an interest in the fee title to the real property described on Exhibit A hereto."

Section 5.3. Surrender of Possession. Upon the occurrence of an Event of Default, the Grantor shall, upon demand of the Lender, promptly surrender to the Lender or the Trustees, or their employees or agents, actual possession of the Project (the term "Project" as hereafter used in this Article V shall mean the entire Project and any part thereof), and the Lender, the Trustees and their employees and agents, may enter and take possession of the Project, without the appointment of a receiver or filing an application therefor, and may exclude the Grantor and its employees and agents wholly therefrom. If the Grantor shall fail, upon demand, to surrender the Project, the Lender or the Trustees may obtain a judgment or decree requiring the Grantor to surrender immediate possession of the Project, and all costs and expenses incurred by the Lender or the Trustees, including attorneys' fees, shall be recoverable from and charged to the Grantor.

Section 5.4. Right to Manage Project.

(a) **Right to Manage.** Upon any entering or taking possession of the Project, or portion thereof, upon the occurrence of an Event of Default, either or both of the Lender and the Trustees may use, manage, operate and control the Project, the Property, or any portion of any of the foregoing and, in so doing, shall have access to the books, papers and accounts of the Grantor relating to the Project and may collect all of the Income. In addition, either or both of the Lender and the Trustees may: (i) complete the Project and advance such funds as may be necessary even though the amounts advanced may exceed the amount of the Note; (ii) maintain and restore the Project and make such repairs, additions and improvements thereto and thereon, and purchase or otherwise acquire such additional fixtures, equipment and other property, as they may deem necessary to facilitate the operation of the business of the Project; (iii) contest or compromise any claim or encumbrance against the Project (including, without limitation, any lien prior or subordinate to the lien of this Deed of Trust); (iv) employ such counsel, accountants, contractors and other persons as any of them shall deem necessary to assist it; (v) insure or keep the Project insured; (vi) perform all acts required of the Grantor with respect to the Project, including, without limitation, acts required of the Grantor under any Lease; (vii) make such additions, changes, modifications and corrections to the "Plans and Specifications" (as defined in the Loan Agreement), if any, as any of them deems advisable; (viii) use any funds of the Grantor on deposit with the Lender for the purpose of completing the Project; (ix) pay, settle or compromise all existing bills and claims that are or may be liens against the Project, or may be necessary or desirable for the completion of the Project or for the clearing of title to the Project; and (x) exercise all of the rights and powers that the Grantor possessed with respect to the Project to the same extent as the Grantor could have exercised them. Any amounts collected from the Project shall, after deducting therefrom sums expended pursuant to the provisions of this Section 5.4(a) and Section 5.3, be applied to the payment of the Obligations in such order as the Lender may determine. Nothing herein shall be deemed to require or obligate the Lender to complete the Project or to take any other action whatsoever.

(b) **Appointment of Attorney-in-Fact.** The Grantor hereby irrevocably appoints the Lender through any of its authorized officers and the Trustees, any one of whom may act, the true and lawful attorneys-in-fact for the Grantor and authorizes them, or any one of them, to perform any act described in Section 5.4(a) hereof and any and all actions necessary and incidental thereto; provided, however, that Lender shall not exercise its right hereunder except upon the occurrence of an Event of Default.

Section 5.5. Appointment of Receiver. Upon the occurrence of an Event of Default, the Lender, upon application to a court of competent jurisdiction, shall be entitled, as a matter of right, to the appointment of a receiver to take possession of and to operate the Project and to collect all amounts assigned hereunder and shall have all rights set forth in the Loan Agreement with respect to receivership. The receiver shall have all of the rights and powers permitted under the laws of the Commonwealth of Virginia.

Section 5.6. Right to Collect Rents. Upon the occurrence of an Event of Default, the license granted to Grantor under Section 2.2 hereof will automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Grantor and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Grantor and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Grantor agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Grantor with respect to the Property, whether in the name of Grantor or otherwise, including the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Grantor to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Grantor; (vi) require Grantor to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Grantor may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Obligations, in such order, priority and proportions as Lender deems appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees) actually incurred in connection with the aforesaid operations and all amounts necessary to pay all taxes, insurance premiums and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its in-house and outside counsel, agents and employees.

Section 5.6. Inspections, Reports and Appraisals. The Lender may, at any time or from time to time, but shall have no duty to, undertake or direct to be undertaken at the Lender's expense full or partial environmental audits, appraisals, site inspections and evaluations of the Project, taking all measures it deems appropriate to determine the condition of the Project, its value, the status of liens, and the Grantor's compliance with all applicable laws, rules and regulations.

After an Event of Default, the Lender may, at any time or from time to time, but shall have no duty to, undertake or direct to be undertaken at the Grantor's expense full or partial environmental audits, appraisals, site inspections and evaluations of the Project, taking all measures it deems appropriate to determine the condition of the Project, its value, the status of liens, and the Grantor's compliance with all applicable laws, rules and regulations. The Grantor shall cooperate fully with such audits, appraisals and inspections. All such audits, appraisals and inspections shall be solely for the benefit of the Lender.

Section 5.7. **Right to Cure Defaults.** Upon the occurrence of an Event of Default, either or both of the Lender and the Trustees, without prior notice to or demand upon the Grantor and without waiving or releasing such Event of Default and (in addition to any other rights and remedies they may have), may but shall be under no obligation to make any payment or take such action as may be necessary to cure the Event of Default. If the Lender makes any payment or takes any action to satisfy the requirements of any instrument imposing a lien on the Project that is prior to the lien of this Deed of Trust, the Lender shall be subrogated to the rights of the holder of such prior lien.

Section 5.8. **Foreclosure.** Upon the occurrence of an Event of Default, the Lender, at its option, may effect the foreclosure of this Deed of Trust by directing the Trustees to sell the Project (or such portion or portions thereof as the Trustees may select) at public auction at such time and place and upon such terms and conditions as may be required or permitted by Articles 2 and 4, Chapter Three, Title 55.1 of the Code of Virginia (1950), as amended, after having first advertised the time, place and terms of sale not less than once a week for three (3) consecutive weeks in a newspaper having general circulation in the city or county in which the Project, or any portion thereof, lies. In the event of any such sale, the Lender may bid for and purchase the Project (or such portion thereof as may be offered for sale) and shall be entitled to apply all or any part of the amount secured by this Deed of Trust as a credit to the purchase price. At any foreclosure sale, such portion of the Project as is offered for sale may, at the Lender's option, be offered for sale for one total price, and the proceeds of such sale accounted for in one account without distinction between the items of security and without assigning to them any proportion of such proceeds, the Grantor hereby waiving the application of any doctrine of marshaling. It is mutually agreed that commercial reasonableness and good faith require Lender to give the Grantor no less than ten (10) days prior written notice by certified or registered mail, including a copy of the advertisement described above, of the time and place of any public disposition of any UCC Property or of the time after which any private disposition or any other intended disposition is to be made. It is mutually agreed that it is commercially reasonable for Lender to disclaim all warranties which arise with respect to the disposition of the UCC Property. Nothing in this Deed of Trust shall be deemed to limit the Lender's right or ability to foreclose on the Project, or any part thereof, or to exercise any of its rights or remedies under the Financing Documents.

Section 5.9. **No Reinstatement.** If an Event of Default shall have occurred beyond any applicable notice or cure periods, if any, and the Lender or the Trustees shall have commenced to exercise any of the remedies permitted hereunder, or under applicable law, then a tender of payment by the Grantor or by anyone on behalf of the Grantor of the amount necessary to cure such Event of Default, or the acceptance by the Lender of any such payment so tendered, shall not, without the prior written consent of the Lender, constitute a reinstatement of the Note or this Deed of Trust.

Section 5.10. Indemnification by Grantor. The Grantor shall, to the extent allowed by law, indemnify and save harmless the Lender and the Trustees from and against all liabilities, claims, demands, damages, penalties, suits, actions, fines, losses, costs and expenses (including, without limitation, attorney's fees) arising from (a) any personal injury or damage to property occurring on or about the Project, (b) the breach by the Grantor of any of its obligations under this Deed of Trust (including, without limitation, the Grantor's covenants in Section 3.16 of this Deed of Trust), or (c) the exercise and performance by the Lender or the Trustees of their powers and duties under this Deed of Trust and the other Financing Documents and, in the case of the Trustees, as a result of their serving in such capacity hereunder; provided, however, that the Grantor shall not be required to indemnify the Lender or the Trustees against acts that are the result of their respective willful misconduct or negligence. If any action, suit or proceeding is brought against the Lender or the Trustees for which the Grantor is required to provide indemnification under this Section, the Grantor, upon request and at its expense, shall defend such action, suit or proceeding, or cause the same to be defended, by counsel designated by the Lender or by counsel designated by an insurance company if such insurance company undertakes such defense pursuant to any applicable policy of insurance. The obligations of the Grantor under this Section shall survive payment of the Note, the payment of the other Obligations, and/or acquisition by the Lender of the Project or any portion thereof at foreclosure or by deed in lieu of foreclosure; provided, however, that such indemnification shall not extend to causes of action arising after the transfer of title to the Project to the Lender or to a purchaser at foreclosure.

Section 5.11. Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Lender or the Trustees by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the other Financing Documents or now or hereafter existing at law or in equity, including, without limitation, any rights and remedies provided under the UCC.

Section 5.12. **Waiver Relating to Remedies.** The Grantor (a) hereby waives, to the fullest extent permitted by law, any requirement that the Lender or the Trustees present evidence or otherwise proceed before any court, clerk or other judicial or quasi-judicial body before exercising the power of sale contained in this Deed of Trust and (b) agrees that, upon the occurrence of an Event of Default, neither the Grantor nor anyone claiming through or under the Grantor will seek to take advantage of any moratorium, reinstatement, forbearance, appraisement, valuation, stay, extension, homestead exemption or redemption law now or hereafter in force in order to prevent or hinder the enforcement of the provisions of this Deed of Trust and hereby waives the benefit of all such laws to the fullest extent that it may lawfully do so.

Section 5.13. Anti-Marshalling Provision. The Grantor hereby grants to the Trustees and to the Lender the right to make one or more partial releases of the Security Property from the lien of this Deed of Trust (whether or not such releases are required by agreement among the parties) agreeable to the Lender without notice to, or the consent, approval or agreement of other parties and interests, including, without limitation, junior lienors, if any, and purchasers subject to the lien of this Deed of Trust, which partial releases shall not impair in any manner the validity or priority of this Deed of Trust on the Security Property remaining encumbered hereunder. Notwithstanding the existence of any other liens or security interests on or in the Security Property, the Lender shall have the right to determine the order in which any or all of the Security Property shall be subjected to the remedies provided herein. The Lender shall have the right to determine the order in which any or all portions of the Obligations are satisfied from the proceeds realized upon the exercise of the remedies provided herein. The Grantor and all other Persons liable with respect to any of the Obligations waive any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

Section 5.14. Costs Incurred by Lender and Trustee. Any and all costs and fees (including, without limitation, reasonable attorney's fees) incurred by the Lender and the Trustees in exercising their rights and remedies under this Article V, including, without limitation, the costs of the inspections, appraisals and environmental audits set forth in this Deed of Trust, together with interest thereon until paid, at the Advance Rate, shall be payable by the Grantor on demand and shall be secured by this Deed of Trust.

Section 5.15. Default for Lessor's Failure to Pay Taxes. Notwithstanding anything to the contrary in this Deed of Trust, if a lessor under any Lease applicable to the Property is obligated to pay the real estate taxes on the Property, whether or not the Property is separately assessed for tax purposes, the Grantor shall deliver evidence of the payment of such real estate taxes to the Lender within thirty (30) days after the due date thereof. If the Grantor determines that such real estate taxes have not been paid, Grantor shall (i) if the Property is separately assessed for tax purposes, immediately pay the real estate taxes, or (ii) if the Property is not separately assessed for tax purposes, use commercially reasonable efforts to cause the real estate taxes to be apportioned and thereafter pay the portion of real estate taxes allocated to the Property. Notwithstanding the foregoing, it shall immediately be an Event of Default under this Deed of Trust any time that (i) the Grantor is in default under any ground lease applicable to the Property, or (ii) a lien is filed against the Property and such lien is not satisfied, insured over or otherwise released of record to the Lender's satisfaction within thirty (30) days of the filing of such lien.

ARTICLE VI
THE TRUSTEES

Section 6.1. **Any Trustee May Act; Substitution Permitted.** The powers of the Trustees may be exercised by either Trustee or by any successor trustee or trustees with the same effect as if exercised jointly by both of them. The Grantor hereby grants to the Lender, in its sole discretion, the right and power to appoint a substitute trustee or trustees for any reason whatsoever. Such substitution shall be made by an instrument duly executed and acknowledged and recorded where this Deed of Trust is recorded.

Section 6.2. Compensation and Expenses. The Grantor shall pay the Trustees just compensation, not to exceed the amounts permitted by Section 55.1-324 of the Code of Virginia (1950), as amended, for any and all services performed and all their expenses, charges, reasonable counsel fees and other obligations incurred in the administration and execution of the trusts hereby created and the performance of their duties and powers hereunder, which compensation, expenses, fees and disbursements shall constitute a part of the Obligations and shall be secured by this Deed of Trust.

Section 6.3. **<u>Performance of Duties; Liability</u>.** The Trustees shall perform and fulfill faithfully their obligations hereunder, but they shall be under no duty to act until they receive notice of the occurrence of an Event of Default from the Lender and arrangements have been made that are satisfactory to them for the indemnification to which they are entitled, the payment of their compensation and the reimbursement of any expenses that they may incur in the performance of their duties. They shall have no liability for their acts unless they are guilty of willful misconduct or gross negligence.

ARTICLE VII
MISCELLANEOUS

Section 7.1. **<u>Successors and Assigns</u>.** This Deed of Trust shall inure to the benefit of and be binding on the parties hereto and their respective heirs, personal representatives, successors and assigns.

Section 7.2. **<u>Severability</u>.** If any provision of this Deed of Trust, or the application thereof in any circumstance, is deemed to be unenforceable, the remainder shall not be affected thereby and shall remain enforceable.

Section 7.3. **<u>Applicable Law</u>**. This Deed of Trust and the obligations arising hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 7.4. **<u>Notices, Demands and Requests</u>.** All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be deemed to have been given when delivered in person, three business days after being sent by registered or certified mail, postage prepaid, return receipt requested, or the next business day if sent by overnight delivery, to the person and at the addresses set forth below or to such other Persons or addresses as the party entitled to notice shall have specified in writing to the other parties hereto from time to time, subject to Section 55.1-318 of the Code of Virginia (1950), as amended.

(a) To the Lender: Virginia Small Business Financing Authority
21278 Foothills Trail
Bristol, Virginia 24202
Attn: Linda Kay Tackett

With a copy to: Jesse Bausch, Esquire
Sands Anderson PC
919 E. Main Street, Suite 2300
Richmond, Virginia 23219

(b) To the Grantor: Danville-Pittsylvania Regional Industrial Facility Authority
427 Patton Street
P. O. Box 3300
Danville, Virginia 24543
Attn: Chairman

With a copy to: Michael C. Guanzon
Christian & Barton, LLP
901 E. Cary Street, Suite 1800
Richmond, Virginia 23219

Section 7.5. Approvals and Consents. All approvals and consents required or permitted by this Deed of Trust shall be in writing, shall be signed by the party from whom the consent or approval is sought and, unless otherwise provided herein, may be withheld by such party in its sole discretion.

Section 7.6. Amendments. This Deed of Trust may be amended, supplemented or terminated only in writing, signed by all of the parties hereto.

Section 7.7. No Partnership. Nothing in this Deed of Trust shall be construed as making any party a partner or joint venturer with any other party.

Section 7.8. Renewal or Extension. The Grantor hereby agrees that, without in any way affecting its responsibility or that of any of the other Obligors, whether as surety or otherwise, (a) the Obligations, or any part thereof, may be supplemented, modified, renewed or extended beyond maturity as often as may be desired by agreement between the Lender and any Obligor or between the Lender and any subsequent owner of the Property, (b) the Lender may release any Obligor from the Obligations and (c) the Lender may permit the substitution, exchange or release of any of the Security Property. The Grantor further waives any right the Grantor may have to require the Lender to proceed against any other Person or foreclose on any collateral given to secure the payment of any of the Obligations before exercising any other remedies herein granted to the Lender.

Section 7.9. Failure to Exercise Rights. The failure of the Lender or the Trustees to exercise any right, power or remedy available to them upon the occurrence of a Default or Event of Default shall not be deemed a waiver of the right to exercise such right, power or remedy upon the occurrence of a subsequent Default or Event of Default.

Section 7.10. Release. Upon payment and performance of all of the Obligations, the Trustees or the Lender shall, at the Grantor's expense, release the lien of this Deed of Trust.

Section 7.11. Venue. The Grantor agrees to submit to the jurisdiction of the state court located in Danville, Virginia, or the United States District Court for the Western District of Virginia (Danville Division) and the courts of the jurisdiction in which the Property is located.

NOTICE: THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF ANY PORTION OF THE FEE TITLE TO THE REAL PROPERTY DESCRIBED ON EXHIBIT A HERETO. SEE SPECIFIC COVENANTS CONTAINED IN THIS DEED OF TRUST FOR PARTICULARS.

[*Signatures on the following page.*]

[*Signature Page to Credit Line Deed of Trust and Security Agreement*]

WITNESS the following signature duly authorized and sealed:

GRANTOR:

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia

By: ______________________________________

Name: ____________________________________

Title: _____________________________________

STATE OF ________________________
CITY/COUNTY OF _________________, to-wit:

The foregoing Credit Line Deed of Trust and Security Agreement was acknowledged before me this ____ day of _____________, 2025 by _____________, as Chairman of the Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia, on its behalf.

(SEAL)

____
Notary Public

My Commission expires: _______________
Registration No: ______________________

EXHIBIT A

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “Agreement”) is made as of [__________], 2025, by **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY,** a political subdivision of the Commonwealth of Virginia (“Borrower”), whose address is 427 Patton Street, Danville, Virginia 24541, in favor of the **Virginia Small Business Financing Authority** (“Lender”), a public body corporate and a political subdivision of the Commonwealth of Virginia, whose address is P.O. Box 446, Richmond, Virginia 23218-0446.

FOR and in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of loans or other financial accommodations extended or to be extended by Lender to Borrower, Borrower agrees for the benefit of Lender as follows:

SECURITY INTEREST. Borrower grants to Lender a security interest in the following property:

All goods, furniture, fixtures and equipment purchased with the proceeds of loans from Lender to Borrower or otherwise financed by Lender in connection with the Loan Documents (as defined below), including all parts, replacements, substitutions, profits, products, accessions and supporting obligations of any of the foregoing; whether now owned or hereafter acquired or arising, and all Revenues (as defined in the Loan Agreement referred to below), together with all substitutions and replacements for such property; all property now or later installed in, attached to or used in connection with such property; all proceeds (cash and non-cash proceeds and including insurance proceeds payable by reason of loss or damage thereto) of such property (this is not an authorization to sell, lease or otherwise dispose of such property); and all written or electronically recorded books and records relating to any such property and other rights relating thereto.

Borrower grants to Lender a security interest in all rights to which Borrower may now or in the future become entitled by virtue of owning the property described above, including without limitation income, interest, dividends of any type, additional securities as proceeds from a stock split or dividend (which Borrower will promptly deliver to Lender) and rights to acquire additional stock or other property. All of the property in which Lender is granted a security interest is referred to as “**Collateral**”.

OBLIGATIONS SECURED. Borrower gives Lender a security interest in the Collateral to secure the payment of the following (the “**Secured Debt**”):

Obligations Evidenced by Loan Agreement. All indebtedness, liabilities and obligations of Borrower (or any one of them, if more than one) to Lender of every kind and description, whether direct, indirect or contingent, whether now existing or hereafter arising or incurred, due or to become due, whether otherwise secured or unsecured and evidenced by Borrower’s promissory note or notes payable to Lender pursuant to the Loan Agreement dated as of even date herewith between Lender and Borrower providing for credit facilities to Borrower in the aggregate principal amount of $1,895,000 (together with any amendments, renewals, extensions, substitutions and modifications thereof, the "Loan Agreement"), and includes any and all advances, debts, obligations and liabilities of Borrower heretofore, now or hereafter made, incurred or created, due under or with respect to the Loan Documents, and whether Borrower may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable, whether matured or unmatured, absolute or contingent. This includes the performance of this Agreement, all expenditures by Lender for maintenance and preservation of Collateral, and all costs and expenses incurred by Lender in the collection and enforcement of any obligations of Borrower to Lender.

This Agreement and all other documents or agreements relating to or otherwise evidencing or securing the Secured Debt, including the Loan Agreement and the Borrower's promissory note are hereinafter collectively referred to as the "Loan Documents."

BORROWER WARRANTS AND AGREES:

Location of the Collateral. Except for sales of inventory in good faith in the ordinary course of business, Borrower will not permit the equipment which is Collateral to be taken outside of Virginia (except temporarily in its normal use) or permit the permanent location of the Collateral to be changed without Lender's prior written permission.

Ownership. Borrower is now, or will become, the sole Borrower of the Collateral with good and marketable title to the same and absolute right to grant a security interest in or assign all of the same to Lender. The Collateral is free from any prior lien, security interests or interest of any other person, except as described in the Loan Agreement. Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the Collateral or any interest in the Collateral.

Financing Statements and Other Documents. No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office, except as disclosed to Lender in writing or except as otherwise set forth in the Loan Agreement. Borrower authorizes Lender to file such financing statements or other documents which Lender believes are appropriate to create, preserve, perfect or validate its security interest in the Collateral or to enable Lender to exercise or enforce its rights with respect to such security interest. Borrower will reimburse Lender for all expenses incurred in the filing of such financing statements and other documents and for filing termination statements or other releases.

Encumbrance or Sale of Collateral. Until this Agreement is terminated by Lender or unless authorized elsewhere in this Agreement with respect to inventory, Borrower will not, without Lender's prior written consent, sell, offer to sell, lease, give away or otherwise dispose of, transfer or encumber any of the Collateral, except as otherwise set forth in the Loan Agreement or this Agreement. The proceeds of any such disposition shall be given to Lender immediately in the form received; however, doing so will not preclude Lender from exercising any other default rights Lender deems appropriate.

Change of Name. Borrower agrees that it will not change its name, or, if Borrower is an organization, its name, identity or organizational structure (except as permitted in the Loan Agreement), without giving Lender at least 30 days' prior written notice.

Representations. The name and address of Borrower as shown on Exhibit B are Borrower's exact legal name and the address of its chief executive office. There has been no change in the name of Borrower, or the name under which Borrower conducts business, within the five years preceding the date hereof except as shown on Exhibit B. Borrower has not moved its chief executive office within the five years preceding the date hereof except as shown on Exhibit B. Borrower is organized under the laws of the of the jurisdiction shown on Exhibit B and has not changed the jurisdiction of its organization within the five years preceding the date hereof except as shown on Exhibit B.

Use and Preservation. Borrower will: keep the Collateral repaired and in good condition; use the Collateral for its intended use in a normal fashion and not use it for any illegal purpose; maintain the Collateral in compliance with all laws, regulations, codes and safe practices (whether environmental, fire, safety, reclamation or otherwise); not use the Collateral for hire without Lender's prior written permission; notify Lender immediately if the Collateral is stolen, lost or damaged in any material way; and allow Lender to inspect the Collateral at any reasonable time. Borrower will do everything necessary to maintain all of its rights against other parties liable with respect to any of the Collateral.

Lender will not be bound to take any action to maintain Borrower's rights against other parties or to collect or enforce any obligations owed to Borrower, even if Lender is holding the Collateral. Lender will not be (i) responsible for discovering or informing Borrower of any changes in value, maturities, calls, conversions, exchanges, tenders or similar matters relating to any of the Collateral; or (ii) under any duty or obligation whatsoever to make or give to Borrower or to any other person any presentments, demands for performance, notices of non-performance, protests, notices of protest or notices of dishonor in connection with any of the Collateral or any notes or other evidences of indebtedness which constitute any part of the Secured Debt. Lender shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in Lender's possession if it takes such action for that purpose as Borrower may reasonably request in writing, but no omission to take any action not requested by Borrower shall be deemed a failure to exercise reasonable care and no omission to comply with any request of Borrower (including without limitation to sell any Collateral) shall of itself be deemed a failure to exercise reasonable care of the Collateral. Even after taking possession of any Collateral, Lender shall not in any way assume any liability of Borrower for compliance with any laws, regulations, codes or safe practices and in all such respects shall act only as Borrower's agent.

Insurance and Taxes. Borrower will pay promptly when due all taxes, charges, liens and assessments against the Collateral, except to the extent such amounts are contested in good faith and Borrower has set aside adequate reserves therefor; provided, further that, in any event, payment of any such tax, assessment, charge, lien or claim shall be made before any of its property shall be seized or sold in satisfaction thereof. Upon the failure of Borrower to do so, Lender, at its option may pay any of them and shall be the sole judge of their legality or validity and the amount necessary to discharge them.

Borrower will keep all tangible Collateral fully insured at all times against loss and damage and such other risks as Lender may require. All such insurance policies shall (i) have a standard lender loss payable endorsement in favor of Lender, (ii) be issued by an insurer acceptable to Lender, (iii) provide for at least 10 days' prior notice to Lender of cancellation and (iv) contain terms including coverage satisfactory to Lender. Borrower will provide evidence of insurance (or deliver the policies, if requested) to Lender promptly. If Lender cannot assure itself promptly upon reasonable inquiry that the required insurance coverage exists, Lender may obtain insurance protecting solely its own interest. Borrower gives Lender a security interest in the insurance proceeds and any unearned premiums which Borrower will have made payable to Lender. Lender may act on behalf of Borrower in obtaining, adjusting, settling and canceling any insurance, and may receive payment of and endorse in the name of Borrower payable to Lender any checks or drafts in payment of any insurance proceeds or refund of any premium and apply such amounts in any manner to repay the Secured Debt.

Maintenance of Records. Borrower will maintain at its expense complete and current records, in such form and detail as Lender may reasonably require, of all Collateral, including, but not limited to: (a) if the Collateral includes inventory, records of all shipments received, deliveries made, accounts arising from sale of the same and other dealings therewith; and (b) if the Collateral includes accounts, records of all payments received, credits granted thereon, or merchandise returned. Borrower will protect such records, in a manner satisfactory to Lender, against fire, theft, loss of any kind. If requested by Lender, Borrower will maintain duplicate back-up records maintained on separate premises. Upon request, Borrower will provide Lender with written reports of the status of the Collateral with such frequency, as of such dates and in such form and detail as Lender may reasonable direct.

Inspection of Collateral and Delivery of Records. Lender or its agent may, at any reasonable time, inspect the Collateral (including without limitation accounts, notes and chattel paper) and the books and records of Borrower pertaining to the Collateral. For the further security of Lender, Lender shall have a security interest in all books and records of Borrower pertaining to accounts (including chattel paper) and Borrower shall, at its own expense, deliver any such accounts (including chattel paper), books and records to Lender or any designated agent of Lender at any time upon request. Upon request, Borrower will stamp all chattel paper hereby assigned in a form and manner satisfactory to Lender with an appropriate reference to the effect that the chattel paper has been assigned to Lender, and Borrower will similarly stamp its account ledgers and other books and records pertaining to the assigned accounts.

Enforcement, Collection and Application of Collateral and Proceeds. Borrower is authorized and agrees to enforce and collect all accounts (including leases), instruments, securities and other obligations or rights to receive payment given as Collateral or received as proceeds of Collateral, but Lender may, without cause or notice, curtail or terminate such authority at any time. Borrower shall remain liable to observe and perform all the covenants under any agreement constituting or relating to any Collateral. Under no circumstances shall Lender be required or obligated in any manner to perform any of the obligations of Borrower pursuant or related to any Collateral.

At any time, and from time to time, whether before or after Default occurs, without notice, and at the expense of Borrower, Lender, in its name or in the name of its nominee or of Borrower, is authorized to, but shall not be obligated to: (a) notify the obligors on any Collateral of the security interest and assignment created by this Agreement; (b) notify the obligors on any Collateral to make payment directly to Lender of any accounts, rents, dividends, interest, principal payments and other sums now or hereafter payable in connection with the Collateral; (c) collect the same by legal proceedings or otherwise, and perform any contract, lease, obligation or other undertaking constituting or relating to any Collateral; and (e) apply the net amount received from the collection of any Collateral to reduce the outstanding balance of the Secured Debt.

Performance by Lender. If Borrower fails to do anything it has agreed to do in this Agreement, or if Lender believes the Collateral or Lender's interest in the Collateral is in jeopardy, Lender may remedy Borrower's failure or to protect the Collateral or Lender's interest in the Collateral. All advances, charges, insurance premiums, costs and expenses, including reasonable attorneys' fees, incurred or paid by Lender by exercising or protecting any right, power or remedy conferred under this Agreement or by law, or in the enforcement thereof, shall become part of the Secured Debt and shall be paid by Borrower to Lender immediately and without demand, with interest at the highest rate provided for in the Loan Agreement.

Default. Each of the following is an event of default ("Default"): (a) Borrower's failure to perform its obligations hereunder or any of the Loan Documents or (b) the occurrence of a Default under (and as defined in) the Loan Agreement, which continues beyond any applicable grace, notice and/or cure period.

Default Rights. Upon the occurrence of any Default and at any time thereafter, the license granted to Borrower to collect all Revenues shall be automatically and immediately revoked without further notice to or demand upon Borrower, and Lender may, without prior notice, hearing or judicial process, at the same or different times, and in any order and as frequently as Lender desires: (a) declare all or any portion of the Secured Debt immediately due and payable and proceed to enforce payment; (b) repossess any of the Collateral or render it unusable; (c) cause any Collateral to be transferred to Lender's name or the name of its nominee or any other person; (d) exercise as to any Collateral all the rights, powers and remedies of any Borrower (including without limitation to process the Collateral, to vote the Collateral, to enter into any extension, reorganization, deposit, merger or consolidation agreement or any agreement otherwise relating to or affecting the Collateral, and in connection therewith, Lender may deposit or surrender control of such Collateral thereunder, accept other property in exchange for such Collateral and do and perform such acts and things as Lender may deem proper); (e) exercise any and all of the rights and remedies provided by the UCC as well as all other rights and remedies possessed by Lender under this Agreement or otherwise. Lender or its agents may enter on or into any property where the Collateral is located without giving notice to anyone and without resort to judicial process for the purpose of repossessing the Collateral. If requested by Lender, Borrower will assemble the Collateral and make it available to Lender at a place chosen by Lender that is reasonably convenient to both Lender and Borrower.

Lender may sell, transfer, lease or otherwise dispose of any of the Collateral and apply the proceeds to pay any of the Secured Debt in any way Lender sees fit. Lender does not have to take action against any other person or property before using the Collateral to satisfy the Secured Debt. If notice is required by law, Borrower agrees that reasonable notice is given if mailed to Borrower's last address on Lender's records, or given in any other reasonable manner, at least ten (10) days in advance. Any collection costs, reasonable attorneys' fees and costs for repossessing, storing, preparing, processing and disposing of any Collateral will become part of the Secured Debt.

Miscellaneous. Each and every right granted to Lender under this or any other agreement, or allowed to Lender by law or equity, shall be cumulative and may be exercised from time to time, at the same or different times, and in any order Lender desires. No failure of Lender to exercise and no delay in exercising, any right shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right preclude any other or future exercise thereof or in the exercise of any other right. The security interest, rights and remedies granted to Lender under this Agreement are in addition to any other rights or other remedies which Borrower has granted or may in the future grant to Lender by any other instrument or through the delivery of any paper or other Collateral. The terms of this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of Borrower and Lender. No part of this Agreement will be affected because any other part is unenforceable. All of the terms used in this Agreement, which are defined in the Virginia Uniform Commercial Code ("UCC"), shall have the same meaning herein as in the UCC. This Agreement is governed and shall be construed in accordance with Virginia Law. No agreements with respect to this Agreement or any Collateral, and no change in terms or conditions shall be binding on Lender unless the change is in writing and signed by an officer of Lender who is authorized to approve such a change.

Jurisdiction, Venue, Waiver of Jury Trial and Limitation of Damages.

Jurisdiction; Venue. The forum having the proper jurisdiction and venue to adjudicate any claim, dispute or default which may arise out of the execution and delivery of this Agreement and the performance of the Borrower's obligations hereunder shall be the Circuit Court of the City of Richmond, Virginia, and the proper appellate courts of the Commonwealth of Virginia, unless Lender in its sole discretion chooses to bring suit on its own behalf in some other court of competent jurisdiction. Borrower expressly submits and consents to such jurisdiction and venue and specifically waives any and all rights it may have to contest the jurisdiction and/or venue of the above-mentioned forums and to demand any other forums.

WAIVER OF JURY TRIAL. BORROWER BY EXECUTION HEREOF AND LENDER BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO ACCEPT THIS AGREEMENT.

BORROWER AND LENDER AGREE THAT THEY SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE HEREUNDER.

[signature page follows]

Witness the following signature as of the date first written above:

DANVILLE-PITTSYLVANIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY
a political subdivision of the Commonwealth of Virginia

By: ______________________________________(SEAL)
Name:
Title:

[signature page to Security Agreement]

EXHIBIT A

Identification of Equipment

All goods, furniture, fixtures and equipment purchased with the proceeds of loans from Lender to Borrower or otherwise financed by Lender in connection with the Loan Documents (as defined above) including all replacements, substitutions, parts, improvements, repairs, and accessories and all additions incorporated therein or affixed thereto.

EXHIBIT B

Additional Representations and Warranties

(1) The exact name of Debtor is: **Danville-Pittsylvania Regional Industrial Facility Authority.** The Debtor has not used any other name within the previous ten (10) years.

(2) Debtor is organized under the laws of **Virginia**.

(3) Debtor uses in its business and owns the following trade names:

NONE

(4) The chief executive office of Debtor is:

427 Patton Street, Danville, Virginia 24541

(5) The mailing address of Debtor is:

427 Patton Street, Danville, Virginia 24541

(6) Debtor owns or has an interest in personal property located elsewhere at

(7) Debtor's Federal Employer Identification Number is:

[___________]

INSTRUMENT PREPARED BY
Sands Anderson PC
919 E. Main Street, Suite 2300
Richmond, Virginia 23219

Tax Parcel Number: 1366-12-5834

Notice to Clerk: This instrument is exempt from recording costs pursuant to §58.1-809 of the Code of Virginia (1950), as amended)

ASSIGNMENT AGREEMENT

ASSIGNMENT AGREEMENT (together with any amendments or modifications hereto in effect from time to time, the **"Assignment"**) dated as of February [__], 2025, between **Danville-Pittsylvania Regional Industrial Facility Authority**, a political subdivision of the Commonwealth of Virginia whose address is 427 Patton Street, Danville, Virginia 24541 **("Assignor")**, to be indexed as Grantors, and **Virginia Small Business Financing Authority**, a political subdivision of the Commonwealth of Virginia **("Assignee")**, to be indexed as Grantee.

W I T N E S S E T H:

WHEREAS, the Assignor and the Assignee have entered into a Loan Agreement dated as of the date hereof **(**the **"Loan Agreement")**, which provides for the issuance of the Assignor's not to exceed $1,895,000 Promissory Note **(**the **"Note")** payable from (a) Support Agreement Revenues (as defined herein), and (b) the security of the Deed of Trust (as hereafter defined) executed by the Assignor for the benefit of the Assignee;

WHEREAS, the proceeds of the Note will be used to finance certain cost of construction of the Project;

WHEREAS, the Assignor and the County of Pittsylvania, Virginia **(the "County")** have entered into a Moral Obligation Support Agreement of the County of Pittsylvania, Virginia dated as of February [__], 2025 **(**the **"County Support Agreement")** whereby the County pledges to consider appropriations to the Assignor **(**the **"County Support Agreement Revenues")** should the Lessee fail to pay rent sufficient to provide for the payment by the Authority of debt service under the Note, which Support Agreement Revenues, if any, shall be payments received by the Authority in connection with a loan of the Authority and revenues and receipts of the Project.

WHEREAS, the Assignor and the City of Danville, Virginia **(the "City")** have entered into a Moral Obligation Support Agreement of the City of Danville, Virginia dated as of February [__], 2025 **(**the **"City Support Agreement" collectively, with the County Support Agreement, the "Support Agreements")** whereby the City pledges to consider appropriations to the Assignor **(**the **"City Support Agreement Revenues" collectively, with the County Support Agreement Revenues, the "Support Agreement Revenues")** should the Lessee fail to pay rent sufficient to provide for the payment by the Authority of debt service under the Note, which Support Agreement Revenues, if any, shall be payments received by the Authority in connection with a loan of the Authority and revenues and receipts of the Project.

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

1. GRANT OF ASSIGNMENT. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged Assignor hereby absolutely and presently conveys, transfers and assigns to Assignee, all of the right, title, and interest of Assignor now existing or hereafter arising in and to:

1.1. All leases, subleases, tenancies, licenses, occupancy agreements or agreements to lease all or any portion of the property described on **Exhibit "A"** attached hereto (the **"Property"**), together with any extensions, renewals, amendments, modifications or replacements thereof, and any options, rights of first refusal or guarantees of any tenant's obligations under any such lease now or hereafter in effect (individually, a **"Lease"** and collectively, the **"Leases"**);

1.2. All rents, income, receipts, revenues, reserves, issues and profits arising under any Lease including, without limitation, minimum rents, additional rents, percentage rents, parking, maintenance and deficiency rents (together with the items described in sections 1.3, 1.4. and 1.5. below, the **"Rents"**);

1.3. All awards and payments of any kind derived from or relating to any Lease including, without limitation: (i) claims for the recovery of damages to the Property by proceeds of any policy of insurance or otherwise, or for the abatement of any nuisance existing thereon; (ii) claims for damages resulting from acts of insolvency or bankruptcy or otherwise; (iii) lump sum payments for the cancellation or termination of any Lease, the waiver of any term thereof, or the exercise of any right of first refusal or option to purchase; and (iv) the return of any insurance premiums or ad valorem tax payments made in advance and subsequently refunded;

1.4. The proceeds of any rental or loss of rents insurance carried by Assignor on the Property;

1.5. All security deposits and escrow accounts made by any tenant or subtenant under any Lease; and

1.6. All rights, interest and privileges which Assignor has and may have in the Support Agreement Revenues, if any.

2. ABSOLUTE ASSIGNMENT; LICENSE TO COLLECT.

2.1. This Assignment is intended to be and shall constitute an unconditional, absolute and present assignment from Assignor to Assignee of all of Assignor's right, title and interest in and to the Leases and Rents (subject to Section 6 hereof), and not an assignment in the nature of a pledge of such Leases and Rents or the mere grant of a security interest therein, except that in accordance with Section 2.2-4902.1 of the Code of Virginia (1950), as amended, this Assignment shall constitute a pledge to the Assignee of Rents and Support Agreement Revenues. This Assignment constitutes an instrument granting, transferring or assigning the interest of Assignor in leases, rents or profits arising from real property, as contemplated by Section 55.1-1403 of the Code of Virginia (1950), as amended, which grant, transfer or assignment shall be fully perfected upon the recordation of this Assignment.

2.2. Notwithstanding that this Assignment is effective immediately, so long as no Event of Default (as defined below) exits, Assignor shall have the privilege under a revocable license granted hereby to operate and manage the Property and to collect, as they become due, but not prior to accrual, the Rents. Assignor shall receive and hold such Rents, as well as the privilege and license to receive such Rents, in trust as a fund to be applied, and Assignor hereby covenants and agrees that such Rents shall be so applied, first to the operation, maintenance and repair of the Property and the payment of interest, principal and other sums becoming due under the Liabilities, before retaining and/or disbursing any part of the Rents for any other purpose. The Assignee acknowledges that Assignor's receipt of Support Agreement Revenues, if any, is contingent on specific action and appropriation by the Board of Supervisors of the County and the City Council of the City.

3. CERTAIN DEFINED TERMS. As used in this Assignment:

3.1. **"Deed of Trust"** means that certain Deed of Trust of even date herewith from Assignor to Assignee encumbering the Property and securing the Note.

3.2. **"Loan Documents"** shall have the meaning set forth in the Loan Agreement. The terms of the Loan Documents are hereby made a part of this Assignment to the same extent and with the same effect as if fully set forth herein.

3.3. **"Liabilities"** means, collectively: (i) the repayment of all sums due under the Note (and all extensions, renewals, replacements and amendments thereof) and the other Loan Documents; (ii) the performance of all terms, conditions and covenants set forth in the Loan Documents; (iii) the repayment of all reimbursement obligations due or that may become due under or in connection with any present or future letters of credit issued by Assignee for the account of Assignor; and (iv) all other obligations or indebtedness of Assignor to Assignee whenever borrowed or incurred, including without limitation, principal, interest, fees, late charges and expenses, including attorneys' fees.

3.4. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Loan Documents.

4. REPRESENTATIONS AND WARRANTIES. Assignor represents and warrants to Assignee as follows: (i) Assignor has title to and full right to assign presently, absolutely and unconditionally the Leases and the Rents thereunder; (ii) no other assignment of any interest in any of the Leases or Rents has been made; (iii) there are no leases or agreements to lease all or any portion of the Property now in effect except the Leases, true and complete copies of which have been furnished to Assignee, and no written or oral modifications have been made thereto; (iv) there is no existing default by Assignor or by any tenant under any of the Leases, nor has any event occurred which due to the passage of time, the giving or failure to give notice, or both, would constitute a default under any of the Leases and, to the best of Assignor's knowledge, no tenant has any defenses, set-offs or counterclaims against Assignor; (v) the Leases are in full force and effect; (vi) Assignor has not done anything which might prevent Assignee from or limit Assignee in operating under or exercising the rights granted to Assignee by this Assignment; (vii) Assignor has not accepted Rent under any Lease more than thirty (30) days in advance of its accrual, and payment thereof has not otherwise been forgiven, discounted or compromised; and (viii) Assignor has not received any funds or deposits from any tenant except as expressly provided for in a Lease.

5. <u>COVENANTS</u>.

5.1. Assignor covenants and agrees that Assignor will perform all of its obligations, as landlord, under the Leases and will enforce the performance by tenants of all of their respective obligations under the Leases and will not do or permit to be done anything to impair the enforceability thereof. Assignor covenants and agrees that Assignor will not, without the prior written consent of Assignee in each instance: (i) accept or collect the Rent under any Lease more than one month in advance of the due date thereof; (ii) discount, forgive, encumber or assign the Rents or any part thereof or any Lease or any interest therein; (iii) modify the terms of any Lease; (iv) subordinate any Lease to any Deed of Trust or other encumbrance; (v) consent to any assignment of or subletting under any Lease; (vi) cancel or terminate any Lease or accept a surrender thereof; (vii) release any guarantor or surety of any tenant's obligations under any of the Leases; or (viii) enter into any Lease subsequent to the date hereof. Any of the foregoing acts, if done without the prior written consent of Assignee in each instance, shall be null and void.

5.2. Assignor covenants and agrees to furnish to Assignee, on request: (i) a complete list, as of the date of such request, of all existing Leases and the Rents payable thereunder, and providing such further detail as Assignee may request; (ii) executed or certified copies of all existing Leases and any modifications or amendments thereto; and (iii) specific, separate assignments of any future Leases duly executed and acknowledged by Assignee.

6. <u>NO OBLIGATIONS OF ASSIGNEE</u>.

6.1. Notwithstanding any legal presumption to the contrary, Assignee shall not be obligated by reason of its acceptance of this Assignment or of any Rent to perform any obligation of Assignor under any of the Leases, and Assignee shall not, prior to entry upon and actually taking physical possession of the Property, be deemed a trustee in possession.

6.2. Neither this Assignment nor collection by Assignee of Rents is not intended, nor shall it be construed, to operate to place responsibility upon Assignee for: (i) the control, care, operation, management or repair of the Property; (ii) the performance of any of the terms or conditions of the Leases; (iii) any waste committed on, or any dangerous or defective condition at the Property; or (iv) any negligence in the control, care, operation, management or repair of the Property, resulting in loss or injury or death to any tenant, licensee, employee or other person or loss of or damage to the property of any of the foregoing; it being the intent of the parties that the responsibility and liability for the aforesaid matters shall remain solely with Assignor. Assignee assumes no liability for any security deposited with Assignor by any tenant unless and until such deposits are specifically transferred and delivered to Assignee.

7. <u>EVENTS OF DEFAULT</u>. Each of the following shall constitute a default (each, an **"Event of Default"**) hereunder:

7.1. Any representation or warranty made by Assignor in this Assignment shall prove to be false, incorrect or misleading in any material respect as of the date when made;

7.2. A breach by Assignor of any term, covenant, condition, obligation or agreement under this Assignment;

7.3. A default by Assignor under any of the Leases, which is not cured within any applicable grace or cure period; or

7.4. An Event of Default under the Loan Agreement or any of the other Loan Documents, which is not cured within any applicable grace or cure period.

8. <u>REMEDIES UPON AN EVENT OF DEFAULT</u>. Upon the occurrence of an Event of Default, the license granted to Assignor to collect the Rents shall be automatically and immediately revoked without further notice to or demand upon Assignor, and Assignee shall have the right, without further notice to or demand upon Assignor, and in Assignee's absolute discretion, to exercise any one or more of the following rights and remedies:

8.1. Without regard to the adequacy of any security, and with or without appointment of a receiver, Assignee may enter upon and take possession of the Property; have, hold, manage, lease and operate the same, and collect, in its own name or in the name of Assignor, and receive all Rents accrued but unpaid and in arrears as of the date of such Event of Default, as well as the Rents which thereafter become due and payable; and have full power to make from time to time all alterations, renovations, repairs or replacements to the Property as Assignee may deem proper. Assignee may notify the tenants under the Leases, or any property manager or rental agent under any Contract (as such term is defined in the Deed of Trust), to pay all Rents directly to Assignee. Assignor shall pay to Assignee on demand any Rents collected by Assignor after the revocation of the license granted to Assignor. Assignor hereby irrevocably authorizes and directs the tenants under the Leases, and any property manager or rental agent under any Contract, upon receipt of written notice from Assignee, to pay all Rents due to Assignee without the necessity of any inquiry to Assignor and without any liability respecting the determination of the actual existence of any Event of Default claimed by Assignee or any claim by Assignor to the contrary. Assignor further agrees that it shall facilitate in all reasonable ways Assignee's collection of the Rents and will, upon Assignee's request, execute and deliver a written notice to each tenant under the Leases, or any property manager or rental agent under any Contract, directing such parties to pay the Rents to Assignee.

Assignor shall have no right or claim against any parties to any Lease or Contract who make payment to Assignee after receipt of written notice from Assignee requesting same.

8.2. Assignee may apply such Rents to the payment of: (i) the Liabilities, together with all costs and attorneys' fees; (ii) all taxes, charges, claims, assessments, water rents, sewer rents and any other liens which may be prior in lien or payment to the Liabilities, and premiums for insurance, with interest on all such items; and (iii) the cost of all alterations, repairs, replacements and expenses incident to taking and retaining possession of the Property and the management and operation thereof; all in such order or priority as Assignee in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding.

8.3. Assignee may: (i) endorse as Assignor's attorney-in-fact the name of Assignor or any subsequent owner of the Property on any checks, drafts or other instruments received in payment of the Rents, and deposit the same in bank accounts, which power of attorney is coupled with an interest and shall be irrevocable; (ii) give proper receipts, releases and acquittances in relation thereto in the name of Assignor; (iii) institute, prosecute, settle or compromise any summary or legal proceedings in the name of Assignor for the recovery of the Rents, or for damage to the Property, or for the abatement of any nuisance thereon; and (iv) defend any legal proceedings brought against Assignor arising out of the operation of the Property. Any charges, expenses or fees, including reasonable attorneys' fees and costs, incurred by Assignee in connection with any of the foregoing shall be included in the Liabilities, and shall be due and payable on demand, together with interest at the Default Rate, such interest to be calculated from the date of such advance to the date of repayment thereof.

8.4. Assignee may, at its election, but shall not be obligated to: (i) perform any of Assignor's obligations under the Leases (provided, however, that Assignor shall remain liable for such obligations notwithstanding such election by Assignee); (ii) exercise any of Assignor's rights, powers or privileges under the Leases; (iii) modify, cancel or renew existing Leases or make concessions to the tenants thereto; (iv) execute new Leases for all or any portion of the Property; and (v) take such other action as Assignor may have taken with respect to the Leases.

9. <u>ESTOPPEL CERTIFICATES</u>. Assignor shall, from time to time, without charge and within ten (10) days after requested by Assignee, execute, acknowledge and deliver, and cause each tenant under the Leases to execute, acknowledge and deliver to Assignee a written statement, in form and substance reasonably satisfactory to Assignee, certifying to certain matters relating to the Leases, including without limitation: (i) the commencement and expiration dates of the Leases and the dates when any rents, charges and other sums commenced to be payable thereunder; (ii) that the Leases are unmodified and in full force and effect (or, if modified, stating the nature of such modifications and that the Leases as so modified are in full force and effect); (iii) the amount of Rents payable under the Leases and the dates to which the Rents and other charges under the Leases have been paid in advance; and (iv) whether there are any uncured defaults by Assignor or such tenant or any setoffs or defenses against enforcement of any terms or conditions under any Lease.

10. <u>ASSIGNEE AS CREDITOR OF TENANTS</u>. Notwithstanding the privilege and license granted by Assignee herein, Assignee, and not Assignor, shall be deemed to be the creditor of each tenant in respect of any assignment for the benefit of creditors, bankruptcy, reorganization, insolvency, dissolution or receivership proceedings affecting such tenant. Assignee shall have the option to have any money received by Assignee as such creditor applied to reduce the Liabilities or paid over to Assignor. Assignee shall have the right to file claims in any such proceedings and to otherwise pursue creditor's rights therein. If Assignor learns that any tenant has become the subject of such a proceeding, Assignor shall give Assignee prompt notice thereof.

11. <u>TERM</u>. Upon repayment in full of the Liabilities and the cancellation or discharge of the Deed of Trust, this Assignment shall automatically terminate and become null and void. Assignor covenants and agrees that prior to such termination, the affidavit or certificate of any representative of Assignee stating that any of the Liabilities remain unpaid shall be conclusive evidence of the validity, effectiveness and continuing force of this Assignment, and any person is hereby authorized to rely thereon.

12. <u>OTHER RIGHTS OF ASSIGNEE</u>. Assignee may, without prejudice to any of its rights under this Assignment, take or release security, release any party primarily or secondarily liable for any of the Liabilities, and grant extensions, renewals, modifications or indulgences with respect to the Note, the Deed of Trust or any other Loan Document.

13. <u>NO WAIVER</u>. The collection of Rents under the Leases, the taking of physical possession of the Property, or any other remedial action taken by Assignee shall not waive any Event of Default or waive, modify or affect any notice of default under the Loan Documents, or invalidate any act done pursuant to such notice, and the enforcement of any right or remedy by Assignee, once exercised, shall continue for so long as Assignee shall elect, notwithstanding that the collection and application of such Rents may have cured or could have resulted in a cure of an Event of Default. If Assignee thereafter elects to discontinue the exercise of any right or remedy, that or any other right or remedy under this Assignment may be reasserted at any time and from time to time following any subsequent Event of Default.

14. <u>MISCELLANEOUS</u>.

14.1. **<u>Notices</u>**. All notices and communications under this Assignment shall be in writing and shall be given by either (a) hand-delivery, (b) first class mail (postage prepaid), or (c) reliable overnight commercial courier (charges prepaid), to the addresses listed in the Deed of Trust. Notice shall be deemed to have been given and received: (i) if by hand delivery, upon delivery; (ii) if by mail, three (3) calendar days after the date first deposited in the United States mail; and (iii) if by overnight courier, on the date scheduled for delivery. A party may change its address by giving written notice to the other party as specified herein.

14.2. **<u>Remedies Cumulative</u>**. The rights and remedies of Assignee as provided in this Assignment or in any other Loan Document shall be cumulative and concurrent, may be pursued separately, successively or together, may be exercised as often as occasion therefor shall arise, and shall be in addition to any other rights or remedies conferred upon Assignee at law or in equity. The failure, at any one or more times, of Assignee to assert the right to declare the Liabilities due, grant any extension of time for payment of the Liabilities, take additional security for the payment thereof, release any security, change any of the terms of the Loan Documents, or waive or fail to exercise any right or remedy under any Loan Document shall not in any way affect this Assignment or the rights of Assignee.

14.3. **No Implied Waiver**. Assignee shall not be deemed to have waived any of its rights or remedies hereunder unless such modification or waiver is in writing and signed by Assignee, and then only to the extent specifically set forth therein. A waiver in one event shall not be construed as continuing or as a waiver of or bar to such right or remedy on a subsequent event.

14.4. **Partial Invalidity**. The invalidity or unenforceability of any one or more provisions of this Assignment shall not render any other provision invalid or unenforceable. In lieu of any invalid or unenforceable provision, there shall be added automatically a valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible.

14.5. **Binding Effect**. The covenants, conditions, waivers, releases and agreements contained in this Assignment shall bind, and the benefits thereof shall inure to, the parties hereto and their respective heirs, executors, administrators, successors and assigns and are intended and shall be held to be real covenants running with the land; provided, however, that this Assignment cannot be assigned by Assignor without the prior written consent of Assignee in each instance, and any such assignment or attempted assignment by Assignor shall be void and of no effect with respect to Assignee.

14.6. **Modifications**. This Assignment may not be supplemented, extended, modified or terminated except by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

14.10. **Governing Law**. This Assignment shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Virginia without reference to conflict of laws principles.

14.11. **Joint and Several Liability**. If Assignor consists of more than one person or entity, the word "Assignor" shall mean each of them and their liability shall be joint and several.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor, intending to be legally bound, has duly executed and delivered this Assignment Agreement under seal as of the day and year first above written.

ASSIGNOR:

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

By:____________________________
Name:
Title:

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _______________________

The foregoing instrument was acknowledged before me this _____ day of _____________, 2025, by ___________________________, the Chairman of the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia, who acknowledged that he/she executed the foregoing instrument on behalf of the _____________.

{Notary seal} ____________________________________
Signature of Notary

____
Name of Notary *(typed, printed or stamped)*

My Commission Expires: ___________________________

SCHEDULE A

NOTICE OF ASSIGNMENT

The undersigned each acknowledge receipt of notice of the assignment by the Assignor of its rights in the Support Agreements to the Assignee as set forth in the foregoing Assignment Agreement, and consents thereto.

COUNTY OF PITTSYLVANIA, VIRGINIA

By: ______________________________
Title:

CITY OF DANVILLE, VIRGINIA

By: ______________________________
Title:

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.F.

DATE: January 13, 2025

FROM: Michael Adkins | Authority Treasurer

RE: Financial Status Reports as of December 31, 2024. | Michael Adkins, Authority Treasurer.

SUMMARY

A review of the financial status reports through December 31, 2024 will be provided at the meeting. The financial status reports as of December 31, 2024 are attached for the DPRIFA Board's review.

RECOMMENDATION

Staff recommends approving the financial status reports as of December 31, 2024 as presented.

ATTACHMENTS

1. Financial Reports

Danville - Pittsylvania Regional Industrial Facility Authority

Financial Status

Table of Contents

A. $7.3 Million Bonds - Cane Creek Centre

B. General Expenditures for FY2025

C. Mega Park – Funding Other than Bond Funds

D. SVM at Berry Hill – Lot 4 Site Development

E. SVM at Berry Hill – Lots 1 & 2 Site Development

F. SVM at Berry Hill – Water & Sewer

G. Cyber Park Site Development

H. Rent, Interest, and Other Income Realized FY2025

I. Monthly Checks

J. Unaudited Financial Statements

Danville-Pittsylvania Regional Industrial Facility Authority

$7,300,000 Bonds for Cane Creek Centre - Issued in August 2005 [7]

As of December 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
Funds from bond issuance	$7,300,000.00				
Issuance cost	(155,401.33)				
Refunding cost [7]	(52,500.00)				
Bank fees	(98.25)				
Interest earned to date	486,581.70				
Cane Creek Parkway [3]		$3,804,576.00	$3,724,241.16	$ -	
Swedwood Drive [2]		69,414.00	69,414.00	-	
Cane Creek Centre entrance [3]		72,335.00	53,878.70	-	
Financial Advisory Services		9,900.00	9,900.00	-	
Dewberry contracts [1]		69,582.50	69,582.50	-	
Dewberry contracts not paid by 1.7 grant [4, 5]		76,986.46	65,559.12	11,427.34	
Land		-	2,792,945.57	-	
Demolition services		71,261.62	71,261.62	-	
Legal fees		-	247,837.83	-	
CCC - Lots 3 & 9 project - RIFA Local Share [6]		142,190.00	112,464.98	-	
Other expenditures		2,250.00	347,194.30	2,250.00	
Total	$ 7,578,582.12	$ 4,318,495.58	$ 7,564,279.78	$ 13,677.34	**$ 625.00**

Notes:

[1] Dewberry Contracts consist of wetland, engineering, surveying and site preparation

[2] Funds being used to cover City and County matching contributions for a VDOT grant for Swedwood Drive

[3] Project completed under budget

[*] In September 2008 the outstanding principal balance of $6,965,000 on the Series 2005 Cane Creek Project Revenue Bonds was tendered and not remarketed. These bonds were converted to bank bonds and are now subject to the Credit and Reimbursement agreement the Authority has with Wachovia Bank. The remarketing agent will continue its attempt to remarket these bonds in order to convert them back to Variable Rate Revenue Bonds. As a result, it is likely that the City and County will have to contribute additional funds in order to make future interest payments on the letter of credit attached to these bonds.

[4] These contracts were originally to be paid by the $1.7M Special Projects Grant, this grant has expired and the TIC did not issue an extension. The remaining amounts of the contract will be paid using bond funds.

[5] The budget amount decreased $71,279.61 from the 9/30/2010 reports. This amount represented the remaining budget amount carried from the $1.7 SP grant upon its expiration for the following contracts: Wetland Delineation, Wetland Bank Plan Rev., Stream Concept Plan, & Stream Attribute Plan. Per Shawn Harden of Dewberry, these contracts are complete and finished under budget. The only contract that remains open is for Wetland Monitoring and the budget, expended, and encumbered amounts included here are only for this contract.

[6] This line item represents the amount of expenditures on the "CCC - Lots 3 & 9" budget sheet that is covered by bond funds. RIFA's local share of 5% of these project costs is being covered by these bond funds. Project finished under original budget.

[7] The $7.3 million bonds were refunded on 8/1/2013 with the issuance of refunding bonds in the amount of $5,595,000.

Road Summary-Cane Creek Parkway:	
English Contract-Construction	$ 5,363,927.00
Change Orders	165,484.50
Expenditures over contract amount	3,579.50
(Less) County's Portion of Contract	(935,207.00)
(Less) Mobilization Allocated to County	(9,718.00)
Portion of English Contract Allocated to RIFA	4,588,066.00
Dewberry Contract-Engineering	683,850.00
Total Road Contract Allocated to RIFA	**$ 5,271,916.00**

Funding Summary - Cane Creek Parkway	
VDOT	$ 1,467,340.00
Bonds	3,804,576.00
	$ 5,271,916.00

Danville-Pittsylvania Regional Industrial Facility Authority
General Expenditures for Fiscal Year 2025
As of December 31, 2024

	Funding	Budget	FY Expenditures	Current Month Expenditures	Encumbered	Unexpended / Unencumbered
Funding						
City Contribution	$ 125,000.00					
County Contribution	125,000.00					
Transfer from Unrestricted Fund Balance	40,500.00					
Contingency						
Miscellaneous contingency items		$ 4,000.00	$ 2,089.00	$ 1,028.00	$ -	$ 1,911.00
Total Contingency Budget		4,000.00	2,089.00	1,028.00	-	1,911.00
Legal		150,000.00	112,371.00	25,885.00	-	37,629.00
Accounting		28,000.00	5,000.00	-	-	23,000.00
Marketing		40,000.00	14,030.00	-	-	25,970.00
Postage & Shipping		100.00	-	-	-	100.00
Meals		4,500.00	1,880.94	-	-	2,619.06
Utilities		1,900.00	672.54	157.09	-	1,227.46
Insurance		3,000.00	-	-	-	3,000.00
Maintenance		59,000.00	29,340.00	4,890.00	-	29,660.00
Total	$ 290,500.00	$ 290,500.00	$ 165,383.48	$ 31,960.09	$ -	**$ 125,116.52**

Danville-Pittsylvania Regional Industrial Facility Authority
Southern Virginia Megasite at Berry Hill - Funding Other than Bond Funds
As of December 31, 2024

Funding	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
City contribution	$ 134,482.50				
County contribution	134,482.50				
City advance for Klutz, Canter, & Shoffner property [1, 4]	10,340,983.83				
Tobacco Commission FY09 SSED Allocation	3,370,726.00				
Tobacco Commission FY10 SSED Allocation - Engineering Portion	407,725.00				
Tobacco Comm. FY10 SSED Allocation - Eng. Portion Deobligated	(244,797.00)				
Local Match for TIC FY10 SSED Allocation - Engineering Portion [5]	76,067.61				
Additional funds allocated by RIFA Board on 1/14/2013 [6]	11,854.39				
TIC #2264 Berry Hill Industrial Park - Phase II Land and Engineering	2,700,000.00				
TIC #2264 Berry Hill Industrial Park - Phase II Land and Engineering deobligated	(699,873.73)				
TIC #2264 Local Match for Property & Improvements (County)	500,000.00				
TIC #2264 Local Match for Property & Improvements (City)	500,000.00				
VA Economic Development Partnership MEI Grant Funds	577,503.14				
Virginia Resources Authority - TRRF Loan #3658	4,500,000.00				
VBRSP Site Development Grant from VEDP FY2023	1,500,000.00				
Transfer from Unrestricted Funds - "Other Income"	685,215.86				
Land					
Klutz property		$ 8,394,553.50	$ 8,394,553.50	$ -	
Canter property [2]		1,200,000.00	1,200,000.00	-	
Adams property		37,308.00	37,308.00	-	
Carter property		5,843.00	5,843.00	-	
Jane Hairston property		1,384,961.08	1,384,961.08	-	
Bill Hairston property		201,148.00	201,148.00	-	
Shoffner Property		1,872,896.25	1,872,896.25	-	
401 Buford Road		246,082.96	246,082.96	-	
Off State Road 1055		181,890.19	181,890.19	-	
604 Buford Road		361,896.60	361,896.60	-	
ROW purchase for connector road		832,300.25	832,300.25	-	
Berry Hill/863 Dan River-Oak Hill Trail		83,000.00	83,000.00	-	
Other					
Dewberry & Davis		28,965.00	28,965.00	-	
Dewberry & Davis[3]		990,850.00	987,879.29	2,970.71	
Consulting Services - McCallum Sweeney [7]		115,000.00	103,796.85	-	
Dewberry Engineers (related to #2264)		160,500.00	160,500.00	-	
Dewberry Engineers		1,644,380.00	1,486,430.00	157,950.00	
Appalachian Power Company		5,178,500.00	5,178,500.00	-	
Banister Bend Farm, LLC		199,064.00	199,064.00	-	
Virginia Department of Transportation (VDOT)		279,399.00	279,399.00	-	
Transcontinental (Williams Transco)		40,000.00	40,000.00	-	
Stantec Consulting Services Inc.		2,400.00	2,400.00	-	
Troutman, Pepper, Hamilton, Sanders LLP		75,000.00	59,220.00	15,780.00	
Dewberry Engineers		153,250.00	132,325.00	20,925.00	
HGS LLC		483,000.00	483,000.00	-	
Sellers Brothers		24,500.00	24,500.00	-	
Froehling & Robertson		2,500.00	2,500.00	-	
Miller, Long, & Associates		9,625.00	9,625.00	-	
Transfer available funds to "Berry Hill Mega Park - Lot 4 Site Development" Project [8]		-	11,203.15	-	
Total	$ 24,494,370.10	$ 24,188,812.83	$ 23,991,187.12	$ 197,625.71	**$ 305,557.27**

[1] This figure does not include the interest the City lost from the uninvested funds, which was paid to the City 1/3/2012 and totaled $144,150.41

[2] Settlement fees were drawn from bonds issued for the Berry Hill project 12/1/2011.

[3] This contract was originally for $814,500, but has been amended to include a traffic impact analysis, and a cemetery survey. $740,000 was covered by the FY09 Tobacco Allocation. $162,928 was covered by the FY10 Tobacco Allocation. $87,922 will be covered with RIFA Funds.

[4] RIFA paid the City back for all advances on 1/3/2012.

[5] The RIFA Board approved to utilize the remaining funds from the Mega Park bond funds and approximately $65,000 of the 'Funds Available for Appropriation' towards the local match for the engineering portion of Tobacco Commission grant #1916 for the Berry Hill Mega Park.

[6] Due to the expiration of the Tobacco Comission FY10 SSED Allocation, the RIFA Board approved on 1/14/2013 to utilize $11,854.39 of the 'Funds Available for Appropriation' to cover the funding shortfall for the budgeted Dewberry & Davis contract.

[7] Unencumbered the remaining $11,203.15 due to termination of contract.

[8] As approved by RIFA Board on 10/16/2014

Danville-Pittsylvania Regional Industrial Facility Authority
Southern Virginia Megasite at Berry Hill - Lot 4 Site Development
As of December 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
Tobacco Commission FY12 Megasite Allocation	$ 6,208,153.00				
Local Match for TIC FY12 Megasite Allocation - County Portion [1]	750,000.00				
Local Match for TIC FY12 Megasite Allocation - City Portion [1]	750,000.00				
Local Match for TIC FY12 Megasite Allocation - RIFA Portion [2]	181,000.00				
Transfer in from "Mega Park - Funding Other than Bond Funds" Budget [3]	11,203.15				
Transfer to Other Income - Unrestricted Funds	152,170.40				
Transfer from SVM Berry Hill Lots 1 & 2	138,000.00				
Expenditures					
Dewberry Engineers Inc.		1,707,562.81	1,707,562.81	-	
Jones Lang LaSalle		95,000.00	95,000.00	-	
Jones Lang LaSalle - Economic Analysis		12,000.00	12,000.00	-	
VA Water Protection Permit Fee		57,840.00	57,840.00	-	
Wetlands Studies and Solutions, Inc.		77,027.64	77,027.64	-	
Banister Bend Farm, LLC - Wetland and Stream Credits		122,968.00	122,968.00	-	
DEQ - Construction Activity General Permit		11,860.00	11,860.00	-	
Haymes Brothers, Inc. - Construction on Phase 1 Graded Pad		4,243,151.21	4,243,151.21	-	
Haymes Brothers, Inc. - Phase 1 Pad A Extension/Expansion		1,679,616.89	1,679,616.89	-	
Haymes Brothers, Inc. - Phase 1 Development		290,500.00	290,500.00	-	
Transfers to "General Expenditures Fiscal Year 2015" Contingency [3]					
Jones Lang LaSalle - Market Analysis Study		(95,000.00)	(95,000.00)	-	
Jones Lang LaSalle - Economic Analysis		(12,000.00)	(12,000.00)	-	
Total	$ 8,190,526.55	$ 8,190,526.55	$ 8,190,526.55	$ -	**$ -**

[1] *$300,000 of this was received from each locality 6-2014. $450,000 received 8-2014. $450,000 received 9-2014.*

[2] *The RIFA Board approved on 2/11/2013 to transfer the remaining funds of $175,316.17 from the "Funds Available for Appropriation" budget sheet and funds of $5,683.83 from the "Rent, Interest, and Other Income Realized" budget sheet to use for the RIFA local match to Tobacco Commission grant #2491 for Berry Hill Mega Park Lot 4 Site Development.*

3 As approved by RIFA Board on 10/16/2014 ($108,603.35 of expenditures for Dewberry Engineers, Inc. was also transferred from remaining unexpended and unencumbered costs under Amendment #4)

Danville-Pittsylvania Regional Industrial Facility Authority

Southern Virginia Megasite at Berry Hill - Lots 1&2 Site Development

As of December 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
TIC #3358 Berry Hill Industrial Park - Site Improvements for Project Lignum	$ 2,292,856.56				
TIC #3358 Local Match (County)	970,707.92				
TIC #3358 Local Match (City)	970,707.92				
VBRSP Site Development Grant from VEDP	1,312,400.00				
VBRSP Site Development Grant from VEDP (City)	216,546.00				
VBRSP Site Development Grant from VEDP (County)	216,546.00				
Transfers to/from other funding sheets	(1,669,212.10)				
Expenditures					
Dewberry Engineers Inc.		413,540.00	407,040.00	6,500.00	
Virginia Nutrient Bank		84,420.00	84,420.00	-	
Jimmy R. Lynch & Sons, Inc.		3,716,936.30	3,482,831.18	234,105.12	
Treasurer of Virginia		6,100.00	6,100.00	-	
Fifth Mountain Engineering		30,000.00	30,000.00	-	
Total	$ 4,310,552.30	$ 4,250,996.30	$ 4,010,391.18	$ 240,605.12	**$ 59,556.00**

Danville-Pittsylvania Regional Industrial Facility Authority

Southern Virginia Megasite at Berry Hill - Water & Sewer

As of December 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
TIC #2641 Phase I Sanitary Sewer					
Tobacco Commission Grant 2641	$ 4,840,977.86				
Local Match for Contractual Services	274,926.43				
Local Match for Property & Imp.	262,960.00				
TIC #3011 Water System Improvements Phase II					
Tobacco Commission Grant 3011	2,241,567.00				
Local Match for Property & Imp.	224,160.00				
City of Danville Utilities	3,716,897.35				
Expenditures					
Dewberry Engineers Inc.		912,309.99	888,109.99	24,200.00	
Haymes Brothers, Inc. - Phase I Sanitary Sewer		5,092,668.30	5,092,668.30	-	
Haymes Brothers, Inc. - Phase I Sanitary Sewer (City)		3,210,312.35	3,210,312.35	-	
C.W. Cauley & Son - Phase 1 Water		1,021,345.00	1,021,345.00	-	
Norfolk Southern Railway Company		22,300.00	22,300.00	-	
Pittsylvania County Service Authority		1,475.00	1,475.00	-	
Treasurer of Virginia		7,900.00	7,900.00	-	
AECOM		5,000.00	5,000.00	-	
BH Media Group, Inc.		296.00	296.00	-	
Danville Register & Bee		600.00	600.00	-	
City of Danville - Reimburse from Grant #3011		1,220,222.00	1,220,222.00	-	
Total	$ 11,561,488.64	$ 11,494,428.64	$ 11,470,228.64	$ 24,200.00	**$ 67,060.00**

F

Danville-Pittsylvania Regional Industrial Facility Authority

Cyber Park Site Development

As of December 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
MEP TROF Loan	$ 270,000.00				
Transfer from Other Income	152,090.00				
Transfer from SVM at BH Lots 1& 2	1,988,100.25				
Expenditures					
Dewberry Engineers Inc.		114,250.00	114,250.00	-	
Making Everything Possible LLC (Incentives)		270,000.00	270,000.00	-	
Virginia Nutrient Bank		37,840.00	37,840.00	-	
Sellers Brothers		1,988,100.25	1,988,100.25	-	
Total	$ 2,410,190.25	$ 2,410,190.25	$ 2,410,190.25	$ -	**$ -**

G

Danville-Pittsylvania Regional Industrial Facility Authority

Rent, Interest, and Other Income Realized for Fiscal Year 2025

As of December 31, 2024

Source of Funds	Funding: Carryforward from FY2024	Funding: Receipts Current Month	Funding: Receipts FY2025	Expenditures FY2025	Unexpended / Unencumbered
Carryforward	$ 3,415,979.07				
Current Lessees					
Institute for Advanced Learning and Research (IALR) [1]		$ 23,342.11	$ 140,052.66		
Mountain View Farms of Virginia, L.C.		-	-		
Osborne Company of North Carolina, Inc.		-	-		
Capital Outdoor, Inc.		-	2,000.00		
American Electric Power		1,500.00	12,000.00		
Total Rent		$ 24,842.11	$ 154,052.66		
Interest Received [2]		$ 10,220.17	$ 69,456.04		
Miscellaneous Income		$ 61,647.20	$ 3,646,693.60		
Expenditures					
Hawkins Research Bldg. Property Mgmt. Fee				$ 140,052.66	
Incentive Disbursements to Morgan Olson, LLC				$ 875,641.44	
Incentive Disbursements to Aerofarms				$ 200,000.00	
Incentive Disbursements to Tyson				$ 1,676,195.48	
Economic Leadership LLC - Strategic Plan Development				$ 20,000.00	
KFH Group - Regional Bus Feasibility Study				$ 28,219.71	
Transfers to other funding sheets				$ 1,865,242.75	
Totals	$ 3,415,979.07	$ 96,709.48	$ 3,870,202.30	$ 4,805,352.04	$ 2,480,829.33
				Restricted [1]	$ 336,168.81
				Unrestricted	$ 1,398,162.54
				Committed	$ 746,497.98

[1] *Please note that rent proceeds must be used in accordance with the U.S. Economic Development Administration's (EDA) Standard Terms and Conditions*

[2] *Please note that this is only interest received on RIFA's general money market account.*

Danville-Pittsylvania Regional Industrial Facility Authority

Monthly Disbursements

December 2024

Check Number	Date	Vendor Name	Paid Amount
	12/4/2024	City of Danville Utilities	67.17
	12/4/2024	City of Danville Utilities	49.42
2698	12/9/2024	Dewberry Engineers	13,950.00
2699	12/9/2024	IALR	23,342.11
2700	12/9/2024	KFH Group	6,545.74
2701	12/9/2024	Sellers Brothers	104,295.01
2702	12/9/2024	Womack Publishing	1,009.00
2703	12/9/2024	Christian & Barton	25,885.00
2704	12/9/2024	Miller, Long, & Associates	9,625.00
2705	12/9/2024	Womack Publishing	4.00
2706	12/31/2024	The Estate of Waller Hairston	16,500.00
WIRE	12/9/2024	City of Danville (Pmt 1 of 3 - Total $1,220,222)	500,000.00
WIRE	12/10/2024	City of Danville (Pmt 2 of 3 - Total $1,220,222)	500,000.00
WIRE	12/11/2024	City of Danville (Pmt 3 of 3 - Total $1,220,222)	220,222.00
	12/20/2024	City of Danville Utilities	40.50
	12/26/2024	Atlantic Union Bank	15.00

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Net Position [1, 2]
December 31, 2024*

		Unaudited FY 2025
Assets		
Current assets		
Cash - checking	$	60,725
Cash - money market		3,311,740
Accounts receivable		394,450
Total current assets		3,766,915
Noncurrent assets		
Restricted cash - project fund CCC bonds		20,802
Restricted cash - debt service fund CCC bonds		230,484
Capital assets not being depreciated		23,076,605
Capital assets being depreciated, net		19,233,152
Construction in progress		36,923,355
Total noncurrent assets		79,484,398
Total assets		83,251,313
Liabilities		
Current liabilities		
Accrued interest		208,087
Economic development payable - current portion		147,000
Total current liabilities		355,087
Noncurrent liabilities		
Bonds payable - less current portion		205,000
Loans payable - less current portion		4,500,000
Total noncurrent liabilities		4,705,000
Total liabilities		5,060,087
Net Position		
Net investment in capital assets		79,048,914
Restricted - debt reserves		230,484
Unrestricted		(1,088,172)
Total net position	$	78,191,226

[1] Please note this balance sheet does not include the Due to/Due from between the County and the City since it nets out and only changes at fiscal year-end.

[2] Please note this balance sheet does not include all general accounts receivable or accounts payable at the month-end date. This is because information regarding accrued receivables/payables is not available at the time of statement preparation.

*Please note these statements are for the period ended December 31, 2024 as of December 31, 2024, the date of preparation. Due to statement preparation occurring in close proximity to month-end, these statements may not include some pending adjustments for the period.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Revenues and Expenses and Changes in Fund Net Position
December 31, 2024*

		Unaudited FY 2025
Operating revenues		
Reimbursement of grants		20,410
Rental income		154,027
Other Income		366,458
Total operating revenues		540,895
Operating expenses [4]		
Mega Park expenses [3]		302,940
Cane Creek Centre expenses [3]		230,559
Cyber Park expenses [3]		131,032
Professional fees		46,548
Other operating expenses		54,339
Total operating expenses		765,418
Operating income (loss)		(224,523)
Non-operating revenues (expenses)		
Interest income		69,456
Total non-operating expenses, net		69,456
Net income (loss) before capital contributions		(155,067)
Capital contributions		
Contribution - City of Danville		231,097
Contribution - Pittsylvania County		231,097
Total capital contributions		462,194
Change in net position		307,127
Net position at July 1, 2024		77,884,099
Net position at December 31, 2024	$	78,191,226

[3] A portion or all of these expenses may be capitalized at fiscal year-end.

[4] Please note that most non-cash items, such as depreciation and amortization, are not included here until year-end entries are made.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
December 31, 2024*

		Unaudited FY 2025
Operating activities		
Receipts from grant reimbursement requests	$	1,247,942
Receipts from leases		154,052
Other receipts		2,488,436
Payments to suppliers for goods and services		(4,736,146)
Net cash used by operating activities		(845,716)
Capital and related financing activities		
Capital contributions		-
Interest paid on bonds		(3,597)
Principal repayments on bonds		-
Net cash provided by capital and related financing activities		(3,597)
Investing activities		
Interest received		69,456
Net cash provided by investing activities		69,456
Net increase (decrease) in cash and cash equivalents		(779,857)
Cash and cash equivalents - beginning of year (including restricted cash)		4,403,607
Cash and cash equivalents - through December 31, 2024 (including restricted cash)	$	3,623,750
Reconciliation of operating loss before capital contributions to net cash used by operating activities:		
Operating income (loss)	$	(224,523)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Change in prepaids		3,436
Change in other receivables		1,685,004
Change in accounts payable		(2,308,158)
Change in unearned income		(1,475)
Net cash used by operating activities	$	(845,716)

Components of cash and cash equivalents at December 31, 2024:		
American National - Checking	$	60,725
American National - General money market		3,311,740
Wells Fargo - $7.3M Bonds CCC Debt service fund		230,484
Wells Fargo - $7.3M Bonds CCC Project fund		20,802
	$	3,623,750