INDUSTRIAL DEVELOPMENT AUTHORITY REGULAR MEETING AGENDA

CITY COUNCIL CONFERENCE ROOM

January 13, 2026

10:30 AM

A. CALL TO ORDER

B. ROLL CALL

C. MEETING MINUTES

1. IDA Meeting Minutes December 9, 2025

D. FINANCIAL REPORT

1. FY 2025 Audit Report
2. IDA Statement of Accounts as of Dec. 31, 2025

E. STAFF UPDATES

F. NEW BUSINESS

1. A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing a contract between the Industrial Development Authority of Danville, Virginia and Evergreen Landscaping to provide landscape maintenance for the property identified as 120 Slayton Drive
2. A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing a contract between the Industrial Development Authority of Danville, Virginia and J.E. Burton Construction Company, Inc. to provide required maintenance and repairs for the property identified as 310-312 Main Street

3. A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing a construction services agreement with Quality Construction for stabilization and improvements at 624-626 North Main Street in an amount not to exceed $1,676,736 to fund such construction

4. A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing the Authority to secure a loan from First National Bank for improvments to 624-626 North Main Street and 310-312 Main Street in Danville, Virginia

5. A Resolution of the Industrial Development Authority of Danville, Virginia authorizing and approving the execution of a consulting services agreement by and between the Authority and Cherry Bekaert Advisory, LLC

G. CLOSED MEETING

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

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

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

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

H. ACTION ITEMS

I. ADJOURN

Industrial Development Authority of Danville, Virginia
Minutes of Meeting
December 9, 2025

Pursuant to a written notice, a copy of which is attached hereto, a regular meeting of the Board of Directors of the Industrial Development Authority of Danville, Virginia was held in the Fourth Floor City Council Conference Room of the Municipal Building on Tuesday, December 9, 2025, at 10:30 a.m.

The following members were present:

Present: T. Neal Morris, Chairman
Russell Reynolds, Vice Chairman
John Laramore, Secretary – came in during closed meeting session
Kristen Barker – came in after roll call
Phillip Hall
Robert Woodall III

Absent: James Bebeau

Also present: W. Clarke Whitfield, Jr., City Attorney
Ken Larking, City Manager
Briana Evans, Assistant City Manager
Michael Adkins, Chief Financial Officer/Assistant City Manager
Corrie Bobe, Director of Economic Development
Samantha Bagbey, Economic Development
Susan McCullough, Housing and Development Director
Terri McDaniel, City Attorney's Office

T. Neal Morris, Chairman, called the meeting to order at 10:31 a.m.

Roll call

After roll call was taken, City Manager Ken Larking introduced Assistant City Manager Briana Evans to the Board who welcomed her warmly.

Minutes

Minutes for the November 12, 2025, regular called meeting of the IDA were distributed to the members with their agenda packets. A motion was made by Mr. Reynolds to approve the minutes as presented. Mr. Hall seconded the motion with the members present voting as follows:

Mr. Morris	-Aye
Mr. Reynolds	-Aye
Mr. Laramore	-not in at this time
Ms. Barker	-Aye
Mr. Hall	-Aye
Mr. Woodall	-Aye

Finances

Assistant City Manager Michael Adkins, the Chief Financial Officer and Director of Finance, provided the members of the IDA Board with a packet of the current financial statements of the IDA. Mr. Adkins reviewed the financial statements noting that there were collection efforts being made on an outstanding payment due to the IDA for this reporting period and reported on the bond payments being made to US Bank.

A motion was made by Mr. Hall to approve the financial report. The motion was seconded by Mr. Reynolds and carried with members present voting as follows:

Mr. Morris	-Aye
Mr. Reynolds	-Aye
Mr. Laramore	-not in at this time
Ms. Barker	-Aye
Mr. Hall	Aye
Mr. Woodall	-Aye

Staff reports

Economic Director Corrie Bobe shared that there the roadway for the Coleman site had been completed by Public Works. Also, RES has almost completed the requirements for the wetland plan.

Resolutions

A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing a Special Projects Loan to 1700 West Main Street, LLC

Housing and Development Director Susan McCullough shared that the attached architectural renderings reflected the type of housing proposed for the West Main Street site. Discussion was held regarding the traffic pattern issues already involved in the area and concerns about even further problems when this project is completed. City Manager Ken Larking added that further studies are being conducted by Public Works and that a traffic circle is being considered as a solution.

Motion was made by Mr. Woodall; seconded by Mr. Hall

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- not in at this time
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	- Aye

A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing an agreement with High Impact Analysis for one year for financial underwriting services

Corrie Bobe explained that High Impact Analysis services would be used in our loan process.

Motion was made by Mr. Hall; seconded by Mr. Reynolds

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- not in at this time
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	-Aye

A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing an agreement with Richard Morris Architecture, LLC in an amount not to exceed $55,000 for architecture and engineering services at 402 Jefferson Street, Danville, Virginia

Samantha Bagbey explained that this project was funded by an IRF Grant and needed to move forward.

Motion was made by Mr. Hall; seconded by Mr. Woodall

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- not in at this time
Ms. Barker	- Aye
Mr. Hall	-Aye
Mr. Woodall	-Aye

A Resolution of the Industrial Development Authority of Danville, Virginia approving and authorizing a change order for additional renovations and upfits at 1350 Barker Road, Ringgold, Virginia in an amount not to exceed $82,995

Corrie explained that RBW is the tenant going into this building and that further changes have been necessary to meet the needs of RBW, specifically the type of flooring and security and alarm systems. The total amount of change orders still fall within the original budget amount for this project.

Motion was made by Ms. Barker; seconded by Mr. Reynolds

Mr. Morris	-Aye
Mr. Reynolds	-Aye
Mr. Laramore	-not in at this time
Ms. Barker	-Aye
Mr. Hall	-Aye
Mr. Woodall	-Aye

Closed Meeting

Mr. Reynolds moved the meeting be recessed and the board immediately reconvened in executive closed meeting for the purposes:

1. *Discussion concerning a prospective business or industry or the_expansion of an existing business or industry where no previous announcement has been made as permitted by subsection (a)(5) of section 2.2-3711 of the code of Virginia, 1950, as amended*.

2. *Discussion or consideration of the acquisition/disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the authority as permitted by subsection (*a)(3) of section 2.2-3711 of *the code of Virginia, 1950, as amended.*

3. *Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel permitted by subsection (A) (7) pf Section 2.2-3711 of the Code of Virginia, 1950 as amended.*

Motion was made by Mr. Reynolds; seconded by Mr. Hall

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- not in at this time
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	-Aye

Mr. Reynolds moved the meeting immediately reconvened into an open meeting. The motion was seconded by Mr. Woodall and carried with the members present voting as follows:

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- Aye
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	- Aye

Upon reconvening, Mr. Reynolds moved that the board adopt a resolution certifying that to the best of each member's knowledge that:

1. *Only public business matters lawfully exempted from open meeting requirements under section 2.2-3711; and*

2. *Only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting.*

Motion was made by Mr. Reynolds; seconded by Ms. Barker

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- Aye
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	- Aye

After closed session, the following resolutions were brought forth and voted:

A Resolution of the Industrial Development Authority of Danville, Virginia, approving and authorizing the form of an assignment of purchase agreement, facility lease, and local performance agreement, in anticipation of a public announcement on or about December31, 2025 of the business or industry's interest in locating its facility in the City of Danville, Virgina, whereby the business or industry will assign its rights to purchase that certain real property from the current owners; whereby that Authority will lease such property to the business or industry and where the business or industry will have an option to purchase the property; and whereby the Authority or the City of Danville, Virginia would provide certain incentives to the business or industry for locating its main manufacturing operations on the property, in exchange for certain minimum performance parameters as those required by the Governor's Office and/or the Tobacco Region Revitalization Commission

Motion was made by Ms. Barker; seconded by Mr. Woodall

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- Aye
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	- Aye

A Resolution of the Industrial Development Authority of Danville, Virginia approving a plan to finance certain economic development projects through the issuance of a lease revenue note

Motion was made by Ms. Barker; seconded by Mr. Reynolds

Mr. Morris	-Aye
Mr. Reynolds	-Aye
Mr. Laramore	-Aye
Ms. Barker	-Aye
Mr. Hall	-Aye
Mr. Woodall	-Aye

A Resolution of the Industrial Development Authority of Danville, Virginia authorizing the negotiation, execution, and delivery of commercial sublease with the City of Danville, Virginia (Department of Parks and Recreation), for a portion of the Dan River Falls building, 13,205 sq. ft. of Unit 1 (Suite 101), located at 420 Memorial Drive, Danville, Virginia 24541

Motion was made by Mr. Reynolds; seconded by Ms. Barker

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- Aye
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	- Aye

A Resolution of the Industrial Development Authority of Danville, Virginia authorizing the negotiation, execution, and delivery of a commercial sublease with the City of Danville, Virginia (Department of Economic Development and Tourism), for a portion of the Dan River Falls building, 9,361 sq. ft. of Unit 1 (Suite 101), located at 420 Memorial Drive, Danville, Virginia 24541

Motion was made by Mr. Reynolds; seconded by Ms. Barker

Mr. Morris	- Aye
Mr. Reynolds	- Aye
Mr. Laramore	- Aye
Ms. Barker	- Aye
Mr. Hall	- Aye
Mr. Woodall	- Aye

Adjourned at 11:45 am with Mr. Hall moving to do so, Mr. Laramore seconding, and with all in favor.

John Laramore
Secretary

T. Neal Morris
Chairman

Industrial Development Authority of Danville

(A Component Unit of the City of Danville, Virginia)

Financial Report

June 30, 2025

Industrial Development Authority of Danville

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Introductory Section

Industrial Development Authority of Danville

Directory of Principal Officials

June 30, 2025

Directors

Neal Morris – Chairman
Russell Reynolds – Vice Chairman
John Laramore – Secretary/Treasurer
Kristen Barker
Jim Bebeau
Phillip Hall
Robert Woodall, III

Officials

Joy Jones	Finance Administrative Assistant
Corrie Bobe	Economic Development Director
Ken Larking	City Manager
Kim Custer	Economic Development Project Manager
W. Clarke Whitfield, Jr.	City Attorney
Michael L. Adkins	City Chief Financial Officer

Independent Auditors

Brown, Edwards & Company, L.L.P.

Financial Section

BrownEdwards
certified public accountants

Independent Auditor's Report

To the Honorable Members of the Board of Directors
Industrial Development Authority of Danville
Danville, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Industrial Development Authority of Danville (the "Authority"), a discretely presented component unit of the City of Danville, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and supplementary schedule but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Authority's 2024 financial statements, on which, in our report dated December 12, 2024, we expressed an unmodified opinion. The 2024 financial information is provided for comparative purposes only.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 12, 2025

Basic Financial Statements

Industrial Development Authority of Danville

Exhibit 1

Statement of Net Position

June 30, 2025

	2025	(For Comparative Purposes Only) 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,423,183	$ 7,692,881
Accounts receivable	2,162,559	32,720
Current lease and interest receivable (Note 7)	861,933	848,831
Notes and interest receivable, current portion (Note 3)	-	2,742,380
Due from other governments, current portion (Note 4)	12,189,246	2,442,549
Prepaid expenses	-	5,781
Total current assets	27,636,921	13,765,142
NONCURRENT ASSETS		
Notes receivable, net (Note 3)	1,830,992	187,956
Cash and cash equivalents, restricted (Note 2)	949,210	1,627,722
Due from other governments, net of current portion (Note 4)	3,580,802	11,820,000
Long-term lease receivable (Note 7)	3,422,543	3,522,854
Capital assets (Note 5)		
Nondepreciable	11,945,471	25,517,997
Depreciable, net	51,836,320	23,073,685
Property held for sale (Note 1)	1,029,260	1,292,430
Total noncurrent assets	74,594,598	67,042,644
Total assets	102,231,519	80,807,786
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,692,064	6,848,554
Security deposits	101,256	97,956
Unearned revenues	209,566	2,922
Accrued interest	97,463	48,716
Current portion of noncurrent liabilities (Note 6)	13,145,286	2,786,062
Total current liabilities	16,245,635	9,784,210
NONCURRENT LIABILITIES		
Revolving loan fund – USDA (Note 1)	99,000	99,000
Due in more than one year (Note 6)	34,648,755	28,887,173
Total noncurrent liabilities	34,747,755	28,986,173
Total liabilities	50,993,390	38,770,383
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	4,013,410	4,147,248
NET POSITION		
Net investment in capital assets	13,981,737	12,786,606
Restricted (Note 8)	3,000,000	3,000,000
Unrestricted	30,242,982	22,103,549
Total net position	**$ 47,224,719**	**$ 37,890,155**

The Notes to Financial Statements are an integral part of this statement.

Industrial Development Authority of Danville

Exhibit 2

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year Ended June 30, 2025

	2025	(For Comparative Purposes Only) 2024
OPERATING REVENUES		
Lease revenue (Note 7)	$ 1,177,275	$ 1,250,731
Economic development incentives – City of Danville	13,788,581	4,338,539
Tax credit program fees – New Market Credits (Note 1)	164,336	21,875
Interest income from notes receivable	88,311	113,242
Total operating revenues	15,218,503	5,724,387
OPERATING EXPENSES		
Economic development contributions and incentives (Note 11)	2,685,874	1,219,510
Return of incentive grant to City of Danville	250,000	5,035,000
Bad debt recovery	(156)	(61,539)
Professional services	1,038,086	752,792
Repairs and maintenance	325,347	160,522
Insurance and other	901,975	352,132
Depreciation	822,785	686,708
Total operating expenses	6,023,911	8,145,125
Operating income (loss)	9,194,592	(2,420,738)
NONOPERATING REVENUES (EXPENSES)		
Interest income	247,688	140,588
Interest expense	(1,777,961)	(1,018,766)
Loan fees and debt issuance costs	(162,281)	(15,637)
Contributions from City of Danville – land	-	13,800
Contributions from City of Danville	59,800	-
Miscellaneous revenue	4,125	-
Incentive grant	2,007,761	3,617,239
Loss on sale of property	(239,160)	(102,557)
Gain on lease disposition	-	250,881
Reimbursed expenses	-	95,418
Total net nonoperating revenue (expenses)	139,972	2,980,966
Change in net position	9,334,564	560,228
NET POSITION		
Beginning of year, as previously presented	37,890,155	37,675,719
Restatement (Note 13)	-	(345,792)
Beginning of year, as restated (Note 13)	37,890,155	37,329,927
Ending	**$ 47,224,719**	**$ 37,890,155**

The Notes to Financial Statements are an integral part of this statement.

Industrial Development Authority of Danville

Exhibit 3

Statement of Cash Flows

Year Ended June 30, 2025

	2025	(For Comparative Purposes Only) 2024
OPERATING ACTIVITIES		
Receipts from lessees	$ 1,133,946	$ 1,354,807
Receipts from City of Danville for economic development	13,788,581	4,338,539
Return of incentive funds to City of Danville	(250,000)	(5,035,000)
Receipts from notes receivable	3,056,499	271,197
Notes receivable issued	(1,662,044)	-
Other receipts	162,039	93,960
Payments to economic incentive grant recipients	(2,685,874)	(1,219,510)
Payments to suppliers	(2,741,499)	(823,971)
Net cash provided by (used in) operating activities	10,801,648	(1,019,978)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	2,007,761	3,617,239
Proceeds from the sale of capital assets	50,000	-
Proceeds from issuance of debt	18,543,297	9,710,909
Repayment of debt	(4,545,908)	(1,914,905)
Payments for the purchase and construction of capital assets	(19,713,502)	(11,175,769)
Debt issuance costs	(162,281)	(15,637)
Interest paid on debt	(1,729,214)	(995,554)
Net cash used in capital and related financing activities	(5,549,847)	(773,717)
NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from City of Danville	(1,447,699)	(444,006)
Net cash used in non-capital and related financing activities	(1,447,699)	(444,006)
INVESTING ACTIVITIES		
Interest received	247,688	140,588
Net cash provided by investing activities	247,688	140,588
Net increase (decrease) in cash and cash equivalents	4,051,790	(2,097,113)
CASH AND CASH EQUIVALENTS		
Beginning of year	9,320,603	11,417,716
Ending of year	**$ 13,372,393**	**$ 9,320,603**
RECONCILIATION TO EXHIBIT 1		
Cash and cash equivalents	$ 12,423,183	$ 7,692,881
Cash and cash equivalents, restricted	949,210	1,627,722
	$ 13,372,393	**$ 9,320,603**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ 9,194,592	$ (2,420,738)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	822,785	686,708
Other income	4,125	346,299
Change in		
Accounts receivable	(6,422)	(23,333)
Leases receivable	87,209	2,946,311
Prepaid expenses	5,781	(5,781)
Accounts payable and accrued expenses	(481,872)	447,256
Security deposits	3,300	(18,867)

The Notes to Financial Statements are an integral part of this statement.

Industrial Development Authority of Danville

Exhibit 3

Statement of Cash Flows
Year Ended June 30, 2025

	2025	(For Comparative Purposes Only) 2024
Unearned revenues	206,644	(5,757)
Deferred inflows related to leases	(133,838)	(3,074,249)
Notes receivable	1,099,344	102,173
Net cash provided by (used in) operating activities	**$ 10,801,648**	**$ (1,019,978)**
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset additions included in accounts payable	**$ 2,006,013**	**$ 5,680,631**
Capital asset contribution received by IDA	**$ -**	**$ 13,800**

The Notes to Financial Statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Industrial Development Authority of Danville (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the City Council of Danville on April 25, 1967, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373 et. seq. of the *Code of Virginia* (1950) as amended). The Authority is governed by seven directors appointed by the City Council. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia. The Authority is also authorized to issue debt to aid it in these activities as well.

For financial reporting purposes, the Authority is a discretely presented component unit of the City of Danville, Virginia (the "City"). The Authority is classified as such because its members are appointed by City Council and the City provides significant funding to the Authority; thus, the City is financially accountable for the Authority.

Measurement Focus and Basis of Accounting

The Authority's financial statements consist of a single enterprise fund and are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority arise from the sale of property, lease revenue, and economic development grants. Operating expenses include contributions to industries, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable consists of amounts owed to the Authority from a lessee for rent and invoices for maintenance and repairs.

Capital Assets

Capital assets are defined by the Authority as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Land improvements	15-40 years
Equipment	5-15 years

Property Held for Sale

Property held for sale is recorded at the lower of cost or market. Cost is determined by the acquisition price, if purchased, or at estimated fair value at the date of gift, if donated. Costs of property improvements are capitalized. Property held for sale is evaluated for impairment periodically. Should the fair value of the property fall below the book value an impairment would be recorded. No such impairment was noted for 2025.

The Authority has land available for sale in the Airside and Riverview Industrial Parks.

Security Deposits

Security deposits consist of amounts received from lessees that may be used to offset future lease payments or any damages that may occur to the property during the lease term.

Unearned Revenues

Unearned revenues consist of short-term operating lease payments that have been received but not earned at year end.

Revolving Loan Fund – USDA

The Authority has received an advance from the United States Department of Agriculture (USDA) to use as seed money in a revolving loan program for economic development. These funds are repayable to the USDA upon conclusion of the program.

Revolving Loan Fund – City

During the year ended June 30, 2019, the Authority received $3 million from the City to fund a special projects loan program. The program is intended to support economic development through a construction loan as described in Note 3. All of the funds were loaned in 2021 for projects.

Tax Credit Program Fees

The Authority is party to a management services agreement with Danville, Virginia CDE, Inc. (the "CDE"), whereby the Authority provides the CDE management services for certain of the CDE's daily operating functions. Under this agreement, the Authority receives all fees and payments due the CDE related to tax credits. The CDE participates with investors in local projects to facilitate historic and new market tax credits. Under this agreement, the Authority is not responsible for providing assistance in obtaining tax credits or applying for credits directly. The Authority essentially provides the CDE management and accounting support. This agreement is through December 31, 2025 and will continue year to year thereafter until terminated. Such fees totaled $164,336 in the current year.

Deferred Inflows of Resources

Lease-related amounts are recognized at the inception of leases in which the Authority is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Actual results could differ from those estimates.

Related-Party Transactions

The City provides the Authority with personnel and office space at no charge and such costs are not reflected in the accompanying financial statements.

Leases

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses an estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable periods of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 2 – Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Restricted cash consists of amounts remaining to be loaned out from the revolving loan funds provided by the USDA and the City as noted in Note 1, as well as unspent proceeds from bonds issued during fiscal year 2025.

Unspent bond proceeds for economic development projects	$ 867,045
USDA revolving small business loan funds	82,165
Total restricted cash	**$ 949,210**

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; "prime quality" commercial paper; and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Treasurer's Non-Arbitrage Program (SNAP). As of June 30, 2025, the Authority did not hold any investments.

Note 3 – Notes Receivable

Notes receivable consists of loans to companies to provide support and economic development. The 2011 incentive agreement loan relates to an economic incentive agreement awarded in March 2011 and will be forgiven if performance requirements are met by the recipient. The special project loan, with a balance of $1,650,000 as of June 30, 2025, was awarded by the Authority to support a construction project at 105 South Union. This is an interest only loan and bears interest of 6.375% per annum and is due in full in fiscal year 2027. It is guaranteed by a personal guarantee for the full amount of the loan. Other notes receivable consists of various economic development loans to companies. Balances are due over time, are not expected to be collected in full within one year, and bear interest at 4% per annum.

Based on the Authority's analysis of loans at June 30, 2025, $26,237 was recorded as an allowance. Management evaluates the performance and payment history of companies annually in determining the required allowance.

Notes receivable consists of the following:

2011 Incentive agreement loan	$	150,000
Special project loan		1,650,000
Other loans receivable		57,229
		1,857,229
Less allowance for doubtful accounts		(26,237)
Total notes receivable	**$**	**1,830,992**

The Authority has a $400,000 nonrecourse note receivable from Westmoreland and Schoolfield Senior Apartments, LLC due in 2038. Since it is nonrecourse to the maker, the Authority's legal counsel has concluded the Authority legally has no right to collect the note and it is not repayable unless there is a default, which would be as a result of a sale or other transfer of the underlying property. Based on these factors and the fact that there is no default as of June 30, 2025, the Authority has not recorded this note.

Note 4 – Due From Other Governments

On September 1, 2013, the Authority issued a taxable revenue bond in the amount of $7,160,000. As part of the debt issuance documents, the City has agreed to appropriate annual payments to the Authority for debt service. This bond was refunded in fiscal year 2017 and again in 2021. The interest rate for the bond is 1.49% and is scheduled to be paid off in fiscal year 2028. At June 30, 2025, the outstanding balance was $1,820,000.

In May 2021, the Authority issued a taxable Public Facility Lease Revenue Note in the amount of $10,000,000, the proceeds of which were placed in unspent bond proceeds. As part of the debt issuance documents, the City has agreed to appropriate annual payments to the Authority for debt service, therefore upon the consummation of this agreement the

Authority recognized a $10 million receivable from the City and a corresponding amount of economic development revenue from the City.

On May 23, 2025, the Authority issued a taxable lease revenue bond in the amount of $2,575,000. As part of the debt issuance, the City has agreed to appropriate annual payments to the Authority for debt service. The interest rate for the bond is 5.61% and is scheduled to be paid off in fiscal year 2035. At June 30, 2025, the outstanding balance was $2,575,000.

The Authority also has a $1,375,048 receivable from the City for property maintenance at June 30, 2025.

These amounts are due in the following installments:

Year Ending June 30,	Due From Other Governments To Authority	
	Principal	**Interest**
2026	$ 12,189,246	$ 298,815
2027	814,517	148,238
2028	837,214	125,172
2029	232,568	108,220
2030	245,615	95,174
2031-2035	1,450,888	253,056
	$ 15,770,048	**$ 1,028,675**

Note 5 – Capital Assets

The Authority's capital assets are held for lease to businesses operating or wishing to locate in the City. Capital asset activity for the year was as follows:

	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Capital assets, not depreciated				
Land	$ 4,563,562	$ 2,055,183	$ -	$ 6,618,745
Construction in progress	22,114,835	11,983,310	28,771,419	5,326,726
Total capital assets, not depreciated	26,678,397	14,038,493	28,771,419	11,945,471
Capital assets, being depreciated				
Buildings	27,982,137	30,745,820	-	58,727,957
Equipment	75,000	-	-	75,000
Total capital assets being depreciated	28,057,137	30,745,820	-	58,802,957
Less accumulated depreciation	(6,143,852)	(822,785)	-	(6,966,637)
Total capital assets being depreciated, net	21,913,285	29,923,035	-	51,836,320
Total capital assets, net	**$ 48,591,682**	**$ 43,961,528**	**$ 28,771,419**	**$ 63,781,791**

Of the properties above, approximately $8,281,000 of the net book value was invested in properties, which are not currently under lease but are available for lease or sale.

Note 6 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes from direct borrowings	$ 16,876,467	$ 15,954,637	$ (1,802,025)	$ 31,029,079	$ 2,129,146
Revenue bonds	2,388,768	13,660	(32,466)	2,369,962	201,942
Bonds payable	12,408,000	2,575,000	(588,000)	14,395,000	10,814,198
	$ 31,673,235	**$ 18,543,297**	**$ (2,422,491)**	**$ 47,794,041**	**$ 13,145,286**

The annual requirements to amortize long-term debt and related interest are as follows:

	Bonds Payable			Notes from Direct Borrowings		
Fiscal Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2026	$ 10,814,198	$ 298,815	$ 11,113,013	$ 2,129,146	$ 1,143,705	$ 3,272,851
2027	814,517	148,238	962,755	1,448,920	1,705,258	3,154,178
2028	837,214	125,172	962,386	1,062,980	1,627,972	2,690,952
2029	232,568	108,221	340,789	1,125,825	1,565,128	2,690,953
2030	245,615	95,174	340,789	2,119,830	1,498,596	3,618,426
2031-2035	1,450,888	253,059	1,703,947	23,142,378	1,453,299	24,595,677
	$ 14,395,000	**$ 1,028,679**	**$ 15,423,679**	**$ 31,029,079**	**$ 8,993,958**	**$ 40,023,037**

The Revenue Bonds listed below are currently being drawn and as such are not included in the table above.

Details of long-term indebtedness are as follows:

	Issue Date	Maturity Date	Authorized and Issued	Interest Rate	Amount Outstanding
Notes from Direct Borrowings					
American National Bank & Trust Company	Jan 2011	Mar 2027	$ 2,700,000	4.00%	$ 1,288,063
American National Bank & Trust Company	Sept 2013	Aug 2033	1,500,000	4.50	860,329
American National Bank & Trust Company	June 2021	June 2026	880,000	4.25	677,070
American National Bank & Trust Company	June 2021	June 2026	500,000	4.25	67,037
American National Bank & Trust Company	Dec 2020	Jan 2026	1,328,000	4.50	657,693
American National Bank & Trust Company	April 2021	April 2031	524,000	2.00	454,349
					4,004,541
Virginia Small Business Financing Authority	Oct 2023	Oct 2033	1,344,637	5.50	1,281,410
Virginia Small Business Financing Authority	Dec 2023	Dec 2033	984,000	5.50	82,640
Virginia Small Business Financing Authority	Jan 2025	Mar 2035	2,981,534	5.50	2,981,534
First National Bank	June 2023	June 2027	493,600	4.49	461,954
First National Bank	May 2025	June 2030	1,217,000	6.25	1,217,000
Atlantic Union Bank	Dec 2022	Dec 2030	21,000,000	6.25	21,000,000
					27,024,538
					$ 31,029,079

	Issue Date	Maturity Date	Authorized and Issued	Interest Rate	Amount Outstanding
General Obligation Bonds					
Taxable Revenue Bonds, Series 2021B	May 2021	Dec 2027	$ 4,184,000	1.49%	$ 1,820,000
Taxable Revenue Bonds, Series 2021A	May 2021	June 2026	10,000,000	1.64	10,000,000
Taxable Revenue Bonds, Series 2025A	May 2025	April 2035	2,575,000	5.61	2,575,000
					$ 14,395,000
Revenue Bonds					
VCC Bank Series 2023	Jan 2023	Jan 2034	$ 1,437,500	4.25%	$ 943,535
VCC Bank Series 2023	Jan 2023	Jan 2034	3,325,000	5.00	1,426,427
					$ 2,369,962

Bank notes payable are generally collateralized by real property.

Note 7 – Leases

Authority as Lessee

The Authority, as a lessee, entered into a lease agreement with The Alexander Company in December 2024 for commercial space in the White Mill building. The Authority began making payments to White Mill MT 1 LLC in the amount of $142,385, which is composed of loan interest, real estate taxes, utilities and other expenses. The ownership of White Mill MT 1 LLC consists of the Authority, The Alexander Company, and federal historic tax credit investor. The ownership of White Mill MT 1 LLC will be transferred completely to the Authority once the agreement with the federal historic tax credit investor has been satisfied. The Authority has capitalized costs relating to the shell and commercial space of the White Mill building. Therefore, a right-of-use lease asset and related debt will not be recorded as the Authority's costs to renovate the shell and commercial space has been capitalized, and the Authority will ultimately have ownership of White Mill MT 1 LLC.

Authority as Lessor

The Authority, as a lessor, has various leases to local companies with various terms and renewal options. These businesses have received incentives through the Authority to locate, expand, or remain in the Danville area. Lease payments are based on the principal loan balance the Authority owes on the individual properties. These leases have remaining terms of 3-5 years with options to extend between 8 and 15 years. The Authority uses its estimated incremental borrowing rate as the discount rate for the leases. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized for the year ended June 30, 2025 was $1,177,275. As of June 30, 2025, the Authority's lease receivable, including interest, for these payments total $4,284,476.

The Authority's leases consist of the following minimum future lease payments:

Fiscal Year		
2026	$	861,933
2027		698,479
2028		670,786
2029		672,094
2030		616,806
Thereafter		764,378
		4,284,476
Less current portion		(861,933)
Long-term leases receivable	**$**	**3,422,543**

Note 8 – Net Position

Restricted net position at June 30, 2025 consists of $3,000,000 that the Authority has received from the City for use for a revolving loan fund to aid new and existing local businesses.

Note 9 – Commitments and Contingencies

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority participates with other localities in a public entity risk pool for coverage of general liability with the Virginia Municipal League Liability Pool (VMLLP). Each member of this risk pool jointly and severally agrees to assume, pay, and discharge any liability. The Authority pays VMLLP contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims, and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

The Authority may be involved in potential lawsuits arising from the ordinary course of business. It is management's belief that any liability resulting from such lawsuits would not be material in relation to the Authority's financial position.

Grant Programs

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the Authority at June 30, 2025.

Other contingencies related to incentive grants and agreements are discussed elsewhere in these notes.

Note 10 – Conduit Debt Obligations

From time to time, the Authority has issued Economic Revenue Bonds ("Bonds") to provide financial assistance to private sector entities for the acquisition and construction of industrial, commercial, and educational facilities deemed to be in the public interest. The Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the state, nor any political subdivision thereof, including the Authority, is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements.

At June 30, 2025, there was a single Revenue Bond outstanding, with a principal amount payable of $12,965,000.

Note 11 – Incentive Grants

The City, often in conjunction with the Authority, has awarded performance grants to companies within the City to foster economic development. Disbursements under these grants vary based on the performance requirements and period in which the company has to perform. During the current fiscal year, the City awarded $640,000 in new grants and paid approximately $1,834,000 in such grant funds for awards from the Economic Development Fund. Additional performance grants, for which performance requirements have not yet been substantially met, total approximately $1,435,000 and will be funded by the City through the Authority.

In fiscal year 2025, the Authority, the City and the Commonwealth of Virginia entered into a performance agreement with Engineered Biopharmaceuticals, Inc. to equip, improve, and operate a synthetic sweetener manufacturing facility and creating thirty-four new full-time jobs within the City of Danville, Virginia.

In addition to those agreements previously described, the Authority also has multiple performance grants outstanding under which funds have been paid to the companies involved, but the performance period is not yet complete. Should a company fail to perform under the terms of the agreement, all or part of the funds awarded could become due and payable to the Authority. The Authority would then owe funds to the City, which may also owe certain funds back to the various granting authorities. Ultimate repayment responsibility rests with the City for these funds.

Incentive grant expense is recognized at the time when the recipient has substantially met the requirements of the award agreement. During the year, the Authority recognized expense for the following economic and incentive awards:

Masonic Towers Redevelopment LLC	$ 670,354
Craghead LLC	975,000
Rick Barker Properties LLC	200,000
River District Golf & Social LLC	75,000
Enterprise zone	203,438
Other miscellaneous incentive grants	562,082
	$ 2,685,874

Note 12 – Subsequent Events

The Authority issued a tax-exempt lease revenue bond in the amount of $8,325,000 and a taxable lease revenue bond in the amount of $10,175,000 on July 16, 2025.

The Authority executed a purchase agreement for the purchase of 508 Memorial Drive in Danville, Virginia in the amount of $900,000 on July 16, 2025.

The Authority signed a contract with Resource Environmental Solutions on August 12, 2025 for $2,500,000 for permittee responsible mitigation services for the Coleman site in Danville, Virginia. This contract includes cost-effective solutions for anticipated stream and wetland mitigation needs for the Coleman site.

The Authority signed a promissory note with Lansing Melbourne Group LLC on September 25, 2025 for $750,000 as a note receivable with a seven-year term.

Note 13 – Prior Period Restatement

For the year ended June 30, 2024, a prior period restatement of beginning net position was required related to an incorrect calculation of the Authority's lease receivables and deferred inflows of resources. In addition, lease receivables and deferred inflows of resources as of June 30, 2024 have been restated.

The following is a summary of the restatement of beginning net position.

Net position, July 1, 2023, as previously presented	$ 37,675,719
Correction of lease calculations	(345,792)
Net position, July 1, 2023, as restated	**$ 37,329,927**

Note 14 – New Accounting Standards

In April 2024, the GASB issued **Statement No. 103**, Financial Reporting Model Improvements. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Supplementary Schedule

Industrial Development Authority of Danville

Schedule of Bonds Outstanding – Conduit Debt
(Unaudited)
June 30, 2025

Type of Issue	Date Issued	Amount of Bonds Issued	Bonds Outstanding June 30, 2025	Bonds Outstanding June 30, 2024	Project Financed
Revenue Bond	Dec 17, 2017	$ 15,035,000	$ 12,965,000	$ 13,280,000	Averett University Capital projects and debt repayment

Compliance Section

BROWN EDWARDS
certified public accountants

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the Board of Directors
Industrial Development Authority of Danville
Danville, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Industrial Development Authority of Danville (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2025-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

Authority's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 12, 2025

Industrial Development Authority of Danville

Summary of Compliance Matters

June 30, 2025

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts and grant agreements, and other matters shown below.

State Compliance Matters

Code of Virginia
- Cash and Investment Laws
- Conflicts of Interest Act
- Uniform Disposition of Unclaimed Property Act

Local Compliance

Authority By-Laws

A – Findings – Financial Statement Audit

2025-001: Segregation of Duties (Significant Deficiency)

Condition An important aspect of any internal control system is the segregation of duties. Not all duties at the Authority have been adequately segregated. In an ideal system, no individual would perform more than one duty in connection with any transaction or series of transactions. With limited staff, sufficiently separating duties can be difficult or even impossible. As with all areas of internal control, management and those charged with governance should make careful decisions about the cost versus benefit of any internal control.

Criteria Segregation of duties should be maintained for financial transactions or series of transactions.

Cause The Authority has limited staff and is unable to adequately separate duties.

Effect The lack of adequate separation of duties results in creating the opportunity of the Authority to inappropriately process and record transactions.

Recommendation Management should continue to take steps to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

View of Responsible Officials Management will continue to evaluate possible actions and take steps where feasible.

BROWNEDWARDS
certified public accountants

Required Communication with Those Charged with Governance

To the Honorable Members of the Board of Directors
Industrial Development Authority of Danville
Danville, Virginia

We have audited the financial statements of the Industrial Development Authority of Danville (the "Authority"), a component unit of the City of Danville, Virginia (the "City") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- The useful lives of capital assets is based on management's knowledge and judgment, which is based on history.
- The carrying value of property and improvements not being materially different from the market value is largely based on assumptions about the local real estate market.
- The allowance for notes receivable from local companies, which is based on recent payment histories and knowledge of companies in question.
- The allowance for rent receivable, which is based on recent payment histories and knowledge of companies in question.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include those related to:

- The disclosure of the Authority's commitments and contingencies in Notes 9 and 11, which provide readers with an understanding of the Authority's position with respect to commitments extended for incentives and possible losses.
- The disclosures about capital assets held for lease and existing leases in Notes 5 and 7, which provide readers with an understanding of the assets owned by the Authority and the rent revenues expected to be generated by those assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No uncorrected misstatements were noted.

As part of our engagement with the Authority, we assisted with current year adjusting entries related to GASB Statement 87, *Leases.* The amounts recorded are summarized below to the nearest hundred.

- A $1,100 increase in lease interest receivable, $3,303,300 decrease in leases receivable, $3,003,100 decrease in deferred inflows related to leases, $203,000 increase in lease interest revenue, a net decrease of $156,400 in lease revenue, and a decrease to beginning net position of $345,800.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 12, 2025, a copy of which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on the introductory and supplementary schedule, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Industrial Development Authority of Danville and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 12, 2025

IDA
INDUSTRIAL DEVELOPMENT AUTHORITY
DANVILLE · VIRGINIA

December 12, 2025

Brown, Edwards & Company, L.L.P.
828 Main Street, Suite 1401
Lynchburg, Virginia

This representation letter is provided in connection with your audit of the financial statements of Industrial Development Authority of Danville (the "Authority"), a discretely presented component unit of the City of Danville, which comprise the respective financial position of the Authority as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows for the years then ended, the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 12, 2025, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 4, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with GAAP.
6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8) You have proposed adjusting journal entries that have been posted to the Authority's accounts. We are in agreement with those adjustments.
9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.

11) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

12) We have provided you with:

   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

   b) Additional information that you have requested from us for the purpose of the audit.

   c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

   - Management,
   - Employees who have significant roles in internal control,
   - Service organizations used by the entity, or
   - Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions, including any side agreements.

Government—specific

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have a process to track the status of audit findings and recommendations.

22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

26) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87.

27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

29) As part of your audit, you assisted with preparation of the financial statements and related notes, the current year journal entries for the lease standard, GASB 87, the schedule of expenditures of federal awards, and the data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; accept responsibility for the results of the services; and ensured that the entity's data and records are complete and received sufficient information to oversee the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

30) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

31) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

32) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended.

34) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

36) Provisions for uncollectible receivables have been properly identified and recorded.

37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

38) Revenues are appropriately classified in the statement of revenues, expenses, and changes in fund net positions.

39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

42) Capital assets have been evaluated for impairment in which we believe there is none.

43) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.

44) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

46) With respect to the introductory and supplementary schedules (other information):

    a) We acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.

    b) With regard to the other information that will be included in the annual report that has not been obtained by you prior to the auditor's report date, we intend to prepare and issue the other information, as well as communicate the expected timing of issuance, and provide you with the final version of the document(s) when available and prior to the issuance of the annual report.

47) With respect to federal award programs:
    a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
    b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
    c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
    d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirement of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.

u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient., if applicable.
v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
w) We have charged costs to federal awards in accordance with applicable cost principles.
x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

48) We reaffirm the representations made to you in our letter dated December 12, 2024 regarding your audit for the fiscal year ended June 30, 2024.

Signature: Michael L. Adkins
Title: City of Danville Chief Financial Officer

Signature: Corrie Teague Bobe
Title: City of Danville Director of Economic Development

Signature: Neal Morris
Title: Chairman of the Board of Directors

Signature:
Title: Treasurer of the Board of Directors

Industrial Development Authority of Danville

Comments on Internal Control and Other Suggestions for your Consideration

June 30, 2025

BROWN EDWARDS
certified public accountants

Industrial Development Authority of Danville

Contents

BROWN EDWARDS
certified public accountants

Independent Auditor's Report on Comments and Suggestions

To the Honorable Members of the Board of Directors
Industrial Development Authority of Danville
Danville, Virginia

In planning and performing our audit of the financial statements of the Industrial Development Authority of Danville (the "Authority"), a component unit of the City of Danville, Virginia (the "City") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards* and the regulations set forth in the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the ***Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detail review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Authority, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 12, 2025

Industrial Development Authority of Danville

Prior Year Comments and Suggestions

June 30, 2025

Segregation of Duties (Significant Deficiency)

One of the more important aspects of any internal control structure is the segregation of duties. In an ideal system of internal controls, no individual would perform more than one duty in connection with any transaction or series of transactions. In particular, no one individual should have access to both physical assets and the related accounting records. Such access may allow errors or irregularities to occur and be undetected or concealed.

Currently, the City's CFO, who also serves as the Authority's Accountant, has full access to the QuickBooks data file; can post journal entries; can print, sign, and mail checks; completes bank reconciliations; post transactions to the general ledger; and deposits funds received, among other functions. We recognize that the Authority has no employees and there are limited individuals involved in the Authority's operations.

We recommend that the Authority look for ways to segregate functions or implement compensating controls, including:

- A separate knowledgeable individual could receive bank statements unopened and review for unusual transactions before providing to the Finance Director for reconciliation. This individual should initial the bank statement indicating they have completed this review.
- Someone other than the Finance Director could be tasked with mailing checks once they have been signed and reviewed by the Authority's Board Chair.
- All journal entries completed by the Finance Director should be reviewed and approved monthly by the Authority's Board Chair, Treasurer, or other appropriate designated individual.
- All rental and other payments should be collected by Economic Development or the Treasurer's office and deposited with the bank by these individuals. No individual involved with the accounting function should handle funds collected for the Authority.
- Authority Board members should be receiving and reviewing multiple reports monthly, including comparisons with the prior year and with the budget, as applicable, to allow them to analyze activities, trends, and voice any concerns regarding unexpected changes. Such review will provide a level of monitoring and oversight over the financial results of the Authority.

Current Status: We noted in 2025 that the Finance Director no longer prepares paper checks, however, can process electronic payments. There are mitigating controls in place such as the invoice is approved before payment by the Board Chair and the Board Vice Chair has online access to accounts and reviews transactions as they occur in the bank account. Also, all wire transfers required two authorized individuals to make direct approval to the bank. We also noted in 2025 that financial reports are provided to the Board on a monthly basis as another layer of review. Lastly, we noted the Finance Director no longer deposits cash receipts. The remaining segregation of duty issues noted above are still applicable, however, there are compensating controls in place such as a different individual receives the Authority's unopened bank statements prior to the Finance Director completing the bank reconciliations. We also noted that the Board Chair is approving journal entries.

Industrial Development Authority of Danville

Prior Year Comments and Suggestions

June 30, 2025

Conflict of Interest Statements

Constitutional officers and appointed Board members are required to submit their conflict of interest statements by a specified date annually. If appointed after the filing date, new members are to file as a condition of assuming office and thereafter annually by February 1st. We noted during testing that one board member joined after February 1, 2023, and failed to file their statements of economic interest by February 1, 2024.

We recommend that steps should be taken to ensure that these statements are filed in a timely manner when board members join after February 1st.

Current Status: All conflict-of-interest statements were filed by the February 1, 2025 deadline. Comment is no longer applicable.

New GASB Pronouncements

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit.

The GASB issued **Statement No. 103,** ***Financial Reporting Model Improvements*** in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis: This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items: This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position: This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information: This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information: This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued **Statement No. 104, *Disclosure of Certain Capital Asset*** in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to peruse the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Current GASB Projects

GASB currently has a variety of projects in process. Some of these projects are discussed below.

Going Concern Uncertainties and Severe Financial Stress. The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This project is currently in the initial deliberations period.

Implementation Guidance Update - 2025. The objective of this project is to update implementation guidance for additional issues that come to the attention of the staff. This project will result in the issuance of an Implementation Guide when sufficient need exists for new or improved guidance and the Board does not object to its issuance. All updates are incorporated into the Codification of Governmental Accounting and Financial Reporting Standards and the Comprehensive Implementation Guide, as appropriate. This project is currently in the preliminary views period.

Infrastructure Assets. The objective of this project is to address issues related to accounting and financial reporting for infrastructure assets. The project would evaluate standards-setting options related to reporting infrastructure assets to make information (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. This project is currently in the preliminary views re-deliberation period.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. This project is currently in the preliminary views re-deliberations period.

Subsequent Events. The objective of this project is to improve the accounting and financial reporting for subsequent events. The project will reexamine existing requirements related to subsequent events in Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, to address issues related to (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events. This project is currently in the exposure draft period.

Industrial Development Authority
Statement of Accounts
As of December 31, 2025

Regular Checking	$ 258,683.28
USDA Loan Account	$ 83,782.07
City Funded Loan Account	$ 2,665,809.36
North Union Properties/Master Tenant	$ 31,050.35
US Bank - 2025A Bond Account	$ 13,591.08
US Bank - 2025B/C Bond Account	$ 17,234,468.35
US Bank - 2025D Bond Account	$ 4,016,449.82
First National Bank - Money Market	$ 32,016.80
Reserve Account	$ 9,763,796.47

Reserve Account Details

Hold for IDA Debt Svc - Bonds	*598,758.20*
Hold for Enterprise Zone	*609,613.98*
Hold for Int'l. Recruitment	*54,062.83*
Hold for Parking Debt Svc	*463,827.38*
Hold for Coleman Site	*560,981.25*
Hold for Dan River Falls	*1,199,700.00*
Hold for Dewberry Upfit DRF	*890,059.90*
Hold for Barker Road	*1,140,646.01*
Hold for Incentives	*2,068,930.00*
Hold for 231 Main Street	*400,000.00*
Hold for Schoolfield Acquisition	*67,214.70*
Hold for VBAF Grant	*500,000.00*
Hold for 217 N Union	*37,000.00*
Hold for 121/123 N Union	*430,118.75*
Available (CDE Funds)	*742,883.47*
	9,763,796.47

City Funded Loans:

Beginning Balance December 1, 2025	$ 2,662,177.48
Uncle Al's Diner	-
LMG, LLC	3,518.75
Interest /Bank Fees	113.13
Ending Balance December 31, 2025	$ 2,665,809.36

Industrial Development Authority
Statement of Account - Regular Checking
For the month ended December 31, 2025

Beginning Balance at December 1, 2025		$186,917.55
RECEIPTS:		
Rent:		83,148.73
Utility/Insurance Reimbursement:		
DR Foundation	1,279.67	
Averett	3,839.02	5,118.69
City of Danville Support		257,124.42
Transfer in from Reserve		1,071,797.06
Transfer In from Bond Accounts		49,945.14
CDE Program Revenues		21,875.00
Real Estate Tax Reimbursements		30,507.77
Pittsylvania County IDA - Shell Bldg		6,169.94
Interest Income/Wire Fees/Checks		(131.29)
DISBURSEMENTS:		
AUB Loan - Lockett Drive	(11,566.62)	
AUB - 500 Stinson Drive #1	(4,887.77)	
AUB - 500 Stinson Drive #2	(5,717.03)	
AUB - 512 Bridge Street	(16,467.81)	
VSBFA Bank - 500 Cane Creek	(9,251.38)	
VSBFA - MEP	(385.86)	
VSBFA - Barker Rd Loan	(21,870.52)	
Locus Bank - Shell Building	(12,315.20)	
Locus Bank - Ecomnets Bldg	(13,881.28)	
First National - Gaither Rd Prop	(3,136.84)	
Movement Bank - Monument	(2,651.24)	
US Bank - Bond Prin/Interest	(13,666.67)	
Architectural Partners - DRF	(10,623.93)	
Richard Morris Arch. N Union	(4,750.00)	
City of Danville - Real Estate Taxes	(84,093.14)	
Blair Construction - Barker Road	(166,838.65)	
Timmons Group	(581.25)	
Brown Edwards - Audit	(10,000.00)	
Cherry Bekaert - CDE	(21,875.00)	
Purchase of 297 Bridge St	(399,338.88)	
Purchase of 305 Bridge St	(367,687.23)	
Purchase of Schoolfield Woods	(133,182.30)	
Miller Long & Assoc - Appraisals	(12,925.00)	
Major Construction - Lockett Dr	(38,200.00)	
Roundtree Ventures - Parking Deck	(48,601.14)	
Kent Shelton - Parking Deck	(528.00)	
Utility Bills/Elevator Maint	(34,280.65)	
Insurance	(4,486.34)	
		(1,453,789.73)
PASS THROUGHS:		
From City for Incentives		200,000.00
Vantage Art Flats		(200,000.00)
Ending Balance at December 31, 2025		**$ 258,683.28**

125 N Union	250.00	
Abdul Rasheed	280.00	
Alexander Group - Pkg	13,500.00	
Averett	11,390.00	
Barry Smith	260.00	
Belk	14,205.00	
City - Gang Prev.	-	11/25
City - IT Dept.	3,154.00	
DR Foundation	5,610.00	
Honey Bee - Parking	850.00	
Launch Place	-	
Link's Café	-	
MEP	473.41	
Mind Body Wellness	960.00	
Morrisette Paper	6,762.61	
Overfinch	-	11/28
Revive Nutrition	600.00	
River District Assoc	1,585.00	
Riverside Running	2,812.48	
Robert Stephens	520.00	
Stephen Bass	2,175.00	
Sth VA Legal	1,575.00	
Vintages	1,347.00	
Walraven	14,839.23	
	83,148.73	

Industrial Development Authority
Statement of Account
USDA Loan Funds

For the month ended December 31, 2025

Beginning Balance at December 1, 2025			$ 83,512.45
RECEIPTS:			
	Dry Fork Fruit Dist.	266.07	
	River City Escapes	-	
	Interest	3.55	
			269.62
DISBURSEMENTS:		-	
			-
Ending Balance at December 31, 2025			**$ 83,782.07**

Reconciliation to original USDA grant of $99,000

ORIGINAL USDA FUNDS			$ 99,000.00
LESS OUTSTANDING LOANS:			
	River City Escapes	12,043.59	
	Dry Fork Fruit Dist.	5,881.30	(17,924.89)
INTEREST EARNED			22,116.01
DEFAULTED LOANS			(19,459.05)
PENALTIES EARNED			50.00
BALANCE IN ACCOUNT			**$ 83,782.07**

A/R Aging Summary Report

Industrial Development Authority of Danville

As of December 31, 2025

CUSTOMER	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
424 Memorial Drive		39,771.66				39,771.66
Abdul Rasheed	-280.00					-280.00
Averett University	5,416.88	-11,390.00				-5,973.12
Belk United Electronic Services	-7,102.50					-7,102.50
Christine B Eanes, LLC	-600.00					-600.00
Danville Regional Foundation	1,805.62					1,805.62
J&W Associated LLC dba Links Cafe		3,000.00				3,000.00
Making Everything Possible, LLC	485.86					485.86
Mind Body Wellness Pilates LLC	-960.00					-960.00
Morrisette Paper	-6,762.61					-6,762.61
Pemberton Lofts Parking	6,000.00					6,000.00
Robert David		1,841.00				1,841.00
Robert Stephens		187.00				187.00
Southern Virginia Legal PLLC		-1,575.00				-1,575.00
Stephen G. Bass	-2,175.00					-2,175.00
The Launch Place		3,000.00	3,000.00			6,000.00
Walraven		-14,839.23	-14,839.23			-29,678.46
TOTAL	**-4,171.75**	**19,995.43**	**-11,839.23**			**$3,984.45**

Balance Sheet

Industrial Development Authority of Danville

As of December 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
First National Bank - Money Market	32,016.80
Loans (City Funded)	2,665,809.36
North Union Master Tenant LLC	7,166.18
North Union Properties, LLC	23,884.17
Regular Checking	258,683.28
Reserve Account	9,763,796.47
US Bank - 2025A Project Fund	13,591.08
US Bank - 2025B&C Project Fund	17,234,468.35
US Bank - 2025D Project Funds	4,016,449.82
USDA Checking	83,782.07
Total for Bank Accounts	**$34,099,647.58**
Accounts Receivable	**$3,984.45**
Other Current Assets	
Due from City/County	15,138,099.20
Lease Interest Rec. - GASB 87	28,721.94
ST Lease Rec. - GASB 87	833,210.90
Total for Other Current Assets	**$16,000,032.04**
Total for Current Assets	**$50,103,664.07**
Fixed Assets	
Accumulated Depreciation	-6,966,636.57
Buildings	**$76,862,516.39**
Construction In Progress	**$10,142,878.56**
Equipment	**$75,000.00**
Land	**$7,588,810.54**
Land Improvements	**$2,580,260.66**
Total for Fixed Assets	**$90,282,829.58**
Other Assets	
Allowance for Doubtful Accounts	-26,237.10
LT Lease Rec. - GASB 87	3,422,542.54
Notes Receivable	
Dry Fork Distillery N/R	5,881.29
Eng Biopharmaceut Inc.	150,000.00
LMG, LLC Hyatt Loan	750,000.00
Masonic Temple Note Receivable	1,650,000.00
Note Rec - Uncle Al's Diner LLC	21,290.06
River City Escapes Note Receiva	12,043.59
Southside Ice	14,193.51

Balance Sheet

Industrial Development Authority of Danville

As of December 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Total for Notes Receivable	**$2,603,408.45**
Total for Other Assets	**$5,999,713.89**
Total for Assets	**$146,386,207.54**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Other Current Liabilities	
Accrued Interest	97,463.17
Retainage Payable	75,301.75
Security Deposits	101,255.78
Total for Other Current Liabilities	**$274,020.70**
Total for Current Liabilities	**$274,020.70**
Long-term Liabilities	
Bonds Payable	**$45,846,000.00**
Deferred Lease Rev - GASB 87	4,013,410.49
Deferred Revenue	122,718.70
Lease Revenue Note - 2021A	10,000,000.00
Notes Payable	
AUB - 206/208 N Union Loan	644,261.74
AUB - 500 Stinson Drive	662,238.18
AUB - 512 Bridge Loan	1,214,829.35
AUB - Dan River Falls	21,000,000.00
AUB Loan - 500 Stinson #2	33,886.00
AUB Loan - Locket Drive	822,053.94
FNB - 527 Bridge Street Loan	1,195,267.14
FNB - Gaither Rd Parcels	453,596.51
Locus Bank - 1 Ecomnets Way	1,346,720.05
Locus - Cyber Prk Shell Bldg	926,824.11
Movement Bank - 816 Monument	442,950.85
VSBFA - 500 Cane Creek	1,259,823.07
VSBFA - Barker Road Loan	2,971,653.86
VSBFA - MEP Loan	82,602.35
Total for Notes Payable	**$33,056,707.15**
Revolving Loan Fund - USDA	99,000.00
Total for Long-term Liabilities	**$93,137,836.34**
Total for Liabilities	**$93,411,857.04**
Equity	**$52,974,350.50**
Total for Liabilities and Equity	**$146,386,207.54**

Profit and Loss

Industrial Development Authority of Danville

July 1-December 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
Grants	
Grants - City of Danville	4,777,403.28
Total for Grants	**$4,777,403.28**
Parking Space Rental Income	28,334.00
Program Fees	81,452.80
Rental Income	2,584,562.96
Total for Income	**$7,471,753.04**
Gross Profit	**$7,471,753.04**
Expenses	
Bank Service Charges	232.00
Bond Issue Costs	216,496.50
Dues and Subscriptions	345.00
Incentive Payments	772,045.62
Insurance	107,930.21
Interest Expense	1,259,033.00
Licenses and Permits	4,713.82
Office Supplies	219.98
Professional Fees	$14,379.33
Accounting	69,449.40
Consulting	152,167.77
Legal Fees	76.00
Total for Professional Fees	**$236,072.50**
Rental Expense	267,133.34
Repairs	-$560.00
Building Repairs	67,695.58
Total for Repairs	**$67,135.58**
Taxes	15,537.49
Telephone	2,004.71
Utilities	75,062.22
Total for Expenses	**$3,023,961.97**
Net Operating Income	**$4,447,791.07**
Other Income	
Gain on Disposal	885,500.00
Interest Income	416,340.05
Total for Other Income	**$1,301,840.05**
Net Other Income	**$1,301,840.05**
Net Income	**$5,749,631.12**

PRESENTED: ____January 13, 2026__

ADOPTED: ______January 13, 2026__

RESOLUTION NO. 2026-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A CONTRACT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND EVERGREEN LANDSCAPING TO PROVIDE LANDSCAPE MAINTENANCE FOR THE PROPERTY IDENTIFIED AS 120 SLAYTON DRIVE.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a contract between the Authority and Evergreen Landscaping, substantially in the form attached hereto and made a part hereof, as if fully setout herein; and

BE IT FURTHER RESOLVED, by the IDA that it hereby approves and authorizes a contract at the rate of Sixteen thousand, six hundred and 00/100 dollars ($16,600.00); and

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

Approved:

____
Chairman

Attest:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

EVERGREEN
LANDSCAPING • IRRIGATION • MAINTENANCE

180 GREENBAY RD. • CHATHAM, VA 24531
PH: 434-432-9111
Email: troy@evergreenlawn.org
kevin@evergreenlawn.org

Shell Building Maintenance
120 Slayton Dr
Danville Va
Oct 29, 2025

Labor and Equipment to mow, trim, and blow off all hard surfaces per visit $400.00 (28 mowings)	**$11,200.00**
Labor and equipment to mow and weed eat ponds and slopes per mow 3 per year ($1800.00 each visit)	**$5,400.00**
TOTAL ESTIMATE	**$16,600.00**

"LANDSCAPES YOU'LL BE PROUD OF"

PRESENTED: ____January 13, 2026__

ADOPTED: _______January 13, 2026__

RESOLUTION NO. 2026-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A CONTRACT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND J.E. BURTON CONSTRUCTION COMPANY, INC. TO PROVIDE REQUIRED MAINTENANCE AND REPAIRS FOR THE PROPERTY IDENTIFIED AS 310-312 MAIN STREET.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a contract between the Authority and J.E. Burton Construction Company Inc., substantially in the form attached hereto and made a part hereof, as if fully setout herein; and

BE IT FURTHER RESOLVED, by the IDA that it hereby approves and authorizes a contract in an amount not to exceed Two hundred, ninety thousand and 00/100 dollars ($290,000.00); and

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

Approved:

____
Chairman

Attest:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

INDUSTRIAL DEVELOPMENT AUTHORITY
DANVILLE, VIRGINIA

"Renovations to 310 & 312 Main Street: Misc Repairs and Improvements"

THIS AGREEMENT, made this 12th day of December 2025, by and between the Industrial Development Authority (IDA) of Danville, 427 Patton Street, Danville, VA 24541, hereinafter called the IDA, and J.E. Burton Construction Co., Inc., 220 Webster Street, South Boston, VA 24592, hereinafter called the Contractor.

WITNESSETH: That the IDA and the Contractor, for the consideration hereinafter named, agree as follows:

ARTICLE 1. The Contractor agrees to furnish all materials, labor, equipment, supervision, and incidentals necessary, and to perform all the work for the project entitled "Renovations to 310 & 312 Main Street: Misc Repairs and Improvements" in accordance with terms and provisions of this agreement and all specifications prepared by IDA, referred to and incorporated herein by reference.

ARTICLE 2. The Contractor agrees that the work under this Agreement will be substantially completed not later than ninety (90) calendar days from Notice to Proceed. The Contractor further agrees that the amount of Liquidated Damages stipulated in the specifications will be Three Hundred Fifty Dollars and Zero Cents ($350.00) for each consecutive calendar day, including Saturdays, Sundays and Holidays after the established date of completion

a. Time extensions for weather

    1. The contract time will not be extended due to inclement weather conditions that are normal to the general locality of the work site. The time for performance of this contract includes and allowance for workdays (based on a 5-day workweek) which may not be suitable for construction work. The monthly anticipated normal inclement weather workdays for the project location which will constitute the base line for annual weather time extension evaluations is 5 days per month.

    2. The Contractor, in his planning and scheduling of the work as required by the Contract Documents, shall allow for normal inclement weather for the locality of the work site. If the Contractor believes that the progress of the work has been adversely affected and that it will result in a failure to meet Substantial Completion within the Contract Time, by weather conditions above and beyond the amount normally expected, he shall submit a written request to the Engineer.

3. Such a request shall be evaluated by the Project Manager in accordance with the provisions of the Contract Documents. The decision of the Engineer shall be final.

4. Such a request shall be evaluated by the Project Manager in accordance with the provisions of the Contract Documents. The decision of the Engineer shall be final.

ARTICLE 3. The IDA agrees to pay Contractor for the performance of the contract the sum of Two Hundred Ninety Thousand Dollars and Zero Cents ($290,000.00), subject to additions and deductions as provided in the specifications. Payments on account thereof shall be made not more than thirty (30) days following approval by the City Division Director of Buildings as follows:

a. Except as hereinafter provided, the IDA will pay by the fifteenth of the following month all bills submitted by the twentieth of preceding month; otherwise by the end of the following month.

b. The IDA will make payments on estimates approved by the City Project Manager of Economic Development. The Contractor shall furnish, for approval, a breakdown of the total contract price showing the amount included herein for each category of work performed. This breakdown modified where directed by the Engineer will be used as a basis for preparing partial estimates and establishing progress payments.

c. All materials and work covered by payments whether incorporated in the Project or not shall become the sole property of the Industrial Development Authority (IDA), but this provision shall not be construed as relieving the Contractor from the sole responsibility for all material and work upon which payments have been made, or the restoration of any damaged work, or as waiving the right of the City to Require the fulfillment of all the terms of this contract.

d. At the option of the City Division Director of Buildings, partial payment up to the estimated value, may be allowed for any materials and equipment not incorporated in the Work, pursuant to the following conditions:

   1. Major equipment items stored off site shall be stored in a bonded warehouse and properly maintained during storage.

   2. Equipment or materials stored on the site shall be properly stored, protected, and maintained.

   3. For any partial payment the Contractor shall submit, with his monthly progress payment from each material or equipment manufacturer, bills or invoices indicating actual material cost.

4. Contractor shall submit evidence that he has paid for materials or equipment stored and for which the Engineer has authorized partial payment and previous progress payments, prior to submission of the next monthly payment request.

e. In making payments, there shall be retained five percent (5%) of the estimated amount until final completion and acceptance of the contract work.

f. The Contractor, provided all above conditions have been met, has the right to suspend operations after the 30th day following partial billing, if payment has not been received, without forfeiting any of his rights, unless otherwise agreed upon by the IDA or its representative and the Contractor.

ARTICLE 4. During the performance of this Agreement, the Contractor agrees as follows:

a. Within seven (7) days after the receipt of amounts paid to the Contractor by the IDA for work performed by any subcontractor under this agreement, the Contractor shall either:

   1. Pay the subcontractor for the proportionate share of the total payment received from the IDA attributable to the work performed by the subcontractor under this agreement; or

   2. Notify the IDA and the subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the IDA for work performed by the subcontractor's payment with the reason for nonpayment.

b. The Contractor shall pay interest to any subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the IDA for work performed by the subcontractor under this agreement, except for amounts withheld as allowed in subsection a (2) above.

c. Unless otherwise provided under the terms of this Agreement, interest shall accrue at the rate of one percent per month.

d. The Contractor shall include in each of its subcontracts a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

e. The Contractor's obligation to pay and interest charged to a subcontractor pursuant to this section may not be construed to be an obligation of the IDA.

No contract modification may be made for the purpose of providing reimbursement for such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

f. Contractors shall provide their social security numbers and proprietorships, partnerships, and corporations to provide federal employer identification numbers.

g. Contractor shall prohibit the use of forced or indentured child labor in the performance of the contract and requiring that the contractor include such prohibition in every subcontract or purchase order that exceeds $10,000, so that the prohibition will be binding upon each subcontractor or vendor.

ARTICLE 5. During the performance of this contract, the Contractor agrees as follows:

a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, gender identity, national origin, age, disability, status as a service disabled veteran, status as a military family, or any other basis prohibited by state law relating to discrimination in employment except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees or applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

b. The Contractor also shall not discriminate against any handicapped person in violation of any state or federal law or regulation and shall also post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this additional nondiscrimination clause.

c. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.

d. Notices, advertisements, and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

e. The Contractor will otherwise comply with all other applicable provisions of local, state, and Federal law. The contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth; knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

f. The Industrial Development Authority does not discriminate against faith-based organizations.

ARTICLE 6. During the performance of this contract, the contractor agrees to

a. Provide a drug-free workplace for the contractor's employees.

b. Post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition.

c. State in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace.

d. Include the provisions of the foregoing clauses in every subcontract or purchase order of or over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

"Drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

ARTICLE 7. The Contractor shall not commence work under any contract until he has obtained all the insurance required hereunder and such insurance has been approved by the Industrial Development Authority (IDA); nor shall the Contractor allow any Subcontractor to commence work on his subcontract until all similar insurance has been so obtained and approved. Approval of the insurance by the IDA shall not relieve or decrease the liability of the Contractor hereunder.

a. Worker's Compensation including Occupational Disease and Employer's Liability Insurance: The Contractor shall take out and maintain during the life of the Contract, Workers' Compensation and Employer's Liability Insurance for all of his employees to be engaged in work on the project under this Contract in an amount no less than the minimum allowed by the State Corporation Commission, and in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Workers' Compensation and Employers' Liability Insurance for all of the latter's employees to be engaged in such work.

b. Comprehensive General Liability Insurance: The Contractor shall maintain during the life of the Contract comprehensive general liability insurance as shall protect him and the IDA and its officers, agents and employees from claims for damages for personal injury, including death, as well as from claims for property damage, which may arise from operations under the Contract, whether such operations be by himself or by any Subcontractor, or by anyone directly or indirectly employed by either of them. The amount of such insurance shall be not less than a combined single limit of $1,000,000.00 per occurrence on bodily injury and property damage and $1,000,000.00 aggregate on completed operations. The comprehensive general liability insurance shall provide the following coverage:

Automobile liability insurance with minimum combined single limits of $1,000,000.00 per occurrence. This insurance shall include bodily injury and property damage for the following vehicles:

Owned Vehicles

Non-owned Vehicles

Hired Vehicles

c. Umbrella Policy: At the option of the Contractor, primary limits may be less than required, with an umbrella policy providing the additional limits needed. The form of insurance will be acceptable provided that the primary and umbrella policies both provide the insurance coverage herein required. However, any such umbrella policy must have minimum coverage limits of $3,000,000.00.

d. Builder’s Risk: The Contractor, at his cost, shall effect and maintain in the names of the IDA, the Engineer and the Contractor, fire, vandalism and extended coverage insurance (or all-risk, builder's risk insurance if approved by the IDA), upon the entire structure or structures on which the work of this Contract is to be done and upon all material in or adjacent thereto and intended for use thereon to one hundred percent (100%) of the Contract amount. Such insurance may include a deductible provision if the IDA consents to such provision; however, the Contractor in such case will be liable for paying to the IDA the amount of such deduction whenever a claim arises. The loss, if any, is to be made adjustable with and payable to the IDA as Trustee for whom it may concern. Written evidence of the insurance required herein shall be filed with the IDA not later than thirty (30) days following the date of the award of the Contract. A copy of the evidence of insurance shall be filed with the Director of Purchasing.

e. To the fullest extent permitted by law, a Waiver of Subrogation Clause shall be added to the General Liability, Automobile, Excess or Umbrella and Workers Compensation policies in favor of the IDA and shall apply to it Owners officers, agents and employees, with respect to all Projects during the policy term.

f. Prior to commencement of Work on any individual Project, the Contractor shall submit a Certificate of Insurance in favor of the IDA and an Additional Insured Endorsement (in a form acceptable to the IDA) as required hereunder. The Contractor's Insurance policies shall provide for thirty (30) days' notice to IDA for cancellation or any change in coverage and be evidenced by the Certificate of Insurance. Copies of insurance policies shall promptly be made available to the IDA upon request.

g. The Industrial Development Authority (IDA), along with their respective officers, agents and employees, shall be named as additional insureds.

h. Certificate holder should read as follows:

Industrial Development Authority (IDA)
427 Patton Street
Danville, VA 24541

ARTICLE 8. The IDA and the Contractor hereby agree that the Contract specifications, which (with the exception of the IDA "Standard Requirements & Instructions for Bidding" and contract drawings) are attached hereto, and are incorporated herein and made a part hereof by reference as if fully set forth and include the following:

Exhibit #1	J.E. Burton Construction Co., Inc. proposal dated 12/11/2025.
Exhibit #2	Project entitled "Renovations to 310 & 312 Main Street: Misc Repairs and Improvements"
Exhibit #3	Certificate of Insurance
Exhibit #4	"City of Danville Standard Requirements & Instructions for Bidding, Version 3.0 dated July 1, 2025"
Exhibit #5	City of Danville Terms and Conditions

ARTICLE 9. Notwithstanding any other provision of this contract to the contrary, the total obligation of the IDA shall not exceed Two Hundred Ninety Thousand Dollars and Zero Cents ($290,000.00) and no increase shall be made to this amount except by a written amendment executed by officials of the IDA and Contractor who are authorized by law to execute agreements.

In the event that sufficient funds are not appropriated by the IDA; or, if appropriated, are not allocated or available; or, in the event the amounts due hereunder are to be paid with funds given to the IDA by another private or government entity, and such funds are not sufficient for continuation of this agreement during any fiscal year after the IDA's first fiscal year; the IDA may, without breach, upon prior written notice to the Contractor, terminate this Agreement in whole or in part.

ARTICLE 10. INDEMNIFICATION

a. The Contractor shall indemnify the Industrial Development Authority (IDA), its agents, officers, and employees against any damages to property or injuries to or death of any person or persons, including property and employees or agents of the Industrial Development Authority (IDA), and shall defend and indemnify the Industrial Development Authority (IDA), its agents, officers, and employees from any claims, demands, suits, actions, or proceedings of any kind, including workers' compensation claims, of or by anyone, in any way resulting from or arising out to the operations in connection with the work described in the contract, including operations of subcontractors and acts or omissions of employees or agents of Contractor or Contractor's subcontractors. Contractor shall procure and maintain, at Contractor's own costs and expense, any additional kinds and amounts of insurance that, in Contractor's own judgement, may be necessary for Contractor's proper protection in the prosecution of the work.

b. The Contractor shall, at his own expense, appear, defend, and pay all charge of attorneys and other expenses arising there from or incurred in connection therewith, and, if any judgement shall be rendered against the Industrial Development Authority (IDA), and/or its officers, agents, and employees, in any such action, the Contractor shall, at his own expense, satisfy and discharge the same. The Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep, and save harmless and defend the Industrial Development Authority (IDA), its agents, officers, and employees as herein provided.

c. The Contractor shall assume all risks and responsibilities for casualties of every description in connection with the work, except that he shall not be held liable or responsible for delays or damage to the work caused by acts of God, acts of Public Enemy, acts of Government, quarantine restrictions, general strikes through the trade, or by freight embargoes not caused or participated in by the Contractor. The Contractor shall have charge and control of the entire work until completion and acceptance of the same by the Industrial Development Authority (IDA).

d. The Contractor shall alone be liable and responsible for, and shall pay, any and all loss or damage sustained by any person or party either during the performance or subsequent to the completion of the work under this agreement, by reason of injuries to persons and damage to property, buildings, and adjacent work, that may occur either during the performance of the work covered by this contract or that may be sustained as a result of or in consequence thereof, irrespective of whether or not such injury or damage be due to negligence or the inherent nature of the work.

e. The Contractor shall bear all losses resulting from the amount or character of work being different, or because the nature of the premises on which the work is done is different from what was expected or on account of the weather, or similar causes.

f. The Contractor, however, will not be obligated to indemnify the Industrial Development Authority (IDA), its officers, agents or employees against liability for damage arising out of bodily injury to persons or damage to property caused by or resulting solely from the negligence of the Industrial Development Authority (IDA) or its officers, agents, and employees.

ARTICLE 11. It is the intent and understanding of the parties to this Agreement that each and every provision of law required to be inserted in this Agreement shall be and is inserted herein. Furthermore, if through mistakes and otherwise, any such provision is not inserted in correct form, then this Agreement shall upon application of either party, be amended by such insertion so a to comply strictly with the law and without prejudice to the rights of either party.

If this Agreement contains any unlawful provisions, not an essential part of the Agreement and which appear not to have been a controlling or material inducement to the making hereof, the same shall be deemed of no effect, and shall upon the application of either party be stricken from the Agreement without affecting the binding force of the Agreement as it shall remain after omitting such provisions.

ARTICLE 12. This Agreement and the performance hereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefor shall lie in the City of Danville, Virginia.

Contractor is organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 or as otherwise required by law.

ARTICLE 13. The IDA and the Contractor, for themselves, their successors, executors, administrators, and assignees hereby agree to the full performance of the covenants herein contained.

IN WITNESS WHEREOF, these parties hereto have executed this Agreement on the day and year first above written in two (2) counterparts, each of which is to be deemed to be an original agreement.

INDUSTRIAL DEVELOPMENT
AUTHORITY OF DANVILLE, VIRGINIA

(SEAL)

BY: ______________________________ ATTEST: ______________________________

T. Neal Morris
Chairman

John Laramore
Secretary

****

J.E. Burton Construction Co., Inc.

BY: ______________________________ ATTEST: ______________________________

(signature)

(signature)

____

(printed name/title)

____

(printed name/title)

PRESENTED: _January 13, 2026

ADOPTED: _January 13, 2026

RESOLUTION NO. 2026- ___. ___

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A CONSTRUCTION SERVICES AGREEMENT WITH QUALITY CONSTRUCTION FOR STABLIZATION AND IMPROVEMENTS AT 624-626 NORTH MAIN STREET AND APPROVING AND AUTHORIZING THE EXPENDITURE NOT TO EXCEED $1,676,736.

WHEREAS, the Industrial Development Authority of Danville, Virginia (IDA) is the owner of 624-626 North Main Street through 624 North Main LLC, further identified as Parcel ID #03371; and

WHEREAS, staff is requesting that the IDA approve and authorize a contract with Quality Construction to provide construction services to stabilize and improve this property and make it marketable for potential developers or new business prospects; and

WHEREAS, staff is further requesting the IDA to approve up to One million, six hundred, seventy-six, thousand, seven hundred, thirty-six and 00/100 dollars ($1,676,736) to assist with the construction.

NOW THEREFORE, BE IT RESOLVED by the IDA that it hereby approves and authorizes a construction services agreement with Quality Construction for 624-626 North Main Street, substantially in the form attached hereto; and

BE IT FURTHER RESOLVED that the IDA authorizes the expenditure of an amount not to exceed One million, six hundred, seventy-six thousand, seven hundred, thirty six and 00/100 dollars ($1,676,736) to fund the construction activities in the agreement; and

BE IT FURTHER RESOLVED by the IDA that it hereby authorizes its Chairman, or in his absence any Officer, to execute any and all required documents and perform any other duties needed to complete the above-mentioned transaction.

Approved:

____

Chairman

Attest:

____

Secretary

Approved as to
Form and Legal Sufficiency:

____

City Attorney

INDUSTRIAL DEVELOPMENT AUTHORITY
DANVILLE, VIRGINIA

“624-626 North Main Street”

THIS AGREEMENT, made this 5th day of January 2026, by and between the Industrial Development Authority (IDA) of Danville, 427 Patton Street, Danville, VA 24541, hereinafter called the IDA, and Quality Construction of Danville, Inc., 1325 Goodyear Boulevard, Danville, VA 24541, hereinafter called the Contractor.

WITNESSETH: That the IDA and the Contractor, for the consideration hereinafter named, agree as follows:

ARTICLE 1. The Contractor agrees to furnish all materials, labor, equipment, supervision, and incidentals necessary, and to perform all the work for the project entitled “626-626 North Main Street” in accordance with terms and provisions of this agreement and all specifications prepared by IDA, referred to and incorporated herein by reference.

ARTICLE 2. The Contractor agrees that the work under this Agreement will be substantially completed not later than Three Hundred (300) calendar days from Notice to Proceed. The Contractor further agrees that the amount of Liquidated Damages stipulated in the specifications will be One Hundred Dollars and Zero Cents ($100.00) for each consecutive calendar day, including Saturdays, Sundays and Holidays after the established date of completion

a. Time extensions for weather

    1. The contract time will not be extended due to inclement weather conditions that are normal to the general locality of the work site. The time for performance of this contract includes and allowance for workdays (based on a 5-day workweek) which may not be suitable for construction work. The monthly anticipated normal inclement weather workdays for the project location which will constitute the base line for annual weather time extension evaluations is 5 days per month.

    2. The Contractor, in his planning and scheduling of the work as required by the Contract Documents, shall allow for normal inclement weather for the locality of the work site. If the Contractor believes that the progress of the work has been adversely affected and that it will result in a failure to meet Substantial Completion within the Contract Time, by weather conditions above and beyond the amount normally expected, he shall submit a written request to the Engineer.

3. Such a request shall be evaluated by the Project Manager in accordance with the provisions of the Contract Documents. The decision of the Engineer shall be final.

4. Such a request shall be evaluated by the Project Manager in accordance with the provisions of the Contract Documents. The decision of the Engineer shall be final.

ARTICLE 3. The IDA agrees to pay Contractor for the performance of the contract the sum of One Million Six Hundred Ninety-Eight Thousand Five Hundred Sixty-Five Dollars and Zero Cents ($1,698,565.00), subject to additions and deductions as provided in the specifications. Payments on account thereof shall be made not more than thirty (30) days following approval by the City Division Director of Buildings as follows:

a. Except as hereinafter provided, the IDA will pay by the fifteenth of the following month all bills submitted by the twentieth of preceding month; otherwise by the end of the following month.

b. The IDA will make payments on estimates approved by the City Project Manager of Economic Development. The Contractor shall furnish, for approval, a breakdown of the total contract price showing the amount included herein for each category of work performed. This breakdown modified where directed by the Engineer will be used as a basis for preparing partial estimates and establishing progress payments.

c. All materials and work covered by payments whether incorporated in the Project or not shall become the sole property of the Industrial Development Authority (IDA), but this provision shall not be construed as relieving the Contractor from the sole responsibility for all material and work upon which payments have been made, or the restoration of any damaged work, or as waiving the right of the City to Require the fulfillment of all the terms of this contract.

d. At the option of the City Division Director of Buildings, partial payment up to the estimated value, may be allowed for any materials and equipment not incorporated in the Work, pursuant to the following conditions:

    1. Major equipment items stored off site shall be stored in a bonded warehouse and properly maintained during storage.

    2. Equipment or materials stored on the site shall be properly stored, protected, and maintained.

    3. For any partial payment the Contractor shall submit, with his monthly progress payment from each material or equipment manufacturer, bills or invoices indicating actual material cost.

4. Contractor shall submit evidence that he has paid for materials or equipment stored and for which the Engineer has authorized partial payment and previous progress payments, prior to submission of the next monthly payment request.

e. In making payments, there shall be retained five percent (5%) of the estimated amount until final completion and acceptance of the contract work.

f. The Contractor, provided all above conditions have been met, has the right to suspend operations after the 30th day following partial billing, if payment has not been received, without forfeiting any of his rights, unless otherwise agreed upon by the IDA or its representative and the Contractor.

ARTICLE 4. During the performance of this Agreement, the Contractor agrees as follows:

a. Within seven (7) days after the receipt of amounts paid to the Contractor by the IDA for work performed by any subcontractor under this agreement, the Contractor shall either:

    1. Pay the subcontractor for the proportionate share of the total payment received from the IDA attributable to the work performed by the subcontractor under this agreement; or

    2. Notify the IDA and the subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the IDA for work performed by the subcontractor's payment with the reason for nonpayment.

b. The Contractor shall pay interest to any subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the IDA for work performed by the subcontractor under this agreement, except for amounts withheld as allowed in subsection a (2) above.

c. Unless otherwise provided under the terms of this Agreement, interest shall accrue at the rate of one percent per month.

d. The Contractor shall include in each of its subcontracts a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

e. The Contractor's obligation to pay and interest charged to a subcontractor pursuant to this section may not be construed to be an obligation of the IDA.

No contract modification may be made for the purpose of providing reimbursement for such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

f. Contractors shall provide their social security numbers and proprietorships, partnerships, and corporations to provide federal employer identification numbers.

g. Contractor shall prohibit the use of forced or indentured child labor in the performance of the contract and requiring that the contractor include such prohibition in every subcontract or purchase order that exceeds $10,000, so that the prohibition will be binding upon each subcontractor or vendor.

ARTICLE 5. During the performance of this contract, the Contractor agrees as follows:

a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, gender identity, national origin, age, disability, status as a service disabled veteran, status as a military family, or any other basis prohibited by state law relating to discrimination in employment except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees or applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

b. The Contractor also shall not discriminate against any handicapped person in violation of any state or federal law or regulation and shall also post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this additional nondiscrimination clause.

c. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.

d. Notices, advertisements, and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

e. The Contractor will otherwise comply with all other applicable provisions of local, state, and Federal law. The contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth; knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

f. The Industrial Development Authority does not discriminate against faith-based organizations.

ARTICLE 6. During the performance of this contract, the contractor agrees to

a. Provide a drug-free workplace for the contractor's employees.

b. Post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition.

c. State in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace.

d. Include the provisions of the foregoing clauses in every subcontract or purchase order of or over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

"Drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

ARTICLE 7. The Contractor shall not commence work under any contract until he has obtained all the insurance required hereunder and such insurance has been approved by the Industrial Development Authority (IDA); nor shall the Contractor allow any Subcontractor to commence work on his subcontract until all similar insurance has been so obtained and approved. Approval of the insurance by the IDA shall not relieve or decrease the liability of the Contractor hereunder.

a. Worker's Compensation including Occupational Disease and Employer's Liability Insurance: The Contractor shall take out and maintain during the life of the Contract, Workers' Compensation and Employer's Liability Insurance for all of his employees to be engaged in work on the project under this Contract in an amount no less than the minimum allowed by the State Corporation Commission, and in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Workers' Compensation and Employers' Liability Insurance for all of the latter's employees to be engaged in such work.

b. Comprehensive General Liability Insurance: The Contractor shall maintain during the life of the Contract comprehensive general liability insurance as shall protect him and the IDA and its officers, agents and employees from claims for damages for personal injury, including death, as well as from claims for property damage, which may arise from operations under the Contract, whether such operations be by himself or by any Subcontractor, or by anyone directly or indirectly employed by either of them. The amount of such insurance shall be not less than a combined single limit of $1,000,000.00 per occurrence on bodily injury and property damage and $1,000,000.00 aggregate on completed operations. The comprehensive general liability insurance shall provide the following coverage:

Automobile liability insurance with minimum combined single limits of $1,000,000.00 per occurrence. This insurance shall include bodily injury and property damage for the following vehicles:

Owned Vehicles

Non-owned Vehicles

Hired Vehicles

c. Umbrella Policy: At the option of the Contractor, primary limits may be less than required, with an umbrella policy providing the additional limits needed. The form of insurance will be acceptable provided that the primary and umbrella policies both provide the insurance coverage herein required. However, any such umbrella policy must have minimum coverage limits of $3,000,000.00.

d. Builder's Risk: The Contractor, at his cost, shall effect and maintain in the names of the IDA, the Engineer and the Contractor, fire, vandalism and extended coverage insurance (or all-risk, builder's risk insurance if approved by the IDA), upon the entire structure or structures on which the work of this Contract is to be done and upon all material in or adjacent thereto and intended for use thereon to one hundred percent (100%) of the Contract amount. Such insurance may include a deductible provision if the IDA consents to such provision; however, the Contractor in such case will be liable for paying to the IDA the amount of such deduction whenever a claim arises. The loss, if any, is to be made adjustable with and payable to the IDA as Trustee for whom it may concern. Written evidence of the insurance required herein shall be filed with the IDA not later than thirty (30) days following the date of the award of the Contract. A copy of the evidence of insurance shall be filed with the Director of Purchasing.

e. To the fullest extent permitted by law, a Waiver of Subrogation Clause shall be added to the General Liability, Automobile, Excess or Umbrella and Workers Compensation policies in favor of the IDA and shall apply to it Owners officers, agents and employees, with respect to all Projects during the policy term.

f. Prior to commencement of Work on any individual Project, the Contractor shall submit a Certificate of Insurance in favor of the IDA and an Additional Insured Endorsement (in a form acceptable to the IDA) as required hereunder. The Contractor's Insurance policies shall provide for thirty (30) days' notice to IDA for cancellation or any change in coverage and be evidenced by the Certificate of Insurance. Copies of insurance policies shall promptly be made available to the IDA upon request.

g. The Industrial Development Authority (IDA), along with their respective officers, agents and employees, shall be named as additional insureds.

h. Certificate holder should read as follows:

Industrial Development Authority (IDA)
427 Patton Street
Danville, VA 24541

ARTICLE 8. The IDA and the Contractor hereby agree that the Contract specifications, which (with the exception of the IDA "Standard Requirements & Instructions for Bidding" and contract drawings) are attached hereto, and are incorporated herein and made a part hereof by reference as if fully set forth and include the following:

Exhibit #1	Quality Construction of Danville, Inc. proposal dated 03/10/2025.
Exhibit #2	Project entitled "624-626 North Main Street"
Exhibit #3	Certificate of Insurance/Performance & Labor and Materials Bonds
Exhibit #4	Drawings -44 sheets attached dated 03/10/2025
Exhibit #5	Project Manual dated 03/10/2025 & Appendix A
Exhibit #6	Addendum 1 dated (04/08/2025 & Addendum 2 dated 04/24/2025
Exhibit #4	"City of Danville Standard Requirements & Instructions for Bidding, Version 3.0 dated July 1, 2025"
Exhibit #5	City of Danville Terms and Conditions

ARTICLE 9. Notwithstanding any other provision of this contract to the contrary, the total obligation of the IDA shall not exceed One Million Six Hundred Ninety-Eight Thousand Five Hundred Sixty-Five Dollars and Zero Cents ($1,698,565.00) and no increase shall be made to this amount except by a written amendment executed by officials of the IDA and Contractor who are authorized by law to execute agreements.

In the event that sufficient funds are not appropriated by the IDA; or, if appropriated, are not allocated or available; or, in the event the amounts due hereunder are to be paid with funds given to the IDA by another private or government entity, and such funds are not sufficient for continuation of this agreement during any fiscal year after the IDA's first fiscal year; the IDA may, without breach, upon prior written notice to the Contractor, terminate this Agreement in whole or in part.

ARTICLE 10. INDEMNIFICATION

a. The Contractor shall indemnify the Industrial Development Authority (IDA), its agents, officers, and employees against any damages to property or injuries to or death of any person or persons, including property and employees or agents of the Industrial Development Authority (IDA), and shall defend and indemnify the Industrial Development Authority (IDA), its agents, officers, and employees from any claims, demands, suits, actions, or proceedings of any kind, including workers' compensation claims, of or by anyone, in any way resulting from or arising out to the operations in connection with the work described in the contract, including operations of subcontractors and acts or omissions of employees or agents of Contractor or Contractor's subcontractors. Contractor shall procure and maintain, at Contractor's own costs and expense, any additional kinds and amounts of insurance that, in Contractor's own judgement, may be necessary for Contractor's proper protection in the prosecution of the work.

b. The Contractor shall, at his own expense, appear, defend, and pay all charge of attorneys and other expenses arising there from or incurred in connection therewith, and, if any judgement shall be rendered against the Industrial Development Authority (IDA), and/or its officers, agents, and employees, in any such action, the Contractor shall, at his own expense, satisfy and discharge the same. The Contractor expressly understands and agrees that any performance bond or insurance protection required by this contract, or otherwise provided by the Contractor, shall in no way limit the responsibility to indemnify, keep, and save harmless and defend the Industrial Development Authority (IDA), its agents, officers, and employees as herein provided.

c. The Contractor shall assume all risks and responsibilities for casualties of every description in connection with the work, except that he shall not be held liable or responsible for delays or damage to the work caused by acts of God, acts of Public Enemy, acts of Government, quarantine restrictions, general strikes through the trade, or by freight embargoes not caused or participated in by the Contractor. The Contractor shall have charge and control of the entire work until completion and acceptance of the same by the Industrial Development Authority (IDA).

d. The Contractor shall alone be liable and responsible for, and shall pay, any and all loss or damage sustained by any person or party either during the performance or subsequent to the completion of the work under this agreement, by reason of injuries to persons and damage to property, buildings, and adjacent work, that may occur either during the performance of the work covered by this contract or that may be sustained as a result of or in consequence thereof, irrespective of whether or not such injury or damage be due to negligence or the inherent nature of the work.

e. The Contractor shall bear all losses resulting from the amount or character of work being different, or because the nature of the premises on which the work is done is different from what was expected or on account of the weather, or similar causes.

f. The Contractor, however, will not be obligated to indemnify the Industrial Development Authority (IDA), its officers, agents or employees against liability for damage arising out of bodily injury to persons or damage to property caused by or resulting solely from the negligence of the Industrial Development Authority (IDA) or its officers, agents, and employees.

ARTICLE 11. It is the intent and understanding of the parties to this Agreement that each and every provision of law required to be inserted in this Agreement shall be and is inserted herein. Furthermore, if through mistakes and otherwise, any such provision is not inserted in correct form, then this Agreement shall upon application of either party, be amended by such insertion so a to comply strictly with the law and without prejudice to the rights of either party.

If this Agreement contains any unlawful provisions, not an essential part of the Agreement and which appear not to have been a controlling or material inducement to the making hereof, the same shall be deemed of no effect, and shall upon the application of either party be stricken from the Agreement without affecting the binding force of the Agreement as it shall remain after omitting such provisions.

ARTICLE 12. This Agreement and the performance hereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefor shall lie in the City of Danville, Virginia.

Contractor is organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 or as otherwise required by law.

ARTICLE 13. The IDA and the Contractor, for themselves, their successors, executors, administrators, and assignees hereby agree to the full performance of the covenants herein contained.

IN WITNESS WHEREOF, these parties hereto have executed this Agreement on the day and year first above written in two (2) counterparts, each of which is to be deemed to be an original agreement.

INDUSTRIAL DEVELOPMENT
AUTHORITY OF DANVILLE, VIRGINIA

(SEAL)

BY: ______________________________ ATTEST: ______________________________

T. Neal Morris
Chairman

John Laramore
Secretary

****

Quality Construction of Danville, Inc.

BY: ______________________________ ATTEST: ______________________________

(signature)

(signature)

____

(printed name/title)

____

(printed name/title)

PRESENTED: _January 13, 2026

ADOPTED: _January 13, 2026

RESOLUTION NO. 2026-___.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A LOAN FROM FIRST NATIONAL BANK FOR IMPROVEMENTS TO 624-626 NORTH MAIN STREET AND 310-312 MAIN STREET IN DANVILLE, VIRGINIA.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a loan not to exceed Two million, one hundred thousand, and 00/100 dollars ($2,100,000.00) for building stabilization, commercial space preparation, and ongoing maintenance at 624-626 North Main Street and 310-312 Main Street in Danville, Virginia; and

BE IT FURTHER RESOLVED, by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any Officer, to execute the Loan Agreement and any other documents necessary to complete the transaction described in this resolution including, but not limited to, any moral obligation agreement.

Approved:

____
Chairman

Attest:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Industrial Development Authority of Danville
TERM SHEET
November 17, 2025
(For discussion purposes only)

Borrower: Industrial Development Authority of Danville

Amount: 1. $1,800,000.00

2. $300,000.00

Purpose: 1. Provide funding for stabilizing the building, building out the commercial floor, roughing in the residential on the second and third floor on 624-626 N. Main St., Danville, VA 24541. Parcel # 03371.

2. Provide funding repairing and building out the basement floor, new awning, repairs, window replacement, interior and exterior wood and drywall replacement/repairs on first floor and replacing partial flooring, drywall fix and replace, window replacement on second floor on 310-312 Main St., Danville, VA 24541. Parcel #'s 25140, 22470 & 26820.

Loan Type: 1. Commercial Construction to Term Loan

2. Commercial Term Loan

Loan Term: 1. 12 months on the construction phase and up to 20 years on the term out

2. Up to 20 years

Repayment: 1. On demand, otherwise 72 monthly principal and interest payments with a balloon payment on the 72nd month

2. On demand, otherwise 60 monthly principal20 and interest payments with a balloon payment on the 60th month

Collateral: 1. 1st D/T on 624-626 N. Main St., Danville, VA 24541. Parcel # 03371

An as is and as completed appraisal required with LTV not to exceed 80%

2. 1st D/T on 310-312 Main St., Danville, VA 24541. Parcel #'s 25140, 22470 & 26820.

Appraisal required with LTV not to exceed 80%

Interest Rate: 1. 6.25% fixed for 72 months

2. 6.25% fixed for 60 months

Loan Fee: 1. 1.0% of loan amount

2. 0.50% of loan amount

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

Guarantors: N/A

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

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

Other usual and customary requirements for loans of this type.

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

Deposit Account: Maintain a Deposit Account with First National Bank..

Expiration: The Terms and Conditions discussed herein shall expire on December 31, 2025.

Disclaimer

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

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

PRESENTED: _January 13, 2026

ADOPTED: _January 13, 2026

RESOLUTION NO. 2026-___.____

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

WHEREAS, staff is requesting to engage Cherry Bekaert Advisory, LLC to provide application, consulting, and compliance services to Danville, Virginia CDE, INC regarding the Round 22 New Market Tax Credit Application.

NOW THEREFORE, BE IT RESOLVED that a Consulting Services Agreement, substantially in the form attached hereto and made a part hereof, between the Industrial Development Authority of Danville, Virginia and Cherry Bekaert Advisory, LLC be, and the same hereby is, approved; and

BE IT FURTHER RESOLVED that the Industrial Development Authority of Danville, Virginia does hereby authorize its Chairman, or in his absence any officer, to execute the consulting services agreement and any other documents necessary to complete the transaction described in this resolution.

Approved:

____
Chairman

Attest:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

1-6-2026

Danville, Virginia CDE Inc.
c/o Mr. T. Neal Morris
Industrial Development Authority
427 Patton Street
Danville, VA 24543-3300

Via email: Corrie Bobe, Director, Economic Development & Tourism
corrie.bobe@discoverdanville.com

Re: Danville, Virginia CDE (DVCDE) - Round 22 - NMTC Allocation Turn-Key Application Writing, Implementation and Compliance Engagement

Dear Mr. Morris and Mrs. Bobe:

Thank you for choosing Cherry Bekaert Advisory, LLC (the “Firm”/”we”/”us”) to provide New Markets Tax Credit (“NMTC”) *application, consulting, and compliance services* to Danville, Virginia CDE (hereafter referred to as “Client”/“you”) regarding the Round 22 New Markets Tax Credit Application (“Application”), Implementation and Compliance. This engagement letter (including the attached Engagement Letter Terms and Conditions, which are incorporated herein by reference) between Client and the Firm (“Letter”) sets forth the nature and scope of the services we will provide, Client’s required involvement and assistance in support of our services, and the related fee arrangements.

Summary of Services

Turn-Key Application

For the Round 22 Application, the Firm will:

1. Lead introductory and preparatory calls, prior to the release of The Notice of Allocation Authority (NOAA)
2. After release of the NOAA, provide a schedule for timely completion of the Application, including scheduling regular check-in/working calls with Client.
3. Draft and electronically submit the Application for Round 22 to the Community Development Financial Institutions (“CDFI”) Fund.
4. Secure Debt and Equity Commitment Letters for inclusion in the Application, if required.
5. Submit Application Attachments.

Ancillary Services:

The Firm will:

1. Track projects for deployment in Monday.com.
2. Advise Client on matters related to the NMTC industry, Application updates and priorities, and deployment of allocation.
3. If requested by Client with 10-12 weeks planning time, conduct one in-person community engagement and/or NMTC 101 outreach session with Client in 2026 and one additional session in the year the award is received, at a mutually agreeable date and time.
4. If requested by Client, prepare a nomination form for a closed project for the Novogradac Journal of Tax Credits award or NMTC Coalition Profile Book.

The Client will provide the following:

1. Actively participate in all planning, check-in and working calls relating to the Application.
2. Propose a pipeline of suitable investments for the Application, which Firm can assist with supplementing.
3. Provide information to populate Application, Exhibits and Tables, typically related to past 5+ years of investments, including related product and portfolio data, asset management data, management biographies, past 5+ years of capital raising activities and such other items as are necessary to adequately complete the Application, Exhibits and Tables.
4. Facilitate coordination with Advisory Board, Governing Board and Staff for preparation of C Tables and narrative.
5. Review and approve Application documents for timely submission.
6. Take all actions reasonably requested in order to apply for an NMTC Allocation.
7. Work diligently to meet any CDFI Fund's funding thresholds for eligibility.
8. Timely pay the Fees (defined below)

Monday.com Project Management Tool

The Firm will:

1. Update Client's personalized workspace and dashboard with your track record and pipeline, ensuring both align with the investment strategy outlined in the relevant Applications.
2. Attend up to four advisory board or loan committee meetings annually, at Clients' request, to facilitate presentation of the track record or pipeline projects and present information regarding the Applications.

CDE Summary

The Firm will prepare a one-page summary document that outlines the Client's business strategy, ideal project characteristics and targeted community outcomes.

NMTC Policies and Procedures

Compliance Policies and Procedures: The guiding document for a Community Development Entity ("CDE") is its NMTC Application. It is the reason the CDE received an Allocation, and faithful adherence to it will be the reason the CDE might receive future Allocations. As such, this document becomes the roadmap in the execution of the CDE's goals and objectives. It is important to understand all explicit and implied "promises" made in the Application and embed them in the deployment of the Allocation. As such, we will use the Application, and the corresponding Allocation Agreement, to update Client's NMTC Compliance Policies and Procedures.

Deployment Policies and Procedures: The Policies and Procedures can be expanded to include Deployment Policies and Procedures, which include draft deployment documents: Borrower Application/Intake Form, Community Benefit Analysis, NMTC Allocation Commitment/ Reservation Letter, Fee Disclosure, Performance Agreement, NMTC Investor Request, and Flexible Products document.

The deliverables will include an electronic copy of draft Policies and Procedures.

Closing Transactions

Should Client receive an Allocation covered by this Letter, the Firm will assist with programmatic issues and closing transactions. During the closing process, we will review and provide advice on:

initial due diligence information; term sheets/commitment letters; Performance Agreements; Better Rates and Terms documents; the required financial model; and certain other NMTC-specific issues.

Compliance Activities
Using a Microsoft SharePoint system to track and document compliance, Cherry Bekaert will be responsible for the following:

1. CDE Status
    a. Annually secure the Advisory Board Confirmation Certificates
2. CDFI Fund Reporting Requirements
    a. Verify submission of the Allocation and Qualified Equity Investment ("QEI") Tracking filings, documented at closings
    b. Complete and submit, through the CDFI Fund's Awards Management Information System ("AMIS"):
        i. Annual Institution Level Report
        ii. Annual Transaction Level Report
        iii. QEI Closeout Reports
        iv. Sub-CDE Dissolution Reports
    c. Verify submission of required annual Financial Statement Audits
3. CDFI Fund Allocation Agreement Requirements
    a. Maintain flexible products documentation
    b. Maintain higher distress documentation
    c. Maintain innovative investments documentation
    d. Maintain other investment restrictions documentation mandated in the Allocation Agreement
4. IRS Requirements
    a. Maintain census tract verification
    b. Verify submission of, and maintain, IRS Form 8874 to the tax credit investor and the IRS
    c. Prepare or review externally prepared Substantially-All Requirement calculations in year one of QEIs and on 6-month intervals thereafter
    d. Prepare Redemption Tests to monitor investor distributions to avoid redemption of Investor QEI
5. Incorporate Investor Reporting Requirements into Compliance & Reporting System
6. Maintain a monthly checklist to encompass the above items

Client will be responsible for the following:

1. Organize, take, and maintain meeting minutes for required Operating Board and Advisory Board meetings

2. Work with external law firm to ensure Qualified Active Low-Income Business ("QALICB") qualifications at closing

3. Take all actions reasonably requested to maintain CDFI Fund and IRS compliance

Asset Management Activities

The Firm will be responsible for the following:

1. Perform periodic reviews of QALICB's (i.e., the borrower's) financial information to detect risk of loan default
2. Review of QALICB insurance policies to verify CDE's status as loss payee
3. Review of QLICI loan disbursement requests for compliance with loan and disbursing agreements, provide recommendation for approval
4. Test QALICB for continued compliance with NMTC QALICB qualifications
5. Review and document use of QLICIs to verify compliance with loan documents
6. Review interest calculations and payments to verify compliance with final closing loan documents
7. Review member distributions to ensure compliance with Sub-CDE Operating Agreement and IRS Regulations, and

Client will be responsible for the following:

1. Collection of interest payments from QALICB and depositing into Sub-CDE account
2. Making member distributions to Sub-CDE Investor Member and Sub-CDE Managing Member
3. Approve all disbursements.

Accounting Activities

The Firm will be responsible for the following:

1. Performing monthly bookkeeping activities and maintaining related records, such as financial statements and bank account reconciliations
2. Preparing draft accounting policies, such as amortization, capitalization of fees/interest, etc.
3. Assisting external accounting firm with annual audits and tax return preparation.

Client will be responsible for the following:

1. Opening and maintaining CDE and Sub-CDE bank accounts
2. Sending/uploading copies of the following the first week of every month:
    a. Bank statements
    b. Paid invoices (indicated with the check number and date paid)
    c. Deposits and transfers
3. Approving draft financial statements, internal controls procedures, etc.

Additional services Firm can provide to Client upon Client's written election include:

Underwriting Services

Firm will assist the client with initial underwriting, due diligence, and pipeline management services. This will include presentation of projects to the advisory committee and board, and the issuance of applicable term sheets and commitment letters.

Underwriting Memo Revisions

Firm will provide guidance and recommend revisions to the Client's existing underwriting memo to align with the items identified in your application and current allocation agreement. Key items will include financial considerations of the borrower, likelihood of project completion, experience of the management team, and market demand.

Certification of New Sub-CDEs

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Firm will assist with the preparation of CDE Certification Applications to the CDFI Fund for one or more Sub-CDEs to facilitate the deployment of tax credit investments (in coordination with Client's counsel that will be responsible for entity formation and all required opinions).

Any additional services and/or advice that you may request subsequent to the execution of this agreement, and that we agree to provide, will be invoiced under our customary billing practices outlined below.

Our Responsibilities

Accounting services, including preparation services, differ significantly from a compilation, review or an audit of financial statements. Accounting services including preparation services do not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, accounting services including preparation services do not contemplate obtaining an understanding of Client's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion or provide any assurance regarding the financial statements being prepared.

Our bank reconciliation services are performed **solely** to compare the amount of Cash in Bank on your books with the amount of Cash in Bank shown on the bank statement. This service is neither designed nor intended to deter or discover fraud, embezzlements, or any other irregularities.
When performing bank reconciliation services, we **DO NOT**:

- Look at individual checks,
- Examine signatures, payees or any other information on any individual check,
- Examine the signature cards on file with the bank or determine if the correct authorized individuals have signed the check,
- Determine whether payee information matches what is shown in your books, or
- Perform any procedures to determine whether the checks are for appropriate expenses.

We will inform you of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential.

Responsible Person Status

In performing this engagement, we will not be acting on behalf of Client in any fiduciary or management capacity whatsoever. If we are filing or submitting any returns or other information on your behalf or if we are transmitting funds or authorizing fund transfers on your behalf, you agree that you are the "responsible person" and we are not taking on the role of a "responsible person" in any capacity. The Company is responsible for all filing requirements and payments of tax, interest, and/or penalties imposed by any taxing jurisdictions. The Company will review and approve all tax filings and fund transfers prior to submission to taxing authorities. In addition, the Company agrees to provide the Firm with copies of payment confirmations on a timely basis, if requested and not otherwise in our possession, to be maintained in the Firm's files.

Management Responsibilities

It is our understanding that you are the person responsible on behalf of Client for the services provided pursuant to this Letter, and as such, you are the appropriate person for us to contact to request any additional information and to receive any report or work product from us.

By signing below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for maintaining all financial records and establishing and maintaining internal controls, including monitoring ongoing activities.

Client agrees to take responsibility for providing, in a timely manner, schedules and supporting information, and assistance, including timely communication of all significant accounting and tax matters, as is normal and reasonable in the circumstances.

Fees

NMTC Application:

The fee for drafting and filing the Application is:

1. Initial / Signing fee: $30,000 (payable upon execution of the engagement letter), which fee shall be reduced to $20,000, if the Letter is executed and returned by January 30, 2026;
2. Submission fee: $30,000 (payable upon submission of the Application); and
3. Application Success Fee: 1.0% of NMTC allocation awarded, payable upon each closing of a transaction utilizing all or a portion of the NMTC allocation awarded as a result of the Round 22 Application.

Ancillary Services:

4. Initial / Signing fee: $10,000 (payable in 4th quarter 2026).
5. Annually / Ongoing fee: $10,000 (payable in 4th quarter annually)
6. If Client requests Firm to participate in or conduct more than one training session annually, Firm will charge hourly rates plus travel expenses (as provided for below) or Client and Firm can agree up a reasonable budget on a fixed-fee basis.

Monday.com Project Management Tool:

1. $5,000 annually (2025 payment due at the time of the execution of the Letter). Each annual payment afterwards will be due in the 4th quarter.
2. Additional projects, at Client's request in writing, relating to building different views, visualizations or modules on the Monday.com platform can be provided at hourly rates or an agreed upon fixed-fee confirmed in writing as an addendum to this Letter.

CDE Summary:

1. CDE Summary fee: Hourly based on rates below, not to exceed $6,000.
2. If additional items are required or requested to be added to the form of CDE Summary (beyond what is described above), Client and Firm will mutually agree upon whether an additional charge above the $6,000 annual cap is appropriate.

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NMTC Policies and Procedures Update:

1. Compliance Policies Update: Should Client receive an award covered by this engagement letter, a fixed fee of $10,000, payable following delivery of the draft documents.
2. Deployment Policies and Procedures Update: Should Client receive an award covered by this engagement letter, a fixed fee of $10,000, payable following delivery of the draft documents.

Compliance Activities: The Firm currently charges Client a base annual fee of $15,000. For each transaction that closes from an award resulting from Round 22 Application, the fee will be increased by $5,000 annually, payable upon closing and annually upon the transaction compliance dates thereafter.

Asset Management Activities: the Firm will charge the client a fixed fee of 25 basis points of the QEI per year per transaction, payable upon closing and annual transaction compliance dates.

Other: Occasionally during transaction closing(s), the tax credit investor will require the CDE to either manage its Investment Fund and/or service the transaction Qualified Low-Income Community Investments ("QLICIs"). Should Client ask the Firm to perform either function, the fees would be:

Investment Fund Management:	$10,000 per year for 7 years
Service QLICIs:	$10,000 per year for 7 years

These fees will be paid to the Firm by Client or the QALICB, as determined in the loan documents.

Underwriting Memo Revisions:
Fixed fee of $5,000, payable upon completion of the Underwriting Memo revisions.

Closing Transaction(s):
Fees are based upon the time incurred, billed upon transaction closing(s), at our standard hourly rates, which are adjusted on an annual basis. Our current hourly rates are as stated below.

Accounting Activities: Fees for the Accounting Activities described above will be billed monthly, at our standard hourly rates, which are adjusted on an annual basis. Our current hourly rates are as set forth below.

Hourly Advisory Fees – Closing Transaction(s) and Other Projects, as requested:

Hourly Fees: In addition to the services identified, fees for services not described above and requested by Client in writing after execution of this Letter, and that are not subject to a separate arrangement, will be based upon time incurred, subject to our customary billing practices at the time of the engagement and billed at our standard hourly rates, which are adjusted on an annual basis. Firm billings for the provision of professional services we render, and any expenses incurred, may include applicable fees, including but not limited to a 5% technology fee. These fees will be billed periodically as charges are incurred. Our current hourly rates are as follows:

Partner:	$760
Managing Director/Director:	$715
Senior Manager:	$690
Manager:	$540
Senior Associate:	$415

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Staff: $285

In addition, we will bill for actual out-of-pocket expenses, which would include any requested overnight mail, travel, meals, and lodging costs. Invoices, to be prepared monthly, will be due within 30 days.

A service charge will be added to past due accounts equal to 1½% per month (18% annually) on the previous month's balance less payments received during the month, with a minimum charge of $2.00 per month.

Limitation of Damages

In recognition of the relative risks and benefits of this agreement to both Client and the Firm, Client agrees, to the fullest extent permitted by law, to limit the damages owed by the Firm to Client for any and all liability, claims, losses, and costs, of any nature whatsoever, so that the total aggregate damages payable by the Firm to Client shall not exceed the total fees for services rendered under this agreement. Both parties to this agreement intend and agree that this limitation apply to any and all damages or causes of action against the Firm, however alleged or arising, unless otherwise prohibited by law, or unless the claimed damages arise due to the alleged gross negligence or willful misconduct of the Firm.

Limitation on the Filing of a Claim

The Company and the Firm agree that any suit arising out of or related to the services contemplated by this Letter must be filed within two (2) years after the cause of action arises. The cause of action arises upon the earlier of (i) delivery of a service for which the Firm has been engaged or (ii) the date which the services contemplated under this Letter are terminated by either party. The Company agrees not to bring any claims arising out of or related to the services contemplated by this Letter against any partner or employee of the Firm in any form for any reason.

Indemnity

Cherry Bekaert will rely on you to provide information and representations to us in the performance of our professional services and in consideration of the fees that we will charge. Because of the importance of management's representations to the effective performance of our services, the Company will release, indemnify, and hold harmless the Firm and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter arising in circumstances where there has been a known misrepresentation by an officer or employee of the Company, regardless of whether such officer or employee was acting in the Company's interest. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise. This provision will survive termination of this Letter.

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Other Provisions

This Letter contains information proprietary and confidential to the Firm and shall not be reproduced, disseminated, or transmitted by any means, in whole or in part, or disclosed in any manner to a third party, without the express prior written consent of the Firm, except as required by law. Title in and to this document and all information contained herein remains at all times with the Firm. Any person or entity to whom this document is furnished or who otherwise has possession thereof, by acceptance agrees that this information will not be disclosed to a third party or used in any manner except to meet the purposes for which it was delivered. This Letter is between Client and the Firm only, and the parties do not intend that any third party shall benefit from this Letter.

This engagement letter, including the attached Engagement Letter Terms and Conditions and any Exhibits, sets forth the entire understanding between Client and the Firm regarding the services described herein and supersedes any previous proposals, correspondence, and understandings, whether written or oral. Any subsequent changes to the terms of this Letter, other than additional billings, will be rendered in writing and shall be executed by both parties. Should any portion of this Letter be ruled invalid, it is agreed that such invalidity will not affect any of the remaining portions.

If the foregoing and the attached Engagement Letter Terms and Conditions are in accordance with your understanding, please sign a copy of this Letter in the space provided and return it to us in paper form or by electronic transmission. The terms, fees, and conditions listed herein will expire 30 days from the date of this Letter if unsigned, unless the Firm, at its sole discretion, expressly agrees to waive the provisions of this paragraph. Please maintain a copy of this Letter for your files.

We want to express our appreciation for this opportunity to be of service to you. If you have any questions or concerns regarding this Letter or the attached Terms and Conditions, please do not hesitate to contact us.

Sincerely,

Cherry Bekaert Advisory LLC

Cherry Bekaert Advisory LLC

Attachment: Engagement Letter Terms and Conditions

ACCEPTED BY:

______________________________	______________________________
Printed Name	Signature
______________________________	______________________________
Title / Entity	Date

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Engagement Letter Terms and Conditions

The following terms and conditions are an integral part of the attached engagement letter ("Letter") and should be read in their entirety in conjunction with your review of the Letter.

Reliance
Client recognizes and confirms that the Firm, in performing the services described in this Letter, will use and rely on data, material, and other information furnished by Client and its advisors. Client acknowledges and agrees that the Firm may rely upon such data, material, and other information without independently verifying the accuracy, completeness, or veracity of the data, material, or other information.

Legal Services
It is expressly agreed and acknowledged that Client has retained the Firm in an advisory capacity and not as legal counsel for any purposes, and nothing contained in any communications from the Firm, whether written, oral, or electronic, may be relied upon by Client as legal advice. Neither the Firm nor any of its personnel are being viewed by Client as legal counsel to Client, no attorney/client privilege exists between Client and the Firm, and Client has engaged independent legal counsel for all purposes for which Client desires such services.

No Fiduciary Relationship
In the performance of our professional services, these standards impose on us certain obligations that may require us to act contrary to what you may believe is in Client's best interest. As a result, we will not enter into a fiduciary relationship with Client and Client should not impose on us special confidence that we will conduct this engagement with only Client's interest in mind. Accordingly, you understand that no fiduciary relationship will be created by this engagement.

Independent Contractor
It is expressly understood and agreed to that each party is an independent contractor with respect to the other and that the Firm is not an employee or agent of Client. Further, it is expressly understood and agreed to that nothing contained in this Letter shall be construed as creating a trustee, joint venture, agency, partnership, association, or other affiliation or like relationship.

Marketing and Other Media
Firm reserves the right to publicize the relationship with Client in proposals and marketing materials. If successful in obtaining allocation through this engagement, Client agrees to allow Firm to publicize the allocation award. Client will work with Firm to develop mutually agreeable publicity materials, which shall be subject to the approval of Client in its sole discretion.

The Firm reserves the right to publicize the financings made with Allocation secured as a result of this Letter but shall keep the terms and conditions of the financing confidential. Client will work with Firm to develop mutually agreeable publicity materials, which shall be subject to the approval of Client in its sole discretion. Client hereby authorizes the Firm to reproduce and display any media of the project (including photographs and illustrations) submitted to the Firm by Client. Client represents and warrants to the Firm that Client has obtained any and all licenses and/or permissions necessary for Client's and the Firm's use of such media.

Electronic Transmittals
During the course of our engagement, we may electronically transmit confidential information to each other, within the Firm, and to other entities engaged by either party. Electronic transmissions via email, Client Portal, and other means may be subject to unauthorized interception. You agree to the use of email, Client Portal, and other electronic methods to transmit and receive information, including confidential information between the Firm, Client, and other third-party providers utilized by either party in connection with this engagement.

Confidentiality and Access to Working Papers
We are required by professional standards and federal law to keep all information about our engagement confidential. Except as described above, we will not disclose any information about Client unless we have your approval through written consent or are required/permitted by law. This applies even if Client is no longer a client.

The working papers and related documentation for this engagement are the property of the Firm and constitute confidential information. Any requests for access to our working papers will be discussed with you prior to making them available to requesting parties.

We may be requested to make certain documentation available to regulators, governmental agencies (e.g., SEC, PCAOB, HUD, DOL, etc.) or their representatives ("Regulators") pursuant to law or regulations. If requested, access to the documentation will be provided to the Regulators. The Regulators may intend to distribute to others, including other governmental agencies, without our knowledge or express permission. You hereby acknowledge and authorize us to allow Regulators access to and copies of documentation as requested.

Record Retention
We are committed to the safekeeping of Client's confidential information, and we maintain physical, electronic, and procedural safeguards to protect this information. In general, it is our Firm's policy to keep copies of working papers and other records related to this engagement for no more than seven years from the date we conclude our service to you with respect to this engagement.

Your original records will be uploaded to and stored on our Client Portal. Any original Client records in the Firm's possession will be shredded in accordance with the timeline stated above. It is Client's responsibility to retain all the documents and data that pertain to this engagement.

Subpoenas
In the event we are requested or authorized by you or required by governmental regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement with Client, Client will, so long as we are not a party to the proceeding in which the information is sought, reimburse us at standard billing rates for our professional time and expense, as well as the fees and expenses of our counsel, incurred in responding to such a request.

Third-Party Service Provider

In the normal course of providing consulting services, we may on occasion use the services of an independent contractor, a temporary or loaned employee, or a non-affiliated technology vendor, all of whom may be considered a third-party service provider. On these occasions, we remain responsible for the adequate oversight of all services performed by the third-party service provider and for ensuring that all services are performed with professional competence and due professional care.

When we share confidential information about you with third parties, we remain committed to maintaining the confidentiality and security of your information. We will enter into a contractual agreement with the third-party service provider to maintain the confidentiality of information and be reasonably assured that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others.

Cherry Bekaert Advisory LLC and Cherry Bekaert LLP (an associated, but not affiliated, entity) are parties to an administrative services agreement ("ASA"). Cherry Bekaert Advisory LLC and Cherry Bekaert LLP are operating in an arrangement commonly described as an "alternative practice structure." To the extent Cherry Bekaert LLP provides attestation services to you, Cherry Bekaert LLP will provide Cherry Bekaert Advisory LLC with access to your accounting, financial, and other records that Cherry Bekaert LLP maintains, in order to enable Cherry Bekaert Advisory LLC to provide to you the services contemplated by this Letter.

Assignment

This agreement cannot be assigned, other than to an affiliated or associated entity, except by the mutual consent in writing of all parties, which consent shall not be unreasonable withheld or delayed.

Terms and Conditions Supporting Fee

Client agrees to pay all costs of collection (including reasonable attorneys' fees) that the Firm may incur in connection with the collection of unpaid invoices. In the event of nonpayment of any invoice rendered by us, we retain the right to: (a) suspend the performance of our services, (b) change the payment conditions under this Letter, or (c) terminate our services. If we elect to suspend our services, such services will not be resumed until your account is paid. If we elect to terminate our services for nonpayment, Client will be obligated to compensate us for all time expended and reimburse us for all expenses through the date of termination.

Dispute Resolution Procedures

If any dispute, controversy, or claim arises in connection with the performance or breach of this agreement, either party may, on written notice to the other party, request that the matter be mediated. Such mediation would be conducted by a mediator acceptable to both parties. Both parties would exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute, controversy, or claim.

Waiver of Trial by Jury

In the event the parties are unable to successfully mediate any dispute, controversy, or claim, the parties agree to WAIVE TRIAL BY JURY and agree that the court will hear any matter without a jury.

Independent Contractor

Each party is an independent contractor with respect to the other and shall not be construed as having a trustee, joint venture, agency, or fiduciary relationship.

No Third-Party Beneficiaries
The parties do not intend to benefit any third party by entering into this agreement, and nothing contained in this agreement confers any right or benefit upon any person or entity who or which is not a signatory of this agreement.

Counterparts
This agreement may be executed in any number of counterparts, which together shall constitute one and the same original document.

Governing Law
This agreement shall be governed by the laws of the State of Delaware without giving effect to any choice or conflict of law provision that would cause the application of laws of any jurisdiction other than the State of Delaware. Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the state or federal courts of the State of Delaware, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.