

Danville-Pittsylvania Regional Industrial Facility Authority

**City of Danville, Virginia
County of Pittsylvania, Virginia**

AGENDA

July 11, 2016

12:00 P.M.

**Danville Regional Airport
Eastern Conference Room
424 Airport Drive, Danville, Virginia**

County of Pittsylvania Members

**Jessie L. Barksdale, Chairman
Robert Warren
Elton W. Blackstock, Alternate**

City of Danville Members

**Sherman M. Saunders, Vice Chairman
Fred O. Shanks, III
J. Lee Vogler, Jr., Alternate**

Staff

**Ken Larking, City Manager, Danville
Clarence C. Monday, Pittsylvania County Administrator
Clement Wheatley, Legal Counsel to Authority
Susan M. DeMasi, Authority Secretary
Michael L. Adkins, Authority Treasurer**

Danville-Pittsylvania Regional Industrial Facility Authority

1. **MEETING CALLED TO ORDER** – Susan M. DeMasi, Secretary to the Authority.
2. **ROLL CALL AND ELECTION FOR A TEMPORARY PRESIDING OFFICER** - Ms. DeMasi
3. **PUBLIC COMMENT PERIOD**

Members of the public who desire to comment on a specific agenda item will be heard during this period. The Chairman/Vice Chairman of the Authority may restrict the number of speakers. Each speaker shall be limited to a total of three minutes for comments. *[Please note that the public comment period is not a question-and-answer session between the public and the Authority.]*

4. **APPROVAL OF MINUTES OF THE JUNE 13, 2016 MEETING**
5. **NEW BUSINESS**

- A. Consideration of Resolution 2016-07-11-5A, approving revisions that update the procedures dated April 12, 2010 for preparing agenda materials for monthly meetings of the Authority – Susan M. DeMasi, Secretary of the Authority, and Michael C. Guanzon, Esq., Clement Wheatley, legal counsel to the Authority
- B. Consideration of Resolution 2016-07-11-5B, authorizing the issuance of its Revenue Refunding Bond (Cane Creek Project), Series 2016 in an amount not to exceed \$3,700,000; authorizing the execution and delivery of all bond documents in connection therewith including without limitation the Financing Agreement, the Bond and the Support Agreements; and authorizing other matters in connection therewith, in order to refinance the prior \$5,595,000 Revenue Refunding Bond (Cane Creek Project), Series 2013 -- Michael L. Adkins, CPA, Treasurer of the Authority and Stephen L. Johnson, Esq., Troutman Sanders LLP, bond counsel
- C. Financial Status Report as of June 30, 2016 – Mr. Adkins and Patricia K. Conner, CPA, Assistant Finance Director, City of Danville, Virginia

6. **CLOSED SESSION**

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

- A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended (“Virginia Code”), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business’s interest in locating its facilities in one or more of the Authority’s projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;
- B. As permitted by Virginia Code § 2.2-3711(A)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

Danville-Pittsylvania Regional Industrial Facility Authority

- C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29)(i) for discussion or consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

RETURN TO OPEN SESSION

- D. Confirmation of Motion and Vote to Reconvene in Open Meeting.
- E. Motion to Certify Closed Meeting.

7. COMMUNICATIONS FROM:

Jessie L. Barksdale
Elton Blackstock
Sherman M. Saunders
Fred O. Shanks, III
J. Lee Vogler, Jr.
Robert Warren

Staff

8. ADJOURN

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 4
Meeting Date:	07/11/2016
Subject:	Meeting Minutes
From:	Susan M. DeMasi, Authority Secretary

SUMMARY

Attached for the Board's approval are the Meeting Minutes from the Monday, June 13, 2016 Meeting.

ATTACHMENTS

Meeting Minutes – 06/13/2016

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

June 13, 2016

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:15 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Fred O. Shanks, III and Alternate J. Lee Vogler. Vice Chairman Sherman M. Saunders was absent. Pittsylvania County Members present were Chairman Jessie L. Barksdale, Robert Warren and Alternate Elton W. Blackstock.

City/County staff members attending were: Interim Deputy City Manager Earl Reynolds, Pittsylvania County Administrator Clarence Monday, Pittsylvania County Economic Development Director Matt Rowe, City of Danville Director of Economic Development Telly Tucker, City of Danville Assistant Director of Economic Development Corrie Teague, City of Danville Finance Director/Authority Treasurer Michael Adkins, City of Danville Assistant Director of Finance Patricia Conner, City of Danville Senior Accountant Henrietta Weaver, Pittsylvania County Director of Finance Kim Van Der Hyde, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present was Shawn Harden of Dewberry & Davis.

Mr. Barksdale presided.

PUBLIC COMMENT PERIOD

Mr. Mark Joyner, Director of the Association for the Study of Archeological Properties read a statement to the Board regarding preservation of historical and archeological resources. (A copy of Mr. Joyner's statement can be obtained from the Secretary.)

APPROVAL OF MINUTES FOR THE MAY 9, 2016 MEETING

Upon **Motion** by Mr. Shanks and **second** by Mr. Warren, Minutes of the May 9, 2016 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION – RESOLUTION 2016-06-13-5A – APPROVING AMENDMENT #12 TO DEWBERRY CONTRACT

Pittsylvania County Director of Economic Development Matt Rowe explained this Resolution is for an Amendment to the Dewberry Contract, for engineering services related to additional archeological work for Project 950, and also to create Lot 3B for Project 950. Mr. Shanks questioned if the archeological work on these two sites was not included in the original permit and Mr. Rowe noted that was correct. Mr. Harden explained Dewberry did the initial archeological work over the entire park, then came back during the Phase I permitting application and did additional work. At the time Dewberry did the additional work, in the report, they narrowed down the scope to just Phase I and excluded from the report the additional work that was done on Lot 3, to make it cleaner for the Army Corp. This is to go back, capture that information that was gathered at that time and finish the report.

Mr. Shanks questioned if this will be a similar time frame as the Phase I project and Mr. Harden noted it wouldn't. Based on the layouts that were done preliminarily, staff thinks

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they can get it done under the SBG3 permit; RIFA actually has an industry that it is basing everything on, it should go right through.

Mr. Warren **moved** adoption of *Resolution 2016-06-13-5A, approving Amendment #12 to Contract dated February 9, 2009, Engineering Services Related to the Mega Park Master Plan, (i) for certain additional archeological work for Project 950 at the Authority's Berry Hill Industrial Park project located in Pittsylvania County, Virginia, for a lump sum fee of \$16,560; and (ii) for a subdivision plat of Lot 3B for Project 950 for a lump sum fee of \$12,500.*

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

5B. CONSIDERATION – RESOLUTION 2016-06-13-5B – APPROVING AMENDMENT #13 TO DEWBERRY CONTRACT

Assistant Director of Economic Development Corrie Teague noted this is a similar request to the previous Resolution, amending the existing Master Plan contract for Amendment #13 which is additional archeological work and subdivision plat for Lot 8A with respect to Project Lignum. Mr. Harden explained this Lot was not included in the advanced studies done previously on Lots 4, 5 and 3; this is not just a report, it is to actually to go out and do the additional field work.

Mr. Vogler **moved** adoption of *Resolution 2016-06-13-5B, approving Amendment #13 to Contract dated February 9, 2009, Engineering Services Related to the Mega Park Master Plan, (i) for certain additional archeological work for Project Lignum at the Authority's Berry Hill Industrial Park project located in Pittsylvania County, Virginia, for a lump sum fee of \$82,800; and (ii) for a subdivision plat of Lot 8A for Project Lignum for a lump sum fee of \$6,500.*

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

5C. CONSIDERATION – RESOLUTION 2016-06-13-5C – AUTHORIZING TREASURER TO OBTAIN A LOAN COMMITMENT TO REFINANCE CANE CREEK BONDS

Authority Treasurer Michael Adkins noted last month the Board discussed refinancing the Cane Creek bonds. The current structure calls for a balloon payment of \$4.6M due on August 1st. As the board requested, he went to Wells Fargo and asked for terms with three scenarios, one is refinancing the existing balance, the second, refinancing the balance after RIFA paid down about \$920,000 in principal and the third, actually increasing the borrowing line for perhaps a shell building project. Wells Fargo came back with only one option and that was to refinance the debt after RIFA has paid down the principal balance. The bonds were issued in 2005, and especially with Economic Development projects, they like to see

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that debt extinguished after twenty years. The three year refinancing they are offering RIFA with the additional principal payment of approximately \$900,000, would put RIFA in a position to have this debt extinguished in the twenty year window. It is also their intention to give RIFA two additional three year extensions in the future. Under the refinancing, paying it down using the debt reserve money RIFA has, RIFA would be refinancing \$3.7M; the next three years' principal payments would be \$365,000 for 2017, \$385,000 for 2018 and \$405,000 for 2019. The interest rate quoted was 2.36%, the existing debt today is 1.85%; that is very comparable to market now. Mr. Adkins noted he is seeking the Board's authorization to proceed talking with the bank to get this in place. Staff will also need reaffirmation from both the City Council and the County Board of Supervisors of their support of this debt. All of that would have to happen and RIFA would have to close on the refinancing before August 1st.

Mr. Guanzon noted this Resolution is limited to getting a loan commitment. Once staff receives the final terms negotiated before the closing, staff would come back in the July meeting for approval by the Board. If everything is not ready, RIFA may need to have a special meeting. Mr. Warren questioned how that would coordinate with the meetings for the both the City Council and Board of Supervisors to post their support. Mr. Adkins noted City Council has the last meeting of this month and the two meetings in July to get the support reaffirmed. Ms. Van Der Hyde noted there was a Board of Supervisors meeting coming on the 21st and the Board will have one meeting in July.

Mr. Shanks **moved** adoption of *Resolution 2016-06-13-5C, authorizing the Treasurer of the Authority, on its behalf, to negotiate and to obtain a loan commitment for the refinancing of the Authority's existing indebtedness of the Series 2013 Taxable Revenue Refunding Bond (Cane Creek Project) at a rate not to exceed 2.75% per annum, including without limitation the authorization to apply debt service reserves toward the reduction of the outstanding principal indebtedness.*

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

5D. APPROVAL OF GENERAL EXPENDITURES FOR THE FY 2017 BUDGET

Authority Treasurer Michael Adkins noted the proposal for the FY 2017 Budget was included in the Agenda; all amounts are the same as last year and staff anticipates that to be sufficient. Unexpended amounts are carried forward as a contingency, that has built up over the years and the carry forward for FY 2016 was \$85,000.

Mr. Warren moved **approval** of the General Expenditures Budget for the Fiscal Year 2017 Budget. The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

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5E. FINANCIAL STATUS REPORT AS OF MAY 31, 2016

Authority Treasurer Michael Adkins reviewed the Financial Status report as of May 31, 2016 noting the \$7.3M bonds for Cane Creek showed no activity. General Expenditures during the month of May show payments of \$31.00 for utilities and \$298.00 for meals. Mega Park Funding Other than Bonds showed no activity for May; Berry Hill Mega Park Lot 4 Site Development shows \$17,800 paid to Dewberry under Amendment #10 and \$11,700 to Wetlands Studies and Solutions. Rent, Interest and Other Income shows \$18,876 received from the Institute for Advanced Learning and Research for the Hawkins' Building, \$300 from Securitas, and \$5,000 from Whitetail Management; that will soon be refunded as they decided not to renew their hunting lease. RIFA received \$1,000 from Osborne Company for another lease and \$433.00 in interest. The only expenditure for the month of May was \$18,875 paid to IALR for the Management Fee of the Hawkins' Building.

Mr. Vogler **moved** to accept the Financial Report as presented. The Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

6. CLOSED SESSION

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

At 12:36 p.m. Mr. Shanks **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting:

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

B. As permitted by Virginia Code § 2.2-3711(A)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29): (i) for discussion or consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

D. On **Motion** by Mr. Shanks and **second** by Mr. Warren and by unanimous vote at 1:22 p.m., the Authority returned to open meeting.

E. Mr. Vogler **moved** adoption of the following Resolution:

WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

Mr. Guanzon noted he has provided copies of two resolutions for the public.

6F-1. CONSIDERATION – RESOLUTION 2016-06-13-6F-1 – APPROVING AGREEMENT TO PURCHASE AND SELL REAL ESTATE BETWEEN THE AUTHORITY AND WILMOT PROPERTIES

Mr. Vogler **moved** adoption of Resolution 2016-06-13-6F-1, *approving the execution and delivery of that certain Agreement to Purchase and Sell Real Estate by and between the Authority and Wilmot Properties, LLC, a Delaware Limited Liability Company, as buyer, for Lot 3B, to contain approximately 300 acres in the Authority's Berry Hill Industrial Park, located in Pittsylvania County, Virginia, at a purchase price of \$30,000 per acre and \$10 per acre for any non-buildable acreage, including without limitation a 180-day due diligence period, a requirement of buyer to invest at least \$250M in development, construction and operation of the project, and a requirement of the Authority, at an expense not to exceed \$6.5M, to perform certain site work.*

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

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VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

6F-2. CONSIDERATION – RESOLUTION 2016-06-13-6F-2 – AUTHORIZING THE HIRING OF SPECIAL LEGAL COUNSEL IN SUPPORT OF RESOLUTION 2016-06-13-6F-1

Mr. Warren **moved** adoption of Resolution 2016-06-13-6F-2, *Authorizing the Hiring of Special Legal Counsel in support of Resolution 2016-06-13-6F-1 and the Berry Hill Lot 3B Project.*

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

7. COMMUNICATIONS

Mr. Barksdale noted the Board conducted some very important business today and thanked everyone for their support.

Mr. Shanks complimented staff for the job well done, presenting information today and for the good work that is becoming more apparent as RIFA continues to expand their horizons as a RIFA Board.

Mr. Vogler thanked everyone for the hard work they have put in and the long amount of time, these things take time to come about and believes great things are on the way for the region.

Mr. Warren echoed the same sentiments and also that with both governing bodies, it is wonderful to have the coalition they have and working together to move the region forward.

Mr. Monday noted he would echo some of the same thoughts; it is really great to see the governing bodies working well together, it is an exciting time for Danville and Pittsylvania County and he has been glad to work alongside the staff; they are doing a wonderful job for the region.

The Meeting adjourned at 1:28 p.m.

Chairman

Secretary to the Authority

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-A
Meeting Date:	07/11/2016
Subject:	Approving Revisions to Procedures for preparing agenda materials
From:	Susan M. DeMasi, Authority Secretary Michael C. Guanzon, Esq., Legal Counsel to the Authority

SUMMARY

Attached for the Board's approval are revisions to procedures used by staff in preparing the monthly agenda materials.

ATTACHMENTS

Resolution 2016-07-11-5A with revised procedures.

Resolution No. 2016-07-11-5A

A RESOLUTION APPROVING REVISIONS THAT UPDATE THE PROCEDURES DATED APRIL 12, 2010 FOR PREPARING AGENDA MATERIALS FOR MONTHLY DIRECTORS MEETING OF THE AUTHORITY

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

WHEREAS, the Authority adopted those certain procedures dated April 12, 2010 (“**Agenda Preparation Procedures**”), for preparing agenda materials for monthly meetings of the Authority which then are considered by the Chairman of the Authority for presentation at such meetings; and

WHEREAS, the staff of the Authority recommends that those procedures be updated as set forth in **Schedule I**, attached hereto and incorporated herein by this reference (the “**Revisions**”); and

WHEREAS, the Board of Directors of the Authority believes it is in the best interests of the Authority for the efficient operation of the Authority to adopt the Revisions.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority does hereby approve the Revisions.
2. Except as amended by the Revisions, the Preparation Procedures shall remain unchanged.
3. This Resolution shall take effect immediately upon its adoption.

- # -

Resolution No. 2016-07-11-5A

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the Directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a meeting duly called and held on July 11, 2016, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority this 11th day of July 2016.

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

Schedule I

Danville-Pittsylvania Regional Industrial Facility Authority



427 Patton Street, Room 428

Danville, Virginia 24541

(434) 797-8928

(434) 799-5041 – FAX



Preparation of RIFA Agenda Materials

- I. Purpose – To establish procedures necessary to ensure proper development, submittal, compilation, and dissemination of items to be included in the Danville-Pittsylvania Regional Industrial Facility Authority (RIFA) meeting agenda materials packets.
- II. Responsibilities – The process of preparing the RIFA agenda packets requires a team effort jointly coordinated by the Pittsylvania County Administrator and the Danville City Manager. Each is responsible ~~and~~ for collecting input from his respective government’s staff and RIFA Board Members, reviewing and editing information received, and submitting it for inclusion in the agenda packet. The RIFA Attorney ensures that legal requirements are satisfied. ~~The Executive Secretary, in the Danville City Manager’s Office, collects draft agenda documents and attachments from the County Administrator, and City Manager and staff members, and compiles, compiles a draft agenda. reproduces, and distributes agenda packets.~~ The Danville City Clerk/Authority Secretary produces and distributes agenda packets to Board Members and staff, posts the Agenda on the City website, publishes public hearing notices, ~~and~~ prepares minutes and submits them for inclusion in agenda packets.
- III. Procedure – Compliance with the following schedule is required to ensure timely release of RIFA agenda materials.

A. Schedule:

Days Before Meeting	Day of Week	Action Item
<u>-21</u>	<u>Monday</u>	<u>Staff meets in a pre-RIFA meeting to discuss items to be included in Agenda.</u>
-12	Wednesday	E-mail final draft of RIFA Meeting Agenda Items to the Executive Secretary <u>Legal Counsel.</u>
-5	Wednesday	City Clerk/ <u>Authority Secretary</u> publishes notice of the RIFA Meeting and posts agenda packet for RIFA Board Members

Resolution No. 2016-07-11-5A

and Staff.

~~City Manager's Office distributes meeting agenda materials packet to RIFA Board Members~~

0 Second Monday RIFA Meeting
 of the Month

- B. Actions should be implemented in the following sequence:
- As circumstances warrant, agenda item originators consult with the County Administrator or City Manager on matters requiring RIFA action.
 - The County Administrator or City Manager notifies the ~~Executive Secretary~~ Legal Counsel by e-mail that the item is to be placed on a specified RIFA agenda.
 - The County Administrator or City Manager e-mails electronic versions of all submitted documents to the ~~Executive Secretary in the Danville City Manager's Office~~ Legal Counsel 12 days prior to the applicable RIFA meeting.
- C. Submission of agenda documents via e-mail:
- The ~~Executive Secretary~~, County Administrator, ~~and~~ City Manager, Legal Counsel and City Clerk/Authority Secretary should be included on all e-mail distribution lists for RIFA agenda materials.
 - Referenced e-mailings should include the RIFA meeting date in the subject line; for example, "RIFA Agenda Item for X/X/10 Meeting." This same subject text should be used in subsequent e-mailings.
- D. Submission of Closed Meeting agenda documents via e-mail:
- RIFA is committed to compliance with the "The Virginia Freedom of Information Act." Consequently, all records and meetings shall be presumed open, unless an exemption is properly invoked. As circumstances warrant, the County Administrator or City Manager notifies the ~~Executive Secretary~~ Legal Counsel by e-mail of the request to place a Closed Meeting item on a specified RIFA agenda 12 days prior to the applicable RIFA meeting.
 - Any and all electronic submissions of Closed Meeting RIFA agenda items and materials considered strictly confidential must include the following statement as part of the e-mail. If this statement is not included, the item cannot be properly exempted from Freedom of Information Act (FOIA) requests:

IMPORTANT NOTICE: Under Virginia Code § 2.2-3711, as amended, the information contained in this e-mail message is confidential subject matter for discussion or consideration in a closed meeting and is protected from public disclosure. In addition, this message may be protected by attorney-client privilege. Because this message is intended

Resolution No. 2016-07-11-5A

only for the use of the individual or entity named above, if the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this message is strictly prohibited. If you have received this message in error, please immediately notify us by return e-mail and delete this message without printing or otherwise preserving any file or other copies of this message. Thank you.

Adopted: April 12, 2010

Revised: July 11, 2016

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-B
Meeting Date:	07/11/2016
Subject:	Refinancing of Cane Creek Series 2013 Revenue Refunding Bonds
From:	Michael L. Adkins, Authority Treasurer

SUMMARY

The Cane Creek Series 2013 Revenue Refunding Bonds have a balance due of \$4,600,000 on August 1, 2016. Patrick Dixon, Senior Vice President with Wells Fargo Bank, has offered an option to refinance \$3,700,000 of this balance; the remaining \$900,000 would be paid using funds already available in RIFA for Cane Creek debt service contributed in past years from the City and County.

BACKGROUND

In 2005, RIFA issued the Cane Creek Series 2005 Variable Rate Bonds in an amount of \$7,300,000. In 2013, the Letter of Credit supporting the Series 2005 bonds was set to expire. In lieu of renewing the Letter of Credit, RIFA issued the Cane Creek Series 2013 Fixed Rate Revenue Refunding Bonds in the amount of \$5,595,000 with the same amortization schedule as the Series 2005 Bonds for a three-year term through August 1, 2016, at which time there is a balance due of \$4,600,000. It was intended that prior to the expiration of this three-year term on August 1, 2016, the agreement would be renegotiated or other financing sought.

The RIFA Board approved Resolution 2016-06-13-5C on June 13, 2016, authorizing the Treasurer to negotiate and obtain a loan commitment for refinancing the Cane Creek Series 2013 Bonds.

Patrick Dixon, Senior Vice President with Wells Fargo Bank, has offered an option to refinance \$3,700,000 of this balance; the remaining \$900,000 would be paid using funds already available in RIFA for Cane Creek debt service contributed in past years from the City and County. This would be for a three-year term with a fixed interest rate not to exceed 4.50%. The amortization schedule will remain unchanged and still be based on the Series 2005 principal payment schedule. Prior to the expiration of the three-year term, the agreement will be renegotiated or other financing sought.

Wells Fargo is requesting the credit commitment be accepted by the RIFA Board by July 11, 2016, and closed by August 1, 2016. Pittsylvania County's Board of Supervisors and Danville's City Council will be asked to approve Support Agreements at

their meetings on July 19, 2016. The Support Agreements keep the substance of the existing Moral Obligations that are intact currently, but are revised for this new loan.

RECOMMENDATION

Staff recommends the RIFA Board adopt the attached Resolution approving the refinancing of the Cane Creek Revenue Refunding Bonds with a fixed interest rate not to exceed 4.50% in an amount not to exceed \$3,700,000.

ATTACHMENTS

1. Resolution
2. Wells Fargo's Credit Commitment Letter
3. Financing Agreement
4. Pittsylvania County Support Agreement
5. City of Danville Support Agreement
6. 2016 Bond

Resolution No. 2016-07-11-5B

RESOLUTION OF THE DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY AUTHORIZING THE ISSUANCE OF ITS REVENUE REFUNDING BOND (CANE CREEK PROJECT), SERIES 2016 IN AN AMOUNT NOT TO EXCEED \$3,700,000; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL BOND DOCUMENTS IN CONNECTION THEREWITH INCLUDING WITHOUT LIMITATION THE FINANCING AGREEMENT, THE BOND AND THE SUPPORT AGREEMENTS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH, IN ORDER TO REFINANCE THE PRIOR \$5,595,000 REVENUE REFUNDING BOND (CANE CREEK PROJECT), SERIES 2013

The Danville-Pittsylvania Regional Industrial Facility Authority (the “**Authority**”) is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended (the “**Act**”). In furtherance of the Act’s purposes, the Authority issued its \$7,300,000 Revenue Bonds (Cane Creek Project), Series 2005 (the “**2005 Bonds**”), and used the proceeds thereof to finance, as part of the development of Cane Creek Centre as an industrial park, land acquisition, roads, wetland, remediation, lot clearing and other related capital expenditures, including necessary expenses incidental thereto (collectively, the “**Project**”) and pay costs of issuance.

The Authority refinanced the 2005 Bonds through the issuance of its \$5,595,000 Revenue Refunding Bond (Cane Creek Project), Series 2013 (the “**2013 Bond**”).

The Authority now wishes to refinance the 2013 Bond by issuing its Revenue Refunding Bond (Cane Creek Project), Series 2016 in an amount not to exceed \$3,700,000 (the “**Bond**”) pursuant to the terms of a Financing Agreement, dated as of August 1, 2016 (the “**Agreement**”), between the Authority and Wells Fargo Bank, National Association (the “**Bank**”).

The Bond will be payable from (i) payments from the City of Danville, Virginia (the “**City**”) pursuant to a Support Agreement, dated as of August 1, 2016 (the “**City Support Agreement**”), between the City and the Authority and assigned to the Bank and (ii) payments from Pittsylvania County, Virginia (the “**County**”) pursuant to a Support Agreement, dated as of August 1, 2016 (the “**County Support Agreement**”), between the County and the Authority and assigned to the Bank (the County Support Agreement and the City Support Agreement being collectively referred to herein as the “**Support Agreements**”). The Bond will be purchased by the Bank for its own portfolio pursuant to the terms of the Agreement.

The Agreement, the Bond and the Support Agreements were made available to the Authority at this meeting.

After careful consideration and in furtherance of the public purposes for which the Authority was created, **NOW, THEREFORE, BE IT RESOLVED, THAT:**

1. It is hereby found and determined that the refinancing of the 2013 Bond and the Project will be in the public interest, will benefit the inhabitants of the County and the City, will increase commerce, and will promote the safety, health, welfare, convenience and prosperity of the County and the City and their citizens.

2. The Authority hereby approves the issuance of the Bond substantially upon the terms set forth therein and in the Agreement and approves the refinancing of the 2013 Bond. As of the date of this Resolution, the final principal amount of the Bond, the Bond’s principal amortization and the fixed rate of interest on the Bond have not been determined. The Chairman and Vice Chairman of the Authority,

either of whom may act, are each hereby authorized to approve (i) the final principal amount of the Bond, so long as the aggregate principal amount of the Bond does not exceed \$3,700,000, (ii) the final amortization, so long as the same is determined based upon an amortization period extending no later than January 1, 2026 but with a maturity date for the Bond of no later than August 1, 2019 and (iii) the final interest rate on the Bond, so long as the interest rate does not exceed 4.500% per annum. Such approvals shall be conclusively evidenced by the execution and delivery of the Bond by the Authority.

3. The Agreement, the Bond and the Support Agreements (together, the “**Authority Documents**”) are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions or omissions (including, without limitation, changes of the dates thereof and therein and changes to reflect the final terms of the Bond as described in paragraph 2 above) as may be approved by the Chairman or the Vice Chairman of the Authority, whose approval thereof shall be evidenced conclusively by the execution and delivery of the Bond and the Authority Documents containing such changes, insertions or omissions.

4. The execution of the Bond and its delivery against payment therefor are hereby authorized and directed. The execution, delivery and performance by the Authority of the Authority Documents are hereby authorized and directed.

5. The Chairman and the Vice Chairman of the Authority, either of whom may act, are each authorized and directed to execute the Authority Documents on behalf of the Authority, and, if required or requested, the Secretary and the Assistant Secretary of the Authority, either of whom may act, are each authorized and directed to affix the seal of the Authority to the Authority Documents and to attest such seal.

6. Each officer of the Authority is authorized and directed to execute and deliver on behalf of the Authority such instruments, documents or certificates and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Authority Documents, and each officer of the Authority is further authorized and directed to execute and deliver on behalf of the Authority such instruments, documents or certificates. All of the foregoing previously done or performed by such officers of the Authority are in all respects approved, ratified and confirmed.

7. The Authority determines that the issuance of the Bond in accordance with the terms of the Authority Documents and all actions of the Authority contemplated thereunder will be in the furtherance of the purposes for which the Authority was organized.

8. The Authority authorizes the use of funds in the approximate amount of \$900,000 maintained in an account at the Bank, derived in large part from payments made by the County and the City to the Authority and earmarked for the payment of debt service on the 2005 Bonds and 2013 Bond, for the purpose of retiring a portion of the outstanding principal of the 2013 Bond and possibly paying interest due on the 2013 Bond on August 1, 2016 and paying costs of issuance with respect to the Bond.

9. All other actions hereafter taken by the officers of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond and the refinancing of the 2013 Bond and the Project are hereby ratified, approved and confirmed.

10. All resolutions or parts thereof in conflict with this Resolution are hereby repealed.

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

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a meeting duly called and held on July 11, 2016, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority this ____ day of July, 2016.

Susan M. DeMasi, Secretary
Danville-Pittsylvania Regional Industrial Facility
Authority

#28729432v3
034002.000005



June 22, 2016

Mr. Michael Adkins
Director of Finance
City of Danville
427 Patton St.
Danville, VA
Email: adkinml@danvilleva.gov

RE: Danville-Pittsylvania Regional Industrial Facility Authority (DPRIFA)

Dear Michael:

We are pleased to express our interest in considering the credit accommodation described below. This letter is not intended to constitute a commitment or offer to lend on the part of Wells Fargo Bank, National Association (“Wells Fargo” or “Bank”), but only to summarize, for discussion purposes, the credit accommodation we are interested in considering at this time.

- Obligor:** Danville-Pittsylvania Regional Industrial Facility Authority (the “Obligor” or “DPRIFA”).
- Purchaser:** Wells Fargo Municipal Capital Strategies, LLC, a wholly owned subsidiary of Wells Fargo Bank, N.A, Wells Fargo Bank, N.A., or any other wholly owned subsidiary of Wells Fargo Bank, N.A. (“Wells Fargo” or the “Bank”).
- Facility Amount:** Up to \$3,700,000 in principal.
- Structure:** The Bank will purchase taxable bonds that bear interest at a Fixed Rate, (the “Bonds”).
- Purpose:** The Bonds will be used to re-finance existing indebtedness of the Obligor, specifically, the Series 2013 Taxable Revenue Refunding Bond (Cane Creek Project)
- Term:** The Bonds will mature on the third anniversary of purchase of the Bonds (the “Maturity Date”). This amortization schedule is based upon a final maturity of January 1, 2026. This estimated amortization schedule is shown on Attachment A.
- Security:** As described in the Financing Agreement for the Series 2013 Bonds. A Moral Obligation Pledge from the City of Danville (the “City”) and the County of Pittsylvania (the “County”), in the form of Support Agreements (the “Support Agreements”), from the date of the Bonds through termination. The Support Agreements will describe the payment obligations the City and



the County each have to the Authority in a manner acceptable to the Bank.

Interest Rate:

The Bonds will bear interest at a Fixed Rate equal to the sum of (i) the Bank Cost of Funds Rate and (ii) the Spread to Bank Cost of Funds as detailed below. The Bank Cost of Funds Rate is defined as the executable swap rate (with an effective date to be determined) at which Wells Fargo would pay fixed and receive 1 month LIBOR to a third party, corresponding to the amortization.

Tenor	Bank Cost of Funds	Spread to Bank Cost of Funds	Indicative Rate*
Three Year	1.10%	1.24%	2.34%

*Please note that this is an indicative rate only, as of June 21, 2016 market close. The Bank Cost of Funds will adjust based on movements in the LIBOR swap market while the Spread to Bank Cost of Funds may increase or decrease to neutralize the Bank's return based on movements in the LIBOR swap market. The actual Fixed Rate shall be determined on the rate set date, typically 5-10 days prior to closing.

The Fixed Rate is subject to adjustment upon a) either the City of Danville or the County of Pittsylvania being downgraded by any of Moody's, S&P or Fitch, and/or b) the incurrence of increased costs.

Repayment:

Obligor shall be required to make annual principal payments as shown below:

01/01/2017	365,000.00
01/01/2018	385,000.00
01/01/2019	405,000.00

At maturity on August 1, 2019, the Authority will owe a remaining principal balance of \$2,545,000.00 plus accrued interest.

Other Fees:

Usual and customary for this type of financing, including amendment fees, termination fees, and attorney's fees.

Increased Costs and Capital Adequacy; Taxes:

Customary for Facility of this type, including, without limitation, provisions concerning increased costs, taxes, changes in capital adequacy, capital requirements and other requirements of law (including Dodd-Frank Wall Street Reform



and Consumer Protection Act and, the acts, directives and actions of the Basel Committee on Banking Supervision), or their interpretation, illegality, unavailability, and reserves without proration or offset and payments free and clear of withholding or other taxes.

Prepayment: The Bonds are subject to optional redemption at any time at a “make whole” price.

Principal Financial Covenants: Usual and customary for this type of financing, including but not limited to:

- Consistent the existing Financing Agreement, the Authority shall not directly or indirectly issue, assume, create, incur or suffer to exist any Indebtedness, other than the Indebtedness created pursuant to the Bonds documents

Default Rate: Greatest of (i) the Bank’s Prime Rate plus 4.00%, (ii) the Federal Funds rate plus 5.00%, or (iii) 10%.

Conditions Precedent to Considering Credit Accommodation: Usual and customary for this type of financing and materially consistent with the existing Financing Agreement, which agreement will contain conditions and covenants and other provisions that would be usual and customary for this type of financing including without limitation, (i) the Bonds purchased by the Bank will not carry a published rating and will not be offered pursuant to an Offering Statement or a Placement Agent; and (ii) delivery of a physical bond in minimum denominations of \$250,000 and identified by a CUSIP Number assigned to the Bonds.

Reporting Requirements: As set forth in the existing Financing Agreement and including but not limited to annual audits on the Obligor, City and County.

EMMA and Rating Agency Disclosure: To maintain transparency with its existing bondholders and the rating agencies, Wells Fargo requests that the City and County a) post the Resolution and the Financing Agreement on the MSRB’s EMMA site following the closing of the transaction, provided that pricing and certain other information contained therein, as directed by the Bank, shall be redacted prior to such posting and b) deliver relevant financing documents to the rating agencies.



Reps and Warranties:

Usual and customary for this type of financing.

Transfer Provisions:

While the Bank is purchasing the Bonds for its own account without a current intention to transfer them, the Bank reserves the right in its sole discretion to sell the Bonds or assign, pledge or participate interests in the Bonds without the consent of the Obligor.

Events of Default:

Usual and customary for this type of financing.

Remedies Upon Event of Default:

Usual and customary for this type of financing including, but not limited to, acceleration, set off and rights against collateral. Interest accrues daily on such amounts at the Default Rate and is payable on demand.

Confidentiality:

This Term Sheet is confidential and proprietary, and terms herein may not be disclosed without our prior written consent, except to your professional advisors in connection with this Financing who agree to be bound by such confidentiality requirements, or as may be required by law.

Notwithstanding anything herein to the contrary, any party hereto may disclose to any and all persons, without limitation of any kind the tax treatment or tax structure of this transaction. Furthermore, the parties to this transaction may disclose, as required by federal or state laws, any information as required to comply with such federal or state laws.

This expression of interest is not intended to be, and should not be construed as, a commitment to enter into a direct purchase of bonds, nor should it be construed as an attempt to establish all of the terms and conditions relating to such an accommodation. It is intended only to be indicative of certain terms and conditions around which credit approval may be sought, and if approved, how the operative documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Obligor and Bank.

Unless this term sheet is earlier rescinded, it shall expire automatically without further action or notice by the Bank 30 days from the date thereof.

Please be advised that the transaction described herein between Wells Fargo and you is a bank-purchased bond transaction (“Direct Purchase”) and a product offering of Wells Fargo Bank, N.A. (“WFBNA”) or Wells Fargo Municipal Capital Strategies, LLC, a subsidiary of WFBNA (“WFMCS”), as purchaser/investor (“Purchaser”). Wells Fargo Securities will not participate in any manner in any Direct Purchase transaction between you and Purchaser, and Wells Fargo



employees involved with a Direct Purchase transaction are not acting on behalf of or as representatives of Wells Fargo Securities. Information contained in this document or provided to you regarding Direct Purchase is for discussion purposes only in anticipation of engaging in arm's length commercial transactions with you in which Purchaser would be acting solely as a principal to purchase securities from you or a conduit issuer (in the case of a conduit transaction), and not as a municipal advisor, financial advisor or fiduciary to you or any other person or entity regardless of whether Purchaser, or an affiliate has or is currently acting as such on a separate transaction. Additionally, Purchaser has financial and other interests that differ from your interests. Any information relating to a Direct Purchase transaction is being provided to you pursuant to and in reliance on the bank exemption under the municipal advisor rules ("Muni Advisor Rules") of the Securities and Exchange Commission ("SEC") or the SEC's guidance in its Registration of Municipal Advisors Frequently Asked Questions and Answers dated May 19, 2014 and the general information exclusion to advice under the Muni Advisor Rules. Purchaser will not have any duty or liability to any person or entity in connection with the information provided herein.

In submitting this proposal (a) Wells Fargo is not acting as an advisor to DPRIFA ("you") and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you with respect to the information and material contained in this proposal; (b) Wells Fargo is acting for its own interests; and (c) you should discuss any information and material contained in this proposal with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

Best Regards,

A handwritten signature in blue ink that reads "Patrick K. Dixon". The signature is written in a cursive style and is contained within a light blue rectangular box.

Patrick K. Dixon
Senior Vice President
Wells Fargo Bank, N.A.



Attachment A

Estimated Amortization of Principal

01/01/2017	365,000.00
01/01/2018	385,000.00
01/01/2019	405,000.00
01/01/2020	425,000.00
01/01/2021	445,000.00
01/01/2022	465,000.00
01/01/2023	490,000.00
01/01/2024	515,000.00
01/01/2025	90,000.00
01/01/2026	<u>115,000.00</u>
	\$3,700,000.00

FINANCING AGREEMENT

This Financing Agreement is made as of August 1, 2016, between the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the “Authority”) and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association (the “Bank”).

The Authority intends to issue the 2016 Bond (as defined below) to provide for the refunding of the 2013 Bond (as defined below) previously issued by the Authority. The proceeds of the 2013 Bond were used to refund the 2005 Bonds (as defined below).

The Bank is agreeable to acquiring the 2016 Bond and refunding the 2013 Bond on the terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I Definitions; Construction; Determinations

Section 101. Definitions. The following words and terms as used in this Agreement shall have the following meanings unless some other meaning is plainly intended:

“Act” means Chapter 64, Title 15.2 of the Code of Virginia, as amended and in effect from time to time.

“Affiliate” means a corporation, partnership, association, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one (1) or more intermediaries, Controls or is Controlled by, or is under common Control with, the Authority or the Bank, as may be applicable.

“Agreement” means this Financing Agreement and all amendments, supplements and modifications to it from time to time.

“Bank” means Wells Fargo Bank, National Association, its successors and assigns.

“Bond Counsel” means any firm of attorneys of nationally recognized expertise with respect to obligations of political subdivisions, selected by the Authority and acceptable to the Bondholder.

“Bond Registrar” means the Bond Registrar as designated in Section 304 hereof.

“Bondholder” means any person in whose name the 2016 Bond is registered on the books and records of the Bond Registrar pursuant to Section 304 of this Agreement.

“Business Day” means any day (i) other than a Saturday, Sunday or day when banks located in the City of Roanoke, Virginia are authorized or required to be closed and (ii) on which the New York Stock Exchange is not closed.

“Chairman” means the Chairman or Vice Chairman of the Authority, either of whom may act.

“City” means the City of Danville, Virginia.

“Closing Date” means the date that the 2016 Bond is issued and delivered to, and accepted by, the Bank.

“Commonwealth” means the Commonwealth of Virginia.

“Control” or any variant thereof means the ownership of, or power to vote (i) 51% of the outstanding capital stock of a corporation, the membership interests of a limited liability company, or the partnership interests of a partnership; or (ii) 100% of the membership interests of the managing members of a limited liability company or of the partnership interests of the general partners of a partnership.

“County” means Pittsylvania County, Virginia.

“Default Rate” shall mean the interest rate equal to the greatest of (i) the Prime Rate plus 4% per annum, (ii) the Federal Funds Rate plus 5% per annum or (iii) 10% per annum.

“Event of Default” means any of the events specified in Section 601 hereof to be an Event of Default.

“Federal Funds Rate” means for any day of determination, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Richmond or, if such rate is not so published for any day that is a Business Day, the average of quotations for such day on such transactions received by the Bank from three (3) federal funds brokers of recognized standing selected by the Bank.

“Fiscal Year” means the period of 12 consecutive months beginning on July 1 in any calendar year and ending on June 30 of the next calendar year.

“Governmental Board” means any government or political subdivision, or any agency, board, commission, department or instrumentality of either, or any court, tribunal, central bank or arbitrator.

“Government Obligations” means (i) direct obligations of the United States of America, (ii) obligations unconditionally guaranteed by the United States of America, and (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or

interest) of obligations described in clause (i) or (ii) above the full and timely payment of which securities, receipts or obligations is unconditionally guaranteed by the United States of America.

“Indebtedness” means (a) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services; (b) obligations as lessee under leases which are, should be or should have been reported as capital leases in accordance with generally accepted accounting principles; (c) current liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA; (d) all obligations arising under any acceptance facility; (e) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person or otherwise to assure a creditor against loss; (f) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on property owned by the Authority, whether or not the obligations have been assumed; and (g) all other items or obligations which would be included in determining total liabilities on the balance sheet of a Person; *provided, however*, that “Indebtedness” shall not include (i) trade payables and similar obligations (including the deferred revenues resulting from subscriptions, dues and the like as shown on the financial statements of the Authority) incurred in the ordinary course of business; (ii) purchase money indebtedness in favor of the seller or lessor of a capital asset so purchased or leased, *provided* that such indebtedness was incurred prior to or within 90 days after such acquisition, *provided further*, that the aggregate principal amount of the indebtedness described in clauses (i) and (ii) does not exceed \$100,000 at any time outstanding; (iii) planned giving actuarial liabilities as reflected in the financial statements of the Authority to the extent they are offset by planned giving investments; or (iv) interest rate swap or similar agreements in connection with the 2016 Bond or other Indebtedness to the extent that the notional amount of such swap or other agreement does not exceed the principal amount of such Bonds or other Indebtedness then outstanding.

“Loan Documents” means, collectively, this Agreement, the 2016 Bond, the Support Agreements and such additional security agreements and collateral documents and instruments as may be executed pursuant to or in connection with this Agreement.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business or operations of the Authority, or (b) the ability of the Authority to carry out its business as of the date of this Agreement or as proposed herein to be conducted or to meet or perform its obligations under this Agreement or the other Loan Documents on a timely basis.

“Matters Contested in Good Faith” means matters (a) then being contested in good faith by appropriate proceedings diligently and continuously pursued, (b) of which the Bank has been notified in writing and is being kept informed in such detail as the Bank may from time to time reasonably request, (c) the enforcement of which is effectively stayed during the period of the contest, and (d) with respect to which either (i) for disputes valued in excess of \$100,000, adequate reserves in the nature of a cash deposit or pledge of bonds or other securities, or a payment bond of a corporate surety in the face amount equal to the total amount in controversy, reasonably satisfactory to the Bank, have been furnished, or (ii) adequate provision therefor, reasonably satisfactory to the Bank, has been reserved on the financial statements of the Authority.

“Member Jurisdictions” means the City and the County.

“Participant” has the meaning set forth in Section 517 hereof.

“Permitted Liens” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including without limitation the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to property (the foregoing are “Liens”) encumbering the 2005 Project in favor of the Bank and any of the following Liens:

(a) Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due and payable or that are being contested in good faith and with due diligence in appropriate proceedings and for which bonds have been posted or other security acceptable to the Bank, provided such bonds or other security to be in amounts sufficient to pay off the liens during the pendency of any controversies relating to them;

(b) Liens incurred in the ordinary course of business in connection with worker’s compensation, unemployment insurance or other forms of governmental insurance or employee benefits, or liens to secure the performance of letters of credit, bids, tenders, statutory obligations, leases and contracts (other than for borrowed funds) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(c) purchase money Liens on equipment purchased or leased by the Authority;

(d) Liens for current taxes, assessments or other governmental charges that are not delinquent or remain payable without any penalty or that are being contested in good faith and with due diligence by appropriate proceedings;

(e) Liens representing obligations under gifts or contracts to expend monies in a prescribed manner;

(f) Liens on any assets given, bequeathed or devised to the Authority that are created or in existence at the time of such gift, bequeath or devise; and

(g) such other Liens as may be approved in writing by the Bank.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, trust, unincorporated association, joint venture or other entity.

“Prime Rate” shall mean that fluctuating annual rate of interest which the Bank from time to time announces as and declares to be its prime rate of interest (the Bank makes loans which accrue interest at rates which are below, at and above the aforesaid prime rate). The Authority acknowledges and agrees that the Prime Rate is a reference used in determining interest rates on certain loans by the Bank and is not intended to be the best or lowest rate of interest charged on any extension of credit to any customer. If the Bank ever fails to have or declare a prime rate, the term Prime Rate as used herein shall mean the highest prevailing prime rate published for the applicable

period by The Wall Street Journal, provided, however, that the rate of interest charged on amounts payable under this Agreement shall in no event exceed applicable legal limits.

“Revenues” means all (a) any and all that may be appropriated for and paid to the Authority by a Member Jurisdiction under a Support Agreement or otherwise, and (b) any other income from other sources pledged by the Authority to the payment of the 2016 Bond.

“Secretary” means the secretary of the Authority. The term shall include the assistant or acting secretary of the Authority whenever, by reason of absence, illness or other reason, the Secretary is unable to act.

“Similar Bonds” means any bonds, notes, debentures or other similar obligations or undertakings issued or incurred by or on behalf of the County or the City or any agency, authority or other Affiliate of the County or the City (including, without limitation, the Authority) and including lease revenue or capital lease obligations, which are either (a) secured by the full faith and credit of the County or the City, or (b) supported by and paid from appropriations of the County or the City, as appropriate.

“Support Agreements” means, collectively, (i) the Support Agreement dated the date hereof between the County and the Authority, and (ii) the Support Agreement dated the date hereof between the City and the Authority, and “Support Agreement” means either of such instruments as the context may require.

“2005 Bonds” means the Authority’s \$7,300,000 Danville-Pittsylvania Regional Industrial Facility Authority, Variable Rate Revenue Bonds (Cane Creek Project), Series 2005, dated August 10, 2005.

“2005 Project” or the “Cane Creek Centre Project” means the development of Cane Creek Centre, including but not limited to land acquisition costs, roads, wetland remediation, lot clearing and other capital expenditures related thereto and the costs of issuing the 2005 Bonds, and other costs associated with the foregoing, all financed with the proceeds of the 2005 Bonds.

“2013 Bond” means the Authority’s \$5,595,000 Revenue Refunding Bond (Cane Creek Project), Series 2013, issued on August 1, 2013.

“2016 Bond” means the Authority’s \$3,700,000 Revenue Refunding Bond (Cane Creek Project), Series 2016, issued on the Closing Date.

“2016 Refunding” means the refunding of the 2013 Bond and payment of the costs of issuance of the 2016 Bond.

Section 102. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate,

the words “Bond,” “Bondholder,” and “person” shall include the plural as well as the singular number; the word “person” shall include any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

(b) Words importing the redemption or calling for redemption of the 2016 Bond shall not be deemed to refer to or connote payment of the 2016 Bond at its stated maturity.

(c) The captions and headings in this Agreement are for convenience only and in no way limit the scope or intent of any provision or section of this Agreement

(d) All references herein to particular articles or sections are references to articles or sections of this Agreement unless some other reference is indicated.

Section 103. Determinations. The Authority has found and determined that the undertaking of the 2016 Refunding and refinancing of the 2005 Project by the Authority is in furtherance of the purposes of the Authority under the Act. The Authority has also found and determined that the Cane Creek Centre Project constitutes a “facility” within the meaning of the Act.

ARTICLE II **The 2016 Bond**

Section 201. Representations and Findings of Authority. The Authority makes the following representations and findings as the basis for its undertakings hereunder:

(a) **Organization.** The Authority is a political subdivision duly organized, existing and in good standing under the Act and the laws of Virginia, and has the power to enter into the Loan Documents, to own its properties and to carry on its business as now being conducted and to issue the 2016 Bond and undertake the 2016 Refunding and the refinancing of the Cane Creek Centre Project, such transactions constituting an authorized undertaking under the Act and such transactions being in furtherance of the purposes for which the Authority was organized.

(b) **Due Authorization.** The execution, delivery and performance by the Authority of the Loan Documents are within the power and authority of the Authority and have been duly authorized by all necessary action of the Authority.

(c) **Valid and Binding Obligations.** Assuming enforceability against the other parties thereto, the Loan Documents are valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors’ rights generally and except to the extent indemnifications are unenforceable as a matter of public policy.

(d) **Noncontravention.** The execution and delivery by the Authority of the Loan Documents, and the performance of its obligations under the Loan Documents, will not violate (a)

any existing law or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Authority is a party or by which it or any of its property is bound, or (b) the Act, the Authority's bylaws or the organizing resolutions of the Member Jurisdictions that established the Authority, or (c) any of the rules or regulations applicable to the Authority or its property, or (d) any decree or order of any court or other Governmental Board.

(e) Pending Litigation and Other Proceedings. There is no pending action, proceeding or investigation before any Governmental Board against or directly involving the Authority and, to the best of the Authority's actual knowledge, there is no threatened action, proceeding or investigation targeting the Authority before any Governmental Board which, in any case, may materially and adversely affect (a) the financial condition or operations of the Authority, or (b) the validity or enforceability of any of the Loan Documents.

(f) Financial Statements. All financial statements previously furnished to the Bank are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Authority and the Affiliates (if any) of the Authority presented therein on a consolidated basis at such dates and for such period and were prepared in accordance with generally accepted accounting principles (except where otherwise set forth herein), except that all interim statements and unaudited statements are subject to adjustment. Since the period of such statements, there has been no increase in the Indebtedness of the Authority.

(g) Governmental Approval. The execution, delivery and performance of the Loan Documents and the transactions contemplated thereby do not require any authorization, exemption, consent or approval of, notice to, or declaration or filing with, any Governmental Board other than those obtained on or before the Closing Date.

(h) Taxes. The Authority is not delinquent in the payment of any taxes that have been levied or assessed by any Governmental Board against it or its assets unless such tax is a Matter Contested in Good Faith. The Authority has timely filed all tax and informational returns that are required by law to be filed, and has paid all taxes shown on said returns to be payable by the Authority and all other assessments or fees levied upon it or upon its properties to the extent that such taxes, assessments or fees have become due, and if not due, such taxes have been adequately provided for and sufficient reserves therefor established on its books of account. No material controversy in respect of the Authority's income taxes or its status as a tax exempt entity is pending or, to the knowledge of the Authority, threatened.

(i) Defaults. No Event of Default has occurred and is continuing or exists.

(j) No Material Adverse Change. Since the most current date of the information, financial or otherwise, supplied by the Authority to the Bank, (i) there has been no change in the assets, liabilities, financial position or results of operations of the Authority which could constitute a Material Adverse Effect, (ii) the Authority has not incurred any obligations or liabilities which could have a Material Adverse Effect and (iii) the Authority has not incurred material Indebtedness, other than trade accounts payable arising in the ordinary course of the Authority's business which are not based upon commercial terms customary for the Authority.

(k) Compliance with Agreements. The Authority has complied with all agreements and covenants and satisfied all conditions stated in this Agreement on its part to be performed or satisfied at or prior to the Closing Date.

(l) Incorporation by Reference. The representations and warranties of the Authority contained in any other Loan Document are hereby incorporated by reference in this Agreement, and the representations and warranties made by the Authority in such sections are hereby made for the benefit of the Bank.

(m) Representations as of the Closing Date. The representations and warranties of the Authority contained in this Article and in the other Loan Documents are correct on and as of the Closing Date as though made on and as of such date.

(n) Accuracy of Information. All information, reports and other papers and data with respect to the Authority, the 2016 Refunding and the 2005 Project furnished to the Bank are complete and correct in all material respects, to the extent necessary to give the Bank true and accurate knowledge of the subject matter. No document furnished or statement made by the Authority in connection with the negotiation, preparation or execution of this Agreement contains any untrue statement of a fact material to its creditworthiness or omits to state a material fact necessary in order to make the statements contained therein not misleading.

(o) Reliance by the Bank and any Participants. All representations and warranties made herein to the Bank are made with the understanding that the Bank and any Participants are relying upon the accuracy of such representations and warranties. Notwithstanding that the Bank and any Participants may conduct their own investigation as to some or all of the matters covered by the representations and warranties in the Loan Documents and in any certificates, information, opinions or documents delivered in connection therewith, the Bank and any Participants are entitled to rely on all representations and warranties as a material inducement to the Bank's extension of the credit evidenced by the Loan Documents.

(p) No Personal Interest. None of the directors of the Authority has declared that he or she has a personal interest (as defined in Section 2.2-3101 of the Virginia Code) in any Loan Document or in any transaction contemplated thereby, and none is an employee of the Authority or the Bondholder.

ARTICLE III **The 2016 Bond**

Section 301. Authorization. The Authority authorizes the issuance of its revenue refunding bond (the "2016 Bond") in order to refund, together with other available funds, the outstanding principal balance and accrued interest on the 2013 Bond and to pay costs of issuance of the 2016 Bond. The other available funds of the Authority, in the amount of \$[900,000], shall be wired to the Bank on or before the Closing Date to pay the balance of the 2013 Bond not being refunded with the proceeds of the 2016 Bond.

Section 302. Details of 2016 Bond. The 2016 Bond shall be in the original principal amount of \$3,700,000, and shall contain the terms stated in the form of the 2016 Bond attached to this Agreement as Exhibit A.

Section 303. Redemption of 2016 Bond. The Authority may redeem the 2016 Bond, in whole or in part, at any time upon payment of the “make whole” redemption price that is set forth in the form of the 2016 Bond. The Authority shall give notice of any such redemption not more than 60 days and not less than 30 days prior to the redemption date by mailing a notice of redemption by first class mail, postage prepaid, to the Bondholder at its address shown on the Bond Register.

Section 304. Registered Bond Required, Bond Registrar and Bond Register. The 2016 Bond shall be issued in fully registered form. The 2016 Bond shall be registered upon original issuance and upon subsequent transfer or exchange as provided in this Agreement.

The Authority appoints the Secretary of the Authority its Bond Registrar in respect of the 2016 Bond. The Bond Registrar shall act as registrar and transfer agent for the 2016 Bond. There shall be kept at an office of the Bond Registrar a register (herein sometimes referred to as the “Bond Register”) in which, subject to such reasonable regulations as the Authority or the Bond Registrar may prescribe, there shall be provisions for the registration of the 2016 Bond and for the registration of transfers of the 2016 Bond.

Section 305. Transfer. Upon surrender for transfer of the 2016 Bond at the office of the Bond Registrar, the Authority shall execute and deliver in the name of the transferee or transferees, a new fully registered Bond of like date, series and tenor.

Any instrument presented for transfer shall be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Bond Registrar, which may include a signature guarantee, duly executed by the Bondholder or by his attorney duly authorized in writing.

No service charge shall be made to a Bondholder for any transfer of Bond, but the Authority or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

A new 2016 Bond delivered upon transfer shall be a valid obligation of the Authority, evidencing the same debt as the 2016 Bond surrendered, and shall be entitled to all of the security and benefits hereof to the same extent as the 2016 Bond surrendered.

Section 306. Execution. The 2016 Bond shall be executed by the manual signature of the Chairman, and the seal of the Authority shall be affixed, imprinted, lithographed or reproduced thereon and shall be attested by the manual signature of the Secretary.

If executed as above provided, the 2016 Bond may be issued, notwithstanding that any officer signing such bond shall have ceased to hold office at the time of issuance or shall not have held office at the date of the 2016 Bond.

Section 307. Payment of Principal and Interest of 2016 Bond. The principal and redemption price of the 2016 Bond shall be payable, without the need for surrender of such 2016 Bond, and interest on the 2016 Bond shall be payable, at the address of the person entitled thereto, as such address shall appear in the Bond Register.

Section 308. Person Deemed Owner. The Authority and the Bond Registrar may deem and treat the person in whose name the 2016 Bond is registered as the absolute owner thereof (whether or not the 2016 Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Authority or the Bond Registrar) for the purpose of receiving payment of or on account of the principal of (and premium, if any, on), and interest on the 2016 Bond, and for all other purposes, and neither the Authority nor the Bond Registrar shall be affected by any notice to the contrary. All such payments so made to the Bondholder, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon the 2016 Bond.

Section 309. Mutilated, Destroyed, Lost, or Stolen 2016 Bond. If the 2016 Bond shall become mutilated, the Authority shall execute and deliver a new 2016 Bond of like tenor and denomination in exchange and substitution for the 2016 Bond so mutilated, but only upon surrender to the Authority of such mutilated Bond for cancellation, and the Authority may require reasonable indemnity therefor. If the 2016 Bond shall be reported lost, stolen or destroyed, evidence as to the loss, theft or destruction thereof shall be submitted to the Authority; and if such evidence shall be satisfactory to it and indemnity satisfactory to it shall be given, the Authority shall execute and deliver a new 2016 Bond of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute 2016 Bond is provided.

Every substitute 2016 Bond issued pursuant to this Section 309 shall constitute an additional contractual obligation of the Authority, whether or not the 2016 Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all of the benefits of this Agreement.

The 2016 Bond shall be held and owned upon the express condition that the foregoing provisions are, to the extent permitted by law, exclusive with respect to the replacement or payment of a mutilated, destroyed, lost, or stolen Bond and shall preclude any and all other rights or remedies.

Section 310. Additional Bonds or Indebtedness. Without the prior written approval of the Bank, the Authority shall not directly or indirectly issue, assume, create, incur or suffer to exist any Indebtedness, other than Indebtedness created pursuant to the Loan Documents.

Section 311. No Abatement. Subject to the provisions of Section 501, there will be no abatement or reduction of the payment of principal of or interest on the 2016 Bond by the Authority for any reason, including but not limited to, any failure by a Member Jurisdiction to appropriate funds under the respective Support Agreement, any defense, recoupment, setoff, counterclaims or any claim (real or imaginary) arising out of or related to the 2016 Refunding or the 2005 Project. The Authority assumes and shall bear the entire risk of loss and damage to the 2005 Project from any

cause whatsoever, it being the intention of the parties that the payments on the 2016 Bond shall be made in all events unless the obligation to make such payments is terminated as otherwise provided herein.

ARTICLE IV **Delivery of Bond**

Section 401. Conditions to Closing. The obligation of the Bank to acquire the 2016 Bond is subject to the conditions precedent that the Bank shall have received, on or before the Closing Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Bank. However, should the Bank acquire the 2016 Bond prior to its receipt and approval of any of the following items, such acquisition shall not be deemed to be a waiver of any documentary requirement.

(a) The following organizational and related documents:

(1) Copies of the resolutions of the Authority approving the execution and delivery of the Loan Documents, certified as being true and complete and in full force and effect on the Closing Date.

(2) The organizational documents and bylaws of the Authority, certified to be in full force and effect on the Closing Date.

(3) Certified copies of all governmental and regulatory approvals necessary for the Authority with respect to the Loan Documents and the other documents to be delivered by it hereunder or thereunder.

(4) A certificate of each of the Authority and the Member Jurisdictions, dated the Closing Date, signed by the respective authorized officers of each of the Authority and the Member Jurisdictions, certifying that, as to the respective entity, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the respective entity, threatened against or affecting the respective entity wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect or would adversely affect the transactions contemplated by, or the validity or enforceability of, any of the Loan Documents.

(5) A certificate of each of the Authority and the Member Jurisdictions, dated the Closing Date, signed by the respective authorized officers of each of the Authority and the Member Jurisdictions, certifying that (i) the representations and warranties of the respective entity contained in this Agreement and the Loan Documents are true and correct in all material respects on and as of the Closing Date, (ii) that the respective entity is not in violation of any of the covenants contained in this Agreement as of the Closing Date, (iii) no Event of Default has occurred and is continuing or would result from the issuance of the 2016 Bond and the performance of this Agreement and the other Loan Documents, and (iv) the respective entity has complied or is presently in compliance with all agreements and

satisfied all conditions on its part to be observed or satisfied under the Loan Documents at or prior to the Closing Date.

(6) Each of the Member Jurisdictions has executed and delivered the Letter of Representations attached as Exhibit B hereto.

(7) Not less than 10 days before the Closing Date, approved Fiscal Year 2017 budgets of each of the City and the County, certified (subject to normal year-end audit adjustments) as to accuracy, correctness and completeness by an appropriate officer of the City or the County, as appropriate.

(8) Not less than 10 days before the Closing Date, evidence satisfactory to the Bank that the issuance of the 2016 Bond and the execution and delivery of the Support Agreements have been approved, as applicable, by the Authority, the City, the County and any other Government Boards having jurisdiction that require approval.

(b) The following financing documents:

(1) An executed original of each of the Loan Documents.

(2) The original executed 2016 Bond.

(c) The following opinions, addressed to the Bank or on which the Bank is otherwise expressly authorized to rely:

(1) From counsel to the Authority, as to the due execution, delivery and enforceability of the Loan Documents and such other customary matters as the Bank may reasonably request;

(2) From counsel to each of the Member Jurisdictions, as to the due execution, delivery and enforceability of the respective Support Agreement and such other customary matters as the Bank may reasonably request;

(3) From Bond Counsel to the Authority, in customary form, as to the validity of the 2016 Bond and the enforceability of this Financing Agreement and such other customary matters as the Bank may reasonably request; and

(d) Such other instruments, documents and opinions as the Bank shall reasonably require to evidence and secure the 2016 Bond and to comply with the provisions of this Agreement and the other Loan Documents and the requirements of any Governmental Board to which the Bank or the Authority is subject.

(e) As of the Closing Date, the Bank shall be satisfied that there has been no material adverse change in respect of the Authority, the City, the County and the Cane Creek Centre Project, and that all information, representations and materials submitted to the Bank by each of the

Authority, the City or the County in connection with the Bank's acquisition of the 2016 Bond are accurate and complete in all material respects.

(f) All legal matters incident to the Loan Documents and all documents and instruments to be delivered pursuant hereto or thereto shall be reasonably satisfactory in form and substance to counsel for the Bank.

Section 402. Delivery of 2016 Bond. If the conditions in Section 401 have been satisfied, the Authority will deliver the 2016 Bond to the Bank, and the Bank will acquire same.

ARTICLE V **Particular Covenants and Provisions**

Section 501. Covenant to Pay 2016 Bond; Limited Obligations of the Authority. The Authority covenants that it will promptly pay the principal of and interest on and other amounts payable under the 2016 Bond at the places, on the dates and in the manner provided herein and in the 2016 Bond according to the true intent and meaning thereof; provided, however, that such principal and interest and other amounts are payable solely from Revenues. The 2016 Bond and the interest thereon shall not be deemed to constitute or to create in any manner a debt, liability or obligation of the Commonwealth or of any political subdivision or any agency thereof, including the City and the County, or a pledge of the faith and credit of the Commonwealth or of any political subdivision or any agency thereof, including the City and the County, but shall be limited obligations of the Authority payable solely from the revenues and other funds pledged therefor and shall not be payable from any other assets or funds of the Authority, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision or any agency thereof, including the City and the County, is pledged to the payment of the principal of or interest on the 2016 Bond.

Section 502. Covenants to Perform Obligations. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in the 2016 Bond executed and delivered hereunder and in all proceedings of the Authority pertaining hereto and thereto and will faithfully observe and perform at all times any and all covenants, undertakings, stipulations and provisions of the Support Agreements on its part to be observed or performed. The Authority covenants that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the 2016 Bond authorized hereby, to enter into this Agreement, to enter into the Support Agreements and to pledge the Revenues in the manner and to the extent herein set forth, (ii) all action on its part for the issuance of the 2016 Bond issued hereunder has been duly and effectively taken and (iii) the 2016 Bond in the hands of the Bondholder is and will be the valid and binding limited obligation of the Authority according to the tenor and import thereof.

Section 503. Delivery of Information. The Authority will furnish to the Bank each of the following:

(a) As soon as available, and in any event within 210 days after the close of each Fiscal Year of the Authority, audited financial statements reflecting the Authority's operations during

such Fiscal Year, including, without limitation, statements of financial position, activities and cash flows with related footnotes, all prepared in conformity with GAAP, applied on a basis consistent with that of the preceding year. All such statements shall be examined by an independent certified public accountant acceptable to the Bank. The opinion of such independent certified public accountant shall not be acceptable to the Bank if qualified due to any limitations in scope imposed by the Authority. Any other qualification of the opinion of such independent certified public accountant shall render the acceptability of the financial statements subject to the Bank's approval.

(b) Simultaneously with the delivery of each set of financial statements referred to in Section 503(a), a certificate signed by a principal financial officer of the Authority, (i) stating that such officer has made a review of activities during the preceding period, for the purpose of determining whether or not the Authority has complied with all of the terms, provisions and conditions of the Loan Documents, (ii) containing calculations of the applicable financial covenants (to the extent applicable as of such date) and (iii) attesting that, to the best of his/her knowledge, the Authority has kept, observed, performed and fulfilled each and every covenant, provision and condition of such documents on its part to be performed and no Event of Default has occurred, or if an Event of Default has occurred such certificate shall specify such event or condition, the nature and status thereof and any remedial steps taken or proposed to correct such event or condition.

(c) As soon as available, and in any event within 60 days after the beginning of each Fiscal Year of the Authority or approval by the Authority if earlier, an annual operating budget of the Authority for such Fiscal Year, including, without limitation, statements of financial position, activities and cash flows and planned capital expenditures (including a detailed description of the assumptions underlying such budget) and otherwise in form and substance satisfactory to the Bank.

(d) Promptly upon execution, any amendment, modification or supplement to any of the Loan Documents to which the Bank is not a party, a true and correct copy of such amendment, modification or supplement.

(e) Promptly upon filing, copies of all financial statements, reports and notices required to be submitted by the Authority to any Governmental Board.

(f) To the extent available, annually and at such other reasonable times as the Bank shall request current financial statements of the Member Jurisdictions (including, without limitation, the Member Jurisdictions' annual budget as submitted or approved and within 60 days following approval), and permit the Bank to inspect the Authority's books and records and make extracts therefrom.

(g) Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Authority, the Member Jurisdictions or the 2005 Project as the Bank may from time to time reasonably request.

Section 504. Notices. The Authority shall provide to the Bank:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default.

(b) Promptly after becoming aware of the occurrence of any ERISA Event or of any “prohibited transaction” (as defined in Section 4975 of the Internal Revenue Code of 1986, as amended, or Section 406 of ERISA) in connection with any Plan or any trust created thereunder, a written notice signed by the chief executive officer or chief financial officer of the Authority, acting solely on behalf of the Authority (not personally), specifying the nature thereof, what action the Authority is taking or proposes to take with respect thereto and, when known, any action proposed to be taken by any Governmental Board with respect thereto.

(c) Prompt written notice of all actions, suits and proceedings before any court, governmental board or other governmental commission, board, bureau, agency or instrumentality, domestic or foreign, against the Authority which involve claims equal to or in excess of \$150,000 that are not covered by insurance.

(d) Prompt written notice of any event which has or is reasonably anticipated to have a Material Adverse Effect.

(e) Promptly upon receipt of any notice from, or the taking of any action by, the holder of any Indebtedness of the Authority with respect to a claimed default, copies of such notice or a report of such action.

(f) Immediately upon becoming aware of the occurrence or non-occurrence of any event, happening or condition under either of the Support Agreements that would have a material and adverse effect on its ability to meet its obligations hereunder.

Section 505. Payment of Taxes. The Authority shall pay all assessments or other governmental charges as the same respectively become due, all taxes and payments in lieu of taxes, assessments (general or special) and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to the Authority. Notwithstanding the previous sentence, the Authority shall not be required to pay any tax, charge, assessment or imposition, nor to comply with any applicable law, with respect to any Matters Contested in Good Faith.

Section 506. Compliance with Laws. The Authority shall comply with all applicable laws, except for Matters Contested in Good Faith, provided that any such contest does not have a Material Adverse Effect.

Section 507. Compliance with Other Agreements. The Authority shall comply in all material respects with the terms and conditions of the Loan Documents and all other instruments, agreements and other documents delivered by or on behalf of the Authority in connection with issuance of the 2016 Bond.

Section 508. Amendments. The Authority shall not amend, modify or supplement, nor agree to any amendment or modification of, or supplement to, any of the Loan Documents without the prior written consent of the Bank.

Section 509. Accounting Methods and Fiscal Year. The Authority shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Authority in accordance with generally accepted accounting principles. The Authority shall not adopt, permit or consent to any change in its method of accounting, other than as permitted or required by generally accepted accounting principles (except as disclosed in the audit and approved by the Bank) and shall not adopt, permit or consent to any change in its established Fiscal Year without the Bank's prior consent.

Section 510. Liens. The Authority shall not create, assume or permit to exist any Lien on the 2005 Project, other than Permitted Liens.

Section 511. Judgments. The Authority shall not permit the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due the Authority that is not discharged or stayed within 60 days of entry.

Section 512. Transactions With Related Persons. Except as otherwise expressly permitted hereunder, without the prior written approval of the Bank, the Authority shall not directly or indirectly make any loan or advance to, or purchase, assume or guarantee any Indebtedness to or from, any of its officers, directors or Affiliates, or to or from any member of the immediate family of any of its officers, directors or Affiliates, or subcontract any operations to any Affiliate, except for travel or other reasonable expense advances to employees in the ordinary course of business; or enter into any transaction with any Affiliate, except pursuant to the reasonable requirements of the business of such Affiliate and on terms substantially no more favorable to such Affiliate than those that such Affiliate would obtain in a comparable arms-length transaction with a Person not an Affiliate of the Authority.

Section 513. Other Defaults. The Authority shall not default on any material contract with or obligation when due to a third party or default in the performance of any Indebtedness to a third party in an amount in excess of \$150,000, unless such default is cured within any applicable grace period or is a Matter Contested in Good Faith.

Section 514. Cross-Default. The Authority shall not default in the payment or the performance of any of its obligations under any other loans, contracts or agreements with the Bank or the Bank's Affiliates, nor shall the Authority permit any of the Authority's Affiliates over which the Authority has such control, to default under any loans, contracts or agreements with the Bank or the Bank's Affiliates.

Section 515. Covenant to Perform Obligations under the Support Agreements. Subject to the provisions of Section 501 of this Article, the Authority covenants and agrees that it will not suffer, permit or take any action or do anything or fail to take any action or fail to do anything which may result in the termination or cancellation of the Support Agreements so long as the 2016 Bond is outstanding; that it will faithfully and punctually fulfill its covenants, conditions, agreements and obligations and will require the County and the City to perform punctually their respective duties, agreements, covenants and obligations under the Support Agreements and will otherwise administer each Support Agreement in accordance with its terms to assure the timely payment of all amounts,

charges and payments due it thereunder, all in accordance with the terms of the Support Agreements; that it will not execute or agree to any change, amendment or modification of or supplement to either of the Support Agreements except by a supplement or an amendment duly executed by the Authority and the County or the City, as applicable, with, so long as the 2016 Bond is outstanding, the written approval of the Bondholder of the 2016 Bond; that it will not agree to any abatement, reduction, abrogation, waiver, diminution or other modification in any manner or to any extent whatsoever of the obligation of the City or the County to pay amounts under and to meet their respective other obligations as provided in the Support Agreements.

Section 516. Pledge of Revenues. The Authority pledges the Revenues to the payment of the principal of and interest on the 2016 Bond. This pledge shall be valid and binding from and after the execution of this Agreement and shall be imposed on the Revenues without any physical delivery of them or further act.

Section 517. Increased Costs; Taxes.

(a) **Definitions.** For purposes of this Section 517:

“Applicable Law” means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation Risk--Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Excluded Taxes” means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Authority is located.

“Governmental Approvals” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

“Governmental Authority” means the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Law” means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“Participant(s)” means any bank(s) or other financial institution(s) that may purchase from the Bank a participation interest in this Agreement and certain of the Related Documents pursuant to a participation agreement between the Bank and the Participant(s).

“Related Documents” means the Loan Documents and any exhibits, schedules, instruments or agreements relating thereto, as the same may be amended, modified or supplemented in accordance with their terms and the terms hereof.

“Risk-Based Capital Guidelines” means (i) the risk--based capital guidelines in effect in the United States on the Effective Date, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Closing Date.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

(b) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Participant;

(ii) subject to the Bank or any Participant to any Tax of any kind whatsoever with respect to this Agreement, or change the basis of taxation of payments to the Bank or such Participant in respect thereof (except for Indemnified Taxes or Other Taxes covered by paragraph (h) below and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Participant); or

(iii) impose on the Bank or any Participant any other condition, cost or expense affecting this Agreement;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Participant related to issuing or maintaining this Agreement, or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank or such Participant, the Authority shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant, as the case may be, for such additional costs incurred or reduction suffered.

(c) Capital Requirements. If the Bank or any Participant determines that any Change in Law affecting the Bank or such Participant or the Bank's or such Participant's parent or holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Bank's or such Participant's or the Bank's or such Participant's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining this Agreement, to a level below that which the Bank or such Participant or the Bank's or such Participant's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Participant's policies and the policies of the Bank's or such Participant's parent or holding company with respect to capital adequacy), then from time to time upon written request of the Bank or such Participant the Authority shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or such Participant's parent or holding company for any such reduction suffered.

(d) Certificates for Reimbursement. A certificate of the Bank or a Participant setting forth the amount or amounts necessary to compensate the Bank or any such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, as specified in paragraph (b) or (c) of this Section and delivered to the Authority, shall be conclusive absent manifest error. The Authority shall pay the Bank or any such Participant, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(e) Delay in Requests. Failure or delay on the part of the Bank or any such Participant to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's or any such Participant's right to demand such compensation.

(f) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Authority hereunder or under any fee letter with the Bank shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided

that if the Authority shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or any Participant receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(g) Payment of Other Taxes by the Authority. Without limiting the provisions of paragraph (f) above, the Authority shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(h) Indemnification by the Authority. To the extent allowed by law, the Authority shall indemnify the Bank and each Participant, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Bank or any Participant and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided, however, that the Authority shall not be obligated to reimburse the Bank or any Participant for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from such indemnified party's own gross negligence or willful misconduct. A certificate stating in reasonable detail the amount of such payment or liability delivered to the Authority by the Bank or any Participant shall be conclusive absent manifest error. In addition, to the extent allowed by law, the Authority shall indemnify the Bank and each Participant, within thirty (30) days after demand therefor, for any incremental Taxes that may become payable by the Bank or any Participant as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank or any Participant pursuant to paragraph (i) below, documentation evidencing the payment of Taxes.

(i) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Authority to a Governmental Authority, the Authority shall deliver to the Bank or such Participant the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank or such Participant, as applicable.

(j) Survival. Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the 2016 Bond and the obligations of the Authority thereunder and hereunder.

ARTICLE VI

Default and Remedies

Section 601. Defaults. Each of the following events is hereby declared an “Event of Default”:

(a) Payment of interest on the 2016 Bond is not made when the same shall become due;

(b) Payment of the principal or redemption price of the 2016 Bond is not made when the same shall become due, whether at maturity or upon call for redemption or otherwise;

(c) Failure of any Member Jurisdiction to make a payment under the respective Support Agreement as and when due or any other “Event of Default” under either of the Support Agreements shall have occurred and not have been waived or cured;

(d) The Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the 2016 Bond or in this Agreement on the part of the Authority to be performed other than as referred to in the preceding paragraphs of this Section;

(e) The Authority shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for it or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due, or (vii) take corporate action for the purpose of effecting any of the foregoing;

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Authority or of a substantial part of its property, under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Authority or for a substantial part of its property or (iii) the winding-up or liquidation of the Authority and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days;

(g) Any failure by the City or the County to pay any installment of principal or interest on any Similar Bond when due, and such default shall continue unremedied for a period of five (5) Business Days; or

(h) Either the City, the County or the Authority shall (i) pursuant to an announcement, finding, ruling or decree by any Governmental Board with jurisdiction to rule on the matter, cease to be obligated, in whole or in part, under the Support Agreement with respect to their obligations to make debt service and other payments with respect to the 2016 Bond, or (ii) repudiate, reject or contest its obligations to make debt service payments with respect to the 2016 Bond or Similar Bonds;

provided, however, that no default specified in clause (d) of this Section 601 shall constitute such an Event of Default until written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Bondholder, and the Authority shall have had 30 days after receipt of such notice to correct said default and shall not have corrected such default within the applicable period.

Section 602. Acceleration and Annulment Thereof. Upon the occurrence of an Event of Default, the Bondholder may, by notice to the Authority, declare the entire unpaid principal of and interest on the 2016 Bond due and payable; and upon such declaration, the said principal, together with interest accrued thereon, shall become payable immediately at the place of payment provided therein, anything in this Agreement or in the 2016 Bond to the contrary notwithstanding.

If, after the principal of the 2016 Bond has become due and payable, all arrears of interest upon the 2016 Bond is paid by the Authority, and the Authority also performs all other things with respect to which it may have been in default hereunder and pays the reasonable charges of the Bondholder, including reasonable attorneys' fees, then, and in every such case, the Bondholder, by written notice to the Authority, may annul such acceleration and its consequences.

Section 603. Other Remedies. If any Event of Default occurs and is continuing, the Bondholder, before or after the principal of the 2016 Bond becomes immediately due and payable, may enforce each and every right granted to it under this Agreement and the 2016 Bond and the Support Agreements and any supplements or amendments thereto, including but not limited to imposition of interest at the Default Rate.

In the enforcement of the remedies provided in this Article, the Bondholder may treat all reasonable expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Authority then due and owing and the Authority agrees to pay such additional amounts upon demand, with interest at the Default Rate, the amount of such legal fees to be without regard to any statutory presumption.

Section 604. Remedies Not Exclusive. No remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 605. Delays and Omissions Not to Impair Rights. No delays or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article VI may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VII
Defeasance of Bond

Section 701. Defeasance.

(a) When the principal or redemption price (as the case may be) of, and interest on the 2016 Bond have been paid, or provision has been made for payment of the same and all other sums payable hereunder by the Authority, the right, title and interest of the holder of the 2016 Bond shall thereupon cease.

(b) Provision for the payment of the 2016 Bond shall be deemed to have been made when a bank or trust company, qualified to hold such funds, holds in trust and irrevocably sets aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) noncallable Government Obligations maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys without reinvestment to make such payment.

(c) If a deposit under subsection (b) above has been made, the 2016 Bond shall not be deemed paid within the meaning of this Article unless the Authority delivers to or for the benefit of the holder of such Bond a verification report of a firm of nationally recognized independent public accountants as to the sufficiency of the moneys and Governmental Obligations to make the payment required under subsection (b) above. Notwithstanding the foregoing, no delivery to the bank or trust company under subsection (b) shall be deemed a payment of the 2016 Bond prior to its stated maturity until the 2016 Bond shall have been irrevocably called or designated for redemption on a date thereafter on which the 2016 Bond may be redeemed in accordance with the provisions of this Agreement. Neither the obligations nor moneys deposited with the bank or trust company pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, redemption price of, and interest on the 2016 Bond with respect to which such deposit has been made.

Notwithstanding the foregoing, those provisions relating to the maturity of the 2016 Bond, the payments and dates thereof, the dates, premiums and notice requirements for optional and mandatory redemption and the Bondholder's remedies with respect thereto, and the provisions relating to exchange, transfer and registration of bonds, replacement of mutilated, destroyed, lost or stolen bonds, safekeeping and cancellation of bonds, and nonpresentment of bonds, shall remain in effect and shall be binding upon the Authority and the Bondholder, notwithstanding the release and discharge of the lien of this Agreement.

Section 702. Deposit of Funds for Payment of Bond. If the principal or redemption price of the 2016 Bond becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, has been paid or provisions therefor made in accordance with Section 701 hereof, all interest on the 2016 Bond shall cease to accrue on the due date and all liability of the Authority with respect to the 2016 Bond shall likewise cease, except as hereinafter provided. Thereafter, the holder of the 2016 Bond shall be restricted exclusively to the

funds so deposited for any claim of whatsoever nature with respect to such bond, and the bank or trust company in question shall hold such funds in trust for such holder.

ARTICLE VIII
Miscellaneous Provisions

Section 801. Covenants of Authority to Bind its Successors. In the event of the dissolution of the Authority, all of the covenants, stipulations, obligations and agreements contained in this Agreement by or on behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Authority" as used in this Agreement shall include such successor or successors.

Section 802. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the parties shall be in writing and shall be deemed given or filed for all purposes of this Agreement when delivered by hand delivery or mailed by first-class, postage prepaid, registered or certified mail, addressed as follows:

If to the Authority at:

Danville-Pittsylvania Regional Industrial Facility Authority
c/o City of Danville, Fiscal Agent
P.O. Box 3300 (24543)
427 Patton Street
Danville, Virginia 24541
Attention: City Manager

If to the Bank at:

Wells Fargo Bank, National Association
Attention: Government and Institutional Banking
10 South Jefferson St.
8th Floor, MAC R4046-080
Roanoke, VA 24011

The parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 803. Severability. In case any one or more of the provisions of this Agreement or of the 2016 Bond issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or of the 2016 Bond, but this Agreement and the 2016 Bond shall be construed and enforced as if such illegal or invalid

provision had not been contained therein. In case any covenant, stipulation, obligation or agreement of the Authority contained in the 2016 Bond or in this Agreement shall for any reason be held to be in violation of law then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

Section 804. Covenants of Authority Not Covenants of Officials. All covenants, stipulations, obligations and agreements of the Authority contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the Commonwealth. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, agent or employee of the Authority in his individual capacity, and neither the directors of the Authority nor any other officer of the Authority executing the 2016 Bond shall be liable personally on the 2016 Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, agent or employee of the Authority shall incur any personal liability in acting or proceeding or in not acting or not proceeding in accordance with the terms of this Agreement.

Section 805. State Law Governs. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 806. Jury Trial; Venue; Arbitration. (a) *Jury Trial; Venue.* Any litigation involving the Bank shall be brought in the appropriate Commonwealth of Virginia court having jurisdiction over the matter. The Authority agrees to waive a jury trial in any proceeding involving the Bank to the extent permissible by law.

(b) *Arbitration.* The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents) in excess of \$250,000, whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Loan Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

Any arbitration proceeding will (i) proceed in a location in Virginia selected by the American Arbitration Association (“AAA”); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA’s commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs, in which case the arbitration shall be conducted in accordance with the AAA’s optional procedures for large, complex commercial disputes (the commercial dispute

resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the “Rules”). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the Commonwealth of Virginia or a neutral retired judge of the state or federal judiciary of Virginia, in either case with a minimum of ten years’ experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator’s discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of Virginia and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Virginia Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party’s presentation and that no alternative means for obtaining information is available.

No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

The arbitrator shall award all costs and expenses of the arbitration proceeding.

To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Loan Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

This arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds \$250,000.

Section 807. Payments or Performance Due on Days Other Than Business Days. In any case where the date of maturity of interest on or principal of the 2016 Bond or the date fixed for redemption of the 2016 Bond or the specified last date for the performance of any act or the exercising of any right shall be a day other than a Business Day, then such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if made, performed or exercised on the specified date, provided that interest shall accrue for the period of any such extension.

Section 808. Participations. The Authority recognizes that the Bank may sell the 2016 Bond or interests therein to one or more participants or subparticipants and that all documentation, financial statements, appraisals and other data, or copies thereof, relevant to the Authority or the Bank may be exhibited to and retained by any such participant or subparticipant whether actual or prospective.

Section 809. Nature of Transaction. This Agreement evidences a direct purchase of the 2016 Bond by the Bank. The Bank is purchasing the 2016 Bond for its own account. Wells Fargo Securities is not participating in any manner in this transaction, and the Bank's employees involved in the direct purchase of the 2016 Bond are not acting in any manner on behalf of or as representatives of Wells Fargo Securities.

Section 810. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officer as of the day and year first written above:

**DANVILLE-PITTSYLVANIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

By: _____

Name: _____

Title: _____

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____

Name: Patrick K. Dixon

Title: Senior Vice President

EXHIBIT A
FORM OF 2016 BOND

EXHIBIT B-1
CITY LETTER OF REPRESENTATIONS

August 1, 2016

Danville-Pittsylvania Regional
Industrial Facility Authority
c/o City of Danville, Fiscal Agent
427 Patton Street
Danville, Virginia 24541

Wells Fargo Bank, National Association
10 South Jefferson Street
Roanoke, Virginia 24011

Ladies and Gentlemen:

The undersigned, on behalf of the **CITY OF DANVILLE** (the “*City*”) has requested that the **DANVILLE – PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY** (the “*Authority*”) issue \$3,700,000 aggregate principal amount of its Revenue Refunding Bond (Cane Creek Project), Series 2016 (the “*2016 Bonds*”). The 2016 Bond will be issued pursuant to a Financing Agreement, dated as of August 1, 2016 (the “*Financing Agreement*”), between the Authority and Wells Fargo Bank, National Association (the “*Bank*”), pursuant to which the Bank will acquire the 2016 Bond. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Financing Agreement.

The 2016 Bond is a limited obligations of the Authority payable from payments made by the City and the County of Pittsylvania, political subdivision of the Commonwealth of Virginia, pursuant to respective Support Agreements dated as of August 1, 2016 (each, a “*Support Agreement*”), between the Authority and, as appropriate, the City and the County.

The defined terms in the Financing Agreement are used herein as used therein and the City acknowledges and accepts all the terms and conditions set forth therein relating to the sale and delivery of the 2016 Bond.

In order to induce the Authority to issue and sell the 2016 Bond and to induce the Bank to purchase the 2016 Bond as contemplated in the Financing Agreement, the City hereby represents, warrants and agrees with you as follows:

- (a) The City is a political subdivision of the Commonwealth of Virginia.
- (b) The City has full power and authority to execute this Letter of Representations and enter into the Support Agreement and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such documents.

(c) The financial statements of the City delivered to the Bank present fairly and accurately the financial position of the City as of the dates specified therein, and the results of its operations and changes in its financial position for the periods specified therein, in conformity with generally accepted accounting principles applied on a consistent basis. Subsequent to June 30, 2015, there has been no material adverse change in the financial position or results of operations of the City.

(d) All information, reports and other papers and data that the City has furnished with respect to itself and to the Cane Creek Centre Project and the 2016 Refunding are complete and correct in all material respects, to the extent necessary to give true and accurate knowledge of the subject matter. No fact is known to the City which, in the City's judgment may have a material adverse effect which has not been set forth in the financial statements previously furnished or in other such information, reports, papers and data or otherwise disclosed in writing. No document furnished or statement made by the City in connection with the negotiation, preparation or execution of the Support Agreement or the issuance of the 2016 Bond contains any untrue statement of a fact material to its creditworthiness or omits to state a material fact necessary in order to make the statements contained therein not misleading.

(e) The execution and delivery of this Letter of Representations, the Support Agreement and all other documents and instruments required to be executed in connection therewith, the consummation of the transactions herein and therein contemplated and compliance by the City with the provisions hereof and thereof will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage or other agreement or instrument to which the City, is a party or by which it is bound or any existing law, administrative regulation, court order or consent decree to which it is subject.

(f) The City has obtained all consents and approvals of governmental or regulatory authorities that are required to be obtained by the City, as a condition precedent to the execution of all documents required to effectuate the transactions described in this Letter of Representations and the Financing Agreement, provided, however, that no representation is given as to any action required under state securities or blue sky laws in connection with the purchase, sale or distribution of the 2016 Bond.

(g) The City is not in default in the payment of the principal of or interest on any indebtedness for borrowed money or under any instrument under and subject to which any indebtedness has been incurred and no event has occurred and is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such instrument.

(h) The City will comply with the obligations set forth in the Support Agreement relating to the City, including without limitation the obligations set forth in Section 7.6 thereof relating to expenses.

(i) The City has confidence in the Authority's management with respect to the obligations it undertakes and currently intends to assist the Authority in maintaining the necessary liquidity to discharge its obligations to the Bank in respect of the Support Agreement and the Financing Agreement.

(j) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending of which we have received notice or, to the best of our knowledge, threatened against the City affecting the corporate existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the collection of revenues by the City which the City may use to make payments under the Support Agreement or in any way contesting the powers of the City to execute and deliver or to consummate the transactions contemplated in such documents (nor, to the best knowledge of the City, is there any basis therefor).

The City acknowledges that the Bank has requested but is not requiring that the City post, on or after the Closing Date, with the Electronic Municipal Market Access (“EMMA”) system maintained by the Municipal Securities Rulemaking Board (i) the Authority’s bond resolution approving the Loan Documents and (ii) the Financing Agreement. If the City agrees to post the same, the Bank will provide to the City the information in the Authority’s bond resolution and the Financing Agreement that the Bank proposes to be redacted and thus not be disclosed. Any failure of the City to post with EMMA the documentation referenced in the first sentence of this paragraph or any failure of the City to redact information from such posting as requested by the Bank shall not in any way constitute a default or violation of this Letter of Representations by the City. The City also acknowledges that the Bank has requested that the City provide copies of the Loan Documents to the rating agencies that rate the City’s bond issues.

The agreements and indemnities contained herein shall survive the Closing Date under the Financing Agreement and any investigation made by or on behalf of either of you or any person who controls you (as aforesaid) of any matters described in or related to the transactions contemplated hereby and by Financing Agreement, this Letter of Representations and the Support Agreements.

This Letter of Representations shall be binding upon and inure solely to the benefit of each of you and, to the extent set forth herein, your members, officers, directors, employees and agents, persons controlling either of you, and their respective personal representatives, successors and assigns, and no other person or firm shall acquire or have any rights under or by virtue of this Letter of Representations.

Very truly yours,

CITY OF DANVILLE, VIRGINIA,
a political subdivision of the
Commonwealth of Virginia

By: _____

Name: _____

Title: _____

EXHIBIT B-2
COUNTY LETTER OF REPRESENTATIONS

August 1, 2016

Danville-Pittsylvania Regional
Industrial Facility Authority
c/o City of Danville, Fiscal Agent
427 Patton Street
Danville, Virginia 24541

Wells Fargo Bank, National Association
10 South Jefferson Street
Roanoke, Virginia 24011

Ladies and Gentlemen:

The undersigned, on behalf of the **COUNTY OF PITTSYLVANIA, VIRGINIA** (the "**County**") has requested that the **DANVILLE – PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY** (the "**Authority**") issue \$3,700,000 aggregate principal amount of its Revenue Refunding Bond (Cane Creek Project), Series 2016 (the "**2016 Bonds**"). The 2016 Bonds will be issued pursuant to a Financing Agreement, dated as of August 1, 2016 (the "**Financing Agreement**"), between the Authority and Wells Fargo Bank, National Association (the "**Bank**"), pursuant to which the Bank will acquire the 2016 Bond. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Financing Agreement.

The 2016 Bond is a limited obligation of the Authority payable from payments made by the County and the City of Danville, Virginia, pursuant to respective Support Agreements dated as of August 1, 2016 (each, a "**Support Agreement**"), between the Authority and, as appropriate, the City and the County.

The defined terms in the Financing Agreement are used herein as used therein and the County acknowledges and accepts all the terms and conditions set forth therein relating to the sale and delivery of the 2016 Bond.

In order to induce the Authority to issue and sell the 2016 Bond and the Bank to acquire the 2016 Bond as therein contemplated, the County hereby represents, warrants and agrees with you as follows:

- (a) The County is a political subdivision of the Commonwealth of Virginia.
- (b) The County has full power and authority to execute this Letter of Representations and enter into the Support Agreement and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such documents.

(c) The financial statements of the County delivered to the Bank present fairly and accurately the financial position of the County as of the dates specified therein, and the results of its operations and changes in its financial position for the periods specified therein, in conformity with generally accepted accounting principles applied on a consistent basis. Subsequent to June 30, 2015, there has been no material adverse change in the financial position or results of operations of the County.

(d) The execution and delivery of this Letter of Representations, the Support Agreement and all other documents and instruments required to be executed in connection therewith, the consummation of the transactions herein and therein contemplated and compliance by the County with the provisions hereof and thereof will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage or other agreement or instrument to which the County, is a party or by which it is bound or any existing law, administrative regulation, court order or consent decree to which it is subject.

(e) All information, reports and other papers and data that the County has furnished with respect to itself and to the 2016 Refunding and the Cane Creek Centre Project are complete and correct in all material respects, to the extent necessary to give true and accurate knowledge of the subject matter. No fact is known to the County which, in the County's judgment may have a material adverse effect which has not been set forth in the financial statements previously furnished or in other such information, reports, papers and data or otherwise disclosed in writing. No document furnished or statement made by the County in connection with the negotiation, preparation or execution of the Support Agreement or the issuance of the 2016 Bond contains any untrue statement of a fact material to its creditworthiness or omits to state a material fact necessary in order to make the statements contained therein not misleading.

(f) The County has obtained all consents and approvals of governmental or regulatory authorities that are required to be obtained by the County, as a condition precedent to the execution of all documents required to effectuate the transactions described in this Letter of Representations and in the Financing Agreement; provided, however, that no representation is given as to any action required under state securities or blue sky laws in connection with the purchase, sale or distribution of the 2016 Bond.

(g) The County is not in default in the payment of the principal of or interest on any indebtedness for borrowed money or under any instrument under and subject to which any indebtedness has been incurred and no event has occurred and is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such instrument.

(h) The County will comply with the obligations set forth in the Support Agreement relating to the County, including without limitation the obligations set forth in Section 7.6 thereof relating to expenses.

(i) The City has confidence in the Authority's management with respect to the obligations it undertakes and currently intends to assist the Authority in maintaining the necessary liquidity to discharge its obligations to the Bank in respect of the Support Agreement and the Financing Agreement.

(j) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending of which we have received notice or, to the best of our knowledge, threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the collection of revenues by the County which the County may use to make payments under the Support Agreement or in any way contesting the powers of the County to execute and deliver or to consummate the transactions contemplated in such documents (nor, to the best knowledge of the County, is there any basis therefor).

The County acknowledges that the Bank has requested but is not requiring that the County post, on or after the Closing Date, with the Electronic Municipal Market Access (“EMMA”) system maintained by the Municipal Securities Rulemaking Board (i) the Authority’s bond resolution approving the Loan Documents and (ii) the Financing Agreement. If the County agrees to post the same, the Bank will provide to the County the information in the Authority’s bond resolution and the Financing Agreement that the Bank proposes to be redacted and thus not be disclosed. Any failure of the County to post with EMMA the documentation referenced in the first sentence of this paragraph or any failure of the County to redact information from such posting as requested by the Bank shall not in any way constitute a default or violation of this Letter of Representations by the County. The County also acknowledges that the Bank has requested that the County provide copies of the Loan Documents to the rating agencies that rate the County’s bond issues.

The agreements contained herein shall survive the Closing Date under the Financing Agreement and any investigation made by or on behalf of either of you or any person who controls you (as aforesaid) of any matters described in or related to the transactions contemplated hereby and by the Financing Agreement, this Letter of Representations and the Support Agreements.

This Letter of Representations shall be binding upon and inure solely to the benefit of each of you and, to the extent set forth herein, your members, officers, directors, employees and agents, persons controlling either of you, and their respective personal representatives, successors and assigns, and no other person or firm shall acquire or have any rights under or by virtue of this Letter of Representations.

Very truly yours,

COUNTY OF PITTSYLVANIA, VIRGINIA,
a political subdivision of the
Commonwealth of Virginia

By: _____

Name: _____

Title: _____

SUPPORT AGREEMENT

between

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

and

COUNTY OF PITTSYLVANIA, VIRGINIA

Dated as of August 1, 2016

NOTE: THIS SUPPORT AGREEMENT HAS BEEN ASSIGNED TO, AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF, WELLS FARGO BANK, NATIONAL ASSOCIATION.

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THIS **SUPPORT AGREEMENT** dated as of the 1st day of August, 2016, by and between the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the “Authority”), and the **COUNTY OF PITTSYLVANIA, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “County”), provides:

WITNESSETH:

WHEREAS, the Authority is a political subdivision of the Commonwealth of Virginia duly created pursuant to Chapter 64 of Title 15.2 of the Code of Virginia of 1950, as amended (the “Act”); and

WHEREAS, the Act authorizes the Authority to borrow money to pay the costs of real estate and all improvements located in industrial parks intended to be occupied by manufacturing, warehousing, distribution, office or other commercial enterprises; and

WHEREAS, in order to further the purposes of the Act, the Authority has previously issued its \$7,300,000 Variable Rate Revenue Bonds (Cane Creek Project), Series 2005 (the “2005 Bonds”) to finance as part of the development of Cane Creek Center as an industrial park, the financing of land acquisition, roads, wetland, remediation, lot clearing and other related capital expenditures, including necessary expenses incidental thereto (collectively, the “Project”); and

WHEREAS, in 2013, the Authority refinanced the 2005 Bonds by issuing its \$5,595,000 Revenue Refunding Bond (Cane Creek Project), Series 2013 (the “2013 Bond”); and

WHEREAS, the 2013 Bond matures on August 1, 2016, and the Authority now wishes to refinance the 2013 Bond by issuing its Revenue Refunding Bond (Cane Creek Project), Series 2016 in the amount of \$3,700,000 (the “Bond”) pursuant to the terms of a Financing Agreement, dated as of August 1, 2016 (the “Agreement”), between the Authority and Wells Fargo Bank, National Association (the “Bank”); and

WHEREAS, the County and the City of Danville, Virginia (the “City”) agree with the desire of the Authority to refinance the 2013 Bond; and

WHEREAS, the Bond will be secured by a pledge of the revenues and receipts received by the Authority from payments made by the County pursuant to this Support Agreement and by the City pursuant to a separate support agreement; and

WHEREAS, all acts, conditions and things required by law to happen, exist and be performed precedent to and in connection with the execution of and entering into this Support Agreement have happened, exist and have been performed in regular and due time and in form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Support Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions.

Unless otherwise defined in this Support Agreement, all words used herein shall have the meanings assigned to such terms in the Agreement. In addition to the words defined in the recitals hereto, the following words as used in this Support Agreement shall have the following meanings unless a different meaning clearly appears from the context:

“Additional Payment(s)” shall mean such payment or payments made by the County pursuant to Section 4.1(b) and Section 5.1.

“Annual Budget” shall mean the budget by that name referred to in Section 4.4.

“Annual Payment(s)” shall mean the payments made by the County under this Support Agreement as set forth in Section 4.1(a), which such payments are equal to one-half of the payments of principal and interest due on the Bond in each Fiscal Year.

“Basic Documents” shall mean the Agreement and this Support Agreement.

“Board” shall mean the Board of Supervisors of the County.

“City Support Agreement” shall mean the Support Agreement, dated as of August 1, 2016, between the City and the Authority, as the same may be supplemented, amended or modified.

“Event of Default” shall mean the events enumerated in Section 7.1.

“Fiscal Year” shall mean the twelve-month period beginning July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the County.

“Support Agreement” shall mean this Support Agreement, as such Support Agreement may be supplemented, amended or modified.

Section 1.2. Rules of Construction.

The following rules shall apply to the construction of this Support Agreement unless the context otherwise requires:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the prepayment or calling for prepayment of the Bond shall not be deemed to refer to or connote the payment of the Bond at its stated maturity.

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Support Agreement.

(d) The headings herein and Table of Contents to this Support Agreement herein are solely for convenience of reference and shall not constitute a part of this Support Agreement nor shall they affect its meaning, construction or effect.

(e) All references herein to payment of the Bond are references to payment of principal of and premium, if any, and interest on the Bond.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by Authority.

The Authority makes the following representations:

(a) The Authority is a political subdivision of the Commonwealth of Virginia duly created under the Act;

(b) Pursuant to the Act, the Authority has full power and authority to enter into the Basic Documents and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such Basic Documents;

(c) The execution, delivery and compliance by the Authority with the terms and conditions of the Basic Documents will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the Authority, or (2) any trust agreement, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or other restriction of any kind to which the Authority or any of its assets is subject;

(d) No further approval, consent or withholding of objection on the part of any regulatory body or any official, Federal, state or local, is required in connection with the execution or delivery of or compliance by the Authority with the terms and conditions of the Basic Documents, except that no representation is made as to the applicability of any Federal or state securities laws; and

(e) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Authority pending or, to the knowledge of the Authority, threatened with respect to (1) the creation and existence of the Authority, (2) its authority to execute and deliver the Basic Documents, (3) the validity or enforceability of the Basic Documents or the Authority's performance of its obligations thereunder, (4) the title of any officer of the Authority executing the Basic Documents, or (5) the ability of the Authority to issue and sell its Bond and refinance the 2013 Bond.

Section 2.2. Representations by County.

The County makes the following representations:

- (a) The County is a political subdivision of the Commonwealth of Virginia;
- (b) The County has full power and authority to enter into the Basic Documents to which it is a party and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such Basic Documents;
- (c) The County is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in an event of default thereunder;
- (d) The County is not in default under or in violation of, and the execution, delivery and compliance by the County with the terms and conditions of the Basic Documents to which it is a party will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the County or (2) any trust agreement, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the County or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation;
- (e) No further approval, consent or withholding of objection on the part of any regulatory body or any official, Federal, state or local, is required in connection with the execution or delivery of or compliance by the County with the terms and conditions of the Basic Documents to which it is a party; and
- (f) There is no litigation at law or in equity or any proceeding before any governmental agency involving the County pending or, to the knowledge of the County, threatened with respect to (1) the authority of the County to execute and deliver the Basic Documents to which it is a party, (2) the validity or enforceability of such Basic Documents or the County's performance of its obligations thereunder, or (3) the title of any officer of the County executing such Basic Documents.
- (g) The Project has been determined to be essential to the County's economic development and future revenue growth, and the Board anticipates that the Project will continue to be essential to the County's economic development and future revenue growth during the term of this Support Agreement.

ARTICLE III

AGREEMENT TO ISSUE BOND

Section 3.1. Agreement to Issue Bond.

The Authority hereby agrees, simultaneously with the execution and delivery hereof, to proceed with the issuance and sale of the Bond, bearing interest, maturing and having the other terms and provisions set forth in the Agreement. The proceeds of the Bond will be used, together with other available funds, to refund the 2013 Bond. Subject to the limitation of Section 4.4, the County agrees to make all Annual Payments and Additional Payments when and as the same shall become due and payable.

Section 3.2. Limitation of Authority's Liability.

Anything contained in this Support Agreement to the contrary notwithstanding, any obligation the Authority may incur in connection with the issuance of the Bond for the payment of money shall not be deemed to constitute a debt or general obligation of the Authority within any constitutional or statutory limitations, but shall be a limited obligation payable solely from the revenues and receipts derived by it pursuant to this Support Agreement and the City Support Agreement.

Section 3.3. Compliance with Agreement.

If the County is not in default under this Support Agreement, the Authority, at the request of the County, shall take (a) all steps that may be necessary to effect prepayment under the Agreement and (b) any other action required by the Agreement. By its execution of this Support Agreement, the County acknowledges its approval of all the terms and conditions set forth in the Agreement.

ARTICLE IV

PAYMENT OBLIGATIONS

Section 4.1. Amounts Payable.

(a) (1) Subject to the limitation of Section 4.4, the County shall pay to the Authority or its assignee the Annual Payments. The Annual Payments shall be payable without notice or demand at the address designated by the Bank. In the event of an acceleration of the Bond under the Agreement, the County agrees to pay to the Bank, subject to the limitation of Section 4.4, an amount equal to all Annual Payments payable or to become payable under this Support Agreement to enable the Authority to pay, together with amounts payable under the City Support Agreement, in full the principal of and interest on the Bond.

(2) The Authority, in conjunction with the County and the City, will determine, as part of its budget process, by March 1 of each year the Annual Payment to be requested from, and paid (subject to the limitation of Section 4.4) by, the County for the immediately succeeding fiscal year. In calculating such payments, the Authority shall use the

principal amount (if any) due on the Bond in the succeeding fiscal year. In determining the interest component of the Annual Payment, the Authority shall calculate interest at a rate equal to the actual fixed rate on the Bond.

(b) Subject to the limitation of Section 4.4, the County agrees to make Additional Payments to pay one-half of (1) any expenses incurred by the Authority (including reasonable attorney's fees and expenses) in connection with (A) its obligations under this Support Agreement and the other Basic Documents, (B) the issuance of the Bond and (C) any prepayment of the Bond and (2) all other amounts which the County agrees to pay under the terms of this Support Agreement, but not including Annual Payments.

Section 4.2. Payments Assigned.

The Authority and the County acknowledge and agree that this Support Agreement and all Annual Payments and Additional Payments (except the rights of the Authority to receive payment of its expenses, to receive notices and to give consents) are assigned by the Agreement to the Bank. The County consents to such assignment and agrees to pay to the Bank all amounts payable by the County that are so assigned.

Section 4.3. Obligation Unconditional.

Except as otherwise provided in this Support Agreement, including the limitation in Section 4.4, the obligations of the County to make all Annual Payments and Additional Payments and to observe all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any right of setoff, recoupment or counterclaim the County may otherwise have against the Authority, and the County shall not suspend or discontinue any such Annual Payment or Additional Payment or fail to observe and perform any of its covenants, conditions and agreements hereunder.

Section 4.4. Appropriations of Annual Payments and Additional Payments.

While recognizing that it is not empowered to make any binding commitment to make Annual Payments and Additional Payments beyond the current Fiscal Year, the Board in authorizing the execution of this Support Agreement has stated its intent to make annual appropriations sufficient to make the Annual Payments and Additional Payments, and as such it is hereby recognized by the parties hereto that this Support Agreement, to the extent permitted by law, creates strictly a moral obligation of the County to pay such amounts.

Notwithstanding anything in this Support Agreement to the contrary, the County's obligations to pay the cost of performing its obligations under this Support Agreement and the Agreement, including its obligations to pay all Annual Payments and Additional Payments, shall be subject to and dependent upon appropriations being made from time to time by the Board for such purpose; provided, however, that the County Administrator or other officer charged with the responsibility for preparing the County's Annual Budget shall include in the budget for each Fiscal Year as a single appropriation the amount of all Annual Payments and estimated Additional Payments coming due during such Fiscal Year. Throughout the term of this Support Agreement, the County Administrator or other officer charged with the responsibility for preparing the County's Annual Budget shall deliver to the Bank and the Authority within 10

days after the adoption of the Annual Budget for each Fiscal Year, but not later than the beginning of each Fiscal Year, a certificate stating whether an amount equal to the Annual Payments and Additional Payments which will come due during such Fiscal Year has been appropriated by the Board in such budget. If any adopted Annual Budget does not include an appropriation of funds sufficient to pay both Annual Payments and estimated Additional Payments coming due for the relevant Fiscal Year, the Board shall take a roll call vote immediately after adoption of such Annual Budget acknowledging the impact of its failure to appropriate such funds. If, by the beginning of the Fiscal Year, the Board has not appropriated funds for the payment of both Annual Payments and estimated Additional Payments coming due for the then current Fiscal Year, the County Administrator or other officer charged with the responsibility for preparing the County's Annual Budget shall give written notice to the Board of the consequences of such failure to appropriate, including the right of the Bank to accelerate the Annual Payments in accordance with Article VIII, and request the Board to consider a supplemental appropriation for such purposes.

If at any time the Annual Payments as determined pursuant to Section 4.1(a)(2) are insufficient to make one-half of the payments of principal and interest due on the Bond, the Authority (or the Bank as assignee of the Authority) shall notify the County Administrator (or other officer charged with the responsibility for preparing the County's Annual Budget) of the amount of such insufficiency, and the County Administrator shall submit to the Board at its next regularly scheduled meeting or as promptly as practicable, but in any event within 45 days, a request for a supplemental appropriation in the amount necessary to cover such insufficiency.

ARTICLE V

PREPAYMENT

Section 5.1. Prepayment.

The County shall have the option to prepay any Annual Payments at the times and in the amounts as necessary to enable the Authority to exercise its option to cause the Bond to be prepaid as set forth in such Bond. Such prepayments of Annual Payments shall be made at the times and in the amounts as necessary to accomplish the optional prepayment of the Bond as set forth in such Bond. Upon the exercise of such option, the County shall also pay as Additional Payments, the amounts necessary to pay one-half of the premium, if any, due on the Bond on the date or dates of prepayment.

The County shall direct the Authority to send to the Bank notice of any prepayment of the Bond, such notice to the Bank to specify the prepayment date, the principal amount of the Bond to be redeemed, and the premium, if any. The County shall send to the City a copy of the direction given to the Authority.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.1. Limitation of Liability of Directors, etc. of Authority and County.

No covenant, agreement or obligation contained in this Support Agreement shall be deemed to be a covenant, agreement or obligation of any past, present or future member, officer, director, employee or agent of the Authority in his or her individual capacity, and neither the members of the Authority nor any officer thereof executing this Support Agreement shall be liable personally on this Support Agreement or be subject to any personal liability or accountability by reason of the execution and delivery hereof. No member, director, officer, employee or agent of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Support Agreement or the Act or any of the transactions contemplated hereby provided that he or she acts in good faith.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any past, present or future Board member or officer, employee or agent of the County or Board in his or her individual capacity, and neither the members of the Board nor any officer of the County or Board executing this Support Agreement shall be liable personally on this Support Agreement or be subject to any personal liability or accountability by reason of the execution and delivery hereof. No Board member or officer, employee or agent of the County or Board shall incur any personal liability with respect to any action taken by him or her pursuant to this Support Agreement or any of the transactions contemplated hereby, provided that he or she acts in good faith.

Section 6.2. Use of Proceeds.

The Authority and the County shall use the proceeds of the Bond to refinance the 2013 Bond and pay the costs of issuance of the Bond.

Section 6.3. Maintenance of Existence of Authority.

Except for the assignment of its rights under this Support Agreement to the Bank pursuant to the Agreement, the Authority agrees that it will not assign, transfer or convey its interest in this Support Agreement or any of the revenues to be derived therefrom. The Authority further agrees that, until the Bond has been paid in full, the Authority will not (a) dissolve or otherwise dispose of all or substantially all of its assets, (b) consolidate with or merge into any authority, corporation, association or other body, (c) permit any other authority, corporation, association or other body to consolidate with or merge into it, (d) act jointly with any other authority, corporation, association or other body (other than the City, the County and the Bank) with respect to the transactions contemplated by this Support Agreement and the Agreement, or (e) take any action or refrain from taking any action which would (i) permit any of the foregoing to be required by operation of law or (ii) which would permit it, or require it by operation of law, to avoid its obligations under this Support Agreement or the Agreement or any other agreement contemplated hereby; provided, however, that nothing contained in this Section shall prevent the consolidation of the Authority with, or the merger of the Authority into, or the

transfer of the interest of the Authority in this Support Agreement as an entirety to, any public corporation whose property and income are not subject to taxation and which has the corporate authority to carry out the transactions contemplated by this Support Agreement and the Agreement, but only on the condition that (A) reasonable prior notice of such consolidation, merger or transfer is given to the City, the County and the Bank, and (B) upon any such consolidation, merger or transfer, the obligation of the Authority to make due and punctual payment of the principal of and prepayment premium, if any, and interest on the Bond and to perform and observe all of the agreements and conditions of this Support Agreement and the Agreement shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the interest of the Authority in this Support Agreement shall be transferred as an entirety.

Section 6.4. County Covenants. To assist the Authority in complying with certain of its obligations under the Basic Documents, the County agrees to provide, in accordance with the specifications provided in the Agreement, (a) notice of any material litigation with respect to the County, (b) copies to the Bank of (1) the County's 2017 Fiscal Year budget, (2) the County's financial statements within 210 days of the end of each of the County's Fiscal Years and (3) future budgets within 60 days of approval, and (c) any notices of any defaults with respect to any general obligation indebtedness or moral obligations of the County. The County also agrees to provide such information as maybe reasonably requested by Bond Counsel in order to comply with any applicable securities disclosure requirements or other applicable laws and regulations.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default.

(a) Each of the following events shall be an Event of Default:

(1) Default in the due and punctual payment of an Annual Payment when the same becomes due and payable and continuation of such failure for a period of five business days; or

(2) Failure of the County to pay when due any other payment due under this Support Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed, which failure shall continue for a period of 30 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 30 day period but can be cured within the succeeding 60 days, failure of the County to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(b) The provisions of the foregoing subparagraph (a)(2) are subject to the limitation that if by reason of force majeure the County is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder, the County shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include without limitation acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of

Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; swarms of boll weevils and plagues of locusts; landslides; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; restraint of government and people; or civil disturbances. The County shall remedy with all reasonable dispatch the cause or causes preventing the County from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County, and the County shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the County not in its best interests.

(c) Notwithstanding anything contained in this Section to the contrary, (1) failure by the County to pay when due any payment required to be made under this Support Agreement or (2) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Support Agreement, either of which results from failure of the County to appropriate moneys for such purposes, as described in Section 4.4, shall not constitute an Event of Default. Upon any such failure to appropriate, the provisions of Article VIII shall be applicable.

Section 7.2. Remedies.

Whenever any Event of Default shall have happened and is continuing, the Authority may take any one or more of the following remedial steps, without further demand or notice: (a) declare immediately due and payable the entire unpaid principal balance of the Annual Payments due and thereafter to become due through and including the final installment payment of principal on the Bond or (b) take whatever action at law or in equity may appear necessary or desirable to collect the Annual Payments and Additional Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County under this Support Agreement. Any amounts received by the Authority pursuant to the foregoing provisions shall be applied first to costs, then to any unpaid interest and then to repayment of principal, and upon payment in full of all amounts due such excess shall be credited to the next Annual Payment to the extent such Annual Payments have not been paid in full. This provision shall survive termination of this Support Agreement.

Section 7.3. Reinstatement after Event of Default.

Notwithstanding the exercise by the Authority of any remedy granted by Section 7.2, if all overdue Annual Payments, together with any interest thereon, and all Additional Payments shall have been made, and payment on the Bond has not been accelerated or such acceleration has been waived pursuant to the Agreement, then the County's default under this Support Agreement shall be waived without further action by the Authority. Upon such payment and waiver, this Support Agreement shall be fully reinstated and all Annual Payments will be due and payable in accordance with the previously determined schedule.

Section 7.4. No Remedy Exclusive.

No remedy conferred by this Support Agreement upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.5. No Additional Waiver Implied by One Waiver.

Failure by the Authority at any time to require performance by the County of any provision hereof shall in no way affect the Authority's right hereunder to enforce the same, nor shall any waiver by the Authority of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

Section 7.6. Attorneys' Fees and Other Expenses.

Subject to the limitation in Section 4.4, the County shall on demand pay to the Authority and the Bank one-half of the reasonable fees of attorneys and other reasonable expenses incurred by either of them in the collection of appropriated, but unpaid, Annual Payments or Additional Payments, or the enforcement of any other obligation of the County, or its agents, upon an Event of Default.

ARTICLE VIII

REMEDY FOR NONAPPROPRIATION

Section 8.1. Remedy for Nonappropriation.

If by June 21 of any year, the Board has failed to appropriate moneys sufficient for the payment of Annual Payments and estimated Additional Payments for the following Fiscal Year, the County Administrator shall give notice to the Authority and the Bank of such failure to appropriate within 5 Business Days thereafter, and if no such appropriation has been made by the beginning of such Fiscal Year, the Authority shall declare immediately due and payable the entire unpaid principal and interest of all Annual Payments due and thereafter to become due through and including the final payment of principal and interest on any portion of the Bond then outstanding.

Nothing contained in this Section shall be construed as affecting or superseding in any manner the provisions of Section 4.4.

ARTICLE IX

AGREEMENT; AMENDMENTS; ASSIGNMENT

Section 9.1. Agreement; Covenants.

(a) Contemporaneously with the execution of this Support Agreement, the Authority has entered into the Agreement with the Bank. The County shall not be obligated to take any notice of any sale, assignment, reassignment, pledge, mortgage, transfer or other disposition of any interest in this Support Agreement by the Authority, unless such sale, assignment, reassignment, pledge, mortgage, transfer or other disposition is undertaken in accordance with Section 6.3 hereof.

(b) Subject to Section 4.4, the County covenants to take whatever action may be necessary for the Authority to comply with the Authority's covenants under the Agreement.

(c) The County agrees, for the benefit of the holder of the Bond, to do and perform all acts and things contemplated in the Agreement to be done or performed by it. The Authority agrees that it shall not execute or permit any amendment or supplement to the Agreement which affects any right, power or authority of the County under this Support Agreement or requires a revision of this Support Agreement without the prior written consent of the County.

Section 9.2. Amendments.

This Support Agreement shall not be supplemented, amended or modified by the parties hereto prior to the payment in full of the Bond, without the consent of the Bank.

Section 9.3. Assignment.

Simultaneously with the execution of this Support Agreement, the Authority has entered into the Agreement by which the Authority has assigned all of its rights in and to this Support Agreement (except its rights to receive payment of its expenses, to receive notices and to give consents) to the Bank. The County (a) consents to such assignment, (b) agrees to execute and deliver such further acknowledgments, agreements and other instruments as may be reasonably requested by the Authority or the Bank to effect such assignment, (c) agrees to make all payments due to the Authority under this Support Agreement directly to the Bank (except the Authority's rights to receive payment of its expenses, to receive notices and to give consents), subject to Section 4.4, and (d) agrees to comply fully with the terms of such assignment so long as such assignment is not inconsistent with the provisions hereof.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices.

Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have

been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the County, at 1 Center Street, Chatham, Virginia 24531 (Attention: County Administrator), (b) if to the Authority, c/o the City as Fiscal Agent, at 427 Patton Street, Danville, Virginia 24541 (Attention: City Manager) and (c) if to the Bank, 10 South Jefferson Street, 8th Floor, Roanoke, Virginia 24011 (Attention: Government and Institutional Banking). The County, the Authority and the Bank may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 10.2. Severability.

If any provision of this Support Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 10.3. Limited Liability of County.

Notwithstanding any provision hereof to the contrary, the obligations of the County under this Support Agreement are not general obligations of the County, nor shall they be deemed to be a lending of the credit of the County to the Authority or to any other person or entity and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County. The obligations of the County hereunder are payable solely from amounts that are subject to annual appropriation. No officer, official, employee or agent of the County or Board shall be personally liable on the County's obligations hereunder. The Authority shall not be liable under any circumstances for the actions of the County, as agent for the Authority, or for any actions of the County with respect to the Basic Documents. The Authority shall not be liable under any circumstances for the actions of the Bank under the Basic Documents.

Section 10.4. Successors and Assigns.

This Support Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. The Bank is intended to be, and shall be, a third party beneficiary of this Support Agreement.

Section 10.5. Counterparts.

This Support Agreement may be executed in any number of counterparts, each of which shall be an original, all of which together shall constitute but one and the same instrument.

Section 10.6. Governing Law.

This Support Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 10.7. Term of Agreement.

This Support Agreement shall commence on the date of issuance of the Bond and will terminate on the date that no portion of the Bond is outstanding.

IN WITNESS WHEREOF, the parties have caused this Support Agreement to be duly executed and effective as of the 1st day of August, 2016, by their duly authorized representatives.

**DANVILLE-PITTSYLVANIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

By: _____
Chairman

COUNTY OF PITTSYLVANIA, VIRGINIA

By: _____
County Administrator

Seen and agreed to:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as holder of the Bond

By: _____
Senior Vice President

[SIGNATURE PAGE TO COUNTY SUPPORT AGREEMENT]

RECEIPT

Receipt of the foregoing original counterpart of the Support Agreement dated as of August 1, 2016, between the Danville-Pittsylvania Regional Industrial Facility Authority and the County of Pittsylvania, Virginia, is hereby acknowledged.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as holder of the Bond

By: _____
Senior Vice President

SUPPORT AGREEMENT

between

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

and

CITY OF DANVILLE, VIRGINIA

Dated as of August 1, 2016

NOTE: THIS SUPPORT AGREEMENT HAS BEEN ASSIGNED TO, AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF, WELLS FARGO BANK, NATIONAL ASSOCIATION.

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THIS **SUPPORT AGREEMENT** dated as of the 1st day of August, 2016, by and between the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the “Authority”), and the **CITY OF DANVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “City”), provides:

WITNESSETH:

WHEREAS, the Authority is a political subdivision of the Commonwealth of Virginia duly created pursuant to Chapter 64 of Title 15.2 of the Code of Virginia of 1950, as amended (the “Act”); and

WHEREAS, the Act authorizes the Authority to borrow money to pay the costs of real estate and all improvements located in industrial parks intended to be occupied by manufacturing, warehousing, distribution, office or other commercial enterprises; and

WHEREAS, in order to further the purposes of the Act, the Authority has previously issued its \$7,300,000 Variable Rate Revenue Bonds (Cane Creek Project), Series 2005 (the “2005 Bonds”) to finance as part of the development of Cane Creek Center as an industrial park, the financing of land acquisition, roads, wetland, remediation, lot clearing and other related capital expenditures, including necessary expenses incidental thereto (collectively, the “Project”); and

WHEREAS, in 2013, the Authority refinanced the 2005 Bonds by issuing its \$5,595,000 Revenue Refunding Bond (Cane Creek Project), Series 2013 (the “2013 Bond”); and

WHEREAS, the 2013 Bond matures on August 1, 2016, and the Authority now wishes to refinance the 2013 Bond by issuing its Revenue Refunding Bond (Cane Creek Project), Series 2016 in the amount of \$3,700,000 (the “Bond”) pursuant to the terms of a Financing Agreement, dated as of August 1, 2016 (the “Agreement”), between the Authority and Wells Fargo Bank, National Association (the “Bank”); and

WHEREAS, the City and Pittsylvania County, Virginia (the “County”) agree with the desire of the Authority to refinance the 2013 Bond; and

WHEREAS, the Bond will be secured by a pledge of the revenues and receipts received by the Authority from payments made by the City pursuant to this Support Agreement and by the County pursuant to a separate support agreement; and

WHEREAS, all acts, conditions and things required by law to happen, exist and be performed precedent to and in connection with the execution of and entering into this Support Agreement have happened, exist and have been performed in regular and due time and in form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Support Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions.

Unless otherwise defined in this Support Agreement, all words used herein shall have the meanings assigned to such terms in the Agreement. In addition to the words defined in the recitals hereto, the following words as used in this Support Agreement shall have the following meanings unless a different meaning clearly appears from the context:

“Additional Payment(s)” shall mean such payment or payments made by the City pursuant to Section 4.1(b) and Section 5.1.

“Annual Budget” shall mean the budget by that name referred to in Section 4.4.

“Annual Payment(s)” shall mean the payments made by the City under this Support Agreement as set forth in Section 4.1(a), which such payments are equal to one-half of the payments of principal and interest due on the Bond in each Fiscal Year.

“Basic Documents” shall mean the Agreement and this Support Agreement.

“County Support Agreement” shall mean the Support Agreement, dated as of August 1, 2016, between the County and the Authority, as the same may be supplemented, amended or modified.

“Event of Default” shall mean the events enumerated in Section 7.1.

“Fiscal Year” shall mean the twelve-month period beginning July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the City.

“Support Agreement” shall mean this Support Agreement, as such Support Agreement may be supplemented, amended or modified.

Section 1.2. Rules of Construction.

The following rules shall apply to the construction of this Support Agreement unless the context otherwise requires:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the prepayment or calling for prepayment of the Bond shall not be deemed to refer to or connote the payment of the Bond at its stated maturity.

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Support Agreement.

(d) The headings herein and Table of Contents to this Support Agreement herein are solely for convenience of reference and shall not constitute a part of this Support Agreement nor shall they affect its meaning, construction or effect.

(e) All references herein to payment of the Bond are references to payment of principal of and premium, if any, and interest on the Bond.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by Authority.

The Authority makes the following representations:

(a) The Authority is a political subdivision of the Commonwealth of Virginia duly created under the Act;

(b) Pursuant to the Act, the Authority has full power and authority to enter into the Basic Documents and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such Basic Documents;

(c) The execution, delivery and compliance by the Authority with the terms and conditions of the Basic Documents will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the Authority, or (2) any trust agreement, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or other restriction of any kind to which the Authority or any of its assets is subject;

(d) No further approval, consent or withholding of objection on the part of any regulatory body or any official, Federal, state or local, is required in connection with the execution or delivery of or compliance by the Authority with the terms and conditions of the Basic Documents, except that no representation is made as to the applicability of any Federal or state securities laws; and

(e) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Authority pending or, to the knowledge of the Authority, threatened with respect to (1) the creation and existence of the Authority, (2) its authority to execute and deliver the Basic Documents, (3) the validity or enforceability of the Basic Documents or the Authority's performance of its obligations thereunder, (4) the title of any officer of the Authority executing the Basic Documents, or (5) the ability of the Authority to issue and sell its Bond and refinance the 2013 Bond.

Section 2.2. Representations by City.

The City makes the following representations:

(a) The City is a political subdivision of the Commonwealth of Virginia;

(b) The City has full power and authority to enter into the Basic Documents to which it is a party and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such Basic Documents;

(c) The City is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in an event of default thereunder;

(d) The City is not in default under or in violation of, and the execution, delivery and compliance by the City with the terms and conditions of the Basic Documents to which it is a party will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the City or (2) any trust agreement, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the City or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation;

(e) No further approval, consent or withholding of objection on the part of any regulatory body or any official, Federal, state or local, is required in connection with the execution or delivery of or compliance by the City with the terms and conditions of the Basic Documents to which it is a party; and

(f) There is no litigation at law or in equity or any proceeding before any governmental agency involving the City pending or, to the knowledge of the City, threatened with respect to (1) the authority of the City to execute and deliver the Basic Documents to which it is a party, (2) the validity or enforceability of such Basic Documents or the City's performance of its obligations thereunder, or (3) the title of any officer of the City executing such Basic Documents.

(g) The Project has been determined to be essential to the City's economic development and future revenue growth, and the City Council anticipates that the Project will continue to be essential to the City's economic development and future revenue growth during the term of this Support Agreement.

ARTICLE III

AGREEMENT TO ISSUE BOND

Section 3.1. Agreement to Issue Bond.

The Authority hereby agrees, simultaneously with the execution and delivery hereof, to proceed with the issuance and sale of the Bond, bearing interest, maturing and having the other terms and provisions set forth in the Agreement. The proceeds of the Bond will be used,

together with other available funds, to refund the 2013 Bond. Subject to the limitation of Section 4.4, the City agrees to make all Annual Payments and Additional Payments when and as the same shall become due and payable.

Section 3.2. Limitation of Authority's Liability.

Anything contained in this Support Agreement to the contrary notwithstanding, any obligation the Authority may incur in connection with the issuance of the Bond for the payment of money shall not be deemed to constitute a debt or general obligation of the Authority within any constitutional or statutory limitations, but shall be a limited obligation payable solely from the revenues and receipts derived by it pursuant to this Support Agreement and the County Support Agreement.

Section 3.3. Compliance with Agreement.

If the City is not in default under this Support Agreement, the Authority, at the request of the City, shall take (a) all steps that may be necessary to effect prepayment under the Agreement and (b) any other action required by the Agreement. By its execution of this Support Agreement, the City acknowledges its approval of all the terms and conditions set forth in the Agreement.

ARTICLE IV

PAYMENT OBLIGATIONS

Section 4.1. Amounts Payable.

(a) (1) Subject to the limitation of Section 4.4, the City shall pay to the Authority or its assignee the Annual Payments. The Annual Payments shall be payable without notice or demand at the address designated by the Bank. In the event of an acceleration of the Bond under the Agreement, the City agrees to pay to the Bank, subject to the limitation of Section 4.4, an amount equal to all Annual Payments payable or to become payable under this Support Agreement to enable the Authority to pay, together with amounts payable under the County Support Agreement, in full the principal of and interest on the Bond.

(2) The Authority, in conjunction with the County and the City, will determine, as part of its budget process, by March 1 of each year the Annual Payment to be requested from, and paid (subject to the limitation of Section 4.4) by, the City for the immediately succeeding fiscal year. In calculating such payments, the Authority shall use the principal amount (if any) due on the Bond in the succeeding fiscal year. In determining the interest component of the Annual Payment, the Authority shall calculate interest at a rate equal to the actual fixed rate on the Bond.

(b) Subject to the limitation of Section 4.4, the City agrees to make Additional Payments to pay one-half of (1) any expenses incurred by the Authority (including reasonable attorney's fees and expenses) in connection with (A) its obligations under this Support Agreement and the other Basic Documents, (B) the issuance of the Bond and (C) any prepayment of the Bond and (2) all other amounts which the City agrees to pay under the terms of this Support Agreement, but not including Annual Payments.

Section 4.2. Payments Assigned.

The Authority and the City acknowledge and agree that this Support Agreement and all Annual Payments and Additional Payments (except the rights of the Authority to receive payment of its expenses, to receive notices and to give consents) are assigned by the Agreement to the Bank. The City consents to such assignment and agrees to pay to the Bank all amounts payable by the City that are so assigned.

Section 4.3. Obligation Unconditional.

Except as otherwise provided in this Support Agreement, including the limitation in Section 4.4, the obligations of the City to make all Annual Payments and Additional Payments and to observe all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any right of setoff, recoupment or counterclaim the City may otherwise have against the Authority, and the City shall not suspend or discontinue any such Annual Payment or Additional Payment or fail to observe and perform any of its covenants, conditions and agreements hereunder.

Section 4.4. Appropriations of Annual Payments and Additional Payments.

While recognizing that it is not empowered to make any binding commitment to make Annual Payments and Additional Payments beyond the current Fiscal Year, the City Council in authorizing the execution of this Support Agreement has stated its intent to make annual appropriations sufficient to make the Annual Payments and Additional Payments, and as such it is hereby recognized by the parties hereto that this Support Agreement, to the extent permitted by law, creates strictly a moral obligation of the City to pay such amounts.

Notwithstanding anything in this Support Agreement to the contrary, the City's obligations to pay the cost of performing its obligations under this Support Agreement and the Agreement, including its obligations to pay all Annual Payments and Additional Payments, shall be subject to and dependent upon appropriations being made from time to time by the City Council for such purpose; provided, however, that the City Manager or other officer charged with the responsibility for preparing the City's Annual Budget shall include in the budget for each Fiscal Year as a single appropriation the amount of all Annual Payments and estimated Additional Payments coming due during such Fiscal Year. Throughout the term of this Support Agreement, the City Manager or other officer charged with the responsibility for preparing the City's Annual Budget shall deliver to the Bank and the Authority within 10 days after the adoption of the Annual Budget for each Fiscal Year, but not later than the beginning of each Fiscal Year, a certificate stating whether an amount equal to the Annual Payments and Additional Payments which will come due during such Fiscal Year has been appropriated by the City Council in such budget. If any adopted Annual Budget does not include an appropriation of funds sufficient to pay both Annual Payments and estimated Additional Payments coming due for the relevant Fiscal Year, the City Council shall take a roll call vote immediately after adoption of such Annual Budget acknowledging the impact of its failure to appropriate such funds. If, by the beginning of the Fiscal Year, the City Council has not appropriated funds for the payment of both Annual Payments and estimated Additional Payments coming due for the then current Fiscal Year, the City Manager or other officer charged with the responsibility for

preparing the City's Annual Budget shall give written notice to the City Council of the consequences of such failure to appropriate, including the right of the Bank to accelerate the Annual Payments in accordance with Article VIII, and request the City Council to consider a supplemental appropriation for such purposes.

If at any time the Annual Payments as determined pursuant to Section 4.1(a)(2) are insufficient to make one-half of the payments of principal and interest due on the Bond, the Authority (or the Bank as assignee of the Authority) shall notify the City Manager (or other officer charged with the responsibility for preparing the City's Annual Budget) of the amount of such insufficiency, and the City Manager shall submit to the City Council at its next regularly scheduled meeting or as promptly as practicable, but in any event within 45 days, a request for a supplemental appropriation in the amount necessary to cover such insufficiency.

ARTICLE V

PREPAYMENT

Section 5.1. Prepayment.

The City shall have the option to prepay any Annual Payments at the times and in the amounts as necessary to enable the Authority to exercise its option to cause the Bond to be prepaid as set forth in such Bond. Such prepayments of Annual Payments shall be made at the times and in the amounts as necessary to accomplish the optional prepayment of the Bond as set forth in such Bond. Upon the exercise of such option, the City shall also pay as Additional Payments, the amounts necessary to pay one-half of the premium, if any, due on the Bond on the date or dates of prepayment.

The City shall direct the Authority to send to the Bank notice of any prepayment of the Bond, such notice to the Bank to specify the prepayment date, the principal amount of the Bond to be redeemed, and the premium, if any. The City shall send to the County a copy of the direction given to the Authority.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.1. Limitation of Liability of Directors, etc. of Authority and City.

No covenant, agreement or obligation contained in this Support Agreement shall be deemed to be a covenant, agreement or obligation of any past, present or future member, officer, director, employee or agent of the Authority in his or her individual capacity, and neither the members of the Authority nor any officer thereof executing this Support Agreement shall be liable personally on this Support Agreement or be subject to any personal liability or accountability by reason of the execution and delivery hereof. No member, director, officer, employee or agent of the Authority shall incur any personal liability with respect to any other

action taken by him or her pursuant to this Support Agreement or the Act or any of the transactions contemplated hereby provided that he or she acts in good faith.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any past, present or future Council member or officer, employee or agent of the City or City Council in his or her individual capacity, and neither the members of the Council nor any officer of the City or City Council executing this Support Agreement shall be liable personally on this Support Agreement or be subject to any personal liability or accountability by reason of the execution and delivery hereof. No Council member or officer, employee or agent of the City or City Council shall incur any personal liability with respect to any action taken by him or her pursuant to this Support Agreement or any of the transactions contemplated hereby, provided that he or she acts in good faith.

Section 6.2. Use of Proceeds.

The Authority and the City shall use the proceeds of the Bond to refinance the 2013 Bond and pay the costs of issuance of the Bond.

Section 6.3. Maintenance of Existence of Authority.

Except for the assignment of its rights under this Support Agreement to the Bank pursuant to the Agreement, the Authority agrees that it will not assign, transfer or convey its interest in this Support Agreement or any of the revenues to be derived therefrom. The Authority further agrees that, until the Bond has been paid in full, the Authority will not (a) dissolve or otherwise dispose of all or substantially all of its assets, (b) consolidate with or merge into any authority, corporation, association or other body, (c) permit any other authority, corporation, association or other body to consolidate with or merge into it, (d) act jointly with any other authority, corporation, association or other body (other than the City, the County and the Bank) with respect to the transactions contemplated by this Support Agreement and the Agreement, or (e) take any action or refrain from taking any action which would (i) permit any of the foregoing to be required by operation of law or (ii) which would permit it, or require it by operation of law, to avoid its obligations under this Support Agreement or the Agreement or any other agreement contemplated hereby; provided, however, that nothing contained in this Section shall prevent the consolidation of the Authority with, or the merger of the Authority into, or the transfer of the interest of the Authority in this Support Agreement as an entirety to, any public corporation whose property and income are not subject to taxation and which has the corporate authority to carry out the transactions contemplated by this Support Agreement and the Agreement, but only on the condition that (A) reasonable prior notice of such consolidation, merger or transfer is given to the City, the County and the Bank, and (B) upon any such consolidation, merger or transfer, the obligation of the Authority to make due and punctual payment of the principal of and prepayment premium, if any, and interest on the Bond and to perform and observe all of the agreements and conditions of this Support Agreement and the Agreement shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the interest of the Authority in this Support Agreement shall be transferred as an entirety.

Section 6.4. City Covenants. To assist the Authority in complying with certain of its obligations under the Basic Documents, the City agrees to provide, in accordance with the specifications provided in the Agreement, (a) notice of any material litigation with respect to the City, (b) copies to the Bank of (1) the City's 2017 Fiscal Year budget, (2) the City's financial statements within 210 days of the end of each of the City's Fiscal Years and (3) future budgets within 60 days of approval, and (c) any notices of any defaults with respect to any general obligation indebtedness or moral obligations of the City. The City also agrees to provide such information as maybe reasonably requested by Bond Counsel in order to comply with any applicable securities disclosure requirements or other applicable laws and regulations.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default.

(a) Each of the following events shall be an Event of Default:

(1) Default in the due and punctual payment of an Annual Payment when the same becomes due and payable and continuation of such failure for a period of five business days; or

(2) Failure of the City to pay when due any other payment due under this Support Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed, which failure shall continue for a period of 30 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 30 day period but can be cured within the succeeding 60 days, failure of the City to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(b) The provisions of the foregoing subparagraph (a)(2) are subject to the limitation that if by reason of force majeure the City is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder, the City shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include without limitation acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; swarms of boll weevils and plagues of locusts; landslides; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; restraint of government and people; or civil disturbances. The City shall remedy with all reasonable dispatch the cause or causes preventing the City from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City, and the City shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the City not in its best interests.

(c) Notwithstanding anything contained in this Section to the contrary, (1) failure by the City to pay when due any payment required to be made under this Support Agreement or (2) failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Support Agreement, either of which results from failure of the City to appropriate moneys for such purposes, as described in Section 4.4, shall not constitute an Event of Default. Upon any such failure to appropriate, the provisions of Article VIII shall be applicable.

Section 7.2. Remedies.

Whenever any Event of Default shall have happened and is continuing, the Authority may take any one or more of the following remedial steps, without further demand or notice: (a) declare immediately due and payable the entire unpaid principal balance of the Annual Payments due and thereafter to become due through and including the final installment payment of principal on the Bond or (b) take whatever action at law or in equity may appear necessary or desirable to collect the Annual Payments and Additional Payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the City under this Support Agreement. Any amounts received by the Authority pursuant to the foregoing provisions shall be applied first to costs, then to any unpaid interest and then to repayment of principal, and upon payment in full of all amounts due such excess shall be credited to the next Annual Payment to the extent such Annual Payments have not been paid in full. This provision shall survive termination of this Support Agreement.

Section 7.3. Reinstatement after Event of Default.

Notwithstanding the exercise by the Authority of any remedy granted by Section 7.2, if all overdue Annual Payments, together with any interest thereon, and all Additional Payments shall have been made, and payment on the Bond has not been accelerated or such acceleration has been waived pursuant to the Agreement, then the City's default under this Support Agreement shall be waived without further action by the Authority. Upon such payment and waiver, this Support Agreement shall be fully reinstated and all Annual Payments will be due and payable in accordance with the previously determined schedule.

Section 7.4. No Remedy Exclusive.

No remedy conferred by this Support Agreement upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.5. No Additional Waiver Implied by One Waiver.

Failure by the Authority at any time to require performance by the City of any provision hereof shall in no way affect the Authority's right hereunder to enforce the same, nor shall any

waiver by the Authority of any breach of any provision hereof be held to be a waiver of any succeeding breach of any such provision, or as a waiver of the provision itself.

Section 7.6. Attorneys' Fees and Other Expenses.

Subject to the limitation in Section 4.4, the City shall on demand pay to the Authority and the Bank one-half of the reasonable fees of attorneys and other reasonable expenses incurred by either of them in the collection of appropriated, but unpaid, Annual Payments or Additional Payments, or the enforcement of any other obligation of the City, or its agents, upon an Event of Default.

ARTICLE VIII

REMEDY FOR NONAPPROPRIATION

Section 8.1. Remedy for Nonappropriation.

If by June 21 of any year, the City Council has failed to appropriate moneys sufficient for the payment of Annual Payments and estimated Additional Payments for the following Fiscal Year, the City Manager shall give notice to the Authority and the Bank of such failure to appropriate within 5 Business Days thereafter, and if no such appropriation has been made by the beginning of such Fiscal Year, the Authority shall declare immediately due and payable the entire unpaid principal and interest of all Annual Payments due and thereafter to become due through and including the final payment of principal and interest on any portion of the Bond then outstanding.

Nothing contained in this Section shall be construed as affecting or superseding in any manner the provisions of Section 4.4.

ARTICLE IX

AGREEMENT; AMENDMENTS; ASSIGNMENT

Section 9.1. Agreement; Covenants.

(a) Contemporaneously with the execution of this Support Agreement, the Authority has entered into the Agreement with the Bank. The City shall not be obligated to take any notice of any sale, assignment, reassignment, pledge, mortgage, transfer or other disposition of any interest in this Support Agreement by the Authority, unless such sale, assignment, reassignment, pledge, mortgage, transfer or other disposition is undertaken in accordance with Section 6.3 hereof.

(b) Subject to Section 4.4, the City covenants to take whatever action may be necessary for the Authority to comply with the Authority's covenants under the Agreement.

(c) The City agrees, for the benefit of the holder of the Bond, to do and perform all acts and things contemplated in the Agreement to be done or performed by it. The Authority agrees that it shall not execute or permit any amendment or supplement to the Agreement which

affects any right, power or authority of the City under this Support Agreement or requires a revision of this Support Agreement without the prior written consent of the City.

Section 9.2. Amendments.

This Support Agreement shall not be supplemented, amended or modified by the parties hereto prior to the payment in full of the Bond, without the consent of the Bank.

Section 9.3. Assignment.

Simultaneously with the execution of this Support Agreement, the Authority has entered into the Agreement by which the Authority has assigned all of its rights in and to this Support Agreement (except its rights to receive payment of its expenses, to receive notices and to give consents) to the Bank. The City (a) consents to such assignment, (b) agrees to execute and deliver such further acknowledgments, agreements and other instruments as may be reasonably requested by the Authority or the Bank to effect such assignment, (c) agrees to make all payments due to the Authority under this Support Agreement directly to the Bank (except the Authority's rights to receive payment of its expenses, to receive notices and to give consents), subject to Section 4.4, and (d) agrees to comply fully with the terms of such assignment so long as such assignment is not inconsistent with the provisions hereof.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices.

Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the City, at 427 Patton Street, Danville, Virginia 24541 (Attention: City Manager), (b) if to the Authority, c/o the City as Fiscal Agent, at 427 Patton Street, Danville, Virginia 24541 (Attention: City Manager) and (c) if to the Bank, 10 South Jefferson Street, 8th Floor, Roanoke, Virginia 24011 (Attention: Government and Institutional Banking). The City, the Authority and the Bank may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 10.2. Severability.

If any provision of this Support Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 10.3. Limited Liability of City.

Notwithstanding any provision hereof to the contrary, the obligations of the City under this Support Agreement are not general obligations of the City, nor shall they be deemed to be a

lending of the credit of the City to the Authority or to any other person or entity and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the City. The obligations of the City hereunder are payable solely from amounts that are subject to annual appropriation. No officer, official, employee or agent of the City or City Council shall be personally liable on the City's obligations hereunder. The Authority shall not be liable under any circumstances for the actions of the City, as agent for the Authority, or for any actions of the City with respect to the Basic Documents. The Authority shall not be liable under any circumstances for the actions of the Bank under the Basic Documents.

Section 10.4. Successors and Assigns.

This Support Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. The Bank is intended to be, and shall be, a third party beneficiary of this Support Agreement.

Section 10.5. Counterparts.

This Support Agreement may be executed in any number of counterparts, each of which shall be an original, all of which together shall constitute but one and the same instrument.

Section 10.6. Governing Law.

This Support Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 10.7. Term of Agreement.

This Support Agreement shall commence on the date of issuance of the Bond and will terminate on the date that no portion of the Bond is outstanding.

IN WITNESS WHEREOF, the parties have caused this Support Agreement to be duly executed and effective as of the 1st day of August, 2016, by their duly authorized representatives.

**DANVILLE-PITTSYLVANIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

By: _____
Chairman

CITY OF DANVILLE, VIRGINIA

By: _____
City Manager

Seen and agreed to:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as holder of the Bond

By: _____
Senior Vice President

[SIGNATURE PAGE TO CITY SUPPORT AGREEMENT]

RECEIPT

Receipt of the foregoing original counterpart of the Support Agreement dated as of August 1, 2016, between the Danville-Pittsylvania Regional Industrial Facility Authority and the City of Danville, Virginia, is hereby acknowledged.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as holder of the Bond

By: _____
Senior Vice President

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

**DANVILLE-PITTSYLVANIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

**Revenue Refunding Bond
(Cane Creek Project),
Series 2016**

August 1, 2016

R-1

The **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY** (the “Authority”), a political subdivision of the Commonwealth of Virginia, for value received, promises to pay (but only from the sources and in the manner described in this Bond) to Wells Fargo Bank, National Association, or registered assigns (the “Registered Owner” or the “Bank”), the principal amount of Three Million Seven Hundred Thousand Dollars (\$3,700,000) and to pay (but only from the sources and in the manner described in this Bond) interest on the outstanding principal of this Bond from the date of this Bond, until payment of such principal sum has been made or provided for, and to the extent allowed by law interest on any overdue installment of principal or interest, at the rate per annum provided for below and subject to adjustment, payable as provided below, with principal on this Bond to be paid in the amounts and on the dates set forth on Schedule I attached to this Bond.

This Bond shall bear interest at the annual rate of ____% (the “Fixed Rate”). Interest will be calculated on the basis of twelve 30 day months and a 360 day year, with interest to be payable monthly on the first day of each month.

The Fixed Rate is subject to adjustment as provided in this paragraph. The Fixed Rate is predicated on the current long-term, unenhanced general obligation debt ratings of the City of Danville, Virginia (the “City”) and the County of Pittsylvania, Virginia (the “County”) from some or all of the following rating agencies--Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”), and Fitch, Inc. (“Fitch”). From and after a change of the ratings assigned to the City's or County’s long-term, unenhanced general obligation debt, the Fixed Rate on this Bond shall be adjusted, effective as of the date of the ratings downgrade, as follows:

Credit Rating (Moody’s/S&P/Fitch) for either the City or the County	Fixed Rate Increment
A1/A+/A+ or higher to A2/A/A	+15bps

A2/A/A to A3/A-/A-	+15bps
A3/A-/A- to Baa1/BBB+/BBB+	+25bps
Baa1/BBB+/BBB+ to Baa2/BBB/BBB	+35bps
Baa2/BBB/BBB to Baa3/BBB-/BBB-	+50bps

In the event all of the ratings are not equivalent, the lowest rating (of either the City or County provided by a rating agency) shall be used for the purpose of determining the applicable level from the above grid. Each Fixed Rate increment increase in the chart above due to a ratings downgrade from one credit rating level to another is cumulative. If one or more of the underlying ratings are withdrawn or suspended for any reason or any rating falls below investment grade (i.e., the last category in the matrix above), this Bond shall bear interest at the Default Rate (as hereinafter defined). References above are to rating categories as presently determined by the rating agencies, and in the event of the adoption of any new or changed rating systems or a “global” rating scale by any such rating agency, the ratings categories shall be adjusted accordingly to a new rating which most closely approximates the ratings currently in effect.

Principal and interest shall be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. Principal and interest shall be paid by wire transfer or by check or draft mailed to the Registered Owner at its address as shown on the registration books of the Secretary of the Authority as Bond Registrar.

In case the date fixed for the payment of principal of or interest on this Bond is not a Business Day (as defined in the hereinafter defined Financing Agreement), then payment of the principal and interest need not be made on such date, but may be made on the next succeeding date which is not such a date, and if made on such next succeeding date, additional interest shall accrue for the period after such date of maturity or payment.

This Bond is issued under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 64, Title 15.2 of the Code of Virginia, as amended and in effect from time to time (the “Act”), and pursuant to a resolution duly adopted by the Board of Directors of the Authority on July 11, 2016. This Bond and the interest on it shall not be deemed to constitute or to create in any manner a debt, liability or obligation of the Commonwealth of Virginia or of any political subdivision or any agency thereof, including the Authority, or a pledge of the faith and credit of the Commonwealth of Virginia or any such political subdivision or any such agency, but shall be limited obligations of the Authority payable solely from the revenues and other funds pledged therefor and shall not be payable from any assets or funds of the Authority other than the revenues and other funds pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision or any agency thereof is pledged to the payment of the principal of, redemption premium, if any, or the interest on this Bond or other costs incident hereto.

This Bond has been issued in order to refund, together with other available funds, the Authority's \$5,595,000 Revenue Refunding Bond (Cane Creek Project), Series 2013, the proceeds of which in turn refunded the Authority's \$7,300,000 Variable Rate Revenue Bonds (Cane Creek Project), Series 2005 (the "2005 Bond"), the proceeds of which were used to pay the costs of the development of Cane Creek Centre, including but not limited to land acquisition costs, roads, wetland remediation, lot clearing and other capital expenditures related thereto.

This Bond is issued under and pursuant to a Financing Agreement, dated as of August 1, 2016 (the "Financing Agreement"), between the Authority and Wells Fargo Bank, National Association. Reference is made to the Financing Agreement for the provisions, among others, with respect to the custody and application of the proceeds of the Bond, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and interest on and any other amounts payable under this Bond, the nature and extent of the security, the terms and conditions under which this Bond is issued, the rights, duties and obligations of the Authority and the rights of the Registered Owner of this Bond. By the acceptance of this Bond, the Registered Owner of this Bond assents to all of the provisions of the Financing Agreement. Capitalized terms used in this Bond and not otherwise defined in this Bond have the respective meanings given them in the Financing Agreement.

The Authority may prepay principal on this Bond at any time or from time to time in whole or in part, and if in part in minimum amounts of Two Hundred Fifty Thousand Dollars (\$250,000.00); provided however, that if the outstanding principal balance of this Bond is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance hereof. In consideration of the Bank providing this prepayment option to the Authority, or if this Bond shall become due and payable at any time prior to the maturity date hereof by acceleration or otherwise, the Authority shall pay to the Registered Owner immediately upon demand a fee which is the sum of the discounted monthly differences for each month from the month of prepayment through the month in which said maturity date occurs, calculated as follows for each such month:

- (i) Determine the amount of interest which would have accrued each month on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the maturity date hereof.
- (ii) Subtract from the amount determined in (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term until the maturity date hereof at the Treasury Rate in effect on the date of prepayment for new loans made for such term and in a principal amount equal to the amount prepaid.
- (iii) If the result obtained in (ii) for any month is greater than zero, discount that difference by the Treasury Rate used in (ii) above.

Upon the happening of any Event of Default (a) this Bond shall, at the sole option of the Registered Owner, become immediately due and payable without notice to or demand on the Authority and (b) the Registered Owner shall have the right, immediately and without notice to the Authority or further action by the Registered Owner, to exercise all rights and remedies it has under the Loan Documents, at law or in equity. In addition, on and after the date an Event of Default occurs, this Bond shall accrue interest at a per annum rate equal to the greatest of (i) the Prime Rate plus 4% per annum, (ii) the Federal Funds rate plus 5% per annum or (iii) 10% per annum (the "Default Rate").

This Bond is transferable by the Registered Owner hereof or its duly authorized attorney at the office of the Secretary of the Authority as Bond Registrar, in Danville, Virginia, in compliance with the terms and conditions set forth in Financing Agreement and upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form satisfactory to the Bond Registrar, subject to such reasonable regulations as the Authority or the Bond Registrar may prescribe, and upon payment of any tax or other governmental charge incident to such transfer. Upon any such transfer, a new Bond registered in the name of the transferee or transferees in the same aggregate principal amount as the principal amount of this Bond will be issued to the transferee. Except as set forth in this Bond and as otherwise provided in the Financing Agreement, the person in whose name this Bond is registered shall be deemed the owner hereof for all purposes, and neither the Authority nor the Bond Registrar shall be affected by any notice to the contrary.

This Bond shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Financing Agreement have happened, exist and have been performed as so required.

IN WITNESS WHEREOF, the Danville-Pittsylvania Regional Industrial Facility Authority has caused this Bond to be executed with the manual signature of its Chairman or Vice Chairman and its official seal to be impressed or imprinted hereon and attested by the manual signature of its Secretary or Assistant Secretary, all as of the date shown above.

**DANVILLE-PITTSYLVANIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

By: _____
Chairman

[SEAL]

ATTEST:

Secretary

SCHEDULE I

SCHEDULE OF PRINCIPAL PAYMENTS

<u>Payment Date</u>	<u>Principal Payment</u>
1/1/2017	\$ 365,000
1/1/2018	385,000
1/1/2019	405,000
8/1/2019	2,545,000

As provided in the Bond, interest shall be payable monthly, on the first day of each month.

#28735911v1

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-C
Meeting Date:	7/11/2016
Subject:	Financial Status Reports – June 30, 2016
From:	Michael L. Adkins, Authority Treasurer

SUMMARY

A review of the financial status reports through June 30, 2016 will be provided at the meeting. The financial status reports as of June 30, 2016 are attached for the DPRIFA Board's review.

RECOMMENDATION

Staff recommends approving the financial status reports as of June 30, 2016 as presented.

ATTACHMENTS

Financial Status Reports

Financial Status

Table of Contents

- A. \$7.3 Million Bonds - Cane Creek Centre
- B. General Expenditures for FY2016
- C. Mega Park – Funding Other than Bond Funds
- D. Berry Hill Mega Park – Lot 4 Site Development
- E. Rent, Interest, and Other Income Realized
- F. Unaudited Financial Statements

Danville-Pittsylvania Regional Industrial Facility Authority

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

As of June 30, 2016

Funding	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funds from bond issuance	\$7,300,000.00				
Issuance cost	(155,401.33)				
Refunding cost ⁷	(52,500.00)				
Bank fees	(98.25)				
Interest earned to date	486,581.70				
Cane Creek Parkway ³		\$3,804,576.00	\$ 3,724,241.16	\$ -	
Swedwood Drive ²		69,414.00	69,414.00	-	
Cane Creek Centre entrance ³		72,335.00	53,878.70	-	
Financial Advisory Services		9,900.00	9,900.00	-	
Dewberry contracts ¹		69,582.50	69,582.50	-	
Dewberry contracts not paid by 1.7 grant ^{4,5}		71,881.00	28,554.12	43,326.88	
Land		-	2,792,945.57	-	
Demolition services		71,261.62	71,261.62	-	
Legal fees		-	57,156.80	-	
CCC - Lots 3 & 9 project - RIFA Local Share ⁶		142,190.00	112,464.98	-	
Other expenditures		-	339,846.72	-	
Total	\$ 7,578,582.12	\$ 4,311,140.12	\$ 7,329,246.17	\$ 43,326.88	\$ 206,009.07

notes:

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

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

³ Project completed under budget

⁴ In September 2008 the outstanding principal balance of \$6,965,000 on the Series 2005 Cane Creek Project Revenue Bonds was tendered and not remarketed. These bonds were converted to bank bonds and are now subject to the Credit and Reimbursement agreement the Authority has with Wachovia Bank. The remarketing agent will continue its attempt to remarket these bonds in order to convert them back to Variable Rate Revenue Bonds. As a result, it is likely that the City and County will have to contribute additional funds in order to make future interest payments on the letter of credit attached to these bonds.

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

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

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

⁷ The \$7.3 million bonds were refunded on August 1, 2013 with the issuance of refunding bonds in the amount of \$5,595,000.

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

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

Danville-Pittsylvania Regional Industrial Facility Authority

General Expenditures for Fiscal Year 2016

As of June 30, 2016

	<u>Funding</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
<i>Funding</i>					
City Contribution	\$ 75,000.00				
County Contribution	75,000.00				
Carryforward from FY2015	85,503.42				
<i>Contingency</i>					
Miscellaneous contingency items		\$ 127,003.42	\$ 1,118.07	\$ -	\$ 125,885.35
<i>Total Contingency Budget</i>		127,003.42	1,118.07	-	125,885.35
<i>Legal</i>					
		80,000.00	24,948.00	-	55,052.00
<i>Accounting</i>					
		20,300.00	19,700.00	600.00	-
<i>Annual Bank Fees</i>					
		600.00	550.00	-	50.00
<i>Postage & Shipping</i>					
		100.00	-	-	100.00
<i>Meals</i>					
		4,000.00	3,294.81	-	705.19
<i>Utilities</i>					
		500.00	349.67	-	150.33
<i>Insurance</i>					
		3,000.00	2,140.00	-	860.00
<i>Total</i>	\$ 235,503.42	\$ 235,503.42	\$ 52,100.55	\$ 600.00	<u>\$ 182,802.87</u>

Danville-Pittsylvania Regional Industrial Facility Authority

Mega Park - Funding Other than Bond Funds

As of June 30, 2016

<u>Funding</u>	<u>Funding</u>	<u>Budget / Contract</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended /</u>
		<u>Amount</u>			<u>Unencumbered</u>
Funding					
City contribution	\$ 134,482.50				
County contribution	134,482.50				
City advance for Klutz, Canter, & Shoffner property ^{1,4}	10,340,983.83				
Tobacco Commission FY09 SSED Allocation	3,370,726.00				
Tobacco Commission FY10 SSED Allocation - Engineering Portion	407,725.00				
Tobacco Commission FY10 SSED Allocation - Eng. Portion Deobligated	(244,797.00)				
Local Match for TIC FY10 SSED Allocation - Engineering Portion ⁵	76,067.61				
Additional funds allocated by RIFA Board on 1/14/2013 ⁶	11,854.39				
Land					
Klutz property		\$ 8,394,553.50	\$ 8,394,553.50	\$ -	
Canter property ²		1,200,000.00	1,200,000.00	-	
Adams property		37,308.00	37,308.00	-	
Carter property		5,843.00	5,843.00	-	
Jane Hairston property		1,384,961.08	1,384,961.08	-	
Bill Hairston property		201,148.00	201,148.00	-	
Shoffner Property		1,872,896.25	1,872,896.25	-	
Other					
Dewberry & Davis		28,965.00	28,965.00	-	
Dewberry & Davis ³		990,850.00	973,629.29	17,220.71	
Consulting Services - McCallum Sweeney ⁷		115,000.00	103,796.85	-	
Transfer available funds to "Berry Hill Mega Park - Lot 4 Site Development" Project ⁸		-	11,203.15	-	
Total	\$ 14,231,524.83	\$ 14,231,524.83	\$ 14,214,304.12	\$ 17,220.71	\$ (0.00)

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

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

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

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

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

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

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

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

Danville-Pittsylvania Regional Industrial Facility Authority

Berry Hill Mega Park - Lot 4 Site Development

As of June 30, 2016

<u>Funding</u>	<u>Funding</u>	<u>Budget / Contract Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
Funding					
Tobacco Commission FY12 Megasite Allocation	\$ 6,208,153.00				
Local Match for TIC FY12 Megasite Allocation - County Portion ¹	750,000.00				
Local Match for TIC FY12 Megasite Allocation - City Portion ¹	750,000.00				
Local Match for TIC FY12 Megasite Allocation - RIFA Portion ²	181,000.00				
Transfer in from "Mega Park - Funding Other than Bond Funds" Budget ³	11,203.15				
Expenditures					
Dewberry Engineers Inc.		1,637,985.74	1,095,503.24	542,482.50	
Jones Lang LaSalle		95,000.00	95,000.00	-	
Jones Lang LaSalle - Economic Analysis		12,000.00	-	12,000.00	
VA Water Protection Permit Fee		57,840.00	57,840.00	-	
Wetlands Studies and Solutions, Inc.		141,996.00	76,966.39	65,029.61	
Transfers to "General Expenditures Fiscal Year 2015" Contingency ³					
Dewberry Engineers Inc.		(108,603.35)	(108,603.35)	-	
Jones Lang LaSalle - Market Analysis Study		(95,000.00)	(95,000.00)	-	
Jones Lang LaSalle - Economic Analysis		(12,000.00)	-	(12,000.00)	
Total	\$ 7,900,356.15	\$ 1,729,218.39	\$ 1,121,706.28	\$ 607,512.11	\$ 6,171,137.76

¹ \$300,000 of this was received from each locality in June 2014. \$450,000 received in August 2014. \$450,000 received in September 2014.

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

³ As approved by RIFA Board on 10/16/2014

Danville-Pittsylvania Regional Industrial Facility Authority
 Rent, Interest, and Other Income Realized
 As of June 30, 2016

Source of Funds	Funding			Expenditures FY2016	Unexpended / Unencumbered
	Carryforward from FY2015	Current Month	Receipts FY2016		
<u>Carryforward</u>	\$ 460,739.60				
<u>Current Lessees</u>					
	<u>Park</u>	<u>Property</u>			
Institute for Advanced Learning and Research (IALR) ¹	Cyberpark	Hawkins Research Bldg. at 230 Slayton Ave.	\$ 18,875.83	\$221,432.52	
Institute for Advanced Learning and Research (IALR)	Cyberpark	IALR Building at 150 Slayton Ave.	-	-	
Securitas	Cyberpark	Gilbert Building at 1260 South Boston Rd.	300.00	3,600.00	
Guilford Whitetail Management	Berry Hill	Kluttz Farm off State Rd. 863/U.S. 311	-	5,000.00	
Mountain View Farms of Virginia, L.C.	Berry Hill	30 acre tract on Stateline Bridge Rd.	-	1,200.00	
Osborne Company of North Carolina, Inc.	Berry Hill	4380 Berry Hill Road Pastureland	-	1,000.00	
Capital Outdoor, Inc.	Cane Creek	Lot 6	1,800.00	1,800.00	
Clodfelter Hunting Lease	Berry Hill	371.13 acres off State Road 863	-	-	
<u>Total Rent</u>			\$ 20,975.83	\$234,032.52	
<u>Interest Received</u> ²			\$ 475.49	\$ 3,099.41	
<u>Yorktowne Repayment</u>			\$ -	\$ 76,834.52	
<u>Expenditures</u>					
Hawkins Research Bldg. Property Mgmt. Fee				\$ 202,556.69	
Guilford Whitetail Management lease refund				\$ 5,000.00	
Totals			\$ 460,739.60	\$ 21,451.32	\$313,966.45
				\$ 207,556.69	\$ 567,149.36

Restricted ¹ \$ 376,266.89
Unrestricted \$ 190,882.47

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

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

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Net Position ^{1, 2}
June 30, 2016*

	Unaudited FY 2016
Assets	
<i>Current assets</i>	
Cash - checking	\$ 969,037
Cash - money market	1,146,051
Prepays	2,370
<i>Total current assets</i>	2,117,458
<i>Noncurrent assets</i>	
Restricted cash - project fund CCC bonds	255,836
Restricted cash - debt service fund CCC bonds	928,998
Restricted cash - debt service fund Berry Hill bonds	-
Restricted cash - debt service reserve fund Berry Hill bonds	2,001,518
Capital assets not being depreciated	25,071,362
Capital assets being depreciated, net	25,369,730
Construction in progress	4,051,228
<i>Total noncurrent assets</i>	57,678,672
Total assets	59,796,130
Liabilities	
<i>Current liabilities</i>	
Unearned income	3,275
Bonds payable - current portion	808,450
<i>Total current liabilities</i>	811,725
<i>Noncurrent liabilities</i>	
Bonds payable - less current portion	7,250,090
<i>Total noncurrent liabilities</i>	7,250,090
Total liabilities	8,061,815
Net Position	
Net investment in capital assets	46,689,616
Restricted - debt reserves	2,930,516
Unrestricted	2,114,183
Total net position	\$ 51,734,315

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

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

*Please note these statements are for the period ended June 30, 2016 as of June 27, 2016, the date of preparation. Due to statement preparation occurring in close proximity to month-end, these statements may not include some pending adjustments for the period.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Revenues and Expenses and Changes in Fund Net Position
*June 30, 2016**

	Unaudited FY 2016
Operating revenues	
Virginia Tobacco Commission Grants	-
Reimbursement of incentive grants	76,834
Rental income	233,607
Total operating revenues	310,441
Operating expenses ⁴	
Mega Park expenses ³	145,965
Cane Creek Centre expenses ³	6,075
Cyber Park expenses ³	203,465
Professional fees	41,345
Insurance	2,207
Other operating expenses	3,595
Total operating expenses	402,652
Operating income	(92,211)
Non-operating revenues (expenses)	
Interest income	4,671
Interest expense	(181,629)
Total non-operating expenses, net	(176,958)
Net loss before capital contributions	(269,169)
Capital contributions	
Contribution - City of Danville	723,199
Contribution - Pittsylvania County	723,199
Total capital contributions	1,446,398
Change in net position	1,177,229
Net position at July 1, 2015	50,557,086
Net position at June 30, 2016	\$ 51,734,315

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

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

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
*June 30, 2016**

	Unaudited FY 2016
Operating activities	
Receipts from grant reimbursement requests	\$ -
Receipts from reimbursement of incentive grants	76,834
Receipts from leases	229,032
Payments to suppliers for goods and services	(437,449)
Net cash used by operating activities	(131,583)
Capital and related financing activities	
Capital contributions	1,446,398
Interest paid on bonds	(250,066)
Principal repayments on bonds	(1,130,000)
Net cash provided by capital and related financing activities	66,332
Investing activities	
Interest received	4,671
Net cash provided by investing activities	4,671
Net increase in cash and cash equivalents	(60,580)
Cash and cash equivalents - beginning of year (including restricted cash)	5,362,020
Cash and cash equivalents - through June 30, 2016 (including restricted cash)	\$ 5,301,440
Reconciliation of operating loss before capital contributions to net cash used by operating activities:	
Operating loss	\$ (92,211)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Non-cash operating in-kind expenses	-
Changes in assets and liabilities:	
Change in prepaids	67
Change in due from other governments	-
Change in other receivables	-
Change in accounts payable	(34,864)
Change in unearned income	(4,575)
Net cash used by operating activities	\$ (131,583)

Components of cash and cash equivalents at June 30, 2016:	
American National - Checking	\$ 969,037
American National - General money market	1,146,051
Wells Fargo - \$7.3M Bonds CCC Debt service fund	928,998
Wells Fargo - \$7.3M Bonds CCC Project fund	255,836
US Bank - \$11.25M Bonds Berry Hill Debt service fund	-
US Bank - \$11.25M Bonds Berry Hill Debt service reserve fund	2,001,518
	\$ 5,301,440