

# **Danville-Pittsylvania Regional Industrial Facility Authority**

**CITY OF DANVILLE, VIRGINIA  
COUNTY OF PITTSYLVANIA, VIRGINIA**

## **AGENDA**

**MONDAY, JUNE 11, 2012**

**12:00 NOON**

**DANVILLE REGIONAL AIRPORT  
EASTERN CONFERENCE ROOM  
424 AIRPORT DRIVE, DANVILLE, VIRGINIA**

### **COUNTY OF PITTSYLVANIA MEMBERS**

**COY E. HARVILLE, CHAIRMAN  
JAMES H. SNEAD  
JESSIE L. BARKSDALE, ALTERNATE**

### **CITY OF DANVILLE MEMBERS**

**SHERMAN M. SAUNDERS, VICE CHAIRMAN  
T. DAVID LUTHER  
FRED O. SHANKS, III, ALTERNATE**

### **STAFF**

**JOSEPH C. KING, CITY MANAGER, DANVILLE  
WILLIAM D. SLEEPER, PITTSYLVANIA COUNTY ADMINISTRATOR  
CLEMENT & WHEATLEY, ATTORNEY FOR AUTHORITY  
SUSAN M. DEMASI, AUTHORITY SECRETARY  
BARBARA A. DAMERON, AUTHORITY TREASURER**

## DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

### 1. MEETING CALLED TO ORDER

### 2. ROLL CALL

### 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 FOR THE MAY 14, 2012 MEETING

### 5. NEW BUSINESS

- A. Maintenance of right of way and lots at the Authority's Cane Creek Centre - Rick Drazenovich, P.E., Director of Public Works, City of Danville
- B. Consideration of Resolution No. 2012-06-11-5B, approving a one-year hunting lease with Jay Vann Clodfelter and Brent Clodfelter, as tenants, of approximately 371.13 acres at the Authority's Mega Park Site, commonly known as the Hairston Farm (GPIN 1366-16-2959), for the uses of hunting, fishing and related outdoor recreational activities, at a total rental fee of \$1,500.
- C. Consideration of Resolution No. 2012-06-11-5C, approving (i) a plan of CBN Secure Technologies Inc., a Florida corporation, for the improvement of its building and driveway located in the Authority's Cyber Park, bearing the mailing address of 350 Stinson Drive, Danville, Virginia (PIN 78461) (the "CBN Lot"), and (ii) an Amendment to that certain Declaration of Covenants of the Authority's Cyber Park, dated September 17, 2004, and recorded in the Clerk's Office of the Circuit Court of Danville, Virginia, as Instrument No. 05-1617, at page 107, as the same pertains to the CBN Lot – Jeremy A. Stratton, Director of the Office of Economic Development, City of Danville
- D. Consideration of Resolution No. 2012-06-11-5D, approving the engagement letter of Brown, Edwards & Company, L.L.P., Certified Public Accountants, to audit the basic financial statements of the Authority as of and for the year ending June 30, 2012, at a base fee of \$18,250, plus expenses, and \$2,500 for the single audit requirements - Barbara A. Dameron, CPA, Authority Treasurer ("Ms. Dameron"), and Patricia K. Conner, CPA, City of Danville Senior Accountant ("Ms. Conner")
- E. Approval of the Authority 2013 General Expenditures Budget – Ms. Dameron and Ms. Conner
- F. Financial Report as of May 31, 2012 – Ms. Dameron
- G. Local Match for Tobacco Commission Grant #1916 - Ms. Dameron and Ms. Conner

### 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.

**DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**

- A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended, for discussion concerning the expansion of an existing business where no previous announcement has been made of the business' interest in expanding its facilities on or about the Authority's Cyber Park.
- B. As permitted by Section 2.2-3711(A)(29) of the Code of Virginia, 1950, as amended, for discussion of the award of a public contract involving the expenditure of public funds, and discussion of the terms or scope of such contract pertaining to the construction of a Berry Hill Connector Road into the Authority's Mega Park, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.
- C. As permitted by Section 2.2-3711(A)(3) of the Code of Virginia, 1950, as amended, for discussion and consideration of the acquisition of real property for a Berry Hill Connector Road into the Authority's Mega Park, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.
- D. Confirmation of Motion and Vote to Reconvene in Open Meeting.
- E. Motion to Certify Closed Meeting.

**7. COMMUNICATIONS FROM:**

Jessie L. Barksdale  
Coy E. Harville  
T. David Luther  
Sherman M. Saunders  
Fred O. Shanks, III  
James H. Snead  
Staff

**8. ADJOURN**

**AGENDA  
ITEM NUMBER 4**

**DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**

**Minutes**

**May 14, 2012**

The Regular Meeting of the Danville Pittsylvania Regional Industrial Facility Authority convened at 12:10 p.m. on the above date in the Danville Regional Airport, Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members T. David Luther and Vice Chairman Sherman M. Saunders; alternate Fred O. Shanks was absent. Pittsylvania County Members present were Chairman Coy E. Harville, James Snead and Alternate Jessie L. Barksdale.

City/County staff members attending were: City Manager Joe King, County Administrator Dan Sleeper, Danville Finance Director/Authority Treasurer Barbara Dameron, Pittsylvania County Finance Director Kim Van der Hyde, Pittsylvania County Director of Economic Development Ken Bowman, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Economic Development Jeremy Stratton, City of Danville Marketing and Research Manager Corrie Teague, City of Danville Senior Accountant Patricia Conner, Clement and Wheatley Attorney Michael Guanzon, and Secretary to the Authority Susan DeMasi.

Chairman Harville called the Meeting to order.

**PUBLIC COMMENT PERIOD**

No one desired to be heard.

**APPROVAL OF APRIL 10, 2012 MINUTES**

Upon **Motion** by Mr. Snead and **second** by Mr. Luther, Minutes of the April 10, 2012 Meeting were approved, as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

**APPROVAL OF MINUTES OF MAY 3, 2012 SPECIAL MEETING**

Upon **Motion** by Mr. Saunders and **second** by Mr. Luther, Minutes of the May 3, 2012 Special Meeting were approved, as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

**NEW BUSINESS**

**6A. CONSIDERATION – RESOLUTION NO. 2012-05-14-6A - APPROVE A ONE-YEAR RENEWAL OF THE HUNTING LEASE WITH GUILFORD WHITETAIL MANAGEMENT AT THE AUTHORITY'S MEGA PARK**

Mr. Snead **moved** adoption of *Resolution 2012-05-14-6A, to approve a one-year renewal of the hunting lease with Guilford Whitetail Management, a North Carolina corporation, as tenant, of approximately 1,073.94 acres at the Authority's Mega Park Site (GPINs 1366-54-5996, 1367-42-8434, and 1377-01-1754 and a portion of GPIN 1356-75-8216), commonly*

**DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**  
**Minutes**  
**May 14, 2012**

*known as the Klutz Farm, for the uses of hunting, fishing and related outdoor recreational activities, at a total rental fee of \$4,500.*

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

VOTE: 4-0  
AYE: Harville, Snead, Luther and Saunders (4)  
NAY: None (0)

**6B. CONSIDERATION - RESOLUTION NO. 2012-05-14-6B - APPROVING CHANGE ORDER NO. 4 WITH HAYMES BROTHERS, INC.**

Mr. Snead **moved** adoption of *Resolution No. 2012-05-14-6B, approving Change Order No. 4, dated April 17, 2012, to the agreement dated May 9, 2011, with Haymes Brothers, Inc., a Virginia corporation, for the installation of rip rap in ditches on Lot 9 in the Authority's Cane Creek Site.*

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

VOTE: 4-0  
AYE: Harville, Snead, Luther and Saunders (4)  
NAY: None (0)

**6C. CONSIDERATION - RESOLUTION NO. 2012-05-14-6C, APPROVING A LEASE TO MARK L. OSBORNE FOR LOT 8 AT THE AUTHORITY'S MEGA PARK**

Mr. Snead **moved** adoption of *Resolution No. 2012-05-14-6C, approving a lease to Mark L. Osborne, for that certain tract of land commonly known as Lot 8, containing approximately 34.4 acres, being a part of GPIN 1356-98-0985 (a part of that property commonly known as the Klutz Farm), located in the Authority's Mega Park in Pittsylvania County, Virginia, at a total annual rental fee of \$1,032.00, for the planting and harvesting of soy and sod.*

The Motion was **seconded** by Mr. Luther.

Mr. Harville noted this a new lease on a tract by the railroad track and will be beneficial for the Authority. Mr. Sides noted it is not in an area that is slated for near-term development and will not be affected by the grading of the lots.

The Motion was **carried** by the following vote:

VOTE: 4-0  
AYE: Harville, Snead, Luther and Saunders (4)  
NAY: None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY  
Minutes  
May 14, 2012

**6D. FINANCIAL REPORT AS OF APRIL 30, 2012 – BARBARA DAMERON, CPA,  
AUTHORITY TREASURER**

Ms. Dameron noted for the month of April the Authority expended \$5,290.00 all under general expenses. The Authority also made the first debt service payment on the Mega Park bond, interest only, of \$92,000 and received \$1,100 in rental income.

Mr. Saunders **moved** adoption of the Financial Report as of April 30, 2012. The Motion was **seconded** by Mr. Luther and carried by the following vote:

VOTE: 4-0  
AYE: Harville, Snead, Luther and Saunders (4)  
NAY: None (0)

**7A. CLOSED SESSION**

At 12:20 p.m., Mr. Luther **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting as permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended, for discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities on or about the Authority's Cane Creek Centre. [During such closed meeting, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed meeting shall be considered attorney-client privileged.]

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

VOTE: 4-0  
AYE: Harville, Snead, Luther and Saunders (4)  
NAY: None (0)

Mr. Harville noted that upon **Motion** by Mr. Snead and **second** by Mr. Luther, and by unanimous vote at 12:46 p.m., the Authority returned to open meeting.

Mr. Saunders **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;

**DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**

**Minutes  
May 14, 2012**

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. Luther and carried by the following vote:

VOTE: 4-0  
AYE: Harville, Snead, Luther and Saunders (4)  
NAY: None (0)

**COMMUNICATIONS**

There were no communications from Board Members or staff.

MEETING ADJOURNED AT 12:47 P.M.

---

Chairman

---

Secretary to the Authority

**AGENDA  
ITEM NUMBER 5A**

**Regional Industrial Facility Authority**  
**Cane Creek Parkway**  
**Mowing Options**

**Regional Industrial Facility Authority**  
**Cane Creek Parkway**

- 2 miles long (10,406 ft.)
- 400 ft. in the City



## Recommended Maintenance for Right-Of-Way

- Litter collection – weekly
- Mowing – monthly
- Trimming guardrails – every 2 months



## Options

- VDOT – mow once or twice per season and infrequently pickup litter
- Contractor – bid maintenance to a private contractor
- County – mow and collect litter on a regular schedule
- City – mow and collect litter on a regular schedule

## Estimated Cost For The City To Maintain Right-Of-Way

TASK	HOURLY COST	MONTHLY HOURS	MONTHLY COST
Litter	\$32.25	4	\$129.00
Mowing	\$43.16	4	\$173.00
Trimming	\$55.21	8	\$442.00
			\$744 per month

## Calculations

EQUIPMENT	HOURLY CREW LITTER	HOURLY CREW MOWING	HOURLY CREW TRIMMING
P/U	\$12.88		
Tractor		\$25.12	
Flail		\$2.38	
Transport Van			\$7.02
Equiped Trailers			\$11.20
Driver	\$19.37	\$15.66	\$16.85
Guard			\$20.14
Total Costs	\$32.25	\$43.16	\$55.21

## Options for Mowing of Graded Lots

- Bid for farmer cut to use for feed
- City to mow (\$1726 per mowing)
- County to mow
- Bid for a contractor to mow
- Allow the grass to continue to grow

## Graded Lot Mowing – City Cost

- 2 acres per hour
- 80 Acres
- \$43.16 per hour – tractor with mower
- \$1,726 per mowing
- Mow monthly

Graded Lot # 9



Graded Lot # 3



## Graded Lot # 3



## Recommendations

- That RIFA solicit bids for a local farmer to mow the graded lots in return for the hay.
- That the City extend its trimming, mowing, and litter collection to include Cane Creek Parkway.

**AGENDA  
ITEM NUMBER 5B**

**Resolution No. 2012-06-11-5B**

**A RESOLUTION APPROVING A ONE-YEAR HUNTING LEASE WITH JAY VANN CLODFELTER AND BRENT CLODFELTER, AS TENANTS, OF APPROXIMATELY 371.13 ACRES AT THE AUTHORITY'S MEGA PARK SITE, COMMONLY KNOWN AS THE HAIRSTON FARM (GPIN 1366-16-2959), FOR THE USES OF HUNTING, FISHING AND RELATED OUTDOOR RECREATIONAL ACTIVITIES, AT A TOTAL RENTAL FEE OF \$1,500.**

**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**, Jay Vann Clodfelter and Brent Clodfelter (individually and collectively, “**Clodfelter**”), desires to enter into a lease from the Authority of that certain real property located in Pittsylvania County, Virginia, containing approximately 371.13 acres, commonly known as The Hairston Farm (GPIN 1366-16-2959), off State Road 863 (the “**Property**”), for the use of hunting, fishing and related outdoor recreational activities, at a total rental fee of One Thousand Five Hundred Dollars (\$1,500); and

**WHEREAS**, the Authority has determined that it is in the best interests of the Authority and of the citizens of Pittsylvania County and the City of Danville, Virginia, for the Authority to enter into a lease to Clodfelter of the Property, for the use of hunting, fishing and related outdoor recreational activities, at a total rental fee of One Thousand Five Hundred Dollars (\$1,500); and

**WHEREAS**, the terms of such proposed lease are set forth in Schedule A, attached hereto and incorporated herein by this reference (the “**Lease**”).

**NOW, THEREFORE, BE IT RESOLVED**, that

1. The Authority hereby approves the Lease as reviewed at this meeting, together with such amendments, deletions or additions thereto as may be approved by the Chairman or the Vice Chairman of the Authority, and hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, to execute and deliver the Lease on behalf of the Authority, such execution of the Lease by the Chairman (or Vice Chairman as the case may be) to conclusively establish his approval of any amendments, deletions or additions thereto.

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

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Lease and the matters contemplated therein.

4. 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 June 11, 2012, 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 June 2012.

\_\_\_\_\_  
**SUSAN M. DEMASI**, Secretary  
Danville-Pittsylvania Regional Industrial Facility Authority

(SEAL)

Schedule A  
[Form of Lease]

## HUNTING LEASE AGREEMENT

**THIS HUNTING LEASE AGREEMENT** (this "Lease") made as of the 11th day of June 2012, by and between **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia ("Landlord"), c/o City of Danville Finance Department, 427 Patton Street (24541) P.O. Box 3300, Danville, VA 24543; and **JAY VANN CLODFELTER**, 295 N. Clodfelter Road, High Point, NC 27265, and **BRENT CLODFELTER**, 470 Grove Park Lane, Lexington, NC 27295 (individually and collectively referred to as "Tenant").

### WITNESSETH:

That for and in consideration of the mutual promises and covenants contained in this Lease, the parties agree as follows:

Section 1. - Property Description. Landlord hereby leases to Tenant and Tenant rents from Landlord, all that certain real property located in Pittsylvania County, Virginia, containing 371.13 acres more or less, commonly known as the Hairston Farm (GPIN 1366-16-2959), off State Road 863 (the "**Demised Premises**"), under the terms and conditions herein.

Section 2. - Term. This Lease shall be for a term of one (1) year beginning July 1, 2012, and ending June 30, 2013 (the "**Term**"). This Lease may be terminated by either party at any time during the Term, without cause, upon such party providing the other party written notice of its intent to terminate the Lease thirty (30) days in advance of such termination, at which time the Rent (as hereafter defined) shall be prorated.

Section 3. - Rental Payments. Tenant agrees to pay to Landlord as rent ("**Rent**") for the Term the amount of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00), payable in advance. The payment of Rent pursuant to this Lease shall be delivered to Landlord at its address listed above.

Section 4. - Assignment. Tenant shall not be permitted to assign this Lease or sublet the Demised Premises, or any part thereof, for any reason whatsoever, without Landlord's written consent, which consent may be withheld by Landlord, in Landlord's absolute and sole discretion. Any attempted assignment or sublease, without Landlord's written consent, shall be null, void, and of no effect and shall constitute a material breach by Tenant of this Lease.

Section 5. - Insurance: Personal Property. It shall be the sole responsibility of Tenant to protect and, if Tenant desires, to insure Tenant's personal property or any other property of Tenant located on or upon the Demised Premises. The parties understand and agree that Tenant shall maintain, during the Term, commercial general liability insurance on the Demised Premises with a minimum limit of \$1,000,000, naming Landlord as an additional insured, and that Tenant will provide Landlord with evidence of such insurance as requested by Landlord. Landlord shall have no liability whatsoever during the Term for any damage to any property of Tenant, or any property of any other person which may be located on the Demised Premises, or for any bodily injury or other damage to any person occurring on or from the Demised Premises, regardless of the cause thereof. To the extent permitted by law, Tenant hereby waives and releases any and all claims it may now or hereafter have against Landlord with respect to any damage to person or property of Tenant, its directors, officers, members, agents, employees, invitees, or licensees, which may occur on or relating to the Demised Premises, at any time during the Term, regardless of the cause of such damage or injury. Tenant's obligations under this Section will specifically, and without limitation, survive the expiration or other termination of this Lease.

Section 6. - Use of Demised Premises by Tenant. Tenant shall have the right to use the Demised Premises during the Term for hunting, fishing, and related outdoor recreational activities and for no other use without the prior written approval of Landlord, which approval may be withheld in the sole discretion of Landlord; provided, however, that Tenant shall at all times have and maintain any required permits or governmental approvals necessary for the conduct of such activities; and provided, further, that Tenant shall at all times comply with all applicable laws and regulations concerning Tenant's use and occupancy of the Demised Premises during the Term. Tenant

understands and agrees that the Demised Premises shall not be used, at any time, for any purpose or in any manner which constitutes a violation of any federal, state or local law or regulation, and Tenant covenants and agrees to indemnify and save and hold harmless Landlord from any and all liability whatsoever arising out of any use of the Demised Premises for any purpose by Tenant, its directors, officers, members, agents, contractors, invitees, and licensees. Tenant's obligations under this Section will specifically, and without limitation, survive the expiration or other termination of this Lease.

Section 7. - No Alcoholic Beverages. Tenant shall not permit the consumption of alcoholic beverages on the Demised Premises.

Section 8. - Other Obligations of Tenant. Tenant, at its expense, shall perform all of the following:

- a. Post all property boundaries of the Demised Premises;
- b. Cable and lock all roadways in the Demised Premises;
- c. Plant food plots for all wildlife and not interfere with farming;
- d. Comply with all applicable laws and regulations applicable to hunting and the use of firearms reasonable and incidental to hunting;
- e. Take all reasonable precautions against fire and littering; and
- f. Perform those obligations set forth in Schedule 8(f), attached hereto and incorporated herein by this reference.

Section 9. - Environmental.

a. For the purposes hereof, "**Environmental Law**" shall mean any and all federal, state or local laws, statutes, ordinances, regulations, orders or decrees for the protection of human health, the environment or public safety, now in existence or hereinafter promulgated. "**Hazardous Materials**" shall mean polychlorinated biphenyls, petroleum, flammable explosives, radioactive materials, asbestos and any hazardous, toxic or dangerous waste, substance or material defined as "Regulated Substances", "Toxic Substances", "Hazardous Chemicals", "Hazardous Materials", "Hazardous Substances", or similar terms, in any Environmental Law or listed as such by the Environmental Protection Agency.

b. Tenant shall not cause or shall not permit the storage, use, generation, release, or disposition of any Hazardous Materials in, on, or about the Demised Premises, or any other portion of the Property, by Tenant, its directors, officers, members, agents, employees, invitees, and licensees present on the Demised Premises during the Term. Tenant shall not permit the Demised Premises to be used or operated in a manner that may cause any portion of the Demised Premises to be contaminated by any Hazardous Materials in violation of any Environmental Laws.

c. Tenant will be solely responsible for and will defend, indemnify and hold harmless Landlord, its directors, officers, members, agents, and employees from and against all claims, costs, expenses, damages, and liabilities, including attorneys' fees and costs, arising out of or in connection with Tenant's breach of Tenant's obligations in this Section. In the event of a breach by Tenant of Tenant's obligations under this Section, Tenant will be solely responsible for and will defend, indemnify, and hold harmless Landlord, its directors, officers, members, agents, and employees from and against any and all claims, costs, and liabilities, including attorneys' fees and costs, arising out of or in connection with the removal, cleanup, and restoration work and materials necessary to remediate any such breach in a manner which properly removes all Hazardous Materials from the Demised Premises placed on the Demised Premises in violation of Tenant's obligations hereunder. Tenant's obligations under this Section will specifically, and without limitation, survive the expiration or other termination of this Lease.

Section 10. - Attorney's Fees. In the event that Tenant defaults in the performance of any of the terms or obligations imposed upon Tenant by this Lease or the transactions contemplated hereby, Landlord may institute legal proceedings to enforce the provisions of this Lease. In such instance, in addition to any other remedy, Tenant shall be responsible for the reasonable attorneys' fees incurred by Landlord in pursuing such action. Landlord retains all rights at law and in equity to enforce the provisions of this Lease in accordance with applicable law.

Section 11. - Condition of the Demised Premises. The parties understand and agree that Landlord makes no representations or warranties whatsoever to Tenant concerning the condition or fitness for any purpose of the Demised Premises or any improvements located thereon, and Tenant accepts the Demised Premises in their current condition, "AS IS" and "WITH ALL FAULTS".

Section 12. - Waiver of Liability.

a. Tenant shall indemnify and save harmless Landlord from and against any and all suits, actions, damages, claims, judgments, costs, liabilities, and expenses in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence (a) in, upon, or from the Demised Premises or any improvements thereon, regardless of the person or entity alleged to be responsible for such damage or injury; (b) the occupancy or use by Tenant of the Demised Premises occasioned in whole or in part by any act or omission by Tenant, Tenant's directors, officers, agents, contractors, employees, servants, invitees, licensees, or permitted subtenants; or (c) any action, activity, occupancy, or use by Tenant of any portion of the Demised Premises occasioned in whole or in part by any act or omission by Tenant, Tenant's directors, officers, agents, contractors, employees, servants, invitees, or licensees. Tenant's obligations under this Section will specifically, and without limitation, survive the expiration or other termination of this Lease.

b. Tenant shall store Tenant's property in and shall occupy the Demised Premises at Tenant's own risk, and Tenant hereby releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in any loss of life, bodily or personal injury, or property damage, regardless of the cause of such loss, injury, or damage. Landlord shall not be responsible or liable, at any time, for any loss or damage to Tenant's equipment, fixtures, or other personal property or to Tenant's business, and Landlord shall not be responsible or liable to Tenant, or to those claiming by, through, or under Tenant, for any loss or damage to either the person or property of Tenant, Tenant's agents, contractors, or employees that may be occasioned by or through the acts or omissions of any other persons occupying any portion of the Demised Premises; and Landlord shall not be responsible or liable for any defect, latent or otherwise, in any building or any of the equipment, machinery, utilities, appliances, or apparatus therein, nor shall Landlord be responsible or liable for any injury, loss, or damage to any person or to any property of Tenant, or any other person, caused by or resulting from bursting, breaking, or leakage, steam, snow or ice running, backing up, seepage, or the overflow of water or sewage, in any part of the Demised Premises, or for any injury or damage caused by or resulting from acts of God or the elements, or for any defect in the construction, condition, or use of any portion of the Demised Premises, or for any machinery, equipment, or apparatus located therein. Tenant agrees to give prompt notice to Landlord in case of any fire or acts of God on the Demised Premises, or any claims by third parties concerning defects in the Demised Premises, or any fixtures or equipment located thereon. If Landlord is made a party to any litigation alleging liability of Landlord for any matters contained in this Section, Tenant shall protect and hold harmless Landlord and shall pay all costs, expenses, and reasonable attorneys' fees which may be incurred by Landlord as a result of such litigation.

b. Tenant agrees to promptly notify Landlord of any claim, action, proceeding, or suit instituted or threatened against Tenant or Landlord.

Section 13. - Destruction of the Property and Risk of Loss. If any improvements on the Demised Premises be demolished or damaged, in whole or in part, by fire or otherwise, and Landlord is so notified, then if requested by Landlord, Tenant shall repair or rebuild such improvements on the Demised Premises to the extent of any insurance proceeds under any policies maintained by Tenant. If Landlord does not request such repair or rebuild, and Tenant chooses not to repair or rebuild, then this Lease shall terminate as of the date of the destruction or damage, at the option of Tenant on notice to Landlord; otherwise, this Lease shall continue without any abatement of Rent.

Regardless of whether this Lease is terminated as a result of such destruction, the parties understand that Landlord shall have no duty whatsoever to make any repairs or rebuild any improvements as a result of any destruction which occurs on the Demised Premises. All risk of loss to the Demised Premises or any personal property located thereon, and the duty to make any repairs to the Demised Premises, unless caused by the willful misconduct of Landlord, shall be assumed solely by Tenant. Tenant shall have the sole and exclusive responsibility for any insurance for Tenant's personal property.

Section 14. - Default of Tenant. Upon (i) the breach of this Lease which is not cured within fifteen (15) days after notice from Landlord to Tenant, (ii) the use of the Demised Premises for any illegal purpose or in violation of the provisions of any federal, state, or local law or regulation, or (iii) Tenant's failure to pay Rent when due, Landlord shall have the right, at Landlord's sole option, to immediately terminate this Lease without further notice to Tenant, and Tenant shall remain liable and responsible for any and all past due Rent under this Lease. The exercise by Landlord of the rights granted pursuant to this Section shall not deprive Landlord of any other remedy against Tenant for possession or for damages. The failure of either party to insist on the strict observance by the other party of any covenant contained in this Lease shall in no way be construed as a waiver of a future breach of the same or other covenants. Landlord reserves all remedies and rights which may be available to it under applicable law.

Section 15. - Condemnation. If the Demised Premises are condemned by public authority by the exercise of eminent domain or otherwise, or if the Demised Premises are sold to or are otherwise acquired by any public authority, thereupon vesting title in such public authority, this Lease shall thereupon immediately terminate, and Landlord shall not be liable for any inconvenience or damage to Tenant. Any and all awards for such condemnation shall be the sole and exclusive property of Landlord. If only a portion of the Demised Premises is condemned by public authority by the exercise of eminent domain or otherwise (or if such portion is sold to or is otherwise acquired by any public authority) and if Tenant does not give a notice of termination to Landlord within thirty (30) days after title to such portion of the Demised Premises vests in such public authority, this Lease shall continue for the balance of the Term without any abatement of Rent and shall apply only to that portion of the Demised Premises remaining after such taking by public authority.

Section 16. - Notice. Any notice required or contemplated to be given to any of the parties by any other party shall be in writing and shall be given by hand delivery, certified or registered United States mail, or a private courier service which provides evidence of receipt as part of its service, to the addresses as first above written. Any party may change the address to which notices hereunder are to be sent to that party by giving written notice of such change in the manner provided herein. A notice given hereunder shall be deemed given on the date of hand delivery, deposit with the United States Postal Service properly addressed and postage prepaid, or delivery to a courier service properly addressed with all charges prepaid, as appropriate.

Section 17. - Successors in Interest. All rights and liabilities set forth in this Lease or otherwise imposed upon any party shall extend to the heirs, executors, administrators, successors, and, so far as same are assignable by the terms of this Lease, to the assigns of such party (whether voluntary by act of the parties or involuntary by operation of law). The parties may amend, modify, and/or supplement this Lease in such manner as may be agreed upon by the parties, provided such amendments, modifications, and/or supplement are reduced to writing and signed by the parties or their successors in interest.

Section 18. - Construction. Feminine or neuter pronouns are to be substituted for those of the masculine form, and the plural is to be substituted for the singular number, in any place or places herein which the context may require such substitution. This Lease shall be construed under the laws of the Commonwealth of Virginia. The parties hereby submit to the exclusive jurisdiction of the state court located in the County of Pittsylvania, Virginia, or the U.S. District Court for the Western District of Virginia (Danville Division), in any action or proceeding arising out of, or related to this Lease, and the parties hereby agree that all claims in respect of any action or proceeding shall be heard or determined only in either of these courts. The parties agree that a final judgment in any action or proceeding shall, to the extent permitted by applicable law, be conclusive and may be enforced in other jurisdictions by suit on the judgment, or in any other manner provided by applicable law related to the enforcement

of judgments. If any ambiguity or question of intent or interpretation arises, this Lease shall be construed as if drafted jointly by the parties and no presumptions or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Lease.

Section 19. - Final Agreement. This Lease represents the final understanding between the parties; no representations shall be binding upon Landlord unless stated in this Lease; no agent of Landlord has authority to change or modify any of the terms hereof except by writing endorsed on or attached to this Lease; Tenant has inspected and examined the Demised Premises and agrees to accept the same; Landlord makes no warranties whatsoever regarding the fitness, operation, and continued usefulness of the Demised Premises for any purpose; and Landlord is under no obligation to make any repairs to the Demised Premises during the Term.

Section 20. - Quiet Enjoyment. Landlord agrees that so long as Tenant is not in default under this Lease, Tenant may quietly hold and enjoy the Demised Premises during the Term.

Section 21. - Headings. The descriptive headings in this Lease are inserted for convenience only and do not constitute a part of this Lease.

Section 22. - Survival. Any termination, cancellation or expiration of this Lease notwithstanding, provisions which are by their terms intended to survive and continue shall so survive and continue, including without limitation.

Section 23. - Due Authorization. Tenant represents, warrants and agrees that the execution and performance of this Lease have been duly approved by all necessary corporate action and are not in violation of any other agreement Tenant has with any third parties; and that this Lease is a valid binding, legal obligation of Tenant, enforceable in accordance with its terms.

Section 24. - Non-waiver. No waiver of any term or condition of this Lease by any party shall be deemed a continuing or further waiver of the same term or condition or a waiver of any other term or condition of this Lease.

Section 25. - Counterparts. This Lease may be executed in one (1) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same lease.

Section 26. - Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions hereof, and this Lease shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

Section 27. - Joint and Several Obligations. The obligations of Tenant under this Lease are and will be joint and several, and Landlord may release or settle with any one or more of Tenant without affecting the continuing liability of the remaining Tenant.

Section 28. - Guaranty of Tenant's Performance. Tenant shall cause each of its guests, and invitees prior to entry upon the Demised Premises, to execute and to deliver to Landlord a certificate as shown on Schedule 28, attached hereto and incorporated herein by this reference, or in any other form reasonably satisfactory to Landlord, in which such member, guest and/or invitee agrees to be bound by all terms of this Lease, as such terms are applicable to Tenant, except for payment of Rent.

[SIGNATURES ON FOLLOWING PAGE]

WITNESS the following signatures to this HUNTING LEASE AGREEMENT:

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

By: \_\_\_\_\_  
Coy E. Harville, Chairman

**TENANT:** \_\_\_\_\_  
JAY VANN CLODFELTER

\_\_\_\_\_  
BRENT CLODFELTER

**Schedule 8(f)**  
(Other Obligations of Tenant)

Tenant, at its expense, shall perform or shall cause to be performed the following:

1. Tenant shall post all boundaries of the Demised Premises and shall maintain the same during the Term. The durable signs should include the name and address of Tenant.
2. Tenant agrees to exercise every prudent and reasonable means to monitor and maintain security of the Demised Premises.
3. Tenant shall keep the grass on the Demised Premises mowed to a height of less than four (4) inches.
4. Tenant shall cause each of its guests and invitees, as a condition to entry and use of the Demised Premises as permitted under the Lease, to have in his/her possession a authorization card valid for the current season, listing his/her name and signed in ink by Tenant.

**Schedule 28**  
**CERTIFICATE**

I, the undersigned, am a guest and/or invitee of **JAY VANN CLODFELTER** and **BRENT CLODFELTER** (individually and collectively, the "**Clodfelters**"). I agree to, acknowledge and state the following:

1. The Clodfelters has executed that certain Hunting Lease Agreement dated as of June 11, 2012 (the "**Lease**"), with Danville- Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia (the "**Landlord**"), for the lease of certain real property located in Pittsylvania County, Virginia, containing 371.13 acres, more or less, commonly known as the Hairston Farm (GPIN 1366-16-2959), off State Road 863 (collectively, the "**Demised Premises**").

2. As a condition to my permitted entry upon and use of the Demised Premises, I agree to execute this Certificate.

3. I hereby consent and approve the terms and conditions of the Lease, and I do hereby guarantee the due and faithful performance of any and all obligations of the Clodfelters under and pursuant to the Lease, except for the Clodfelters' obligation to pay Rent (as defined in the Lease) under the Lease.

4. I further agree that the validity of the guaranty described in paragraph 3 above and my obligations hereunder shall in no way be terminated, affected or impaired by reason of: (a) the assertion by the Landlord of any rights or remedies which it may have under or with respect to the Lease against any other person or entity obligated under the Lease, (b) the release or exchange of any property or other collateral which may now or hereafter be available to the Landlord as security for the performance of the Clodfelters' obligations under the Lease, (c) the Landlord's failure to exercise, or delay in exercising, any such right or remedy which the Landlord may have under the Lease, the guaranty by me as set forth in this Certificate, or any security documents which may now or in the future grant a security interest to the Landlord to secure the Clodfelters' performance under the Lease, (d) the commencement of a case under the Bankruptcy Code by or against any person or entity obligated under the Lease, or (e) any payment made under the Lease, whether made by the Clodfelters, me, or any other person, which is required to be refunded pursuant to any bankruptcy or insolvency law; it being understood that no payment so refunded shall be considered as a payment of any portion of the obligation of the Clodfelters to which it was initially applied, nor shall it have the effect of reducing my liability hereunder.

5. My obligations under the Certificate, and those obligations of any other guarantors who may hereafter guarantee any obligations of the Clodfelters under the Lease, are and will be joint and several, and the Landlord may release or settle with any one or more guarantors at any time without affecting the continuing liability of the remaining guarantor(s).

6. Any amendments or other modifications to the Lease may be made by the Landlord and the Clodfelters upon such terms and conditions as the Landlord and the Clodfelters may see fit, without releasing or limiting any guarantor's obligations hereunder, which amendments or modifications may be made without any notice to or consent from any guarantor and whether or not any guarantor has filed or is in any way involved in any bankruptcy proceeding. Notwithstanding the foregoing, no such amendments or other modifications to the Lease shall cause me to be responsible for the payment of rent under the Lease.

7. I acknowledge that under §49-25 and §49-26 of the Code of Virginia (1950), as amended (the "**Virginia Code**") that under certain circumstances a surety, guarantor, or endorser may require a creditor to pursue any other persons liable on an indebtedness. I hereby knowingly and voluntarily waive all rights under Sections 49-25 and 49-26 of the Virginia Code and hereby agree that the Landlord and its successors and assigns shall have no obligation to pursue the Clodfelters or other persons jointly liable with me and other guarantors on the guaranty set forth in this Certificate.

8. I hereby waive any right to assert lack of privity or the like as a defense to any claim by the Landlord (or its successors in interest) for a breach caused by me under the Lease. I agree that the Landlord shall be a direct beneficiary of this Certificate and shall have the rights to enforce the provisions of this Certificate and to pursue all legal and equitable remedies against me in the event of a breach of this Certificate by me.

9. Any provision or provisions of this Certificate which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

10. This Certificate shall be binding upon me, my heirs, successors, assigns and legal representatives and shall inure to the benefit of the Landlord, its successors, assigns and legal representatives.

11. Unless otherwise more specifically provided for herein, the provisions of this Certificate shall survive the termination or expiration of my license to use the Demised Premises as a guest and/or invitee of the Clodfelters.

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

13. I acknowledge that I have had the opportunity to review the Lease to the extent I deemed necessary.

14. Without limiting my guaranty under this Certificate, I agree that I shall store my property in and shall occupy the Demised Premises at my own risk, and I hereby release the Landlord, to the full extent permitted by law, from all claims of every kind resulting in any loss of life, bodily or personal injury, or property damage, regardless of the cause of such loss, injury, or damage.

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**AGENDA  
ITEM NUMBER 5C**

**RESOLUTION APPROVING (I) A PLAN OF CBN SECURE TECHNOLOGIES INC., A FLORIDA CORPORATION, FOR THE IMPROVEMENT OF ITS BUILDING AND DRIVEWAY LOCATED IN THE AUTHORITY'S CYBER PARK, BEARING THE MAILING ADDRESS OF 350 STINSON DRIVE, DANVILLE, VIRGINIA (PIN 78461) (THE "CBN LOT"), AND (II) AN AMENDMENT TO THAT CERTAIN DECLARATION OF COVENANTS OF THE AUTHORITY'S CYBER PARK, DATED SEPTEMBER 17, 2004, AND RECORDED IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF DANVILLE, VIRGINIA, AS INSTRUMENT NO. 05-1617, AT PAGE 107, AS THE SAME PERTAINS TO THE CBN LOT**

**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 (Virginia Code §§ 15.2-6400 *et seq.*) as amended; and

**WHEREAS**, CBN Secure Technologies Inc., a Florida corporation ("**CBN**"), is the owner of that certain lot, known as **Lot 7C**, located in the Authority's Cyber Park, bearing the mailing address of 350 Stinson Drive, Danville, Virginia (PIN 78461); and

**WHEREAS**, Lot 7C is subject to that certain Declaration of Restrictive Covenants for the Cyber Park, dated September 20, 2004, and recorded in the Clerk's Office of the Circuit Court of the City of Danville, Virginia, on April 7, 2005, as Instrument No. 05-1671, at page 107, as amended by that certain Amendment to Declaration of Restrictive Covenants for the Cyber Park dated May 14, 2012, and recorded in the Clerk's Office as Instrument No. 12-1656, at page 98 (the "**Declaration**"); and

**WHEREAS**, CBN submitted a plan to the Review Committee under the Declaration for certain improvements to its building and driveway located on Lot 7C (the "**CBN Plan**"); and

**WHEREAS**, the Review Committee wishes to approve the CBN Plan, but to do so, certain waivers or amendments to the Declaration are required; and

**WHEREAS**, the Authority desires to further amend the Declaration, as set forth on that certain Second Amendment to Declaration of Restrictive Covenants for the Cyber Park, attached hereto and incorporated herein as **Schedule A** (the "**Second Amendment**"), to facilitate approval of the CBN Plan; and

**WHEREAS**, the Authority has determined that the Second Amendment is in furtherance of the Authority's purpose to enhance the economic base for the member localities by developing, owning, and operating one or more facilities on a cooperative basis involving its member localities.

**NOW, THEREFORE, BE IT RESOLVED**, that

**Resolution No. 2012-06-11-5C**

1. The Authority hereby authorizes and directs the Chairman of the Authority to execute and deliver, and otherwise pursue, the Second Amendment, together with such amendments, deletions or additions to the Second Amendment as may be approved by the Chairman, and such execution of the same by the Chairman to conclusively establish his approval of any amendments, deletions or additions thereto.

2. The Authority hereby authorizes the Chairman to execute and deliver such other documents in connection with the Second Amendment and the CBN Plan, as may be approved by the Chairman, such execution by the Chairman to conclusively establish his approval of such other documents.

3. The Authority, acting through the Review Committee under the Declaration, hereby approves the CBN Plan.

4. The Authority hereby authorizes and directs staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Second Amendment or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of this Resolution.

5. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Second Amendment and the CBN Plan and the matters contemplated in this Resolution.

6. 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 June 11, 2012, 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 June 2012.

---

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

(SEAL)

Resolution No. 2012-06-11-5C

**Schedule A**  
(The Second Amendment)

**THIS INSTRUMENT WAS PREPARED BY AND  
AFTER RECORDING SHOULD BE RETURNED TO:**

*CLEMENT & WHEATLEY, A Professional Corporation*  
**549 Main Street (24541), P.O. Box 8200  
Danville, VA 24543-8200**

PINs: 78358, 77831, 78471, 78461, 78460, 78360, 78359, 77837, 76472, 76471, 76442, 76441,  
76368

**SECOND AMENDMENT TO  
DECLARATION OF RESTRICTIVE COVENANTS FOR THE CYBER PARK**

**THIS SECOND AMENDMENT TO DECLARATION OF RESTRICTIVE  
COVENANTS FOR THE CYBER PARK** (this “**Second Amendment**”) is made and entered  
into as of the 11th day of June 2012.

**WHEREAS**, Danville-Pittsylvania Regional Industrial Facility Authority, a political  
subdivision of the Commonwealth of Virginia (the “**Authority**”), made that certain Declaration  
of Restrictive Covenants for the Cyber Park, dated September 20, 2004, and recorded in the  
Clerk’s Office of the Circuit Court of the City of Danville, Virginia (the “**Clerk’s Office**”), as  
Instrument No. 05-1671, at page 107 (the “**Original Declaration**”);

**WHEREAS**, the Authority amended the Original Declaration by that certain Amendment  
to Declaration of Restrictive Covenants for the Cyber Park dated May 14, 2012, and recorded in  
the Clerk’s Office as Instrument No. 12-1656, at page 98 (the “**First Amendment**”) (the  
Original Declaration as amended by the First Amendment shall be referred to as the  
“**Declaration**”);

**WHEREAS**, the Declaration covers the Property (as defined in the Original  
Declaration), which includes, in part, that certain lot or parcel of land situated in the City of  
Danville, Virginia, commonly known as **Lot 7C Cyber Park**, as more particularly described in  
**Schedule A**, attached hereto and incorporated herein by this reference (“**Lot 7C**”);

**WHEREAS**, the Authority desires to further amend the Declaration as provided herein;

**WHEREAS**, Article 9.2 of the Declaration permits the Declaration to be amended “with  
the written consent of the record title holders (excluding the City of Danville, Virginia and  
trustees under deeds of trust) of sixty-five (65) percent of the land area of Property subject to  
these restrictions plus fifty-one (51) percent of the Owners of Parcels (excluding trustees under  
deeds of trust), provided such owners are 51% in number;”

**WHEREAS**, the Authority is the record title holder of at least sixty-five percent (65%)  
of the land area of the Property (as defined in the Original Declaration) and is the owner of at  
least fifty-one percent (51%) of the Parcels (as defined in the Original Declaration); and

**WHEREAS**, all restrictions in the Declaration are to be reaffirmed and to remain in full force and effect, except as specifically amended herein.

**NOW, THEREFORE, THE DECLARATION IS FURTHER AMENDED AS FOLLOWS:**

1. With respect to the east side of the existing driveway on Lot 7C, the following requirement in Section 5.5 (“**Off-Street Parking**”) of the Declaration shall not apply:

Parking areas viewable from public right-of-way shall be adequately screened by earth berms and/or landscaping as described in Appendix B of [the Original Declaration].

2. The following requirement in Section 5.6 (“**Off-Street Loading Areas**”) of the Declaration shall not apply to Lot 7C:

Provision for handling all truck service shall be totally within each parcel and shall be adequately screened by earth berms and/or landscaping as described in Appendix B of [the Original Declaration].

3. With respect to Lot 7C only, pre-fab metal siding may be used for roll-up doors of the building, and Sections 2.0 (“**Materials**”) and 3.0 (“**Elevation Appearance**”) are hereby amended to permit the same.

4. Except as amended herein, all restrictions in the Declaration are reaffirmed and shall remain in full force and effect, and such covenants, as amended, are to run with the land and shall be binding on all parties and persons claiming under them.

**IN TESTIMONY WHEREOF**, witness the signature to this **SECOND AMENDMENT TO DECLARATION OF RESTRICTIVE COVENANTS FOR THE CYBER PARK** as of the date first above written:

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

By: \_\_\_\_\_  
**Coy E. Harville**, Chairman

**COMMONWEALTH OF VIRGINIA, AT LARGE  
CITY OF DANVILLE, to-wit:**

The foregoing instrument was acknowledged before me by **Coy E. Harville** in his capacity as Chairman of **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia, this \_\_\_\_\_ day of June 2012.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
Registration No. \_\_\_\_\_

**SCHEDULE A**  
**(Legal Description of Lot 7C)**

All that certain lot or parcel of land situated in the City of Danville, Virginia, and more particularly described as follows:

**Lot 7C Cyber Park**, fronting on the southern margin of Stinson Drive and containing **7.361 acres**, more or less, as shown on Plat of Subdivision entitled, "DANVILLE, VIRGINIA, RIVER VIEW INDUSTRIAL PARK. PLAT OF SUBDIVISION SHOWING NEW LOTS 7C AND 7D CYBER PARK FOR DANVILLE PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY DATE: JUNE 10, 2008", recorded as Instrument No. 08-2535 in the Clerk's Office of the Circuit Court of the City of Danville, Virginia (the "**Clerk's Office**"), the same being a resubdivision of Lot 7B Cyber Park as shown on Plat of Subdivision recorded as Clerk's Instrument No. 08-2234 among the land records in the Clerk's Office, being also a part of the resubdivision of Lot 7 as shown on plat recorded as Instrument No. 00-3097.

**BEING** a part of the same property conveyed to Danville-Pittsylvania Regional Industrial Facility Authority, a political subdivision of the Commonwealth of Virginia, from the Industrial Development Authority of Danville, Virginia, a political subdivision of the Commonwealth of Virginia, and the City of Danville, Virginia, a municipal corporation, by deed dated September 18, 2002, recorded in the Clerk's Office as Instrument No. 02-5541, at page 29, to which map and deed specific reference is here made for a more particular description of the property herein described.

**AGENDA  
ITEM NUMBER 5D**

**Resolution No. 2012-06-11-5D**

**RESOLUTION APPROVING THE ENGAGEMENT LETTER OF BROWN, EDWARDS & COMPANY, L.L.P., CERTIFIED PUBLIC ACCOUNTANTS, TO AUDIT THE BASIC FINANCIAL STATEMENTS OF THE AUTHORITY AS OF AND FOR THE YEAR ENDING JUNE 30, 2012, AT A BASE FEE OF \$18,250, PLUS EXPENSES, AND \$2,500 FOR THE SINGLE AUDIT REQUIREMENTS.**

**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 accounts and records of the Authority are subject to audit under Virginia Code § 15.2-6413, and Virginia Code §15.2-6405(2) authorizes the Authority to employ accountants; and

**WHEREAS**, Brown, Edwards & Company, L.L.P., Certified Public Accountants, has proposed to provide certain audit and incidental services, including the audit of the basic financial statements of the Authority as of and for the year ending June 30, 2012, at a base fee of \$18,250, plus expenses, and \$2,500 for the single audit requirements, as set forth in that certain Engagement Letter, dated May 21, 2012, attached hereto as **Schedule A** and incorporated herein by this reference (the "**Engagement Letter**").

**NOW, THEREFORE, BE IT RESOLVED**, that

1. The Authority does hereby approve the acceptance of the Engagement Letter, and hereby authorizes the Chairman or the Vice Chairman of the Authority, either of whom may act independently of the other, to execute and deliver the Engagement Letter, with such amendments, deletions or additions thereto, as may be approved by the Chairman or the Vice Chairman, such execution by the Chairman or the Vice Chairman to conclusively establish his approval of the Engagement Letter and any amendments, deletions or additions thereto.

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

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Engagement Letter and the matters contemplated therein.

4. 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 June 11, 2012, 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 June 2012.

\_\_\_\_\_  
**SUSAN M. DEMASI**, Secretary  
Danville-Pittsylvania Regional Industrial  
Facility Authority

(SEAL)

**Schedule A**  
(Engagement Letter)



May 21, 2012

Board of Directors  
c/o Barbara Dameron, Director of Finance  
Danville-Pittsylvania Regional Industrial  
Facility Authority  
427 Patton Street, Room 428  
Danville, Virginia 24541

To the Members of the Board:

We are pleased to confirm our understanding of the services we are to provide the Danville-Pittsylvania Regional Industrial Facility Authority (the "Authority") as of and for the year ending June 30, 2012. We will audit the basic financial statements of the Authority as of and for the year ending June 30, 2012.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The management's discussion and analysis, if presented, is RSI that is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

We also have been engaged to report on supplementary information other than RSI that accompanies the basic financial statements. We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole. The introductory section will accompany the basic financial statements and will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance.

---

*Your Success is Our Focus*

2215 Langhorne Rd. • P.O. Box 10189 • Lynchburg, VA 24501 (245)661-4343 • 434-948-9000 • Fax: 434-948-9029 • www.BEcpas.com

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on-

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of OMB Circular A-133, and the *Specifications for Audits of Authorities Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and will include tests of the accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133.

**Management Responsibilities (Continued)**

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the Danville-Pittsylvania Regional Industrial Facility Authority and the respective changes in financial position and cash flows, in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentations of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for the preparation of the expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any documents that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon.

#### **Management Responsibilities (Continued)**

Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (b) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for the fair presentation of the supplementary information in accordance with GAAP; (b) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

#### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

#### **Audit Procedures – General (Continued)**

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures – Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operations of controls that we consider relevant to preventing and detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

#### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, including grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A-133 *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the major programs. The purpose of these procedures will be to express an opinion on compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare cash, accounts receivable, or debt confirmations or other information we request and will locate any documents selected by us for testing.

We will provide copies of our report to the Authority; however, management is responsible for the distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarized our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Brown, Edwards and Company, L.L.P. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Auditor of Public Accounts of the Commonwealth of Virginia or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Brown, Edwards and Company, L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

**Engagement Administration, Fees, and Other (Continued)**

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the parties mentioned above. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

I am the engagement partner and responsible for supervising the engagement and signing the reports or designating another partner to oversee and review the engagement or authorizing another individual to sign the reports.

Our fees are based on the time required by the individuals assigned to the engagement at our standard hourly rates plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our fee, including out-of-pocket expenses for the 2012 engagement, will be \$18,250 for the financial audit and \$2,500 for the single audit requirements. Our fee arrangement is based on the understanding that (1) the overall condition of the financial and accounting records is such that few if any adjustments are required; (2) we will receive full support from your personnel necessary for the preparation of all items discussed or as outlined in our client assistance list, to be provided; (3) the preparation of items on our client assistance list will be completed prior to our arrival to begin fieldwork as scheduled with management; (4) there will not be any significant changes in personnel during the period; (5) there will not be any significant changes in grant funding; (6) there will not be any significant new governmental accounting standards that require implementation; and (7) there will not be any significant changes in compliance testing requirements. If for some reason your personnel are unable to provide the contemplated assistance, or should we encounter unexpected circumstances that will require spending more time than presently anticipated, we will bring this to your attention and discuss the additional cost during the normal billing process. A change in the scope of our services may also require additional time and, therefore, add to the cost of the engagement. We assure you that we will make every attempt to hold our time to a minimum, commensurate with the work involved. Other services, such as research or consultation, would be an additional cost.

Interim billing will be submitted as work progresses and as expenses are incurred, and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes significantly overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2009 peer review report accompanies this letter.

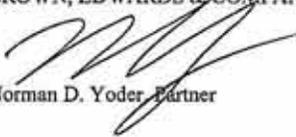
Danville-Pittsylvania Regional Industrial  
Facility Authority  
May 21, 2012  
Page 8

**Engagement Administration, Fees, and Other (Continued)**

We appreciate the opportunity to be of service to Danville-Pittsylvania Regional Industrial Facility Authority and believe this letter accurately summarizes the significant terms of our engagement. This letter supersedes all previous engagement letters. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

BROWN, EDWARDS & COMPANY, L.L.P.



Norman D. Yoder, Partner

**Attachments**

**RESPONSE:**

This letter correctly sets forth the understanding of the Danville-Pittsylvania Regional Industrial Facility Authority.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**System Review Report**

To the Partners of Brown, Edwards & Company L.L.P.  
and the AICPA Peer Review Board's National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown, Edwards & Company L.L.P. (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown, Edwards & Company L.L.P. applicable to non-SEC issuers, in effect for the year ended May 31, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown, Edwards & Company L.L.P. has received a rating of *pass*.

*Postlethwaite ; Netterville*

Baton Rouge, Louisiana

August 13, 2009

**AGENDA  
ITEM NUMBER 5E**

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**General Expenditures for Fiscal Year 2012 (as of 5/31/2012) and Proposed Budget for Fiscal Year 2013**

	FY 2012			FY 2013	
	Funding	Budget	Expenditures <sup>1</sup>	Proposed Funding	Proposed Budget
<b>Funding</b>					
City Contribution	\$ 75,000.00			\$ 75,000.00	
County Contribution	75,000.00			75,000.00	
Carryforward from prior fiscal year	-			-	<sup>2</sup>
<b>Contingency</b>					
Arbitrage Rebate Calculation Fee		\$ 2,000.00	\$ 2,000.00		\$ -
Moody's Investor Service		-	1,100.00		-
Cyber Park Parcel Appraisals		-	1,800.00		-
Miscellaneous contingency items		15,000.00	856.30		36,950.00
<b>Total Contingency Budget</b>		17,000.00	5,756.30		36,950.00
<b>Legal</b>		90,250.00	49,887.63		75,000.00
<b>Accounting</b>		18,750.00	18,750.00		20,750.00
<b>Annual Bank Fees</b>		4,100.00	4,321.25		4,400.00
<b>Postage &amp; Shipping</b>		100.00	79.83		100.00
<b>Meals</b>		2,800.00	2,534.17		2,800.00
<b>Utilities</b>		10,000.00	1,298.65		4,000.00
<b>Insurance</b>		7,000.00	-		6,000.00
<b>Total</b>	\$ 150,000.00	\$ 150,000.00	\$ 82,627.83	\$ 150,000.00	\$ 150,000.00

<sup>1</sup> As of the date of preparation, May 31, 2012.

<sup>2</sup> If there is a carryforward from prior fiscal year, the funds will be budgeted toward contingency.

See definitions provided for each budget line item on the following page.

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**General Expenditures for Fiscal Year 2012 (as of 5/31/2012) and Proposed Budget for Fiscal Year 2013**  
**Budget Definitions**

---

**Funding** = Represents sources of incoming funds to support general expenditures of RIFA.

**Contingency** = Represents a provision for expenditures that cannot be predicted with certainty during the budget process. It includes, but is not limited to, project-specific expenditures necessary as a project develops for which there is no other funding source to cover the expenditure.

**Legal** = Represents expenditures for general legal services provided to RIFA.

**Accounting** = Represents expenditures for the required annual audit of the RIFA financial statements.

**Annual Bank Fees** = Represents the annual fees paid to U.S. Bank related to the Cane Creek Centre bonds and Berry Hill bonds.

**Postage & Shipping** = Represents expenditures for mailing documents for RIFA business.

**Meals** = Represents expenditures for meals provided while conducting RIFA business.

**Utilities** = Represents expenditures for electric service at RIFA properties.

**Insurance** = Represents the annual premium paid for RIFA's insurance coverage, currently with VML Insurance Programs.

**AGENDA  
ITEM NUMBER 5F**

**Danville - Pittsylvania Regional Industrial Facility  
Authority**

---

**Financial Status**

---

**Table of Contents**

- A. \$7.3 Million Bonds - Cane Creek Centre
- B. General Expenditures for FY 2012
- C. Mega Park – Funding Other than Bond Funds
- D. \$11.25 Million Bonds – Mega Park
- E. Cane Creek Centre – Lots 3 & 9
- F. Funds Available for Appropriation
- G. Rent, Interest, and Other Income Realized
- H. Unaudited Financial Statements

**Danville-Pittsylvania Regional Industrial Facility Authority**

\$7.3 million Bonds for Cane Creek Centre - Issued in August 2005

As of May 31, 2012

<u>Funding</u>	<u>Funding</u>	<u>Budget / Contract Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
Funds from bond issuance	\$ 7,300,000.00				
Issuance cost	(155,401.33)				
Bank fees	(98.25)				
Interest earned to date	486,498.24				
<b>Cane Creek Parkway <sup>3</sup></b>		\$ 3,804,576.00	\$ 3,724,241.16	\$ -	
<b>Swedwood Drive <sup>2</sup></b>		69,414.00	69,414.00	-	
<b>Cane Creek Centre entrance <sup>3</sup></b>		72,335.00	53,878.70	-	
<b>Financial Advisory Services</b>		7,600.00	7,600.00	-	
<b>Dewberry contracts <sup>1</sup></b>		69,582.50	69,582.50	-	
<b>Dewberry contracts not paid by 1.7 grant <sup>4,5</sup></b>		71,881.00	11,924.62	59,956.38	
<b>Yorktowne Sound Buffer</b>		-	-	-	
<b>Land</b>		-	2,560,921.67	-	
<b>Demolition services</b>		-	33,781.62	-	
<b>Legal fees</b>		-	48,954.23	-	
<b>CCC - Lots 3 &amp; 9 project - RIFA Local Share <sup>6</sup></b>		142,190.00	80,122.49	-	
<b>Other expenditures</b>		-	13,469.70	-	
<b>Total</b>	\$ 7,630,998.66	\$ 4,237,578.50	\$ 6,673,870.69	\$ 59,956.38	\$ <u>897,171.59</u>

notes:

<sup>1</sup> Dewberry Contracts consist of wetland, engineering, surveying and site preparation

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

<sup>3</sup> Project completed under budget

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>6</sup> 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.

<u>Road Summary-Cane Creek Parkway:</u>	
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
<b>Total Road Contract Allocated to RIFA</b>	<b>\$ 5,271,916.00</b>

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

**Danville-Pittsylvania Regional Industrial Facility Authority**  
 General Expenditures for Fiscal Year 2012  
 As of May 31, 2012

	<u>Funding</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
<b>Funding</b>					
City Contribution	\$ 75,000.00				
County Contribution	75,000.00				
Carryforward from FY11	-				
<b>Contingency</b>					
Arbitrage Rebate Calculation Fees		\$ 2,000.00	\$ 2,000.00	\$ -	\$ -
Moody's Investor Service		-	1,100.00	-	-
Cyber Park Parcel Appraisals		-	1,800.00	-	-
Employee Reimbursement		-	44.24	-	-
News & Advance ads for RIFA RFPs		-	144.40	-	-
Miscellaneous contingency items		15,000.00	667.66	-	-
<b>Total Contingency Budget</b>		<u>17,000.00</u>	<u>5,756.30</u>	-	<u>11,243.70</u>
<b>Legal</b>		90,250.00	49,887.63	-	40,362.37
<b>Accounting</b>		18,750.00	18,750.00	-	-
<b>Annual Bank Fees</b>		4,100.00	4,321.25	-	(221.25)
<b>Postage &amp; Shipping</b>		100.00	79.83	-	20.17
<b>Meals</b>		2,800.00	2,534.17	-	265.83
<b>Utilities</b>		10,000.00	1,298.65	-	8,701.35
<b>Insurance</b>		7,000.00	-	-	7,000.00
<b>Total</b>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 82,627.83</u>	<u>\$ -</u>	<u>\$ 67,372.17</u>

**Danville-Pittsylvania Regional Industrial Facility Authority**

Mega Park - Funding Other than Bond Funds

As of May 31, 2012

	<u>Funding</u>	<u>Budget / Contract</u> <u>Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended /</u> <u>Unencumbered</u>
<b>Funding</b>					
City contribution	\$ 134,482.50				
County contribution	134,482.50				
City advance for Klutz, Canter, & Shoffner property <sup>1,4</sup>	10,340,983.83				
Tobacco Commission FY09 SSED Allocation	3,370,726.00				
Tobacco Commission FY10 SSED Allocation - Engineering Portion	407,725.00				
<b>Land</b>					
Klutz property		\$ 8,394,553.50	\$ 8,394,553.50	\$ -	
Canter property <sup>2</sup>		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	-	
<b>Other</b>					
Dewberry & Davis		28,965.00	28,965.00	-	
Dewberry & Davis <sup>3</sup>		990,850.00	965,754.29	25,095.71	
Consulting Services - McCallum Sweeney		115,000.00	92,130.18	22,869.82	
<b>Total</b>	<b>\$ 14,386,389.83</b>	<b>\$ 14,231,524.83</b>	<b>\$ 14,183,559.30</b>	<b>\$ 47,965.53</b>	<b>\$ 156,875.00</b>

<sup>1</sup> 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.

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

<sup>3</sup> This contract was originally for \$814,500, but has been amended to include a traffic impact analysis, and a cemetery survey. \$740,000 will be covered by the FY09 Tobacco Allocation and \$250,850 will be covered by the FY10 Tobacco Allocation.

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

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**\$11.25 million Bonds for Berry Hill Mega Park project - Issued December 1, 2011**  
**As of May 31, 2012**

<i>Funding</i>	<u>Funding</u>	<u>Budget / Contract</u> <u>Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended /</u> <u>Unencumbered</u>
Funds from bond issuance	\$ 11,250,000.00				
Issuance cost	(323,455.70)				
Underwriter's Discount	(225,000.00)				
Original Issue Discount	(21,325.15)				
Interest earned to date	885.16				
<i>Initial Land Purchases</i> <sup>†</sup>		-	10,345,376.83	-	
<i>Interest owed to City on fronts for land purchases</i>		-	144,150.41	-	
<i>Legal fees</i>		-	148,396.67	-	
<i>Dewberry &amp; Davis</i>		-	14,785.00	-	
<i>Other expenditures</i>		-	17,335.53	-	
<b>Total</b>	<b>\$ 10,681,104.31</b>	<b>\$ -</b>	<b>\$ 10,670,044.44</b>	<b>\$ -</b>	<b>\$ 11,059.87</b>

<sup>†</sup> The City of Danville fronted the funds for \$10,340,983.63 of these land purchases. RIFA reimbursed the City of Danville this amount plus the interest owed, which totaled \$144,150.41, on 1/3/2012 using the bond funds drawn down.

## Danville-Pittsylvania Regional Industrial Facility Authority

Cane Creek Centre - Lots 3 & 9

As of May 31, 2012

	<u>Funding</u>	<u>Budget / Contract Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
<b><i>Funding</i></b>					
EDA Grant Investment	\$ 2,275,030.00				
Tobacco Commission FY10 Reserve Fund Allocation	426,568.00				
Local Match - RIFA <sup>1</sup>	142,190.00				
<b><i>Expenditures</i></b>					
Haymes Brothers, Inc.		\$ 1,488,466.71	\$ 1,488,466.71	\$ -	
Dewberry & Davis		111,600.00	111,600.00	-	
Advertisements for bids		-	2,383.00	-	
<b>Total</b>	<b>\$ 2,843,788.00</b>	<b>\$ 1,600,066.71</b>	<b>\$ 1,602,449.71</b>	<b>\$ -</b>	<b><u>\$ 1,241,338.29</u></b>

<sup>1</sup> Bond funds are available to cover this local match.

**Danville-Pittsylvania Regional Industrial Facility Authority**  
Funds Available for Appropriation  
As of May 31, 2012

---

<u>Source of Funds</u>	<u>Funds Available</u>
Yorktowne Reimbursement*	\$ 181,339.68
General funds reimbursed by Berry Hill \$11.25M Bonds	184,266.38
Sale of Land to Harmony Church	<u>36,564.50</u>
Total funds available for appropriation	<u>\$ 402,170.56</u>

\*Since Yorktowne did not meet the job requirements set forth in its initial Performance Agreement executed in 2005, it is repaying incentive money to RIFA to account for the jobs not created. In accordance with the amended Performance Agreement, we received one payment from Yorktowne in the amount of \$45,334.92 in November 2009. We received another payment of \$136,004.76 in November 2010. No further payments are due unless Yorktowne fails to meet the new targets in the amended performance agreement. The RIFA Board approved at the March 14, 2011 meeting to retain these funds for use within RIFA. These funds are available for the RIFA Board to allocate to budgets as needed.

**Danville-Pittsylvania Regional Industrial Facility Authority**

Rent, Interest, and Other Income Realized

As of May 31, 2012

<u>Funding</u>		<u>Funding</u>	<u>Expenditures</u>	<u>Unexpended / Unencumbered</u>
<u>Rental Properties</u>				
<u>Lessee</u>	<u>Property</u>	<u>Rent Received</u>		
<i>Cyberpark</i>				
Institute for Advanced Learning and Research (IALR) <sup>1,4</sup>	Hawkins Research Building at 230 Slayton Ave.	\$ 603,989.64		
Securitas	Gilbert Building at 1260 South Boston Rd.	14,300.00		
<i>Cane Creek Centre</i>				
Stephen R. & Susan G. Wilson	Hughes House at 390 Cedar Lane	2,800.00		
Douglas C. Agner	Hughes House at 390 Cedar Lane	6,000.00		
Richard A. Parker	Hughes House at 390 Cedar Lane	2,400.00		
Axxor N.A. LLC <sup>5</sup>	Apartments at 390 Cedar Lane	3,250.00		
<i>Berry Hill Mega Park</i>				
Gulford Whitetail Management	Klutz Farm off State Rd. 863	15,500.00		
Oak Hill Hunt Club	Hairston Farm off State Rd. 863	8,000.00		
Patten Seed Company	30 acre tract on Stateline Bridge Rd.	6,500.00		
Browning & Associates, Ltd. <sup>5</sup>	4380 Berry Hill Road House	9,750.00		
Mountain View Farms of Virginia, L.C.	30 acre tract on Stateline Bridge Rd.	3,000.00		
Osborne Company of North Carolina, Inc.	4380 Berry Hill Road Pastureland	1,600.00		
Mark L. Osborne	Mega Park Lot 8 approx. 34.4 acres	1,032.00		
<i>Total Rent</i>		<b>\$ 678,121.64</b>		
<u>Interest Received</u> <sup>2</sup>		<b>\$ 23,327.81</b>		
<u>Miscellaneous Income</u>		<b>\$ 55.37</b>		
<u>Expenditures</u>				
Disbursement to IALR for SEnTeC project <sup>1</sup>			\$ 278,812.00	
Transfer to General Expenditures budget <sup>3</sup>			50,000.00	
<b>Total</b>		<b>\$ 701,504.82</b>	<b>\$ 328,812.00</b>	<b>\$ 372,692.82</b>

<sup>1</sup> A portion of the rent received from the IALR for the Hawkins Research Building was Board-restricted for the SEnTeC project. RIFA disbursed \$278,812.00 to the IALR to fully satisfy this commitment made by the Board at the June 11, 2008 meeting.

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

<sup>3</sup> The RIFA Board approved to transfer \$50,000 from rental income realized to the General Expenditures budget at its March 14, 2011 meeting.

<sup>4</sup> Please note that these rent proceeds must be used in accordance with the U.S. Economic Development Administration's (EDA) Standard Terms and Conditions

<sup>5</sup> Please note that Browning & Associates has paid a \$1,000 security deposit per the lease agreement that is not included in rental income above.

<sup>5</sup> Please note that Axxor N.A. LLC has paid a \$500 security deposit per the lease agreement that is not included in rental income above.

*Danville-Pittsylvania Regional Industrial Facility Authority*  
*Statement of Net Assets*<sup>1, 2</sup>  
*May 31, 2012\**

	<b>Unaudited FY 2012</b>
<b>Assets</b>	
<i>Current assets</i>	
Cash - checking	\$ 876,831
Cash - money market	389,919
Prepaid asset	4,123
<i>Total current assets</i>	1,270,873
<i>Noncurrent assets</i>	
Restricted cash - project fund CCC bonds	1,046,456
Restricted cash - debt service fund CCC bonds	809,117
Restricted cash - project fund Berry Hill bonds	19,508
Restricted cash - debt service fund Berry Hill bonds	-
Restricted cash - debt service reserve fund Berry Hill bonds	2,000,066
Capital assets not being depreciated	24,962,931
Capital assets being depreciated, net	27,244,055
Construction in progress	1,930,750
Unamortized bond issuance costs	678,562
<i>Total noncurrent assets</i>	58,691,445
<b>Total assets</b>	<b>59,962,318</b>
<b>Liabilities</b>	
<i>Current liabilities</i>	
Bonds payable - current portion	5,825,000
Unearned income	7,106
Security deposit	1,500
<i>Total current liabilities</i>	5,833,606
<i>Noncurrent liabilities</i>	
Bonds payable - less current portion	11,320,000
<i>Total noncurrent liabilities</i>	11,320,000
<b>Total liabilities</b>	<b>17,153,606</b>
<b>Net Assets</b>	
Invested in capital assets - net of related debt	41,546,445
Unrestricted	1,262,267
<b>Total net assets</b>	<b>\$ 42,808,712</b>

<sup>1</sup> Please note that 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.

<sup>2</sup> Please note that 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 that these statements are for the period ended May 31, 2012 as of May 31, 2012, 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 Assets*  
*May 31, 2012\**

	<b>Unaudited FY 2012</b>
<b>Operating revenues</b>	
Economic Development Administration grants	1,076,639
Virginia Tobacco Commission grants	54,554
Rental income	218,818
Other grants	-
<b>Total operating revenues</b>	<b>1,350,011</b>
<b>Operating expenses</b> <sup>4</sup>	
Mega Park expenses <sup>3</sup>	18,980
Cane Creek Centre expenses <sup>3,5</sup>	1,401,726
Cyber Park expenses <sup>3</sup>	4,350
Professional fees	60,431
Insurance	5,729
Other operating expenses	4,164
<b>Total operating expenses</b>	<b>1,495,380</b>
<b>Operating loss</b>	<b>(145,369)</b>
<b>Non-operating revenues (expenses)</b>	
Interest income	1,355
Interest expense	(108,371)
<b>Total non-operating expenses, net</b>	<b>(107,016)</b>
<b>Net loss before capital contributions</b>	<b>(252,385)</b>
<b>Capital contributions</b>	
Contribution - City of Danville	1,383,362
Contribution - Pittsylvania County	1,383,362
<b>Total capital contributions</b>	<b>2,766,724</b>
<b>Change in net assets</b>	<b>2,514,339</b>
<b>Net assets at July 1,</b>	<b>40,294,373</b>
<b>Net assets at May 31,</b>	<b>\$ 42,808,712</b>

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

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

<sup>5</sup> Please note that this line item includes \$59,055 for fees related to the \$7.3M bonds for Cane Creek.

*Danville-Pittsylvania Regional Industrial Facility Authority*  
*Statement of Cash Flows*  
*May 31, 2012\**

	<b>Unaudited FY 2012</b>
<b>Operating activities</b>	
Receipts from grant reimbursement requests	\$ 1,413,634
Receipts from leases	223,227
Payments to suppliers for goods and services	(1,768,891)
<b>Net cash used in operating activities</b>	<b>(132,030)</b>
<b>Capital and related financing activities</b>	
Capital contributions	2,766,724
Interest paid on bonds	(103,277)
Proceeds from bond issuance	11,003,675
Bond issuance costs	(323,456)
Repayment to City for cash advances and interest on advances	(10,485,134)
Principal repayments on bonds	(285,000)
<b>Net cash provided by capital and related financing activities</b>	<b>2,573,532</b>
<b>Investing activities</b>	
Interest received	1,355
<b>Net cash provided by investing activities</b>	<b>1,355</b>
<b>Net increase in cash and cash equivalents</b>	2,442,857
<b>Cash and cash equivalents - beginning of year (including restricted cash)</b>	<b>2,699,040</b>
<b>Cash and cash equivalents - through May 31, 2012 (including restricted cash)</b>	<b>\$ 5,141,897</b>
<b>Reconciliation of operating loss before capital contributions to net cash used in operating activities:</b>	
Operating loss	\$ (145,369)
Changes in assets and liabilities:	
Change in prepaids	5,990
Change in due from other governments	282,441
Change in other receivables	3,500
Change in accounts payable	(279,498)
Change in unearned income	406
Change in security deposit	500
<b>Net cash used in operating activities</b>	<b>\$ (132,030)</b>

<b>Components of cash and cash equivalents at May 31, 2012:</b>	
American National - Checking	\$ 876,831
American National - General money market	389,919
Wachovia - \$7.3M Bonds CCC Debt service fund	809,117
Wachovia - \$7.3M Bonds CCC Project fund	1,046,456
US Bank - \$11.25M Bonds Berry Hill Debt service fund	-
US Bank - \$11.25M Bonds Berry Hill Debt service reserve fund	2,000,066
US Bank - \$11.25M Bonds Berry Hill Project fund	19,508
	<b>\$ 5,141,897</b>

**AGENDA  
ITEM NUMBER 5G**

# Danville-Pittsylvania Regional Industrial Facility Authority

427 Patton Street, Room 428  
Danville, VA 24541  
Telephone: 434-797-8928  
Facsimile: 434-799-5041

Date: June 11, 2012  
To: Danville-Pittsylvania Regional Industrial Facility Authority (RIFA) Board Members  
From: Barbara A. Dameron  
Subject: Utilize RIFA funds for Local Match to Tobacco Commission Grant #1916 (Berry Hill Regional Mega Park – Phase II – Land Financing and Engineering)

For the engineering portion of the grant referenced above, there is a budgeted local match of \$173,543.00 (\$86,771.50 from the City and County each). These local match funds have not been deposited into RIFA by the City and County at this time. The total local match that will be required once all work is completed is estimated to be only \$76,000.00.

Instead of requesting the additional funds from the City and County, RIFA staff is seeking approval to utilize funding sources already in RIFA to cover the required local match as follows:

- Utilize all of the remaining funds of \$11,059.87 available as of May 31, 2012 on the *\$11.25 million Bonds for Berry Hill Mega Park Project – Issued December 1, 2011* budget sheet;
- Utilize approximately \$65,000.00 of the remaining funds of \$402,170.56 available as of May 31, 2012 on the *Funds Available for Appropriation* budget sheet.

RIFA staff believes this is a prudent way to utilize these funds and recommends the RIFA Board approve this request.