

Business Savvy. People Friendly.

PITTSYLVANIA

COUNTY, VIRGINIA

INDUSTRIAL DEVELOPMENT AUTHORITY

Wednesday, August 17, 2022; 6:00 P.M; Elections and Training Center; 18 Deport Street,
Chatham, Virginia 24531

AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. ANY ADDITIONS/REVISIONS TO AGENDA

IV. APPROVAL OF AGENDA

V. CONSENT AGENDA

- A. Approval of July Meeting Minutes
- B. Review/Approval of July Financials

VI. OLD BUSINESS

- A. Continued Water/Wastewater Discussion Update (*J. Faucette*)
- B. Staunton River Plastics Update (*M. Rowe*)
- C. Cyber Park Shell-Building Update/ Approval of VCC Shell Building Moral Obligation Agreement (*M. Rowe*)

VII. NEW BUSINESS

- A. VBRSP 2023 Grant (*M. Rowe*)

VIII. MATTERS FROM IDA MEMBERS

- A. Tradesman Trucking Groundbreaking Event Update (*M. Rowe*)

IX. CLOSED SESSION

- A. 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 in the community.

Authority: Virginia Code §2.2-3711(A)(5)

Subject Matters: Project Big Bang, Project KR

Purpose: Updates on Prospective Unannounced Businesses/Industries

X. RETURN TO OPEN SESSION AND CLOSED SESSION CERTIFICATION

A. Closed Session Certification

PITTSYLVANIA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY CLOSED MEETING CERTIFICATION

BE IT RESOLVED that at the meeting of the Pittsylvania County Industrial Development Authority (“Authority”) on August 17, 2022, the Authority hereby certifies by a recorded vote that to the best of each Authority member’s knowledge only public business matters lawfully exempted from the Open Meeting requirements of the Virginia Freedom of Information Act (“Act”) and identified in the motion authorizing the closed meeting were heard, discussed, or considered in the closed meeting. If any authority member believes that there was a departure from the requirements of the Act, he shall so state prior to the vote indicating the substance of the departure. The statement shall be recorded in the Authority’s minutes.

	<u>Vote</u>
Joey Faucette	Yes/No
John Daniel	Yes/No
Ronnie L. Haymore	Yes/No
Timothy Reynolds	Yes/No
Bill Nuckols	Yes/No
Steven Merricks	Yes/No
Charles L. Minter	Yes/No

XII. ADJOURNMENT

Agenda Section:	Consent Agenda (Section V(A))
Agenda Title:	Approval of July Minutes
Staff Contact:	MDR
Agenda Date:	August 17, 2022
Attachments:	1 (July Meeting Minutes)

SUMMARY:

A copy of the July meeting minutes is included in the packet for your review, comment, and approval.

FINANCIAL IMPACT AND FUNDING SOURCE:

None

RECOMMENDATION:

County Staff recommends the IDA approve the July meeting minutes as presented.

MOTION:

“I make a Motion to approve the July meeting minutes as presented.”

PITTSYLVANIA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

WEDNESDAY, JULY 20, 2022; 6:00 P.M.; ELECTIONS AND TRAINING CENTER; 18 DEPOT STREET,
CHATHAM, VA 24531

MEETING MINUTES

I. CALL TO ORDER

Faucette called Meeting to Order at 6:01 PM.

II. ROLL CALL

IDA Members Present: Faucette, Daniel, Nuckols, Merricks, and Minter.

IDA Members Absent: Haymore, Reynolds

County Staff Present: Hunt, Rowe, Van Der Hyde, Saunders

III. REVISIONS TO AGENDA

On a motion by Merricks, second by Nuckols, the revision to add item IV. Public Comment to the Agenda was approved by IDA Members present.

IV. PUBLIC COMMENT

Tad La Fountain of Penhook, VA addressed the IDA board. He shared some potential ideas and suggested a few areas of interest for the IDA's consideration.

V. APPROVAL OF AGENDA

On a motion by Nuckols, second by Daniel, the Agenda was approved by IDA Members present.

VI. APPROVAL OF CONSENT AGENDA

On a motion by Nuckols, second by Minter, the Consent Agenda was approved by IDA Members present.

VII. OLD BUSINESS

A. Cyber Park Shell-Building Update

Rowe provided IDA members with an update on the Cyber Park Shell-Building. Negotiations are still ongoing between Virginia Community Capital and VSBFA. A closing date is expected within the next few weeks but has not been set as of now.

B. Continued Water/Wastewater Discussion Update

Faucette provided IDA members with an update on the ODAC Water/Wastewater Study.

C. Axxor Update

Rowe shared with IDA members present that all loan documents have been executed and Axxor has closed on the loan. Rowe also shared that Axxor has current job openings.

VIII. NEW BUSINESS

A. Support Letter for Mountain Valley Pipeline's FERC Certificate Extension

Hunt shared that Mountain Valley Pipeline (MVP) has requested an extension of its FERC Certificate for four years to provide predictability and stability about the status of the Project's central federal authorization while agencies work to finalize outstanding permits that will allow MVP to complete construction. Equitrans Midstream Corporation will operate the Project and it is anticipated that the Project will be fully operational in the second half of 2023.

On a motion by Daniel, second by Merricks, the Support Letter for Mountain Valley Pipeline's FERC Certificate Extension was approved by all IDA members present.

B. Consideration of Intertape Polymer Group Warranty Deed and Owners Affidavit

Rowe shared with IDA members that as a closing step for Intertape Polymer Group on paying off their financing, the IDA must approve the Warranty Deed and Owners Affidavit.

On a motion by Nuckols, second by Minter, the IDA members present approved Intertape Polymer Group's Warranty Deed and Owners Affidavit as presented.

IX. MATTERS FROM IDA MEMBERS

There were none.

X. CLOSED SESSION

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

At 6:52 p.m., Nuckols motioned that the meeting of the IDA be recessed in a closed meeting for the following purposes:

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

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

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

A second was made by Merricks and unanimously approved by IDA Members present.

RETURN TO OPEN SESSION

Confirmation of Motion and Vote to Reconvene in Open Meeting

On a motion by Merricks, second by Minter, and by unanimous vote at 7:41 p.m., the IDA returned to open meeting.

Motion to Certify Closed Meeting

On a motion by Nuckols, second by Merricks, the IDA unanimously approved adoption of the following resolution:

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

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

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

ACTION FROM CLOSED SESSION

On a motion by Nuckols, second by Merricks, the IDA members present approved to sell 0.339 acres to Mrs. Martin for \$3,390 plus any closing/ recordation costs incurred for the 0.339 acres at 1773 Barker Rd. in Ringgold, Virginia.

XI. ADJOURNMENT

On a motion by Merricks, second by Nuckols, Faucette adjourned the Meeting at 7:41 PM.

Agenda Section:	Consent Agenda (Section V(B))
Agenda Title:	Approval of Financials
Staff Contact:	Kim Van Der Hyde
Agenda Date:	August 17, 2022
Attachments:	1 (July Financial Report)

SUMMARY:

A copy of the July financial report is included in the packet for your review, comment, and approval.

FINANCIAL IMPACT AND FUNDING SOURCE:

None

RECOMMENDATION:

County Staff recommends the IDA approve the July financial report as presented.

MOTION:

“I make a Motion to approve the July financial report as presented.”

Pittsylvania County Industrial Development Authority

Balance Sheet
As of July 31, 2022

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
10000 BB&T-Regular Checking	0.00
101000 First Citizens Checking	842,506.19
10200 ANB-Axxor Property Account	0.00
10300 FCB-Panacea Reserve Account	0.00
10400 FCB-IDA SR-Plastics	0.00
10500 ANB-IDA SR-Plastics	0.01
Total Bank Accounts	\$842,506.20
Accounts Receivable	
11000 *Accounts Receivable	0.00
Total Accounts Receivable	\$0.00
Other Current Assets	
120000 Accounts Receivable	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$842,506.20
Fixed Assets	
110000 Inventory	1,035,300.00
15000 Capital Assets	
150100 Land	1,174,496.00
150200 Industrial Building	1,820,210.40
Total 15000 Capital Assets	2,994,706.40
160000 Accumulated Depreciation	-76,342.70
Total Fixed Assets	\$3,953,663.70
Other Assets	
120100 Notes Receivable-Intertape	0.00
120200 Note Receivable-Axxor	0.00
120500 Notes Receivable-Axxor-Land	0.00
121000 Note Receivable-Panacea Equip	120,193.04
121100 Notes Rec-Panacea Equip Reserve	0.00
121500 Note Receivable-Panacea Upfit	95,982.73
121600 Note Receivable-VRA Loan-Realty	750,000.00
121700 Note Receivable-ANB-SR Plastics	7,385,340.27
121800 Note Receivable-VSBFA-Axxor	1,559,831.00
125000 Other Receivable-ARCO	34,965.98
125100 Other Receivable-SR-Plastics	48,498.12
130000 Interest Receivable	0.00
140000 Prepaid Items	0.00
Total Other Assets	\$9,994,811.14
TOTAL ASSETS	\$14,790,981.04

LIABILITIES AND EQUITY

Pittsylvania County Industrial Development Authority

Balance Sheet As of July 31, 2022

	TOTAL
Liabilities	
Current Liabilities	
Accounts Payable	
20000 *Accounts Payable	0.00
Total Accounts Payable	\$0.00
Other Current Liabilities	
200000 Accounts Payable	0.00
252500 Note Payable-ANB Axxor Note	0.00
252600 Closing Costs	0.00
260000 Interest Payable	0.00
270000 Reserve-Panacea	0.00
270100 SR-Plastics Reserve	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$0.00
Long-Term Liabilities	
210000 Security Deposit-Panacea	6,750.00
250000 Note Payable-ANB-Intertape	0.00
253000 Bond Payable-Panacea	803,072.00
253200 Note Payable-First Citizens-Pana	120,610.72
253300 Note Payable-VRA Loan-Realty	750,000.00
253400 Note Payable-ANB SR Plastics	7,385,340.28
253500 Note Payable-VSBFA-Axxor	1,559,831.00
Total Long-Term Liabilities	\$10,625,604.00
Total Liabilities	\$10,625,604.00
Equity	
30000 Opening Balance Equity	2,204,971.66
32000 Unrestricted Net Assets	1,961,879.32
Net Income	-1,473.94
Total Equity	\$4,165,377.04
TOTAL LIABILITIES AND EQUITY	\$14,790,981.04

Pittsylvania County Industrial Development Authority
Transaction List by Date
 July 2022

Date	Transaction Type	Num	Posting	Name	Memo/Description	Account	Split	Amount
07/01/2022	Check	1051	Yes	VACorp	Invoice #102221	101000 First Citizens Checking	5080 Insurance	-1,489.00
07/01/2022	Journal Entry	81R	Yes		Reverse of JE 80		-Split-	
07/01/2022	Journal Entry	82R	Yes		Reverse of JE 81		-Split-	
07/01/2022	Journal Entry	83R	Yes		Reverse of JE 82		-Split-	
07/01/2022	Journal Entry	84R	Yes		Reverse of JE 83		-Split-	
07/01/2022	Journal Entry	85R	Yes		Reverse of JE 84		-Split-	
07/01/2022	Journal Entry	86R	Yes		Reverse of JE 85		-Split-	
07/01/2022	Journal Entry	87R	Yes		Reverse of JE 86		-Split-	
07/01/2022	Journal Entry	88R	Yes		Reverse of JE 87		-Split-	
07/01/2022	Journal Entry	89R	Yes		Reverse of JE 88		-Split-	
07/05/2022	Deposit		Yes	Panacouties, Inc.		101000 First Citizens Checking		11,475.11
07/07/2022	Journal Entry	91	Yes				-Split-	
07/08/2022	Check	SVCHRG	Yes		Service Charge	101000 First Citizens Checking	5050 Bank Charges	-17.61
07/11/2022	Check	Online Pay	Yes	First Citizens Bank	Account #910003468204	101000 First Citizens Checking		-4,511.47
07/11/2022	Check	1064	Yes	Froehling & Robertson, Inc.	Invoice #202505	101000 First Citizens Checking		-2,179.50
07/11/2022	Check	1065	Yes	American National Bank	Account #5007284008	101000 First Citizens Checking		-18,672.00
07/12/2022	Deposit		Yes	SR Plastics		101000 First Citizens Checking	121700 Note Receivable-ANB-SR Plastics	15,981.22
07/12/2022	Journal Entry	79	Yes				-Split-	
07/15/2022	Deposit		Yes			10500 ANB-IDA SR-Plastics		1,073,660.03
07/15/2022	Transfer		Yes		Payment to ARCO for Application #16	10500 ANB-IDA SR-Plastics	121700 Note Receivable-ANB-SR Plastics	-1,073,660.03
07/19/2022	Check	1066	Yes	Sellers Brothers, Inc.	Invoice #10546	101000 First Citizens Checking	62840 Facilities and Equipment/Equip Rental and Maintenance	-4,362.50
07/26/2022	Journal Entry	92	Yes				-Split-	
07/27/2022	Deposit		Yes	Truist	Interest	101000 First Citizens Checking	45030 Investments:Interest Revenue	1.30
07/28/2022	Check	1067	Yes	VSBFA	Loan ID EDA12301160	101000 First Citizens Checking		-1,226.53
07/28/2022	Payment		Yes	RAGE SR-PLASTICS			11000 *Accounts Receivable	0.00
07/28/2022	Payment		Yes	AMERICAN NAT BANK			11000 *Accounts Receivable	0.00
07/28/2022	Deposit	INTEREST	Yes		Interest Earned	101000 First Citizens Checking	45030 Investments:Interest Revenue	72.20

Agenda Section:	Old Business (Section VI(C))
Agenda Title:	Approval of VCC Shell Building Moral Obligation Agreement
Staff Contact:	MDR
Agenda Date:	August 17, 2022
Attachments:	VCC Shell Building Moral Obligation Agreement

SUMMARY:

With support from the Pittsylvania County Board of Supervisors, the Pittsylvania County Industrial Development Authority (IDA) is jointly developing a 30,000 sq. ft. shell building in Danville-Pittsylvania Regional Industrial Facility Authority’s (RIFA) Cyber Park with the City of Danville Industrial Development Authority. This project is being funded by a \$1M Tobacco Commission Grant and a blend of conventional financing consisting of a Virginia Community Capital (VCC) (primary lender) and the Virginia Small Business Finance Authority (VSBFA) (secondary lender). The conventional loan is for \$2.875M at a below commercial market rate of 3.1% with an amortization schedule of 20 years and loan maturity of 11-years from date of loan closing. The low rate is due to the Staff negotiating with VSBFA to offer its services for 50% of the loan value and to be a secondary participant in the loan – the first time VSBFA has ever approved such a model. All necessary approvals have been received from the VSBFA Board in Richmond.

The Board previously approved a Moral Obligation for this loan in 2021. However, due to continued legal negotiated terms, counsels are requiring both the City and County approve provided Moral Obligation agreement. The agreement has been approved to form by all parties to ensure that no further amendments are needed.

FINANCIAL IMPACT AND FUNDING SOURCE:

The immediate financial impact is unknown and is entirely dependent upon the timing of placing a tenant into the shell building. The funding source for the construction of the shell building are through the \$1M tobacco commission grant and the VCC / VSBFA loan.

However, both the City and County are equally responsible (50/50) for debt payments until a tenant is secured for the facility. This also includes repayment of the loan should the localities not charge proper tenant lease or purchase value to cover the outstanding loan balance on the property as an incentive for future investment and/or job creation. Such payments will come from either the County’s general fund as a dedicated encumbrance or from the IDA’s funds – as directed by the Board.

RECOMMENDATION:

Staff recommends that the IDA approve the amended Moral Obligation for VCC \$2.875M loan jointly with the Danville City Council for the construction of the 30,000 sq. ft. shell building in RIFA’s Cyber Park.

MOTION:

“I make the motion that the IDA approve the amended Moral Obligation for the \$2.875M loan jointly with the Danville City Council as provided.”

**MORAL OBLIGATION SUPPORT AGREEMENT OF
THE COUNTY OF PITTSYLVANIA**

THIS MORAL OBLIGATION SUPPORT AGREEMENT (this "**Moral Obligation Agreement**") made as of the ___ day of _____ 2022, by and between the **COUNTY OF PITTSYLVANIA, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "**County**"), and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "**Authority**"), to- wit:

Background

A. The Authority was created under the Industrial Development and Revenue Bond Act (§15.2-4900 et seq.) of the Code of Virginia of 1950, as amended (the "**Code**") to promote development, industry and trade.

B. In an effort to promote development, trade, and the local economy, the Authority is partnering with the Industrial Development Authority of Danville, Virginia (the "**City Authority**") to construct a 30,000 square foot shell building on property commonly referred to as Lot 10B in the Cyber Park located at 120 Slayton Avenue, Danville, VA (Tax Parcel ID 78359) (the "**Project**").

C. The Authority has obtained a commitment from Virginia Community Capital ("**Virginia Community Capital**") to finance up to Two Million Eight Hundred Seventy- Five Thousand and 00/100 Dollars 2,875,000. 00) (the "**Loan**") of the projected costs of the Project, and such Loan will be secured by a pledge of the revenues and receipts received by the Authority from payments made by the County pursuant to this Moral Obligation Agreement and by the revenues and receipts received by the City Authority pursuant to a Moral Obligation Agreement (the "**City Moral Obligation Agreement**") between the City Authority and the City of Danville, Virginia (the "**City**").

D. Virginia Community Capital requires that the County and the Authority enter into this Moral Obligation Agreement as a condition of making the Loan, in addition to requiring the City and the City Authority to enter into the City Moral Obligation Agreement.

E. As used herein, the term "**Payments Due**" shall mean one-half (1/2) of all monthly payments of principal and interest due, as well as one-half (1/2) of any other amounts due to Virginia Community Capital, under the terms of the agreements, notes, bonds, instruments and other documents setting forth the provisions of and related to the Loan (collectively, the "**Loan Documents**").

F. Section 15.2-953 of the Code provides that any locality may appropriate money to an industrial development authority for the purpose of promoting economic development.

Agreement

NOW, THEREFORE, for and in consideration of the covenants and the mutual benefit to be derived therefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Authority, in consultation with the County, will determine, prior to closing of the Loan and, as part of its budget process, by April 30th prior to each subsequent fiscal year that this Moral Obligation Agreement is in effect, those portions of the Payments Due in such fiscal year which the Authority will not be able to pay from revenues and receipts associated with the Project, its revenues and receipts generally, or other funds of the Authority available to make Payments Due, for purposes of determining the amounts to be requested from, and paid (subject to the limitation of Section 6) by, the County for the County's immediately succeeding fiscal year such that Payments Due can be made by the Authority during such fiscal year to Virginia Community Capital (the "**Appropriated Sums**"). Further upon such determination, the Authority shall provide notice of such Appropriated Sums requested by the Authority in connection with the Project to the County Board of Supervisors (the "**Notice**"). The County Administrator shall include the Appropriated Sums requested by the Authority in the budget submitted to the Board of Supervisors of the County (the "**Board of Supervisors**") for the following fiscal year as an amount to be appropriated to or on behalf of the Authority. The County Administrator shall deliver to the Chairman of the Authority within ten (10) days after the adoption of the County's budget for each fiscal year, but not later than July 15th of each year, a certificate (the "**County Certificate**") stating whether the Board of Supervisors has appropriated to or on behalf of the Authority the Appropriated Sums requested. The County shall deliver a copy of the County Certificate to Virginia Community Capital concurrent with the delivery to the Chairman of the Authority.

2. Subject to the limitation of Section 6, the County shall make payment to the Authority or the Authority's assignee of all Appropriated Sums. In the event of an acceleration of the Loan in accordance with the Loan Documents, the County agrees to pay, subject to the limitation of Section 6, an amount equal to all Payments Due that are payable or to become payable under this Moral Obligation Agreement. Appropriated Sums and Payments Due, as the case may be under this Section 2, shall be payable in a timely manner, without notice or demand, in accordance with the Loan Documents

3. The Authority and the County acknowledge and agree that this Moral Obligation Agreement and all payments and rights hereunder (except the rights of the Authority to receive notices) will be assigned as part of an assignment agreement to be executed by the Authority in favor of Virginia Community Capital in connection with the Loan. The County consents to such assignment and agrees to pay to Virginia Community Capital all amounts payable by the County that are so assigned at the principal corporate office of Virginia Community Capital, or such other address as Virginia Community Capital may direct.

4. Except as otherwise provided in this Moral Obligation Agreement, including the limitation in Section 6, the obligations of the County to make all payments and to observe all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any right of setoff, recoupment or counterclaim the County may otherwise have, and the County shall not suspend or discontinue any such payments or fail to observe and perform any of its covenants, conditions and agreements hereunder.

5. While recognizing that it is not empowered to make any binding commitment to pay Appropriated Sums or make Payments Due beyond the current fiscal year, the Board of Supervisors in authorizing the execution of this Moral Obligation Agreement has stated its intent to make annual appropriations sufficient to pay Appropriated Sums or make Payments Due, as the case may be, and as such it is hereby recognized by the parties hereto that this Moral Obligation Agreement, to the extent permitted by law, creates strictly a moral obligation of the County to pay such amounts.

6. Notwithstanding anything in this Moral Obligation Agreement to the contrary, the County's obligations to pay the cost of performing its obligations under this Moral Obligation Agreement, including its obligations to pay Appropriated Sums and make all Payments Due, as the case may be, shall be subject to and dependent upon appropriations being made from time to time by the Board of Supervisors for such purpose; provided, however, that the County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall include in the budget for each fiscal year of the County as a single appropriation the amount of all Appropriated Sums and Payments Due, as the case may be, to be paid by the County during such fiscal year.

7. Throughout the term of this Moral Obligation Agreement, the County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall deliver to the Authority and Virginia Community Capital within ten (10) days after the adoption of the County's annual budget for each fiscal year, but not later than the beginning of each such fiscal year, a certificate stating whether an amount equal to the Appropriated Sums and Payments Due, as the case may be, which will come due during such fiscal year has been appropriated by the Board of Supervisors in such budget. If, by the beginning of such fiscal year, the Board of Supervisors has not appropriated funds for the payment of Appropriated Sums or Payments Due, as the case may be, coming due for the then current fiscal year, the County Administrator or other officer charged with the responsibility for preparing the County's Annual Budget shall give written notice to the Board of Supervisors of the consequences of such failure to appropriate, including, among others, the right of Virginia Community Capital to accelerate Payments Due in accordance with the Loan Documents, and request the Board of Supervisors to make a supplemental appropriation for such purposes.

8. If at any time the Appropriated Sums as determined pursuant to Section 1 are insufficient to make payments of the Authority's portion of principal and interest due under the Loan Documents, the Authority (or Virginia Community Capital as assignee of the Authority) shall notify the County Administrator (or other officer charged with the responsibility for preparing the County's Annual Budget) of the amount of such insufficiency, and the County Administrator shall submit to the Board of Supervisors at its next regularly scheduled meeting or

as promptly as practicable, but in any event within forty five (45) days, a request for a supplemental appropriation in the amount necessary to cover such insufficiency.

9. Virginia Community Capital, by executing the Receipt and Acknowledgement below, agrees to apply any funds so appropriated and paid to it by the County pursuant to this Moral Obligation Agreement toward the Authority's obligations under the Loan Documents in accordance with the terms of the Loan Documents.

10. The Board of Supervisors hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to Sections 5, 7 and 8 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Board of Supervisors, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations, as may be necessary, consistent with this Agreement.

11. Nothing herein contained is or shall be deemed to be a lending of the credit of the County to Virginia Community Capital, the Authority, the City, the City Authority, the Project or to any other person or entity (unless specifically set forth otherwise), and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything herein contained legally bind or obligate the Board of Supervisors to appropriate funds for the purposes described herein.

12. Any notices or requests required to be given hereunder shall be deemed given if hand-delivered or sent by registered or certified mail, postage prepaid, addressed as follows:

If to the County: County of Pittsylvania, Virginia
1 Center Street
P. O. Box 426
Chatham, VA 24531
Attention: County Administrator

With a copy to: The County Attorney's Office
1 Center Street
P. O. Box 426
Chatham, VA 24541

If to the Authority: Industrial Development Authority of Pittsylvania County, Virginia
c/o Director of Economic Development
1 Center Street
P.O. Box 426
Chatham, Virginia 24531

With a Copy to: County Attorney
1 Center Street
P. O. Box 426

Chatham, Virginia 24531

If to Virginia
Community Capital:

Virginia Community Capital
110 Peppers Ferry Road NW
Christiansburg, VA 24073
Attention: Cindy Snider, AVP,
Small Business Loan Officer

13. If any clause, provision, or paragraph of this Agreement shall be held illegal or invalid by a court, the illegality or invalidity of such clause, provision, or paragraph shall not affect any of the remaining clauses, provisions, or paragraphs hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision, or paragraph had not been contained herein. In case any question should arise as to whether any provision contained herein shall be in violation of law, then such provision shall be construed to be the agreement of the parties hereto to the full extent permitted by law.

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

15. This Moral Obligation Agreement supersedes all prior understandings and agreements of the parties with respect to the subject matter hereof and contains the entire agreement and understanding of the parties in connection with the transactions contemplated hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the County and the Authority have caused this Moral Obligation Agreement to be executed in their names and on their behalf by their duly authorized representatives, all as of the date first above written.

COUNTY OF PITTSYLVANIA, VIRGINIA

By: _____
Name: _____
Title: _____

(SEAL)

Attest:

Clerk

**INDUSTRIAL DEVELOPMENT AUTHORITY OF
DANVILLE, VIRGINIA**

By: _____
Name: _____
Title: _____

(SEAL)

Attest:

Secretary

RECEIPT AND ACKNOWLEDGEMENT

Receipt of the foregoing original counterpart of the Moral Obligation Support Agreement dated as of _____, 2022, between the County of Pittsylvania, Virginia, and the Industrial Development Authority of Pittsylvania County, Virginia, is hereby acknowledged.

VIRGINIA COMMUNITY CAPITAL

By: _____
Name: _____
Title: _____