INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA

Pittsylvania County Chatham Community Center; Gallery Room;
115 South Main Street, Chatham, Virginia 24531

IDA BOARD MEETING PACKET

REGULAR MEETING
TUESDAY, MAY 12, 2020
6:00 P.M.

Eddie L. Hite, Jr., Chairman
Charlie Mahan, Vice-Chairman
Stanley Simpson, Secretary/Treas.
Joey Faucette
John Daniel

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA

TUESDAY, MAY 12, 2020; 6:00 P.M.; CHATHAM COMMUNITY CENTER; GALLERY ROOM, 115 SOUTH MAIN STREET, CHATHAM, VIRGINIA 24531

AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. REVISIONS TO AGENDA

IV. APPROVAL OF AGENDA – ***page 1***

V. CONSENT AGENDA

A. February Meeting Minutes Approval – ***pages 2-4***

B. Financial Statements Approval (*March, April, and May 2020)* – ***pages 5-7***

C. IDA VACORP Insurance Coverage FY20-21 Payment Approval – ***pages 8-13***

VI. NEW BUSINESS

A. 2019 IDA Audit Presentation (*Stephen M. Gay, CPA)* – ***pages 14 -29***

B. RealtyLink Notice of Termination for Sale of Property Agreement Approval Ratification ***pages 30-32***

C. Panacea New Equipment; Amendment to Schedule 1 (b) and 5 (a)(i) Approval Ratification – ***pages 33-38***

D. IDA Checking Account Draw for Excess Payments by Panacea's MEL Loan Payments Approval – ***pages 39-40***

E. Axxor Deferred Payment Approval Ratification – ***pages 41-51***

F. Axxor Lease Purchase Agreement Balloon Payment Discussion – ***pages 52-57***

G. Ennis Local Performance Agreement Approval – ***pages 58-71***

VII. ECONOMIC DEVELOPMENT UPDATE

VIII. MATTERS FROM THE BOARD

IX. ADJOURNMENT

CONSENT AGENDA
V. (A)
Approval of Meeting Minutes
(February 11, 2020)

INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

TUESDAY, FEBRUARY 11, 2019; 6:00 P.M.; COUNTY ADMINISTRATION BUILDING; ADMINISTRATIVE CONFERENCE ROOM; 1 CENTER STREET, CHATHAM, VIRGINIA, 24531

MEETING MINUTES

IDA Members Present:
Eddie Hite, Jr. (Chairman)
Charlie Mahan (Vice-Chairman)
Stanley Simpson (Secretary/Treasurer)
Joey Faucette
John Daniel
Ronnie Haymore
Randy Anderson

Staff Present:
Brenda O. Robertson (IDA Clerk/Legal Assistant)
J. Vaden Hunt, Esq. (IDA Attorney/County Attorney)
Matthew D. Rowe (Economic Development Director)
Susan McCulloch (Economic Development Manager)

Also Present:
William "Vic" Ingram (Supervisor; Tunstall District)

I. CALL TO ORDER:
Mr. Hite called Meeting to Order at 6:00 P.M.

II. Roll Call:
Roll Call by Ms. Robertson; all Members present.

III. ADDITIONS/REVISIONS TO AGENDA:
None.

IV. APPROVAL OF AGENDA:
Motion by Mr. Haymore, second by Mr. Anderson, to approve Agenda. Motion carried unanimously.

V. CONSENT AGENDA:
Motion by Mr. Mahan, second by Dr. Faucette, to approve Consent Agenda. Motion carried unanimously.

A. Approval of Meeting Minutes (December 10, 2019):

B. Review of Financial Statements (January and February 2020):

1. Regular Checking
($362,652.61 as of January 10, 2020)
($310,341.40 as of February 5, 2020)

2. Axxor Debt Reserve
($574,927.25 as of January 10, 2020)
($583,042.87 as of February 5, 2020)

3. ANB Loan (*Axxor*)
($1,351,399.87 as of January 10, 2020)

($1,345,167.85 as of February 5, 2020)

4. **ANB Loan (*Intertape*)**
($3,093,444.31 as of January 10, 2020)
($3,073,613.15 as of February 5, 2020)

5. **BB&T Loan (Purchase Building/Upfit Cost)**
($1,035,160.00 as of January 10, 2020)
($991,123.00 as of February 5, 2020)

6. **FCB Loan (Panacea MEL)**
($195,666.07 as of January 10, 2020)
($189,730.88 as of February 5, 2020)

VI. NEW BUSINESS:

A. Ratification of Chairman's Execution/Approval of IDA FCB $650,000 Loan (Panacea Equipment):
Motion by Dr. Faucette, second by Mr. Haymore, to approve ratification of Chairman's execution of the IDA FCB loan for Panacea Equipment. Motion carried unanimously.

B. Approval and Designation of Authorized Draw Down Person and Alternate for $650,000 IDA FCB Loan (Panacea Equipment):
Motion by Mr. Anderson, second by Dr. Faucette, to designate Susan McCulloch to draw down funds from FCB loan for Panacea purchase of Manufacturing Equipment, and Brenda Robertson as alternate. Motion carried unanimously.

C. Approval of Audit Commitment Letter (Harris, Harvey, Neal & Co., LLP):
Motion by Mr. Anderson, second by Mr. Haymore, to approve Commitment Letter of Harris, Harvey, Neal & Co, LLP, for 2019 Audit service. Motion carried unanimously.

D. Approval of Payment for 2019 IDA Audit (Harris, Harvey, Neal & Co., LLP):
Motion by Dr. Faucette, second by Mr. Haymore, to approve payment for 2019 Audit service in the amount of $3,800.00. Motion carried unanimously.

VII. Economic Development Updates:
Mr. Rowe gave Economic Development Update.

VIII. Matters From the Board:
Dr. Faucette, thanked Economic Development Staff for all their special efforts regarding economic development. He also thanked Supervisor Ingram for being in attendance.

IX. Adjourn:
With there being no further business, Motion by Dr. Faucette, seconded by Mr. Haymore, to adjourn Meeting. Motion carried unanimously. Mr. Hite adjourned Meeting at 6:57 P.M.

Respectfully Submitted,

W. Stanley Simpson, Secretary/Treasure

Approved:

Eddie L. Hite, Jr., Chairman

CONSENT AGENDA
V.(B)
Review of Financial Statements

ACCOUNT	BALANCE
AS OF MARCH 10, 2020	
1. IDA Regular BB&T Checking Account	$334,364.36
2. Axxor Debt Reserve Account-01	$591,129.31
3. Axxor ANB Loan-03	$1,338,541.87
4. Intertape ANB Loan-02	$3,053,046.49
5. BB&T Loan (Purchase Building)	$991,123.00
6. FCB Loan (Panacea MEL)	$337,684.83

CONSENT AGENDA
V.(B)
Review of Financial Statements

ACCOUNT	BALANCE
AS OF APRIL 10, 2020	
1. IDA Regular BB&T Checking Account	$327,033.81
2. Axxor Debt Reserve Account-01	$599,213.00
3. Axxor ANB Loan-03	$1,329,311.32
4. Intertape ANB Loan-02	$3,027,721.50
5. BB&T Loan (Purchase Building)	$991,123.00
6. FCB Loan (Panacea MEL)	$337,684.83

CONSENT AGENDA
V.(B)
Review of Financial Statements

ACCOUNT	BALANCE
AS OF MAY 8, 2020	
1. IDA Regular BB&T Checking Account	$335,964.86
2. Axxor Debt Reserve Account-01	$587,280.24
3. Axxor ANB Loan-03	$1,325,737.94
4. Intertape ANB Loan-02	$3,012,678.12
5. BB&T Loan (Purchase Building)	$991,123.00
6. FCB Loan (Panacea MEL)	$332,051.75

CONSENT AGENDA
V. (C)
Approval/Payment of IDA VACORP Insurance Coverage FY20-21

VIRGINIA ASSOCIATION OF COUNTIES
GROUP SELF INSURANCE RISK POOL

COVERSHEET TO MEMBER AGREEMENT

Member: Pittsylvania County IDA **Contract #:** VA-PI-069I-21

Coverage Certificate Term - Effective Date: 07/01/2020 **Expiration Date:** 07/01/2021

I. COVERAGE	LIMIT OF LIABILITY*	ANNUAL CONTRIBUTION
A. **General Liability**		$113
• Bodily Injury & Property Damage	$2,000,000	
• Personal Injury & Advertising	$2,000,000	
• Products & Completed Operations	$2,000,000	
• Fire Legal Liability - Real Property	$500,000	
• Employee Benefits Liability	$2,000,000	
• Broad Form Property Damage and Property in the Care, Custody, and Control	$100,000	
• Premises Medical Payments (Per Person)	$5,000	
• Premises Medical Payments (Per Accident)	$10,000	
B. **Automobile**		$150
• Bodily Injury & Property Damage Liability - Hired Autos	$2,000,000	
• Medical Payments	$5,000	
• Non-Owned Liability	$1,000,000	
• Automobile Physical Damage	Secondary to Any Other Insurance	
C. **Public Officials Liability**		$550
• Per Occurrence	$1,000,000	
• Annual Aggregate	$1,000,000	
D. **Crime**		$675
• Employee Dishonesty, Faithful Performance	$250,000	
• Broad Form Monies and Securities–Inside/Outside	$250,000	
• Money Orders, Counterfeit, Depositors Forgery	$250,000	
E. **Cyber Risk**		Included
• Limit of Liability	$500,000	
• Pool Aggregate	$5,000,000	
F. **Environmental Liability**		Included
• Each Incident and Aggregate	$1,000,000	
• Pool Aggregate	$2,000,000	
Program Credit, if Applicable		Included in Above
Total Annual Contribution		$1,488

*Coverages provided are limited to those listed herein.

*Limits noted are subject to the terms, conditions, and exclusions of the contract. Sublimits may apply.

II.

A. **General Liability**

• General Liability	$0

B. **Automobile**

• Comp/Coll Deductibles Per Final Contribution Allocation Schedule (BA_42106) Attached Below	
• Liability	$0
• Hired Car Physical Damage Comprehensive	$250
• Hired Car Physical Damage Collision	$250

C. **Public Officials Liability**

• Per Occurrence	$1,000

D. **Crime**

• Per Occurrence	$250

E. **Cyber Risk**

• Per Occurrence	$0

F. **Environmental Liability**

• Per Occurrence	$25,000

III. EXCESS COVERAGE OF POOL

A. **Property:** The Pool maintains reinsurance coverage up to $500,000,000 in excess of the Pool's per occurrence retention of $350,000.

B. **Liability:** The Pool maintains reinsurance coverage up to the limit of liability shown on page one of this document in excess of the Pool's per occurrence retention of $1,000,000 for the first loss, $750,000 for the second loss and $500,000 for any subsequent loss during the coverage period.

C. **Worker's Compensation:** The Pool maintains reinsurance coverage up to the statutory limit of liability in excess of the Pool's per occurrence retention of $1,000,000 and $1,500,000 for class codes 7705, 7710 and 7720. In addition, the Pool maintains a stop loss aggregate, which attaches at 100% of the contribution collected.

D. **Line of Duty Act:** The Pool retains up to the statutory limit of liability per occurrence. In addition, the Pool maintains a stop loss aggregate, which attaches at 100% of the contribution collected.

E. **Accident and Sickness:** The Pool maintains reinsurance coverage up to $1,000,000 in excess of the Pool's per occurrence retention of $250,000. In addition, the Pool maintains a catastrophic reinsurance limit of $3,000,000 excess of the underlying $1,000,000 limit.

IV. CONTRIBUTION ASSESSMENT

The contributions were based on Pool Members' experience modified in accordance with an actuarially derived formula. Workers' Compensation rates have been filed with and approved by the State Corporation Commission.

Whenever the Supervisory Board and the State Corporation Commission determine that the fund account is actuarially insufficient, when considering Pool assets and reserves to cover known claims both reported and unreported, the board shall make an assessment of the Members of the Pool. Such assessments shall be paid within 90 days.

V. SERVICE AGENT – RISK MANAGEMENT PROGRAMS, INC.

Note: Local government group self-insurance pools are not protected by any Virginia insurance guaranty association against default due to insolvency.In the event of insolvency, Members and persons filing claims against Members may be unable to collect any amount owed to them by the Pool regardless of the terms of the Member agreement.In the event the Pool is in a deficit position, a Member may be liable for any and all unpaid claims against such Member.

With regards to Workers' Compensation liability, each Member agrees to assume and discharge, jointly and severally, any liability under the Virginia Workers' Compensation Act of any and all employers party to such agreement and which provides that, in addition to the rights of the Pool, in the event of failure of the Pool to enforce such rights after reasonable notice to the Pool, the Commission shall have the right independently to enforce on behalf of the Pool the joint and several liability of its Members under the Virginia Workers' Compensation Act and the liability of Members for any unpaid contributions and assessments.

ACCEPTED BY: _____

CERTIFICATE OF COVERAGE

Issue Date:	5/7/2020

THIS CERTIFICATE OF COVERAGE IS ISSUED AS A MATTER OF INFORMATION ONLY. IT CONFERS NO RIGHTS UPON THE THIRD PARTY REQUESTING THE CERTIFICATE BEYOND WHAT THE REFERENCED COVERAGE CONTRACT EXPRESSLY PROVIDES. THIS CERTIFICATE OF COVERAGE DOES NOT EXTEND, AMEND, OR ALTER THE COVERAGE, TERMS, EXCLUSIONS, OR CONDITIONS AFFORDED BY THE COVERAGE CONTRACT REFERENCED IN THIS CERTIFICATE OF COVERAGE

PRODUCER:	Risk Management Programs, Inc. 1819 Electric Road, Suite C Roanoke, VA 24018		CONTACT NAME:	Christina Domingue
			PHONE:	(844) 986-2705
			EMAIL:	cdomingue@riskprograms.com
MEMBER:	Pittsylvania County IDA PO Box 426 Chatham, VA 24531		COMPANIES AFFORDING COVERAGE	
			COMPANY A:	Virginia Association of Counties Group Self-Insurance Risk Pool

COVERAGES

This is to certify that the coverages listed below have been issued to the member named above for the contract period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the coverage afforded by the coverages described herein is subject to all the terms, exclusions and conditions of such coverage contracts. Limits shown may have been reduced by paid claims.

CO LTR	TYPE OF COVERAGE	CONTRACT NUMBER	CONTRACT EFFECTIVE DATE	CONTRACT EXPIRATION DATE	LIMITS / DEDUCTIBLES		
A	GENERAL LIABILITY ☒ Occurrence	VA-PI-069I-21	07/01/2020	07/01/2021	Each Occurrence	Lim.	$2,000,000
					Fire Damage (Any one fire)	Lim.	$500,000
					General Aggregate	Lim.	NONE
					Medical Payments (Any one person)	Lim.	$5,000
					Personal & ADV Injury	Lim.	$2,000,000
					Products - Comp/OP	Lim.	$2,000,000
					General Liability	Ded.	$0
A	AUTOMOBILE LIABILITY ☐ All Owned Autos ☒ Hired Autos ☐ Scheduled Autos ☐ Non-Owned Autos	VA-PI-069I-21	07/01/2020	07/01/2021	Combined Single Limit	Lim.	$2,000,000
					Auto Liability	Ded.	$0
A	CRIME	VA-PI-069I-21	07/01/2020	07/01/2021	Blanket	Lim.	$250,000
					Per Occurrence	Ded.	$250
A	PUBLIC OFFICIALS LIABILITY ☒ Occurrence	VA-PI-069I-21	07/01/2020	07/01/2021	Aggregate	Lim.	$1,000,000
					Each Wrongful Act	Lim.	$1,000,000
					Per Occurrence	Ded.	$1,000

Description of Operations / Locations / Vehicles / Special Items / Notes

Renewal Certificate

CERTIFICATE HOLDER	Authorized Representative
Pittsylvania County IDA P O Box 426 Chatham, VA 24531	

Invoice Date	05/07/2020
Due Date	07/01/2020
Contract Number	VA-PI-069I-21
Invoice Number	65474
Total Contribution	$1,488.00
Amount Due	$1,488.00

VACORP

Pittsylvania County IDA
PO Box 426
Chatham , VA 24531

844-986-2705
1819 Electric Road, Suite C
Roanoke , VA 24018

CONTRACT #	VA-PI-069I-21	EFFECTIVE DATE :	07/01/2020	EXPIRATION DATE:	07/01/2021

LINE OF COVERAGE	PAYMENT PLAN	AMOUNT
BUSINESS AUTO	Annual	$150.00
CRIME	Annual	$675.00
CYBER	Annual	Included
ENVIRONMENTAL LIABILITY	Annual	Included
GENERAL LIABILITY	Annual	$113.00
PUBLIC OFFICIALS LIABILITY	Annual	$550.00
	Total Amount Due:	**$1,488.00**

A late charge of 1% per month (12% per annum) will be assessed for premiums received 30 days after the invoice due date shown above.

Please make checks payable to VACORP and include invoice remittance form.
If making payment by ACH, please email Accounting@riskprograms.com and include payment amount, date of payment, and applicable invoice number(s).

Please note hybrid-disability payments must be made separately.
If making payment by ACH, hybrid payments must be transmitted to separate VACORP account.

THANK YOU FOR YOUR CONTINUED SUPPORT!

PLEASE RETURN THIS PORTION WITH REMITTANCE

Member	Contract #	Invoice #	Due Date	Amount Due	Enclosed
Pittsylvania County IDA	VA-PI-069I-21	65474	07/01/2020	$1,488.00	

Remit to:
VACORP
1819 Electric Road, Suite C
Roanoke , VA 24018

New Business
VI. (A)

2019 IDA Audit Presentation Approval
(Stephen M. Gay)

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA

FINANCIAL REPORT

DECEMBER 31, 2019

DIRECTORS

RANDY ANDERSON

JOHN DANIEL

JOEY FAUCETTE

RONNIE HAYMORE

EDDIE HITE

CHARLIE MAHAN

STANLEY SIMPSON

OFFICERS

EDDIE HITE	CHAIRMAN
CHARLIE MAHAN	VICE CHAIRMAN
STANLEY SIMPSON	SECRETARY/TREASURER

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HHN&Co.

Harris, Harvey, Neal & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Industrial Development Authority of
Pittsylvania County, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Industrial Development Authority of Pittsylvania County, Virginia (the "Authority"), a component unit of Pittsylvania County, Virginia, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts, Commonwealth of Virginia. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2309 Riverside Drive P.O. Box 3424 Danville, VA 24543 434/792-3220 Fax 434/792-8604

MEMBERS
American Institute of Certified Public Accountants Virginia Society of Certified Public Accountants Virginia Group of CPA Firms, Inc.
Offices in Danville, Chatham, Martinsville, and South Boston, Virginia

Opinion

In our opinion, with the exception of the exclusion of the Management's Discussion and Analysis, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Industrial Development Authority of Pittsylvania County, Virginia as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2020 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Industrial Development Authority of Pittsylvania County, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Industrial Development Authority of Pittsylvania County, Virginia's internal control over financial reporting and compliance.

Harris Harvey Neal & Co. LLP

Danville, Virginia
May 12, 2020

INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

STATEMENTS OF NET POSITION
December 31, 2019 and 2018
See Independent Auditors' Report

ASSETS	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 871,291	$ 963,150
Note receivable	1,716,711	460,715
Total current assets	2,588,002	1,423,865
ASSETS HELD FOR RESALE		
Industrial sites	1,894,163	1,894,163
NONCURRENT ASSETS		
Note receivable - net of current portion	3,404,269	4,737,457
PROPERTY AND EQUIPMENT	-	-
Total assets	$ 7,886,434	$ 8,055,485
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 1,725,065	$ 356,472
Deferred revenue	76,899	147,493
Total current liabilities	1,801,964	503,965
LONG-TERM DEBT, less current maturities	3,916,904	5,437,242
Total liabilities	5,718,868	5,941,207
NET POSITION		
Unrestricted	2,167,566	2,114,278
Total liabilities and net position	$ 7,886,434	$ 8,055,485

The accompanying notes are an integral part of the financial statements.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
Years Ended December 31, 2019 and 2018
See Independent Auditors' Report

	2019	2018
Operating revenues:		
Rent revenue	$ 44,000	$ -
Contributions from Pittsylvania County	51,226	-
Total revenues	95,226	-
Operating expenditures:		
Bank fees	$ 177	$ -
Insurance	1,468	1,487
Professional services	12,379	14,835
Travel	946	1,245
Grant expense	-	35,281
Total operating expenditures	14,970	52,848
Operating income (loss)	80,256	(52,848)
Nonoperating revenues (expenses):		
Expense reimbursement	-	-
Interest income	230,275	216,532
Interest expense	(257,243)	(221,963)
Total nonoperating (loss)	(26,968)	(5,431)
Change in net position	53,288	(58,279)
Net position, beginning of year	2,114,278	2,172,557
Net position, end of year	$ 2,167,566	$ 2,114,278

The accompanying notes are an integral part of the financial statements.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018
See Independent Auditors' Report

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from others	$ 95,226	$ 147,493
Cash paid to suppliers and consultants	(14,970)	(52,848)
Net cash provided by operating activities	80,256	94,645
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	-	(906,463)
Net cash (used in) investing activities	-	(906,463)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Note receivable revenue	582,281	496,183
Note receivable issued	(511,783)	-
Proceeds from long-term borrowings	201,589	1,050,175
Debt reserve revenue	166,375	88,206
Principal paid on debt	(353,334)	(285,713)
Interest payments on borrowings	(257,243)	(221,963)
Net cash provided by (used in) capital and related financing activities	(172,115)	1,126,888
Net increase (decrease) in cash	(91,859)	315,070
Cash, beginning balance	963,150	648,080
Cash, ending balance	$ 871,291	$ 963,150
Reconciliation of excess (deficit) of revenues over (under) expenditures to net cash provided by operating activities:		
Operating income (loss)	$ 80,256	$ (52,848)
Adjustments to reconcile excess of expenditures over revenues to net cash provided by operating activities:		
Increase in deferred revenue	-	147,493
Net cash provided by operating activities	$ 80,256	$ 94,645

The accompanying notes are an integral part of the financial statements.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The Industrial Development Authority of Pittsylvania County, Virginia was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Pittsylvania County, Virginia on November 4, 1969, pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373, et seq., of the Code of Virginia (1950), as amended). The Authority is governed by seven directors appointed by the Board of Supervisors of Pittsylvania County, Virginia. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Pittsylvania County, Virginia. The Authority is a component unit of Pittsylvania County, Virginia.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority or it may be assumed by the enterprises for whom facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

Accounting policies:

Basis of accounting:

The Authority operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are contributions and charges for services. Operating expenses include the cost of administration and related expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from the estimates that were used.

Cash and cash equivalents:

For purposes of the statement of cash flows and the statement of net assets, cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Pass-through financing leases and installment sales:

The principal activities of the Authority represent pass-through leases of installment sales. These agreements provide for periodic payments in amounts which are equal to the principal and interest payments due to project bond holders.

The Authority has assigned all rights to the payments to the trustees, agents or the holders of the bonds, and the lessees or purchasers have assumed responsibility for all operating costs such as utilities, repairs, and property taxes. In such cases, the Authority neither receives nor disburses funds.

Although title to these properties may rest with the Authority, bargain purchase options or other provisions eliminate any equity interest that would otherwise be retained in the lease transactions. Deeds of trust secure outstanding bond obligations and title will pass to the lessee or purchaser at such time as the bonds are fully paid.

Although the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize assets, liabilities, rental income, or interest expense in its financial statements.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Property and equipment:

Property, plant, and equipment are carried at cost. No depreciation is taken on industrial projects, which are held for the purpose of development and resale. Buildings are depreciated over twenty years using the straight-line method.

Net position:

Net position is the difference between assets and liabilities. Net investment in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets.

Note 2. Deposits

All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Note 3. Long-Term Debt

Annual requirements to amortize the Authority's long term debt and related interest are as follows:

Year Ending December 31,	Lease Revenue Bonds/Notes Principal	Lease Revenue Bonds/Notes Interest
2020	$ 1,725,065	$ 246,356
2021	381,981	217,923
2022	2,721,503	148,521
2023	136,707	85,246
2024	142,654	29,409
Thereafter	573,966	61,908
	$ 5,681,876	$ 789,364

Changes in long term debt:

	Balance December 31, 2018	Issuances	Retirements	Balance December 31, 2019
Note payable	$ 5,833,621	$ 201,589	$ (353,334)	$ 5,681,876

Note 3. Long-Term Debt (Continued)

Long-term debt at December 31, 2019 consists of the following:

Notes payable:	
On July 29, 2003, the Authority issued a $5,350,000 note. This note was modified on June 1, 2015 in order to advance an additional amount of $907,207 to refinance a loan with Virginia Community Capital. Interest shall accrue at the rate 3.95% per annum. Combined principal and interest payments of $30,325 are due monthly until June 1, 2022, with the remaining balance to be paid in full on June 1, 2022. The note is secured by a deed of trust against land and buildings occupied by Intertape Polymer Group.	3,093,444
On September 29, 2017, the Authority issued a $1,512,500 note bearing interest at 4.95%. Combined principal and interest payments of $11,981 are due monthly until September 1, 2020, with the remaining balance to be paid in full on October 1, 2020. The note is secured by a deed of trust and land and buildings occupied by Axxor, Inc.	1,357,606
On January 30, 2018, the Authority issued a $1,079,198 taxable bond bearing interest at 4.39%. Installments of principal and interest are due on each August 1 and February 1, through February 1, 2029. The note is secured by a deed of trust and land and buildings occupied by Panacea Biomatx, Inc.	1,035,160
On January 17, 2019, the Authority issued a note up to $650,000 bearing interest at 4.05% on behalf of Panacea Biomatx, Inc. for the purpose of purchasing equipment. As funds are needed they will request a draw down. A repayment schedule will be determined once all the necessary equipment is purchased.	195,666
	5,681,876
Less: Unamortized debt issuance costs	39,907
Long-term debt, less unamortized debt issuance costs	5,641,969
Less current portion	1,725,065
Total long-term debt, less current portion	$ 3,916,904

On January 30, 2018, the Authority issued a $1,803,802 tax-exempt bond bearing interest at 3.59% and mature on June 30, 2028. The bond proceeds were used for various projects for the benefit of Pittsylvania County, Virginia (the County). The County has agreed to report the debt on their financial statements, and therefore, are not reported on the statement of net position of the Authority.

Note 4. Notes Receivable

A lease agreement was entered into with Intertape Polymer Group, Inc., as of July 29, 2003, for the construction and permanent financing for a 200,000 square foot distribution facility that would be leased to Intertape Polymer Group. Terms of the lease agreement require Intertape Polymer Group to make payments to the Industrial Development Authority of Pittsylvania County that are sufficient to redeem and pay interest on the Industrial Development's notes payable dated July 29 and October 30, 2003. At December 31, 2019, the amount of principal due under this agreement totaled $3,093,444.

A lease purchase agreement was entered into with Axxor N.A., LLC, as of September 30, 2011, for the construction and permanent financing for a facility that would be leased to Axxor N.A., LLC. Terms of the lease agreement require Axxor N.A., LLC to purchase the property on or before the lease's termination date at a price equal to the outstanding balance plus $900,000.

Axxor, N.A., LLC is making payments to the Industrial Development Authority of Pittsylvania County in the amount of $20,000 for sixty months, consisting of principal and interest on the Industrial Development Authority's note dated September 29, 2017 and the remaining amount paid into a debt reserve fund towards the additional purchase price. At December 31, 2019, the amount of principal and debt reserve due under this agreement totaled $1,699,068. Of this amount, $1,357,606 represents principal due and $341,462 represents debt reserve due.

The Authority purchased manufacturing equipment on behalf of Panacea Biomatx, Inc. which they need to produce their product. On April 19, 2018 the Authority entered into a manufacturing equipment lease with the Panacea Biomatx, Inc. (the "Company"). The Company is making payments of $9,100 consisting of principal and interest on the Authority's note dated January 17, 2019 and the remaining amount paid into a debt reserve. At December 31, 2019, the amount of principal due under this agreement is $195,666.

The Authority also financed $143,710 of required upfitting of the building that was purchased in which Panacea Biomatx, Inc. is leasing. The total cost of the upfit was $310,194, of which Panacea Biomatx, Inc. funded $166,484. Panacea Biomatx, Inc. is paying monthly payments of $1,364 until the note is paid off. At December 31, 2019 the balance of the note is $132,801.

Note 5. Leasing Activities

The Authority entered into a facility lease on July 10, 2018 with Panacea Biomax, Inc. (Tenant). The Tenant and Authority entered into a Local Performance Agreement under which the Tenant agreed to locate and establish a manufacturing operation in Pittsylvania County. The Authority obtained financing to purchase property and for upfitting of the building for the Tenant. The lease agreement provides for a monthly base rent of $5,500 for 120 months.

The Authority also applied and received a Commonwealth Opportunity Fund grant $105,000 though the Virginia Economic Development Partnership for Panacea. The funds are being held by Pittsylvania County, Virginia and will be paid once performance measures are met.

Note 6. Subsequent Events

Management has evaluated subsequent events through May 12, 2020, the date which the financial statements were available for issue.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCEAND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE *WITH GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Industrial Development Authority of
Pittsylvania County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Industrial Development Authority of Pittsylvania County, Virginia, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which comprise the Industrial Development Authority of Pittsylvania County, Virginia's basic financial statements, and have issued our report thereon dated May 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Industrial Development Authority of Pittsylvania County, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Industrial Development Authority of Pittsylvania County, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Industrial Development Authority of Pittsylvania County, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

2309 Riverside Drive P.O. Box 3424 Danville, VA 24543 434/792-3220 Fax 434/792-8604

MEMBERS
American Institute of Certified Public Accountants Virginia Society of Certified Public Accountants Virginia Group of CPA Firms, Inc.
Offices in Danville, Chatham, Martinsville, and South Boston, Virginia

Compliance and Other Matters

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

Purpose of this Report

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

Harris Harvey Neal & Co. LLP

Danville, Virginia
May 12, 2020

New Business
VI. (B)

RealtyLink Notice of Termination for Sale of Property Agreement Approval Ratification

REALTYLINK INVESTMENTS. LLC

March 3, 2020

Pittsylvania County Industrial
Development Authority
Attn: Director of Economic Development
Attn: Susan McCullough
1 Center Street
Chatham, VA 24531

VIA UPS GROUND:
1ZE393260391759695

Stewart Title Guaranty Company
Attn: Danielle Howell
5935 Carnegie Boulevard, Suite 301
Charlotte, NC 28209

VIA USPS 1ST CLASS MAIL
VIA EMAIL: dhowell@stewart.com

RE: **NOTICE OF TERMINATION** - Agreement for Sale of Property by and between Industrial Development Authority of Pittsylvania County, Virginia ("Seller") and RealtyLink Investments, LLC ("Purchaser") dated November 13, 2019 ("Agreement")
Our File Reference: VA Danville Barker, LLC

Dear Sir/Madam:

In accordance with Section 3.01 of the above referenced Agreement, Purchaser is hereby notifying Seller and Escrow Agent that the Property is unacceptable to Purchaser, and Purchaser terminates the Agreement. The Agreement shall be of no further force and effect, and the parties shall have no further rights, obligations or liabilities hereunder except as otherwise set forth herein or in the Agreement.

In accordance with the Agreement and this notice of termination, the Earnest Money shall be promptly returned to Purchaser. The Earnest Money was deposited in the form of a Letter of Credit, made payable to Seller, held by the Escrow Agent. By delivery of this Notice of Termination, the Letter of Credit is no longer required, and Purchaser requests that the Seller sign the Acknowledgment and Authorization to Release and Terminate the Letter of Credit below, and return to me immediately via email to chart@realtylinkdev.com. If Seller fails to sign the Acknowledgment and Authorization to Release and Terminate the Letter of Credit or notify Escrow Agent and Purchaser of its objection to the termination of the Letter of Credit within five (5) business days of the date of this Notice of Termination letter, Seller shall be deemed to have authorized termination of the Letter of Credit serving as Earnest Money under the Agreement.

201 Riverplace, Suite 400, Greenville, SC 29601 • Office (864) 242-4008 • Fax (864) 232-0160

Upon Seller's signature hereto or failure to respond within the timeframe as set forth hereinabove, Purchaser requests the Escrow Agent to immediately return to the original Letter of Credit to the address below:

RealtyLink Investments, LLC
Attn: Candi C. Hart
201 Riverplace, Suite 400
Greenville, SC 29601

Thank you for your prompt attention to this matter.

Sincerely,

Philip J. Wilson
As Manager

cc: File

****

Acknowledgement and Authorization to Release and Terminate Letters of Credit

Seller hereby acknowledges the receipt of this Notice of Termination and authorizes the Escrow Agent to release the original Letter of Credit No. 378 in the amount of Twenty-Five Thousand and No/100ths ($25,000.00) Dollars to Purchaser. Seller further authorizes the termination of Letter of Credit No. 378 by the issuing bank.

Acknowledged this 5th day of March, 2020.

SELLER:

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA

By: Eddie L. Hite Jr.

Print Name: Eddie L. Hite, Jr.

Title: Chairman

New Business
VI. (C)

Panacea New Equipment Amendment to Schedule 1(b) and 5(a)(i) Approval Ratification

Schedule 5(a)(i)
(The Manufacturing Equipment)

Manufacturing Equipment	Cost/Unit	Total Appraised Value	Y	N	Month# for Installation	Leased Manufacturing Equipment (Y/N)
Food Manufacturing						
2 x Reactor Heater/Cooler	10,000	20,000			M6 (2x)	N
6 x Manual Bag Filler	10,000	60,000			M6 (2x), M13 (2x), M25 (2x)	N
3 x Parts Washer	10,000	30,000			M6, M13, M25	N
12 x Lab Equipment	10,000	120,000			M6 (2x), M8, M12, M13, M16, M20, M24, M25, M28, M32, M36	N
2 x 200 L Reactor/Kettle	60,000	120,000			M 6 (2x)	N Added 3/18/2020
2 x 400 L Reactor/Kettle	90,000	180,000			M (2x)	N Added 3/18/2020
	Subtotal (N)	530,000		530,000		N
~~2 x 200 L Reactor/Kettle~~	~~60,000~~	~~120,000~~			~~M6 (2x)~~	~~Y~~ Deleted 3/18/2020
~~2 x 400 L Reactor/Kettle~~	~~90,000~~	~~180,000~~			~~M6 (2x)~~	~~Y~~ Deleted 3/18/2020
1 x 2nd Walk In-Refrigerator	50,000	50,000			M6	Y
	Subtotal (Y)	50,000	50,000			Y
Intermediate Manufacturing						
12 x Lab Equipment	5,000	60,000			M6, M4, M8, M12, M13, M16, M20, M24, M25, M28, M32, M36	N
1 x Hood	0	0			M25	N
1 x Nitrogen Lines	10,000	10,000			M6	N
5 x Small Batch Mixer	90,000	450,000			M13, M18, M23, M30, M35	N
Subtotal (N)		520,000		520,000		N
2 x Small Batch Mixer	90,000	180,000			M6 (2x)	Y
1 x Chiller-microwave	10,340	10,340				Y added 3/18/2020
1 x Air compressor	27,345	27,345				Y added 3/18/2020
1 x Nitrogen Tank System	5,287	5,287				Y added 3/18/2020
Subtotal (Y)		222,972	222,972			Y
Final Product Manufacturing						
7 x Compounding Machine	200,000	1,400,000			M16 (2x), M19, M25, M28, M31, M34	N
3 x Pouching/Packaging Machine	180,000	540,000			M20, M29, M33	N
3 x Aseptic Packaging/Bag& Box	520,000	1,560,000			M20, M29, M33	N
11 x Final Assembly Misc Capital	10,000	110,000			M4, M8, M12, M13, M16, M20, M24, M25,	N

					M28, M32, M36	
1 x Shipping Station	5,000	5,000			M7	N
1 x VideoJet Printing/Labeling	40,000	40,000			M7	N
Subtotal (N)		3,655,000		3,655,000		N
1 x Pouching/Packaging Machine	2/2020 Revised Price 261,256.50 ~~180,000~~	2/2020 Revised Price: 261,256.50 ~~180,000~~			M6	Y
Subtotal (Y)		261,256.50	261,256.50			
Manufacturing Equipment	**Cost/Unit**	**Total Appraised Value**	**Y**	**N**	**Months # for Installation**	**Leased Manufacturing Equipment (Y/N)**
1 x Aseptic Packaging/Bag&Box	520,000	520,000	Y		M1	Y – 2/7/2019
1 x VideoJet Printing/Labeling	40,000	40,000			M6	Y
NEW Shear Mixer	15,863.85	15,863.85	Y		M1	Y Added 3/19/2019
Subtotal (Y)		575,863.85	575,863.85			Y
TOTAL Leased Manufacturing Equipment (Y)						Y
TOTAL Other Manufacturing Equipment (N)				4,705,000		N

Schedule 5(a)(i), as hereby amended, is approved as of March 19, 2019. [Signed agreement on file]

Schedule 5 (a) (i), as hereby amended, is approved as of March __, 2020

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

By: _____
Eddie Hite, Chairman

PANACEA BIOMATX, INC., a Delaware corporation

By: _____
Raymond L. Szafranski, Jr.
Chief Financial Officer

By: Andrew Schwab

Andrew Schwab
Chief Operating Officer

Schedule 1(b)
(The Equipment)

Manufacturing Equipment	Cost/Unit	Total Appraised Value	Y	N	Month# for Installation	Leased Manufacturing Equipment (Y/N)
Food Manufacturing						
~~2 x 200 L Reactor/Kettle~~	~~60,000~~	~~120,000~~			~~M6 (2x)~~	~~Y~~ Removed 3/18/2020
~~2 x 400 L Reactor/Kettle~~	~~90,000~~	~~180,000~~			~~M6 (2x)~~	~~Y~~ Removed 3/18/2020
1 x 2nd Walk In-Refrigerator	50,000	50,000			M6	Y
	Subtotal (Y)	50,000	50,000			Y
Intermediate Manufacturing						
2 x Small Batch Mixer	90,000	180,000			M6 (2x)	Y
1 x Chiller-microwave	10,340	10,340				Y added 3/18/2020
1 x Air compressor	27,345	27,345				Y added 3/18/2020
1 x Nitrogen Tank System	5,287	5,287				Y added 3/18/2020
Subtotal (Y)		222,972	222,972			Y
Final Product Manufacturing						
1 x Pouching/Packaging Machine	261,256.50	261,256.50			M6	Y
1 x Aseptic Packaging/Bag&Box	520,000	520,000	Y		M1	Y – 2/7/2019
1 x VideoJet Printing/Labeling	40,000	40,000			M6	Y
NEW Shear Mixer	15,863.85	15,863.85	Y		M1	Y Added 3/19/2019
Subtotal (Y)		837,120.35	837,120.35			
TOTAL Leased Manufacturing Equipment (Y)			1,110,092.35			
TOTAL Other Manufacturing Equipment (N)				4,705,000		

Schedule 1 (b), as hereby amended, is approved as of March 19, 2019. [Signed agreement on file]

Schedule 1 (b), as hereby amended, is approved as of March __, 2020

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

By: _____
Eddie Hite, Chairman

PANACEA BIOMATX, INC., a Delaware corporation

By: _____
Raymond L. Szafranski, Jr.
Chief Financial Officer

By: _____
Andrew Schwab
Chief Operating Officer

New Business
VI. (D)

IDA Checking Account Draw for Excess Payments by Panacea for Mel Loan Payments Approval

Panacea ($650.00) Loan Details				
Loan Payment	Date Due	Paid by	Amount	Panacea checks received
Payment #1	2/17/2020	IDA	$235.02	0
Payment #2	3/17/2020	"	$314.78	0
Payment #3	4/17/2020	"	$519.29	0
		Total	***$1,069.09-***	
Payment #4	5/17/2020	Panacea	$570.16	$9,100.00
Payment #5	6/17/2020	"	$589.15	$9,100.00
Payment #6	7/17/2020	"	$570.15	$9,100.00
Payment #7	8/17/2020	"	$589.15	$9,100.00
Payment #8	9/17/2020	"	$589.15	$9,100.00
Payment #9	10/17/2020	"	$570.14	$9,100.00
Payment #10	11/17/2020	Panacea	$589.16	$9,100.00
		Total	***$4,067.06 -***	**$63,700.00**
Loan Payment #1		Panacea	$6,614.24	$9,100.00
Payment #2		"	$6,614.24	$9,100.00
Payment #3		"	$6,614.24	$9,100.00
Payment #4		"	$6,614.24	$9,100.00
Payment #5		"	$6,614.24	$9,100.00
		Total	**$30,071.20**	**$45,500.00**
			$35,207.35	***$109,200.00***
		Total	***$_____*** Funds in IDA checking account, Access payments from Panacea need to go to FCB toward the Loan	

*total will be checked before actual check is written.

New Business
VI. (E)

Axxor Deferred Payment Approval Ratification

Brenda O. Robertson

From: Robert Boerrigter <r.boerrigter@axxor.eu>
Sent: Friday, April 17, 2020 2:46 PM
To: 'Ted R. Laws'; Brenda O. Robertson
Cc: Krista Boerrigter; Tarmara Edmunds
Subject: IDA Payment Deferral

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Thank you both. We will defer May, June, July payments, unless things change.

Best regards

Robert Boerrigter
CEO Axxor NA

AXXOR
25 years

Your natural choice in honeycomb

2275 Cane Creek Parkway / Ringgold, VA 24586 / USA
Tel. Mobile: +1 (502) 939-3870
R.Boerrigter@Axxor.eu / www.axxor.eu

From: Ted R. Laws <lawst@amnb.com>
Sent: Friday, April 17, 2020 2:44 PM
To: 'Brenda Robertson (Brenda.Robertson@pittgov.org)' <Brenda.Robertson@pittgov.org>
Cc: Robert Boerrigter <r.boerrigter@axxor.eu>
Subject: Payment Deferral

Brenda,

The Bank has formally approved the 90 day payment deferral for the IDA loan on the Axxor property.

I will have a modification form for signing and will get it to you next week.

Ted

Ted R. Laws
SVP | Danville Market President
NMLS# 979811 | 628 Main Street | Danville, VA 24541
P. 434.773.2299 | C. 434.203.8867 | F. 434.773.2207 | lawst@amnb.com

American National Bank & Trust Company amnb.com | Facebook | Instagram | LinkedIn

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INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

April 14, 2020

Ted Laws,
American National Bank and Trust
Senior Vice-President/Marketing
628 Main Street
Danville, Virginia 24541

Re: Request for Deferred Payment IDA/Axxor, NA (ANB Loan Acct #COMM RE 003)

Dear Mr. Laws,

COVID-19 is causing immense disruption to our society and economy. Many of the businesses are experiencing hardship. We would like to ensure that assistance is available. Therefore, Industrial Development Authority ("IDA), would like to request, that if possible and you could defer three (3) months (June – August 2020), payments on Axxor's loan for this period, so that they can maintain sufficient working capital to meet our operational requirements. Thank you in advance for your consideration.

Please feel free to contact me regarding any questions contained herein.

Sincerely,

Eddie L. Hite, Jr.

Eddie L. Hite, Jr.
Chairman/ IDA

ELH/br

Cc: Matthew D. Rowe (Economic Development Director); (via email)
J. Vaden Hunt (County Attorney/IDA Attorney); (via email)
Susan McCulloch (Economic Development Manager); (via email)

AMERICAN NATIONAL
Your Relationship Bank

Statement of Intent to Apply for Credit

Application Date: 04/17/2020 Branch: 01 Main Lender: Ted Laws

Borrower(s): Industrial Development Authority of Pittsylvania County

Address: 1 Center St., Chatham VA 24531

I/We are applying for $ 1,329,311.00 on April 17, 20 20 with American National Bank and Trust Company.

☐ I am applying for credit in my personal name.

☑ I am applying for credit in the name of IDA of Pittsylvania County.

☐ We are applying for joint credit.

Borrower Name: IDA of Pittsylvania County

By: _____ Signature 04/17/2020 Date

_____ Signature _____ Date

_____ Signature _____ Date

The request for credit was received by:

☐ In person

☑ By phone

☐ By mail

Date Request for Credit was received: April 17, 2020

By: _____
Relationship Manager

IMPORTANT APPLICANT INFORMATION. Federal law requires financial institutions to obtain sufficient information to verify your identity. You may be asked several questions and to provide one or more forms of identification to fulfill this requirement. In some instances, we may use outside sources to confirm the information. The information you provide is protected by our privacy policy and federal law.

EQUAL CREDIT OPPORTUNITY NOTICE. If your gross revenues were $1,000,000 or less in your previous fiscal year and this Creditor denies your application for credit, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact the Credit Manager, American National Bank and Trust Company, P. O. Box 191, Danville, VA 24543-0191, within 60 days from the date you are notified of Creditor's decision. The Creditor will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (providing the applicant has the capacity to enter into a binding contract, because all of a part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Office of the Comptroller or the Currency, Customer Assistance Group, 1301 McKinney Avenue, Suite 3450, Houston, TX 77010-9050.

Certification of Beneficial Owners of Legal Entities

Financial Institution Name: American National Bank and Trust Company		Financial Institution Location: 628 Main Street Danville, VA
Financial Institution Contact Person: Ted Laws	Contact Phone Number: 434-773-2299	Customer Portfolio/Identifier:

I. GENERAL INSTRUCTIONS

What is this form?

To help the government fight financial crime, Federal regulation requires certain financial institutions to obtain, verify, and record information about the beneficial owners of legal entity customers. Legal entities can be abused to disguise involvement in terrorist financing, money laundering, tax evasion, corruption, fraud, and other financial crimes. Requiring the disclosure of key individuals who own or control a legal entity (i.e., the beneficial owners) helps law enforcement investigate and prosecute these crimes.

Who has to complete this form?

This form must be completed by the person opening a new account on behalf of a legal entity with any of the following U.S. financial institutions: (i) a bank or credit union; (ii) a broker or dealer in securities; (iii) a mutual fund; (iv) a futures commission merchant; or (v) an introducing broker in commodities.

For the purposes of this form, a **legal entity** includes a corporation, limited liability company, or other entity that is created by a filing of a public document with a Secretary of State or similar office, a general partnership, and any similar business entity formed in the United States or a foreign country. **Legal entity** does not include sole proprietorships, unincorporated associations, or natural persons opening accounts on their own behalf.

What information do I have to provide?

This form requires you to provide the name, address, date of birth and Social Security number (or passport number or other similar information, in the case of Non-U.S. persons) for the following individuals (*i.e.*, the **beneficial owners**):

(i) Each individual, if any, who owns, directly or indirectly, 25 percent or more of the equity interests of the legal entity customer (*e.g.*, each natural person that owns 25 percent or more of the shares of a corporation); **and**

(ii) An individual with significant responsibility for managing the legal entity customer (*e.g.*, a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, or Treasurer).

The number of individuals that satisfy this definition of "beneficial owner" may vary. Under section (i), depending on the factual circumstances, up to four individuals (but as few as zero) may need to be identified. Regardless of the number of individuals identified under section (i), you must provide the identifying information of one individual under section (ii). It is possible that in some circumstances the same individual might be identified under both sections (*e.g.*, the President of Acme, Inc. who also holds a 30% equity interest). Thus, a completed form will contain the identifying information of at least one individual (under section (ii)), and up to five individuals (*i.e.*, one individual under section (ii) and four 25 percent equity holders under section (i)). The financial institution may also ask to see a copy of a driver's license or other identifying document for each beneficial owner listed on this form.

II. CERTIFICATION OF BENEFICIAL OWNER(S)

Persons opening an account on behalf of a legal entity must provide the following information:

Name of Natural Person Opening Account: Eddie L Hite Jr	**Title of Natural Person Opening Account:** Chairman
Type of Legal Entity for Which the Account is Being Opened: Governmental Entity	**Legal Entity Identifier (Optional):** IAA0039
Name of Legal Entity for Which the Account is Being Opened: Industrial Develop Auth of Pittsylvania County	
Physical Address of Legal Entity for Which the Account is Being Opened: 1 Center St., Chatham VA 24531	

Provide the following information for each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of the legal entity listed above:

Name (Beneficial Owner)	Date of Birth Percent of Ownership (Optional)	Address (Residential or Business Street Address)	*For U.S. Persons:* Social Security Number	*For Non-U.S. Persons:* Social Security Number, Passport Number and country of issuance, or other similar identification number[1]
First Last	%	Street City State & Zip		Number Country of Issuance
First Last	%	Street City State & Zip		Number Country of Issuance
First Last	%	Street City State & Zip		Number Country of Issuance
First Last	%	Street City State & Zip		Number Country of Issuance

☐ **If checked, Beneficial Owner listing requirement is Not Applicable**

Provide the following information for one individual with significant responsibility for managing the legal entity listed above, such as:

- **An executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer); or**
- **Any other individual who regularly performs similar functions.**

(If appropriate, an individual listed under the ownership section above may also be listed in the section below).

Name/Title (of Person with Control)	Date of Birth	Address (Residential or Business Street Address)	*For U.S. Persons:* Social Security Number	*For Non-U.S. Persons:* Social Security Number, Passport Number and country of issuance, or other similar identification number[1]
First Eddie Last Hite, Jr. Title Chairman		Street 1828 Barker Rd. City Ringgold State & Zip VA 24586		Number Country of Issuance

[1] In lieu of a passport number, Non-U.S. Persons may also provide a Social Security Number, an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

I, Eddie L Hite Jr ***(name of natural person opening account),*** **hereby certify, to the best of my knowledge, that the information provided above is complete and correct. Also, the Legal Entity named above agrees to notify the Financial Institution of any change in the beneficial ownership information on this Certification.**

Signature: _____ Date: _____

For Institution Use Only:

Name of Beneficial Owner	Type of Document	Document ID Number	Place of Issuance	Date of Issuance	Expiration Date
	☐				
	☐				
	☐				
	☐				
Eddie Hite, Jr.	☐				

Additional Information:

' Loan # ____5001211928__

STATE ___Virginia_____
CITY/COUNTY OF ___ Danville

DISASTER ASSISTANCE PROGRAM MODIFICATION AGREEMENT

THIS DISASTER ASSISTANCE PROGRAM MODIFICATION AGREEMENT (hereafter, "Modification Agreement") is made as of this _____ day of _____, 2020 between AMERICAN NATIONAL BANK AND TRUST COMPANY, a national banking association ("Bank"), _Industrial Development Authority of Pittsylvania____ (the "Borrower", whether one or more in number), and, if there is one or more guarantors, _____ (the "Guarantor", whether one or more in number).

WITNESSETH:

WHEREAS, the Borrower has made and delivered to Bank that certain promissory note dated the 29th____ day of _September 2017__ evidencing an original indebtedness of _One Million Five Hundred Twelve Thousand Five Hundred & 00/100 Dollars ($1,512,500.00__) (the "Note");

AND, WHEREAS, Bank (as holder and owner of the Note), and the Borrower mutually desire to modify the provisions of the note in the manner hereinafter set out, it being specifically understood that, except as herein modified, the terms and provisions of the Note and any associated agreements to include Security Agreements, Deeds of Trust, and Guaranty Agreements, and the individual instruments thereof (collectively referred to as the Contract ("Contract"), shall remain unchanged and continue in full force as therein written;

NOW, THEREFORE, Bank and the Borrower (and the Trustee, if applicable), in consideration of the premises and the sum of One Dollar ($1.00) to each in hand paid by the other, receipt of which is hereby acknowledged by each, do hereby agree that the Note shall be and the same hereby is, amended to provide as follows *(terms not checked are deleted)*:

☐ The Contract is hereby modified to provide for the temporary deferral of the payment of principal and interest on the following terms: Payments that would otherwise come due on __June 1,___2020, _July 1, ___ 2020, and _August 1,__, 2020 will be deferred. Interest will continue to accrue on the principal debt at the rate contained in the Note, which will result in a slight increase to the principal due at loan maturity. On September 1,__, 2020, payments will resume for the payment installment amount specified in the Note. Payments received on that date and thereafter will be applied to interest until the accrued interest has been brought current.

IT IS MUTUALLY AGREED between and among the parties hereto that nothing herein contained shall in any way impair the security now held for the indebtedness evidenced by the Contract, nor waive, annul, vary nor affect any provision, condition, covenant or agreement contained in the Contract, except as herein amended, nor affect or impair any rights, powers or remedies under the Contract. With respect to any insurance written in connection with and/or financed by the Contract, this Modification Agreement shall not extend the expiration date(s) or enlarge the term(s) of any property, physical damage, credit and/or any other insurance written in connection with and/or financed by the Contract. Except as herein and hereby expressly modified, the Contract contains the entire agreement of the parties and the undersigned do hereby ratify and confirm the terms of the Contract, all of which shall remain in full force and effect, as modified herein.

The Borrower hereby agrees: (a) this Modification Agreement and any other written modification, extension, or renewal hereof executed by the Borrower shall constitute a representation and warranty of the Borrower that the unpaid balance of principal, interest, and other sums owing under the Contract at the time of such modification, renewal, or extension are owed without adjustment for offset, counterclaim, or other defense of any kind by the Borrower against Bank; and (b) no surety or guarantor of the Note shall be required to be joined in any action brought to enforce the Contract, and that the Borrower waives the right to require joinder of the Borrower in any action to enforce the liability of a surety or guarantor of the Contract.

With regard to modifications for loans originated in the Commonwealth of Virginia, the Guarantor acknowledges that under Sections 49-25 and 49-26 of the Code of Virginia (1950), as amended (the "Virginia Code"), a surety, guarantor, or endorser, under certain circumstances, may require a creditor to pursue any other persons liable on the indebtedness of the Borrower. The Guarantor hereby knowingly and voluntarily waives all rights under Sections 49-25 and 49-26 of the Virginia Code and hereby agrees that Bank and its successors and assigns shall have no obligation to pursue other persons jointly liable with the Guarantor on the Guaranty.

The Borrower reaffirms to Bank the accuracy, as of the date hereof, of all of the respective representations and warranties made by the Borrower at the time the Contract was executed and delivered. The modification herein set forth is made upon the Borrower's representation, and is effective only upon condition, that no real or personal property collateral securing the Note is subject to any interest, lien, or encumbrances except for those that Bank shall have permitted and approved in writing. The Borrower's performance hereunder, and with respect to all obligations owing by the Borrower to Bank, including all extensions, renewals, or replacements thereof, and all other obligations of the Borrower to Bank of any kind or description, direct or indirect, absolute or contingent, due or to become due, whether now or existing or hereafter arising, including any obligation to perform or forebear from any action, as well as any obligation to pay money, but excluding any additional or future loans to an individual for personal, family, or household purposes, constitutes one general obligation secured by the liens and security interests held by Bank to secure the repayment of the Note and any other obligations of the Borrower now or hereafter existing. The Borrower reaffirms that Bank's security interest, as shown in the Deed of Trust and Security Agreement, if any, extends to property hereafter acquired by the Borrower of the type in which Bank has been granted a security interest.

By entering into this Modification Agreement, Bank does not waive any existing default or any default hereafter occurring, or become obligated to waive any condition or obligation in any agreement between or among the parties hereto.

The Borrower agrees: (a) to provide Bank with all other documents reasonably required by Bank to give effect to this Modification Agreement; (b) Bank has no obligation whatsoever to make any other loans or advances to or for the Borrower's benefit; (c) this Modification Agreement is not intended for and shall not be construed for the benefit of any party not a signatory hereto; and (d) this Modification Agreement constitutes the entire agreement (including all representations and promises made) among the parties with respect to the subject matter hereof and no modification or waiver shall be effective unless in writing and signed by the party to be charged; and (f) TIME IS OF THE ESSENCE hereof.

Revised 3-24-2020 v.2

FURTHERMORE, Bank does hereby reserve all rights and remedies it may have against all parties secondarily liable for repayment of the indebtedness evidenced by the Note.

If more than one person signs this Modification Agreement, then all words used herein in the singular shall be deemed to have been used in the plural, as the context and construction so require.

If applicable, the Guarantor joins in the execution of this Modification Agreement as evidence of the Guarantor's knowledge of the provisions hereof. This Modification Agreement shall be binding upon any assignee or successor in interest of the parties hereto.

IN WITNESS WHEREOF, this Modification Agreement is executed (i) if by individuals, by hereunto setting their hands under seal by adoption of the word "SEAL" appearing next to the individuals' names, (ii) if by a corporation, by the duly authorized officers of the corporation on its behalf under seal by adoption of the facsimile seal printed hereon for such purpose or, if an impression seal appears hereon, by affixing such impression seal, (iii) if by a partnership, by the duly authorized partners of the partnership on its behalf under seal by adoption of the word "SEAL" appearing next to the name of the partnership and/or signatures of the partners, or (iv) if by a limited liability company by the duly authorized member(s) or manager(s) of the limited liability company and/or the signatures of the member(s) or manager(s), as of the day and year first above written.

AMERICAN NATIONAL BANK AND TRUST COMPANY, a national banking association

By: _____(SEAL)
Title Senior Vice President

BORROWER:
Industrial Development Authority of Pittsylvania County

_____(SEAL)
Printed Name: Eddie L. Hite, Jr.
Chairman of Industrial Development Authority
of Pittsylvania County, Virginia

Revised 3-24-2020 v.2

New Business
VI. (F)

Axxor Lease Purchase Agreement Balloon Payment Discussion-(Excerpt Pages 1-5 of LPA)

LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (the "Lease") made and entered into as of the 27th day of September, 2017, by and among the INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA, a political subdivision of the Commonwealth of Virginia ("Landlord"), and AXXOR N.A., LLC, a Kentucky Limited Liability Company ("Tenant").

W I T N E S S E T H

FOR AND IN CONSIDERATION of the mutual promises and covenants of the parties to this Lease, the parties do covenant and agree as follows:

ARTICLE I – BACKGROUND; DEFINITIONS; RECITALS

1.1 Definitions: The following words or phrases shall have the following meanings when used in this Lease, unless otherwise specifically provided:

(a) "Building" shall mean the building or other structures currently located on, or hereafter placed upon, the Demised Premises (as hereafter defined).

(b) "Commencement Date" shall mean the date of this Lease.

(c) "Debt reserve fund" shall mean a fund/account created by Landlord containing a portion of the Base Rent paid to the Landlord by the Tenant. Upon default by the Tenant, the Debt reserve fund shall (i) become the property of the Landlord; and (ii) must be used by Landlord towards repayment of its loan with Lender.

(d) "Demised Premises" shall mean that certain lot or parcel of land, together with all improvements thereon and appurtenances thereunto belonging, specifically the Landlord's Shell Building, located at 2275 Cane Creek Parkway, Ringgold, Virginia 24586, in Pittsylvania County, Virginia, and more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

(e) "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, and any successor provisions of law as the same may be amended from time-to-time, including, without limitation the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. §§ 6901 *et seq.*, the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 9601-9657 as amended by the Superfund Amendments and

Reauthorization Act of 1986 ("SARA"), the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C. §§ 5101 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, the Clean Air Act, 42 U.S.C. §§ 741 *et seq.*, the Clean Water Act, 33 U.S.C. § 7401, the Toxic Substance Control Act, 15 U.S.C. §§ 2601-2629, the Safe Drinking Water Act, 42 U.S.C. § 300(f)-(j), the Chesapeake Bay Preservation Act, the Solid Waste Disposal Act, the Endangered Species Act of 1973, and any and all state or federal wetlands control acts, and any successor provisions of law as the same may be amended from time-to-time.

(f) "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.

(g) "Lender" shall mean American National Bank and Trust Company, a national banking association, its successors, assigns, or participants; Lender has agreed to lend Landlord refinancing funds for the previous up fit of the Building/Demised Premises; the Landlord has secured financing or funds through the Lender's local branch located at 628 Main Street, Danville, Virginia 24543.

(h) "Taxes" shall mean any and all taxes, assessments, fees, or charges upon all or any portion of the Demised Premises or any Building or improvements located thereon or therein, including, but not limited to, real estate taxes, machinery taxes, personal property taxes, equipment taxes, and tool taxes.

1.2 Recitals: The parties to this Lease recite the following facts:

(a) Landlord is the owner of the Demised Premises.

(b) Landlord has previously obtained funding to construct or modify, or to cause to be constructed and modified, the Building and other improvements on the Demised Premises, and to lease the same to Tenant on the terms and conditions set forth in this Lease.

(c) In connection with said construction and modification of the Building and other improvements on the Demised Premises, Landlord has secured refinancing or funds from Lender in the amount of $1,512,500.00 (the "Project Refinancing Loan"); an amortization schedule for the Project Refinancing Loan is attached hereto and made a part fully hereof as Exhibit "B;" the Project Refinancing Loan is based on a fifteen (15)

year amortization schedule (loan matures in thirty-six (36) months) with a fixed interest rate of 4.95% for the first thirty-six (36) months of the loan.

ARTICLE II - LEASE OF DEMISED PREMISES

2.1 Lease of Demised Premises: Landlord hereby leases to Tenant, and Tenant hereby leases and accepts from Landlord, the Demised Premises on and subject to the terms and conditions of this Lease.

ARTICLE III – TERM; BASE RENT; DEMISED PREMISES PURCHASE REQUIREMENT; DEBT RESERVE FUND; LATE CHARGE; FINANCIAL REPORTING REQUIREMENT; OPTION TO PURCHASE; CLOSING FEES; SECURITY AGREEMENT

3.1 Term: The term of this Lease ("Term") shall begin upon the Commencement Date and shall extend for a period of thirty-six (36) months (the "Termination Date"). Notwithstanding the foregoing, so long as Tenant is not then in default of this Lease and subject to the prepayment penalty contained in the Term Loan Commitment Letter, attached hereto as Schedule "C," and made a part legally hereof, Tenant may terminate this Lease at any time during the Term by exercising its option to purchase as described in Section 3.4.

3.2 Base Rent: Base Rent shall be due and payable to the first day of each month of the Term. Said Base Rent payment shall be sent to the Landlord at the address contained in the Notices Section of this Lease. The Base Rent for the first thirty-five (35) months of the Term shall be $20,000.00 per month. **THE BASE RENT FOR MONTH THIRTY-SIX (36) OF THE TERM SHALL BE IN THE FORM OF A BALLOON PAYMENT IN THE AMOUNT OF $1,305,465.27.**

3.3 Debt Reserve Fund: Landlord shall apply $11,975.53 of each of the first thirty-five (35) Base Rent payments to the Project Refinancing Loan, and $8,024.47 of each said Base Rent payments shall be deposited in the Debt reserve fund.

3.4 Late Charge: If any Base Rent is not paid within ten (10) days after the due date, Tenant shall also pay to Landlord a late charge equal to five percent (5%) of such installment of Base Rent, which late charge shall be deemed additional rent due and payable under this Lease.

3.5 Demised Premises Purchase Requirement: **TENANT SHALL PURCHASE THE DEMISED PREMISES FOR $900,000 ON OR BEFORE THE LEASE'S TERMINATION DATE.** Said purchase price shall be the outstanding balance due and owing by the Landlord on the Project Refinancing Loan AND $900,000.00 for the Demised Premises, less amount contained in the Landlord's Debt reserve fund, AND any applicable prepayment fees from the Lender.

3.6 Quarterly Financials: At the Tenant's sole expense, Tenant shall provide the Landlord with quarterly financials to be forwarded to the Lender.

3.7 Closing Fees: Any and all associated Closing Fees shall be incorporated into the Project Refinancing Loan and paid by the Tenant.

3.8 Option to Purchase:

(a) Provided Tenant is not in default of this Lease, Tenant shall have the option at any time during the Term to purchase the Demised Premises at (i) the purchase price described in Section 3.5 above; plus (ii) all unpaid rent due and payable to Landlord hereunder through the date of the Closing; plus (iii) additional rent and charges due and payable to Landlord hereunder, prorated as of the date of the Closing (as hereafter defined); plus deed filing costs and any required CPA audit costs. Although Tenant shall have the above option to purchase the Demised Premises during the Lease Term, the Tenant shall purchase the Demised Premises at or before the Lease Termination Date. Landlord shall on the date of Closing or immediately thereafter, disburse all monies, charges, principal, interest, and other consideration collected at Closing to satisfy the outstanding Project Refinancing Loan.

(b) Upon exercise of the Option as herein provided by giving written notice to Landlord, or upon the required purchase of the Demised Premises at the Lease's Termination Date, the closing of the purchase and sale of the Demised Premises (the "Closing") shall be completed no later than forty-five (45) days after the date of such notice upon such date, and at such place as Landlord and Tenant may agree in the City of Danville, Virginia, or Pittsylvania County, Virginia.

(c) At the Closing, Tenant shall deliver to Landlord the Purchase Price in immediately available funds, and Landlord shall deliver a special warranty deed conveying good and marketable title to the Demised Premises, subject only to the exceptions to title which are included in any title policy insuring the Project Refinancing Loan and any subsequent exceptions created, with respect to the Demised Premises, which have been approved by Tenant, which approval shall not be unreasonably withheld, and such other instruments and documentation evidencing the conveyance of the Demised Premises to Tenant as Tenant may reasonably request.

(d) Tenant shall pay the cost of preparation of the special warranty deed conveying title to the Demised Premises and any grantor's tax assessed upon recordation of such deed. In addition, Tenant shall be responsible for all other recordings, taxes, and fees, and other closing costs incurred by Tenant. Tenant shall be responsible for paying

the costs of any owner's title insurance policy or other title insurance desired by Tenant, and any related endorsements concerning the Demised Premises, for the purposes of insuring Tenant's interests under this Lease or interests in the Demised Premises after Closing.

3.9 Security Agreement; Collateral: Subject to all terms and conditions contained in the Tenant Subordination Agreement executed by the Lender, Landlord, and Tenant, to secure payment of all indebtedness and obligations of Tenant and/or Landlord under the terms of the Project Refinancing Loan, Tenant hereby agrees to be bound by any all terms of the Security Agreement attached hereto as Exhibit "D" and made a part fully hereof.

ARTICLE IV - OTHER TENANT PAYMENTS AND OBLIGATIONS

4.1 Taxes or Payment of Additional Rent in Lieu of Taxes:

(a) Tenant agrees to pay directly to the taxing authorities any and all of the taxes on the Demised Premises, and any Building, improvements, equipment, machinery, tools, or personal property located thereon or therein, which may come due at any time during the Term. Tenant shall pay such taxes prior to the due date such taxes become delinquent, and upon request, shall immediately provide to Landlord written evidence of the payment of all such taxes. Upon receipt by Landlord of any bills from any taxing authorities for any taxes on any portion of the Demised Premises or any improvements, equipment, tools, machinery, or personal property located thereon or therein, Landlord shall forward to Tenant a copy of such bill for Real Estate Taxes. Notwithstanding the provisions of this Section, Tenant may elect to contest any proposed increase in the taxes, provided that Tenant shall bear all expenses incurred in such contest, and provided further that Tenant shall be responsible for any penalties, interest, or other charges on such taxes which may be incurred or levied as a result of such contest or any other failure to pay the taxes when due, and provided further that Tenant shall, notwithstanding any such contest of any increases in taxes, pay all such taxes and any interest, penalties, or charges thereon before any such taxing authority files any suit or takes any other action to enforce any liens on any portion of or in the Demised Premises for the payment of such taxes. If Tenant desires to contest any increases in the taxes, Landlord shall provide reasonable cooperation with Tenant in any such contest, Tenant may pay all such taxes as and when they come due, under protest, or reserving the right to contest any portion of the same, and in the event that it is ultimately determined that any refund is due for any portion of such taxes paid by Tenant, if Landlord receives such refund of taxes previously paid by Tenant, Landlord shall promptly forward such refund to Tenant.

(b) In the event that taxes are not charged on any portion of the Demised Premises or any Building, improvements, equipment, tools, machinery, or personal

New Business
VI. (G)

Ennis Local Performance Agreement Approval

LOCAL PERFORMANCE AGREEMENT

THIS LOCAL PERFORMANCE AGREEMENT (this "**Agreement**"), made and entered into as of the 4th day of March, 2020, by and among **INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia (the "**IDA**"); the **COUNTY OF PITTSYLVANIA, VIRGINIA,** a political subdivision of the Commonwealth of Virginia (the "**County**"); and **ENNIS INC. ("Ennis"),** a Texas corporation (the "**Company**"); collectively (the "**Parties**")

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

Section 1) - Recitals. The Parties recite the following facts:

a) The IDA and the County, to stimulate economic growth and development of the community by creating jobs and infrastructure, have agreed to provide incentives to new and expanding businesses.

b) The Company, a leading manufacturer and supplier of print products for the wholesale trade, has agreed to expand and add a manufacturing line at its existing facility located at the property identified as 1 Ennis Drive, Chatham, Virginia 24531 (the "**Property**"), and further identified as GPIN # 2415-99-3204; 2415-98-0899; and 2415-89-9102. During the Performance Period described below, the Company plans to make capital equipment investments of at least eight-hundred and twenty-two thousand and 00/100 dollars ($822,000.00) in machine and tools and to create fifteen (15) full-time jobs with an average yearly base wage of at least thirty-seven thousand and 00/100 dollars ($37,000.00), as set forth in this Agreement.

c) The IDA and the County are willing to provide those certain incentives to the Company summarized in **Schedule 1(c)**, attached hereto and incorporated herein by this reference, provided that the Company satisfies certain criteria relating to employment projections and capital investment as described below.

d) The IDA and the County finds that the provisions of this Agreement and the commitments of the Company will promote the expansion of industry by inducing industrial development for a long-standing industrial firm in an incorporated Town, and that such development will promote the safety, health, welfare, convenience and prosperity of the citizens of Pittsylvania County.

Section 2) - Definitions. For the purposes of this Agreement, the following terms shall have the following definitions:

a) ***"Agreement"*** shall mean this Local Performance Agreement and shall have the same meaning as set forth in the header Paragraph.

b) ***"Building"*** shall mean that certain building located on the Property.

c) ***"Capital Investment"*** means a capital expenditure by or on behalf of the Company in taxable real property, taxable tangible personal property, or both, at the Facility. A capital expenditure related to a leasehold interest in real property will be considered to be made **"on behalf of the Company"** if a lease between a developer and the Company is a capital lease, or is an operating lease having a term of at least ten (10) years, and the real property would not have been constructed or improved but for the Company's interest in leasing some or all of the real property. Only the capital expenditures allocated to the portion of the real property to be leased by the Company will count as Capital Investment. The purchase or lease of furniture, fixtures, machinery and equipment, including under an operating lease, will qualify as Capital Investment hereunder.

d) ***"Company"*** shall have the same meaning as that term in the header Paragraph of this Agreement.

e) ***"County"*** shall have the same meaning as that term in the header Paragraph of this Agreement.

f) ***"Event of Default"*** shall have the same meaning as that term is used in Section 7 below.

g) ***"Event of Force Majeure"*** shall mean without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders of any kind of the government of the United States of America or of the Commonwealth or any of their respective departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals not caused by the Company; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company.

h) ***"Facility"*** shall collectively mean the Property along with the Building and any other improvements thereon.

i) ***"Government Party" or "Government Parties"*** shall mean either or both of the IDA and the County.

j) ***"IDA"*** shall have the same meaning as that term in the header Paragraph of this Agreement.

k) ***"Maintain"***, as it pertains to a **"New Job"**, shall mean that the New Job will continue without interruption from the date of creation through the Performance Date. Positions

for the New Jobs will be treated as Maintained during periods in which such positions are not filled due to (i) temporary reductions in the Company's employment levels (so long as there is active recruitment for open positions), (ii) strikes, and (iii) other temporary work stoppages not to exceed sixty (60) days.

l) ***"New Job"*** shall mean new permanent full-time employment of an indefinite duration at the Facility for which the standard fringe benefits are provided by the Company for the employee, and for which the Company pays an average annual wage of at least thirty-seven thousand and 00/100 dollars ($37,000.00), excluding standard fringe benefits. Each New Job must require a minimum of either (i) thirty-five (35) hours of an employee's time per week for the entire normal year of the Company's operations, which "**Normal Year**" must consist of at least forty-eight (48) weeks, or (ii) one thousand six hundred eighty (1,680) hours per year. Seasonal or temporary positions, positions created when a job function is shifted from an existing location in the Commonwealth of Virginia, and positions with construction contractors, vendors, suppliers and similar multiplier or spin-off jobs shall not qualify as New Jobs.

m) ***"Performance Date"*** shall mean the date that is three (3) years after the date of this Agreement.

n) ***"Performance Period"*** shall mean that period of time commencing on the date of this Agreement and ending on the Performance Date.

o) ***"Recruitment Documents"*** shall mean any one (1) or more of this Agreement and the documents executed in connection with the State Grants.

p) ***"State Grants"*** shall mean the the Tobacco Region Opportunity Fund Grant.

q) ***"Tobacco Commission"*** shall mean the Virginia Tobacco Region Revitalization Commission, a political subdivision of the Commonwealth of Virginia, as created in Chapter 31 of Title 3.2 of the Code of Virginia, 1950, as amended.

Section 3) - Capital Investment and Job Creation by the Company.

a) $822,000 Capital Investment. On or before the Performance Date, the Company shall make Capital Investment in the minimum aggregate amount of eight hundred thousand and twenty-two 00/100 dollars ($822,000.00) on or for the new manufacturing line at the facility.

b) 15 New Jobs. The Company shall create and employ fifteen (15) New Jobs on or before the Performance Date and shall Maintain these New Jobs until at least the Performance Date. On January 1 and July 1 of each year during the Performance Period, the Company shall produce and deliver to the County IDA a New Jobs roster itemizing, at a minimum, each New Job and the base pay (excluding fringe benefits), as described in Section 2(l) above and any other information pertaining to New Jobs as may be reasonably requested by the County IDA. The Company shall redact from the New Jobs roster any Personally Identifiable Information of its employees. The Company hereby authorizes each of the County's Economic Development Director, the County's Attorney, and the IDA Treasurer, or his respective designees to obtain and

to verify the information contained in the New Jobs roster from the Virginia Employment Commission.

c) Jobs Report. On January 1 and July 1 of each year during the Performance Period, the Company shall produce and deliver to the IDA a financial report on the status of the Company's business since the date of this Agreement.

Section 4) - Funds Extended to or for the Company.

a) State Grant Applications/Funds. The IDA and/or the County shall apply for and accept the Tobacco Region Opportunity Fund for the benefit of the Company's operations on the Property. Such Funds will not be distributed to the Company until all the certain performance metrics detailed in this Local Performance Agreement are fully, legally, and completely met. The performance term for these grants shall be three (3) years, per the Grants' respective requirements, and are meant to induce performance. Such State Grants/Funds are generally described as follows:

i) $10,000 Tobacco Region Opportunity Fund. As a condition to and as a part of the application for the Tobacco Region Opportunity Fund Grant, the IDA, the County, and the Company shall enter into a Performance Grant Agreement with the Tobacco Commission.

b. Local Assistance. The IDA and/or the County shall also provide the following Local Assistance to the Company, with assistance from the Town of Chatham, from project initiation only if certain performance metrics detailed in this Local Performance Agreement are fully, legally, and completely met. Said Local Monetary Grants are generally described as follows:

i. Pittsylvania County Building Permit Fee Waiver. Estimated value of fifteen thousand and 00/100 dollars ($15,000).

ii. $11,250 Pittsylvania County / Town of Chatham Industrial Enhancement Grant. Grant to be paid to Company after three (3) performance period based upon performance metrics being fully, legally, and completely met.

The Company shall reasonably cooperate with the Government Parties in connection with the applications for the Tobacco Region Opportunity Fund Grant, including without limitation the Company's planned Capital Investments, and the creation schedule of the New Jobs.

Section 5) - Capital Investment Report. The Company shall provide a signed report to the County IDA annually, beginning January 1, 2021, documenting the Company's progress in Capital Investment and in maintenance of the Capital Investment of at least eight hundred twenty-two thousand dollars ($822,000). The Company further agrees that each of the County's Economic Development Director and the County IDA's Treasurer or his respective designees is authorized to verify all taxable Capital Investment and related information through the Office of the Commissioner of Revenue for the County.

Section 6) - Representations and Warranties of the Company. As of the date of this Agreement and continuing until the Performance Date, the Company hereby represents and warrants to each Government Party the following:

a) The Company is a domestic corporation duly organized, validly existing, and in good standing under the laws of Virginia as of the date of this Agreement and is authorized to transact business in all jurisdictions in which the Company currently conducts any material business.

b) This Agreement, the transactions contemplated herein, and the other Recruitment Documents to be executed by the Company have been or shall have been approved by all necessary corporate action by the Company; and the persons executing this Agreement and any of the other Recruitment Documents to be executed by the Company have or shall have full and complete authority to execute and deliver the same for and on behalf of the Company.

c) The execution, delivery, and performance of this Agreement, the other Recruitment Documents, and the consummation of the transactions contemplated hereby and thereby by the Company will not violate, conflict with, or result in any default under, or cause any acceleration of any obligation under, any (i) articles of incorporation, bylaws, or other organizational documents of the Company; (ii) any existing contract, agreement, note, or other document to which the Company is a party, or by which the Company is bound; or (iii) any orders, decrees, or laws of any jurisdiction applicable to and binding upon the Company.

d) This Agreement and all other Recruitment Documents constitute the legal, binding and enforceable obligations of the Company in accordance with the terms contained herein or therein.

e) There is no pending or threatened litigation or proceeding against the Company which may materially adversely affect the financial condition, business operations, or business prospects of the Company.

f) The Company is not in material default with respect to any existing indebtedness incurred by it.

g) All financial statements, certificates, resolutions, and other information or documentation furnished to either or both of the Government Parties prior to the date of this Agreement by the Company are true, correct, and accurate, and no such information fails to disclose or misrepresents any information which could materially or adversely affect the transactions contemplated in this Agreement; and the Company has not failed to disclose any information which could materially and adversely affect the business or financial condition of the Company.

Section 7) - Event of Default. It shall be an Event of Default upon the occurrence of any one or more of the following events:

a) The occurrence of any default under this Agreement, or any other Recruitment Document which is not cured within thirty (30) days after written notice to the Company of such default (or if such default cannot reasonably be cured within such thirty (30) day period, then if the Company fails to substantially begin such cure within such thirty (30) day period or fails thereafter to diligently pursue such cure);

b) The Company discontinues business for a period of sixty (60) days or more, or materially changes the nature of the Company's business;

c) The Company (i) files a petition or has a petition filed against it under the Bankruptcy Code or any proceeding for the relief of insolvent debtors which is not dismissed within sixty (60) days of such filing; (ii) is subject to the entry of an order for relief by any court of insolvency; (iii) makes an admission of insolvency seeking the relief provided in the Bankruptcy Code or any other insolvency law; (iv) makes an assignment for the benefit of creditors; (v) has a receiver appointed, voluntarily or otherwise, for its property; or (iv) becomes insolvent, however otherwise evidenced;

d) The controlling owner of the Company (i) files a petition or has a petition filed against it under the Bankruptcy Code or any proceeding for the relief of insolvent debtors which is not dismissed within sixty (60) days of such filing; (ii) is subject to the entry of an order for relief by any court of insolvency; (iii) makes an admission of insolvency seeking the relief provided in the Bankruptcy Code or any other insolvency law; (iv) makes an assignment for the benefit of creditors; (v) has a receiver appointed, voluntarily or otherwise, for its property; or (iv) becomes insolvent, however otherwise evidenced;

e) The Company is not in good standing with the Virginia State Corporation Commission after having received at least thirty (30) days' written notice; or

f) An officer of the Company (i) is convicted of a felony, or (ii) is convicted of any other crime involving lying, cheating, stealing, fraud, misappropriation, or other similar acts of dishonesty.

Section 8) - Upon Occurrence of an Event of Default. In addition to and not in lieu of any other remedies or relief made available to either or both of the Government Parties under this Agreement, at law or in equity, upon the occurrence of an Event of Default, irrespective of whether either Government Party has terminated this Agreement, each Government Party (as the case may be) may elect any one (1) or more of the following:

a) The Government Party may immediately cease to disburse any further payments, to or for the Company under this Agreement or the Recruitment Documents;

b) Upon giving written notice to the Company, the Government Party shall have the right, but not the obligation, to offset any amounts owed by the Government Party against amounts owed or claimed to be owed by the Company; and/or

c) The Government Party may pursue any and all other remedies available to it under this Agreement, any one or more of the Recruitment Documents or applicable law.

Section 9) - Audit and Guideline Requirements. Upon reasonable prior written request, the Company shall allow each of the County's Economic Development Director and the IDA's Treasurer (or his respective designees) reasonable access during business hours to all records pertaining to the Company's employment and investment at the Facility, and the Company shall cooperate with the IDA in any audit of such records by furnishing all information necessary to verify the Company's performance under this Agreement. In return, each Government Party agrees to maintain the confidentiality of any and all sensitive information, including without limitation personal payroll earnings or similar information that those Government Parties or its designees may receive or access.

Section 10) - Force Majeure. Notwithstanding the foregoing, if the Company does not meet the New Job and Capital Investments requirements because of an Event of Force Majeure, the Performance Date will be extended day-for-day by the delay in meeting the targets caused by the Event of Force Majeure.

Section 11) - Subject to Annual Appropriations. As provided under Virginia law, the obligations of the Government Parties to pay the cost of performing its obligations under this Agreement are subject to and dependent upon annual appropriations being made from time to time by the governing body of such Government Party, for such purpose.

Section 12) - Non-waiver. No waiver of any term or condition of this Agreement 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 Agreement.

Section 13) - Attorneys' Fees. Each of the Parties shall be solely responsible for their respective attorneys' fees in the negotiating, drafting, and execution of this Agreement and any of the transactions contemplated hereby.

Section 14) - Other Documents. The Parties agree that they shall execute, acknowledge, and deliver all such further documents as may be reasonably required to carry out and consummate the transactions contemplated by this Agreement.

Section 15) - Default. In the event that a party to this Agreement incurs attorneys' fees and/or costs in pursuing or defending an alleged breach of this Agreement, the non-prevailing party, in addition to any other remedy, shall be responsible for the reasonable attorneys' fees and costs incurred by the prevailing party. The parties retain all rights at law and in equity to enforce the provisions of this Agreement in accordance with applicable law.

Section 16) - Entire Agreement. This Agreement and the schedules hereto contain the entire agreement and understanding of the parties to this Agreement with respect to the transactions contemplated hereby; and this Agreement and the schedules hereto supersede all prior understandings and agreements of the parties with respect to the subject matter hereof.

Section 17) - Headings. The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 18) - Notices. 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, as follows:

If to the County IDA or the County:
Attn.: Matthew D. Rowe
Director of Economic Development
1 Center Street
P.O. Box 426
Chatham, Virginia 24531

With a copy to:
J. Vaden Hunt, Esq.
County Attorney
1 Center Street
P.O. Box 426
Chatham, Virginia 24531

If to the Company:
Attn: Douglas A. Taylor
General Manager
1 Ennis Drive
Chatham, Virginia 24530

With a copy to:
Michael D. Magill
Executive Vice President
2441 Presidential Parkway
Midlothian, Texas 76065

Any party may change the address to which notices hereunder are to be sent to it 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 19) - Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. The Parties hereby submit to the exclusive jurisdiction of the state court located in Pittsylvania County, 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 Agreement, 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 Agreement 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 Agreement.

Section 20) - Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, and legal representatives.

Section 21) - Amendment, Modification, and/or Supplement. The Parties may amend, modify, and/or supplement this Agreement 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 22) - Gender and Number. Throughout this Agreement, wherever the context requires or permits, the neuter gender shall be deemed to include the masculine and feminine, and the singular number to include the plural, and vice versa.

Section 23) - Counterparts. This Agreement 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 Agreement.

Section 24) - Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

Section 25) - Survival. Any termination, cancellation, or expiration of this Agreement notwithstanding, provisions which are by their terms intended to survive and continue shall so survive and continue.

Section 26) - No Third-Party Beneficiaries. Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

[SIGNATURES ARE ON FOLLOWING PAGES]

WITNESS our signature to this **LOCAL PERFORMANCE AGREEMENT** as of the date first above written:

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

By: _____
Eddie L. Hite, Jr., Chairman

ATTEST:

_____
Brenda O. Robertson
Clerk
Industrial Development Authority of Pittsylvania County, Virginia

COMMONWEALTH OF VIRGINIA, AT LARGE
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____ 2019, by **EDDIE L. HITE, JR.**, in his capacity as Chairman of **INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, on behalf of such entity.

My commission expires: _____.

_____
Notary Public
Registration No. _____

APPROVED AS TO FORM:

_____
J. Vaden Hunt, Esq.
IDA Attorney

WITNESS our signature to this **LOCAL PERFORMANCE AGREEMENT** as of the date first above written:

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

By: _____
Robert "Bob" Warren, Chairman
Board of Supervisors

ATTEST:

_____
David M. Smitherman
Clerk/County Administrator
Pittsylvania County Board of Supervisors

COMMONWEALTH OF VIRGINIA, AT LARGE
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____ 2019, by **Robert Warren,** in his capacity as Chairman of the Board of Supervisors of **COUNTY OF PITTSYLVANIA, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, on behalf of such entity.

My commission expires: _____.

_____
Notary Public
Registration No. _____

APPROVED AS TO FORM:

_____
J. Vaden Hunt, Esq.
Pittsylvania County Attorney

WITNESS our signature to this **LOCAL PERFORMANCE AGREEMENT** as of the date first above written:

ENNIS INC., a Texas corporation

By: Michael D. Magill
Name: Michael D. Magill
Title: Executive Vice President

STATE OF TEXAS
COUNTY OF ELLIS, to-wit:

The foregoing instrument was acknowledged before me this 4th day of March 2020, by **Michael D. Magill**, in the capacity as Executive Vice President of **ENNIS, INC.**, a Texas, on behalf of such entity.

My commission expires: 09-08-2020.

SHARLENE REAGAN
Notary Public State of Texas
Commission # 1209713-4
Commission Expires 09-08-2020

Sharlene Reagan
Notary Public
Registration No. 1209713-4

SCHEDULE 1(A)
(SUMMARY OF INCENTIVES)

Grant /Benefit/Incentive/Waiver	Value or Max. Value
Tobacco Region Opportunity Fund (4(a)(i))	$10,000
Pittsylvania County Building Permit Fee Waiver (4(b)(i))	$15,000
Pittsylvania County / Town of Chatham Industrial Enhancement Grant (4(b)(ii))	$11,250
TOTAL	Up to $36,250

Add Schedule 1B – agreement between county and town to show that Town of Chatham will reimburse County IDA $3,228.75 (28.7% of total $11,250).