INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA

Pittsylvania County Administration Building; Administrative Conference Room;
1 Center Street, Chatham, Virginia 24531

IDA BOARD MEETING PACKET

REGULAR MEETING
TUESDAY, FEBRUARY 11, 2020
6:00 P.M.

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA

TUESDAY, FEBRUARY 11, 2020; 6:00 P.M.; COUNTY ADMINISTRATION BUILDING; COUNTY ADMINISTRATOR'S CONFERENCE ROOM; 1 CENTER STREET, CHATHAM, VIRGINIA 24531

AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. ADDITIONS/REVISIONS TO AGENDA

IV. APPROVAL OF AGENDA – ***page 1***

V. CONSENT AGENDA

A. Approval of December Meeting Minutes – ***pages 2-4***

B. Approval of Financial Statements (January and February 2020) – ***pages 5-6***

1. BB&T Regular Checking
2. ANB Haxxor Debt Reserve
3. ANB Loan *(Axxor)*
4. ANB Loan *(Intertape)*
5. BB&T Loan *(Purchase Building)*
6. FCB Loan *(Panacea MEL)*

VI. NEW BUSINESS

A. Ratification of Chairman's Execution/Approval of IDA FCB $650,000 Loan (Panacea Equipment) – ***pages 7-30***

B. Approval and Designation of Authorized Draw Down Person and Alternate for $650,000 IDA FCB Loan (Panacea Equipment) – ***pages 31-32***

C. Approval of Audit Commitment Letter (Harvey, Neal & Co., LLP) – ***pages 33-37***

D. Approval of Payment for 2019 IDA Audit (Harvey, Neal & Co., LLP) – ***pages 38-39***

VII. ECONOMIC DEVELOPMENT UPDATE

VIII. MATTERS FROM THE BOARD

IX. ADJOURNMENT

CONSENT AGENDA

V. (A)

Approval of Meeting Minutes

(December 10, 2019)

INDUSTRIAL DEVELOPMENT AUTHORITY
OF PITTSYLVANIA COUNTY, VIRGINIA

TUESDAY, DECEMBER 10, 2019; 6:00 P.M.; COUNTY ADMINISTRATION BUILDING; ADMINISTRATIVE CONFERENCE ROOM; 1 CENTER STREET, CHATHAM, VIRGINIA, 24531

MEETING MINUTES

IDA Members Present:
Eddie L. Hite, Jr. (Chairman)
Charlie Mahan (Vice-Chairman)
Stanley Simpson (Secretary/Treas.)
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)
Susan McCulloch (Economic Development Manager)
Matthew D. Rowe (Economic Development Director); ***(Remote)***

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. Mahan, seconded by Mr. Haymore, to approve Agenda. Motion carried unanimously.

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

A. Approval of Meeting Minutes (November 12, 2019):

B. Review of Financial Statements (December 2019)

1. Regular Checking
($354,863.36 as of December 6, 2019)

2. Axxor Debt Reserve
($566,813.20 as of December 6, 2019)

3. **ANB Loan (*Axxor*)**
($1,357,605.72 as of December 6, 2019)

ANB Loan (*Intertape*)
($3,113,208.62 as of December 6, 2019)

VI. NEW BUSINESS:

A. Annual Oath of Officer:
IDA Members were sworn in under oath, for FY 2020, by Mark W. Scarce, Clerk of Courts.

B. Election of 2020 Officers (Chair, Vice-chair, and Sec./Treas.:
Motion by Mr. Simpson, seconded by Dr. Faucette, to nominate Mr. Hite as Chairman. Motion carried unanimously. Motion by Mr. Simpson, seconded by Mr. Haymore, to nominate Mr. Mahan as Vice-Chairman. Motion carried unanimously. Motion by Mr. Haymore, seconded by Dr. Faucette, to nominate Mr. Simpson as Secretary/Treasurer. Motion carried unanimously.

C. Adoption of By-Laws:
Motion by Mr. Simpson, seconded by Dr. Faucette, to adopt the By-laws as presented. Motion carried unanimously.

D. Approval of 2020 Stipend:
Motion by Mr. Mahan, seconded by Dr, Faucette, to approve, 2020 Stipend Resolution. Motion carried unanimously.

E. Approval of 2020 Meeting Dates:
Motion by Mr. Simpson, seconded by Mr. Anderson, to approve 2020 Meeting Dates. Motion carried unanimously.

VII. Matters From the Board:
IDA Members welcomed Mr. Daniel to the Board.

VIII. Economic Development Updates:
Mr. Rowe remotely gave economic development update.

IX. Adjourn:
With there being no further business, Motion by Mr. Haymore, seconded by Dr. Faucette, to adjourn Meeting. Motion carried unanimously. Mr. Hite adjourned Meeting at 6:50 P.M.

Respectfully Submitted,

W. Stanley Simpson, Secretary/Treas.

Approved:

Eddie L. Hite, Jr., Chairman

V.(B)

Approval of Financial Statements

ACCOUNT	BALANCE
As of January 10, 2020	
1. IDA Regular Checking Account	$362,652.61
2. Axxor Debt Reserve Account-01	$574,927.25
3. Axxor ANB Loan-03	$1,351,399.87
4. Intertape ANB Loan-02	$3,093,444.31
5. BB&T Loan (Purchase Building)	$1,035,160.00
6. FCB Loan (Panacea MEL)	$195,666.07

V.(B)
Approval of Financial Statements

ACCOUNT	BALANCE
As February 5, 2020	
1. IDA Regular BB&T Checking Account	$310,341.40
2. Axxor Debt Reserve Account-01	$583,042.87
3. Axxor ANB Loan-03	$1,345,167.85
4. Intertape ANB Loan-02	$3,073,613.15
5. BB&T Loan (Purchase Building)	$991,123.00
6. FCB Loan (Panacea MEL)	$189,730.88

VI. (A)
New Business

Ratification of Chairman's Execution/Approval of IDA FCB $650,000 Loan (Panacea Equipment)

0000000000000000000385011720190000000000001

GOVERNMENTAL CERTIFICATE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$650,000.00	01-17-2019	11-17-2024				53209	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Entity: INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
1 CENTER STREET
CHATHAM, VA 24531

Lender: First-Citizens Bank & Trust Company
Chatham Office
c/o 112 E Hicks St
PO Box 8
Lawrenceville, VA 23868

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Virginia. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 1 CENTER STREET, CHATHAM, VA 24531. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on **March 5, 2018**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIAL. The following named person is an Official of INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
EDDIE HITE	Board Chairman	Y	X Eddie L. Hite Jr. (Seal)

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Entity:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Entity and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Subordination. To subordinate, in all respects, any and all present and future indebtedness, obligations, liabilities, claims, rights, and demands of any kind which may be owed, now or hereafter, from any person or entity to the Entity to all present and future indebtedness, obligations, liabilities, claims, rights, and demands of any kind which may be owed, now or hereafter, from such person or entity to Lender ("Subordinated Indebtedness"), together with subordination by the Entity of any and all security interests of any kind, whether now existing or hereafter acquired, securing payment or performance of the Subordinated Indebtedness; all on such subordination terms as may be agreed upon between the Entity's Officials and Lender and in such amounts as in his or her judgment should be subordinated.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, **including agreements waiving the right to a trial by jury**, as the Official may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: **None.**

NOTICES TO LENDER. The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Official named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupies the position set opposite his or her respective name. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Certificate, and I personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated January 17, 2019.

THIS CERTIFICATE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS CERTIFICATE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

CERTIFIED TO AND ATTESTED BY:

X _____ (Seal)
EDDIE HITE, Board Chairman of INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY

NOTE: If the Official signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.

LaserPro, Ver 18.2.0.027 Copr. Finastra USA Corporation 1997, 2019. All Rights Reserved - VA F:\LPL\CFI\LPL\C22.FC TR-5215575 PR-15

FUTURE ADVANCE LOAN AGREEMENT
(Not Secured by Real Property)

Select one of the following provisions:

☒ **This Future Advance Loan Agreement is for a closed-end (or straight) line of credit.**

☐ **This Future Advance Loan Agreement is for an open-end (or revolving) line of credit.**

For Bank Use Only:

Loan Account #_____ Customer #_____ Commitment #_____

This Future Advance Loan Agreement ("Agreement") is dated as of January 17, 2019. In this Agreement,

- The "**Borrower**" is: the Industrial Development Authority of Pittsylvania County, Virginia, a political subdivision of the Commonwealth of Virginia.

  Borrower's address for notice purposes is: 1 Center Street Chatham, VA 24531.

- The "**Lender**" is First-Citizens Bank & Trust Company, whose address for notice purposes is First-Citizens Bank & Trust Company, ATTN: Loan Servicing Department – DAC20, P.O. Box 26592, Raleigh, North Carolina 27611-6592.

Borrower has applied to Lender for a line of credit. Lender is willing to grant Borrower a line of credit, but only under the terms and conditions specified in this Agreement and in the Related Documents. Borrower understands and agrees that: (i) in granting, renewing, or extending the line of credit that is the subject of this Agreement, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; and (ii) the line of credit shall be and remain subject to the terms and conditions of this Agreement and the Related Documents.

Capitalized words and terms have the meanings given to them in this Agreement. Words and terms not otherwise defined in the body of this Agreement or in the section of this Agreement entitled "Definitions" shall have the meanings given to such words and terms by the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings given to them in accordance with generally accepted accounting principles ("GAAP") as in effect on the date of this Agreement. All references to dollar amounts shall mean amounts in lawful money of the United States of America. "Will" and "shall" are used interchangeably in this Agreement; both denote an obligation. Words and terms used in the singular shall include the plural, and words and terms used in the plural shall include the singular, as the context may require.

THE LOAN, NOTE, AND LOAN PURPOSE.

Loan. The word "Loan" as used in this Agreement means the **closed-end (or straight) line of credit** contemplated by this Agreement. The words "Loan Amount" mean the total amount of the Loan. Lender has no obligation to make an Advance if that Advance, when aggregated with all prior Advances, exceeds the Loan Amount, even if Borrower has repaid all or a portion of an Advance. The Loan Amount shall be in an amount not to exceed the principal sum of $650,000. However, the Loan Amount and each Advance shall be subject at all times to the maximum limits and conditions set forth in this Agreement or in any of the Related Documents, including, without limitation, any loan-to-value and advance rate limitations.

Note. The word "Note" as used in this Agreement means the promissory note payable to the order of Lender for the Loan Amount that Borrower has executed or will execute to evidence Borrower's obligation to repay the Loan upon the terms and conditions agreed upon, together with all renewals of, extensions of, modifications of, increases in, refinancings of, consolidations of, and substitutions for that promissory note. Repayment of the Note is or will be secured from time to time by various Security Instruments and/or Guaranties. The terms and conditions of the Note and Related Documents are incorporated herein by reference.

Loan Purpose. Except to the extent Lender permits the use of Loan Proceeds for other purposes, Loan Proceeds may be used by Borrower solely for the following purpose(s): acquisition of commercial equipment

TERM. This Agreement is effective as of the date of this Agreement. Except for the provisions of this Agreement that specifically provide they will survive the expiration, termination, or cancellation of this Agreement, this Agreement shall continue in full force and effect until (i) the Indebtedness is paid in full (including principal, interest, costs, expenses, attorneys' fees, and other fees and charges) and Borrower is no longer entitled to obtain Advances; (ii) this Agreement is terminated or canceled as provided in this Agreement; or (iii) this Agreement is terminated pursuant to a written agreement signed by the parties.

REQUESTS AND APPROVALS. Notwithstanding anything to the contrary in this Agreement, any right Lender has under this Agreement or the Related Documents to request, approve, accept, determine, decide, reserve rights, or make any judgment on any matter shall be in Lender's sole discretion. However, Lender shall exercise any such right and administer the Loan in good faith and in a commercially reasonable manner, using commercially reasonable judgment. Lender shall not unreasonably condition, delay, or withhold any required approval, consent, determination, decision, reservation, or judgment.

OVERALL LOAN-TO-VALUE LIMITATION. Lender shall not be obligated to make Advances that exceed, in the aggregate, the lesser of (i) the Loan Amount, (ii) 50% of the bona fide purchase price of the Collateral to be purchased with loan proceeds, or (iii) 50% of the final appraised value of the Collateral (as approved by Lender's appraisal reviewers in their discretion).

ADVANCE RATE LIMITATION. To the extent Loan Proceeds are used to purchase Collateral or to reimburse Borrower for purchasing Collateral, Lender has no obligation to make an Advance that exceeds 50% of the bona fide purchase price of the Collateral purchased.

Lender is under no obligation to advance Loan Proceeds if (i) the Loan is in default; (ii) the unpaid principal balance of the Loan exceeds Borrower's then applicable Borrowing Limit; (iii) the Loan-to-Value Ratio exceeds the Maximum Loan-to-Value Ratio; or (iv) payment of the requested Advance would cause (a) the unpaid principal balance of the Loan to exceed Borrower's then applicable Borrowing Limit, or (b) the resulting Loan-to-Value Ratio to exceed the Maximum Loan-to-Value Ratio.

If at any time the unpaid principal balance of the Loan exceeds Borrower's then applicable Borrowing Limit, then Borrower shall, within 5 business days of being so notified by Lender, reduce the outstanding principal balance of the Loan to an amount that does not exceed Borrower's then applicable Borrowing Limit. Failure to do so shall constitute an event of default under the terms of this Agreement.

DISBURSEMENT OF LOAN PROCEEDS.

Authorized Persons. Unless and until Borrower gives written instructions to Lender to the contrary, Lender may disburse Loan Proceeds upon the request and at the direction of any of the following, each of whom is an "Authorized Person": (i) each Borrower; (ii) any person designated or authorized by any Borrower; (iii) any trustee, director, officer, partner, manager, or member of any Borrower that is an entity; and (iv) any person designated or authorized in writing by any of the foregoing (i) through (iii). Each Authorized Person is authorized and empowered to act on Borrower's behalf to execute any request for a disbursement of Loan Proceeds, receive any disbursement of Loan Proceeds, execute any written receipt, and acknowledge the status of the Indebtedness and claims.

Requests to Disburse Loan Proceeds. Lender may require as a condition to any disbursement of Loan Proceeds the proper execution and delivery to Lender or Lender's agent of such written forms requesting the disbursement of Loan Proceeds as Lender may reasonably request. Lender may, but is not obligated to, accept and honor telephonic or electronic (including email or facsimile) requests for the disbursement of Loan Proceeds from any Authorized Person. Ordinarily, Lender will require at least five (5) business days' notice prior to making a disbursement of Loan Proceeds. Lender shall not have any liability to Borrower or any other person for Lender's failure to complete Lender's review of a request for a disbursement of Loan Proceeds within any specified time or to make a disbursement of Loan Proceeds on the date requested by Borrower. Each request for a disbursement of Loan Proceeds shall be deemed a certification of Borrower that, as of the date of such request, all representations and warranties contained in this Agreement are true and correct, and that Borrower is in compliance with all of the provisions of this Agreement and the Related Documents.

Suspension/Cessation of Disbursement of Loan Proceeds. Regardless of any duty Lender has to notify Borrower of a default and any right Borrower has to cure a default, Lender shall have no obligation to disburse Loan Proceeds at any time Borrower is in

default under the terms of this Agreement or any of the Related Documents. Lender's obligation to disburse Loan Proceeds shall be suspended following the occurrence of an Event of Default until such default is cured. Lender shall have no further obligation to disburse Loan Proceeds (i) after the maturity of the Note, or (ii) if an Event of Default occurs that is not cured during any applicable cure period after the giving of any required notice of default.

INSURANCE REQUIREMENTS.

Required Insurance. Unless waived by Lender in writing, Borrower shall obtain and maintain for the term of the Loan insurance policies of the kinds described in this section. Each policy must (i) be issued by an insurance company acceptable to Lender; (ii) insure against such risks, provide such coverage, include such endorsements, and be written in such amounts as Lender may reasonably require; (iii) identify Lender and its successors and assigns as an additional insured or loss payee, as Lender may require; (iv) include a stipulation that coverage will not be cancelled or diminished without at least ten (10) days prior written notice to Lender; and (v) include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission, or default of Borrower or any other person. Borrower shall provide Lender with a copy of each insurance policy or evidence thereof that is satisfactory to Lender. Lender may require that the insurance policies include the following:

(i) Special Form hazard insurance on any Collateral consisting of tangible personal property that secures the Loan.

(ii) Professional malpractice insurance, if required by Lender.

(iii) Any other insurance required by this Agreement, the Related Documents, or Lender.

Insurance Reports. At Lender's request, Borrower shall provide Lender reports on each existing insurance policy showing such information as Lender may reasonably request, including, without limitation, the following: (i) the name of the insurer; (ii) the risks insured; (iii) the amount of the policy; (iv) the properties insured; (v) the then-current property values on the basis of which insurance has been obtained; (vi) the manner of determining those values; and (vii) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Failure to Maintain Required Insurance. If Lender determines at any time during the term of the Loan that any required insurance is not in force or that the policy is in an amount less than required by Lender and Borrower fails to purchase the required insurance or correct any deficiencies within forty-five (45) days after notice of the deficiency, Lender may purchase the required insurance on Borrower's behalf and charge Borrower the cost of the premiums and fees incurred in purchasing the insurance. If Lender decides to purchase or replace insurance on Borrower's behalf and Lender or one of Lender's related entities sells the required insurance, the replacement insurance may be purchased by Lender from Lender or Lender's related entity. Such lender-placed coverage may be substantially more expensive than a policy obtained by Borrower, may not cover Borrower as an insured, may not cover Borrower's equity, and may not provide the same scope of coverage as a policy obtained by Borrower. Lender or one of Lender's affiliates may be paid a commission for placement of the lender-placed coverage, if applicable.

LENDER'S RIGHT TO INSPECT AND TEST. Lender and its agents shall at all times have the following rights, each of which can be exercised at any reasonable time or times: (i) the right to inspect any Collateral and Borrower's other assets; and (ii) the right to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or hereafter maintains any records (including, without limitation, computer-generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower shall, at Lender's request, notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records Lender may request, all at Borrower's expense.

LIMITATION OF LENDER'S RESPONSIBILITY. Each inspection, report, and appraisal requested or required by Lender under this Agreement or made by, on behalf of, or for the benefit of Lender in connection with the Loan shall be solely for Lender's own use and protection and not for the benefit or the protection of Borrower or any other person or entity. Borrower acknowledges and agrees that (i) Lender makes no warranty or representation as to the accuracy, completeness, or sufficiency of any such inspection, report, or appraisal; (ii) neither Borrower nor any other person or entity may rely upon any such inspection, report, or appraisal; and (iii) Borrower will not rely upon any such inspection, report, or appraisal. Such inspections, reports, and appraisals do not constitute any assurance or representation to Borrower or to any other person or entity as to the value or condition of any property. The exercise of any right of inspection, approval, or inquiry granted to Lender in this Agreement is acknowledged to be solely for the protection of

Lender's interests, and under no circumstances shall it be construed to impose any responsibility or liability of any nature whatsoever on Lender to Borrower or any other person or entity.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender that, (i) as of the date of this Agreement; (ii) as of the date of each disbursement of Loan Proceeds; (iii) as of the date of any renewal, extension, or modification of the Loan; and (iv) at all times any Indebtedness exists:

Authority to Do Business. Each Borrower is duly authorized to transact business in each state in which Borrower is doing business, having made all necessary filings and having obtained all necessary governmental licenses, permits, and approvals. If Borrower is an entity, Borrower is duly organized and constituted, validly existing, and in good standing in each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified to engage in business in all states in which the failure to so qualify would have a material adverse effect on Borrower's business or financial condition. Borrower has the full power and authority to own Borrower's assets and to transact all businesses in which Borrower is presently engaged or presently proposes to engage.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all of the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under any provision of (i) Borrower's organizational documents, if Borrower is an entity; (ii) any documents that govern, regulate, or limit Borrower's business activities or affairs; (iii) any agreement or other instrument binding upon Borrower; (iv) any applicable law or governmental regulation; or (v) any court decree or order applicable to Borrower or to Borrower's assets.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclose Borrower's financial condition in all material respects as of the date of each such statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Assets. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and approved by Lender in writing, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's assets free and clear of all liens and Security Interests and has not executed any security documents or financing statements relating to such assets. All of Borrower's assets are titled in Borrower's legal name, and Borrower has not used, or been named as a "debtor" in any financing statement under, any other name within the last five (5) years.

Litigation and Claims. Other than as has been previously disclosed to and approved by Lender in writing, no litigation, claim, investigation, administrative proceeding, or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may have a material adverse effect on Borrower's financial condition or assets.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments, and other governmental charges have been paid in full, except those which are presently being, or are going to be, contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Except as previously disclosed to and approved by Lender in writing, Borrower has not entered into or granted any Security Instruments or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral that would be prior to, or that may in any way be superior to, Lender's Security Interests and rights in and to the Collateral.

Binding Effect. This Agreement, the Note, and all Related Documents are binding upon the signers thereof and their respective successors, representatives, and assigns, and are legally enforceable in accordance with their respective terms.

Evidence of Authority. Provide to Lender such properly certified resolutions, authorizations, documents, and instruments as Lender may reasonably request from time to time, including, for example, resolutions that (i) authorize the obtaining of the Loan, the encumbrance of Borrower's assets to secure the Loan, and the execution of this Agreement, the Note, and the other Related Documents; (ii) designate those persons authorized to sign and deliver this Agreement, the Note, and the Related Documents on behalf of Borrower; and (iii) ratify and confirm actions previously taken by or on behalf of Borrower.

Loan Fees and Expenses. Pay upon demand (i) all Loan closing costs; (ii) all Loan fees; (iii) all inspection fees, filing and recording fees, and filing and recording taxes; and (iv) all out-of-pocket expenses incurred by Lender in connection with the preparation of Loan documents, the making of the Loan, and the management and oversight of the Loan, including Lender's reasonable attorneys' fees for Lender's outside counsel.

Taxes, Liens, and Claims of Lien. Pay and discharge when due and before they become delinquent all of Borrower's indebtedness and obligations of every kind and nature, including, without limitation, all taxes, assessments, governmental charges, levies, and claims (including all claims for labor done and materials and services furnished) that, if not paid, are or might become a lien, claim of lien, or charge upon all or any portion of the Collateral, the undisbursed Loan principal, or any of Borrower's assets, income, or profits. With respect to claims for labor performed and materials and services furnished, Borrower shall (i) cause all such claims to be fully paid and discharged in a timely manner, and (ii) take all steps necessary to remove or satisfy all liens and claims of lien arising from such claims. However, Borrower shall not be required to pay and discharge any such indebtedness, obligation, tax, assessment, charge, levy, or claim so long as (i) Borrower is in good faith contesting the indebtedness, obligation, tax, assessment, charge, levy, or claim by appropriate proceedings filed and asserted in a timely and proper manner; and (ii) at Lender's option, Borrower has either deposited funds with Lender sufficient to pay, or established on its books adequate reserves in accordance with GAAP with respect to, such contested indebtedness, obligation, tax, assessment, charge, levy, or claim. If the indebtedness, obligation, tax, assessment, charge, levy, or claim does become a lien, claim of lien, or charge upon all or any portion of the Collateral, the undisbursed Loan principal, or any of Borrower's assets, income, or profits, then Lender may demand that Borrower take such action or actions as may be necessary to remove or satisfy the lien, claim of lien, or charge if Lender reasonably believes that the lien, claim of lien, or charge has or may have (i) priority over Lender's Security Interest in any Collateral, or (ii) an adverse effect on Lender's orderly administration of the Loan. If Borrower fails to remove any such lien, claim of lien, or charge within ten (10) days thereafter, then Lender may (i) pay such lien, claim of lien, or charge from funds deposited by Borrower with Lender as provided in this section; (ii) pay such lien, claim of lien, or charge from the undisbursed Loan principal, in which case the disbursement of Loan Proceeds shall be considered as having been duly authorized by Borrower; (iii) pay such lien, claim of lien, or charge as an expense on Borrower's behalf, in which case the payment will be considered an expense paid by Lender that is subject to the section of this Agreement entitled "Lender's Expenditures"; (iv) contest the validity of the lien, claim of lien, or charge, in which case Borrower shall pay all costs and expenses of such contest, including Lender's reasonable attorneys' fees; or (v) take or refrain from taking such other actions as Lender believes to be in Lender's interest.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any such agreement.

Compliance Certificates. If requested by Lender, provide Lender at least annually with a compliance certificate signed by Borrower's chief financial officer or some other officer or person acceptable to Lender. The compliance certificate shall certify that the representations and warranties set forth in this Agreement and the Related Documents are true and correct as of the date of the certificate and that, as of the date of the certificate, no Event of Default exists under this Agreement or the Related Documents.

Notices of Claims and Litigation. Promptly inform Lender in writing of (i) all material adverse changes in Borrower's financial condition; and (ii) all existing and all threatened litigation, claims, investigations, administrative proceedings, or similar actions affecting any Collateral, Borrower, any Guarantor, or the owner of any Collateral which could have a material adverse effect on the Collateral or the financial condition of Borrower, any Guarantor, or the owner of any Collateral.

Additional Assurances. Make, execute, and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, corrective instruments, documents, and other agreements as Lender or its counsel may reasonably request to evidence and secure the Loan, to perfect all Security Interests in the Collateral, and to correct any deficiencies or errors in this Agreement or the Related Documents.

COVENANTS REGARDING FINANCIAL INFORMATION. Borrower covenants and agrees with Lender that, until the Indebtedness is paid in full and Borrower is no longer entitled to obtain Advances, Borrower will:

Financial Records. Maintain Borrower's books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements and Related Information. Furnish Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request, including, but not limited to, the following:

Annual Financial Statements. As soon as available, but in no event later than ninety (90) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, *audited by a certified public accountant satisfactory to Lender*.

Additional Information and Statements. Such additional information and statements, lists of assets and liabilities, aging of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations as Lender may reasonably request from time to time.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that, until the Indebtedness is paid in full and Borrower is no longer entitled to obtain Advances, Borrower will not do any of the following without first obtaining Lender's prior written consent:

Continuity of Operations. (i) Engage in any business activities substantially different than those in which Borrower is presently engaged; (ii) merge with, acquire, or consolidate with any other business entity; (iii) convert to a different kind of business entity; (iv) change Borrower's name; or (v) cease operations, liquidate, or dissolve.

Sale, Transfer, or Lease of Collateral. Sell, transfer, or lease any Collateral, except for the sale or lease of inventory in the ordinary course of business. Notwithstanding the foregoing, Lender understands and agrees that the Loan Proceeds are being used to purchase the Collateral which will be leased by Borrower to an independent third party.

Liens on Collateral. Create, or allow to be created, any lien or charge upon the Collateral, other than Permitted Liens.

Change of Ownership. If Borrower is an entity, have any material change in the ownership of Borrower. A change in ownership or control is "material" if it involves, in the aggregate, the sale, transfer, or conveyance without Lender's prior written consent of more than twenty-five percent (25%) of the voting stock, partnership interests, or limited liability company interests, as the case may be, of a corporation, partnership, limited partnership, or limited liability company.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender shall have a right of setoff with respect to all of Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower may open in the future. However, this does not include any IRA, Keogh, or trust accounts for which setoff is prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this section. Borrower further authorizes Lender to exercise its right of setoff one or more times to collect any past due payment, any sums then payable, or the entire unpaid outstanding balance of the Indebtedness if the Loan is then due and payable in full. However, Lender shall not exercise its right of setoff under this section unless and until an Event of Default shall have occurred.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. The Loan or the Indebtedness is not paid and performed as and when due or is otherwise in default.

Default under Related Documents. The occurrence of an event or condition that constitutes a default under the terms of the Note, any of the Security Instruments, or any of the other Related Documents.

Default under Other Loan. Borrower or any Guarantor defaults under any other loan, extension of credit, or obligation owed to Lender.

Other Defaults. Borrower fails to keep, perform, observe, or comply with any covenant, agreement, term, or condition that Borrower is required to keep, perform, observe, or comply with under provisions of this Agreement, any of the Related Documents, or any other agreement between Lender and Borrower.

Default in an Obligation Owed to a Third Party. Borrower, any Guarantor, or any owner of Collateral defaults under any loan, extension of credit, security instrument, guaranty, purchase or sales agreement, or any other agreement in favor of any other creditor or person that may have a material adverse effect on (i) Borrower's ability to repay the Loan; (ii) the ability of any Guarantor to satisfy the Guarantor's guaranty obligation; (iii) the financial condition of Borrower, any Guarantor, or the owner of any Collateral; (iv) the ability of Borrower, any Guarantor, or any owner of Collateral to perform their respective obligations under this Agreement or any of the Related Documents; or (v) any of the Collateral.

False Statements. Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower, any Guarantor, or the owner of any Collateral under this Agreement or the Related Documents (i) is false or misleading in any material respect, either now or at the time made or furnished, or (ii) becomes false or misleading in any material respect at any time thereafter.

Ineffectiveness of Agreements; Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any Security Instrument to create a valid and perfected Security Interest possessing the priority required by this Agreement or the Related Documents) at any time or for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession, or any other method, by any creditor or any governmental agency against any Collateral, or the garnishment of any account Borrower or any Guarantor maintains with Lender or any of Lender's subsidiaries or affiliates, including any deposit account or securities account. However, this Event of Default shall not apply if (i) there is a good faith dispute as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding, and (ii) Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond protecting Lender from any claim or loss resulting from the creditor or forfeiture proceeding in an amount determined by Lender as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any Guarantor (i) revokes or disputes the validity of, or Guarantor's liability under, the Guarantor's Guaranty; (ii) fails to provide Lender within the time prescribed by Lender any financial information Guarantor is required to provide Lender; or (iii) breaches any covenant or agreement Guarantor has made to or with Lender relating to Guarantor's guaranty obligations, including any agreement supplemental to Guarantor's Guaranty.

EFFECT OF AN EVENT OF DEFAULT; NOTICE AND OPPORTUNITY TO CURE. In the administration of the Loan and the enforcement of the Related Documents, the following provisions will apply notwithstanding contrary provisions in this Agreement or the Related Documents:

Remedies. Upon the occurrence of any Event of Default and at any time thereafter until the cure thereof, Lender may, at its option, but without any obligation to do so, and in addition to any other rights Lender may have, do any one or more of the following: (i) cancel this Agreement; (ii) institute appropriate proceedings to enforce the performance of this Agreement; (iii) withhold further disbursements of Loan Proceeds; (iv) expend funds necessary to remedy the default; (v) accelerate the maturity of the Note and/or Indebtedness and demand payment of all sums due under the Note and/or Indebtedness; (vi) bring an action on the Note and/or Indebtedness; (vii) foreclose Lender's Security Instruments, if any, in any manner available under law; and (viii) exercise any other right or remedy which it has under this Agreement, the Note, or other Related Documents, or which is otherwise available at law or in equity or by statute.

Interest after Default. If an Event of Default occurs under this Agreement or any of the Related Documents, Lender's risk of not being paid what Lender is owed increases. To compensate Lender for this risk and to discourage default, the Note may include a provision (a "Default Rate Provision") that permits Lender to increase the interest rate on the Note following the occurrence of an Event of Default. In the interpretation and application of each such Default Rate Provision, Lender may increase the interest rate one or more times to a rate or rates (each a "Default Rate") that Lender determines, not to exceed the lesser of (i) the maximum Default Rate permitted under the terms of the Default Rate Provision, or (ii) the maximum rate allowed by applicable law. However, Lender will not increase the interest rate to a Default Rate without first giving Borrower at least ten (10) days prior written notice of the occurrence of the Event of Default and of Lender's intent to increase the interest rate pursuant to the Default

Rate Provision, during which ten (10) day period Borrower may cure the default and thereby avoid an increase in the interest rate to Default Rate.

Notice and Opportunity to Cure before Acceleration. If an Event of Default occurs under this Agreement or any of the Related Documents, Lender will not accelerate the Indebtedness and demand payment of the Loan in full without first giving such notice of default and opportunity to cure as is provided for in the Note or as is otherwise required by law. Notwithstanding the foregoing, following the occurrence of an Event of Default, Lender may take actions other than accelerating the Indebtedness in order to protect its interests without first giving notice or the opportunity to cure, including, but not limited to, requiring tenants to make rental payments directly to Lender, suspending the making of future Advances, and/or exercising Lender's right of setoff one or more times to collect delinquent Loan payments.

Relationship to State Law. Notwithstanding the foregoing or any other provision of this Agreement and/or the Related Documents, if any provision of applicable law requires that Borrower be granted a longer notice period or a greater opportunity to cure, that provision of law shall control; provided, however, that the applicable notice period set forth in this Agreement or the Related Documents shall run concurrently with the notice period required by law.

LENDER'S EXPENDITURES. If (i) any action or proceeding is commenced or any lien or claim of lien is asserted that could materially affect Lender's interest in any of the Collateral, or (ii) Borrower fails to comply with any provision of this Agreement or any Related Document, including, but not limited to, Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Document, then Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender reasonably deems appropriate, including, but not limited to, discharging or paying all taxes, liens, claims of lien, security interests, encumbrances, and other claims at any time levied or placed on any Collateral and paying all costs for insuring, maintaining, and preserving any Collateral. All such reasonable expenses actually incurred or paid by Lender will (i) be considered expenses incurred for the preservation of the Collateral, (iii) become part of the Indebtedness, (iii) bear interest at the rate charged under the Note from and including the date incurred or paid by Lender to the date of repayment by Borrower, and (iv) be secured by the Security Instruments. All such expenses incurred or paid by Lender will, at Lender's option, (i) be payable on demand, (ii) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due over the remaining term of the Note, or (iii) be added to the balance of the Note and be treated as a balloon payment which will be due and payable at the Note's maturity.

INDEMNIFICATION OF LENDER. To the extent allowed by law, Borrower agrees to indemnify, defend, and hold Lender and its officers, directors, employees, and agents harmless from and against any and all claims, suits, obligations, damages, losses, costs, expenses (including, without limitation, reasonable attorneys', architect's, and engineering fees), demands, liabilities, penalties, fines, and forfeitures of any nature whatsoever and whenever made that may be asserted against or incurred by Lender or its officers, directors, employees, and agents arising out of, relating to, or in any manner occasioned by, (i) this Agreement or the Related Documents; (ii) a breach by Borrower of this Agreement or the Related Documents; or (iii) the exercise of the rights and remedies granted Lender under this Agreement or the Related Documents. Lender shall have the right (i) to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties to this Agreement, the Related Documents, or the disbursement of Loan Proceeds; and (ii) to appear in any action or proceeding to defend itself against such claims. Lender shall be entitled to settle or compromise any asserted claims against it, and such settlement shall be binding upon Borrower for purposes of this section. All related costs and expenses incurred by Lender (including reasonable attorneys' fees incurred by Lender) shall be paid by Borrower to Lender. The provisions of this section of the Agreement shall survive the payment of the Indebtedness and the expiration, cancellation, or termination of this Agreement, and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise. However, in interpreting and applying this provision or any similar provision contained in any of the Related Documents that requires a Borrower or Guarantor to indemnify Lender and hold Lender harmless, the indemnity and hold harmless provision shall not be construed so as to require any Borrower or Guarantor to indemnify Lender or hold Lender harmless from or against Lender's own gross negligence, willful misconduct, or wrongful acts.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with the Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Force Majeure. If either Lender or Borrower is delayed, hindered, or prevented from performing any act required under this Agreement by reason of war, governmental restrictions, civil commotion, shortage of labor or materials, strikes, fire, or any other

reason beyond the control of the party obligated to perform, the performance of such act shall be excused for the period of delay, and the period for performance of any such act shall be extended one (1) day for each day in the period of delay. However, the provisions of this section shall not apply to Borrower's obligations to pay make payments on the Loan or any other sums, monies, costs, charges, or expenses required by this Agreement or the Related Documents.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's reasonable costs and expenses actually incurred in connection with the enforcement of this Agreement or the Related Documents, whether or not an action or claim is filed. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Lender's costs and expenses include Lender's reasonable attorneys' fees and legal expenses incurred in connection with litigation, alternative dispute resolution proceedings, bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court. However, to the extent this Agreement or the Related Documents require any Borrower or Guarantor to pay Lender's attorneys' fees following the occurrence of an Event of Default, Lender will be permitted to recover its attorneys' fees only to the extent they are reasonable in amount and are actually incurred by Lender, without regard to any statutory presumption as to the amount of such attorneys' fees or any percentage amount specified in the Related Documents.

Notices. Any notice to Borrower required or permitted by this Agreement will be deemed to be delivered when the notice has been (i) sent postage prepaid by certified or registered mail, return receipt requested, or by any nationally recognized overnight courier to Borrower's address for notification purposes as stated at the beginning of this Agreement or to Borrower's most recent address as appears in Lender's records; (ii) received by telefacsimile; or (iii) personally delivered. Notice delivered to any one Borrower will be deemed delivery to each Borrower. Any notice to Lender required or permitted by this Agreement will be deemed to be delivered when the notice has been received by Lender at Lender's address as set forth on the first page of this Agreement and acknowledged in writing by an officer of Lender responsible for the administration and oversight of the Loan. Either party may change its notification address by notifying the other party in writing of its new address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's notification address.

Authority to File Notices. Borrower appoints and designates Lender as its attorney-in-fact to file for the record any notice that Lender deems necessary to protect its interest under this Agreement. This power shall be deemed coupled with an interest and shall be irrevocable while any sum or performance remains due and owing under this Agreement or any of the Related Documents.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law and, to the extent not preempted by federal law, the laws of the state whose laws govern the Note, without regard to its conflicts of law provisions. For purposes of this Agreement, the District of Columbia is considered a state.

Consent to Loan Sale/Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of the Loan or one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of the Loan or any participation interests in the Loan, as well as all notices of any repurchase of the Loan or such participation interests. Borrower also agrees that the purchasers of the Loan or any participation interests in the Loan will be considered as the absolute owners of their respective interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of the Loan or such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of the Loan or such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of the Loan or any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of

Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Collateral owner, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Collateral owner's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Marshalling of Assets. To the extent permitted by law, Borrower waives the benefits of (i) all existing and future appraisal, homestead, valuation, stay, extension, reinstatement, and redemption laws relating to the Collateral; and (ii) any legal or equitable doctrine or principle of marshalling.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid, and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity, or enforceability of any other provision of this Agreement.

Joint and Several Liability; Successors and Assigns. If there is more than one Borrower, the liability of each Borrower under this Agreement shall be joint and several. All representations, warranties, covenants, and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights or obligations under this Agreement without Lender's prior written consent.

No Fiduciary Relationship. The relationship between Lender and Borrower is solely that of lender and borrower. The Lender has no fiduciary or other special relationship with or duty to Borrower, and none is created by this Agreement or the Related Documents. Lender has no right to control the business, property, management, or operations of Borrower except as expressly provided in this Agreement and the Related Documents.

No Third-Party Beneficiaries. This Agreement is for the sole protection and benefit of Lender and Borrower. No other person or persons shall have any right of action on the basis of this Agreement or any right to the Loan Proceeds.

Survival of Warranties and Representations. Borrower understands and agrees that, in making the Loan, Lender is relying on all representations, warranties, covenants, and agreements made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further understands and agrees that regardless of any investigation made by Lender, all such representations, warranties, covenants, and agreements will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as the Indebtedness is paid in full and Borrower is no longer entitled to obtain Advances, or until this Agreement is terminated in the manner provided above, whichever is the last to occur.

Relationship to Related Documents. This Agreement is intended to supplement the Related Documents and should be construed, to the extent both reasonable and possible, in a manner consistent with the Related Documents. To the extent the provisions of this Agreement conflict with, and cannot be reconciled with, the provisions of the Related Documents (other than the Note), the provisions of this Agreement shall control. To the extent the provisions of this Agreement conflict with, and cannot be reconciled with, the provisions of the Note, the provisions of the Note shall control.

Interpretation. This Agreement is the result of negotiations between Borrower and Lender and their respective counsel. This Agreement shall not be applied, interpreted, or construed more strictly against a party because that party or that party's counsel drafted this Agreement.

Execution in Counterparts. This Agreement and the Related Documents may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement, and in making proof of this Agreement or any Loan Document, it shall not be necessary to produce or account for more than one such counterpart.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. As used in this Agreement:

Advance. The word "Advance" means a disbursement by Lender of Loan principal. Each Advance shall bear interest from and including the date of disbursement in accordance with the terms of the Note.

Agreement. The word "Agreement" means this Future Advance Loan Agreement, as this Future Advance Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached from time to time to this Future Advance Loan Agreement.

Borrower. The word "Borrower" means the Borrower identified at the beginning of this Agreement and, in addition, all other co-signers and co-makers who sign or assume the Note and all of their respective successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for the Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, whether owned by Borrower or some other person or entity, and regardless of the form in which it is granted.

Event of Default. The words "Event of Default" mean any of the events of default set forth in the section of this Agreement entitled "Default."

Guarantor. The word "Guarantor" means (i) any guarantor, surety, or accommodation party of all or any portion of the Note, and (ii) any guarantor under a completion guaranty agreement. The word Guarantor expressly includes, but is not limited to, the following: N/A.

Guaranty. The word "Guaranty" means the guaranty from a Guarantor to Lender, including, without limitation, a guaranty of all or any portion of the Note.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents (including all principal and interest), together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means First-Citizens Bank & Trust Company and its successors and assigns.

Loan Proceeds. The words "Loan Proceeds" mean all disbursements of Loan principal made by Lender pursuant to this Agreement and the Related Documents.

Permitted Liens. The words "Permitted Liens" mean (i) liens and security interests in favor of Lender; (ii) liens for taxes, assessments, or similar charges either not yet delinquent or being contested in good faith; (iii) liens of materialmen, mechanics, warehousemen, or carriers, or other similar liens arising in the ordinary course of business and securing obligations which are not yet delinquent and that do not become delinquent; (iv) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement; (v) liens and security interests to secure obligations incurred by an individual Borrower for personal, family, or household purposes; (vi) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by Lender in writing; and (vii) liens and security interests on Borrower's assets (other than assets that constitute Collateral) which, in the aggregate, constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes (including the Note), credit agreements, loan agreements, Security Instruments, guaranties, indemnity agreements, environmental agreements, affidavits, verifications, and all other instruments, agreements, and documents executed in connection with the Loan, whether currently existing or created and executed in the future.

Security Instrument. The words "Security Instrument" mean and include, without limitation, any agreement, promise, pledge, assignment, covenant, arrangement, understanding, or other agreement, whether created by law, contract, or otherwise, that evidences, governs, represents, or creates a Security Interest. The words "Security Instrument" include, without limitation, security agreements, financing statements, mortgages, deeds of trust, security deeds, deeds to secure debt, assignments, pledges, negative pledge agreements, crop pledges, chattel mortgages, collateral chattel mortgages, chattel trusts, factor's liens, equipment trusts, conditional sales, trust receipts, lien or title retention contracts, leases or consignments intended as security devices, or any other instrument that creates a security or lien interest.

Security Interest. The words "Security Interest" mean any interest in real or personal property that secures payment of the Indebtedness and/or performance under this Agreement and the Related Documents, whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS FUTURE ADVANCE LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand or caused this Agreement to be signed in its name by a person or persons duly authorized, all as of the date of this Agreement.

BORROWER:

See next page for signature block templates.

LENDER:

FIRST-CITIZENS BANK & TRUST COMPANY

By: _____

Print or type Name: Greg L Anderson

Title: Vice President

SIGNATURE BLOCK TEMPLATES

FOR A BUSINESS ENTITY:

(Industrial Development Authority of Pittsylvania County)

By: Eddie L. Hite Jr.

Print/Type Name: Eddie L. Hite Jr.

Title: Chairman

0000000000000000000081001152019000000000000001

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$650,000.00	01-17-2019	11-17-2024				53209	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
1 CENTER STREET
CHATHAM, VA 24531

Lender: First-Citizens Bank & Trust Company
Chatham Office
c/o 112 E Hicks St
PO Box 8
Lawrenceville, VA 23868

Principal Amount: $650,000.00 **Date of Note: January 17, 2019**

PROMISE TO PAY. INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY ("Borrower") promises to pay to First-Citizens Bank & Trust Company ("Lender"), or order, in lawful money of the United States of America, the principal amount of Six Hundred Fifty Thousand & 00/100 Dollars ($650,000.00), together with interest on the unpaid principal balance from January 17, 2019, until paid in full.

PAYMENT. Borrower will pay this loan in accordance with the following payment schedule, which calculates interest on the unpaid principal balances as described in the "INTEREST CALCULATION METHOD" paragraph using the interest rates described in this paragraph: 10 monthly consecutive interest payments, beginning February 17, 2019, with interest calculated on the unpaid principal balances using an interest rate of 4.050%; 59 monthly consecutive principal and interest payments of $6,614.24 each, beginning December 17, 2019, with interest calculated on the unpaid principal balances using an interest rate of 4.050%; and one principal and interest payment of $364,878.42 on November 17, 2024, with interest calculated on the unpaid principal balances using an interest rate of 4.050%. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied to the following in the order specified: (i) unpaid interest accrued to the date of payment or the date payment is due (at Lender's option); (ii) the unpaid principal component of any payment then due; (iii) unpaid late charges, returned check fees, prepayment penalties, collection costs, and other charges then due; and (iv) the unpaid principal balance. Applying payments in the foregoing manner, Lender may, at its option, satisfy sums owing in the order in which they were billed, assessed, charged, or accrued. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rates stated in this Note.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Citizens Bank, Loan Servicing Department-DAC20, PO Box 26592 Raleigh, NC 27611-6592.

LATE CHARGE. If a payment is 8 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000%. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, or a trustee or receiver is appointed for Borrower or for all or a substantial portion of the assets of Borrower, or Borrower makes a general assignment for the benefit of Borrower's creditors, or Borrower files for bankruptcy, or an involuntary bankruptcy petition is filed against Borrower and such involuntary petition remains undismissed for sixty (60) days.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest, together with all other applicable fees, costs and charges, if any, immediately due and payable, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Subject to any limits under applicable law, upon default, Borrower agrees to pay Lender's attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit, including without limitation legal expenses for bankruptcy proceedings.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Virginia.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of $35.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether

checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

SIMPLE INTEREST. This Note is a simple-interest note. Interest continues to accrue until payments are received by Lender. The payment schedule contained in this Note assumes that all payments will be made on the scheduled due dates.

RIGHT TO CURE; ACCELERATION. Except as provided in this section, if an Event of Default is curable and no notice has been previously given by Lender of the same or any other Event of Default within the preceding 12 months, Borrower shall have 30 days following Lender's giving of written notice of default within which to cure the default before Lender may require the immediate payment of this Note in full. If the default is curable but cannot reasonably be cured within the 30-day cure period, and if Borrower commences to cure the default during the 30-day cure period and diligently proceeds thereafter to cure such default, then the cure period shall be extended for a reasonable time not to exceed an additional 30 days (for a total of 60 days) in order to provide Borrower the opportunity to cure the default. However, Borrower shall not be entitled to notice of default or the opportunity to cure a default if Lender has previously given notice of a default within the preceding 12 months or if the default occurs because of (a) failure to pay any payment of principal or interest or other sums as and when due under the terms of this Note, (b) the commencement by Borrower of any proceeding for protection under any bankruptcy or insolvency laws, (c) failure to maintain in continuous full force and effect any required insurance on any collateral that secures repayment of this Note, or (d) any waste or any uninsured damage or injury to any collateral securing repayment of this Note that substantially reduces the value of the collateral, or the immediate threat of any such waste or uninsured damage or injury. Lender's notice of default shall be given in writing and shall be deemed given when (a) mailed by first class or certified mail to Borrower at an address Lender has for Borrower in Lender's records, or (b) when actually received by Borrower, whichever first occurs. Notice to any Borrower shall constitute notice to all Borrowers. The provisions of this section are in addition to and do not supersede or limit the application of any controlling provisions of state law concerning notice of default, the right to cure, or the right to reinstate, and nothing in this Note shall be deemed a waiver of those provisions; provided, however, that the provisions of this section and any such state law shall run concurrently.

If (a) an Event of Default occurs and Borrower is not entitled under this section to notice of default and the opportunity to cure, or (b) an Event of Default occurs and the default is not cured during any applicable cure period following the giving of any required notice of default, then this Note shall, at Lender's option, become due and payable in full without demand or notice of any kind. In addition, if Lender has the right to accelerate this Note under the provisions of any security instrument as a result of collateral being sold, transferred, conveyed or encumbered, Lender shall not be further obligated to advance loan proceeds and this Note shall, at Lender's option, become due and payable in full without demand or notice of any kind. Lender's failure to exercise any of the foregoing options shall not constitute a waiver of the right to exercise such options. Waiver by Lender of any default or right to accelerate shall not operate as a waiver of any other default or right to accelerate or of the same default or right to accelerate on a future occasion. Except as otherwise provided by law, acceptance by Lender of payment of less than the entire unpaid balance after acceleration of this Note shall not waive the acceleration, and Lender shall be entitled to proceed with its rights and remedies as noteholder (and as secured party, if applicable).

Notwithstanding any rights Borrower may have to notice of default and opportunity to cure, Lender will have no obligation to advance funds under this Note if: (a) Borrower is in default under the terms of this Note or any agreement that Borrower has with Lender, including any agreement made in connection with the signing of this Note, (b) any instrument securing repayment of this Note is in default, (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender, or (d) Borrower has applied funds advanced pursuant to this Note for purposes other than those authorized by Lender.

LOAN AGREEMENT. This Note is subject to the provisions of each loan agreement given, received, or signed in connection with this loan transaction, the terms and conditions of which are incorporated herein by reference. Any failure to comply with the terms and conditions of any such loan agreement shall constitute an additional "Event of Default" under the terms of this Note. If the terms of any such loan agreement conflict with the terms of this Note, the terms of this Note shall control.

INFORMATION ABOUT OTHER OBLIGATIONS. Lender is authorized to obtain such information about each Borrower's other obligations as Lender may reasonably request from the creditors of each Borrower. The information requested may include, but is not limited to, the Borrower's credit limit, the amount then owing to the creditor, the terms of repayment, whether the obligation is being paid as agreed, whether the Borrower is entitled to obtain additional credit advances, and the current payoff amount. The creditors of each Borrower are authorized and directed to promptly provide to Lender the information requested by Lender.

BORROWER'S FINANCIAL INFORMATION. For purposes of this section, "Financial Information" means information relating to Borrower's finances. Borrower covenants and agrees with Lender that, until this Note is paid in full and Borrower is no longer entitled to obtain credit advances, Borrower will furnish Lender with such Financial Information at such times and in such detail as Lender may reasonably request, including, but not limited to, the following: (i) Borrower's personal financial statement (if Borrower is an individual); (ii) Borrower's quarterly and year-end balance sheet and profit and loss statements (if Borrower is engaged in business activities); (iii) copies of Borrower's federal and state tax returns and all schedules relating thereto, including Schedule K-1 (if applicable); and (iv) such additional information and statements, lists of assets and liabilities, aging of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations as Lender may reasonably request from time to time.

Borrower warrants and represents that (i) all Financial Information Borrower has provided and that has been provided on Borrower's behalf to date is true and accurate in all material respects and fairly presents Borrower's financial condition and business transactions as of the date of the Financial Information provided, and (ii) Financial Information Borrower provides and that is provided on Borrower's behalf in the future will be true and accurate in all material respects and will fairly present Borrower's financial condition and business transactions as of the date of the Financial Information provided. Borrower further warrants and represents that, except as specifically disclosed in the Financial Information, (i) Borrower has no direct or contingent liabilities; (ii) title to all assets listed in the Financial Information is solely in Borrower's name, and no other person or entity has an interest in such assets; (iii) there exist no liens, encumbrances, or defects in or upon the assets listed in the Financial Information; (iv) all taxes owed by Borrower have been fully paid and discharged, except taxes not then due and payable without penalty; (v) there are no claims, actions, or proceedings pending or threatened against Borrower or any of Borrower's property; and (vi) there are no judgments or liens against Borrower or any of Borrower's property. With respect to each copy of Borrower's tax returns given to Lender, Borrower warrants and represents that (i) the copy is a true and accurate copy of the return, as filed; (ii) the original of the return was properly signed or electronically authenticated by Borrower or on Borrower's behalf and submitted to the appropriate tax authority; and (c) the return accurately states Borrower's income, deductions and tax liability for the period stated. Borrower acknowledges that Lender has relied and will rely on Borrower's Financial Information.

Borrower covenants and agrees to send written notice to Lender within five (5) business days after the occurrence of any change that is both material and adverse in (a) Borrower's financial condition or business transactions, (b) Borrower's ability to perform Borrower's obligations to Lender, or (c) Financial Information previously given.

Borrower authorizes Lender and its affiliates to make such credit, employment, and investigative inquires about Borrower from time to time as Lender and its affiliates deem appropriate to evaluate Borrower's financial strength, character, and credit history, to administer the loan evidenced by this Note, and to collect any sums owing. Lender is authorized to verify information about Borrower and obtain consumer report(s) about each individual who signs this Note as a Borrower or in a representative capacity on behalf of a Borrower.

FUTURE ADVANCES (CLOSED END). This Note evidences a straight line of credit and anticipates that future advances may be made in accordance with one or more separate agreements between Borrower and Lender. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by any authorized person. Lender may, but need not, require any oral request to be confirmed in writing. Borrower agrees to be liable for all sums: (a) paid by Lender pursuant to any related Letter of Credit issued by Lender on Borrower's behalf, (b) advanced in accordance with the instructions of Borrower or any authorized person, or (c) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including computer entries and printouts. Notwithstanding any rights Borrower may have to notice of default and opportunity to cure, Lender will have no obligation to advance funds under this Note if: (a) Borrower is in default under the terms of this Note or any agreement that Borrower has with Lender, including any agreement made in connection with the signing of this Note, (b) any instrument securing repayment of this Note is in default, (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender, or (d) Borrower has applied funds advanced pursuant to this Note for purposes other than those authorized by Lender. Interest shall be payable on so much of the principal balance as may be outstanding from time to time. Interest shall be calculated from and including the date of each advance.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this

Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

THIS NOTE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS NOTE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

BORROWER:

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY

By: _____ (Seal)
EDDIE HITE, Board Chairman of INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY

LENDER:

FIRST-CITIZENS BANK & TRUST COMPANY

X _____
Authorized Signer

LaserPro, Ver. 18.2.0.027 Copr. Finastra USA Corporation 1997, 2019. All Rights Reserved. - VA F:\LPL\CFI\LPL\D20.FC TR-6215575 PR-15

0000000000000000000205011520190000000000001

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$650,000.00	01-17-2019	11-17-2024				53209	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Grantor: INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
1 CENTER STREET
CHATHAM, VA 24531

Lender: First-Citizens Bank & Trust Company
Chatham Office
c/o 112 E Hicks St
PO Box 8
Lawrenceville, VA 23868

THIS COMMERCIAL SECURITY AGREEMENT dated January 17, 2019, is made and executed between INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY ("Grantor") and First-Citizens Bank & Trust Company ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All Purchase Money Security Interest in See Exhibit "A" attached hereto and incorporated herein by reference

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.

(B) All products and produce of any of the property described in this Collateral section.

(C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.

(D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.

(E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

FUTURE ADVANCES. In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made a) pursuant to a commitment or b) for the same purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. **This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.**

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the Commonwealth of Virginia, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds;

provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis acceptable to Lender and issued by a company or companies acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Virginia Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

RIGHT TO CURE. Prior to accelerating the Indebtedness secured by this instrument, Lender shall give such notice and opportunity to cure as may be required by the Note or Credit Agreement secured by this instrument. The provisions of this section shall not supersede or limit the application of any controlling provisions of state law concerning notice of default, the right to cure, or the right to reinstate, and nothing in this instrument shall be deemed a waiver of those provisions; provided, however, that the provisions of the Note or Credit Agreement and any such state law requirements shall run concurrently.

GRANTOR'S ADDITIONAL WAIVERS. To the extent permitted by applicable law, Grantor also expressly waives all benefits, claims, rights and defenses Grantor may have or acquire that are based on: (A) any statutory or common law provision limiting the liability of or requiring the discharge or exoneration of a guarantor or surety; (B) suretyship or impairment of collateral, including any benefits, claims, rights or defenses Guarantor may have or acquire pursuant to sections 3-419 and 3-605 of the Uniform Commercial Code as adopted and amended from time to time by the various states; (C) any statutory or common law provision that releases, discharges, or limits the liability of a remaining obligor following the release of a joint obligor; (D) homestead or exemption laws and any rights thereunder with respect to any collateral taken as security for the Indebtedness; (E) any "one action," "anti-deficiency" or other statutory or common law provision limiting the right of Lender to obtain a judgment against or to otherwise proceed against any person or entity obligated for payment of the Indebtedness (including Grantor, if that is the case), whether before or after the foreclosure, sale or other disposition of any collateral taken as security for the Indebtedness; and (F) any legal or equitable doctrine or principle of marshalling. Lender shall not be required to sell or dispose of collateral in inverse order of alienation or in any other particular order. Without affecting or lessening Lender's rights under this instrument, Lender may do or not do any of the following with respect to the Indebtedness or Note without Grantor's knowledge, consent or joinder: (A) grant extensions of time for payment, (B) grant renewals, (C) permit modifications of payment terms or other terms or conditions, (D) permit assumptions of the Indebtedness or Note, (E) release one or more borrowers or guarantors from liability, and (F) exchange or release any collateral or other security.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees that if Lender hires an attorney to help enforce this Agreement, Grantor will pay, subject to any limits under applicable law, Lender's attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit and including without limitation additional legal expenses for bankruptcy proceedings.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Virginia without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Virginia.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, if hand delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their heirs, personal representatives, successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means First-Citizens Bank & Trust Company , its successors and assigns.

Note. The word "Note" means the Note dated January 17, 2019 and executed by INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY in the principal amount of $650,000.00, together with all modifications of and renewals, replacements, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JANUARY 17, 2019.

THIS AGREEMENT IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS AGREEMENT IS AND SHALL CONSTITUTE AND HAVE THE

EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

GRANTOR:

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY

By: _____ (Seal)
EDDIE HITE, Board Chairman of INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY

LaserPro, Ver. 16.2.0.027 Copr. Finastra USA Corporation 1997, 2019. All Rights Reserved. - VA F:\LPL\CFI\LPL\E40.FC TR-6215575 PR-16

VI. (B)
New Business

Approval and Designation of Authorized Draw Down Person and Alternate for $650,000 IDA FCB Loan (Panacea Equipment)

TERM. This Agreement is effective as of the date of this Agreement. Except for the provisions of this Agreement that specifically provide they will survive the expiration, termination, or cancellation of this Agreement, this Agreement shall continue in full force and effect until (i) the Indebtedness is paid in full (including principal, interest, costs, expenses, attorneys' fees, and other fees and charges) and Borrower is no longer entitled to obtain Advances; (ii) this Agreement is terminated or canceled as provided in this Agreement; or (iii) this Agreement is terminated pursuant to a written agreement signed by the parties.

REQUESTS AND APPROVALS. Notwithstanding anything to the contrary in this Agreement, any right Lender has under this Agreement or the Related Documents to request, approve, accept, determine, decide, reserve rights, or make any judgment on any matter shall be in Lender's sole discretion. However, Lender shall exercise any such right and administer the Loan in good faith and in a commercially reasonable manner, using commercially reasonable judgment. Lender shall not unreasonably condition, delay, or withhold any required approval, consent, determination, decision, reservation, or judgment.

OVERALL LOAN-TO-VALUE LIMITATION. Lender shall not be obligated to make Advances that exceed, in the aggregate, the lesser of (i) the Loan Amount, (ii) 50% of the bona fide purchase price of the Collateral to be purchased with loan proceeds, or (iii) 50% of the final appraised value of the Collateral (as approved by Lender's appraisal reviewers in their discretion).

ADVANCE RATE LIMITATION. To the extent Loan Proceeds are used to purchase Collateral or to reimburse Borrower for purchasing Collateral, Lender has no obligation to make an Advance that exceeds 50% of the bona fide purchase price of the Collateral purchased.

Lender is under no obligation to advance Loan Proceeds if (i) the Loan is in default; (ii) the unpaid principal balance of the Loan exceeds Borrower's then applicable Borrowing Limit; (iii) the Loan-to-Value Ratio exceeds the Maximum Loan-to-Value Ratio; or (iv) payment of the requested Advance would cause (a) the unpaid principal balance of the Loan to exceed Borrower's then applicable Borrowing Limit, or (b) the resulting Loan-to-Value Ratio to exceed the Maximum Loan-to-Value Ratio.

If at any time the unpaid principal balance of the Loan exceeds Borrower's then applicable Borrowing Limit, then Borrower shall, within 5 business days of being so notified by Lender, reduce the outstanding principal balance of the Loan to an amount that does not exceed Borrower's then applicable Borrowing Limit. Failure to do so shall constitute an event of default under the terms of this Agreement.

DISBURSEMENT OF LOAN PROCEEDS.

Authorized Persons. Unless and until Borrower gives written instructions to Lender to the contrary, Lender may disburse Loan Proceeds upon the request and at the direction of any of the following, each of whom is an "Authorized Person": (i) each Borrower; (ii) any person designated or authorized by any Borrower; (iii) any trustee, director, officer, partner, manager, or member of any Borrower that is an entity; and (iv) any person designated or authorized in writing by any of the foregoing (i) through (iii). Each Authorized Person is authorized and empowered to act on Borrower's behalf to execute any request for a disbursement of Loan Proceeds, receive any disbursement of Loan Proceeds, execute any written receipt, and acknowledge the status of the Indebtedness and claims.

Requests to Disburse Loan Proceeds. Lender may require as a condition to any disbursement of Loan Proceeds the proper execution and delivery to Lender or Lender's agent of such written forms requesting the disbursement of Loan Proceeds as Lender may reasonably request. Lender may, but is not obligated to, accept and honor telephonic or electronic (including email or facsimile) requests for the disbursement of Loan Proceeds from any Authorized Person. Ordinarily, Lender will require at least five (5) business days' notice prior to making a disbursement of Loan Proceeds. Lender shall not have any liability to Borrower or any other person for Lender's failure to complete Lender's review of a request for a disbursement of Loan Proceeds within any specified time or to make a disbursement of Loan Proceeds on the date requested by Borrower. Each request for a disbursement of Loan Proceeds shall be deemed a certification of Borrower that, as of the date of such request, all representations and warranties contained in this Agreement are true and correct, and that Borrower is in compliance with all of the provisions of this Agreement and the Related Documents.

Suspension/Cessation of Disbursement of Loan Proceeds. Regardless of any duty Lender has to notify Borrower of a default and any right Borrower has to cure a default, Lender shall have no obligation to disburse Loan Proceeds at any time Borrower is in

VI. (C)
New Business

Approval of Audit Commitment Letter (Harvey, Neal & Co., LLP)

HHN&Co.

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

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

February 1, 2020

Board of Directors
Industrial Development Authority of Pittsylvania County, Virginia
Chatham, Virginia

We are pleased to confirm our understanding of the services we are to provide Industrial Development Authority of Pittsylvania County, Virginia for the year ended December 31, 2019. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of Industrial Development Authority of Pittsylvania County, Virginia as of and for the year ended December 31, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Industrial Development Authority of Pittsylvania County, Virginia's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Industrial Development Authority of Pittsylvania County, Virginia's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis (if presented).

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

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

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Industrial Development Authority of Pittsylvania County, Virginia's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit on approximately March 15, 2020 and to issue our reports no later than May 1, 2020. Stephen M. Gay is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed $3,800. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Industrial Development Authority of Pittsylvania County, Virginia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

HARRIS, HARVEY, NEAL & CO., LLP

Stephen M. Gay, CPA
Partner

RESPONSE:

This letter correctly set forth the understanding of
Industrial Development Authority of Pittsylvania County, Virginia

Officer Signature

Title

VI. (D)
New Business

Approval of Payment for 2019 IDA Audit (Harvey, Neal & Co., LLP; ***(see page 4, of Audit Commitment Letter, increased at $3,800.00)***

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Industrial Development Authority of Pittsylvania County, Virginia's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit on approximately March 15, 2020 and to issue our reports no later than May 1, 2020. Stephen M. Gay is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed $3,800. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Industrial Development Authority of Pittsylvania County, Virginia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

HARRIS, HARVEY, NEAL & CO., LLP

Stephen M. Gay, CPA
Partner

RESPONSE:

This letter correctly set forth the understanding of
Industrial Development Authority of Pittsylvania County, Virginia

Officer Signature

Title