



Virginia's First Regional Industrial Facility Authority
6580 Valley Center Drive, Suite 124
Radford, VA 24141
Phone (540) 639-1524 FAX (540) 831-6093

Bland County

Henry M. Blessing
Lace (Nick) Asbury

Craig County

Jay Polen

Giles County

Chris McKlarney
Paul Barker

Montgomery County

Mary W. Biggs, *Chair*
Craig Meadows
Secretary/Treasurer

Pulaski County

Andy McCready
Michael Solomon

Roanoke County

Charlotte Moore
Jill Loope

Wythe County

Joe Hale
Coy McRoberts

City of Radford

Michael Turk
Basil Edwards

City of Roanoke

Brian Townsend
William Bestpitch

Town of Dublin

Doug Irvin
William H. Parker

Town of Pearisburg

Kenneth F. Vittum,
Vice-Chair
Rick Tawney

Town of Pulaski

Joseph Goodman
Shawn Utt

VFRIFA Board of Directors Meeting Agenda

November 12, 2014 at 12:00pm (Noon)

Location: New River Valley Business Center- New River Room (6580 Valley Center Drive, Radford, VA 24141)

**** Lunch will be provided, please RSVP to Christy Straight at 639-9313**

1. Roll Call
2. Approval of Agenda
3. Public Comment
4. Approval of Previous Meeting Minutes
5. Consent Items/ Administrative Updates
 - a. General Information
6. Old Business
 - a. Gas Line Loan Agreement
 - b. Staffing MOU- Planning District Commission
 - c. Staffing MOU- Pulaski County
7. New Business
 - a. Commerce Park Participation Committee Actions
 - b. Treasurer's Report
 - c. Draft Audit Report
 - d. Legal Fees and Executive Director Billing
 - e. International Boulevard Survey
 - f. Joe Morgan Resolution of Appreciation
8. Closed Session (if needed)
9. Other Business
10. Adjournment- Next Meeting: **March 11, 2015**

Virginia's First Regional Industrial Facility Authority
Board of Directors Meeting Staff Report

1. Roll Call

2. Approval of Agenda

3. Public Comment

4. Approval of Previous Meeting Minutes

Attached are the meeting minutes from the August 13, 2014 meeting (*Attachment #1*). Staff recommends approval of the minutes as written.

5. Consent Items/ Administrative Updates

5. a. General Information

Attached, please find some background and general information about VFRIFA and the Commerce Park (*Attachment #2*). As there are several new members of the Board of Directors, as well as a new Executive Director, staff thought it would be useful to put together some general information about VFRIFA and the Commerce Park. If there is any information that appears to be inaccurate, you have questions, or would like additional information, please let Danny Wilson know.

6. Old Business

6.a. Gas Line Loan Agreement

Attached, please find a draft agreement that will finalize the \$420,000 loan provided to VFRIFA for the installation of the 6" steel gas main (*Attachment #3*). The \$420,000 has already been paid to ATMOS by VFRIFA for the gas main installation; however, money from Pulaski County has not been received, as the loan agreement was not finalized. This Agreement has been reviewed by the VFRIFA attorney. Staff recommends approval of the draft agreement.

6. b. Staffing MOU- Planning District Commission

During the August 13, 2014 meeting, staff services from the Planning District Commission was approved in an amount of \$25,000 per year. The attached MOU outlines that approval and specifics related to the services being provided by the Planning District Commission (*Attachment #4*). This MOU has been reviewed by the VFRIFA attorney. Staff recommends approval of the MOU.

6.c. Staffing MOU- Pulaski County

During the August 13, 2014 meeting, Executive Director services from Pulaski County was approved in an amount of \$10,000 per year. The attached MOU outlines that approval and specifics related to the services being provided by Pulaski County (*Attachment #5*). This MOU has been reviewed by the VFRIFA attorney. Staff recommends approval of the MOU.

7. New Business

7.a. Commerce Park Participation Committee Actions

Review and concurrence of any actions taken by the Commerce Park Participation Committee that requires approval by the VFRIFA Board of Directors.

7.b. Treasurer's Report

Attached, please find the Treasurer's Report detailing the financial transactions and information from the past quarter, which was between July 1, 2014 and September 30, 2014 (*Attachment #6*). For future meetings, this Report will be simplified to make review easier; however, a Report in the attached format will always be available for review. Staff recommends approval of the Report.

7.c. Draft Audit Report

Attached, please find the Draft Audit Report and Auditor Comments from Robinson, Farmer, Cox Associates (*Attachment #7*). There are two findings noted in the Draft Audit:

- 1) Lack of sufficient financial expertise
- 2) Records consolidation into one location

A plan of action has been formulated to address these items moving forward by having the VFRIFA Treasurer review financial transactions and recording of those transactions on a quarterly basis to ensure proper accounting principles are being followed and by ensuring that the Planning District Commission is the single holder of all documents related to VFRIFA and the Commerce Park.

In addition to the Draft Audit findings, the Auditor Comments contained several items that are being addressed through a thorough review and documentation of our financial records, as well as action requested during this meeting.

Staff recommends approval of the Draft Audit Report and Auditor Comments, so the auditor can move forward with the Final Audit. The auditor will present and explain the audit to the VFRIFA Board of Directors once it has been finalized.

7.d. Legal Fees and Executive Director Billing

In order to clarify and simplify the billing and financial tracking of expenses that could be related to either VFRIFA or the Commerce Park, staff is requesting that the Board of Directors approve having legal fees and the Executive Director salary billed to VFRIFA only and not to Commerce Park.

7.e. International Boulevard Survey

In order for V-DOT to consider accepting International Boulevard into the V-DOT road system, a right-of-way survey will need to be completed that shows the entire right-of-way for International Boulevard. As a right-of-way survey for International Boulevard was never done, and technically, the entire right-of-way has never been established, staff is recommending that the work described in the attached quote from Anderson and Associates be authorized (*Attachment #8*). Once a right-of-way plat is completed, discussions can move forward with V-DOT for International Boulevard to become a V-DOT road.

Funding for the \$3,900 would come from reserves, as all of money has been accounted for this fiscal year. Another source of funds could come from re-allocation of money from the Lot 3 design by Draper Aden Associates, which will cost \$11,200 (*Attachment #9*). This design was originally authorized; however, Joe Morgan put it on hold in order to focus on finishing the AEP QSP requirements before addressing this design. The design is intended to assist with marketing purposes; however, is not critical to the functioning of the Commerce Park. As having V-DOT take over International Boulevard is critical to prevent the

Commerce Park from having to pay for maintenance, repairs, and snow removal, staff recommends prioritizing the International Boulevard right-of-way survey over the design of Lot 3.

7.f. Joe Morgan Resolution of Appreciation

In order to thank Joe Morgan for his years of service as the VFRIFA Executive Director, a Resolution of Appreciation is being drafted and a Commerce Park rock to be signed by the Board of Directors is being acquired. Both the Resolution and rock will be provided to the Board of Directors during the meeting.

Virginia's First REGIONAL INDUSTRIAL FACILITY AUTHORITY**Meeting Minutes**

August 13, 2014

NRV Business Center, Fairlawn, VA

1. Roll Call and Agenda Approval

A meeting of the Virginia's First Regional Industrial Facility Authority (VFRIFA) was held on Wednesday, August 13, 2014 at the New River Valley Business Center in Fairlawn. Mr. Vittum, vice chairman, called the Virginia's First meeting to order at 1:25 pm.

Roll call by member jurisdiction was taken and a quorum determined with ten of twelve member governments represented: Craig, Giles, Montgomery, Pulaski, and Roanoke counties; Cities of Radford and Roanoke; and Dublin, Pearisburg and Pulaski towns. No representatives from Bland and Wythe Counties were present.

2. Public Comments

No public comments were made.

3. Adoption by Consent of Agenda Items

- a. **Approval of June 10, 2014 meeting minutes**
- b. **Preliminary Financial Report for Fiscal Year 2013-2014**
- c. **Board Member Documentation Filing**

Each board member and alternate will coordinate the filing of the 2015 financial disclosures with the clerk of each member governing body and send any filing required to the VFRIFA Chair until Authority management is in place.

d. Insurance Coverage Renewal Endorsement

The \$1,608 premium is allocated \$485 for Commerce Park property coverage and \$1,123 for Authority liability, errors and omissions coverage.

e. Update on Reserve Funds Loan to Commerce Park Participation Committee

The total principal of loans from VFRIFA to the Commerce Park is \$217,000. The \$200,000 amount was paid into the debt service reserve fund held in trust by Regions Bank for the Pulaski County IDA, which is accruing interest. The \$17,000 loaned for the water and sewer capacity reserve is estimated to have accrued interest at market rates during FY 2014 at 0.5% for which \$85 interest has accrued at year end.

f. Completion of Necessary Actions for FY 2015

- FY 2016 Regional Budget Submittal
- Renewal of Board Member Documentation
- Billing of FY 2016 Contributions

g. Special Meeting of Authority at Each Commerce Park Meeting for Approval of Commerce Park Actions

Continuation is recommended until the next Annual Meeting of the practice of holding a special meeting of the Authority Board of Directors to be held immediately following each regular or called meeting of the Commerce Park Participation Committee, for the purpose of receiving and acting on requests from the Commerce Park Participation Committee regarding Commerce Park projects and properties.

h. Approval of Draft 2012-2013 Annual Report

i. Response to Dues Delinquency

Wythe County is several years in arrears on annual dues payment. County Administrator Dalton indicated Wythe is considering withdrawal.

Motion: Mr. Edwards moved the board adopt the agenda items listed above. Mr. McCready seconded the motion.

Action: The motion passed unanimously, with Bland and Wythe Counties absent.

4. Old Business

a. Administrative Services

i. Engagement of Future Services - Update

Mr. Morgan plans to complete as much work as possible this month to allow VFRIFA to meet all requirements prior to its 2015 Annual Meeting. Mr. McCready suggested Pulaski County take on the management of the Authority and Commerce Park with continued assistance from the New River Valley Planning District Commission (NRVPDC) as they have provided in the past (with specific tasks such as grant management be contracted on a time and materials basis separate from the daily operations support). Pulaski County staff, possibly Danny Wilson would act as manager/executive director and contact point for the park, with cost absorbed by the county (but with consideration by the Authority to offer some manner of reimbursement, possibly at \$7,000 to \$10,000 per year). The distribution of services and activity would be as follows: the Authority would continue its relationship with New River Valley Economic Development Alliance as in the past; with the PDC in the existing contract amount for current services; and with Pulaski County to provide staff to manage all functions.

Mr. Byrd stated the NRVPDC's offer to provide services is still valid, but requested clear delineation of roles. Mr. Huber noted the executive role would report to the VFRIFA and Commerce Park Participation Committee Executive Committees, not to any one county.

Motion: Mr. McKlarney moved the board authorize Pulaski County and PDC representatives to outline a roles and responsibilities structure with distribution of services and activity –the Authority would continue its relationship with Alliance as in the past; with the PDC in the existing contract amount for

current services; and with Pulaski County to provide staff to manage all functions – and report back to Executive Committee with proposed Memorandum of Understandings. Mr. Edwards seconded the motion.

Action: The motion passed unanimously, with Bland and Wythe Counties absent.

b. Report of Task Force on Restructuring of VFRIFA for Commerce Park Only Focus

Mr. McCready noted the task force has been delayed in starting. Any interested board members willing to participate are welcome to join the task force. Ms. Fontana asked for the financial analysis to be completed early in the review process because this is key to creating a working structure. A conversation between the accounting firm, counsel, and Authority staff will be the first step in proceeding.

c. Budget Adoption

The draft budget was provided in the agenda packet for this meeting. Debt payment due in June would be postponed to July to pay for expenses beyond the usual income available. The budget anticipates reduction in rents and revenues anticipated.

Mr. Meadows expressed Montgomery County's concern about the structure of loans and other obligations items and the effect on budgets with Virginia's First and Commerce Park funds being combined without clarity.

Mr. Morgan reviewed the anticipated income and expenses (such as those already obligated: QSP certification process, Red Sun Farms grading and other debt, deferring \$150,000 of debt to next fiscal year); no additional money is requested from members. Further discussion followed.

Motion: Mr. McCready moved the board adopt the budget as presented. Mr. Townsend seconded the motion.

Action: The motion passed on a roll call vote, with Mr. Meadows and Mr. Hamilton voting no, all other directors present voting yes, and Bland and Wythe Counties absent.

d. Other Old Business

Engagement of accountants for financial analysis in support of merging organizations was discussed. VML/VACo was previously engaged to provide pre-audit review services. They are available to provide services for financial analysis of dues and shares to develop a simplified financial structure in anticipation of reorganizing Virginia's First.

Ms. Fontana recommended any other outstanding issues be resolved in advance of merging the Commerce Park Participation Committee and VFRIFA.

Motion: Mr. Meadows moved the board authorize engaging VML/VACo to provide financial analysis services. Mr. McCready seconded the motion.

Action: The motion passed unanimously, with Bland and Wythe Counties absent.

5. New Business

a. Election of Officers for Fiscal Years 2015 & 2016

Current biennial terms of officers expired on June 30, 2014, with officers serving until new elections. The current officers are willing to continue serving (Ms. Biggs, Chair; Mr. Vittum, Vice-Chair; Mr. Townsend, Executive Committee Member) and Mr. Meadows is willing to serve as Secretary-Treasurer. Mr. McCready stated he is willing to fill the other vacancy on the executive committee.

Motion: Mr. Edwards moved the board elect Ms. Biggs, Chair; Mr. Vittum, Vice-Chair; Mr. Meadows, Secretary-Treasurer; Mr. Townsend, Executive Committee Member; and Mr. McCready, Executive Committee Member. Mr. McKlarney seconded the motion.

Action: The motion passed unanimously, with Bland and Wythe Counties absent.

b. Other New Business

No new business was brought before the board.

6. Other Business

Mr. McKlarney expressed his thanks and appreciation for Mr. Morgan's service to the authority.

7. Adjournment

With no further business to discuss, Mr. Vittum adjourned the meeting at 2:15 pm.

The next scheduled regular Authority board meeting is Wednesday, August 12, 2015. Tentative dates and locations for called special meetings will be monthly on the second Wednesday at noon at the NRV Business Center.

Motion: On motion of Mr. Utt, seconded by Mr. White and carried unanimously, the meeting was adjourned with the next scheduled meeting to be held on August 12, 2015 at noon, with advance notice to all Board members; and, by signature of the Chair and Secretary-Treasurer, representing the required two member localities, a special meeting of the Authority Board of Directors shall be held immediately following each regular or called meeting of the CPPC, for the purpose of receiving and acting on requests from the CPPC regarding Commerce Park projects and properties; with the next such CPPC to be held at noon on Wednesday, November 12, 2014.

Action: The motion passed unanimously, with Bland and Wythe Counties absent.

Respectfully Submitted,

Approved by,

Joseph N. Morgan, Executive Director

Mary Biggs, Chair and

Craig Meadows, Secretary / Treasurer

DRAFT

Virginia's FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

Attendance

August 13, 2014

NRV Business Center, Fairlawn, VA

Jurisdiction	Member	Alternate
Bland County	<input type="checkbox"/> Nick Asbury <input type="checkbox"/> Henry M. Blessing	<input type="checkbox"/> Eric Workman
Craig County	<input checked="" type="checkbox"/> Jay Polen	
Giles County	<input checked="" type="checkbox"/> Chris McKlarney <input checked="" type="checkbox"/> Paul Baker	
Montgomery	<input checked="" type="checkbox"/> Craig Meadows <input type="checkbox"/> Mary Biggs	<input checked="" type="checkbox"/> Carol Edmonds <input checked="" type="checkbox"/> Brian Hamilton
Pulaski County	<input checked="" type="checkbox"/> Andy McCready <input checked="" type="checkbox"/> Danny Wilson	<input type="checkbox"/> Joe Sheffey <input type="checkbox"/> Jared Linkous
Roanoke County	<input type="checkbox"/> Charlotte Moore <input checked="" type="checkbox"/> Jill Loope	<input type="checkbox"/> Joseph "Butch" Church
Wythe County	<input type="checkbox"/> Joe Hale <input type="checkbox"/> Coy McRoberts	
City of Radford	<input checked="" type="checkbox"/> Michael Turk <input checked="" type="checkbox"/> Basil Edwards	
City of Roanoke	<input type="checkbox"/> Bill Bestpitch <input checked="" type="checkbox"/> Brian Townsend	<input type="checkbox"/> Anita Price
Town of Dublin	<input checked="" type="checkbox"/> Bill Parker <input checked="" type="checkbox"/> Doug Irvin	
Town of Pearisburg	<input type="checkbox"/> Rick Tawney <input checked="" type="checkbox"/> Ken Vittum	
Town of Pulaski	<input type="checkbox"/> Joseph Goodman <input checked="" type="checkbox"/> Shawn Utt	<input checked="" type="checkbox"/> John White

Others Present: Theresa Fontana (Authority Counsel), Peter Huber (Pulaski County), Michael Solomon (Pulaski County), Carolyn Howard (Draper Aden Associates), Dave Dobyns (New Dublin Presbyterian Church)

Staff Present: Joe Morgan, Kevin Byrd, Christy Straight

VFRIFA Staff Contact Information

Executive Director

Danny Wilson

dwilson@pulaskicounty.org

Office: 540-980-7877

Cell: 540-440-0025

6580 Valley Center Drive, Suite 124

Radford, VA 24141

General Staff/ Accounting

Christy Straight

cstraight@nrvpdc.org

Office: 540-639-9313 x209

Fax: 540-831-6093

6580 Valley Center Drive, Suite 124

Radford, VA 24141

Virginia's First Regional Industrial Facility Authority

Members	Status	In CPPC
Bland County	Good	Yes
Craig County	Good	Yes
Giles County	Good	Yes
Montgomery County	Good	Yes
Pulski County	Good	Yes
Roanoke County	Good	Yes
Wythe County	Delinquent- 2 years	No (withdrawn)
City of Radford	Good	Yes
City of Roanoke	Good	Yes
City of Salem	Withdrawn (2011)	No
Town of Christiansburg	Withdrawn*	No
Town of Dublin	Good	Yes
Town of Narrows	Withdrawn (2011)	No
Town of Pearisburg	Good	Yes
Town of Pulaski	Good	Yes

FY 2015 VFRIFA Budget

VFRIFA Income	Budget
Member Dues	\$ 60,000.00
Reserve Funds	\$ 1,500.00
VFRIFA Total Income	\$ 61,500.00
VFRIFA Expenses	Budget
Staffing	\$ 18,625.00
Professional Services	\$ 19,950.00
Debt Service	\$ 17,000.00
Marketing	\$ 2,500.00
Miscellaneous	\$ 2,025.00
Insurance- Public Officials	\$ 1,400.00
VFRIFA Total Expenses	\$ 61,500.00

FY 2015 Commerce Park Budget

CP Income	Budget
Member Shares	\$ 412,500.00
Property Leases	\$ 19,191.40
Red Sun Tax Sharing	\$ 20,750.00
Mebane Manor Tax Sharing	\$ -
Water Surcharge	\$ 2,000.00
Misceallaneous/ Grants	\$ 35,000.00
Reserve Funds	\$ 22,822.60
CP Total Income	\$ 512,264.00
CP Expenses	Budget
Staffing	\$ 18,625.00
PSA Debt Service	\$ 38,000.00
2013 Refinancing	\$ 353,595.00
2013 Red Sun Grading Financing	\$ 148,925.00
Professional Services	\$ 96,164.00
Site Marketing	\$ 1,500.00
Property Maintenance	\$ 500.00
Property Insurance	\$ 200.00
Miscellaneous	\$ 2,180.00
CPPC	\$ 1,500.00
Deferred Debt Payment	\$ (148,925.00)
CP Total Expenses	\$ 512,264.00

VFRIFA Timeline and Major Milestones

Year	Event
1998	VFRIFA Created
1999	CPPC Created
2000	+/- 271 Acre Land Purchase from Cullip
2001	VFRIFA Bylaws Adopted
2001	CPPC Amendment #1
2001	Wythe County Withdraws from CP
2001	+/- 205 Acre Land Purchase from Collins
2001	+/- 49 Acre Land Purchase from Pulaski County IDA
2001	+/- 5 Acre Land Trade to CP from NRV Airport
2002	First National Bank Loan Payoff
2005	+/- 341 Acre Land Purchase from Phillips
2005	\$2.3M Loan for CP
2008	Electric Service Installed to CP
2009	Water and Sewer Lines Upgraded to CP
2010	CPPC Amendment #2
2010	MOU with NRV Airport for Maintenance
2010	+/- 2 Acre Land Sale to Pulaski County IDA
2011	City of Salem & Town of Narrows Withdraw from VFRIFA
2012	+/- 3 Acre Land Sale to New Dublin Presbyterian Church
2012	Fiber Optic Line Installed to CP
2013	Partial Release from RD & Stellar One for 3.5 Acres
2013	Release from \$2.3M RD Loan
2013	\$6.8M Bond Issuance
2013	Leased signed with Red Sun Farms- 1st CP Tenant
2013	Begin AEP Qualified Site Program Process
2013	\$420,000 Loan from Pulaski County
2014	6" Natural Gas Main Installed to Service CP
2014	Town of Christiansburg Withdraws
2014	Red Sun Farms Begins Operation
2014	Mebane House and Land Sale
2014	+/- 95 Acre Land Subdivision for Red Sun Farms
2014	+/- 5 Acre Land Trade from CP to NRV Airport
2015	Begin Single Organization Focus
2039	\$6.8M Bond Maturity

Virginia's First Regional Industrial Facility Authority Timeline of Major Milestones

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2039
VFRIFA Created	CP Created	Land Purchase	VFRIFA Bylaws CPPC Amend #1 Wythe Withdrawal (CP) Land Purchase Land Trade from Airport	First Nat'l Bank Loan Payoff			\$2.3M Loan Land Purchase			Electric Service	Water/Sewer Service Upgrade	CPPC Amend #2 Airport Main. MOU Land Sale to IDA	Salem Withdrawal (VFRIFA) Narrows Withdrawal (VFRIFA)	Land Sale to Dublin Pres. Church Fiber Optic Line	RD Loan Release \$6.8M Bond Issuance RSF Lease Begin AEP QSP \$420K Loan	Natural Gas Service Christiansburg Withdrawal RSF Operational Mebane House Transfer Land Transfer to Airport	Single-focus Organization	\$6.8M Bond Maturity

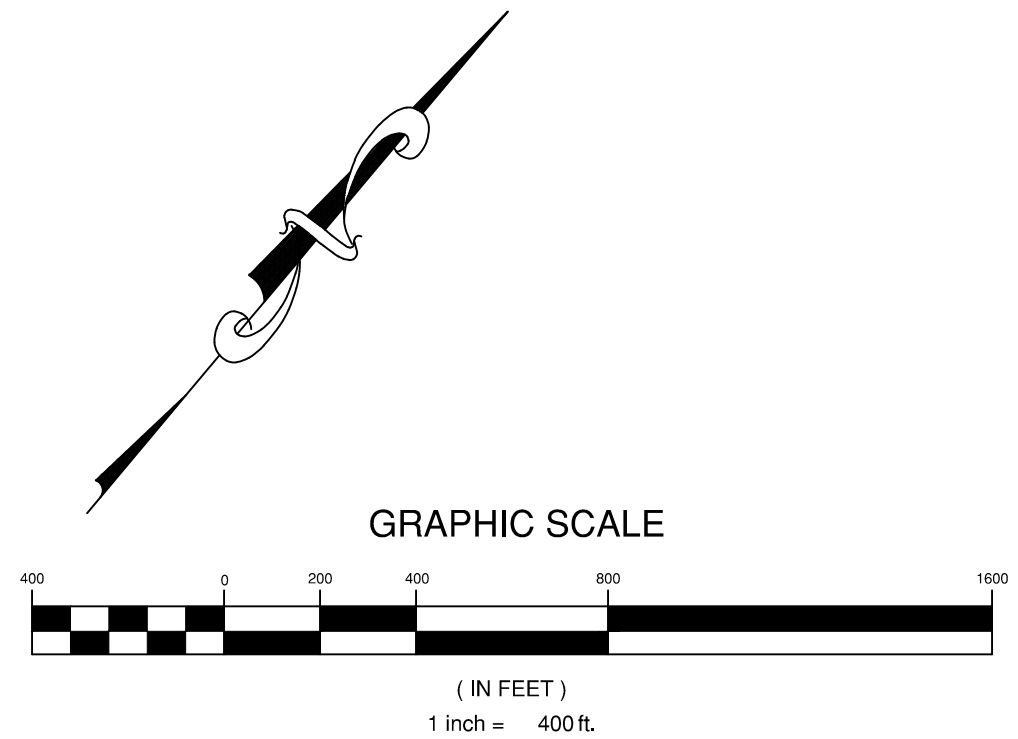
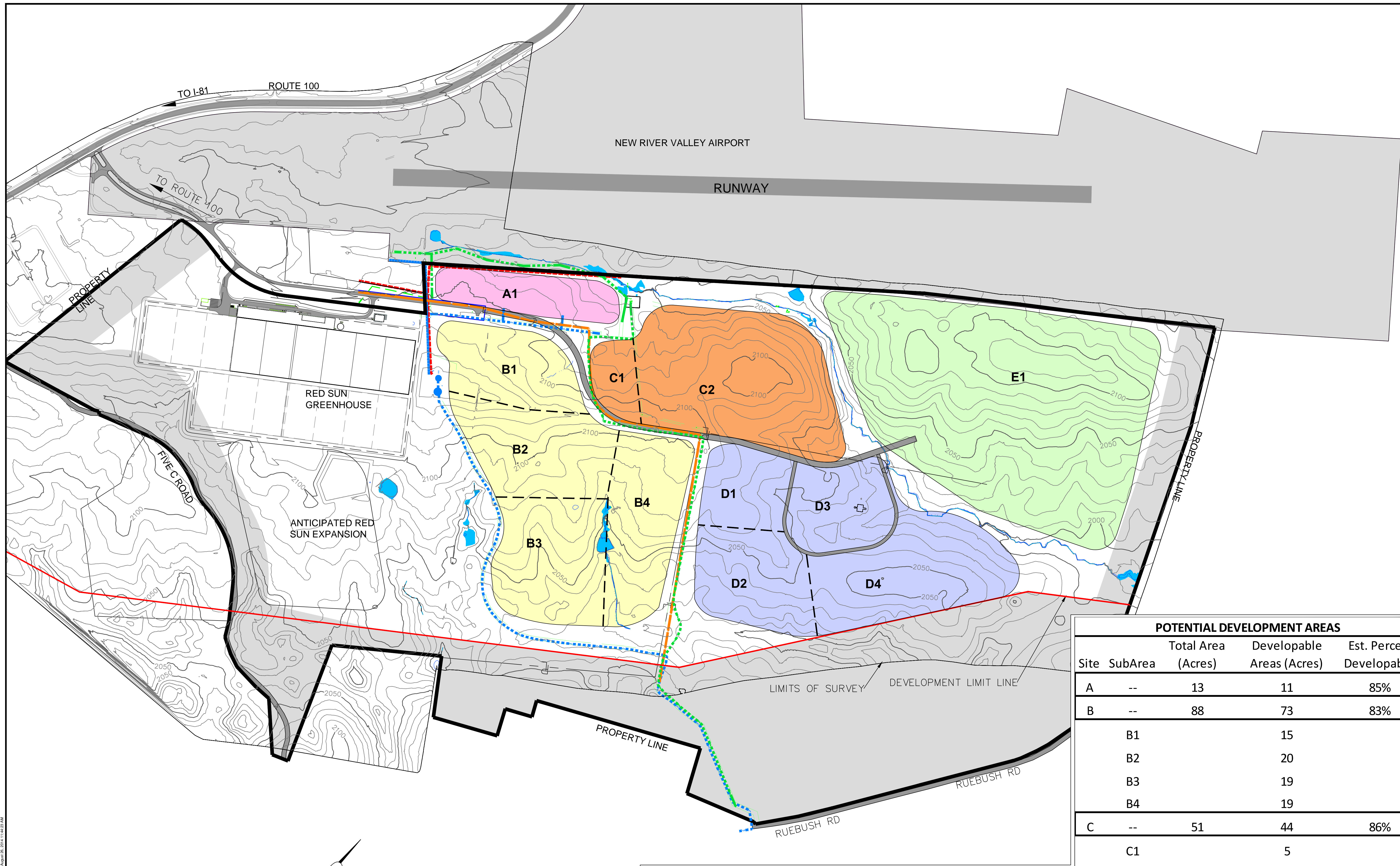
Commerce Park Participation Committee Shares

	Original Shares			Amendment 1			Amendment 2			2011 Share Offering (excess dues)			Red Sun Farms Grading Agreement			Gas Line Extension**			TOTAL CURRENT		Annual Investment
	# Shares	\$/ Share	\$ Total Shares	# Shares	\$/ Share	\$ Total Shares	# Shares	\$/ Share	\$ Total Shares	# Shares	\$/ Share	\$ Total Shares	# Shares	\$/ Share	\$ Total Shares	# Shares	\$/ Share	\$ Total Shares	# Shares	% of Shares	Total \$
Bland County	2,000.00	\$ 2.75	\$ 5,500.00	145.53	\$ 2.75	\$ 400.14	0.00	\$ -	\$ -	681.82	\$ 40.00	\$ 27,272.73	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	2,827.35	1.70%	\$ 5,900.14
Craig County	2,000.00	\$ 2.75	\$ 5,500.00	125.00	\$ 2.75	\$ 343.75	0.00	\$ -	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	2,125.00	1.28%	\$ 5,843.75
Giles County	18,932.00	\$ 2.75	\$ 52,063.00	1,377.60	\$ 2.75	\$ 3,788.21	0.00	\$ -	\$ -	999.96	\$ 40.00	\$ 39,998.53	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	21,309.56	12.81%	\$ 55,851.21
Montgomery County	18,932.00	\$ 2.75	\$ 52,063.00	1,377.60	\$ 2.75	\$ 3,788.21	0.00	\$ -	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	20,309.60	12.20%	\$ 55,851.21
Pulaski County	60,907.00	\$ 2.75	\$ 167,494.25	4,609.80	\$ 2.75	\$ 12,676.83	0.00	\$ -	\$ -	999.96	\$ 40.00	\$ 39,998.53	10,000.00	\$ 40.00	\$ 400,000.00	10,500.00	\$ 40.00	\$ 420,000.00	76,516.76	45.98%	\$ 180,171.08
Roanoke County	10,000.00	\$ 2.75	\$ 27,500.00	638.30	\$ 2.75	\$ 1,755.00	0.00	\$ -	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	10,638.30	6.39%	\$ 29,255.00
Wythe County*	9,000.00	\$ 2.75	\$ 24,750.00	-9,000.00	\$ 2.75	\$ (24,750.00)	0.00	\$ -	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	0.00	0.00%	\$ -
City of Radford	7,950.00	\$ 2.75	\$ 21,862.50	507.44	\$ 2.75	\$ 1,395.00	0.00	\$ -	\$ -	681.82	\$ 40.00	\$ 27,272.73	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	9,139.26	5.49%	\$ 23,257.50
City of Roanoke	10,000.00	\$ 2.75	\$ 27,500.00	0.00	\$ 2.75	\$ -	0.00	\$ -	\$ -	681.82	\$ 40.00	\$ 27,272.73	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	10,681.82	6.42%	\$ 27,500.00
Town of Dublin	1,006.00	\$ 2.75	\$ 2,766.50	73.20	\$ 2.75	\$ 201.72	0.00	\$ -	\$ -	999.96	\$ 40.00	\$ 39,998.53	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	2,079.16	1.25%	\$ 2,968.22
Town of Pearisburg	2,000.00	\$ 2.75	\$ 5,500.00	145.53	\$ 2.75	\$ 400.14	0.00	\$ -	\$ -	681.82	\$ 40.00	\$ 27,272.73	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	2,827.35	1.70%	\$ 5,900.14
Town of Pulaski	7,273.00	\$ 2.75	\$ 20,000.75	0.00	\$ 2.75	\$ -	0.00	\$ -	\$ -	681.82	\$ 40.00	\$ 27,272.73	0.00	\$ 40.00	\$ -	0.00	\$ 40.00	\$ -	7,954.82	4.78%	\$ 20,000.75
	150,000.00			0.00	Wythe shares		0.00			6,408.98			10,000.00			10,500.00		166,408.98	100.00%	\$ 412,499.00	
																			Total distributed		Annually
																			10,500		remain in escrow

*Wythe County withdrew from the Commerce Park Participation Committee and sold their 9,000 shares to other members

** 10,500 shares to Pulaski County for gas main extension do not count towards ownership or debt obligation, as the shares are held in escrow as collateral for the \$420,000 loan

Original Shares + Amend #1 (\$2.75/ ea) is basis for annual dues

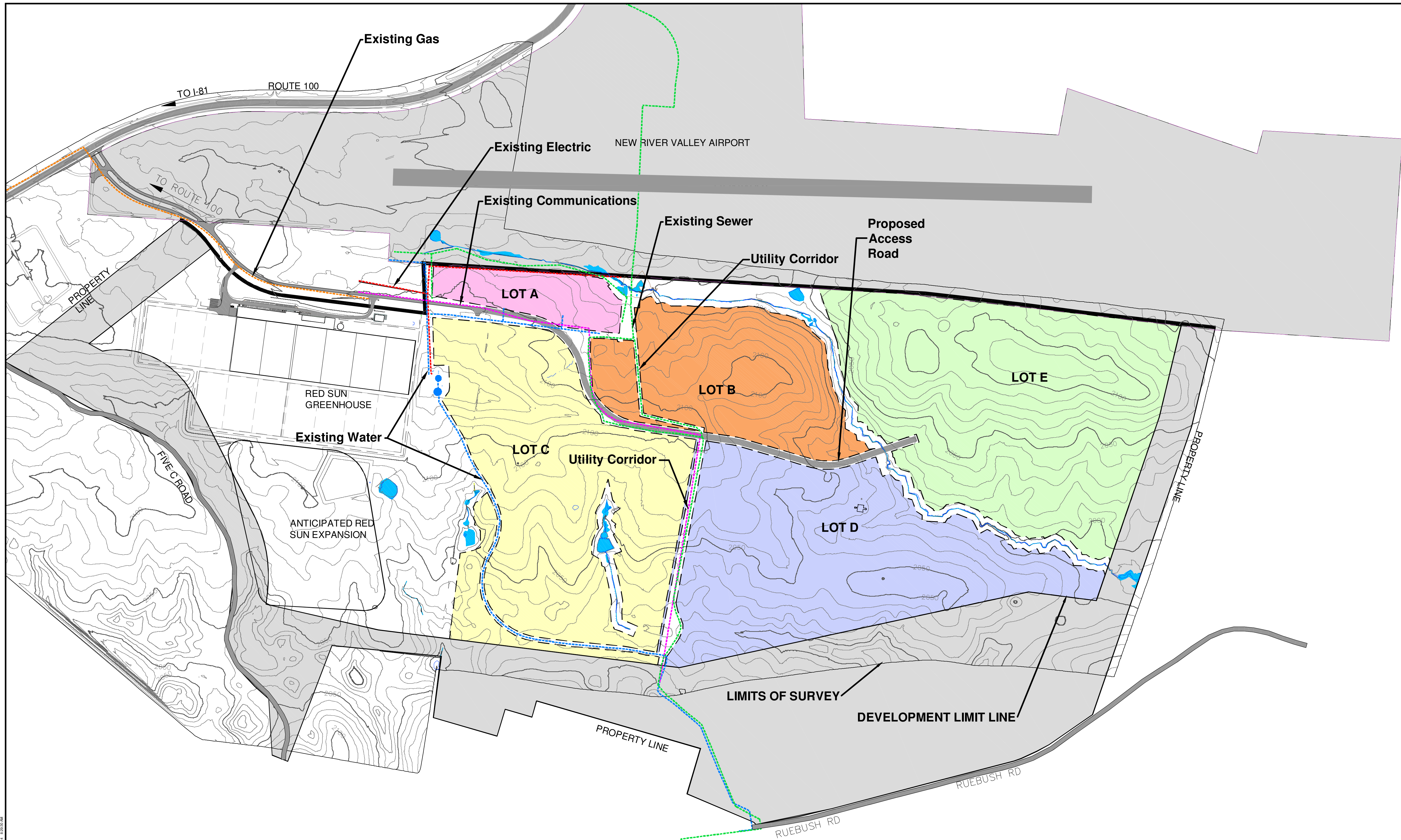


LEGEND

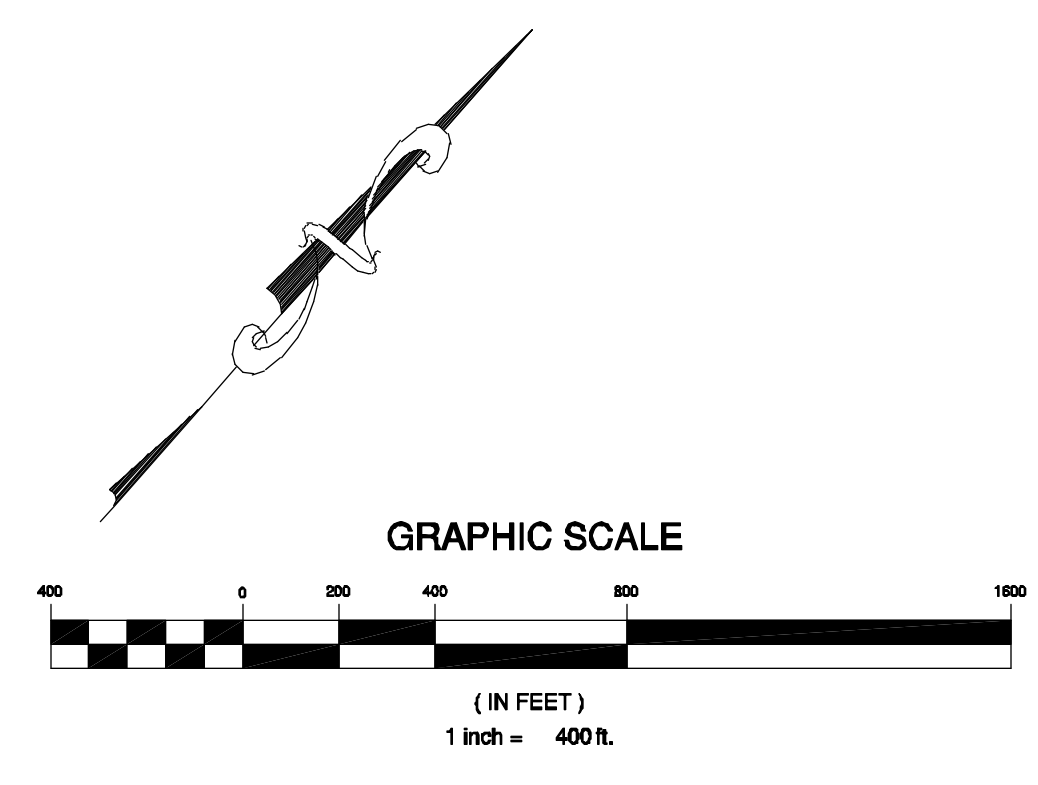
- SITE AREA A
- SITE AREA B
- SITE AREA C
- SITE AREA D
- SITE AREA E
- LOT LINES (POTENTIAL)
- OVERHEAD POWERLINE
- UNDERGROUND COMMUNICATION LINE
- WATER MAIN
- SANITARY / FORCEMAIN
- WATERS OF THE U.S.

POTENTIAL DEVELOPMENT AREAS				
Site	SubArea	Total Area (Acres)	Developable Areas (Acres)	Est. Percent Developable
A	--	13	11	85%
B	--	88	73	83%
	B1		15	
	B2		20	
	B3		19	
	B4		19	
C	--	51	44	86%
	C1		5	
	C2		39	
D	--	80	66	83%
	D1		11	
	D2		18	
	D3		27	
	D4		10	
E	--	106	86	81%

P:\13156B\13156B-02\DWG\13156B-02.dwg - Master Plan Update - August 26, 2014 11:14:02 AM



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LEGEND	
 LOT A	 LOT LINES (POTENTIAL)
 LOT B	 OVERHEAD POWERLINE
 LOT C	 UNDERGROUND COMMUNICATION LINE
 LOT D	 WATER MAIN
 LOT E	 SANITARY / FORCEMAIN
	 GAS LINE
	 WATERS OF THE U.S.

POTENTIAL DEVELOPMENT AREAS			
Site	Total Area (Acres)	Developable Areas (Acres)	Est. Percent Developable
LOT A	15	15	100%
LOT B	53	52	98%
LOT C	112	105	94%
LOT D	101	97	96%
LOT E	116	116	100%

REVISIONS	
DESIGNED BY:	CBK
DRAWN BY:	AJH
CHECKED BY:	CAH
SCALE:	1" = 400'
DATE:	SEPTEMBER 29, 2014
PROJECT NUMBER:	B13156B-02
1	

GAS LINE EXTENSION PROJECT AGREEMENT

THIS GAS LINE EXTENSION PROJECT AGREEMENT (“Agreement”) is dated this ___ day of November, 2014, by and between VIRGINIA’S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY (“VFRIFA”), the NEW RIVER VALLEY COMMERCE PARK PARTICIPATION COMMITTEE (“CPPC”), and PULASKI COUNTY, VIRGINIA (“County”).

WITNESSETH:

WHEREAS, VFRIFA is a regional authority focused on economic development for the greater New River Valley; and

WHEREAS, VFRIFA owns the New River Valley Commerce Park located in Pulaski County, Virginia; and

WHEREAS, the CPPC has responsibility for the overall management and development of the Commerce Park, with its members potentially benefitting from tax revenues received from companies locating within the Commerce Park; and

WHEREAS, providing natural gas service to the Commerce Park will assist with attracting companies to locate within the Commerce Park; and

WHEREAS, ATMOS Energy provided a letter to VFRIFA dated November 7, 2013, which described a natural gas line extension (“Extension”) to the Commerce Park and costs associated with same, attached hereto as Exhibit “A”; and

WHEREAS, VFRIFA was interested in installing the Extension to serve the Commerce Park (“Project”) but lacked sufficient funding; and

WHEREAS, on November 25, 2013, the Pulaski County Board of Supervisors unanimously agreed to loan VFRIFA the \$420,000.00 required for the Project pursuant to certain terms and conditions set forth in the letter dated November 26, 2013 from the Pulaski County Administrator, attached hereto as Exhibit “B” (“Loan”); and

WHEREAS, ATMOS Energy constructed the Extension; and

WHEREAS, the parties desire to ratify the actions taken by the parties thus far in furtherance of the Project and memorialize the terms and conditions of the Loan;

NOW, THEREFORE, Pulaski County, VFRIFA, and the CPPC agree as follows:

Project Purpose

The purpose of the Project is to provide natural gas service to the New River Valley Commerce Park.

Project Participants:

The participants for this Project include VFRIFA and Pulaski County, Virginia.

Loan Terms:

1. VFRIFA paid ATMOS Energy \$420,000.00 for the Extension.
2. Upon execution of this Agreement, Pulaski County shall pay \$420,000.00 to VFRIFA within thirty (30) days.

Collateral:

1. CPPC hereby approves and directs VFRIFA to issue Ten Thousand Five Hundred (10,500) Commerce Park Shares at \$40.00 per share to Pulaski County as collateral (“Collateral Shares”) for the Loan.
2. To the extent that VFRIFA receives refunds from ATMOS Energy for new customers connecting to the Extension pursuant to section (1) of the Extension Agreement (See Exhibit “C”), at the County’s option, such refunds may be used to repurchase the Collateral Shares from Pulaski County at \$40.00 per share.
3. The parties acknowledge and agree that the Loan is a zero interest loan that will be repaid by VFRIFA, upon approval of the CPPC, from either the transfer or sale of surplus property within the Commerce Park or repurchase of Collateral Shares as mutually agreed between the parties.
4. The Collateral Shares issued herein shall neither be counted for the purpose of assessing dues nor for assessing contributions to bond payments.
5. Other than Pulaski County as set forth herein, no CPPC participant or VFRIFA member locality shall be responsible for purchasing additional Commerce Park shares or making monetary contributions in excess of the current annual dues in support of this Project. In addition, no contribution or expenditure made for this Project by any party shall constitute a debt or pledge of the faith and credit of a party making such contribution or expenditure within the meaning of any constitutional or statutory debt limitation, and shall be subject to and dependent upon annual appropriations being made from time to time by the respective governing body of each party.

Notice:

Any correspondence with respect to this Agreement shall be sent to the following:

VFRIFA and CPPC: Danny Wilson, Executive Director
6580 Valley Center Drive, Suite 124
Radford, Virginia 24141
(540) 639-9313
dwilson@pulaskicounty.org

Pulaski County: Peter Huber
County Administrator
143 Third Street, NW, Suite 1
Pulaski County, Virginia 24301
(540) 980-7705
phuber@pulaskicounty.org

Entire Agreement:

This Agreement constitutes the entire understanding between the parties with respect to the subject matter of this Agreement and supersedes all other agreements, whether written or oral, between the parties.

Counterparts:

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written, in one or more counterpart signature pages.

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

Attest:

Approved as to form:

Secretary of the
Authority Board

Attorney, VFRIFA

Chairman, Authority Board

NEW RIVER VALLEY COMMERCE PARK PARTICIPATION COMMITTEE

Attest:

Approved as to form:

Secretary of the
CPPC Board

Attorney, CPPC

Chairman, CPPC Board

COUNTY OF PULASKI, VIRGINIA

Attest:

Approved as to form:

Clerk, Board of Supervisors

County Attorney

Chairman, Board of Supervisors

**Memorandum of Understanding
Between
Virginia's First Regional Industrial Facility Authority
and
New River Valley Planning District Commission**

THIS MEMORANDUM OF UNDERSTANDING made as of this ____ day of _____, 2014, by and between VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY ("VFRIFA") and NEW RIVER VALLEY PLANNING DISTRICT COMMISSION ("NRVPDC").

WHEREAS, VFRIFA is a regional agency focused on economic development for the greater New River Valley; and

WHEREAS, VFRIFA relies on contracted staff to provide support for the organization and the NRVPDC has provided staff support services for VFRIFA for many years; and

WHEREAS, the VFRIFA Board of Directors requested proposals via a RFP for management services in March 2014; and

WHEREAS, the NRVPDC wished to continue providing services to VFRIFA, so a proposal in response to the RFP was submitted by the NRVPDC; and

WHEREAS, during review and negotiations of the proposals for staff support, the VFRIFA Board of Directors approved an extension to the NRVPDC contract for Fiscal Year 2013 through the end of August 2014 during the June 3, 2014 VFRIFA Board of Directors Meeting; and

WHEREAS, during the August 13, 2014 VFRIFA Board of Directors Meeting, the Board approved the NRVPDC's proposal to provide services for FY 2014-2015; and

WHEREAS, during the August 13, 2014 Board of Directors Meeting, the VFRIFA Board also approved having Pulaski County provide staff to act as the Executive Director, which will be memorialized under a separate memorandum; and

WHEREAS, the parties wish to set forth their understandings with respect to the services to be provided in this Memorandum:

NOW, THEREFORE, in consideration of the foregoing and the mutual obligations and undertakings set forth herein, and subject to the terms and contingencies set forth herein, the parties set forth the following understandings:

Responsibilities

The NRVPDC agrees to provide the following services to VFRIFA:

1. Board/ Staff Support including:
 - a. Reserve meeting space (cost for space will typically be \$75 for the New River Room, paid by the PDC with the expense submitted to Virginia's First for reimbursement);
 - b. Coordinate food for meetings (to be paid by the PDC with the expense submitted to Virginia's First for reimbursement);

- c. Attend all Board Meetings and Executive Committee Meetings;
 - d. Prepare meeting minutes for all meetings;
 - e. Ensure compliance with Code of Virginia regulations as it relates to Board Member documentation;
 - f. Upload documents for Board Meetings (minutes/agendas) to the Virginia's First page on the NRVPCD website;
 - g. Maintain webpage on NRVPCD website for VFRIFA information and documents;
 - h. Serve as point of contact for VFRIFA, including mailing location;
 - i. Assist Executive Director with administrative functions and staff support when needed;
 - j. Provide miscellaneous printing with the understanding that any large print jobs will not be provided without additional compensation.
2. Bookkeeping Services shall include:
- a. Manage operating account through utilization of QuickBooks software, including purchase and maintenance of said software and necessary computer hardware;
 - b. Provide invoices to member localities for dues/shares based on the amounts provided annually by the Executive Director/Executive Committee;
 - c. Serve as billing address, but not external point of contact for financial matters;
 - d. Act as point of contact for bank, manage bank account, and deposit funds into bank account;
 - e. Receive and enter bills into bookkeeping software, prepare checks for payment, and mail checks to pay for bills (checks must be signed by at least one officer);
 - f. Reconcile operating account on a monthly basis;
 - g. Advise status of past due items to the Executive Director/Executive Committee;
 - h. Prepare quarterly financial reports with input and review by the treasurer;
 - i. Prepare quarterly budget reports once a budget is provided by the Executive Director/Executive Committee.

Other services may be provided for an additional fee on a project specific cost basis, as needed, including, but not limited to:

1. Grant application and administration;
2. Project management;
3. Prospect coordination;
4. Other similar services.

Fee for Services

The services agreed to within this Memorandum will be performed for a fee not to exceed \$25,000. Payment for these services will be provided to the NRVPCD from VFRIFA on a quarterly basis.

Duration of MOU

The effective period of this Memorandum of Understanding begins on July 1, 2014 and remains in effect through the end of June 2015. Either party may request a review of this Memorandum of Understanding at any time.

Points of Contact

NRV PDC:

Christy Straight
Regional Planner II
6580 Valley Center Drive, Suite 124
Radford, VA 24141
(540) 639-9313
cstraight@nrvpdc.org

VFRIFA:

Danny Wilson
Executive Director, VFRIFA
143 Third Street NW, Ste 1
Pulaski, VA 24301
(540) 980-7877
dwilson@pulaskicounty.org

Concurrence

It is agreed that this written statement embodies the entire agreement of the parties regarding this affiliation, and no other agreements exist between the parties except as expressed in this document. All parties to this agreement concur with the level of support and resource commitments that are documented herein. It is further understood that the services described herein will include services provided to both VFRIFA and the New River Valley Commerce Park Participation Committee.

Severability

If any clause, provision or section of this Memorandum is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Memorandum will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

Successors and Assigns

This Memorandum will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding in one or more counterpart signature pages as of the date first above written.

**New River Valley Planning District
Commission**

By: _____

Name: _____

Title: Executive Director

**Virginia's First Regional Industrial Facility
Authority**

By: _____

Name: _____

Title: Chair, Board of Directors

**Memorandum of Understanding
Between
Virginia's First Regional Industrial Facility Authority
and
Pulaski County, VA**

THIS MEMORANDUM OF UNDERSTANDING made as of this ____ day of _____, 2014, by and among the VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY ("VFRIFA") and PULASKI COUNTY, Virginia ("County").

WHEREAS, VFRIFA is a regional agency focused on economic development for the greater New River Valley; and

WHEREAS, the property owned and being developed by VFRIFA is located in Pulaski County; and

WHEREAS, VFRIFA relies on contracted staff to provide support for the organization and the County has been a VFRIFA member since it was created; and

WHEREAS, the VFRIFA Board of Directors requested proposals via a RFP for management services in March 2014; and

WHEREAS, the County wished to assist with providing staffing for VFRIFA for the Executive Director, so a proposal in response to the RFP was submitted by the County; and

WHEREAS, during the August 13, 2014 VFRIFA Board of Directors Meeting, the Board approved the County's proposal to provide services; and

WHEREAS, during the August 13, 2014 Board of Directors Meeting, the VFRIFA Board also approved having the New River Valley Planning District Commission provide staff support services, which will be memorialized under a separate memorandum; and

WHEREAS, the parties wish to set forth their understandings with respect to the services to be provided in this Memorandum:

NOW, THEREFORE, in consideration of the foregoing and the mutual obligations and undertakings set forth herein, and subject to the terms and contingencies set forth herein, the parties set forth the following understandings:

Responsibilities

The County agrees to provide the following services and resources to VFRIFA:

1. One County staff member to act as the Executive Director (estimated to take about 25% of staff member's time). Examples of activities to be performed by the Executive Director are as follows:
 - a. Managing and organizing meetings for Board of Directors, Executive Committees, and Commerce Park Participation Committee
 - b. Annual budget preparation and submission to the local governments
 - c. Prospect Visit Coordination to attract companies to the region
 - d. Coordinating and submitting Requests for Information
 - e. Negotiating, drafting, and managing tenant leases and real estate transactions

- f. Procuring professional services for site analysis and development, as well as legal/ financial/ and other professional services needed for the day-to-day operations of VFRIFA
 - g. Procuring construction services for any site development activities associated with the NRV Commerce Park
 - h. Managing contracts and overseeing payments for any procured services
 - i. Meeting with various contractors, professionals, member organizations, lessees, and others to address any needs for VFRIFA
2. Use of County vehicle, computer, software, phone, printer, and other miscellaneous office equipment and supplies needed to perform the functions as Executive Director

Fee for Services

The services and resources agreed to within this Memorandum will be provided for an annual fee of \$10,000. Payment for these services will be provided to the County from VFRIFA on a biannual basis, to be billed in December and June.

Duration of MOU

The effective period of this Memorandum of Understanding begins on the date of September 1, 2014 and remains in effect through the end of June 2015. Either party may request a review of this Memorandum of Understanding at any time.

Points of Contact

County: Peter Huber
County Administrator
143 Third Street, NW
Pulaski, VA 24301

VFRIFA: Mary Biggs
Chair, Board of Directors
6580 Valley Center Drive, Suite 124
Radford, VA 24141

Concurrence

It is agreed that this written statement embodies the entire agreement of the parties regarding this affiliation, and no other agreements exist between the parties for similar services except as expressed in this document. All parties to this agreement concur with the level of support and resource commitments that are documented herein. It is further understood that the services described herein will include services provided to both VFRIFA and the New River Valley Commerce Park Participation Committee.

Severability

If any clause, provision or section of this Memorandum is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Memorandum will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

Successors and Assigns

This Memorandum will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding in one or more counterpart signature pages as of the date first above written.

Pulaski County, VA

By: _____

Name: _____

Title: County Administrator

Virginia's First Regional Industrial Facility Authority

By: _____

Name: _____

Title: Chair, Board of Directors

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
Quarter Ending September 30, 2014

Ledger Balance Forward June 30, 2014		194,888.45
Dues/Shares/Rents Received 7/1/2014 -9/30/2014	501,422.90	
Interest Earned July- September 2014	1,029.38	
Prinicpal Loan payments for land sale	93.58	
Total Receivables (less fees)	502,545.86	502,545.86

July 2014 Payables

AEP	10.02
Verizon Wireless	99.80
NRV Planning District Commission	1,114.53
Guyann, Memmer & Dillon	1,030.54
Draper Aden Associates	1,350.00
Anderson and Associates	7,813.75
Timmons Group	1,125.00
Thompson and Litton	1,140.00

August 2014 Payables

AEP	10.02
Verizon Wireless	99.78
Guyann, Memmer & Dillon	240.00
New City	1,782.00
NRV Development Corp	100.00
Joe Morgan	3,286.37
Thompson and Litton	915.00
Treasurer of Virginia	835.00

September 2014 Payables

Verizon Wireless	99.75
Pulaski County PSA	55,000.00
NRV Planning District Commission	4,900.61
Guyann, Memmer & Dillon	2,104.54
Draper Aden Associates	11,775.00
Anderson and Associates	2,754.00
Thompson and Litton	2,445.00
VACORP	2,263.13

Total Accounts Payable

102,293.84
(102,293.84)

Ledger Balance September 30, 2014

595,140.47

Available Funds

Virginia's First Designated Balance	72,975.71	
Virginia's First Deferred Excess Funds	(12,727.00)	
Virginia First Available Balance	60,248.71	60,248.71
Commerce Park Designated Balance	522,164.76	
Commerce Park Water/Sewer Expansion Reserve	(192,203.94)	
Commerce Park Available Balance	329,960.82	329,960.82

Total Available Funds

390,209.53

Long-term Obligations - principal balance as of **June 30, 2013**

Pulaski County IDA June 2013 Bond Issue Average Interest 5.15% through 2028	\$ 1,660,000.00
Pulaski County IDA June 2013 Bond Issue Average Interest 5.15% through 2039	\$ 4,950,000.00
Pulaski County IDA June 2013 Bond Issue Original Issue Discount	\$ (10,133.00)
VFRIFA Loan to Commerce Park for Site Improvements	\$ 200,000.00
Pulaski County PSA April 2010 Loan Imputed Interest 2.375% through 2050	\$ 1,413,190.00
Total Long Term Obligations	\$ 8,213,057.00

These financial statements have not been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are intended for internal use only

Virginia's First Regional Industrial Facility Authority
Inventory Schedule
Year Ended June 30, 2013

Value of Land Prior Audit Report	
	Commerce Park Value
Appraisal of 838.474 acres - See E-13b	5,200,00.00
Assessed value 35 acre surplus	662,500.00
Assessed value 55 acre surplus	330,600.00
Total	6,193,100.00

Value of Land June 30, 2013 Audit Report		
Parcel	Per County GIS (12/16/2013)	
	Acres	Assessed Value
	Parcels	
036-005-0000-0003	410.62	3,284,900.00
037-001-0000-0001	340.90	1,374,600.00
037-001-0000-0021	55.00	330,600.00
047-048-0000-0006	34.59	220,600.00
	Acres prior to sale (31 after sale)	
047-048-0000-0010	65.22	652,200.00
036-005-0000-0001	8.97	671,100.00
	915.30	6,534,000.00

Total value per books (above)		6193100.00
Book value per acre		<u>6,766.23</u>
Disposals	Acred	Value
Red Sun Farms	100	676,623.01
New Dublin Presbyterian Church	3.5855	<u>24,260.32</u>
Total Disposals		<u>700,883.33</u>
Sales Proceeds		<u>16,134.75</u>
Net		<u>684,748.58</u>
Land held for resale		5,508,351.42
Loan due from Church		16,041.17
Net Value of land held for resale		5,492,216.42

These financial statements have not been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are intended for internal use only

	VA First	Commerce Park	Total Funds
6/30/2014 Designated Balance	\$ 48,622.78	\$ 146,265.67	\$ 194,888.45
Quarterly Income			
Dues/Shares	\$ 55,000.00	\$ 409,572.00	
Leases		\$ 1,848.90	
Interest		\$ 1,029.38	
Misc		\$ 35,002.00	
Add'l Shares - W/S Expansion			
an payments land sale - new Dublin Presbyterian church		\$ 93.58	
Total Income	\$ 55,000.00	\$ 447,545.86	
Quarterly Expense			
Admin Contracted	\$ 7,416.74	\$ 1,598.40	
Admin Exp	\$ 685.70		
Project Development		\$ 1,782.00	
Contractual Service			
Debt Service	\$ 17,000.00	\$ 38,000.00	
Participation Committee			
Professional	\$ 5,638.21	\$ 29,027.75	
Site Maintenance		\$ 1,145.04	
Revenue Refund			
Misc/reserve used for debt service			
Total Expense	\$ 30,740.65	\$ 71,553.19	
9/30/2014 Designated Balance	\$ 72,882.13	\$ 522,258.34	\$ 595,140.47
VA 1st includes deferred revenue @		9/30/14 ledger balance	\$ 595,140.47
\$12,727.00			\$ -
		\$ 522,258.34	Commerce Pk 2nd Qtr Balance
		\$ (192,203.94)	designated for W/S expansion
		\$ -	designated for RD Loan reserve
		\$ 330,054.40	

These financial statements have not been prepared in accordance with General Accepted Accounting Principles (GAAP) and are intended for internal use only

Virginia's First Regional Industrial Facility Authority Combined Profit & Loss Budget vs. Actual

July 2014 through June 2015

	Jul '14 - Jun 15	Budget	% of Budget
Income			
Commerce Park Income			
Commerce Park - Use of Reserve	0.00	22,822.60	0.0%
Grants - Commerce Park	0.00	35,000.00	0.0%
Interest Income - Commerce Park	1,029.38		
Lease Income - Commerce Park			
Residence - Double Wide	1,848.90	3,500.00	52.8%
Lease Income - Commerce Park - Other	0.00	15,691.40	0.0%
Total Lease Income - Commerce Park	1,848.90	19,191.40	9.6%
Property Taxes from Red Sun Far	0.00	20,750.00	0.0%
QSP Support	35,002.00		
Shares - Commerce Park			
Shares - Bland County	5,900.00	5,900.00	100.0%
Shares - City of Radford	23,258.00	23,258.00	100.0%
Shares - City of Roanoke	27,500.00	27,500.00	100.0%
Shares - Craig County	5,884.00	5,844.00	100.7%
Shares - Giles County	55,851.00	55,851.00	100.0%
Shares - Montgomery County	55,851.00	55,851.00	100.0%
Shares - Pulaski County	180,172.00	180,172.00	100.0%
Shares - Roanoke County	29,255.00	29,255.00	100.0%
Shares - Town of Dublin	0.00	2,968.00	0.0%
Shares - Town of Pearisburg	5,900.00	5,900.00	100.0%
Shares - Town of Pulaski	20,001.00	20,001.00	100.0%
Total Shares - Commerce Park	409,572.00	412,500.00	99.3%
Water Surcharge	0.00	2,000.00	0.0%
Total Commerce Park Income	447,452.28	512,264.00	87.3%
Virginia First's Income			
Member Dues - VA First			
Dues - Bland County	5,000.00	5,000.00	100.0%
Dues - City of Radford	5,000.00	5,000.00	100.0%
Dues - City of Roanoke	5,000.00	5,000.00	100.0%
Dues - Craig County	5,000.00	5,000.00	100.0%
Dues - Giles County	5,000.00	5,000.00	100.0%
Dues - Montgomery County	5,000.00	5,000.00	100.0%
Dues - Pulaski County	5,000.00	5,000.00	100.0%
Dues - Roanoke County	5,000.00	5,000.00	100.0%
Dues - Town of Christiansburg	5,000.00	5,000.00	100.0%
Dues - Town of Dublin	0.00	5,000.00	0.0%
Dues - Town of Pearisburg	5,000.00	5,000.00	100.0%
Dues - Town of Pulaski	5,000.00	5,000.00	100.0%
Dues - Wythe County	0.00	5,000.00	0.0%
Total Member Dues - VA First	55,000.00	60,000.00	91.7%
VA 1st Use of Reserve	0.00	1,500.00	0.0%
Total Virginia First's Income	55,000.00	61,500.00	89.4%
Total Income	502,452.28	573,764.00	87.6%
Gross Profit	502,452.28	573,764.00	87.6%
Expense			
Commerce Park Expenses			
Administration Contracted - CP			
Contracted Management	940.00		
PDC Staff Services	658.40		
Administration Contracted - CP - Other	0.00	18,625.00	0.0%
Total Administration Contracted - CP	1,598.40	18,625.00	8.6%
Debt Service-Commerce Park			
Pulaski Co PSA - 2050	38,000.00	38,000.00	100.0%
Debt Service-Commerce Park - Other	0.00	353,595.00	0.0%
Total Debt Service-Commerce Park	38,000.00	391,595.00	9.7%
Participation Committee-Comm Pk	0.00	1,500.00	0.0%
Professional Services-Comm Pk			
Engineering	28,192.75		
Other Professional Fees	835.00		
Professional Services-Comm Pk - Other	0.00	96,164.00	0.0%
Total Professional Services-Comm Pk	29,027.75	96,164.00	30.2%
Project Development-Commerce Pk			
Site Development/Marketing			
Website	1,782.00		
Site Development/Marketing - Other	0.00	1,500.00	0.0%
Total Site Development/Marketing	1,782.00	1,500.00	118.8%
Total Project Development-Commerce Pk	1,782.00	1,500.00	118.8%
Site Maintenance-Commerce Park			
Environmental	1,125.00		
Utilities	20.04		
Site Maintenance-Commerce Park - Other	0.00	2,880.00	0.0%
Total Site Maintenance-Commerce Park	1,145.04	2,880.00	39.8%
Total Commerce Park Expenses	71,553.19	512,264.00	14.0%
Virginia's First Expenses			
Administration Contracted -VF			

**Virginia's First Regional Industrial Facility Authority
 Combined Profit & Loss Budget vs. Actual**

July 2014 through June 2015

	Jul '14 - Jun 15	Budget	% of Budget
Contracted Management	2,060.00		
PDC Staff Services	5,356.74		
Administration Contracted -VF - Other	0.00	18,625.00	0.0%
Total Administration Contracted -VF	7,416.74	18,625.00	39.8%
Administration Expenses - VA1st			
Miscellaneous			
Other	286.37		
Miscellaneous - Other	100.00		
Total Miscellaneous	386.37		
Telecommunications	399.08		
Administration Expenses - VA1st - Other	0.00	3,425.00	0.0%
Total Administration Expenses - VA1st	785.45	3,425.00	22.9%
Professional Services- VA First			
Audit Fee	2,263.13		
Legal	3,375.08		
Professional Services- VA First - Other	0.00	19,950.00	0.0%
Total Professional Services- VA First	5,638.21	19,950.00	28.3%
Regional Marketing	0.00	2,500.00	0.0%
Water & Sewer Capacity Debt	17,000.00	17,000.00	100.0%
Total Virginia's First Expenses	30,840.40	61,500.00	50.1%
Total Expense	102,393.59	573,764.00	17.8%
Net Income	400,058.69	0.00	100.0%

These financial statements have not been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are intended for internal use only

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: September 11, 2014

MEMORANDUM TO: Danny Wilson, Director
Virginia's First Regional Industrial Facility Authority (VFIFA)

FROM: Corbin Stone, CPA, Director
Robinson, Farmer, Cox Associates

REGARDING: Audit Comments

In planning and performing our audit fieldwork for Virginia's First Regional Industrial Facility Authority, for the year ended June 30, 2014, we considered Virginia's First Regional Industrial Facility Authority's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Accounting for VFIFA:

During our review of disbursements and discussions with staff, we determined that expenses related to the Commerce Park Project were incorrectly charged to Virginia's First IFA. Specifically, we noted that the following expenses were miscoded in the current year:

- \$17,000 of a \$55,000 bill related to an agreement with the Pulaski County PSA for the provision of water/sewer to Commerce Park was charged to VFIFA.
- All legal fees incurred during the fiscal year were charged to VFIFA although the invoices for same indicate that some of the services provided were related to Commerce Park.

In addition to the items noted above, we were advised that expenses were miscoded in a prior fiscal year. Since Commerce Park is in effect a sub-entity of VFIFA and participants in VFIFA do not mirror participants in the Commerce Park Project, any reported balance for either entity is likely in error.

It is our recommendation that the Authority require a complete accounting of historical records to determine the amount(s) held for VFIFA vs. Commerce Park. As part of this accounting, the Organization should review the appropriateness of postings between the two entities. **Please note: We have several years of data from the Authority and may be able to assist Authority staff in gathering the necessary information for review.**

Audit Adjustments:

We (the auditors) identified several material adjustments to the books that were not identified as part of the Authority's closing process. There are several reasons for these adjustments, as noted below:

1. The Authority enters into agreements that have financial statement implications and those agreements are not being considered in the preparation of the financial statements.
2. The Authority has not established a central repository for all financial records, agreements and contracts.
3. The Authority does not properly segregate unrelated transactions. For instance: We determined that Pulaski County paid debt service of approx. \$372,000 on behalf of the Authority in June of 2014. Instead of requiring repayment, Pulaski County netted the \$372,000 against a future loan that has yet to be provided to the Authority.

We strongly recommend that the Authority have all contracts/agreements reviewed by an accountant, who can consider the implications of same and recommend the proper accounting treatment. We further recommend that the Authority establish a central repository for all agreements. Finally, the Authority should refrain from the practice of netting unrelated transaction as this serves to complicate the accounting for same.

Preliminary Draft

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL
FACILITY AUTHORITY**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

Preliminary Draft

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

Financial Report
Year Ended June 30, 2014

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To the Members of the Board
Virginia's First Regional Industrial Facility Authority
Radford, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Virginia's First Regional Industrial Facility Authority, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Preliminary Draft

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We were unable to validate amounts reported in the statement of net position as due from participants during the course of our audit.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Virginia's First Regional Industrial Facility Authority, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014, on our consideration of Virginia's First Regional Industrial Facility Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia's First Regional Industrial Facility Authority's internal control over financial reporting and compliance.

Robinson, Faucher, Co. Associates

Blacksburg, Virginia
September 18, 2014

Statement of Net Position
At June 30, 2014

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 194,888
Accounts receivable	35,000
Prepaid items	1,608
Interest receivable	611
Due from participants (current portion)	755,972
Loan receivable	<u>1,079</u>
Total current assets	<u>\$ 989,158</u>
Noncurrent assets:	
Inventory held for resale	\$ 5,492,217
Loan receivable	15,056
Due from participants	153,330
Restricted assets:	
Cash & cash equivalents	507,726
Capital assets (net of accumulated depreciation):	
Water and sewer rights	1,377,860
Buildings and structures	<u>148,584</u>
Total noncurrent assets	<u>\$ 7,694,773</u>
Total assets	<u>\$ 8,683,931</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 385,730
Accrued interest payable	36,115
Unearned revenue	12,728
Due to Pulaski County PSA (amount due in one year)	22,542
Bond payable (amount due in one year)	<u>219,610</u>
Total current liabilities	<u>\$ 676,725</u>
Noncurrent liabilities:	
Due to Pulaski County PSA (amount due in more than one year)	\$ 1,344,108
Bond payable (amount due in more than one year)	<u>6,350,647</u>
Total noncurrent liabilities	<u>\$ 7,694,755</u>
Total liabilities	<u>\$ 8,371,480</u>
NET POSITION	
Unrestricted	<u>\$ 312,451</u>
Total net position	<u>\$ 312,451</u>

The accompanying notes to financial statements are an integral part of this statement.

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014**

Operating revenues:	
Annual dues	\$ 60,000
Rental income	22,437
Participant share - Commerce Park	833,370
Economic incentive income - Pulaski County	400,000
Commerce Park Grant	35,000
	<hr/>
Total operating revenues	\$ 1,350,807
Operating expenses:	
Commerce Park:	
Contracted management	\$ 6,370
Staff services	18,000
Miscellaneous	419
Transportation/travel	233
Marketing	2,281
Engineering	69,540
Maintenance	1,110
Utilities	120
Economic incentive payments (expenses)	820,000
Office supplies	58
Insurance	583
Depreciation	56,286
Virginia's First IFA:	
Contracted management	12,630
Staff services	6,544
Bank fees	332
Miscellaneous	1,742
Telecommunications	1,662
Website maintenance	1,782
Transportation/travel	498
Insurance	1,123
Audit expense	5,500
Legal fees	11,466
	<hr/>
Total operating expenses	\$ 1,018,279
Operating income (loss)	\$ 332,528
Nonoperating revenues (expenses):	
Interest earned	\$ 720
Interest expense	(316,485)
	<hr/>
Total nonoperating revenues (expenses)	\$ (315,765)
Change in net position	\$ 16,763
Net position, beginning of year, as restated	<hr/> 295,688
Net position, end of year	\$ <hr/> 312,451

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows
For the Year Ended June 30, 2014

Cash flows from operating activities:	
Receipts from operating grants and participating jurisdictions	\$ 892,209
Payments to suppliers and corporations	<u>(2,258,623)</u>
Net cash provided by (used for) operating activities	<u>\$ (1,366,414)</u>
Cash flows from non-capital financing activities:	
Principal payments on notes payable	\$ (276,540)
Interest payments	<u>(282,349)</u>
Net cash provided by (used for) non-capital financing activities	<u>\$ (558,889)</u>
Cash flows from investing activities:	
Interest received	\$ <u>109</u>
Net cash provided by (used for) investing activities	<u>\$ 109</u>
Increase (decrease) in cash and cash equivalents	\$ (1,925,194)
Cash and cash equivalents at beginning of year (Includes restricted cash amount of \$2,186,357)	<u>\$ 2,627,808</u>
Cash and cash equivalents at end of year (Includes restricted cash amount of \$507,726)	<u><u>\$ 702,614</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 332,528
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	56,286
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid items	98
(Increase) decrease in accounts receivable	(458,598)
Increase (decrease) in economic incentive payables	(1,600,000)
Increase (decrease) in payables and accrued expenses	<u>303,272</u>
Net cash provided by (used for) operating activities	<u><u>\$ (1,366,414)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant policies:

A. Financial Reporting Entity

Virginia's First Regional Industrial Facility Authority was created as a governmental subdivision of the Commonwealth of Virginia by concurrent resolutions of the Board of Supervisors of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke and Wythe Counties; the City Councils of Roanoke, Radford, and Salem; and the Town Councils of Christiansburg, Dublin, Narrows, Pearisburg, and Pulaski on September 1st 1998. The Authority was created pursuant to the provisions of the Virginia Regional Industrial Facilities Act (Chapter 64 of Title 15.2 of the Code of Virginia, 1950 as amended). The City of Salem and Town of Narrows withdrew from the Authority in 2011. The Authority is governed by up to twenty-six directors appointed by the participating localities. Each member government may appoint two members for a total of twenty-six members of the Board of Directors. The purpose of the Authority is to enhance the economic base for the member localities by developing, owning, and operating one or more facilities on a cooperative basis. As such, the Authority is authorized to expend such funds as may be available to it for the purpose of developing facilities, including but not limited to (i) purchasing real estate; (ii) grading sites; (iii) improving, replacing, and extending water, sewer, natural gas, electrical, and other utility lines; (iv) constructing, rehabilitating, and expanding buildings; (v) constructing parking facilities; (vi) constructing access roads, streets, and rail lines; (vii) purchasing or leasing machinery and tools; and (viii) making any other improvements deemed necessary by the Authority to meet its objectives. "Facility" means any structure or park, including real estate and improvements as applicable, for manufacturing, warehousing, distribution, office, or other industrial, residential, recreational or commercial purposes.

B. Basis of Accounting

The Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are contributions, revenue sharing payments and land sale proceeds. Operating expenses include the cost of administrative expenses, economic incentive payments, and host fee payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Inventory Valuation

Inventory held for resale consists of land in the Commerce Industrial Park and is valued at the lower of cost or market.

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2014 (continued)

Note 1-Summary of Significant Accounting Policies: (continued)

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2014.

E. Long-term Obligations

Long-term obligations are reported as liabilities the Authorities activities. Bonds payable are reported net of the applicable bond premium or discount.

F. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

G. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2014 (continued)**

Note 1-Summary of Significant Accounting Policies: (continued)

J. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. The Authority's debt was issued for the purchase of capital assets and inventory held for resale. The Authority does not allocate debt between the two classes of assets purchased with same. Currently, outstanding debt exceeds the carrying value of inventory and capital assets.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year. Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20-40
Equipment and machinery	10

Note 2-Cash and Securities:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2014 (continued)

Note 2-Cash and Securities: (continued)

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Authority has not adopted an investment policy for credit risk. The Authority's rated debt investments as of June 30, 2014 were rated by Standard and Poor's rating scale and the ratings are presented below.

Authority's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
Fidelity Institutional Treasury Portfolio Cl II	AAAm \$ 507,726

Interest Rate Risk

The Authority did not hold any investments during the fiscal year or at year end that were subject to interest rate risk.

Custodial Credit Risk

At year end, the Authority was not exposed to any custodial credit risk for deposits or investments. The Authority limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The Authority's policy in regards to investments requires that all investments be held in the Authority's name.

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VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2014 (continued)

Note 3-Long-Term Obligations:

Changes in Long-term Obligations are as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
Due to Pulaski County PSA ¹	1,413,190	-	(46,540)	1,366,650
Bond Payable ²	6,810,000	-	(230,000)	6,580,000
Less: Bond Payable Discount	<u>(10,133)</u>	<u>-</u>	<u>390</u>	<u>(9,743)</u>
Total	\$ 8,213,057	\$ -	\$ (276,150)	\$ 7,936,907

¹ Represents amounts due the Pulaski County Public Service Authority for reimbursements related to debt service issued to provide water/sewer service to Commerce Park.

² Represents amounts due the Pulaski County Industrial Development Authority for reimbursements related to debt service issued on behalf of the Industrial Facility Authority.

Preliminary Draft

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VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2014 (continued)

Note 3-Long-Term Obligations (Continued):

Annual requirements to amortize long-term debt and related interest are as follows:

For the Year Ended June 30,	Bond Payable		Due Pulaski PSA	
	Principal	Interest	Principal	Interest
2015	\$ 220,000	\$ 274,815	\$ 22,542	\$ 8,460
2016	225,000	282,520	23,077	31,923
2017	225,000	280,226	23,625	31,375
2018	230,000	276,884	24,186	30,814
2019	235,000	272,443	24,761	30,239
2020-2024	1,305,000	1,257,139	132,911	142,089
2025-2029	1,445,000	990,713	149,462	125,538
2030-2034	1,170,000	664,888	168,074	106,926
2035-2039	1,525,000	331,906	189,003	85,997
2040-2044	-	18,006	212,539	62,461
2045-2049	-	-	239,006	35,994
2049-2052	-	-	157,464	62,536
Totals	\$ 6,580,000	\$ 4,649,540	\$ 1,366,650	\$ 754,352

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VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2014 (continued)

Note 3-Long-Term Obligations (Continued):

<u>Details of long-term obligations</u>	Total Amount	Amount Due Within One Year
<p>\$6,810,000 bond issued on June 27, 2013 bearing interest at rates varying from 0.77% to 5.375%. Interest payments are due on June 15th and December 15th annually. Principal payments ranging from \$230,000 to \$335,000 are due annually on June 15th through 2039.</p>	\$ 6,580,000	\$ 220,000
<p>Original issue discount</p>	(9,743)	(390)
<p>\$2,145,000 loan payable to the Pulaski County PSA in annual installments of \$55,000 dated April 13, 2010. The loan became due and payable upon completion of the PSA water and sewer expansion project, with such project placed in service on June 30, 2013. The loan is non-interest bearing; however interest has been imputed at a rate of 2.375% based on market conditions. The discounted original value of the loan is \$1,413,190.</p>	1,366,650	22,542
<p>Total long-term obligations</p>	\$ 7,936,907	\$ 242,152

On June 27, 2013, the Industrial Development Authority of Pulaski County issued \$6,810,000 in revenue bonds. The proceeds from this bond issuance were used to refinance debts of Virginia's First Industrial Development Authority (IFA) and provide capital for improvements to an industrial development park (Commerce Park) owned by the IFA. Virginia's First Industrial Development Authority has agreed to reimburse the Industrial Development Authority of Pulaski County for all payments made under the bonds. As a result, Virginia's First Industrial Development Authority has reported all transactions related to the bonds in these financial statements and reports amounts due to the Industrial Development Authority of Pulaski County as bonds payable at year end.

Note 4-Assets Held for Resale:

Assets held for resale totaling \$5,492,217 represent the estimated value of land in the New River Commerce Park owned by the Authority. This inventory is valued at the lower of cost or estimated market as based on an appraisal of the property in 2009. Such appraisal has not been updated since the date of preparation.

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VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2014 (continued)

Note 5-Due from Participating Jurisdictions:

The Authority sells shares to participating jurisdictions in industrial development projects initiated by the Authority. Participating jurisdictions are entitled to profits generated by these industrial development projects, as presented in their participation agreements, to the extent taxes (real estate, business and personal property, and machinery and tools taxes) generated by the projects exceed expenses related to the projects. Under terms of these agreements, the host locality shall remit to the Authority taxes (less a 5% host fee) generated from an industry locating on a project site in the host locality. The revenue sharing agreements further require the participating jurisdictions to contribute amounts necessary to cover all expenses of the projects, to the extent that taxes generated by the project do not cover these expenses. The amount reported in the statement of net position as due from participants represents the amount necessary to cover the net liabilities of the Commerce Park Project at year end. A portion of this amount is reported as a current asset as same will be necessary to cover current liabilities of the Project in the upcoming fiscal year.

Note 6-Capital Assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Water and sewer rights	\$ 1,413,190	\$ -	\$ -	\$ 1,413,190
Capital assets, being depreciated:				
Buildings and structures	\$ 416,850	\$ -	\$ -	\$ 416,850
Accumulated depreciation:				
Buildings and structures	\$ (247,310)	\$ (56,286)	\$ -	\$ (303,596)
Total capital assets, net	<u>\$ 1,582,730</u>	<u>\$ (56,286)</u>	<u>\$ -</u>	<u>\$ 1,526,444</u>

Note 7-Note Receivable:

The IFA sold 3.5855 acres of land in Commerce Industrial Park for \$16,135 under terms of a note receivable dated May 9, 2013. The note requires annual principal and interest payments of \$1,122.96. The payments were due to begin on June 1, 2014 and continue for twenty years. Interest on the note accrues at 3.5% annually. The amount due at year end was \$16,135.

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**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2014 (continued)**

Note 8-Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents consist of the following:

Debt service reserves	\$ <u>507,726</u>
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Note 9-Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority participates with other entities in a public entity risk pool for their coverage of property, general liability, automobile liability, and public officials insurance with VACO. Each member of the risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority makes contributions and assessments into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note 10-Economic Incentive Agreement:

On March 15, 2013, the Industrial Facility Authority (IFA) and the County of Pulaski, Virginia entered into a performance agreement with Red Sun Farms Holdings LLC (the Company). Under the agreement, the IFA will lease certain industrial property (approximately 100 acres in the NRV Commerce Park) to the Company for \$1/year and such property may transfer to the Company at the end of the lease agreement if all obligations under the performance agreement are met. Terms of the agreement require the IFA to make certain land improvements to the property in an amount not to exceed \$2,000,000. Of the \$2 million total, the IFA will provide funding of \$1.6 million through the Pulaski County IDA bond issue of June 2013. The balance is a contribution pledge of \$400,000 from Pulaski County. The Company has agreed to pay a \$0.10 surcharge per 1000/gallons of water delivered to the Company by the Pulaski County Public Service Authority. The Company has also agreed to invest \$30,000,000 in the project, which consists of construction of a greenhouse structure, machinery, and related assets used in their production facility. The Company has further committed to employ at least 205 employees at the facility and has further agreed to meet certain minimum wage requirements. Tax revenues generated by the agreement will be remitted to the Industrial Facility Authority under terms of the Commerce Park Participation Agreement.

Note 11 - Due to Pulaski County Industrial Development Authority:

On approximately June 15, 2014, the Pulaski County IDA paid debt service on behalf of the Industrial Facility Authority in the amount of \$372,146. This amount (due to the Pulaski County IDA) has been recorded as an accounts payable in the accompanying financial statements. Terms of the repayment have not been finalized as of the date of this report.

**VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2014 (continued)**

Note 12 - Intra-agency Advances:

The Authority has advanced funds to the Commerce Park Project. To date, the Authority has advanced funds totaling \$217,000 for use by the project participants. In addition, the Authority has covered certain expenses of the Commerce Park Project that are not included within these advances.

Note 13-Intangible Asset and Related Liability:

Virginia's First Industrial Facility Authority (IFA) entered into a support agreement with the Pulaski County Public Service Authority (PSA) on April 13, 2010. The agreement stipulates that the IFA will make annual payments to the PSA in an amount not to exceed \$55,000 for a period not to exceed 40 years. The payments are to provide capital support for the PSA to provide water and sewer service to an industrial park (Commerce Park) owned by the IFA. The agreement further stipulates that the IFA may collect a surcharge of \$1 per 1000 gallons of water provided to and/or sewer treated from Commerce Park businesses. The IFA has recorded an intangible asset (water and sewer rights) in the financial statements in the amount of \$1,377,860, which represents the present value of the IFA's commitment to the PSA at a discount rate of 2.375%.

Note 14-Restatement of Beginning Balance:

	Total Amount
Net Position, July 1, 2013, as previously reported	\$ 45,679
Adjustment:	
Additional amount due from participants in the Commerce Park Project	<u>250,009</u>
Net Position, July 1, 2013, as restated	<u>\$ 295,688</u>

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Board
Virginia's First Regional Industrial Facility Authority
Radford, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Virginia's First Regional Industrial Facility Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Virginia's First Regional Industrial Facility Authority's basic financial statements and have issued our report thereon dated September 18, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (ref. 2014-001 and 2014-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia's First Regional Industrial Facility Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Virginia's First Regional Industrial Facility Authority's Response to Findings

Virginia's First Regional Industrial Facility Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Virginia's First Regional Industrial Facility Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia
September 18, 2014

Preliminary Draft

Virginia's First Regional Industrial Facility Authority

Schedule of Findings and Responses

Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Modified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

Finding 2014-001

Criteria: Per Statement on Auditing Standards 115, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report.

Condition: The auditee does not possess sufficient expertise in the selection and application of accounting principles to ensure the annual financial report (and interim financial statements) meet all applicable standards promulgated by Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB).

Effect: The financial statements required numerous material adjustments to be presented in accordance with current financial reporting standards.

Cause: The auditee entered into complex financial transactions and did not properly evaluate these transactions in a financial reporting context. The auditee maintained a record of cash basis transactions, but did not consider the financial effects of agreements that were material to the financial statements.

Recommendation: The Authority should hire a consultant to review contracts and prepare the financial statements in accordance with applicable financial reporting requirements.

Virginia's First Regional Industrial Facility Authority

Schedule of Findings and Responses
Year Ended June 30, 2014

Section II - Financial Statement Findings (continued)

Management's Response: The Authority has hired a consultant to assist with the preparation of the financial statements and anticipates that future audit adjustments will decrease.

Finding 2014-002

Criteria: Financial records should be maintained on-site during the audit process and available for review by the auditor(s).

Condition: Financial information key to the audit was not available on-site during our scheduled audit fieldwork.

Effect: Without financial records, the auditor could miss material transactions that should be reported in the financial statements of the Authority.

Cause: The auditee has not established a central repository for all files.

Recommendation: The auditee should maintain complete financial records and related agreements in one location and should make all of these files available to their financial consultant (responsible for financial reporting) and their auditor.

Management's Response: The Authority plans on creating a central repository for all files in the current (14/15) fiscal year.

September 19, 2014

Mr. Danny Wilson
Virginia's First Regional
Industrial Facility Authority
6580 Valley Center Drive, Suite 124
Radford, VA 24141

Re: Right of Way Dedication Plat
International Boulevard
Commerce Park
Dublin, Virginia
JN 31393.99

Dear Danny:

Following is a cost proposal to provide a plat creating a boundary for the proposed 130 foot right of way to be dedicated to Commonwealth of Virginia known as International Boulevard from Route 100 to a point approximately .75 miles onto the Commerce Park property as shown on the attached sketch. Anderson & Associates, Inc. is pleased to submit this proposal for professional surveying services for your consideration.

A. Scope of Services

Based on our present knowledge of the project, we propose the following services:

1. Right of Way Dedication Plat

- A. Dedication Plat: To meet VDOT's Acceptance of Streets requirements, Anderson & Associates will provide a plat dedicating 130 foot width right of way from tax parcel 36-0003-0005 to Commonwealth of Virginia. We will field locate existing property monumentation, physical improvements, and utilities per Miss Utility markings and existing design plans. We will provide a preliminary plat to the authority and Pulaski County Planning for review and comments. Once comments are addressed, we will provide a sealed and certified plat of said survey suitable for recordation in the Pulaski County Courthouse. Survey will include adjoining property lines, existing monumentation, new monumentation, and existing known easements found at time of survey. We will provide bond and digital copies of the survey for the use of the Authority. The survey will be prepared on Virginia State Plane Coordinate Datum, NAD 83, which will fit seamlessly into your existing county mapping.

Note: One series of comments will be addressed per this scope. Additional Comments will be addressed at rates listed under additional services.

- B. Anderson & Associates, Inc. will perform deed research to obtain the latest instrument in the chain of title, but will not be performing a complete title search/report. We will show and/or note the existence of easements or rights of ways found as part of the deed research. The Authority may wish to have a complete title search/report performed to ensure that all known easements and/or rights of way affecting the property are identified.

B. Owner's/Client's Responsibility

1. Access to site.
2. Legal services for plats, easements, and review fees.

C. Schedule

We propose to complete this work within thirty (30) working days from the date of notice to proceed. This proposal shall be considered valid for sixty (60) calendar days from the date of the proposal. Our schedule reflects our working time only and excludes review time by the client and reviewing authorities, or unavoidable delays due to adverse weather conditions.

D. Compensation

We propose to be compensated on a lump sum basis for the work outlined in the scope. Our compensation for this work shall be \$3,900 with monthly billing based on an estimate of the percent of the total work completed. In the event of nonpayment of the account within thirty (30) days after invoices are rendered, you agree to pay a late charge of 1-1/2% per month on the unpaid balance (18% per year) until such account is paid in full.

Any additional surveying requested to supplement base mapping such as obscure topo, etc. will be charged at our normal billing rates listed below.

Survey Project Manager	\$125.00
Two Person Field Crew	\$125.00
Survey Cadd Tech	\$ 90.00

E. Attachments

The following attachments are included with and shall be deemed part of this Agreement:

1. Standard Terms and Conditions.
2. Sketch of Proposed Right of Way.

F. Approval

If you find this proposal acceptable, please sign the enclosed copy and return it to us for our records. We will construe the receipt of our copy as our notice to proceed.

Thank you for letting us to assist you on this project.

Sincerely,

ANDERSON & ASSOCIATES, INC.



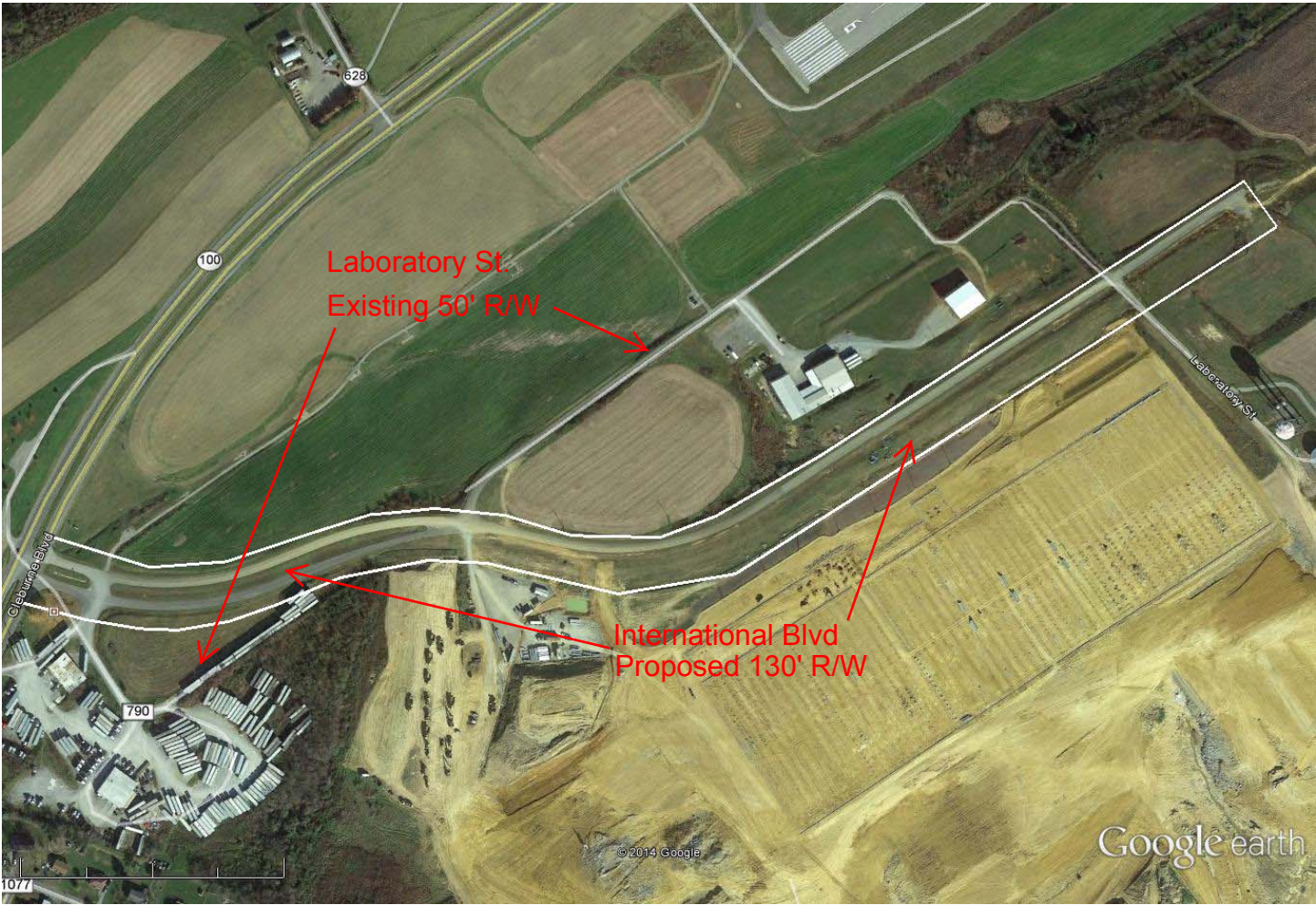
Neil A. Martin, LS
V.P. of Surveying Survey

Accepted by:	Contact Information:
_____ Signature	_____ Accounting Contact Name
_____ Printed Name	_____ Billing Address
_____ Title	_____ City, State, ZIP
_____ Date	_____ Phone & Fax

Anderson & Associates, Inc.
TERMS AND CONDITIONS – PROFESSIONAL SERVICES

1. **Acceptance:** The Proposal to which these Terms and Conditions are attached shall be valid for the length of time noted in the Proposal, or thirty (30) calendar days if not indicated in the Proposal. Once executed, the Proposal, these Terms and Conditions, and all other exhibits identified in the Proposal and attached thereto shall constitute the Agreement between Anderson & Associates, Inc. (A&A) and Client. The parties shall endeavor to ensure that all changes to the scope of work, responsibilities of the parties, schedule, or compensation, shall be made in writing and signed by both parties prior to moving forward with the work on said changes; provided, however, that should the Client direct A&A to proceed with a change in services orally, it shall not thereafter seek to deny compensation based on the assertion that A&A proceeded with the work without having written directive. (See Item 4, Additional Services, below.)
2. **Information Provided by Client:** A&A will accept and may rely on information in digital or other formats supplied by Client or a third party at Client's direction for incorporation into the project documents, plans, or specifications. A&A shall have no responsibility for erroneous information so provided.
3. **Standard of Care:** Subject to the limitations inherent in the agreed scope of work and any other limitations contained in this Agreement, A&A and its agents, employees, and subconsultants shall endeavor to perform the services with that level of care and skill ordinarily exercised under similar circumstances by members of the same profession practicing in the same location at the same time. No other representation, express or implied, and no warranty or guarantee is included or intended by this Agreement. Any claim for breach of this standard may be made only after the Client has secured the opinion of a third-party professional engineer or surveyor, as applicable to the project, licensed in the state where the project is located who through experience can testify as to the applicable standard of care set forth herein.
4. **Additional Services:** Services resulting from changes in scope, extent, or character of work, shall be considered Additional Services, and A&A shall be entitled to additional compensation for such services. Unless otherwise stated, all Additional Services, including, but not limited to, special design, extra work, off-site work, legal action, Client and architectural revisions, revisions due to changes in governmental policy, and property negotiations, will be billed at current hourly rates upon Client's authorization to proceed with such Additional Services.
5. **Changed Conditions:** If, during the course of performance of this Agreement, conditions or circumstances are discovered that could not reasonably be contemplated by A&A at the commencement of this Agreement, A&A shall notify Client in writing of the newly discovered conditions or circumstances. Client and A&A shall negotiate, in good faith, the terms and conditions of any resulting changes to the services and fees presented in this Agreement. If such an amendment to the Agreement cannot be agreed upon within thirty (30) days after notice, A&A may terminate the Agreement and be compensated for all fees and expenses incurred to date.
6. **Ownership/Reuse of Deliverables:** All deliverables, including but not limited to drawings, reports, databases, programs, or other electronic files or documents prepared or furnished by A&A pursuant to this Agreement are instruments of service and shall remain the property of A&A. A&A will provide digital files and reproducible copies of requested documents developed for this project to Client. Such documents are not intended or represented to be suitable for reuse by the Client or others on extensions of the project or on any other project. Any reuse or modification of documents without written verification or adaptation by A&A, as appropriate for the specific purpose intended, will be at Client's sole risk and without liability or legal exposure to A&A, and Client shall indemnify and hold A&A harmless for such unauthorized use.
7. **Delays:** The compensation under this Agreement is based on the orderly and continuous progress of the project through all phases of the work. If the project is delayed for reasons beyond A&A's control, an equitable adjustment in such compensation shall be negotiated, taking into consideration the impact of such delay, including, but not limited to, changes in price indices and in hourly billing rates applicable to the period when services are in fact being rendered. A&A shall not accept liability or responsibility for delays beyond its control. The schedule referenced in the Agreement shall be adjusted as necessary to accommodate Additional Services, review time by the Client and regulatory agencies, and any other delays beyond the control of A&A.

8. **Payment:** Invoices will be rendered for work performed in accordance with the compensation terms established in the Agreement and are due and payable within thirty (30) days of transmittal. In the event of nonpayment of the account within said thirty (30) day-period, Client shall be obligated to pay a late charge of 1-½% per month on the unpaid balance (18% per year) until such account is paid in full, unless otherwise specified in the Agreement. In addition, A&A shall have the right to cease all further work on the project and to withhold files and work products associated with the project by giving written notice of that decision to Client. If delinquent accounts are placed in the hands of an attorney or collection agency for collection, Client agrees to pay all expenses incurred in collecting the same, including without limitation, reasonable attorney's and expert witness fees and court costs.
9. **Termination:** Should either party materially breach its obligations under this Agreement, the non-breaching party shall give written notice of intent to terminate for cause. The breaching party shall thereafter have seven (7) days to effectuate a cure of such breach. In the event that such cure is not so effectuated, the non-breaching party may give a second written notice of termination for cause and thereafter to seek recovery of direct damages resulting from such breach. Both parties agree to waive any claims for consequential damages arising out of any breach of this Agreement.
10. **Limits of Liability:** A&A's total cumulative liability to Client (including, but not limited to, attorney's fees and costs) caused by any negligent act or omission of A&A in connection with services performed by A&A, whether in contract, indemnity, contribution, tort, or otherwise, irrespective of the form of action in which such liability is asserted by Client or others, shall not exceed A&A's available and applicable insurance coverage. Certification of insurance coverage will be provided to Client upon request. If Client desires a higher limitation of remedy, A&A may agree to increase its assumption of risk for this project in exchange for a negotiated increase in fee.
11. **Representations of Client:** Client warrants and covenants that sufficient funds are available or will be available upon receipt of A&A's invoice to make payment in full for the services rendered by A&A. In the event that A&A should ever have any concerns about Client's financial capacity it may in writing request evidence that Client has secured available funds to make all future payments due under this Agreement. In the event that the Client does not provide such evidence within seven (7) days of A&A's written request, A&A may terminate this Agreement for cause. Client further warrants that all information provided to A&A regarding the project and project location are complete and accurate and can be relied upon by A&A in the performance of its work.
12. **Assignments and Subcontracts:** Neither party may assign this Agreement, in whole or in part, or any cause of action arising hereunder, without the prior written consent of the other party, except for an assignment of proceeds for financing purposes. Any such assignment in breach of this provision shall give rise to a claim for damages, including attorneys fees, incurred in defending any action brought by any third-party claiming to have acquired the right to sue based on such assignment.
13. **Law to Apply and Venue for Claims:** The validity, interpretation, and performance of this Agreement shall be governed by and construed in accordance with the laws of the state where the project is located. Any claims arising out of or related to this Agreement or the services to be provided hereunder shall be brought in the court of general jurisdiction where the project is located.
14. **Mediation.** A condition precedent to the initiation of litigation regarding any claim arising out of or related to this Agreement or the services to be provided hereunder will be at least one single-day session of mediation. Either party may demand such mediation by giving the other party written notice. Upon such notice, the parties shall endeavor to agree on a mediator experienced in the construction industry with the parties sharing the mediator's fee. In the event that the parties cannot agree on a mediator, they shall petition the chief judge of the local court of general jurisdiction to make such appointment.
15. **Limitations on Actions.** Neither party may assert any claims for breach of this Agreement greater than the earlier of (a) when such claim would be barred by the statute of limitations for the jurisdiction where the project is located or (b) two (2) years after completion of the project for which the services set forth in this Agreement were provided.
16. **Entire Agreement:** The Proposal and these Terms and Conditions constitute all the terms and conditions under which all professional services will be performed.



Google earth

feet
meters





2206 South Main Street
Blacksburg, Virginia 24060
(540) 552-0444 • Fax (540) 552-0291
www.daa.com

March 17, 2014

Mr. Joseph N. (Joe) Morgan
Executive Director
Virginia's First Regional Industrial Facility Authority
6580 Valley Center Drive, Suite 124
Radford, VA 24141
(via email)

**RE: Proposal for Professional Engineering Services
New River Valley Commerce Park
Draper Aden Associates Proposal Number: B13156B-02P**

Dear Joe,

On behalf of Draper Aden Associates, thank you for the opportunity to present our proposal for professional engineering services to Virginia's First Regional Industrial Facility Authority (VFRIFA) for the following tasks.

- A. Phase III QSP preliminary design for a minimum 250,000 square foot building pad on the 120 acre site shown on the New River Valley Commerce Park Master Plan dated September 25, 2013.
- B. Preliminary design of a 100,000 square foot building pad on Lot 3 as noted on Figure 1 attached.
- C. Preliminary design for the extension of International Boulevard, including utility extensions, to the 120 acre site shown on the New River Valley Commerce Park Master Plan dated September 25, 2013.
- D. Master Plan updates based on results from tasks A, B, and C referenced above.

The scope of services and fee proposal presented herein to Virginia's First Regional Industrial Facility Authority (VFRIFA) supersedes our proposal dated February 10, 2014 and are based on our conversation on February 25th, your request for proposals, our master planning efforts, and our experience with other similar projects. Draper Aden Associates is pleased to present the following for your review and approval.

I. SCOPE OF SERVICES

A. Phase III QSP Preliminary Design

1. **Building Grading Plans:** Draper Aden Associates will review and use as the basis of design the information received from VFRIFA, including, but not limited to, the wetland delineation, sealed topographic survey of existing site conditions (to also be provided in CAD format), prior utility design, and soil borings, as prepared for the AEP Quality Site Program submittal. The preliminary design will include grading, erosion and sediment control, and onsite stormwater management plans required for a 250,000 square foot building pad with potential expansion up to 1 million square feet. The design will also provide a pad area for site circulation and parking, as required by local ordinance for industrial use.

We anticipate the following sheets may be needed. Please note that some of these items may be consolidated to a single plan sheet:

- a. General Notes & Legend
 - b. Existing Conditions
 - c. Grading and Erosion & Sediment Control Plan
 - d. Stormwater Management Plan
2. **Preliminary Opinion of Probable Construction Cost:** Based on the preliminary plans developed, we will prepare a preliminary opinion of probable construction cost.
 3. **Implementation Schedule:** Based on our design and experience with similar projects, we will develop an estimated schedule for completion of construction documents, permitting, and construction for the building pad grading.
 4. **Meetings with the VFRIFA Team:** Draper Aden Associates will attend project review and coordination meetings during this phase of design. Our proposed fee is based on attending up to three (3) meetings, including a kick-off meeting, as well as participation in team conference calls.
 5. **Deliverables:** Draper Aden Associates will provide VFRIFA four paper (4) copies and a PDF file of the preliminary building grading plans, a color graphic of the site plan, a preliminary opinion of probable construction cost, and implementation schedule.

B. Lot 3 Preliminary Design

1. **Building Grading Plans:** Draper Aden Associates will review and use as the basis of design the information received from VFRIFA, including, but not limited to, the wetland delineation, sealed topographic survey of existing site conditions (to also be provided in CAD format), prior utility design, and soil borings, as prepared for the AEP Quality Site Program submittal. The preliminary design will include grading, erosion and sediment control, and onsite stormwater management plans required for a

100,000 square foot building pad. The design will also provide a pad area for site circulation and parking, as required by local ordinance for industrial use.

We anticipate the following sheets may be needed. Please note that some of these items may be consolidated to a single plan sheet:

- a. General Notes & Legend
 - b. Existing Conditions
 - c. Grading and Erosion & Sediment Control Plan
 - d. Stormwater Management Plan
2. Preliminary Opinion of Probable Construction Cost: Based on the preliminary plans developed, we will prepare a preliminary opinion of probable construction cost.
 3. Implementation Schedule: We will develop an estimated schedule for completion of construction documents, permitting, and construction for the building pad grading.
 4. Meetings with the VFRIFA Team: Draper Aden Associates will attend project review and coordination meetings during this phase of design. Our proposed fee is based on attending up to two (2) meetings, including a kick-off meeting, as well as participation in team conference calls.
 5. Deliverables: Draper Aden Associates will provide VFRIFA four paper (4) copies and a PDF file of the preliminary building grading plans, a color graphic of the site plan, a preliminary opinion of probable construction cost, and implementation schedule.

C. International Boulevard Extension Preliminary Design

1. Preliminary Plans: Draper Aden Associates will review and use as the basis of design the information received from VFRIFA, including, but not limited to, the wetland delineation, sealed topographic survey of existing site conditions (to also be provided in CAD format), prior utility design, and soil borings, as prepared for the AEP Quality Site Program submittal.

The preliminary design will include a road plan and profile, erosion and sediment control, utilities extensions, and stormwater management (within the right-of-way) plans. Preliminary designs for the extension of the water and sanitary sewer will be provided; Draper Aden Associates will show preliminary alignments of telecommunications, electric, and gas services, as provided by others.

We anticipate the following sheets may be needed. Please note that some of these items may be consolidated to a single plan sheet:

- a. General Notes & Legend
- b. Existing Conditions
- c. Erosion & Sediment Control Plan
- d. Road Plan and Profile

- e. Utility Plan
 - f. Stormwater Management Plan
2. Preliminary Opinion of Probable Construction Cost: Based on the preliminary plans developed, we will prepare a preliminary opinion of probable construction cost.
 3. Implementation Schedule: We will develop an estimated schedule for completion of construction documents, permitting, and construction for the road extension.
 4. Meetings with Project Team: Draper Aden Associates will attend project review and coordination meetings during this phase of design. Our proposed fee is based on attending up to two (2) meetings, concurrent with tasks A and B, including a kick-off meeting, as well as participation in team conference calls.
 5. Deliverables: Draper Aden Associates will provide VFRIFA four paper (4) copies and a PDF file of the preliminary plans, a preliminary opinion of probable construction cost, and implementation schedule.

D. Master Plan Update

Draper Aden Associates will update the Master Plan dated September 25, 2013 to incorporate the wetland delineation and updated topographic survey, as prepared for the AEP Quality Site Program submittal, and the preliminary designs provided in Tasks A, B, and C.

Deliverables: Draper Aden Associates will provide VFRIFA four paper (4) copies and a PDF file of the updated Master Plan.

II. SCHEDULE

Draper Aden Associates is prepared to begin work on this project upon approval of our proposal. We will develop a schedule at our kick-off meeting; however,

III. FEES

Draper Aden Associates proposes to provide the services for tasks A through D, as outlined in our Scope of Services above, for the lump sum fees outlined below. We will invoice monthly based on the percentage services completed. All services will be provided in accordance with our Standard Terms and Conditions attached hereto.

A. Phase III QSP Preliminary Design	\$ 13,500
B. Lot 3 Preliminary Design	\$ 11,200

C. International Boulevard Extension Preliminary Design	\$ 7,800
D. Master Plan Update.....	\$ 4,900

TOTAL LUMP SUM: \$ 37,400

NOTE: The above fees are based on Draper Aden Associates designing International Boulevard extension concurrent with the preliminary design of the 120 acre site and Lot 3. If another consultant is selected to design the road extension, then our fee for Tasks A and B will increase by \$800 each to account for outside consultant coordination.

IV. ASSUMPTIONS / LIMITATIONS

- A. If the scope of work for the project is revised by VFRIFA after acceptance of this proposal, we reserve the right to re-negotiate our schedule and fee accordingly.
- B. The limit of our design scope is as described above.
- C. All electronic information, data, and documents provided to us from any party will be in a format suitable for direct use by Draper Aden Associates and will not require any significant reformatting or conversion.

V. SUPPLEMENTAL SERVICES

If necessary or requested, we can provide the following supplemental services in addition to those outlined above, including, but not limited to, the following:

- ❖ Attendance or presentations at meetings, beyond what is included above.
- ❖ Topographic, boundary, easement, or right-of-way and utility surveys.
- ❖ Stormwater management master planning and/or design beyond property boundaries.
- ❖ Final construction documents and plans.
- ❖ Construction phase services.
- ❖ Environmental services or geotechnical services, including, but not limited to, wetland/stream delineation/determinations and/or phase I environmental site assessments.
- ❖ Traffic analysis or studies.

On behalf of Draper Aden Associates, thank you for giving us the opportunity to provide our proposal for professional services. We look forward to working with you on this project. Please do not hesitate to contact us if you have any questions or require any additional information.

Sincerely,

DRAPER ADEN ASSOCIATES



Carolyn A. Howard, P.E., LEED® AP
Program Manager



Scott Kroll, P.E.
Vice President, Managing Principal

CAH/SK:cah

Attachments: Figure 1
Standard Terms and Conditions, 02/03

cc: Ms. Christy Straight, New River Valley Planning District Commission
Mr. Richard M. DiSalvo Jr., PE, Draper Aden Associates

AUTHORIZATION TO PROCEED

I/We agree and accept Draper Aden Associates' proposal to provide the above described services for the tasks as initialed below. We understand the Scope of Services as provided herein and agree to the fees estimated for these services. We further acknowledge that Draper Aden Associates will provide a proposal for any change in the Scope of Services described herein and that a signed agreement to provide those additional services will be executed prior to any work being performed.

<u>Task</u>	<u>Authorization to Proceed</u>
A. Phase III QSP Preliminary Design	Authorized 4-11-14 JNM
B. Lot 3 Preliminary Design	Authorized 4-11-14 JNM Suspended 7-1-14 JNM
C. International Boulevard Extension Preliminary Design	_____
D. Master Plan Update	Authorized 7-1-14 JNM

Joseph N. Morgan

Printed Name

Executive Director, VFRIFA

Title



Signature

April 11, 2014 Updated 7-1-14

Date



Figure 1

STANDARD TERMS AND CONDITIONS

The Client and Draper Aden Associates (DAA) agree that the following provisions shall be incorporated into this agreement:

A. SERVICES OF ENGINEER

1. The standard of care for all professional engineering and related services performed or furnished by DAA under this Agreement will be the care and skill ordinarily used by members of Engineer's profession practicing under similar circumstances at the same time and in the same locality. DAA makes no warranties, express or implied, under this Agreement in connection with DAA's services.
2. For specific project requirements, reference Scope of Services attached.

B. CLIENT'S RESPONSIBILITIES

1. Provide DAA with all criteria and full information as to the Client's requirements for the Project.
2. Furnish to DAA all available information pertinent to the project upon which DAA can explicitly rely.
3. Provide written approvals of work completed.
4. Designate project representative capable of making binding decisions.
5. Pay all permitting fees.
6. Clearly identify role of the Client during bidding and construction phases.

C. TERMS OF PAYMENT

1. Fees and all other charges will be billed at least monthly as the work progresses, and the net amount shall be due upon receipt.
2. A late payment FINANCE CHARGE will be computed at the periodic rate of 1 1/2% per month, which is an ANNUAL PERCENTAGE RATE of 18%, and will be applied to any unpaid balance commencing 30 days after the date of the original invoice. Client agrees to pay such finance charges.
3. The client shall reimburse DAA for all expenses necessary for performing the professional services outlined within the proposal, plus fifteen percent (15%). Such expenses would include, but are not limited to, subdivision fees, assessment fees, and fees for governmental checking and inspection, soils engineering, soils testing, aerial topography, permits, bond premiums, title company charges, blueprints and reproduction, travel expenses, meals and lodging, long distance phone calls, photographic services, shipping/courier expenses, extra insurance coverage specifically requested by the Client, subcontractor services, and all other charges not specifically covered by the terms of this agreement.
4. In the event all or any portion of the work prepared or partially prepared by DAA is suspended, abandoned, or terminated, the client shall pay DAA for the work performed on an hourly basis or percent complete (if lump sum), not to exceed any maximum contract amount specified herein.
5. In the event of any litigation, client agrees to pay to DAA interest on all past due balances at the rate of 18 percent per annum.

6. In the event that the plans, specifications, and/or field work covered by this contract are reviewed and subject to approval by various governmental agencies; and, in the event that, due to change of policy and/or unwritten policies and/or design changes requested by said governmental agencies after the date of this agreement, additional office or field work is required, the said additional work shall be paid for by client as extra work.
7. In the event the client fails to pay DAA promptly or within thirty (30) days after invoices are rendered, then client agrees that DAA shall have the right to consider said default a total breach of the Agreement and the duties of DAA under this Agreement terminated. In such event, Client shall then promptly pay DAA for all of the fees, charges and services performed by DAA on an agreed hourly basis. Also, in such event, Client agrees to indemnify and hold harmless DAA from and against all claims, damages, losses and expenses, direct and indirect, or consequential damages, including but not limited to fees and charges of attorneys and court and arbitration costs, arising out of or resulting from the performance of the work by DAA, or claims against DAA related to work stoppage.
8. DAA has the right to withhold from the Client any work prepared under this Agreement until all delinquent invoices are paid in full.
9. In the event of a disputed invoice, only that portion so disputed may be withheld from payment.

D. TIME OF COMPLETION

1. DAA's services and compensation under this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion.

E. USE OF DOCUMENTS (Hard Copies and Electronic Transmittals)

1. All documents for this project are instruments of service and shall remain the property of DAA (including the right of reuse at the discretion of the Engineer) whether or not the project is completed and except where by law or precedent these documents become public property
2. Any reuse or modification of any documents (whether hard copies or electronic transmittals) prepared by DAA without written verification or adaptation by DAA will be at the sole risk of the individual or entity utilizing said documents and such use is without the authorization of DAA. DAA shall have no legal liability resulting from any and all claims, damages, losses, and expenses, including attorney's fees arising out of the unauthorized reuse or modification of these documents. Client shall indemnify DAA from any claims arising out of unauthorized use or modification of the documents whether hard copy or electronic.
3. Copies of documents that may be relied on by Client are limited to the printed copies (also known as hard copies) that are signed or sealed by DAA. Electronic transmittals of any type are for convenience of the Client. Any conclusion or information obtained or derived from such electronic transmittals will be at the Client's sole risk. If there is a discrepancy between the electronic transmittals and the hard copies, the hard copies govern
4. When transferring documents in electronic format, DAA makes no representations as to compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by DAA. Transferring electronic documents does not transfer any license for use of the underlying software.

5. DAA makes no representations as to the durability of the electronic information or the medium in or on which it was transferred. DAA shall not be responsible to maintain documents in electronic format after the project is terminated whether completed or not.

F. OPINION OF COST

1. DAA's opinions of probable cost provided under this Agreement are made on the basis of DAA's experience and qualifications and represent DAA's best judgement as an experienced and qualified professional generally familiar with the industry. However, since DAA has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor's methods of determining prices or over competitive bidding or market conditions, DAA cannot and does not guarantee that proposals, bids or actual costs will not vary from their opinions and the Client agrees to hold DAA harmless relative to deviations between the opinion of cost and actual, final costs.

G. DESIGN WITHOUT CONSTRUCTION PHASE SERVICES

1. Client acknowledges that it is customary for DAA, which is responsible for the preparation and furnishing of Drawings and Specifications and other construction-related documents, to be employed to provide professional services during the Bidding and Construction Phases of the project. Such services are provided (a) to interpret and clarify the documentation so furnished and to modify the same as circumstances revealed during bidding and construction may dictate, (b) in connection with acceptance of substitute or or-equal items of materials and equipment proposed by bidders and Contractor(s), (c) in connection with approval of shop drawings and sample submittals, and (d) as a result of and in response to DAA's detecting in advance of performance of affected work inconsistencies or irregularities in such documentation.
2. Client agrees that if DAA is not employed to provide such professional services during the Bidding (if the work is put out for bids) and the Construction Phases of the Project, DAA will not be responsible for, and Client shall indemnify and hold DAA harmless from, all claims, damages, losses and expenses including attorney's fees arising out of, or resulting from, any interpretation, clarification, substitution acceptance, shop drawing or sample approval or modification of such documentation issued or carried out by Client or others.
3. Nothing contained in this paragraph shall be construed to release Engineer from its responsibilities for performance in accordance with the professional standards that DAA has undertaken or assumed under this Agreement.

H. SUBSURFACE CONDITIONS AND DESIGN

1. The actual conditions and characteristics encountered in soils, groundwater, bedrock, weathered rock, colluvium, karst terrain, and other subsurface investigations may vary significantly between successive test points and sample intervals, and at locations other than where observations, explorations, and investigations have been made. Because of the inherent uncertainties in subsurface evaluations, changed or unanticipated subsurface conditions may occur that could affect total project costs and / or execution. Additional activities and expenses related to changed subsurface conditions are not the responsibility of the ENGINEER unless they are a result of the ENGINEER'S failure to exercise the standard of care set forth herein. Design shall reflect those subsurface conditions reasonably anticipated from data obtained from the subsurface investigations performed for this project.

I. ALLOCATION OF RISKS

1. DAA's liability, hereunder, shall be limited to amounts due DAA for services actually rendered, or reimbursable expenses actually incurred. In case of termination, DAA will not be liable for lost profits or other direct or indirect damages.

J. DISPUTE RESOLUTION

1. The Client and DAA agree to negotiate all disputes between them in good faith for a period of 30 days from the date of written notice of a potential dispute prior to exercising their rights under law.
2. Should litigation be necessary to enforce any term or provision of this agreement, or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees and court costs, and attorney's fees shall be paid by the Client.
3. In the event that Client institutes legal action against DAA because of an alleged failure to perform, error, omission, or negligence, and if such suit is not successfully prosecuted, or if it is dismissed, or if verdict is rendered in favor of DAA, Client agrees to pay DAA any and all costs of defense, including attorney's fees, expert witnesses' fees, and court costs and any and all other expenses of defense which may be needed, immediately following dismissal of the case or immediately upon verdict being rendered in behalf of DAA.
4. If court of competent jurisdiction finds in favor of the client, DAA's liability shall in no case exceed the compensation paid or payable to DAA under this contract.
5. In the event of litigation on this agreement, the interpretation thereof, and all disputes or controversies arising hereunder shall be governed by the laws of the Commonwealth of Virginia.

K. SUCCESSORS, ASSIGNS, BENEFICIARIES

1. The Client and DAA each is hereby bound and the partners, successors, executors, administrators, and legal representatives of the Client and DAA are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns of such other party), in respect of all covenants, agreements and obligations of this Agreement.
2. Neither the Client nor DAA shall assign his interest in this agreement without the written consent of the other.
3. No conditions or representations, altering, detracting from, nor adding to the terms hereof shall be valid unless printed or written hereon or evidenced in writing by either party to this agreement and accepted in writing by the other.
4. Services provided within this agreement are for the exclusive use of the Client.
5. There are no understandings or agreements except as herein expressly stated.
6. The terms and provisions of this agreement shall not be construed to alter, waive, or affect any lien rights, which DAA may have for the performance of services under this agreement.
7. One or more waivers of any term, condition or covenant by DAA shall not be construed by the Client as a waiver of a subsequent breach of the same or any other term, condition or covenant

8. In the event any provisions of this agreement shall be held to be invalid and unenforceable, the other provisions of this Agreement shall be valid and binding on the parties hereto.

L. OTHER CONDITIONS

1. In the event that any staking is destroyed by an act of God or parties other than DAA, the cost of restaking shall be paid for by client as extra work.
2. DAA makes no warranty to the title to property surveyed nor does DAA assume any liability for errors or for information not provided DAA, which would normally be disclosed in a title search by an attorney.
3. DAA does not guarantee the completion or quality of performance of contract or the completion or quality of performances of contracts by the construction contractor or contractors, or other third parties, nor is he responsible for their acts, omissions, or construction methods.
4. This Agreement is valid for 90 days from the date of the Agreement. Should DAA choose to cancel the Agreement, it is DAA's right to do so prior to the expiration date. The Agreement signed by DAA and the Client in conjunction with any attachments will serve as the entire Agreement between the parties. If verbal authorization to begin work is given DAA, then all the conditions and terms of the Agreement are construed as acceptable to the Client whether or not the Agreement is signed and returned by the Client to DAA.