KINGS CREEK COMMERCE CENTER PARTICIPATION AGREEMENT

THIS **KINGS** CREEK COMMERCE CENTER PARTICIPATION AGREEMENT (this "Agreement"), dated effective as of October , 2020, by and the **EASTERN** VIRGINIA REGIONAL INDUSTRIAL FACILITY between AUTHORITY, a political subdivision of the Commonwealth of Virginia created pursuant to Chapter 64 of Title 15.2 of the Code of Virginia, 1950, as amended, (the "Authority"), and the City of Hampton, Isle of Wight County, the City of Newport News, the City of Poquoson, the City of Williamsburg, and York County, political subdivisions of the Commonwealth of Virginia and Members of the Authority (collectively, the "Participants" and each individually, a "Participant").

WHEREAS, the Authority has been created under the provision of Chapter 64 of Title 15.2 of the Code of Virginia, 1950, as amended (the "Act"), to promote economic development in the Participants' geographical region on a cooperative basis; and

WHEREAS, the Act authorizes the Authority to develop, construct, improve, equip and maintain facilities for industrial, commercial or other purposes, to expend funds as may be available to it for the purposes of developing such facilities, to enter into contracts of any kind with respect to carrying out its powers under the Act, to accept funds and property from counties, cities and towns and use the same for any of the purposes for which the Authority is created, and to enter into cooperative arrangements in furtherance of the purposes of the Act, and authorizes each Participant to provide funds to the Authority for any of its purposes, and each Participant is otherwise authorized by law to make appropriations for the accomplishment of the lawful purposes and objectives of such Participant; and

WHEREAS, the Participants and the Authority have identified real property located in York County described as Tax Map Parcel 12-00-00-03, being approximately 432 acres, roughly bounded by and in the vicinity of Penniman Road and the Colonial Parkway (the "**Real Property**"), which is shown on <u>Exhibit A</u> attached hereto and fully incorporated herein, to be acquired and used for development of a solar energy facility, facility for the development, testing and demonstration of unmanned systems, related industrial park or other economic development purposes as approved by the Committee (as defined in <u>Section 3</u> below), and have identified the potential need for the design, acquisition, construction and equipping of water, sewer, roadway and other improvements on or near the Real Property to support the use of the Real Property, which the Participants may choose to undertake (collectively, the "**Project**" or "**Kings Creek Commerce Center Project**"), and

WHEREAS, the Real Property is currently owned by the Commonwealth of Virginia, and the Authority and Participants have been engaged with the Department of General Services to facilitate the sale of the Real Property to the Authority at a purchase price of \$1,350,000, consistent with Virginia State Budget, Amendments, Item 4-5.10# 1s (SB29; HB30) 2020 Session.; and

WHEREAS, the Authority and the Participants have been actively engaged with KDC Solar, LLC ("KDC") which desires to develop a 20 megawatt solar facility on an approximately 250-acre portion of the Real Property (the "Solar Project Property"), as shown on <u>Exhibit B</u> attached hereto, and desires to enter into a lease with the Authority to accomplish same (the "Solar Project"); and

WHEREAS, the Authority is the beneficiary of GO Virginia grant funds in the amount of \$96,250 (the "GO Virginia Grant") which can be used for the purpose of completing architecture and engineering assessments in connection with the Project and development of the Real Property, as consistent with Addendum D of the Commonwealth of Virginia GO Virginia Per Capita Allocation Grant Contract Number 17-GOVA-05, as amended, and the Participants desire to advance such assessments of the Real Property; and

WHEREAS, the Participants and the Authority have determined that the Project is important for the region and promotes the purposes for which the Authority has been formed; and

WHEREAS, the Authority and the Participants desire to enter into this Agreement for the purposes of establishing the scope of the Project, describing certain contributions of the Authority and the Participants toward development of the Project and providing for the sharing of certain revenue from the Project.

NOW THEREFORE, in order to carry out the purposes for which the Authority was formed and to promote economic development for the benefit of the Participants, the parties hereby agree as follows:

1. **PROJECT DESCRIPTION**. The Project is comprised of multiple components as outlined below:

A. Real Property Acquisition. As part of the project, the Authority shall acquire the Real Property from the Commonwealth of Virginia at a purchase price of \$1,350,000.00 (the "**Real Property Acquisition**"). After closing, the Authority shall own and manage the Real Property in accordance with the terms of this Participation Agreement and direction from the Committee (as defined in <u>Section 3</u> below).

The Participants agree that the Real Property Acquisition will not exceed \$1,350,000.00.

KDC Solar Lease. To facilitate the Real Property Acquisition, the Authority shall lease approximately 250 acres of the Real Property to KDC, for the purposes of developing a 20 megawatt solar facility (the "**KDC Solar Lease**"). KDC, the Authority and Participants have agreed to terms for a 37-year ground lease with advance payment in the amount of \$1,350,000 ("**KDC Rental**"). This KDC Rental payment will be directly applied to the

costs of the Real Property Acquisition. This Agreement and abovereferenced Real Property Acquisition are subject to entering into the lease with KDC Solar.

If the KDC Solar Lease is not executed, the Authority and Participants may elect to identify another qualified solar firm with which to negotiate.

The Participants agree that the area needed for the Solar Project may be sold or leased to the Solar Project operator for \$1,350,000.00, and if a lease is used, then the term for such lease shall not exceed an initial 37 years in exchange for such KDC Rental.

- B. GO Virginia Grant and Architecture and Engineering Plans. The Authority and the Participants desire to carry out the remainder of the awarded GO Virginia Grant in order to conduct assessments and create architecture and engineering plans for improvements to the Real Property supporting an unmanned systems testing facility and/or redevelopment of the Real Property generally to support future commercial or industrial use. Following acquisition, the Committee may elect not to pursue the architecture and engineering plans.
- C. **Infrastructure Improvements**. Based upon the results of the architecture and engineer assessments and plans noted in <u>Section 1(B)</u> above, should they be pursued, the Participants and Authority, at the direction of the Committee, may elect to make investments supporting infrastructure and other improvements to the Real Property. This may include, but is not limited to improving, replacing and extending water, sewer, natural gas, electrical and other utility facilities, constructing buildings or other structures, constructing site and parking improvements, constructing, expanding and improving roads and streets.

In addition, and in support of the above, the Project may include acquisition and disposition by the Authority of interests in the Real Property and the promotion of the Real Property for economic development purposes. It is anticipated that portions of the Real Property will be leased, sold or otherwise conveyed to private users in order to support development and commercial or industrial use.

The Participants hereby authorize the Committee and its support staff to proceed with preparations, negotiations and documentation reasonably necessary to implement this Agreement, including the KDC Solar Lease, and the acquisition of the Real Property from the Commonwealth of Virginia.

2. **PROJECT UNDERTAKEN IN THE NAME OF THE AUTHORITY**. The acquisition and development of the Project shall be undertaken in the name of the Authority and, subject to the terms of this Agreement, the Authority shall own, hold, develop, lease, use,

sell, encumber, transfer, and dispose of any real or personal property comprising part or all of the Project. The Authority may elect to undertake the Project in the name of an entity created for this purpose and fully owned by the Authority. The Authority agrees not to take any action related to the financing, development and operation of the Project without the unanimous consent of all of the Participants as reflected by action of the Committee (as defined below), and the Authority further agrees that it will not lease, use, sell, encumber, transfer or dispose of any real or personal property comprising part or all of the Project or take any action or perform any function related to the Project or any portion thereof without the unanimous consent of all of the Participants as reflected by action of the Committee.

3. PROJECT PARTICIPATION COMMITTEE. The Participants shall establish a participation committee for the Project (the "Committee") that shall consist of (i) one Authority Board of Directors ("Board") member for each respective Participant (who will be appointed in the discretion of each Participant locality), and (ii) the respective County Administrator or City Manager of each Participant, or the respective designee of each such chief administrative officer. The Committee shall oversee the development and management of the Project. The Committee may adopt rules and procedures to implement its responsibilities in any manner not inconsistent with the Act, the Agreement Creating The Eastern Virginia Regional Industrial Facility Authority dated effective November 8, 2018 ("EVRIFA Agreement") and the EVRIFA Bylaws ("Bylaws") (collectively, the "EVRIFA Governing Documents"). The Committee Chair shall be the Board Member representing the Host Locality (as defined below). Committee action shall require a unanimous, affirmative vote by all of the Participants. To the extent required by law or the EVRIFA Governing Documents, the Committee will recommend action to the Board of the Authority and any Committee action must be ratified by the Board. It is the intention of the Authority to delegate its authority, approvals and rights to the Committee to the extent possible, but only as such relates to the Project and the Participants who elect to participate in the Project.

The locality in which the Project is situated (the "**Host Locality**") shall not enter into a performance agreement or any other arrangement that involves the rebate or abatement of all or a Portion of the enumerated taxes to the owner of the Real Property, except those allowed by right within the Host Locality, without the unanimous consent of the Committee. The Committee may choose to implement (by recommendation to the Authority if applicable) restrictive covenants for the development of the Real Property and the Project in order to maximize the revenue producing use of the Real Property or the economic development goals of the Authority, the Project, and the Participants. Such restrictive covenants may include setbacks, landscaping, land uses and other similar restrictions that are usual and customary in industrial or commercial developments. If applicable, the Authority shall take all steps necessary to implement such restrictive covenants at the recommendation of the Committee.

The Host Locality agrees to cooperate with the Authority in pursuing the rezoning or other land use regulation of the Real Property based on the recommendation of the Committee; provided, however, that this shall not be construed or interpreted as producing a particular result, approval, or finding, nor is this a promise or representation that the standard procedures and requirements will not apply to the Project or any rezoning or entitlement process.

4. **ANNUAL BUDGET.** As soon as practicable after the Committee is formed, and thereafter by March 1 of each year, the Committee shall develop and present to the Participants a budget for the fiscal year beginning the following July 1, showing (a) all contemplated expenditures for costs and expenses of the Project (the "Project Costs"), including (if applicable) the cost of Property or Project acquisition costs ("Project Acquisition Costs", whether one or more), the cost of debt service ("Project Debt Service Costs") and the cost of operations and administration of the Project (including costs to design, acquire, construct, equip and operate the Project, personnel expenses, and costs of consultants, to the extent not paid from the proceeds of the Project Contribution Amounts (as defined below) or Project Debt (as defined below)) ("Project Administration Costs"), and (b) all anticipated Project Revenue (as defined below) and other funds expected to be generated from or in connection with the Project, including federal and state grants. This annual budget shall be approved by the Committee on or before May 1 of each year. Such approved budget shall be provided to the Authority for its records, but shall not require the consent or approval of the Authority or its Board. An initial proposed budget is attached hereto as **Exhibit C** and fully incorporated herein ("Initial Budget"). Full execution of this Agreement shall be deemed the full approval of the proposed Initial Budget by the Participants (each of who hereby covenants that all required actions have been taken to make this Agreement and the Initial Budget binding on such Participant). The Initial Budget remains subject to change at any time by action of the Committee and approval of the Participants.

5. <u>CONTRIBUTION AMOUNTS</u>. Subject to <u>Section 8</u> below, each Participant shall make payments on a quarterly basis, in advance, or on another basis if approved by the Project Participant Committee, sufficient to pay the Project Administration Costs (the "**Project Contribution Amounts**"). The specific amounts of the Project Contribution Amounts are defined in the Initial Budget, as well as in each annual budget. The proportion of contributions made by each Participant shall be calculated and based on the actual cumulative Project Contribution Amounts made by each Participant shall be calculated and based on the actual **Proportions**").

The Project Participants agree to fund the initial Project Costs in accordance with the Initial Budget attached as Exhibit C and fully approved in accordance with <u>Section 4</u> above.

The initial payment of Project Contribution Amounts shall be made by each Participant in accordance with the schedule included in any annual budget, or as otherwise agreed to by the Committee. Should any Participant fail or neglect to pay its Project Contribution Amount on or before the date when such Project Contribution Amount is due and owing, and such failure continues for more than thirty (30) days after written demand for payment made to such Participant by the Committee, such Participant shall forfeit and lose any and all rights arising out of this Agreement, including any rights to vote and any right to receive a share of Project Revenue (as defined below). In the event that any Participant forfeits and loses its rights under this Agreement, the remaining Participants shall mutually agree upon adjustments to Project Contribution Amounts and/or Project Costs necessary to continue the Project. Except as otherwise provided in this Agreement, or otherwise agreed unanimously by the Participants, including (without limitation) in accordance with <u>Section 8</u> below, default in the payment of its Project Contribution Amount at any time shall not relieve a Participant of its payment or other obligations under this Agreement.

Project Contribution Amounts to be used by the Authority to pay debt service on Project Debt (the "Project Debt Contribution Amounts") shall be paid by each Participant in accordance with one or more support agreements entered into by each Participant (each, a "Support Agreement") in connection with Project Debt (as defined below) in accordance with the Contribution Proportion applicable to each Participant as set forth above. The type of obligation of any Participant under a Support Agreement, whether a general obligation, a "moral" obligation or otherwise shall be as set forth and described in each particular Support Agreement. The right of any Participant to prepay any Project Debt Contribution Amount shall be as set forth and described in each particular Support Agreement. Should any Participant fail or neglect to pay its Project Debt Contribution Amount on or before the date when such Project Debt Contribution Amount is due and owing, or fail to enter into a Support Agreement reflecting that Participant's Contribution Proportion up to the Maximum Project Debt (as defined below), then after written notice and a 30-day opportunity to cure, such Participant shall forfeit and lose any and all rights arising out of this Agreement, including any rights to vote and any right to receive a share of Project Revenue (as defined below). In the event that any Participant forfeits and loses its rights under this Agreement, the remaining Participants shall have no responsibility or liability to pay any portion of the Project Debt Contribution Amount of the former Participant.

6. **<u>FINANCING</u>**. Participants shall be responsible for payment of all debt obligations of the Authority related to or arising from the Project ("**Project Debt**") in their respective Project Debt Contribution Amounts and for costs and expenses for the implementation of the Project through payment of their respective Project Debt Contribution Amounts as set forth above. <u>Member localities of the Authority not participating in the Project shall have *no* responsibility for payments in support of any Project Debt or any other Project costs.</u>

The Authority may agree, subject to (i) conditions imposed by a lender, lenders or other financing source, and (ii) to the Participants entering into such support agreements as may be required, to finance the acquisition of interests in Project property and initial costs related to marketing and development of the Project, the design, acquisition, construction and equipping of the initial buildings, water, sewer, roadway and other improvements on or near such Project Real Property, in a principal amount recommended by the Committee and unanimously approved by the Participants (the "Maximum Project Debt").

7. **<u>REVENUE SHARING</u>**. "**Project Revenue**" is defined as all of the local taxes paid by businesses and industries including, but not limited to, real estate, leasehold, personal property, machinery and tools, business personal property taxes, Business, Professional and Occupational License charges, sales, and meals located at the Project site at the applicable tax rates. Project Revenue also includes any other revenues generated by the Project, the includes, but is not limited to, land sales, lease payments and user fees. As appropriate, Project Revenue

will be paid to the Authority by the governing body of the Host Locality and shall be distributed by the Authority to the Participants in the Project based upon each Participant's Contribution Proportion, unless otherwise agreed to by the Committee. The Authority and the Host Locality will enter into any other or additional agreements, or take such actions as may be reasonably necessary to implement the obligations of this Section.

All distributions of Project Revenue will occur at the direction of the Committee. Collected funds and those remitted to the Authority by the Host Locality, shall remain in accounts of the Authority until any such distributions are made. Distributions shall be made based on the following percentages:

Project Revenue Distributions	
Entity	Percentage
Eastern Virginia Regional Industrial Facility Authority	5%
Host Locality	5%
Project Participants (Based on Participant Contribution Proportions)	90%
Total	100%

Net revenues available for distribution to Participants shall be allocated to the Participants in proportion to their respective aggregate percentage interests ("**Aggregate Interests**"). The Aggregate Interests are determined by tracking accrued Contribution Amounts of a Participant on an annual basis, commencing with the Initial Contribution Amounts and continuing for the term of the Project, then calculated in proportion to the total Contribution Amounts by all Participants over the same time. The intention is to allow flexibility by the Participants for participating in particular years, and particular aspects of the Project, but less than the entire Project at all times.

The Committee shall determine the timing for making distributions based on available net revenues, the occurrence of a particular capital event involving the Project, or other appropriate basis in accordance with this Agreement. All such distributions shall be made only to the Participants, according to the books and records of the Authority, who are the Participants in good standing (which have not withdrawn or defaulted on any obligation in this Agreement). Regardless of the nature of a Participant's Contribution, a Participant has no right to demand and receive any distribution in any form other than money. Except upon dissolution and the winding up of the Project in accordance with this Agreement, no Participant may be compelled to accept a distribution of any asset in kind.

8. <u>WITHDRAWAL OF PARTICIPANT</u>. No Participant may withdraw from this Agreement without the **unanimous consent** of all other Participants. Once Project Debt obligations have been incurred by the Authority, no Participant may withdraw from this Agreement without the **unanimous consent** of (1) all other Participants, and (2) all holders or owners of Project Debt.

Such consent to withdrawal shall be conditioned upon satisfaction of such Participant's legal obligations, including repayment of its portion of any debt incurred, with regard to the

Project or the Authority, or after making contractual provisions for the repayment of its portion of any debt incurred, with regard to the Project or the Authority, with such arrangements subject to the approval of the Committee and the Authority, in their sole discretion, as well as pledging to pay the withdrawing Participant's anticipated Project Contribution Amounts for operation of the Project for the current and succeeding fiscal year following the effective date of withdrawal. No Participant seeking withdrawal shall retain, without the **unanimous consent** of the remaining Participants, any rights to contributions made by such Participant, to any Project property, or to any revenue sharing as allowed in this Agreement.

If the remaining Participants do not unanimously approve a requested withdrawal, then the Participant seeking to withdraw shall not be relieved of funding its Project Contribution Amount, or of any other monetary and non-monetary obligations under this Agreement.

Upon any such approved withdrawal, the remaining Participants and the Committee will determine a new allocation of the Contribution Proportions and any other related obligations under this Agreement, and may amend or other modify the Contribution Proportions and other obligations in any appropriate manner.

Any withdrawal by a Participant must be in accordance with <u>Article 10</u> of the EVRIFA Agreement, and in accordance with Virginia Code Section 15.2-6415 (1950), as may be amended or replaced from time to time.

9. **<u>TERM OF AGREEMENT</u>**. The term of this Agreement will be from the date this Agreement is approved by the Authority, 2020, until July 1, 2025. Thereafter the Agreement will automatically renew and extend itself for additional terms of one (1) year each extending from July 1 through June 30 of each calendar year, on the same terms and conditions as in effect immediately preceding the automatic renewal, without the need to execute any other instrument or document. However, any party seeking to modify, amend or terminate this Agreement may cause the Agreement to terminate at the end of the initial term or of any renewal period by giving written notice of intent to terminate to each of the other Participants and to the Authority on or before January 1 of the year in which the Agreement is to terminate or such Participant is to withdraw (in accordance with the other provisions of this Agreement). The written notice must be given by certified mail, return receipt requested, to the chief administrative officer of each Participant, with copies (by the same method) to the City or County Attorney of each Participant, to the Committee Chair, and to the Chair of the Authority.</u>

10. **DISTRIBUTION OF PROPERTY IF PROJECT CEASES OPERATION**.

If for any reason the Project ceases operation, except for the purpose of transferring the entire operation to another agency or other lawful recipient or operator, then the Committee (or the Authority if the Committee is no longer functional) will distribute all of the Project property and funds to the Participant localities in the following manner:

Whenever the Committee determines that the Project has been substantially completed or is impractical or impossible to accomplish and that all obligations incurred by the Project have been paid or that cash or a sufficient amount of United States government securities has been deposited for their payment, or provisions satisfactory for the timely payment of all its outstanding obligations have been arranged, the Committee may recommend to the Authority that the Project be terminated. One or more of the Participants may elect to purchase, assume, or otherwise take control of the Contribution Proportion of any other Participant, or the Participants may agree on any other distribution and transfer of title that is mutually agreed. If there is any disagreement as to how title to any real property should be handled, then the Host Locality shall have the preemptive right (but no obligation) to acquire such real property from the Authority for the assessed value of the subject real property, or such other price as many be agreed by the Participants. Otherwise, the title to all funds and other property owned related to the Project at the time of such termination shall vest in the Participant localities in proportion to their respective Contribution Proportion.

11. **ANNUAL APPROPRIATION**. Any obligation of a Participant to pay any Project Contribution Amount or to pay any Project Revenue to the Authority set forth in this Agreement, as applicable, shall not constitute a debt or a pledge of any Participant within the meaning of any constitutional or statutory debt limitation, but shall be subject to and dependent upon annual appropriations being made from time to time by the governing body of such Participant. The chief administrative officer or other officer charged with the responsibility for preparing the proposed annual budget of each Participant is directed to include in the proposed budget for each fiscal year the amount of the expected Project Contribution Amount (and, if applicable, payment of Project Revenue) for such fiscal year and any other sums due under this Agreement. If, by July 15 of each fiscal year, the governing body of any Participant has not appropriated such amount for the then-current fiscal year for the purposes intended by this Agreement, the chief administrative officer of such Participant shall give written notice to the governing body of such Participant of the consequences of such failure to appropriate, including the forfeiture of rights under this Agreement.

To the extent permitted by law, in the event of the failure of the Host Locality to make its payment of any Project Revenue to the other Participants under this Agreement, any Participant has the right to institute a process under which a Participant could cause the Participant's Director of Finance or other appropriate officer, official or fiduciary to withhold and setoff all further payments due to the Host Locality until the unpaid sum of Project Revenue is obtained. The Participant will give the Host Locality sixty (60) days' notice before withholding and setting off any such payments.

12. <u>AMENDMENT</u>. This Agreement may be amended from time to time by written agreement duly approved and executed by all Participants.

13. <u>**TITLE AND HEADINGS**</u>. The title and article headings in this Agreement arc solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

14. **SEVERABILITY**. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced

as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the parties hereto only to the extent permitted by law.

EXECUTION OF COUNTERPARTS. This Agreement may be executed in 15. any number of counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

GOVERNING LAW. This Agreement shall be governed by, and 16. construed and enforced in accordance with, the laws of the Commonwealth of Virginia.

AUTHORITY:

EASTERN VIRGINIA REGIONAL **INDUSTRIAL FACILITY AUTHORITY**

By:_____ _____, Chair

ATTEST:

By:_____ Name: Title: Secretary

Form Approved:

EVRIFA Attorney

(Signature pages continue)

Attest:

CITY OF HAMPTON

City Clerk

By: _____ Name: Mary Bunting Title: City Manager

Form Approved:

Cheran C. Ivery, Esq. City Attorney

Attest:

CITY OF NEWPORT NEWS

City Clerk

By: _____ Name: Cynthia D. Rohlf Title: City Manager

Form Approved:

Collins L. Owens, Jr., Esq. City Attorney

COUNTY OF ISLE OF WIGHT

By:	
Name:	Joel C. Acree
Title:	Chairman

Form Approved:

Robert W. Jones, Jr., Esq., County Attorney

Attest:

CITY OF POQUOSON

Evie Insley City Clerk By: _____

Name: J. Randall Wheeler Title: City Manager

Form Approved:

D. Wayne Moore, Esq. City Attorney

Attest:

CITY OF WILLIAMSBURG

City Clerk

By: ______ Name: Andrew O. Trivette Title: City Manager

Form Approved:

Christina Shelton, Esq. City Attorney

COUNTY OF YORK

By: ______ Name: Neil Morgan Title: County Administrator

Form Approved:

James E. Barnett, Esq., County Attorney

Signature Page to Participation Agreement

EXHIBIT A Real Property Drawing

EXHIBIT B Solar Lease Area

EXHIBIT C Initial Budget