

Issue Analysis Form



Date: July 9, 2019
Appropriation –
Item: Commonwealth Opportunity Grant
Economic Development /
Lead Department(s): County Finance
Contact Person(s): Jeff Stoke; Betsy Drewry

Description and Current Status

Prince George County has received Virginia Economic Development Partnership - Commonwealth's Opportunity Fund (COF) Grant proceeds in the amount of **\$200,000** to be used for expansion at Service Center Metals. The Board of Supervisors approved execution of a **Performance Agreement** related to these COF grant funds on December 11, 2018. A copy of agreement and the grant check and cover letter is provided as **Attachment A**.

Section 3 of the Performance Agreement indicates that these grant proceeds are to be retained by the County and disbursed in one payment to the Industrial Development Authority of Prince George County (IDA) when Service Center Metals has met targets of a capital investment of \$16,900,000 and has created and maintained 15 new jobs. The IDA will disburse to Service Center Metals within 30 days of the receipt of the grant funds.

These funds have not yet been appropriated to the FY2020 budget.

Appropriation Increase Entry is:

Revenues: 0215-20-601-8203-326050 Commonwealth Opportunity Grant - \$200,000
Expenditures: 0215-08-301-2151-45670 Contribution to IDA COF Grant - \$200,000

Government Path

Does this require IDA action?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does this require BZA action?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does This require Planning Commission Action?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does this require Board of Supervisors action?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does this require a public hearing?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If so, before what date?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Fiscal Impact Statement

Increases in appropriation of Economic Development COF Grant Revenues and expenditures for FY2019-20. There is no local budget impact (no local match).

Total Increase in FY2019-20 Appropriation = \$200,000

County Impact

There is no increased local funding required for this request. The Performance Agreement does outline local M&T grant (rebates) and potential water and sewer connection waivers for the Service Center Metal expansion.

Notes

If grant proceeds are not disbursed to the IDA on or before June 30, 2020, a re-appropriation will be required into FY2021. Any undistributed grant proceeds on June 30, 2020 will be reflected in the Economic Development Fund Balance.

CHECK NO. 22489406		COMMONWEALTH OF VIRGINIA		DATE: 06/13/2019
Sec of Commerce and Trade		PHONE: 804-371-6232		
Prince George County				
INV NO	INV DT	ACCOUNT #	REF NO	AMOUNT
COF AWARD DESCR : SERVICE CENTER METALS	06/10/2019		00001911	\$200,000.00
TOTAL PAYMENT				\$200,000.00

REMOVE DOCUMENT ALONG THIS PERFORATION

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK — DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY BUILDING BELOW IS PRESENT
 THE FACE OF THIS DOCUMENT HAS A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES

Commonwealth of Virginia Pay Only \$****200000*00

Sec of Commerce and Trade

06/13/2019

81397400
 CHECK NUMBER
 22489406

PAY THIS AMOUNT
 \$****200000*00
 Void After One Year

Pay To The Order Of
 PRINCE GEORGE COUNTY
 6602 COURTS DR
 PRINCE GEORGE VA 23875 2503

66-156/531 WELLS FARGO BANK, N.A.

Manjiv Ganeswala
 Treasurer of Virginia

⑈ 22489406 ⑈ ⑆ 05310156 ⑆ ⑆ 2079900599145 ⑈

County of Prince George, Virginia
Revenue Transmittal Form

Collections for Period Covering _____ to _____

A/R Charge Code	Account Code	Description	Cash Amount	Check Amount	Total
Expenditure Credits					
			\$ _____	\$ _____	\$ _____
			\$ _____	\$ _____	\$ _____
			\$ _____	\$ _____	\$ _____
			\$ _____	\$ _____	\$ _____
Revenue					
			_____	_____	_____
326050	0215-20-601-8203-326050	Econ Dev - Governor's Opportunity Grant	_____	200,000.00	200,000.00
			_____	_____	_____
			_____	_____	_____
			_____	_____	_____
			_____	_____	_____
			_____	_____	_____
			_____	_____	_____
			_____	_____	_____
			_____	_____	_____
Total to be deposited				\$	<u>200,000.00</u>
			From	To	Total
Receipts used for accepting funds			_____	_____	_____

Please issue receipts in sequence and insure receipt amounts agree with revenue code totals above

Counted by _____
Date _____
Received by _____
Date _____



June 17, 2019

Mr. Jeff Stoke
Director of Economic Development
Prince George County
P.O. Box 68
Prince George, Virginia 23875

Dear Jeff:

Thank you for your efforts in bringing Service Center Metals, LLC to Prince George County. The support of local economic developers, in cooperation with the Virginia Economic Development Partnership, is essential in bringing quality businesses to the Commonwealth.

Please find enclosed the \$200,000 check from the Commonwealth's Opportunity Fund to be used for Service Center. As required by the performance agreement, Service Center is required to submit annual progress reports on its employment and investment targets. The first of these reports is due October 1, 2019, covering the period through the prior July 1.

Once the company provides documentation that it has reached the payment target as outlined in the performance agreement, Prince George and VEDP should work jointly to verify such. Copies of this documentation should be provided to VEDP to allow us to assist with this verification. I will be your point of contact for this purpose.

Your economic development team has done an outstanding job on this project. We look forward to working with you again in the near future to bring business to Prince George and the Commonwealth. Thank you again, and keep up the good work.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Ellett", is written over a light blue horizontal line.

Kimberly M. Ellett
Incentives Coordinator

/kme

Enclosure

VEDP.org

Kim Ellett
Incentives Coordinator
Incentives
Virginia Economic Development Partnership

- o. 804.545.5618
- e. kelleth@vedp.org
- a. 901 E. Cary Street, Suite 900
Richmond, Virginia 23219

COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND

PERFORMANCE AGREEMENT

This **PERFORMANCE AGREEMENT** made and entered as of December 1, 2018, by and among the **COUNTY OF PRINCE GEORGE, VIRGINIA** (the "Locality") a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), **SERVICE CENTER METALS, LLC** (the "Company"), a Virginia limited liability company, the **INDUSTRIAL DEVELOPMENT AUTHORITY OF PRINCE GEORGE COUNTY, VIRGINIA** (the "Authority"), a political subdivision of the Commonwealth, and the **VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY ("VEDP")**, a political subdivision of the Commonwealth.

WITNESSETH:

WHEREAS, the Locality has been awarded a grant of and expects to receive \$200,000 from the Commonwealth's Development Opportunity Fund (a "COF Grant") through VEDP for the purpose of inducing the Company to expand, improve, equip, and operate its headquarters and manufacturing facility in the Locality (the "Facility"), thereby making a significant Capital Investment, and creating and Maintaining a significant number of New Jobs, as such capitalized terms are hereinafter defined;

WHEREAS, the Locality is willing to provide the funds to the Authority with the expectation that the Authority will provide the funds to or for the use of the Company, provided that the Company promises to meet certain criteria relating to Capital Investment and New Jobs;

WHEREAS, the Locality, the Authority, the Company, and VEDP desire to set forth their understanding and agreement as to the payout of the COF Grant, the use of the COF Grant proceeds, the obligations of the Company regarding Capital Investment, and New Jobs, and the repayment by the Company of all or part of the COF Grant under certain circumstances;

WHEREAS, the expansion, improvement, equipping, and operation of the Facility will entail a capital expenditure by or on behalf of the Company of approximately \$45,243,000, of which approximately \$40,243,000 will be invested in machinery and tools and approximately \$5,000,000 will be invested in the reconfiguration of the building;

WHEREAS, the expansion, improvement, equipping, and operation of the Facility will further entail the creation and maintenance of 58 New Jobs at the Facility; and

WHEREAS, the stimulation of the additional tax revenue and economic activity to be generated by the Capital Investment and New Jobs constitutes a valid public purpose for the expenditure of public funds and is the animating purpose for the COF Grant:

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the

receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. Definitions.

For the purposes of this Agreement, the following terms shall have the following definitions:

“Capital Investment” means a capital expenditure by or on behalf of the Company in taxable real property, taxable tangible personal property, or both, at the Facility. A capital expenditure related to a leasehold interest in real property will be considered to be made “on behalf of the Company” if a lease between a developer and the Company is a capital lease, or is an operating lease having a term of at least ten years, and the real property would not have been constructed or improved but for the Company’s interest in leasing some or all of the real property. Only the capital expenditures allocated to the portion of the real property to be leased by the Company will count as “Capital Investment.” The purchase or lease of machinery and tools or furniture, fixtures, and equipment, including under an operating lease, and expected building reconfiguration and tenant improvements by or on behalf of the Company will qualify as Capital Investment. Capital Investment will be evidenced by copies of paid invoices paid by or on behalf of the Company and, if requested by VEDP, the Locality or the Authority, those invoices must be certified by the contractor or vendor providing the goods or services. The Capital Investment must be in addition to the capital improvements at the Facility as of February 1, 2018.

“Maintain” means that the New Jobs will continue without interruption from the date of creation through the Performance Date. Positions for the New Jobs will be treated as Maintained during periods in which such positions are not filled due to (i) temporary reductions in the Company’s employment levels (so long as there is active recruitment for open positions), (ii) strikes, and (iii) other temporary work stoppages.

“New Job” means new permanent full-time employment of an indefinite duration at the Facility for which the standard fringe benefits are provided by the Company for the employee, and for which the Company pays an average annual wage of at least \$55,411. Average annual wage means the average annual salary of full-time positions at the Facility determined by dividing total payroll (of a type included in W-2 compensation) provided to full-time positions at the Facility by the number of full-time positions at the Facility. Each New Job must require a minimum of either (i) 35 hours of an employee’s time per week for the entire normal year of the Company’s operations, which “normal year” must consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary positions, positions created when a job function is shifted from an existing location in the Commonwealth, and positions with construction contractors, vendors, suppliers and similar multiplier or spin-off jobs shall not qualify as New Jobs. New Jobs shall be evidenced by copies of quarterly payroll reports filed with the Virginia Employment Commission. The New Jobs must be in addition to the 218 full-time jobs at the Facility as of February 1, 2018.

“Performance Date” means July 1, 2021. If the Locality, in consultation with the Authority and VEDP, deems that good faith and reasonable efforts have been made and are being made by the Company to achieve the Targets, the Locality may request an extension of the

Performance Date by up to 15 months. Any extension of the Performance Date shall require the prior approval of the Board of Directors of VEDP. If the Performance Date is extended, the Locality shall send written notice of the extension to the Authority, the Company and VEDP and the date to which the Performance Date has been extended shall be the "Performance Date" for the purposes of this Agreement.

"Targets" means the Company's obligations to make Capital Investments at the Facility of at least \$45,243,000 and to create and Maintain at least 58 New Jobs at the Facility, all as of the Performance Date.

"Virginia Code" means the Code of Virginia of 1950, as amended.

Section 2. Targets; Statutory Criteria.

(a) *Targets:* The Company will expand, improve, equip, and operate the Facility in the Locality, make a Capital Investment of at least \$45,243,000, and create and Maintain at least 58 New Jobs at the Facility, all as of the Performance Date.

(b) *Encouragement to Offer New Jobs to Residents of the Commonwealth:* The Locality, the Authority, and VEDP hereby strongly encourage the Company to ensure that at least 30% of the New Jobs are offered to "Residents" of the Commonwealth, as defined in Virginia Code Section 58.1-302. In pertinent part, that definition includes natural persons domiciled in Virginia or natural persons who, for an aggregate of more than 183 days of the year, maintained a place of abode within the Commonwealth, whether domiciled in the Commonwealth or not.

(c) *Prevailing Wage; Unemployment and Poverty Rates:* The average annual wage of the New Jobs of at least \$55,411 is more than the prevailing average annual wage in the Locality of \$52,087. The Locality is a high-unemployment locality, with an unemployment rate for 2017, which is the last year for which such data is available, of 4.4% as compared to the 2017 statewide unemployment rate of 3.8%. The Locality is not a high-poverty locality, with a poverty rate for 2016, which is the last year for which such data is available, of 9.5% as compared to the 2016 statewide poverty rate of 11.0%.

(d) *Disclosure of Political Contributions:* The Company acknowledges that the name of the Company will be shared by VEDP with the Governor of Virginia, and any campaign committee or political action committee associated with the Governor. The Company acknowledges that within 18 months of the date of this Performance Agreement, the Governor, his campaign committee, and his political action committee will submit to the Virginia Conflict of Interest and Ethics Advisory Council a report listing any contribution, gift, or other item with a value greater than \$100 provided by the Company to the Governor, his campaign committee, or his political action committee, respectively, during the period from the date of the Company's application for the COF Grant through the one-year period immediately after the date of this Agreement.

Section 3. Disbursement of COF Grant.

(a) *Disbursement of the COF Grant:* By execution and delivery of this Agreement, the Locality requests that the COF Grant be disbursed to it. VEDP will promptly arrange for the payment of the \$200,000 COF Grant to the Locality.

The disbursement of the COF Grant proceeds to the Company will serve as an inducement to the Company to achieve the Targets at the Facility.

The COF Grant proceeds shall be retained by the Locality and shall be disbursed in one payment as follows:

The Company will provide notice and evidence reasonably satisfactory to the Locality, the Authority, and VEDP that it has made Capital Investments of at least \$16,900,000 and created and Maintained at least 15 New Jobs. Such evidence will be subject to verification by the Locality and VEDP. Within 30 days of the verification, the Locality will disburse all \$200,000 of the COF Grant proceeds to the Authority. Within 30 days of its receipt of such COF Grant proceeds, the Authority will disburse such COF Grant proceeds to the Company.

If any COF Grant proceeds have not been disbursed to the Company within 90 days after the Performance Date, the Locality shall return such proceeds to VEDP for redeposit to the Commonwealth's Development Opportunity Fund.

(b) *Use of the COF Grant Proceeds:* The Company will use the COF Grant proceeds to pay or reimburse itself for the costs associated with utility extension or capacity development on and off site, and grading, drainage, paving, and any other activity required to prepare a site for construction, as permitted by Section 2.2-115(D) of the Virginia Code.

Section 4. Break-Even Point; State and Local Incentives.

(a) *State-Level Incentives:* VEDP has estimated that the Commonwealth will reach its "break-even point" by the Performance Date. The break-even point compares new revenues realized as a result of the Capital Investment and New Jobs at the Facility with the Commonwealth's expenditures on incentives, including but not limited to the COF Grant. With regard to the Facility, the Commonwealth expects to provide incentives in the following amounts:

<u>Category of Incentive:</u>	<u>Total Amount</u>
COF Grant	\$200,000
Virginia Jobs Investment Program ("VJIP") (Estimated)	46,400
Enterprise Zone Real Property Improvement Grant ("EZRPiG") (Estimated)	200,000
Enterprise Zone Job Creation Grant ("EZJCG") (Estimated)	161,600
Virginia Investment Partnership Grant ("VIP Grant")	400,000

The proceeds of the COF Grant shall be used for the purposes described in Section 3(b). The VJIP grant proceeds shall be used by the Company to pay or reimburse itself for recruitment and training costs. The proceeds of the EZRPIG, the EZJCG, and the VIP Grant may be used by the Company for any lawful purpose.

(b) *Locality-Level Incentives:* The Locality expects to provide the following incentives, as matching grants or otherwise, for the Facility by the Performance Date:

<u>Category of Incentive:</u>	<u>Total Amount</u>
Machinery and Tools Tax Grant (“M&T Grant”) (Estimated)	\$905,468
Water and Sewer Connection Fee Waiver (If Applicable) (Estimated)	100,000

If, by the Performance Date, the proceeds of the M&T Grant disbursed or committed to be disbursed, as well as the value of the Water and Sewer Connection Fee Waiver provided or committed to be provided, by the Locality to the Company, total less than the \$200,000 COF Grant local match requirement, the Locality, subject to appropriation, will make an additional grant to the Company of the difference at the Performance Date, so long as the Company has met its Targets.

The proceeds of the M&T Grant shall be used by the Company for any lawful purpose in Virginia. The value of the Water and Sewer Connection Fee Waiver will represent cost savings to the Company.

(c) *Other Incentives:* This Agreement relates solely to the COF Grant. The qualification for, and payment of all State-Level Incentives and Locality-Level Incentives, except for the COF Grant, will be governed by separate arrangements between the Company and the entities offering the other incentives.

Section 5. Company Reporting.

(a) *Progress Reporting:* The Company shall provide, at the Company’s expense, in the form attached hereto as Exhibit A, detailed verification reasonably satisfactory to the Locality, the Authority and VEDP of the Company’s progress on the Targets. Such progress reports will be provided annually, starting at October 1, 2018, and covering the period through the prior July 1. Further, the Company shall provide such progress reports at such other times as the Locality, the Authority or VEDP may reasonably require.

With each such progress report, the Company shall provide to VEDP a copy of its Virginia income tax form filed with respect to its status as a pass-through entity. VEDP has represented to the Company that it considers such information to be confidential proprietary information that is exempt from public disclosure under the Virginia Freedom of Information Act and that such information will be used by VEDP solely in calculating aggregate return on invested capital analyses for purposes of gauging the overall effectiveness of economic development incentives.

(b) *Final Report:* The Company shall provide, at the Company's expense, in the form attached hereto as Exhibit B, detailed verification reasonably satisfactory to the Locality, the Authority and VEDP of the Company's achievement of the Targets. The final report may be submitted after the Performance Date, but no later than October 1, 2021.

Section 6. Verification of Targets.

(a) *Verification of Capital Investment:* The Company hereby authorizes the Locality, including the Locality's Commissioner of the Revenue and Treasurer, to release to VEDP the Company's real estate tax, business personal property tax and machinery and tools tax information. Such information shall be marked and considered confidential and proprietary and shall be used by VEDP solely for verifying satisfaction of the Capital Investment Target. If the Locality, the Office of the Commissioner of the Revenue or the Office of the Treasurer should require additional documentation or consents from the Company to access such information, the Company shall promptly provide, at the Company's expense, such additional documentation or consents as the Locality, the Authority or VEDP may request. In accordance with Virginia Code Section 58.1-3122.3, VEDP is entitled to receive the Company's real estate tax, business personal property tax and machinery and tools tax information from the Locality's Commissioner of the Revenue.

In addition to the verification data described above, in the sole discretion of the Locality, or of the Authority, or of VEDP, the Locality, the Authority or VEDP, respectively, may require such other documentation, invoices, or audits as may be required to properly verify the Capital Investment.

(b) *Verification of New Jobs and Wages:* The Company must submit a copy of its four most recent Employer's Quarterly Tax Report (Form FC-20) with the Virginia Employment Commission with the final report. The forms shall be marked and considered confidential and proprietary and shall be used by VEDP solely for verifying satisfaction of the New Jobs Target. In accordance with Virginia Code Section 60.2-114, VEDP is entitled to receive the Company's employment level and wage information from the Virginia Employment Commission.

The Company agrees that it will report to the Virginia Employment Commission with respect to its employees at the facility-level, rather than at the company-level.

In addition to the verification data described above, in the sole discretion of the Locality, or of the Authority, or of VEDP, the Locality, the Authority or VEDP, respectively, may require such other documentation or audits as may be required to properly verify the New Jobs.

Section 7. Repayment Obligation.

(a) *If Statutory Minimum Eligibility Requirements are Not Met:* Section 2.2-115 of the Virginia Code requires that the Company make a Capital Investment of at least \$2,500,000 in the Facility and create and Maintain at least 25 New Jobs at the Facility in order to be eligible for the COF Grant. Failure by the Company to meet either of these statutory minimum eligibility requirements by the Performance Date shall constitute a breach of this Agreement and the

Company must repay to the Authority all of the COF Grant proceeds previously disbursed to the Company. In such event, the Locality will repay to VEDP all of the COF Grant proceeds not previously disbursed to the Company.

(b) *Allocation of COF Proceeds:* For purposes of repayment under subsection (c), the COF Grant is to be allocated as 50% (\$100,000) for the Company's Capital Investment Target, and 50% (\$100,000) for the Company's New Jobs Target.

(c) *If Statutory Minimum Eligibility Requirements are Met:* The provisions of this subsection (c) shall become applicable only if the Company has met the statutory minimum eligibility requirements set forth in subsection (a).

If the Company has met at least ninety percent (90%) of both of the Targets at the Performance Date, then and thereafter the Company is no longer obligated to repay any portion the COF Grant.

If the Company has not met at least 90% of either or both of its Targets as of the [Initial] Performance Date, the Company shall repay to the Authority that part of the COF Grant previously disbursed to the Company that is proportional to the Target or Targets for which there is a shortfall. For example, if as of the Performance Date, the Company has received \$200,000 of the COF Grant proceeds, but only \$33,932,259 of the Capital Investment has been retained (reflecting achievement of 75% of the Capital Investment Target), and only 29 New Jobs have been created and Maintained (reflecting achievement of 50% of the New Jobs Target), the Company shall repay to the Authority \$25,000, reflecting 25% of the COF Grant proceeds that it received allocated to the Capital Investment Target, and \$50,000, reflecting 50% of the COF Grant proceeds that it received allocated to the New Jobs Target. These amounts represent the percentages of the shortfall from the expected amount of Capital Investment and expected number of New Jobs, each multiplied by the portion of the COF Grant proceeds that the Company received allocated to that Target. In such event, the Locality will repay to VEDP all of the COF Grant proceeds not previously disbursed to the Company.

(d) *Determination of Inability to Comply:* If the Locality or VEDP shall determine at any time prior to the Performance Date (a "Determination Date") that the Company is unable or unwilling to meet and Maintain its Targets by and through the Performance Date, and if the Locality, the Authority or VEDP shall have promptly notified the Company of such determination, the Company must repay to the Authority all of the COF Grant proceeds previously disbursed to the Company. In such event, the Locality will repay to VEDP all of the COF Grant proceeds not previously disbursed to the Company. Such a determination will be based on such circumstances as a filing by or on behalf of the Company under Chapter 7 of the U.S. Bankruptcy Code, the liquidation of the Company, an abandonment of the Facility by the Company or other similar significant event that demonstrates the Company will be unable or is unwilling to satisfy the Targets for the COF Grant.

(e) *Repayment Dates:* ***Such repayment shall be due from the Company to the Authority within ninety days of the Performance Date or the Determination Date, as applicable.*** Any moneys repaid by the Company to the Authority hereunder shall be repaid by the Authority

to the Locality and shall be repaid by the Locality promptly to VEDP for redeposit into the Commonwealth's Development Opportunity Fund. The Locality and the Authority shall use their best efforts to recover such funds, including legal action for breach of this Agreement. Company shall pay to the locality reasonable attorney's fees and costs related to recovering such funds. Neither the Locality nor the Authority shall have any responsibility for the repayment of any sums payable by the Company hereunder unless said sums have been received by the Authority from the Company.

(f) *Failure to Repay*: If any repayment due pursuant to this Section 7 is not made by the Company when due, the Board of Directors of VEDP (the "Board") may determine that further collection action is required, and the Board may refer the matter to the Office of the Attorney General (the "OAG") for collection pursuant to Section 2.2-518 of the Virginia Code. In such event, by their signatures below, the Locality and the Authority will be deemed to have assigned to the Commonwealth all of their rights, title and interest in and to this Section 7. In any matter referred to the OAG for collection, the Company shall be liable to pay interest, administrative charges, attorney fees and other applicable fees. Interest on any outstanding repayment referred to the OAG shall accrue at the rate set forth in Section 6.2-301 A. of the Virginia Code (currently 6.0% per year) for the period from the Performance Date or the Determination Date, as applicable, until paid.

Section 8. Notices.

Formal notices and communications between the Parties shall be given either by (i) personal service, (ii) delivery by a reputable document delivery service that provides a receipt showing date and time of delivery, (iii) mailing utilizing a certified or first class mail postage prepaid service of the United States Postal Service that provides a receipt showing date and time of delivery, or (iv) delivery by facsimile or electronic mail (email) with transmittal confirmation and confirmation of delivery, addressed as noted below. Notices and communications personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices and communications mailed shall be deemed effective on the second business day following deposit in the United States mail. Notices and communications delivered by facsimile or email shall be deemed effective the next business day, not less than 24 hours, following the date of transmittal and confirmation of delivery to the intended recipient. Such written notices and communications shall be addressed to:

if to the Company, to:

Service Center Metals, LLC
 5850 Quality Way
 Prince George, Virginia 23875
 Facsimile: 804.518.1551
 Email: matt.lanzer@scm-net.com
 Attention: Matthew Lanzer, Chief Financial Officer

with a copy to:

Service Center Metals, LLC
 5850 Quality Way
 Prince George, Virginia 23875
 Facsimile: 804.418.1551
 Email: chip.dollins@scm-net.com
 Attention: Chip Dollins, Vice President of Operations

if to the Locality, to:

County of Prince George, Virginia
6602 Courts Drive, 3rd Floor
Prince George, Virginia 23875
Facsimile: 804.732.3604
Email: pashcraft@princegeorgecountyva.gov
Attention: Percy C. Ashcraft, County
Administrator

with a copy to:

County of Prince George, Virginia
6602 Courts Drive, 3rd Floor
Prince George, Virginia 23875
Facsimile: 804.733.2539
Email: smicas@princegeorgecountyva.gov
Attention: Steven L. Micas, County Attorney

if to the Authority, to:

Industrial Development Authority of the
County of Prince George, Virginia
6602 Courts Drive, 3rd Floor
Prince George, Virginia 23875
Facsimile: 804.732.3604
Email: jstoke@princegeorgecountyva.gov
Attention: Jeff D. Stoke

with a copy to:

Industrial Development Authority of the
County of Prince George, Virginia
6602 Courts Drive, 3rd Floor
Prince George, Virginia 23875
Facsimile: 804.732.3604
Email: jstoke@princegeorgecountyva.gov
Attention: Jeff D. Stoke

if to VEDP, to:

Virginia Economic Development Partnership
One James Center, Suite 900
901 East Cary Street
Richmond, Virginia 23219
Facsimile: 804.545.5611
Email: moret@vedp.org
Attention: President and CEO

with a copy to:

Virginia Economic Development Partnership
One James Center, Suite 900
901 East Cary Street
Post Office Box 798 (zip: 23218-0798)
Richmond, Virginia 23219
Facsimile: 804.545.5611
Email: smcninch@vedp.org
Attention: General Counsel

Section 8. Miscellaneous.

(a) *Entire Agreement; Amendments:* This Agreement constitutes the entire agreement among the parties hereto as to the COF Grant and may not be amended or modified, except in writing, signed by each of the parties hereto and consented to by VEDP. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Company may not assign its rights and obligations under this Agreement without the prior written consent of the Locality, the Authority and VEDP.

(b) *Governing Law; Venue:* This Agreement is made, and is intended to be performed, in the Commonwealth and shall be construed and enforced by the laws of the Commonwealth. Jurisdiction and venue for any litigation arising out of or involving this Agreement shall lie in the Circuit Court of the County of Prince George, and such litigation shall be brought only in such court.

(c) *Counterparts*: This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.

(d) *Severability*: If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.

(e) *Attorney's Fees*: Except as provided in Section 7 (f) , attorney's fees shall be paid by the party incurring such fees.

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IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

COUNTY OF PRINCE GEORGE, VIRGINIA

By [Signature]
Name: Perry C. Ashcraft
Title: County Administrator
Date: 1/31/19

INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE COUNTY OF
PRINCE GEORGE, VIRGINIA

By William A. Young, Jr.
Name: WILLIAM A. YOUNG, JR.
Title: CHAIRMAN
Date: 1/31/19

SERVICE CENTER METALS, LLC

By Matthew Lanzer
Name: Matthew Lanzer
Title: CFO
Date: 4-23-19

VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP
AUTHORITY

By Stephen Markt
Name: Stephen Markt
Title: President + CEO
Date: May 20, 2019

Exhibit A: Annual Progress Report Form
Exhibit B: Final Report Form

Exhibit A

**ANNUAL PROGRESS REPORT
COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND**

PROJECT SUMMARY:

Project	
Location	
Amount of Grant	
Performance Reporting Period	
Performance Date	

PROJECT PERFORMANCE:

Performance Measurement	Target	As of _____	% Complete
New Jobs (over ____ baseline) ¹			
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Capital Investment (provide breakdown below) ²			
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Average Annual Wage			N/A
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Standard Fringe Benefits (check one)	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A
Virginia Corporate Income Tax Paid in Prior Calendar Year ³	\$		

¹Data will be verified using Virginia Employment Commission records.²Data will be verified with locality records.³This confidential information is protected from disclosure pursuant to § 2.2-3705.6 of FOIA.

Capital Investment Breakdown	Amount
Land	\$
Land Improvements	\$
New Construction or Expansion	\$
Renovation or Building Upfit	\$
Production Machinery and Tools	\$
Furniture, Fixtures and Equipment	\$
Other	
Total	\$

COMMENTS:

Discuss project status, including the current level of new jobs and capital investment, progress on targets, changes or likely changes in project's nature that may impact achievement of targets, and other information relevant to project performance. If the project is not on track to meet targets, please provide an explanation.

TO BE CERTIFIED BY AN OFFICER OF THE COMPANY:

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

Company: _____

Submitted By: _____
Signature of Official

Name: _____
Print Name

Title: _____

Date: _____

Please return to:

Kim Ellett, Incentives Coordinator, Virginia Economic Development Partnership, 804-545-5618, kellett@vedp.org

Exhibit B

FINAL REPORT COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND

PROJECT SUMMARY:

Project	
Location	
Amount of Grant	
Performance Date	

PROJECT PERFORMANCE:¹

Performance Measurement	Target	As of March 1, 2021	% Complete
New Jobs (over __ baseline) ²			
Capital Investment (provide breakdown below) ³			
Average Annual Wage			N/A
Standard Fringe Benefits			
Virginia Corporate Income Tax Paid in Prior Calendar Year ⁴	\$		

Capital Investment Breakdown	Amount
Land	\$
Land Improvements	\$
New Construction or Expansion	\$
Renovation or Building Upfit	\$
Production Machinery and Tools	\$
Furniture, Fixtures and Equipment	\$
Other	
Total	\$

¹Final, actual performance will be reported on VEDP's public reporting website.

² Attach the company's four most recent Quarterly Tax Report (Form FC-20) filed with the Virginia Employment Commission.

³ Data will be verified using records from the Commissioner of the Revenue and invoices.

⁴This confidential information is protected from disclosure pursuant to § 2.2-3705.6 of FOIA

LOCAL MATCH:

Goal	
Actual	

COMMENTS:

Discuss Project status or the important of the Project to the locality and region.

TO BE CERTIFIED BY AN OFFICER OF THE COMPANY:

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

Company: _____

Submitted By: _____
Signature of Official

Name: _____
Print Name

Title: _____

Date: _____

Please return to:

Kim Ellett, Incentives Coordinator, Virginia Economic Development Partnership, 804-545-5618, kellett@vedp.org

Board of Supervisors
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 9th day of July, 2019:

Present:

Vote:

Donald R. Hunter, Chairman
Floyd M. Brown, Jr., Vice-Chairman
Alan R. Carmichael
Marlene J. Waymack
T. J. Webb

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On motion of _____, seconded by _____, which carried unanimously, the following Resolution was adopted:

RESOLUTION; APPROPRIATION COMMONWEALTH
OPPORTUNITY FUND GRANT \$200,000

WHEREAS, The Board of Supervisors of the County of Prince George approved the execution of a Performance Agreement related to Commonwealth Opportunity Fund grant proceeds for expansion at Service Center Metals on December 11, 2018.

NOW, THEREFORE BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 9th day of July, 2019, does hereby authorize and appropriate the following increase of funds within the 2019-2020 Budget, such line items increased as follows, which monies shall be expended for purposes authorized and approved by the Board of Supervisors of the County of Prince George:

<u>FUND/ORGANIZATION</u>		<u>AMOUNT</u>
Economic Development Fund Expenditures:		
0215-08-301-2151-45670	Contribution to IDA (COF Grant)	\$200,000
Revenues:		
0215-20-601-8203-326050	Commonwealth Opportunity Grant	\$200,000

A Copy Teste:

Percy C. Ashcraft
County Administrator