WILDWOOD PARK PROJECT
PARTICIPATION AGREEMENT - INITIAL PHASE

THIS AGREEMENT, dated this the 20th day of September, 2010 by and between **BLUE RIDGE CROSSROADS ECONOMIC DEVELOPMENT AUTHORITY ("BRCEDA")**, a body corporate, organized and created pursuant to Chapter 64 of Title 15.2 of the Code of Virginia, 1950, as amended, (the "Authority") and **GRAYSON COUNTY, VIRGINIA; CARROLL COUNTY, VIRGINIA; AND, THE CITY OF GALAX, VIRGINIA**, all being political subdivisions of the Commonwealth of Virginia and members of the Authority and participating jurisdictions herein (the each being a "Participant" and together being "Participants"),

WITNESSETH:

WHEREAS the Authority has been created under the provision of Chapter 64 of Title 15.2 of the Code of Virginia, 1950, as amended, to promote economic development in the region; and,

WHEREAS the Participants and the Authority have identified the development of the Wildwood Park Project, Initial Phase, located in Carroll County, Virginia (the "Project"), as an important project for the region to promote the purposes for which the Authority has been formed; and,

WHEREAS the Authority and the Participants desire to enter into this Agreement for the purpose of establishing the scope of the Project, the investment therein of the Authority and the Participants and the revenue sharing from the Project.

NOW THEREFORE, in order to carry out the purposes for which the Authority was formed and to create a project which will promote the economic development of the region and the Participants, the parties hereto do hereby agree as follows:

I

PROJECT DESCRIPTION

The Wildwood Park, Initial Phase ("Project") may, subject to funding, include the following items:

- acquisition of 164+/- acres of land located in Carroll County, Virginia (the "host locality") being a potion of Tax Map Nos. 50-A-31, 50-A-31A and 49-A-142 as shown upon the tax maps of Carroll County, Virginia;
- acquisition of access, water supply, waste water disposal, fiber and natural gas for the Project and easements therefore;
- obtaining options for additional land adjoining the Project;
- construction of an access road to the Project site from the existing public road;
- detailed engineering plans for the provision of water supply and waste water disposal for proposed users in the Project.

Any enlargement of the scope of the Project in excess of these components shall require unanimous consent of all Participants.

II

PROJECT UNDERTAKEN IN THE NAME OF THE AUTHORITY

The 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, lease, use, sell, encumber, transfer, and dispose of any real or personal property comprising part or all of the Project, provided, however, that the Authority is hereafter required to take all actions related to the Project as directed by the Participants and may 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 express direction and approval of the Participants.

III

ADDITIONAL PHASES

The Project herein described is the Initial Phase for the Wildwood Park. All parties hereto recognize that development of the Wildwood Park may involve several phases beyond the Initial Phase. In the event additional Phases to the Wildwood Park are undertaken by the Authority, the Participants herein shall have first priority to purchase shares in such additional Phases to the Wildwood Park in the same proportion as their ownership in the Initial Phase at such price as the parties shall hereafter agree, but no Participant in this Project shall be obligated to purchase any additional shares in this or any other Phase of the Wildwood Park.

Additionally, the Participants may agree to undertake additional projects outside of the Project. In the event additional projects are undertaken by the Authority, the Participants herein shall have first priority to purchase shares in such additional projects in the same proportion as their ownership in the Initial Phase at such price as the parties shall hereafter agree, but no Participant in this Project shall be obligated to purchase any additional shares in this or any other project. If additional projects are undertaken, the parties may agree to utilize this Agreement as the basis for such projects and that the Authority manage such additional projects.

IV

PROJECT CONTROL

The Participants, acting through their duly appointed representatives to the Board of the Authority, shall have sole responsibility for the decisions required for the construction, management, and overall implementation of the Project. The Participants shall set their own rules of operation and require the Authority to take the actions necessary to implement and operate the Project, retain Project consultants and utilize staff as needed for the Project.

V

ANNUAL BUDGETS AND DEFICITS

As soon as practicable after funding has been established, and by March 1 of each future year, the Authority shall develop and present to the Participants its operating and capital budgets for the project for the fiscal year beginning the following July 1, showing all contemplated expenditures for operations, administrative costs, capital expenses, debt service and all anticipated revenues from revenue sharing, federal and state grants, and other sources. This annual budget shall be approved by the Participants on or before July 1 of each year. Each Participant and the Authority shall be entitled to review the financial records of the Project upon request. An annual audit of the Project's financial records performed by a licensed Certified Public Accountant shall be performed as part of the annual audit of the Authority and each annual audit statement shall be furnished to each Participant.

The offering share price, to be paid annually by the Participants to the Authority for the Project, shall include payment of annual debt service, including financing costs and expenses and administrative costs and expenses for the Authority to operate the Project. No additional costs or expenses of the Project, including administrative expenses shall be charged to any Participant without the express written consent of that Participant.

VI

FINANCING

Financing of the project shall be arranged in the name of the Authority. All loan obligations for the Project shall be the sole responsibility of the Participants in the Project which shall reimburse the Authority for all expenses incurred by the Authority for the Project. Without its express consent, a Participant shall not be responsible for any portion of such loan obligations and expenses in excess of its proportional interest in the total outstanding shares of the Project.

VII

LIMITATION OF LIABILITY

The Authority shall ensure the payment of all obligations, costs and expenses for the implementation of this Project such that the Participants are solely responsible for discharging the Authority's obligations in respect to the Project. Non-participating members of the Authority and the Authority itself are not responsible for the financing or debts of the Project or for any future projects undertaken by the Participants.

VIII

CONTRIBUTIONS AND OWNERSHIP

The ownership interest in the Project shall be determined as follows:

1. Each member locality in the Authority shall be offered 1/3rd share in the Project, or 1,000 shares of a 3,000 Share Pool. The value of the shares is dependent upon the financing structure of the Project and shall include an amount for the annual payment of administrative expenses. Localities can decide if they wish to accept any or all of the offered shares;
2. All shares not taken under provision 1 shall be then offered to those localities which have agreed to purchase shares in the Project. Each of those localities may purchase that portion of the remaining shares equal to the proportion of shares that locality initially purchased of the total shares purchased by all localities under provision 1;
3. Any shares in the Project thereafter remaining shall first be offered to the host locality;
4. Any shares thereafter remaining shall then be offered to others, including private or other non-member investors, on such terms and for such consideration as determined by the participating localities.
5. Each participating locality ("Participant") will contribute annually to the costs and expenses of the Project, including repayment of any financing, with interest and

expenses, in proportion to the amount of shares it owns to the total outstanding shares, subject to the limitation that a Participant's annual contribution, per share, shall not exceed, without its consent, the initial share price. Each Participant will receive a distribution of revenue from the Project as provided in Article XII of this Agreement, resources permitting. The initial annual payment shall be made by each Participant within thirty (30) days after execution of this Agreement by all Participants.

Should any Participant fail or neglect to make any such annual contribution to support the Project, including the repayment of financing and all costs and expenses, and such failure continues for more than twenty (20) days after written demand by the Authority, such Participant shall forfeit and lose any and all interest and shares in the Project and such forfeited shares shall be redistributed among the Participants as provided in this Article. Such forfeiture of shares shall not relieve such Participant of any liability related to the Project.

IX

FINANCING PLAN

The financing plan for the implementation of the Project is a combination of grant and loan sources. Financing for the Project will require the Participants to share in the annual debt service and costs on the funds borrowed to complete the Project and administrative costs and expenses.

The total estimated cost of the Project is $8,300,000, and the revenue sources are as follows:

	AMOUNT
CDBG Grant	$ 700,000
EDA Grant	$ 500,000
ARC Grant	$ 500,000
VDOT Access Road Grant	$ 500,000
VDOT local match	$ 150,000
Virginia Tobacco Commission	$1,000,000
Rural Development Direct Loan	$6,250,000

The annual payment required for each share is that amount which when multiplied by the total shares outstanding will pay the annual debt service on the loans to support the Project and shall include an annual administrative fee as agreed by the Participants. It is agreed that the annual share price will support the Project, including costs of financing and administrative costs and expenses and that a Participant's annual payment per share shall never exceed, without its consent, the initial share price. Annual payments by the Participants shall continue until all debt repayment is accomplished and may be reduced as loans are paid. After all debt service is retired, the annual contribution of each Participant shall be reduced to that amount which will pay the annual administrative fee as agreed by the Participants. In addition to such amounts, the parties may agree to contribute additional funds in any budget year as they deem necessary for improvement of the Project, with such amounts to be repaid as the Participants shall agree.

X

REQUIREMENT FOR DEVELOPMENT OF THE PROJECT

All business (es) or industry (ies) locating in the Project shall execute a performance agreement with the Authority and the host locality. Should such business (es) or industry (ies) require improvements in the infrastructure of the host locality, which cannot be provided through rate based, financing, the performance agreement shall provide for payment for such infrastructure on such basis as all parties to the performance agreement, including the host locality, shall agree. The performance agreement shall contain such other terms and conditions as the parties may agree, and may include a guarantee for payment of sufficient revenue from the business (es) or industry(ies) to generate an acceptable level of Revenue to the host locality and the Participants and may include a guarantee that such payment and the Revenue will not be reduced by any reduction of the tax rate. Preference is to be given to those businesses and industries that will substantially increase the tax base of the Project and to businesses and industries that complement the existing businesses and industries in the Project.

The governing body of the locality in which the Project is located (the "host locality") shall have the sole right to disapprove the business or businesses, industry or industries which shall be allowed to locate in the Project. Such right to disapprove any business, industry or industries shall be reasonably exercised.

XI

PARTICIPANTS MAY SELL SHARES

Participants in the Project are authorized to sell their shares in the Project subject to the approval of the Authority. Prior to offering such shares for sale to any party, the Participant shall first offer the shares to the remaining Participants in the same order as contained in Section VIII of this Agreement and at the same price as to be offered for sale to others. The conditions of sale must also be accepted by the bondholders or their representatives and all other secured creditors.

XII

REVENUE SHARING

Revenue from the Project shall be determined and established from three sources:

1. Revenue received by the Authority from the sale, lease or otherwise from any business, industry or other entity locating in or purchasing any right, title or interest in and to the Project or any property located in the Project shall be considered revenue from the Project

to be shared pursuant to this Agreement;

2. The current taxes paid to Carroll County, Virginia on the property located in the Project as of the date of this agreement shall be the "base tax". Any increase in the base tax due to the improvement of the property in the Project or location therein of commercial or industrial businesses, of any nature, whether such increase in revenue is due to an increase in real estate, machinery and tools, business license or other taxes, shall be considered revenue from the Project to be shared pursuant to this Agreement;

3. It is agreed that improvement of the Project will also result in increased values of the real estate located in certain properties adjacent to the Project. Attached hereto as Exhibit A is a map upon which the lands constituting the Project and certain properties adjacent to the Project are shown by being enclosed in the dark boundary. The properties enclosed in such boundary and not included in the Project property constitute the "quad properties". The current real estate taxes paid to Carroll County, Virginia on the quad properties as of the date of this Agreement shall be the "base quad real estate taxes". Any increase in the base quad real estate taxes arising after the improvement and development of the Project has been commenced shall be considered revenue from the Project to be shared pursuant to this Agreement. This provision as to the quad properties shall only apply to applicable real estate taxes generated in the quad properties and Carroll County, Virginia shall exclusively retain all other taxes, fees and other benefits relating to the quad properties.

Revenue from the Project determined as established in the preceding paragraphs as revenue from the Project shall be collected by the host locality and shall be distributed first to pay any current installments of debt due on the Project, including financing payments of principal and interest, all outstanding or anticipated costs and expenses of the Project and then any remaining revenue shall be then distributed to the Participants in the Project based upon their percentage of shares owned in the Project except as otherwise provided herein.

Revenue amounts shall be determined and agreed to prior to the siting of any business or industry on the Project. Contributions of any Participant(s) specifically to the location and siting of any particular business or industry in the Project, through incentives or otherwise, shall change the percentage of revenue to be distributed to the Participants as available from that particular business or industry. Calculation of revenues to be distributed from such particular business or industry shall be on a percentage basis to include such specific contribution of any Participant(s) and distributed on such basis so that any Participant contributing specifically to the location and siting of that particular business or industry shall receive a higher percentage of the revenue available from that business or industry.

Neither reduction of the tax rate hereafter or abolition of any current tax shall reduce the revenue to be paid to the Authority by the host locality.

XIII

WITHDRAWAL AS A PARTICIPATING JURISDICTION

Once obligations have been incurred by the Authority in favor of the Project, participants in the Project may withdraw from the Project only as the other participants may unanimously agree. The conditions of withdrawal must also be accepted by all secured debtors and bondholders or their representatives.

XIV

ANNUAL APPROPRIATIONS

The revenue sharing, payments and contributions to the Authority herein required by the participants are specifically authorized as to local governments pursuant to § 15.2-6406 and § 15.2-6407 of the Code of Virginia, 1950, as amended. In the event such code provisions are held to be invalid so that the payments and contributions hereunder may be considered to be the debt of a local government pursuant to Article VII, Section 10 of the Virginia Constitution, such payments and contributions shall not be debt of such participating local government but shall be subject to and dependent upon annual appropriations being made from time to time by its governing body and each participating locality agrees that its chief administrative officer shall annually request, and use his or her best efforts to secure the governing body's approval of such annual appropriations necessary to make such payments and contributions as required by the provisions of this Agreement

XV

AMENDMENT

This Agreement may be amended from time to time as the parties may agree, provided all amendments shall be in writing and shall require unanimous consent of all Participants and the consent of the Authority and the host locality.

IN WITNESS WHEREOF, the Governing Bodies identified, by authorized action, have caused this Agreement to be executed, and their respective seals to be affixed hereto and attested by their respective clerks or secretaries commencing this 20th day, of September, 2010.

BLUE RIDGE CROSSROADS ECONOMIC DEVELOPMENT AUTHORITY

Attest:	**Approved as to Form:**	
Clerk of the Board	Attorney	Chairman of the Board

COUNTY OF GRAYSON, VIRGINIA

Attest:	**Approved as to Form:**	
Clerk, Board of Supervisors	Attorney: Grayson County	Chairman, Board of Supervisors

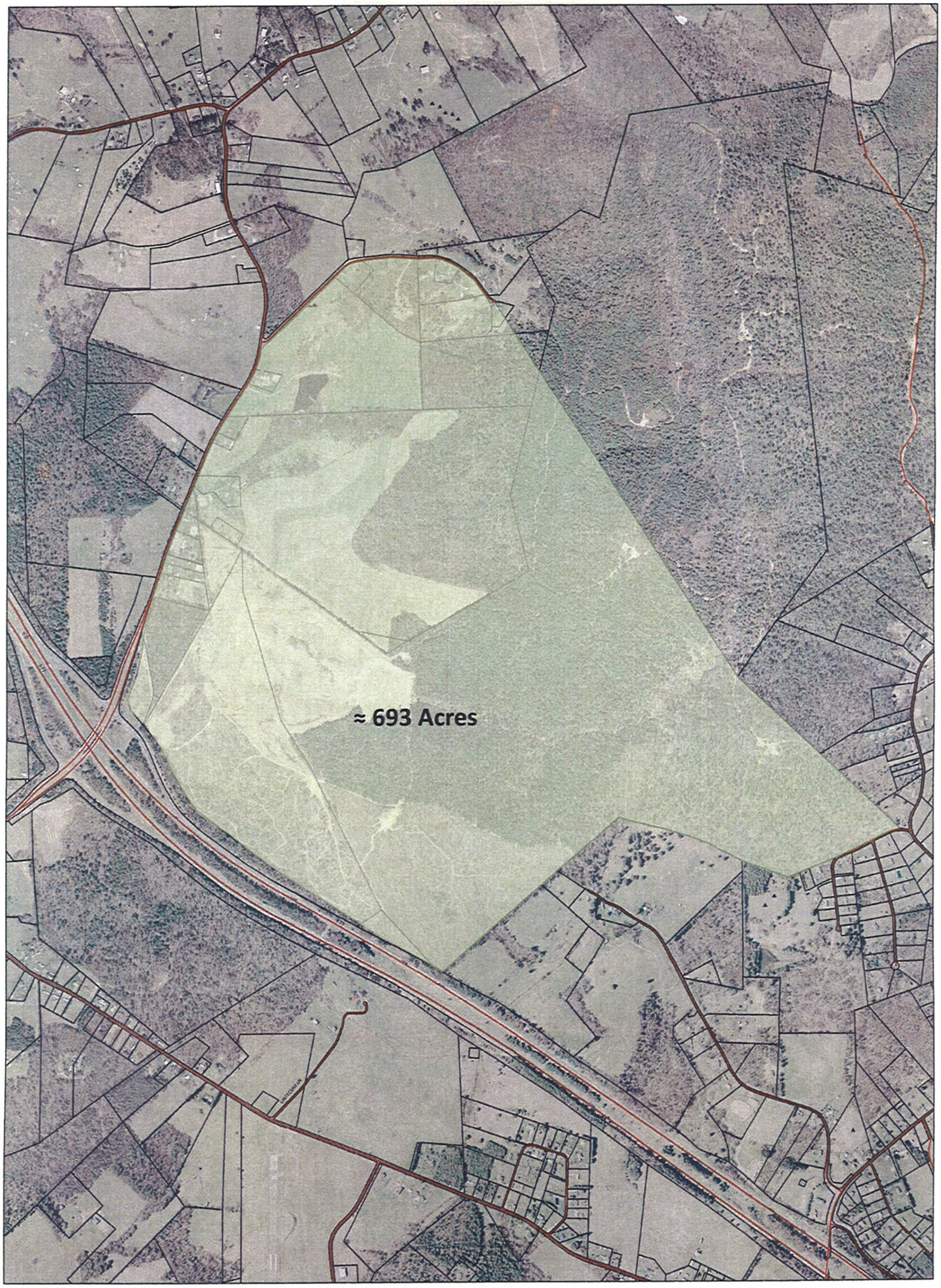
COUNTY OF CARROLL, VIRGINIA

Attest:	**Approved as to Form:**	
Clerk, Board of Supervisors	Attorney, Carroll County	Chairman, Board of Supervisors

CITY OF GALAX, VIRGINIA

Attest:	**Approved as to Form:**	
Clerk, City Council	Attorney, City of Galax	Mayor

EXHIBIT A



PARTICIPATION AGREEMENT AREA