CITY OF COLUMBIA
TENNESSEE

City of Columbia Industrial Development Board (IDB)
City of Columbia Industrial Development Board (IDB) Agenda
January 23, 2024 - 4:00 PM

700 North Garden Street
Conf. Room A - Basement
Columbia, TN 38401
Phone: 931-560-1510

Anyone requesting accommodations due to disabilities should contact Wanda McClain, at (931) 560-1570 prior to the meeting.

I. Call to Order.

II. Official Notice.

III. Approval of Minutes.

DECEMBER 12, 2023 MINUTES

ATTACHMENTS: IDB Minutes 121223

IV. Old Business .

V. New Business.

ELECTION OF OFFICER - SECRETARY

VI. Maury Alliance Update .

REQUEST TO APPLY FOR TNECD SITE DEVELOPMENT GRANT/LETTER OF INTENT

ATTACHMENTS: IDB letter of intent SDG, IDB letter of intent SDG Exhibit

VII. City Update.

A. UPDATE FROM RETAIL STRATEGIES

B. TERMINATION OF EQUIPMENT LEASE DOCUMENTS WITH SMILE DIRECT (SMILE FARM)

ATTACHMENTS: Termination of Equipment Lease Documents - SmileDirect

C. TERMINATION OF TAX AGREEMENT WITH SMILE DIRECT (SMILE FARM)

ATTACHMENTS: Termination of Tax Agreement - SmileDirect

D. TERMINATION OF BILL OF SALE WITH SMILE DIRECT (SMILE FARM)

ATTACHMENTS: Termination Bill of Sale - SmileDirect

E. ACCEPTANCE OF THE COLUMBIA INDUSTRIAL DEVELOPMENT BOARD ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2023

ATTACHMENTS: City of Columbia IDB - Review 2023 - Final

VIII. Other Business.

IX. Next Meeting.

X. Public Comments.

XI. Tentative 2024 Meeting Schedule.

FEBRUARY 27, 2024
MARCH 26, 2024
APRIL 23, 2024
MAY 28, 2024
JUNE 25, 2024
JULY 23, 2024
AUGUST 27, 2024
SEPTEMBER 24, 2024
OCTOBER 22, 2024
NOVEMBER - TBD
DECEMBER - TBD

XII. Adjourn.

City of Columbia Industrial Development Board

December 12, 2023

Call to Order:

The meeting of the Industrial Development Board was called to order by Chairman Morgan.

Attendance:

Members present were: Bob Morgan, Manuel Young, Darlene Baxter, Bo Holloway and Ernie Allen. Others in attendance were: City Manager Tony Massey, Assistant City Manager Thad Jablonski, Mayor Chaz Molder, City Planner Kevin McCarthy, Executive Secretary Liz Bermudez, Maury County Chamber & Economic Alliance President Wil Evans and Vice President Travis Groth. Board Member Bill Marbet was absent and Board Member Julie Heffington had previously tendered her resignation.

Minutes:

Minutes of the September 26, 2023 meeting were reviewed. Darlene Baxter moved the minutes be approved. The motion was seconded by Ernie Allen. The motion was unanimously approved by those in attendance.

With regret the board moved to accept Julie Heffington's resignation from the board. Chairman Morgan moved to accept the resignation. The motion was seconded by Bo Holloway. The motion was unanimously approved by those in attendance.

Old Business:

There was discussion about Smile Direct filing bankruptcy.

New Business:

Maury Alliance Update:

Update on TVA Study regarding moving Transmission Lines at Columbia Rail Site.

Travis Groth went over maps showing the relocation of the TVA lines. Discussion regarding the moving of lines occurred.

City Update:

Update on Bristol Development Woodland Street.

City Manager Massey advised that staff met with the group before Thanksgiving and they hope to close by the end of the calendar year. There was discussion on improvements to public infrastructure like sidewalks and landscaping. The board was asked if they would want to pay for the improvements ($275,000) to the public infrastructure near the project. Darlene Baxter moved to approve up to $275,000 for improvements to the landscaping and public sidewalks. The motion was seconded by Manuel Young. The motion was unanimously approved by those in attendance.

Other Business:

There was a discussion on the mall property and the high rent that the owners are requesting from retailers. The board also received an update on the Hunt property.

Next Meeting:

The next meeting is scheduled for January 23, 2024 at 4:00 p.m. (following the Health, Educational and Housing Facility Board Annual Meeting)

The board was advised that Retail Strategies would provide an update at their upcoming January meeting.

Adjournment:

Ernie Allen moved to adjourn the meeting. The motion was seconded by Bo Holloway. The motion was unanimously approved by those in attendance. There being no additional business the meeting ended at 4:52 p.m.

Respectfully submitted,

Secretary

Bob Morgan, Chairman

January 23, 2024

Mr. Kirby Lewis-Gill, Site Development Director
Rural Development
Tennessee Department of Economic and Community Development
312 Rosa L. Parks Avenue, 27th Floor
Nashville, Tennessee 37243

RE: LETTER OF INTENT TO APPLY

I am writing to inform you of the Industrial Development Board of the City of Columbia's intent to apply for a Site Development Grant to relocate a power transmission line in the Columbia Tennessee Rail Site. This industrial site is located adjacent to US Highway 43 between Oakland Parkway and US Highway 412, Columbia, Maury County, Tennessee 38401. Grant funds, through the Select Tennessee Site Development Grant Program, are being sought to improve the site by relocating TVA transmission lines in order to increase the amount of developable acreage remaining at the Columbia Tennessee Rail Site. The Columbia Tennessee Rail Site is a Select Tennessee Certified Industrial Site.

The Industrial Development Board of the City of Columbia recognizes that funding for these grants is limited, that the selection process is competitive, and that application does not guarantee funding. Further, we understand that the sites will be chosen to participate based on a combination of factors, which include, but are not limited to, a strategy that comprehensively addresses product need, solution opportunity and local initiative.

The Industrial Development Board of the City of Columbia represents that it has the local support needed to undertake the work necessary to successfully complete the requirements of this grant application. Additionally, the Industrial Development Board of the City of Columbia represents that if this application is funded, it has the project management necessary to successfully complete the requirements of this grant.

The Industrial Development Board of the City of Columbia has designated Lorie Fisher, South Central Tennessee Development District, and Travis Groth, Maury County Chamber and Economic Alliance, to represent its interests during the application process and subsequently manage the proposed scope of work to completion, if awarded. All correspondence and inquiries regarding this site should be addressed to:

Ms. Lorie Fisher, Director, Economic & Community Development
South Central Tennessee Development District
101 Sam Watkins Blvd.
Mt. Pleasant, TN 38474
lfisher@sctdd.org
931-379-2913

Mr. Travis Groth, Vice President – Economic Development
Maury County Chamber and Economic Alliance
106 W. Sixth Street
Columbia, TN 38401
tgroth@mauryalliance.com
931-981-4446

The Industrial Development Board of the City of Columbia understands that applications that are not complete and not submitted prior to the application deadline will not be considered.

Sincerely,

Bob Morgan, Chairman
Industrial Development Board of the City of Columbia

Enclosure: Aerial Photo

LAYOUT EXHIBIT

COLUMBIA TN RAIL SITE

COLUMBIA, MAURY COUNTY, TENNESSEE

TVA Economic Development

Updated December, 2024

TERMINATION OF LEASE AGREEMENT

THIS Termination of Lease Agreement (the "Termination") is made and entered into as of the _____ day of __________, 2024, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE, a public, nonprofit corporation organized and existing under and by virtue of the laws of the State of Tennessee (the "IDB") and SMILEFARM, LLC, a Tennessee limited liability company (the "Company").

W I T N E S S E T H:

WHEREAS, IDB and Company entered into that certain Equipment Lease Agreement dated as of December 14, 2021 (the "Equipment Lease"), and that certain Security Agreement dated as of December 14, 2021 (the "Security Agreement," collectively with the Equipment Lease, the "Equipment Lease Documents"); and

WHEREAS, pursuant to Sections 11.1, 11.2 and 11.3 of the Equipment Lease, the Company has exercised its option to purchase the Equipment (as defined in the Equipment Lease) and terminate the Equipment Lease and the Security Agreement; and

WHEREAS, IDB and Company have agreed to terminate the Equipment Lease Documents, and IDB has agreed to transfer the Equipment to Company on the terms and conditions set forth below.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Pursuant to Section 11.1 of the Equipment Lease, the parties hereby terminate the Equipment Lease.

2. For and in consideration of the payment of all amounts owed pursuant to Section 11.2 of the Equipment Lease by Company, Company has acquired the Equipment by bill of sale from the IDB pursuant to Section 11.3 of the Equipment Lease.

3. Each of the parties to the Equipment Lease Documents are released from all obligations, duties and liabilities to be performed under the Equipment Lease Documents, except to the extent that the Equipment Lease Documents expressly provides that such obligations survive a termination thereof.

4. This Termination shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

5. This Termination may be signed in counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Termination as of the day and year first above written.

ATTEST:

____
Secretary

IDB:

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE, a Tennessee nonprofit corporation

By: _______________________________
Name: _______________________________
Title: Chairman

COMPANY:

SMILEFARM, LLC, a Tennessee limited liability company

By: _______________________________
Name: _______________________________
Title: _______________________________

TERMINATION OF AGREEMENT FOR
PAYMENTS IN LIEU OF AD VALOREM TAXES

THIS TERMINATION OF AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES (the "Termination") is entered into effective as of _______________, 2023 (the "Effective Date"), by and among THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE, a public, nonprofit corporation organized and existing under the laws of the State of Tennessee ("IDB") and SMILEFARM, LLC, a Tennessee limited liability company ("Company").

W I T N E S S E T H:

WHEREAS, IDB and Company entered into that certain Tax Agreement, dated December 14, 2021 (the "Tax Agreement"); and

WHEREAS, IDB and Company desire to terminate the Tax Agreement.

NOW, THEREFORE, for One and No/100 Dollars ($1.00) cash in hand paid to IDB by Company and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, IDB and Company agree as follows:

1. Termination of Tax Agreement. The Tax Agreement is hereby terminated. The parties hereby acknowledge and agree that no amounts remain due and owing under the Tax Agreement or under any of the other documents related to the payment in lieu of tax incentives granted by IDB to the Company (collectively, the "PILOT Documents"), including without limitation, that certain Equipment Lease Agreement, by and between IDB and the Company, dated as of December 14, 2021 (the "Equipment Lease").

2. Notwithstanding anything to the contrary herein, the Company shall make the following payments in satisfaction of its obligations under the PILOT Documents:

(a) Payment of the purchase price of One Hundred Dollars ($100) to the IDB evidenced by a bill of sale, pursuant to Section 11.3 and 11.4 of the Equipment Lease;

(b) Any amounts that may be due or become due under any provision that survives termination of the Equipment Lease;

(c) Reasonable and customary fees and expenses of the IDB and the IDB's counsel related to the termination of the PILOT Documents; and

(d) Payment of a pro-rated PILOT payment to the IDB for the period beginning on January 1, 2024 and ending as of the Effective Date. The Company further acknowledges that ad valorem property taxes on both the real and tangible personal property will be due and payable from and after the Effective Date.

3. Miscellaneous. This Termination may be executed in separate counterparts and it shall be fully executed when each party whose signature is required has signed at least one (1) counterpart even though no one (1) counterpart contains the signatures of all of the parties to this

Termination. This Termination shall be governed by the laws of the State of Tennessee. Each of the parties to this Termination have agreed to its particular language, and any question regarding the meaning of this Termination shall not be resolved by any rule providing for construction against the party who caused the uncertainty to exist or against the draftsman.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Termination as of the date first above written.

IDB:

ATTEST:

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE,
a Tennessee non-profit corporation

____
Secretary

By: _________________________________
Name: _________________________________
Title: _________________________________

COMPANY:

SMILEFARM, LLC,
a Tennessee limited liability company

By: _________________________________
Name: _________________________________
Title: _________________________________

BILL OF SALE

For One Hundred and No/100 Dollars ($100.00) cash in hand paid by the Company (as defined below) to the IDB (as defined below), and other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE, a public, nonprofit corporation organized and existing under the laws of the State of Tennessee (the "IDB"), by these presents hereby TRANSFERS, CONVEYS, BARGAINS AND SELLS all of its right, title and interest in and to the personal property and equipment described in **Schedule 1**, which is attached hereto and incorporated herein by this reference (the "Equipment"), to SMILEFARM, LLC, a Tennessee limited liability company (the "Company"). The Equipment is sold by the IDB to the Company on an AS-IS, WHERE-IS basis.

The IDB acknowledges and agrees that (i) the Equipment Lease Agreement dated December 14, 2021, by and between the IDB and the Company (the "Equipment Lease"), has been terminated as of the date hereof and is no longer of any force or effect, and (ii) the Security Agreement dated December 14, 2021, by and between the IDB and the Company, which secured IDB's obligations under the Equipment Lease, is no longer of any force or effect.

IN WITNESS WHEREOF, the IDB has executed this Bill of Sale as of the ___ day of _________________, 2024.

IDB:

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE

By: ______________________________

Name: ______________________________

Title: ______________________________

SCHEDULE 1

All items of personal property and equipment related to the Project, as that term is defined in the Equipment Lease, to the extent such property is owned by the IDB as of the date hereof, constitutes personal property within the meaning of Tennessee Code Annotated § 67-5-501 and is located in Tennessee as of the close of business on the date hereof.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE

FINANCIAL STATEMENTS

JUNE 30, 2023

CERTIFIED PUBLIC ACCOUNTANTS

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE

INDEX TO REPORT

JUNE 30, 2023

HHM

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Industrial Development Board of
the City of Columbia, Tennessee
Columbia, Tennessee

We have reviewed the accompanying financial statements of the Industrial Development Board of the City of Columbia, Tennessee (a blended component unit of the City of Columbia, Tennessee) as of and for the year ended June 30, 2023, which collectively comprise the entity's basic financial statements as listed in the table of contents, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Industrial Development Board of the City of Columbia, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Chattanooga, Tennessee
January 11, 2024

Henderson Hutcherson & McCullough, PLLC

1200 Market Street, Chattanooga, TN 37402 | T 423.756.7771 | F 423.265.8125

AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2023

(See Independent Accountant's Review Report)

ASSETS	
Cash and restricted cash	$ 4,180,051
Accounts receivable	7,088
Grant receivable	66,630
Land	1,346,130
Total assets	5,599,899
NET POSITION	
Investment in land held for development	1,346,130
Restricted for industrial development	4,253,769
Total net position	$ 5,599,899

The accompanying notes are an integral part of the financial statements.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

(See Independent Accountant's Review Report)

REVENUE	
Grant revenue	$ 2,564,517
Sale of land	1,586,183
Contributions	17,910
Interest	169,504
Total support and other revenues	4,338,114
EXPENSES	
Grant expenditures	2,609,765
Professional fees	77,940
Total expenses	2,687,705
Change in net position	1,650,409
NET POSITION	
Beginning, as previously stated	5,449,490
Prior period adjustment	(1,500,000)
Beginning, as restated	3,949,490
Ending	$ 5,599,899

The accompanying notes are an integral part of the financial statements.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIA, TENNESSEE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

(See Independent Accountant's Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from grantor agencies and other sources	$ (1,524,487)
Payments for grant purposes	(3,059,542)
Payments for professional fees	(77,940)
Sale of land	3,665,650
Net cash from operating activities	(996,319)
NET CHANGE IN CASH AND RESTRICTED CASH	(996,319)
Cash and restricted cash, beginning of year	5,176,370
Cash and restricted cash, end of year	$ 4,180,051
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES	
Change in net position	$ 1,650,409
Adjustments not affecting cash:	
Decrease in land	2,079,467
Increase in receivables	(7,088)
Decrease in grant receivable	395,670
Decrease in accounts payable	(449,777)
Decrease in deferred revenue	(4,665,000)
Total adjustments	(2,646,728)
Net cash from operating activities	$ (996,319)

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Industrial Development Board of the City of Columbia, Tennessee (the Board or IDB) is a public, non-profit corporation and a public instrumentality of the City of Columbia, Tennessee (the City), organized pursuant to Tennessee Code Annotated (TCA) 7-53-101.

Established in September 2013, the IDB serves all citizens of the City. The Board was formed to promote industry and to develop trade by attracting manufacturing, industrial, and commercial enterprises to the City. The IDB is governed by a board as appointed by City Council. Debt issuance authorizations are approved by IDB's Board of Directors, and the City is legally obligated in case there are deficiencies in debt service payments and resources are not available from any other remedies.

The City currently offers incentives for commercial and industrial development. Pursuant to Tennessee Code Annotated (TCA) 7-53-305, the IDB is allowed to own property within the city limits. The City may delegate the authority to the IDB to negotiate and accept payments in lieu of ad valorem taxes (PILOT) from the corporation's lessees, provided that such payments are deemed to be in furtherance of the corporation's public purposes. Every PILOT has to be for business operations, which are defined as a project under TCA 7-53-101 (13). The IDB is allowed by state law to be exempt from taxation and to lease property as a method of security so that PILOT payments may be accepted by cities and counties.

Basis of Accounting

The IDB prepares their financial statements using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) establishes GAAP in the Accounting Standards Codification (ASC). Updates to the ASC are done through the issuance of Accounting Standards Updates (ASU).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, interest-bearing deposits at various financial institutions, certificates of deposits, and short-term investments with an original maturity of three months or less.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Board's financial statements utilize a net position presentation. As of June 30, 2023, the Board reported investment in land held for development and net position restricted for industrial development. The definition of each potential category of net position is as follows:

Investment in Land Held for Development – is intended to reflect the portion of net position which is associated with non-liquid leased assets less outstanding asset related debt.

Restricted Net Position – represents net position that has third party (statutory, bond covenant or granting agency) limitations on their use. The Board's policy is generally to use any restricted net position first, as appropriate opportunities arise.

Unrestricted Net Position – represents unrestricted net position. While management may have categorized and segmented portions for various purposes, the Board has the unrestricted authority to revisit or alter these managerial decisions.

Revenue Recognition

As part of the Board's commercial and industrial incentive programs, the IDB receives PILOT revenues. PILOT revenues are recorded when due in accordance with the respective incentive agreements. The Board receives appropriations from the City and grant revenues from various sources throughout the fiscal year. City appropriations are recognized when received and grant revenues are recognized when all conditions of the grant have been met.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – COMMERCIAL AND INDUSTRIAL DEVELOPMENT INCENTIVE PROGRAM

This program offers real estate tax abatements for a specified period in exchange for benefits received by the City due to an increase in real and personal property investments, as well as the creation of jobs. Application is made to the Chamber of Commerce, with approval by the IDB and City Council. To be eligible for a tax reduction, businesses must either relocate into the City or expand business within the City.

As part of the program, the private-sector business enters into a lease agreement with the IDB for its operating facility. Qualified businesses will be eligible for abatement of all or a portion of property taxes dependent on the dollar amount of the investment and the number and average wage of jobs created. There are provisions for recapturing abated taxes if certain terms of the agreement are not met.

The Board entered into an agreement with Baxter Enterprises which commenced on August 9, 2016, and terminates on December 31, 2023. As part of the lease agreement, the business is required to remit annual PILOT payments to the IDB in accordance with the terms of the lease agreement, which is recorded in the statement of revenues, expenses, and changes in net position. For the fiscal year ending June 30, 2023, there were no expenses recorded for the lease agreement; therefore, no revenue reimbursements were contributed.

On April 5, 2022, the Board entered into a lease agreement with Fiber Composites, LLC which will terminate in approximately 10 years plus the construction period. As part of the lease agreement, Fiber Composites, LLC was required to pay an upfront rent payment equal to $3,150,000. In addition to the upfront rent payment Fiber Composites, LLC is required to remit annual PILOT payments to the IDB in accordance with the terms of the lease agreement. The lease agreement contains a purchase option, which Fiber Composites, LLC may exercise by delivering a written notice to the Board and paying the purchase price of $1.

On December 15, 2021, the Board entered into a facility lease agreement with H/S Columbia, LLC. As part of the lease agreement, H/S Columbia, LLC will be required to pay $1 per year in basic rental payments. H/S Columbia, LLC is also required to remit annual PILOT payments to the IDB in accordance with the terms of the lease agreement, commencing on January 1, 2022, and continuing through December 31, 2033. H/S Columbia, LLC will have the option to purchase the facility at any time for $100.

(Continued)

NOTE 2 – COMMERCIAL AND INDUSTRIAL DEVELOPMENT INCENTIVE PROGRAM (Continued)

On December 14, 2021, the Board entered into an equipment lease agreement with SmileFarm, LLC. As part of the lease agreement, SmileFarm, LLC will be required to remit annual PILOT payments of $1 to the IDB in accordance with the terms of the lease agreement, commencing on December 31, 2021, and continuing until the equipment lease agreement terminates on December 31, 2031, after which it will continue on a month-to-month basis. The equipment lease agreement includes an option to terminate in which SmileFarm, LLC may terminate the lease at any time by giving the Board a notice in writing or by exercising the purchase option and paying the purchase price of $100 to the Board.

On January 28, 2021, the Board entered into a facility lease agreement with Viscosi Columbia, LLC. As part of the lease agreement, Viscosi Columbia, LLC will be required to remit annual PILOT payments of $1 to the IDB in accordance with the terms of the lease agreement, commencing on December 31, 2021, and continuing until the lease agreement terminates on December 31, 2030, after which it will continue on a month-to-month basis. The lease agreement includes an option to terminate in which Viscosi Columbia, LLC may terminate the lease at any time by giving the Board notice in writing or by exercising the purchase option and paying the purchase price of $100 to the Board.

NOTE 3 – CONTINGENCIES AND UNCERTAINTIES

The Board is involved in certain legal negotiations and agreements arising from normal business activities. Management believes that neither the financial position nor the results of the operations will be materially affected by the final outcome of these proceedings.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2023, the Board discovered grant revenue recorded in the prior year that had not been earned yet and therefore should have been deferred. As of and for the year ended June 30, 2022, revenues and net position were overstated and unearned revenues were understated by $1,500,000. A prior period adjustment has been recorded for the IDB to decrease the net position by $1,500,000 and increase unearned revenue by this amount.

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to June 30, 2023, through January 11, 2024, (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any events or transactions requiring recognition or disclosure.