

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
March 9, 2015

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:17 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Chairman Sherman M. Saunders, Fred O. Shanks, III and Alternate J. Lee Vogler. Pittsylvania County Members present were Vice Chairman Coy E. Harville, James A. Snead and Alternate Jerry A. Hagerman.

City/County staff members attending were: City Manager Joe King, County Administrator Clarence C. Monday, Director of Economic Development Telly Tucker, Assistant Director of Economic Development Corrie Teague, City of Danville Finance Director/Authority Treasurer Michael Adkins, Assistant County Administrator for Planning & Development Gregory Sides, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present were Dewberry and Davis Project Managers Shawn Harden, Brian Bradner; Dewberry and Davis President-Southeast Darren R. Conner, and Brenda Bowman, Chairperson of the Pittsylvania County Board of Supervisors.

PUBLIC COMMENT PERIOD

Mr. Saunders recognized citizen Karen Maute, who stated she wanted to bring awareness of the feasibility study for an integrated poultry complex performed for Pittsylvania County. Ms. Maute stated she believed there were several errors in the report and reviewed them with the Board. Ms. Maute also noted her concern with a proposed zoning change in the County and gave the Secretary a copy of the Pittsylvania County Board of Supervisors/Planning Commission Joint Setback Committee proposed new zoning classification and asked that it be distributed to RIFA Members and City Council Members.

APPROVAL OF MINUTES FOR THE FEBRUARY 9, 2015 MEETING

Upon **Motion** by Mr. Snead and **second** by Mr. Shanks, Minutes of the February 9, 2015 meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION OF RESOLUTION 2015-03-09-5A AUTHORIZING CERTAIN GRANT APPLICATIONS TO THE TOBACCO COMMISSION

5B. UPDATE REPORT ON THE AUTHORITY'S REQUEST TO THE TOBACCO COMMISSION ON GRANT #2491 FOR A 12 MONTH EXTENSION

Mr. Saunders stated Director of Economic Development Telly Tucker would discuss Items 5A and 5B together.

Mr. Tucker noted the Virginia Tobacco Commission had announced they would be accepting a new round of applications for Mega Site Funding. Mr. Tucker distributed a handout explaining the Commission had appropriated \$6.25M this fiscal year which completes their initial commitment of \$100M to establish sites and attract and accommodate mega projects in the Tobacco Region. Staff consulted with Dewberry, AEP and had internal discussions about RIFA applying for this round of mega site funding. Staff identified projects

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that need to be completed on site. The consensus is that the Relocation of the 69KV electrical line across Lot 4 should be priority number one. In the event Tobacco Commission staff are not supportive of the application for electrical infrastructure, Plan B would be to request funds for the water system improvements, Phase II. Staff is requesting the RIFA board approve a resolution applying for those projects. In response to Mr. Vogler, Mr. Tucker noted RIFA currently has about \$6M left for grading.

Mr. Shanks questioned if Appalachian Power is going to be the provider of electric service to the park, wouldn't it be prudent for them to include the cost of relocating that line as part of their duty. Mr. Tucker explained the procedure AEP proposed would be if RIFA locates a client within the first ten years, AEP would refund RIFA the money for the cost of moving that line. As it stands now, without a user in place, they are requiring the locality to pay for it. Mr. Harden explained in order for RIFA to go forward with Army Corp permit and grading, RIFA would need to have that line relocated; the grant for grading that site did not include the relocation of the transmission line. Mr. Shanks questioned why it wasn't included and Mr. Harden stated the cost of relocating is \$4.15M; the Tobacco Commission wouldn't have given a \$10M grant because there wasn't that much available at the time.

Mr. Tucker explained from AEP's standpoint, if they justify putting \$4.5M in relocating the line and it sits, they are losing money; if there is a tenant in place and they start making money, they will refund the money to RIFA to use in other places. Staff would have to get clarification from the Tobacco Commission on whether RIFA would get to use that money in another place in the park or whether it would have to return that money to the Commission. Mr. Harville noted with the water line from Eden, the millions in investment they made in laying that, RIFA is not reimbursing them anything. Mr. Harville noted his agreement with Mr. Tucker, it is something that RIFA will have to work out with AEP.

Mr. Shanks questioned if there were any stipulations with regard to a time frame, certain level of investment, or any kind of obligation that this money would have to be returned should a user not come to the park. Mr. Sides explained that is not their standard requirement; when RIFA put in water and sewer they didn't require RIFA to have a user within a certain period of time or pay it back.

Mr. Guanzon stated this resolution is to make the application and the amounts are listed in the resolution that it would be up to \$4.2M for the electrical line relocation; if RIFA has to go to the water system improvements, that is up to \$2.5M. If the grant is approved, there would still need to be further approval for other contracts.

Mr. Hagerman noted RIFA has approximately \$10M invested in grants and would like to see RIFA have some type of security. Mr. Tucker explained for the applications that have already been approved, he was not aware of any clawback provisions in mega site funding; it is a different formula than TROF where capital investment and jobs have to be provided or the money has to be paid back. The purpose of the mega site funding is to prepare sites that would be as close to development ready for mega projects. Mr. Sides noted his agreement, security relates to a TROF agreement or some type of situation dealing with a private company and spending on their behalf; if it doesn't work, it has to be paid back. In this case, these are investments in the site itself. Once RIFA performs the duty, staff tells the Tobacco Commission what was done, then RIFA has met its obligation.

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Mr. Harville **moved** adoption of *Resolution 2015-03-09-5A, a resolution authorizing certain grant applications to the Tobacco Indemnification and Community Revitalization Commission (the "Tobacco Commission") for further development of the Authority's Berry Hill Industrial Park Project located in Pittsylvania County, Virginia (the "Berry Hill Project")*.

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

Mr. Saunders noted Item B required no Action.

5C. UPDATE ON THE AUTHORITY'S APPLICATIONS FOR PERMITS FOR THE BERRY HILL PROJECT

Mr. Bradner gave the Authority a brief update noting the preferred layout is now titled Phase I Development and is basically the old Lots 4 and 5. It includes 217 total acres of pad area, of which 134 of those are contiguous. If fully built out, it would support in excess of 3.3M square feet of building area. The layout provided is conceptual, based off the market analysis completed by Jones Lang Lasalle. Dewberry had a meeting on February 23 with Corp and representatives from DEQ and EPA; a number of staff from the City and County attended the meeting. Mr. Bradner stated he believes staff made some progress in the meeting; it was informative, a lot of the feedback and information staff received was substantive and staff expects a formal response sometime this month. From that meeting the Corp gave a preview of some of the responses they can expect from them and staff is currently putting together responses; the goal is as soon as staff receives the official letter to turn around an immediate response to keep the process going.

Mr. Hagerman questioned if RIFA cannot move the power line, what will it do about the grading and Mr. Bradner noted the power line would not preclude RIFA from grading the pad. Mr. Harville agreed, noting Wytheville, with their Corp permit, had a problem with wetland; they graded and worked around the site and once they received their approval, they finished the site. Mr. Vogler questioned the response RIFA should receive from the Corp at the end of the month and Mr. Bradner explained it will be a formal written response to the submittal from September and his feeling is the Corp is more favorable than it has been before. The overall sense is that they are looking for a way to provide RIFA with some sort of permit approval. The fact that they granted Henry County a permit for Commonwealth Crossing, may be an indication that RIFA is next in line.

5D. FINANCIAL STATUS REPORT AS OF FEBRUARY 28, 2015

Authority Treasurer Michael Adkins reviewed the Financial Status Report as of February 28, 2015 beginning with the \$7.3M Bonds for Cane Creek showing no expenditures for the month of February. General Expenditures were \$875.00 which included the bank fee to U.S. Bank related to Berry Hill Bonds at \$550.00, meals were \$269.00, utilities \$33.00 and office supplies \$23.00. For Mega Park Funding Other than Bond Funds, \$875.00 was paid this month to Dewberry for the Composite Land Use Plan; that was the only expenditure for February. On Berry Hill Mega Park – Lot 4 Site Development, there was an expenditure of \$30,128.00 to Dewberry related to Amendment Number 4, the Archeological Survey and

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Wetland Permit Application Revisions. Rent, Interest and Other Income shows rent received of \$6,673.00 from IALR, Interest of \$98.58 and the monthly Property Management Fee of \$6,673.00.

Mr. Harville **moved** to approve the Financial Report as presented. The Motion was **seconded** by Mr. Snead and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

6. CLOSED SESSION

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

A. At 12:54, Mr. Harville **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting as permitted by Section 2.2-3711(A)(7) of the Code of Virginia, 1950, as amended, for consultation with the Authority's legal counsel, Clement Wheatley, and briefings by the Authority staff or consultants pertaining to probable litigation on a contract matter, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority. "Probable litigation" means litigation on which the Authority's legal counsel has a reasonable basis to believe will be commenced by or against a known party.

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

B. Mr. Harville **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting as permitted by Section 2.2-3711(A)(5) and 2.2-3711(A)(3) of the Code of Virginia, 1950, as amended, (i) for discussion concerning a prospective business where no previous announcement has been made of that business' interest in locating or expanding in the Authority's Cane Creek Centre project located in Pittsylvania County, Virginia, and (ii) for discussion concerning the disposition of certain publicly held real property in that project, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Snead and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

On **Motion** by Mr. Snead and **second** by Mr. Shanks and by unanimous vote at 1:54 p.m., the Authority returned to open meeting.

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Mr. Harville **moved** adoption of the following Resolution:

WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

COMMUNICATIONS

Mr. Harville stated he would like to apologize to City Council, he did not know the Mega Park was in the Poultry Study, but anything that concerns the Mega Park, if it is going to be public, in the newspaper, the County should notify the Mayor or City Manager so City Council is not caught off guard. Mr. Harville also stated he has asked the County Administrator for a joint meeting with City Council and Board of Supervisors with an economic development discussion. Mr. Harville also requested the next RIFA meeting be held at the Institute, asked the City Manager and County Supervisor to confirm with the Institute and stated it would be an update on some of the things at the Institute.

Mr. Shanks noted he received phone calls on the poultry study and explained to the callers that the study was a good study and something that should be looked at, but told the callers that there was little chance it would be located at the Mega Park. Mr. Snead also offered his apologies to Council members, noted he would not be at the next RIFA meeting and Mr. Hagerman will be voting for him. Mr. Hagerman also noted his apologies about the study and the Centra matter.

Mr. Vogler noted Go Wildcats and Go Eagles. Mr. Saunders thanked Board members and regarding the poultry issue and the Mega Park, noted he too had received calls on it and the only information he had was what he saw in the paper.

Mr. King noted the first industry in the Mega Park will have to be a 20 megawatt power user; Mr. King is not aware of what the poultry processing plant would require, but probably not anywhere near that. AEP is saying they will invest \$35M of infrastructure in the park and they need a big enough first tenant to make that pay off. That is something the Board needs to help citizens understand because citizens will want to know why that industry can't be put

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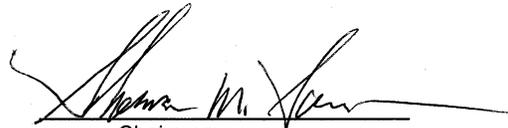
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in the Mega Park. As far as the Centra issue, Centra came to the City asking the City to participate in a bond issue of the Lynchburg Industrial Development Authority; this would mean the City would pass a Resolution of Moral Obligation. The City Council simply choose not to do that. The Centra representatives said that was not a show stopper, they appreciated the Council's consideration and they would proceed funding that through other means. The City didn't have the authority even if it chose to exercise it, to deny Centra the opportunity to build their facility; the action they took was based on the moral obligation backing the Lynchburg IDA.

Mr. Harville stated when the Board of Supervisors has a joint meeting, for Mr. Monday and Mr. King to elaborate on what Mr. King said about the park, where Council and Board members can be informed on this issue.

Ms. Bowman noted she unaware of any discussions coming from the County about the Mega Park, there were four sites identified in the study. She apologizes if there was something out there that indicated that the Board or anyone in the County was suggesting the Mega Park was a good site.

MEETING ADJOURNED AT 2:06 P.M.


Chairman


Secretary to the Authority