

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 14, 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 Brenda H. Bowman.

City/County staff members attending were: Pittsylvania County Administrator Clarence Monday, Deputy City Manager Ken Larking, Assistant County Administrator Otis Hawker, Director of Economic Development Telly Tucker, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Public Works Ric Drazenovich, City of Danville Finance Director/Authority Treasurer Michael Adkins, City of Danville Assistant Finance Director Patricia Connor, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present were Shawn Harden and Brian Bradner of Dewberry & Davis.

PUBLIC COMMENT PERIOD

No one desired to be heard.

4. APPROVAL OF MINUTES FOR THE AUGUST 10, 2015 MEETING

Upon **Motion** by Mr. Harville and **second** by Mr. Shanks, Minutes of the August 10, 2015 meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

OLD BUSINESS

5. REVIEW AND DISCUSSION OF RESOLUTION NO. 2015-08-10-5A – REVISED

Mr. Guanzon noted this Resolution was approved and revised at the last meeting, but because the amendments were done orally, before it was approved for a vote, staff printed the Resolution to reflect those oral amendments. Technically, the Resolution has been approved and unless the Board sees that there is a revision or error that does not reflect their understanding, then no action is required on this item.

Mr. Harville requested Mr. Monday to comment as this matter came before the Board. Mr. Monday explained the Pittsylvania County Board of Supervisors just received an update from Mr. Sides regarding their HB 2 projects; two projects were discussed that were County projects and this one coming through the MPO. The Board of Supervisors will be considering a Resolution for the County projects at their next meeting.

Mr. Harville moved to approve Resolution 2015-08-10-5A Revised. The Motion was seconded by Mr. Harville.

Mr. Shanks noted he understood the Board Attorney had indicated the Board did not need to approve that Resolution and Mr. Guanzon stated the Board did not need to approve the revisions because they were already approved. Mr. Saunders questioned, after Mr. Guanzon's explanation, did the Board see this matter as a revision and Mr. Shanks noted he

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did not. Mr. Harville and Mr. Snead noted the Board should vote on it again for the record. Mr. Guanzon suggested the Board make a motion to ratify the Resolution.

Mr. Harville withdrew his original motion and made a motion to **Ratify** Resolution 2015-08-10-5A Revised (*"A Resolution of Endorsement and Recommendation of Danville and Pittsylvania County Urbanized Area Metropolitan Planning Organization for Virginia House Bill 2 Program Grant Funds for Fiscal Year 2017, regarding State Road 311 (Berry Hill Road) Access and Widening Project; and of Authorization of up to \$32,200 for Core Sampling for the Length of State Road 311 (Berry Hill Road)"*), as revised at the Authority's August 10, 2015 meeting.

Mr. Snead withdrew his first second and **seconded** the ratification. The Motion was **carried** by the following vote:

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

NEW BUSINESS

6A. CONSIDERATION – RESOLUTION 2015-09-14-6A – APPROVING A WAIVER AND FORBEARANCE OF THE FULL REPAYMENT AMOUNT FROM ELKAY

Mr. Tucker introduced Mr. Bert Eades, Plant Manager of Elkay, formerly Yorktowne Cabinetry. Mr. Eades distributed a graph showing the transition the plant has gone through over the last couple of years. Mr. Eades explained after the recession and downturn in the economy, the plant went through a lot of change and identified the products the company needed to produce to remain viable. The graph shows Elkay's production of the old Yorktowne product line the plant made up until this year, production of new products they have brought in as well as the forecast over the next few months showing the growth they expect. Mr. Eades noted he expects that growth to continue into 2016 and beyond as they revitalize the plant and the economy and housing recovers.

Mr. Harville questioned if the transition started in July of this year and Mr. Eades noted it did, it is when they completed all normal production of the older Legacy product and began producing only new products. Mr. Harville asked about the new enterprise software system and new equipment needed with this, and Mr. Eades noted they had to buy IT equipment including printers and computers, that the software system is how they run the plant. They spent approximately \$300,000 in capital projects to bring in new equipment and still have to spend about \$50,000 more to support these new products.

Mr. Tucker explained the Resolution before the Board is for the forbearance of the full repayment; last year the Board visited the same issue. The performance agreement that was approved by the Board provided a five year target for jobs each year; it also provided a repayment amount equal to \$208,363.26 if Elkay, formerly Yorktowne, did not meet their targets each year. Mr. Tucker explained the original agreement did not provide for a pro-ration of that amount if they partially met their performance. What is being requested and was approved last year, was a proportional forbearance based on the percentage of employees that have currently been hired. Even though they fell short, roughly 38% from their targeted goal, this will allow them to pay back 38% of the grant as opposed to the

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entire grant for that period. As of September 30, 2015, Elkay was required to have 320 employees or pay back \$208,363.26; they are asking instead to pay back \$76,834.52 which represents the shortfall in employment.

Mr. Shanks questioned the source of funding for this grant. Mr. Tucker noted his understanding was the grant was agreed upon in 2005 or 2006 and amended in 2009; it does not provide the source of the funds, but it is an agreement between the City of Danville and Pittsylvania County and RIFA. His assumption is both municipalities provided funds to cover the costs of the grant. Mr. Tucker noted there is one more year remaining with this agreement with a final number of 380 employees as the target. RIFA will revisit this again next year with potential payback if they don't meet 380 by September 30, 2016. Mr. Tucker noted they would verify the employment numbers through the Virginia Employment Commission.

Mr. Snead **moved** adoption of Resolution No. 2015-09-14-6A, *approving a waiver and forbearance of the full repayment amount due to the Authority in connection with the anticipated failure of Elkay Wood Products Company (surviving corporation by merger with Yorktowne Cabinetry, Inc.) to meet its 2015 Job Target pursuant to that certain Performance Agreement dated April 19, 2005, as amended, in exchange for the payment by Elkay Wood Products Company to the Authority by December 31, 2015, of a prorated amount equal to \$76,834.52.*

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

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

6B. CONSIDERATION – RESOLUTION 2015-09-14-6B APPROVING AMENDMENT #10

Mr. Sides noted the actual contract and executive summary had inadvertently not made it into the Agenda packet and explained he has distributed them to the Board and Staff. Mr. Sides reviewed his Executive Summary for the Board noting the next step after submitting the revised permit would be to prepare detailed engineering drawings and technical specifications for the Phase I development of the project. Staff has reviewed the contract amendment and met to identify that there is funding available for the amendment. Mr. Sides noted there is some level of risk to approve the engineering and pad design before the environmental permit is securely in hand. Staff recommendation is to approve the attached Contract Amendment #10 or delay approval pending the receipt of the permit.

Mr. Shanks confirmed the approval Mr. Sides discussed is for the smaller pad site, and that RIFA is still pursuing the larger pad site, through legislative means. Mr. Sides noted they were and explained in their immediate timeline, they are pursuing the permit to allow RIFA to do what they can do, then the grading and engineering would be based on that and ultimately through legislation pursuing the bigger lot. Mr. Vogler questioned the benefit of the Board approving this now before they know if they are going to get the permit and Mr. Sides noted he thought the only benefit is the timing situation. There have been some comments about wanting to proceed with the engineering so the project stays on track.

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Mr. Sides noted it is probably good engineering for them to be looking ahead, but there is a potential risk. If the contract is approved and the engineering work is done on a specific design before the environmental permit is in hand, then some of that work may be not be of value or approved by the environmental permitting process. Mr. Shanks noted he hesitates to go any further on engineering until RIFA gets a permit; Mr. Vogler noted his agreement. Mr. Harville noted as of now he could not say go ahead because there are a lot of variables, and Mr. Snead noted he was reluctant as well. Ms. Bowman agreed with what is being said. Mr. Harville noted time was a concern, but the Chairman does have the authority, if a permit is approved, to call a meeting, the Board could expedite it within a few days and take action. There is nothing stopping the Board from having a called meeting for something like this.

Mr. Tucker asked to hear from Dewberry about the timeline difference between approval now versus waiting and what that means.

Mr. Bradner noted every comment was valid; the reason for the timing of this matter is really the deadline for grant funding for the lot grading which will be the end of 2016. Looking at the calendar date moving forward, there is roughly 75-90 days' worth of design time that has to be done to get things ready for a contract, then roughly nine to twelve month construction duration. Mr. Snead questioned the duration of the funding, and Mr. Harden explained the Tobacco Commission funding RIFA has for Lot 4 grading expires on December 31, 2016, which gives RIFA a little over a year to do design, get stormwater approvals and do the construction which staff is estimating to be between a nine and twelve month construction project before that funding has to go back to the Tobacco Commission. Mr. Shanks questioned if the Tobacco Commission extended deadlines for funding on previous work that has not been permitted and Mr. Tucker noted for other grants, yes, but not for the grading permit. Mr. Shanks noted he did not believe the Tobacco Commission would be unrealistic in extending funding once RIFA has a permit; he noted he believed it would be irresponsible to go ahead with the design prior to having the permit.

Mr. Harville **moved** that the Board **TABLE** Resolution No. 2015-09-14-6B, *approving Amendment #10 to Contract dated February 9, 2009, Engineering Services related to the Mega Park Master Plan, for (i) Phase 1 Pad Grading Construction Plans and Specifications at a lump sum fee of \$178,000; (ii) Construction Administration Services at a lump sum fee of \$85,000; and (iii) Construction Testing and Inspection Services at a budget estimate of \$175,000, at a total project estimate of \$438,000.*

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

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

6C. CONSIDERATION – RESCHEDULING OCTOBER 2015 RIFA MEETING

Mr. Guanzon noted according to RIFA by-laws, if the City of County offices are closed on a RIFA meeting date, then the RIFA meeting will automatically move to the next business day. If the Board takes no action right now, the October meeting scheduled for October 12, 2015, Columbus Day, where the County is closed on that day, the meeting will automatically be the next day, Tuesday, October 13, 2015. This matter allows everyone to know this is

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happening. If the Board would like the meeting to be on another day, this gives them an opportunity to change it. There were no changes requested from Board members.

Mr. Guanzon noted there is another issue for the November 9, 2015 RIFA meeting. There is a VACO conference on the same date and the meeting needs to be moved. The VACO conference will run through Tuesday, therefore, the Board needs to find another date to reschedule the meeting.

Mr. Harville **moved** that the November RIFA meeting be moved from Monday, November 9, 2015 to Monday, November 16, 2015. The Motion was **seconded** by Mr. Snead and carried by the following vote:

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

6D. FINANCIAL STATUS REPORT AS OF AUGUST 31, 2015

Mr. Adkins noted on the funding sheet for the \$7.3M Bonds for Cane Creek Centre, there was an expenditure in August of \$437.50 for legal fees. General Expenditures for FY15 has no activity; the General Expenditures for FY16 shows four expenditures: approximately \$908.00 for Public Works to install lights at the Cyber Park sign, \$95.00 in the miscellaneous category for check stock and office supplies, \$266.00 for meals and little over \$31.00 for the monthly utilities. Mega Park Funding show no expenditures in August and Lot 4 Site Development shows Wetland Studies and Solutions received \$1,429.50 in August. Rent, Interest and Other Income, because of timing, shows RIFA received two months of rent from the Institute totaling \$35,212.94, and one installment was paid to the Institute for the building management fee; the second month will be paid out today.

Mr. Harville **moved** to accept the Financial Status Report as of August 31, 2015 as presented. The Motion was **seconded** by Mr. Shanks and carried by the following vote:

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

7. COMMUNICATIONS

There were no communications from Board or staff.

The Meeting adjourned at 12:55 p.m.


Chairman


Secretary to the Authority