

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

January 9, 2017

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:09 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Vice Chairman Sherman M. Saunders, Fred O. Shanks, III and Alternate J. Lee Vogler. Pittsylvania County Members present were Chairman Jessie L. Barksdale, Robert Warren and Alternate Elton W. Blackstock.

City/County staff members attending were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, Pittsylvania County Administrator David Smitherman, Pittsylvania County Director of Economic Development Matt Rowe, City of Danville Director of Economic Development Telly Tucker, City of Danville Director of Finance Michael Adkins, City of Danville Director of Public Works Ric Drazenovich, City of Danville Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Jennifer Burnett and Secretary to the Authority Susan DeMasi. Also present was Brian Bradner of Dewberry & Davis.

**PUBLIC COMMENT PERIOD**

No one desired to be heard

**APPROVAL OF MINUTES FOR THE NOVEMBER 16, 2016 MEETING**

Upon **Motion** by Mr. Saunders and **second** by Mr. Warren, Minutes of the November 16, 2016 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

**NEW BUSINESS**

**5A. CONSIDERATION – ELECTION AND REAPPOINTMENT OF OFFICERS FOR CALENDAR YEAR 2017 AND ADOPTION OF RESOLUTION 2017-01-09-5A**

Ms. Burnette asked for nominations for **Chairman** and explained the Chairman must be from the City this year per the by-laws. Mr. Shanks **nominated** Sherman Saunders for Chairman; the Motion was **seconded** by Mr. Warren. There were no further nominations and Ms. Burnette called for Close of the Nominations; Mr. Shanks moved to close the nominations and was seconded by Mr. Warren. The **Motion** to nominate Mr. Saunders as Chairman, was carried by the following vote:

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

Ms. Burnette then asked for nominations for **Vice Chairman**, explaining the Vice Chairman must be from the County per the by-laws. Mr. Warren **nominated** Jessie Barksdale for Vice Chairman; the Motion was **seconded** by Mr. Shanks. There were no further nominations and Ms. Burnette called for Close of the Nomination. Mr. Warren moved to close the nominations and was seconded by Mr. Shanks. The **Motion** to nominate Mr. Barksdale as Vice Chairman was carried by the following vote:

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)

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NAY: None (0)

Mr. Barksdale then handed the meeting over to Mr. Saunders who thanked Mr. Barksdale and members of the Board. Ms. Burnette explained the Board needed to reappoint the Secretary, Susan DeMasi, from Authority staff, and reappoint the Treasurer, Michael Adkins, from the Authority staff.

Mr. Barksdale **moved** adoption of *Resolution 2017-01-09-5A a Resolution to reappoint the Secretary and the Treasurer.*

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

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

**5B. CONSIDERATION – RESOLUTION 2017-01-09-5B – APPROVING A PERFORMANCE AGREEMENT WITH VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY**

Mr. Barksdale **moved** adoption of *Resolution 2017-01-09-5B approving a Performance Agreement with Virginia Economic Development Partnership Authority in connection with the Site Characterization Grant under the Virginia Business Ready Sites Program in the amount of \$1,400.00, to assist with site characterization at the Authority's Berry Hill Industrial Park.*

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

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

**5C. PROJECT 950/SOUTHERN POWER – RECEIPT OF EXTENSION OF INITIAL DUE DILIGENCE PERIOD**

Pittsylvania County Director of Economic Development Matt Rowe noted in the Sale and Purchase Agreement for Southern Power, they had an extension period of six months; they also had to pay an extension period fee. The company is still moving forward, they have notified staff, and the Authority has received payment of \$25,000 for the extension of the Purchase & Sales Agreement for six more months. Mr. Rowe noted the Air Permit public meeting will be on January 12, 2017 at Brosville Elementary School.

Mr. Barksdale questioned Mr. Rowe what will be covered at the public meeting and Mr. Rowe explained it is an informational meeting only. Typically, they will have tables set up showing diagrams and images of the proposed facility; it will also describe the type of equipment to be used. They will probably have two or three staff people to answer any questions the public may have. Mr. Rowe noted it is not a public hearing at this point, that will come later. This is something the Company is doing on their own as part of the Air Permit to let neighbors and the public know what they are planning to do on the property.

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**5D. STATUS OF REQUEST FOR EXTENSION OF BERRY HILL MEGA PARK SPECIAL PROJECTS TOBACCO COMMISSION GRANTS**

Pittsylvania County Director of Economic Development Matt Rowe explained staff is requesting an extension on three grants at the Berry Hill Mega Park. The first deals with the sewer line from the state line to the Park, the next deals with the actual grading of Lot 4 and the third with electrical and natural gas infrastructure for the Park. Staff has received comments back from the Tobacco Commission staff stating they did not feel there would be many issues with the request; staff is requesting an additional two years.

**5E. STATUS OF WETLAND AND STREAM CREDITS AND STORM WATER PERMITTING FOR BERRY HILL**

Mr. Brian Bradner from Dewberry noted in Phase 1 of the grading project, with respect to the wetland permit, there are some impacts for which the Authority has to purchase stream credits. Staff has secured those credits from the Bannister Bend Mitigation Bank, both for the wetland and the stream. The total cost is \$122,968; that is included within the budget item that was previously budgeted for the Phase 1 grading.

**5F. FINANCIAL REPORT/AUDIT FOR FISCAL YEAR ENDED JUNE 30, 2016**

Mr. Adkins noted Chris Murray with Brown, Edwards had planned to be at the meeting today, but because of the weather conditions, he will be giving his report by telephone. Mr. Adkins distributed copies of the Audit Report. (*Mr. Murray was phoned into the meeting.*)

Mr. Murray noted the first document is the Required Communication with those Charged with Governance. This is the standard language auditors are required to communicate, it describes what management's responsibilities are, what the auditors are responsible for and also describes any difficulties or disagreements the auditors had with management during the course of the audit. Mr. Murray noted they did not have any difficulties. One item in that document describes any audit adjustments or any past audit adjustments; Mr. Murray noted there were none of those this year. Attached at the end is the Management Representation letter which is a letter signed by management indicating they have been truthful with the auditors and made everything available to the auditors they needed.

The second document is the Comments on Internal Control and Other Suggestions. This is the auditor's way to identify any suggestions they consider to be Material Weaknesses, Significant Deficiencies or other suggestions they would like management to be aware of. Mr. Murray noted there was only one comment that has been there for a few years, and that has to do with Segregation of Duties, which is very common in smaller organizations. The auditors feel that management has done a great job in separating these functions where the benefits outweigh the costs. In the response, management feels there are mitigating controls in place for the segregation of duty items mentioned. Mr. Murray noted the auditors agree with the mitigating controls in place which supports it being a General Comment and not rising to the level of a Significant Deficiency or Material Weakness.

The final document is the Financial Report; on page two it indicates the Authority had another clean, unqualified or unmodified opinion this year. The Statement of Net Position does not have many significant variations or changes to point out. One item under Current Liabilities and Non-Current Liabilities is Bonds Payable. There is a significant increase in

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the current portion and that is a reflection of the refinance RIFA had in early FY2017 and the additional \$900,000 that was paid during the refinance. Page four is the Statement of Revenues, Expenses and Changes in Fund Net Position. Mr. Murray noted Other Income shows a slight increase; the majority of that increase is related to the Rent at the Charles Hawkins' Building. The next item is Reimbursement of Incentive Grants which is the reimbursement for not meeting all the performance criteria in the Yorktowne Agreement. The final item is Other Operating Expenses and the slight increase there is due to a few different factors including an increase in legal fees as activity has increased at the Parks, property management fees at the Charles Hawkins' Building, the dam removal at Cane Creek and a few other, less significant expenses. On pages 14 and 15 is the Report on Compliance; they did not identify any Material Weaknesses and no non-compliance noted during the Audit as well. Mr. Saunders confirmed that this is a clean audit and Mr. Murray noted it was.

Mr. Saunders asked for a **Motion** to accept the Audit as presented. Mr. Warren **moved** to accept the Audit, the Motion was **seconded** by Mr. Barksdale and carried by the following vote:

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

**5G. FINANCIAL STATUS REPORT AS OF DECEMBER 31, 2016**

Authority Treasurer Michael Adkins reviewed the Financial Report as of December 31, 2106 beginning with the Bonds for Cane Creek, noting there no expenditures for the month of December. Under General Expenditures for FY 2017, during the month of December the Authority paid \$555 to LeClair, Ryan for legal fees related to Project Lot 3B, \$4,487 to Clement Wheatley for General Counsel Legal Fees, \$8300 was paid to Brown, Edwards the Authority auditors, and \$271 was expended for meals. For Funding Other Than Bonds for the Mega Park, there was no activity for December and Berry Hill Mega Park Lot 4 Site Development, \$20,716 was paid to Dewberry related to Amendments #12 and #13. Under Rent, Interest and Other Income for December, the Authority received \$21,400 from the Institute for Advanced Learning and Research for Rent, \$575 in Interest and the negotiated repayment from Elkay for not meeting all of their Performance Agreement was \$114,599. For the IALR Property Management Fee, due to timing of the expenditure, did not go out until after the end of December 31<sup>st</sup>, so there will probably be two seen in January.

Mr. Shanks questioned the \$114,599 from Yorktowne, is that the full amount that was due and Mr. Adkins noted he believed it was. Mr. Shanks noted it was not recorded in the audit and Ms. Weaver noted it would not be in the audit because it was received in December and the audit was for FY16.

Mr. Barksdale **moved** to accept the Financial Report, the Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

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**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.]*

At 12:32 p.m. Mr. Barksdale **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting:

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;

B. As permitted by Virginia Code § 2.2-3711(A)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29)(i) for discussion or consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

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

VOTE: 4-0  
AYE: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

D. On **Motion** by Mr. Shanks and **second** by Mr. Barksdale and by unanimous vote at 12:53 p.m., the Authority returned to open meeting.

E. Mr. Barksdale **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

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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: Barksdale, Warren, Saunders, Shanks (4)  
NAY: None (0)

**7. COMMUNICATIONS**

Mr. Barksdale thanked everyone for their vote of confidence, wished everyone a prosperous New Year and is looking forward to working with everybody, together, moving the economic development priorities closer to the starting line.

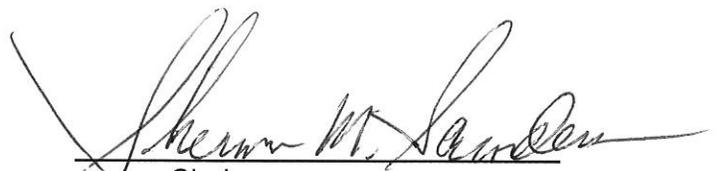
Mr. Shanks noted his optimism for the coming year for the Board, looks forward to working with staff and to a lot of good things happening.

Mr. Vogler thanked everyone for their efforts and hard work, and is very optimistic about where the Board is moving forward this year.

Mr. Warren noted his congratulations to Mr. Saunders and Mr. Barksdale, they have displayed great leadership in the past and is sure the Board will have great leadership going forward. Mr. Warren thanked the staff that does an outstanding job for the projects they are working on, it is greatly appreciated and looks forward to a great year.

Mr. Saunders thanked everyone for their support and confidence in him, and thanked them for their service to the region. Mr. Saunders stated Pittsylvania County and Danville are an example for the Commonwealth in terms of partnership, working together for the good of all and enjoy being a part of this partnership.

The Meeting adjourned at 12:58 p.m.

  
Chairman

  
Secretary to the Authority