

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

May 8, 2017

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:12 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 Jessie L. Barksdale, Robert Warren and Alternate Elton W. Blackstock.

City/County staff members attending were: City Manager Ken Larking, County Administrator David Smitherman, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Finance Michael Adkins, Economic Development Project Manager Kelvin Perry, City of Danville Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present was Shawn Harden of Dewberry & Davis.

PUBLIC COMMENT PERIOD

No one desired to be heard.

City Manager Ken Larking introduced Kelvin Perry, a new member of the City's Economic Development team. Mr. Saunders welcomed Mr. Perry.

APPROVAL OF MINUTES FOR THE APRIL 10, 2017 MEETING

Upon **Motion** by Mr. Shanks and **second** by Mr. Barksdale, Minutes of the April 10, 2017 Regular Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION – RESOLUTION 2017-05-08-5A APPROVING THE AUTOMATIC RENEWAL OF THE BILLBOARD LEASE AGREEMENT WITH HARKINS OUTDOOR ADVERTISING CORPORATION IN CANE CREEK CENTRE

Mr. Barksdale **moved** adoption of *Resolution 2017-05-08-5A approving the automatic renewal of that certain Billboard Lease Agreement with Harkins Outdoor Advertising Corporation, a South Carolina corporation, for an existing billboard located on Lot 6 containing approximately 6.78 acres in that portion of the Authority's Cane Creek Centre project located in Danville, Virginia, at a lease rate of \$1,500 per year, with an early termination right by the Authority in the event the Authority actively develops Lot 6. [No Written Resolution]*

The Motion was **seconded** by Mr. Shanks.

Mr. Guanzon explained RIFA has a billboard lease in Cane Creek, which pays RIFA \$1,500 a year. It is scheduled for automatic renewal under the terms of the lease unless RIFA gives at least thirty days notice to terminate. This is to give the Board notice, if they wish to terminate the lease, if the Board does nothing, it will automatically renew.

The **Motion** was carried by the following vote:

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

5B. CONSIDERATION – RESOLUTION 2017-05-08-5B – APPROVING A ONE-YEAR RENEWAL OF THE LEASE TO THE OSBORNE COMPANY OF NORTH CAROLINA

Mr. Warren **moved** adoption of *Resolution 2017-05-08-5B, approving a one-year renewal of the Lease to the Osborne Company of North Carolina, Inc., a North Carolina corporation, of approximately 100 acres of pastureland in the Authority's Berry Hill Project (a portion of GPINs 1366-78-4718 and 1367-70-4519), commonly known as 4380 Berry Hill Road, in Pittsylvania County, Virginia; the Lease Term shall be subject to a right of Landlord to show the demised premises upon 24-hours notice and the obligation of Tenant to keep the identity of any prospective business recruits confidential until a public announcement is made, if ever, or as otherwise required by law; the Authority shall have the right to early terminate the Lease with at least thirty (30) days notice; and the Lease shall be for the use of harvesting grass hay and incidental uses acceptable to the Authority, at a total rental fee of \$1,000.*

The Motion was **seconded** by Mr. Barksdale.

Mr. Guanzon explained this Resolution is to renew the Osborne Company sod lease; it is not in the area currently being cleared by Haymes Brothers and it is a total fee of \$1,000 per year. If RIFA does have a potential recruit, RIFA can show the property, Osborne has to keep the identity confidential and RIFA has the ability to terminate upon thirty days' notice. Mr. Warren noted he took the opportunity last week to tour Berry Hill in its entirety and thinks it is important for the public to understand that some of the leases the Board approves are value added because they are keeping the land cleared making it is easier to see.

The **Motion** was carried by the following vote:

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

5C. CONSIDERATION – RESOLUTION 2017-05-08-5C – APPROVING THE FORM OF DEED CONVEYING LOT 12A IN THE CYBER PARK TO THE INDUSTRIAL DEVELOPMENT AUTHORITY

Mr. Barksdale **moved** adoption of *Resolution 2017-05-08-5C approving the form of the Deed conveying Lot 12A, containing 10.000 acres, in the Authority's Cyber Park project, located in Danville, Virginia, to the Industrial Development Authority of Danville, Virginia, a political subdivision of the Commonwealth in Virginia, in support of Resolution No. 2016-09-12-6F.*

The **Motion** was seconded by Mr. Shanks.

Mr. Guanzon explained this was a follow up item, to approve the form of the deed showing the new Lot 12A containing ten acres in the Cyberpark; that is what is going to be transferred to the Industrial Development Authority.

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The **Motion** was carried by the following vote:

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

5D. CONSIDERATION – RESOLUTION 2017-05-08-5D – APPROVING THAT FIRST AMENDMENT TO AGREEMENT TO PURCHASE AND SELL REAL ESTATE WITH WILMOT PROPERTIES, LLC.

Mr. Guanzon explained this item is a First Amendment to the contract approved with Wilmot Properties and Wilmot went ahead and fixed what the purchase price was going to be. Prior to this Amendment, they were going to have to calculate buildable acreage versus the non-buildable acreage. Now that the acreage is calculated, they went ahead with a hard price of \$2.25M; that was the first change for consideration. Mr. Guanzon reminded the Board there is a due diligence period where the buyer can investigate the property, run tests and business plans and then prior to the end of that, they can terminate and walk away from the transaction. Under the current contract, RIFA is required to do certain site work up to \$6.5M, but that would happen only after closing when they are completely committed to come here. Because of the timing, Wilmot has requested to start some of the site development work now, before closing, at their expense. If they do close, the amount they have spent out of pocket would be credited against the purchase price; if the purchase price is less than the \$6.5M, which is might be, RIFA would reimburse the buyer for that amount. If the transaction does not close, RIFA gets free improvements to the property and does not have to reimburse. There are a few caveats, they can't make changes to the property that would only limit it to a certain use. RIFA would still be in control of what happens; if the buyers are paying for it, they will work with RIFA to determine what needs to be done.

Mr. Shanks questioned the acreage calculations, were they done by RIFA engineers or theirs and Mr. Harden explained Dewberry did the initial planning for them. Mr. Shanks noted they have not done the engineering to come up with this new acreage and Mr. Harden noted no, they are in the process of negotiating a contract for that. Mr. Shanks asked if he was comfortable with that and Mr. Harden noted as RIFA's engineer, yes. The original pad layout was 65 acres, at \$30,000 that is \$4.9M; at \$2.25M, they have accounted for over 70 acres. Mr. Shanks questioned if that was 70 acres out of the 400 and Mr. Harden noted it was. A lot has to do with the way it was laid out, it is off to the side, very steep and unusable for RIFA so it was included to help offset the Stormwater costs. Mr. Shanks asked if this included the Cantor Farm, Mr. Harden noted it did and explained it is wedged between two stream channels which is a limiting factor with the amount of environmental impacts.

Mr. Barksdale **moved** adoption of Resolution 2017-05-08-5D *approving that certain First Amendment to Agreement to Purchase and Sell Real Estate with Wilmot Properties, LLC, a Delaware limited liability company, dated June 13, 2016, to clarify "Buildable Acreage" definition to include small corridors required for access/delivery for certain utilities and to provide for Seller's work, at the expense of Buyer, in advance of closing.*

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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5C. FINANCIAL REPORT AS OF APRIL 30, 2017

Authority Treasurer Michael Adkins noted the \$7.3M Bonds for Cane Creek Centre show no activity for the month of April. General Expenditures show RIFA expended \$2,800 to various vendors for the Berry Hill Groundbreaking; the majority was for the rental of the tent. RIFA paid \$200 to the City of Danville for a variance relating to Kyocera, \$20 to Linwood Wright who paid for a plat, \$3,273 to LeClair Ryan for legal services related to the Wilmot Project, \$271 for meals and \$31 for Utilities. Mega Park Funding Other than Bonds shows no activity for April. Berry Hill Mega Park Lot 4 shows \$12,750 paid to Dewberry and \$270,581 to Haymes Brothers for the work completed through the end of March. Rent, Interest and Other Income for the month of April shows RIFA received \$830 of Interest Income for the Month and paid \$21,400 to the Institute for the Hawkins' Building Maintenance Agreement. The offsetting rent was received after the end of April, so it did not show in this month's report. Mr. Adkins noted the balance sheet on page 43 shows at the end of April, RIFA had about \$350,000 in the regular checking and a little over \$1.1M in the Money Market. Mr. Adkins explained he requested the transfer of about \$365,000 between the Money Market account and the regular checking; that was to take care of the timing as RIFA gets involved in paying Haymes Brothers' monthly invoices. Haymes Brothers' expenses are reimbursed by RIFA's grant, but RIFA has to file for the grant funding reimbursement.

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)

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 12:30 p.m. Mr. Barksdale **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purpose:

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;

The Motion was **seconded** by Mr. Shanks.

Mr. Shanks **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purpose:

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

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promise of confidentiality from the Authority, and used by the Authority for business and trade development);

The Motion was **seconded** by Mr. Barksdale.

Mr. Barksdale **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purpose:

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) 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.

The Motion was **seconded** by Mr. Warren.

All **Motions** were carried by the following vote:

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

Mr. Shanks left the meeting at 12:48 p.m.

D. On **Motion** by Mr. Barksdale and **second** by Mr. Warren and by unanimous vote at 12:58 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 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. Warren and carried by the following vote:

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

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7. COMMUNICATIONS

Mr. Barksdale noted he was glad to be at the meeting, thanked Mr. Guanzon for the work he does and Mr. Saunders for his speech at the groundbreaking.

Mr. Blackstock thanked Mr. Guanzon and his firm for representing RIFA, they do an excellent job.

Mr. Vogler agreed with what was said and noted staff does a lot of work in the weeks and months leading up to the meetings, when it comes to the Board, it is all ready to go, and thanked the staff for the time and effort they are putting forward. Mr. Vogler noted RIFA is a model for the state of Virginia, with the relationship between the City and the County and is honored to serve.

Mr. Warren noted his agreement with what was said and Mr. Vogler articulated it well. It was good to be at the meeting today and see that Mr. Tucker and Mr. Rowe were not here but were out meeting prospects. It is the momentum the region has now, RIFA is a part of that with the City and County working together, and it is a pleasure serving on RIFA.

Mr. Smitherman noted he had the opportunity to go to Berry Hill for the first time, and was fascinated by the significance of that parcel. He also saw a few things that RIFA ought to consider and one is controlling access; there were several access points that are ungated right now. Mr. Smitherman noted at a minimum, the Board should put cables up at every access point. Mr. Smitherman noted he was able to get keys because County staff has them and did not know if City staff had keys. There was one access point that Danville has the key but the County does not. RIFA may want to think about getting everything securely locked down and making sure both parties have the same sets of keys. Mr. Harden noted about two years ago that process was done, but people just cut the locks and the cables to get access; it has to be done periodically. Mr. Smitherman noted there was one access point that probably had fifteen tires dumped on it and stated he would be glad to send County workers down to pick that up, but RIFA needs to control it.

Mr. Warren noted there was one access point that was unlocked, the one that runs along the railroad track, the gate is there but it had no lock on it.

Mr. Guanzon noted the pre-RIFA meeting was Monday and he will bring it up and let staff coordinate amongst themselves to take care of this.

Mr. Saunders thanked the board for all they are doing for the region; it is a real partnership and one that he enjoys and respects. The groundbreaking at Kyocera was a very good event.

The Meeting adjourned at 1:06 p.m.


Chairman


Secretary to the Authority