

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 14, 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 Fred O. Shanks, III and Alternate J. Lee Vogler. Chairman Sherman M. Saunders was absent. 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, Deputy City Manager Earl Reynolds, County Administrator David Smitherman, Pittsylvania County Director of Economic Development Matt Rowe, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Economic Development Telly Tucker, Assistant Director of Economic Development Corrie Teague, Economic Development Project Manager Kelvin Perry, City of Danville Director of Finance Michael Adkins, City of Danville Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present was Brian Bradner and Shawn Harden of Dewberry & Davis, City Council Member Madison Whittle and Ronald Scearce, Pittsylvania County Board of Supervisors.

Vice Chairman Barksdale presided.

Mr. Barksdale noted he visited Mr. Saunders yesterday, he is feeling much better, however, he will not be discharged today as planned.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES FOR THE JUNE 12, 2017 MEETING

Upon **Motion** by Mr. Warren and **second** by Mr. Shanks, Minutes of the June 12, 2017 Regular Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION – RESOLUTION 2017-08-14-5A – APPROVING CHANGE ORDER 2 FROM HAYMES BROTHERS

Shawn Harden from Dewberry explained the total cost for Change Order 2 for Berry Hill is \$161,538.40; of that, \$121,500.00 is to take material that Haymes Brothers previously stockpiled because of a single phase power line that was in the way. Once the City gets that line moved, they will take material from the stockpile and place it where it is supposed to be. Because they had to double handle it, there is a going to be an end up charge for that. The remainder of the Change Order is for additional Stormwater and erosion controls. Because of the recent heavy rains, there have been washes into some of the ditches and pads; this is to further protect RIFA's investment and not make a lot of re-work to continue to re-do slopes when they get washed out. Mr. Barksdale questioned if the work has begun or is the Company waiting for approval and Mr. Harden noted they are waiting for the Change Order.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 14, 2017

Mr. Rowe questioned if this is covered in the existing grant, and Mr. Harden noted it was and believed there was still a little over \$2M left in the grant. Mr. Sides reiterated that this was not new money, it is within the current budget; this Change Order was discussed in a meeting with City and County staff, and staff does support it.

Mr. Vogler **moved** for adoption of *Resolution 2017-08-14-5A, approving Change Order 2 to the site development work by Haymes Brothers, Inc., a Virginia corporation, approved under Resolution No. 2017-02-24-4A, including (i) removal of previously stockpiled and stabilized dirt due to the City of Danville distribution power line and compacting of the dirt in accordance with the original plans; and (ii) installation of additional Stormwater controls to reduce washing of slopes due to large rain events, increasing the contract price by \$161,538.40.*

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

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

5B. CONSIDERATION – RESOLUTION 2017-08-14-5B – APPROVING THE DECLARATION OF PROTECTIVE COVENANTS FOR BERRY HILL INDUSTRIAL PARK

Mr. Guanzon explained the Declaration of Protective Covenants were patterned after the ones for Cane Creek Industrial Park. Staff has reviewed them several times and consulted with Dewberry, based on the use and the two contracts that are on the property, to make sure that they will protect the park. There are some differences including a use prohibition on Uranium mining within the park. The two parties under contract with RIFA in this park have reviewed the draft and are agreeable to its terms. Mr. Guanzon noted he has received comments that some board members might want additional time to review them and the Board may want to entertain tabling the actual approval until the next meeting. Mr. Shanks noted he would like additional time to review the document, as long as there were no time sensitive issues pushing approval of this document; he has been told there are not.

Mr. Shanks **moved** to **TABLE** *Resolution 2017-08-14-5B approving that certain Declaration of Protective Covenants for the Authority's Berry Hill Industrial Park project located in Pittsylvania County, Virginia, until the next RIFA meeting.*

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

Mr. Barksdale noted he would also like more time to review the document, and likes that the Uranium issue has been covered and is not allowed in the park. Mr. Barksdale questioned if Pittsylvania County zoning regulations are the minimum and Mr. Guanzon explained both sets of rules and considerations apply, and the users have to comply with both of them. These rules can be more restrictive than what the County provides as the minimum protection, affording more protection for the property itself and use for occupants of the park itself. Mr. Sides noted procedurally it will be treated the same, it will still go through the Pittsylvania County site plans and through zoning; it doesn't subvert the Pittsylvania County hearing process.

Mr. Shanks stated the County parking standards are 10 x 20 and if the desire was to make them 9 x 18, that wouldn't be allowed in the covenants. Mr. Shanks noted that was an issue

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 14, 2017

he believes is important especially when talking about large numbers of parking spaces and current Stormwater regulations. Mr. Shanks stated he was also curious about the slope of 8% for a parking lot; he doesn't want to be too restrictive, there are parts of the state where steeper parking is allowed and wondered if making that the requirement is necessary. Mr. Shanks also questioned with the new Stormwater regulations, development in the County has to go to DEQ; the City of Danville has the ability to review DEQ type documents because of their agreement with the State. Mr. Shanks questioned if the Board wants to look into that possibility, whether it can legally or not; timeframe-wise it could make a big difference. Mr. Harden noted they explored and submitted the plans for Berry Hill, had Ric Drazenovich run it up with the DEQ and, even though the City is part owner, there really wasn't way DEQ could figure out letting them do that. Mr. Harden explained with the pad project, staff submitted it to Bryce Simmons with the City, he reviewed it as a courtesy and sent a letter with it to DEQ and that seemed to speed up the process quite a bit.

Mr. Shanks noted with uranium mining, are there any definitions of mining that could be misused in terms of being overly restrictive. Mr. Guanzon noted staff did not focus on the definition as being any different than what is in the Pittsylvania County code. Mr. Guanzon explained there is a RIFA staff meeting next week, if the Board members have any issues they would like to address, they could forward them to Mr. Tucker, Mr. Guanzon or Mr. Rowe. Staff could have those discussed and would have answers for the Board at the following RIFA board meeting.

Mr. Blackstock noted he was pleased to see the restrictions on Uranium mining.

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

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

5C. CONSIDERATION – RESOLUTION 2017-08-14-5C – APPROVING A LETTER AGREEMENT WITH APPALACHIAN POWER COMPANY – BERRY HILL INDUSTRIAL PARK

Ms. Teague Bobe explained there is a 69KV line AEP owns that runs throughout the Industrial Park area, specifically going through Lot 4 and Lot 8; RIFA needs to relocate that line. AEP has submitted a proposal to begin this process, to proceed with the engineering and design of this relocation, which they anticipate will cost approximately \$20,000. They are not asking for the funds up front; they have proposed that RIFA has the ability to reimburse the company for all of the costs up to \$20,000, in the event (1) RIFA cancels the relocation of the project or (2) RIFA does not proceed with the relocation of the line before January 31, 2019. It looks like as long as RIFA proceeds with the relocation before the specified date, RIFA will not have to reimburse them for the engineering and design costs. Ms. Teague Bobe noted there is a stipulation that if somehow they get to the point of \$20,000 and it looks like it will exceed that, they will stop the process, come back and negotiate the terms of the agreement.

Mr. Guanzon explained because this is a contingent debt that would only happen if RIFA failed to do something, the Resolution does include a provision authorizing the RIFA Treasurer to make sure there is a budget item of \$20,000 just in case RIFA needs to use it.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 14, 2017

Mr. Vogler **moved** for adoption of *Resolution 2017-08-14-5C approving that certain letter agreement dated July 17, 2017, under which Appalachian Power Company, a unit of American Electric Power, at its expense estimated to be approximately \$3 million, would relocate the Ridgeway-Corning Glass 69KV transmission line for the development of Lot 8 in the Authority's Berry Hill Industrial Park project; however, should the Authority cancel such development of Lot 8 or delay completion of the project beyond January 31, 2019, the Authority would agree to pay up to \$20,000.00 in mobilization and other line relocation costs.*

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

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

5D. CONSIDERATION – RESOLUTION 2017-08-14-5D – APPROVING THE TRANSFER OF \$24,000 FROM FY 2017 CONTINGENCY BUDGET TO THE LEGAL BUDGET

Authority Treasurer Michael Adkins explained as staff closes out FY2017, they are aware of a budget line item transfer that is needed and is asking the Board to approve that. With the increased activity with prospects and Berry Hill, there were more legal expenses than were originally budgeted for. Staff is asking for \$24,000 to be transferred from the contingency line item to the legal line item to cover expenses for the end of FY2017. Anything that is left will go to the contingency line item and move forward into the FY2018 budget.

Mr. Warren **moved** for adoption of *Resolution 2017-08-14-5D approving the transfer of \$24,000.00 from the Fiscal Year 2017 "Contingency" budget to the "Legal" budget in order to cover expenses for the remainder of the fiscal year.*

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

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

5E. FINANCIAL REPORT AS OF JULY 31, 2017

Authority Treasurer Michael Adkins explained there were sheets in the agenda related to FY 2017 and others to FY 2018.

The \$7.3M Bonds for Cane Creek Centre show two expenditures for this month with \$78 in legal to Clement Wheatley and \$157 to Dewberry for continued wetland monitoring. General Expenditures for FY2017 show \$44 paid for deed fees related to Kyocera, \$5,671 paid to LeClair Ryan for legal expenses related to the Wilmot project, and \$15,719 in legal fees to Clement Wheatley. Staff anticipated that the budget transfer would be approved and that is reflected in this report. Mr. Adkins noted \$256 was spent for meals, \$31 for monthly utilities and \$2,199 to VML for the annual liability insurance premium for FY 2017. For FY 2018, the only activity shows RIFA received both localities' funding of \$75,000 to set up the budget for this year. The Mega Park Funding Other than Bonds shows no activity. Berry Hill Mega Park Lot 4 shows \$33,661 paid to Dewberry for Amendment #10 and also for property boundary exhibits. The larger expenditure of \$517,177 was for Haymes Brothers for continued grading

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 14, 2017

for the month of July. As Mr. Harden mentioned earlier, there is \$2.2M in that budget for change orders and whatever else may come up. Rent, Interest and Other Income for FY 2017 shows RIFA received its last FY17 payment from the Institute for Advanced Learning and Research of \$21,400 related to the Hawkins' Building, and \$645 in interest income; RIFA paid the Institute \$21,400 for the Maintenance Agreement on the Hawkins' Building. For FY 2018 in Rent, Interest and Other Income, RIFA received \$21,400 from the Institute and \$1800 from Capital Outdoor Incorporated for the annual billboard lease.

Mr. Shanks questioned footnotes on page 61, stating around 2008 the bond market fell apart and the City of Danville fronted the purchase of three properties listed. On footnote 1, was all that paid back by each municipality in 2012 and if so, does that also say that it was lost income due to the money not being in possession of the City. Mr. Adkins noted he does recall that RIFA was unable to issue bonds and will research Mr. Shanks' question, but believes the localities were repaid once the bonds were issued. Mr. Shanks questioned if the lost interest charges were made up as well and Mr. Adkins noted he believed they were.

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

VOTE: 4-0
AYE: Barksdale, Warren, Shanks and Vogler (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 12:40 p.m. Mr. Shanks **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;

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) for discussion or consideration of the acquisition and/or 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 and carried by the following vote:

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 14, 2017

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

D. On **Motion** by Mr. Warren and **second** by Mr. Shanks and by unanimous vote at 1:32 p.m., the Authority returned to open meeting.

E. Mr. Shanks **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. Vogler and carried by the following vote:

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

7. COMMUNICATIONS

Mr. Barksdale thanked the staff for everything they do and asked everyone to keep Chairman Saunders in their thoughts and prayers.

Mr. Warren echoed Mr. Barksdale's comments about Chairman Saunders, that he has a speedy recovery and that staff lets him know that he is missed.

Staff Report

Ms. Teague Bobe stated a number of years ago, in 2011 or 2012, RIFA had received a half million dollar MEI grant through VEDP in relation to electric planning for Berry Hill. This was when Danville Utilities planned on being the electric provider for Berry Hill. Soon thereafter RIFA decided to turn that responsibility over to AEP. VEDP is asking for an update regarding the expenditures related to that grant. There was about \$100,000 of matching funds, some monies within that \$100,000 match were spent, but zero dollars out of the actual grant funds were spent. Staff is responding back to VEDP's inquiry and hoping they will let RIFA adjust the projects where RIFA can use this half a million dollars. Staff will be speaking with them; the information is due by the 26th of this month.

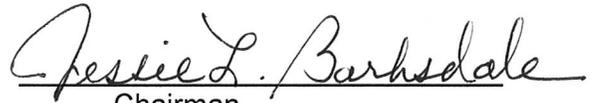
DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

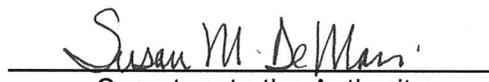
Minutes

August 14, 2017

Mr. Shanks questioned if the funds can be used for the money allocated today for the relocation and design and Ms. Teague Bobe noted that is something they will have to speak with them about; it seems like that would be a great fit. When RIFA switched from Danville Utilities being the provider to AEP, they did allow RIFA to use those funds towards planning for AEP. The expenditure date has expired, so staff will need to confirm whether RIFA can use the funds toward the plan.

The Meeting adjourned at 1:37 p.m.


Chairman


Secretary to the Authority