

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 9, 2019

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:10 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Drive, Room 206, Danville, Virginia. Present were City of Danville Members Chairman Fred O. Shanks, III, Sherman M. Saunders and Alternate J. Lee Vogler. Pittsylvania County Members present were Vice Chairman Robert W. Warren, Ronald S. Searce and Alternate Elton Blackstock.

City/County staff members attending were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, County Administrator David Smitherman, Project Manager Kelvin Perry, Pittsylvania County Director of Economic Development Matt Rowe, Assistant County Administrator for Planning & Development Gregory Sides, Project Manager Susan McCullough, City of Danville Director of Finance Michael Adkins, Christian & Barton Attorney Michael Guanzon, and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner and Shawn Harden from Dewberry & Davis.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES OF THE AUGUST 12, 2019 MEETING

Upon **Motion** by Mr. Saunders and **second** by Mr. Searce, Minutes of the August 12, 2019 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION OF RESOLUTION NO. 2019-09-09-5A RATIFYING ONE TIME MOWING AND CLEARING SERVICES

Pittsylvania County Director of Economic Development Matt Rowe explained the County had received bids for mowing for County owned properties and pad sites. As part of the process they also received bids for RIFA sites at Cane Creek and SVM; the Cyber Park was already maintained by the City's Public Works. The lowest bid was \$7,582 for mowing the pad sites at Berry Hill and also mowing Lot 9 in Cane Creek. Mr. Shanks asked if the Cantor property should be included. Mr. Rowe explained the bids were solely for the graded pad areas; staff could go back and ask that maintenance be done around the house. Mr. Shanks asked staff to look into this and Mr. Guanzon noted they would come back next month with a new price.

Mr. Searce **moved** for adoption of *Resolution No. 2019-09-09-5A, ratifying one-time mowing and clearing services related to the Authority's Southern Virginia Megasite at Berry Hill located in Pittsylvania County and the Cane Creek Centre Industrial Park project located in Pittsylvania County and Danville, Virginia, for a fee of \$7,582, subject to adjustments, but not to exceed \$10,000.*

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

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

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5B. CONSIDERATION OF RESOLUTION 2019-09-09-5B AUTHORIZING THE CONTRACT OF SALE WITH REALTY LINK – LOT 6A AT CANE CREEK CENTRE

Mr. Guanzon noted there was a typo, the \$125,000 should be \$100,000. Mr. Rowe explained in July, RealtyLink informed RIFA they would move forward with two shell buildings. Their lenders have requested they purchase the property and Mr. Guanzon has prepared a Purchase and Sales Agreement. He noted this was essentially a conversion from the ground lease that was done before, to a purchase, because the ground lease had a right for Realty Link to buy the property. Mr. Shanks asked for clarification on, if the Authority executes a local performance agreement, and Mr. Guanzon stated if the ultimate user of the property was somebody RIFA was recruiting, they will pay less. If they are going to sit on it for awhile, and then they want to buy it, it would be at fair market value, which was \$30,000 per acre.

Mr. Saunders **moved** for adoption of *Resolution 2019-09-09-5B, a Resolution Authorizing the Negotiation, Execution and Delivery of a Contract of Sale with RealtyLink – Tennessee, LLC, a Tennessee Limited Liability Company (“RealtyLink”), for the Purchase of New Lot 6A (Part of GPIN 2347-03-7452 and Part of Pin 77193), in the Authority’s Cane Creek Centre Project located in Pittsylvania County and Danville, Virginia, under which RealtyLink shall Cause to be Installed a Building of at Least 100,000 Square Feet in Area, with Installation to Begin Within 30 Days after the Contract of Sale’s Execution and to be Completed within one year Thereafter; and the Initial Purchase Price will be for \$30,000 per acre, Subject to a Post-Closing Adjustment to a Total Purchase Price of \$100,000 if the Authority Executes a local Performance Agreement with the Ultimate Operator of the Property; and this Contract of Sale is Intended to Replace the Previously Contemplated Ground Lease with Option to Purchase and Previously Executed License Agreement among the Authority and RealtyLink regarding the storage of building materials on the property.*

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

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

5C. CONSIDERATION OF RESOLUTION 2019-09-09-5C AUTHORIZING THE CONTRACT OF SALE WITH REALTY LINK FOR LOT 6B IN CANE CREEK CENTRE

Mr. Guanzon noted there was a typo on this Resolution as well, it also should be \$100,000. Lot 6 in Cane Creek was going to be split into 6A, which was at the entrance, and 6B which was above that. What was approved before for this lot was an option to ground lease; it has been converted into the same as the item that was just approved. Mr. Rowe explained the company has agreed while they are constructing one building, to construct the next building simultaneously to keep costs down. When RIFA signs the contract they will be obligated to buy it unless they get out of it after doing their due diligence. If at the time of closing RIFA has a recruit that was going to be on that property, then the purchase price will be \$100,000; if there wasn't a local performance agreement with a recruit, then it will be \$30,000 per acre.

Mr. Warren **moved** for adoption of *Resolution 2019-09-09-5C, a Resolution Authorizing the Negotiation, Execution and Delivery of a Contract of Sale with RealtyLink – Tennessee, LLC, a Tennessee Limited Liability Company, for the Purchase of Lot 6B (Part of GPIN 2347-03-7452), Located in the Authority’s Cane Creek Centre Project Located in Pittsylvania County,*

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Virginia, under which RealtyLink Shall Cause to be Constructed or Installed a Building of at Least 100,000 Square Feet in Area, with Installation to Begin Within 90 Days after the Contract of Sale's Execution and to be Completed Within One Year Thereafter; and the Initial Purchase Price will be for \$30,000 per acre, Subject to a Post-Closing Adjustment to a Total Purchase Price of \$100,000 if the Authority Executes a Local Performance Agreement with the Ultimate Operator of the Property; and this Contract of Sale is Intended to Replace the Previously Contemplated Option to Ground Lease.

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

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

5D. CONSIDERATION OF RESOLUTION 2019-09-09-5D APPROVING THE CONTRACT FOR PURCHASE OF 1809 SOUTH BOSTON ROAD

Mr. Guanzon explained this property was located on South Boston Road; if approved, it would be added to the 6A lot to give some road frontage. The owners have agreed to sell it to RIFA for \$150,000 with a refundable deposit of \$5,000, so long as RIFA terminates within the review period. Because it was zoned differently, it would have to go through rezoning and then be consolidated into Lot 6A. If that was the case, then the agreement for 6A that was passed two items ago, would increase the purchase price. Mr. Shanks questioned if there was any reason to make that purchase contingent on rezoning or does RIFA want it anyway. Mr. Guanzon stated there was a purpose for it either way, it was the front part into the entrance to the park, so there was value in having it even if was not officially added in there. Mr. Shanks noted he thought that it should be contingent on rezoning. Mr. Rowe stated that RealtyLink did not need this property, and Mr. Harden noted because of the timing, they have had to pull the building back into the lot, because they didn't have time to wait for the rezoning and consolidation; that property was not needed for the construction of the shell. Mr. Guanzon stated it would be a several months delay to get that process done. It was used as a gas station, and although the tanks have been removed, they would have to do their due diligence.

Mr. Smitherman noted at the last pre-RIFA meeting, staff learned that the Board does not have as much free cash available as previously thought; Mr. Adkins noted it was just under \$190,000. Mr. Smitherman stated this would take that balance down to the high thirties. Mr. Rowe has been introduced to a VEDP program which might be able to assist RIFA in this purchase. Mr. Smitherman suggested getting more time with an option, and try to get assistance from VEDP to get someone else to pay for this property.

Mr. Warren made a **motion** to **TABLE** Item D until the next RIFA meeting and instruct the attorney to go back and see if RIFA can obtain a purchase option with a timeframe, to allow staff to work with VEDP. The Motion was **seconded** by Mr. Saunders.

Mr. Blackstock noted he thought it was wise to delay this, there was no rush to purchase it, and it would bring cash reserves down to \$30,000. If RIFA had to have it, that would be one thing, but in this situation, the Board needs to delay it. Mr. Larking stated it made sense to have a provision that makes it contingent on rezoning, this body cannot direct the other elected body or the Planning Commission. Mr. Guanzon noted staff can extend the due diligence period and decide whether they go through with it.

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Mr. Warren noted he wanted to **amend** his motion to include instructions for the staff to start the process of looking into rezoning this property. Mr. Saunders noted his **second**.

Mr. Larking explained staff would have to get the current owner to apply for rezoning. Mr. Guanzon noted RIFA would have to enter into a purchase option, and he would need know what they would have to pay for that. Board Members and staff discussed various purchase options and after lengthy discussion, Mr. Guanzon suggested the Board discuss this in a closed session.

At 12:36 Mr. Saunders **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purpose: 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:

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

On **Motion** by Mr. Warren and **second** by Mr. Saunders and by unanimous vote at 12:38 p.m., the Authority returned to open meeting.

Mr. Saunders **moved** for 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. Searce and carried by the following vote:

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

Mr. Warren noted he would like to withdraw his Motion on Item 5D and Mr. Saunders seconded his Motion. Agenda Item 5D failed, due to lack of a Motion.

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5E. CONSIDERATION OF RESOLUTION 2019-09-09-5E AUTHORIZING THE CONTRACT OF SALE FOR LOTS 3A AND 3B ON CANE CREEK PARKWAY

Mr. Rowe noted RealtyLink, in addition to doing the two shell buildings on spec, have brought RIFA an end user. This was a project that has been discussed with the Board and they are at the point where they are acquiring and getting site control. The client has been in the region during the past two weeks, designing the facility and it will be 126,000 square feet. Mr. Guanzon noted they cannot buy unless this ultimate user enters with a Local Performance Agreement.

Mr. Warren **moved** for adoption of *Resolution No. 2019-09-09-5E, authorizing the negotiation, execution and delivery of a Contract of Sale for certain real property containing approximately 13.29 acres and 30.38 acres, located in Pittsylvania County, Virginia, commonly known as Lots 3A and 3B, fronting on Cane Creek Parkway, located in the City of Danville and Pittsylvania County, Virginia, in support of the development of the Authority's Cane Creek Centre Industrial Park, and contingent on the execution of a Local Performance Agreement with the ultimate operator of the property, at a purchase price of \$125,000.*

The motion was **seconded** by Mr. Saunders and carried by the following vote:

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

5F. FINANCIAL STATUS REPORTS AS OF AUGUST 31, 2019

Authority Treasurer Michael Adkins gave the Financial Status report as of August 31, 2019, beginning with the \$7.3M Cane Creek Bonds, noting those bonds were refinanced and had legal closing fees of \$15,085 to Hunton Andrew Kurtz for External Bond Counsel Services and \$6,754 to Clement Wheatley for Internal Review of Bond Documents. FY 2019 General Expenditures show RIFA paid \$12,427 for General Counsel to Clement & Wheatley, the unspent balance of \$4,400 will carry over to FY 2020; FY 2020 General Expenditures show RIFA paid \$277 for meals. The Berry Hill Funding Other than Bonds show no expenditures for August; Lot 4 and Lot 8 Site Development also show no expenditures for August. For Water and Sewer, RIFA expended \$109,649 to CW Cauley and Son, for Phase I. FY 2019 Rent, Interest and Other Income shows no change from last month. FY2020 Rent, Interest and Other Income shows RIFA received rent of \$25,412 from the Institute for the Hawkins Building, \$442 in interest income and a \$362 refund on a real estate transaction with Clement Wheatley. RIFA paid \$25,412 to the Institute for the Hawkins Building and \$25,376 to the Institute for the Gefertec Lease Payment.

Mr. Saunders **moved** to accept the Financial Report as presented. The Motion was **seconded** by Mr. Searce and carried by the following vote:

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

6. CLOSED SESSION

[During the closed session, all matters discussed shall involve receiving advice from legal

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counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

At 12:46 p.m. Mr. Saunders **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

- 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)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) 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 (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Southern Virginia Megasite at Berry Hill project, Cyber Park project and/or Cane Creek Centre project, where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2-3705.1(8) (appraisals and cost estimates of real property in one or more of the Authority's projects subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease);
- 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:

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

D. On **Motion** by Mr. Scarce and **second** by Mr. Blackstock and by unanimous vote at 2:42 p.m., the Authority returned to open meeting.

E. Mr. Scarce **moved** for 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

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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. Saunders and carried by the following vote:

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

COMMUNICATIONS

Mr. Shanks requested when staff prepares the agenda packet, to include an exhibit of the property that is being discussed.

Mr. Warren noted his thanks to RealtyLink for all the efforts they have made, particularly in the Ringgold park.

Meeting adjourned at 2:45 p.m.

APPROVED:

s/Fred O. Shanks, III
Chairman

s/Susan M. DeMasi
Secretary to the Authority