Danville-Pittsylvania Regional Industrial Facility Authority

CITY OF DANVILLE, VIRGINIA
COUNTY OF PITTSYLVANIA, VIRGINIA

AGENDA

MONDAY, DECEMBER 13, 2010

12:00 NOON

DAN RIVER BUSINESS DEVELOPMENT CENTER CONFERENCE ROOM
300 RINGGOLD INDUSTRIAL PARKWAY

COUNTY OF PITTSYLVANIA MEMBERS

COY E. HARVILLE, VICE CHAIRMAN
HENRY A. "HANK" DAVIS, JR.
FRED M. INGRAM, ALTERNATE

CITY OF DANVILLE MEMBERS

SHERMAN M. SAUNDERS, CHAIRMAN
T. DAVID LUTHER
FRED O. SHANKS, III, ALTERNATE

STAFF

JOSEPH C. KING, CITY MANAGER, DANVILLE
WILLIAM D. SLEEPER, PITTSYLVANIA COUNTY ADMINISTRATOR
CLEMENT & WHEATLEY, ATTORNEY FOR AUTHORITY
ANNETTE Y. CRANE, AUTHORITY SECRETARY
BARBARA A. DAMERON, AUTHORITY TREASURER

1. MEETING CALLED TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT PERIOD

   CITIZENS WHO DESIRE TO SPEAK ON AN AGENDA ITEM WILL BE HEARD AT THIS TIME. PLEASE NOTE THE PUBLIC COMMENT PERIOD INCLUDES A THREE-MINUTE TIME RESTRICTION FOR COMMENTS.

4. APPROVAL OF MINUTES (NOVEMBER 10, 2010 REGULAR MEETING AND NOVEMBER 22, 2010 SPECIAL CALLED MEETING)

5. CONSIDERATION TO APPROVE A TOTAL INCREASE OF $20,570.82 TO THE GENERAL EXPENDITURES 'LEGAL' BUDGET FOR FISCAL YEAR 2011 USING $14,570.82 FROM AVAILABLE FUNDING AND TRANSFERRING $6,000 FROM THE 'CONTINGENCY' BUDGET.

6. CONSIDERATION OF A PROPOSED PERFORMANCE GRANT AGREEMENT ("EIT PG AGREEMENT") AMONG THE AUTHORITY; THE CITY OF DANVILLE (THE "CITY"), VIRGINIA; THE COUNTY OF PITTSYLVANIA (THE "COUNTY"), VIRGINIA; AND ELECTRONIC INSTRUMENTATION AND TECHNOLOGY, LLC, A VIRGINIA LIMITED LIABILITY COMPANY ("EIT"), WHICH INCLUDES, AMONG OTHER THINGS, A LAND GRANT TO EIT OF THE AUTHORITY'S INTEREST IN REAL PROPERTY, CONTAINING 16.644 ACRES, MORE OR LESS, FRONTING ON STINSON DRIVE, DANVILLE, VIRGINIA (NAMELY LOT 3D, CONTAINING 5.092 ACRES, TAX PIN 78471 ("LOT 3D"), PLUS A PORTION OF LOT 3C (PART OF TAX PIN 77831), TO CONTAIN 11.55 ACRES, MORE OR LESS ("PART OF LOT 3C")), AS PART OF AN INCENTIVE PACKAGE TO BE OFFERED BY THE CITY AND THE COUNTY WHICH INCLUDES JOB CREATION GRANT FUNDS TO EIT, IN EXCHANGE FOR EIT (I) EXPANDING ITS OPERATIONS IN THE AREA AND CONSTRUCTING A NEW FACILITY (THE "FACILITY"); (II) MAKING CAPITAL INVESTMENTS AT THE FACILITY OF AT LEAST $5 MILLION; (III) CREATING 50 NEW FULL-TIME JOBS AT THE FACILITY; AND (IV) REPAYING TO THE CITY AND THE COUNTY A TOTAL OF $285,000 IN CASH GRANTS (WHICH WERE PART OF A FORMER INCENTIVE PACKAGE TO DONNACHAIDH ASSOCIATES, LLC, INCLUDING LOT 3D).

7. CONSIDERATION OF A PROPOSED SETTLEMENT AGREEMENT (THE "2010 DONNACHAIDH AGREEMENT") WITH DONNACHAIDH ASSOCIATES, LLC ("DONNACHAIDH"), THE CITY AND THE COUNTY, WHICH INCLUDES, AMONG OTHER THINGS, (I) THE RECONVEYANCE OF LOT 3D TO THE AUTHORITY AS PART OF THE EIT PG AGREEMENT; (II) THE EXECUTION OF THE EIT PG AGREEMENT BY EIT AND OTHERS; AND (III) THE TERMINATION OF THAT CERTAIN PERFORMANCE AGREEMENT DATED OCTOBER 17, 2008, BETWEEN THE AUTHORITY, DONNACHAIDH, MICHAEL J. DUNCAN, GARY K. FELTON, THE CITY AND THE COUNTY.

8. MEGA PARK UPDATE

9. FINANCIAL REPORT

10. CLOSED MEETING –

- AS PERMITTED BY SECTION 2.2-3711(A)(7) OF THE CODE OF VIRGINIA, 1950 AS AMENDED, FOR CONSULTATION WITH AND BRIEFING BY LEGAL COUNSEL PERTAINING TO ACTUAL LITIGATION REGARDING NANCY BARBOUR SMITH, *ET AL.* V. PITTSYLVANIA COUNTY BOARD OF SUPERVISORS (CASE NO. CL10000088-00), WHERE SUCH CONSULTATION OR BRIEFING IN OPEN MEETING WOULD ADVERSELY AFFECT THE LITIGATING POSTURE OF THE AUTHORITY.

- AS PERMITTED BY SECTION 2.2-3711(A)(3) OF THE CODE OF VIRGINIA, 1950, AS AMENDED, FOR DISCUSSION OR CONSIDERATION OF THE REACQUISITION OF LOT 3D FROM DONNACHAIDH, WHERE DISCUSSION IN AN OPEN MEETING WOULD ADVERSELY AFFECT THE BARGAINING POSITION OR NEGOTIATING STRATEGY OF THE AUTHORITY.

- AS PERMITTED BY SECTION 2.2-3711(A)(3) OF THE CODE OF VIRGINIA, 1950, AS AMENDED, FOR DISCUSSION OR CONSIDERATION OF THE DISPOSITION OF THE AUTHORITY'S INTEREST IN LOT 3D AND PART OF LOT 3C TO EIT, WHERE DISCUSSION IN AN OPEN MEETING WOULD ADVERSELY AFFECT THE BARGAINING POSITION OR NEGOTIATING STRATEGY OF THE AUTHORITY.

A. MOTION TO CONVENE IN CLOSED MEETING

B. MOTION TO RECONVENE IN OPEN MEETING

C. MOTION TO CERTIFY CLOSED MEETING

11. ACTION ON MATTERS CONSIDERED IN CLOSED MEETING

A. CONSIDERATION OF A RESOLUTION AUTHORIZING THE EIT PG AGREEMENT

B. CONSIDERATION OF A RESOLUTION AUTHORIZING THE 2010 DONNACHAIDH AGREEMENT

12. COMMUNICATIONS FROM:

HENRY A. "HANK" DAVIS, JR.
COY E. HARVILLE
FRED M. INGRAM
T. DAVID LUTHER
SHERMAN M. SAUNDERS
FRED O. SHANKS, III
STAFF

13. ADJOURN

AGENDA
ITEM NUMBER 4

Danville-Pittsylvania Regional Industrial Facility Authority
Minutes
November 10, 2010

The Regular Meeting of the Danville Pittsylvania Regional Industrial Facility Authority convened at 12 o'clock Noon on the above date at the Dan River Business Development Center located at 300 Ringgold Industrial Parkway. Present were City of Danville Members Chairman Sherman Saunders and David Luther and Pittsylvania County Members Vice Chairman Coy Harville and Hank Davis (4). Alternates Fred Ingram and Fred Shanks was absent (2).

City/County staff members attending were: Danville City Manager Joe King, Pittsylvania County Administrator Dan Sleeper, Pittsylvania County Assistant Administrator Otis Hawker, Pittsylvania County Assistant Administrator for Planning Greg Sides, Danville Finance Director/Authority Treasurer Barbara Dameron, Pittsylvania County Finance Director Kim Van der Hyde, Danville Senior Accountant Patricia Knutti, Danville Economic Development Director Jeremy Stratton, Pittsylvania County Economic Development Director Ken Bowman, Danville Economic Development Consultant Linwood Wright, Danville City Attorney Clarke Whitfield, Clement and Wheatley Attorneys Michael Guanzon and Andrew Stockment, and Secretary to the Authority Annette Crane.

Also present were Dewberry and Davis Project Manager Shawn Harden and citizens Barbara Hudson and Nancy B. Smith.

Chairman Saunders called the Meeting to order.

PUBLIC COMMENT PERIOD

There were no public comments from citizens.

APPROVAL OF OCTOBER 12, 2010 MINUTES

Upon **Motion** by Mr. Luther and second by Mr. Harville, Minutes of the October 12, 2010 meeting were approved by the following vote:

VOTE: 4-0
AYE: Davis, Harville, Luther and Saunders (4)
NAY: None (0).

Draft copies of the Minutes were distributed to Authority Members prior to the meeting.

APPROVE RESOLUTION CONVEYING 0.187 ACRES TO KENNETH HAWKINS ET ALS

Mr. Davis **moved** adoption of a Resolution approving the conveyance to Kenneth D. Hawkins and Teresia E. Hawkins fee simple title to 0.187 acres, being a portion of the Authority's property located in Pittsylvania County, Virginia, designated as PIN:1367-41-3134, in exchange for a 30' access easement across adjacent property of Kenneth D. Hawkins and Teresia E. Hawkins, designated as PIN:1367-44-9666. The Motion was seconded by Mr. Harville and carried by the following vote:

VOTE: 4-0
AYE: Davis, Harville, Luther and Saunders (4)

NAY: None (0).

APPLY FOR MEGASITE GRANT PROGRAM TO TOBACCO COMMISSION FOR WORK AT BERRY HILL REGIONAL MEGA PARK

Mr. Harville **moved** adoption of a Resolution authorizing the submission of an application under the Special Projects – Megasite Grant Program to the Tobacco Indemnification and Community Revitalization Commission for work at the Berry Hill Regional Mega Park and authorizing the Chairman and/or the Vice Chairman to execute all necessary documents pertaining thereto. The Motion was seconded by Mr. Luther and carried by the following vote:

VOTE: 4-0
AYE: Davis, Harville, Luther and Saunders (4)
NAY: None (0).

TRANSFER LOT 1 AT CANE CREEK CENTRE TO GREEN ENERGY CORPORATION

Mr. Davis **moved** to approve the transfer of Lot 1 (59 acres) of the Cane Creek Industrial Park to U. S. Green Energy Corporation for the construction of a 40,000, +-square foot manufacturing facility.

Mr. Luther seconded the Motion.

Danville Economic Development Director Jeremy Stratton introduced U. S. Green Energy Corporation Vice President Corporate Development Bob Bennett. Mr. Bennett introduced Green Energy partner Karim Salehmohammed. Mr. Bennett reported that Lot #1 was a very good site for the business. The exixting facility needed to be upgraded substantially to be able to hold the load that the company intends to put on the building and company officials are considering the construction of a new building. The entire facility would be 5 megawatt solarized facility. The building would be oriented from east to west along the rail spur. The timetable, once the land transfer had been taken place, is that grading would take place in December and steel would be erected in January.

In response to Mr. Harville, Mr. Bennett advised the existing building would need thirty-two additional columns inside in order to accommodate the company's requirements for operation.

Attorney Michael Guanzon advised there were some comments that were necessary from legal counsel on this matter and said they needed to be discussed in Closed Meeting. He recommended delaying any action until the issue had been discussed in Closed Meeting.

Mr. Davis, with the consent of Mr. Luther, withdrew his Motion.

PLANT TREE BUFFER UTILIZING BOND FUNDS-YORKTOWNE CABINETRY

Mr. Harville **moved** to approve a request to utilize bond funds to finance the planting of a noise-reducing tree buffer between Yorktowne Cabinetry Company and the neighboring residences. The Motion was seconded by Mr. Davis and carried by the following vote:

VOTE: 4-0
AYE: Davis, Harville, Luther and Saunders (4)
NAY: None (0).

APPROVE GRANTS MANAGEMENT PLAN - EDA PROJECT-LOTS 3 & 9 CANE CREEK

Mr. Harville **moved** approval of the Grants Management Plan for the Economic Development Authority Project, in order to proceed with grading, clearing, and utility installations for Lot 3 and Lot 9 of the Cane Creek Industrial Park.

Mr. Davis seconded the Motion.

Mr. Luther called attention to page 2 of the plan document that incorrectly listed Michael Guanzon as legal counsel for the City of Danville. Mr. Luther said Mr. Guanzon was legal counsel for RIFA.

Mr. Harville restated his Motion to include that correction to the document.

The restated Motion was seconded by Mr. Davis and carried by the following vote:

VOTE: 4-0
AYE: Davis, Harville, Luther and Saunders (4)
NAY: None (0).

MONTHLY FINANCIAL REPORT

Danville Finance Director Barbara Dameron noted the Financial Report contained three new reports, namely, a Statement of Net Assets, a Statement of Revenues and Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows. There were no questions or comments from Authority Members.

CLOSED MEETING

At 12:37 P.M., Mr. Saunders recognized Mr. Davis who **moved** the meeting be recessed and the Authority immediately convene in Closed Meeting for the purpose of consultation with and briefings by legal counsel pertaining to actual litigation regarding *Nancy Barbour Smith, et al, v. Pittsylvania County Board of Supervisors* (Case No. CL10000088-00), where such consusltation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority, as permitted by Subsection (A) (7) of Section 2.2-3711 of the Code of Virginia, 1950, as amended, and, discussion or consideration of the dispostion of Lot 1 (59 acres) of the Cane Creek Industrial Park to U. S. Green Energy Corporation for the construction of a 40,000 +- square foot manufacturing facility, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority, pursuant to Virginia Code Subsection (A) (3) of Section 2.2-3711 of the Code of Virginia, 1950, as amended. The Motion was seconded by Mr. Harville and carried by the following vote:

VOTE: 4-0

AYE: Davis, Harville, Luther, and Saunders (4)
NAY: None (0).

Upon unanimous vote at 1:07 P.M., the Authority returned to open meeting and Mr. Harville **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 confirmity 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 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. Luther and carried by the following vote:

VOTE: 4-0
AYE: Davis, Harville, Luther, and Saunders (4)
NAY: None (0).

COMMUNICATIONS

Mr. Harville reported the water line to the Berry Hill Mega Park was 54% complete.

The Meeting adjourned at 1:08 P.M.

_____
Chairman

_____
Secretary to the Authority

Danville-Pittsylvania Regional Industrial Facility Authority
Minutes
November 22, 2010

A Special Called Meeting of the Danville Pittsylvania Regional Industrial Facility Authority convened at 12 o'clock Noon on the above date at the Dan River Business Development Center located at 300 Ringgold Industrial Parkway. Present were City of Danville Members Chairman Sherman Saunders and David Luther and Pittsylvania County Members Vice Chairman Coy Harville and Hank Davis (4). Alternates Fred Ingram and Fred Shanks were absent (2).

City/County staff members attending were: Danville City Manager Joe King, Pittsylvania County Administrator Dan Sleeper, Pittsylvania County Assistant Administrator for Planning Greg Sides, Danville Economic Development Director Jeremy Stratton, Pittsylvania County Economic Development Director Ken Bowman, Danville Economic Development Consultant Linwood Wright, Clement and Wheatley Attorneys Michael Guanzon and Secretary to the Authority Annette Crane.

Also present were Green Energy Corporation Vice President Bob Bennett and citizens Anne Cockrell and Karen Maute.

Chairman Saunders called the Meeting to order.

PUBLIC COMMENT PERIOD

Karen Maute distributed a list of questions and concerns relating to the Performance Grant Agreement as follows:

- "November 12 article by Tara Bozick reports that Green Energy and its partners would like to building the facility. She further reports that Roanoke based Brian Wishneff and Associates would own the facility and lease it to Green Energy. Please clarify which entity is to be held liable (responsible) if there is a default on the part of Green Energy since GE is being deeded the land and Wishneff will apparently own the facility?
- It is unclear if the funding is going to Green Energy or Wishneff and Associates.
- Should Wishneff and Associates be listed on the Performance Agreement?
- Who are Green Energy's partners and should they be named on the Performance Agreement?
- There is a need to better define the work "Company" in the Performance Agreement. Is it Green Energy, Wishneff Group, Green Energy and partners?
- If the Company fails to satisfy all of the terms if the Agreement is Green Energy, Green Energy and Wishneff, Green Energy and Partners, Green Energy, Wishneff and Partners responsible for repayment of grants, funds and incentive payments?
- What assurances do we have that Green Energy and/or Wishneff will be in a position to repay if the "Company" is unable to satisfy the terms of the Agreement.
- How many roofs have been manufactured and installed by Green Energy?
- Will Green Energy manufacture parts or import parts from China and be an assembly plant?

I wish Green Energy the best and hope they bring long-term employment for our region. It is difficult to track the monies, taxpayer and otherwise, in assembling an incentive package. It is as if there has been an economy established in tax credit invetments, chasing the tax credit, rather than a emphasis on true economic development. It is imperative we use these funds wisely. I trust you will do so."

Anne Cockrell expressed appreciate to the Authority Board for placing a hearing of the citizens on the board's agendas.

Chairman Saunders thanked both Ms. Maute and Ms. Cockrell for their input.

Chairman Saunders stated the purpose of the Called Meeting was to consider a Resolution approving a certain proposed performance grant agreement with Danville, Pittsylvania County and United States Green Energy Corporation (USGE) and the cancellation of a certain performance agreement with USGE, the City and the County which the Authority approved on September 13, 2010, but had not been fully executed by other parties and other matters related thereto.

APPROVE EXECUTION OF NEW PERFORMANCE AGREEMENT & CANCEL SEPTEMBER 10, 2010 PERFORMANCE AGREEMENT-GREEN ENERGY CORPORATION

Mr. Harville **moved** approval of a Resolution approving a certain proposed Performance Grant Agreement with the City of Danville, Virginia, the Council of Pittsylvania, Virginia and the United State Green Energy Corporation (USGE), which includes, among other things, the conveyance by the Authority to USGE of new lot 1 located at the Cane Creek Centre, in Pittsylvania County, Virginia, containing 59.118 acres, being a portion of the Authority's 142.79+- acre tract, GPIN 2347-38-9745, as part of an incentive package to be offered by the City and the County, in exchange for USGE locating and constructing its manufacturing facility at the Cane Creek Centre, making new total taxable capital investments of at least $30,000,000, and creating 372 new full-time jobs with benefits during the performance period and creating 372 new full-time jobs with benefits during the performance period and the cancellation of a certain performance Grant Agreement with USGE, the City and the County which the Authority approved on September 13, 2010, but which had not been fully executed by the other parties and other matters related or incident thereto.

Mr. Luther seconded the Motion.

Mr. Harville wondered why the 67,000 square foot shell building in the East Ringgold Industrial Park, located in the County, was not being utilized by Green Energy. Mr. Stratton responded that the site was surrounded by a buffer and it would be almost impossible to subdivide that tract.

Mr. Luther asked exactly who the Authority was dealing with – Green Energy or Wishneff and Associates and who would be held liable in case of a default. Attorney Michael Guanzon responded the party listed in the document is United States Green Energy Corporation. Mr. Luther stated he would like the City and County staff to make it clear who RIFA was dealing with. Mr. Stratton advised that Green Energy Corporation was responsible for everything.

Mr. King recalled that during the last RIFA meeting, the Board gave no indication of wanting to do anything but formalize the agreement, lay the land correctly and show easements for a road and railroad access. He said that was essentially how the Board left the matter following the meeting on November 10. The plan now is envisioned as a building and land for deployment of solar collectors. Mr. King said he did not think the client's vision was to make intense use of every acre of this property, but it is a piece of property they can start from scratch on to fund a building that meets their specific needs, spend money for site preparation, and provide the jobs and investment that is being

proposed. Green Energy is just like any other prospect -- Economic Development and staff are attempting to accommodate the needs of the company.

Mr. Stratton stated other companies had rejected the site because of the expense of grading. He said Green Energy was willing to fund the $2,000,000 necessary for grading the site. Ken Bowman said Green Energy needed to be accommodated because land was one of the area's greatest incentives for companies such as Green Energy to locate here.

Mr. Harville had questioned the decision by Green Energy to locate at Cane Creek Centre. He felt the entire tract of land would not be fully utilized by Green Energy and wondered if it could be divided and the remainder offered for sale to another company. Mr. Sleeper responded it would be difficult to divide the tract sufficiently to meet an additional industry's needs because of the creek located on the property.

The Resolution was adopted by the following vote:

VOTE:	4-0
AYE:	Davis, Harville, Luther and Saunders (4)
NAY:	None (0).

COMMUNICATIONS

There were no communications from Authority members and staff.

The Meeting adjourned at 12:37 P.M.

_____
Chairman

_____
Secretary to the Authority

AGENDA
ITEM NUMBER 5

Danville-Pittsylvania Regional Industrial Facility Authority

427 Patton Street, Room 428
Danville, VA 24541
Telephone: 434-799-5185
Facsimile: 434-799-5041

Date: December 13, 2010

To: RIFA Board

From: Barbara Dameron

Subject: General Expenditures for Fiscal Year 2011 – Legal Budget

At November 30, 2010, legal expenses on the "General Expenditures for Fiscal Year 2011" funding sheet is over the $40,000 'Legal' budget by $1,910.24. We request to increase the 'Legal' budget since further legal expenses will be incurred throughout the fiscal year and may be significant.

RIFA has total available funding of $119,570.82 for FY2011 general expenditures and only $105,000 currently budgeted. This leaves $14,570.82 of available funding to budget. However, we believe legal expenses will exceed that amount for the remaining of the fiscal year. The 'Contingency' budget currently stands at $27,400 for FY2011. We propose to also transfer funds from the 'Contingency' budget to the 'Legal' budget since 'Contingency' expenditures came in under budget at $18,639.54 for FY2010.

Therefore, we request that the Board approve a total increase of $20,570.82 to the 'Legal' budget, using $14,570.82 from available funding and transferring $6,000 from the 'Contingency' budget.

AGENDA
ITEM NUMBER 6

Creative Design - Quality Production
Electronic Manufacturing and
Engineering Services

108 Carpenter Drive

Sterling, Virginia 20164

(703) 478-0700

Fax: (703) 478-0291

www.eitinc.com

November 12, 2010

Joe King, Danville City Manager
427 Patton Street
Danville, VA 24541

Dear Joe:

EIT LLC is pleased to advise you that we will be expanding our operations in the Danville - Pittsylvania County area. We expect to build a new 60,000 ft^2 building in the Cyber Park on the graded 5.092 acre site presently owned by Michael Duncan. EIT's project will create approximately 50 new jobs for EIT and we will invest at least $5,000,000 over a three-year period.

We request that Michael Duncan's 5.092 acres of land be transferred directly to EIT, at no cost as an incentive, and EIT will sign a new land agreement with RIFA. We understand this property has a value of $250,000.00.

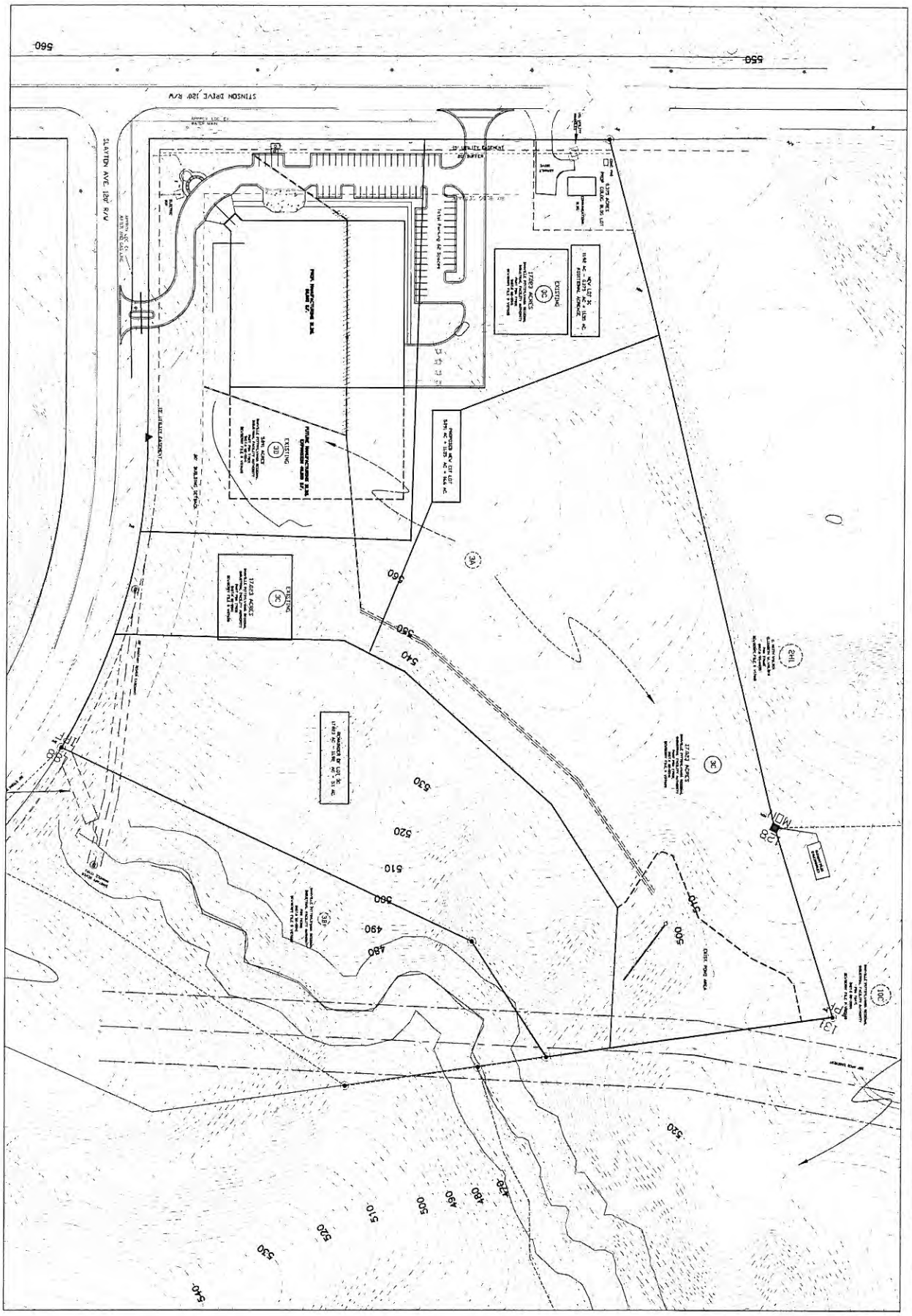
To enable EIT's future growth at this location, we are requesting an additional 11.55 acres adjacent to the current site (map attached) be provided to EIT. Accordingly, at your December RIFA meeting, please consider providing these acres to EIT at no cost. We will need these acres to develop our current plan and to ensure that we can grow in the future. EIT would also request consideration of using the balance of the 22 acre site, retained by the City, in our water quality calculations. This consideration is similar to that allowed in connection with the Mr. Duncan's project.

It is our intent to have the new facility in operation by the third quarter of 2011. With winter weather approaching, we want to begin construction in the very near future. EIT has been in Danville since 2005 and we are very happy with our progress there. We are particularly pleased with the cooperation and assistance received from the City of Danville and Pittsylvania County.

We are very excited about this expansion in the Danville-Pittsylvania County area. Please feel free to contact me if you have any questions.

Sincerely,

David Faliskie
President / Chief Operating Officer
EIT, LLC
703-478-0700
dfaliskie@eit.com



Revisions:
1.
2.
3.
4.

Drawing Number

Preliminary Site Layout

Reynolds-Clark
DEVELOPMENT, INC.
PO Box 556 ▲ Gretna, VA 24557 ▲ 434.656.8961

EIT
Danville, Virginia

EIT Expansion

Donnachaidh

Comparison Summary

Company	Donnachaidh	EIT
Jobs to be Created	25	50
Investment	$7,000,000	$5,000,000
Acreage	5.092	16.644
Value of Acreage	$250,000# ($50,300)*	$174,900*
Tobacco Commission TROF	$105,000	N/A
City Grant	$ 90,000	N/A
County Grant	$ 90,000	N/A

#Value as determined by Lee Yancey in 2008.

*Assessed value on Real Estate books per Chris Lovell of City of Danville

*****Tim Reynolds of Reynolds Clark has done site work and surveying for property and has determined that 13.9 of the 16.664 acres of the proposed site for EIT is usable.**

AGENDA
ITEM NUMBER 7

318 Vicar Road
Danville, VA 24540-1213

November 15, 2010

Danville-Pittsylvania Regional Industrial Facility Authority
C/o Jeremy Stratton
City of Danville, Office of Economic Development
Patton Street
Danville, VA 24541

Dear Jeremy:

Pursuant to our conversations and having reached an agreement in principle with EIT, LLC, Donnachaidh Associates (hereinafter: Donnachaidh) offers the following for Regional Authority's consideration. To wit:

1. EIT, LLC will enter into a performance agreement for property with the Regional Authority to provide jobs on a site that will incorporate Donnachaidh's 5.092 acre site located at the intersection of Stinson and Slayton Drives.
2. Donnachaidh will deed said site to EIT under the condition that said transfer, coupled with items 3 and 4 below, will satisfy the performance agreement, dated 17 October 2008, between the Regional Authority and Donnachaidh that there is no further obligation on the part of either party with regards to other. This transaction will also satisfy the TROF Performance Agreement, dated 13 November 2008, by and between the Tobacco Commission, Pittsylvania County, and Donnachaidh.
3. Donnachaidh will return all the cash incentives received to the providing entities at the time of title transfer to EIT.
    a. One hundred and five thousand dollars ($105,000.00) to Pittsylvania County for repayment to the Virginia Tobacco Indemnification and Community Revitalization Commission,
    b. Ninety thousand dollars ($90,000.00) to the City of Danville, and
    c. Ninety thousand dollars ($90,000.00) to Pittsylvania County.
4. Donnachaidh will forgo any claim to the $250,000.00 storm water management investment made on the parcel adjoining the 5.092 acre tract that was intentionally developed, with the approval of the Regional Authority, to serve the longer-term design of entire tract.
5. All parties recognize that the undersigned is also the General Manager of EIT's business unit in Danville but that this transaction is an arms-length transaction between the entities.

Based on my conversation this past Friday with David Faliskie, President of EIT, I would look to our closing on this transaction in mid-December 2010. I expect the final contract between Donnachaidh and EIT will be in place before the Regional Authority's next meeting.

Best regards,

Michael J. Duncan
Member-Manager, Donnachaidh Associates, LLC

AGENDA
ITEM NUMBER 9

Danville - Pittsylvania Regional Industrial Facility Authority

Financial Status

Table of Contents

A. $7.3 Million Bonds

B. General Expenditures for FY 2011

C. Mega Park

D. Cane Creek Centre – Lots 3 & 9

E. Yorktowne Reimbursement

F. Unaudited Financial Statements

Danville-Pittsylvania Regional Industrial Facility Authority

$7.3 million Bonds for Cane Creek Centre - Issued in August 2005

As of November 30, 2010

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
Funds from bond issuance	$ 7,300,000.00				
Issuance cost	(155,401.33)				
Bank fees	(98.25)				
Interest earned to date	485,115.33				
Cane Creek Parkway		$ 3,423,296.09	$ 3,342,961.25	$ 80,334.84	
Swedwood Drive [2]		69,414.00	69,414.00	-	
Cane Creek Centre entrance [3]		72,335.00	53,878.70	-	
Financial Advisory Services		7,600.00	7,600.00	-	
Dewberry contracts [1]		69,582.50	69,582.50	-	
Dewberry contracts not paid by 1.7 grant [4,5]		71,461.00	4,485.00	66,976.00	
Yorktowne Sound Buffer		-	-	-	
Land			2,560,921.67	-	
Demolition services			33,761.62	-	
Legal fees			47,929.23	-	
Other expenditures			9,689.70	-	
Total	$ 7,629,615.75	$ 3,713,688.59	$ 6,200,223.67	$ 147,310.84	**$ 1,282,081.24**

notes:

[1] *Dewberry Contracts consist of wetland, engineering, surveying and site preparation*

[2] *Funds being used to cover City and County matching contributions for a VDOT grant for Swedwood Drive*

[3] *Project completed under budget*

[*] *In September 2008 the outstanding principal balance of $6,965,000 on the Series 2005 Cane Creek Project Revenue Bonds was tendered and not remarketed. These bonds were converted to bank bonds and are now subject to the Credit and Reimbursement agreement the Authority has with Wachovia Bank. The remarketing agent will continue its attempt to remarket these bonds in order to convert them back to Variable Rate Revenue Bonds. As a result, it is likely that the City and County will have to contribute additional funds in order to make future interest payments on the letter of credit attached to these bonds.*

[4] *These contracts were originally to be paid by the $1.7M Special Projects Grant, this grant has expired and the TIC did not issue an extension. The remaining amounts of the contract will be paid using bond funds.*

[5] *The budget amount decreased $71,279.61 from the September 30, 2010 reports. This amount represented the remaining budget amount carried from the $1.7 SP grant upon its expiration for the following contracts: Wetland Delineation, Wetland Bank Plan Rev., Stream Concept Plan, & Stream Attribute Plan. Per Shawn Harden of Dewberry, these contracts are complete and finished under budget. The only contract that remains open is for Wetland Monitoring and the budget, expended, and encumbered amounts included here are only for this contract.*

Road Summary-Cane Creek Parkway:	
English Contract-Construction	$ 5,363,927.00
Change Orders	165,484.50
Expenditures over contract amount	3,579.50
(Less) County's Portion of Contract	(935,207.00)
(Less) Mobilization Allocated to County	(9,718.00)
Portion of English Contract Allocated to RIFA	4,588,066.00
Dewberry Contract-Engineering	683,850.00
Total Road Contract Allocated to RIFA	**$ 5,271,916.00**

Funding Summary - Cane Creek Parkway	
VDOT	$ 1,848,619.91
Bonds	3,423,296.09
	$ 5,271,916.00

Danville-Pittsylvania Regional Industrial Facility Authority

General Expenditures for Fiscal Year 2011

As of November 30, 2010

	Funding	Budget	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
City	$ 20,000.00				
County	20,000.00				
Carry forward from FY10	79,533.66				
Transfer in from Research Facility-Build Out budget [1]	37.16				
Contingency					
Bank Fees		$ -	$ 4,071.25	$ -	$ -
Total Contingency Budget		27,400.00	4,071.25	-	23,328.75
Legal		40,000.00	41,910.24	-	(1,910.24)
Accounting		18,000.00	9,000.00	-	9,000.00
Postage & Shipping		100.00	-	-	100.00
Meals		2,500.00	797.08	-	1,702.92
Utilities		10,000.00	1,616.75	-	8,383.25
Insurance		7,000.00	119.00	-	6,881.00
Total	$ 119,570.82	$ 105,000.00	$ 57,514.32	$ -	**$ 62,056.50**

[1] This was the remaining balance on the Research Facility - Build Out project upon completion. This is a portion of the interest earned while the funds from the Danville Regional Foundation were invested in a money market account. Per the Danville Regional Foundation, this belongs to RIFA. The RIFA Board approved to transfer this to the General Expenditures budget at its October 12, 2010 meeting.

Danville-Pittsylvania Regional Industrial Facility Authority

Mega Park

As of November 30, 2010

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
City contribution	$ 134,482.50				
County contribution	134,482.50				
City advance for Klutz, Canter, & Shoffner property [1]	10,340,983.83				
Tobacco Commission FY09 SSED Allocation	3,370,726.00				
Tobacco Commission FY10 SSED Allocation - Engineering Portion	407,725.00				
Land					
Klutz property		$ 8,394,553.50	$ 8,394,553.50	$ -	
Canter property [2]		1,200,000.00	1,200,000.00	-	
Adams property		37,308.00	37,308.00	-	
Carter property		5,843.00	5,843.00	-	
Jane Hairston property		1,384,961.08	1,384,961.08	-	
Bill Hairston property		201,148.00	201,148.00	-	
Shoffner Property		1,872,896.25	1,872,896.25	-	
Other					
Dewberry & Davis		28,965.00	28,965.00	-	
Dewberry & Davis[3]		990,850.00	916,942.79	73,907.21	
Consulting Services - McCallum Sweeney		115,000.00	80,343.52	34,656.48	
Total	$ 14,388,399.83	$ 14,231,524.83	$ 14,122,961.14	$ 108,563.69	$ 156,875.00

[1] *This figure does not include the interest the City is losing from the uninvested funds*

[2] *Settlement fees have been charged to general expenditures until a funding source is available*

[3] *This contract was originally for $814,500, but has been amended to include a traffic impact analysis, and a cemetery survey. $740,000 will be covered by the FY09 Tobacco Allocation and $250,850 will be covered by the FY10 Tobacco Allocation.*

Danville-Pittsylvania Regional Industrial Facility Authority

Cane Creek Centre - Lots 3 & 9

As of November 30, 2010

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
EDA Grant Investment	2,275,030.00				
Tobacco Commission FY10 Reserve Fund Allocation	426,568.00				
Local Match - RIFA [1]	142,190.00				
Other					
Dewberry & Davis		111,600.00	-	111,600.00	
Total	$ 2,843,788.00	$ 111,600.00	$ -	$ 111,600.00	**$ 2,732,188.00**

[1] *Pending approval from RIFA Board*

Danville-Pittsylvania Regional Industrial Facility Authority

Yorktowne Reimbursement

As of November 30, 2010

Yorktowne Reimbursement*	$ 181,339.68

*The City and County both contributed $525,000 to RIFA in July of 2005 for Yorktowne Incentives. Because Yorktowne did not meet the job requirements set forth in the Performance Agreement, they are having to repay incentive money to account for the jobs not created. According to the revised Performance Agreement, we received one payment from Yorktowne in the amount of $45,334.92 in November 2009. We received another payment of $136,004.76 in November 2010.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Net Assets [1, 2]
November 30, 2010

	Unaudited FY 2011
Assets	
Current assets	
Cash - checking	$ 324,181
Cash - money market	489,095
Total current assets	813,276
Noncurrent assets	
Restricted cash - project fund	1,224,492
Restricted cash - debt service fund	949,292
Capital assets not being depreciated	25,396,069
Capital assets being depreciated, net	28,161,909
Construction in progress	1,023,794
Unamortized bond issue costs	116,551
Total noncurrent assets	56,872,107
Total assets	57,685,383
Liabilities	
Current liabilities	
Due to City of Danville	10,457,372
Bonds payable - current portion	275,000
Total current liabilities	10,732,372
Noncurrent liabilities	
Bonds payable - less current portion	6,180,000
Total noncurrent liabilities	6,180,000
Total liabilities	16,912,372
Net Assets	
Invested in capital assets - net of related debt	39,843,184
Unrestricted	929,827
Total net assets	$ 40,773,011

[1] Please note that this balance sheet does not include the Due to/Due from between the County and the City since it nets out and only changes at fiscal year-end.

[2] Please note that this balance sheet does not include general accounts receivable or accounts payable at the month-end date. This is because information regarding accrued receivables/payables is not available at the time of statement preparation.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Revenues and Expenses and Changes in Fund Net Assets
November 30, 2010

	Unaudited FY 2011
Operating revenues	
Rental income	1,500
Total operating revenues	1,500
Operating expenses [4]	
Mega Park expenses [3]	81,927
Cane Creek Centre expenses [3, 5]	39,518
Professional fees	25,985
Insurance	6,065
Other operating expenses	2,414
Total operating expenses	155,909
Operating loss	(154,409)
Non-operating revenues (expenses)	
Interest income	1,416
Interest expense	(7,599)
Total non-operating expenses, net	(6,183)
Net loss before capital contributions	(160,592)
Capital contributions	
Contribution - City of Danville	282,727
Contribution - Pittsylvania County	282,727
Total capital contributions	565,454
Change in net assets	404,862
***Net assets at July 1,**	40,368,149
Net assets at November 30,	$ 40,773,011

*Please note that this may change depending on whether there are audit adjustments for fiscal year ending June 30, 2010 and the nature of those audit adjustments.

[3] A portion or all of these expenses may be capitalized at fiscal year-end.

[4] Please note that non-cash items, such as depreciation and amortization, are not included here until year-end entries are made.

[5] Please note that this line item includes $37,352 for fees related to the $7.3M bonds for Cane Creek.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
November 30, 2010

		Unaudited FY 2011
Operating activities		
Receipts from grant reimbursement requests	$	254,814
Receipts from incentive repayment		136,005
Receipts from leases		5,800
Payments to suppliers for goods and services		(171,931)
Net cash provided by operating activities		224,688
Capital and related financing activities		
Capital contributions		565,454
Interest paid on bonds		(9,721)
Net cash provided by capital and related financing activities		555,733
Investing activities		
Interest received		1,416
Net cash provided by investing activities		1,416
Net increase in cash and cash equivalents		781,837
Cash and cash equivalents - beginning of year (including restricted cash)		2,205,223
Cash and cash equivalents - through November 30, 2010 (including restricted cash)	$	2,987,060
Reconciliation of operating loss before capital contributions to net cash provided by operating activities:		
Operating loss	$	(154,409)
Changes in assets and liabilities:		
Change in prepaids		10,470
Change in due from other governments		254,814
Change in other receivables		140,305
Change in accounts payable		(26,492)
Net cash provided by operating activities	$	224,688

Components of cash and cash equivalents at November 30, 2010:		
American National - Checking	$	324,181
American National - General money market		489,095
Wachovia - $7.3M Bonds CCC Debt service fund		949,292
Wachovia - $7.3M Bonds CCC Project fund		1,224,492
	$	2,987,060