

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

February 8, 2021

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:05 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Room 207, Danville, Virginia. Present were City of Danville Members Chairman Sherman M. Saunders, J. Lee Vogler, Jr., and Alternate Dr. Gary P. Miller. Pittsylvania County Members present were Vice Chairman Ronald S. Searce, Robert W. Warren, and Alternate Vic Ingram.

City/County staff members attending were: City Manager Ken Larking, Pittsylvania County Administrator David Smitherman, City of Danville Director of Economic Development Corrie Bobe, Pittsylvania County Director of Economic Development Matt Rowe, Christian & Barton Attorney Michael C. Guanzon, and Secretary to the Authority Susan DeMasi. Also present was Shawn Harden from Dewberry. *City of Danville Director of Finance/Authority Treasurer Michael Adkins, and City of Danville Accountant Henrietta Weaver, attended the meeting electronically.*

Chairman Sherman M. Saunders presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE JANUARY 11, 2021 MEETING

Upon **Motion** by Mr. Vogler and **second** by Mr. Searce, Minutes of the January 11, 2021 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION OF RESOLUTION NO. 2020-02-08-5A, APPROVING A ONE-YEAR RENEWAL OF THE LEASE WITH MOUNTAIN VIEW FARMS OF VIRGINIA, L.C.

Pittsylvania County Director of Economic Development Matt Rowe explained this was an existing lease on the property for many years with Mountain View Farms of Virginia. It was on Lot 10, the cultural site that was not being utilized for development, and the total rental fee was \$1,200. Authority Attorney Michael Guanzon noted because the acreage of the Megasite was so large, having someone on the property provides some surveillance; if something was going on in that area, they would let the Board know. RIFA does have the ability for them to leave with 60 days' notice and RIFA would pro-rate the rent; if the Authority has to show that part of the property, the lease contains a confidentiality agreement. Mr. Harden noted this property was below the rail, between the rail and the river, all flood plain and will never be developed.

Mr. Warren **moved** for adoption of *Resolution No. 2020-02-08-5A, approving a one-year renewal of the Lease with Mountain View Farms of Virginia, L.C., a Virginia Limited Liability Company, as tenant, for that certain real property (being a Portion of GPIN 1356-80-4414) of the Authority, containing approximately 30 acres and fronting on Stateline Bridge Road, in the Authority's Southern Virginia Megasite at Berry Hill Project, in Pittsylvania County, Virginia, for the purpose of planting and harvesting sod, soybeans, and/or other cover crops, but not*

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tobacco, at a total rental fee of \$1,200; such renewal also includes a 60-day early termination right and right to show the property to business recruits of the Authority.

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

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

5B. CONSIDERATION OF RESOLUTION NO. 2021-02-08-5B APPROVING THE NEGOTIATION, EXECUTION AND DELIVERY OF A GROUND LEASE WITH THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA

City of Danville Director of Economic Development Corrie Bobe explained the Industrial Development Authority of Danville was able to secure through the City's Southside Allocation, a \$1M grant that will go toward the construction of a 30,000 square foot shell building. The grant was targeted for constructing the shell building within the Cyber Park. This request was to approve the IDA entering into a ground lease with RIFA for a portion of Lot 12C, which was to the right of the site of the Center for Manufacturing Advancement. The IDA will be considering the construction contract for this building tomorrow at their meeting, and staff wanted to make sure they had approval to move forward with any final negotiations of this ground lease. Given the time sensitivity of the grant, staff wanted to make sure that they were moving forward at a rapid pace. Mr. Guanzon noted this would be very similar to the CMA ground lease. Right now that part of the property in the Cyber Park was still subject to the United States EDA Grant; RIFA cannot give away property, they can only lease it at fair market value.

Mr. Vogler **moved** for adoption of *Resolution No. 2021-02-08-5B approving the negotiation, execution and delivery of a Ground Lease with the Industrial Development Authority of Danville, Virginia, a political subdivision of the Commonwealth of Virginia, for a portion of that certain real property containing approximately 20.20 acres (part of Pin 76441), commonly known as Lot 12C, in the Authority's Cyber Park Project, located in the City of Danville, Virginia, under which the lessee, at its expense, would cause to be installed an approximately 30,000 square feet building and related parking lot and driveway.*

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

Mr. Warren stated the purchase price was only \$1,000 for the ground, what did RIFA do when they did the one with the IDA and the County in Cane Creek. Mr. Rowe explained that was RealtyLink and they sold the property for \$30,000 per acre; with them building the building it would decrease to \$100,000 which RIFA then utilized to pay the brokerage firm, Marks & Millichek for bringing them the client. Mr. Warren stated he didn't have a problem with RIFA building a shell building, but in fairness to RIFA, if the IDA was to sell the building in the future and have a tenant that's paying fair market value, the number that's in here would not truly be fair market value for the property involved. Does RIFA have any options to make it fair to them so they could have some funds coming back to continue to do different things.

Ms. Bobe explained this was based off what RIFA has done in the past; even with the Institute, all of their agreements follow the same protocol and same purchase agreement. They were

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performance based so the performance measures would be that the City IDA would finance and construct the facility, within a certain period of time, much like RIFA has approved to offer the CMA along those performance metrics that would be the end result.

Mr. Warren noted he thought it was a little different when they were doing the Institute, the other government funding versus an IDA situation, it doesn't matter whether it's the County's or the City's, it's a different area. Was there any possibility or any consideration to anyone else on the board that they start now having the two IDAs work together? What would prohibit them from building this shell building together, both IDAs. They were still partners and if they ever were to sell the property and the building, they were in it together.

Mr. Saunders questioned was that a decision they can make today, and because of what Mr. Warren just said, do they need to table this for more time for discussion, whether to have one or two IDAs. Ms. Bobe noted the grant has an expiration of next January, it was an extended period, and it was an old grant that had not been implemented before.

Mr. Warren **made a Substitute Motion to TABLE** this until Mr. Larking and Mr. Smitherman can have some discussion about the possibilities of the IDAs working together on this project. Mr. Searce **seconded** the Motion.

Ms. Bobe noted if that was the desire of the Board, they can discuss this moving forward, however construction materials have substantial delays at this point in time, so the further they push back any approval, at least from the IDA board's perspective tomorrow, the chance they wouldn't meet the construction timeline will be greater. In response to Mr. Saunders, Ms. Bobe explained the net gain for the Danville IDA would be that the County IDA would share in the expenses, so less would come out the City coffers. She was concerned more about the timelines and the commitments they have associated with those timelines, and they would have to go back to the Tobacco Commission to make them aware of the additional partner.

Mr. Warren stated he thought it was wonderful that they build a shell building, he just doesn't think 30 days makes that big a difference. He was not going to support personally moving forward today, they were in this together, they decided they were going to be in it together and would like them to try every avenue to be in everything together if possible; this gives them an opportunity to branch out, it controls the debt a little better for the City and they hope it happens that if they have a big wind fall project from this, both IDAs could benefit. Mr. Warren noted he just doesn't see a lot of downside from a financial perspective in them doing this jointly.

Mr. Larking noted it was his understanding the reason the staff moved in the direction they did was that the County was working on a building in the County and staff was working on a building in the City in their respective industrial parks; each had a different approach to doing it. Their goal was to be fair partners when it comes to putting up the risk and doing what was necessary to be a good partner with the County. They were open to working together and would imagine when it comes to attracting a client into the building, what they were hoping to get out of it was to cover the cost of the construction and a little bit of an administrative fee, not a windfall; that was not their expectation. If some sort of windfall happens, that would be interesting, but based on past experience it does not seem like that happens in economic development deals because they were trying to incentivize the project. They were likely only going to get a repayment on the cost, they were going to be taking on the risk of having nobody

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in there and paying debt service payments. If the County wants to help the City pay debt service payments while they wait for a client, that was fine.

Mr. Vogler noted it sounded like this could be a good thing if they were able to get it figured out relatively soon; was it possible for them to just move forward today with both bodies or does it have to come back a month from now. Mr. Saunders stated, as he understood it, the net difference was sharing in the risk as Mr. Larking just talked about. If that was the case, to Mr. Vogler's question, if no one had a problem with that and they vote to move in that direction, what do they want to do, do they want to carry the motion that was on the table, the motion to table.

Mr. Warren stated he thought they would have to table it because both IDA boards would have to be informed of it, and they were going to have to be on board with this; Mr. Smitherman noted both IDAs meet tomorrow. Mr. Guanzon explained they have the option to just go ahead and approve it with joint participation subject to their agreement.

Mr. Warren **withdrew** his **TABLE** motion, and Mr. Searce noted his **second**.

Mr. Guanzon noted they can make an amended motion because Mr. Warren has withdrawn his motion; the initial motion was still on the table to approve this. They would say the difference was that the county IDA would be in addition to the City IDA and everything else was the same, pending their approval.

Mr. Vogler **moved** for an **Amended Motion** for Resolution 2021-02-08-5B to include the Pittsylvania County Industrial Development Authority to be a partner, pending their approval at their meetings tomorrow. The Motion was **seconded** by Mr. Warren.

Ms. Bobe thanked the Board for agreeing to take care of this in an expedited time frame and being creative about it; staff was concerned about meeting the deadline based on the availability of and pricing of steel. They anticipate that steel costs would go up again, not too long from now.

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

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

5C. FINANCIAL STATUS REPORTS AS OF JANUARY 31, 2021

Authority Treasurer Michael Adkins gave the Financial Status report as of January 31, 2021 beginning with the Cane Creek Bonds which showed no expenditures for January. General Expenditures for Fiscal Year 2021 show RIFA received \$35,905 from Dominion Energy for legal fees; that will apply as a credit to this. Expenditures included \$1,220 to Sellers Brothers for bush hogging at Cane Creek, \$225 for meals and \$31 for the monthly utility bill. Berry Hill Funding Other than Bonds showed no activity for the month of January. Lot 1 and 2 Development at Berry Hill showed no activity for January. For Water and Sewer infrastructure at Berry Hill, RIFA expended \$243,378 to Haymes Brothers for continued work on Phase 1. Under Rent, Interest and Other Income, RIFA received \$1,200 from Mountain View Farms in

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anticipation of their lease, \$39 earned in interest, \$10,000 from RealtyLink for the extension of their option, and \$1,057 from Pittsylvania County for their share of the monthly rent for Gefertec. Under Expenditures, \$22,817 to the Institute for the Hawkins' Building Maintenance, \$2,115 to the Institute for the monthly Gefertec rent and \$365,000 to Harlow Fastech for incentives. Dr. Miller questioned the refund for Dominion and Mr. Rowe explained Dominion repaid all of RIFA's legal fees associated with the original agreement; they still have an active option on the property.

Mr. Scarce **moved** to accept the Financial Report as presented; the Motion was **seconded** by Mr. Vogler and carried by the following vote:

VOTE: 4-0
AYE: Scarce, Warren, Saunders, 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 12:28 p.m. Mr. Scarce **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); 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.

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

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

Return to Open Session

On **Motion** by Mr. Scarce and **second** by Mr. Vogler and by unanimous vote at 1:25 p.m., the Authority returned to open meeting. (Reinstatement/Unmuting of Conference Line [see Agenda Item 5C above].)

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 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: Saunders, Vogler, Scarce, Warren (4)
NAY: None (0)

Mr. Warren **moved to Amend** the Agenda to add the Appalachian Power Company's relocation of the Ridgeway Corning Glass 69kV transmission line. The Motion was **seconded** by Mr. Vogler and carried by the following vote:

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

6F. RESOLUTION 2021-02-08-6F (ADDED TO AGENDA AT MEETING)

Mr. Warren **moved** for adoption of a *Resolution approving that certain Letter Agreement dated February 4, 2021, with Appalachian Power Company, a Virginia Public Service Corporation, to facilitate the Relocation of a 69 Kv Transmission Line located in the Authority's Southern Virginia Megasite at Berry Hill, located in Pittsylvania County, Virginia, under which the Authority will reimburse Preliminary Engineering, Environmental Studies, Right-of-Way Acquisition, and Line Design Costs not to Exceed \$150,000.00, in the event that the Authority*

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elects to cancel the Relocation Project or delays completion of the Relocation beyond the Authority's requested December 31, 2022 Relocation Project Completion Date, subject to certification by the Authority's Treasurer that funds are available for such Purpose.

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

Mr. Guanzon noted there was a Letter of Agreement from Appalachian Power Company dated February 4, 2021 to follow up on the relocation of that line. Originally, the RIFA Board had authorized the estimated cost of moving such line at \$4.5M pending the financing. The Appalachian Power Company was willing to begin work on the relocation so long as the Authority authorized a limit of \$150,000, and the requested motion would also say that RIFA allocated the \$150,000 amount to the budget so long as it was available, even though the actual out of pocket cost would not be pulled out unless the relocation or the further development of the Megasite would cease.

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

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

7. COMMUNICATIONS

Board Members thanked staff for all the work they do.

Meeting adjourned at 1:31 p.m.

APPROVED:

s/ Sherman M. Saunders
Chairman

s/ Susan M. DeMasi
Secretary to the Authority