

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
January 9, 2012

The Regular Meeting of the Danville Pittsylvania Regional Industrial Facility Authority convened at 12:15 p.m. on the above date in the Danville Regional Airport, Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Vice-Chairman Sherman M. Saunders, T. David Luther and alternate Fred O. Shanks. Pittsylvania County Members present were Chairman Coy E. Harville, James Snead and Alternate Jessie L. Barksdale.

City/County staff members attending were: City Manager Joe King, Pittsylvania County Administrator Dan Sleeper, Danville Finance Director/Authority Treasurer Barbara Dameron, Pittsylvania County Finance Director Kim Van der Hyde, Pittsylvania County Director of Economic Development Ken Bowman, City of Danville Director of Economic Development Jeremy Stratton, City of Danville Marketing and Research Manager Corrie Teague, City of Danville Senior Accountant Patricia Conner, Clement and Wheatley Attorney Michael Guanzon, and Secretary to the Authority Susan DeMasi.

Also present were Dewberry and Davis Project Manager Shawn Harden; and Susan Chapman and Norman Yoder with Brown, Edwards & Co.

Chairman Harville called the Meeting to order. Mr. Harville recognized Mr. James Snead from the Pittsylvania County Board of Supervisors who is back on the RIFA Board and welcomed Mr. Jessie Barksdale, also of the Pittsylvania County Board of Supervisors, the new alternate member for Pittsylvania County for the RIFA Board.

PUBLIC COMMENT PERIOD

Mr. Lynwood Lunsford appeared before the RIFA Board to speak regarding his request to be allowed to hunt on RIFA owned property at the Mega Park.

APPROVAL OF DECEMBER 12, 2011 MINUTES

Upon **Motion** by Mr. Snead and **second** by Mr. Luther, Minutes of the December 12, 2011 Meeting were approved, as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

OLD BUSINESS

CONSIDERATION – RESOLUTION NO. 2012-01-09-5A – REVISING ARTICLE VI (“OFFICERS”) OF THE AMENDED AND RESTATED BY LAWS OF THE AUTHORITY

Mr. Saunders **moved** adoption of Resolution No. 2012-01-09-5A – (2011-12-12-5A Initial Discussion), revising Article VI (“Officers”) of the Amended and Restated Bylaws of the Authority adopted August 13, 2007, and last revised April 11, 2011 (the “Bylaws”), to provide that the Treasurer, in the absence of the Secretary, shall perform all duties of the Secretary, except for those certain other duties which the Chairman, under the Bylaws, delegates to a director, alternate director, officer or staff member in the Secretary’s absence.

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

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

NEW BUSINESS

6A. CONSIDERATION – REQUEST FROM LYNWOOD LUNSFORD TO HUNT A PORTION OF THAT CERTAIN PROPERTY LOCATED ON THE WEST SIDE OF OAK HILL ROAD IN THE AUTHORITY’S MEGA PARK SITE, LOCATED IN PITTSYLVANIA COUNTY, VIRGINIA

Mr. Harville noted that part of the request pertained to coyote hunting and referred this to County Administrator Dan Sleeper. Mr. Sleeper explained that the County participates in a program with the Federal government, with farmers and home owners that have problems with coyotes, and have been participating in that program for about 10 years.

Mr. Shanks questioned if there were any individuals that had permission to hunt on any of the property. Mr. Harville noted only the hunting clubs the Board leases to. There are no citizens that go in the park, either to hunt or hike. Michael Guanzon noted that the hunting leases have indemnification requirements and also insurance requirements – they have to provide certificates of insurance protecting and indemnifying the Authority for their activities on that leased property. Mr. Snead noted he had reluctance in letting one citizen hunt on the property and having to open up the property to other citizens.

Mr. Snead **moved to Deny** the request from Lynwood Lunsford to hunt a portion of that certain property located on the west side of Oak Hill Road in the Authority’s Mega Park site, located in Pittsylvania County, Virginia.

The **Motion to Deny** was seconded by Mr. Luther and carried by the following vote:

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

6B. CONSIDERATION - RESOLUTION NO. 2012-01-09-6B APPROVING AN 11.5 MONTH LEASE TO MOUNTAIN VIEW FARMS

Mr. Harville noted that this is a transition from Patten Seeds, Mountain View Farms of Virginia, would like to take over this lease. Mr. Osborne from Patten Seeds and Roger Jefferson from Mountain View Farms were available to answer questions.

Mr. Snead **moved** adoption of Resolution No. 2012-01-09-6B approving an 11.5 month lease to Mountain View Farms of Virginia, L.C., a Virginia limited liability company, for that certain real property (GPIN 1356-75-8216) of the Authority, containing approximately 30

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acres and fronting on Stateline Bridge Road, in the Authority's Mega Park site, in Pittsylvania County, Virginia, for the purpose of planting and harvesting sod, soybeans, and/or other cover crops, but not tobacco, at a total rental fee of \$3,000.00.

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

Mr. Snead questioned the location of the property in the Mega Park. Mr. Luther asked whether Patten Seeds had shut down the whole company or just this one location. Mr. Osborne noted they only closed this one location.

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

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

6C. CONSIDERATION - RESOLUTION NO. 2012-01-09-6C APPROVING AN AMENDMENT FOR ONE YEAR RENEWAL OF LEASE TO BROWNING & ASSOCIATES

Mr. Snead **moved** adoption of Resolution 2012-01-09-6C, approving an amendment for the one-year renewal of the lease to Browning & Associates, Ltd., a Virginia corporation, of the residence located at the Authority's Mega Park site, in Pittsylvania County, Virginia, commonly known as 4380 Berry Hill Road, Danville, Virginia (part of GPIN 1367-70-4519), at a total rental fee of \$6,000.00.

The motion was **seconded** by Mr. Saunders. After a brief discussion by the Board, the motion was **carried** by the following vote:

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

6D. FINANCIAL AUDIT - BARBARA DAMERON, CPA, AUTHORITY TREASURER

Mr. Harville stated that he would like to take this time to thank the City for all the work they have done with respect to the audit, and to Barbara and Kim Van Der Hyde. The Board appreciates all the work that has been done.

Ms. Dameron introduced Susan Chapman and Norman Yoder with Brown, Edwards & Co., to give their report. Mr. Yoder also noted his appreciation of the work Barbara, Patricia and Kim did for this audit.

Mr. Yoder gave a summary of the audit and noted a few points:

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The most important thing is to have a clean opinion, which means the auditors think the numbers are materially correct.

In the Statement of Net Assets, Mr. Yoder noted that RIFA is an entity that is growing because of land acquisitions.

There were bond issuance costs that were incurred as of June 30 that related to the bonds that were just issued and those have been accrued onto this balance sheet even though the bonds had not been issued yet.

There is a shift from what is due from and due to the County and the City. Those due to/due from accounts are used to true up the activity that is done between those two entities each year.

There was a restatement of the 2010 net assets. This had to do with how the land is currently being held on the books and the way some of the costs were allocated to previous incentive grants.

In the management letter, the auditors have suggested that Barbara and her team take a look at the land values as they are presented in these financial statements. Right now the land is presented at its costs. For an organization like RIFA the property is not being held for use in the same way a business would acquire property and use it, it can almost be looked at like inventory. If there is a material decline in the value of the land, reduce that value on your financial statements. The auditors believe it is worthwhile for the team to spend some time thinking about whether or not there should be any write down on this property.

Mr. Harville stated that he read the audit and was concerned about the value of the property and asked if the auditors would recommend that the land be appraised again or periodically. Ms. Dameron noted she had a call out to Anne Graham who was used with the Cyber Park, to discuss appraisal.

Mr. Luther noted that there is an assumption that all land values are going down but in his opinion, when you are able to get together as many pieces of property to come up with this Mega Site, you are controlling a lot more land than one single parcel that somebody might sell nearby with a house on it. Mr. Luther stated that the land took on a greater value when all those property lines were erased and that needs to be taken into account, not just some recent sales of real property, where people have homes and live, you have to look at it as an industrial park. Also, the Authority may be giving the land away eventually, but it doesn't want to give away land that has been written down in value far below what was paid for it. The Authority wants people to understand that RIFA is giving them whatever the value of that land is to the Authority, what was paid for it, as part of their package; that is an incentive and the lower that value, it is less incentive.

Mr. Yoder replied that anytime you put together property that is significant in acreage, comparables can be very difficult and they have run into that before with other industrial parks.

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Mr. Saunders and Mr. Harville noted their agreement with Mr. Luther.

Authority Attorney Michael Guanzon stated that there is a wide range of how appraisals can be done, different methodology, the current use to maximum use of a property vs. current use, potential use, comparable sales. More accurate appraisals of the property will help economic development to market the property.

6E. FINANCIAL REPORT AS OF DECEMBER 31, 2011 – BARBARA A. DAMERON, CPA, AUTHORITY TREASURER

Barbara Dameron, Authority Treasurer gave the financial report as of December 31, 2011.

Ms. Dameron noted that this month there were disbursements of \$9,360, the majority of that in general expenses and the Authority received \$18,315 in rental income. A sheet has been created for the Mega Park Bond Funds and the City has been reimbursed.

Mr. Harville thanked Joe King and all the City Council members, Barbara Dameron and everyone that was able, during the lawsuit, to keep this Park moving forward.

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

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

6F. REPORT ON PROGRESS OF MASTER PLAN FOR THE AUTHORITY'S MEGA PARK SITE – SHAWN HARDEN, PROJECT MANAGER, DEWBERRY & DAVIS

Mr. Harden reported that the draft Master Plan is now complete and they will present it to staff on the 18th of this month for review, and will present it to the Board at an upcoming meeting.

7A. AND B. CLOSED SESSION

At 1:30 p.m. Mr. Harville requested a Motion to go into Closed Meeting as permitted by Section 2.2-3711(A)(3) of the Code of Virginia, 1950, as amended, for discussion or consideration of the acquisition of certain real property in Pittsylvania County, Virginia, including various parcels of land adjacent to the Authority's Cane Creek site, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and

As permitted by Section 2.2.-3711(A)(7) of the Code of Virginia, 1950, as amended, for consultation with legal counsel employed or retained by the Authority regarding specific legal matters requiring the provision of legal advice by such counsel, and in particular the

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request of BDJN, LLC, a Virginia limited liability company, for the Authority to execute a Subordination Agreement, affecting certain real property (Tax PINs 78471 and part of 77831), owned by BDJN, LLC, located in the City of Danville, Virginia, at the Authority's Cyber Park; under the Subordination Agreement, the Authority and City of Danville, Virginia, would subordinate its respective interests under that certain Credit Line Deed of Trust dated February 7, 2011, and recorded in the Clerk's Office of the Circuit Court of Danville, Virginia, as Instrument No. 11-356, to Bank of America, N.A., a national banking association; and such Credit Line Deed of Trust secures the performance of Electronic Instrumentation and Technology, LLC, a Virginia limited liability company, under that certain Performance Agreement by and among the Authority, the City of Danville, Virginia, Electronic Instrumentation and Technology, LLC, and the County of Pittsylvania, Virginia.

Mr. Snead **made** a Motion to go into Closed Meeting. The Motion was **seconded** by Mr. Luther.

Upon unanimous vote at 1:30 p.m., the Authority returned to open meeting and Mr. Saunders **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 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. Snead and carried by the following vote:

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

CONSIDERATION – APPROVAL RESOLUTION NO. 2012-01-09-7B

Mr. Luther **moved** that the Authority approve the Subordination Agreement between the Authority, BDJN, LLC, and Bank of American, N.A., in the form set forth in the agenda material, together with such amendments, deletions or additions thereto as may be approved by the Chairman and the Vice Chairman of the Authority, and authorize the Chairman and the Vice Chairman, either of whom may act independently of the other, to execute and

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deliver the Subordination Agreement on behalf of the Authority, such execution of the Subordination Agreement by the Chairman (or the Vice Chairman as the case may be) to conclusively establish his approval of any amendments, deletions or additions thereto.

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

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

COMMUNICATIONS

Mr. Barksdale stated that it is his pleasure to be a part of the RIFA board as an alternate and knows it will facilitate a lot of learning, it is learning curve for him as one of the new Supervisors and looks forward to working with everyone.

Mr. Luther noted his congratulations, welcome aboard and Happy New Year to everyone else.

Mr. Saunders expressed his welcome to Mr. Barksdale and a welcome back to Mr. Snead and thanked Barbara and Kim with regard to the financial work.

Mr. Snead stated he was looking forward to working with RIFA again after being absent for a little while.

Mr. Harville noted his appreciation and was glad to see Mr. Snead back and Mr. Barksdale and looking forward in 2012 to getting some jobs to the area and moving forward.

MEETING ADJOURNED AT 1:34 P.M.


Chairman


Secretary to the Authority