

Danville-Pittsylvania Regional Industrial Facility Authority

**City of Danville, Virginia
County of Pittsylvania, Virginia**

AGENDA

Monday, November 12, 2012

12:00 Noon

**Danville Regional Airport
Eastern Conference Room
424 Airport Drive, Danville, Virginia**

County of Pittsylvania Members

**Coy E. Harville, Vice Chair
James H. Snead
Jessie L. Barksdale, Alternate**

City of Danville Members

**Sherman M. Saunders, Chair
Fred O. Shanks, III
J. Lee Vogler, Jr., Alternate**

Staff

**Joseph C. King, City Manager, Danville
William D. Sleeper, Pittsylvania County Administrator
Clement & Wheatley, Legal Counsel to Authority
Susan M. DeMasi, Authority Secretary
Barbara A. Dameron, Authority Treasurer**

Danville-Pittsylvania Regional Industrial Facility Authority

1. MEETING CALLED TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT PERIOD

Members of the public who desire to comment on a specific agenda item will be heard during this period. The Chairman/Vice Chairman of the Authority may restrict the number of speakers. Each speaker shall be limited to a total of three minutes for comments. (Please note that the public comment period is not a question-and-answer session between the public and the Authority.)

4. APPROVAL OF MINUTES OF THE OCTOBER 9, 2012 MEETING

5. NEW BUSINESS

- A. Consideration of Resolution No. 2012-11-12-5A, approving a new exhaust system to service the SEnTeC building located in the Authority's Cyber Park project in Danville, Virginia – Kenneth C. Gillie, Jr., City of Danville Director of Planning Division and Zoning Administrator *[No written resolution will be provided in advance of the meeting. This resolution will be presented orally.]*
- B. Consideration of Resolution No. 2012-11-12-5B, approving the execution and delivery of that certain Performance Grant Agreement by and among the Authority, the City of Danville, and CBN Secure Technologies, Inc. ("CBN"), a Florida corporation, with the consent of the County of Pittsylvania, pertaining to the expansion of CBN's facility located at 350 Stinson Drive (Tax PIN 78461), in the Authority's Cyber Park project in Danville, Virginia, including without limitation a \$150,000 grading grant from the Authority in exchange for CBN's creation of 25 new jobs and for new total taxable capital investments and the purchase of new equipment of at least \$8,200,000 in value – Jeremy A. Stratton, Director of the Office of Economic Development, City of Danville
- C. Notice from Danville Board of Zoning Appeals regarding Variance Application Number PLVAR20120000302, filed by Blair Construction, Inc. requesting a variance at 350 Stinson Drive, Danville, Virginia, owned by CBN, located at the Authority's Cyber Park project, which would allow three curb cuts on a single right of way, where two are the maximum amount allowed -- Kenneth C. Gillie, Jr., City of Danville Director of Planning Division and Zoning Administrator
- D. Financial Report as of October 31, 2012 – Barbara A. Dameron, CPA, Authority Treasurer, and Patricia K. Conner, CPA, City of Danville Senior Accountant

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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.

- A. As permitted by Section 2.2-3711(A)(7) of the Code of Virginia, 1950, as amended, for consultation with the Authority's legal counsel, Clement & Wheatley, and briefings by the Authority staff or consultants on *Danville-Pittsylvania Regional Industrial Facility Authority v. AVRC, Inc.*, Case No. CL12000634-00, in the Circuit Court for the City of Danville, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority.
- B. Confirmation of Motion and Vote to Reconvene in Open Meeting
- C. Motion to Certify Closed Meeting

7. COMMUNICATIONS FROM:

Jessie L. Barksdale
Coy E. Harville
Sherman M. Saunders
Fred O. Shanks, III
James H. Snead
J. Lee Vogler, Jr.
Staff

8. ADJOURN

**AGENDA
ITEM NUMBER 4**

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

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The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:10 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Chairman Sherman M. Saunders, Fred O. Shanks, III and alternate J. Lee Vogler. Pittsylvania County Members present were Vice Chairman Coy E. Harville, and Alternate Jessie L. Barksdale. James Snead was absent.

City/County staff members attending were: County Administrator Dan Sleeper, Danville Finance Director/Authority Treasurer Barbara Dameron, City of Danville Director of Economic Development Jeremy Stratton, Pittsylvania County Director of Economic Development Ken Bowman, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Project 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.

Chairman Saunders called the Meeting to order.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES and ADDITION TO AGENDA

Authority Attorney Michael Guanzon noted that there is an additional closed session item: Item 6A.1, as permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended, for discussion concerning the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in expanding its facilities in the Authority's Cyber Park project.

Mr. Harville **moved** to approve the minutes of the September 10, 2012 meeting and approve the Agenda with the added item 6A.1. Draft copies of the minutes had been distributed to Authority Members prior to the Meeting.

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

NEW BUSINESS

5A. CONSIDERATION – RESOLUTION NO. 2012-10-09-5A – AUTHORIZING APPLICATION TO TOBACCO COMMISSION FOR GRANT - \$5,500,000

Assistant County Administrator for Planning & Development Gregory Sides noted that this represents the next cycle of the Mega Site. An application has been done to grade Lot 4

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and the permitting associated with that. The permitting includes sewer impacts associated with this project.

Dewberry and Davis Project Manager Shawn Harden noted that Eden, North Carolina is finishing up the force main that runs down State Route 770 from the City limits to the State line, with the connection into their existing pump station in Eden and then pumps to the sanitary sewer. This application will be for the gravity interceptor on Trotter's Creek to the pump station and a 16" force main. This will provide sewer infrastructure for Lots 3,4,5,6, and 12. Mr. Sides indicated with this project and with the permit to do the grading on Lot 4 RIFA would have a graded site with water and sewer available.

Mr. Shanks **moved** adoption of *Resolution 2012-10-09-5A, authorizing the submission of an application by the Authority to the Tobacco Indemnification and Community Revitalization Commission for a grant of up to \$5,500,000 for constructing (i) a sewer extension from the North Carolina/Virginia line to the Authority's Berry Hill Mega Park Project, in Pittsylvania County, Virginia, to service Lots 4 and 5; (ii) a Trotter's Creek pump station; and (iii) a Trotter's Creek gravity sewer; and authorizing the Danville City Manager and the Pittsylvania County Administrator, subject to approval by the Chairman or Vice Chairman of the Authority, to execute and to deliver, on behalf of the Authority, all necessary documents pertaining thereto.*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

5B. UPDATE ON CONSTRUCTION IMPROVEMENTS – NEW LOT 1 – CANE CREEK CENTRE (GPIN 2347-39-1745)

Robert R. Bennett, CEO of United States Green Energy gave an update to the RIFA Board and noted they have a temporary occupancy permit, with two months to complete the roads. The building is complete, the gravel service road that services the entry bays is complete, and the entrance road has the gravel down ready for paving, and is 50% complete. The parking lot is graded but after all the rain, it will have to be graded again, but will be ready to be paved. The only thing left to be done is to finish the paving, curbs and gutters and sidewalks, which cannot be done until the rain stops. Equipment is installed, running and they are 100% out of the Trade Street location and have hired 10 additional people. On the business side, they have just completed an order for Fort Belvoir, and an order for a company in Richmond and have orders out of West Virginia and Nantucket. Mr. Bennett noted the industry has been very tough but they are fortunate to have introduced a new range of products and recently taken some new orders on those. Mr. Bennett also discussed upcoming private investment in the company at the end of the year, if that money comes in they are planning substantial upgrades in investment and employment. They have 15-16 employees and if they get the cash investment, they will be able to hire between 200 and 300 new employees in 2013.

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5C1. CONSIDERATION – RESOLUTION 2012-10-09-5C – RATIFYING DEED OF AMENDMENT DATED SEPTEMBER 28, 2012

Michael Guanzon noted that at the last meeting, the Board wanted to make sure that the extension for the construction coincided with the next RIFA meeting but did not realize that that meeting day was going to be moved one day. Based on the Resolution that was approved last time, it gave the Chairman or the Vice Chairman the ability to make technical corrections. This one is just to ratify the one-day extension given before this meeting.

Mr. Harville **moved** adoption of *Resolution 2012-10-09-5C, ratifying that certain Deed of Amendment dated September 28, 2012, amending the construction completion date to October 9, 2012, to reflect the fact that the Authority's regular meeting was moved to October 9, 2012, on account of the October 8, 2012 Columbus Day holiday.*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

5C2. CONSIDERATION OF RESOLUTION NO. 2012-10-09-5C(2) – EXECUTE AND DELIVER A DEED TO AMENDMENT – EXTEND COMPLETION DEADLINE

Michael Guanzon noted that this request is that although they have a Temporary Certificate of Occupancy the deed requires a Permanent Certificate of Occupancy. This will extend the deadline to the next RIFA meeting.

Mr. Shanks **moved** adoption of *Resolution No. 2012-10-09-5C(2), to execute and to deliver a Deed of Amendment to extend the Completion Deadline in that certain Deed of Amendment dated September 27, 2012, and recorded in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia, as Instrument No. 12-05391, at page 01, from October 8, 2012 to November 12, 2012.*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

5D. CONSIDERATION – RESOLUTION NO. 2012-10-09-5D – ADOPT AND APPROVE – STANDARD FORM OF AGREEMENT BETWEEN OWNER AND ENGINEER FOR PROFESSIONAL SERVICES

County Administrator Dan Sleeper noted that this is the engineering contract for the connector road and are asking for the approval of RIFA to get the contract signed.

Mr. Harville **moved** adoption of *Resolution No. 2012-10-09-5D, to adopt and to approve that certain Standard Form of Agreement Between Owner and Engineer for Professional Services and Addendum between the Danville-Pittsylvania Regional Industrial Facility*

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Authority, a political subdivision of the Commonwealth of Virginia, and Dewberry & Davis, Inc., a North Carolina corporation, dated June 21, 2012, (i) for the modification and enhancement of the Connector Road connecting the U.S. Highway 58 and U.S. Highway 311 (Berry Hill Road/VA 863) to serve the Berry Hill Mega Park site; and (ii) for engineering services for the design of the Connector Road, at an estimated aggregate cost of \$1,178,119.

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

5E. CONSIDERATION – RESOLUTION 2012-10-09-5E – NEW RIVER VALLEY ECONOMIC DEVELOPMENT ALLIANCE

Pittsylvania County Director of Economic Development Ken Bowman explained the New River Valley has an umbrella foreign trade zone that reaches out about 90 miles and has invited the County, and the Mega Park to be included. It will cost \$1,600 to enroll and have that designated as a foreign trade zone. The Pittsylvania County Board of Supervisors has already adopted a Resolution at their last meeting to incorporate the industrial parks within Pittsylvania County under this umbrella also.

Board Members discussrd the City and the County having a joint resolution as this involves RIFA.

Mr. Harville **moved** adoption of *Resolution No. 2012-10-09-5E, endorsing and supporting (i) the application of Pittsylvania County, Virginia, to the New River Valley Economic Development Alliance (the "Alliance") for inclusion of the Authority's Mega Park site into the Service Area of Foreign-Trade Zone #238, and (ii) the Alternative Site Framework application of the Alliance to the U.S. Foreign-Trade Zones Board.*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

5F. FINANCIAL REPORT AS OF SEPTEMBER 30, 2012

Authority Treasurer Barbara Dameron noted under the Cane Creek Bond Funds, the demolition of the house is finished and \$22,500 was paid to Tony Wilson for that. There is a payment of \$1,800 to ECS Mid-Atlantic for the Phase I environmental site assessment at the Cane Creek Shell Building. Under General Expenditures for FY2012, there is a slight reduction in utilities where Axxor has reimbursed the City \$116.00. Under General Expenditures for FY 2013, there are legal fees of \$7,425.00 and the annual trustee fee for Cane Creek Bonds of \$4,000. There were no changes in Funds Available for Appropriation. Revenue for the month reflects payment from the IALR, which has decreased by about \$5,000 related to the Virginia Tech labs moving. The Financial

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Statements reflect \$158,000 that RIFA has been reimbursed from the Tobacco Commission for the engineering at the Mega Park and the Cane Creek Lots 3 and 9.

Mr. Shanks **moved** to approve the Financial Report as of September 20, 2012. The Motion was **seconded** by Mr. Barksdale and approved by the following vote:

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

6A. and 6A.1 - CLOSED SESSION

Chairman Saunders noted that during closed session all matters discussed will involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.

At 12:45 p.m., Mr. Harville **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting as permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended for discussion concerning the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in expanding its facilities in the Authority's Cyber Park project; and as permitted by Section 2.2-3711(A)(7) of the Code of Virginia, 1950, as amended, for consultation with the Authority's legal counsel, Clement & Wheatley, and briefings by the Authority staff or consultants pertaining to probable contract litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority. "Probable litigation" means litigation on which the Authority and its legal counsel have a reasonable basis to believe will be commenced against a known party;

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

Upon **Motion** by Mr. Harville and **second** by Mr. Barksdale, and by unanimous vote at 1:10 p.m., the Authority returned to open meeting.

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 conformity with Virginia Law;

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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. Barksdale and carried by the following vote:

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

CONSIDERATION – RESOLUTION NO. 2012-10-09-6A.1 – Distributed at the Meeting.

Mr. Barksdale **moved** adoption of *Resolution No. 2012-10-09-6A.1, as distributed at this meeting, approving a grant of up to \$150,000 to CBN Technologies Inc., a Florida Corporation, for the reimbursement of expenses associated with the expansion of its facilities located on Lot 7C of the Authority's Cyber Park, bearing the mailing address of 350 Stinson Drive, Danville, Virginia (PIN 78461).*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

CONSIDERATION – ADD ITEMS TO AGENDA

Mr. Shanks **moved** to add items to the Agenda for CBN Secured Technology. The Motion was **seconded** by Mr. Harville and carried by the following vote:

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

CONSIDERATION – RESOLUTION NO. 2012-10-09-6A.2

Tim Clark, Blair Construction explained that in order to move forward in the design and permit process for CBN, the RIFA board has to approve what the building looks like per the covenants of the Park. Mr. Clark reviewed the plans for the expansion which will have the same finishes and windows. The revised site plan allows for truck traffic to come to the back of the building resulting in more site work, but gets trucks out of the road and to the back of the building. The issue is there are two existing entrances and they will have a third entrance to tie it all together; the zoning law say they can only have two entrances. CBN has to go in front of the Board of Zoning Appeals to ask if they can keep the third entrance. CBN is in the process of making that application and that is due the end of next week with a meeting in November in front of the Board of Zoning Appeals. In order to get the building permit, CBN needs to have approval from RIFA on the façade of the building.

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Mr. Shanks **moved** to approve *Resolution No. 2012-10-09-6A.2 (no written Resolution) to approve the Conceptual Site Plan with regard to the Restrictive Covenants, for CBN Technologies Inc., a Florida Corporation, of its facilities located on Lot 7C of the Authority's Cyber Park, bearing the mailing address of 350 Stinson Drive, Danville, Virginia (PIN 78461) subject to review of the Planning Director of the City of Danville.*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

CONSIDERATION – RESOLUTION NO. 2012-10-09-6A.3

Mr. Shanks **moved** to approve *Resolution No. 2012-10-09-6A.3 (no written Resolution) that the Board of the Danville Pittsylvania Regional Industrial Facility Authority, as owner of the Cyber Park, supports the third entrance proposed on the concept plan for CBN Technologies Inc., a Florida Corporation, of its facilities located on Lot 7C of the Authority's Cyber Park, bearing the mailing address of 350 Stinson Drive, Danville, Virginia (PIN 78461).*

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

VOTE: 4-0
AYE: Harville, Barksdale, Saunders and Shanks (4)
NAY: None (0)

Mr. Shanks clarified that RIFA, as the owner of the Park and the Development to relay to the City Planning Staff that the Board supports this.

COMMUNICATIONS

There were no communications from Members or Staff.

MEETING ADJOURNED AT 1:17 P.M.

Chairman

Secretary to the Authority

**AGENDA
ITEM NUMBER 5A**

Resolution 2012-11-12-5A

**APPROVING A NEW EXHAUST SYSTEM TO SERVICE THE SENTEC BUILDING
LOCATED IN THE AUTHORITY'S CYBER PARK PROJECT IN DANVILLE,
VIRGINIA, AS PRESENTED BY MR. GILLIE AT THIS MEETING.**

Mr. Chairman:

I move that the Authority adopt Resolution 2012-11-12-5A.

**AGENDA
ITEM NUMBER 5B**

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF THAT CERTAIN PERFORMANCE GRANT AGREEMENT BY AND AMONG THE AUTHORITY, THE CITY OF DANVILLE, AND CBN SECURE TECHNOLOGIES, INC. (“CBN”), A FLORIDA CORPORATION, WITH THE CONSENT OF THE COUNTY OF PITTSYLVANIA, PERTAINING TO THE EXPANSION OF CBN’S FACILITY LOCATED AT 350 STINSON DRIVE (TAX PIN 78461), IN THE AUTHORITY’S CYBER PARK PROJECT IN DANVILLE, VIRGINIA, INCLUDING WITHOUT LIMITATION A \$150,000 GRADING GRANT FROM THE AUTHORITY IN EXCHANGE FOR CBN’S CREATION OF 25 NEW JOBS AND FOR NEW TOTAL TAXABLE CAPITAL INVESTMENTS AND THE PURCHASE OF NEW EQUIPMENT OF AT LEAST \$8,200,000 IN VALUE

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the “**Authority**”) is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act (Virginia Code §§ 15.2-6400 *et seq.*) as amended; and

WHEREAS, as permitted by 2.2-3711(a)(5) of the Code of Virginia, 1950, as amended, the Authority, at its regular meeting on October 9, 2012, discussed the expansion of an existing business or industry where no previous announcement has been made of the business’s or industry’s interest in expanding its facilities in the Authority’s Cyber Park Project; and

WHEREAS, CBN Secure Technologies Inc., a Florida corporation (“**CBN**”), is the owner of that certain lot, known as **Lot 7C**, located in the Authority’s Cyber Park, bearing the mailing address of 350 Stinson Drive, Danville, Virginia (PIN 78461), has added to the tax base of the City of Danville and Pittsylvania County, Virginia, and now desires to expand its facilities on Lot 7C; and

WHEREAS, the Authority adopted that certain Resolution No. 2012-10-09-6A1 approving a grant to CBN of up to One Hundred Fifty Thousand Dollars (\$150,000) (the “**Paving Grant**”) for the reimbursement of certain expenses associated with the expansion of CBN’s facilities located on Lot 7C in the Authority’s Cyber Park, on such additional terms and conditions as the Chairman or the Vice Chairman determined were necessary; and

WHEREAS, after consultation with Authority staff, the Chairman has determined that the terms and conditions of the Paving Grant; and

WHEREAS, the Chairman requests the Authority to approve the form of the Performance Grant Agreement, attached hereto as **Exhibit A**, and incorporated herein by this reference (the “**Performance Grant Agreement**”); and

WHEREAS, the Board of Directors has determined that it is in the best interests of the Authority and of the citizens of Danville and Pittsylvania County for the Authority to approve the form of the Performance Grant Agreement;

Resolution 2012-11-12-5B

NOW, THEREFORE, BE IT RESOLVED, that:

1. The Authority hereby approves the form of the Performance Grant Agreement.
2. The Authority hereby authorizes and directs the Chairman or the Vice Chairman of the Authority, either of whom may act independently of the other, to execute and deliver the Performance Grant Agreement on behalf of the Authority, together with such amendments, deletions or additions to the Performance Grant Agreement as may be approved by the Chairman or Vice Chairman, provided that such amendment, deletion, or addition does not increase the amount of the grant, and such execution of the same by the Chairman or Vice Chairman to conclusively establish his approval of any amendments, deletions or additions thereto.
3. The Authority hereby authorizes and directs staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Performance Grant Agreement, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of this Resolution.
4. This Resolution shall take effect immediately upon its adoption.

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the Directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a meeting duly called and held on November 12, 2012, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority this 12th day of November 2012.

Susan M. DeMasi, Secretary
Danville-Pittsylvania Regional Industrial Facility
Authority

(SEAL)

Exhibit A
(Performance Grant Agreement)

PERFORMANCE GRANT AGREEMENT

THIS PERFORMANCE GRANT AGREEMENT (this “**Agreement**”), is made as of this 12th day of November 2012, by and among **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia (“**RIFA**”); **CITY OF DANVILLE, VIRGINIA**, a municipal subdivision of the Commonwealth of Virginia (the “**City**”); and **CBN SECURE TECHNOLOGIES, INC.**, a Florida corporation authorized to transact business in Virginia (the “**Company**”).

WHEREAS, the RIFA and the City, in order to stimulate economic growth and development of the community by creating jobs and new infrastructure, have agreed to provide incentives to new and expanding businesses where the company is competing for business and multiple locations are under consideration for the operation in a competitive situation; and

WHEREAS, the Company has agreed to expand its manufacturing operations by expanding their current facility in Cyber Park at 350 Stinson Drive, Danville, Virginia 24541 by approximately seventeen thousand (17,000 square feet) (the “**Facility**”) and purchase specialized equipment to handle a new contract (the “**Equipment**”) which is promulgating the expansion; and

WHEREAS, the Company has agreed to make new total taxable capital investments at the Facility and the purchase of new Equipment, in the amount of at least Eight Million Two Hundred Thousand and 00/100 Dollars (\$8,200,000.00) between the date of September 30, 2012 and September 30, 2015 (the “**Performance Period**”); and

WHEREAS, the Company has agreed to create, during the Performance Period, twenty-five (25) new full-time jobs, with benefits, at the new Facility above and beyond the current job count of forty (40) employees for a total census of sixty-five (65) full time jobs by September 30, 2014; and

WHEREAS, RIFA is willing to provide to the Company a grant in the amount of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) (the “**Grading Grant**”) to assist with the preparation of the site for the expansion, provided that the Company satisfies certain criteria related to employment projections and capital investments as described herein; and

WHEREAS, the Company shall be responsible for repayment of the One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) in grant funds to RIFA, if the Company ceases operations at the Cyber Park plant before the expiry of the Performance Period. The Company also shall be responsible for partial repayment of the One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) in grant funds to RIFA in an amount equal to Six Thousand and 00/100 Dollars (\$6,000.00) for each of the twenty-five (25) New Jobs (as hereafter defined) not created during the Performance Period; and

WHEREAS, RIFA and the City find that the provisions of this Agreement, and the commitments of the Company herein, will promote the expansion of industry by inducing industrial development within the Cyber Park, and that such development will promote the

safety, health, welfare, convenience, and prosperity of the citizens of the Pittsylvania County, Virginia and the City.

NOW THEREFORE, the parties agree to the following:

1. **Facility Operation:** The Company agrees to expand its operation at the Facility and to maintain its operations at the Facility, as then expanded, without ceasing for at least sixty (60) months after the date of the payment of the Grading Grant by RIFA.

2. **Capital Expenditures:** The Company agrees to make new taxable capital investments for building improvements and renovations, machinery, and equipment at the Facility (the “**Capital Investments**”), in the amount of at least Eight Million Two Hundred Thousand and 00/100 Dollars (\$8,200,000.00) during the Performance Period. All building improvements and renovations, machinery, and equipment purchased with the Capital Investments shall remain at the Facility at least until the date that is sixty (60) months from the date of the payment of Grading Grant by RIFA.

3. **Job Requirements:** The Company agrees to create and fill, during the Performance Period, twenty-five (25) new full-time jobs at the Facility beyond the current census of forty (40) employees for a total new census of sixty-five (65) jobs (each a “**New Job**”). For purposes of this Agreement, a “**full time job**” means employment of a person to work a minimum of thirty five (35) hours per week on a year-round basis, subject to normal vacation, holiday, and sick leave, and such employment shall pay to the employee a minimum salary or wage of at least Twelve and 00/100 Dollars (\$12.00) per hour plus the same or more favorable benefits currently paid to existing employees of the Company at the Facility.

4. **One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) Grading Grant:** RIFA offers the Grading Grant to the Company to assist with the preparation of the Cyber Park site for the seventeen thousand (17,000) square foot expansion of the Facility. RIFA’s obligation to pay the Grading Grant pursuant to this Agreement shall be contingent upon the Company’s delivery to RIFA of a Performance Bond or letter of credit (the “**Performance Bond**”) redeemable on demand in the sum of One Hundred and Fifty Thousand and 00/100 dollars (\$150,000.00) securing the Company’s repayment obligations pursuant to Section 6. The Performance Bond will be in a format mutually agreed between the parties and issued from a first class bank located in the United States, reasonably acceptable to RIFA. The Company shall pay costs associated with the procurement of the Performance Bond. The Performance Bond will be put in place for the Performance Period. In addition, the Grading Grant funds will be paid to the Company only upon the Company obtaining a building permit and providing RIFA with proof that substantial grading has started.

5. **Job Creation Grant:** The City shall pay annual grant funds on January 1st of each year, beginning on January 1, 2014 and ending January 1, 2018 (each, a “**Payment Determination Date**”), based on the wage and number of New Jobs created, maintained, and tracked during the previous calendar year and in existence as of the Payment Determination Date, in the amounts set forth in the table below (“**Job Creation Grant Funds**”). Each annual payment of Job Creation Grant Funds shall be conditioned and contingent upon the Company’s

prior submission to the City of a profile, in the form acceptable to the City, of the number and wage of all employees at the Facility. Each year, the City will determine if any New Jobs were created, maintained, and existing as of the Payment Determination Date and the wage of such New Jobs. Additionally, the obligation of the City to make any annual payment of Job Creation Grant Funds hereunder is conditioned and contingent upon the Company being current on all Taxes owed to the City. It is expressly understood that if all, but not less than all, of the obligations under this Agreement on the part of the Company to be performed are performed in accordance with this Agreement, then Job Creation Grant Funds paid to the Company shall remain with them. The Job Creation Grant Fund provides an annual cash grant for each of the New Jobs created for up to five (5) years as long as the job is maintained and documented.

Job Creation Grant Funds	
<\$9.00 per hour (<\$18,720 annualized)	\$0 per New Job
\$9.00 - \$11.99 per hour (\$18,720 - \$24,939.20 annualized)	\$100 per New Job
\$12.00 - \$14.99 per hour (\$24,960 - \$31,179.20 annualized)	\$150 per New Job
\$15.00 - \$19.99 per hour (\$31,200 - \$41,579.20 annualized)	\$250 per New Job
\$20.00 - \$39.99 per hour (\$41,600 - \$83,179.20 annualized)	\$350 per New Job
>\$40.00 per hour	\$500 per New Job

6. Grant Termination if Terms are not Satisfied: If the Company fails to obtain a building permit and/or does not begin grading the site, then RIFA shall have no obligation to pay any Grading Grant funds pursuant to this Agreement. If the Company fails to create any New Jobs above the current forty (40) job census, then the City has no obligation to pay any Job Creation Grant Funds pursuant to this Agreement. For each of the twenty-five (25) New Jobs the Company fails to create and maintain during the Performance Period, the Company must repay Six Thousand and 00/100 Dollars (\$6,000.00) to RIFA for the Grading Grant. The Company shall repay any and all Grading Grant Funds and Job Creation Grant Funds to RIFA or the City, as applicable, within thirty (30) days after the date on which RIFA or the City gives the Company written notice of the Company’s failure to satisfy any of the terms and conditions of this Agreement.

7. Jobs Report: The Company agrees to submit to RIFA and the City on July 1, 2013, and every six (6) months thereafter, a report, in the form satisfactory to RIFA and the City, of the number and wage of all full-time jobs at the Facility. The Company further agrees that RIFA and the City, or their designees, are authorized to verify such reports through the Virginia Employment Commission. Failure to deliver such reports by the deadlines set forth above shall not constitute default under this Agreement unless a written request for a particular report has been delivered by the City or RIFA to the Company and the Company fails to deliver a responsive report to RIFA and the City within thirty (30) days after such written request.

8. Capital Investments Report: The Company also agrees to submit to RIFA and the City on January 1, 2013, and every twelve (12) months thereafter for a period of five (5) years, a report, in the form requested by RIFA and the City, verifying the amount of all Capital Investments at the Facility. The Company further agrees that RIFA and the City, or their designees, are authorized to verify such reports through the appropriate office of the Commissioner of Revenue. Failure to deliver such reports by the deadlines set forth above shall

not constitute default under this Agreement unless a written request for a particular report has been delivered by the City or RIFA to the Company and the Company fails to deliver a responsive report to RIFA and the City within thirty (30) days after such written request.

9. Audit and Guideline Requirements: The Company agrees to allow RIFA and the City reasonable access to all records pertaining to the Company's employment and investment at the Facility, including without limitation records pertaining to New Jobs, Capital Investments, or the use of Grant Funds, and to cooperate with RIFA and the City in any audit of such records by furnishing all information necessary to verify the Company's performance under this Agreement. In return, RIFA and the City agree to maintain the confidentiality of any and all sensitive information, including, but not limited to, personal payroll earnings or similar information that RIFA or the City may receive or access, except for consultation with legal counsel or as otherwise required by law.

10. Governing Law: This Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the state court located in either the County of Pittsylvania, Virginia, or the City of Danville, Virginia. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumptions or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

11. Notice: Any notice required or contemplated to be given to any of the parties by any other party shall be in writing and shall be given by hand-delivery, telecopier, certified or registered United States mail, or a private courier service which provides evidence of receipt as part of its service, as follows:

If to RIFA:

Danville-Pittsylvania Regional
Industrial
Facility Authority
Attn.: Chairman
427 Patton Street, Room 428
Danville, VA 24541
Telecopier: 434-799-5041

If to the City:

City of Danville, Virginia
Attn: City Manager
427 Patton Street
Danville, VA 24541
Telecopier: 434-799-6549

If to the County:

County of Pittsylvania, Virginia
Attn: County Administrator
21 North Main Street
Chatham, VA 24531
Telecopier: 434-799-6549

If to the Company:

CBN Secure Technologies, Inc.
Attn.: Gordon C. McKechnie, Director & Secretary
c/o Canadian Bank Note Company, Limited
145 Richmond Rd., Ottawa, ON, Canada
Telecopier: 613-722-3334

Any party may change the address or telecopier number to which notices hereunder are to be sent by giving written notice of such change in the manner provided herein, and notice given

hereunder shall be deemed given on the date of hand-delivery, transmission by telecopier, deposit with the United States Postal Service properly addressed and postage prepaid, or delivery to a private courier service properly addressed with all charges prepaid as appropriate.

12. Entire Agreement: This Agreement contains the entire agreement and understanding of the parties to this Agreement with respect to the transactions contemplated herein; and this Agreement supersedes all prior understandings and agreements of the parties with respect to the subject matter hereof.

13. Headings: The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

14. Binding Effect: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, and legal representatives.

15. Amendment and Modification: The parties to this Agreement may amend, modify, and/or supplement this Agreement in such manner as may be agreed upon by the parties, provided such amendments, modifications, and/or supplements are reduced to writing and signed by the parties to this Agreement or their successors in interest.

16. Execution: This Agreement may be executed in any number of duplicate counterparts, each of which shall be deemed an original.

17. Due Authorization: The Company represents, warrants and agrees that the execution and performance of this Agreement have been duly approved by all necessary corporate action and are not in violation of any other agreement the Company has with any third parties; and that this Agreement is a valid binding, legal obligation of the Company, enforceable in accordance with its terms.

18. Non-waiver: No waiver of any term or condition of this Agreement by any party shall be deemed a continuing or further waiver of the same term or condition or a waiver of any other term or condition of this Agreement.

19. Prior Agreement: Nothing in this Agreement shall amend, revoke, or supersede those certain Performance Grant Agreements, dated January 26, 2011, and June 18, 2008, respectively, by and between Danville-Pittsylvania Regional Industrial Facility Authority and the Company (the "**RIFA Agreement**"), and the RIFA Agreement shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGES]

WITNESS the following signatures and seals to this **PERFORMANCE GRANT AGREEMENT**:

CITY OF DANVILLE, VIRGINIA, a municipal subdivision of the Commonwealth of Virginia

By: _____
Joseph C. King, City Manager

ATTEST:

City Clerk

COMMONWEALTH OF VIRGINIA, AT LARGE
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by **Joseph C. King**, in his capacity as City Manager of the **CITY OF DANVILLE, VIRGINIA**, a municipal subdivision of the Commonwealth of Virginia, on behalf of such entity.

My commission expires: _____.

Notary Public
Registration No. _____

WITNESS the following signature and seal to this **PERFORMANCE GRANT AGREEMENT**:

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia

By: _____

Title: _____

COMMONWEALTH OF VIRGINIA, AT LARGE
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this ____ day of _____ 2012, by _____, in his capacity as _____ of **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia, on behalf of such entity.

My commission expires: _____.

Notary Public
Registration No. _____

WITNESS the following signature and seal to this **PERFORMANCE GRANT AGREEMENT**:

CBN SECURE TECHNOLOGIES, INC., a Florida corporation authorized to transact business in Virginia

By: _____

Printed Name: _____

Title: _____

STATE OF _____
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by _____, in his/her capacity as _____ of **CBN SECURE TECHNOLOGIES, INC.**, a Florida corporation authorized to transact business in Virginia, on behalf of said corporation.

My commission expires: _____.

(if in Va.) _____
Notary Public
Registration No. _____

WE CONSENT TO THIS PERFORMANCE GRANT AGREEMENT:

COUNTY OF PITTSYLVANIA, VIRGINIA, a political subdivision of the Commonwealth of Virginia

By: _____
William D. Sleeper, County Administrator

ATTEST:

County Clerk

COMMONWEALTH OF VIRGINIA, AT LARGE
CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by **William D. Sleeper**, in his capacity as County Administrator of the **COUNTY OF PITTSYLVANIA, VIRGINIA**, a political subdivision of the Commonwealth of Virginia, on behalf of such entity.

My commission expires: _____.

Notary Public
Registration No. _____

**AGENDA
ITEM NUMBER 5C**



BOARD OF ZONING APPEALS

POST OFFICE BOX 3300

DANVILLE, VIRGINIA

(434) 799-5261

October 30, 2012

Dear Property Owner(s):

The purpose of this letter is to notify you in accordance with Section 15.2 of the Code of Virginia that Powers Signs, Inc. have filed the following requests with the City of Danville:

Variance Application Number PLVAR20120000302, filed by Blair Construction, Inc., requesting a variance from Article 3.P., Section H, Item 7, of Chapter 41 of the Code of the City of Danville, Virginia, 1986, as amended (City of Danville Zoning Ordinance) at 350 Stinson Drive, otherwise known as Grid 3606, Block 001, Parcel 000001.001 of the City of Danville, Virginia, Zoning Map. The applicant is requesting to allow three (3) curb cuts on a single right of way where two (2) is the maximum allowed.

According to the record of land ownership, YOU ARE ENTITLED TO EXPRESS AN OPINION ONLY, as to whether you approve or disapprove of the above request by completing the enclosed form. If you approve or disapprove of the request, please check the appropriate box on the enclosed form and return it in the self addressed stamped envelope prior to the meeting date. You are not required to complete the enclosed form unless you desire to express an opinion on this matter.

A map depicting the property location and surrounding ownership is enclosed. A data sheet regarding the above require is also provided or your use.

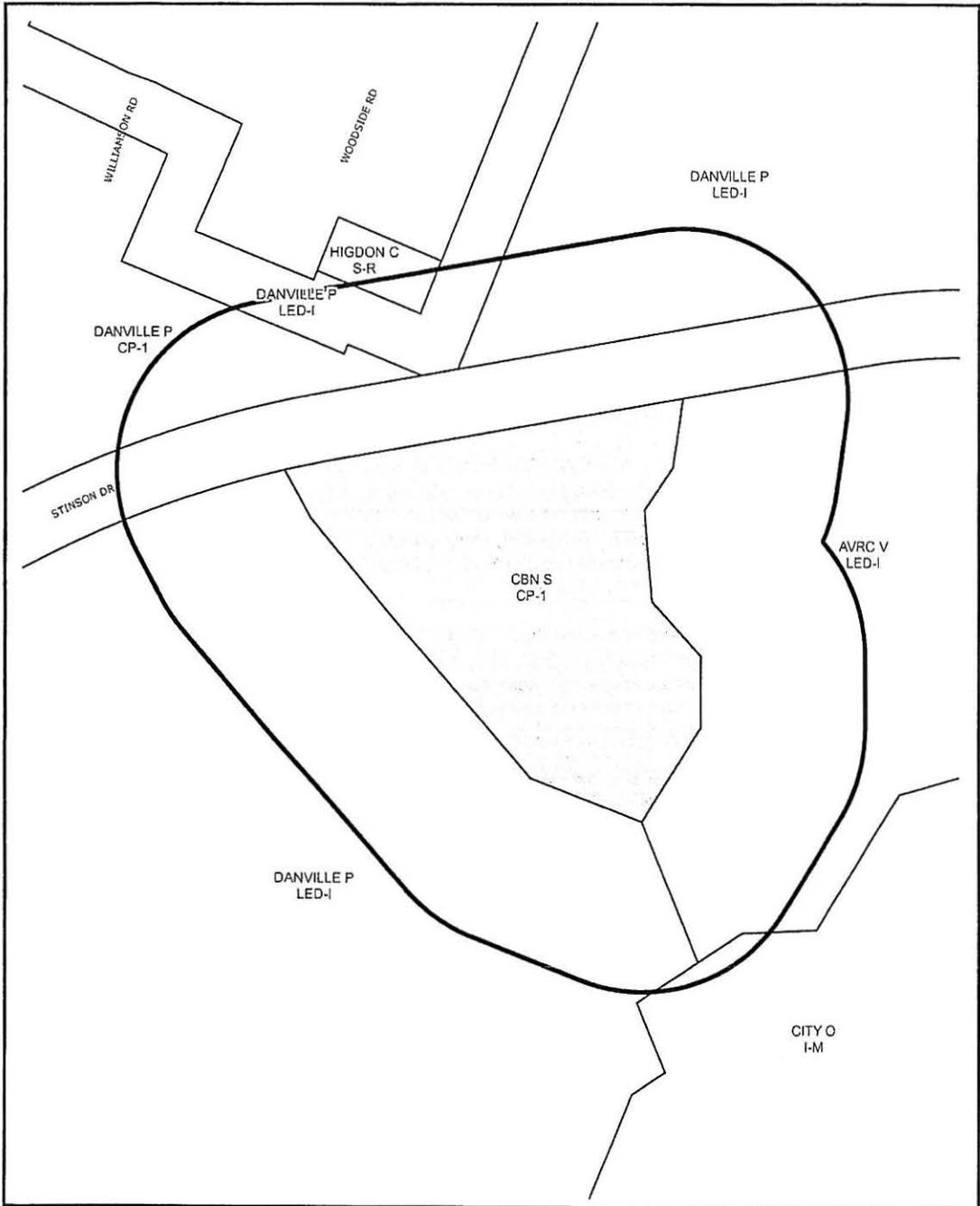
The Board of Zoning Appeals will hold a public hearing on this request on **THURSDAY, NOVEMBER 15, 2012 AT 10:00AM** in the City Council Conference Room located on the fourth floor of the City Municipal Building. You are also welcome to attend this public hearing to express any opinions you may have on this request. A final decision should be made at this meeting.

If you have any questions, please contact me at 434-799-5261 ext. 223.

Sincerely,

A handwritten signature in black ink, appearing to read "Renee Blair", is written over a circular stamp that is partially obscured by the signature.

Renee Blair
Associate Planner



SURROUNDING PROPERTY OWNERS AND ZONING WITHIN 300 FEET OF SUBJECT PROPERTY



Prepared by:
 Planning Division
 10/29/2012

Disclaimer: Information contained on this map is to be used for reference purposes only. The City of Danville is not responsible for any inaccuracies herein contained. The City of Danville makes no representation or warranty as to this map's accuracy, and in particular, its accuracy in labeling, dimensions, contours, property boundaries, or placement or location of any map features thereon. No responsibility is assumed for damages or other liabilities due to the accuracy, availability, use or misuse of the information herein provided.

VARIANCE REQUEST
DATA SHEET

DATE: November 15, 2012

LOCATION OF PROPERTY: 350 Stinson Drive

PRESENT ZONE: CP-1, Cyber Park One District

LAND USE PLAN DESIGNATION: Economic Development

ACTION REQUESTED: The applicant is requesting a variance to allow three curb cuts where two is the maximum allowed on a single right-of-way

PRESENT USE OF PROPERTY: CBN Secure Technologies, Inc.

PROPOSED USE OF PROPERTY: CBN Secure Technologies, Inc.

PROPERTY OWNER (S): CBN Secure Technologies, Inc.

NAME OF APPLICANT (S): Blair Construction, Inc.

PROPERTY BORDERED BY: Industrial development to the south, east and west; vacant land and single family development to the north.

ACREAGE/SQUARE FOOTAGE: Approximately 7.36 acres

CHARACTER OF VICINITY: Industrial

INGRESS AND EGRESS: Stinson Drive

TRAFFIC VOLUME: Moderate

NEIGHBORHOOD REACTION: To be reported at the Board of Zoning Appeals meeting of November 15, 2012.

NEIGHBORING PROPERTY OWNERS STATEMENT

According to the record of land ownership you own property that is located within 300 feet of property that is the subject of a public hearing. You are entitled to express an opinion as to whether you are opposed or not opposed to the request by completing the form below. Please check the appropriate box and return it by **November 15, 2012** in the enclosed self-addressed, stamped envelope. You are not required to complete this form but may if you desire to express an opinion on this matter.

I (we) DANVILLE PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY
AUTHORITY

as owner(s) of Lot(s) STINSON DR

_____ AM OPPOSED

_____ AM NOT OPPOSED

to the following requests filed with the City of Danville:

Variance Application Number PLVAR20120000302, filed by Blair Construction, Inc., requesting a variance from Article 3.P.; Section H, Item 7, of Chapter 41 of the Code of the City of Danville, Virginia, 1986, as amended (City of Danville Zoning Ordinance) at 350 Stinson Drive, otherwise known as Grid 3606, Block 001, Parcel 000001.001 of the City of Danville, Virginia, Zoning Map. The applicant is requesting to allow three (3) curb cuts on a single right of way where two (2) is the maximum allowed.

Signatures(s):

Comments:

**AGENDA
ITEM NUMBER 5D**

**Danville - Pittsylvania Regional Industrial Facility
Authority**

Financial Status

Table of Contents

- A. \$7.3 Million Bonds - Cane Creek Centre
- B. General Expenditures for FY 2013
- C. Mega Park – Funding Other than Bond Funds
- D. Funds Available for Appropriation
- E. Rent, Interest, and Other Income Realized
- F. Unaudited Financial Statements

Danville-Pittsylvania Regional Industrial Facility Authority

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

As of October 31, 2012

<u>Funding</u>	<u>Funding</u>	<u>Budget / Contract</u> <u>Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended /</u> <u>Unencumbered</u>
Funds from bond issuance	\$ 7,300,000.00				
Issuance cost	(155,401.33)				
Bank fees	(98.25)				
Interest earned to date	486,513.92				
Cane Creek Parkway ³		\$ 3,804,576.00	\$ 3,724,241.16	\$ -	
Swedwood Drive ²		69,414.00	69,414.00	-	
Cane Creek Centre entrance ³		72,335.00	53,878.70	-	
Financial Advisory Services		9,900.00	9,900.00	-	
Dewberry contracts ¹		69,582.50	69,582.50	-	
Dewberry contracts not paid by 1.7 grant ^{4,5}		71,881.00	12,644.62	59,236.38	
Land		-	2,560,921.67	-	
Demolition services		71,261.62	71,261.62	-	
Legal fees		-	50,884.23	-	
CCC - Lots 3 & 9 project - RIFA Local Share ⁶		142,190.00	112,464.98	-	
Other expenditures		-	20,369.70	-	
Total	\$ 7,831,014.34	\$ 4,311,140.12	\$ 6,755,563.18	\$ 59,236.38	\$ 816,214.78

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

⁴ 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.

⁶ This line item represents the amount of expenditures on the "CCC - Lots 3 & 9" budget sheet that is covered by bond funds. RIFA's local share of 5% of these project costs is being covered by these bond funds. Project finished under original budget.

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	\$ 1,467,340.00
Bonds	3,804,576.00
	\$ 5,271,916.00

Danville-Pittsylvania Regional Industrial Facility Authority

General Expenditures for Fiscal Year 2013

As of October 31, 2012

	<u>Funding</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
Funding					
City Contribution	\$ 75,000.00				
County Contribution	75,000.00				
Carryforward from FY12	11,042.93				
Contingency					
Miscellaneous contingency items		\$ 47,992.93	\$ 169.55	\$ -	\$ -
Total Contingency Budget		47,992.93	169.55	-	47,823.38
Legal		75,000.00	19,535.00	-	55,465.00
Accounting		20,750.00	11,500.00	9,250.00	-
Annual Bank Fees		4,400.00	4,071.25	-	328.75
Postage & Shipping		100.00	-	-	100.00
Meals		2,800.00	1,157.26	-	1,642.74
Utilities		4,000.00	68.82	-	3,931.18
Insurance		6,000.00	-	-	6,000.00
Total	\$ 161,042.93	\$ 161,042.93	\$ 36,501.88	\$ 9,250.00	<u>\$ 115,291.05</u>

Danville-Pittsylvania Regional Industrial Facility Authority

Mega Park - Funding Other than Bond Funds

As of October 31, 2012

	<u>Funding</u>	<u>Budget / Contract</u> <u>Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended /</u> <u>Unencumbered</u>
Funding					
City contribution	\$ 134,482.50				
County contribution	134,482.50				
City advance for Klutz, Canter, & Shoffner property ¹⁻⁴	10,340,983.83				
Tobacco Commission FY09 SSED Allocation	3,370,726.00				
Tobacco Commission FY10 SSED Allocation - Engineering Portion	407,725.00				
Local Match for TIC FY10 SSED Allocation - Engineering Portion ⁵	76,067.61				
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	972,754.29	18,095.71	
Consulting Services - McCallum Sweeney		115,000.00	92,130.18	22,869.82	
Total	\$ 14,464,467.44	\$ 14,231,524.83	\$ 14,190,559.30	\$ 40,965.53	\$ 232,942.61

¹ This figure does not include the interest the City lost from the uninvested funds, which was paid to the City 1/3/2012 and totaled \$144,150.41.

² Settlement fees were drawn from bonds issued for the Berry Hill project 12/1/2011.

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.

⁴ RIFA paid the City back for all advances on 1/3/2012.

⁵ The RIFA Board approved to utilize the remaining funds from the Mega Park bond funds and approximately \$65,000 of the 'Funds Available for Appropriation' towards the local match for the engineering portion of Tobacco Commission grant #1916 for the Berry Hill Mega Park.

Danville-Pittsylvania Regional Industrial Facility Authority

Funds Available for Appropriation

As of October 31, 2012

<i>Source of Funds</i>	<u>Funding</u>	<u>Expenditures</u>	<u>Unexpended / Unencumbered</u>
Yorktowne Reimbursement ¹	\$ 181,339.68		
General funds reimbursed by Berry Hill \$11.25M Bonds	184,266.38		
Sale of Land to Harmony Church	36,564.50		
Expenditures			
Transfer to 'Mega Park - Other than Bonds' budget ²		\$ 65,000.00	
Totals	<u>\$ 402,170.56</u>	<u>\$ 65,000.00</u>	<u>\$ 337,170.56</u>

¹ Since Yorktowne did not meet the job requirements set forth in its initial Performance Agreement executed in 2005, it is repaying incentive money to RIFA to account for the jobs not created. In accordance with the amended 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. No further payments are due unless Yorktowne fails to meet the new targets in the amended performance agreement. The RIFA Board approved at the March 14, 2011 meeting to retain these funds for use within RIFA. These funds are available for the RIFA Board to allocate to budgets as needed.

² The RIFA Board approved to utilize approximately \$65,000 of these funds toward the local match for the engineering portion of Tobacco Commission grant #1916 for the Berry Hill Mega Park.

Danville-Pittsylvania Regional Industrial Facility Authority
 Rent, Interest, and Other Income Realized
 As of October 31, 2012

<u>Source of Funds</u>	<u>Funding Receipts</u>			<u>Expenditures</u>	<u>Unexpended / Unencumbered</u>
	<u>Carryforward from FY2012</u>	<u>October 2012</u>	<u>Receipts FY2013</u>		
<u>Carryforward</u>	\$ 376,519.31				
<u>Current Lessees</u>					
	<u>Park</u>	<u>Property</u>			
Institute for Advanced Learning and Research (IALR) ¹	Cyberpark	Hawkins Research Bldg at 230 Slayton Ave.	\$ 3,221.56	\$ 40,602.05	
Securitas	Cyberpark	Gilbert Building at 1260 South Boston Rd.	300.00	1,200.00	
Axxor N.A. LLC ³	Cane Creek	Apartments at 390 Cedar Lane	(500.00)	500.00	
Guilford Whitetail Management	Berry Hill	Klutz Farm off Slate Rd. 863	-	-	
Browning & Associates, Ltd. ⁴	Berry Hill	4380 Berry Hill Road House		1,000.00	
Mountain View Farms of Virginia, L.C.	Berry Hill	30 acre tract on Stalene Bridge Rd.	-	-	
Osborne Company of North Carolina, Inc.	Berry Hill	4380 Berry Hill Road Pastureland	-	-	
Clodfelter Hunting Lease	Berry Hill	371.13 acres off State Road 863	-	-	
Mark L. Osborne	Berry Hill	Mega Park Lot 8 approx. 34.4 acres	-	-	
<u>Total Rent</u>			\$ 3,021.56	\$ 43,302.05	
<u>Interest Received</u> ²			\$ 25.64	\$ 104.28	
<u>Expenditures</u>				\$ -	
<u>Totals</u>			\$ 376,519.31	\$ 3,047.20	\$ 43,406.33
				\$ -	\$ 419,925.64

¹ Please note that rent proceeds must be used in accordance with the U.S. Economic Development Administration's (EDA) Standard Terms and Conditions

² Please note that this is only interest received on RIFA's general money market account.

³ Lease terminated August 31, 2012

⁴ Lease terminated August 13, 2012

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Net Assets^{1,2}
October 31, 2012*

	Unaudited FY 2013
Assets	
<i>Current assets</i>	
Cash - checking	\$ 1,203,909
Cash - money market	390,050
<i>Total current assets</i>	1,593,959
<i>Noncurrent assets</i>	
Restricted cash - project fund CCC bonds	917,404
Restricted cash - debt service fund CCC bonds	1,319,100
Restricted cash - debt service fund Berry Hill bonds	18
Restricted cash - debt service reserve fund Berry Hill bonds	2,000,150
Capital assets not being depreciated	24,839,271
Capital assets being depreciated, net	27,794,063
Construction in progress	2,176,132
Unamortized bond issuance costs	627,906
<i>Total noncurrent assets</i>	59,674,044
Total assets	61,268,003
Liabilities	
<i>Current liabilities</i>	
Bonds payable - current portion	1,030,000
<i>Total current liabilities</i>	1,030,000
<i>Noncurrent liabilities</i>	
Bonds payable - less current portion	10,590,000
<i>Total noncurrent liabilities</i>	10,590,000
Total liabilities	11,620,000
Net Assets	
Invested in capital assets - net of related debt	48,054,044
Unrestricted	1,593,959
Total net assets	\$ 49,648,003

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 all 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.

*Please note these statements are for the period ended October 31, 2012 as of November 1, 2012, the date of preparation. Due to statement preparation occurring in close proximity to month-end, these statements may not include some pending adjustments for the period.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Revenues and Expenses and Changes in Fund Net Assets
*October 31, 2012**

	Unaudited FY 2013
Operating revenues	
Rental income	34,808
Total operating revenues	34,808
Operating expenses ⁴	
Mega Park expenses ³	3,829
Cane Creek Centre expenses ^{3, 5}	61,713
Cyber Park expenses ³	6,037
Professional fees	15,563
Insurance	5,456
Other operating expenses	1,226
Total operating expenses	93,824
Operating loss	(59,016)
Non-operating revenues (expenses)	
Interest income	159
Interest expense	(64,371)
Total non-operating expenses, net	(64,212)
Net loss before capital contributions	(123,228)
Capital contributions	
Contribution - City of Danville	3,193,802
Contribution - Pittsylvania County	3,193,802
Total capital contributions	6,387,604
Change in net assets	6,264,376
⁶ Net assets at July 1,	43,383,627
Net assets at October 31,	\$ 49,648,003

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

⁴ Please note that most 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 fees of \$21,532 related to the \$7.3M bonds for Cane Creek.

⁶ Please note that this will change once all FY2012 entries are made and may also change depending on whether there are audit adjustments for FY2012 and the nature of those audit adjustments.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
*October 31, 2012**

	Unaudited FY 2013
Operating activities	
Receipts from grant reimbursement requests	\$ 158,281
Receipts from leases	41,803
Payments to suppliers for goods and services	(168,811)
Net cash provided by operating activities	31,273
Capital and related financing activities	
Capital contributions	6,387,604
Interest paid on bonds	(188,005)
Principal repayments on bonds	(5,525,000)
Net cash provided by capital and related financing activities	674,599
Investing activities	
Interest received	159
Net cash provided by investing activities	159
Net increase in cash and cash equivalents	706,031
Cash and cash equivalents - beginning of year (including restricted cash)	5,124,600
Cash and cash equivalents - through October 31, 2012 (including restricted cash)	\$ 5,830,631
Reconciliation of operating loss before capital contributions to net cash provided by operating activities:	
Operating loss	\$ (59,016)
Changes in assets and liabilities:	
Change in prepaids	9,579
Change in due from other governments	158,281
Change in other receivables	17,886
Change in accounts payable	(84,851)
Change in unearned income	(9,106)
Change in security deposit	(1,500)
Net cash provided by operating activities	\$ 31,273

Components of cash and cash equivalents at October 31, 2012:	
American National - Checking	\$ 1,203,909
American National - General money market	390,050
Wachovia - \$7.3M Bonds CCC Debt service fund	1,319,100
Wachovia - \$7.3M Bonds CCC Project fund	917,404
US Bank - \$11.25M Bonds Berry Hill Debt service fund	18
US Bank - \$11.25M Bonds Berry Hill Debt service reserve fund	2,000,150
	\$ 5,830,631