

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

May 13, 2013

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:13 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present was City of Danville Member Fred O. Shanks, III; Chairman Sherman M. Saunders, and Alternate J. Lee Vogler were absent. Pittsylvania County Members present were Vice Chairman Coy E. Harville, James Snead and Alternate Jessie L. Barksdale.

City/County staff members attending were: City Manager Joe King, County Administrator Dan Sleeper, Danville Finance Director/Authority Treasurer Barbara Dameron, County Director of Finance Kim Van Der Hyde, City of Danville Director of Economic Development Jeremy Stratton, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Project Manager Corrie Teague, Governmental Affairs Consultant Linwood Wright, City of Danville Senior Accountant Patricia Conner, Clement & Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present was Dewberry and Davis Project Manager Shawn Harden.

Vice Chairman Harville called the Meeting to order.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES OF THE APRIL 8, 2013 MEETING

Upon **Motion** by Mr. Shanks and **second** by Mr. Snead, Minutes of the April 8, 2013 meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

OLD BUSINESS

5A. UPDATE ON IALR REQUEST RE: CHARLES HAWKINS BUILDING

City Manager Joe King noted this matter has been carried over from the last meeting to ensure that the City and County governing bodies had an opportunity to review it. Mr. King stated his understanding was the County Board has determined that it would prefer that RIFA continue to own the building. Vice Chairman Harville noted he has spoken with Jerry Gwaltney at the Institute and they have no problem with RIFA retaining ownership of the Charles Hawkins Building. Staff and Board members discussed the rent received from the Hawkins Building, the creation of a management agreement with IALR and the term length of the proposed agreement.

Mr. Snead **moved** adoption of a management agreement between RIFA and the IALR, equal to the amount of rent that is being paid, for a five year term with annual review of the money going into the upkeep. The Motion was **seconded** by Mr. Shanks.

Mr. King stated that the annual review is to determine if the rent number and the management fee number is correct, the agreement itself is not renewed, and the fees are adjusted if necessary. Mr. Guanzon confirmed the agreement will be for a five year term, after five years it will be renewable for a one year term for the existence of the agreement,

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
May 13, 2013

and the rent and the cost will be reviewed annually. Mr. Snead confirmed the Board is voting on this Motion, but will not vote on the actual contract until the next RIFA meeting.

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

VOTE: 3-0
AYE: Harville, Snead, Shanks (3)
NAY: None (0)

NEW BUSINESS

6A. DISCUSSION – AUTHORITY’S LEASING STRATEGY AND PRACTICE FOR MEGA PARK

Greg Sides distributed handouts with background information covering several of the leases discussed at the pre-RIFA meeting. Staff had discussed leases in general and some potential concerns about allowing the grazing of cattle. Shawn Harden noted he pointed out in the pre-RIFA meeting that staff is actively engaged with the Corp getting the wetlands permit. The more activity going on in the Mega Park, the more potential there is for wetlands or stream channels to get damaged or impacted and the Corp would then come down on the Authority and make them mitigate more. Mr. Harville noted this had been discussed previously and the Board has said absolutely no cattle. Mr. Sides noted RIFA has received two lease requests recently, one of which was to graze cattle, and a second to lease RIFA property for planting and harvesting corn, soy beans and wheat, some on the same land that is now being mowed for hay. To plow it up and plant soybeans or corn would be much more disruptive. Mr. Shanks agreed and noted that with a situation as critical as this, the safest thing to do is stay with the current tenants.

6B. DISCUSSION – APPLEFIELD FARMS REQUEST

Mr. Sides noted this matter is the request by Applefield Farms to lease property which involves grazing cattle and staff recommendation at the pre-RIFA meeting was not to approve this request. Mr. Harville asked the Authority attorney about the response and Mr. Guanzon noted he will respond to the request and state it is not available for lease.

6C. CONSIDERATION – RESOLUTION NO. 2013-05-13-6C – RENEWAL OF LEASE TO OSBORNE COMPANY

Mr. Shanks **moved** adoption of *Resolution 2013-05-13-6C, approving a one-year renewal of the lease to the Osborne Company of North Carolina, Inc., a North Carolina corporation, of approximately 100 acres of pastureland in the Authority’s Mega Park site (a portion of GPINs 1366-78-4718 and 1367-70-4519), owned by the Authority, commonly known as 4380 Berry Hill Road; and the lease would be for the use of harvesting grass hay and incidental uses acceptable to the Authority, at a total rental fee of \$1,000.*

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

VOTE: 3-0
AYE: Harville, Snead, Shanks (3)
NAY: None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

May 13, 2013

6D. CONSIDERATION – RESOLUTION NO. 2013-05-13-6D – RENEWAL OF HUNTING LEASE WITH GUILFORD WHITETAIL MANAGEMENT

Mr. Shanks **moved** adoption of *Resolution 2013-05-13-6D approving a one-year renewal of the hunting lease with Guilford Whitetail Management, a North Carolina Corporation, as tenant, of approximately 1,573.94 acres at the Authority's Mega Park Site (GPINs 1366-54-5996, 1367-42-8434, 1377-01-1754 and a portion of 1356-98-0985), commonly known as the Kluttz Farm, for the uses of hunting, fishing and related outdoor recreational activities, at a total rental fee of \$5,000.*

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

VOTE: 3-0
AYE: Harville, Snead, Shanks (3)
NAY: None (0)

6E. FINANCIAL REPORT AS OF APRIL 30, 2013

Authority Treasurer Barbara Dameron began her review with the Cane Creek Centre bonds showing a few dollars in interest, and Ms. Dameron noted there are unspent bond funds still available of \$814,542. General Fund Expenses show \$6,366, the majority of that is legal fees. The Mega Park Funding Other than Bonds has no change from the previous month, the Berry Hill Mega Site Lot 4 Site Development shows no change from March and the Funds Available for Appropriation show no changes from March as well. The Rent, Interest and Other Income Realized shows rent received from Hawkins', the Institute and for Securitas.

Ms. Dameron noted in the Cane Creek Bonds, the letter of credit is up for renewal on August 1. Ms. Dameron has heard back from Wells Fargo with an offer to do a term loan of either three years or five years and has discussed this with Ms. Van Der Hyde as well as Steve Johnson and Joe Mason with Davenport. They have offered RIFA a three year variable rate that would be LIBOR plus .95%, currently that LIBOR is .20%, that would be 1.15% or a fixed rate of 1.85% for three years. The five year is only offered at a variable rate of 1.5% plus LIBOR which would currently be 1.7%. Even though these are three or five year term loans, they would honor the current amortization schedule with the maturity still January 1, 2026 and principal payments would remain the same. There would be an update support agreement that would be brought to the Board of Supervisors on June 3, City Council on June 4, subject to RIFA's approval, and come back to this Board June 10th which is the deadline for the acceptance. Staff and financial advisors are recommending that RIFA use the fixed rate. Mr. Johnson needs to have some idea that RIFA is comfortable with that as he is in the process of writing papers. Between now and then RIFA is going to have to determine whether it wants to work with them for another loan, consider bonds or how RIFA wants to proceed.

Board members were in agreement with recommendations.

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

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

May 13, 2013

VOTE: 3-0
AYE: Harville, Snead, Shanks (3)
NAY: None (0)

7A. - CLOSED SESSION

Vice Chairman Harville noted that 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 12:47 p.m., Mr. Snead **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)(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. CL 12000634-00, 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.

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

VOTE: 3-0
AYE: Harville, Snead, Shanks (3)
NAY: None (0)

On **Motion** by Mr. Snead and **second** by Mr. Shanks, and by unanimous vote at 1:00 p.m., the Authority returned to open meeting.

Mr. Shanks **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 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. Snead and carried by the following vote:

VOTE: 3-0
AYE: Harville, Snead, Shanks (3)
NAY: None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
May 13, 2013

COMMUNICATIONS

Mr. Harville requested an update on US Green Energy. Mr. Stratton noted that Bob Bennett went to the United Kingdom last Wednesday, Mr. Wright confirmed this and stated they are supposed to be receiving their money this Wednesday to start on their projects.

Mr. Harville welcomed Mr. Larking the Deputy City Manager and noted his appreciation of the staff in preparing for the RIFA meetings.

MEETING ADJOURNED AT 1:04P.M.

Chairman

Secretary to the Authority

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