

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

August 12, 2019

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:10 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Drive, Room 206, Danville, Virginia. Present were City of Danville Members Chairman Fred O. Shanks, III, Sherman M. Saunders and Alternate J. Lee Vogler. Pittsylvania County Members present were Ronald S. Scarce and alternate Elton Blackstock. Vice Chairman Robert W. Warren was absent. *Mr. Vogler entered the meeting at 12:12 p.m.*

City/County staff members attending were: City Manager Ken Larking, County Administrator David Smitherman, Assistant Director of Economic Development Corrie Bobe, Project Manager Kelvin Perry, Assistant County Administrator for Planning & Development Gregory Sides, Project Manager Susan McCullough, City Accountant Henrietta Weaver, Christian & Barton Attorney Michael Guanzon, and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner and Shawn Harden from Dewberry & Davis.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES OF THE JULY 8, 2019 MEETING AND CORRECTED MINUTES OF THE JUNE 10, 2019 MEETING

Upon **Motion** by Mr. Saunders and **second** by Mr. Scarce, Minutes of the July 8, 2019 Meeting were approved as presented.

Upon **Motion** by Mr. Blackstock and **second** by Mr. Saunders, Corrected Minutes of the June 10, 2019 Meeting were approved as presented.

Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION OF RESOLUTION NO. 2019-08-12-5A APPROVING A PROPOSAL FOR SURVEYING SERVICES WITH DEWBERRY ENGINEERS FOR LOT 6 IN CANE CREEK CENTRE.

Mr. Harden explained this was to subdivide Lot 6 in the Cane Creek Centre into 6A and 6B, and the remainder in support of the RealtyLink construction. Mr. Guanzon noted both of those were approved at last month's meeting.

Mr. Scarce **moved** for adoption of *Resolution No. 2019-08-12-5A, approving that certain Proposal for Surveying Services dated July 15, 2019, with Dewberry Engineers Inc., a New York corporation, for Lot 6 in the Authority's Cane Creek Centre industrial park, located in Pittsylvania County and Danville, Virginia, for a lump sum fee of \$7,500.*

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

VOTE: 4-0
AYE: Scarce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

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5B. SEE AGENDA ITEM 7A.

5C. CONSIDERATION OF RESOLUTION 2019-08-12-5C AUTHORIZING AN AMENDMENT TO THE LOCAL PERFORMANCE AGREEMENT WITH BGF INDUSTRIES, INC.

Pittsylvania County Director of Economic Development Matt Rowe explained BGF was building their new corporate headquarters and research center in the Cyber Park. In the original agreement, it was proposed that RIFA would do a ground lease with Samet Corporation and then a sublease to BGF Industries. Financing for Samet has come back and has directed Samet to purchase the property in lieu of the ground lease; that was what was being proposed, and the changes that need to be made. BGF was working with Dewberry, finalizing their designs and Dewberry was moving on to actual site engineering, speculations and work. They have a group of people coming down next week to begin the kickoff for construction for that project.

Mr. Guanzon noted in the second part of the Resolution, where the BGF site was going to be located, was beside where the Centers for Advanced Manufacturing will be located. RIFA has not yet entered into the ground lease for the Institute, but had a resolution over a year ago about the support of that new center. The land in between the CAM and the BGF properties will be a service road. This Resolution will also authorize negotiating the terms under which RIFA will have a cross easement, and who will take care of the maintenance of the road. The State has agreed to pay for the construction of the road and for the road to be located on the Institute portion of the property that was being ground leased. Negotiations and discussions are needed because BGF will be in their building before the Institute would be in theirs, and for issues such as who will be the one to initiate the maintenance and repairs, and will they split the costs between them. This was more of a clean up to make sure this transaction moves forward. Mr. Guanzon explained a ground lease was needed because of the EDA grant. The Institute will likely do it because they are already doing it for the other buildings under a ground lease. The road will have a road replacement schedule, and staff needs to get the parties together and make sure they come up with a workable plan for both of them.

Mr. Saunders **moved** for adoption of *Resolution No. No. 2019-08-12-5C, authorizing the negotiation, execution and delivery of an Amendment to that certain Local Performance Agreement dated October 16, 2018, with BGF Industries, Inc., a Delaware corporation, and others, along with Ancillary Agreements, in order (i) to sell to Samet Corporation, a North Carolina corporation, the Project Site (a portion of Tax PIN 76441) to be located in the Authority's Cyber Park project, in Danville, Virginia, for construction of the New Corporation HQ and the Research Center, in lieu of a New Facility Ground Sublease to BGF Industries, Inc. for those purposes and (ii) to set forth the terms and conditions of the construction and use of an entrance/service road on the future site of the Center for Manufacturing Advancement, to serve the Project Site.*

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

VOTE: 4-0
AYE: Searce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

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5D. CONSIDERATION OF RESOLUTION 2019-08-12-5D APPROVING A CONTRACT OF SALE WITH ANDREW DEAN MILLS AND CAROL MILLS FOR 30 ACRES IN PITTSYLVANIA COUNTY

Mr. Guanzon noted there was a correction that needed to be made, the purchase price was listed as \$189,000, that should be \$180,000. This was a contract to purchase property owned by Andrew Dean Mills and Carol Mills for about thirty acres on Off State Road 1055. This property will help support the entrance way to Berry Hill, or for other purposes to support the project. The money was coming from a Tobacco Commission Grant, and the purchase price will be \$180,000. Staff was still negotiating, there are closing costs the sellers want to have included and so staff would like to increase the purchase price by \$200, to \$180,200.

Mr. Searce **moved** for adoption of *Resolution No. 2019-08-12-5D, approving that certain Contract of Sale with Andrew Dean Mills and Carol Mills, as sellers, for the purchase of certain real property containing approximately 30 acres (tax GPIN 1387-01-2186), located in Pittsylvania County, Virginia, commonly known as Off State Road 1055, Part of Tract 6, in support of the Authority's Southern Virginia Megasite at Berry Hill, at a purchase price of \$180,200, the funding of which shall derive from TIC grant #2264 from the Virginia Tobacco Region Revitalization Commission and a grant from the Virginia Economic Development Partnership.*

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

VOTE: 4-0
AYE: Searce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

5E. CONSIDERATION OF RESOLUTION 2019-08-12-5E APPROVING CHANGE ORDER NO. 7 FOR SITE DEVELOPMENT WORK BY HAYMES BROTHERS ON LOT 4.

Mr. Harden explained staff has spent the last few months preparing plans to expand the pads at Berry Hill. They are getting the wetland permit amended with the Corp, and they have talked with Haymes to get a price to do the work to fill in some of the voids that were left. Also, because the pads are already existing, they will use Lot 5 for borrow, which will actually grade additional pad acreage in the park. In response to Mr. Blackstock, Mr. Harden explained a lot of the cost was in Stormwater management; the dirt cost was about half of that.

Mr. Saunders **moved** for adoption of *Resolution No. 2019-08-12-5E, approving Change Order 7 to the site development work by Haymes Brothers, Inc., a Virginia corporation, originally approved under Resolution No. 2017-02-24-4A, including construction of a Phase 1 Pad Expansion for Pad A on Lot 4, increasing the contract price by \$1,578,000.*

The motion was **seconded** by Mr. Searce and carried by the following vote:

VOTE: 4-0
AYE: Searce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

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5F. CONSIDERATION OF RESOLUTION NO. 2019-08-12-5F APPROVING AMENDMENT NO. 26 WITH DEWBERRY ENGINEERS FOR PHASE 1 ENVIRONMENTAL SITE ASSESSMENT OF LOT 7.

Mr. Bradner explained this was to conduct a Phase I ESA on Lot 7 at Berry Hill in support of ongoing project activities.

Mr. Blackstock **moved** for adoption of *Resolution No. 2019-08-12-5F, approving Amendment No. 26, dated July 15, 2019, to Contract dated February 9, 2009, with Dewberry Engineers Inc., a New York corporation, Engineering Services related to the Mega Park Master Plan, to conduct a Phase 1 Environmental Site Assessment of Lot 7 in the Authority's Southern Virginia Megasite at Berry Hill project located in Pittsylvania County, Virginia, for a lump sum fee of \$4,200.*

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

VOTE: 4-0
AYE: Scarce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

5G. CONSIDERATION OF RESOLUTION NO. 2019-08-12-5G APPROVING AMENDMENT NO. 27 WITH DEWBERRY TO CONDUCT SITE CERTIFICATION DUE DILIGENCE AT BERRY HILL.

Mr. Bradner noted these items are related to the third party Quest Site Certification that staff was starting for the Mega Site. RIFA has made it through the preliminary stage and were now in the final stage. These were due diligence items that are required for the certification, a few related to issues with the Corp, and others related to an updated Phase I ESA for the certification area. Mr. Guanzon stated money was available for this through the VEDP grant the City has received. City Council will need to appropriate that and transfer it to RIFA to make those payments. The Resolution was contingent upon the City making that appropriation.

Mr. Scarce **moved** for adoption of *Resolution No. 2019-08-12-5G, approving Amendment No. 27, dated July 15, 2019, to contract dated February 9, 2009, with Dewberry Engineers Inc., a New York corporation, Engineering Services related to the Mega Park Master Plan, to conduct site certification due diligence of the Authority's Southern Virginia Megasite at Berry Hill project located in Pittsylvania County, Virginia, for a lump sum fee of \$74,750*

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

VOTE: 4-0
AYE: Scarce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

5H. FINANCIAL STATUS REPORTS AS OF JULY 31, 2019

City Accountant Henrietta Weaver gave the Financial Status report as of July 31, 2019. The \$7.3M Cane Creek Bonds show an expenditure of \$10,000 to Kutak Rock for Bond Refinance

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Legal Fees, \$8,244 to Clement Wheatley for legal fees and \$820 to Dewberry Engineers for Wetland Monitoring. FY 2019 General Expenditures show RIFA paid \$15,405 to Clement & Wheatley for Legal Fees, \$277 for meals, and \$61 for Utilities, and FY 2020 General Expenditures show RIFA paid \$2,337 for Insurance. The Berry Hill Funding Other than Bonds show expenditures of \$243,083 to the Clement & Wheatley Real Estate Trust for the property purchase. Lot 4 Site Development shows \$12,000 to Dewberry Engineers and \$1,560 to DEQ for a Wetland Permit and Lot 8 Site Development shows no expenditures for July. Water and Sewer expenditures were paid by the County through Tobacco Commission Grant #2641, which the County is administering, but was being recorded, and shows \$9,750 to Dewberry Engineers and \$417,904 to Haymes Brothers for Sanitary Sewer Construction. FY 2019 Rent, Interest and Other Income shows \$427 Interest received and \$50,825 was paid to the Institute for the Hawkins' Building Property Management for May and June. FY2020 Rent, Interest and Other Income shows RIFA received rent of \$25,412 from the Institute and \$2,000 from Capital Outdoor for their billboard lease.

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

VOTE: 4-0
AYE: Scarce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

6. CLOSED SESSION

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

At 12:31 p.m. Mr. Saunders **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

- A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;
- B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Southern Virginia Megasite at Berry Hill project, Cyber Park project and/or Cane Creek Centre project, where

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competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2-3705.1(8) (appraisals and cost estimates of real property in one or more of the Authority's projects subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease);

- C. As permitted by Virginia Code §§ 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and

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

VOTE: 4-0
AYE: Searce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

- D. On **Motion** by Mr. Searce and **second** by Mr. Blackstock and by unanimous vote at 1:11 p.m., the Authority returned to open meeting.

- E. Mr. Searce **moved** for adoption of the following Resolution:

WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

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

VOTE: 4-0
AYE: Searce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

7. ADDITIONAL NEW BUSINESS

7A. CONSIDERATION OF RESOLUTION 2019-08-12-7A APPROVING A LOCAL PERFORMANCE AGREEMENT WITH GEFERTEC.

Assistant Director of Economic Development Corrie Bobe explained this project will have \$1.9M capital investment in equipment, and eight jobs with an average wage of \$60,000. The

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package was with the Tobacco Commission which will help cover up to two years of rent. The Tobacco Commission grant was in the amount of \$45,000 and the remaining amount will be split between the City and the County. The project was anticipated to break even within the first year. The Tobacco Commission has sent out its press release.

Mr. Saunders **moved** for approval of Resolution 2019-08-12-7A, *a Resolution Approving that Certain Local Performance Agreement with Gefertec LLC, a Virginia Limited Liability Company, and Others, Under Which the Authority Would Provide Payment of the First 24 Months of Base Rent, up to \$50,752, Under a Lease with the Institute for Advanced Learning and Research, a Political Subdivision of the Commonwealth of Virginia, of which \$45,000 would be Deemed as an Advance to be Reimbursed Under a Tobacco Regional Opportunity Fund Grant, for Which the Authority Would Apply for and Disburse, in Exchange for Capital Investments of at Least \$1,900,000 and Creation of 8 Full-Time Jobs with an Average Yearly Base Wage of at Least \$60,000 and Other Capital Investments in the Cyber Park Project.*

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

VOTE: 4-0
AYE: Scarce, Blackstock, Shanks, Saunders (4)
NAY: None (0)

COMMUNICATIONS

Mr. Blackstock questioned the status of Unison and Mr. Guanzon explained staff was still working with them to put in some replacement collateral because they want to use some stock equipment pieces to leave the facility. Whether they have to put more machines there to make sure that value was there, do a personal guarantee or some other item, staff was looking into that. Mr. Scarce questioned the time line for an agreement and Mr. Guanzon noted they still have to come up with a plan on what RIFA was going to get from them.

City Manager Ken Larking noted he wanted to get consensus from the RIFA Board that staff can bring back later for consideration. This was related to when the City and the County have disparate ideas of how much they would like to incentivize a project, and when that occurs, how was that handled going forward when the revenue comes in. SR RIFA has put a mechanism in place which will account for that; he would recommend RIFA amend their by-laws to have that included in the Danville Pittsylvania RIFA, and that it apply to any previous occurrences that may be in place at the time.

Mr. Guanzon explained with the Staunton River RIFA, there were more member localities than in this RIFA. For any transaction here, the City and the County have to agree, and the investment and the contribution was 50/50; that was how the initial cost sharing agreement worked. Without amending the cost sharing agreement and the by-laws to say, if one locality wants to recruit more than the other and that member locality wants to put more money into a project because they feel strongly about it, there isn't a mechanism right now to have that happen. Either it was 50/50 for the City and the County, or the project was not done; in SR RIFA, there was a procedure. Mr. Shanks questioned if that included the revenue side as well and Mr. Guanzon noted it did and Mr. Shanks stated it would be pro rata. Mr. Guanzon noted that was part of it or staff could work out some other deal. Mr. Larking noted as long as there was some way to get to a balance.

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Mr. Guanzon stated if the Board was agreeable to entertain this, staff will come up with recommendations in the upcoming meetings, to handle such a situation. Mr. Shanks noted as long as it handled both on the revenue and expense sides as far as percentages, he does not have any problems with it. Mr. Blackstock noted RIFA needed to get something on the books, if they need to negotiate at some point, they can. Right now they are fixed at 50/50 and if they don't agree, they don't move forward. Mr. Guanzon explained this was just so staff can move forward and will bring it back to the RIFA Board for official approval. It will have to be worked out at staff level and get opinions from both localities to see what will work better; staff will have to be very thoughtful on how to get it done.

Meeting adjourned at 1:26 p.m.

APPROVED:

s/Fred O. Shanks, III
Chairman

s/Susan M. DeMasi
Secretary to the Authority