

Danville-Pittsylvania Regional Industrial Facility Authority

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

AGENDA

October 13, 2016

12:00 P.M.

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

County of Pittsylvania Members

**Jessie L. Barksdale, Chairman
Robert Warren
Elton W. Blackstock, Alternate**

City of Danville Members

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

Staff

**Ken Larking, City Manager, Danville
Clarence C. Monday, Pittsylvania County Administrator
Clement Wheatley, Legal Counsel to Authority
Susan M. DeMasi, Authority Secretary
Michael L. Adkins, 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 SEPTEMBER 12, 2016 MEETING

5. NEW BUSINESS

- A. Rescheduling the Authority's November meeting to either Wednesday, November 16, 2016, or Thursday, November 17, 2016, in light of a scheduling conflict with the 2016 Annual Conference of Virginia Association of Counties (November 13-15, 2016) – Sue M. DeMasi, Authority Corporate Secretary
- B. Consideration of Resolution No. 2016-10-13-5B, approving a waiver and forbearance of the full repayment amount due to the Authority in connection with the anticipated failure of Elkay Wood Products Company (surviving corporation by merger with Yorktowne Cabinetry, Inc.) to meet its 2016 Job Target pursuant to that certain Performance Agreement dated April 19, 2005, as amended, in exchange for the payment by Elkay Wood Products Company to the Authority by December 31, 2016, of a prorated amount equal to \$114,598.88 - E. Linwood Wright, Public and Governmental Affairs Consultant, Danville Office of Economic Development
- C. Financial Status Report as of September 30, 2016 – Michael L. Adkins, CPA, Treasurer of the Authority, and Patricia K. Conner, CPA, Assistant Finance Director, City of Danville, Virginia

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)(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)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by

Danville-Pittsylvania Regional Industrial Facility Authority

private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

- C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29) (i) for discussion or consideration of 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 (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

RETURN TO OPEN SESSION

- D. Confirmation of Motion and Vote to Reconvene in Open Meeting
- E. Motion to Certify Closed Meeting
- F. Consideration of Resolution No. 2016-10-13-6F directing that the Authority voluntarily use the procedure under the Virginia Procurement Act for soliciting contractors for certain utilities improvements to the Authority's Berry Hill Industrial Park project located in Pittsylvania County, Virginia – Brian K. Bradner, P.E and/or Shawn R. Harden, P.E., Dewberry Engineers, Inc. *[No written resolution.]*

7. COMMUNICATIONS FROM:

Jessie L. Barksdale
Elton Blackstock
Sherman M. Saunders
Fred O. Shanks, III
J. Lee Vogler, Jr.
Robert Warren

Staff

8. ADJOURN

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 4
Meeting Date:	10/13/2016
Subject:	Meeting Minutes
From:	Susan M. DeMasi, Authority Secretary

SUMMARY

Attached for the Board's approval are the Meeting Minutes from the Monday, September 12, 2016 meeting.

ATTACHMENTS

Meeting Minutes – 09/12/2016

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 12, 2016

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 Vice Chairman Sherman M. Saunders, Fred O. Shanks, III and Alternate J. Lee Vogler. Pittsylvania County Member present was Chairman Jessie L. Barksdale. Robert Warren and Alternate Elton W. Blackstock were absent.

City/County staff members attending were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, Pittsylvania County Administrator Clarence Monday, Assistant Director of Economic Development Corrie Teague, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Finance/Authority Treasurer Michael Adkins, Assistant Director of Finance Patricia Conner, City of Danville Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present were Shawn Harden and Brian Bradner of Dewberry & Davis, City of Danville Mayor John Gilstrap, and Council Member Madison Whittle.

PUBLIC COMMENT PERIOD

Coy Harville spoke regarding the Hunting Leases with the Authority at the Berry Hill Industrial Park.

APPROVAL OF MINUTES FOR THE AUGUST 8, 2016 MEETING

Upon **Motion** by Mr. Shanks and **second** by Mr. Saunders, Minutes of the August 8, 2016 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION – RESCHEDULING THE AUTHORITY’S OCTOBER MEETING

Mr. Guanzon noted this matter is in reference to rescheduling the Authority’s October meeting to either Wednesday, October 12, 2016, or Thursday, October 13, 2016. Mr. Saunders **moved** that the October meeting be moved to October 13, 2016. The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 3-0
AYE: Barksdale, Saunders, Shanks (3)
NAY: None (0)

Mr. Barksdale noted the presenters for Item 5B were not ready and the Authority would move to the next items and return to 5B when they were ready.

5C. CONSIDERATION – RESOLUTION 2016-09-12-5C – APPROVING AND PAYMENT OF A CHANGE ORDER TO BLAIR CONSTRUCTION REGARDING THE CHARLES HAWKINS BUILDING

Authority Treasurer Michael Adkins noted several months ago in closed session, staff discussed using restricted cash for the upfit of the Hawkins Building; SGS has been

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 12, 2016

announced and is going into that building. The work was contracted with Blair Construction and has been completed. Mr. Adkins noted he is requesting the Board ratify that contract with Blair and approve payment. The estimate was \$45,000, the actual work was done for \$43,696.

Mr. Shanks **moved** adoption of *Resolution No. 2016-09-12-5C, approving and payment of a change order in the amount of \$43,696.00, payable to Blair Construction, Inc., a Virginia corporation, for certain upfitting work to The Charles Hawkins Building in the Authority's Cyber Park project, in Danville, Virginia, in support of Resolution 2014-10-16-7E ("A Resolution Approving Certain Modifications to The Charles Hawkins Building to Accommodate Installation of Certain Equipment for The Capstone Project, which is a Joint Venture between The Institute for Advanced Learning and Research and Danville Community College to Provide Multi-Disciplinary Training")* [No written resolution.]

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

VOTE: 3-0
AYE: Barksdale, Saunders, Shanks (3)
NAY: None (0)

5D. FINANCIAL STATUS REPORT AS OF AUGUST 31, 2016

Mr. Adkins reviewed the Financial Status report as of August 31, 2016, beginning with the \$7.3M for Cane Creek Centre, noting no activity for the month of August. Mr. Adkins stated staff has included FY16 expenses as there was an invoice from Dewberry for Project Lignum which was charged to the contingency line item for FY16 for \$5,400. Under FY17 General Expenditures, \$22 was charged for mileage reimbursements, \$3,000 for Brown Edwards for the progress billing on the FY2016 Audit and \$246 expended for meals. Under Mega Park Funding Other Than Bonds, there were no changes for the month of August. The Berry Hill Mega Park Lot 4 Site Development shows a progress billing from Dewberry paid of \$26,700 against the existing contract for that work. Under Rent, Interest and Other Income, RIFA received its monthly rent from the Institute of \$18,876, \$300 from Securitas and \$467 in Interest. RIFA paid out the Management Fee to the Institute of \$18,876.

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

VOTE: 3-0
AYE: Barksdale, Saunders, Shanks (3)
NAY: None (0)

5B. STATUS REPORT OF ACTIVITY FOR BERRY HILL INDUSTRIAL PARK

Brian Bradner from Dewberry reviewed with the Board the status of activity at the Berry Hill Industrial Park. Mr. Bradner explained Phase 1 is located off Berry Hill Road near the area where Lot 4 was originally laid out. The area will provide a total pad area of 133 acres, 109 +/- is contiguous with some area outside of that. This has the potential of supporting 1,400,000 square feet of industry, the Corp/DEQ permit has been obtained for this construction and the construction documents will be complete within thirty days. At that point, RIFA will need approval from regulatory agencies for the construction documents

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 12, 2016

themselves. Mr. Bradner noted Southern Power has an option on a portion of Berry Hill in the area of Lot 3 and Project Lignum in the area where Lot 8 was originally designated.

Mr. Bradner explained staff did a comprehensive study on water and sewer needs, how they were going to supply water and sewer to the new park and provide adequate capacity for transformational industry. The most advantageous option was to partner with the City of Eden, North Carolina, both for water and sewer. Mr. Bradner discussed the existing sewer force main Eden installed several years ago, and was Phase 1 of the sewer needs. Mr. Saunders questioned the cost of that project and Mr. Harden noted it was about \$2.5M. Mr. Bradner explained the next phase of the sewer covered under the Corp permit will be connecting that sewer, providing sewer service to the Park.

Mr. Bradner explained there is water service at the park coming from 58 providing about 750,000 gallons per day to the park; that is Phase 1. Phase 2, which is included in the Corp permit, will extend a new 30" water line from the City of Eden and provide capacity to the park. Mr. Shanks questioned the existing 16" line, will that stay connected after the 30" is extended and Mr. Harden noted the 30" will come to the Oak Hill Road, Berry Hill Road intersection to serve Southern. They will extend that 30" line to their site because they can take that water at the low pressure; the 30" will be connected to a 16" line going up Oak Hill Road, up to the Judy Byrd Mountain tanks where it will transfer from the low pressure. The Eden system is the low pressure system, with a tank and booster station to pump it to the high; that will convert it up to the same pressure as the 58 water that will serve the rest of the park. Mr. Shanks questioned if the entire park will be one pressure zone and Mr. Harden noted it would be two pressure zones. Mr. Shanks questioned the water for construction and Mr. Harden noted construction water would be provided from the 16" line. Mr. Bradner explained on the Virginia side, both the water and sewer lines are fully funded, they are just waiting for confirmation to tweak any design and that will be ready for construction.

Mr. Barksdale stated the Board appreciates the update and thanked Mr. Bradner and Mr. Harden.

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 12:38 p.m. Mr. Saunders **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting:

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)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by private business pursuant to a

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 12, 2016

promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29)(i) for discussion or consideration of 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 (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

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

VOTE: 3-0
AYE: Barksdale, Saunders, Shanks (3)
NAY: None (0)

D. On **Motion** by Mr. Shanks and **second** by Mr. Saunders and by unanimous vote at 1:37 p.m., the Authority returned to open meeting.

E. Mr. Saunders **moved** adoption of the following Resolution:

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

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

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open 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. Shanks and carried by the following vote:

VOTE: 3-0
AYE: Barksdale, Saunders, Shanks (3)
NAY: None (0)

6F. CONSIDERATION – RESOLUTION NO. 2016-09-12-6F – APPROVING A COOPERATION AGREEMENT WITH THE INDUSTRIAL DEVELOPMENT AUTHORITY

Authority Attorney Michael Guanzon noted copies of this Resolution are on the table, and concerns the Kyocera announcement last Thursday. Under the Cooperation Agreement between the Authority and the IDA, the IDA is requesting ten acres from the Cyber Park to be donated to it. The IDA will then enter into a Performance Grant Agreement with Kyocera.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 12, 2016

There will be protections in that document in the event of a breach in Performance Agreement or if development of that property does not occur within a certain time period.

Mr. Shanks **moved** adoption of *Resolution No. 2016-09-12-6F, approving a certain Cooperation Agreement with Industrial Development Authority of Danville, Virginia (the "City IDA"), a political subdivision of the Commonwealth of Virginia, under which the Authority shall donate approximately 10 acres located in the Authority's Cyber Park project in Danville, Virginia, in furtherance of a Performance Agreement to be entered between the City IDA and a business recruit to be publicly announced before the September 2016 meeting of the Authority; such Cooperation Agreement shall include, among other things, the obligation of the City IDA to convey the donated property back to the Authority under certain terms and conditions, such as the breach of such Performance Agreement by such business recruit.*

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

VOTE: 3-0
AYE: Barksdale, Saunders, Shanks (3)
NAY: None (0)

7. COMMUNICATIONS

Mr. Shanks, Mr. Vogler and Mr. Shanks congratulated staff, and thanked them for all they do.

Mr. Barksdale thanked Corrie Teague for arranging an offsite visit, she did a wonderful job, thanked staff for a superb job leading up to the Governor's announcement on September 8, and thanked everyone who attended. Staff is doing an excellent job.

The Meeting adjourned at 1:41 p.m.

Chairman

Secretary to the Authority

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-A
Meeting Date:	10/13/2016
Subject:	Rescheduling November 2016 RIFA Meeting
From:	Sue DeMasi

SUMMARY

The RIFA Board will consider rescheduling the regular November 2016 RIFA meeting from Monday, November 14, 2016 to Wednesday, November 16, 2016 or Thursday, November 17, 2016 due to a scheduling conflict with the 2016 Annual VACO Conference.

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-B
Meeting Date:	10/13/2016
Subject:	Consideration of Resolution 2016-10-13-5B
From:	E. Linwood Wright, Public and Governmental Affairs Consultant, Danville Office of Economic Development

SUMMARY

During the October 13, 2016 meeting, the Board will be asked to consider approving a waiver and forbearance with respect to Elkay Wood Products Company.

ATTACHMENTS

Resolution 2016-10-13-5B

Resolution 2016-10-13-5B

A RESOLUTION APPROVING A WAIVER AND FORBEARANCE OF THE FULL REPAYMENT AMOUNT DUE TO THE AUTHORITY IN CONNECTION WITH THE ANTICIPATED FAILURE OF ELKAY WOOD PRODUCTS COMPANY (SURVIVING CORPORATION BY MERGER WITH YORKTOWNE CABINETRY, INC.) TO MEET ITS 2016 JOB TARGET PURSUANT TO THAT CERTAIN PERFORMANCE AGREEMENT DATED APRIL 19, 2005, AS AMENDED, IN EXCHANGE FOR THE PAYMENT BY ELKAY WOOD PRODUCTS COMPANY TO THE AUTHORITY BY DECEMBER 31, 2016, OF A PRORATED AMOUNT EQUAL TO \$114,598.88

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, as amended; and

WHEREAS, pursuant to that certain Performance Agreement dated April 19, 2005, as amended (the “**Original Performance Agreement**”), the Authority provided an incentive package as more fully described therein (the “**Funds**”) to Elkay Wood Products Company, a Pennsylvania corporation (surviving corporation by merger with Yorktowne Cabinetry, Inc.) (“**Elkay**”), in exchange for certain performance obligations of Elkay, including without limitation the creation and maintenance of a certain amount of full-time jobs; and

WHEREAS, pursuant to that certain Amendment to Performance Agreement dated September 28, 2009, amending the Original Performance Agreement (the “**Amendment**”), Elkay agreed that the cumulative number of full-time jobs that Elkay must have created and maintained as of September 30, 2016 (the “**2016 Target Date**”) was 380 (the “**2016 Job Target**”); and

WHEREAS, as of June 30, 2016, Elkay had created and maintained 171 jobs, which is a deficit of 209 jobs (the “**2016 Job Deficit**”); and

WHEREAS, Elkay anticipates that it will not meet the 2016 Job Target as of the 2016 Target Date; and

WHEREAS, pursuant to the Amendment, the repayment amount due to the Authority of the Funds if the 2016 Job Target is not met by the 2016 Target Date is \$208,363.26 (the “**2016 Repayment Amount**”), which is due and payable by October 31, 2016; and

WHEREAS, if the 2016 Repayment Amount is prorated based on the 2016 Job Target, each job would represent \$548.32 of the total 2016 Repayment Amount; and

WHEREAS, subject to the terms and conditions set forth in that certain Waiver, a copy of which is attached hereto as **Exhibit A** and incorporated herein by this reference (the “**Waiver**”), the Authority would agree to waive and forbear its rights under the Original Performance Agreement, as amended by the Amendment (the “**Performance Agreement**”), to declare a breach of the Performance Agreement in connection with 2016 Job Deficit, and to demand immediate payment in full of the 2016 Repayment Amount, in consideration of Elkay’s payment to the Authority of a prorated payment of the 2016 Repayment Amount by

Resolution 2016-10-13-5B

December 31, 2016, in the amount of \$114,598.88, calculated by multiplying \$548.32 by the 2016 Job Deficit of 209 jobs; and

WHEREAS, the Authority finds that the Waiver serves the Authority's purpose of enhancing the economic base of the City and the County; and

WHEREAS, the Authority finds that the Waiver is necessary, reasonable, and appropriate for the further development of Elkay's business in the Cane Creek Centre located in Pittsylvania County, Virginia, and to better enable Elkay to meet its job target for September 30, 2016 of 380 full-time jobs.

NOW, THEREFORE, BE IT RESOLVED BY THE DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, THAT:

1. The Authority hereby authorizes and directs its Chairman and/or Vice Chairman, either of whom may act independently of the other, to execute and deliver, and otherwise pursue, the Waiver, together with such further amendments, deletions, or additions to the Waiver as may be approved by its Chairman or Vice Chairman (as the case may be), and such execution of the same by its Chairman or Vice Chairman (as the case may be) to conclusively establish his approval of any further amendments, deletions, or additions thereto.

2. The Authority hereby authorizes its Chairman and/or Vice Chairman, either of whom may act independently of the other, to execute and deliver such other documents in connection with the Waiver, as may be approved by its Chairman or Vice Chairman (as the case may be), such execution by its Chairman or Vice Chairman (as the case may be) to conclusively establish his approval of such other documents.

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 Waiver or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of this Resolution.

4. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Waiver and the matters contemplated therein.

5. This Resolution shall take effect immediately upon its adoption.

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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 October 13, 2016, 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 as of the 13th day of October 2016.

SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial Facility
Authority

(SEAL)

Exhibit A

WAIVER

THIS WAIVER (this “**Waiver**”) is executed as of the 13th day of October 2016, by **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the “**Authority**”).

WHEREAS, pursuant to that certain Performance Agreement dated April 19, 2005, as amended (the “**Original Performance Agreement**”), the Authority provided an incentive package, as more fully described therein (the “**Funds**”), to Yorktowne Cabinetry, Inc. (now Elkay Wood Products Company, a Pennsylvania corporation, by merger) (“**Elkay**”), in exchange for certain performance obligations of Elkay, including the creation and maintenance by Elkay of a certain amount of full-time jobs; and

WHEREAS, pursuant to that certain Amendment to Performance Agreement dated September 28, 2009, amending the Original Performance Agreement (the “**Amendment**”), Elkay agreed that the cumulative number of full-time jobs that Elkay must have created and maintained as of September 30, 2016 (the “**2016 Target Date**”) was 380 (the “**2016 Job Target**”); and

WHEREAS, according to the Virginia Withholding Summary of Deposits and Filings for the period April 1 through June 30, 2016 for Elkay, Elkay had created and maintained only 171 jobs as of June 30, 2016, missing the 2016 Job Target by 209 jobs (the “**2016 Job Deficit**”); and

WHEREAS, Elkay anticipates that it will miss the 2016 Job Target as of the 2016 Target Date; and

WHEREAS, pursuant to the Amendment, the repayment amount to the Authority of the Funds if the 2016 Job Target is not met as of the 2016 Target Date is \$208,363.26 (the “**2016 Repayment Amount**”), which is due and payable by October 31, 2016 (the “**2016 Repayment Deadline**”); and

WHEREAS, if the 2016 Repayment Amount is prorated based on the 2016 Job Target, each job would represent \$548.32 (i.e., \$208,363.26 / 380) of the total 2016 Repayment Amount; and

WHEREAS, in consideration of Elkay’s payment to the Authority by December 31, 2016, of \$114,598.88 (the “**2016 Prorated Repayment**”), calculated by multiplying \$548.32 by the 2016 Job Deficit of 209 jobs, the Authority has agreed to waive and forbear any rights it has under the Original Performance Agreement, as amended by the Amendment (the “**Performance Agreement**”), (i) to declare a breach of the Performance Agreement for Elkay’s anticipated failure to meet the 2016 Job Target and for Elkay’s anticipated failure to pay to the Authority the 2016 Repayment Amount by the 2016 Repayment Deadline, and (ii) to demand immediate payment in full to the Authority of the 2016 Repayment Amount.

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-C
Meeting Date:	10/13/2016
Subject:	Financial Status Reports – September 30, 2016
From:	Michael L. Adkins, Authority Treasurer

SUMMARY

A review of the financial status reports through September 30, 2016 will be provided at the meeting. The financial status reports as of September 30, 2016 are attached for the DPRIFA Board's review.

RECOMMENDATION

Staff recommends approving the financial status reports as of September 30, 2016 as presented.

ATTACHMENTS

Financial Status Reports

Financial Status

Table of Contents

- A. \$7.3 Million Bonds - Cane Creek Centre
- B. General Expenditures for FY2017
- C. Mega Park – Funding Other than Bond Funds
- D. Berry Hill Mega Park – Lot 4 Site Development
- E. Rent, Interest, and Other Income Realized
- F. Unaudited Financial Statements

Danville-Pittsylvania Regional Industrial Facility Authority

\$7,300,000 Bonds for Cane Creek Centre - Issued in August 2005 ⁷

As of September 30, 2016

Funding	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funds from bond issuance	\$7,300,000.00				
Issuance cost	(155,401.33)				
Refunding cost ⁷	(52,500.00)				
Bank fees	(98.25)				
Interest earned to date	486,581.70				
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	28,554.12	43,326.88	
Land		-	2,792,945.57	-	
Demolition services		71,261.62	71,261.62	-	
Legal fees		-	59,418.80	-	
CCC - Lots 3 & 9 project - RIFA Local Share ⁶		142,190.00	112,464.98	-	
Other expenditures		-	339,846.72	-	
Total	\$ 7,578,582.12	\$ 4,311,140.12	\$ 7,331,508.17	\$ 43,326.88	\$ 203,747.07

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 9/30/2010 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.

⁷ The \$7.3 million bonds were refunded on 8/1/2013 with the issuance of refunding bonds in the amount of \$5,595,000.

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 2017

As of September 30, 2016

	<u>Funding</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
<i>Funding</i>					
City Contribution	\$ 75,000.00				
County Contribution	75,000.00				
Carryforward from FY2016	101,941.49				
<i>Contingency</i>					
Miscellaneous contingency items		\$ 143,441.49	\$ 21.82	\$ -	\$ 143,419.67
<i>Total Contingency Budget</i>		143,441.49	21.82	-	143,419.67
<i>Legal</i>					
		80,000.00	-		80,000.00
<i>Accounting</i>					
		20,300.00	3,000.00	17,300.00	-
<i>Annual Bank Fees</i>					
		600.00			600.00
<i>Postage & Shipping</i>					
		100.00			100.00
<i>Meals</i>					
		4,000.00	784.31		3,215.69
<i>Utilities</i>					
		500.00	61.87		438.13
<i>Insurance</i>					
		3,000.00			3,000.00
<i>Total</i>	\$ 251,941.49	\$ 251,941.49	\$ 3,868.00	\$ 17,300.00	<u>\$ 230,773.49</u>

Danville-Pittsylvania Regional Industrial Facility Authority

Mega Park - Funding Other than Bond Funds

As of September 30, 2016

Funding	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
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				
Tobacco Commission FY10 SSED Allocation - Eng. Portion Deobligated	(244,797.00)				
Local Match for TIC FY10 SSED Allocation - Engineering Portion ⁵	76,067.61				
Additional funds allocated by RIFA Board on 1/14/2013 ⁶	11,854.39				
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	973,629.29	17,220.71	
Consulting Services - McCallum Sweeney ⁷		115,000.00	103,796.85	-	
Transfer available funds to "Berry Hill Mega Park - Lot 4 Site Development" Project ⁸		-	11,203.15	-	
Total	\$ 14,231,524.83	\$ 14,231,524.83	\$ 14,214,304.12	\$ 17,220.71	\$ (0.00)

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 was covered by the FY09 Tobacco Allocation. \$162,928 was covered by the FY10 Tobacco Allocation. \$87,922 will be covered with RIFA Funds.

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.

⁶ Due to the expiration of the Tobacco Commission FY10 SSED Allocation, the RIFA Board approved on 1/14/2013 to utilize \$11,854.39 of the 'Funds Available for Appropriation' to cover the funding shortfall for the budgeted Dewberry & Davis contract.

⁷ Unencumbered the remaining \$11,203.15 due to termination of contract.

⁸ As approved by RIFA Board on 10/16/2014

Danville-Pittsylvania Regional Industrial Facility Authority

Berry Hill Mega Park - Lot 4 Site Development

As of September 30, 2016

Funding	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Tobacco Commission FY12 Megasite Allocation	\$ 6,208,153.00				
Local Match for TIC FY12 Megasite Allocation - County Portion ¹	750,000.00				
Local Match for TIC FY12 Megasite Allocation - City Portion ¹	750,000.00				
Local Match for TIC FY12 Megasite Allocation - RIFA Portion ²	181,000.00				
Transfer in from "Mega Park - Funding Other than Bond Funds" Budget ³	11,203.15				
Expenditures					
Dewberry Engineers Inc.		1,637,985.74	1,157,803.24	480,182.50	
Jones Lang LaSalle		95,000.00	95,000.00	-	
Jones Lang LaSalle - Economic Analysis		12,000.00	-	12,000.00	
VA Water Protection Permit Fee		57,840.00	57,840.00	-	
Wetlands Studies and Solutions, Inc.		141,996.00	76,966.39	65,029.61	
Transfers to "General Expenditures Fiscal Year 2015" Contingency ³					
Dewberry Engineers Inc.		(108,603.35)	(108,603.35)	-	
Jones Lang LaSalle - Market Analysis Study		(95,000.00)	(95,000.00)	-	
Jones Lang LaSalle - Economic Analysis		(12,000.00)	-	(12,000.00)	
Total	\$ 7,900,356.15	\$ 1,729,218.39	\$ 1,184,006.28	\$ 545,212.11	\$ 6,171,137.76

¹ \$300,000 of this was received from each locality in June 2014. \$450,000 received in August 2014. \$450,000 received in September 2014.

² The RIFA Board approved on 2/11/2013 to transfer the remaining funds of \$175,316.17 from the "Funds Available for Appropriation" budget sheet and funds of \$5,683.83 from the "Rent, Interest, and Other Income Realized" budget sheet to use for the RIFA local match to Tobacco Commission grant #2491 for Berry Hill Mega Park Lot 4 Site Development.

³ As approved by RIFA Board on 10/16/2014

Danville-Pittsylvania Regional Industrial Facility Authority
 Rent, Interest, and Other Income Realized for Fiscal Year 2017
 As of September 30, 2016

Source of Funds	Funding			Expenditures FY2017	Unexpended / Unencumbered
	Carryforward from FY2016	Current Month	Receipts FY2017		
<u>Carryforward</u>	\$ 548,731.95				
<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.	\$19,024.09	\$56,775.75
Institute for Advanced Learning and Research (IALR)		Cyberpark	IALR Building at 150 Slayton Ave.	-	-
Securitas		Cyberpark	Gilbert Building at 1260 South Boston Rd.	300.00	900.00
Capital Outdoor, Inc.		Cane Creek	Lot 6	-	-
<u>Total Rent</u>				\$ 19,324.09	\$ 57,675.75
<u>Interest Received</u> ²				\$ 504.36	\$ 971.76
<u>Yorktowne Repayment</u>				\$ -	\$ -
<u>Expenditures</u>					
Hawkins Research Bldg. Property Mgmt. Fee					\$ 56,775.75
Disbursement to Blair Construction, Inc. for Hawkins Lab Upfit					\$ 43,696.00
Totals	\$ 548,731.95	\$ 19,828.45	\$ 58,647.51	\$ 100,471.75	\$ 506,907.71

Restricted¹ \$ 313,695.06
Unrestricted \$ 193,212.65

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.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Net Position^{1,2}
September 30, 2016*

	Unaudited FY 2017
Assets	
<i>Current assets</i>	
Cash - checking	\$ 909,736
Cash - money market	1,147,482
<i>Total current assets</i>	2,057,218
<i>Noncurrent assets</i>	
Restricted cash - project fund CCC bonds	253,574
Restricted cash - debt service fund CCC bonds	703
Restricted cash - debt service fund Berry Hill bonds	-
Restricted cash - debt service reserve fund Berry Hill bonds	2,002,775
Capital assets not being depreciated	25,071,362
Capital assets being depreciated, net	24,561,601
Construction in progress	4,367,908
<i>Total noncurrent assets</i>	56,257,923
Total assets	58,315,141
Liabilities	
<i>Current liabilities</i>	
Accrued interest	-
Bonds payable - current portion	843,450
<i>Total current liabilities</i>	843,450
<i>Noncurrent liabilities</i>	
Bonds payable - less current portion	5,506,640
<i>Total noncurrent liabilities</i>	5,506,640
Total liabilities	6,350,090
Net Position	
Net investment in capital assets	47,904,355
Restricted - debt reserves	2,003,478
Unrestricted	2,057,218
Total net position	\$ 51,965,051

¹ Please note 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 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 September 30, 2016 as of September 28, 2016, 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 Position
*September 30, 2016**

	Unaudited FY 2017
Operating revenues	
Rental income	60,951
Total operating revenues	60,951
Operating expenses ⁴	
Mega Park expenses ³	35,830
Cane Creek Centre expenses ³	-
Cyber Park expenses ³	100,472
Professional fees	3,000
Insurance	2,140
Other operating expenses	885
Total operating expenses	142,327
Operating income (loss)	(81,376)
Non-operating revenues (expenses)	
Interest income	1,817
Interest expense	(39,782)
Total non-operating expenses, net	(37,965)
Net income (loss) before capital contributions	(119,341)
Capital contributions	
Contribution - City of Danville	518,536
Contribution - Pittsylvania County	518,536
Total capital contributions	1,037,072
Change in net position	917,731
Net position at July 1, 2016	51,047,320
Net position at August 31, 2016	\$ 51,965,051

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.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
*September 30, 2016**

	Unaudited FY 2017
Operating activities	
Receipts from grant reimbursement requests	\$ -
Receipts from reimbursement of incentive grants	-
Receipts from leases	57,676
Payments to suppliers for goods and services	(269,256)
Net cash used by operating activities	(211,580)
Capital and related financing activities	
Capital contributions	1,037,072
Interest paid on bonds	(98,253)
Principal repayments on bonds	(1,710,000)
Net cash provided by capital and related financing activities	(771,181)
Investing activities	
Interest received	1,817
Net cash provided by investing activities	1,817
Net increase (decrease) in cash and cash equivalents	(980,944)
Cash and cash equivalents - beginning of year (including restricted cash)	5,295,214
Cash and cash equivalents - through August 31, 2016 (including restricted cash)	\$ 4,314,270
Reconciliation of operating loss before capital contributions to net cash used by operating activities:	
Operating income (loss)	\$ (81,376)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Non-cash operating in-kind expenses	-
Changes in assets and liabilities:	
Change in prepaids	2,370
Change in due from other governments	-
Change in other receivables	-
Change in accounts payable	(129,299)
Change in unearned income	(3,275)
Net cash used by operating activities	\$ (211,580)

Components of cash and cash equivalents at September 30, 2016:	
American National - Checking	\$ 909,736
American National - General money market	1,147,482
Wells Fargo - \$7.3M Bonds CCC Debt service fund	703
Wells Fargo - \$7.3M Bonds CCC Project fund	253,574
US Bank - \$11.25M Bonds Berry Hill Debt service fund	-
US Bank - \$11.25M Bonds Berry Hill Debt service reserve fund	2,002,775
	\$ 4,314,270

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 6-F
Meeting Date:	10/13/2016
Subject:	Consideration of Resolution 2016-10-13-6F
From:	Brian K. Bradner and/or Shawn R. Harden, Dewberry Engineers

SUMMARY

During the October 13, 2016 meeting, the Board will be asked to consider the Authority's voluntary use of the procedure under the Virginia Procurement Act for soliciting contractors.

ATTACHMENTS

No written resolution.