

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

January 11, 2021

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:05 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Room 207, Danville, Virginia. Present were City of Danville Members Sherman M. Saunders, Vice Chairman J. Lee Vogler, Jr., and Alternate Dr. Gary P. Miller. Pittsylvania County Members present were Chairman Robert W. Warren, Ronald S. Scarce, and Alternate Vic Ingram.

City/County staff members attending were: City Manager Ken Larking, Pittsylvania County Administrator David Smitherman, Danville Director of Economic Development Corrie Bobe, Pittsylvania County Director of Economic Development Matt Rowe, Christian & Barton Attorney Michael C. Guanzon, and Secretary to the Authority Susan DeMasi. Also present were Shawn Harden and Brian Bradner from Dewberry. *City of Danville Director of Finance/Authority Treasurer Michael Adkins, City of Danville Accountant Henrietta Weaver, and Brown, Edwards Auditor Chris Murray attended the meeting electronically.*

Chairman Robert W. Warren presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE DECEMBER 14, 2020 MEETING

Upon **Motion** by Mr. Vogler and **second** by Mr. Scarce, Minutes of the December 14, 2020 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

Mr. Warren requested a **Motion to Amend the Agenda** to add Resolution 2021-01-11-5F; Mr. Vogler **moved** to add Resolution 2021-01-11-5F, the Motion was **seconded** by Mr. Scarce and carried by the following vote:

VOTE: 4-0
AYE: Warren, Scarce, Saunders, Vogler (4)
NAY: None (0)

NEW BUSINESS

5A. ELECTION AND REAPPOINTMENT OF OFFICERS FOR CALENDAR YEAR 2021

Authority Attorney Michael Guanzon explained under the by-laws, the Chairmanship and Vice Chairmanship rotate. An election was needed to elect a Chairman from the City and a Vice Chairman from the County.

1. Election of Chairman from Danville City Member Locality (see Bylaws, Article VI, paragraph 1).

Mr. Warren opened the floor for nominations for Chairman. Mr. Vogler **nominated** Sherman Saunders for Chairman of the Authority stating Mr. Saunders has said that he will nominate Mr. Vogler for Chairman in 2023; the Motion was **seconded** by Mr. Scarce and carried by the following vote:

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AYE: Warren, Searce, Saunders, Vogler (4)
NAY: None (0)

Mr. Warren handed the meeting over to Mr. Saunders. Mr. Saunders thanked all the Board Members for their support, and looked forward to continuing moving the region forward.

2. Election of Vice Chairman of the Authority from the Pittsylvania County Member Locality (see Bylaws, Article VI, paragraph 4).

Mr. Saunders requested a Motion for Vice Chairman of RIFA. Mr. Warren noted it was with great honor and respect he would nominate **Ronald Searce** as Vice Chairman of RIFA; the Motion was **seconded** by Mr. Vogler and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Saunders, Vogler (4)
NAY: None (0)

3. Reappointment of the Secretary from the Authority's Staff

Mr. Saunders requested a Motion for the reappointment of the Secretary. Mr. Vogler **moved** to reappoint Susan DeMasi as secretary of the Authority; the Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Saunders, Vogler (4)
NAY: None (0)

4. Reappointment of the Treasurer from the Authority's Staff

Mr. Saunders requested a Motion for the reappointment of the Treasurer. Mr. Warren **moved** to reappoint Michael Adkins as Treasurer of the Authority; the Motion was **seconded** by Mr. Vogler and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Saunders, Vogler (4)
NAY: None (0)

5B. CONSIDERATION OF RESOLUTION NO. 2021-01-11-5B, APPROVING A SECOND AMENDMENT TO THE CERTAIN DECLARATION OF PROTECTIVE COVENANTS OF THE AUTHORITY'S CANE CREEK CENTRE

Mr. Guanzon explained this was to approve a Second Amendment to the Restrictive Covenants for Cane Creek Centre. The staff reviewed and made sure the Restrictive Covenants protected the land, and added a few technical corrections regarding the Architecture Review Committee. Also the restrictions would end soon, and this was to extend them further since the Park was still being developed. There were technical requirements with respect to lighting in the park, those types of revisions, and they will have to be approved by some of the other owners in the Park.

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Mr. Vogler **moved** for adoption of *Resolution No. 2021-01-11-5B, Approving a Second Amendment to that Certain Declaration of Protective Covenants of the Authority's Cane Creek Centre, dated July 12, 2005, and Recorded in the Clerk's Office of the Circuit Court of the County of Pittsylvania, Virginia, (the "County Clerk's Office"), as Instrument No. 05-06158, in Deed Book 1505, at Page 237, and Recorded in the Clerk's Office of the Circuit Court of the City of Danville, Virginia, (the City Clerk's Office") as Instrument No. 05-4233, at Page 189, as amended by that Certain Amendment to Declaration of Protective Covenants, dated April 24, 2012, Recorded in the County Clerk's Office as Instrument No. 12-03321, at Page 104, and Recorded in the City Clerk's Office as Instrument No. 12-1999, at Page 1, as Supplemented by that Certain Supplement to Declaration of Protective Covenants, dated January 13, 2014, and Recorded in the County Clerk's Office as Instrument No. 14-00362, at Page 01, and Recorded in the City Clerk's Office as Instrument No. 14-191, as Page 24, as Further Supplemented by that Certain Supplement to Declaration of Protective Covenants, dated February 9, 2015, and Recorded in the County Clerk's Office as Instrument No. 15-0596, at Page 01, and Recorded in the City Clerk's Office as Instrument No. 15-530, as such Amended Restrictions Pertain to (i) the Review Committee and its Limited Liability, (ii) Sediment and Erosion Control, (iii) Minimum Building Square Footage, (iv) Exterior Lighting, (v) Extension of the Term for an Additional Ten (10) Years, (vi) Minimum Tree Planting, and (vii) Flood Lighting.*

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

VOTE: 4-0
AYE: Warren, Scarce, Vogler and Saunders (4)
NAY: None (0)

5C. CONSIDERATION OF RESOLUTION NO. 2021-01-11-5C, AUTHORIZING A PERFORMANCE AGREEMENT FOR A \$200,000 AFID GRANT FOR JUST GREENS, LLC, DOING BUSINESS AS AEROFARMS

Pittsylvania County Director of Economic Development Matt Rowe explained this Resolution was authorizing the Chairman of RIFA to execute an AFID Performance Agreement, an Agriculture, Forestry, Industrial Development Grant from the Virginia Department of Agriculture and Consumer Services for the benefit of Just Greens, which was Aerofarms. As always with Pittsylvania County projects, the funds will not be provided to the company until the Performance was met. Mr. Rowe noted he has spoken with the company, they have gone ahead and paid the Extension Fee for the property and they have all intentions of moving forward with the project in the near future.

Mr. Guanzon noted under this type of grant through the Department of Agriculture, they would require the Company to purchase certain Virginia based agricultural products or make certain investments of capital within the term period. It was keeping the investment and money within the Commonwealth which was what this program was about.

Mr. Vogler **moved** for adoption of *Resolution 2021-01-11-5C, authorizing the Chairman of the Authority to Execute a Performance Agreement for a \$200,000 AFID Grant from Virginia Department of Agriculture and Consumer Services for the Benefit of Just Greens, LLC, a Delaware Limited Liability Company Doing Business as Aerofarms, in Furtherance of that Certain Local Performance Agreement dated April 23, 2020, Approved by Resolution Nos. 2019-12-09-7A and 2020-05-11-5D.*

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

VOTE: 4-0
AYE: Warren, Scarce, Vogler and Saunders (4)
NAY: None (0)

5D. PRESENTATION OF THE AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS FOR YEAR ENDING JUNE 30, 2020

Chris Murray, CPA with Brown, Edwards presented the Audit for the year ending June 30, 2020 noting the Financial Report was a clean, unmodified opinion again this year. Looking at a few highlights, beginning with the Statement of Net Position, under the Current Assets there was a lot of consistency but a few things to point out. Current Assets, Due from Other Governments, showed about \$1.7M this year compared to zero last year. That relates to the ongoing construction at the Mega Park, amounts that were going to be for work done, and going to be reimbursed by the City or the Tobacco Commission. Under Noncurrent Assets, Restricted Cash dropped to \$80,000 and that was a product of paying down the debt and using Restricted Cash. Construction in Progress continues to grow to over \$19M which was continued growth in the construction of the Mega Park. In Current Liabilities, Accounts Payable Construction shows a significant increase due to the timing of payables, most of it Phase 1 construction; the payables there also drive the Due from Other Governments under Current Assets. Under the Statement of Net Position, there was a significant increase in Unearned Revenues, the majority of that were funds the Authority received and has not yet transferred for Harlow Fastech. Some of that has been transferred or the money used for capital additions but the remainder won't be recognized in Revenue until they finish meeting the performance obligations in their agreement.

Under Statement of Revenue and Expenses, there were some fluctuations based on what incentives were going on at the time. Operating Revenues, Economic Development incentives for the County and Foundation both dropped to zero this year. Nearly all the funds last year related to Unison Tube and Harlow Fastech, but nothing similar to that this year. Looking at the Economic Development Incentives – Other, that increased to over \$770,000; the majority of that increase was \$278,000 TROF funds received for Harlow Fastech. Operating Expenses show big decreases to Economic Development - Cane Creek Centre; last year there was \$1.2M that came under Economic Incentives Revenue for Unison Tube and Harlow Fastech, those were the funds going back out to them.

Going to Required Communication with those Charged with Governance, the letter was required with standard language to let the Authority know what their responsibilities were during the audit, and their responsibilities as the Auditors. It lets the Authority know Brown, Edwards did not have any difficulties during the audit and also identifies any adjustments that were posted during the audit while coordinating with management. In the Comments on Internal Controls, there was a new comment this year, as the Mega Park continues to grow with over \$19M in construction in progress, they made a recommendation to start to plan to develop a future allocation of those costs, To try to avoid, once the park was complete and the potential incentives were starting to happen, RIFA having any stranded costs or overstatement of value incentives, to try and break down the different categories that RIFA might need to consider, such as live costs, utilities, roads, etc. It doesn't have an immediate impact, but they wanted to bring it up because it could be difficult to handle the accounting in a year when RIFA starts dealing with the park being complete. Finally, there was the prior

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year comment regarding segregation of duties, but that was simply because of limited staffing. Neither of the comments would rise to the level of significant deficiency or material weakness.

Mr. Warren **moved** to accept the Audit Report as presented. The Motion was **seconded** by Mr. Vogler and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Vogler and Saunders (4)
NAY: None (0)

5E. FINANCIAL STATUS REPORTS AS OF DECEMBER 31, 2020

Authority Treasurer Michael Adkins gave the Financial Status report as of December 31, 2020 beginning with the Cane Creek Bonds which showed no expenditures for December. General Expenditures for Fiscal Year 2021 show RIFA paid \$25 to the Clerk of the Circuit Court for Recordation Fees, \$274 to the Treasurer of Pittsylvania County for the Tax and Waste Fee for the Weatherford Property, \$150 to Clement & Wheatley for the payment of the legal letter for the year end audit, \$20,021 to Christian and Barton for legal fees, \$12,400 to Brown, Edwards, which was the last payment for RIFA's fiscal year end audit, \$235 for meals and \$31 for monthly utilities. Funding Other than Bonds for Berry Hill shows no activity for the month of December. Lot 1 and 2 Development at Berry Hill had an expenditure of \$33,000 to Dewberry for work under Amendment #30. For Water and Sewer infrastructure at Berry Hill, RIFA expended \$718,158 to Haymes Brothers for Phase 1 work, RIFA received reimbursement from Danville Utilities for their share of the work for \$609,000. Under Rent, Interest and Other Income, RIFA received \$22,817 from the Institute for the Hawkins Building rent, \$1,057 from Pittsylvania County for their share of the monthly rent for Gefertec, and received \$750,000 for Right of Way Acquisition from Mountain Valley Pipeline. Instead of placing that in the Unrestricted Fund Balance, it was put into Committed Balance. Under Expenditures, RIFA paid \$25,148 to the Institute for the Hawkins' maintenance and \$2,115 to the Institute for Gefertec rent.

Mr. Vogler **moved** to accept the Financial Report as presented; the Motion was **seconded** by Mr. Searce and carried by the following vote:

VOTE: 4-0
AYE: Warren, Searce, Vogler and Saunders (4)
NAY: None (0)

5F. CONSIDERATION OF RESOLUTION 2021-01-11-5F REGARDING A REVISED CONSERVATION EASEMENT PLAT RELATED TO THE RELOCATION OF THE APCO 69KV LINE

Shawn Harden from Dewberry Engineers explained the relocation of the 69kV line at Berry Hill will be moved to the front of the Phase 1 area. To do that, the Conservation Easement has to be modified along Oak Hill Road; that was part of the Army Corp of Engineers Special Conditions for the Phase 1 construction. They have received approval from the Army Corp to revise the easement, and the plat needs to be revised and recorded. Mr. Guanzon noted Dewberry needs to get in touch with his firm to double check to make sure RIFA doesn't need to get approval from the pipeline. Mr. Harden noted this revision does not affect them; the location of the conservation easement was going to be revised.

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Mr. Warren **moved** for approval of *Resolution 2021-01-11-5F, Authorizing the Chairman of the Authority to Execute, Deliver and Record a Revised Conservation Easement Plat and Related Documents to Facilitate the Relocation of the APCO 69kV Line Supported by Resolutions No. 2018-09-10-5A and 2020-07-13-5D.*

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

VOTE: 4-0
AYE: Warren, Searce, Vogler and 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 12:28 p.m. Mr. Searce **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 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); and

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.

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

VOTE: 4-0

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AYE: Warren, Searce, Vogler and Saunders (4)

NAY: None (0)

Return to Open Session

On **Motion** by Mr. Warren and **second** by Mr. Vogler and by unanimous vote at 2:09 p.m., the Authority returned to open meeting. (Reinstatement/Unmuting of Conference Line [see Agenda Item 5D above].)

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. Vogler and carried by the following vote:

VOTE: 4-0

AYE: Warren, Searce, Saunders, Vogler (4)

NAY: None (0)

Mr. Warren **moved** to **Amend** the Agenda to Include Resolution 2021-01-11-6F. The Motion was **seconded** by Mr. Vogler.

Mr. Guanzon noted the **Motion** would say:

I hereby move to authorize the Chairman and/or Vice Chairman of the Authority to enter on behalf of the Authority, as reasonably necessary, any and all agreements with Appalachian Power Company, a Virginia public service corporation, to support Pittsylvania County's efforts to cause and to have financed the relocation of the 69kV utility line in the Authority's Southern Virginia Megasite located in Pittsylvania County, Virginia, to the periphery of the Megasite, at a cost of \$4.5M to be paid in 10 years, subject to adjustment for the recruitment of certain large power users in the Megasite within 10 years and subject to appropriation.

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

VOTE: 4-0

AYE: Warren, Searce, Vogler and Saunders (4)

NAY: None (0)

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6F. RESOLUTION 2021-01-11-6F (ADDED TO AGENDA AT MEETING)

Mr. Warren **moved** for approval of *Resolution 2021-01-11-6F, to authorize the Chairman and/or Vice Chairman of the Authority to enter on behalf of the Authority, as reasonably necessary, any and all agreements with Appalachian Power Company, a Virginia public service corporation, to support Pittsylvania County's efforts to cause and to have financed the relocation of the 69kV utility line in the Authority's Southern Virginia Megasite located in Pittsylvania County, Virginia, to the periphery of the Megasite, at a cost of \$4.5M to be paid in 10 years, subject to adjustment for the recruitment of certain large power users in the Megasite within 10 years and subject to appropriation.* [No Written Resolution].

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

VOTE: 4-0
AYE: Warren, Searce, Vogler and Saunders (4)
NAY: None (0)

7. COMMUNICATIONS

Mr. Searce thanked the Board for their votes for him to be Vice Chairman and looks forward to continuing to provide transparency and accountability to the citizens of Southside, they deserve that, and looks forward to continuing on.

Mr. Warren thanked the Board for their support last year as Chairman, it was a privilege to serve on RIFA and serve with the Board.

Mr. Vogler thanked staff for all the hard work they put in, in continuing to move the region forward.

Ms. Bobe noted in 2018, the City of Danville through its Southside allocation was awarded \$1M toward constructing a 30,000 square foot shell building in the Cyber Park. They were intending to move forward with that this year and were working with the contractors to finalize exactly the amount of acreage needed. They intend to come with a request to enter into a lease agreement, at the February meeting, so construction can begin on the facility.

Mr. Bradner gave an update on the utilities at Berry Hill, the work on the Sanitary Sewer, the extension to Eden was complete and the extension of gravity sewer service to Lots 1 and 2 was currently underway and should be completed on schedule.

Meeting adjourned at 2:16 p.m.

APPROVED:

s/ Sherman M. Saunders
Chairman

s/ Susan M. DeMasi
Secretary to the Authority