

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

January 10, 2022

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:15 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Room 206, Danville, Virginia. Present were City of Danville Members Chairman Sherman M. Saunders, J. Lee Vogler, Jr., and Alternate Dr. Gary P. Miller. Pittsylvania County Members present were Jessie Barksdale, Vic Ingram and Alternate Darrell Dalton.

City/County staff members attending were: City Manager Ken Larking, Deputy City Manager Earl Reynolds, Assistant County Administrator Dave Arnold, City of Danville Director of Economic Development Corrie Bobe, Assistant Director of Economic Development Barbara Fiedor, Pittsylvania County Director of Economic Development Matt Rowe, Pittsylvania County Project Manager Kattie Saunders, City of Danville Chief Financial Officer and Authority Treasurer Michael Adkins, City of Danville Budget Director Henrietta Weaver, Christian & Barton Attorney Michael C. Guanzon (attended by telephone), and Secretary to the Authority Susan DeMasi. Also present were Shawn Harden and Brian Bradner from Dewberry, Sam Schatz from Aerofarms, and Chris Murray from Brown, Edwards.

Chairman Sherman Saunders presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE NOVEMBER 8, 2021 MEETING AND DECEMBER 17, 2021 SPECIAL MEETING

Upon **Motion** by Mr. Vogler and **second** by Mr. Ingram, Minutes of the November 8, 2021 Meeting and December 17, 2021 Special Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. ELECTION AND REAPPOINTMENT OF OFFICERS FOR CALENDAR YEAR 2022

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 County and a Vice Chairman from the City.

1. Election of Chairman from the Pittsylvania County Member Locality
(see Bylaws, Article VI, paragraph 1).

Mr. Saunders opened the floor for nominations for Chairman. Mr. Barksdale **nominated** Vic Ingram for Chairman of the Authority. There were no further nominations for Chairman and the nominations were closed.

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

VOTE: 4-0
AYE: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

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

Mr. Saunders requested a Motion for Vice Chairman of RIFA. Mr. Vogler nominated **Sherman Saunders** as Vice Chairman of RIFA; there were no further nominations for Vice Chairman and the nominations were closed.

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

VOTE: 4-0
AYE: Barksdale, Ingram, 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. Ingram and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Ingram, 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. Vogler **moved** to reappoint Michael Adkins as Treasurer of the Authority; the Motion was **seconded** by Mr. Ingram and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

Mr. Saunders handed the meeting over to Mr. Ingram. *Mr. Saunders noted he looked forward to working with Mr. Ingram, and a special thanks to everyone for their kindness and support during his tenure as RIFA's chairman. He truly appreciated their staff and all allies of their efforts. They have a great region; the best in the State of Virginia and beyond. He has no doubt that the best was yet to come. It was imperative that they continue to work together, and respect and support each other. The one hundred thousand plus people were counting on them to make life better for them, their children and all who visit and come here to live. Mr. Saunders thanked Mr. Vogler for the nomination to appoint him as Vice Chair and looks forward to working with him as Chairman in the year 2023.*

5B. CONSIDERATION OF RESOLUTION 2022-01-10-5B APPROVING A ONE-YEAR RENEWAL OF THE MOUNTAIN VIEW FARMS LEASE

Pittsylvania County Director of Economic Development Matt Rowe explained this was a hay lease with Mountain View Farms on Lot 10, which was a recreation preservation lot area. These types of leases provided a modest income for the property, and also allowed RIFA to have a continued presence at the site for security and monitoring purposes.

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Mr. Saunders **moved** to approve *Resolution No. 2022-01-10-5B, approving a one-year renewal of the Lease with Mountain View Farms of Virginia, L.C., a Virginia limited liability company, as tenant, for that certain real property (being a Portion of GPIN 1356-80-4414) of the Authority, containing approximately 30 acres and fronting on Stateline Bridge Road, in the Authority's Southern Virginia Megasite at Berry Hill Project, in Pittsylvania County, Virginia, for the purpose of planting and harvesting sod, soybeans, and/or other cover crops, but not tobacco, at a total rental fee of \$1,200; such renewal also includes a 60-day early termination right and right to show the property to business recruits of the Authority.*

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

VOTE: 4-0
AYE: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

5C. CONSIDERATION OF RESOLUTION 2022-01-10-5C APPROVING AMENDMENT NO. 32 WITH DEWBERRY ENGINEERS

Mr. Rowe explained this Resolution was to approve a vibration study done at the Mega Site, and it would be coming from unencumbered RIFA funds.

Mr. Vogler **moved** for approval of *Resolution No. 2022-01-10-5C, approving Amendment No. 32, dated December 2, 2021 and Revised January 3, 2022, with Dewberry Engineers Inc., a New York corporation, for engineering services related to the Mega Park Master Plan, to provide vibration monitoring services for the Authority's Southern Virginia Megasite at Berry Hill project, located in Pittsylvania County, Virginia, at a lump sum fee of \$48,330.00.*

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

VOTE: 4-0
AYE: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

5D. PRESENTATION OF AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS FOR YEAR ENDING JUNE 30, 2021

Authority Treasurer Michael Adkins introduced Chris Murray with Brown, Edwards, who serves as the independent auditor for RIFA. Mr. Murray explained each year there were three documents, the first was the Financial Statements; Brown Edwards issued RIFA a clean, unmodified opinion this year which was the highest opinion they can receive during the Audit. Mr. Murray reviewed highlights of the Audit documents beginning with the Statement of Net Position in the Financial Report. Current Assets - Due from other Governments dropped down about \$1.2M this year; a lot of that was a spike due to the construction at the Mega Park, and the timing of reimbursements from the City and the Tobacco Commission. Under Non-Current Assets and Non-Current Liabilities, there was a swing in the Due to and Due from the County; a large factor was the significant contribution of the costs paid for the construction by the City this year; the Due to Due from swings back and forth each year.

Construction in Progress under Non-Current Assets showed about an \$8M increase this year, the balance was a little over \$27M. Accounts Payable Construction - Current Liabilities went

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from \$816,000 down to \$92,000; that was related to timing on Phase 1 Construction and that somewhat corresponds with the Due to Due from Other Governments. Under Non-Current Liabilities, Bonds payable went up significantly; that was the \$4.5M that was issued as part of the Appalachian Power Performance Agreement.

The Statement of Revenue and Expenses showed a lot of consistency, but there were fluctuations on timing and incentive agreements. The Economic Development incentives for the City and County, the revenue was ongoing activity at the parks paid by the localities, and Other Income of about \$1.1M includes \$750,000 received from Mountain Valley Pipeline for their easement and right of way. Operating Expenses were pretty consistent, the only one that stands out was the Economic Development – Cane Creek; the increase was driven by the land incentive with Realty Link and the Enterprise Zone grant with Morgan Olsen.

The Required Communication with Those Charged with Governance was a standard letter to let the Board know what the Auditor's responsibilities were during the audit, the Authority's responsibilities and to let the Board know they had no disagreements with management and no audit adjustments during the audit. The final document was Comments on Internal Control and Other Suggestions; Mr. Murray noted there was a new comment this year regarding joint organization. The Authority was in a unique position with multiple localities involved and with the City being the fiscal agent, they might have more access or more knowledge of the ongoing daily activity and control structure. The Auditors would recommend the Board, at times, discuss not only operations but also control structures, controls in place, and risk assessments, perhaps annually before the audit, to make everyone aware of the controls that were operating within the Authority. Mr. Murray noted the segregation of duties has been acknowledged since they started and was the nature of a small structure, but there were no comments that raised to the level of a significant deficiency or a material weakness.

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

VOTE: 4-0
AYE: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

5E. FINANCIAL STATUS REPORT AS OF DECEMBER 31, 2021

Authority Treasurer Michael Adkins gave the Financial Status report as of December 31, 2021 beginning with the Cane Creek Bonds which showed no activity for the month of December. General Expenditures for Fiscal Year 2022 show RIFA paid \$69,045 to Christian & Barton for Legal Services from the beginning of the fiscal year through November, \$352 for meals and \$76 for monthly utilities. The Utilities were a little bit higher than normal because of the additional services to the Mega Park sign. Berry Hill Funding Other than Bonds, and Lots 1 and 2, showed no activity for December. Water and Sewer at Berry Hill showed \$11,250 expended to Dewberry for permitting done under Amendment #28. Danville Utilities will be the ultimate owner of that infrastructure and RIFA received reimbursement from Danville Utilities of just under \$524,000 during the month of December. Cyberpark Site Development showed no activity through December. Rent, Interest and Other Income for Fiscal Year 2022 show RIFA received \$21,966 in rent from the Institute for the Hawkins' Building, \$1,500 from AEP for the storage lease, the checking account earned \$20 in interest and RIFA also received \$40,480 from the City for the City's share of the Harlow Industrial Enhancement

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Grant. RIFA also received \$3,575 from the County, that was the County's share of the rent paid for MEP. RIFA disbursed \$21,966 to the Institute for Hawkins' Building maintenance agreement and \$7,150 to the Institute for payment of MEP's rent.

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

VOTE: 4-0
AYE: Barksdale, Ingram, Saunders, Vogler (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 12:37 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; and
- 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; and

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- D. As permitted by Virginia Code § 2.2-3711(A)(8) for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; and
- E. As permitted by Virginia Code § 2.2-3711(A)(29) for discussion of the award of a public contract involving the expenditures of public funds where discussion in an open session 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
AYE: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

RETURN TO OPEN SESSION

On **Motion** by Mr. Saunders and **second** by Mr. Vogler and by unanimous vote at 1:20 p.m., the Authority returned to open meeting.

Mr. Saunders **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: Barksdale, Ingram, Saunders, Vogler (4)
NAY: None (0)

NEW BUSINESS CONTINUED

7A. CONSIDERATION OF RESOLUTION NO. 2022-01-10-7A, APPROVING A SIXTH AMENDMENT TO GROUND LEASE WITH REALTYLINK INVESTMENTS, LLC

Mr. Rowe noted staff would recommend that the ground lease be extended to the end of February, March 1 would be the actual date of the extension, for the sum of \$0. Aerofarms was making tremendous progress on their facility and staff believed it was a good partnership for the Authority to extend this gesture to Aerofarms as they continue to build the facility. Mr. Rowe asked Mr. Schatz to give a brief update.

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Mr. Schatz explained the project remains on track to have its first food grown and sold out of the facility in July, and be fully ramped up by December of this year. They did not see any other delays at this time, or major risks to the project to achieving that timeline. This Ground Lease extension will allow Aerofarms and RIFA to go through the closing process in a timeline that will not disrupt the schedule; it was much appreciated.

Mr. Vogler **moved** for approval of *Resolution No. 2022-01-10-7A, approving a Sixth Amendment to Ground Lease to extend the date of termination under that certain Ground Lease with RealtyLink Investments, LLC, or its permitted assignee, for Lots 3A and 3B in the Authority's Cane Creek Centre Project, located in Pittsylvania County, Virginia.*

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

VOTE: 3-0-1
AYE: Barksdale, Ingram, Vogler (3)
NAY: None (0)
ABSENT: Saunders (1)

Mr. Saunders had stepped out of the meeting briefly.

COMMUNICATIONS

Mr. Vogler stated he looked forward to working with the Board and believes it will be a great year for the region.

Dr. Miller noted his agreement and was encouraged by what they heard and looks forward to working with the new members.

Mr. Barksdale stated he was glad to be there to work with the Board.

Mr. Dalton thanked everyone for welcoming him on the Board and thumbs up to Mr. Rowe and Ms. Bobe.

Mr. Saunders thanked Mr. Ingram, welcomed the new members today and feels good about this body, the future of the region.

Mr. Ingram noted it was an honor to serve on the Board, he has seen nothing but positive working relationships between the City and County and looks forward to the future.

Meeting Adjourned at 1:32 PM

APPROVED:

s/ William V. Ingram
Chairman

s/ Susan M. DeMasj
Secretary to the Authority