

Danville-Pittsylvania Regional Industrial Facility Authority

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

AGENDA

December 8, 2014

12:00 P.M.

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

County of Pittsylvania Members

**Coy E. Harville, Chair
James H. Snead
Jerry A. Hagerman, Alternate**

City of Danville Members

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

Staff

**Joseph C. King, 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 OCTOBER 16, 2014 MEETING

[The November 10, 2014 meeting was cancelled.]

5. NEW BUSINESS

- A. Update on existing industries within the Authority's projects – Telly D. Tucker, Director of Economic Development, City of Danville
- B. Consideration of Resolution No. 2014-12-08-5B, approving a waiver and forbearance of the full repayment amount due to the Authority in connection with the failure of Yorktowne Cabinetry, Inc. ("Yorktowne") to meet its 2014 job target pursuant to that certain Performance Agreement dated April 19, 2005, as amended, in exchange for the payment by Yorktowne to the Authority by December 31, 2014, of a prorated amount equal to \$14,425.20 – E. Linwood Wright, Public and Governmental Affairs Consultant, Danville Office of Economic Development
- C. Financial Status Report as of November 30, 2014 – Michael L. Adkins, Authority Treasurer, and Patricia K. Conner, CPA, Assistant Director of Finance, Danville.

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)(3) of the Code of Virginia, 1950, as amended, for discussion of the acquisition of real property for development of one of the Authority's projects, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

RETURN TO OPEN SESSION

- B. Confirmation of Motion and Vote to Reconvene in Open Meeting.
- C. Motion to Certify Closed Meeting.

Danville-Pittsylvania Regional Industrial Facility Authority

7. COMMUNICATIONS FROM:

Jerry A. Hagerman
Coy E. Harville
Sherman M. Saunders
Fred O. Shanks, III
James H. Snead
J. Lee Vogler, Jr.
Staff

8. ADJOURN

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 4
Meeting Date:	12/08/2014
Subject:	Meeting Minutes
From:	Susan M. DeMasi, Authority Secretary

SUMMARY Attached for the Board's approval are the Meeting Minutes from the Thursday, October 16, 2014 meeting.

ATTACHMENTS Meeting Minutes – 10/16/2014

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

October 16, 2014

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:19 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 Members present were Chairman Coy E. Harville, James A. Snead and Alternate Jerry A. Hagerman.

City/County staff members attending were: City Manager Joe King, County Administrator Clarence C. Monday, Assistant County Administrator Otis Hawker, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Director of Economic Development Telly Tucker, City of Danville Finance Director/Authority Treasurer Michael Adkins, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present was Dewberry and Davis Project Manager Shawn Harden and Brian Bradner.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES FOR THE SEPTEMBER 8, 2014 MEETING

Upon **Motion** by Mr. Shanks and **second** by Mr. Snead, Minutes of the September 8, 2014 meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

5. CLOSED SESSION

Chairman Harville noted that during the Closed Session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.

A. At 12:21, Mr. Snead **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting as permitted by Section 2.2-3711(A)(7) of the Code of Virginia, 1950, as amended, for consultation with the Authority's legal counsel, Clement Wheatley, and briefings by the Authority staff or consultants pertaining to probable litigation on a contract matter, where such consultation or briefing in open meeting would adversely affect the litigating posture of the Authority. "Probable litigation" means litigation on which the Authority's legal counsel has a reasonable basis to believe will be commenced against a known party.

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

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

On **Motion** by Mr. Snead and **second** by Mr. Shanks and by unanimous vote at 1:47 p.m., the Authority returned to open meeting.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

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Mr. Snead **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: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

OLD BUSINESS

6A. CONSIDERATION OF RESOLUTION 2014-09-08-5C.

Mr. Shanks **moved** to **TABLE** Resolution 2014-09-08-5C approving Amendment No. 8 to Contract dated February 9, 2009 - Engineering Services Related to the Mega Park Master Plan - Additional Wetland Delineation Services, with Dewberry Engineers Inc., a New York corporation, for additional wetland delineation and survey for an aggregate lump sum of \$390,323.50.

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

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

NEW BUSINESS

7A. – UPDATE ON EXISTING INDUSTRIES WITHIN THE AUTHORITY'S PROJECTS

Director of Economic Development Telly Tucker gave a brief report to the RIFA board noting there was an article in the paper on October 2nd about IKEA Danville doing an expansion; Economic Development received the same information. The specifics of that are unknown, but staff will be in conversation with them going forward. That company has turned things around; they had some difficulties the first couple of years but are doing well. In response to Mr. Saunders, Mr. Tucker noted his understanding that the original plan of approximately 700 plus jobs is still the goal, but is not aware of any physical plant expansions at this time.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

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Mr. Harville requested Mr. Tucker review how RIFA is proceeding with acquiring properties on Tom Forks Road and how many parcels RIFA has.

7B. UPDATE ON THE AUTHORITY'S BERRY HILL ROAD INDUSTRIAL PARK PROJECT

Shawn Harden from Dewberry noted at the last meeting, staff discussed the revised wetland permit, what the steps were moving forward and costs to do the various items. Mr. Harden reviewed Option II which is the Option they are moving forward on for permitting with the Corp. This Option yields 217 acres of pad area and about 3.1M to 3.2M square feet of buildable building area with associated parking. Mr. Harden noted he went back and reviewed the cost to completely pad grade all of this and the ramifications of revising the Corp permit to match the market study. The cost to do this portion is about \$12M, which is more than what is left of the Tobacco Commission Grant for Lot 4. Staff looked at how to best utilize that money and Mr. Harden reviewed with the RIFA Board a layout showing one large pad which yields 134 acres in pad area. The cost estimate including contingency and engineering for that is \$6.5M, which is in line with what is remaining in the Tobacco Commission Grant. In response to Mr. Harville, Mr. Harden noted Lot 4 is at the intersection of Oak Hill and Berry Hill. It would have an entrance off of Oak Hill Road and an entrance off of Berry Hill Road with a circle in the middle, but noted this is just a conceptual plan to meet what the market study shows. It supports the market study to give the Corp justification enough to grant a permit. Mr. Harden also explained that there are only 2,524 stream credits left in the Mega Parks' hydrologic unit; it is at Bannister Bend.

7C. CONSIDERATION – RESOLUTION NO. 2014-10-16-7C

Authority Treasurer Michael Adkins explained that staff is proposing budgetary reclassifications outlined in the agenda. Item one relates to FY2011, RIFA did not draw down all of the administrative funds that were available from the County and City. Both the County and City each had \$55,000 left in administrative funding in support for RIFA. Staff is recommending that be requested from each locality; it will be \$110,000 of additional funding and staff would allocate that to the General Expenditures for FY15. The second and third bullets are along the same logic: the Jones Lang LaSalle Market Study and Economic Analysis and also Bullet three, the Dewberry Engineers Expenditures. Both of these are not specific to Berry Hill Lot 4, they are for the entire Berry Hill project. Staff is recommending that those expenditures and budget be moved to the General Expenditure Funding page and off the Lot 4 Site Development page. The last item relates to the remaining budget that was unspent for the Mega Park Funding Other than Bond Funds budgetary page. There is \$11,203.15 left there and staff is recommending it be reclassified to the Lot 4 budget so those funds can be used for something active.

Mr. Snead **moved** adoption of Resolution 2014-10-16-7C, *approving certain funding changes recommended by Authority staff for the Berry Hill Industrial Park.*

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

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

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7D. FINANCIAL STATUS REPORT AS OF SEPTEMBER 30, 2014

Authority Treasurer Michael Adkins noted Schedule A, the Budgetary Sheet for the \$7.3M Bonds for Cane Creek, shows no spending activity for the month of September. Schedule B are the General Expenditures for FY15 and the only expenditures for September are Legal Expenses of \$1,318.00, meals \$229.14 and Utilities of \$29.00. Schedule C is the Mega Park Funding Other Than Bond Funds, there were no expenditures but \$500.00 was removed from here for a charge for Dewberry and Davis, which the County had paid. This amount was applied to the Due To/From; it was actually a reduction in expenditures on this page. Schedule D is the Berry Hill Mega Park Lot 4 Site Development: \$120,513 to Dewberry for Items covered under Amendments 4-6 and Wetland Studies had expenditures of \$3,456.00. Staff reduced the budget for Wetland Studies from the original \$150,000. RIFA had a Not to Exceed Amount and the actual contract was \$141,996, so staff reduced that budgetary line down to the actual contract value rather than the Not to Exceed Amount that had been originally approved. Schedule E is Rent, Interest and Other Income received. RIFA received \$600 in September from Securitas and spent \$13,346 to the Institute for the Hawkins' Building Property Management Fee.

Mr. Snead asked how much money RIFA had left to grade Lot 4. Mr. Adkins noted that amount would change based on the action the Board took today and Ms. Connor noted it will change to \$6,150,313.00.

Mr. Shanks **moved** to approve the Financial Report as of August 31, 2014 as presented. The Motion was **seconded** by Mr. Snead and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

7E. CONSIDERATION OF RESOLUTION NO. 2014-10-16-7E

Jerry Gwaltney, Executive Director of the Institute for Advanced Learning and Research explained the Capstone Project had been approved in the budget by both Houses but they lost the funding after the Governor cut all new programs. The Board has now received the funding, not from the state of Virginia, but other funding. Capstone is industry driven; it builds off of the current efforts of the Technical Center in the County, goes through the DCC program and takes the Precision Machining to a higher level, higher than anywhere in the State. The initial phase of installing the equipment and building alterations will cost \$3,218,394. In that first Phase, local industries and others are putting in \$1,056,000 of their money into the project; one of the major industries will replace one of the four major pieces of equipment every 18 months. IALR only pays the freight; that assures state of the art equipment for the life of this program. The other remaining pieces of equipment are the types of equipment that do not have to be replaced as often and are less expensive. Mr. Gwaltney noted they should know in the next few days that they have the final amount of funding for the project.

IALR had plenty of time with the General Assembly to be ready to go this coming August; now they are going to have to be on a fast track to make the project work. IALR is the recipient of the program but it is very closely related to DCC who will oversee the curriculum. Another one of the companies will pay for upgrades to curriculum in the amount of \$10,000

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a year and they have committed to do that for ten years. In order to do this project, IALR is asking RIFA to approve modifications to the Charles Hawkins Building; Mr. Gwaltney reviewed the modifications to the building with RIFA Board and Staff. They will need to be ready to go if they are to make the August deadline to bring the students into the program.

Mr. Saunders **moved** adoption of Resolution 2014-10-16-7E, *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.*

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

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

COMMUNICATIONS

Mr. Snead noted members of the Pittsylvania County Board of Supervisors will be attending the VACO meeting next month and requested the November RIFA meeting date be changed. Mr. Harville suggested Thursday, November 13, 2014.

Mr. Shanks **moved** that the November meeting of RIFA be moved to November 13, 2014 at 12:00 o'clock at the same location. The Motion was **seconded** by Mr. Snead and carried by the following vote:

VOTE: 4-0
AYE: Harville, Snead, Saunders, Shanks (4)
NAY: None (0)

There were no further communications from Board and Staff.

MEETING ADJOURNED AT 2:18 P.M.

Chairman

Secretary to the Authority

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-A
Meeting Date:	December 8, 2014
Subject:	Update on Existing Industries within Authority's Projects
From:	Telly D. Tucker, Director of Economic Development

SUMMARY

During the December 8, 2014 meeting, the Authority will receive an update from the Danville Director of Economic Development on existing industries within the Authority's projects.

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	Item 5-B
Meeting Date:	December 8, 2014
Subject:	Approving a Waiver and Forbearance in Connection with Yorktowne Cabinetry, Inc.
From:	E. Linwood Wright, Public and Government Affairs Consultant, Danville Office of Economic Development

SUMMARY

Attached for the Board's review is Resolution 2014-12-08-5B, approving a waiver and forbearance of the full repayment amount due to the Authority in connection with the failure of Yorktowne Cabinetry, Inc., to meet its 2014 job target pursuant to the Performance Agreement dated April 19, 2005, as amended, in exchange for the payment of a pro-rated amount.

ATTACHMENT

Resolution 2014-12-08-5B

A RESOLUTION APPROVING A WAIVER AND FORBEARANCE OF THE FULL REPAYMENT AMOUNT DUE TO THE AUTHORITY IN CONNECTION WITH THE FAILURE OF YORKTOWNE CABINETRY, INC. (“YORKTOWNE”) TO MEET ITS 2014 JOB TARGET PURSUANT TO THAT CERTAIN PERFORMANCE AGREEMENT DATED APRIL 19, 2005, AS AMENDED, IN EXCHANGE FOR THE PAYMENT BY YORKTOWNE TO THE AUTHORITY BY DECEMBER 31, 2014, OF A PRORATED AMOUNT EQUAL TO \$14,425.20

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 Yorktowne Cabinetry, Inc. (a/k/a Elkay Wood Products Company), a Virginia corporation (“**Yorktowne**”), in exchange for certain performance obligations of Yorktowne, 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**”), Yorktowne agreed that the cumulative number of full-time jobs that Yorktowne must have created and maintained as of September 30, 2014 (the “**2014 Target Date**”) was 260 (the “**2014 Job Target**”); and

WHEREAS, as of the 2014 Target Date, Yorktowne had created and maintained 242 jobs, a deficit of 18 jobs (the “**2014 Job Deficit**”); and

WHEREAS, pursuant to the Amendment, the repayment amount due to the Authority of the Funds if the 2014 Job Target is not met by the 2014 Target Date is \$208,363.26 (the “**2014 Repayment Amount**”), which was due and payable by October 31, 2014; and

WHEREAS, if the 2014 Repayment Amount is prorated based on the 2014 Job Target, each job would represent \$801.40 of the total 2014 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 2014 Job Deficit, and to demand immediate payment in full of the 2014 Repayment Amount, in consideration of Yorktowne’s payment to the Authority of a prorated payment of the 2014 Repayment Amount by December 31, 2014, in the amount of \$14,425.20, calculated by multiplying \$801.40 by the 2014 Job Deficit; and

Resolution No. 2014-12-08-5B

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 Yorktowne's business in the Cane Creek Centre located in Pittsylvania County, Virginia, and to better enable Yorktowne to meet its job target for September 30, 2015 of 320 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 December 8, 2014, 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 8th day of December 2014.

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

(SEAL)

Exhibit A

WAIVER

THIS WAIVER (this “**Waiver**”) is executed as of the ___ day of December 2014, 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. (a/k/a Elkay Wood Products Company), a Virginia corporation (“**Yorktowne**”), in exchange for certain performance obligations of Yorktowne, including the creation and maintenance by Yorktowne 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**”), Yorktowne agreed that the cumulative number of full-time jobs that Yorktowne must have created and maintained as of September 30, 2014 (the “**2014 Target Date**”) was 260 (the “**2014 Job Target**”); and

WHEREAS, according to the Virginia Withholding Summary of Deposits and Filings for the period July 1 through September 30, 2014 for Yorktowne, Yorktowne had created and maintained only 242 jobs as of the 2014 Target Date, missing the 2014 Job Target by 18 jobs (the “**2014 Job Deficit**”); and

WHEREAS, pursuant to the Amendment, the repayment amount to the Authority of the Funds if the 2014 Job Target is not met as of the 2014 Target Date is \$208,363.26 (the “**2014 Repayment Amount**”), which was due and payable by October 31, 2014 (the “**2014 Repayment Deadline**”); and

WHEREAS, if the 2014 Repayment Amount is prorated based on the 2014 Job Target, each job would represent \$801.40 ($\$208,363.26/260$) of the total 2014 Repayment Amount; and

WHEREAS, in consideration of Yorktowne’s payment to the Authority by December 31, 2014, of \$14,425.20 (the “**2014 Prorated Repayment**”), calculated by multiplying \$801.40 by the 2014 Job Deficit, 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 Yorktowne’s failure to meet the 2014 Job Target and for Yorktowne’s failure to pay to the Authority the 2014 Repayment Amount by the 2014 Repayment Deadline, and (ii) to demand immediate payment in full to the Authority of the 2014 Repayment Amount.

NOW, THEREFORE, in consideration of the Authority’s receipt of the 2014 Prorated Repayment by December 31, 2014 (the “**2014 Prorated Repayment Deadline**”), the Authority hereby agrees to waive and forbear any rights it has under the Performance Agreement (i) to

Resolution No. 2014-12-08-5B

declare a breach of the Performance Agreement for Yorktowne's failure to meet the 2014 Job Target and for Yorktowne's failure to pay to the Authority the 2014 Repayment Amount by the 2014 Repayment Deadline, and (ii) to demand immediate payment in full to the Authority of the 2014 Repayment Amount.

If the 2014 Prorated Repayment is not received by the Authority on or before the 2014 Prorated Repayment Deadline, this Waiver shall be deemed null and void and of no force and effect.

This Waiver only relates to the 2014 Job Target and does not in any way constitute a waiver or forbearance of any other job targets, repayment amounts or other obligations of Yorktowne set forth in the Performance Agreement.

WITNESS the following signature to this **WAIVER** as of the date first above written:

The Authority: **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia

By: _____
Coy E. Harville, Chairman

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:

Meeting Date: 12/08/2014

Subject: Financial Status Reports – November 30, 2014

From: Michael L. Adkins, Authority Treasurer

SUMMARY

A review of the financial status reports through November 30, 2014 will be provided at the meeting. The financial status reports as of November 30, 2014 are attached for the DPRIFA Board's review.

RECOMMENDATION

Staff recommends approving the financial status reports as of November 30, 2014 as presented.

ATTACHMENTS

Financial Status Reports

Financial Status

Table of Contents

- A. \$7.3 Million Bonds - Cane Creek Centre
- B. General Expenditure for FY 2015
- 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 November 30, 2014

<u>Funding</u>	<u>Funding</u>	<u>Budget / Contract</u> <u>Amount</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended /</u> <u>Unencumbered</u>
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	21,529.12	50,351.88	
Land		-	2,792,945.57	-	
Demolition services		71,261.62	71,261.62	-	
Legal fees		-	55,344.30	-	
CCC - Lots 3 & 9 project - RIFA Local Share ⁶		142,190.00	112,464.98	-	
Other expenditures		-	330,057.70	-	
Total	\$ 7,578,582.12	\$ 4,311,140.12	\$ 7,310,619.65	\$ 50,351.88	\$ 217,610.59

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 September 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 August 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 2015
As of November 30, 2014

	<u>Funding</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended / Unencumbered</u>
Funding					
City Contribution	\$ 75,000.00				
County Contribution	75,000.00				
Carryforward from FY2014	114,807.25				
City Contribution - remaining FY2011 Allocation	55,000.00				
County Contribution - remaining FY2011 Allocation	55,000.00				
Contingency					
Miscellaneous contingency items		\$ 31,403.90	\$ 192.00	\$ -	\$ 31,211.90
Jones Lang LaSalle - Berry Hill Market Study Analysis		95,000.00	95,000.00	-	-
Jones Lang LaSalle - Berry Hill Economic Analysis		12,000.00	-	12,000.00	12,000.00
Dewberry Engineers, Inc. - Berry Hill		108,603.35	108,603.35	-	-
Total Contingency Budget		<u>247,007.25</u>	<u>203,795.35</u>	<u>12,000.00</u>	<u>31,211.90</u>
Legal		100,000.00	7,825.00	-	92,175.00
Accounting		19,600.00	11,500.00	8,100.00	-
Annual Bank Fees		600.00	-	-	600.00
Postage & Shipping		100.00	-	-	100.00
Meals		4,000.00	900.70	-	3,099.30
Utilities		500.00	113.84	-	386.16
Insurance		3,000.00	-	-	3,000.00
Total	<u>\$ 374,807.25</u>	<u>\$ 374,807.25</u>	<u>\$ 224,134.89</u>	<u>\$ 20,100.00</u>	<u><u>\$ 130,572.36</u></u>

Danville-Pittsylvania Regional Industrial Facility Authority

Mega Park - Funding Other than Bond Funds

As of November 30, 2014

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	972,754.29	18,095.71	
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	\$ 14,213,429.12	\$ 18,095.71	\$ (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 November 30, 2014

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.		1,268,487.00	593,249.40	675,237.60	
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	54,631.57	87,364.43	
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	\$ 1,359,719.65	\$ 597,117.62	\$ 762,602.03	\$ 6,540,636.50

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

As of November 30, 2014

<u>Source of Funds</u>	<u>Funding Receipts</u>		<u>Expenditures</u> <u>FY2015</u>	<u>Unexpended /</u> <u>Unencumbered</u>
	<u>Carryforward</u> <u>from FY2014</u>	<u>Current</u> <u>Month</u>		
<u>Carryforward</u>	\$ 429,892.53			
<u>Current Lessees</u>				
Institute for Advanced Learning and Research (IALR) ¹				
Institute for Advanced Learning and Research (IALR)				
Securitas				
Guilford Whitetail Management				
Mountain View Farms of Virginia, L.C.				
Osborne Company of North Carolina, Inc.				
Clodfelter Hunting Lease				
<u>Total Rent</u>				
<u>Interest Received</u> ²				
<u>Expenditures</u>				
Hawkins Research Bldg. Property Mgmt. Fee			\$ 26,692.96	
Totals	\$ 429,892.53	\$ 7,070.23	\$ 37,626.68	\$ 26,692.96
				\$ 440,826.25

Restricted ¹ \$ 364,064.30
Unrestricted \$ 76,761.95

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}
November 30, 2014*

	Unaudited FY 2015
Assets	
<i>Current assets</i>	
Cash - checking	\$ 1,161,934
Cash - money market	1,142,091
<i>Total current assets</i>	2,304,025
<i>Noncurrent assets</i>	
Restricted cash - project fund CCC bonds	284,095
Restricted cash - debt service fund CCC bonds	1,396,936
Restricted cash - debt service fund Berry Hill bonds	153
Restricted cash - debt service reserve fund Berry Hill bonds	2,000,033
Capital assets not being depreciated	25,055,863
Capital assets being depreciated, net	25,883,079
Construction in progress	3,632,297
<i>Total noncurrent assets</i>	58,252,456
Total assets	60,556,481
Liabilities	
<i>Current liabilities</i>	
Bonds payable - current portion	1,108,450
<i>Total current liabilities</i>	1,108,450
<i>Noncurrent liabilities</i>	
Bonds payable - less current portion	8,408,540
<i>Total noncurrent liabilities</i>	8,408,540
Total liabilities	9,516,990
Net Position	
Net investment in capital assets	45,338,344
Restricted - debt reserves	3,397,122
Unrestricted	2,304,025
Total net position	\$ 51,039,491

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 November 30, 2014 as of November 25, 2014, 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
*November 30, 2014**

	Unaudited FY 2015
Operating revenues	
Virginia Tobacco Commission Grants	-
Rental income	42,716
Total operating revenues	42,716
Operating expenses ⁴	
Mega Park expenses ³	158,244
Cane Creek Centre expenses ³	18,915
Cyber Park expenses ³	26,693
Professional fees	17,559
Insurance	2,416
Other operating expenses	1,014
Total operating expenses	224,841
Operating loss	(182,125)
Non-operating revenues (expenses)	
Interest income	446
Interest expense	(67,182)
Total non-operating expenses, net	(66,736)
Net loss before capital contributions	(248,861)
Capital contributions	
Contribution - City of Danville	1,119,246
Contribution - Pittsylvania County	1,119,246
Total capital contributions	2,238,492
Change in net position	1,989,631
Net position at July 1,	49,049,860
Net position at November 30,	\$ 51,039,491

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
November 30, 2014**

	Unaudited FY 2015
Operating activities	
Receipts from grant reimbursement requests	\$ -
Receipts from leases	30,492
Payments to suppliers for goods and services	(596,621)
Net cash used by operating activities	(566,129)
Capital and related financing activities	
Capital contributions	2,238,492
Interest paid on bonds	(144,566)
Principal repayments on bonds	(750,000)
Net cash provided by capital and related financing activities	1,343,926
Investing activities	
Interest received	446
Net cash provided by investing activities	446
Net increase in cash and cash equivalents	778,243
Cash and cash equivalents - beginning of year (including restricted cash)	5,206,999
Cash and cash equivalents - through November 30, 2014 (including restricted cash)	\$ 5,985,242
Reconciliation of operating loss before capital contributions to net cash used by operating activities:	
Operating loss	\$ (182,125)
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	2,624
Change in due from other governments	-
Change in other receivables	2,500
Change in accounts payable	(383,278)
Change in unearned income	(5,850)
Net cash used by operating activities	\$ (566,129)

Components of cash and cash equivalents at November 30, 2014:	
American National - Checking	\$ 1,161,934
American National - General money market	1,142,091
Wells Fargo - \$7.3M Bonds CCC Debt service fund	1,396,936
Wells Fargo - \$7.3M Bonds CCC Project fund	284,095
US Bank - \$11.25M Bonds Berry Hill Debt service fund	153
US Bank - \$11.25M Bonds Berry Hill Debt service reserve fund	2,000,033
	\$ 5,985,242