

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

July 8, 2019

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:13 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Drive, Room 206, Danville, Virginia. Present was City of Danville Member Chairman Fred O. Shanks, III; Sherman M. Saunders and Alternate J. Lee Vogler were absent. Pittsylvania County Members present were Vice Chairman Robert W. Warren, Ronald S. Searce and alternate Elton Blackstock.

City/County staff members attending were: Deputy City Manager Earl Reynolds, County Administrator David Smitherman, City of Danville Director of Economic Development Telly Tucker, County Director of Economic Development Matt Rowe, Assistant County Administrator for Planning & Development Gregory Sides, Project Manager Susan McCullough, City of Danville Director of Finance Michael Adkins, City Accountant Henrietta Weaver, Christian & Barton Attorney Michael Guanzon, and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner and Shawn Harden from Dewberry & Davis and Linda Green from IALR.

**PUBLIC COMMENT PERIOD**

No one desired to be heard.

**APPROVAL OF MINUTES OF THE JUNE 10, 2019 MEETING**

Upon **Motion** by Mr. Searce and **second** by Mr. Warren, Minutes of the June 10, 2019 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

**NEW BUSINESS**

**5A. CONSIDERATION OF RESOLUTION NO. 2019-07-08-5A AUTHORIZING AN AMENDMENT TO A CERTAIN PURCHASE AND SALE AGREEMENT WITH ENVIVA DEVELOPMENT HOLDINGS**

City of Danville Director of Economic Development Telly Tucker explained this was an agreement RIFA had with Enviva as part of their Purchase and Sale Agreement, which had several extensions. With this third extension, staff asked Enviva if they would work with the Board to potentially look at other property within the park as part of their Agreement so RIFA could maintain enough acreage to apply for mega site certification. They have been agreeable to working with staff on that. Mr. Searce questioned if this completely releases them from the other lot and Mr. Guanzon stated it will; staff will have to work out the actual wording and get it approved. Staff has had conference calls and email follow ups with the company; they still have an interest in the Mega Park.

Mr. Searce **moved** for adoption of *Resolution No. 2019-07-08-5A, authorizing the execution and delivery of an amendment to that certain Purchase and Sale Agreement dated June 12, 2017, with Enviva Development Holdings, LLC, a Delaware limited liability company, under which the definition of the Property would be revised to describe other real property of comparable acreage within the Authority's Southern Virginia Megasite at Berry Hill project located in Pittsylvania County, Virginia, as may be mutually agreed by the parties, in exchange for a refund of the Extension Fee paid, and in support of the Authority's application for Megasite certification.*

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

VOTE: 3-0  
AYE: Warren, Searce, Shanks (3)  
NAY: None (0)

**5B. CONSIDERATION OF RESOLUTION 2019-07-08-5B AUTHORIZING AMENDMENTS TO THE DECLARATION OF PROTECTIVE COVENANTS OF THE SVM AT BERRY HILL**

Mr. Guanzon explained at the June meeting, the RIFA board authorized the sale of certain property in the Mega Park to APCO, to put in a substation. They started their due diligence and their title search revealed that the original protective covenants seem to prohibit their activities to put in a substation. There was a declaration put in later by the DEQ and the Army Corp for some protective environmental buffers. That language was language that DEQ had provided to RIFA, recorded in 2017, that seemed to also potentially have issues with the covenants and having a power substation. Staff was requesting an amendment to give APCO an exemption under both, and to have RIFA execute an amendment to one or both depending on how strongly APCO feels it was needed to get clearance for those things. It was supported by the staff and Dewberry. Mr. Shanks stated once the actual lot was identified, does that have to go through the Board of Supervisors for a special exception and Mr. Guanzon noted it did not, this was not an issue of zoning, it was an issue of the covenants that RIFA has imposed on this property.

Mr. Warren **moved** for adoption of *Resolution No. 2019-07-08-5B, authorizing the execution and recordation of one or more amendments to those certain Declaration of Protective Covenants dated August 14, 2017, and Supplemental Declaration of Protective Covenants dated October 1, 2017, covering the Authority's Southern Virginia Megasite at Berry Hill project located in Pittsylvania County, Virginia, in support of Resolution No. 2019-06-10-5C, and to allow the construction and operation of a power substation by Appalachian Power Company, a Virginia corporation.*

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

VOTE: 3-0  
AYE: Warren, Searce, Shanks (3)  
NAY: None (0)

**5C. CONSIDERATION OF RESOLUTION 2019-07-08-5C AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE WITH REALTYLINK FOR NEW LOT 6A IN CANE CREEK**

Pittsylvania County Director of Economic Development Matt Rowe explained RealtyLink was a company the County has been working with for some time; they are a nationally recognized commercial and industrial real estate development firm with headquarters in Greenville, South Carolina and offices all over the U.S.; staff has been dealing with the Chattanooga, TN office. They have been working with Oliver Perdomo of RealtyLink on building speculative shell buildings. The CEO of the company, Phillip Wilson, and Zach Romano and Mr. Perdomo, visited Pittsylvania County and the City of Danville on June 20<sup>th</sup> and 21<sup>st</sup>, toured the workforce programs, the River District, high schools, and programs at DCC and surrounding community colleges. Mr. Wilson has personally invited RIFA Board members, and City and County staff

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to visit their offices in Greenville, tour their developments, buildings and to show what was continuing to go on in the Greenville market.

For this item, RIFA would enter into a ten year ground lease with a total rent of \$5,000 which will go toward the purchase price of the property. Within sixty days of the ground lease, RealtyLink must begin construction on a 100,000 square foot shell building on Lot 6A. Staff wants to make sure the Board maintains control during the entire deal; if they fail to begin construction within sixty days, the lease is terminated. Within one year, the speculative shell building must be completed. The purchase price of the property is \$30,000 per acre; RealtyLink must purchase the property to enter into a contract with a tenant or end user. Staff proposed if it was a tenant that RIFA has a local performance agreement with, the purchase price was \$100,000. If it was someone they don't have a local performance agreement with, they pay full market value for the property. The new building will have an assessed value of around \$5,000,000, and it will be taxable property. Based on the visit by the RealtyLink team, they plan on constructing an additional 100,000 tilt wall concrete building on the lot next door. This construction process will occur simultaneously to keep construction costs down. Mr. Rowe explained Lot 6A is located on entering Cane Creek and highly visible from Route 58; Lot 6B is further down Cane Creek. They are working with staff on a deal for a future building on 6C which would be about 50,000 square feet. The company was also looking to partner with existing River District developers, further exploring River District development opportunities and also looking at new grocery chain opportunities in the Danville region.

Mr. Scarce **moved** for adoption of *Resolution No. 2019-07-08-5C, authorizing the execution and delivery of a Ground Lease with RealtyLink – Tennessee, LLC, a Tennessee limited liability company, for the 10-year lease of a new Lot 6A (part of GPIN 2347-03-7452 and part of PIN 77193), to be created in the Authority's Cane Creek Centre project located in Pittsylvania County and Danville, Virginia, under which the lessee, at its expense, would cause to be installed a building of at least 100,000 square feet in area, with installation to begin within 60 days after the lease's execution and to be completed within one year thereafter; and the lessee would have the right to purchase the demised premises at a price of \$100,000.00 should the Authority, in its sole discretion, enter into a Local Performance Agreement with the ultimate operator of the demised premises on such terms and conditions as the Authority should then determine, or otherwise at a price of \$30,000.00 per acre, at a total rent of \$5,000.00.*

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

VOTE: 3-0  
AYE: Warren, Scarce, Shanks (3)  
NAY: None (0)

**5D. CONSIDERATION OF RESOLUTION 2019-07-08-5D AUTHORIZING THE EXECUTION AND DELIVERY OF A ONE YEAR OPTION TO ENTER INTO A GROUND LEASE WITH REALTYLINK**

Mr. Rowe noted this was similar to the previous item approved for Lot 6A. When this was written, it was understood the second project would occur about four months after the first. The client decided to do everything at the same time. Mr. Guanzon explained the first item was a ground lease for ten years. The second item gives a one year option to enter into a ground lease and they will pay \$5,000 up front to lock up that property for the option.

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Mr. Warren **moved** to approve No. 2019-07-08-5D, authorizing the execution and delivery of a one-year option to enter into a Ground Lease with RealtyLink – Tennessee, LLC, a Tennessee limited liability company, for the 10-year lease of a new Lot 6B (part of GPIN 2347-03-7452), to be created in the Authority's Cane Creek Centre project located in Pittsylvania County, Virginia, under which the lessee, at its expense, would cause to be installed at least one building of at least 100,000 square feet in area, with installation to begin within 60 days after the option is exercised and to be completed within one year thereafter; the lessee would have the right to purchase the demised premises at a price of \$100,000.00 should the Authority, in its sole discretion, enter into a Local Performance Agreement with the ultimate operator of the demised premises on such terms and conditions as the Authority should then determine, or otherwise at a price of \$30,000.00 per acre, at a total rent of \$5,000.00; and the option fee would be equal to \$5,000.00.

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

VOTE: 3-0  
AYE: Warren, Searce, Shanks (3)  
NAY: None (0)

**5E. FINANCIAL STATUS REPORTS AS OF JUNE 30, 2019**

Authority Treasurer Michael Adkins gave the Financial Status report as of June 30, 2019; staff anticipates additional Fiscal Year 2019 invoices coming in, and these numbers will change. The \$7.3M Cane Creek Bonds show an expenditure of \$2,485 to Clement Wheatley for legal fees regarding the Bonds. General Expenditures show RIFA paid \$2,500 to Wells Fargo for interest and fees, \$10,950 to Clement Wheatley for legal services, and \$239 for meals. The Mega Site Funding Other than Bonds, Lot 4 Site Development and Lot 8 Site Development show no expenditures for June. Water and Sewer shows \$51,615 to Dewberry for work on Amendment #17 and \$1,445,203 to Haymes Brothers for Phase I work. Rent, Interest and Other Income shows RIFA received \$50,825 from the Institute for the Hawkins' Building and \$441 in interest income for the month.

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

VOTE: 3-0  
AYE: Warren, Searce, Shanks (3)  
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 12:41 p.m. Mr. Warren **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

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

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

VOTE: 3-0  
AYE: Warren, Searce, Shanks (3)  
NAY: None (0)

D. On **Motion** by Mr. Warren and **second** by Mr. Searce and by unanimous vote at 1:56 p.m., the Authority returned to open meeting.

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

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

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

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

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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. Warren and carried by the following vote:

VOTE: 3-0  
AYE: Warren, Searce, Shanks (3)  
NAY: None (0)

**COMMUNICATIONS**

Mr. Shanks thanked staff for all the hard work they have done with negotiations and contract requirements.

Meeting adjourned at 1:57 p.m.

APPROVED:

s/Fred O. Shanks, III  
Chairman

s/Susan M. DeMasi  
Secretary to the Authority