

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

February 10, 2020

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:07 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 Vice Chairman Fred O. Shanks, III, Sherman M. Saunders and Alternate J. Lee Vogler. 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, Deputy City Manager Earl Reynolds, Interim Director of Economic Development Corrie Bobe, Project Manager Kelvin Perry, Pittsylvania County Director of Economic Development Matt Rowe, Project Manager Susan McCullough, City of Danville Director of Finance Michael Adkins, City of Danville Accountant Henrietta Weaver, Christian & Barton Attorney Michael C. Guanzon, and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner from Dewberry, and City Council Member Madison Whittle.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE JANUARY 13, 2020 MEETING

Upon **Motion** by Mr. Scarce and **second** by Mr. Shanks, Minutes of the January 13, 2020 Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. CONSIDERATION OF RESOLUTION NO. 2020-02-10-5A APPROVING A CONTRACT OF SALE WITH REALTYLINK INVESTMENTS LLC

Pittsylvania County Director of Economic Development Matt Rowe explained the Contract of Sale with RealtyLink, noting certain amendments had to be made, it was a 1031 Exchange, and staff has adjusted the property lines based on the client's request. The purchase price of the property was \$572,190, and \$100,000 will be paid immediately upon closing; the remainder of the purchase price will be guaranteed by the parent company through a promissory note. The finances have been reviewed by staff, counsel and the Chairman and Vice Chairman; it was a strong parent company, and all the assets were in the United States. Once RealtyLink builds a shell building, which was needed by Economic Development for marketing, the total sales price will remain at the \$100,000 that has been paid.

Mr. Guanzon explained the 1031 Exchange noting there were certain requirements under the IRS Code, some of the things RIFA does for other transactions, had to be tweaked a little more for this item. The financial portion has been reviewed by staff and certain Board members; it was a reasonable transaction and they were hoping to close this week or next.

Mr. Scarce **moved** for adoption of *Resolution 2020-02-10-5A, approving that certain Contract of Sale with RealtyLink Investments, LLC, a South Carolina limited liability company, as purchaser, for the purchase of certain real property containing approximately 19.073 acres (part of Pittsylvania County GPIN 2347-03-7452 and Danville PIN 77193), more commonly known as Lot 6A, located in the Authority's Cane Creek Centre Industrial Park, at a purchase*

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price of \$572,190; where \$100,000 will be paid in immediately available funds at closing of the transaction, and the remainder of the purchase price evidenced by a promissory note, to be guaranteed by Realty Link USA, LLC, a South Carolina limited liability company, that will be forgiven or cancelled upon the substantial completion of the construction or installation of a shell building suitable for light industrial use, pursuant to the terms of the Contract of Sale and such promissory note.

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

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

5B. CONSIDERATION OF RESOLUTION NO. 2020-02-10-5B APPROVING THE PROPOSED BUILDING IMPROVEMENTS TO LOT 6A

Mr. Rowe explained this item was for the actual shell building that will go on the property that the sale of was just approved; part of this was review for zoning approval and for the Covenants. Mr. Rowe reviewed a memo from Karen N. Hayes, Deputy Director of Community Development which included her review. The building passes all setback requirements listed in the Zoning Ordinance, the Subdivision Plat prepared by Dewberry has been approved, the property is zoned Heavy Industrial which was approved for anticipated intended uses, the project meets all aesthetic requirements of the park itself, the City of Danville will be issuing the Erosion and Sediment Control and Stormwater Permits and those permits have already been issued, a preconstruction meeting will be scheduled in a few weeks with Blair Construction, the County will be issuing the building permit and performing inspections on the proposed building, the County Code Office has approved the building plans and the permit has been issued. Mr. Rowe noted the City has a faster ability to deal with the Stormwater Permits and Erosion and Sediment Control permits, so they are taking on that responsibility. The County Building office was doing the inspections.

Mr. Guanzon explained whenever there was a building or structure going in one of the parks, they have to make sure it complies with the zoning requirements of the applicable jurisdiction. In addition to the Zoning Ordinance, the City and County staff then have to make sure the proposal fits within the applicable Restrictive Covenants. Staff was giving their recommendation on the Restrictive Covenant portion of it and also informing the Board that it does meet the City and County Zoning Ordinances.

Mr. Saunders questioned if RIFA was seeing more shell buildings being desired by prospects and can the Board expect this trend to continue. Mr. Rowe noted in the past, the community was responsible for building the shell buildings which put them in a liability of having the debt service on it. This model was different as RIFA was not building it and has an outside firm that believes the deal flow volume was strong enough for them to risk their own money. Staff reached out to the State Buildings and Ground Sites Manager and 75% of requests for the state are for existing buildings; by the region not having a building, 75% of what comes across the state's desk, they were not eligible for. Ms. Bobe explained this particular shell building meets the needs of modern day manufacturers; the majority of clients are looking for that 100,000 square foot facility with a certain minimum ceiling height. Currently, they have very few, if any, on the market within the City or Pittsylvania County. Investing in such infrastructure makes the region more desirable to the company.

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Mr. Shanks explained the City was able to get clarification that was not in the Code or got the Code changed, that allows the City of Danville to serve as the Erosion Control and Stormwater Management Review Agency, which was a tremendous asset in terms of time for review and more reasonable effective control of the regulations. Stormwater Management Review has forty-five days for the initial review and then forty-five more days for the next review. It usually takes two reviews to get through, but the Engineering department of the City was able to do a fast track review.

Mr. Warren noted as a follow up to Mr. Saunders, RealtyLink had been a big part of the Greenville revitalization, and they see promise here. RealtyLink has expressed additional interest and looked at other areas; Mr. Rowe noted they are looking at a holistic approach. They love the River District, the industrial parks and the county's educational services. If they are going to work to create jobs here, then they are going to look at ways to house people here and do commercial here as well. They do this all over the country.

Mr. Shanks **moved** for adoption of *Resolution No. 2020-02-10-5B, approving the proposed building improvements to Lot 6A (part of Pittsylvania County GPIN 2347-03-7452 and Danville PIN 77193) in the Authority's Cane Creek Centre Industrial Park located in Pittsylvania County, Virginia and Danville, Virginia, that will be developed by RealtyLink Investments, LLC, a South Carolina limited liability company, or one of its affiliates.*

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

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

5C. CONSIDERATION OF RESOLUTION NO. 2020-02-10-5C RATIFYING ONE-TIME DEMOLITION SERVICES FOR THE BUILDING FOUNDATION AT 2471 TOM FORK ROAD

Ms. Bobe explained Richard Hicks from Pittsylvania County reached out to the City's Public Works Department regarding the lot next to the shell building on Cane Creek at Tom Forks Road. There was a structure that was demolished on that lot, Lot 7; the foundation still remains and has become a trash collection area. They have asked that the City's Public Works Department find a construction crew to break up the foundation, fill it in appropriately, reseed it and dispose of any trash along that site. Included in the agenda packet was an outline of a proposal from Marshall Construction for \$5,500 to take care of that work.

Mr. Guanzon noted this has already been approved, and staff was asking for ratification. The by-laws state, because of the time frame, if there was a particular recruit and there were site improvements that needed to get done before staff could meet with the Board, the by-laws allow the City Manager and the County Administrator to agree on it. They can approve up to \$10,000, subject to having money in the account for that purpose, to do those preliminary site improvements so long as it was ratified after the fact by the Board.

Mr. Scarce **moved** for adoption of *Resolution No. 2020-02-10-5C, ratifying one-time demolition services for the building foundation located at 2471 Tom Fork Road, Ringgold, Virginia 24586, on Lot 7B (GPIN 2347-04-1865) of the Authority's Cane Creek Centre Industrial Park project, for a fee of \$5,500.*

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

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

5D. CONSIDERATION OF RESOLUTION 2020-02-10-5D AUTHORIZING THE ISSUANCE OF AN RFP FOR LEGAL SERVICES TO THE AUTHORITY

Authority Treasurer Michael Adkins explained per the Board's request, staff has developed an RFP for legal services. RIFA staff has reviewed it, and there are a few blanks to fill in such as the due date for submissions and other administrative items. If there were no objections from the Board, and with the passing of the Resolution, they will release that RFP and bring responses back to the Board.

Mr. Scarce **moved** for adoption of *Resolution No. 2020-02-10-5D, authorizing the issuance of a request for proposal (RFP) for legal services to the Authority.*

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

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

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

Mr. Adkins gave the Financial Status report as of January 31, 2020, beginning with the \$7.3M Cane Creek Bonds, which showed no expenditures for the month of January. General Expenditures show RIFA reimbursed Sue DeMasi for \$40 for plaques prepared for Mr. Blackstock and Mr. Sides, \$579 in meals and \$31 for the monthly utility bill. Funding Other than Bonds for the Mega Site showed RIFA expended \$22,400 to Dewberry for Amendment No. 27, and \$199,064 for Bannister Bend Farm for stream mitigation credits. Lot 4 Site Development shows RIFA paid \$6,000 to Dewberry for work on Amendment #19, and Lot 8 Site Development had no expenditures for January. For Water and Sewer, RIFA paid \$12,620 to Dewberry for work under Amendment #20 and \$199,343 was paid to CW Crawley & Sons for Phase 1 work. Rent, Interest and Other Income showed RIFA received \$25,412 from the Institute for the Hawkins' Building, \$1,200 from Mountain View Farms for their lease renewal and \$784 in interest income. RIFA paid \$25,412 to the Institute for maintenance on the Hawkins' Building and also expended \$10,000 to Enviva for a refund of their extension fee. Last month staff had prepared a check, but the Company came back and said they wanted to be paid in a wire format; staff voided the check and issued a wire in January. Mr. Adkins noted page 135 shows the register of checks written and their amount.

Mr. Shanks questioned the Bannister Bend Farm mitigation, was that the extent of the credits and Mr. Bradner noted it was. Mr. Shanks noted there was river land that was left, that land could have been used to create RIFA's own credits and questioned if staff looked at that option. Mr. Bradner stated staff has explored that option in the past; currently the permitting authority's preference in terms of mitigation was that an entity buy credit first. As staff looks at larger, potential impacts for additional grading, that was one of the mitigation options that has been discussed with the regulatory authorities.

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Mr. Shanks **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, Shanks, 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 12:33 p.m. Mr. Shanks **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. Saunders and carried by the following vote:

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

D. On **Motion** by Mr. Shanks and **second** by Mr. Searce and by unanimous vote at 1:45

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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 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: Warren, Searce, Shanks, Saunders (4)
NAY: None (0)

7. COMMUNICATIONS

Confidentiality Agreements – Mr. Guanzon noted RIFA had a confidentiality form in place, and will be sending those out to some of the government partners.

Update – Dewberry/Haymes Brothers Change Order. Mr. Bradner noted they are coordinating with Jason Grey at Danville Utilities.

Meeting adjourned at 1:46 p.m.

APPROVED:

s/ Robert W. Warren
Chairman

s/ Susan M. DeMasi
Secretary to the Authority