

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**Minutes**  
**December 13, 2010**

The Regular Meeting of the Danville Pittsylvania Regional Industrial Facility Authority convened at 12 o'clock Noon on the above date at the Dan River Business Development Center located at 300 Ringgold Industrial Parkway. Present were City of Danville Members Chairman Sherman Saunders, David Luther and Alternate Fred Shanks and Pittsylvania County Members Vice Chairman Coy Harville and Hank Davis (5). Alternate Fred Ingram was absent (1).

City/County staff members attending were: Danville City Manager Joe King, Pittsylvania County Administrator Dan Sleeper, Pittsylvania County Assistant Administrator for Planning Greg Sides, Pittsylvania County Economic Development Director Ken Bowman, Danville Economic Development Consultant Linwood Wright, Danville Finance Director/Authority Treasurer Barbara Dameron, Danville Senior Accountant Patricia Knutti, Clement and Wheatley Attorneys Michael Guanzon and Glenn Pulley, and Secretary to the Authority Annette Crane.

Also present were EIT South General Manager Michael Duncan, EIT President David Faliskie, Blair Construction Company Vice President of Operations Tim Clark, and Nancy Barbour Smith.

Chairman Saunders called the Meeting to order.

**PUBLIC COMMENT PERIOD**

There were no comments from citizens.

**APPROVE NOVEMBER 10 AND NOVEMBER 22, 2010 MINUTES**

Upon Motion by Mr. Harville and second by Mr. Luther, Minutes of the November 10 Regular Meeting and November 22, 2010 Special Called Meeting were approved as presented. Draft copies had been distributed to RIFA members prior to the Meeting.

**APPROVE TRANSFERS TO GENERAL EXPENDITURES FOR LEGAL FEES**

Mr. Harville moved to approve a total increase of \$20,570.82 to the General Expenditures "Legal" Budget for FY 2011 using \$14,570.82 from available funding and transferring \$6,000 from the Contingency Budget. The Motion was seconded by Mr. Luther and carried by the following vote:

VOTE: 4-0  
AYE: Davis, Harville, Luther, and Saunders (4)  
NAY: None (0).

**CONSIDER PROPOSED PERFORMANCE GRANT AGREEMENT-EIT**

Chairman Saunders gave Mr. Duncan the opportunity to speak and said the matter would be discussed later in the meeting. Mr. Duncan said the situation for Donnachaidh changed due to the economic meltdown and the project stalled. Donnachaidh was unable to follow through with its plans. He said it became problematic to get financing from banks.

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**Minutes**  
**December 13, 2010**

**CONSIDER PROPOSED SETTLEMENT AGREEMENT-DONNACHAIDH**

Mr. Duncan said Electronic and Instrumentation and Technolody, LLC (EIT) wishes to expand and Donnachaidh is willing to deed its 5.09 acre site to EIT. He stated there would be further discussion during the Closed Meeting that is on today's meeting agenda.

Authority Attorney Michael Guanzon stated the EIT and Donnachaidh items were related. The Performance Agreement was with Donnachaidh first for a small parcel of property as related by Mr. Duncan. The proposed new grant agreement would be an enlargement of that and will be considered in the Closed Meeting with possible action following the Closed Meeting.

**MEGA PARK UPDATE**

City Manager Joe King stated he believed the Board was aware the Tobacco Commission set aside a certain amount of money for state-wide use for the development of mega parks. City and County staff members had been to Richmond and revised the application with Tobacco Commission staff. Expectations for the mega park have changed dramatically since it was first announced. After state-wide considerations for tobacco funds came into the mix and all those concerns were accommodated, what actually happened was the bar was lowered significantly. The Tobacco Commission issued solicitations for a grant proposal with a very short time line and defined "mega park" as providing up to 400 jobs and a \$50,000,000 investment. That is probably no more than one-fifth of the size that is being considered for the local mega park. That opened opportunities for other communities who were further along with smaller industrial developments. This limited the opportunity locally. Mr. King said there were significant discussions with the Tobacco Commission and staff came away with a much different understanding of what was contemplated at this stage. The Commission indicated there was huge competition across the tobacco region for Commission money. The Commission is looking for immediate job creation and a substantial amount of local investment -- not just a customary 10 % local match. The Commission indicated that in the mega park category, it was looking for more of a partnership than the 90% Tobacco Commission funding. Mr. King said the grant application had been down-scaled and with very little option to do so. He said the focus is to make the mega park shovel-ready by completing engineering work, required right-of-way and easements and being able, when the first major tenant was recruited, to gear up quickly. Mr. King distributed copies of the revised application for RIFA members' review. A \$2.7 million grant with \$1 million in local matching funds would enable to commence the engineering and right-of-way work to bring a major infrastructure into play. Once this is accomplished, the site would be marketed to bring in a large-scale industry.

**FINANCIAL REPORT**

Danville Finance Director Barbara Dameron reviewed the Monthly Financial Report. Ms. Dameron advised the auditors would be present for the January 2011 RIFA Meeting. There were no questions or comments from RIFA members.

Upon **Motion** by Mr. Luther and second by Mr. Davis, the Monthly Financial Report was accepted as presented by the following vote:

VOTE: 4-0

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**Minutes**  
**December 13, 2010**

AYE: Davis, Harville, Luther, and Saunders (4)  
NAY: None (0).

**CLOSED MEETING**

At 12:35 P.M. Mr. Davis **moved** that the meeting of the members of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed and that the members of the Authority immediately reconvene in executive closed meeting for the purpose of:

- As permitted by Section 2.2-3711 (A) (7) of the Code of Virginia, 1950, as amended, for consultation with and briefing by legal counsel pertaining to actual litigation regarding Nancy Barbour Smith, et al. v. Pittsylvania County Board of Supervisors (Case No. C110000088-00), where such consultation or briefing in open meeting would adversely affect the litigating posture of the Authority
- As permitted by Section 2.2-3711 (A) (3) of the Code of Virginia, 1950, as amended, for discussion or consideration of the reacquisition of Lot 3D from Donnachaidh, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority
- As permitted by Section 2.2-3711 (A) (3) of the Code of Virginia, 1950, as amended, for discussion or consideration of the disposition of the Authority's interest in Lot 3D and part of Lot 3C to EIT, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

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

VOTE: 4-0  
AYE: Davis, Harville, Luther, and Saunders (4)  
NAY: None (0).

**Mr. Luther left the Meeting at 1:05 P.M.**

At 1:25 P.M. upon unanimous vote, the Meeting reconvened in open session.

Mr. Davis **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 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.

**Danville-Pittsylvania Regional Industrial Facility Authority**  
**Minutes**  
**December 13, 2010**

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

VOTE: 4-0  
AYE: Davis, Harville, Saunders, and Shanks (4)  
NAY: None (0).

**AUTHORIZE EIT PERFORMANCE GRANT AGREEMENT**

Mr. Shanks **moved** approval of Resolution No. 12-13-10A authorizing a Performance Grant Agreement among the Authority; the City of Danville, Virginia; the County of Pittsylvania, Virginia; and Electronic Instrumentation and Technology, LLC, a Virginia Limited Liability Company (“EIT”), which includes, among other things, a land grant to EIT of the Authority’s interest in real property, containing 16.644 acres, more or less, fronting on Stinson Drive, Danville, Virginia (namely Lot 3D, containing 5.092 acres, Tax PIN 78471 (“Lot 3D”), plus a portion of Lot 3C (Part of Tax PIN 77831), to contain 11.55 acres, more or less (“Part of Lot 3C”), as part of an incentive package to be offered by the City and the County which includes job creation grant funds to EIT, in exchange for EIT (I) expanding its operations in the area and constructing a new facility (the “Facility”); (II) making capital investments at the facility of at least \$5 million; (III) creating 50 new full-time jobs at the facility; and (IV) repaying to the City and the County a total of \$285,000 in cash grants (which were part of a former incentive package to Donnachaidh Associates, LLC, including Lot 3D). The Motion was seconded by Mr. Davis and carried by the following vote:

VOTE: 4-0  
AYE: Davis, Harville, Saunders, and Shanks (4)  
NAY: None (0).

**AUTHORIZE THE 2010 DONNACHAIDH AGREEMENT**

Mr. Harville **moved** approval of Resolution No. 12-13-10B authorizing the execution of a Settlement Agreement (the “2010 Donnachaidh Agreement”) with Donnachaidh Associates, LLC, the City and the County, which includes, among other things, (I) the reconveyance of Lot 3D to the Authority as part of the EIT Performance Grant Agreement (PG Agreement); (II) the execution of the EIT PG Agreement by EIT and others; and (III) the termination of that certain Performance Agreement dated October 17, 2008, between the Authority, Donnachaidh, Michael J. Duncan, Gary K. Felton, the City and the County. The Motion was seconded by Mr. Shanks and carried by the following vote:

VOTE: 4-0  
AYE: Davis, Harville, Saunders, and Shanks (4)  
NAY: None (0).

**COMMUNICATIONS**

Mr. Sleeper advised an Agreement with Dewberry would be considered during the January 2011 RIFA Meeting.

Danville-Pittsylvania Regional Industrial Facility Authority  
Minutes  
December 13, 2010

The Meeting adjourned at 1:30 P.M.

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Chairman

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Secretary to the Authority