

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
September 10, 2012

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:15 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Fred O. Shanks, III and alternate J. Lee Vogler. Chairman Sherman M. Saunders was absent. Pittsylvania County Members present were Vice Chairman Coy E. Harville, and Alternate Jessie L. Barksdale. James Snead was absent.

City/County staff members attending were: Deputy City Manager David Parrish, County Administrator Dan Sleeper, Danville Finance Director/Authority Treasurer Barbara Dameron, Pittsylvania County Director of Economic Development Ken Bowman, Assistant County Administrator for Planning & Development Gregory Sides, Pittsylvania County Supervisor Brenda Bowman, City of Danville Public Information Officer Arnold Hendrix, City of Danville Senior Accountant Patricia Conner, Clement and Wheatley Attorney Michael Guanzon, and Secretary to the Authority Susan DeMasi.

Vice Chairman Harville called the Meeting to order.

PUBLIC COMMENT PERIOD

No one desired to be heard.

APPROVAL OF MINUTES

Upon **Motion** by Mr. Shanks and **second** by Mr. Barksdale, Minutes of the August 13, 2012 and August 28, 2012 Special Meeting were approved, as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. PRESENTATION ON THE DANVILLE-PITTSYLVANIA COUNTY REGION FROM A SITE LOCATION CONSULTANT'S PERSPECTIVE.

Leigh Cockram, Executive Director of Southern Virginia Regional Alliance introduced Crystal Morphis, CEO of Creative Economic Development Consulting. Ms. Cockram noted she had worked with Ms. Morphis on a local project recently.

Ms. Morphis stated that site selection is a very long process. The role of site selector is really as a facilitator in a company's decision process.

The first step is to establish the company's site selection criteria. Site and building needs are defined as well as labor force needs, skill levels, and how many people in the labor shed. Utility needs, transportation as well as regulatory concerns are also defined. Each company has some critical importance factors for them, things that are very unique to their company, their process, their labor force, their training needs, and that a large emphasis needs to be placed on that as well.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
September 10, 2012

From this criteria, a Request for Information (RFI) is developed which describes the project. The consultants request information on all items in the search criteria including utilities, labor force, and transportation. Ms. Morphis noted the RFI for the Sheetz project listed all those importance factors, they sent it out to the different state agencies they were interested in and asked them to respond. It is very important when responding to an RFI, to follow their format and to be very clear and precise in your answers. Only submit sites that meet the criteria, make sure you have good quality data and to meet all of the deadlines even if some may seem unrealistic. Make sure all questions are answered. Ms. Morphis noted the Danville Pittsylvania response was very high quality, well organized, clear, questions were answered, data was accurate, informative, and exactly what was asked for.

One of the first things done in a site selection process is to eliminate sites that do not have infrastructure or infrastructure close by. Capacity is looked at as well as due diligence items, such as Phase I studies, geotechnical studies, and has the archeological and historic review process been done. Zoning, covenants and other issues are also looked at.

After it is narrowed down to a smaller group of sites, site visits are conducted. It is important to talk to the consulting team in advance to find out what the goals are for the visit. It may just be a 20 minute drive by to get a look at the site or they may want to hear more. It is important to only include people at these visits that can answer questions and to stay on time.

This community had a very professional response to the RFI, with concrete answers during the site visit, if they didn't have the answer they followed up quickly. The consultants had a lot of comments from their client on how professional and personable this team was.

The Danville Pittsylvania parks showed very well. Ms. Morphis stated they narrowed in on the Cane Creek park, but also looked at the Airside Park. They both showed very well for a few reasons: there is a nice entrance road going through, there are some graded sites in those parks, and there are tenants in the park. It is important for clients to see who their neighbors are going to be. All that showed very well and the clients complimented that. Once the field narrowed further they got to the second tier of analysis, including cost analysis of many of these factors and this is where the professionalism of the Economic Development team came into play. When this community was asked very detailed questions on electric utility and telecommunication costs, to get these cost quotes for her clients, they turned it around quickly, professionally and accurately and that is very important.

The field was narrowed again and the client came back for a second site visit. Sometimes during a second site visit, the company will visit existing businesses in the area to talk to them and see what their experience is in terms of operational costs, labor force, and general community. Ms. Morphis reported that the businesses they met in this area were great to meet with and were good ambassadors for this community.

In the final round, it becomes more intense with direct costs and labor surveys. Companies will ask for very specific labor research or even a specific labor survey based on a company's

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
September 10, 2012

needs. Companies may ask for additional site information and localities need to be prepared to spend money. In this case, although there was a graded site, the company wanted to make sure the compaction was good on it and asked for some additional geotechnical studies.

Consultants ask that responses be quick but very accurate, you don't want to get to the very end and realize a quote on some cost information was off. This area was extremely accurate in their information and did a very good job with it. Cost analysis plays an important role up front as well as ongoing costs and sometimes companies want an ongoing cost over ten years, fifteen, twenty years.

It is not always the lowest cost site that wins the site selection process, it is the mix, and companies place different weighting factors on different cost mixes. Companies will balance them and in this location electric utility costs were a little bit higher but state taxes were a little bit lower.

The company does not always share everything with the consultants and sometimes there are some other internal cost factors that the consultants don't understand that play a role too.

As far as incentives, it is not always the greatest dollar amount, but the incentive mix that means the most to the company. It is very important to ask the company what is important to them, what cost factors are really part of this decision process and how can we impact those? Be very direct on eligibility. Danville Pittsylvania was very creative in their incentives, how their proposal was developed in conjunction with state programs. Also having the IDA and owning your industrial property, all those things are very important and creative and Ms. Morphis noted she thought this area did a very good job in their incentive proposal. Also how the incentive proposal was structured and the ease of which it would be to apply was all very understandable.

Ms. Morphis reviewed what this area did right: the grading at Cane Creek is very important; it is important in this part of the state because of the terrain but it saves a company time, costs and answers a lot of unknown questions. She suggested as this area continues to locate companies on its graded sites, they should have a program in place to continue to do that because that is something that stood out. Their professional site package and response to the RFI was top quality and the way that it was integrated with the State's response made it very easy for the company to understand. They did quality research, it was turned around quickly and they did a great job on very specific research requests. This area spent the money when needed, and the team was very professional and organized throughout the process. These were all things this community did exceptionally well.

As to improvements Ms. Morphis noted she would say "not much". The clients said Danville did a great job, they were very pleased with everything they learned and would consider Danville in the future for some other project. Ms. Morphis noted that the utility fees are more costly here than other localities however, there are some tradeoffs with that, such as lower state taxes and marketing to the strengths of the utility system.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
September 10, 2012

Ms. Morphis suggested considering a specialized workforce study. They had asked for some very specific research for this project because the actual statistics of the labor market in this area show higher wages than what is really found here. That may be because of two or three larger companies that have higher paying wages and this skews the overall numbers. An outsider that was not familiar with this labor shed or labor market may say that labor rate looks to be really high in Danville and the surrounding area when in fact it is probably skewed for some reason.

Mr. Shanks questioned Ms. Morphis on Utilities, that she found them more expensive than other locations and asked if she meant water, gas, or electric? Ms. Morphis noted primarily electric but that is not uncommon in municipal systems, and that gas and telecommunications were fairly comparable, water and sewer were not far off. She also noted this is not an issue for Danville as they have looked at other municipal systems, typically they are higher than the investor owned. But the reliability is oftentimes higher, their customer interaction is at a different level and this area should market to the strengths of the system instead of the costs or look at other ways costs can be offset in other areas of cost analysis.

Mr. Shanks Ms. Morphis if she knew why this area lost Sheetz? Ms. Morphis stated she did not and looking at the company, things were very, very comparable between the locations in terms of work force, general location and access. The labor market and labor shed in the Burlington area is wider, with a more diverse labor shed than here. The site there is very close to Interstate 40, but this area has Interstate quality roads. The site in Burlington is in an industrial area but not an industrial park, there was a little bit different venue. She noted she couldn't put her finger on one thing but there was a little bit of difference in the type of labor force and just the very close proximity to an Interstate exit.

Mr. Shanks questioned if the North Carolina incentives were similar to Virginia and Ms. Morphis stated the incentives were somewhat similar. This area did a very good job in terms of putting the incentive package together to make it very understandable and user friendly. The North Carolina incentives programs are not quite as user friendly; it is really an advantage this community has.

Mr. Harville asked Ms. Morphis what she thought about this region competing with the interstate localities. Ms. Morphis noted it wasn't a huge factor in this project because, with the quality of the road to Greensboro, to I-40, it is very high quality road. This company was a distribution project but not high volume. For other distribution projects that would have a high volume of tractor trailer traffic, that might be more of a concern. Unfortunately, when consultants develop an RFI they will say "within X number of miles of an interstate highway" anyone outside of that just doesn't get considered. Once someone knows about this area and the quality of the system down to the interstate highway, then you can make a case.

Board members thanked Ms. Morphis and Ms. Cockram for coming and sharing this information.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
September 10, 2012

5B. FINANCIAL REPORT AS OF AUGUST 31, 2012

Ms. Dameron noted under the Cane Creek Bond Funds, \$2,300 was moved from General Expenses to the Financial Advisory Services for the line of credit agreement with Wells Fargo for the Cane Creek Bonds: \$1,100 related to 2012, \$1,200 to 2013. Demolition services of \$15,000 were paid, legal fees of \$600.00 and \$32,300 to Haymes Brothers for Lots 3 and 9. That project is now complete.

Under General Expenditures for 2012, there are additional legal fees of almost \$7,000 and for 2013 General Expenditures, a utility bill of \$185.73. On the Mega Park funding, this was updated that for the interest of \$5.62 and the interest for the Berry Hill Mega Park bonds was about \$3.64. Under Funds Available for Appropriation, there is no change there from the previous month.

Mr. Barksdale **moved** to approve the Financial Report as of August 31, 2012. The Motion was **seconded** by Mr. Shanks and approved by the following vote:

VOTE: 4-0
AYE: Harville, Barksdale, Shanks and Vogler (4)
NAY: None (0)

6A. CLOSED SESSION

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

At 12:50 p.m., Mr. Barksdale **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)[sic] of the Code of Virginia, 1950, as amended (the "Virginia Code"), for consultation with the Authority's legal counsel, Clement & Wheatley, and briefings by the Authority staff or consultants pertaining to probable contract litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Authority. "Probable litigation" means litigation on which the Authority and its legal counsel have a reasonable basis to believe will be commenced against a known party.

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

VOTE: 4-0
AYE: Harville, Barksdale, Shanks and Vogler (4)
NAY: None (0)

Mr. Harville noted that upon **Motion** by Mr. Shanks and **second** by Mr. Barksdale, and by unanimous vote at 12:50 p.m., the Authority returned to open meeting.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
September 10, 2012

Mr. Vogler **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.

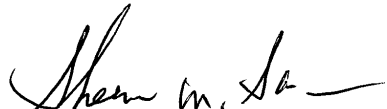
The Motion was **seconded** by Mr. Shanks and carried by the following vote:

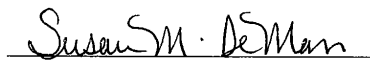
VOTE: 4-0
AYE: Harville, Barksdale, Shanks and Vogler (4)
NAY: None (0)

COMMUNICATIONS

There were no communications from Staff.

MEETING ADJOURNED AT 12:52 P.M.


Chairman


Secretary to the Authority