

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

November 13, 2024

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 1:53 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Room 207, Danville, Virginia. Present were City of Danville Members J. Lee Vogler, Jr., and Alternate Dr. Gary P. Miller, Vice Chairman Sherman M. Saunders was absent. Pittsylvania County Members present were Chairman William V. Ingram, Robert Tucker and Alternate Darrell Dalton.

City/County staff members attending were: Danville City Manager Ken Larking, Interim County Administrator Vincent Shorter, Authority Treasurer Michael Adkins, City of Danville Accountants Jaime Pritchett and Meredith Franklin, City of Danville Director of Economic Development Corrie Bobe, Pittsylvania County Director of Economic Development Matt Rowe, Pittsylvania County Project Manager Kattie Saunders, Legal Counsel to the Authority Michael C. Guanzon, Esq., and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner, Shawn Harden and Joseph Snead from Dewberry, and Linda Green from SVRA.

Chairman William V. Ingram presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE OCTOBER 16, 2024, REGULAR MEETING

Upon **Motion** by Mr. Tucker and **second** by Dr. Miller, Minutes of the October 16, 2024, Regular Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. PRESENTATION OF AN UPDATE TO THE REGIONAL ECONOMIC DEVELOPMENT PLAN

City Manager Ken Larking introduced Greg Payne (via Zoom) from Economic Leadership, part of a team working with Dewberry to update the Regional Economic Development Plan. Mr. Payne will give a brief overview of the project and what they plan to accomplish with the update to the plan.

Mr. Payne noted the new plan has a timeline extending approximately until the fall of the upcoming year, and they will be working with Dewberry on some of the tasks. The key goal was an update to the previous plan that was released about five years ago. Since that time, a lot has happened in economies and economic development in the country and this region. Mr. Payne noted they needed to recognize some of the other recent trends and reports; one of those was *Looking Ahead 2042*, which looked at forty-six key issues of the region and ranked them and the region's readiness to handle them. The two most important issues that the region ranked itself low was in supply of housing and child care solutions. There were also plans and projects in the *Ongoing Case for Growth*; if good things were happening in the area how do you make the case that change was not scary but could be a positive for people in the region.

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Mr. Payne reviewed the six main components and their timelines; the first was Industry Cluster Analysis. The basic analysis will look at the existing industry mix in the region, which were the strongest and which were emerging, and would also look at a list of other sectors, what were the national and regional trends for those, and how well they might be a good fit for the region.

The second component, Industrial Sites and Building Analysis, will be done in collaboration with Dewberry, reviewing how site selection factors have evolved in the last several years, looking at capacity of existing business parks, how much land was available, and how useable or developable it might be. Also, analyzing the existing building inventory of industrial buildings; they will be able to see where the gaps may be and forecast demand for certain types of product. Dewberry will be working on identifying the best sites for potential new business or industrial park development in the region.

The third component was Incentive Policies and Programs, weighing the different factors in US Incentive Policies, changes/updates and the framework for crafting incentive offers.

The fourth task was data center analysis; looking at demand trends nationally and regionally with Virginia being one of the leading states in the country for data centers. They will look at typical size of projects and their demand on power and water resources. Dewberry will be looking at the region's capacity to host data centers based on infrastructure the region has and some of the positive and negative impacts of data centers.

The fifth task was workforce analysis; they plan to wait until the spring to start that so the workforce data will be fresher when they finish the project. It will include data analysis of the region's labor shed. They will look at the various quality of life factors to attract and retain talent in the region, and the marketing approach for talent attraction.

The last task was looking at opportunities in the Agriculture and Forestry sectors including agritourism; how to best take advantage of the existing strengths and assets in forestry the region has, and what were some best practices nationally for protecting, preserving and growing these industries.

Mr. Payne asked the Board, of all the topics presented which one would they most like to be answered; which one or two was most important for the region to address successfully.

Dr. Miller noted data centers use a tremendous amount of power; mini nuclear power plants were one source of energy, but did not know if that was right for this region. Hydrogen power, was that a possibility; what were sources that might supply a data center. Mr. Payne noted in Loudon and in other places, each new data center was much bigger than previous centers were because of demands of AI. That will be part of their analysis, were there other potential energy sources. Dr. Miller noted data centers don't produce that many jobs, at least half the jobs were HVAC workers and electricians to keep the machines cool and running. If RIFA was looking into that, they need to see if they have enough electricians, plumbers and HVAC to staff those places. Mr. Payne noted the lack of skilled trade workers was consistent throughout the United States; the ability to get enough people trained was extremely important.

Mr. Vogler noted he was interested in the workforce portion of what was being looked at; does the region have what it needs, what was it missing. Was the region retaining the people, were

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they getting the types of people needed to fill the jobs they were trying to bring. Will any type of connectivity between housing and work force be a part of that, or something separate. Mr. Payne noted he thought that had to be part of it; quite a few housing studies they have seen identify the gaps; it was something they see in smaller communities throughout the nation. The lack of new construction, price points and types, particularly smaller, and attached housing, appeals to younger workers and families.

Board members thanked Mr. Payne for his presentation.

5B. CONSIDERATION OF RESOLUTION 2024-11-13-5B APPROVING THE FORM OF A LOCAL PERFORMANCE AGREEMENT

Pittsylvania County Director of Economic Development Matt Rowe noted this was a team effort with Ms. Bobe and Ms. Green; this was the Resolution for the Local Performance Agreement for the Microporous facility. It was 2,015 direct jobs and \$1.35B in investment; it was roughly over a ten-year performance period, given the scale of the project. The incentive agreement was due to the work of the team, and the real reason this company was coming to the community was that RIFA was the most responsive. Ms. Bobe and Ms. Green led an amazing community benefits plan and got a perfect score. The company visited the community so often, the people they ran into, the board members and community members, everyone represented the community well. The Dewberry team did countless layouts for this facility; they were able to demonstrate to the Company how this site could be more competitive from a site development cost perspective than another site in North Carolina. Mr. Rowe noted it was important to highlight the work that Mr. Guanzon and Mr. Lippman have done; this was an extremely complex document and one of the strongest negotiations in RIFA's favor. Also, having Mr. Larking and Mr. Shorter standing behind the team, being on call to assist them. Mr. Rowe reviewed the incentives and congratulated everyone around the table, it was a team effort, it was a long time coming and thanked the Board; they have been very patient and professional.

City of Danville Director of Economic Development Corrie Bobe thanked Mr. Guanzon for thinking through how RIFA captures each of the phases of their growth. Dividing the property in half instead of allowing the lease on the full 212 acres of property, they cannot access the additional land without hitting certain milestones. They were keeping them accountable in order to move forward with the full incentive package and access to the whole property; they have those milestones and parameters in place.

Mr. Vogler **moved** for adoption of *Resolution 2024-11-13-5B, a Resolution approving the form of a Local Performance Agreement to be executed by the Authority and others, in anticipation of a public announcement of the business or industry's interest in locating its facility in the Authority's Southern Virginia Megasite at Berry Hill Project located in Pittsylvania County, Virginia, under which Agreement, the Authority or Pittsylvania County would provide to a company or industry known and recommended by the Authority's staff a Real Estate Tax Rebate for Year 1 through Year 12; a Machinery and Tools Tax Rebate for Year 1 through Year 12; a Danville-Pittsylvania County Enterprise Zone Jobs Grant of up to an estimated \$2,015,000.00; the City of Danville, Virginia and/or County of Pittsylvania, Virginia would waive up to an estimated \$1,000,000.00 of Building Zoning and Land Disturbance Permit Fees; and a Land Cost Grant up to an estimated \$11,500,000.00, in exchange for capital investments of at least \$1,350,600,000.00 and the creation of 2,015 full-time jobs with an average yearly base wage of at least \$58,090.85.*

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The Motion was **seconded** by Dr. Miller.

Mr. Ingram questioned the road by which the new Harville-Parkway now exists, was that part of RIFA property and Ms. Bobe explained RIFA acquired quite a bit of the roadway in order to create the connector road and still have additional acreage, about 165 acres surrounding the connector road as well. Mr. Rowe noted when RIFA purchased the property for the connector road, they utilized Tobacco Commission and MEI Megasite funds dedicated towards that. Mr. Rowe discussed Mrs. Weatherford selling her property to RIFA if they promised to bring good paying jobs to the area. Mr. Rowe stated it was not brought up at the announcement but was part of the package, RIFA, with assistance from the Danville Regional Foundation, will actually be facilitating the construction of a brand new training center on Mrs. Weatherford's property.

Mr. Guanzon stated based on what he has been hearing from Richmond, RIFA has the proven concept and this will be the catalyst for more. When staff put this local performance agreement together, they pushed to get all the details out. It was going to be such a huge investment and they were trying to make sure they were being kept to benchmarks on an annual basis so RIFA will know exactly what they were doing. As Mr. Rowe had mentioned, unlike other deals, RIFA was capturing not only the things they were giving the company as an incentive, staff was also capturing their expected return on investment as far as revenues and things like that. RIFA does not give them another 100 acres until they have done the first part of the phase.

Mr. Larking noted he wanted to reiterate staff cannot do the work they were able to without the support and resources the elected officials provide to them. It was work that has happened over many years, and it was extremely important to have the support of elected officials to make these kinds of things happen. When RIFA works on its Regional Economic Development Plan and thinks about where was the next investment they make in the community so that whoever was sitting in these seats ten years from now can have an announcement like RIFA did today, Mr. Larking noted it was not only the resources into the sites, there were talented people who worked hard, to find creative solutions to get other resources to make things happen and to get RIFA to the point they were today. Mr. Larking stated, on behalf of all staff members, thank you to the Board for what they have done to make this a reality.

Dr. Miller noted officials get the roads named after them, there should be a sign that, this project will provide major benefit and jobs to the citizens of Danville and Pittsylvania County, Eden, for generations to come. It was made possible with the dedication and hard work, and perseverance of the following persons – Linda Green, Corrie Bobe, Matt Rowe. People will forget who did the hard work. Ms. Green noted there should be a plaque with the names of the RIFA board members in effect at this point of time; at the end of the day, staff cannot do a thing without the support they have given. Mr. Vogler noted when this project was discussed last year, it was his thought to have every person who has ever served on RIFA be there and recognized, and stated he liked the idea of a plaque. If someone served on RIFA from the start of it to now, to be on it, every person who has passed through here and played a part, and questioned how they could make that happen.

Mr. Shorter noted his agreement with Dr. Miller on recognizing the staff members that work on these projects, and discussed the relationship of economic development, government and businesses. Today, they saw that come together. Mr. Bowman noted in the past he would

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ride the land with Coy Harville, when it was undeveloped; Mr. Harville had the vision for that piece of property and wanted to sell that idea.

The **Motion** was carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

5C. CONSIDERATION OF RESOLUTION 2024-11-13-5C APPROVING A MEMORANDUM OF UNDERSTANDING WITH SOUTHWESTERN VIRGINIA GAS COMPANY

Mr. Larking explained RIFA was in negotiations with Southwestern Virginia Gas Company regarding providing gas to the Megasite, specifically to Microporous. Mr. Guanzon noted this item was to authorize RIFA to move forward with the agreement as they negotiate. Staff will negotiate in good faith, but once the definitive agreements were prepared, staff will come back for an additional vote to authorize that.

Mr. Vogler **moved** for adoption of Resolution 2024-11-13-5C, *a Resolution approving the negotiation, execution and delivery of a Memorandum of Understanding with Southwestern Virginia Gas Company, a public service corporation, for certain natural gas infrastructure work within the Authority's Southern Virginia Megasite at Berry Hill, located in Pittsylvania County, Virginia, including among other things, the interconnection with an existing pipeline, service extension within the Southern Virginia Megasite at Berry Hill and related facilities, all of which shall not to exceed an aggregate cost of \$15,000,000.00, where the Authority will be entitled to certain proceeds deriving from the project, all of which will be more fully described in definitive agreements; and where the Memorandum of Understanding will be subject to the approval by legal counsel to the Authority as to legal form.*

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

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

5D. CONSIDERATION OF RESOLUTION 2024-11-13-5D AUTHORIZING THE CHAIRMAN TO EXECUTE A TERM SHEET FOR A \$20,000,000.00 LOAN FROM THE TOBACCO COMMISSION

Mr. Larking explained staff has a draft term sheet with the Tobacco Commission. It was an expensive project to extend gas to a customer and in order to do that for one customer at the end of the line, it took some creative thinking; a lot of staff time was spent to make that happen. They appreciate Ms. Green's leadership, going to the Tobacco Commission and asking for this loan. The Tobacco Commission will loan RIFA the funds; there will be an advance to the gas company from that loan, in order to build the infrastructure necessary to serve the entire site, and more specifically to get it to Microporous in the near term. Staff did receive grant funding of about \$6M from the Virginia Business Ready Site Plan to help pay for part of this infrastructure and also a \$500,000 grant from the Tobacco Commission to help pay for design.

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Mr. Guanzon noted, similar to the other item, this was not approving the loan document itself, it was just to get RIFA to the next level. Once the formal loan documents and final structure have been negotiated, it will come back to the RIFA board for review and approval.

Mr. Vogler **moved** for adoption of Resolution 2024-11-13-5D, *a Resolution authorizing the Chairman of the Authority to execute and deliver that certain Term Sheet for a \$20,000,000.00 loan from the Virginia Tobacco Region Revitalization Commission to finance a new and improved Gas Gate and Service Extension to the Authority's Southern Virginia Megasite at Berry Hill Project, located in Pittsylvania County, Virginia, in furtherance of Resolution No. 2024-11-13-5B.*

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

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

5E. CONSIDERATION OF RESOLUTION NO. 2024-11-13-5E APPROVING A MITIGATION AGREEMENT WITH HGS, LLC

Brian Bradner, Dewberry Engineers, explained that any additional wetland impacts that would take place at the Southern Virginia Megasite will require a level of mitigation for those permanent approvals. Last year, RIFA entered into a contract with Resource Environmental, or RES, who was a national provider of wetland mitigation for situations such as RIFA's. They worked with them to identify areas on site within the overall industrial park that were not set up for development. In addition, they have control of offsite property to basically provide the credits that would be necessary for what potentially they see as wetland mitigation needs. The offsite property they currently have an option on, they will close on that at the end of this year. What was before the Board today was asking for the ability to enter into an agreement with them for a period of two years. RES would be the provider of mitigation credits should RIFA need them; it was not obligating RIFA to make any specific purchase. There was a \$50,000 up front payment; if no credits were purchased at the end of that two years, that \$50,000 can be reimbursed.

Mr. Guanzon noted they were locking in a price for the next two years; if the Board does not exercise the option, they get to keep the \$50,000, but if for whatever reason the Army Corp or DEQ tells RIFA they don't want them to have a certain type of credit, they want something else, RIFA would get a pro rata portion of that \$50,000 back. Right now, there were not any other credits readily available, so it would be good for RIFA to lock in a price, but it was not committing them to do anything.

Mr. Tucker **moved** for adoption of a Resolution 2024-11-13-5E, *a Resolution approving the Negotiation, Execution and Delivery of a Mitigation Agreement with HGS, LLC, a wholly-owned subsidiary of Resource Environmental Solutions, LLC, a Louisiana Limited Liability Company, for certain wetlands mitigation work within the Authority's Southern Virginia Megasite at Berry Hill, located in Pittsylvania County, Virginia, and where the Mitigation Agreement's Minimum Business Terms will include a \$50,000.00 fee for a 2-Year option to buy certain environmental credits at a set rate, and if changes in Governmental Regulations or guidance cause the Authority's inability to use the environmental credits, then HGS, LLC*

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will refund a pro rata portion of the \$50,000.00 fee; and where the Mitigation Agreement will be subject to the approval by Legal Counsel to the Authority as to legal form.

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

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

5D. FINANCIAL STATUS REPORTS AS OF OCTOBER 31, 2024.

Authority Treasurer Michael Adkins gave the Financial Status report as of October 31, 2024, beginning with the \$7.3M Bonds for Cane Creek which had no activity for October. General Expenditures for the current fiscal year include a payment to Womack Publishing of \$1,009.00 for the public notices of the cemetery relocation that were required; legal fees to Christian & Barton of \$42,253, \$5,000 to Brown Edwards, the third party auditor for an interim progress payment on the fiscal year 2024 audit; meals at the Institute of \$471, monthly utilities of \$129 and the recurring monthly maintenance Sellars Brothers provides at Cane Creek and Berry Hill of \$4,890. Funding at Berry Hill Other than Bonds had one expenditure to Troutman Pepper Hamilton Saunders for legal services of \$490. Lot 4 had no activity and under Lots 1 and 2, RIFA made a final payment to Fifth Mountain Engineering of \$1,642. Water and Sewer at Berry Hill and Cyber Park Site Development had no expenditures for October. Rent, Interest and Other Income show RIFA received their \$1,500 per month lease payment from AEP, and monthly rent from the Institute for the Hawkins' building of \$23,342. Other miscellaneous income items show RIFA received \$30,152 from VDOT, an installment of reimbursement for relocating the Megapark sign. RIFA continued to receive timber sales income from Hopkins' Lumber, receiving a little over \$13,500 during the month of October; that brings the total timber sales for the past two year period up to \$1.9M. The Tobacco Commission also paid the final draw on Grant 3011, that was for infrastructure at the Megapark; RIFA received \$1.2M and eventually that money will be reimbursed to the City for utility infrastructure. Once all the infrastructure was complete, that asset will be transferred to RIFA as owner. Eventually, staff will bring a request to transfer that money to the City in reimbursement for the infrastructure construction costs. As far as expenses, RIFA had its recurring monthly expense to the Institute for the Hawkins' Building of \$23,342, and RIFA made two payments to KFH Group, the group doing the Regional Bus Feasibility Study, and those totaled \$12,324.

Mr. Vogler **moved** to accept the Treasurer's Report, the Motion was **seconded** by Mr. Tucker and carried by the following vote:

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

6. CLOSED SESSION

At 2:50 p.m. Mr. Vogler **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

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[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)(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; and
- 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; and
- D. As permitted by Virginia Code § 2.2-3711(A)(8) for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; and
- E. As permitted by Virginia Code § 2.2-3711(A)(29) for discussion of the award of a public contract involving the expenditures of public funds where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

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

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

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7. RETURN TO OPEN SESSION

On **Motion** by Mr. Vogler and **second** by Mr. Tucker and by unanimous vote at 3:26 p.m., the Authority returned to open meeting.

Mr. Tucker **moved** for adoption of the following Resolution:

That the Authority certify that, to the best of each Member's knowledge:

(i) only public business matters lawfully exempted from 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 Authority.

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

VOTE: 4-0
AYE: Ingram, Tucker, Vogler, Miller (4)
NAY: None (0)

8. COMMUNICATIONS

Board members and staff noted it was a good meeting, they were grateful to the people in the room and to those who came before. It was a great day for the region, and the partnership between the City and the County was evidence of that, and believed the best was yet to come. Staff thanked the Board for their support and all the partners that worked with them to make this event take place; they looked forward to continuing moving the region forward.

Meeting adjourned at 3:45 p.m.

APPROVED:

s/ William V. Ingram
Chairman

s/ Susan M. DeMasi
Secretary to the Authority