

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

March 10, 2025

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:15 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 Chairman J. Lee Vogler, Jr., Sherman M. Saunders and Alternate Dr. Gary P. Miller. Pittsylvania County Members present were Robert Tucker and Alternate Darrell Dalton. Vice Chairman William V. Ingram was absent.

City/County staff members attending were: City Manager Ken Larking, Interim County Administrator Vincent Shorter, Authority Treasurer Michael Adkins, City of Danville Accountants Meredith Franklin and Jaime Pritchett, Pittsylvania County Director of Finance Kim Van Der Hyde, City of Danville Assistant Director of Economic Development Kelvin Perry, Pittsylvania County Director of Economic Development Matt Rowe, Pittsylvania County Project Manager Kattie Saunders, Pittsylvania County Director of Finance Kim Van Der Hyde, City of Danville Director of Public Works Rick Drazenovich, Legal Counsel to the Authority Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner, Shawn Harden and Joseph Snead from Dewberry, Linda Green from SVRA, Pittsylvania County Supervisors Ken Bowman and Murray Whittle, Danville City Council Member Madison Whittle, Chris Murray, Auditor from Brown Edwards, and Ted Deriso.

Chairman J. Lee Vogler, Jr. presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE FEBRUARY 10, 2025, REGULAR MEETING

Upon **Motion** by Mr. Tucker and **second** by Mr. Saunders, Minutes of the February 10, 2025, Regular Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. PRESENTATION OF THE FISCAL YEAR 2024 AUDIT REPORT

Authority Treasurer Michael Adkins introduced Chris Murray with Brown Edwards to present the audit. Mr. Murray noted there were three documents in the audit; the first was the *Financial Report*. It was a clean, unmodified opinion again this year which was the highest opinion that can be received. Mr. Murray reviewed a few highlights beginning on page four, the Statement of Net Position and the Balance Sheet which showed a lot of consistency. The typical change that would be seen would depend on how the incentives were for one fiscal year versus the other. Cash was about \$2.5M on June 30, 2024, however, Accounts Payable under Liabilities was up \$2.4M. That was because the incentives for Morgan Olsen and Tyson Farms were announced just after year end; the cash was sitting there but the liability offset it. There was also about a \$1.2M increase in Due from Other Governments; that was also timing related to Tobacco Commission money coming in for reimbursement for work at Berry Hill on the water system project. Under Liabilities, there were not a lot of changes there, just under Accounts Payable which were already mentioned. Bonds payable were decreasing, but that was expected as RIFA continues to make principal payments. For the most part, the rest of the

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Statement of Net Position showed a lot of consistency. On Page five, the Statement of Revenue and Expenses, that also had the incentives drive the changes there. Other Grants was about a \$1.4M increase and that was recognizing the Tobacco Commission money for the work going on at the Berry Hill project. The Economic Development revenue from the City and County will depend on whether there were incentives or matching funds. Last year, about \$1.1M was matching Tobacco Commission funds that the City and County recognized; it was higher last year than it typically was. There was nothing similar in the current year which was why a decrease was seen there. Under Operating Expenses, the only one that stands out with significant change was the Cane Creek Incentives; that was recognizing incentive expenses for Tyson and Morgan Olson. For the most part, the rest were typical notes supporting the financial statements.

The second document was the *Required Communication with Those Charged with Governance*; it was a required letter the Auditors have to issue. It lets the Authority know what the Auditors' responsibilities were during the audit, and the Authority's responsibilities. It lets the Board know if there were any disagreements with management; Mr. Murray noted he was happy to say they did not have any of those. The final document was the *Comments on Internal Controls and Other Suggestions for Your Consideration*. That was where the auditors issued their recommendations and Mr. Murray stated there were no new comments this year, no material weaknesses and no significant deficiencies. The Authority has always had the comment about segregation of duties and as said before, there was not a lot the Authority can do when the accounting department was that small, and the functions cannot be separated very much. There were compensating controls in place and that was why a comment like that does not rise to the level of a significant deficiency or a material weakness.

Mr. Saunders **moved** to approve the reports as presented and also to commend Michael Adkins on the great job he does. The Motion was **seconded** by Mr. Tucker. Mr. Adkins noted he appreciated the comments, Ms. Pritchett and Ms. Franklin assume the burden of the day-to-day accounting operations for RIFA.

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

VOTE: 4-0
AYE: Tucker, Dalton, Saunders, Vogler (4)
NAY: None (0)

5B. FINANCIAL STATUS REPORT AS OF FEBRUARY 28, 2025

Authority Treasurer Michael Adkins gave the Financial Status report as of February 28, beginning with the \$7.3M Bonds for Cane Creek, which had no activity for February. Under General Expenditures for the current fiscal year, RIFA paid \$7,500 to Kirby Proffitt for grant writing services; RIFA was successful in receiving the \$500,000 Brownfields Redevelopment Grant. RIFA paid legal fees of \$48,267 to Christian & Barton, \$495 to the Institute for meals provided for the January meeting, and monthly utilities to the City of Danville for \$170.75. Under Funding other than Bonds for the Megasite, RIFA paid HGS LLC \$50,000 for the mitigation option fee and also a payment for the relocation of the cemetery progress billing from WSP of \$126,207.84. Lot 4, Lots 1 and 2, Water and Sewer at Berry Hill, and Cyber Park Site Development had no expenditures for February. Rent, Interest and Other Income shows RIFA received the regular monthly income from the Institute for the Hawkins Building of

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\$23,342, and the payment from Axxor for a sign lease of \$1,000. Other miscellaneous income items during the month of February include \$119,000 from the Danville Regional Foundation. RIFA also received money from both the County and City related to incentives: Pittsylvania County paid \$159,652 and the City of Danville \$102,703, those were for incentives intended for Aerofarms, Walraven and Morgan Olsen. Morgan Olsen has refunded the amounts they were supposed to refund to RIFA, that was received last week. RIFA also received the third progress payment from Project Orange, that amount was \$400,000. Other Expenses included a payment to Dewberry Engineers for \$6,825 for the strategic plan development, and the monthly payment to the Institute for the Hawkins Building Maintenance of \$23,342. RIFA reimbursed AEP; they had a \$1,500 per month lease with RIFA that ended in January, their automatic payments sent in one for February, and that was refunded back to them.

Mr. Tucker **moved** to accept the Financial Report as presented; the Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Tucker, Dalton, Saunders, Vogler (4)
NAY: None (0)

6. CLOSED SESSION

At 12:26 p.m. Mr. Dalton **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

[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

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- 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: Tucker, Dalton, Saunders, Vogler (4)
NAY: None (0)

7. RETURN TO OPEN SESSION

On **Motion** by Mr. Saunders and **second** by Mr. Dalton and by unanimous vote at 1:17 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. Saunders and carried by the following vote:

VOTE: 4-0
AYE: Tucker, Dalton, Saunders, Vogler (4)
NAY: None (0)

8. COMMUNICATIONS

Pittsylvania County Director of Economic Development Matt Rowe stated that everything was going very well with the gravesite relocations; there has been a lot of press on this. Mr. Rowe noted he was disappointed in the Associated Press article, they were physically on the sites

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and that was not the entire story. The writer reached out to him stating that the editor greatly consolidated the story. It appears that RIFA was meeting the expectations from the families and Mr. Harden and Ms. Bobe were able to take the families to the gravesites while the exhuming process was going on; family members could see how that was occurring. There was about a month to forty-five days for additional exhuming and from there they need to work with the Dewberry team on what that relocation site looks like. WSP will be back with a modification, there were additional gravesites that have been discovered through the process. The good news was that they were able to secure that \$500,000 grant which was allowing them to do more DNA work; they have been able to find more DNA ready material than what they expected and that adds to the meaning of the work.

Board Members noted it was a great meeting, they appreciated the staff for doing a great job, and believed it was going to be a busy and prosperous year for RIFA.

Meeting adjourned at 1:25 p.m.

APPROVED:

s/ J. Lee Vogler, Jr.
Chairman

s/ Susan M. DeMasi
Secretary to the Authority