

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

MINUTES

The October Board meeting of the Western Virginia Regional Industrial Facility Authority (WVRIFA) was held on Friday, October 20, 2017 at 10:00 a.m. at the Roanoke Valley-Alleghany Regional Commission office located at 313 Luck Avenue, SW, Roanoke, VA 24016.

Members in Attendance: Gary Larrowe, Botetourt County; Brent Robertson, Franklin County; Wayne Bowers, City of Roanoke; J. Granger Macfarlane, City of Roanoke; Tom Gates, Roanoke County; Jill Loope, Roanoke County; and Melinda Payne, City of Salem.

Staff Present: Beth Doughty and John Hull, Western Virginia Regional Industrial Facility Authority; and Sherry Dean and Jackie Pace, Roanoke Valley-Alleghany Regional Commission.

Others in Attendance: Bob Cowell, City of Roanoke; Sam Darby, Glenn Feldmann Darby & Goodlatte; Corbin Stone, Robinson, Farmer, Cox Associates; and Keith and Amanda Moore, Citizens.

1. **CALL TO ORDER, ROLL CALL**

Chairman Larrowe called the meeting to order at 10:00 a.m. Jackie Pace called the roll and reported that a quorum was present.

2. **ACTION ON THE JUNE 9, 2017 BOARD MINUTES**

Sam Darby, Legal Counsel for the WVRIFA, referenced page 3, item #9 (Other Business) and noted that the Minutes should be changed to reflect that Real Estate Attorney Dan Layman represented WVRIFA, not the sellers of the property.

Change text to read... *“A copy of a resolution “Authorizing the Sale and Purchase of Property in Roanoke County, Virginia” along with Exhibit A (Purchase Contract) were distributed at the meeting. Sam Darby, WVRIFA Legal Counsel, stated that the contract was negotiated by and between Mr. Dan Layman, real estate attorney representing the Western Virginia Regional Industrial Facility Authority, and Stafford C. Lewis, Sr. and Stafford C. Lewis, Jr. (Trustees of the Lewis Living Trust) whose address is 7838 Wood Haven Road, Roanoke, VA. The contract is between the Purchaser (WVRIFA) and the Sellers (Stafford C. Lewis, Sr. and Stafford C. Lewis, Jr.) for three parcels of property located on Wood Haven Road and Thirlane Road in Roanoke County, VA for a negotiated price of \$1.6 million.”*

Administered by:

Roanoke Valley-Alleghany Regional Commission
P.O. Box 2569, Roanoke, VA 24010
540.343.4417 / Info@wvrifa.org / www.wvrifa.org

Western Virginia Regional Industrial Facility Authority Board Action:

Wayne Bowers moved that the June 9, 2017 Minutes be approved, as revised. The motion was seconded by Melinda Payne and carried.

3. PRESENTATION OF FINANCIAL REPORTS

Sherry Dean outlined the three Financial Reports that were presented in the agenda packet: (1) WVRIFA Statement of Cash Balances (as of 9/30/2017); (2) WVRIFA Profit & Loss Budget vs. Actual (July through September 2017, of which an updated version was provided); and (3) WVRIFA FY2018 Operating Fund Locality Due Payment Summary (7/1/17-6/30/18). It was reported that the Authority had 18 months from bond issuance to drawdown the remainder of the bond money, which is at \$1.9 million. Currently, WVRIFA is about halfway through that time period.

Western Virginia Regional Industrial Facility Authority Board Action:

Tom Gates moved to accept the Financial Reports, as presented. The motion was seconded by Melinda Payne and carried.

4. PUBLIC COMMENT PERIOD

Chairman Larrowe stated that the WVRIFA allows a 30-minute comment period in which citizens may sign-in for up to three minutes of speaking time. Chairman Larrowe opened the floor for comments from the public. Two citizens spoke.

Keith Moore, 7921 Sequoia Drive, Roanoke, VA 24019

Mr. Moore continued to express his concern about the development of the Wood Haven property, and asked that citizens be involved in the process.

Granger Macfarlane asked about a closed meeting that Mr. Moore referenced in his comments. Tom Gates, who serves as Chairman of the WVRIFA Participation Committee, stated that the meeting referenced was a closed session and was part of the regular meeting agenda of the June 9, 2017 meeting of the WVRIFA Participation Committee and that public notice was given.

Mr. Moore asked if he could receive personal notices of the meetings. Mr. Gates said he would make sure they are notified and stated that he is always happy to talk with citizens about issues related to this project.

Amanda Moore, 7921 Sequoia Drive, Roanoke, VA 24019

Mrs. Moore expressed her concerns about property values, traffic, and the loss of green space.

Mr. Macfarlane asked for clarification on the Participation Committee. Chairman Larrowe explained that the Participation Committee is composed of only the three localities that chose to participate and contribute financially toward the Wood Haven Road project (the Cities of Roanoke and Salem and Roanoke County). Mr. Macfarlane asked if it were the citizens from those localities who are backing the \$3 million bond. Sam Darby, WVRIFA Legal Counsel, responded yes. Mr. Darby also stated that Industrial Facility Authorities are provided for in the State enabling legislation.

5. **APPROVAL OF THE WVRIFA AUDIT REPORT (TWO YEARS ENDED 6/30/2017)**

Corbin Stone, with the Certified Public Accountant firm of Robinson, Farmer Cox Associates, presented an overview of the recent WVRIFA Audit Report (two years ended June 30, 2017). Mr. Stone pointed out with an Industrial Facility Authority you have an overall set of books, but within there is another set of books for each project.

Mr. Stone referenced page 3 in the report "Statement of Net Position: (AKA Balance Sheet) which addresses Assets, Liabilities and Net Position. He stated that the Due from Participants (current portion) line item and the Due from Participants (net of current portion) line item are essentially what is due from the three participating localities in the Authority to cover liabilities of the Wood Haven Road project (take assets of project and subtract liabilities of that project and come up with what is due). Due from Participating Jurisdictions: The Authority sells shares to participating jurisdictions in industrial development projects initiated by the Authority. Participating jurisdictions are entitled to profits generated by these industrial development projects, as presented in their participation agreements, to the extent taxes (real estate, business and personal property, and machinery and tools) generated by the projects exceed expenses related to the projects. The amount reported in the statement of net position, as due from participants, represents the amount necessary to cover the net liabilities of the Wood Haven Project at year end. A portion of this amount is reported as a current asset as same will be necessary to cover current liabilities of the project in the upcoming fiscal year.

Line Item "Inventory Held for Resale" under Noncurrent assets, in the amount of \$5,280,924, represents what the Authority has invested in the Wood Haven Road project as of June 30, 2017 and that amount is held at cost right now. Mr. Stone stated that when you think about inventory held for resale, accountants tell you that it is always held at the lower market or cost. Since the purchase was so close to year end, we are saying cost is approximately market. If you have an evaluation or appraisal done on that property that shows that the value is less, then you must write the value down to that appraisal. If you have an appraisal and it shows that the value of that property is more than the \$5.3 million that was invested as of June 30, 2017, then you don't get to write it up. You report it lower on cost or market. This is the highest this number is going to be or would be. He stated when you have an appraisal and sell a lot, if you go back and look at it and think that the value has dropped from the original cost then you write the property down.

At the end of June 2017, total WVRIFA assets were \$8,383,668 and total WVRIFA liabilities were \$8,336,440, leaving \$47,228 in total net position.

Western Virginia Regional Industrial Facility Authority Board Action:

Brent Robertson moved to accept the WVRIFA Audit Report for the two years ended June 30, 2017, as presented. The motion was seconded by Tom Gates and carried.

6. **STATUS REPORT ON WOOD HAVEN PROJECT**

Beth Doughty reported that 113 acres on Wood Haven Road have been purchased or are close to under contract. The purchase also included 11 acres of property on the north side of Interstate 81 that has been subdivided, as it is not contiguous to the 113 acres on Wood Haven Road that the Authority seeks to develop. Ms. Doughty stated that the Authority will hold on to that property (11 acres) until the best use is determined. Work on the Master Plan is continuing on transportation analysis, geotechnical work, etc.

7. **CONSIDERATION OF RESOLUTION APPROVING MODIFICATION OF OR CHANGE ORDERS TO A CONTRACT FOR ENGINEERING SERVICES**

Beth Doughty presented a resolution for consideration to approve the modification of or change orders to a contract for engineering services. The modification will entail work to include the Stafford Lewis property into the Master Plan for the Wood Haven project.

John Hull reported to incorporate the Stafford Lewis property into the Master Plan, a few things will need to be accomplished -- modify the Draper Aden original contract to include surveying, geotechnical work, threatened/endangered species review, a new traffic impact analysis amendment to wrap in some additional requirements on the TIA, and a Master Plan Update to include the property. It was noted that the amount of engineering fees anticipated to be contracted for is approximately \$57,100 which is more than the statutory limited of \$50,000 and requires the advance written approval of the governing body of the Authority.

Wayne Bowers asked if the Authority had closed on the Stafford Lewis property. Ms. Doughty said no, but the Authority does have right-of-entry through agreement with the Lewis family.

Tom Gates asked why board action is required for this amendment of the original contract that the Authority has with Draper Aden to develop the Master Plan. Sam Darby explained the increase exceeds a threshold that requires board action to amend according to Virginia Code (Sec. 2.2-4309)

After consideration of the terms, conditions and benefits thereof, the members of the Board of Directors of the Western Virginia Regional Industrial Facility Authority unanimously agreed to approve the modification of or change order to the Original Contract in an amount up to \$57,100 to provide for the continuation of the due diligence and master planning services of Draper Aden Associates to include the Stafford Lewis Addition.

The Board authorized Beth Doughty to negotiate modifications of or change orders to the Original Contract and to take all such further action as may be necessary, or desirable in connection with, and that are in conformity with the purposes and intent of the resolution.

The resolution will take effect immediately after action by the WVRIFA Board of Directors.

Western Virginia Regional Industrial Facility Authority Board Action:

Tom Gates moved for adoption of the resolution, as presented. The motion was seconded by Wayne Bowers and carried.

There being no other business, the meeting was adjourned at 10:29 a.m.


Secretary, Brent Robertson


Attest

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

RESOLUTION OF THE BOARD OF THE WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Approving Modification of or Change Orders to a Contract for Engineering Services

WHEREAS, the Western Virginia Regional Industrial Facility Authority (the "Authority"), an authority formed and existing in accordance with the provisions of Chapter 64 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Regional Industrial Facilities Act (the "Act"), issued and advertised its Request for Qualifications for the due diligence and master planning for selected parcels along Wood Haven Road and Interstate-81 in Roanoke County, Virginia (the "Original Project"); and,

WHEREAS the proposals received in response to the Request for Qualifications were evaluated, three vendors were selected and ranked, and discussions with and evaluations of such vendors resulted on the Authority's entering into a contract (the "Original Contract") with Draper Aden Associates ("DAA") for due diligence and master planning services for the Original Project; and

WHEREAS, the Authority has determined to purchase three (3) additional parcels of real property located on Thirlane Road in Roanoke County, Virginia and adjacent to property owned by the Authority on Wood Haven Road, bearing County of Roanoke Tax Parcel Nos. 026.18-01-12.00-0000, containing 11.14 acres, more or less, 026.18-01-12.01-0000, containing 1.52 acres more or less, and 026.18-01-12.02-0000, containing 3.29 acres, more or less (collectively, the "Stafford Lewis Addition"); and,

WHEREAS, the Executive Director has recommended to the Board that in light of the familiarity DAA has with the Wood Haven site from its work on the Original Project and the efficiencies to be gained by incorporating the additional due diligence into the initial program of work, that the Board consider a modification of or a change order to the Original Contract to provide for due diligence and master planning services for the Stafford Lewis Addition; and

WHEREAS, Virginia Code Section 2.2-4309 provides that while contracts may be modified during performance, no fixed-price contract may be increased by more than twenty-five percent (25%) of the amount of the contract or \$50,000, whichever is greater, without the advance written approval of the governing body of the Authority; and,

WHEREAS, the amount of engineering fees anticipated to be contracted for is approximately \$57,100, which is more than the statutory limit of \$50,000 and requires the advance written approval of the governing body of the Authority; and,

WHEREAS, the Members of the Board of the Authority have carefully considered the benefits to the Authority of modifying the Original Contract rather than go through a request for proposal or a competitive bid process, and have taken into account the efficiencies to be gained from having DAA continue its work at the Wood Haven site.

NOW THEREFORE, be it resolved by the Members of the Board of the Western Virginia Regional Industrial Facility Authority that after consideration of the terms, conditions and benefits thereof, the Members of the Board of Directors of the Western Virginia Regional Industrial Facility Authority do hereby approve the modification of or change order to the Original Contract in an amount up to \$57,100 to provide for the continuation of the due diligence and master planning services of DAA to the Stafford Lewis Addition, as presented to this meeting; and

AND BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to negotiate modifications of or change orders to the Original Contract consistent with this resolution and to take all such further action as may be necessary or desirable in connection with and that are in conformity with the purposes and intent of this resolution.

This resolution shall take effect immediately.

Directors Absent 5
Votes For 7
Votes Against 0
Abstentions 0

CERTIFICATION

The undersigned secretary of the Western Virginia Regional Industrial Facility Authority does hereby certify that the foregoing is a true, complete and correct Resolution adopted by a vote of a majority of the Members of the Western Virginia Regional Industrial Facility Authority, present at a meeting of the Members of the Western Virginia Regional Industrial Facility Authority duly called and held October 20, 2017 at which a quorum was present and acting throughout, and that the same has not been amended or rescinded and is in full force and effect as of the date of this certification, October 20, 2017.

(SEAL)



Brent Robertson, Secretary,
Western Virginia Regional Industrial Facility Authority