

**PRINCE EDWARD COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
MEETING MINUTES**

**Board of Supervisors Room – 3rd Floor Prince Edward County
8:00 am, August 23, 2024**

The Prince Edward County Industrial Development Authority strongly encourages citizen participation in public meetings through in-person participation, written comments, and/or remote participation by calling: **1-844-890-7777, Access Code: 390313** (if busy, please call again). Should citizens have questions, or need additional information, please contact the Industrial Development Authority Clerk's Office at 434-392-1482.

MEMBERS PRESENT IN PERSON: Mike Montgomery, Vice-Chairman
Brad Watson, Chairman
Quincy Handy
Joyce Yeatts
Quincy Handy
Robert Atkinson

MEMBERS PRESENT BY PHONE: None

ABSENT: Tim Tharpe

ALSO PRESENT: Chelsey White, Director of Economic Development & Tourism / Clerk to the Industrial Development Authority; Molly Kinahan, Tourism Coordinator; Terri Atkins Willson, IDA Attorney; Cheryl Stimpson, Director of Finance; Douglas Stanley, County Administrator (present by phone); Rhett Weiss, Chairman & CEO of DEALTEK, Ltd. (present by phone)

Introductions

Call to Order

At 8:04 am there being a quorum present, Mr. Watson welcomed everyone and called the August 23, 2024, IDA meeting to order.

Nomination for the Election of Officers

Mr. Montgomery nominated Mr. Watson to remain Chairman and Mr. Handy seconded. Mr. Watson nominated Mr. Montgomery to remain Vice-Chairman and Mr. Atkinson seconded. Mr. Watson then nominated Ms. White to remain Clerk and Mr. Handy seconded. Mr. Montgomery moved that all the positions be approved and Mr. Handy seconded. The motion was approved by the following vote:

Aye: Nay: (none) Abstain: (none)

286K Equipment Loan | \$286,000 | \$5,267.49 monthly payment | \$111,588.82 balance

Ms. White stated Paris Ceramics has since paid off their \$200,000.00 equipment loan. Mr. Atkinson moved to approve the Treasurer's Report and Mr. Handy seconded. The motion was approved by the following vote:

| | | |
|--------------------------------|-------------|-----------------|
| Aye: | Nay: (none) | Abstain: (none) |
| Mike Montgomery, Vice-Chairman | | |
| Brad Watson, Chairman | | |
| Quincy Handy | | |
| Joyce Yeatts | | |
| Edgar Jones | | |
| Robert Atkinson | | |

HIT Park Consulting and Marketing Update

Mr. Weiss presented the following report:

The following is a high-level summary of economic development, marketing, and related consulting activities for Heartland Innovative Technology Park (HIT Park) since the last Activity Report, conducted under the Contract for Consulting Services between DEALTEK and the IDA dated 1 May 2023:

1. We continue to focus on one particular prospect (Prospect) which has offered to acquire and develop HIT Park. We believe that Prospect is the party that has offered the best combination of transaction terms and ability to execute the HIT Park's development.
2. As required by the Memorandum of Understanding (MOU) signed by the IDA and Prospect on 28 June 2024, the IDA has been engaging with Prospect exclusively (i.e., paused engaging with others interested in HIT Park). Also, as per the MOU, the parties drafted the Purchase and Sale Agreement (PSA) and Master Agreement (MA), which incorporate both terms outlined in the MOU and also additional terms.
3. At the IDA's request, I took the lead on drafting the MA, invited input from the IDA team, and delivered our first draft MA to Prospect on 15 July 2024. After various calls, virtual meetings, and emails, we finally received Prospect's markup to our draft MA on 13 August, almost one month later.
4. Prospect took the lead on drafting the PSA and delivered the first draft PSA to us on 13 July. Please note that, under MOU Section 3, the Exclusivity Period technically expired on 12 August, which is the sooner of (i) 30 days after delivered its first draft PSA to us and (ii) 5 days after the cessation of PSA negotiations (there has been no such succession).
5. I have been communicating and negotiating with Prospect about both its draft PSA and our draft MA. For the IDA's and its counsel's consideration first, and then for Prospect's consideration, I have provided business comments and recommendations on the latest versions of both agreements – the PSA's second draft from Prospect, and the Prospect's markup of our MA's first draft.
6. They are with IDA counsel to coordinate our team's input on both, to revise them accordingly, to resolve open legal issues in both, and to send them back to Prospect. IDA counsel and Prospect counsel now are engaging directly with each other.

7. I will update the IDA Board on the major open issues in the PSA's and MA's negotiations at the meeting on the 23rd.
8. Related Activities:
 - a. Addressed various HIT Park-related requests from Prospect and county staff.
 - b. Reviewed information on other data center sites and locations, trends, developments, publicized projects (pending or completed), and their contexts.

Please note: Names of prospects, their points of contact, and industry sources need to be kept confidential. Similarly, our communications typically contain sensitive and/or proprietary information, which likewise needs to be kept confidential. These details certainly are available upon request in closed session.

Mr. Weiss stated that the PSA and the master agreement have not been finalized with the prospect. It became difficult to hear Mr. Weiss due to his cellular phone connection. He explained that the prospect is now outside of the period of exclusivity. He furthered that as a matter of good faith, he has continued to adhere to this clause in the agreement and not negotiated with others. Mr. Weiss dropped from the call until the closed session.

HIT Park Investment Update

Ms. White presented the HIT Park investment update. She explained that investment activity has not changed much and that she has since corrected the errors found in the last report. Ms. White stated that there was a \$8,000.00 payment to DEALTEK and a \$61.63 payment to Dominion Energy VA. She furthered that as of Wednesday, August 21, a \$123,000.00 reimbursement payment from TRRC has been received but is not yet reflected in the spreadsheet since this payment was posted after the report was sent out. Ms. White also stated that there should be another reimbursement payment from VEDP coming in soon.

5 Pillar Meats Performance Agreement and Local Incentive Grants

Ms. White presented the drafted 5 Pillar Meats agreements and supporting documents. She stated that the county was awarded a grant from the Tobacco Commission for the development of the 5 Pillar Meats meat processing facility and that the project was approved for funding on January 1st, 2023, for \$75,000.00. She furthered that the required match for this grant that the county is responsible for amounts to \$25,000.00. Ms. White explained that a performance agreement would be required before any funding can be disbursed on a reimbursement basis. She furthered that a Master Agreement has also been drafted to address the local incentives offered to the company. She stated that the local incentives provided to the company would include a \$2,500.00 per year tax reinvestment grant for 10 years totaling \$25,000.00. She recommended that the IDA approve both the 5 Pillar Performance Agreement and Master Agreement. Mr. Watson asked for a motion to move that the Industrial Development Authority of Prince Edward County approve the 5 Pillar Meats Master Agreement and Performance Agreement and authorize the Chairman and staff to sign all necessary documents required. Mr. Handy made the motion and Mr. Jones seconded. The motion was approved by the following vote:

| | | |
|--------------------------------|-------------|-----------------|
| Aye: | Nay: (none) | Abstain: (none) |
| Mike Montgomery, Vice-Chairman | | |
| Brad Watson, Chairman | | |
| Quincy Handy | | |

Joyce Yeatts
Edgar Jones
Robert Atkinson

Paris Ceramics New Equipment Loan

Ms. White stated that Mr. Kellner recently submitted quotes on the equipment he would like to purchase with the financing help of the county. She explained that the total price of the equipment is \$192,280.00 summarized as follows:

- Plant Decantation and Recycling Machine
 - Vendor – Miles Supply Inc
 - Price - \$82,280.00 (75,500 Euros)
- Tunnel Oven Machine
 - Vendor – Formach Marble Machinery Company
 - Price - \$110,000.00

Ms. White stated that Paris Ceramics has completed payments for the \$200,000.00 equipment loan as of July 24, 2024. She furthered that the company has a \$286,000.00 equipment loan that is being paid with a remaining balance of \$111,588.82. She stated that this loan should be paid off by June 2026. Ms. White furthered that at the July 26, 2024, IDA meeting, the board voted to offer Paris Ceramics a \$192,280.00 loan with a five-year term and a 7% interest rate with monthly payments that will incur a late fee after seven days. Ms. White explained that on Tuesday, August 6, 2024, staff met with Mr. Kellner to discuss the ownership change of the company and the equipment loan proposal from the IDA. Ms. White explained that Mr. Kellner is now interested in pursuing a more competitive offer from the IDA with the following terms:

- Amount: \$200,000.00
- Term: 5 years
- Down payment: 100% loan to value
- Interest rate: 6%

Ms. Yeatts stated that she was worried about a 0% down payment, and thinks 7% is a good rate to offer. Mr. Jones asked how many employees he has and if this equipment would help him add more. Mr. Stanley stated that there are 30 employees at the Farmville location and that Mr. Kellner plans to expand by adding three more employees. Mr. Montgomery motioned to let the offer stand at a \$192,280.00 loan to Paris Ceramics, with a five-year term and a 7% interest rate, and monthly payments that will incur a late fee after seven days. Ms. Yeatts seconded. The motion was approved by the following vote:

| | | |
|--------------------------------|-------------|-----------------|
| Aye: | Nay: (none) | Abstain: (none) |
| Mike Montgomery, Vice-Chairman | | |
| Brad Watson, Chairman | | |
| Quincy Handy | | |
| Joyce Yeatts | | |
| Edgar Jones | | |
| Robert Atkinson | | |

Ms. White presented her report to the Board of Supervisors at their August meeting. The report provided highlights of the work accomplished by the Economic Development and Tourism Department. This item was provided to the IDA for information purposes.

Closed Session

At 8:37 am, Mr. Watson called for a motion to enter closed session. Mr. Montgomery made a motion, seconded by Mr. Atkinson, to convene in closed session for discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, and consultation with legal counsel and briefing by staff members or consultants pertaining to actual or probable litigation pursuant to the exemptions provided for in Section 2.2-3711(A)(3) of the Code of Virginia. The motion carried:

Aye: Mike Montgomery, Vice-Chairman
Brad Watson, Chairman
Quincy Handy
Joyce Yeatts
Edgar Jones
Robert Atkinson

Nay: (none) Abstain: (none)

The Board returned to the regular session by a motion from Ms. Yeatts and seconded by Mr. Handy. Mr. Watson called for a vote.

Aye: Mike Montgomery, Vice-Chairman
Brad Watson, Chairman
Quincy Handy
Joyce Yeatts
Edgar Jones
Robert Atkinson

Nay: (none) Abstain: (none)

The following certification of the closed meeting was adopted in accordance with the Virginia Freedom of Information Act:

WHEREAS, the Board of the Prince Edward County Industrial Development Authority convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711(A)(3) of the Code of Virginia requires certification by the Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE BE IT RESOLVED that the Board of the Prince Edward County Industrial Development Authority hereby certifies that to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Board of the IDA. The motion was made by Mr. Atkinson and seconded by Mr. Montgomery. Mr. Watson called for a vote:

Aye: Mike Montgomery, Vice-Chairman
Brad Watson, Chairman
Quincy Handy
Joyce Yeatts
Edgar Jones
Robert Atkinson

Nay: (none)

Abstain: (none)

Ms. White asked if there were any departures from clauses one and two were asked to speak. There was no departure.

Aye: Mike Montgomery, Vice-Chairman
Brad Watson, Chairman
Quincy Handy
Joyce Yeatts
Edgar Jones
Robert Atkinson

Nay: (none)

Abstain: (none)

The closed session ended at 9:32 am.

Other Business

There was no other business to discuss.

Adjournment

With no other business to discuss, Mr. Atkinson made a motion to adjourn the meeting and Mr. Handy seconded. The motion was approved by the following vote:

Aye: Mike Montgomery, Vice-Chairman
Brad Watson, Chairman
Quincy Handy
Joyce Yeatts
Edgar Jones
Robert Atkinson

Nay: (none)

Abstain: (none)

The meeting was adjourned at 9:36 am.