

# **INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA**

*Pittsylvania County Administration Building; Administrative Conference Room;  
1 Center Street, Chatham, Virginia 24531*

## **IDA BOARD MEETING PACKET**

**REGULAR MEETING  
TUESDAY, March 19, 2019  
6:00 P.M.**

**Eddie L. Hite, Jr., Chairman  
Charlie Mahan, Vice-Chairman  
Stanley Simpson, Secretary/Treas.  
Ron McMahan  
Randy Anderson  
Ronnie Haymore  
Joey Faucette**



**INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY, VIRGINIA**

**TUESDAY, MARCH 19, 2019; 6:00 P.M.; COUNTY ADMINISTRATION BUILDING;  
COUNTY ADMINISTRATOR CONFERENCE ROOM; 1 CENTER STREET,  
CHATHAM, VIRGINIA 24531**

**AGENDA**

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. ADDITIONS/REVISIONS TO AGENDA**
- IV. APPROVAL OF AGENDA**
- V. CONSENT AGENDA** (*Staff Contact: Brenda O. Robertson*)
  - A. APPROVAL OF MEETING MINUTES (*December 11, 2018*)
  - B. APPROVAL OF FINANCIAL STATEMENTS
    1. BB&T Regular Checking
    2. ANB Debt Reserve Fund (*Axxor*)
    3. ANB Loan (*Axxor*)
    4. ANB Loan (*Intertape*)
- VI. NEW BUSINESS**
  - A. Introduction of Susan McCulloch, Economic Development Manager (*Staff Contact: Matthew D. Rowe*)
  - B. Ratify Approval of Audit Services Payment to Harris, Harvey, Neal & Co., LLP (*Staff Contact: Brenda O. Robertson*)
  - C. Discussion of Potential Approval of Additional Equipment Added to Panacea Equipment Bank Loan (*Staff Contact: Matthew D. Rowe*)
- VII. MATTERS FROM THE BOARD**

## **VIII. CLOSED SESSION**

Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community. (*Staff Contact: Matthew D. Rowe*)

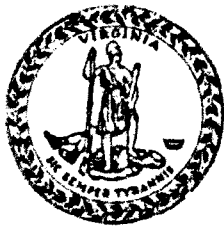
Legal Authority:	Virginia Code § 2.2-3711(A)(5)
Subject Matter:	Project Sherlock
Purpose:	Economic Development Update

## **IX. RETURN TO OPEN SESSION AND CLOSED SESSION CERTIFICATION**

A. Closed Session Certification Approval (*Staff Contact: Brenda O. Robertson*)

## **X. ADJOURN**

V. (A)  
Approval of Meeting  
Minutes  
*(December 11, 2018)*



**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF PITTSYLVANIA COUNTY, VIRGINIA**

**TUESDAY, DECEMBER 11 2018; 6:00 P.M.; COUNTY ADMINISTRATION BUILDING;  
ADMINISTRATIVE CONFERENCE ROOM; 1 CENTER STREET, CHATHAM, VIRGINIA,  
24531**

**MEETING MINUTES**

**IDA Members Present:**

Eddie L. Hite, Jr. (Chairman)  
Stanley Simpson (Sec./Treas.)  
Charlie Mahan (Vice-Chairman)  
Joey Faucette  
Randy Anderson  
Ron McMahan)

**Staff Present:**

Brenda O. Robertson (IDA Clerk/Legal Assistant)  
Matthew D. Rowe (Economic Development Director)

**Staff Absent:**

J. Vaden Hunt, Esq. (IDA Attorney/County Attorney  
(*attended BOS Meeting*))

**IDA Member Absent:**

Ronnie Haymore

**Also Present:**

Oliver Perdomo (Principal/Realty Link Investments LLC)

**I. Call to Order:**

Mr. Hite called Meeting to Order at 6:00 P.M.

**II. Roll Call:**

Roll call by Ms. Robertson. Mr. Haymore absent.

**III. Revisions to Agenda:**

None

**IV. Approval of Agenda:**

Motion by Mr. Mahan, seconded by Mr. McMahan, to approve Agenda. Motion carried unanimously by Members present.

**V. Consent Agenda:**

Motion by Dr. Mahan, seconded by Mr. Anderson, to approve Consent Agenda Minutes. Motion carried unanimously by Members present.

**A. Approval of Meeting Minutes (November 13, 2018, IDA Meeting):**

**B. Review of Financial Statements (December 2018):**

**A. Regular Checking**

(\$537,850.90 as of December 5, 2018)

**B. Axxor Debt Reserve**

(\$469,151.19 as of December 5, 2018)

**C. ANB Loan (Axxor)**

(\$1,431,459.49 as of December 5, 2018)

**D. ANB Loan (Intertape)**

(\$3,347,825.55 as of December 5, 2018).

**VI. New Business:**

**A. Election of Officers Chair, Vice-Chair, Sec/Treas.:**

Motion by Mr. Mahon, seconded by Mr. Simpson, to nominate Mr. Hite as Chairman. Motion carried unanimously by Members present. Motion by Mr. McMahan, seconded by Mr. Anderson, to nominate Mr. Mahan as Vice-Chairman. Motion carried unanimously by Members present. Motion by Mr. McMahan, seconded by Mr. Anderson, to nominate Mr. Simpson as Sec./Treasurer. Motion carried unanimously by Members present.

**B. Adoption of By-Law:**

Motion by Dr. Faucette, seconded by Mr. Anderson, to adopt the IDA By-Laws, as presented. Motion carried unanimously by Members present.

**C. Approval of 2019 IDA Stipend:**

Motion by Mr. Anderson, seconded by Mr. Mahan, to approve the 2019 Stipend Resolution. Motion carried unanimously by Members present via roll call vote.

**D. Approval of 2019 Meeting Dates:**

Motion by Dr. Faucette, seconded by Mr. Simpson, to approve the 2019 Meeting Dates. Motion carried unanimously by Members present.

**VII. Closed Session:**

Motion by Dr. Faucette, seconded by Mr. Mahan, to enter Closed Session at 6:10 P.M.

**A. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community**

**Legal Authority:**

**Virginia Code § 2.2-3711(A)(5)**

**Subject Matter:**

**Project Oliver**

**Purpose:**

**Discussion of Letter of Intent/Agreement for Sale of Property**

**B. Review of Financial Statements (December 2018):**

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**Subject Matter:**

**Project Oliver**

**Purpose:**

**Discussion of Letter of Intent/Agreement for Sale of Property**

# V.(B)

## Review of Financial Statements

ACCOUNT	BALANCE
<i>As of February 8, 2019</i>	
1. IDA Regular Checking Account	\$494,632.57
2. Axxor Debt Reserve Account-01	\$485,267.71
3. Axxor ANB Loan-03	\$1,415,534.85
4. Intertape ANB Loan-02	\$3,302,154.51



# V.(B)

## Review of Financial Statements

ACCOUNT	BALANCE
<i>As of March 1, 2019</i>	
1. IDA Regular Checking Account	\$394,049.46
2. Axxor Debt Reserve Account-01	\$493,323.17
3. Axxor ANB Loan-03	\$1,413,090.75
4. Intertape ANB Loan-02	\$3,289,583.21

# VI. (A)

## New Business

*A. Introduction of Susan McCulloch, Economic Development Manager by Matthew D. Rowe, Economic Development Director*

# VI. (B)

## New Business

*A. Ratify Approval of Audit Services Payment to  
Harris, Harvey, Neal & Co., LLP*

February 5, 2019

Board of Directors  
Industrial Development Authority of Pittsylvania County, Virginia  
Chatham, Virginia

We are pleased to confirm our understanding of the services we are to provide Industrial Development Authority of Pittsylvania County, Virginia for the year ended December 31, 2018. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of Industrial Development Authority of Pittsylvania County, Virginia as of and for the year ended December 31, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Industrial Development Authority of Pittsylvania County, Virginia's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Industrial Development Authority of Pittsylvania County, Virginia's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

**Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Industrial Development Authority of Pittsylvania County, Virginia's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

**Engagement Administration, Fees, and Other**

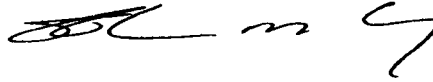
We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit on approximately March 19, 2019 and to issue our reports no later than May 1, 2019. Stephen M. Gay is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$3,550. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Industrial Development Authority of Pittsylvania County, Virginia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

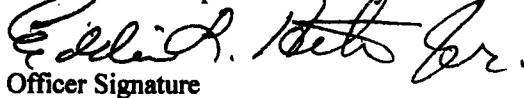
HARRIS, HARVEY, NEAL & CO., LLP



Stephen M. Gay, CPA  
Partner

**RESPONSE:**

This letter correctly set forth the understanding of  
Industrial Development Authority of Pittsylvania County, Virginia



Officer Signature

Chairman  
Title

# VI. (C)

## New Business

*A. Discussion of Potential Approval of  
Additional Equipment added to Panacea  
Equipment Bank Loan: Matthew D. Rowe*



**Schedule 5(a)(i)**  
**(The Manufacturing Equipment)**

Manufacturing Equipment	Cost/Unit	Total Appraised Value	Y	N	Month# for Installation	Leased Manufacturing Equipment (Y/N)
<b>Food Manufacturing:</b>						
2 x Reactor Heater/Cooler	10,000	20,000			M6 (2x)	N
6 x Manual Bag Filler	10,000	60,000			M6 (2x), M13 (2x), M25 (2x)	N
3 x Parts Washer	10,000	30,000			M6, M13, M25	N
12 x Lab Equipment	10,000	120,000			M6 (2x), M8, M12, M13, M16, M20, M24, M25, M28, M32, M36	N
<b>Subtotal (N)</b>		<b>230,000</b>		<b>230,000</b>		<b>N</b>
<b>Intermediate Manufacturing:</b>						
2 x 200 L. Reactor/Kettle	60,000	120,000			M6 (2x)	Y
2 x 400 L. Reactor/Kettle	90,000	180,000			M6 (2x)	Y
1 x 2nd Walk In-Refrigerator	50,000	50,000			M6	Y
<b>Subtotal (Y)</b>		<b>350,000</b>	<b>350,000</b>			<b>Y</b>
<b>Final Product Manufacturing:</b>						
12 x Lab Equipment	5,000	60,000			M6, M4, M8, M12, M13, M16, M20, M24, M25, M28, M32, M36	N
1 x Hood	0	0			M25	N
1 x Nitrogen Lines	10,000	10,000			M6	N
5 x Small Batch Mixer	90,000	450,000			M13, M18, M23, M30, M35	N
<b>Subtotal (N)</b>		<b>520,000</b>		<b>520,000</b>		<b>N</b>
2 x Small Batch Mixer	90,000	180,000			M6 (2x)	Y
<b>Subtotal (Y)</b>		<b>180,000</b>	<b>180,000</b>			<b>Y</b>
<b>Final Product Manufacturing:</b>						
7 x Compounding Machine	200,000	1,400,000			M16 (2x), M19, M25, M28, M31, M34	N
3 x Pouching/Packaging Machine	180,000	540,000			M20, M29, M33	N
3 x Aseptic Packaging/Bag & Box	520,000	1,560,000			M20, M29, M33	N
11 x Final Assembly Misc Capital	10,000	110,000			M4, M8, M12, M13, M16, M20, M24, M25, M28, M32, M36	N
1 x Shipping Station	5,000	5,000			M7	N
1 x VideoJet Printing/Labeling	40,000	40,000			M7	N

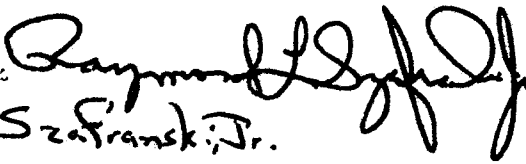
*Handwritten signature and date: 2/1/19*

Manufacturing Equipment	Cost/Unit	Total Appraised Value	Y	N	Month# for Installation	Leased Manufacturing Equipment (Y/N)
Subtotal (N)		3,655,000		3,655,000		N
1 x Pouching/Packaging Machine	180,000	180,000			M6	Y
1 x Aseptic Packaging/Bag&Bo	520,000	520,000			M1	Y
1 x VidenJet Printup/Labeling	40,000	40,000			M6	Y
Subtotal (Y)		740,000	740,000			Y
TOTAL Leased Manufacturing Equipment (Y)			1,270,000			Y
TOTAL Other Manufacturing Equipment (N)				4,405,000		N

Yes

New

Yes Shear Mixer 15,863.85

Reviewed by:   
 Raymond L. Szafranski, Jr.  
 Treasurer  
 Panaceutics Nutrition LLC  
 February 7, 2019