

BEDFORD

County of Bedford

Establishment of the International Critical Infrastructure Security Institute (ICISI) (#3144)

\$40,000 Requested

Executive Summary Provided by Applicant: In recent years many critical infrastructure sectors have become the increased target of advanced cyber-based threats. The International Critical Infrastructure Security Institute (ICISI) is being established to more effectively offer cyber security research and workforce development support to the owners and operators of critical infrastructure's diverse set of facilities and operational environments. ICISI will be a member organization operating as an independent body of multidisciplinary expertise. Its mission is to accelerate the implementation of cyber security programs while providing increased regulatory certainty for these plans across the power generation industry. In 2016, the ICISI plans to formally establish itself at the Center for Advanced Engineering and Research (CAER) in Forest, VA. This project will bring enhanced options for defending critical plant operations from cyber attacks, improving cyber security protections within the supply chain, and offering sector-specific credentialing for the sector's vast cyber security workforce.

Staff Comments and Recommendation: This project establishes a member based nonprofit organization that will provide credentialing for power plant inspectors particular in the area of cyber security; utilizing the Commission's previous investment of in assets including the nuclear power plant control room at the Region 2000's Center for Advanced Engineering and Research. As noted in the resolution from Bedford County, the creation of ICISI is expected to result in 12 full time jobs within three years that includes the relocation of two small member companies to the tobacco region. Very detailed line item budgets for costs related to the lab, office and equipment for training and for facility improvements to support the project budget were provided to staff. This is a modest request that develops service and educational training capabilities for an existing unique asset in the region supported by the Commission, to meet current identified critical needs for the power plant industry.

Staff recommends a grant award of \$40,000.

BRUNSWICK

Town of Alberta

Tobacco Heritage Trail - Alberta to Danieltown - Phase I (#3149)

\$205,011 Requested

Executive Summary Provided by Applicant: Design and Construction of Virginia Line from Town of Alberta to Danieltown, totaling 5.2 Miles. Phase I - Design/Engineer entire project area 5.2 miles & construct the first 0.6 miles, from eastern termini at Southeast High Speed Rail Corridor (TDM) to Alberta School Park & existing Train Water Tower. The THT is the system of long distance recreational, multi-use, non-motorized trails, resulting from the efforts of the Roanoke River Rails to Trails (RRRT). More than 150 miles of abandoned railroad corridor have been identified within the Southside Planning District. THT has been identified as a part of East Coast Greenways

and Beaches to Bluegrass Trail systems. East Coast Greenways (ECG) will connect more than 3000 miles of trail from Canada to Key West, Florida. ECG will use 55 miles of THT, stretching from Lawrenceville to Clarksville, located near the North Carolina border, on scenic Bugg's Island Lake (John H. Kerr Reservoir).

Staff Comments and Recommendation: Funds are requested to support design of a 5.2 mile trail segment of the Tobacco Heritage Trail within Brunswick County from the Town of Alberta to the community of Danieltown; and for construction of a 0.6 mile trail segment within the Town of Alberta. A similar application submitted to the Commission in fall 2014, which focused on the 0.6 mile trail segment did not receive a funding recommendation. At that time staff expressed concern that the proposed trail segment, at 0.6 miles, was too small and disconnected from existing THT trail segments to reasonably attract a large number of visitors, and as such was more likely to primarily serve as a community recreational amenity which is a low funding priority for the Commission. Differences with this pending request and the one submitted previously include \$211,250 in VDOT funding as Match that has been secured, to support the projects costs; and a revision to the scope to focus on next steps necessary for a larger segment of trail to be constructed, which would arguably be significant enough to attract visitors from outside of the region. The new project manager at the Southside PDC has changed the focus to a plan and priority for the first phase to cover engineering for the larger 5.2 mile segment, as this increases the competitiveness for future requests for construction funding to the VDOT program and to other programs such as the DCR Recreational Trails Program (which only funds construction ready projects). Staff has received clarification that a minimum of \$104,066 of TRRC funding would be sufficient to satisfy the \$52,812.50 required for the Town to accept the \$211,250 VDOT award (already approved) that would be used to complete the engineering, and also provide match for a second VDOT request for the construction funding, thus reducing the overall amount of funded needed from TRRC and resulting in a 4:1 Match on the TRRC investment.

Staff recommends approval of a \$104,066 grant award.

Brunswick County

Brunswick Tourism Signage Initiative (#3143)

\$78,275 Requested

Executive Summary Provided by Applicant: The County of Brunswick is requesting \$78,275 to install 23 directional signs for the Brunswick Byways Visitors Center and four (4) directional signs for Fort Christanna.

Staff Comments and Recommendation: While this modest-sized request does not appear particularly impactful, it should be viewed as the final element in support of a multi-year strategy to establish the County's first visitor center and promote the nearby historically-designated Fort Christanna site. previous \$ from TRRC and VDOT committed for Christanna and visitor center. The renovation of an existing building on Rt. 46 to create the visitor center is being funded with a \$458k SSED grant approved in 2010 (see extension request in Other Business), and a \$30k SSED grant in 2005 provided signage and a visitor information kiosk at Fort Christanna. The current request for directional signage on Interstate 85, US 58, Rt 46 and Rt 1 was originally budgeted in the earlier visitor center grant. However, required site improvements have expanded the scope of that budget, and a budget revision for the earlier grant has been approved for construction, leading to this new request for the signage. While clearly not a "transformational" project, it is consistent with local and regional strategic plans, and has the potential, at fairly minimal cost, to entice more visitors

to stop at these sites and to promote the Tobacco Heritage Trail (THT) which has sections open to the public and trailhead development underway nearby in Lawrenceville. Staff suggests that every effort be made to include and/or enhance THT directional signage as a component of this signage package.

Staff recommends award of \$78,275.

CUMBERLAND

Cumberland IDA

Cumberland Business Park Development (#3150)

\$86,576 Requested

Executive Summary Provided by Applicant: The Cumberland County EDA (formerly IDA) proposes to further develop the Cumberland Business Park (the Park) by constructing a 30,000 square foot pre-engineered metal building and a waterline extension to provide potable water to the Park. The Park property was purchased with TRRC grants, and through later grants the TRRC constructed a road to serve the park, funded grading and site preparation, funded design and engineering of the proposed waterline extension, and purchased the 30,000 square foot pre-engineered metal building. The development of the business park will provide a unique locality-owned asset that will be the focus of Cumberland's economic development and marketing efforts. Further, public water is critical for this site as it is contiguous to a closed county landfill.

Staff Comments and Recommendation: For many years Cumberland County, which under the Southside allocation formula receives less than half a percent of available funding (0.29%), has been trying to piecemeal sufficient funding to make progress on development of the Cumberland Business Park. Funds are requested under this proposal, to be combined with balances from three older TRRC grants to the Cumberland County IDA, to contribute towards a \$680,750 contract with Jamerson-Lewis Construction which was entered into on March 4, 2016. The construction contract includes \$350,000 related to erection of 30,000 square foot metal building that was purchased previously under a TRRC grant for a prospect that never came to fruition; plus an Add Alternate for a \$330,750 addition to the contract for construction of a 12", 3900 feet waterline extension to serve the industrial park. Staff notes that while the Cumberland County EDA has already entered into this construction contract, which per the contract terms is expected to be "substantially complete" within 90-days; this timeline pertains to the primary bid for construction of the building. Jamerson-Lewis will not proceed with the Add Alternate for construction of the waterline until they receive written notice from the Cumberland EDA, based on staff's understanding; it is this aspect of the total contract budget that would be supported by this grant request. Staff notes that based on the \$680,750 contract price and with consideration for minimum Match requirements on the three older grants, this request provides \$186,631 in local Match that is in excess of the 1:1 minimum Match requirement, for a total of \$273,207 Match on this request.

Staff recommends an \$86,576 grant award, contingent on approval of disbursement of funds only for construction contract activities for work completed within the approved grant period.

HALIFAX

Halifax County IDA *C-CARE Formulation Lab (#3146)* \$600,000 Requested

Executive Summary Provided by Applicant: Halifax Industrial Development Authority (IDA) has developed the national Center for Coatings Application, Research and Education (C-CARE) at its headquarters building in the Southern Virginia Technology Park (SVTP) in South Boston, Virginia. C-CARE was conceived and is being deployed as an economic development tool that will attract start-up and existing businesses to this one-of-a-kind open source coatings laboratory. In order to best deploy C-CARE, Halifax IDA searched internationally for the best operator to help meet its goals. The IDA has recently contracted with a premier, international coatings and chemicals consulting organization for the C-CARE operation. This organization will lease, staff and further equip the current lab, and requires build out of a formulation lab to operate in conjunction with the application equipment already installed. This formulation lab will be in the same space as C-CARE to augment critical services required by manufacturers seeking to improve coatings and develop new products.

Staff Comments and Recommendation: The Commission has invested \$2.5 million to date in establishing the C-CARE facility, including SSED and Special Projects funds awarded in 2011. The Center was previously operated for a number of years by a private partner under contract with HIDA. That relationship ended more than two years ago, and HIDA then began a national search for a qualified operator. The operator now under contract with HIDA was initially identified as a resource in the national search, and subsequently expressed interest in using its global industry experience and contacts to make the Center successful. The proposed addition of the formulation lab makes intuitive sense to allow continuous reformulation of coating mixes on site while a client is conducting testing, rather than having to stop testing to allow offsite vendors to reformulate and deliver adjusted coatings, a process which can take several weeks and result in clients prematurely leaving the facility that they had reserved for testing. The operator company has committed to operate C-CARE and bring 10 new jobs (average salary of \$50k) and to provide \$250,000 of private investment in equipment for the formulation lab during the first phase of the project with an additional \$2 million investment in analytical equipment estimated during the second phase when an additional \$900k testing lab addition is anticipated in future years. As this request entails leasing of a TRRC-funded facility, which per the standard grant agreement requires Commission approval, Staff suggests the approval of leasing of the facility be an element of any action taken at this time. Staff further weighed the possibility of this facility improvement being offered as a loan, but the agreed-upon terms of the lease, along with HIDA's proposal to seek loan funds to provide the required matching costs for the project, indicate that additional debt service for a TRRC loan could not be generated from lease revenues, and could jeopardize the fulfillment of the operator agreement (the multi-year renewable lease was provided and marked confidential). Ultimately, this operator appears to have the expertise and industry contacts to finally make C-CARE the success it was initially hoped to be, and to generate significant testing activity by a wide array of international companies that rely of varying aspects of coatings for a broad array of products from household paints to automotive. Admittedly this has come at great expense, but given the alternative of mothballing a \$2.5M space, this investment - supported by a qualified operator - appears poised to pay dividends for the region.

Staff recommends a grant award of \$600,000 and that multi-year leasing of the C-CARE facility to this operator be approved.

Halifax County

Tobacco Heritage Trail - Halifax County Extension - Phase I (#3148)

\$200,000 Requested

Executive Summary Provided by Applicant: Halifax County is seeking TRRC funds for Phase I of three phases: to design a full 3 miles of abandoned railway, owned by Roanoke River Rails to Trails, to be included in the Tobacco Heritage Trail System. This phase will include construction of 1.6 miles from the current termini of THT at Berry Hill Plantation and end at Mirey Creek, to await funding for Phase II. This is a continuation of an existing trail in Town of South Boston/Halifax County, Virginia. This project will include a Nature Overlook at the Mirey Creek Termini, which is approximately 300 feet North to the mouth opening the Scenic Dan River, which will be easily accessible to canoeists and kayakers on a natural walking path. The overlook will provide a tranquil space for visitors to enjoy bird-watching and to identify the abundance of other local animal species.

Staff Comments and Recommendation: Project funds would be used toward the first of three phases of trail design and construction for a 3 mile trail segment from Berry Hill Plantation to Rogers Island on the Dan River, in support of the priority Phase III – Region 4 – Sutherlin to South Boston section as identified in the Tobacco Heritage Trail Overall Master Plan. For this larger Region 4 priority, the applicant identifies that the Roanoke River Rails-to-Trails owns all right-of-way from South Boston to Sutherlin (which would bring the Tobacco Heritage Trail into eastern Pittsylvania County), with the exception of a middle portion which they are currently in negotiations with Norfolk Southern for this purchase. All trail segments that are part of the three phase project mentioned in this request are owned by the Roanoke River Rails to Trails. Specific to this grant request, all Commission funds are allocated toward construction costs for 1.6 miles of trail from Berry Hill Plantation to Mirey Creek; connecting to the existing 2.6 mile trail segment that runs from Cotton Mill Park in the Town of South Boston west to Berry Hill Plantation resulting in 4.2 miles of continuous trail that would be available to visitors. Matching funds are proposed to come from a \$228K grant application submitted to VDOT MAP-21 program for approval. The additional phases for this 3 mile segment involve a ~ 250 foot bridge crossing Mirey Creek (phase two); and construction of another 1.4 miles from Mirey Creek to Rogers Island on the Dan River (phase three). The cost estimate used with the grant request is \$35 / linear foot based on past Tobacco Heritage Trail projects and as estimated by Anderson & Associates with additional concurrence from a second A&D firm, B&B Consultants. Recognizing that this trail segment is identified in the THT master plan as a priority, that it will be connecting to an existing 2.6 mile segment, that ownership is controlled by the RRRT, and that it will be connecting to existing tourist destinations thereby contributing toward the economic development objectives for increasing visitor spending, staff is supportive of this request.

Staff recommends approval of a \$200,000 grant award, contingent on commitment of required matching funds from VDOT and/or other sources.

MECKLENBURG

Town of South Hill

Hillcrest Industrial Park - Tunstall Drive Realignment Project - Town of South Hill (#3147)

\$625,377 Requested

Executive Summary Provided by Applicant: The Town is requesting matching funds from the Southside Economic Development Program for the Hillcrest Industrial Park - Tunstall Drive Realignment Project. Hillcrest Industrial Park is located along Highway 1/North Mecklenburg Avenue in South Hill and is considered one of the region's premiere marketable sites. In October 2015, VCU/Community Memorial Hospital began construction of a new \$80 million state-of-the-art medical facility located across Highway 1 from Hillcrest Industrial Park. The location of a new traffic signal at the intersection of Highway 1/North Mecklenburg Avenue and Highway 138 (Union Mill Road) necessitates the realignment of Tunstall Drive for business traffic to safely enter and exit Hillcrest Industrial Park which is crucial to the future development of this major industrial site.

Staff Comments and Recommendation: This request is directly related to improvements to U.S. Route 1 that are being designed to facilitate safe vehicular access to the new VCU Community Memorial Hospital which is being constructed across Rt. 1 from Hillcrest Park. The proposed project would allow existing Tunstall Drive, which is the existing access to Hillcrest, to be moved approximately 50 feet to align with a new traffic signal at Union Mill Road (across Rt. 1 from Tunstall). Union Mill Road will serve as the main entrance to the hospital. Hillcrest was funded previously by the Commission in 2003 and 2008 with grants for grading and environmental remediation improvements. It is now considered a potential location for a data center (as "qualified" by Dominion Power), although there are no known active prospects for the Park. Given that this project would merely realign a local road, and not make any other value-added improvements to the specific Park property, and specific prospect needs for on-site development of Hillcrest are not known, this does not appear to be a compelling proposition to significantly or even marginally increase the development readiness for Hillcrest. Staff readily acknowledges the economic impact of the hospital replacement project occurring across US 1, which is driving the need for road realignment, turn lane construction and signalization improvements primarily funded through the VDOT Revenue Sharing program and local funds. However, it appears the use of 94% of the available Mecklenburg allocation for road realignment that will have minimal affect in enhancing Hillcrest's attractiveness to prospects, is not the highest and best use of the requested funds and the available SSED allocation. At such time as a prospect emerges for Hillcrest, presumably a variety of incentives including VDOT Access Road, COF and TROF could be utilized to design and construct improvements to Tunstall and within Hillcrest that are specifically required by that prospect.

Staff recommends no award.

PRINCE EDWARD

Prince Edward County

Prince Edward County Industrial Access Road Phase 2 (#3145)

\$194,485 Requested

Executive Summary Provided by Applicant: In 2008, Prince Edward County received a Southside Economic Development Tobacco Commission Grant to help pay for the development of 4 "Ready to Go" pad sites at the Prince Edward Industrial Park. One lot has been sold to VDOT for their new regional Office, and one lot has been offered for the expansion of an existing company, leaving only two lots. One remaining lot is 100% land locked, and the other will have to be used during the construction of the access road since there is no other way to reach the remaining 60+/- acres in the Park until the new road is built. Prince Edward has already received \$377,475 from the Commission on the road project that is estimated at \$1,143,920 (See Project Estimated Budget). Prince Edward plans to utilize IDA and VDOT Economic Access Funds for the match. This project is critical for the future recruitment of industries.

Staff Comments and Recommendation: Funding from this request would be combined with a \$49,080 Southside award from January 2016, and \$328,395 Special Projects award from September 2015, plus the required 1:1 Match on each grant, to cover costs for construction of a new road within the Prince Edward County Industrial Park to serve Lots 7 A/B and Lot 11. Any remaining grant funds under this request following reimbursement for 50% of road construction costs would be used toward site development grading costs for Lot 11. Two construction estimates were provided: \$1,058,650 for the road construction and \$680,000 for site grading on Lot 11, for a total of over \$1.7 million in project costs. The County has committed to covering grading costs not covered by the grant which would provide an estimated \$594,730 of additional local Match that is above the minimum required. During review of the mentioned grant award, County staff identified that they were working with two existing businesses with expansion plans that would contribute toward the outcomes of this project. An existing business at the park plans to expand to Lots 7 A/B investing \$2 million and creating at least 25 jobs; and a second company that is currently renting space in the County, who recently created 80 jobs, is interested in locating to Lot 11 with plans to invest an estimated \$2 million and create an additional 20-30 jobs. Construction of the access road will also result in the back portion of the industrial park being made accessible for future development opportunities.

Staff recommends a \$194,485 grant award to support road construction and site development costs.

OTHER BUSINESS

Brunswick County

Brunswick Byways Visitor Center (#2192)

\$458,375 Award 10/28/2010 – 7th Year Extension Request & Budget Revision

This grant for \$458,375 was awarded in October 2010 to support costs for building renovations, site improvements, exhibit design, and signage for a new full service visitor center on Highway 46. The project is matched by a \$638,479 National Scenic Byways Project grant from the Virginia Department of Transportation as well as \$100,000 cash contribution made by the County for purchase of the property prior to the application submission to the Commission (this is listed at \$190,000 in the budget based on an appraised value). The original intention for the project timeline was for the visitor center to be completed prior to the 300th Anniversary of Fort Christanna celebration in 2014, which was not able to be met due to delays in the project. In January 2015, the Commission approved an extension on the grant through June 30, 2016, which was requested due to delays in staff changes at VDOT, and changes in review requirements including the need for additional tests and studies. The grantee is now requesting another extension which again is reported to be in large part due to delays in approvals from VDOT. For example, a third 100% bid package was submitted to VDOT for approval in May 2015, and after almost six months VDOT informed the County that that it would need to be revised again. After the County was allowed to advertise for construction and exhibit design bids in December 2015, ultimately the bids came in higher than the available funding, and now the County is having to re-advertise bids with a reduced scope. A detailed project timeline identifies the target date for re-advertising of both bids as May 11, 2016; with construction for building renovations and for the exhibits estimated to be completed by May 2, 2017. A total of \$122,148.71 of TRRC grant funds have been paid or approved for disbursement primarily for architectural costs, leaving an available balance of \$334,226.29 on the TRRC project account. The County is also requesting a budget revision to allocate the majority of the remaining grant funds, \$304,105.50 toward building construction, reducing the grant contribution originally allocated toward exhibit fabrication and signage.

Staff recommends approval of the revised project budget and the extension through October 29, 2017.

IDA of Cumberland County

Construction of “Road A” (#2688)

\$60,733 Grant Award 5/23/2013 - Budget Revision Request

TRRC awarded this \$60,733 SSED grant in May 2013 to support construction of an access road into Cumberland County Industrial Park. In January 2014 the Commission approved a revised use of the grant funds to support costs for extension of a waterline to serve the industry park. It was determined that the waterline construction was the higher priority over the road construction due to the expectation that VDOT Access Road funds could be an option for the road construction based on the prospect the County was working with at that time. The County is now requesting a revised use of this grant to support costs for both the erection of a metal building on the property and for waterline construction. The County entered into a \$680,750 construction contract with Jamerson-Lewis Construction in March 2016, which includes \$350,000 for erection of a 30,000 square foot metal building, plus an Add Alternative for a \$330,750 addition to the contract for construction of the 12” 3,900 linear feet waterline extension to serve the park. Recognizing that this grant is tied to

two other Commission grants (#2590, #2150) and a new application recommended for funding by staff during the current grant cycle (#3150), and in balancing the approved scope of work for these grants and timelines under the construction contract for the two elements, staff is supportive of the County's request that the budget for this grant be revised to support construction costs for the metal building (\$350,000 total costs, for which the majority or remaining funding for this element will be contributed as Match by the County/IDA). This use of the Southside Economic Development grant funds is considered to be consistent with the intent of the original award for attraction of new industry to Cumberland County.

Staff recommends approval of a revised use of grant funds to support costs for construction of the metal building.

Dinwiddie County

Dinwiddie County Infrastructure Improvements (#3130)

\$1,200,000 requested approved January 2016 – material change to project scope

Executive Summary Provided by Applicant (note change of use of funds described below):

The County requests funds for up fitting of a water line and to provide a pump station and force main that will be necessary to provide adequate water and sewer capacity to an industrial site for Project Minecraft. The up fitting of the water line will also aid in future industrial development along the Route 1 and Route 460 corridor of the County.

Staff Comments (December 2015): This project was received after the announced deadline to accommodate an active economic development prospect. It was originally proposed to provide off-site water and sewer infrastructure to serve the privately owned Patton Commerce Park, in order to meet the needs of the prospect, Project Minecraft (200 jobs @ \$49,018 average wage rate and \$57 million capital investment); and also providing additional water capacity for future development elsewhere on the Patton property and along Routes 1 and 460. This included 5,500 linear feet of 24" waterline; and a wastewater pump station and 4,100 linear feet of 4" sewer force main. Total build out of the private industrial park requires a 16" waterline (estimated to cost \$1.11 million) and the Dinwiddie County Water Authority is requiring a 24" waterline in order to meet other future development needs on the Patton property and south of the industrial site along Route 1 and 460. A letter from the private developer confirms his agreement to commit \$1.2 million of proceeds from the sale of land for Project Minecraft toward the cost to bring water and sewer to the industrial park. Total estimated costs for the water and sewer infrastructure is over \$2 million (\$1.46 million for water and \$621K for wastewater). While the original request was to support water and sewer infrastructure costs, recognizing that these are revenue generating utilities and that the proposed infrastructure was to accommodate not only the industrial use at the Patton Property but also plans for mixed use retail and residential development and future service to the Village of Dinwiddie further down Route 1, the County has since made a change in the request to the Commission. The revised request is for an increased amount of \$1.2 million to support the property acquisition costs at \$40,000 per acre for the 30-acre industrial project site. The County has identified match for the Commission grant to include \$650,000 from the VDOT Access Road program, \$350K of local funds toward access road and offsite infrastructure, \$2.4 million from private funding for infrastructure development to the site, in addition to the company's \$57M investment. The preliminary TROF estimate for Project Minecraft is \$930,000 and the initial COF is estimated at \$600,000. The County has clarified their intentions to provide the property at no cost to the company; and has agreed to staff's suggestion that the funding could be rolled into the TROF

performance agreement, with the local government requiring it to be used for the land acquisition, as a mechanism for requiring performance measures in order to protect the Commission's investment.

Commission approval (January 2016): award of \$1.2 million to be transferred to the TROF program for administration under the TROF performance agreement, conditioned on Project Minecraft choosing to locate at the Patton Property and the County requiring that the Southside Economic Development grant funding be used toward costs for the land acquisition.

Staff Update (May 2016): The job creation the prospect is committed to under a proposed TROF has been reduced from 200 at the time of the January approval, to 145 as of May 2016. Investment remains at \$57 million (this is a foreign direct investment, although the prospect name remains confidential). In January the TROF estimate for the 200 jobs and \$57 million was \$930,000, which it was understood would be combined with the Southside award under a TROF agreement for the combined amount of \$2.13 million. The revised TROF estimate as of May, reflecting the job reduction, is now \$680,000, which the County desires to have combined with the \$1.2M Southside grant for a total TRRC commitment (captured in a TROF performance agreement) of \$1.88 million. As this reduction in jobs is considered a material change in scope to the project, Staff is seeking the Committee's direction on whether to reaffirm or reconsider the Southside commitment of \$1.2 million for the land acquisition costs.

Staff seeks the direction of the Southside Committee to reaffirm or reconsider the Southside commitment of \$1.2 million to this project, in light of the reduced job commitment.

Lunenburg County

Acquisition and Renovation of Existing Manufacturing Facility (#2466)

\$650,000 Grant Award 1/10/2012 - End Date of 1/10/2015.

Request for an Extension to 1/10/2017.

This grant was awarded in January 2012, and the economic development argument made in the proposal related to the need for a larger facility to house STEPS, a nonprofit manufacturing operation. The Commission's award was made specifically for **"\$650,000 to support acquisition and renovations to the building currently owned by Comfortex in order to accommodate growth projections for STEPS, contingent on 1) purchase price not to exceed appraised value, and 2) on a separate real estate transaction providing for Comfortex's expanded operations within Lunenburg County."** The building that was proposed to be purchased by the IDA with grant funds is currently owned by a private company, Comfortex, and would have been purchased by the County to allow expansion of STEPS. The County proposed that, in exchange for the IDA buying the smaller Comfortex building, Comfortex would then buy a second, larger IDA-owned building in order to expand their operations, in what was essentially which is referenced in the second contingency on the award pertaining to "a separate real estate transaction." The projected growth for STEPS was never realized and instead the organization had to cut back their operations in Lunenburg County after the loss of a large federal contract. Additionally a separate real estate transaction related to the purchase of the IDA owned building by Comfortex has not occurred, and instead negotiations have focused on a lease agreement. Under a letter attached to an email in April 2016, the County requested an extension on the grant until January 2017. In this letter the County represented to staff that the purchase of the privately owned building is entwined in the signing of a lease-to-purchase agreement for the IDA owned building (which relates to a different

TRRC grant #2620); and staff notes that there is nothing binding in a lease-to-purchase agreement that would satisfy the requirement that was a condition on this award for a separate real estate transaction intended to make certain the IDA building would be purchased by the private company in exchange for the IDA purchasing the privately owned building. What has been presented appears to be the ideal option for the company, relieving them of any long-term commitments and capital investments in the County, and removing a taxable asset from the tax role by both buildings being in IDA ownerships (a negative in terms of economic development outcomes). Staff notes that the outcomes, for which the original project was approved and that related to a STEPS expansion, are no longer the focus of this project.

This grant is sixteen months past the End Date and neither of the award contingencies was met during the approved project period (or to date); and as such the award is automatically rescinded. Staff recommends no further action.