

Approved December 20, 2001

MINUTES

Southside Economic Development Committee

October 18, 2001- 2:00 p.m.

Carrington Conference Center, Danville, Virginia

Members Present

Mr. Arthur

Mr. Taylor

Senator Ruff

Mr. Walker

Delegate Clement

Delegate Clement opened the meeting at 2:00 p.m.

Mr. Currin called the roll.

Senator Ruff moved to approve the minutes from the June 7, 2001 meeting of the Committee.

Motion seconded

All in favor by aye vote

None opposed

Motion accepted

Delegate Clement introduced **Mr. Ben Davenport** to speak to the Institute for Advanced Learning and Research on behalf of the Future of the Piedmont Foundation.

Mr. Davenport explained the creation of the Institute for Advanced Learning and Research (information attached). A few years ago, when they were looking at ways to transition the economies of Southside and Southwest Virginia, **Senator Hawkins** and **Delegate Clement** were on a task force that examined higher education as a major piece of this transition. Upon conclusion of the Task Force's work, the Future of the Piedmont Foundation came together to try and find a way to make change happen in their area. This group received \$100,000 from a local organization to commission a study. From this study they concluded that there must be a presence of higher education, they must be well connected technologically to the information highway and they had to instruct and re-instruct to bring the K-12 education up to the very top standards. A critical piece of this plan was the Institute for Advanced Learning and Research, which they had decided to build. It is a 90,000square foot building with education, research and conference facilities. Virginia Tech agreed to act in a leadership role to help with the development of

this Institute. Pittsylvania County and the City of Danville agreed to come together and pool their monies to build this institute. The City of Danville provided a large piece of land next to the Danville airport that they basically gave to the joint authority that has been created to develop this Institute. There will be strictly cyber type industries located in this park. Pittsylvania County has agreed to go just outside into the County and create a large industrial park where there will be joint revenue sharing. Pittsylvania and Danville took \$1 million each from their Tobacco Commission economic development allocation to put toward this project. The Future of the Piedmont was able to get another \$1 million from a federal block grant to buy the portion of the park that was not yet owned. The City and the County have agreed to take \$1 million dollars each year from their Commission allocation to pay off the debt that will be incurred building this facility. This Institute will be \$15 million; depending on the interest rates, it could take 10-12 years to pay off the debt. The lending institutions would like a commitment from the Tobacco Commission that they will provide this money to Danville and Pittsylvania as long as the Commission continues to be funded. The Institute is a collaborative effort of Averett University, Danville Community College and Virginia Tech. Already they have seen more interest in this area from unique economic development opportunities than ever dreamed of before as a result of this Institute. For instance, NASA has made the Danville Regional Airport a STARS airport thus bringing in more aviation companies. Without this Institute there would not have been this interest.

Mr. Clark Jones, Vice Provost for Outreach at Virginia Tech, discussed Virginia Tech's role in this project. They have been formally involved in this project since January of 2000. At this point a team of people from Virginia Tech began to visit Southside Virginia on a regular basis. This team included *Menis Ridenower*, Executive Vice President and CEO, *Erv Blythe*, Vice President for Operating Systems, *Ralph Byers*, Director of Government Relations, *Ann Moore*, Associate Vice President for Technology Initiatives and *Mr. Jones*. The group visited eight or ten times to talk about the challenges of the area. Their mission is to create economic advantage for that part of the state. About the end of August 2000 they presented a knowledge proposal for the region with four strategies: (1) state of the art telecommunications infrastructure development available at commodity prices, (2) human resource development, (3) the Institute of Advanced Learning and Research and (4) partnerships with the private sector.

Senator Hawkins expressed his support of and the importance of this opportunity for Southside Virginia. This is the center of the area that the Commission deals with and from here it can be expanded throughout the area.

Mr. Arthur stated that they cannot afford to miss or delay this project. This is a marquis project for this area. He then offered the resolution for the record. (Resolution attached)

“Whereas, the Virginia Tobacco Indemnification and Community Revitalization Commission (the Commission) had challenged the localities adversely affected by the reduction in tobacco production and sales to revitalize their communities on a long-term basis, using a regional approach; and

Whereas, the people and governing bodies of the City of Danville and Pittsylvania County have developed the Institute for Advanced Learning and Research (the Institute) as a regional institution for revitalization of the area's economy through education, technology, research and regional cooperation; and

Whereas, the City Council of the City of Danville and the Pittsylvania County Board of Supervisors have agreed to commit \$1 million each per year to repay bonds to be issued by the joint industrial development authority of Danville and Pittsylvania County, such funds to come from the allocation Danville and Pittsylvania County receive from the Commission and such funds to be so applied until the principal, interest and other costs of the \$15 million bond issue have been repaid; and

Whereas, the bank issuing the letter of credit securing the bonds has required this resolution of intent from the Commission;

Now therefore, be it resolved by the Virginia Tobacco Indemnification and Community Revitalization Commission that, if the joint industrial development authority of Danville and Pittsylvania County issues bonds in the amount of \$15 million for the construction of the facility for the Institute for Advanced Learning and Research, it is the intent of the Commission that, to the extent the Commission receives funds, it will allocate and pay each year \$1 million to the City of Danville and \$1 million to Pittsylvania County, for the payment of the principal, interest and other costs of the said bonds, with such allocation and payments to be made for a period of 12 years or until such earlier time as the principal, interest and other costs of the said bonds have been fully paid.

Delegate Clement summarized the resolution explaining that the \$1 million would come from the allocation for the City and County.

Mr. Watkins noted that there was no mention of the City and County's allocations in the resolution.

Delegate Clement stated that it was stated in the third "Whereas" statement. The final paragraph could be revised to state, "... it will allocate and pay each year one million dollars to the City of Danville and one million dollars to Pittsylvania County, as part of their allocation, for the payment of the principal, interest, and other costs of the said bonds..."

Mr. Arthur moved to accept the resolution as revised by **Delegate Clement**.

Motion seconded

All in favor by aye vote

None opposed

Motion accepted

Senator Hawkins encouraged other economic development people to propose this type of scenario and plan that brings long-term improvement to the community.

Delegate Clement introduced the Virginia International Raceway (VIR) presentation.

Mr. Joe Morgan, Halifax County Administrator, **Mr. Brett Vassey**, Project Manager for Existing Industry Development for the Virginia Department of Business Assistance, **Mr. Bill Confroy**, Executive Director of Halifax County Industrial Development Authority, and **Ms. Connie Nyholm**, Owner and Developer of VIR, spoke to this project. (Information and presentation attached).

A regional solution to extending water and sewer utilities to VIR will add over \$190 million per year within ten years to the Southside Virginia regional economy. The Virginia Polytechnic Institute and State University (VPI), Economic Development Assistance Center has determined that sixty-five percent (65%) of the benefit will accrue to the state and its local governments in the City of Danville and the counties of Halifax and Pittsylvania.

The request is for partial funding of the utilities infrastructure necessary to serve VIR. The Halifax County Service Authority, with the cooperation of the Pittsylvania County Public Service Authority and the City of Danville, submits the application. The regional local governments, utilizing loans from the Virginia Resources Authority (VRA), will finance one-half of the project cost. Interim financing from the private sector will be sought as needed until long-term VRA utility bonds are issued.

Delegate Clement asked about the preferred and practical alternative solutions.

Mr. Morgan responded that they would like the preferred alternative, however they thought it necessary to develop a practical fall back alternative.

Delegate Clement commented on the time sensitivity of this project and added that they were making a presentation before this committee because the Special Projects Committee was not meeting before the full Commission.

Mr. Currin added that the Chairman of the Special Projects Committee is in support of this project.

Mr. Walker asked what the average Special Projects fund commitment had been to date.

Ms. Wass & Mr. Currin responded that it was approximately \$500,000.

Ms. Nyholm commented on the significant tourism impact of VIR.

Mr. Walker asked how many participants in these events were from North Carolina as opposed to Virginia.

Ms. Nyholm responded that the majority of individuals coming to the VIR events were from out of the state and out of the area. Seventy-five percent of VIR's employees are from Virginia. She also noted that they race all year.

Delegate Clement asked what the Southside Economic Development Committee could do to help. He asked if they should go on record as supporting the project and recommending it to the Special Projects Committee and the full Commission.

Ms. Nyholm stated that any favorable response would be appreciated, but they cannot expand without these utilities.

Delegate Clement said that he thought the Special Projects Committee should meet immediately before the full Commission meeting.

Senator Ruff stated that the Committee should vote to declare their support of the project. He moved to encourage the Special Projects Committee to act favorably on the VIR application.

Motion seconded

All in favor by aye vote

None opposed

Motion accepted

Delegate Clement introduced **Ms. Mary Rae Carter** of Henry County.

Mr. Currin stated that staff was in support of Henry County's request.

Mr. Walker stated that the Committee members all seemed supportive of the request and **Ms. Carter** did not need to make a speech.

Mr. Arthur stated that when Henry County applied for the grant they indicated an urgency to have the funds but now the money is still in the bank. He asked why this happened.

Ms. Carter responded that the money was going to be used as seed money for a shell building in their Industrial Park. They had a company ready to move in but the company changed its mind and therefore they did not continue with the construction of the shell building.

Mr. Arthur asked when they would start this new project.

Ms. Carter responded that they should begin by January 1, 2002. This money will be used as part of an incentive package.

Delegate Clement commented that he did not think the Tobacco Commission money should be used to replace state funds if the project qualified for Governor's Opportunity Fund (GOF) monies.

Ms. Carter responded that **Mr. Kilduff** did not tell them to come to the Tobacco Commission for the funds.

Ms. Wass stated that she had talked with the Virginia Economic Development Partnership (VEDP) and they were currently running the ROI analysis and thought that Henry County would be eligible for GOF funds. The Tobacco Commission monies would be in addition to the GOF funds.

Ms. Carter added that Henry County, because this project is on the fast track, would like to use their Tobacco funds for this project.

Mr. Walker moved to recommend to the full Commission the Henry County's request to reallocate their economic development funds.

Motion seconded

All in favor by aye vote

None opposed

Motion accepted

Ms. Wass addressed the Committee's option of setting aside, off the top before formula distribution, a portion of their allocation to be used for any applications that may come up that do not fit into the formula.

Delegate Clement asked if this would be in addition to the 25 percent the Commission has already voted to take off the top and use for Special Projects.

Ms. Wass clarified that this money would only be used for Southside projects.

Mr. Currin added that this would address the Martinsville application situation that occurred in the last round.

Senator Hawkins noted that this would simply provide the Committee flexibility in funding.

Delegate Clement asked if there was any other reason to do this other than to help Martinsville.

Mr. Currin responded that no other reason had come up yet.

Delegate Clement stated that he thought this would create additional confusion as to where to go for Special Projects funds. He thought it seemed like a cleaner way of operating to have Martinsville apply for funds from the Special Projects Committee.

The Committee decided to allocate the entire \$15.5 million into the formula.

Delegate Clement asked about the application cycle.

Mr. Currin responded that the applications have been mailed out and the deadline for those to be returned to Tobacco Commission offices is January 15, 2002. These applications will be for the entire fiscal year's economic development grant monies.

Ms. Wass added that the applications would be approved at the March meeting of the Commission. Each locality will be aware of their allocation.

Delegate Clement asked if the staff was currently working with any jurisdictions that were turned down because of their application's ambiguity.

Mr. Currin responded that they were not currently working with any specific locality. However, staff did have a series of seminars in Southside and Southwest Virginia to provide information and assistance on the application process.

Senator Hawkins stated that he would like to find out the cost of expanding the MSAP line east and west into the counties.

Delegate Clement addressed the upcoming General Assembly session and the vulnerability of the Tobacco Commission's monies. Should the Commission create a document for the legislators to show the wisdom of the Commission's investments? Does the Commission have enough of a track record to do this?

Mr. Currin stated that they could fine-tune the annual report to make it more engaging. He added that they should brief the Speaker and Senator Chichester as well as members of the Tidewater and Northern Virginia delegations.

Delegate Clement continued that staff should create an attractive brochure to advertise the good the Commission is doing and its importance for the state. It should show the commitments made by the Commission.

Mr. Lawson added that they had created a video presentation from Patrick Henry Community College on the projects they have engaged in with Tobacco funds.

Delegate Clement asked if it was the sense of the Committee that they would like to direct **Mr. Currin** to work with someone with the expertise to create a brochure to provide to the legislators to emphasize the crucial nature of the investment of these monies in Southside and Southwest Virginia.

Senator Hawkins addressed the fact that the Commission monies can be taken away by an act of the General Assembly.

Delegate Clement requested that **Mr. Currin** create such a brochure for review by the Chairman and the Committee.

Mr. Walker asked about the status of the Literary Foundation.

Mr. Currin responded that the Commissioners would have an update and list of programs to be included at the next Commission meeting.

Delegate Clement added that the brochure should be slanted toward those investments the Commission has committed to make.

Meeting adjourned at 4 p.m.

Submitted by **Carthan F. Currin, III**

Executive Director

Virginia Tobacco Indemnification and Community Revitalization Commission