

1 COMMISSION STAFF:

2 Mr. Neal Noyes, Executive Director

3 Mr. Ned Stephenson, Director of Strategic Investments

4 Mr. Timothy Pfohl, Grants Program Administration Manager

5 Ms. Britt Nelson, Grants Coordinator, Southside Virginia

6 MR. ARTHUR: I'll call the meeting of the
7 Southside Economic Development Committee to order. This should go
8 pretty quickly. I thank everyone that's present for being here and interested
9 in what we're doing.

10 Neal, would you call the roll?

11 MR. NOYES: Mr. Arthur?

12 MR. ARTHUR: Here.

13 MR. NOYES: Mr. Bryant?

14 MR. BRYANT: Here.

15 MR. NOYES: Delegate Byron?

16 DELEGATE BYRON: Here.

17 MR. NOYES: Mr. Day?

18 MR. DAY: (No response.)

19 MR. NOYES: Secretary Gottschalk?

20 SECRETARY GOTTSCHALK: Here

21 MR. NOYES: Mr. Harwood?

22 MR. HARWOOD: (No response.)

23 MR. NOYES: Mr. Hite?

24 MR. HITE: (No response.)

25 MR. NOYES: Delegate Hogan?

1 DELEGATE HOGAN: (No response.)

2 MR. NOYES: Mr. Moody?

3 MR. MOODY: Here.

4 MR. NOYES: Ms. Nyholm?

5 MS. NYHOLM: Here.

6 MR. NOYES: Mr. Owens?

7 MR. OWENS: Here.

8 MR. NOYES: Senator Ruff?

9 SENATOR RUFF: Here.

10 MR. NOYES: Delegate Wright?

11 DELEGATE WRIGHT: Here.

12 MR. NOYES: You have a quorum, Mr. Chairman.

13 MR. ARTHUR: Thank you, sir. Do I have a
14 motion to approve the Minutes of our last meeting?

15 SENATOR RUFF: So moved.

16 MR. ARTHUR: It's been moved and seconded,
17 any discussion? Hearing none, all in favor say aye? (Ayes.) All opposed,
18 like sign? (No response.) The Minutes are approved.

19 Moving on to the grant that we need to take a look at. I'd like to
20 point out that we can get one out of the way here real quick. Pittsylvania
21 County has requested to withdraw their request for funds. I don't know if we
22 need to address it any further.

23 All right, then we'll move on to the next one, Mecklenburg. I'd
24 like to ask Tim if he would address this issue.

25 MR. PFOHL: Thank you, Mr. Chairman, and

1 good afternoon, everyone. Hopefully, we can take very quick action here.
2 The one remaining tabled request that we have from our June, July
3 Southside Economic Development grant cycle is one that the Committee
4 directed Staff in July to work with the applicants on addressing some issues
5 that Staff had raised in their review of the project. Last week we received a
6 document that, I think, substantially addresses those issues. We transmitted
7 some information to you last week and gave you an update on this project.

8 The request is from Mecklenburg County for a Southside
9 Economic Development allocation for a project in Mecklenburg. The
10 original request was \$1,506,317, which was the total available allocation in
11 the June and July cycle that we went through. As you may recall, the
12 Committee did recommend an award of 200,000 for another project in
13 Mecklenburg, and that was approved by the Commission. That leaves a
14 balance of \$1,306,317 available at this time.

15 The project is to add one million gallons per day of wastewater
16 treatment capacity to an existing plant that is owned and operated by the
17 Town of South Hill. That plant currently has a two million gallon per day
18 capacity. The intent of the project is to provide additional treatment capacity
19 to serve a regional business park that is being developed by Mecklenburg
20 and Brunswick and the localities in their jurisdiction and in that region. It is
21 the park that the state and localities have successfully attracted one company
22 there, and that project is under construction. It's a park where the state is
23 very actively pursuing other prospects for that park. Right now the
24 allocation of wastewater capacity to serve that Roanoke Regional Park is
25 inadequate to meet the needs of the prospects that are being courted by the

1 state at this point.

2 Basically, the document that the Staff got last week addresses
3 issues, such as who would own the improvements that would be funded by
4 these restricted funds. The 1.3 million dollar balance is primarily in
5 predominantly restricted funds. There is some unrestricted balance available
6 within that, but in that the project would be constructed with capital assets,
7 we feel it needs to meet the test of the restricted fund usage. The agreement
8 we received last week is a nonbinding memorandum of understanding. It
9 addresses the issues we talked about in the July meeting. There is
10 participation from several of the localities. Brunswick County was not part
11 of the original application, and two weeks ago their Board of Supervisors
12 declined to participate in the project and in this agreement, and subsequently
13 the Town of Brodnax stepped up and is a signatory to that Memorandum of
14 Understanding and is prepared to be a signer of the final contract that would
15 be executed to outline all the conditions for development and operation of
16 the additional treatment capacity.

17 That's a long way of stating Staff is supportive of this request
18 and recommended an award of the remaining balance of \$1,306,317 to this
19 project, with the condition that the funds will only be available upon
20 completion of the final contract and that is it is consistent with the terms
21 outlined in the Memorandum of Understanding that we referenced. That's
22 where we stand today.

23 MR. ARTHUR: Who owns this project?

24 MR. PFOHL: The plant, as it stands right now, is
25 owned by the Town of South Hill. Part of the agreement is to provide a

1 permanent easement and allow the applicant, which would be our grantee,
2 Mecklenburg County, to own and operate the improvement, or to own the
3 improvements built with our funds. Part of the agreement as is stipulated is
4 that the Town of South Hill will continue to operate not only the existing
5 capacity but the expansion will be funded with our grant funds.

6 MR. ARTHUR: Of the 6,000,000 that's projected
7 on the costs, we have a million five; where does the other come from?

8 MR. PFOHL: There has been a previous
9 allocation of grant funds to this project, and I'll ask Britt to look that up. The
10 remaining piece is a pending 1.99 million dollar Special Projects request that
11 the applicants have submitted to us, and that Committee right now is not
12 scheduled to meet. We have a listing, actually, that list of funds that are
13 obligated and requested for the project.

14 MR. ARTHUR: Are we the sole investor in this
15 project?

16 MR. PFOHL: The Economic Development
17 Administration, U. S. Department of Commerce, there's an application
18 pending with them for \$1,000,000. Then the applicant localities have money
19 that they have pledged to this project.

20 MR. ARTHUR: So the localities are incurring
21 some debt?

22 MR. PFOHL: They have stated to us in the
23 application that they will provide general funds for the construction.

24 MR. OWENS: What is the capacity now?

25 MR. PFOHL: The capacity right now is 2,000,000

1 gallons.

2 MR. OWENS: What's the daily consumption?

3 MR. PFOHL: We're told that right now they're
4 operating at about 50 percent capacity. I think one of the barriers, or one of
5 the stumbling blocks, has been that the agreement in place right now is that
6 the Town of South Hill will allocate a limited amount of treatment capacity
7 to serve that industrial park, and I believe the total allocation for that
8 corridor is 250,000 gallons per day. Specifically for that park, it's only
9 100,000 gallons of treatment capacity per day, and that could be consumed
10 by one industrial user. We already have one user who is under construction
11 in that park.

12 MR. ARTHUR: This is only for commercial use?

13 MR. PFOHL: The agreement states that the intent
14 is for industrial users east of Interstate 85 and the U. S. 58 corridor,
15 primarily to serve the Roanoke Regional Park, and there is also a
16 Mecklenburg County park that has a couple of available sites in there. The
17 Town of Brodnax has indicated they have some commercial sites that could
18 be potentially developed for industrial use and that could potentially take
19 advantage of the service. What we've suggested to the applicants is that for
20 a definition of the term industrial that they use the guidelines that the state
21 Economic Development Partnership uses for companies that are primarily
22 exporters of goods and services. We're targeting the same kind of prospects
23 that the state is recruiting to this park.

24 MR. OWENS: Any debt after the grant, there is
25 no debt on the system after the grant?

1 MR. PFOHL: If they receive all of the Special
2 Projects funds they ask for, there would be no debt, and that's a big if. The
3 County Administrator and the Planning Commission Director are both here
4 and can speak to the project as well.

5 MR. ARTHUR: What's the probability of Special
6 Projects?

7 MR. PFOHL: I'd be reluctant to hazard a guess.

8 MS. FRENCH: Joyce French, Southside Planning
9 District. First of all, it's important to know that the Town of Brodnax is in
10 Brunswick County, and that's why they took the Brunswick County
11 partnership, and it's the very westernmost part of Brunswick, right on the 58
12 corridor. The money Brodnax will put in will be debt money; they don't
13 have that money, so they're going to borrow that money. It will be up to
14 Mecklenburg County if they work out their budget. They have committed to
15 the project, committed to put money in, but, of course, by the time they
16 come around to do it, it would be this July. So whether or not it's debt
17 money or cash flow or from taxes remains to be seen. EDA is, of course, a
18 grant, but they are requiring, the same as the Tobacco Commission, that
19 Mecklenburg County be the owner of these improvements. That's been the
20 whole thought all along, because the Town of South Hill at this point owned
21 that plant, even though there is excess capacity on it. They own it, and they
22 don't have to make it available to the county. Thereby the only way for the
23 county to get and control the capacity is they need to develop the new
24 Roanoke Industrial Park and make sure that the other industrial park, or the
25 airport industrial park is served, as well as all that land.

1 Are you all familiar with the strip between Route 85 and
2 Brodnax? You know that's where all the development is going. The
3 Interchange is four lanes, it's just booming in that area. Brodnax wants to
4 take some of their land and convert it to industrial, because they know if
5 they don't get into some of these industrial sites they won't have it. They
6 can't do it, because they have no wastewater treatment to accommodate.
7 Right now the very eastern portion of Mecklenburg is between a rock and a
8 hard spot, because the only place they can get capacity is in the Town of
9 South Hill. It may roughly be possible to get that capacity, but it'll be so
10 high that no one will locate in the industrial park. South Hill is saying, and I
11 don't blame them, they're saying they have the Interstate Industrial Park,
12 they've got Northside Industrial Park, and they have all these industrial parks
13 of their own, and they want to reserve their capacity for their parks, and
14 they're not willing to allocate that, and that's the need for this. This million
15 gallons will be controlled and owned by Mecklenburg County allocated for
16 industrial growth and not meant to support the commercial residential
17 growth for the eastern part of South Hill; it's for the industrial property in
18 that area, using the definition that VEDP uses for industrial.

19 DELEGATE WRIGHT: In my districts this is one
20 of the areas that is a bright spot. There's growth in this area. I wish I had the
21 same growth in some places in my county. Are there any prospects now that
22 you're dealing with that might be aided by this?

23 MS. FRENCH: The one we're waiting to hear, and
24 I wish I could recall back, we've had some, we call it the pancake project.
25 It's a European company, and they've made their second and last visit

1 between the Roanoke River Park and a place in Pennsylvania. That's going
2 to be a \$60 million investment and 300 jobs over three years. Needless to
3 say, we haven't told them we don't have water, or we don't have the
4 wastewater, and we wouldn't have lied, but they didn't ask the question about
5 the wastewater capacity. We didn't share that at this point in time, because
6 we were more than certain that if they relocated the Commission would be
7 there to help us. So yes, we do, and in fact we have two people looking at
8 the same site at one time.

9 MR. OWENS: Are you telling me that at the most
10 it's going to be \$306,000 for this portion of the system?

11 MS. FRENCH: They're borrowing money, and as
12 I said earlier, it will not be known until July as to whether or not
13 Mecklenburg puts it in its budget.

14 MR. OWENS: Three hundred thousand, yet it's
15 going to be an enterprise?

16 MS. FRENCH: Here's the problem, there is not
17 going to be enough revenue; we've already been there. We went to the state,
18 and we went to Cary Smith, and we found out we couldn't get her money
19 until like two or three years out. I have a letter that I provided to Tim from
20 Rural Development. We went there and tried that. Then we went to the
21 VRA, and here's the problem. The problem is when you build it and put it
22 up, the American Industrial Heat Transfer, and that's not even close the
23 revenue to support the debt service. They said the only way they can help us
24 is if we want to go ahead and phase it out and then do the financing all of
25 your repayment and interest for a period of time, which has got to be

1 unreasonable, and that's why we're back here. Five years from now there
2 would be revenue that can support additional growth, but it will not be
3 before that time.

4 MR. MOODY: Is Brodnax going to run a line or
5 pump it up to South Hill?

6 MS. FRENCH: Brodnax already pumps their
7 domestic waste to South Hill; the line has been placed, and there won't need
8 to be an additional line. Now they'll have the capacity in the line, where
9 before they did not.

10 MR. BRYANT: What about Brunswick County?

11 MS. FRENCH: Because Brodnax is in the very
12 western end, a portion of Brodnax is in Mecklenburg County, so is
13 Brunswick. What we were told is that there was no industrial potential on
14 58 around Brodnax by one of the members of the Board of Supervisors. We
15 feel, being like it's three miles from the interchange, that they don't
16 understand what the industrial sites are and who is looking for what. The
17 only interchange they have is at Alberta, and there are not facilities, like
18 restaurants, to support that. Brodnax would be able to use the existing
19 support facilities that are there, and that's basically why they said we just
20 don't think anything will come to Brodnax. A member of the Board of
21 Supervisors who is a Brodnax representative was very adamant that he
22 wanted to proceed.

23 SENATOR RUFF: Brunswick County is in
24 transformation. They have a new county administrator. They didn't want to
25 make a commitment.

1 MR. ARTHUR: Further comments? Is this within
2 their allocation?

3 MR. PFOHL: Yes. \$1,306,617.

4 DELEGATE WRIGHT: I move we accept the
5 Staff's recommendation.

6 SENATOR RUFF: Second.

7 MR. ARTHUR: It's been moved and seconded we
8 accept the Staff's recommendation. Discussion?

9 MR. OWENS: How about if they don't get money
10 from Special Projects?

11 MR. ARTHUR: I was going to ask that question.
12 If the money is not forthcoming from Special Projects, I think we ought to
13 withhold that money. They can't go forward without Special Projects
14 money.

15 DELEGATE WRIGHT: I can amend the motion
16 and say contingent upon getting the Special Projects money.

17 MS. FRENCH: It's all dependent upon, because
18 EDA has the same requirement, we don't get theirs until we get the rest.

19 DELEGATE WRIGHT: I would amend my
20 motion contingent upon the additional financing being in place.

21 MR. ARTHUR: That motion has been made and
22 seconded we accept the Staff's recommendation with the contingency, which
23 all of you heard. Being no further discussion, all in favor signify by saying
24 aye? (Ayes.) All opposed, like sign? (No response.) The motion carries.

25 Next Committee meeting will be January 8th along with the

1 Board Meeting on the 9th.

2 MR. NOYES: Yes.

3 MR. PFOHL: What will be on your agenda on
4 January 8th, as you may recall, when the Committee met in July there were
5 about a dozen localities that still had allocations available, and with the
6 Chairman's direction Staff went ahead and notified those communities that
7 we would conduct a second round. November 1st we received six proposals
8 for remaining allocations in several localities, and that will be the topic of
9 conversation on January 8th. We'll get you some Staff review well in
10 advance of the meeting.

11 You may have received some communication that our
12 Southside grant administrator is now based in our Richmond office, and
13 you're the bulk of the representation from Southside, wanted to advise you
14 that Britt will be in Richmond, and that will allow her to pursue some
15 graduate education opportunities, but we do not anticipate any drop in
16 service to our constituents in Southside. She's going to be just as available
17 for meetings and technical assistance, and if it means spending a few nights
18 at Berry Hill, she's willing to do that.

19 DELEGATE WRIGHT: May I ask one thing? I
20 would ask Ms. Nyholm, Mr. Owens and Mr. Moody and the Staff to please
21 stay on for a few minutes for a meeting I'd like to have concerning Southside
22 allocation. I think it's the appropriate time. We've still got about 35 minutes
23 left on the schedule. I'd appreciate it if you'd stay on for a few moments.

24 MR. ARTHUR: Is that move going to affect
25 Southside? She was very much available in South Boston. That was a good

1 thing. I don't want to affect her graduate work.

2 MS. NELSON: Well, the Higher Ed office is still
3 open. Most of my work in the field takes place on site at the grantee's
4 location. South Boston is the hub and more of a home for me to do
5 paperwork. My graduate work will be done in the evening, and I'll be going
6 to VCU.

7 MR. ARTHUR: Do you reside in Richmond now?

8 MS. NELSON: As of three days ago, yes.

9 MR. NOYES: Ned and I have volunteered to go to
10 meetings if she's not available, but there won't be any drop in services.

11 MR. ARTHUR: All right. Do I hear a
12 recommendation we adjourn?

13 So moved. All right.

14

15 PROCEEDINGS CONCLUDED.

16

17 CERTIFICATE OF THE COURT REPORTER

18

19

20 I, Medford W. Howard, Registered Professional
21 Reporter and Notary Public for the State of Virginia at large, do hereby
22 certify that I was the court reporter who took down and transcribed the
23 proceedings of the **Virginia Tobacco Indemnification and Community**
24 **Revitalization Commission Southside Economic Development**
25 **Committee Meeting when held on Wednesday, November 8, 2006 at**

1 **4:30 p.m. in the Solitude Meeting Room at the Inn at Virginia Tech and**
2 **Skelton Conference Center, Blacksburg, Virginia.**

3 I further certify this is a true and accurate transcript
4 to the best of my ability to hear and understand the proceedings.

5 Given under my hand this day of November,
6 2006.

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10

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Medford W. Howard

12

Registered Professional Reporter

13

Notary Public for the State of Virginia at Large

14

15

16 My Commission Expires: October 31, 2010.

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