

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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9 **Southside Economic Development Committee Meeting**

10 Tuesday, January 11, 2011

11 8:00 a.m.

12
13 Hilton Garden Inn (Downtown)

14 501 East Broad Street

15 Richmond, Virginia 23219

1 **APPEARANCES:**

2 The Honorable Edward Owens, Chairman

3 The Honorable Thomas C. Wright, Jr., Vice Chairman

4 The Honorable Kathy J. Byron

5 Mr. John Cannon

6 The Honorable James S. Cheng, Secretary of Commerce and
7 Trade

8 Mr. David R. Cundiff

9 The Honorable Daniel W. Marshall, III

10 The Honorable Donald Merricks

11 The Honorable Harrison A. Moody

12 Ms. Connie L. Nyholm

13 The Honorable W. Roscoe Reynolds

14 The Honorable Frank M. Ruff

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16 COMMISSION STAFF:

17 Mr. Neal Noyes, Executive Director

18 Mr. Ned Stephenson, Deputy Director

19 Mr. Timothy S. Pfohl, Grants Program Administration Manager

20 Ms. Stephanie Kim, Director of Finance

21 Ms. Sarah Capps, Grants Coordinator - Southside Virginia

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23 OFFICE OF THE ATTORNEY GENERAL

24 Mr. Francis N. Ferguson, Counsel for the Commission

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1 MR. OWENS: I'll call the meeting of the Southside
2 Economic Development Committee to order. I'll ask Mr. Noyes
3 to call the roll.

4 MR. NOYES: Delegate Byron?

5 DELEGATE BYRON: Here.

6 MR. NOYES: Mr. Cannon?

7 MR. CANNON: Here.

8 MR. NOYES: Secretary Cheng?

9 SECRETARY CHENG: Here.

10 MR. NOYES: Mr. Cundiff?

11 MR. CUNDIFF: Here.

12 MR. NOYES: Mr. Harwood?

13 MR. HARWOOD: (No response.)

14 MR. NOYES: Delegate Marshall?

15 DELEGATE MARSHALL: Here.

16 MR. NOYES: Delegate Merricks?

17 DELEGATE MERRICKS: Here.

18 MR. NOYES: Mr. Moody?

19 MR. MOODY: Here.

20 MR. NOYES: Ms. Nyholm?

21 MS. NYHOLM: Here.

22 MR. NOYES: Mr. Owens?

23 MR. OWENS: Here.

24 MR. NOYES: Senator Reynolds?

25 SENATOR REYNOLDS: Here.

1 MR. NOYES: Senator Ruff?

2 SENATOR RUFF: Here.

3 MR. NOYES: Delegate Wright?

4 DELEGATE WRIGHT: Here.

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

6 MR. OWENS: I'd like to take a moment to recognize
7 Delegate Merricks to the Committee. We look forward to
8 working with you, and I think your fine reputation precedes
9 you. We're glad to have you with us.

10 DELEGATE MERRICKS: Thank you very much.

11 MR. OWENS: First, I think we need to approve the
12 Minutes of our October 28th meeting. It's been moved and
13 seconded. All in favor of approving the Minutes say aye?
14 (Ayes.) Opposed? (No response.)

15 There is only one piece of business on the Agenda, and I'll
16 ask Tim Pfohl to come forward and give us a briefing.

17 MR. NOYES: I'll do that. Mr. Chairman and
18 members of the Committee, the single item we have to
19 consider this morning is from the Industrial Development
20 Authority of Halifax County. That request is for
21 \$2,220,853.00. This application is for the up-fit of space at
22 the Riverstone I building, and that would benefit a New Jersey
23 organization, the American Wood Finishing Institute. The
24 subject application was initially submitted for consideration
25 under the Research and Development Program, but well after

1 the December deadline. After discussions with Chairman
2 Owens and IDA Chairman Cannon and my request of the
3 Southside Economic Development Committee, an application
4 was submitted. The application was e-mailed to you on
5 January 6, 2011. The long-term objective of this project
6 provides a significant research opportunity. Timing for
7 necessary VEDP vetting could not be accommodated within
8 the necessary time frame in order to get this project under
9 way. Also, there is no specific research contemplated at this
10 point with this application. The application seeks \$2,220,853
11 for the up-fit of space at Riverstone I building, the purchase
12 and installation of specialized coating and finishing equipment
13 for the wood industry and specialized robotic coating
14 equipment for metal applications. Phases I and II would house
15 the Center for Coatings Applied Research and Education, the
16 acronym is C-CARE, which is described as an early step in
17 developing new economic activity around advanced
18 manufacturing and more specifically surface engineering
19 services for wood, metal and other material applications.
20 Phase III, which is not a component of what you're asked to
21 fund, will seek funds for additional facility
22 up-fit to accommodate laboratory space for CCAM, which is
23 the Commonwealth Center for Advanced Manufacturing. The
24 principal beneficiary is identified as the American Wood
25 Finishing Institute, a New Jersey organization that would

1 relocate to Halifax County. The application indicates that
2 there would be five or six initial jobs, growing to perhaps 15
3 within three years and approximately one million in new
4 capital investment. Other partners in this project include the
5 Southern Virginia Higher Education Center, the University of
6 Virginia and the Modeling and Simulation Center at Riverstone
7 I.

8 Phase I costs are estimated at 1.472 million. The current
9 allocation balance available for Halifax County is
10 approximately 1.052 million. Commission's agreement to
11 allow Halifax County IDA to use the full available allocation
12 would enable this initiative to proceed within the time frame
13 stipulated in the application.

14 The Staff recommends an award of the available balance
15 in Halifax County's Southside Economic Development
16 allocation, \$1,052,158 to accomplish Phase I objectives, with
17 the contingency that the Halifax County IDA retain title to any
18 equipment purchased using Commission monies.

19 MR. OWENS: Thank you. Any comments from the
20 Committee?

21 SENATOR RUFF: Mr. Chairman, just to get a little
22 better understanding, the total package of Phase I is 1.4; who
23 are the other partners?

24 MR. SEXTON: Mr. Chairman, I'm with the Halifax
25 IDA, and our intent here is to create this center. We're going

1 through a process at Riverstone putting together our
2 organization and partners; primarily we have put together
3 Southside Economic Development and Southside Higher
4 Education Center University of Virginia, they're partners.
5 During the last 18 months we've been evaluating the total
6 application within our region. We have a large number of
7 wood products involved in finishing and primarily interested in
8 companies that do this, so we got involved with the Institute,
9 primarily the wood finishing industry, and they're interested in
10 relocating to Riverstone.

11 Our research shows us that we can branch out and
12 satisfy part of our commitment to CCAM and also invest in
13 equipment that would give us applications for metals. We're
14 beginning with the first phase, which is a flat line operation
15 involved in ultra-violet wood finishing. As you know, COC
16 currently uses wood products finishing; it's a big concern. A
17 lot of people in the wood finishing industry want to go to the
18 ultra-violet. This would give us the ability to bring in training
19 and consulting for our entire region. We're very excited about
20 getting started with this, bringing in a nationally known
21 institute to give us a quick start. The five families moving into
22 Halifax would give us an immediate boost.

23 SENATOR RUFF: The first phase is 1.472 million,
24 and Halifax is a million. Where is the other half million
25 coming from?

1 MR. SEXTON: There is a subsequent TROF
2 application in that we anticipate. We've evaluated different
3 ways of reducing the costs of the actual construction at the
4 outset, and we feel we need that 1.4 to reduce the costs in
5 construction.

6 MR. OWENS: Has Halifax County put any money
7 into this?

8 MR. SEXTON: They've agreed to match up to 10
9 percent, to 270,000. The Halifax County Board has already
10 taken that up; the resolution is from the Board of Supervisors.

11 SENATOR RUFF: If I understand that correctly,
12 you're talking about a million and a half project, and they're
13 putting in 150,000 and Southside will put in a million dollars
14 and they'll look to TROF for the other 300,000.

15 DELEGATE MARSHALL: The five families moving
16 down from New Jersey, so those will be the only jobs?

17 MR. SEXTON: I think the top individuals' salary is
18 about 65,000 for the key individuals, and the pay range is very
19 reasonable. The training and consulting they do will certainly
20 benefit the region, plus nationally known companies. We got a
21 letter of support from major manufacturers wanting to
22 continue their services at Riverstone.

23 SENATOR RUFF: Mr. Chairman, the dollar amount
24 Mike is talking about, does that fall within the TROF
25 guidelines?

1 MR. STEPHENSON: It has not been tested for that.

2 SENATOR RUFF: If we were to pass this, we need to
3 include the conditional TROF to get that money in, is that
4 correct?

5 MR. NOYES: Senator, the TROF Panel considered
6 the recommendation done by a formula, not a pre-determined
7 amount up-front, rather than that type of condition. It's clear
8 the Committee recommended and the Board approved the
9 budget for Phase I probably is going to have to be reduced.
10 There may be some equipment purchases deferred to a second
11 phase. There may be some up-fit costs that will be a cost
12 savings, and we'll rely on the IDA to make the budget work as
13 far as it can work, out-of-cycle the way we're doing it to jump-
14 start, but locally, and this is an opportunity to develop a new
15 partnership at Riverstone.

16 MR. OWENS: Any other questions? Would anyone
17 like to make a motion?

18 SENATOR RUFF: Mr. Chairman, I'd move that we
19 follow the Staff recommendation, putting one million dollars
20 into it.

21 DELEGATE MARSHALL: Second.

22 MR. NOYES: The county wishes to use its full
23 allocation, with \$1,052,158 for the record, the full allocation.

24 MR. OWENS: It's been moved and properly
25 seconded. Any other discussion?

1 DELEGATE WRIGHT: The only thing I think the
2 Committee ought to be clear on is that this is an unusual
3 circumstance here, not a way to bypass the R&D Committee
4 applications in Southside.

5 MR. NOYES: So noted.

6 MR. OWENS: Any other discussions? All in favor
7 say aye? (Ayes.) Opposed? (No response.) All right. That will
8 be recommended to the Full Commission. Thank you.

9 The next meeting will be set sometime in May before the
10 Full Commission meeting.

11 MR. NOYES: The new application round will be in
12 advance of that, so the Southside Economic Development
13 Committee will meet prior to the Full Commission meeting.

14 MR. OWENS: Are there any comments from the
15 public? All right, hearing none, do we have a motion to
16 adjourn? All right, we're adjourned.

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18 PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

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3 I, Medford W. Howard, Registered Professional
4 Reporter and Notary Public for the State of Virginia at large, do
5 hereby certify that I was the court reporter who took down and
6 transcribed the proceedings of the **Virginia Tobacco**
7 **Indemnification and Community Revitalization**
8 **Commission Southside Economic Development Committee**
9 **Meeting when held on Tuesday, January 11, 2011 at 8:00**
10 **a.m. at the Hilton Garden Inn (Downtown), 501 East Broad**
11 **Street, Richmond, Virginia.**

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

15 Given under my hand this 20th day of January,
16 2011.

17
18 _____
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

22
23
24 My Commission Expires: October 31, 2010.

25 Notary Registration No. 224566