

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                                   Thursday, May 2, 2013

11                                   1:00 P.M.

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13                                   Hotel Roanoke & Conference Center  
14                                   Roanoke, Virginia

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 R. Cannon

6 Ms. Mary Rae Carter, Deputy Secretary of Commerce & Trade

7 Rural Economic Development

8 Mr. David R. Cundiff

9 The Honorable Daniel W. Marshall, III

10 The Honorable Donald W. Merricks

11 Ms. Connie Greene Nyholm

12 The Honorable Frank M. Ruff

13 The Honorable William M. Stanley, Jr.

14 The Honorable Gary D. Walker

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16 COMMISSION STAFF:

17 Mr. Neal E. Noyes – Executive Director

18 Mr. Ned Stephenson – Deputy Executive Director

19 Mr. Timothy Pfohl – Grants Program Administration Director

20 Ms. Sarah Capps - Grants Program Administrator,

21 Southside Virginia

22 Ms. Sara G. Williams – Grants Program Administrator,

23 Southwest Virginia

24 Mr. Benjamin Dawson – Grants Assistant, Southside Virginia

25

1 MR. OWENS: Good afternoon everyone,  
2 welcome to the Southside Economic Development Committee.  
3 I'll ask Neal 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: Deputy Secretary Carter?

9 DEPUTY SECRETARY CARTER: Here.

10 MR. NOYES: Mr. Cundiff?

11 MR. CUNDIFF: Here.

12 MR. NOYES: Delegate Marshall?

13 DELEGATE MARSHALL: Here.

14 MR. NOYES: Delegate Merricks?

15 DELEGATE MERRICKS: Here.

16 MR. NOYES: Ms. Nyholm?

17 MS. NYHOLM: Here.

18 MR. NOYES: Mr. Owens?

19 MR. OWENS: Here.

20 MR. NOYES: Senator Ruff?

21 SENATOR RUFF: Here.

22 MR. NOYES: Senator Stanley?

23 SENATOR STANLEY: Here.

24 MR. NOYES: Mr. Walker?

25 MR. WALKER: Here.

1 MR. NOYES: Delegate Wright?

2 DELEGATE WRIGHT: Present.

3 MR. NOYES: You have a quorum, Mr.  
4 Chairman.

5 MR. OWENS: Thank you. I assume  
6 everybody has received minutes about a meeting on  
7 December 13<sup>th</sup>, 2012.

8 DELEGATE MERRICKS: I move we  
9 accept it.

10 MR. OWENS: We have a motion to  
11 accept the minutes and a second. Any discussion? All those  
12 in favor say aye. (Ayes.) Opposed? (No response.) The  
13 minutes are approved. All right, we'll have Ms. Capps move  
14 forward.

15 MS. CAPPS: We received ten new grant  
16 applications by the March 15<sup>th</sup> deadline for the Southside  
17 program. We also had one application that was tabled from a  
18 previous round and then there's some other business items  
19 that need to be discussed today. I'll run through the staff  
20 recommendations. The first request is Appomattox County  
21 Gateway Signage for Tourism & Economic Development. The  
22 original request was for \$60,000, that's since been revised to  
23 \$80,000. This is to develop and install signage, gateway  
24 signage. Staff has suggested that they include way finding  
25 signage as part of this project and they agree with that and

1 that's the reason for the increase in the request. Staff is  
2 recommending an award of \$80,000. This is to prepare the  
3 county for their increase in tourism for the sesquicentennial in  
4 2015.

5                   The next two requests are from  
6 Brunswick County for the Route 58 East Water and  
7 Wastewater System Phase I Construction Project and that's a  
8 request for \$1.6 million, which is to support construction  
9 costs for the water and sewer lines to the Dominion Power  
10 site. This application was tabled in a previous round where  
11 we asked the county to get an independent assessment of the  
12 county's ability to fully fund it related to the construction. We  
13 received a letter from Davenport and that indicated that the  
14 county could borrow \$3.5 million and the annual debt service  
15 was \$250,000 for twenty years. The staff suggested this could  
16 be increased to \$150,000 annually to cover the full  
17 construction costs. There's a couple of sources of revenue  
18 that the county is expected to receive once the Dominion plant  
19 is built. One is a portion of the water revenue from the first  
20 200,000 gallons per day that would be used and the second is  
21 from annual tax revenue. The staff at this time is  
22 recommending no award because of their ability to finance the  
23 debt.

24                   MR. OWENS: Is there anyone here from  
25 Brunswick County that wants to speak to that?

1 MS. MOORE: Good afternoon, Mr.  
2 Chairman and members of the Committee, I'm Joan Moore  
3 and I'd like to express my appreciation to the Committee for  
4 all of the support that you've given us for this project. I'm  
5 Joan Moore, Executive Director of Brunswick County IDA.  
6 Again, I want to thank the Committee for your support for this  
7 project from the very beginning. When I came to you all out of  
8 order for funding to apply the land, you thought I had a pipe  
9 dream and I'm very excited that that pipe dream has come to a  
10 reality. We applied for the \$1.6 million and anticipated  
11 financing \$3.5 million because of the financial condition of the  
12 county and our needs and all of our financial planning along  
13 the way. We had anticipated the \$1.6 funding from the  
14 Tobacco Commission.

15 As Ms. Capps indicated, this application  
16 was tabled the last round and we were asked to do some  
17 things by the Commission and attempting to get financial  
18 analysis indicated by the Commission. We did everything that  
19 we were asked to do. We do absolutely need the \$1.6 million  
20 that we still are requesting and we're very grateful for all of the  
21 help you've given us so far.

22 MR. OWENS: Any questions from  
23 Commission members? All right, thank you.

24 MS. CAPPS: The second project from  
25 Brunswick or application that we received was from the Town

1 of Lawrenceville, Lawrenceville Wastewater Improvement  
2 Project number 2686, \$435,060 was requested to support the  
3 engineering for the Wastewater treatment plant. This  
4 expansion is needed because of the additional gallons per day  
5 that will be necessary for the Dominion site as well as the  
6 regional jail and the Town of Alberta and other areas of the  
7 county. The staff is recommending an award of \$435,060.  
8 The town has talked to other agencies about funding and the  
9 cost for construction of that Wastewater Treatment Plant  
10 expansion.

11                   The next project on the list is from the  
12 Cumberland County IDA Construction of Road "A" number  
13 2688, \$60,733 is requested. For those of you on the Special  
14 Projects Committee, I recall that in September you approved a  
15 \$185,600 grant to support the road project and there was a  
16 condition on that award that the county request the available  
17 Southside allocation and that's why we're here. The staff  
18 recommends an award of \$60,733 contingent on the county  
19 applying for VDOT access road funds that, if received, would  
20 supplant the related Special Projects grant first and this grant  
21 second. With respect to that VDOT access road fund program,  
22 it's my understanding that program the investment part is  
23 that it seems reasonable based on the county having an active  
24 prospect at this time. It seems like a reasonable option if it  
25 were approved by the VDOT program.

1 SENATOR RUFF: Mr. Chairman, is there  
2 a timeframe that they're working on with VDOT?

3 MS. CAPPS: I'm not aware of the  
4 application cycle for that.

5 MS. NYHOLM: It's an annual cycle and  
6 we did a project one time and it had that clawback in it in  
7 Halifax.

8 SENATOR RUFF: Thank you.

9 MR. NOYES: If it's a successful VDOT  
10 program and the Special Projects allocation will be reimbursed  
11 to Special Projects and then the Brunswick County allocation  
12 would be reimbursed is that the idea or is it not disbursing  
13 any funds until they're in a position?

14 MS. CAPPS: My understanding is that  
15 it's not disbursing any funds until it's okayed by VDOT.

16 DELEGATE WRIGHT: Will this cause any  
17 problems concerning this gap in time between the time that  
18 they made this with VDOT and the grant from them, any  
19 money needed here?

20 MS. CAPPS: I'm not sure if there's  
21 anyone from the county here that can speak to that. We had  
22 suggested that the VDOT access program as an essential  
23 funding source for this project. This isn't the first time we've  
24 suggested this idea.

25 DELEGATE WRIGHT: What was the

1 reaction from the county administrator when you made that  
2 suggestion?

3 MS. CAPPs: They expressed concern  
4 about the requirement to take out a bond, which would  
5 amount to about \$10,000 and also to the clawback provision  
6 which requires a capital investment. Based on our  
7 understanding, it did not seem to be that risky for the county.  
8 Rural Resources met with us as well as the county and the  
9 IDA representative in February in the Richmond office and  
10 they are working on their financing package for the  
11 construction. Their facility will cost about \$7 million. The  
12 payback requirement on the VDOT access road fund and if  
13 they receive 250 from VDOT so \$1.25 million, which is a small  
14 percentage of the \$7 million.

15 MS. NYHOLM: Unless some of the rules  
16 have changed, I think there's a capital investment and an  
17 employment rate requirement for the VDOT access fund. The  
18 investment is usually fairly easy to calculate. In the case of  
19 the industrial park at VIR or as far as the employment 501c3  
20 related entity, VDOT claimed they didn't count because they  
21 were good multiple high paying jobs. I'm not sure about the  
22 rules with VDOT if they're all that consistent from year to  
23 year. I can understand the applicant's concern about that  
24 clawback provision and that may come back to haunt them.

25 MS. CAPPs: There may be somebody

1 from the county here that would like to speak to that, an  
2 Economic Development staff person with the county last fall.  
3 It does look like the job numbers are part of the equation in  
4 the initial evaluation and their decision to award those funds  
5 and it appears the clawback only pertains to a certain  
6 investment.

7 DELEGATE WRIGHT: I'd like to say that  
8 Cumberland County probably has more need of help than any  
9 county that I know of. There's really no tax rate and they're  
10 applying for, and there's very little manufacturing there and  
11 they need any help we can give them.

12 SENATOR RUFF: Mr. Chairman, I'm not  
13 opposed to this. I think it's a question of how this is going to  
14 work whether they wait or go ahead and do it.

15 DELEGATE WRIGHT: That last point you  
16 make is VDOT available.

17 MR. PFOHL: Mr. Chairman, I think our  
18 thinking was that if the county produces a letter from VDOT  
19 that says either they are ineligible for the access road funds or  
20 have been denied the access road funds, a grant would be  
21 available at that point. If they're successful in obtaining the  
22 VDOT access road funds they should use those first and ours  
23 second.

24 MR. OWENS: VDOT has to grant the  
25 funds if they've already been given money.

1 MR. PFOHL: That's the risk.

2 MS. CAPP: The road construction  
3 project is in two parts. The Commission has already funded  
4 the first part or the first half, we paid for that.

5 MR. NOYES: The question is, is it the  
6 desire of this Committee to substitute our funds for funds  
7 available from other sources. At the end of the day, that's the  
8 question.

9 DELEGATE MARSHALL: If we put our  
10 funds in first, do you think VDOT is going to come in and  
11 return, they're going to look somewhere else.

12 DELEGATE WRIGHT: I can see the  
13 concerns of the Committee and I would agree if money is  
14 available then that money should be first but I'm just  
15 wondering as far as VDOT saying that they're ineligible for  
16 funding and not approving them, what kind of time would that  
17 process take? If they're ineligible, that shouldn't take very  
18 long.

19 MR. PFOHL: That's a question for VDOT.  
20 That's why we're trying to get the county to talk to VDOT.

21 DELEGATE WRIGHT: I think that's  
22 reasonable and if they're told they need to get a letter saying  
23 their either eligible or ineligible to receive the funds.

24 MR. PFOHL: We got caught in a situation  
25 where we're talking to three different staff people at the county

1 because there's been changes in staff so we're trying to work  
2 through that.

3 DELEGATE WRIGHT: I think if the  
4 communication was made and it was clear to everyone that  
5 that's what they'll have to do and whether it's available,  
6 whether they're eligible or not. I think that's a fair position to  
7 take. I'd like to see that they're made aware of that and make  
8 what arrangements they need to.

9 DELEGATE MERRICKS: Would it be in  
10 order to table this until they made the application and heard?  
11 Have they made an application?

12 MR. PFOHL: We're not aware that they've  
13 made an application. The dialog we had as Sarah has just  
14 said in the last seven or eight months with them, tabling this  
15 would certainly give them a greater incentive to have that  
16 conversation with VDOT.

17 DELEGATE MERRICKS: That makes the  
18 most sense to me right now and I know what Delegate Wright  
19 is saying. If you go there wanting money, chances are you'll  
20 either get it, slim or none. In my opinion, if you table it then  
21 go back and let them make the application.

22 DELEGATE MARSHALL: Mr. Chairman,  
23 we have another meeting in September, we could take this up.  
24 This has been going on since last fall anyway.

25 DELEGATE MERRICKS: I would make

1 the motion that we table it with the understanding that we will  
2 communicate with them to make that application.

3 DELEGATE WRIGHT: Mr. Chairman, a  
4 substitute motion, I believe the staff recommendation, which  
5 is to approve the funding based upon whether or not  
6 Cumberland is ineligible to the grant money, there's really no  
7 difference. If they find out they're not eligible, and I think the  
8 Committee would agree would we really want to table it. We  
9 do it all the time with motions and contingencies. We'll do  
10 this contingent upon that and that's my substitute motion.

11 SENATOR RUFF: Mr. Chairman, would  
12 you be amenable to amending that and say conditional that  
13 they make the application to VDOT prior to the full  
14 Commission voting on it in May?

15 DELEGATE WRIGHT: Yes.

16 MR. OWENS: You've heard the motion  
17 and the substitute motion. The substitute motion is that we  
18 accept the staff subject to or actually making the application  
19 prior to May 23<sup>rd</sup>.

20 DELEGATE MARSHALL: If they haven't  
21 made it by May 23<sup>rd</sup> then –

22 DELEGATE MERRICKS: The staff is  
23 recommending that we do it and if they don't make the  
24 application, that's not saying we don't do it, am I missing  
25 that?

1 MR. NOYES: When you say condition,  
2 that means they take some action, but if they didn't and you  
3 voted to recommend for the full Board that meets on the 23<sup>rd</sup>  
4 \$60,733 available to Cumberland County then. You're kind of  
5 forcing the issue between Cumberland and VDOT. I think the  
6 motion to table it 120 days is not going to make much sense.  
7 Nobody's here from Cumberland.

8 DELEGATE WRIGHT: But we do things  
9 all the time on a contingency as far as application if they're  
10 not eligible then that's one thing.

11 MR. NOYES: So your motion is to give  
12 them the grant and if they do not make application by the  
13 time of the full Commission meeting, then they don't get  
14 anything at all?

15 DELEGATE WRIGHT: The motion is the  
16 staff recommendation plus Frank's suggestion, which means  
17 that they won't receive the money until they have provided a  
18 letter of eligibility or a letter saying that they're not eligible for  
19 a grant fund. And they have to at least make an application  
20 by or they're not going to get anything if they don't make an  
21 application and get a response by the next meeting. If they  
22 made an application and didn't hear anything, that's the time  
23 to table it.

24 DELEGATE MERRICKS: That's different  
25 from the staff recommendation. What you're saying is that

1 we're telling them to make the application by the next meeting  
2 and if the application's been made we'll go ahead. Your  
3 motion originally is we accept the staff recommendation and  
4 we award the money.

5 DELEGATE WRIGHT: No, my motion is  
6 amended by what Frank said, which says the application has  
7 to be in by May 23<sup>rd</sup>.

8 DELEGATE MERRICKS: We're going to  
9 tell them to make an application by next week and then if they  
10 do we're going to award or subject to award based on the  
11 application and if they don't nothing, is that the motion?

12 DELEGATE WRIGHT: Yes.

13 MR. OWENS: Everybody understand?

14 MS. CARTER: If we go with Delegate  
15 Wright's motion, amended by the Senator here, that means  
16 they're only going to have to apply and we don't know, is there  
17 criteria for that with VDOT? There's no one here to address  
18 that.

19 MR. OWENS: No.

20 DELEGATE BYRON: You know, we've  
21 had many conversations. If we address that and if there's  
22 something in the application, I don't know if there's any harm  
23 in going forward with the motion.

24 MR. OWENS: Any other discussion?  
25 You've heard Delegate Wright's motion. All those in favor

1 signify by saying aye. (Ayes.) Opposed? (Nos.) Let's have a  
2 roll call vote.

3 MR. NOYES: On project 2688, in favor of  
4 Cumberland County IDA, motion to go forward with the staff  
5 recommendation to award \$60,733 with the contingency that  
6 the county must between now and the 23<sup>rd</sup> of May 2013 make  
7 application to VDOT. Is that everybody's understanding of  
8 this?

9 DELEGATE WRIGHT: One further thing,  
10 before they receive the money they've got to provide a letter  
11 saying they're eligible or a letter saying they're not. They don't  
12 get the money because –

13 MR. NOYES: The issue is there will be no  
14 disbursement of funds until we have that information. That's  
15 the motion before us. Any questions on the way I've stated it?  
16 A roll call it is on 2688. Delegate Byron?

17 DELEGATE BYRON: Yes.

18 MR. NOYES: Mr. Cannon?

19 MR. CANNON: Yes.

20 MR. NOYES: Deputy Secretary Carter?

21 DEPUTY SECRETARY CARTER: No.

22 MR. NOYES: Mr. Cundiff?

23 MR. CUNDIFF: Aye.

24 MR. NOYES: Delegate Marshall?

25 DELEGATE MARSHALL: Yes.

1 MR. NOYES: Delegate Merricks?  
2 DELEGATE MERRICKS: No.  
3 MR. NOYES: Ms. Nyholm?  
4 MS. NYHOLM: No.  
5 MR. NOYES: Mr. Owens?  
6 MR. OWENS: Yes.  
7 MR. NOYES: Senator Ruff?  
8 SENATOR RUFF: Yes.  
9 MR. NOYES: Senator Stanley?  
10 SENATOR STANLEY: Yes.  
11 MR. NOYES: Mr. Walker?  
12 MR. WALKER: Yes.  
13 MR. NOYES: Delegate Wright?  
14 DELEGATE WRIGHT: Yes.  
15 MR. NOYES: The motion is approved.  
16 MS. CAPPs: Moving on and the next  
17 project is submitted by Dinwiddie County for a Site  
18 Acquisition/Site Readiness number 2689, \$525,828 is  
19 requested. The majority of these funds is to be used to  
20 purchase 25 acres industrial development and also to be used  
21 to pay for engineering and clearing costs. The county has  
22 provided a draft purchase agreement and verified market  
23 value of the property as \$18,000 an acre. The plan will allow  
24 the county to build a twenty to thirty thousand square foot  
25 building. Based on recent prospect activity, it would lead to

1 an investment of between twenty and forty million for a  
2 distribution facility with a hundred to two hundred jobs or an  
3 advanced manufacturing facility and could lead to an  
4 investment of between thirty and a \$160 million. Staff is  
5 recommending an award of \$525,828. There's an error in  
6 their written information, which was list at 650, but it's  
7 \$525,828. Staff recommends an award of \$525,828.

8                   The next project is from Lunenburg  
9 County, renovation and addition to the STEPS building in  
10 Victoria, number 2692 requesting \$90,000. The STEPS  
11 building is owned by the Lunenburg County IDA and STEPS is  
12 one of the largest employers in the county and they've got a  
13 need for expanding this facility to accommodate their workers.  
14 The staff is recommending an award of \$90,000. The next  
15 project from Lunenburg County is an Industrial Site  
16 Readiness Initiative number 2693 requesting \$103,500 and  
17 this is to be used for some preliminary engineering on two  
18 properties that were identified. They're working with the  
19 Virginia Growth Alliance, a regional marketing group that's  
20 working in that area. These sites were identified as having the  
21 most potential to be marketed. The staff recommends an  
22 award of \$103,500 for that purpose.

23                   The next project on the list is from  
24 Patrick County Economic Development Authority number  
25 2685 Wood Manufacturer Expansion, requesting \$300,000.

1 The original request was for \$300,000. There was an original  
2 TROF application of \$370,000 offer. The county has identified  
3 there will be 35 additional jobs created by this company.  
4 Since then there's been a revision to add an additional  
5 \$128,000 from TROF. Staff recommends the transfer of  
6 \$172,000 from the Southside Economic Development  
7 allocation for Patrick County to be added to the revised TROF  
8 offer, subject to the entire amount of \$675,000 being included  
9 in the performance and clawback requirement.

10 The next project is the town of Gretna  
11 Industrial Park Gravity Sewer Completion Project number  
12 2690 requesting \$335,000. This is from Pittsylvania County.  
13 Based on the Commission's requirement of the assessment or  
14 the ability to finance water and sewer projects, the town has  
15 agreed that this application be tabled due to recent  
16 information on the ability of the town to finance some of the  
17 construction costs. Staff is recommending this be tabled.

18 The next project from Pittsylvania County  
19 is Project Tire – Facility Construction number 2695 \$1 million  
20 requested. This is in conjunction with the City of Danville for  
21 the construction of a forty to forty-five thousand square foot  
22 building on a twenty acre parcel located in Kane Creek Center.  
23 This project has a potential to create 111 jobs with over a \$16  
24 million capital investment the \$1 million would go towards the  
25 \$2.7 million for cost of construction for that facility by the City

1 of Danville. The City of Danville has offered \$461,000 towards  
2 building costs and also pursuing federal New Market Tax  
3 Credits. A TROF application is in development. The staff  
4 recommends an award of \$1 million contingent on the locality  
5 securing Project Tire and receiving commitments for the  
6 balance of the construction costs.

7 MR. NOYES: The ownership of this  
8 building that's going to be constructed would be with who?

9 MS. CAPP: The ownership will be  
10 initially retained by the IDA and it will enter into a purchase  
11 agreement.

12 MR. NOYES: This will be a lease  
13 purchase with a private sector client. We're building this  
14 building for a private company.

15 MR. PFOHL: Ten years.

16 MS. CAPP: This is the third project for  
17 Pittsylvania County. It's the Pittsylvania County Career and  
18 Technical Center Precision Machine Technology Program  
19 number 2691 requesting \$787,690. This request is to  
20 purchase advanced machinery and tools to equip and operate  
21 a precision machine technology program at the Pittsylvania  
22 County Career and Technical Center. This project is  
23 supported by the Danville Community College and will  
24 participate in classes there. The Danville Community College  
25 is also donating equipment to the center. This is building a

1 pipeline of students to enroll in and complete credentialed  
2 granting programs. Staff recommends an award of \$787,690.

3 SENATOR RUFF: Sarah, are local monies  
4 going to be put into that?

5 MS. CAPP: There's three different  
6 sources of local funds. Some are committed by the county  
7 and also an additional match is being provided by Danville  
8 Community College as well as by the school system. Total  
9 match contributions \$338,000.

10 DELEGATE MARSHALL: Danville landed  
11 a company that makes carpet aluminum and these employees  
12 there will average salaries forty thousand a year. So this  
13 project you're referring to with Pittsylvania County, these  
14 juniors and seniors will be able to go through DCC and so the  
15 whole process and the pipeline is a little bit bigger because  
16 when they do their training, once they get a degree they'll still  
17 have to go one year and we'll be able to turn out some  
18 machinists.

19 SENATOR RUFF: Mr. Chairman, I have  
20 no objection to the concept and I know it's important and I  
21 know the Education Committee made it conditional in the  
22 application. You have a match. So you have two sets of  
23 standards. We don't want a situation where people shop  
24 which Committee to go to, we need to have our eyes open on  
25 this.

1 MR. NOYES: I hope that the Southside  
2 Economic Development Committee at some point will try to  
3 figure out the right formula for this Committee, right now it's  
4 90/10 and that's a little generous. At some future meeting,  
5 we'll have to address that, just common sense.

6 DEPUTY SECRETARY CARTER:  
7 Referring to 2695, Project Tire. Is anyone here?

8 MR. SIDES: Yes.

9 DEPUTY SECRETARY CARTER: Great, is  
10 VEDP in on this?

11 MR. SIDES: Yes.

12 DEPUTY SECRETARY CARTER: VEDP is  
13 in on this project?

14 MR. SIDES: We put together a package  
15 and we're working with various state funds, road access and  
16 rail access, yes, they're involved.

17 MR. OWENS: Any questions about any of  
18 the other applications? Do you want to vote on these in a  
19 block?

20 DELEGATE WRIGHT: I'd like to pull out  
21 2695.

22 SENATOR RUFF: Mr. Chairman, I move  
23 that we accept the staff recommendations on all of those  
24 except 2695 and 2688.

25 MR. OWENS: You heard a motion, is

1 there a second? All right, we've got a motion and a second  
2 that we approve all the staff recommendations except for  
3 numbers 2695 and 2688. Any further discussion? All those  
4 in favor say aye. (Ayes.) Opposed? (No response.)

5 DELEGATE MARSHALL: I move we  
6 accept the staff recommendation 2695.

7 MR. OWENS: We have a motion to  
8 approve 2695 and a second. Any further discussion? All  
9 those in favor of 2695 say aye. (Ayes.) Opposed?

10 DELEGATE WRIGHT: No.

11 MS. CAPP: Mr. Chairman, we have a  
12 number of other business items. The first one is from the  
13 Southern Virginia Higher Education Center Workforce  
14 Training and that was submitted to our Education Program  
15 and it pertains to workforce training and that's advanced  
16 manufacturing and training. These were decisions made by  
17 the Education Committee and tabled at the last meeting. It's  
18 been requested this be considered for funding under the  
19 Southside Program thanks to a workforce training building in  
20 Halifax County. The application requested \$175,000. This is  
21 for a renovation as part of the Higher Education Center in  
22 order accommodate space and would offer welding training.  
23 The application included a number of letters in support from  
24 Halifax companies and employers that would anticipate hiring  
25 additional welders in the future. Originally the Higher Ed

1 Center had and they expressed an interest in submitting this  
2 application to the Southside Program. Should the Committee  
3 move to consider this request, staff recommends an award of  
4 \$154,114 for capital equipment and improvements. This  
5 would be deleting the requested scholarship funds.

6 SENATOR RUFF: Mr. Chairman, I would  
7 repeat my question. This is for a local match for \$154,000?

8 MS. CAPPS: They have an application  
9 pending with USDA for welding equipment and that was like  
10 \$100,000 or \$99,000 and that was pending a USDA grant and  
11 \$47,000 from the Dominion Education Foundation.

12 UNIDENTIFIED: Who's providing the  
13 training?

14 MS. CAPPS: Provided by the Virginia  
15 Technical Institute Altavista.

16 MS. NYHOLM: Mr. Chairman, I would  
17 move that we accept the staff's recommendation to consider  
18 the request and accept the staff's recommendation on  
19 \$154,114.

20 MR. OWENS: It's been moved and  
21 properly seconded that we accept the staff's recommendation  
22 to fund the welding training in Halifax for \$154,114. Any  
23 other discussion? All those in favor say aye. (Ayes.)  
24 Opposed? (No response.)

25 MS. CAPPS: The next three items are

1 fifth year extension requests. The first one is from Dinwiddie  
2 County for the Planned Warehouse and Logistics Park with  
3 Intermodal Facility number 1791 requesting extension for fifth  
4 year. The county entered into a contract in Phase I,  
5 environmental market study and engineering study to identify  
6 necessary infrastructure improvements to create the park on a  
7 665 acre property. Staff approved their entering into the  
8 contract of March of 2012 and we were aware at the time the  
9 contract required 18 months and the staff recommends an  
10 approval of a fifth year extension. The majority of the work on  
11 that contract has been completed. We don't expect they'll  
12 really need a full year and we feel like they ought to be able to  
13 close this one out early but this is a safeguard in case they  
14 run into any problems, unanticipated problems.

15                   The next project on the list is the  
16 Mecklenburg IDA Kinderton Technology Campus number  
17 1779 and they're requesting a fifth year extension. The grant  
18 was for acquisition of 117 acres and this is to allow contracted  
19 work to continue through April of 2013. The County IDA now  
20 seeks approval of a fifth year to complete work for Phase II  
21 Pump Station and Gravity Sewer System upgrade. The staff is  
22 recommending approval of the fifth year extension contingent  
23 on the construction contract being signed by the county no  
24 later than June 1<sup>st</sup>.

25                   The third extension requested from

1 Roanoke River Rails to Trails Tobacco Heritage Trail, grant  
2 number 1780. A portion of the Tobacco Commission funding  
3 was approved for construction management, \$60,000. They  
4 have received a commitment from VDOT's TEA-21 funding for  
5 construction of the trail and they're asking for the extension  
6 so our funds can be used for construction management costs  
7 and this is expected to be completed by April of 2014. Staff  
8 recommends approval of a fifth year extension.

9 MR. OWENS: You heard the staff's  
10 recommendation for these extensions, any discussion on  
11 these?

12 MS. NYHOLM: I'd move these in a block.

13 MR. OWEN: Any discussion on voting on  
14 this on the staff recommendations in a block? All those in  
15 favor signify by saying aye. (Ayes.) Opposed? (No response.)

16 MS. CAPP: The next item under other  
17 business is a grant your Committee made to St. Paul's College,  
18 grant number 2534 for the Restoration, Repair & Renovation  
19 of Educational Buildings. The Commission made a \$310,000  
20 commitment for renovation for the St. Paul science building.  
21 We made the awards contingent on a dollar for dollar match  
22 as well as SACS accreditation. The College was denied the  
23 accreditation. Since then they've established an affiliation  
24 with St. Augustine University in Raleigh, North Carolina. St.  
25 Augustine's has made a request that the contingency be

1 removed. We requested a copy of the construction budget and  
2 the agreement and St. Augustine's obtained operation control  
3 and we have not received that information for the long term  
4 operational plan for St. Paul's. Until we have it, and I  
5 understand that accurately defines what the plan is and they  
6 know that we need it. Until we get that, staff is recommending  
7 the request be tabled. Is there anyone here to speak to that?  
8 Yes, sir. Please state your name.

9 MR. STITH: Mr. Chairman, Members of  
10 the Committee, ladies and gentlemen and staff, my name is  
11 Millard Stith, Jr. and I'm the Director of Development for St.  
12 Paul's College. The matter here today, I retired after 26 years  
13 with Chesterfield County as the Deputy County Administrator.  
14 I went home and found they had taken Oprah and Days of  
15 our Lives off TV and decided I'd better go back to work after I  
16 retired.

17 I want to say ladies and gentlemen, I'm  
18 here to request that you permit us to get an extension of the  
19 grant you already approved for \$310,000. We will receive by  
20 equal match from Title III Department of Education. I'm not  
21 here today to ask you to write me a check for a dime not even  
22 a nickel. All I'm asking you to do is to allow us to work with  
23 the staff so that we can bring the buildings up to code where  
24 they need to be. We initially asked you for \$3 million and you  
25 were generous to give us \$310,000. What I'm doing today is



1 their office. That's where they got some of the money from.  
2 Yes, the Tobacco Commission. I read in the paper just  
3 yesterday in the Brunswick News the one-year Commission  
4 members talked about the desirability of the SEACAM project  
5 and all of those projects were given money from this  
6 Commission because it helps a poor community. St. Paul's  
7 College will work very closely with the staff once we get  
8 underway last time will be the rule of the day. The students,  
9 faculty and administrators thank you if you allow us to go  
10 forward. In the back of your mind, I know you have a lot of  
11 questions. I did give Kim a copy of the budget because we  
12 have nothing to distribute officially or any kind of agreement.  
13 What happened was that SACS decided to stay our  
14 accreditation and a federal judge in Atlanta returned that  
15 accreditation to us pending re-hearing of the case in April of  
16 this year. Counsel for both sides went back to the judge and  
17 asked him to give us more time to work through this situation  
18 with St. Augustine College. Our attorneys sent information to  
19 SACS and SACS has said we will continue our accreditation  
20 until such time as the ruling is made. The St. Augustine's  
21 board at its March 22<sup>nd</sup> meeting voted to rule ahead for the  
22 merger a cooperative effort with St. Paul's College in  
23 Lawrenceville to work together. We have about 150 students  
24 and we'll graduate about sixty. We've already signed up over  
25 200 students for the fall semester. St. Paul's College has

1 dedicated at least a third of all teachers in lower North  
2 Carolina and throughout Virginia. St. Paul's college provided  
3 electricity and water to the town of Lawrenceville in the early  
4 1900s. We've provided water and bread and pastries to the  
5 train that used to run from Danville down to Norfolk. So St.  
6 Paul's College has been an integral part of this community. If  
7 you look on the bad side, there are buildings that the business  
8 community take advantage of. We have about \$2 million of  
9 debt and \$30 million in assets. We're looking at this as a  
10 partnership.

11 As an old marine, I remember the fight  
12 that Chesty Fuller was in in Korea and the Koreans were  
13 beating up on him making him to back up and he was asked a  
14 question, Chesty, I never knew Marines retreated, he says  
15 we're attacking from a different direction. That's what we've  
16 done at St. Paul's, attacking this on a different direction and  
17 we think that's very important. We need to maintain the  
18 College and we're asking this Commission to at least let us  
19 again the reconstruction and the ceasing of deterioration of St.  
20 Paul's College.

21 DELEGATE MARSHALL: In 2012, how  
22 many students did you have?

23 MR. STITH: In 2012, after it went down  
24 to about 130 students.

25 DELEGATE MARSHALL: 130?

1 MR. STITH: Yes. 150 were given  
2 permission from the spring semester to recruit, an additional  
3 fifty and they've given us permission to recruit for the fall  
4 semester and already we have 200 students.

5 DELEGATE MARSHALL: 2013 right now  
6 how many?

7 MR. STITH: About 150, yes. We'll have  
8 fifty graduating in May of this year.

9 DELEGATE MARSHALL: What was your  
10 high?

11 MR. STITH: The high was around 600, I  
12 think that was prior to the accreditation issue being issued,  
13 about 2010 or 2011.

14 SENATOR RUFF: The St. Augustine  
15 connection, is that a done deal or is that still on the table?

16 MR. STITH: Right now, Senator, we're  
17 working what it's going to be called what will be the activity  
18 program and the academic program and that kind of thing.  
19 They have a tentative letter of understanding that basically  
20 says the two schools will merge together. Right now they're  
21 working on fine tuning what it's going to be called and the  
22 academic program and that type of thing. But they have a  
23 tentative letter of understanding that basically says the two  
24 schools will do all they can to merge together. The National  
25 Episcopal Church is in favor of it. Just the other day, one of

1 the most generous persons in Richmond, Mr. and Mrs. Bill  
2 Godwin made close to a \$30,000 investment in St. Paul's  
3 College and they believe St. Paul's is worth continuing and  
4 they believe in that. One of the things the moms are  
5 concerned about is what it will be called if they lose all their  
6 pomp and circumstances and that's not going to happen. It's  
7 in our best interest to retain as much of the St. Paul's moxie  
8 as we can and they have agreed to do that. They think it's a  
9 win-win for both schools. I know the county manager in  
10 Brunswick has spoken to you about it stating why it's  
11 important and worked very close with Mecklenburg County  
12 and the town manager of South Hill and the county  
13 administrator from Mecklenburg and they're all very  
14 supportive of what we're trying to at St. Paul's.

15 SENATOR RUFF: Is there any idea when  
16 that contract will be finalized?

17 MR. STITH: We have to be back in front  
18 of SACS by June 15<sup>th</sup>.

19 SENATOR RUFF: Not on the SACS issue  
20 but on the merger issue.

21 MR. STITH: When SACS gives us its  
22 blessing on the 15<sup>th</sup>, then we should go forward. I'm quite  
23 sure St. Augustine has already members of our board and  
24 their board together, so there will be joint management by  
25 both colleges and universities.

1 DELEGATE MARSHALL: We're talking  
2 about the credibility and the sound financial ability of St.  
3 Augustine. How many students do they have and how long  
4 have they been in business?

5 MR. STITH: I don't know how long but  
6 they have 1500 students and they're on pretty solid financial  
7 ground.

8 MR. WALKER: Mr. Chairman, staff is not  
9 saying don't give them the money but they do have some  
10 legitimate concerns that need to be answered before we go  
11 forward.

12 MR. STITH: I'll be glad to work with staff  
13 and Tim very closely and I certainly appreciate the job that  
14 he's done so far. When you think about what we're going to  
15 do, we're going to be hiring and we'll be refurbishing the  
16 buildings and people will be buying materials from local  
17 merchants and we think this is an economic engine for the  
18 area. We've already refurbished five buildings and we'll  
19 continue to do that until we get back to where we think it  
20 needs to be.

21 SENATOR STANLEY: Mr. Chairman, I'd  
22 like to ask a question or is the statement true that the  
23 refurbishing of this science building with the use of this  
24 money will help with the accreditation process?

25 MR. STITH: Yes. There's three or four

1 things that are an issue. One is the finances of the College  
2 and we've paid down substantial debt. Number two, there  
3 were no professors with advanced degrees like doctors and  
4 now we have about five or six with advanced degrees working  
5 with others. And four, the physical plant was not being kept  
6 up. Since SACS has issued that, we have refurbished five  
7 buildings already.

8 MR. OWENS: Mr. Pfohl, the concerns  
9 about the buildings have you received that?

10 MR. PFOHL: Yes, we have. A very  
11 thorough analysis by the architect from Norfolk and there's a  
12 very clear understanding of what prioritization of the status  
13 and what needs to be done with the physical plant and  
14 specifically Brown Hall, that has been addressed.

15 MR. OWENS: Any other questions?

16 SENATOR RUFF: I move that and agree  
17 with the \$155,000 since the two issues that were of  
18 importance that the staff wanted with the construction issue  
19 and the representatives and that agreement has moved along  
20 as it should, therefore I would move we do that for \$155,000.

21 MR. OWENS: We have a motion and a  
22 second.

23 DELEGATE MARSHALL: Does that also  
24 include the SACS accreditation? Right now, you're offering  
25 under St. Augustine SACS accreditation?

1 MR. STITH: No, sir. We're operating  
2 under the SACS accreditation but the judge stayed the  
3 decision by SACS so that we could still be accredited and then  
4 once that ends then we'll pick up the accreditation of St.  
5 Augustine College. We're still accredited on our own.

6 MR. NOYES: My understanding based on  
7 the presentation here is that there's a dollar for dollar match  
8 with this \$155,000 that they're asking for so they would be  
9 allowed to use it.

10 MR. STITH: Yes, Title III.

11 MR. NOYES: That money will be spent.

12 MR. STITH: That's committed by Title III  
13 office and we'll use those same funds in other offices and  
14 buildings that we will refurbish. This is not an unusual  
15 practice, but yes a dollar for dollar match.

16 DELEGATE WRIGHT: I'd like to hear  
17 from the staff, after they received the money, how does that  
18 comply with your recommendation?

19 MR. PFOHL: The three concerns we  
20 raised were at the point we published this, we did not have a  
21 thorough architectural analysis of the construction costs  
22 budget. I think we've got that now. The second was the final  
23 resolution of the partnership with St. Augustine, which it  
24 sounds like June 15<sup>th</sup> when that will be hopefully approved.  
25 The third is an estimation what future enrollment in science

1 courses. This was designed to be consistent with what the  
2 Commission has done to improve the science facility of private  
3 colleges from Virginia Intermont to Ferrum and so forth that  
4 includes Averett and others. Those awards were based in part  
5 on the enrollment in science programs to encourage STEM  
6 workers in the Tobacco Region, so I think that's probably what  
7 this means. We've got a June 15<sup>th</sup> target date for issue  
8 number two. Issue number three, I think we probably could  
9 get some information from the College and when the St.  
10 Augustine's partnership is sealed. We need some assurance  
11 that St. Augustine will teach science classes at the St. Paul's  
12 campus in this facility.

13 MR. STITH: With your permission, Mr.  
14 Chairman, science is one of our largest enrollments at St.  
15 Paul's and St. Augustine's endorsed the program that we now  
16 teach the students. We don't think that will be much of a  
17 concern and science is still going to be one of the flagship  
18 courses taught at St. Paul's.

19 DELEGATE WRIGHT: I would like the  
20 staff to respond, are we premature in doing this today or  
21 should it be based on what's supposed to happen on June  
22 15<sup>th</sup>? It seems to me that's the question, what happens if we  
23 approve this today and then it doesn't, I think the word  
24 hopeful was used, that's what concerns me.

25 MR. PFOHL: If I might suggest that in

1 order to capture this construction season that approval of this  
2 contingent on the finalization of the accreditation issue of  
3 SACS and St. Augustine, be as a condition giving them a green  
4 light and that would be a way to help them.

5 MR. NOYES: Just to clarify, money will  
6 not be disbursed until that information is available.

7 MR. PFOHL: That's correct.

8 MR. STITH: In response to that, the way  
9 that we get reimbursed doesn't occur until we've met all  
10 conditions. What we're here asking you to do today is allow  
11 us to move forward and certainly the construction season  
12 we're in now and a lot of the work will be internal so that won't  
13 have so much impact. But I just think that if this body could  
14 give us some of the dollars we'll really dovetail it to the  
15 timetable that Mr. Pfohl has suggested.

16 DELEGATE WRIGHT: Mr. Chairman, do  
17 you want to amend your motion to include the June 15<sup>th</sup>  
18 deadline?

19 SENATOR RUFF: I probably would not  
20 because construction issues, they want to be ready for this fall  
21 and if we put them in a position where they can't even bid  
22 until July then they're not going to be able to move forward  
23 this year and I wouldn't recommend that be included.

24 DELEGATE MARSHALL: You say the  
25 building currently is not being used?

1 MR. STITH: No, sir. It's not being used  
2 as we speak.

3 DELEGATE MARSHALL: Even if you bid  
4 this, could the project be ready for this fall semester? I would  
5 assume that doesn't include using this building. Did you say  
6 it had to be ready for the fall semester?

7 MR. STITH: In answer to your question,  
8 sir, the building has, part of it can't be used and part of it can  
9 be used with minor improvements, which will be included as  
10 part of these dollars. We think by fall that building could be  
11 used.

12 MR. NOYES: My understanding from  
13 what Tim and I just discussed, funds will be available for  
14 disbursement right away and it's not going to be contingent on  
15 something that would have to happen in the middle of June. I  
16 believe that's the situation.

17 DELEGATE WRIGHT: I don't want to see  
18 the program fail and I know the date of June 15<sup>th</sup> is important.  
19 I'm going to make a substitute motion and that would be  
20 based upon the ruling on the 15<sup>th</sup> of June and I think that  
21 would be more in line with the staff recommendation.

22 MR. OWENS: You've heard the  
23 substitute motion.

24 MR. WALKER: I'll second the substitute  
25 motion.

1 MR. OWENS: It's been moved and  
2 properly seconded that we allow St. Paul's College to use  
3 \$155,000 to upgrade Brown Hall and to be matched with Title  
4 III funding and the substitute motion also includes the fact  
5 that we have a favorable ruling by SACS on June 15<sup>th</sup>. That's  
6 what the motion is.

7 SENATOR RUFF: Mr. Stith, does that do  
8 any harm?

9 MR. STITH: Construction starts, you  
10 can't drive down the highway now without getting into the left  
11 lane or right lane and everybody's busy. When the  
12 competition gets stiff, the price goes up so we would hope from  
13 the wisdom of this Committee would let us move forward now  
14 because it could have a detrimental impact on our ability to  
15 get a reasonable bid. Again, it's my commitment to you, to  
16 Mr. Pfohl, we're not going to, I think you have protection  
17 moving forward.

18 MR. WALKER: The stipulation that Mr.  
19 Wright put in, there's not anything that isn't in the original  
20 proposal. The original proposal was based on the  
21 accreditation.

22 MR. NOYES: The change, Mr. Walker, as  
23 I understand it at this point is to allow them to go ahead and  
24 spend \$155,000, that's the only thing I know, which they want  
25 to do now and they won't get reimbursed for it until after June

1 15<sup>th</sup>.

2 MR. PFOHL: Mr. Chairman, I would  
3 point out that the College could go ahead and bid the project  
4 right now and they could solicit bids, review them and be  
5 ready to pull the trigger and select the contractor on June  
6 16<sup>th</sup>. The bid period will take some amount of time. Our  
7 policy doesn't require them to wait until June 15<sup>th</sup> to solicit  
8 bids and they could get that ball rolling right now.

9 MR. OWENS: Mr. Stith, having this  
10 money already committed, will that help you at the June 15<sup>th</sup>  
11 hearing?

12 MR. STITH: We'll get the staff together  
13 and the way you treated me so nice, they'll be real pleased  
14 about that, I think that's a move forward. So Mr. Pfohl is  
15 absolutely right and I have to thank you, Tim, you must have  
16 gone to Norfolk State University to think like that. So yes, we  
17 can do the bid and get ready because it will take about thirty  
18 or forty days to get the bid anyway. We can get that and get  
19 that in place and then when staff is satisfied and your  
20 concerns are satisfied, we'll pull the trigger.

21 MR. OWENS: All right. All those in favor  
22 signify by saying aye. (Ayes.) Opposed? (No response.)

23 MS. CAPP: There's one final item of  
24 business. There were two grants, one was to the Halifax  
25 Regional Health System and the second would be the

1 Clarksville Senior Care LLC. This is grant number 1778 for  
2 the Meadow View Terrace Thirty Bed Expansion Project for the  
3 \$250,000 grant and the second was grant number 2456,  
4 Halifax Regional Dental Clinic asking for \$400,000. One of  
5 the grants has been completely disbursed. The reason they're  
6 in front of you today is Halifax Regional Health System has  
7 signed a letter of intent to merge with Sentara Healthcare,  
8 which is a Norfolk based 501(c)3. They have notified the  
9 hospital of their intent to constitute a membership  
10 substitution where the assets purchased by the Commission  
11 they would still exist in the facilities but their ownership  
12 would change to Sentara Healthcare. Staff is recommending  
13 approval in the change of ownership as requested.

14 MR. OWENS: You've heard the staff  
15 recommendation.

16 SENATOR RUFF: I move we accept the  
17 staff recommendation.

18 MR. OWENS: We have a motion and a  
19 second. Any discussion? All in favor say aye. (Ayes.)  
20 Opposed? (No response.) All right, is there anyone in the  
21 public that would like to speak or make a comment? Seeing  
22 none and hearing none, meeting is adjourned.

23

24

PROCEEDINGS CONCLUDED.

25

## 1 CERTIFICATE OF THE COURT REPORTER

2  
3 I, Medford W. Howard, Registered Professional  
4 Reporter and Notary Public for the State of Virginia at large,  
5 do hereby certify that I was the court reporter who took down  
6 and transcribed the proceedings of the **Virginia Tobacco**  
7 **Indemnification and Community Revitalization**  
8 **Commission Southside Economic Development**  
9 **Committee meeting when held on Thursday, May 2, 2013**  
10 **at 1:00 p.m. at the Hotel Roanoke & Conference Center in**  
11 **Roanoke, Virginia.**

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

15 Given under my hand this 14<sup>th</sup> day of May,  
16 2013.

17  
18 \_\_\_\_\_  
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

22  
23 My Commission Expires: October 31, 2014.

24 Notary Registration Number: 224566