

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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7 **Southside Economic Development Committee Meeting**

8 Thursday, May 5, 2016

9 10:00 o'clock a.m.

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13 Institute for Advanced Learning & Research

14 Danville, Virginia

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1 APPEARANCES:

2 The Honorable Thomas C. Wright, Jr., Chairman

3 The Honorable Edward Owens, Vice Chairman

4 Delegate Kathy Byron

5 Mr. John R. Cannon

6 Delegate James Edmunds

7 Ms. Missy Neff Gould

8 Ms. Mary Rae Carter

9 The Honorable Daniel W. Marshall, III

10 Mr. Donald W. Merricks

11 Mr. Robert Mills

12 Mr. Ed Owens

13 The Honorable Frank M. Ruff

14

15 COMMISSION STAFF:

16 Mr. Evan Feinman, Executive Director

17 Mr. Timothy S. Pfohl, Grants Program Administration Director

18 Ms. Stephanie S. Kim, Director of Finance

19 Ms. Sarah K. Capps, Grants Program Administrator -

20 Southside Virginia

21 Ms. Sara G. Williams, Grants Program Administrator -

22 Southwest Virginia

23 Ms. Stacey Richardson, Executive Assistant

24 Mr. Jordan Butler, Public Relations Coordinator

1 Mr. Michael Gilbert, Data Scientist

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3 COUNSEL FOR THE COMMISSION:

4 Ms. Elizabeth B. Myers, Assistant Attorney General

5 Richmond, Virginia 23219

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DELEGATE WRIGHT: I'm going to call the meeting
of the Southside Economic Development Committee to order.

5

Evan, would you call the roll.

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MR. FEINMAN: Delegate Byron.

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DELEGATE BYRON: Here.

8

MR. FEINMAN: Mr. Cannon.

9

MR. CANNON: Here.

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MR. FEINMAN: Delegate Edmunds.

11

DELEGATE EDMUNDS: Here.

12

MR. FEINMAN: Ms. Gould.

13

MS. GOULD: Here.

14

MR. FEINMAN: Ms. Carter.

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MS. CARTER: Here.

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MR. FEINMAN: Delegate Marshall.

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DELEGATE MARSHALL: Here.

18

MR. FEINMAN: Mr. Merricks.

19

MR. MERRICKS: Here.

20

MR. FEINMAN: Mr. Mills.

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MR. MILLS: Here.

22

MR. FEINMAN: Mr. Owens.

23

MR. OWENS: Here.

24

MR. FEINMAN: Senator Ruff.

1 SENATOR RUFF: Here.

2 MR. FEINMAN: Delegate Wright.

3 DELEGATE WRIGHT: Here.

4 MR. FEINMAN: You have a quorum, Mr. Chairman.

5 DELEGATE WRIGHT: At this time, I'll ask for a
6 motion to approve the minutes of December 7th, 2015. I've got
7 a motion and a second we approve the minutes. All in favor,
8 say aye. (Ayes). Opposed? (No response). The minutes are
9 approved.

10 At this time, I'll ask Sarah Capps to run through the
11 list of proposed grants.

12 MS. CAPPS: Mr. Chairman and members of the
13 Committee, we have eight grant applications submitted, and
14 I'll go through the Staff comments quickly.

15 The first one on the list is under the Bedford County
16 allocation. It's a \$40,000 request for Establishment of the
17 International Critical Infrastructure Security Institute. This
18 would be to form a member organization, and this would
19 provide credentialing for power plant inspectors, particularly
20 in the area of cyber security. This is expected to result in 12
21 full-time jobs within three years. That includes the relocation
22 of two small member companies to the Tobacco Region.

23 It takes advantage of a facility that the Commission
24 has invested in at the Center for Advanced Research. Staff

1 recommends an award of \$40,000.

2 Next project on the list is the Town of Alberta,
3 Brunswick County, submitted by the Town of Alberta,
4 \$205,011 requested, and that's for the Tobacco Heritage Trail
5 Project, Alberta to Danieltown, Phase I. This is a 5.2-mile
6 segment trail connecting those two communities in Brunswick
7 County. There'll be engineering and design work done on that
8 entire project.

9 This is a request similar to the one that you had
10 previously; however, there were some changes in making
11 differences. The previous proposal was just for part of the
12 trail, and at that time, Staff viewed that as being too small.
13 We recently expect visitors will be attracted to this project.

14 The revised request focuses on the larger 5.2-mile
15 segment, which puts the town in the position of being able to
16 better attract matching funds. They have secured one grant to
17 this project, and we had a conversation with the Planning
18 District Commission, and they are aware that a reduced
19 amount of funding was requested. So, we're recommending
20 approval of \$104,066 for a grant award. That reduction would
21 be the minimum matching requirement to match funds that
22 are available.

23 SENATOR RUFF: Is there any estimate of the cost
24 due on the 5.2 miles?

1 MS. CAPP: I believe there's a representative here,
2 but I don't have that information.

3 MS. TUCK: My name is Robin Tuck, and I am the
4 Regional Planner for the Southside Planning District
5 Commission on this particular project. We have an estimated
6 cost with engineering and construction at \$1.3 million. The
7 first phase would include the engineering of all four phases,
8 and then construction of the 0.6 miles.

9 The next phase will be 1.90. And Phase 3 will be
10 1.10, and as recommended by VDOT, and then Phase 4 will be
11 1.6. Right now, the cost estimate for everything is \$1.3
12 million, and that could increase.

13 SENATOR RUFF: Do you anticipate funds from
14 VDOT in the future phases?

15 MS. TUCK: Yes, we do.

16 SENATOR RUFF: How much?

17 MS. TUCK: Typically, they require a 25 percent
18 match, so each phase I have estimated, the second phase,
19 because it's longer construction, 1.9 miles, would be
20 approximately \$450,000. The next phase, not the next grant
21 application, the next grant application would be for the
22 remaining, the batch of what this particular project costs will
23 be, two years, \$450,000. After that full amount, we'll come
24 back in and match it for 25 percent. The next phase will be

1 lower construction-wise, approximately \$259,000, because it
2 will be one mile of construction.

3 Then the final phase, approximately \$357,000. We
4 want to make sure that the localities can get enough
5 construction on the ground without having to go above their
6 means as far as reimbursement of the project and pay the
7 construction contract at that time period.

8 SENATOR RUFF: Do you anticipate any other
9 partners in this project?

10 MS. TUCK: It's quite possible in the future. For
11 example, the Department of Conservation and Recreation has
12 a recreational trails program, and they said it would have to be
13 a construction-ready project. And that's one of the reasons to
14 get the engineering done the very first part of this particular
15 project because they want engineering complete and they want
16 it construction ready. It's quite possible with what's already
17 been done that we can apply for the recreational trails
18 program. It's quite possible this can be done.

19 SENATOR RUFF: Thank you.

20 DELEGATE WRIGHT: Any further questions?

21 MS. CAPP: The next project from Brunswick
22 County is the Brunswick Tourism Signage Initiative, \$78,275
23 requested. This involves the county's first visitor center,
24 which the Commission has also supported. That center is in

1 the process of being built and has other issues related to that,
2 as well. The signage is considered to be part of what's needed
3 to complete that project. The Staff is suggesting that the
4 county and that the county try to use the visitor center and try
5 to promote that.

6 The Staff suggests that every effort be made to
7 include and/or enhance the Tobacco Heritage Trail Directional
8 Signage as a component of this signage package. Staff
9 recommends an award of \$78,275.

10 The next project is from Cumberland County under
11 the Cumberland County allocation. And this is a request from
12 the Cumberland IDA. There's a request for \$86,576. This
13 project is tied to several other Commission grants. The county
14 is trying to keep this going in order to develop their business
15 park to attract some industry or some businesses there. The
16 funds requested in this proposal would be used to support a
17 waterline extension to the park. The County has entered into
18 a contract with Jamerson-Lewis Construction, and there are
19 two elements to the contract.

20 The first element is the construction and erection of
21 a metal building that was purchased previously and about
22 \$350,000. And then there's an add-on alternative, which
23 amounts to \$330,750 for construction of the waterline to serve
24 the park. The Staff recommends an award of \$86,576,

1 contingent on approval of disbursement of funds only for
2 construction contract activities for work completed within the
3 approved grant period.

4 The next two projects on the list are under the
5 Halifax County allocation, and the first one is from the Halifax
6 County IDA for the C-CARE Formulation Lab requesting
7 \$600,000, and that C-CARE stands for National Center for
8 Coatings Application, Research and Education. The
9 Commission has invested about \$2.5 million already in this
10 facility, and this has a capability to provide support services
11 for all types of business-related interests.

12 The Halifax IDA did an international search for an
13 operator for the C-CARE facility, and they have entered into an
14 agreement with their operator. They're committing a certain
15 number of jobs, I believe that's ten new jobs. There is a need
16 for a formulation lab, and the IDA is committed to match. And
17 the company is expected to provide a private match, \$250,000
18 initially, and then an additional \$2 million investment to pay
19 for the project.

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

23 DELEGATE MARSHALL: Is someone from Halifax
24 here?

1 MR. LEONARD: My name is Matt Leonard, Halifax
2 Industrial Development Authority.

3 DELEGATE MARSHALL: Give us a bird's eye view
4 of what we're looking at here and what we're going to get as a
5 result. Who's the customers? Is the customer local in
6 Virginia-wide, or just who?

7 MR. LEONARD: Good question. As Sarah
8 mentioned, the Tobacco Commission previously funded the
9 application portion of a coatings laboratory in Halifax County,
10 two-and-a-half million dollars, which, by the way, was a great
11 idea, a good investment. What we're missing is an operator
12 who knew how to make the most out of it, the laboratory. We
13 made an international request for proposal, and that went out
14 to thousands of different potential operators. About 25 or 30
15 came to see us. These are some international companies. And
16 then eventually we got it down to one, who is Premier
17 Chemical Coatings and Consulting, really in the world.
18 They're a consultant to the American Coating Association, and
19 have international contracts throughout Europe and Asia, and
20 they provide consulting services. They saw it and said what
21 they needed was a formulation laboratory side by side with the
22 application.

23 So, when companies, either international or local or
24 regional or state, need new coatings developed, they'll come to

1 the laboratory. This company formulates the coating, and
2 they apply them in the same space and they complete them
3 and then do it in formulation side by side.

4 The Economic Development aspect of that is that
5 the partnership agreement we have with this company, when
6 they bring these companies in from around the world and they
7 will be developing a new coating, and they use them to
8 manufacture. We've already talked to them about this
9 through the American Coating Association. We've gotten good
10 response. It kind of meets a dual purpose again, having a
11 partnership, and meets the needs they have and that
12 increases their offerings to their customers and it allows us for
13 some real robust economic development prospects to come to
14 us.

15 As you know, Delegate Marshall, bringing people to
16 Southern Virginia, they have to have a reason to come, and
17 this is a reason for them to come.

18 DELEGATE MARSHALL: What type of coatings and
19 what type of industries would want this?

20 MR. LEONARD: The coatings run from a solid base
21 to a nonliquid base powder coatings, and the laboratory have
22 those capabilities already, and a lot of these companies are
23 looking to develop those, are moved from a solid base to a
24 water base. The companies that have looked at this and the

1 companies that this operator works with, they also run the
2 gamut, even into textiles, and bio, and they run all of those
3 projects. Every product you think of gets a coating in some
4 form or fashion. Whether it's a temporary coating or whether
5 they come in for protection, just about every manufactured
6 product will get it, it cuts across all segments.

7 DELEGATE MARSHALL: What industry would use
8 this?

9 MR. LEONARD: For one thing, aerospace and --

10 DELEGATE MARSHALL: What about Mercedes-
11 Benz or Automotive or --

12 MR. LEONARD: Auto, aero, and marine, probable
13 those three have the greatest need for the most technically
14 advanced coatings. As you know, we also have a marine
15 company that's going to land in Halifax, as well. We see a lot
16 of that in the shipbuilding industry and also in the auto and
17 aero industry, on the cutting edge of those things.

18 MR. MERRICKS: Matt, do research facilities use
19 those?

20 MR. LEONARD: They do some research, they
21 absolutely have. There is a requirement in the project
22 development agreement that we have, a company already in
23 the Tobacco Region receives a 25 percent discount on the
24 value of the equipment because they deserve that advantage.

1 SENATOR RUFF: What is the lease? Or how long?

2 MR. LEONARD: The first term is five years, and up
3 to four automatic renewals, so it's long-term.

4 DELEGATE WRIGHT: Any other questions? All
5 right, thank you.

6 MS. CAPP: The next one submitted by Halifax
7 County, Tobacco Heritage Trail, Halifax County Extension -
8 Phase I, requesting \$200,000. Commission funds are
9 requested for construction of 1.6 miles from the current
10 termini of the Berry Hill Plantation and end at Mirey Creek, to
11 await funding for Phase II. This is a continuation of an
12 existing trail in the Town of South Boston, Halifax County,
13 Virginia. The project will include a Nature Overlook at the
14 Mirey Creek Termini, which is approximately 300 feet north to
15 the mouth opening of the scenic Dan River, which will be
16 easily accessible to canoeists and kayakers on a natural
17 walking path.

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

21 DELEGATE EDMUNDS: I just noticed in the Staff
22 comments and recommendation, and says, I guess, on line 5,
23 for this larger Region 4 priority, the applicant identifies that
24 the Roanoke River Rails-to-Trails owns all right-of-way from

1 South Boston to Sutherlin, which would bring the Tobacco
2 Heritage Trail into eastern Pittsylvania County, with the
3 exception of a middle portion which they are currently in
4 negotiations with Norfolk Southern for this purchase.

5 That statement is not true. I know that there are
6 two private landowners, Mr. McDowell and the Chalmers
7 Estate, that own a portion of that, not what we're talking
8 about here, but beyond that, and that's for clarification
9 purposes.

10 Also, the Mylon Estate, they have clauses in their
11 deed, when the property was granted to the railroad, that if
12 they ever abandoned it, it refers back, and that's about two
13 miles. There's a good bit of section in that portion that's not
14 included in this application, but maybe is in the master plan
15 that needs to be or the Commission needs to be aware that's
16 not under advisement by the railroad.

17 DELEGATE WRIGHT: Are there any questions
18 about Delegate Edmunds' comments? I'd like for the Staff to
19 make a comment on that.

20 MS. CAPP: I do think that Southside Planning
21 District Commission representative Robin Tuck would be the
22 better person to address this, and there are negotiations
23 actively if that happens, and then if there's a consideration for
24 an alternate route in the event that those negotiations are not

1 forthcoming.

2 MS. TUCK: I don't know that there's any
3 misunderstanding. There are two private landowners that we
4 are aware of in the real estate investment and the abandoned
5 property. But to our knowledge, Norfolk Southern does own a
6 portion in the middle between the Berry Road, that is the
7 impression, that had to do with the negotiations and the
8 purchase of the property.

9 They, in the meantime, have discussed with
10 representatives of Roanoke River Rails-to-Trails, and they are
11 investigating that. We actually purchased the Roanoke Trails,
12 purchased the property, the right-of-way from the Town of
13 South Boston almost to the -- Road and then to Sutherlin, the
14 western side. But suffice it to say, we're in discussions with
15 Norfolk & Southern.

16 MR. ESPY: Mr. Chairman, I'm Carl Espy, Halifax
17 Town Manager, and also a member of the Roanoke River Rails-
18 to-Trails Board. With the absence of Town Manager, Tom
19 Brown, and the Halifax County Administrator, I'm here, and
20 perhaps can speak to some concerns. Something I think is
21 very effective, a real master plan, and I do appreciate Delegate
22 Edmunds pointing that out. Point of clarification, certainly we
23 can provide more information to the Tobacco Commission Staff
24 on that.

1 I believe you are correct as far as the Mylon Estate
2 and other property. Again, I think it's, as pointed out by the
3 Staff of the Tobacco Commission, the settlement that's being
4 proposed now, the right-of-way is clear. I think this is a very
5 strategic and beneficial section to go ahead and fund. If there
6 are any points of clarification, I certainly would be happy to
7 furnish those to the Staff.

8 One other thing, really talking about in reference to
9 the negotiations that are ongoing. -- Berry, I think those are
10 very encouraging, and I think it's important to point out that
11 Halifax County has recognized the Roanoke River Rails-to-
12 Trails in their master plan have looked at that whole alternate
13 route and the section under private ownership, not as an
14 extension going west in the Pittsylvania County line. I think
15 there is an alternate route for that segment that would parallel
16 River Road, which is the scenic byway. I think the way that
17 these recreational and scenic natural resource assets are
18 working together and it is beneficial not only to the community
19 but to the regional plan and also for the effective use of the
20 Tobacco Commission funds. There are other funding sources,
21 which I think also would not only include the Department of
22 Conservation and Recreation and Game and Inland Fisheries
23 on, which is another aspect. I think that was noted in the
24 application.

1 DELEGATE EDMUNDS: Part of that evaluation
2 team titled that section to the Dan River. The utilization of the
3 Tobacco Heritage Trails parallels the river. I think that's very
4 important because it actually would be a natural overlook and
5 stopping point, not only for bicyclists, whether you're walking
6 or jogging on the Tobacco Heritage Trail, but for the use of the
7 Dan River as a recreational use and for economic interests,
8 too.

9 MS. GOULD: In the prior application from
10 Brunswick, which is also a portion of the Tobacco Heritage
11 Trail, and I believe the application references they're part of, is
12 this part of that?

13 MR. ESPY: Yes, very good question.

14 DELEGATE EDMUNDS: Mr. Chairman, I want to
15 reiterate again I'm in full support of this project application. I
16 just wanted to bring forward this point. When the next one
17 comes along, that's where the question will arise. I guess you
18 guys are working on that and the research for that, as well. I
19 think it was misrepresented a little bit in the Staff comments
20 and recommendations.

21 I just wanted to point that out.

22 DELEGATE WRIGHT: We appreciate that, Delegate
23 Edmunds. That's always helpful to try to have it clarified, and
24 we appreciate that and for raising the question. And we need

1 to have all the information possible.

2 MR. ESPY: Also, I think that could have been from
3 some of the earlier master planning work that had been done
4 on the project when referring to the Heritage Rails-to-Trail,
5 was not planning started to work in '06 and '07, it's a very
6 important clarification point. It's important not only for the
7 Commission to update it.

8 DELEGATE WRIGHT: Thank you.

9 MS. CAPP: The next project is Mecklenburg
10 County, Town of South Hill, Hillcrest Industrial Park, Tunstall
11 Drive Realignment Project, Town of South Hill, requesting
12 \$625,377.

13 This is a request that is directly related. The town
14 is requesting matching funds from the Southside Economic
15 Development Program for the Hillcrest Industrial Park,
16 Tunstall Drive Realignment Project. Hillcrest Industrial Park
17 is located along Highway 1 north of Mecklenburg Avenue in
18 South Hill and is considered one of the region's premier
19 marketable sites.

20 In October of 2015, VCU Community Memorial
21 Hospital began construction of a new \$80 million state of the
22 art medical facility located across Highway 1 from Hillcrest
23 Industrial Park. The location of a new traffic signal at the
24 Intersection of Highway 1 North Mecklenburg Avenue and

1 Highway 138, Union Mill Road, necessitates the realignment of
2 Tunstall Drive for business traffic to safely enter and exit
3 Hillcrest Industrial Park, which is crucial to the future
4 development of this major industrial site.

5 This request is directly related to improvements on
6 U.S. Route 1 that are being designed to facilitate safe vehicular
7 access to the new VCU Community Memorial Hospital, which
8 is being constructed across Route 1 from Hillcrest Park.

9 The proposed project would allow existing Tunstall
10 Drive, which is the existing access to Hillcrest, to be moved
11 approximately 50 feet to align with a new traffic signal at
12 Union Mill Road, across Route 1 from Tunstall. Union Mill
13 Road will serve as the main entrance to the hospital.

14 Hillcrest was funded previously by the Commission
15 in 2003 and 2008 with grants for grading and environmental
16 remediation improvements. Given that this project would
17 merely realign a local road and not make any other value-
18 added improvements to the specific Park property, and
19 specific prospect needs for on-site development of Hillcrest are
20 not known, this does not appear to be a compelling
21 proposition to significantly or even marginally increase the
22 development readiness of Hillcrest.

23 We expect there'll be other funds available to
24 support, and it appears that 94 percent of the available

1 Mecklenburg allocation for road realignment that will have
2 minimal effect in enhancing Hillcrest's attractiveness to
3 prospects, and it's not the highest and best use of requested
4 funds available in their allocation. Based on this, the Staff
5 recommends no award at this time.

6 DELEGATE WRIGHT: Is there anyone in the
7 audience that would like to speak to this? This is 3147.

8 MR. PFOHL: Since I want everyone to be aware that
9 we have shared this recommendation with the Town Manager
10 in South Hill, and he understands.

11 MS. CAPPAS: The next project, which is the last of
12 the new applications, Prince Edward County, to request for
13 \$194,485, Prince Edward County Industrial Access Road,
14 Phase 2. This may be familiar to you, and the County received
15 a grant to help pay for the development of four "Ready-To-Go"
16 pad sites at the Prince Edward Industrial Park. One lot has
17 been sold to VDOT for their new regional office, and one lot
18 has been offered for the expansion of an existing company,
19 leaving only two lots. One remaining lot is 100-percent land-
20 locked, and the other one will have to be used during the
21 construction of the access road, since there is no other way to
22 reach the remaining 60-plus acres in the Park until the new
23 road is built.

24 Funding for this request would be combined with a

1 \$49,080 Southside award from January of 2016, and
2 \$328,395 Special Projects award from September of 2015,
3 plus the required one-for-one match on each grant to cover
4 costs for construction of a new road within the Prince Edward
5 County Industrial Park to serve lots.

6 Two construction estimates were provided. Over a
7 million dollars for road construction, and \$680,000 for site
8 grading on Lot 11, for a total of over \$1.7 million in project
9 costs. The contributions from the county and IDA would be
10 well in excess of -- the need for this access road to
11 accompany it.

12 An existing business at the Park plans to expand to
13 Lot 7-A and B, investing \$2 million, and creating at least 25
14 jobs. And the second company that is currently renting space
15 in the county, who recently created 80 jobs, is interested in
16 locating to Lot 11 with plans to invest an estimated \$2 million,
17 and create an additional 20 to 30 jobs.

18 As I said, the Staff recommends \$194,485 grant
19 award to support road construction and site development
20 costs.

21 DELEGATE WRIGHT: Thank you, sir. Delegate
22 Marshall.

23 DELEGATE MARSHALL: Item 3144, County of
24 Bedford, is someone here to talk to us about that?

1 MR. BAILEY: I'm Bob Bailey, I'm Executive Director
2 of the Center of Engineering and Research, I'm from Bedford
3 County. Let me start with the technology needs within the
4 power industry in general, specifically in the nuclear power
5 industry. There are a new set of regulations that have been
6 put out for how these plants deal with cyber. The regulations
7 are outcome-based, so it's not here's how you have to go do
8 this and they say here's a set of guidelines we use that we
9 have, and that's good for the plant, because then they can
10 decide how to approach. There's a risk involved, they could do
11 something, and then the regulations say that's not correct, it
12 doesn't meet the requirements.

13 So, the approach or solution is to create of utilities
14 and solution for guidance that then collaborate and put forth
15 not only solutions to meet those needs, but credential them.
16 So, that would be utility employees would have to have
17 credentials and providers know that there are some regulatory
18 certainty to that approach.

19 The idea behind that is to value the CAR to bring
20 our partners into play with unbiased objectives and third
21 party folks and look at these solutions and provide kind of an
22 overview that the regulatory folks can look at and they can
23 say, okay, we can accept that as opposed to somebody trying
24 to sell something.

1 So, it would be a nonprofit member association that
2 utilizes the labs and expertise of the CAR, specifically, our
3 power plant control room and the BWXG, the highest, and
4 that is essentially a seal at the power plant is on the right
5 path. So, that's the high standards of this group. And I'll stop
6 to see if there are any questions and if that's sufficiently the
7 highs and lows.

8 DELEGATE MARSHALL: For the generation or
9 distribution, or both?

10 MR. BAILEY: Primarily generation, and it could
11 ultimately move to distribution, but initial needs are
12 generation.

13 DELEGATE MARSHALL: Here in Danville, Danville
14 matches generation power, so would this also be to distribute
15 and sometimes generate power?

16 MR. BAILEY: Not immediately, but only the
17 immediate need within the nuclear industry and the
18 regulatory promotion. The only real difference between a
19 nuclear and non-nuclear plant is how you generate heat. So,
20 in the end, as you start to incorporate big digital technology in
21 the plant, you have the same issues, but don't quite have the
22 same regulatory question.

23 DELEGATE MARSHALL: Question, so are we
24 talking about nuclear or --

1 MR. BAILEY: We're talking about nuclear
2 emissions, but as the consortium grows, the same technology
3 solutions that nuclear would be looking for or looking to
4 employ would be the same technology solutions that the rest
5 of the generation industry would employ. They just don't have
6 any regulatory drive.

7 MS. GOULD: You mentioned working with
8 university partners. Do you have an existing partnership, or
9 is that something you're going to expand?

10 MR. BAILEY: We currently have six master
11 research agreements in place with universities, Virginia
12 universities, and one is in -- We don't have formal
13 agreements, but we have working agreements, international,
14 national, and local.

15 DELEGATE WRIGHT: Any other questions?

16 MR. BAILEY: Thank you.

17 DELEGATE WRIGHT: Any further questions on any
18 of the others that have been presented? If not, I'd entertain a
19 motion.

20 SENATOR RUFF: Mr. Chairman, I move that we
21 approve in a block as recommended by the Staff.

22 MR. OWENS: Second.

23 DELEGATE WRIGHT: We have a motion and a
24 second to approve the grant applications in a block. All in

1 favor, say aye. (Ayes). Opposed? (No response). Motion
2 carried.

3 Now, before we proceed, I do want to recognize a
4 new member of the Committee, and I apologize for not doing so
5 at the beginning. Ms. Kathy Lowe, please introduce yourself.

6 MS. LOWE: I'm Kathy Lowe, and I'm from Abingdon
7 and a new member since January. I appreciate the
8 opportunity to be a member of the Commission.

9 DELEGATE WRIGHT: We're pleased to have you
10 with us.

11 Also, we have another member, Mr. Mills.

12 MR. MILLS: I'm Rob Mills, Pittsylvania County, a
13 poultry feed producer, Pittsylvania County. Also, served the
14 5th Congressional District. I serve on the State Board of the
15 Virginia Farm Bureau, and also serve on the 5th Congressional
16 District. It's a privilege to be here. I've been on the
17 Commission since January of 2016.

18 DELEGATE WRIGHT: Well, we appreciate your
19 being here and thank you very much and look forward to
20 working with you.

21 DELEGATE MARSHALL: Mr. Chairman, Mr. Mills is
22 a first generation farmer.

23 DELEGATE WRIGHT: Thank you. At this time,
24 we'll proceed with other business.

1 MS. CAPPs: There are four other business items.
2 The first one is Brunswick County, Biways Visitor Center.
3 This was an award of \$458,375 in October of 2010. The
4 county is requesting a seventh-year extension request and
5 budget revision to this project. It is underway, and the project
6 is matched with \$638,479 from the National Scenic Byways
7 Project grant from the Virginia Department of Transportation,
8 as well \$100,000 cash contribution made by the county.

9 Some of the delays are due to the different approval
10 processes. Back in January of 2015, you all had approved an
11 extension through June of 2016, but the project continued to
12 place delays in being approved and delays in approval from
13 VDOT. Then they had to go back and redesign and what was
14 expected to take a month took like six or eight months. That's
15 kind of where we are now. And they did some design bids in
16 December of 2015, and ultimately the bids came in higher
17 than expected, and then re-advertised the bids. The grant
18 funds were originally for renovations, including some signage.
19 The remaining grant funds, about \$334,000 remain.

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

22 The next project is the IDA of Cumberland County.
23 This was a \$60,733 grant from May of 2013, and the county is
24 requesting a budget revision. The Committee approved a

1 revised use of this budget in January of 2014 for an extension
2 of the waterline to serve the industrial park, and that is part of
3 the total contract. Because of the various grants that are
4 associated with this, there's a need to allow for these funds to
5 be used for cost for construction. The Staff recommends
6 approval of the revised use of grant funds to support costs for
7 construction of the metal building.

8 SENATOR RUFF: Can you clarify for me the
9 signage? Was that a written part of the Brunswick proposal?

10 MS. CAPPS: Yes. It has to be reviewed from the
11 original budget. Costs have gone up because of VDOT and
12 their regulations.

13 DELEGATE WRIGHT: Any other questions?

14 At this time, with the county's permission, I'd like to
15 vote on these two.

16 MR. OWENS: I so move.

17 DELEGATE WRIGHT: We have a motion and a
18 second to accept the grant recommendations on Grant
19 Numbers 2192 and 2688. All in favor, say aye. (Ayes).
20 Opposed? (No response).

21 MS. CAPPS: Now, we're getting to the Lunenburg
22 County grant. This was a \$650,000 grant award in January of
23 2012 for the Acquisition and Renovation of an Existing
24 Manufacturing Facility or Building. This is a building that's

1 privately owned.

2 When this grant was approved, the award
3 recommendation that was approved at that time, \$650,000, for
4 acquisition and renovation to the building currently owned by
5 Comfortex in order to accommodate the growth projection for
6 STEPS and contingent on the purchase price not to exceed
7 appraised value, and, two, on a separate real estate
8 transaction providing for Comfortex expanded operations
9 within Lunenburg County. STEPS is a nonprofit
10 manufacturing operation. And at that time, they thought
11 there was a need to expand. Since this happened, STEPS no
12 longer is and they've lost a large federal contract, and there's
13 no need to go into this building.

14 Additionally, there was a contingency related to
15 involving a real estate transaction for Comfortex, which was
16 for Comfortex to buy a building, and the end date was 1
17 October of 2015. And they're asking for an extension to 1
18 October of 2017. So, the grant is 16 months past the end
19 date, and neither of the award contingencies was met during
20 the approved project period or to date, and, as such, the
21 award is automatically rescinded. Staff recommends no
22 further action. The reason it's on the agenda is that the
23 county has requested an extension.

24 DELEGATE MARSHALL: If we accept the Staff

1 recommendation, could Lunenburg County come back and
2 make another application for this at our next round of
3 meetings, grant cycles for Southside?

4 MR. FEINMAN: Yes, they certainly can and reapply.
5 I think maybe there's some concern here about whether or
6 not, but the county is very strong about keeping this vehicle
7 alive.

8 DELEGATE WRIGHT: I'm going to ask Beverly to
9 come forward. She wishes to speak.

10 MS. HAWTHORNE: Good morning. I'm Beverly
11 Hawthorne, I'm here today to do something I've never had to
12 do before, which is to ask for an extension. I understand how
13 that has gotten to that decision. However, I think there is
14 some information that is not in the grant.

15 I've been in contact with Staff since the day this
16 grant was written, because part of three grants and three
17 buildings and two companies moving in, so it's been a moving
18 target from day one. They have been given the reasons for
19 updates, changes that have been taking place, the situation,
20 and the major delays we face throughout this grant.

21 The delays were totally out of our control. It's been
22 explained in depth to the Staff. As recently as April, I was
23 requesting an extension.

24 The delays involve federal contract changes that the

1 Staff and locality had no control over whatsoever.

2 We had major management turnover at the
3 company level with Comfortex and a definition of a long-term
4 agreement has been in discussion for off and on for a couple of
5 years.

6 The final thing that took the longest was the Town
7 Manager of Victoria IDA clerk had came down with
8 Parkinson's disease and things got delayed, and then he
9 retired, and the Town of Victoria did not replace him for over
10 seven months.

11 Our request for the additional year, now closing in
12 on eight months, and based on having just received
13 confirmation from the type of long-term agreement that was
14 required for an associated grant and represented the required
15 number of two, which is a separate real estate transaction.
16 We got that, and as soon as we got the proposal required and
17 with all the particulars, we sent the lessee and lessor and the
18 County Attorney's Office, and that should be signed in a week
19 or so.

20 The first requirement of the grant is to purchase the
21 building at a price not to exceed the appraised value. As an
22 extensive grant, we received quotes to do the appraisal and
23 has not moved forward due to having to get the extension to
24 do that.

1 The second requirement of the grant separate real
2 estate transactions provide that Comfortex expand operation
3 to Lunenburg County. I don't know how other people act
4 when they purchase, but our purchase agreement requires
5 that Comfortex pay old taxes, which is the real estate taxes for
6 Lunenburg. And the reason they tripled that lease, all the
7 insurance, repairs, maintenance, and utilities on the building
8 being paid. In fact, with those taxes being paid, security of the
9 building, which is 135,000 square feet right in the middle of
10 the Town of Victoria, security of the building being in the
11 name of Victoria IDA insures that the property will not end up
12 in foreclosure, which could be totally out of the control of the
13 community, while receiving the benefit of the taxes as if it were
14 already sold.

15 The timeline for the project with that, and, in fact,
16 STEPS has not been able to meet their requirements for this
17 grant and other changes. And the Staff is concluding that a
18 large part of this agreement, and I couldn't agree with you
19 more, it's a very large part, but it is only a part.

20 Comfortex has kept every agreement we have had
21 with them. They have expanded, and they have been renting
22 part of the building and have paid in for over a year now. And
23 they are looking forward to moving their operation in this
24 building now that repairs have been completed. They're

1 willing to enter into a lease purchase agreement with a five-
2 year payoff or at that point in time to renegotiate another few
3 years.

4 At no time after the award or during the reporting
5 processes or my conversations with any of Staff until very
6 recently has anything been said about if STEPS didn't move
7 into the building the grant would not be honored. I have
8 discussed with Staff that the county and Victoria IDA owning
9 this new Comfortex building would be a good thing because
10 with Lunenburg owning no available building inventory at this
11 time.

12 For two years now, we have known that STEPS was
13 probably not going to move into the Comfortex building, and
14 within the last four years, the only government-owned
15 manufacturing building has been occupied. And that's a good
16 thing, but we don't have anything for anybody that would
17 want to come in.

18 At this time, the building would be the only
19 inventory we would have to offer. And it's very good sized, and
20 based on the last two years of our FPs for leasees, which is
21 usually asking for 50,000 to 70,000 square feet with the
22 ability to add on.

23 Lunenburg requests that based on the extenuating
24 circumstances, the circumstances of the delay and contract

1 changes with steps that are out of our control and because
2 Comfortex has honored every commitment to the county that
3 they represented at the Tobacco Commission, please extend
4 the life of the grant until January of 2017, as requested, which
5 is only five years.

6 SENATOR RUFF: Is Comfortex a good employer?

7 MS. HAWTHORNE: They're a good employer, and
8 they aren't continuing to grow that much because they are a
9 distribution center rather than a manufacturer.

10 SENATOR RUFF: If we do not extend this, how
11 would that affect the operation?

12 MS. HAWTHORNE: They probably will want to
13 continue to lease a larger building, and I imagine probably
14 wouldn't do any improvements to the building and not do
15 maintenance to the building they're in.

16 SENATOR RUFF: In an earlier application, we
17 granted the extension because of VDOT, so I don't see why we
18 can't give them another six months for this proposal
19 considering there were outside factors involved. So, I'd move
20 that we grant the extension or extend this to January of 2017.

21 MR. OWEN: I'll second the motion.

22 DELEGATE WRIGHT: We have a motion and a
23 second. Any further discussion. All those in favor, say aye.
24 (Ayes). Opposed? (No response).

1 MS. CAPP: Is it okay to ask for clarification from
2 the Committee on the interpretation about the second
3 contingency on that grant? How would they be expected to, or
4 when that grant was awarded, the contingency related to a
5 separate real estate transaction and plans for Comfortex to
6 acquire the IDA building. My question is the reference made
7 to a multi-year agreement pertained to a separate grant. I'm
8 just asking for a clarification.

9 MR. FEINMAN: Mr. Chairman, Sarah brings up a
10 good point. The specifics of this grant has changed somewhat
11 since its inception and if we simply extend it as it's written
12 now, it might be out of compliance as originally stated, and if
13 we were to vote to rescind the prior extension and have a
14 motion to extend the grant for a period of time for the
15 purposes of county acquisition of this facility. Would that be
16 sufficient for you under the new grant?

17 MS. HAWTHORNE: I'm not sure I understand the
18 difference.

19 MR. FEINMAN: As it sits right now, under this
20 language, you all are not in compliance. The Staff has
21 continued to evaluate it under the old agreement, and we're
22 going to have to keep saying would the Commission approve
23 the grant and you all aren't meeting it, and that would be
24 difficult for us to approve it.

1 MS. HAWTHORNE: Removing that language and
2 put in for the acquisition of the building, yes.

3 MR. PFOHL: Mr. Chairman, I'll put a little bit finer
4 point on that. I think the original grant was approved with the
5 outcome being that STEPS would negotiate for a new building
6 to be acquired. Now, you're talking about the county own the
7 building for future prospects. It's important that part of the
8 record reflect that the purposes and the outcomes of the
9 acquisition.

10 DELEGATE MARSHALL: I move that we rescind the
11 vote that was just taken.

12 MR. OWENS: Second.

13 MR. FEINMAN: Rescind the vote just taken.

14 DELEGATE MARSHALL: The date of January 17th,
15 we'll rescind that motion. I've made that.

16 SENATOR RUFF: It's where we end up.

17 MR. MERRICKS: We're taking or rescinding that
18 motion. Then we'll have a new motion specifically to the terms
19 of the grant and get back to square one and start over.

20 DELEGATE WRIGHT: The motion is made and
21 seconded. And as part of the discussion, I'd like to ask the
22 County Administrator to understand the proposal and can the
23 county abide by that?

24 MS. HAWTHORNE: What I understand is that we're

1 not going to extend this grant as it is right now and that we're
2 going to change requirements to remove the separate real
3 estate transactions that's been referenced here and substitute
4 that with the purposes for the acquisition of this building, and
5 then I'll get to January 17th of 2017.

6 DELEGATE WRIGHT: I appreciate the Staff giving
7 some guidance on this. All in favor of rescinding or rescinding
8 the motion, say aye. (Ayes). Opposed? (No response). The
9 motion carries.

10 DELEGATE MARSHALL: Can you give us the
11 language that should go in the new motion?

12 MR. FEINMEL: I'll do my best. Everybody else can
13 jump in. I believe that the Motion to amend Grant Number
14 2466, to remove the second contingency related to a separate
15 real estate transaction, providing for Comfortex to expand its
16 operation and instead substituting for the acquisition of a
17 building previously described in the grant by the County IDA
18 for marketing and prospect purposes and extend this to
19 January, 2017.

20 DELEGATE WRIGHT: That's the motion. And I've
21 got a second. All those in favor, say aye. (Ayes). Opposed?
22 (No response). Motion carries, and you have an extension
23 until January of 2017.

24 Now, is there a second part to be changed?

1 MS. HAWTHORNE: I thank you all very much.

2 DELEGATE WRIGHT: All right, at this time I'll need
3 a motion to go into executive session.

4 DELEGATE WRIGHT: At this time we are going to
5 go into Executive Session.

6 MR. OWENS: Mr. Chairman, I move that we go into
7 Executive Session in accordance with the provisions of the
8 Virginia Freedom of Information Act for the purpose of
9 discussing a prospective business or industry expansion in
10 accordance with Section 2.2-3711 A5 of the Code of Virginia.

11 DELEGATE MARSHALL: Second.

12 DELEGATE WRIGHT: We have a motion and a
13 second to go into Executive Session. I'll ask all those to leave
14 and we'll call you back as soon as we come back into Open
15 Session.

16

17 NOTE: The Committee is in Executive
18 Session, thereupon the Committee is reconvened in Open
19 Session.

20 MR. OWENS: Whereas, the Southside Economic
21 Development Committee of the Virginia Tobacco Commission
22 has convened a closed meeting on this date in accordance with
23 the Virginia Freedom of Information Act and Virginia law; and
24 the Committee hereby certifies that to the best of each

1 member's knowledge, that only public business matters
2 lawfully exempt from open meeting requirements under the
3 Act and only such public business matters as were identified
4 in the motion by which the closed meeting was convened were
5 heard, discussed or considered by the Committee in that
6 meeting.

7 DELEGATE WRIGHT: We need a roll call.

8 MR. FEINMAN: Delegate Byron?

9 DELEGATE BYRON: Yes.

10 MR. FEINMAN: Mr. Cannon?

11 MR. CANON: Yes.

12 MR. FEINMAN: Delegate Edmunds?

13 DELEGATE EDMUNDS: Yes.

14 MR. FEINMAN: Ms. Gould?

15 MS. GOULD: Yes.

16 MR. FEINMAN: Mr. Holland?

17 MR. HOLLAND: (No response)

18 MR. FEINMAN: Ms. Carter?

19 MS. CARTER: Yes.

20 MR. FEINMAN: Delegate Marshall?

21 DELEGATE MARSHALL: Yes.

22 MR. FEINMAN: Mr. Merricks?

23 MR. MERRICKS: Yes.

24 MR. FEINMAN: Mr. Mills?

1 MR. MILLS: Yes.

2 MR. FEINMAN: Mr. Owens?

3 MR. OWENS: Yes.

4 MR. FEINMAN: Senator Ruff?

5 SENATOR RUFF: Yes.

6 MR. FEINMAN: The ayes have it.

7 DELEGATE WRIGHT: Now we're back in open
8 session. Are there any motions?

9 DELEGATE MARSHALL: What is the motion?

10 MR. FEINMAN: I believe if you want to move
11 forward with the one point two, I believe the proper motion is
12 to amend Grant Number 3130 to reduce the job requirement
13 under the TROF agreement to 145 from 200, otherwise the
14 grant as it is.

15 DELEGATE MARSHALL: So moved.

16 MR. CANNON: Second.

17 DELEGATE WRIGHT: The motion has been made
18 and seconded to do what Evan just described in the motion.
19 All those in favor say aye? (Ayes) Opposed, no? (No response)
20 The motion carries.

21 Any further comments? If not, the meeting is adjourned.

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23 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Region Revitalization Commission Southside Economic Development Committee Meeting when held on Thursday, May 5, 2016 at 10:00 a.m. at the Institute for Advanced Learning and Research, Danville, Virginia.**

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

Given under my hand this 1st day of June, 2016.

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2018.