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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee Meeting

Tuesday, May 12, 2015

1:00 P.M.

The Franklin Center for Advanced Learning & Enterprise
Rocky Mount, Virginia

CRANE-SNEAD & ASSOCIATES, INC.

4914 Fitzhugh Avenue, Suite 203

Henrico, Virginia 23230

Tel. No. (804) 355-4335

1 **APPEARANCES :**

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

3 The Honorable Gary D. Walker, Vice Chairman

4 The Honorable Kathy J. Byron

5 Mr. Frank Cannon

6 Ms. Missy N. Gould

7 Ms. Mary Rae Carter

8 Mr. Donald W. Merricks

9 Mr. Edward Owens

10 The Honorable Frank M. Ruff

11 The Honorable William Stanley

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1 **APPEARANCES (cont'd):**

2 COMMISSION STAFF:

3 Mr. Timothy S. Pfohl - Interim Executive Director &
4 Grants Program Administration Director

5 Mr. Ned Stephenson - Deputy Executive Director

6 Ms. Sarah K. Capps - Grants Program Administrator,
7 Southside Virginia

8 Mr. Benjamin Dawson - Grants Assistant, Southside
9 Virginia

10 Ms. Stacey Richardson - Executive Assistant

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12 COUNSEL:

13 Elizabeth Myers

14 Assistant Attorney General

15 Richmond, Virginia

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1 DELEGATE WRIGHT: I'll call the meeting of
2 the Southside Economic Development Committee to order.
3 Tim, would you call the roll?

4 MR. PFOHL: Delegate Byron?

5 DELEGATE BYRON: Here.

6 MR. PFOHL: Mr. Cannon?

7 MR. CANNON: Here.

8 MR. PFOHL: Delegate Edmonds could not be
9 with us today. Ms. Gould?

10 MS. GOULD: Here.

11 MR. PFOHL: Ms. Carter, representing
12 Secretary Jones?

13 MS. CARTER: Here.

14 MR. PFOHL: Delegate Marshall?

15 DELEGATE MARSHALL: Here.

16 MR. PFOHL: Mr. Merricks?

17 MR. MERRICKS: Here.

18 MR. PFOHL: Mr. Owens?

19 MR. OWENS: Here.

20 MR. PFOHL: Senator Ruff?

21 SENATOR RUFF: Here.

22 MR. PFOHL: Senator Stanley?

23 SENATOR STANLEY: Here.

24 MR. PFOHL: Mr. Walker?

25 MR. WALKER: Here.

1 MR. PFOHL: Delegate Wright?

2 DELEGATE WRIGHT: Here. We have a quorum.

3 Next we have the approval of the minutes of the December
4 17th meeting, do I have a motion?

5 MR. OWENS: So moved.

6 DELEGATE WRIGHT: We have a motion and a
7 second to approve the minutes. All those in favor, say
8 aye. (Ayes) Opposed? (No response) At this time we'll
9 have Sarah go over the applications, and I know she's
10 done a lot of work on these projects, and I'll ask you
11 to go through them.

12 MS. CAPPS: We received nine applications
13 for the Southside Economic Development Program deadline
14 in April. There was an application from Nottoway County
15 that was withdrawn, and I'll go through all of these
16 quickly.

17 The first one under Brunswick County allocation is
18 the Roanoke River Rails to Trails, which is for the
19 Lawrenceville Corridor Acquisition Project. This is a
20 request to support 2.8 miles of a trail segment,
21 including a property that is a historic rail yard, part
22 of the Atlantic and Danville Rail property. This
23 property is intended to be part of a larger Turntable
24 Park facility and a staging area for trail users and the
25 Heritage Trail. You previously provided a grant under

1 the Southside program that supported the Turntable
2 project. Those funds went into the renovation of the
3 Southern States property, which is adjacent to the
4 property that is proposed here. Staff did inquire of the
5 applicant about what sources of funds had been used to
6 cover costs for the trail acquisition in the past, and
7 they indicated there were six segments of the, and they
8 had to be acquired by a purchase previously, and the
9 applicant indicated this had been through state
10 appropriations and those funds were available. The VDOT
11 Enhancement program was not a factor in the trail
12 acquisition. We do have some concerns that this project
13 would set a precedent. Staff has some concerns
14 supporting this project will set a precedent and send a
15 message on the availability of Commission funding to be
16 used for future trail acquisition that might otherwise
17 be acquired through donation of easements along the
18 greater 159-mile Tobacco Heritage Trail that is planned.
19 However, the staff recognizes the previous and very
20 significant efforts undertaken by the Roanoke River
21 Rails to Trails and their partners over more than the
22 last five years that were unsuccessful in obtaining this
23 property by donation from Norfolk-Southern. We recognize
24 this property's essential for fulfilling their vision
25 for a major trail hub and park in Lawrenceville to

1 bring tourism spending to the community. Staff
2 recommends an award of \$285,906.

3 The next project on your list is under the Danville
4 allocation, and there's two projects. The first one from
5 the City of Danville is for the Danville Precision
6 Machine Tech Center requesting \$600,000. This request is
7 to equip a Precision Machining Program at Danville
8 Community College, and this is for a lab at the George
9 Washington High School, and that's in partnership with
10 Danville Community College. This request is similar to a
11 780,000 dollar award back in May last year that
12 supported the equipping of a, and that was used for a
13 precision machining lab at the Pittsylvania County Vo-
14 Tech Center in Chatham. We did suggest to the applicant
15 that they with their project partners to investigate
16 options for, and from the students from Danville to
17 participate in the partnership with the Vo-Tech at
18 Chatham, and also they'll have an option of
19 participating in the Danville Community College campus.
20 The model for the high school students attending
21 programs at the community college campus is the one
22 currently being used successfully by John Tyler
23 Community College in collaboration with three Tobacco
24 Region county school districts.

25 DELEGATE MARSHALL: Do you want to talk

1 about these each as we go through them, or come
2 back to them?

3 DELEGATE WRIGHT: I thought what we'd do,
4 as long as the Committee agreed, if we go through all of
5 them, and then ask questions and take them in a block,
6 and then if anyone wants to pull one out of the block we
7 can do that.

8 MS. CAPP: The Pittsylvania County
9 facility was intended as a demonstration to evaluate
10 dual enrollment at the high school for increasing
11 precision machining credentials, and staff suggests
12 significant time needs to elapse in order to evaluate
13 the success of targeting this audience at the high
14 school setting prior to investing substantial funding in
15 new labs that are within such close proximity to
16 existing labs. As such, staff recommends no further
17 action on this request.

18 The second application under the City of Danville,
19 and this is for Project Transport, 960,000 dollars
20 requested. I do need to point out that the applicant has
21 identified that this is a confidential prospect and is
22 to remain confidential and confirmed that the company
23 named in the Virginia business case document included in
24 the application is to remain confidential. The VEDP and
25 the Governor's Office are working with this prospect and

1 is a substantial grant from the Virginia Investment
2 Partnership Grant program as anticipated. The company
3 expects to reach its target investment of \$251 million
4 over a five year period by December 2019. The TROF
5 estimated there is no net new jobs to be created from
6 this project, a substantial amount of capital
7 investment. Staff recommends an award of \$960,000 of
8 Southside grant funds to be transferred to TROF to be
9 managed under a TROF-like performance agreement for the
10 private capital investment.

11 The next project on the list is Dinwiddie, from the
12 Industrial Development Authority of Dinwiddie County for
13 the Dinwiddie Airport Industrial Park Site Readiness,
14 and is a one million dollar request. It is requested to
15 accommodate a very active economic development prospect.
16 Dinwiddie is the only site in Virginia now competing for
17 this project. It's expected to create 426 new jobs and
18 \$90 million of private capital investment. The request
19 is for a million dollars to support site development
20 costs approximately 50 plus acres of property at the
21 Airport East Industrial Park. The IDA has planned to
22 purchase that property, which is part of the match for
23 the project. The total site development costs are
24 estimated to be between three and \$3.5 million. The
25 IDA's intention is for these dollars to be part of the

1 incentive package and expected to go towards site
2 development costs, and that contract would be under a
3 private company. For that reason staff recommends an
4 award of a million dollars to be transferred to TROF and
5 combined with the TROF incentive and performance
6 agreement.

7 The next project on the list is Halifax, Industrial
8 Development Authority of Halifax County, and this is
9 Project Roy. This is a new industrial prospect, and a
10 million dollars is requested. These funds are requested
11 along with a \$4.2 million dollar TROF request and three
12 million from the GOF that would go towards a \$9.25
13 million in Phase 1 construction costs to meet the needs
14 of the prospect. This prospect is going into Virginia's
15 Advanced Manufacturing Center. The grant funds would be
16 used primarily. The IDA expressed intentions to seek as
17 much as \$450,000 funding through the Rail Access Fund to
18 support these costs with the balance coming from the
19 Southside funding. Beyond the rail access, the next
20 priority use of the grant funds will be to support costs
21 for improvements to the loading docks and a portion of
22 costs for building improvements estimated at \$1.2
23 million. The applicant indicates plans to enter into a
24 Lease to Purchase agreement with the prospect, which
25 staff points out will need to get final approval from

1 the Commission leadership per the Claw Back provision of
2 the older grant agreements and the Sale of Encumbrances,
3 Security Interest section of the current standard
4 grant agreement. Staff recommends an award of one
5 million contingent on the prospect selecting Halifax
6 County.

7 The next project is from Henry County for Project
8 Mercury, \$216,573 requested. The full balance available
9 in the Henry County allocation is requested to support
10 60 percent of the \$361,000 estimated costs for
11 construction of water and sewer lines to meet the needs
12 of the active prospect. Grant funds would be used to
13 construct 2,304 linear feet of 12-inch water line and
14 2,700 linear feet of eight-inch sewer line to serve Lots
15 12A and 12B in the Patriot Centre Industrial Park,
16 identified for Project Mercury. The water and sewer
17 lines are also sized to serve two additional lots at the
18 Patriot Centre Industrial Park. Based on the design to
19 serve future prospects and prospective tenants to the
20 Patriot Centre, but this has to accommodate the active
21 prospects and only modest new revenue projections. The
22 staff is recommending an award of \$216,573.

23 The next is the County of Lunenburg, Acquisition
24 and Development New Industrial Park, \$555,000 requested.
25 The grant funds combined with the county match are

1 requested to support property acquisition, contractual
2 services, and \$500,000 for property and improvements.
3 Distribution of cost estimates for the improvements
4 include 43,000 square foot building and as I said,
5 \$100,000 for property acquisition, \$20,000 toward
6 contractual services, and \$500,000 for property and
7 improvements, including demolition of the existing
8 building and actual grading and resurfacing and repair
9 of the existing road. The application included a
10 detailed professional appraisal from February 2013 with
11 a fair market value of \$75-95,000. At this point in
12 time, the county has not yet determined its plan for the
13 best use of the property. Staff suggests initially
14 assisting the county with acquisition funds, with the
15 balance of the requested funds to be used only for an
16 end use that aligns with the Commission's program
17 objectives, the manufacturing, workforce training,
18 healthcare, but not for retail commercial housing and so
19 forth. Staff recommends an award of \$555,000 for initial
20 property acquisition and site assessment, with the
21 balance of site redevelopment and contractual services
22 awarded contingent on an end use that aligns with the
23 Commission's Strategic Plan and program objectives.

24 The next project is County of Lunenburg, Lunenburg
25 Site Readiness Phase II Site Development, \$441,000

1 requested. \$150,000 of the grant funds would be used
2 toward site work including stormwater manage and grading
3 on a seven acre parcel, and would provide for
4 three and a half to four acre pad area. This pad would
5 accommodate a 20,000 to 30,000 square foot building,
6 related parking and landscaping. \$291,000 would go
7 toward construction of a 1,200 linear foot access road
8 to the property. Our program requires at least a ten
9 percent match. The county staff has clarified that there
10 would be at least a 50 percent match, that match would
11 either be through the access road funds, and that would
12 come either through the VDOT Access Road funds if they
13 are qualified for that program or the Revenue Sharing
14 program. Staff recommends an award of \$441,000
15 contingent on no more than 50 percent of grant funds
16 being used for costs related to the access road.

17 DELEGATE WRIGHT: Thank you, Sarah. Now
18 we'll have questions from the Committee, and then we can
19 take a vote for any acceptance in a block or if someone
20 wants to remove a project from the block. Any questions
21 or comments on the first grant, Brunswick 3038? If not,
22 we'll move on to Danville 3034.

23 DELEGATE MARSHALL: Mr. Chairman, I'd like
24 to ask people from the Danville Community College to
25 explain in a little more detail about 3034 and give a

1 little history of the precision machining and one that
2 we already approved, and then also the demand for
3 precision machining at the community college.

4 DELEGATE WRIGHT: Let me go through them
5 first and take them in a block or take one out. The next
6 one is 3037, the second Danville project. Any questions
7 or comments on that? Next is 3043, Dinwiddie Airport
8 Industrial Park Site Readiness. Any questions on that or
9 comments from the Committee on that? These have been
10 going pretty smooth, but you may recall that this was an
11 out of cycle meeting for grants that were ready to go,
12 staff has recommended them. All right, Halifax 3032,
13 Project Roy. Delegate Edmonds couldn't be here, and his
14 absence would be expected to support the project.

15 MR. PFOHL: I'd like to make a point. The
16 last three projects have economic development prospects
17 in play here. If you go three of three, and I know
18 that's a pretty significant batting average in economic
19 development. If you go three for three on these projects
20 we're talking about more than 1,800 new jobs and well
21 over \$400 million in investment just in the cycle, and
22 those are really significant numbers. I wanted to point
23 that out for those that may question the importance of
24 what the Committee does and Commission does and the
25 value of these meetings, and that's gonna impact on a

1 lot of people.

2 DELEGATE MARSHALL: The staff
3 recommendations are to invest money only if the projects
4 do what they say in the locality.

5 DELEGATE WRIGHT: Based on what you just
6 said, that the Secretary of Commerce recently, and there
7 was a Chamber of Commerce meeting and very optimistic
8 about how things look in Virginia, about jobs being
9 created, and that certainly reflects here. The next one
10 is 3033, Henry County, Project Mercury. Then 3035,
11 Lunenburg County Acquisition and Development New
12 Industrial Park. Then 3036, Lunenburg County. Any
13 questions on those? Let me just make a comment about
14 3041, Nottoway County. Had a good project proposal and
15 they're getting ready for some major economic
16 development and a good program is coming to Nottoway
17 County. I think Nottoway realized and the staff has
18 pointed out to them this would be a revenue generating
19 proposal, and the reason for withdrawing that was the,
20 not because the lack of the importance of it.

21 SENATOR RUFF: Mr. Chairman, I think you
22 had explained what the acronym stands for.

23 DELEGATE WRIGHT: If you tell me what the
24 acronym stands for I'll take a stab at it.

25 UNIDENTIFIED: Federal, Foreign Affairs

1 Security Training Center.

2 DELEGATE WRIGHT: Thank you. The
3 environmental assessment studies, and it's gonna be
4 a training area for that'll be involved in security and
5 other things overseas and apparently it's very much
6 needed. There's some good paying jobs. All the time
7 we've been dealing with the government on this has come
8 back to the fact that Fort Pickett will play a key role,
9 and they have a natural training site. It's gonna create
10 a lot of development, not only for Nottoway County and
11 others. At this time there won't be any housing or, and
12 they'll have to go off the area for housing and so
13 forth. A real challenge for Nottoway to get ready for
14 this. A major project with hundreds of jobs.

15 DELEGATE MARSHALL: I have a motion when
16 you're ready. I move that request number 3038 for
17 \$285,960, request number 3037 for \$960,000, request 3043
18 for one million, request 3032 for one million, request
19 3033 for \$216,573, request 3035 for \$555,000, request
20 3036 for \$441,000 be approved, and I so move.

21 DELEGATE WRIGHT: Was 3034 --

22 SENATOR STANLEY: Mr. Chairman, would you
23 take 3038 out of the block, Brunswick?

24 DELEGATE WRIGHT: Is 3034 in the block?

25 DELEGATE MARSHALL: I didn't put it in the

1 block because I wanted to talk about it.

2 DELEGATE WRIGHT: There's two items taken
3 out of the block, 3038 and 3034.

4 DELEGATE MARSHALL: 3034 was never in the
5 block.

6 DELEGATE WRIGHT: So the motion is to
7 approve the balance of the projects. Do I have a second?
8 The motion is made and seconded. All those in favor, say
9 aye. (Ayes) Opposed? (No response) The motion carries.
10 Now, the next one we'll take up is 3038.

11 SENATOR STANLEY: Mr. Chairman and members
12 of the Committee, in reading the application I have
13 concerns about the same way about what kind of precedent
14 we're gonna set. I understand the potential disconnect.
15 We're buying some land here, C.J.

16 MR. DEAN: I'm C.J. Dean, treasurer of the
17 Roanoke River Rails to Trails. This is very important to
18 us because right now the town of Lawrenceville is
19 leasing this into the town and the lease has been going
20 up. Norfolk and Southern has been raising the lease.
21 Roanoke River Trails has tried to negotiate with
22 Norfolk-Southern and the corporate office has changed so
23 much now that the property or the price has increased
24 significantly for what they want for this 44 acres. This
25 would complete the trail into Lawrenceville so we could

1 get people coming in and shopping in the downtown area.
2 We just held the first half marathon and we had 75
3 participants as far away as New York and Ohio coming to
4 run the half marathon and it finished in Lawrenceville.
5 And this property would secure that spot and we could
6 develop it further, rather than just being leased from
7 Norfolk Southern.

8 DELEGATE WRIGHT: Any further questions?

9 SENATOR STANLEY: What is the lease
10 currently, and what kind of increase are you talking
11 about?

12 MR. DEAN: It used to be \$1,800 a year, and
13 most recently it's gone up to \$5,600 and gonna go up to
14 \$9,600 within the next two years.

15 SENATOR STANLEY: What exactly are you
16 getting for that lease?

17 MR. DEAN: We get about 1.5 miles plus the
18 27 acre piece as part of the 44.

19 SENATOR STANLEY: Any other negotiations
20 except the purchase from Norfolk-Southern? Is there any
21 other purpose for this land other than trails?

22 MR. DEAN: The trail is 100 foot wide other
23 than where this parcel is. It's not really big enough to
24 develop anything on it other than a corridor for
25 something like that, and it would be preserved as far as

1 mean Rails to Trails, but it was purchased with Virginia
2 Works money and some of the other line items. We
3 purchased several million dollars' worth of trail. It's
4 about 150 miles of trail, and there's a few little
5 pieces that remain. We've completed a six million dollar
6 enhancement to the trail, the Lawrenceville piece that
7 Lawrenceville owned westward.

8 SENATOR RUFF: What would be the next
9 closest hub to that?

10 MR. DEAN: The next closest is Brodnax, and
11 there's a small parking area there. The next hub would
12 be La Crosse. About 15 miles and another three miles
13 west of Lawrenceville.

14 SENATOR RUFF: That would be your only
15 option for a hub?

16 MR. DEAN: Yes.

17 DELEGATE WRIGHT: It mentions in here a
18 Turntable Park.

19 MR. DEAN: Lawrenceville had the turntable
20 and we had land planning and design, and Roanoke River
21 Trails came in and gave us a site development plan and
22 what we could do with that area as far as places for
23 visitors to come. We've got picnic areas along with
24 other museum type exhibits. People could come and start
25 walking the trail there and could come back and enjoy

1 it.

2 MS. CARTER: How developed is this trail?

3 MR. DEAN: Right now the trail from
4 La Crosse proceeding eastward about 15 miles is
5 developed with VDOT funds and it's up to their
6 standards. From there the part that we're leasing has
7 been done by town forces and not paved or anything, it's
8 just gravel. The street crossings are not marked, it's
9 just being leased.

10 MS. CARTER: Do you have figures on how
11 many tourists or visitors you've had?

12 MR. DEAN: There was a study that included
13 some of that language in the application, and I think it
14 was 61 jobs would be created for a 1.5 million dollar
15 annual return from the investment.

16 MS. CARTER: Do you have any hard numbers
17 on how people are involved?

18 MR. DEAN: On the weekend of the 25th half
19 marathon there were 75 runners that came from across the
20 region like Raleigh, Richmond, Pennsylvania, and Ohio,
21 and they brought their families and friends with them.

22 DELEGATE WRIGHT: Any further questions?
23 This is unusual as far as the application for funds. I
24 think we need to consider also the effort that's gone
25 into this. I've got a motion and a second that we

1 approve this. Who moved it?

2 SENATOR RUFF: So moved.

3 MR. OWENS: Second.

4 DELEGATE WRIGHT: I have a motion and a
5 second that we approve project 3038. All in favor, say
6 aye. (Ayes) Opposed, no.

7 SENATOR STANLEY: No.

8 DELEGATE WRIGHT: Motion carries.

9

10 NOTE: At this point Secretary Jones joins
11 the meeting via telephone.

12

13 DELEGATE WRIGHT: Welcome, Secretary Jones.
14 I know you met recently with the Secretary of Commerce,
15 would you like to make a comment?

16 SECRETARY JONES: I heard the question
17 directed toward me, I didn't hear the entire question.

18 DELEGATE WRIGHT: Do you have any comments
19 or anything you'd like to say?

20 SECRETARY JONES: On this particular grant?

21 DELEGATE WRIGHT: That, or anything in
22 general.

23 SECRETARY JONES: In general I would tell
24 you that I'm very optimistic for the economic growth in
25 Southside, but we've got plenty of work to do. This one

1 here in my mind would fall right in the category of
2 investing in assets that will help tourism at the very
3 least. Manufacturing and tourism are two of the areas
4 that I think Southside is well positioned to take
5 advantage of. We have to make sure we're investing in
6 these kind of assets, mostly in investing in our people
7 and make sure the people are prepared for the prospects
8 that are out there. There's businesses looking to expand
9 and come to Southside for the first time right now that
10 make us pretty optimistic about the process.

11 DELEGATE WRIGHT: Thank you, Mr. Secretary.

12 DELEGATE MARSHALL: Let's talk about
13 request 3034, and I ask the people from Danville and the
14 Danville Community College to come forward.

15 MR. SIMPSON: I'm Troy Simpson, Director of
16 Advanced Manufacturing at the Danville Community
17 College. In response to the successes that Pittsylvania
18 County's technical program that was funded a couple of
19 years ago by the Tobacco Commission. Currently we have
20 17 seniors in that program that'll be graduating this
21 year. 13 of which will be transferring to Danville
22 Community College have already committed and registered
23 as a second year student. We have 11 students in the
24 junior class that'll be rising seniors at the Career
25 Tech Center, and we currently have 20 students which

1 we've reached maximum capacity of 20 students entering
2 the junior class. As far as G.W. High School students
3 having an opportunity to go to Pittsylvania County, that
4 class is full, there's no actual spots available for
5 them to do that.

6 In that particular program, we have our first
7 students that were senior that was in from that group
8 will be graduating from Danville Community College
9 Friday night. 19 years old, spent one year at DCC, is
10 graduating and has received a job. When you look at the
11 numbers that we're focusing on in the footprint for
12 precision machinists. This strategy that we have at G.W.
13 High School is to increase the pipeline of students
14 feeding into the two-year Community College Program, and
15 then they'll be able to transfer to our third year
16 Capstone Program at the Institute of Advanced Learning
17 and Research where we'll have a ribbon cutting Friday
18 morning. To date these students at Pittsylvania County
19 Career Technical Center have earned 15 15M
20 certifications, and we'll test 15 more this week. In the
21 two-year program we were at for about the past five
22 years we've reached maximum enrollment at DCC in the
23 Precision Machining Program. Historically, if you look
24 at this, the pre-registered students, to this date we
25 will fill that program with 52 freshman on the campus,

1 and there's no slots available for the G.W. students to
2 attend DCC as well.

3 The DCC program would double the size of that
4 program. The building will be under a major renovation
5 next year with 22,000 square feet being allocated for
6 machining with a capacity of 102 to 104 students on
7 DCC's campus, with 35 C&C machine tools in that bay and
8 all that equipment.

9 This past semester at DCC our students earned 96
10 certifications, and this semester 130 certifications
11 since last semester. We have a number of students that
12 have already committed to the third year Capstone
13 Program at the Institute as well as students the
14 Wytheville Community College with their graduating class
15 that'll be coming to Danville this year to attend the
16 third year Capstone Program.

17 Based on all the successes and the number of
18 students in the program, it's very critical we continue
19 to build this pipeline, because our graduating numbers
20 out of Danville Community College and the Capstone
21 Program is directly impacted by the pipelines, and this
22 Danville G.W. program has increased the pipeline feeding
23 into the second and third year exercise at DCC.

24 DELEGATE MARSHALL: You'll remember a few
25 years ago we funded a study from Boston Consulting. If

1 you remember one of the things they talked about was
2 mid-level jobs and machining was part of that. The
3 consultant said that we had a gap in there. So Senator
4 Ruff and others, and we got funded for DCC, and they
5 were graduating 25 people, now you have 50 some people.
6 I think Boston Consulting said we needed close to a
7 hundred, so what we're trying to do with all of this is
8 increase the pipeline. Here's the question, would you
9 agree? Let's talk about the pay for these men and young
10 women that are coming out of DCC. Where are they going
11 to work and what'll they be making?

12 MR. SIMPSON: Starting pay ranges anywhere
13 from 17 to 24 dollars an hour. We have a quality program
14 and lengthy program since the 1930's. We're reaching to
15 multiple people out of state and also this program
16 locally. We're filling our local shops and we provide
17 students for those. We have students that go to the
18 Lynchburg market, and that's Babcock & Wilcox, Rolls-
19 Royce has been recruiting students. We can't control who
20 picks up the phone and calls them, but the demand is
21 tremendous. I think this year we've had over 70 demands
22 for students. We had one lady in the program had seven
23 job offers, and that person will be graduating Friday
24 night, but the demand is tremendous.

25 DELEGATE MARSHALL: 52 people will graduate

1 this year. How many have jobs already?

2 MR. SIMPSON: Every one of them do at this
3 time.

4 DELEGATE WRIGHT: I don't think there's a
5 question about the value of these jobs and the demand.
6 Any other questions?

7 DELEGATE BYRON: I understand the comments
8 from Boston Consulting and the Center for Excellence,
9 but the thing that gives me concern, setting a model
10 like this and you already talked about your plans to
11 expand next year.

12 MR. SIMPSON: A two-year program.

13 DELEGATE BYRON: You'll be able to take on
14 a lot more students at that time?

15 MR. SIMPSON: Right now the additional
16 funding that Delegate Marshall referred to and we did
17 some temporary renovations and hired two more
18 instructors, and that'll wrap it up to 104 students.
19 What the next phase of renovation will do will be to add
20 additional space to bring in about 20 more C&C machine
21 tools and students will have a better opportunity for
22 hands on instruction.

23 DELEGATE BYRON: I'm trying to understand,
24 and one thing that concerns me when you start investing
25 in all this equipment, and when you consider the

1 students and the costs of all this machinery. It
2 concerns me that we start putting centers in schools. So
3 if you start putting the centers in the schools and I
4 have people in my district too could serve people at
5 B&W in my region. Why would we want to start putting
6 those into the school system, and when you consider
7 doing it at one location and the instructors --

8 MR. SIMPSON: Just to build the pipeline to
9 students who have an opportunity in high school to earn
10 and they have an opportunity in high school to earn 40
11 college credits and get them interested at a very early
12 age. If you look at 17 students and we've recruited 13
13 into the program and we've never had that kind of
14 numbers by one school system the entire time. If you
15 look at the cost of this equipment and the rudimentary
16 training we do and the high school which is equivalent
17 to the first year in the community college experience,
18 we think we'll have a 20-year useful life for that
19 equipment and our more advanced training equipment. This
20 equipment to address that very need. The foundation has
21 put 600,000 dollars' worth of equipment in that program
22 and replaced every 24 months at no cost to us. We have
23 identified the very advanced level equipment training
24 and how that equipment will be kept up to date. We've
25 secured that as well.

1 MR. MERRICKS: Have you done an assessment
2 of the schools to know what the demand your program at
3 G.W. will be? In other words, what do you anticipate
4 that growth, you started in the area of the city and
5 I call that the raw material. What about the raw
6 material getting into the program as it's set up at
7 G.W.?

8 MR. POLHAMUS: My name is Edward Polhamus,
9 and I'm Chairman of the School Board for the City of
10 Danville. The question that Mr. Merricks is asking has
11 been asked before, and the simple answer is it is our
12 responsibility at the school division level to recruit
13 the students actively. We intend if this project is
14 approved to hire a new faculty member who would start in
15 January and have the entire second semester of next year
16 to get the lab set up to his liking or hers and recruit
17 students right there at the high school. High school
18 students very often are not looking very far into the
19 future, and it's our responsibility as public school
20 educators to help them see that future and we think this
21 program is an excellent example of how that program can
22 help.

23 SENATOR STANLEY: Doctor, G.W. has
24 historically been a hub of the high schools in your
25 system and City of Danville. It's a high school in which

1 the student body, a significant level at or below the
2 poverty level. When I say that, 70 percent are eligible
3 for free or reduced lunch program.

4 MR. POLHAMUS: Within the full division,
5 yeah, but slightly different at G.W., but not much.

6 SENATOR STANLEY: You would agree that in
7 that student body we have a significant number of young
8 men and women who otherwise may not be able to pay for
9 or achieve or have the ability to go to a traditional
10 four-year degree program due to the costs and financial
11 capabilities.

12 MR. POLHAMUS: That's absolutely true.
13 These young folks really don't know what might be out
14 there, and once they wake up and realize they need some
15 future plan, cost can be a major prohibitive factor.

16 SENATOR STANLEY: Would it be fair to say
17 that this request would provide an opportunity that
18 otherwise may not be there for these students that are
19 at or below the poverty level and to be able to get
20 training and certifications that would allow them to get
21 good paying jobs?

22 MR. POLHAMUS: I believe that to be true.

23 MR. CANNON: I understand you now have 52
24 students graduating in the two-year program?

25 MR. SIMPSON: The two-year program we have

1 40 graduating this year and the third year program of
2 Advanced Manufacturing at the Institute and the first
3 cohort starts in August in a brand new program.

4 MR. CANNON: How many do you think
5 you can handle there with your present staff?

6 MR. SIMPSON: Which program?

7 MR. CANNON: Either one of them?

8 MR. SIMPSON: We have seven full-time
9 instructors at this point and we could handle very
10 easily at this point 40 students in the Advanced
11 Manufacturing Program and on DCC's campus 104 at the
12 current faculty.

13 MR. CANNON: How many are coming out of
14 your Pittsylvania County School System?

15 MR. SIMPSON: 13 seniors will be coming to
16 DCC.

17 MR. CANNON: Is that going to be a
18 continuous program?

19 MR. SIMPSON: Yes.

20 MR. CANNON: My only thought is that the
21 three Centers of Excellence set up by the Tobacco
22 Commission to spread this along a corridor a lot more
23 than just Pittsylvania County, and I'm really concerned,
24 and I'm fine with DCC, but my concern is, and I think
25 what you're doing is a great job, but I think there's

1 too much emphasis being put into one school and not
2 spread across the area. Some of these students can't
3 drive 30 miles to DCC. I think the footprint we have
4 going and other educational things, is every high school
5 in the footprint going to want to have this same thing,
6 and what's the expense of that? I think we've got a
7 pretty good model starting already and need to spread it
8 out and not all concentrate it in Danville in their
9 precision machinist side. I have a real problem with
10 that with the number of people, and then you say, "Ok,
11 we'll go into a second shift," and trying to get
12 instructors. It just to me seems to be spending or
13 putting too much in one area, although they're doing a
14 great job.

15 DELEGATE WRIGHT: Before we do any more
16 questions, let me call on this gentleman who hasn't
17 spoken yet.

18 MR. TUCK: I'm Telly Tuck, I'm the Director
19 for Economic Development for the City of Danville,
20 Virginia, and I appreciate the opportunity to speak. We
21 certainly think workforce development is the best
22 incentive that we can provide for prospects and for
23 additional businesses. The three-tiered approach that we
24 have here in Danville and Pittsylvania County, and I
25 mean the dual enrollment at high school and the DCC

1 program, and then the program at the Institute for
2 Technology and Capstone has not been duplicated anywhere
3 in the United States from what I understand. The fact
4 that we've gotten quite a bit of private investment
5 in the Capstone underscores the importance of these
6 types of jobs being available in the workforce. I think
7 it's incumbent upon us to make sure that we feed that
8 pipeline, and with the private investment and feedback
9 we've gotten from individuals who are investing.
10 Considering our area that's really an attractive asset
11 for our region. I appreciate the opportunity to speak.

12 DELEGATE BYRON: I want to agree with the
13 comments Mr. Cannon made. Some of the concerns I have
14 are the fact that you've got some workers who will not
15 have the same opportunities, the fact that you have
16 permanent workers that won't have the same
17 opportunities. I understand Senator Stanley's comments
18 about the youth that will be serviced there, we spend
19 millions and millions of dollars a year in workforce
20 training in the Commonwealth of Virginia with federal
21 programs. A lot of this is directed and especially the
22 New Workforce Development Opportunities Act directed
23 more money to youth, and some of the individuals that
24 don't have the money that you're referring to to be able
25 to get the training. There's a lot of money out there to

1 make sure the youth get the services at the community
2 college or whatever facility has. One of the big
3 concerns is having a duplication workforce is a big
4 thing now. If we're duplicating what we're doing in
5 short radiuses we're gonna have everybody back in front
6 of the Commission asking for the same thing.

7 MR. SIMPSON: The model we have, and like I
8 said we're getting 13 students out of that school
9 system, and we've never had that kind of impact before.
10 I think providing high school students this opportunity
11 while in high school we'll see larger numbers continue
12 their education in a career path that leads to a high-
13 paying job. We see this as building the model where we
14 can serve more students and on the economic development
15 front we can demonstrate we have a very robust pipeline.
16 In sitting in the meetings you know that unless we have
17 a demonstrated pipeline and those people in the training
18 track, when it comes to economic development and
19 advanced manufacturing machining, and if we don't have
20 that pipeline we won't get to the table.

21 DELEGATE BYRON: I don't disagree with you.

22 SENATOR RUFF: A couple of days ago there
23 was an announcement in the paper Volvo was going to
24 South Carolina. If you talk to economic development
25 folks they say talent is the biggest driving factor, if

1 you don't have the trained employees and you don't have
2 a pipeline to those trained employees, then they're
3 gonna look for places where there are trained employees
4 or where there is a pipeline. The second point I'd
5 like to make is that this is requested from the City's
6 allocation. If that community believes that's the
7 highest and best use of that money, then I think we
8 ought to consider that. In the past if Mecklenburg
9 wanted to do something and in the early years of the
10 Tobacco Commission we made the effort to do that coming
11 from the local allocation.

12 DELEGATE WRIGHT: Let me just say that we
13 had a lot of discussion and probably could go on for a
14 long time. I'm ready for a vote if you want to make it.
15 You've had your hand up, Delegate Marshall.

16 DELEGATE MARSHALL: Let me yield to --

17 MR. OWENS: I think the precision machine
18 technology training is essential, but I have a problem
19 putting it in the high school, and if there was
20 somewhere on the DCC campus we could do this, have an
21 open access to it, I have a problem supporting it going
22 to the high school.

23 DELEGATE MARSHALL: We've already crossed
24 that river one time. We had one in Pittsylvania County -
25 -

1 DELEGATE WRIGHT: Delegate Marshall.

2 DELEGATE MARSHALL: This Committee funded
3 two projects in Pittsylvania County, the machining
4 program called Capstone, and that came out of
5 this Committee.

6 MR. OWENS: Going to the Vo-Tech, not the
7 high schools, is that correct?

8 MR. SIMPSON: It's a high school Vo-Tech
9 Center serving four high schools in this particular, all
10 the students in the Danville City School.

11 MR. OWENS: I think you all have done a
12 wonderful job with this, I would support it if it was on
13 their campus, but I can't support it in the high school,
14 and how many high schools are there in our footprint?
15 Every one of them if they had an opportunity would come
16 before the Committee, ask for money to put it there.

17 DELEGATE WRIGHT: Delegate Marshall, do you
18 have a motion?

19 DELEGATE MARSHALL: I move that we approve
20 Request number 3034, City of Danville in the amount of
21 600,000 dollars.

22 UNIDENTIFIED: Second.

23 DELEGATE WRIGHT: We have a second. Any
24 members have any comments before we vote?

25 MR. MERRICKS: I want to echo what Senator

1 Ruff said. These localities come to us and this is what
2 they want to do, and here we are saying, "No, we don't
3 want to do that." I think DCC has the premier program,
4 machining program in the Commonwealth. Why in the world
5 you would want to dilute that when you got a bunch and
6 here you got one good one, and bringing students there,
7 and let them go to school at the premier place and get
8 trained. We talk about economic development.

9 DELEGATE WRIGHT: One last thing I'm gonna
10 ask for, any additions from the staff?

11 MR. PFOHL: Mr. Chairman, I'd like to have
12 the applicants clarify for us, the application proposes
13 a dollar for dollar match the Commission, \$600,000 in
14 local funds for equipment improvements. The application
15 indicates that those funds are in hand. Can you clarify
16 that they will be spent in G.W., not at another site?

17 MR. SIMPSON: Yes, the Danville City
18 Council has given its support for 600,000 dollars.

19 DELEGATE WRIGHT: Is it necessary for that
20 to be a contingency?

21 MR. PFOHL: That's part of the project that
22 has been recommended.

23 DELEGATE WRIGHT: Do you want to make it as
24 part of the --

25 DELEGATE MARSHALL: I'll amend my motion.

1 DELEGATE WRIGHT: I think it's already in
2 the staff recommendation.

3 MR. PFOHL: Yes.

4 DELEGATE WRIGHT: Any further discussion?

5 MS. GOULD: Before you call the vote I will
6 abstain from the vote.

7 SENATOR STANLEY: Mr. Chairman, my
8 questions were focused on something that I think is so
9 important. I just want to say I think this Commission
10 has shown, may not have economic development without a
11 firm commitment to breaking the cycle of poverty. The
12 poverty levels for these young men and women in Danville
13 are in some ways greater than in other areas. That
14 doesn't make it any different, because poverty is
15 poverty. Creating this opportunity for high school or
16 connecting it to DCC in a way that we can offer
17 opportunities that otherwise won't be there, and young
18 men and women because of their financial situation, and
19 I think what we should stand for first and foremost, so
20 I ask everyone consider supporting this. This to me is
21 going to help break the cycle of poverty, and this will
22 be for many. Thank you.

23 DELEGATE WRIGHT: Are we ready to vote? The

1 motion is in favor of request number 3034 in the amount
2 of 600,000 dollars. All those in favor, say aye. (Ayes)
3 Opposed, no. (No) Let's have a roll call.

4 MR. PFOHL: Delegate Byron?

5 DELEGATE BYRON: No.

6 MR. PFOHL: Mr. Cannon?

7 MR. CANNON: No.

8 MR. PFOHL: Ms. Gould is abstaining. Ms.
9 Carter?

10 MS. CARTER: No.

11 MR. PFOHL: Delegate Marshall?

12 DELEGATE MARSHALL: Aye.

13 MR. PFOHL: Mr. Merricks?

14 MR. MERRICKS: Aye.

15 MR. PFOHL: Mr. Owens?

16 MR. OWENS: No.

17 MR. PFOHL: Senator Ruff?

18 SENATOR RUFF: Aye.

19 MR. PFOHL: Senator Stanley?

20 SENATOR STANLEY: Aye.

21 MR. PFOHL: Mr. Walker?

22 MR. WALKER: Aye.

23 MR. PFOHL: Delegate Wright?

24 DELEGATE WRIGHT: No.

25 MR. PFOHL: The motion fails on a five to

1 five tie.

2 DELEGATE WRIGHT: The motion fails. Is
3 there any public comment? There being no public comment,
4 we are adjourned.

5

6 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 Indemnification and Community Revitalization Commission Southside Economic Development Committee Meeting when held on Tuesday, May 12, 2015 at 1:00 P.M. at the Franklin Center for Advanced Learning & Enterprise Rocky Mount, Virginia.

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

Given under my hand this 13th day of June, 2015.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2018.