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**VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY
REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Special Projects Committee Meeting
Tuesday, December 14, 2010
1:00 p.m.

Hotel Roanoke
Roanoke, Virginia

1 **APPEARANCES**

2

3 The Honorable William C. Wampler, Jr., Chairman

4 Ms. Connie L. Nyholm, Vice-Chairman

5 Mr. Kenny F. Barnard

6 The Honorable Kathy J. Byron

7 Mr. John Cannon

8 Mary Rae Carter, Deputy Secretary of Commerce and Trade

9 Mr. Jordan Jenkins, Jr.

10 The Honorable Daniel W. Marshall, III

11 Mr. Israel O'Quinn

12 The Honorable W. Roscoe Reynolds

13

14 **COMMISSION STAFF**

15 Mr. Neal Noyes, Executive Director

16 Mr. Ned Stephenson, Deputy Executive Director

17 Mr. Timothy J. Pfohl, Grants Program Administration Manager

18 Ms. Sarah K. Capps

19 Grants Program Administrator, Southside Virginia

20 Ms. Sara G. Williams

21 Grants Program Administration Manager, Southwest

22

23 **Commission Counsel**

24 Francis N. Ferguson, Esquire

25

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4 SENATOR WAMPLER: I'll call the meeting of
5 the Special Projects Committee to order and I'll ask our
6 Executive Director to call the roll.

7 MR. NOYES: Mr. Barnard?

8 MR. BARNARD: Here.

9 MR. NOYES: Secretary Brown?

10 SECRETARY BROWN: (No response).

11 MR. NOYES: Delegate Byron?

12 DELEGATE BYRON: Here.

13 MR. NOYES: Mr. Cannon?

14 MR. CANNON: Here.

15 MR. NOYES: Deputy Secretary Carter?

16 DEPUTY SECRETARY CARTER: Here.

17 MR. NOYES: Mr. Jenkins?

18 MR. JENKINS: Here.

19 MR. NOYES: Delegate Marshall?

20 DELEGATE MARSHALL: Here.

21 MR. NOYES: Ms. Nyholm?

22 MS. NYHOLM: Here.

23 MR. NOYES: Mr. O'Quinn?

24 MR. O'QUINN: Here.

25 MR. NOYES: Mr. Redwine?

1 MR. REDWINE: (No response).

2 MR. NOYES: Senator Reynolds?

3 SENATOR REYNOLDS: Here.

4 MR. NOYES: Senator Wampler?

5 SENATOR WAMPLER: Here.

6 MR. NOYES: Mr. Chairman, we have a
7 quorum.

8 SENATOR WAMPLER: Everyone has an
9 agenda before them. Hopefully you've had a chance to review
10 the material as they were presented. I would observe we are
11 waiting on our chairman and at some point he will attempt to
12 call into the meeting. He had court in downtown Gate City
13 this morning, something about freeing the oppressed. So the
14 Chair will entertain a motion to approve the minutes of our
15 October 4th meeting. It's been moved and seconded that the
16 minutes will be approved. All those signify by saying aye
17 (ayes). Opposed, no. The ayes have it. The minutes are
18 approved. The meat of the meeting before us today I would
19 ask Tim to brief the Committee on the staff's recommendation
20 on the various industrial properties before us.

21 MR. PHOFL: Thank you Mr. Chairman. As
22 you recall in the fiscal 2011 budget this year the Commission
23 approved \$20 million to initiate a mega site program in the
24 tobacco region and assigned responsibilities for funding
25 recommendations to your Special Projects Committee. The

1 staff developed guidelines and advertised an application
2 deadline of November 1st. We received several proposals
3 requesting approximately \$34 million that are listed and
4 summarized in the staff's handouts that were emailed to you
5 in the middle of last week and posted on our website. The
6 guidelines for the program limit an individual community's
7 grant in any one fiscal year to \$10 million. We've received
8 proposals ranging from \$130,000 and change up to that \$10
9 million limit. We have had some revisions to some of the
10 proposed amounts that are being requested of you. Staff is
11 recommending some level of funding for each of those 7
12 projects. Staff met individually face to face with each of the
13 applicants at which time the applicants were advised to
14 provide some supplemental information to us which hopefully
15 would be captured adequately in the staff report.

16 The list of funding recommendations is on the
17 screen behind me. At the Vice-Chair's request we also at the
18 back of your committee packet and at the end of the
19 summaries to the 7 proposals, there's a spreadsheet that list
20 some of the key attributes and aspects of these requests.
21 Obviously these are multi-faceted projects in terms of the
22 amount requested now for specific activities as well as
23 expectations for future funding requests of us, future funding
24 commitments by the local government and other funding
25 partners.

1 Mr. Chairman, if you would like, I'd be happy
2 to discuss any of those projects individually or turn it back
3 over to you for discussion.

4 SENATOR WAMPLER: Let's see what the
5 mood of the Committee is but I'll make an observation only as,
6 not as Chair but as a member, certainly is not the official view
7 of this Committee. I look at our initiatives in the
8 Commonwealth of the 23 years that I've been in the General
9 Assembly and I think back to the days of Governor Baliles
10 when he invested maybe an amount of a million dollars in
11 some of our rural counties. That's seed corn if you will and
12 sometimes it takes a while for that to mature. Some of the
13 properties we've developed over the years are just now coming
14 to maturity or fruition. We hope these investments that we're
15 poised to make will come along in a quicker fashion. What I'm
16 really trying to say is we probably only have the financial
17 capacity to do one or two true mega sites. I don't know that
18 we as a Commonwealth even in the state's general fund have
19 the ability to build six mega sites. The advantage to what staff
20 recommends today to the localities that have submitted in my
21 mind is that we will have a great deal more inventory for us to
22 develop both in short term and long term. I'd ask you to think
23 about that and you don't have to agree with me if you don't
24 want to but it's just an observation and I think we are at a
25 juncture or fork in the road where we might go. So with those

1 comments, I would invite before we get into the project
2 specifics, if anyone has another view other than what this
3 member has to say I'll be happy to entertain them.
4 Everybody's ready to adjourn, I can tell. Tim, I think what we
5 ought to do is go down them without objection and go through
6 the 6 or 7 projects and tell us very briefly a very short
7 explanation of what they are and what you propose and then
8 we'll entertain a motion from there.

9 MR. PHOFL: Starting off with Blue Ridge
10 Crossroads Economic Development Authority or BRCEDA.
11 They are requesting \$6 million for the Wildwood Commerce
12 Park site development. BRCEDA is the regional economic
13 development authority for the governments of Carroll, Galax
14 and Grayson. They have a purchase option on 167 acres
15 adjacent to Interstate 77, Exit 19. The property includes a 50
16 acre pad that BRCEDA will acquire. There is an adjacent 72
17 acre graded pad that the current private property owners will
18 retain. The request is for funds to extend a 5,000 foot access
19 road with utilities to serve those pads as well as some
20 additional acreage that BRCEDA has a right of first refusal.
21 Staff looked at the application and noted that \$2 million of the
22 request is to grade an 11 acre pad which we didn't feel truly
23 was a mega site. There's also a request of \$300,000 to build
24 electric lines to serve the site. We're suggesting that in lieu of
25 construction funds that we offer a portion of that \$300,000 to

1 allow the engineering for those power lines. When a prospect
2 is active for that site, AEP would then be able to build the
3 power lines. We would note there is a revenue sharing
4 agreement in place for these three localities. Not only for
5 revenues from this site but from property surrounding the
6 site.

7 So at this time the Honorable Terry G. Kilgore,
8 Chairman of the Virginia Tobacco Commission is participating
9 via telephone.

10 SENATOR WAMPLER: Mr. Chairman we called
11 the roll, approved the minutes and we're going over the
12 presentation of the mega sites.

13 DELEGATE KILGORE: Thank you Mr.
14 Chairman.

15 MR, PHOFL: Staff wants you to be aware that
16 one aspect of this site may not be up to par with some of the
17 others and there's probably not a reasonable likelihood that
18 rail will ever get to this site. It is currently about 15 plus miles
19 away in the Interstate 81 corridor. While this is a site that
20 could be almost immediately available because of the grading
21 of those pads, this will not be considered a rail serve project
22 site. We're recommending \$3.8 million for the BRCEDA
23 project. Left a zero out of that recommendation statement but
24 it is \$3.8 million.

25 SENATOR REYNOLDS: Would it be proper to

1 ask at this point.

2 SENATOR WAMPLER: It would be proper, yes
3 sir.

4 SENATOR REYNOLDS: How has the applicant
5 reacted to the staff's recommendation and proposal?

6 SENATOR WAMPLER: Come forward and tell
7 us who you are?

8 MR. NOYES: With considerable joy I would
9 think.

10 JONATHAN SWEET: On behalf of Carroll,
11 Grayson and Galax and BRCEDA we are elated at the staff's
12 recommendation. Thank you for your consideration.

13 SENATOR WAMPLER: Appreciate you
14 traveling up here. Any questions on BRCEDA?

15 MR. PHOFL: Mr. Chairman, just for the record,
16 that recommendation for BRCEDA is contingent on the
17 applicant executing the purchase option on that property
18 which they note they've scheduled for February this coming
19 year.

20 The second project is from
21 Danville-Pittsylvania Regional Industrial Facility Authority for
22 Berry Hill Mega Park. This originally came to us as a \$10
23 million request and the applicants have reduced the request to
24 just over \$2.7 million now focusing on the design of electric
25 utilities to serve the site including substation, design and right

1 of way acquisition for natural gas and design and right of way
2 acquisition for a connector road from US 58. We would note
3 that the localities have dedicated the bulk of their Southside
4 economic development allocation to the development of Berry
5 Hill in the past two to three years to the tune of a Commission
6 investment to date of over \$15 million. You have some
7 discussion of future phases of funding for that park. A
8 revenue sharing agreement is in place for those two localities
9 to share revenues equally. Targeted industries include
10 automotive, pharmaceutical and energy production. Staff is
11 recommending an award of \$2.7 million for the Berry Hill
12 Project.

13 SENATOR WAMPLER: Any questions from
14 Committee members or is there anyone in the audience that
15 wishes to speak on this matter.

16 MR. PHOFL: Greenville County is an
17 applicant for the Mid-Atlantic Advanced Manufacturing Center
18 for property acquisition and pad ready development. Funds
19 are requested for 90 percent of the cost of property acquisition
20 which is 422 acres currently under option and those options
21 expire in 2011 so there is some urgency to executing those
22 purchases. That acreage fronts on Interstate 95 and a two
23 lane road that has an exit on I-95. The cost for land
24 acquisition is just under \$6.6 million. They're also requesting
25 funding for engineering and wastewater plant expansion to

1 serve the site. This is the only site to date in Virginia that has
2 been certified by CSX Railroad as a Mega Site. It is adjacent to
3 the CSX main north south line and parallels I-95. Future
4 funding phases include future property acquisition for total
5 site development which is more than 1,500 acres. Targeted
6 industries include automotive assembly, advanced
7 manufacturing. Revenue sharing is not yet in place and is
8 currently being discussed, documents we are told is being
9 drafted to begin conversations with adjoining localities for
10 revenue sharing. The staff would note that the 422 acre site
11 which arguably has probably the best topography for the mega
12 sites we're looking at would provide a ready, development
13 opportunity of mega site size. The County has been
14 approached about Commission funding just as property
15 acquisition \$6.593 million and change and with the County
16 picking up that engineering aspect and I believe they are
17 agreeable. You may want to confirm that with them.

18 SENATOR WAMPLER: Is that in the form of a
19 question?

20 MR. PHOFL: Certainly it would be best to have
21 it on the record that they are agreeable to that.

22 SENATOR WAMPLER: Come forth sir and tell
23 us your name.

24 DAVE WHITTINGTON: My name is Dave
25 Whittington. I'm County Administrator and we're thrilled with

1 the staff recommendation.

2 SENATOR WAMPLER: Is that satisfactory to
3 you?

4 MR. PHOFL: I'm thrilled too.

5 SENATOR WAMPLER: Any other questions
6 concerning Greensville County or any other comments?

7 MR. PHOFL: Henry County is an applicant for
8 the Commonwealth Crossing Business Center requesting \$5
9 million which is approximately one quarter of the \$21 million
10 cost to grade lots 1 and 2 which will be lots of 170 and 222
11 acres respectively and both rail served providing access roads,
12 utilities in phase one at the center which is located on US
13 Route 220 near the Virginia North Carolina state line south of
14 Martinsville. The entire site is 726 acres currently owned by
15 the County IDA. It was one of the sites studied in the Tobacco
16 Commission and VEDP mega site process in 2005. The
17 economic development authority here has verbalized that no
18 further Commission requests are anticipated although we
19 would point out that a \$1.7 million Commission reserve fund
20 grant has been awarded for water and sewer to serve the site.
21 The County has been awarded \$1.5 million from the VEDP
22 mega site program for grading. That funding was announced
23 last month. Targeted industries include advance
24 manufacturing, logistics requiring rail service. Revenue
25 sharing is in place at one-third city and two-thirds for the

1 County. The applicant staff has provided us some verbal
2 updates on fundraising to close the gap on the total \$21
3 million project cost and the staff is recommending an award of
4 \$5 million and contingent on the County securing matching
5 funds sufficient to complete grading and related improvements
6 on lots 1 and 2.

7 SENATOR WAMPLER: Any questions from
8 Committee members? Tim, I want to make sure and this has
9 nothing to do with the merit of the application but you
10 referenced \$1.5 million from VEDP.

11 MR. PHOFL: Yes, sir.

12 SENATOR WAMPLER: The source of funds
13 being from the Virginia Tobacco Commission, correct?

14 MR. PHOFL: Correct.

15 SENATOR WAMPLER: Anyone in the audience
16 care to speak to this application?

17 MR. HEATH: I'm Mark Heath, like everyone
18 else, we're very pleased with the recommendation and this
19 would allow us to get our project up and running and we'll be
20 out of your hair. This will certainly get us across the line and
21 I'm sure we won't be back again.

22 SENATOR WAMPLER: Other questions or
23 comments?

24 MR. PHOFL: Smyth County Board of
25 Supervisors requesting \$130,500 for a mega site selection

1 study and planning project. As originally proposed the study
2 would start looking at six identified potential mega sites
3 ranging in size from 290 acres up to 857 acres. After meeting
4 with county staff and their conversations with Norfolk
5 Southern Railroad about the potential for some of these sites
6 to realistically attract rail service when the rail might have to
7 cross Interstate 81 at a significant cost, the County has come
8 back to us and said they will narrow the initial phase to
9 looking at possibly two or maybe three sites that have a
10 realistic prospect for rail service. When the best site is
11 identified, they would move into an additional phase of study
12 including a variety of steps that are described here,
13 preliminary engineering and geotech and so forth. Five of the
14 sites are adjacent to Washington County and could be
15 developed potentially under a revenue sharing agreement
16 through the existing Smyth-Washington Regional Industrial
17 Facilities Authority. Staff is recommending that the full
18 request be provided so that they can begin the process.

19 SENATOR WAMPLER: Any questions or
20 comments? A representative from Smyth County is here and
21 she can make any comments she cares to make. We have had
22 healthy discussions about performance agreements in the
23 future should a locality be interested in building out further
24 sites attracting new industry.

25 DELEGATE KILGORE: Mr. Chairman, all the

1 other counties are signing these performance agreements. I
2 just have to say that Smyth County and I think we have to
3 insist that they sign these performance agreements before they
4 can participate in the program.

5 SENATOR WAMPLER: It's just an item for
6 discussion. I wanted to make you aware of it. There may be
7 some different views but I think that they will be able to work
8 through it and the Smyth County will conform to the practices
9 of the Commission as every other locality will. Tim, I will say
10 this grant is for planning. A performance agreement doesn't
11 really make up the terms of what I just described but I wanted
12 to make the Committee aware of that and that's all. They can
13 study the selected sites within that County. Any questions
14 from Committee members? Anyone in the audience want to
15 speak to that?

16 MS. MORGAN: I'm Sally Morgan, Smyth
17 County. I do thank you all for the staff recommendation and
18 looking forward to working on these projects. I understand
19 the concern that has been raised. I think we're a long way off
20 from where we draw an application and submit it for this;
21 we're doing that to have plans. Obviously we do have, legal
22 counsel does have some objections to the current wording in
23 the performance agreement but we're obviously looking for a
24 solution on that and we're working towards that. I've
25 discussed with Mr. Stephenson a couple of different times

1 through this process, potential projects we're working on now
2 and how we can work through that. I certainly appreciate
3 your support.

4 DELEGATE KILGORE: I guess the problem I
5 have, I know this is a planning grant and I'm not saying I'm
6 against a planning grant. Planning grants mean there's going
7 to be an additional award of dollars and before we give a
8 planning grant, I would think we'd have to have some
9 resolution as to whether or not a performance agreement can
10 ever be signed in the future. Maybe I'm wrong on that and you
11 all can correct me if I am.

12 DELEGATE MARSHALL: I would agree a
13 hundred percent with the Chairman. There's no need to invest
14 \$130,000 if Smyth County says in the future we're not going
15 to sign the planning grant then why would you want to invest
16 the money?

17 SENATOR WAMPLER: Let me offer this as a
18 suggestion, thinking about it driving up here today, all we're
19 going to do is make a recommendation. We have almost four
20 weeks or maybe three weeks between now and when the full
21 Commission meets. Maybe the staff can work with the County
22 to try to find a resolution to this issue.

23 DELEGATE KILGORE: That would be fine
24 with me.

25 SENATOR WAMPLER: I don't know what the

1 action of the full Committee would be but I'd like you to go
2 back and let the chairman of your board know what our hope
3 and desire is. If we can work this out between now and our
4 meeting on Tuesday, January 11th or 12th, we can have the
5 matter resolved and move forward.

6 MS. MORGAN: We're all working on that and
7 we were working on a TROF application now, not related to
8 this proposal at all. Making a proposal that will offer us an
9 alternative solution that would be favorable to the Tobacco
10 Commission.

11 SENATOR WAMPLER: I appreciate that but I
12 think what Delegate Marshall and the Chairman are saying,
13 we want to treat every locality the same on the performance
14 agreement and we want that agreement to offer some
15 consistency. Anyway we can work on it and the holidays are
16 full of many surprises I suppose and hopefully we can work it
17 out.

18 MR. PHOFL: Next up is Sussex County; Route
19 626 Beef Steak Road Mega Site Project is the most uniquely
20 named one so far. The original requested amount is \$3.9
21 million. The staff met with county leadership and the original
22 request to purchase 620 acres along side Route 460 is for a
23 somewhat irregularly shaped property. The staff voiced some
24 concerns about their ability to get a substantial pad and
25 footprint on that site. The County at that point noted there is

1 an adjacent 421 acres that potentially could be acquired so
2 they came back to us and increased the requested amount to
3 \$5.8 million. They assured us with some renderings from
4 their engineers that they could place a couple of substantial
5 pads on that 610 acres and they have addressed that. This
6 site has a number of very positive attributes including that
7 immediately adjacent is Norfolk Southern Rail to the Port of
8 Virginia. It has 115 kv power line on the property with a
9 substation abutting, sewer treatment plant right next door,
10 water lines, fiber and gas all in very close proximity or
11 adjacent to the site. The total cost of the project ultimately for
12 over a thousand acres will be \$15 million and approximately
13 half of that is anticipated to be future requests to the
14 Commission. The wastewater plant will likely need to be
15 expanded and provide additional capacity beyond the 300,000
16 gallons per day currently available for park occupants. The
17 staff is suggesting we provide engineering funds; \$250,000 so
18 that they can began to look at wastewater plant expansion and
19 water service and other issues to bring rail into the site and so
20 forth. No revenue sharing is in place or discussed in the
21 proposal. Conversations with the county administrator
22 indicate that while our recommendation is to provide
23 engineering contingent on the County securing an extension of
24 the property options that that may not be available, but the
25 sellers may be anxious to sell. The county's leadership is here

1 today and can speak to that issue for you.

2 SENATOR WAMPLER: Any questions of the
3 staff concerning this proposal? All right, you might have won
4 the award for being the furthest away but we're happy to have
5 you.

6 MR. MORRISON: I'm George Morrison, Interim
7 County Administrator and we're elated that you've all
8 considered us providing some funding or at least that's the
9 recommendation anyway. We're in negotiations with the
10 landowner. Recently we've had conversations and we're still
11 having conversations. We might have to wait or the county
12 might go ahead and do it, purchase the property and deal with
13 what falls from that later on but thank you. If there are any
14 questions, I'll be glad to answer them.

15 SENATOR WAMPLER: Are there any
16 questions? I want to say thank you first for traveling a long
17 distance. Secondly, we would welcome you work with staff on
18 any number of projects, this or anything else. Please know
19 that our door is open and we look forward to working with you
20 on this or any other project. You'll find our staff very
21 responsive to work with you in any concerns you might have
22 and thank you for coming.

23 MR. PHOFL: Mr. Chairman, let me correct a
24 misstatement I made. The county indicated in writing that no
25 further Commission requests are anticipated but was

1 predicated on us helping them with this land acquisition.
2 Helping them with this acquisition at this point, we might see
3 our friends from Sussex again I suspect. Also, this site is very,
4 is in close proximity to the Rolls Royce Plant, Rolls Royce
5 project in Prince George County and represents a strong
6 potential to bring in supply chain employers for Rolls Royce
7 and that's another attribute that needs to be pointed out.

8 The final proposal, Washington County
9 Industrial Development Authority, Oak Park Phase IV; access
10 road, utilities and site grading is requesting just over \$1.5
11 million to construct a new 5,000 foot two lane access road
12 along with a 12 inch waterline, fiber optic conduit, storm
13 water facilities and grading of two new pads in Phase IV of the
14 Oak Park Center for Business and Industry. Oak Park is
15 being graded currently using a Commission grant totaling \$5.7
16 million. While the two pads that will be graded in this request
17 are 6 acres and 11 acres and do not constitute the mega site,
18 the entrance road will provide direct access from US Route 11
19 to those pads that are being graded with our funds that range
20 in size from 40 acres up to 68 acres and are more likely to
21 attract mega site projects. In our meeting with the county's
22 staff, your staff inquired about other potential mega sites in
23 Washington County and the county did indicate that there was
24 a 480 acre tract adjacent to the existing county industrial park
25 that is very well served by utilities, roads and other amenities.

1 The County has contacted its engineers and said that for just
2 over \$40,000 they could begin a preliminary engineering
3 process on that 480 acre tract and were recommending that
4 that use of the funds be allowed in their request.

5 MR. NOYES: Members of the Committee that
6 were not here a couple of years ago, I would offer that we were
7 working on a project which may have been a mega site worthy
8 at Oak Park. It's still alive although it's not as active as it was
9 but the Oak Park site, even though it is graded at this time,
10 the Oak Park site is still capable of very large industry and a
11 lot of employment and significant capital investment. We were
12 close and we just didn't have the roadwork in and the pads
13 graded, or we might not have been talking about this today.
14 We might have had 6 or 7 hundred jobs at Oak Park. This is
15 really a mega site potential here.

16 SENATOR WAMPLER: Any other questions or
17 comments from members of the Committee or anyone in the
18 audience that would care to speak?

19 MS. PARKER: I'm Christy Parker, Assistant
20 County Administrator for Washington County. On behalf of
21 Washington County I'd like to thank the Commission members
22 for your continuous support and would like to thank the staff
23 for making your recommendation.

24 UNIDENTIFIED: I would like to thank the
25 Commission and the Tobacco Commission for your foresight

1 for these mega site projects. As I travel rural Virginia I am
2 finding that we are lacking in the products that we had in the
3 80s and 90s. We don't have as many sites available and ready
4 for companies to do business and have them step right in.
5 This is very important for rural Virginia. I commend the
6 Commission and the localities that are looking forward to
7 make these things happen. Thank you very much for all your
8 hard work.

9 SENATOR WAMPLER: We're setting ourselves
10 apart from the rest of the gang positively. Any other questions
11 or comments before we entertain a motion adopting these
12 measures in a block, that being a recommendation to the full
13 Commission? Anyone else here in the audience care to be
14 heard on this portion of the agenda?

15 SENATOR REYNOLDS: I move that we adopt
16 the recommendations.

17 SENATOR WAMPLER: Is there a second? I
18 have a second. It's been moved and seconded, Delegate
19 Marshall.

20 DELEGATE MARSHALL: Do we need to put a
21 little asterisk next to Smyth County to make sure that they are
22 on board with our request of these performance agreements?

23 SENATOR WAMPLER: I think that is assumed
24 in the discussion. As Chair, I would ask the County to work
25 with the staff hopefully in an aggressive way so we can try to

1 have a resolution when we visit this again before the full
2 Commission. Any other questions or comments? Are you
3 ready to vote? All in favor of adoption of these projects in a
4 block say aye. (ayes). Opposed no. (No response). The ayes
5 have it and that block is adopted. Thank you all for traveling
6 here and we do have some other matters of course. Tim,
7 would you lead that discussion?

8 MR. PHOFL: Yes, sir. When the Commission
9 met in October it had a conversation about the
10 Commonwealth Center for Advanced Manufacturing that will
11 be co-located with the Rolls Royce Project in Virginia. The
12 Commission invited an application to assist in the creation of
13 CCAM and moved \$4 million from unbudgeted funds over to
14 your Special Projects Committee for use potentially on that
15 CCAM proposal. We received last month a proposal from
16 CCAM. CCAM is a Virginia non-stock corporation seeking
17 federal IRS 501(c)(3) nonprofit status. It currently has a three
18 member formation board with representation from UVA,
19 Virginia Tech and Rolls Royce. It will be an applied research
20 facility operating in a facility owned by the University of
21 Virginia Foundation and leased to CCAM. The center will
22 focus on surface engineering and manufacturing systems,
23 technologies that are critical to aerospace, energy,
24 semiconductor, chemical, ship building and other industries.
25 The proposal request \$2.5 million toward the estimated \$14

1 million cost to construct the CCAM facility adjacent to the
2 Rolls Royce manufacturing facility in Prince George County,
3 Virginia. Secondly, \$1.5 million over a three year period for
4 salaries, supplies, contractual services and equipment needed
5 to employ a workforce training expert as an economic
6 development officer specifically focused on the Tobacco region.
7 These two staff positions will report to the CCAM Executive
8 Director and their tasks are described in the summary. That
9 includes working with tobacco industry education and
10 economic development partners to help implement advanced
11 manufacturing training programs and bring supply chain and
12 other opportunities to the tobacco region.

13 The staff would point out that the request has
14 the obvious challenge of seeking funds to build a facility that's
15 outside the tobacco region "in exchange for a commitment by
16 CCAM to assist the region in recruiting companies to those
17 jurisdictions served by the Tobacco Commission." CCAM will
18 fulfill a commitment by the Commonwealth to attract Rolls
19 Royce \$500 million 500 job jet engine component
20 manufacturing facility to Prince George County. Commission
21 funds in addition to federal EDA funds, if the latter are
22 available, will reduce the debt incurred to construct the
23 facility, and thereby reduce operating costs for CCAM, which
24 will lease the facility from the UVA foundation at a rate equal
25 to debt service and operating costs. The application states a

1 financial model has been developed and thoroughly vetted by
2 many public and corporate entities, providing confidence that
3 this will be a going concern for many years. That's a quote
4 from the application and not from the staff. It is stated that
5 regular periodic reports will be provided to the Commission.
6 Examples of CCAM efforts that are readily expandable to
7 tobacco region education institutions are industry developed
8 career studies certificates with nationally recognized
9 certifications, associate degree programs in applied science,
10 two plus two engineering degrees which is the TICR supported
11 engineers produced in Virginia program operated through
12 UVA, dual enrollment in advance manufacturing for high
13 school juniors and seniors, and summer programs in STEM
14 and advanced manufacturing for middle school youth. The
15 multiple workforce training and higher ed centers funded
16 across the tobacco region by the Commission provide a wealth
17 of locations to begin offering these training programs
18 immediately when they are ready to be offered to students. We
19 would point out there's no discussion in the proposal of
20 funding for "desirable training equipment and resources for
21 the existing workforce training centers". Presumably those
22 will result in future funding requests to the Tobacco
23 Commission.

24 In closing, the proposal has the simultaneous
25 aspects of requesting funds to build a facility outside our

1 footprint which is typically contrary to Commission policies,
2 and in an attempt to help steer employment, private
3 investment and training programs to our footprint which is
4 highly consistent with our strategic plan. This invited
5 proposal is the culmination of efforts by the Commission's
6 chairman, vice chairman and executive director in partnership
7 with VEDP, the governor's office and Rolls Royce to attract
8 tangible benefits of this out of footprint mega project to the
9 tobacco region localities and residence. Staff is recommending
10 an award of \$4 million. We would additionally note
11 contingencies that we would suggest including that the award
12 be made contingent on CCAM successfully obtaining 501(c)(3)
13 status from the Internal Revenue Service with a notation that
14 construction dollars will be transferred ultimately to the UVA
15 Foundation which will own the facility and creating a payment
16 in lieu of rent to an entity that would be just as eligible to
17 apply to us for these funds as CCAM is. With that, I'll turn it
18 back to you for any questions.

19 SENATOR WAMPLER: Questions from
20 Committee members and our director if there's any questions.

21 MR. NOYES: As Tim noted, this is a project
22 that you're being asked to consider today that is the result of
23 discussions that have been ongoing between the chairman, the
24 vice chairman and myself since last summer. The value
25 proposition for the Tobacco Commission over and above the

1 supply chain companies that may come within the Tobacco
2 Commission footprint and that is happening even as we speak.
3 There is active activity in that regard so that's going to
4 happen. The real value proposition for the Tobacco
5 Commission is the advanced manufacturing curriculum that
6 is before you so we have a competitive advantage as supply
7 chain companies for Rolls Royce but any company that
8 requires advanced manufacturing skills. We all recognize that
9 the singular deficit that the Tobacco Commission has is in our
10 labor force profile educational background. If we're going to be
11 competitive, we're going to have to be, we're going to realize the
12 benefits of both the Rolls Royce supply chain and other
13 advanced manufacturing we need right now with the help of
14 the private sector. This is a private sector driven initiative.
15 We will have fortune 100 companies advising on the
16 curriculum and the equipment. That is the value proposition
17 for the Tobacco Commission. We're going to try to get as many
18 companies as we possibly can because we'll have our people
19 trained in the skillsets that they need.

20 SENATOR WAMPLER: Madam assistant
21 secretary.

22 MS. CARTER: Will the curriculum be specific
23 for the Tobacco region?

24 MR. NOYES: When the curriculum is
25 developed, it will be available statewide. The implementation

1 Tim referred to that's a budget issue for the Education
2 Committee that Senator Ruff, the vice chairman chairs. When
3 it comes to the implementation and buying of equipment,
4 we're not going to buy the equipment outside the Tobacco
5 Commission footprint but the curriculum, there's absolutely
6 no reason why that shouldn't be the non-footprint area. Not
7 all the companies are going to want to be in the footprint for
8 reasons that have nothing to do with if we can provide them.

9 SENATOR WAMPLER: Other questions or
10 comments? I think we should at least hear from the applicant
11 should that be necessary. Is there any other discussion on the
12 matter? I think Tim described it very well. Any other
13 questions or comments? If not then, are we ready to vote on
14 this proposal, the recommendation from the staff?

15 SENATOR REYNOLDS: I move we adopt the
16 recommendation of staff.

17 DELEGATE MARSHALL: Second.

18 SENATOR WAMPLER: It's been moved and
19 seconded that we adopt the staff's recommendation without
20 further discussion. All in favor of adopting the staff's
21 recommendation say aye. (Aye). Opposed no. (No response).
22 The ayes have it. I know this has been a work in progress but
23 I thank the staff for the work they've done on this. I thank you
24 all for your efforts.

25 One remaining action item and this was a

1 previously awarded grant and it would not be new dollars from
2 the ledger. Tim, would you lead us in a brief discussion on
3 that?

4 MR. PHOFL: Yes. The document that starts
5 with the CCAM description and the third page of that is a
6 summary of a request for an existing grant that was awarded
7 to the William King Museum in Abingdon. This is a fiscal year
8 2005 grant for a half million dollars and that's grant number
9 921 entitled Cultural Campus Expansion Project. The
10 applicant at that time was asking for funds to expand the
11 William King Museum and build an artisan studio courtyard
12 addition. A small amount of that grant or about 10 percent of
13 that grant was used to add a waterline that would provide a
14 sprinkler system for the existing museum building. When the
15 Committee met in July you heard a request for an extension
16 from the William King director so that the Board of Directors of
17 William King could look into the possibility of relocating the
18 museum entirely to the Main Street downtown area of
19 Abingdon. That board did vote to pursue that relocation. Now
20 the William King Museum is asking for the balance of that
21 2005 grant which is \$445,050 to be used for planning
22 purposes to help the Museum prepare to move into a 20,000
23 square foot building and land that would be owned by the
24 Barter Theatre or right across the street in fact from the Barter
25 Theatre in downtown Abingdon next to their Barter Stage II

1 property and the property would be leased to William King.
2 You'll see the description or the planning steps both in the
3 proposal that we emailed to you last week as well as the
4 summary here so I won't go through all those descriptions like
5 conceptual designs and final construction design and so forth
6 are included in the use of the funds.

7 Staff notes the current site has been improved
8 for museum quality standards using Commission funds
9 clearly a half million dollars. The museum has told us that
10 they have contract with a real estate broker to list the property
11 for sale and presumably the proceeds will help them
12 accomplish the \$6 million plus cost of building a new facility
13 in downtown Abingdon. Staff is suggesting that these funds
14 be approved for this repurposing of planning and design uses
15 contingent on the completion of a business plan for the new
16 museum and completion of a signed memorandum with the
17 Barter Theatre regarding the proposed use and terms for the
18 site prior to the release of our funds.

19 SENATOR WAMPLER: Tim has done a good
20 job of explaining it and I see it every day so we'll take one more
21 whack at it and say this is a good thing. If the William King
22 Regional Art Center decide if they want to relocate that's what
23 the funds will be used for. If you have been to the Barter
24 Theatre, you know the draw that that facility has. If you
25 haven't, please call me and we need to get you to the Barter

1 Theatre either as a group or individually. This will connect the
2 two facilities very well. What Tim did not say is that the
3 proposed site to the William King Regional Art Center will be
4 adjacent to the Martha Washington Inn. This is consistent
5 with our regional marketing plan to try to draw more visitors
6 to the region and maximize the return on the investment we
7 made previously. Again, it's not new dollars, just reallocation
8 where we go from there. That's the chair's prerogative. Any
9 other questions for the Committee members? I know the
10 director of the William King Art Center is here and I know you
11 traveled a long way.

12 MS. CARTER: I'd just like to say I had a
13 chance to tour the Art Center. It is on top of a hill and it's got
14 a winding road and it's absolutely a great place. A beautiful
15 building but going to where you're describing will be perfect for
16 the center.

17 SENATOR WAMPLER: Do you care to speak to
18 us about what it is you're proposing?

19 MS. MILLER: Thank you very much Mr.
20 Chairman and all members of the Committee. The Museum
21 appreciates your support. My name is Marci Miller, Executive
22 Director of the Museum. You've all described what we want
23 and what we have very nicely and we appreciate that. We
24 hope to locate right downtown in the middle of all the foot
25 traffic in Abingdon. There are statistics from the Virginia

1 Association of Museums that show that tourism in the
2 Museum in particular means more dollars. People that spend
3 more than one night in hotels spend more on food and other
4 things. When tourists come, they spend on other venues
5 which is important to our economy. In conjunction with the
6 Barter Theatre there's two other art sources downtown that
7 we're looking forward to collaborating with on projects so we're
8 very excited about this and thank you for your support.

9 SENATOR WAMPLER: Thank you. Any other
10 comments or questions or does anybody from the audience
11 care to speak? Then the chair would entertain a motion to
12 adopt the staff's recommendation.

13 SENATOR REYNOLDS: So moved.

14 SENATOR WAMPLER: It's been moved and
15 seconded to adopt the staff's recommendation. All in favor
16 signify by saying aye (ayes). Opposed no, the ayes have it.

17 All right, the Chair is going to keep you for just
18 another moment. Secretary Chang spoke to the Executive
19 Committee at length about the EB5 Program at our most
20 recent meeting and I'm going to ask our chairman if he will
21 allow me to speak to Secretary Chang and see whether we
22 need to have a 30 minute meeting before our next full
23 Commission meeting and move forward what he
24 recommended. It's something that the Governor is very
25 interested in and I think we owe it to him just didn't make it to

1 the agenda today.

2 DELEGATE KILGORE: I think it would be a
3 good idea Senator Wampler.

4 DELEGATE MARSHALL: I think for these
5 people the background information you spelled that out
6 earlier.

7 SENATOR WAMPLER: I'm not aware of any
8 other matters that are pending before this Committee to take
9 action on before the full Commission and that's the only one I
10 know that the Secretary asked us to bring it up before the full
11 Commission meeting. Are there any other housekeeping
12 details?

13 MR. NOYES: Just a few housekeeping details
14 and just see Michelle if you have any questions.

15 DELEGATE KILGORE: All right, thank you all.

16 SENATOR WAMPLER: You're welcome Mr.
17 Chairman, thank you. Now, we're at a point on the agenda
18 where we would entertain public comment if anyone desires to
19 speak.

20

21 NOTE: At this point Delegate Kilgore is
22 disconnected by phone.

23

24 MR. JOHNSON: Good afternoon, my name is
25 Barry Johnson, Associate Dean for Research at the School of

1 Engineering, University of Virginia. I'm also currently serving
2 as president of CCAM, the Commonwealth Center for
3 Advanced Manufacturing. I wanted to take a moment to thank
4 you for your support and also offer up, if you have any
5 questions or comments or need anything from me, please don't
6 hesitate to contact me. My email address is very simple, it's
7 BWJ@virginia.edu. I welcome any input or suggestions that
8 you have. We're going to work just as hard, we know how to
9 work to make sure that CCAM maximizes the benefits of the
10 tobacco region. We certainly and sincerely appreciate your
11 support. I always tell people or anyone that will listen, I'm
12 very proud of it and I was born in Gretna, Virginia and spent
13 the first 18 years of my life there. I grew up working in
14 tobacco fields of Pittsylvania County and that part of the state
15 has a very special place for me and my family. We're going to
16 do everything we can to create jobs and develop and improve
17 the workforce in the tobacco region. I just wanted to thank
18 you very much for your support. I'll be happy to answer any
19 questions and again, please contact me if you need any
20 information. Thank you.

21 SENATOR WAMPLER: Thank you. Any other
22 business to come before the Committee? I want to thank all
23 the Commission members for attending and the roads ought to
24 be in decent shape, observe the speed limits and drive
25 carefully. I thank everybody for traveling a great distance and

1 wish everybody a happy holiday. If there is no other business
2 then we're adjourned.

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4 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, Special Projects Committee Meeting when held on Tuesday, December 14, 2010, at 1:00 o'clock p.m. at the Hotel Roanoke, in Roanoke, 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 28th day of December, 2010.



Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large
MY COMMISSION EXPIRES: October 31, 2014
CERTIFICATE NUMBER: 224566