

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

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

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7                                   **Special Projects Committee Meeting**

8                                   Tuesday, December 11, 2012

9                                   10:30 a.m.

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11                                  Hotel Roanoke & Conference Center  
12                                  Roanoke, Virginia

1    **APPEARANCES:**

2    The Honorable Daniel W. Marshall, III, Chairman  
3    Mr. Kenny S. Barnard  
4    The Honorable Kathy J. Byron  
5    Mr. John R. Cannon  
6    The Honorable Charles W. Carrico, Sr.  
7    Ms. Mary Rae Carter, Deputy Secretary Department of  
8        Commerce & Trade  
9    Ms. Sandra F. Moss  
10   Dr. David Redwine, DVM  
11   Ms. Beth D. Rhinehart  
12   The Honorable Ralph K. Smith  
13   Mr. Robert Spiers  
14   Mr. Gary D. Walker

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16   COMMISSION STAFF:

17   Mr. Neal E. Noyes, Executive Director  
18   Mr. Ned Stephenson, Deputy Executive Director\_  
19   Mr. Timothy Pfohl, Grants Program Director  
20   Ms. Sarah K. Capps, Grants Coordinator - Southside Virginia  
21   Ms. Sara Williams, Grants Coordinator - Southwest Virginia

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1           DELGATE MARSHALL: Good morning, everyone. I  
2 welcome you to the Star City for our meeting of the Special  
3 Projects Committee.

4           I'd ask Neal to call the roll.

5           MR. NOYES: Mr. Barnard?

6           MR. BARNARD: Here

7           MR. NOYES: Delegate Byron?

8           DELEGATE BYRON: Here.

9           MR. NOYES: Mr. Cannon?

10          MR. CANNON: Here.

11          MR. NOYES: Senator Carrico?

12          SENATOR CARRICO: Here.

13          MR. NOYES: Deputy Secretary Carter?

14          DEPUTY SECRETARY CARTER: Here.

15          MR. NOYES: Delegate Marshall?

16          DELEGATE MARSHALL: Here.

17          MR. NOYES: Ms. Moss?

18          MS. MOSS: Here.

19          MR. NOYES: Ms. Nyholm will not be with us today.

20          Dr. Redwine?

21          DR. REDWINE: Here.

22          MR. NOYES: Ms. Rhinehart?

23          MS. RHINEHART: Here.

24          MR. NOYES: Senator Smith?

25          SENATOR SMITH: Here.

1 MR. NOYES: Mr. Spiers?

2 MR. SPIERS: Here.

3 MR. NOYES: Mr. Walker?

4 MR. WALKER: Here.

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

6 DELEGATE MARSHALL: The approval of the  
7 Minutes, they are on the website. Do I have a motion to  
8 approve?

9 (A motion is made and seconded to approve the Minutes.)

10 Is there any discussion? All those in favor of approving  
11 the Minutes say aye? (Ayes.)

12 All right, let's get to the meeting. Tim, do you want to  
13 walk through the applications that were submitted?

14 MR. PFOHL: The Commission received four  
15 proposals by the October 31<sup>st</sup> deadline for the third of four  
16 annual rounds of the \$100 million Megasite program. The  
17 Commission budgeted \$21,870,526 for the fiscal year 13  
18 Megasite program, overspent a little bit on the Special Projects  
19 budget last year.

20 Your Committee and then the full Commission back in  
21 September approved one Megasite project for the Blue Ridge  
22 Crossroads Economic Development Authority for the Carroll,  
23 Grayson and Galax Commerce Park, and that was a  
24 \$6 million approval there. They're still in the process as a  
25 finalist for a significant Megasite project for that site.

1           We have available today a balance of \$15,870,526, and  
2 we have four proposals requesting right around \$19.8 million  
3 dollars, so we might have to do some shaking on the budget to  
4 avoid the so-called fiscal cliff.

5           The first proposal is 2641, Danville-Pittsylvania Regional  
6 Industrial Facility Authority Berry Hill Mega Park. This is to  
7 install Phase I Sanitary Sewer which would be coming from  
8 the town on Eden, North Carolina, which has excess sewer  
9 capacity, building a sewer from their plant to the state line.  
10 The request before you today for \$4.9 million would be built  
11 from the North Carolina state line into the Megasite property  
12 to serve a number of lots.

13           In order to allow RIFA to take a look at its ability to  
14 finance the sewer construction, and recognizing there will be  
15 sewer revenues at some point, Staff is recommending that the  
16 request be tabled per the Executive Committee policy, which  
17 now requires all applicants seeking water and sewer funding  
18 to have an independent assessment through the Resource  
19 Authority or USDA Rural Development regarding the  
20 applicant's capacity to use that project. The Danville-  
21 Pittsylvania request is recommended for tabling.

22           The second proposal is the Greensville County Mid-  
23 Atlantic Advanced Manufacturing Center, #2642, requesting  
24 \$6,108,000. It's a total of 12.3 million for land acquisition  
25 from the first two Megasite rounds, as well as 521,000-plus

1 from Southside Economic Development Special Projects. The  
2 majority proposed matches the VDOT Economic Development  
3 access funds for road design engineering, which were  
4 approved by the Commonwealth Transportation Board on  
5 December 5<sup>th</sup>. A local commitment of \$116,000 for clearing  
6 and mulching a portion of the site has also been made by the  
7 county. This request will complete the third and final  
8 anticipated phase of land acquisition, adding 521 acres to the  
9 site, which will then total approximately 1500 acres fronting  
10 on Interstate 95 adjacent to Exit 17.

11 The site, this one is also currently a finalist for the  
12 Megasite project, and the Staff recommends a full award of  
13 \$6,108,000.

14 The third is from Smyth County Industrial Development  
15 Authority for the Smyth County Megasite Project - Phase 3. In  
16 the first Megasite round a planning grant was awarded to the  
17 county to look at multiple megasites, and that site came back,  
18 and the decision was made to undertake the redevelopment of  
19 the existing rail-served Epoch site in Chilhowie adjacent to  
20 Interstate 81. The Megasite grant last year enabled  
21 acquisition of that property, and it is now owned by the Smyth  
22 IDA. They have let a bid for demolition of the site, about a  
23 half-million square foot property there and building on that  
24 site. It had been marketed as a vacant industrial property for  
25 a number of years by Smyth and a regional group, and there

1 were no takers on the property. There was much discussion  
2 about leaving some of the infrastructure there; then the  
3 decision was made to take the building down. Seventy acres  
4 were acquired with grant money last year and can  
5 accommodate a 1.7 million square foot structure. The request  
6 this year is to add ten more acres, which would allow them to  
7 have at least two million square feet under roof for the  
8 property as well as engineering and design and construction  
9 in order to bring a fly-over as a second access to the property  
10 from Route 11 for the Norfolk Southern tracks.

11 Staff has noted that the design and permitting of the  
12 second access and fly-over will consume almost a year and  
13 maybe come back next year or to use the TROF Program for  
14 the 1.5 million cost of construction costs for that fly-over.

15 Staff also raised the issue that there is an element, some  
16 renovation that would involve the water tank on the site and  
17 relocate/replace sewer lines within the site and under the  
18 Holston River to the Chilhowie wastewater treatment plant.  
19 We raised the issue of the Executive Committee policy  
20 regarding assessment of the building and debt financing. The  
21 County came back, if we helped them with engineering costs,  
22 which is about 70,000, that would keep the project on a fast  
23 timeline toward having that site ready.

24 So the Staff is recommending \$626,000 for land  
25 acquisition of ten acres, secondary access study expenses and

1 engineering including water and sewer.

2 The fourth and final proposal is from Sussex County,  
3 Route 626 (Beef Steak Road) Mega Site Project, #2644. This is  
4 one of the properties that was identified when the Commission  
5 conducted a study of megasite sites within the footprint in  
6 2005, I believe, in the first phase of the acquisition of 610  
7 acres. And the request this year is  
8 \$3 million to acquire an additional 372 acres in two parcels  
9 that are under option through October, 2013.

10 There is also a request for \$252,000 for preliminary  
11 engineering and environmental assessment of the new  
12 acreage. Another element of the request is 3.15 million to  
13 clear and grub 500 acres.

14 The Staff was a little concerned about the cost of clearing  
15 and grubbing and asked the county to go back and take a look  
16 at something in the ballpark of 200 acres or so that would be  
17 the most likely to accommodate a large building in the  
18 footprint. So the Staff is recommending an award of  
19 \$3,940,200 for 90 percent of engineering, land acquisition and  
20 revised estimate of clearing and grubbing.

21 That completes our recommendations. I'll be glad to  
22 answer any questions.

23 DELEGATE MARSHALL: Do any of the  
24 Commissioners have any questions about the applications?

25 DEPUTY SECRETARY CARTER: On the first

1 application, that Megasite; by tabling this at this time, does  
2 that put them back in time frame, timeline?

3 MR. PFOHL: We're not aware that they have an  
4 active prospect. There are representatives from the County  
5 here who can address that.

6 Greg, do you want to speak to that timeline?

7 MR. SIDES: In reality we are in the permit process  
8 with the Corps of Engineers. We have three projects pending  
9 now. We're going to try to respond to this. We don't think it's  
10 going to hurt the overall project. It will just take a little bit of  
11 time to address the economy.

12 MR. NOYES: We certainly will hear this with the  
13 additional information as part of our May meeting. The Staff  
14 is enthusiastic and supportive of the project. We simply need  
15 more information to provide to members of the Committee.

16 DELEGATE MARSHALL: Any other questions about  
17 this application? All right, we have 2642, 2643 and 2644  
18 before us. What is the Committee's pleasure? Do I hear a  
19 motion?

20 MR. WALKER: I move we approve them.

21 SENATOR CARRICO: Second. Are we going to do it  
22 in a block?

23 DELEGATE MARSHALL: We can do them in a  
24 block, unless you want to pull one of them out.

25 We have a motion and a second to approve 2642, 2643

1 and 2644 with the Staff recommendations. Any discussion?  
2 All those in favor say aye? (Ayes.) Opposed? (No response.)  
3 Thank you.

4 All right. We have some other business on Page 4.

5 MR. PFOHL: Mr. Chairman, the other business  
6 involves two requests for an extension for a fifth year to use  
7 projects' funds per the Commission's policies. The Executive  
8 Director can extend the project up to the fourth anniversary of  
9 the award. These are both construction grants for the Energy  
10 Research Center that were funded in July, 2008. They have  
11 balances there, as you can see, \$190,894 for the Institute for  
12 Advanced Learning and Research, and \$224,000 for the  
13 Region 2000 CAER. Both are seeking extensions through a  
14 fifth anniversary of the award, and that would be July 31,  
15 2013, so they can complete the improvements to these  
16 properties.

17 Staff is recommending an extension for both of those.

18 DELEGATE MARSHALL: Kathy, do you have a  
19 question?

20 DELEGATE BYRON: I was just talking to Neal with  
21 respect to the recent news that came out regarding being  
22 chosen and the company that was awarded the grant for the  
23 nuclear reactor development for CAER and what a great  
24 achievement that is, so there's national recognition as far as  
25 the investment the Tobacco Commission has made. It's

1 something that we can see some appreciation of our efforts in  
2 doing that.

3 DELEGATE MARSHALL: Any questions about the  
4 extension requests, the two requests before us? Do we have a  
5 motion to accept that?

6 SENATOR CARRICO: I so move.

7 DELEGATE MARSHALL: Senator Carrico moves  
8 that motion.

9 MR. CANNON: Second.

10 DELEGATE MARSHALL: Mr. Cannon seconds that  
11 motion. All those in favor of the two requests say aye? (Ayes.)  
12 Opposed? (No response.) All right. Thank you.

13 Tim, do we have anything else?

14 MR. PFOHL: That concludes the business that has  
15 brought us here today.

16 DELEGATE MARSHALL: That's a short meeting.  
17 Any comments from the members of the Committee?

18 DELEGATE BYRON: I've got a question. Are there  
19 any updates that you want to share with us on the meetings  
20 that were held?

21 DELEGATE MARSHALL: There was a meeting held  
22 last week, and Senator Warner and Congressman Griffith were  
23 there with the Colonel from the Corps of Engineers.

24 MR. NOYES: The Corps requested some  
25 information on the types of industries that are expected to

1 locate in the footprint and what we're looking at. I've talked to  
2 Senator Warner's office, and Delegate Marshall, of course, was  
3 briefed on this. Wish it was moving faster in Washington, but  
4 who knows? Can't seem to shake it loose. My guess is that  
5 after the current negotiations will be wrapped up, maybe next  
6 week or so, and with the new Congress in January I hope  
7 there will be an opportunity, and I told Senator Warner's office  
8 I'd like to have an opportunity to come up and speak with him  
9 about that to re-emphasize how important this is. My view is  
10 that there are other places that have a competitive advantage  
11 because other offices from the Corps seem more willing to  
12 allow site development than the office that we're working with.  
13 That's bothersome.

14 DELEGATE MARSHALL: Just so everybody is on  
15 the same page, that Henry County's project this Committee  
16 funded is having problems getting a permit for grading a  
17 future site. The Corps of Engineers is holding that site up  
18 because of speculative development. They say they do not  
19 want to issue a permit until they know that company A, B or C  
20 is going to locate on this piece of property. We know that's not  
21 the way the world works. The problem they're having there is  
22 because of the waters of the Commonwealth, and if you look  
23 at that area as far as the waters of the Commonwealth, you  
24 and I would both call it a ditch. In the waters of the  
25 Commonwealth, when it rains it is a ditch. The problem is it's

1 not only holding that site up but it's holding up the site in  
2 Pittsylvania County. The problem is if it keeps moving forward  
3 it's going to put rural Virginia anywhere other than Arizona at  
4 a real competitive disadvantage. Pittsylvania County has been  
5 working on this issue, and then the Danville issue, they've got  
6 the same problem over there for over a year. I think Henry  
7 County has spent \$7 million dollars already.

8 DEPUTY SECRETARY CARTER: I know that the  
9 Corps of Engineers has been talking with Neal about that  
10 issue. Neal, this is just a recommendation, but what I found  
11 out is that there is an appeal process for this. As I  
12 understand it, DEQ could appeal this process for Henry  
13 County and try to talk to the right people to see if they're  
14 willing to do this. I'm not an expert on this, and that's what  
15 the expert at DEQ told me about that. One of the things I'd  
16 highly recommend, I talk to localities about that all the time.  
17 I've had conversations with folks that it is really important to  
18 start so when we go to purchase industrial property make  
19 sure you have DEQ involved in it. It's not that Henry County  
20 did not, but there are some things that you can get through  
21 DEQ and get the Rural Virginia person in Richmond. He's  
22 willing to go and visit the site, but what I'm saying is that  
23 there is an appeal process. I think if we could get all of our  
24 Senators and Congressmen from that region to meet in  
25 Washington we may be able to move on this in a different way.

1           DELEGATE BYRON: Just to follow up on some of  
2 the discussions. In some of the discussions I've had a lot of  
3 concerns about some of the EPA's decisions made on not only  
4 our investments but other businesses throughout the state  
5 and put a bill in last year to the General Assembly to study.  
6 DEQ has a group of stakeholders to look at a program which  
7 would allow the states to assume the process, and a couple of  
8 states have already done this and it's been very successful for  
9 them. In fact, one year when the economy was bad the states  
10 were going to consider giving it back to the federal  
11 government, and they said, no, please don't. I know the  
12 Director of DEQ went to Washington with a couple of other  
13 state representatives and talked to a committee about this,  
14 encouraging the federal government to look at states having  
15 the option like they do with other programs where they could  
16 assume it and they would give them the money they would  
17 have spent and then the states would be able to cover their  
18 costs, which would end up saving the federal government  
19 money, and they don't seem to be doing that today, but they  
20 would actually save the money in the long run and allow us to  
21 have more control over how we do this and allow us to proceed  
22 and probably go forward in a quicker way and less permitted.  
23 If the study is done, and until they do that, the states have to  
24 assume the costs, and right now there is no one interested in  
25 going in that direction. I would encourage, or ask even, that

1 we do a formal letter to our U.S. Senators. I'd like to see the  
2 Tobacco Commission, because this is affecting our  
3 investments, I'd like to see to the Governor as well a  
4 presentation, a formal letter that goes with you and then it's  
5 documented.

6 DEPUTY SECRETARY CARTER: The Governor has  
7 written a letter a month ago. The Lieutenant Governor has  
8 written a letter. I've spoken to Jim Cheng, to both of them  
9 about this issue.

10 DELEGATE BYRON: And start getting the press  
11 involved. That could be very helpful.

12 MR. CANNON: I've been involved with the Corps of  
13 Engineers. I've had a pretty good contact inside for three  
14 years, and I know they changed and they've got other  
15 bureaucrats. One time when I had a problem I got hold of  
16 Virgil Goode, wrote a searing letter to them and said, look, we  
17 control our budget. I just offer that as a comment. U. S.  
18 Representatives control their budgets. Maybe we can put  
19 pressure on Warner and with the rest of them get together and  
20 get this problem fixed and take care of other problems. That's  
21 just a side comment. It worked for me.

22 DELEGATE MARSHALL: Any other discussion  
23 about this topic? Anything else? All right.

24 Any public comment? Is there anyone out there who  
25 wants to tell us how the world should be? Please, come

1 forward.

2 MR. BAILEY: Good morning, I'm Bob Bailey. I'm  
3 the Executive Director of CAER. Actually I just wanted to  
4 publicly on behalf of CAER and B&W offer words of  
5 appreciation to this Committee and the Commission. Delegate  
6 Byron made reference to the Department of Energy that B&W  
7 just received very significant, and they're still negotiating on  
8 the final amount, but it is a significant amount of money and  
9 a significant vote of confidence from DOE. With the presence  
10 of the facility in the county and the presence of the test facility  
11 in the county that went a long way to convince the  
12 Department of Energy that this is not a paper reactor, this is  
13 real technology and a commercial outcome and available to be  
14 commercialized in the near-term future. That was a major  
15 factor in this program. It's a big deal for the region and a big  
16 deal for the Commonwealth, and again on behalf of the CAER  
17 and B&W, we appreciate it, and thank you to this Committee  
18 and thanks to the Commission.

19 DELEGATE MARSHALL: Bob, we wouldn't be here  
20 and we certainly invested money in your project and it all  
21 starts at the top and starts with you and this project, and  
22 you've put us on the map, so thank you.

23 MR. BAILEY: Thank you, we've got a ways to go,  
24 but this is a real big deal.

25 DELEGATE MARSHALL: Anyone else? Please come

1 forward.

2 MR. TYLER: Good morning, my name is Rufus  
3 Tyler, Sussex County Board of Supervisors. I just wanted to  
4 say that years ago when we were in Sunday School, my mom  
5 was 80-some years old and told us, one thing always say  
6 thank you to people who have been nice to you. Thank you  
7 for your consideration in awarding Sussex County \$3.9  
8 million. This certainly will help Sussex County move forward  
9 and bring jobs to this county. I'd also like to say thanks to the  
10 Staff for being so cooperative and professional in working with  
11 us. So, thank you so much, and we really appreciate your  
12 help.

13 DELEGATE MARSHALL: Well, thank you, and  
14 thank you for making the trip.

15 Is there anyone else who would like to speak? If there is  
16 no one else, then I'd say Merry Christmas, and we're  
17 adjourned.

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19 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 11, 2012 at 10:30 a.m. at the Hotel Roanoke & Conference Center, 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 18<sup>th</sup> day of December, 2012.

\_\_\_\_\_

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

My Commission Expires: October 31, 2013.  
Notary Registration Number: 224566