

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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7 **Southside Economic Development Committee Meeting**

8 Tuesday, September 19, 2017

9 3:30 o'clock a.m.

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 The Crossroads Institute

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 Galax, Virginia

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1 APPEARANCES:

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

3 The Honorable Edward Owens, Vice Chairman

4 Ms. Gayle F. Barts

5 The Honorable Kathy J. Byron

6 Mr. John R. Cannon

7 Ms. Mary Rae Carter

8 Mr. John Holland

9 The Honorable Daniel W. Marshall, III

10 Mr. Robert Mills

11 The Honorable Frank M. Ruff

12 The Honorable William M. Stanley, Jr.

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14 COMMISSION STAFF:

15 Mr. Evan Feinman, Executive Director

16 Mr. Christopher E. Piper, Deputy Director

17 Mr. Timothy S. Pfohl, Grants Director

18 Ms. Stephanie S. Kim, Director of Finance

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

20 Southside Virginia

21 Ms. Michele Faircloth, Grants Assistant,

22 Southside Virginia

23 Ms. Stacey Richardson, Administrative Supervisor

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1 COUNSEL FOR THE COMMISSION:
2 Ms. Elizabeth B. Myers, Assistant Attorney General
3 Richmond, Virginia 23219

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1 September 19, 2017

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3 DELEGATE WRIGHT: Good afternoon. I'll call the
4 Southside Economic Development Committee meeting to order,
5 and ask Evan to call the roll.

6 MR. FEINMAN: Delegate Byron.

7 DELEGATE BYRON: Here.

8 MR. FEINMAN: Mr. Cannon.

9 MR. CANNON: Here.

10 MR. FEINMAN: Delegate Edmunds.

11 DELEGATE EDMUNDS: (No response).

12 MR. FEINMAN: Ms. Carter.

13 MS. CARTER: Here.

14 MR. FEINMAN: Mr. Holland.

15 MR. HOLLAND: Here.

16 MR. FEINMAN: Delegate Marshall.

17 DELEGATE MARSHALL: Here.

18 MR. FEINMAN: Mr. Merricks.

19 MR. MERRICKS: (No response).

20 MR. FEINMAN: Mr. Mills.

21 MR. MILLS: Here.

22 MR. FEINMAN: Mr. Owens.

23 MR. OWENS: Here.

24 MR. FEINMAN: Senator Ruff.

25 SENATOR RUFF: Here.

1 MR. FEINMAN: Senator Stanley.

2 MR. STANLEY: Here.

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

4 DELEGATE WRIGHT: At this time, I'd like to have a
5 motion for the minutes.

6 MR. MILLS: I move the minutes be adopted.

7 MR. CANNON: Second.

8 DELEGATE WRIGHT: We have a motion and a second
9 to approve the minutes of 5-17-17. Any discussion? All those in
10 favor, say aye. (Ayes). Opposed? (No response). The minutes
11 are approved.

12 We have four items today or projects. The first one is
13 VRA, now is requesting reconsideration for a grant award. Two
14 other projects that were awarded in January and May, for which
15 the grantees are requesting an increase in funding, and one
16 requesting a time extension. I'll ask Sarah to proceed.

17 MR. FEINMAN: This is in your book.

18 MS. CAPPs: We have some projects that the grantees
19 are now requesting, and the first one is from Bedford County,
20 Site Development in the New London Business and Technology
21 Center. Back in May, you approved a grant of \$250,000, and
22 that was to support the grading of a lot in New London Business
23 Park. When the County started proceeding with Site
24 Development, they started evaluating the economies of scale,
25 and they notified us of their interest in expanding the scope of

1 this project for this grant. A revised scope does now include not
2 only the grading of Lot 3-B, which is 4.2 acres, but also the
3 grading of Lot 4, which is a ten-acre site, as well as clearing and
4 grubbing two lots on the west end of the park, those are Lots
5 10-A and 12-A. The county has worked on getting detailed cost
6 estimates for those four lots, and those estimates came in at
7 over \$1.3 million. And at that point, the County Economic
8 Development Authority met and formally requested an increase
9 in the grant amount, and that amount to support the project is
10 \$750,000, and this is 50 percent of the estimated cost for the
11 work on the three additional lots. The county's cash match is
12 \$865,447.

13 The need for this is being driven by a prospect
14 interest. The county indicated that a current R&D company is
15 thinking about constructing a 40,000-foot manufacturing building
16 that would employ 30 people. They have a company in the
17 county operating out of two facilities, and they wish to
18 consolidate. And one of their existing buildings, I believe is of
19 interest to another prospect. And this is again being driven by
20 prospect interest. Staff is recommending approval of an
21 increased grant award of \$750,000, an additional \$500,000
22 above the May approval. Those dollars are available, and the
23 county allocation with the sale of the CAER building, but this is
24 within the Bedford County allocation.

25 The next one is Brunswick County IDA. This is a

1 build-out of an industrial space for a new small business that is
2 locating to the Town of Lawrenceville, Southern State
3 Warehouse, Grant Number 3241. This grant was approved in
4 January of 2017, a \$347,000 grant. The IDA requests a
5 \$100,000 increase.

6 What happened here is that the engineering firm that
7 provided the cost estimate, the estimate was not good, and when
8 the project went out for bids, the bids came in far in excess of
9 the requested amount and the funds available. I think the lowest
10 bid was \$950,000.

11 The IDA Staff has been working in a number of
12 different directions to reduce the construction costs. They are
13 trying to get a bid that's only essential for the work to be done.
14 However, the Staff is supportive of the increased request.
15 They're asking an increased award amount of \$447,000, and this
16 is an additional \$100,000 that was previously approved. And this
17 is supporting the facility's engineering and renovation costs, not
18 to exceed 50 percent of the total project capital expenditures,
19 contingent on the prospect company securing all necessary
20 funding for equipment and operating capital and committing to a
21 multi-year lease.

22 DELEGATE BYRON: How has this been spent?

23 MR. REED: I'm Jeff Reed, Executive Director of the
24 Virginia's Growth Alliance. As an alternative to salty snacks,
25 cheese, and nut-based snacks, hoping to secure most of their

1 resources within Virginia.

2 MR. OWENS: Have you brought any samples?

3 MR. REED: I'd be more than happy to.

4 DELEGATE BYRON: Are you working with Virginia
5 Agriculture in regard to Virginia products?

6 MR. REED: We're hoping to do that, yes. We have a
7 VDACS, a manager assigned to the project who has since left,
8 and that position has not been filled yet.

9 DELEGATE WRIGHT: Any other questions?

10 MS. CAPPES: The next project on the list is from the
11 South Boston John Randolph Hotel Redevelopment Project and
12 the South Boston IDA. This is a request that was referred to VRA
13 for loan consideration, and now back in front of us for
14 consideration of a grant request. This is for a boutique hotel in
15 downtown South Boston and employs 28 full-time people.
16 There'd be approximately \$8 million invested in a public private
17 partnership.

18 When we reviewed this application, initially we did
19 note in the business plan proposed financing was based on a
20 certain level of grant funding. And in order for the finances to
21 work out and it looks like VRA now has come to a similar
22 conclusion. After VRA went through their analysis, they notified
23 us they weren't recommending it for a loan. And in their
24 summary, they mentioned a couple of concerns, and one being
25 the overall debt plan, and that was the reason the applicant

1 originally tried to pursue a grant not only from us but from
2 others. VRA was concerned under a downsized scenario and
3 concerns about other economic development projects.

4 We continued to work with the town and became very
5 enthusiastic to having it move forward. They have an option
6 agreement on an adjoining piece of property another 4,600
7 square foot building that they would envision being part of the
8 hotel, and this would add another five rooms for conference
9 space. They had a feasibility study underway to evaluate adding
10 that space to part of the entire hotel.

11 Now, when Staff evaluated this, we looked at other
12 hotel requests that the Commission had received. It's worthy of
13 note that if this were to be awarded, a balance available and the
14 allocation would be larger than any other grant or of a hotel
15 project. We compared that to the \$750,000 grant that scored
16 the hotel in Bristol. There's been a couple of other hotels that
17 received funding.

18 They did receive a DHCD Industrial Revitalization Fund
19 grant, \$475,000. Staff thinks that it would be appropriate, one
20 that mirrors the amount of the DHCD. Staff is recommending an
21 award of \$475,000.

22 SENATOR RUFF: What is the timeframe on the DHCD
23 study?

24 MR. RAAB: I'm Tom Raab, Town Manager for South
25 Boston. That will probably be completed by the end of

1 November, doing a feasibility study on the building beside it to
2 see if it will fit in. And it does look very good and we may be
3 able to add five more rooms, which would give us a total of 31.

4 SENATOR RUFF: Is there a timeframe when we'll get
5 that information back?

6 MR. RABB: We should have it by the end of
7 November.

8 DELEGATE WRIGHT: Delegate Marshall.

9 DELEGATE MARSHALL: The additional property, 4,600
10 square feet, that's not part of this proposal here?

11 MR. RAAB: It's not in there.

12 DELEGATE MARSHALL: If that 4,600 square feet
13 becomes available, will you come back to us?

14 MR. RAAB: No.

15 DELEGATE MARSHALL: Say that again.

16 MR. RAAB: No, that's not the plan.

17 DELEGATE MARSHALL: The company doing this is
18 called Creative Boutique Hotels, what do we know about them, or
19 what do we know about their track record?

20 MR. FEINMAN: They've done boutique hotels inside
21 and outside the Footprint, and they have a pretty good track
22 record of getting it right, and we confirmed this. And I don't
23 know of any, they seem to be operating, I know one had a little
24 issue, but they opened in 2008, so I'm inclined to give them the
25 benefit of the doubt pass on that. We looked at it, a loan is a

1 loan, but when it comes to a grant, we've given smaller grants to
2 larger hotel projects. It was our view that given the amount of
3 money the county had and the size of this project, that a reduced
4 amount from their request is more appropriate. We have some
5 familiarity, mainly anecdotally, to this organization's resources,
6 and they have enough to make up the difference.

7 DELEGATE MARSHALL: I happened to meet one of
8 the original developers in the Shockoe Bottom in Richmond, and
9 he said the first thing you have to do is revitalize, when you're
10 vitalizing is that you have to have living there or staying there,
11 and you see in Richmond and same thing with Danville, the River
12 District, 2,000-plus people live in that area. Restaurants are
13 down there, et cetera. So, you have to attract people.

14 DELEGATE WRIGHT: Delegate Stanley.

15 DELEGATE STANLEY: South Boston is so centrally
16 located and the charm of that area is right there. We saw that
17 when we visited Wise. A hotel was there for many years, and we
18 stayed there and saw all the activity, and you saw what a
19 difference it made, and psychologically, as well. So, this is a
20 very important project. If I have the ability for that, I think I'd
21 do it. We've seen the results of these boutique restorative
22 hotels, and you can go to any part of the Commonwealth of
23 Virginia and you see a lot of revitalization around them and a lot
24 of economic opportunities growing around them.

25 I know the Staff is recommending \$475,000, but I'd

1 like to make a motion we increase it.

2 DELEGATE WRIGHT: Senator Stanley, let's wait until
3 Sarah finishes with the other projects.

4 MS. CAPP: The only other one is an extension. The
5 three that I presented needs the Committee's approval, grant
6 funding. The last one is just an extension.

7 Listed under other businesses, Mecklenburg
8 Correctional Center Feasibility Study, Number 2528, requesting
9 an extension to January 8th, 2018, a one-year extension
10 requested. This is an older grant awarded in January, 2013.
11 Department of Corrections agreed to demolish the building and
12 return the land to the county and a lot of cleanup involved. The
13 grant we awarded was to support the environmental study, as
14 well as site engineering. There's been some delays, of course,
15 and there were delays in the demolition work. It's been
16 demolished, Phase I environmental study completed, and the
17 Phase II environmental study completed. When all this is done,
18 the property will be transferred to the county.

19 For all this, there's a need for a time extension, and
20 the Staff recommends approval of the extension through January
21 8th, 2019.

22 DELEGATE WRIGHT: Thank you. Senator Stanley, I
23 was not aware whether she was through and that's the reason
24 why I asked you to hold your motion.

25 SENATOR STANLEY: That was a wonderful report.

1 DELEGATE WRIGHT: At this time, we can choose on
2 how you want to vote on these, and we can vote in a block, vote
3 individually and take them out of the block.

4 DELEGATE MARSHALL: I make a motion that we
5 approve the County of Bedford's 3291 an additional \$500,000;
6 also, Brunswick County, 3241, of an increase of \$100,000, and
7 the Halifax, 3289, \$475,000. Also, to grant the extension to
8 January 8th, 2019 on 2528.

9 MR. MILLS: Second.

10 DELEGATE WRIGHT: We have a motion and a second.

11 MR. OWENS: I'd ask you to pull the Halifax one,
12 3289. I can't vote on that, but I'll vote on the others.

13 SENATOR STANLEY: And I'd ask you to pull it out so I
14 can make a motion.

15 DELEGATE WRIGHT: We have a motion to remove
16 from the block Number 3289.

17 DELEGATE BYRON: Second.

18 DELEGATE WRIGHT: The motion is made and
19 seconded. All in favor, say aye. (Ayes). Opposed? (No
20 response). The motion carries.

21 Now, we have a motion on the block, moving 3291,
22 Number 3241, and Number 2528.

23 MR. MILLS: So moved.

24 MR. OWENS: Second.

25 DELEGATE WRIGHT: We have a motion and a second

1 to approve the aforementioned project. All those in favor, say
2 aye. (Ayes). Opposed? (No response). The motion carries.

3 Now, we have before us Item Number 3289.

4 SENATOR STANLEY: Mr. Chairman.

5 DELEGATE WRIGHT: Senator Stanley.

6 SENATOR STANLEY: I'm looking at this 475, I'm
7 looking at what we've done in comparison, 750,000, the Hotel
8 Bristol. Looking at where they are, I think when we put
9 something together, and I'm a guy that likes to round up
10 numbers anyway, but for many reasons, I'd make a motion that
11 or a recommendation that we approve this grant in the amount
12 of \$125,000 increased to a total amount of \$600,000.

13 MR. CANNON: Second.

14 DELEGATE WRIGHT: We have a motion and a second.
15 Any discussion?

16 DELEGATE MARSHALL: The downside is the allocation
17 is 873,000, Halifax County. Is that 873,000 after the 475 is
18 taken out? So, you're basically going to have 273,000 in
19 allocation, so when Company A, B, and C knocks on the door in
20 Halifax County, they're not going to have allocation if there's a
21 large company. We go all the way from now all the way until
22 July of next year before we get a new budget. That's the
23 downside.

24 SENATOR STANLEY: Mr. Chairman, if I may?

25 DELEGATE WRIGHT: Senator Stanley.

1 SENATOR STANLEY: Thank you, Mr. Chairman. I
2 want to respond to the gentleman by saying I think it's an
3 important project psychologically, and I want a nice hotel for
4 those A, B, C businesses to come when they want to come, to
5 have a nice place to stay, and convinced to come to South
6 Boston.

7 SENATOR RUFF: I certainly understand Delegate
8 Marshall's position. I'm not sure 125,000 is going to take care of
9 any big requests that might come, but I'd ask Matt to come up
10 and say that or not say that.

11 MR. LEONARD: I'm with the Industrial Authority, and
12 I always agree with Senator Ruff. And we truly appreciate the
13 Staff and the Commission looking out for everybody's best
14 interest, and that's the type of close collaboration that we need.

15 To your point, Delegate Marshall, the Commission last
16 year saw fit to approve 1.8 million to the IDA and a Shell building
17 to attract that next prospect. So, I think in the priorities and
18 Economic Development, whatever that entails, this one is the
19 next one, and I fully support this project in the Town of South
20 Boston. Certainly appreciate Senator Stanley's motion.

21 DELEGATE BYRON: Just to add to this wonderful
22 conversation, I was going to say they don't have to spend it all,
23 and if Project A, B, or C comes along, they may have some
24 money left.

25 DELEGATE WRIGHT: Any further comments?

1 MR. CANNON: I live in the area and very familiar with
2 this building, and this is a historic building and extremely well
3 built, concrete floors, steel, stud walls, and it's really a very good
4 building for South Boston.

5 DELEGATE WRIGHT: Anybody else?

6 UNIDENTIFIED: We're really appreciative of the Staff
7 support, and especially the leadership provided by -- on this
8 project, and also support Senator Ruff, who's always been there,
9 and also Delegate Edmunds. This is a very important project for
10 not only the Town of South Boston but all of Halifax County. This
11 is going to be, as Senator Stanley said, a pivotal point right in
12 downtown.

13 We just opened five new businesses in our community
14 block program, and the reason they're there and the reason we
15 did that program is because we want this hotel. Tourism in
16 Halifax is growing, and we think this will be a big thing. Once it's
17 opened, we want you all to come. We're going to have a rooftop
18 bar, but this is a very, very important project. And if you talk to
19 anybody in the area, it's right in the middle of downtown and it'll
20 be very, very good for South Boston.

21 DELEGATE WRIGHT: You do have support from the
22 board of supervisors.

23 UNIDENTIFIED: Yes. I think we've got 15 letters of
24 support from all over the community, the board of supervisors,
25 and the town, ABB and BIR and everybody in Halifax County

1 gave us a green light.

2 DELEGATE WRIGHT: Thank you for your presentation.

3 MS. BARTS: Just to clarify, my name wasn't called
4 out on the roll, but I was appointed to the Southside Economic
5 Development Committee.

6 MR. FEINMAN: A little trouble with the rolls today, but
7 I believe I called your name.

8 I will add that I eat in South Boston, and a lot of times
9 I call to make reservations, and it's full. So, I think this is a
10 worthwhile project.

11 DELEGATE WRIGHT: Thank you. Any further
12 questions? If not, there's a motion before us.

13 MR. FEINMAN: The motion, as I understand it,
14 Number 3289 be approved as a grant for \$660,000 out of the
15 Halifax allocation.

16 SENATOR STANLEY: Six hundred thousand.

17 DELEGATE WRIGHT: Six hundred thousand. Does
18 everyone understand the motion? Do I have a second?

19 MR. MILLS: Second.

20 DELEGATE WRIGHT: I have a motion and a second.
21 Any further discussion? All those in favor, let it be known by
22 saying aye. (Ayes). Opposed? (No response). The motion
23 passes.

24 Any further business to come before the Committee?
25 If not, any public comment? If not, then we're right on schedule,

1 and we're adjourned.

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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 Region Revitalization Commission, Southside Economic Development Committee Meeting**, when held on Tuesday, September 19, 2017, at 3:30 o'clock p.m., at The Crossroads Institute, Galax, 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 30th day of September, 2017.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.