

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

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

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9 **Special Projects Committee Meeting**

10 Tuesday, May 12, 2015

11 2:45 P.M.

12
13 The Franklin Center for Advanced Learning & Enterprise
14 Rocky Mount, Virginia

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1 **APPEARANCES :**

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3 The Honorable Daniel W. Marshall, III, Chairman

4 The Honorable Kathy J. Byron

5 Mr. John Cannon

6 The Honorable Charles W. Carrico, Sr.

7 Ms. Missy Neff Gould

8 Ms. Sandra F. Moss

9 The Honorable Edward Owens

10 The Honorable Ralph K. Smith

11 Mr. Robert Spires

12 The Honorable Gary D. Walker

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

2 COMMISSION STAFF:

3 Mr. Timothy S. Pfohl, Interim Executive Director, Grants
4 Program Administrative Director

5 Mr. Ned Stephenson, Deputy Executive Director

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

8 Sara G. Williams, Grants Program Administrator Southwest
9 Virginia

10 Miss Stacey Richardson, Executive Assistant

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13 COUNSEL:

14 Miss Elizabeth Myers

15 Assistant Attorney General

16 Richmond, Virginia

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1 DELEGATE MARSHALL: Good afternoon, the
2 Special Projects Megasite Committee will come to order.
3 Tim, would you please call the roll?

4 MR. PFOHL: Mr. Barnard? (No response)
5 Delegate Byron?

6 DELEGATE BYRON: Here.

7 MR. PFOHL: Mr. Cannon?

8 MR. CANNON: Here.

9 MR. PFOHL: Senator Carrico?

10 SENATOR CARRICO: Here.

11 MR. PFOHL: Ms. Gould?

12 MS. GOULD: Here.

13 MR. PFOHL: If Secretary Jones is still on
14 the phone, Delegate Marshall?

15 DELEGATE MARSHALL: Here.

16 MR. PFOHL: Ms. Moss?

17 MS. MOSS: Here.

18 MR. PFOHL: Mr. Owens?

19 MR. OWENS: Here.

20 MR. PFOHL: Dr. Redwine could not be with
21 us today. Senator Smith?

22 SENATOR SMITH: Here.

23 MR. PFOHL: Mr. Spires?

24 MR. SPIRES: Here.

25 MR. PFOHL: Mr. Walker?

1 MR. WALKER: Here.

2 MR. PFOHL: You have a quorum, Mr.
3 Chairman.

4 DELEGATE MARSHAL: Thank you. The approval
5 of the September 25 meeting, we'll have a motion. All
6 right, I have a motion and a second. All those in favor
7 of the minutes as published, say aye. (Ayes) Opposed?
8 (No response) The minutes are approved. All right, now
9 let's go to the applications.

10 MR. PFOHL: The Commission announced a
11 deadline for the 2015 Megasite program. As we all know
12 very well, this is a program that was initiated about
13 four years ago when 100 million dollars was committed by
14 the Commission to establish Megasites across the tobacco
15 region. We made eligibility for rounds two and beyond
16 subject to sites that were approved in the first round,
17 and basically working to hopefully complete the
18 development of sites that we embarked on about four or
19 five years ago.

20 In this current funding round we had five
21 applications. I'll walk through those very quickly, but
22 before I do that I'll direct you to your staff report.
23 You have the project description as provided by the
24 applicant. You'll notice that we have much more targeted
25 questions in our applications now, and we're in the

1 process of moving into a new online application system
2 that allows us to customize our application, and they
3 ask very pointed questions. One of the questions we ask
4 in this round was to have the applicants provide in rank
5 priority the next step that costs are involved and the
6 next step in the Megasite development. And we did it for
7 a couple of reasons. The 100 million dollar commitment
8 does not quite complete yet in the proposed budget that
9 the Executive Committee will look at next week. We'll
10 look at one final round of funding, see what the need is
11 beyond this year's application. Secondly, predicting
12 that we would be over-prescribed for funds, we wanted to
13 have some options to work with each grantee to have a
14 different approach as possible as far as the advancement
15 and readiness of these sites. The actual recommendation
16 you're going to hear from staff includes some of those
17 other steps that might not have been the top-ranked
18 priority of each of the applicants.

19 I'll move quickly through the list, and there's
20 only five applications. And the first of which has been
21 withdrawn from Martinsville-Henry County, the Economic
22 Development Corporation for Commonwealth Crossing Phase
23 I Roadway Improvements requesting just over a million
24 dollars. The challenge in this project is that
25 Commonwealth Crossing has received Army Corps

1 permitting, and as far as information update as far as
2 the status of this site. The grading is well underway in
3 the Commonwealth Crossing. The most cost-effective
4 entrance road option is actually on North Carolina
5 property. Option two would be a very expensive flyover
6 over the Norfolk Southern Tracks for the Commonwealth
7 Crossing site. We have suggested Martinsville-Henry
8 County, they reach out to Rockingham County, North
9 Carolina to federal highway authorities and the federal
10 congressional delegation. They have begun that process
11 to see if we could find some federal North Carolina
12 funding to get the preferred entrance road built into
13 Commonwealth Crossing. They have agreed to withdraw the
14 application, and we hope we can find a solution where we
15 have a good entrance there.

16 DELEGATE MARSHALL: They asked my opinion,
17 and I said we have a problem funding things out of the
18 footprint, I know we're gonna have problems funding
19 things out of the state.

20 MR. PFOHL: I didn't want to be the first
21 Executive Director to recommend funding in North
22 Carolina.

23 The second one is from the County of Sussex, Sussex
24 County Megasite Project. Request number 3008 and it's a
25 request for \$3,127,950. The top priority that Sussex

1 submitted was for additional property acquisition, 378
2 acres, and that cost would have been three and a half
3 million dollars. That would've been more than half of
4 the funds available in this funding cycle which is just
5 about 6.3 million dollars. We worked with Sussex to
6 identify some of the other priorities that you see in
7 the staff report. Those include completing wetlands
8 mitigation study and master plan, completing the design
9 of a water line and elevated storage tank, constructing
10 a general access road through the site, and completing
11 the design of the wastewater treatment plant expansion
12 upgrade.

13 Sussex County is continuing to work with the
14 property owners of the 378 acres. The negotiations are
15 ongoing. To advance the readiness and development of the
16 Sussex site, staff is recommending an award of \$829,350
17 for not more than 90 percent of the estimated cost of
18 \$921,500 for water, sewer, engineering, and wetlands
19 master plans. If you want to stop and take questions
20 here?

21 DELEGATE MARSHALL: Are there any questions
22 by the Committee?

23 MS. CARTER: Just so I understand it, they
24 already have 1,130 acres?

25 MR. PFOHL: Yes.

1 MS. CARTER: They want to add this 378
2 acres. Why do they need that?

3 MR. PFOHL: It would provide a
4 significantly larger footprint for buildings with much
5 less wetland stream mitigation, so it's a somewhat
6 better property.

7 MS. CARTER: One other question, I know
8 that with our Megasites in the past we've had issues
9 with wetlands, because of that we now don't have
10 contiguous sites. Can you expound a little bit on how
11 this is going to help this become more contiguous?

12 MR. KESSNER: I'm Mike Kessner, the Sussex
13 County attorney. Thank you for having us today
14 considering our application. With respect to Miss
15 Carter's question, the 1100 acres or so that the county
16 currently has under out control are completely
17 contiguous, and they run along 460, and the additional
18 property we're seeking to acquire is directly adjacent
19 to it, and it's directly to the east of the property. If
20 you were to color the property dark green to white and
21 have a gradient going along, that's what you would see
22 basically in terms of the wetlands characteristics. The
23 further west you are on the property generally more
24 wetlands. And the east is drier. What Mr. Pfohl
25 explained was the property the east is a little drier,

1 that's the primary reason for trying to get. We realize
2 there's a finite pool of Commission funds, and we've
3 been working with that landowner to try to come up with
4 a more creative solution. He's in the timber realm and
5 looks at land as an investment, and the county has some
6 other property that's not ideal for industrial
7 development, but would be ideal for timber, and we may
8 try to do some swapping, and we may seek Commission
9 support in the future for that one. It's a little more
10 complicated than just land transaction.

11 MS. CARTER: In purchasing this property in
12 your hoping that, do you have any idea how large a start
13 it might be contiguous once you purchase this is if you
14 take away the part that's in the wetlands?

15 MR. KESSLER: I may need my engineer to
16 answer that. When the county put in an application for
17 three million and change and supporting the staff
18 recommendation for site readiness activity.

19 MR. HINES: Joe Hines, we're the engineers
20 who worked with Sussex County. We did a property
21 acquisition study. Initially this had already been under
22 contract, and we discovered that land was a little bit
23 wetter than what we anticipated and not as nice, and we
24 had a, but as we worked our way east we pick up road
25 frontage along the railway. The site itself, a little

1 drier and a little bit higher, and the property
2 acquisition study, if we got that way we'd probably get
3 upward of 800 acres that is somewhat contiguous. Part of
4 the request is to look at the environmental master plan
5 mitigation study and figuring out the best way to
6 mitigate the wetlands. We want to utilize the property
7 we already have acquired, that's a little wetter than
8 what we anticipated, we'll try to use that maybe as
9 preservation. I don't have a map with me today, we do
10 have a map that's generated which would, we can get it
11 to you after today.

12 MR. CANNON: The original 1600 acres, did
13 you study that?

14 MR. HINES: We did that after the property
15 was purchased. The first set of properties around 800
16 acres, and we did the delineation afterward once we
17 realized the condition there we put in to do the
18 delineation there before we acquired these properties.
19 We've done a delineation of this property that's under
20 consideration and acquisition. It's a better piece of
21 property than the property that's already been acquired.

22 MR. CANNON: Do you know how many acres?

23 MR. HINES: I don't have the number off the
24 top of my head.

25 MR. CANNON: But you've done, the 400

1 acres, is it half wet?

2 MR. HINES: It's less wet than the other
3 acreage. I apologize, I don't have the exact numbers
4 with me today and I can't quote that. It's higher
5 elevation wise and it has a little bit better for
6 development. One thing important to point out is that we
7 would need the additional property which they requested
8 to accommodate that particular prospect. When we did the
9 plans for that particular property we included the
10 additional acreage to potentially be acquired as part of
11 that deal.

12 DELEGATE MARSHALL: Any other questions?
13 Does anyone have any other questions?

14 MR. PFOHL: Mr. Cannon's question about the
15 378 acres, we're not talking about funding that in this
16 round, but the map shows a street that partially bisects
17 that, but it does not show stretches of wetlands, so
18 they'll probably be some stream limitations.

19 MR. CANNON: I just want to make sure, have
20 they done any kind of a study on about the creeks,
21 (unintelligible) like two acres for one? I think that's
22 done all the time, I don't know if that would be part of
23 this cost or not.

24 MR. PFOHL: The county has talked about
25 some other properties and taking a look at that for

1 potentially using it for mitigation, and that would be
2 part of the wetlands mitigation that they're asking us
3 to help support.

4 DELEGATE MARSHALL: Any further questions
5 on this one?

6 MR. PFOHL: The next request is from the
7 Carroll-Grayson-Galax Regional Industrial Facility's
8 Authority, part of the Blue Ridge Crossroads Economic
9 Development. For the Wildwood Commerce Park Wastewater
10 Capacity Phase II. Requesting roughly 2.5 million
11 dollars and the request would bring wastewater capacity
12 to 550,000 gallons per day at Wildwood, which is located
13 on Interstate 77 near Hillsville in Carroll County. The
14 funding that this committee awarded last year is
15 currently enabling wastewater capacity to be expanded to
16 300,000 gallons per day. The request for 2 and a half
17 million would be taken from the 300,000 gallons per day
18 funded last year of the up to 550,000. BRCEDA's
19 leadership acknowledges this request seeks 40 percent of
20 the available funds in this grant cycle, and has worked
21 with its engineers to come up with costs to bring the
22 wastewater capacity to 400,000 gallons per day, which is
23 the level required for site certification by Appalachian
24 Power and its consultants McCallum Sweeney. BRCEDA's
25 engineering firm estimates that this can be

1 accomplished with an additional award 1.75 million and
2 the repurposing of 358,000 dollars of remaining
3 construction funds from a previous Megasite grant, 2266,
4 which funded other onsite construction of road and
5 utilities. Grant 2266 was awarded in January of 2011,
6 and it'll require approval of a time extension and the
7 repurposing of construction costs. Matching funds are
8 proposed as debt payments over the next two years, a
9 total of 695,000 from BRCEDA's financed acquisition of
10 the property. I'll point out that BRCEDA and the
11 locality's funding is 5.3 million dollars. Those two
12 annual debt payments are proposed as matching funds.
13 Staff considers site certification an important step for
14 the marketing of Wildwood, and supports the revised
15 request to reach 400,000 gallons per day capacity. Staff
16 recommends an award of 1,767,200 dollars and the
17 repurposing and fifth year extension of the balance in
18 Megasite grant 2266 to allow use of those remaining
19 funds to support wastewater capacity expansion to
20 400,000 gallons per day.

21 DELEGATE MARSHALL: Any questions from the
22 Committee? No comments? All right, go to the next one.

23 MR. PFOHL: County of Greenville, Mid
24 Atlantic Advanced Manufacturing Center request for 3.8
25 million dollars and change. The request involves 2.3

1 million dollars of funding for natural gas line
2 extension. 300,000 dollars for the purchase of right of
3 way for electric service extension, and 1.18 million
4 dollars for phase two extension of the Otterdam Road
5 extension, which is the road that leads to the I-81
6 interchange. You can see some uses of funds for MAMaC
7 and the Commission's support to date. It was a finalist
8 for a very large OEM project in the last six months. The
9 site certainly has some allure to manufacturing
10 projects.

11 Let me talk a little bit about priority number one,
12 which is the natural gas line extension. Nearby the
13 Jarratt Correctional Center has a project in the works
14 with Columbia Gas to extend a four-inch gas line service
15 to the prison proper. Columbia Gas is bidding the
16 project as an eight-inch gas line with that extra
17 capacity to serve the MAMaC property. The 2.3 million
18 dollars that's being requested of the Committee in this
19 cycle would expand that four-inch line to an eight-inch
20 line, but only to the prison property. There still would
21 need to be another mile or so to get the gas into the
22 MAMaC property, with an additional cost of about another
23 2.2 million dollars. So the 2.3 that's requested here
24 would expand the line and its capacity, but not get it
25 all the way to the MAMaC site. The staff has had

1 a number of meetings with Greensville County before the
2 application and also Columbia Gas to try to understand
3 this project. We have concerns not being engineers and
4 gas line experts as to why the cost of the gas line to
5 the prison property would more than triple in doubling
6 the capacity of that gas line. We've talked to Columbia
7 Gas about the potential of them repaying some of those
8 construction costs, and we don't know the specifics of
9 what the repayment might look like at this time. There's
10 still some question marks about the gas pipeline, so the
11 staff is recommending given the limited funding that's
12 available 1.48 million, and specifically \$1,480,320 for
13 acquisition of the electric utility right of way, and
14 the Otterdam Road Extension Phase 2 with the
15 Commission's immediate approval of the County turning
16 ownership of the electric right of way to Mecklenburg
17 Electric Cooperative at such time as a mega prospect
18 commits to the MAMaC site, and that's another mouthful.
19 The electric right of way is another issue that we'll
20 need to spend a little bit of time on. Grant funds
21 getting approved like this would be for Greensville
22 County to negotiate the 11 property owners on that
23 electric right of way. Thinking down the road, I don't
24 think Greensville County wants to be the owner of the
25 land underneath high-voltage transmission lines,

1 because there's a lot of liability that goes with that.
2 I think that should be owned by the electric
3 cooperative. The staff is recommending, given the fact
4 that our policy ownership of assets funded by the
5 Commission, that title needs to stay with the grantee,
6 recognizing ultimately that electric right of way should
7 be owned by the electric cooperative, so we're
8 recommending the Commission approve that transfer at
9 such time as the electric user locates on the MAMaC
10 property. So I'll stop there to see if there's any
11 questions.

12 MR. OWENS: Has Mecklenburg already agreed
13 to this?

14 MR. PFOHL: The Commission in conjunction
15 with the county over several years have funded the
16 engineering for the electric service to serve MAMaC in
17 conjunction with Mecklenburg. They've done preliminary
18 engineering, and this is the route that's been
19 identified. They're working with the county to at some
20 point provide electric service.

21 MR. CANNON: Is Mecklenburg gonna refund
22 some of the money that's going to lease that power line
23 to somebody else?

24 MS. SLATE: I'm Natalie Slate, Director of
25 Economic Development for Greenville County. When we

1 had this project, Mecklenburg Electric, part of the
2 incentive package was to build the lines necessary, no
3 charge to the county. We did not talk about any
4 reimbursement at that time, but the reason we're asking
5 for the right of way purchase is that to condemn or
6 acquire the property through the electric company could
7 take months longer, and we'd rather go ahead and get
8 options now and try to get it under control. We're
9 trying to shorten the timeline for when the next client
10 comes. Does that answer your question? We didn't discuss
11 any rebate, and I don't know that we got that far down
12 the road, but we'll be glad to try to do that before
13 next week.

14 DELEGATE MARSHALL: Natalie, what you said
15 is you're trying to move the process up so you don't
16 have to wait. Did I hear you correctly say that
17 Mecklenburg is gonna go ahead, and they were going to
18 pay for the right of way at a later date themselves?

19 MS. SLATE: They have already done the
20 electrical engineering to determine that is the correct
21 right of way. They were gonna do a dual line, one is the
22 three phase and the other one is smaller than that to
23 give a dual feed to the site. That build out completely
24 was going to be at no charge to the client or the
25 county. That was their incentive package to get a

1 client there, and that was to build that dual line no
2 cost.

3 MR. CANNON: Or charge to the customer?

4 MS. SLATE: That's right.

5 MR. OWEN: Is what you're saying after the
6 property was purchased the --

7 MR. PFOHL: Yes.

8 MR. OWEN: We can do that?

9 MR. PFOHL: The Commission's grant
10 agreement template says that grantees shall not lease,
11 sell, dispose of in any manner assets funded by the
12 Commission without Commission approval. If the
13 Commission so approves that Mecklenburg Electric owns
14 this right of way, then we won't have to come back.

15 MS. SLATE: Would that be similar to the
16 Otterdam Road right of way that was purchased and turned
17 over to VDOT when the road was turned over?

18 MR. CANNON: if you can get Mecklenburg
19 Electric to agree to build the line and it's their
20 problem and not come back to us, that's a significant
21 cost and whether or not they can get it out of the
22 customer is another story. Or will they come back and
23 ask us basically a million dollars a mile?

24 MS. SLATE: At the point of trying to put
25 that package together, it wasn't their intention to come

1 after any (unintelligible) to build a line, I don't have
2 it in writing.

3 DELEGATE MARSHALL: Any further questions?
4 All right, thank you.

5 MR. PFOHL: Our final request is from
6 Danville-Pittsylvania Regional Industrial Facility
7 Authority for Berry Hill Lot 4 Electric Utility
8 Relocation, 3.55 million dollar request, which is more
9 than half of the available fund. And it's focused on 90
10 percent of their priority activity which is relocation
11 of the 69KV overhead electric utility line, which is
12 about a 4.1 million dollar cost to bisect Lot 4, which
13 is a principal property that they hope to get Army Corps
14 of Engineer's permission to start grading. The other
15 ranked priorities include a number of other aspects of
16 site development, which includes a right of way for
17 electrical engineering and acquisition of right of way
18 for natural gas, grading Lot 4 pending on Army Corps of
19 Engineer permitting, and Water System Improvements Phase
20 2, 2.5 million. That fifth priority is not currently
21 funded.

22 The staff acknowledges the limitations placed on
23 the development of Lot 4 with the current location of
24 the power line, however aside from Southern Virginia
25 Natural Gas Pipeline Project, which was approved

1 in order to secure 1.3 billion of investments by
2 Dominion Power Williams' Transco, to date the Commission
3 is not paid to construct the facilities of regulated
4 utilities such as the Appalachian Power line in
5 question. It should be noted that the application states
6 that has proffered to repay the RIFA Management
7 Commission and "significant user" is located within the
8 park in ten years. Given that the grading of Lot 4 has
9 not been approved by the Army Corps, it appears
10 premature and precedent setting to approve this request
11 to relocate the power line. If at such time as a major
12 prospect commits to the park, it is likely that
13 Appalachian will repay the relocation costs and grant
14 funding would not be needed. This was communicated by
15 staff to RIFA and its representatives have indicated
16 that the Commission support for the Phase 2 water line
17 construction, a 2.5 million dollar project to bring the
18 water from North Carolina state line into the park is an
19 equally important step to further prepare the site. RIFA
20 has requested that the Commission will alternatively
21 consider this aspect of the request. Staff is supportive
22 of that alternative. Staff recommends an award of
23 \$2,241,567 for not more than 90 percent of the Phase 2
24 water line construction and related cost.

25

DELEGATE MARSHALL: Questions?

1 MS. CARTER: We know Lot 4 hasn't been
2 approved by the Army Corps of Engineers. You don't want
3 to put money in the utility line because of that.

4 MR. PFOHL: That's part of it, the
5 justification. Part of the justification is that we're
6 asking for 56 percent of the available funds to relocate
7 that power line, 3.5 million dollars. We've gotta be
8 judicious on how we spend our money to advance these
9 sites. Since they've indicated to us that construction
10 of the water line is just as important, we felt it was
11 not necessary to open up the precedent can of worms in
12 terms of building the Appalachian Power line.

13 MS. CARTER: If the Army Corps hasn't
14 approved the grading, then I need you to help me how to
15 justify putting money into the water line.

16 MR. PFOHL: Good question.

17 DELEGATE MARSHALL: If you go 30 miles or
18 so west of there, we funded that crossing in Henry
19 County before they got permit. If you think we'll never
20 get a permit, then if we can't get the permit probably
21 shouldn't put anything. I think the idea is knowing we
22 only have so much money to fund this Committee,
23 eventually we'll run out of money, and then what happens
24 two or three years down the road and there's no money
25 here, then where do we stand, we can't come up

1 with the money?

2 MR. TUCKER: I'm Kelly Tucker, Director of
3 Economic Development for the City of Danville. We've
4 been working with the Army Corps for quite some time,
5 approaching two or three years, and they asked us to do
6 a feasibility study. That feasibility study helped
7 identify target markets for this particular site. With
8 the feedback we got back from that study, we came up
9 with three particular alternatives that could be for
10 their consideration. One was the best scenario for
11 development, not with any environmental issues. Another
12 one was not disturbing any wetlands, and then we have
13 kind of a negotiated of a combination of the two, and
14 what we could consider to be with us making concessions
15 on environmental. We have received some positive
16 feedback on why we have not gotten a permit for that. I
17 will say conversations are headed in a positive
18 direction and we have gotten feedback that they like the
19 concessions we have made. We're very confident we will
20 receive a permit. As a matter of fact, we just got a
21 communication this week from the Army Corps asking for
22 some additional information.

23 I'll say we have been working very diligently, it's
24 kinda give and take with the Army Corps, and we've
25 worked through quite a few of their requests to amend

1 our development plan and Phase 2 of the water system is
2 consistent with the feedback we have gotten.

3 DELEGATE MARSHALL: The problem is this is
4 speculative development?

5 MR. TUCKER: Correct.

6 DELEGATE MARSHALL: If somebody shows up
7 tomorrow and says, "We want to buy that site and develop
8 a business," I have been told by the City or the County
9 that the road to get that permit is easier.

10 MR. TUCKER: Correct. It's the chicken and
11 egg argument. Once you identify a user, they'll then
12 approve the permit. In other circumstances when we
13 developed other industrial parks and we've had a
14 different interpretation. Those of you that have dealt
15 with the Army Corps understand the nuance of that
16 interpretation and the language.

17 MR. SIDES: I'm Greg Sides, the Assistant
18 County Administrator, Pittsylvania County. I think you
19 raised a very good point. One of the missions we have is
20 to get the park ready and get the infrastructure in
21 place for development of the park. Right now we want to
22 be able to grade that site and once we get that that's
23 gonna be a big asset to development this park. If a
24 company comes along, we still need to be able to have
25 that infrastructure in place. If I tell them we'll seek

1 funding and go through a two-year process get water
2 there, so it's a question of whether we can grade and
3 develop and be ready, water and infrastructure is
4 certainly needed.

5 MS. CARTER: The question I have about all
6 this the chicken and the egg. Do you put money into
7 these projects that you don't have approval from the
8 Army Corps of Engineers, and I think we've done that in
9 the past. What happens if the Corps says you're not
10 getting it? They haven't told us they can do this.

11 MR. SIDES: They have not, but keep in mind
12 if we were able to get that permit and if we got it then
13 the infrastructure would be in place at that point.

14 DELEGATE MARSHALL: If company A, B, or C
15 shows up tomorrow and wants to develop Lot 4, says
16 they're gonna build a plant, would the Corps of
17 Engineers give us a permit?

18 MR. SIDES: Yes, sir. If we have the
19 prospect in mind.

20 MR. CANNON: Before any of this is ever
21 funded by the Tobacco Commission, there ought to be a
22 delineation of the wetland and creeks on the property
23 that can be done by Joe Hines' firm or Dewberry Davis,
24 and that would be at a cost less I'm sure than buying
25 3,500 acres and not know what you've got there. Do the

1 study before. Isn't that correct, Joe?

2 MR. HINES: Correct.

3 DELEGATE MARSHALL: Maybe we should've had
4 that conversation five years ago.

5 MR. CANNON: I'm just saying this is maybe
6 the way we should do it. If the Army Corps of Engineers
7 sees their name on it, and then if you got a prospect
8 that's better.

9 MS. CARTER: I would like to recommend that
10 also working with DEQ, Department of Environmental
11 Quality is a key as well, 'cause they work with the Army
12 Corps of Engineers and have them come in early on and
13 look at what you have. They'll be very honest with you
14 and they'll let you know. I strongly recommend you do
15 that.

16 DELEGATE MARSHALL: Greg, how much time and
17 how much money, I know Greg you went to D.C. with
18 Senator Kaine and Congressman Griffith and others in the
19 Corps at that time, and this has been going on for quite
20 a while, in the three years.

21 MR. SIDES: I'd say at least three years.

22 DELEGATE MARSHALL: And Pittsylvania tried
23 to jump through all the hoops that the Corps of
24 Engineers has required?

25 MR. SIDES: The recent studies, I think it

1 was a million dollars for several studies that were done
2 since the process started that answered additional
3 questions that continually come up. The wetlands are
4 there, other things are identified, mitigation in place,
5 and we're dealing with the Corps on these questions and
6 we're going into this quite extensively, but we need the
7 infrastructure in place.

8 MR. TUCKER: One of the biggest questions
9 about our work with and Dewberry and Davis as a
10 consultant in this project, I don't know if you can add
11 anything to our work, Sean, and delaying wetlands and
12 working with DEQ as well.

13 MR. HARDEN: My name is Sean Harden with
14 Dewberry Engineers. As both of these gentlemen have
15 said, we spent a significant amount of time on the site
16 doing the delineations with the Corps and other
17 consultants to receive a permit. We're close and we have
18 a few more questions to answer to the Corps, we should
19 be in a position to get a permit.

20 MS. CARTER: Secretary Jones is very
21 interested in seeing this through, no question about it.
22 Like you said Mr. Chairman, there's only a certain
23 amount of funds, and we want to make sure if we're gonna
24 go into this and develop a site it can be developed. I'm
25 certainly gonna support this project, but we do need the

1 infrastructure, but I do have concerns about the Army
2 approving this.

3 MR. OWEN: Will the Corps approve this
4 eventually?

5 DELEGATE MARSHALL: What occurred is they
6 want to have the infrastructure in place and try to make
7 a model, and what they've done in the past is have a pad
8 ready site, then work on the infrastructure. The pad
9 ready site is a problem, but getting a permit from the
10 Corps, what they're gonna do now put the infrastructure
11 in and you don't have to have the Corps' permission. Put
12 the infrastructure in and then get the permit from the
13 Corps so we can go forward.

14 SENATOR SMITH: Mr. Chairman, you are
15 confident that the Corps is going to approve this or
16 that it's gonna happen, can we approve it? Can we
17 approve this subject to them a guarantee?

18 DELEGATE MARSHALL: Nobody will give us a
19 guarantee.

20 SENATOR SMITH: We're gonna ask the
21 industrial authority and if they said yes it's gonna
22 happen it doesn't happen, what skin will they have in
23 the game?

24 DELEGATE MARSHALL: I'm not quite a hundred
25 percent sure. We're gonna look at that then,

1 (unintelligible) one on this list does not have a
2 permit.

3 SENATOR SMITH: I'm not sure that's
4 correct.

5 DELEGATE MARSHALL: Henry is the only one
6 that has a grade permit, correct?

7 MR. PFOHL: Wildwood has done grading.

8 DELEGATE MARSHALL: Senator Smith, I'm not
9 quite a hundred percent sure what you're asking me.

10 SENATOR SMITH: I'm not familiar with this
11 project, don't claim to be, but my question is, what are
12 we approved? And what I'm hearing is these concerns and
13 there might be a likelihood it may not be.

14 DELEGATE MARSHALL: Your idea would be as
15 to fund it but not build it until a permit is issued by
16 the Corps of Engineers?

17 SENATOR SMITH: That's a good
18 recommendation.

19 DELEGATE MARSHALL: That's not my
20 recommendation. Any other questions?

21 MR. CANNON: Every project that comes
22 before us for these Megasites need to go through these
23 studies before you fund 'em, and if they can't then they
24 can't. You've got two firms here that can do it, and if
25 they write a letter saying these sites need such and

1 such, trust me, the Army Corps of Engineers is gonna say
2 I agree with it or I don't agree with it.

3 DELEGATE MARSHALL: Any other questions?
4 Thank you all. We have some other business to take care
5 of, but let's take a motion first of all on the four
6 applications before us.

7 MS. GOULD: I move to accept the staff
8 recommendations in their entirety.

9 DELEGATE MARSHALL: Do I have a second?

10 SENATOR CARRICO: Second.

11 DELEGATE MARSHALL: I have a motion and a
12 second. Any discussion? All those in favor, say aye.
13 (Ayes) Opposed? (No response) Now, we have some other
14 business. Mr. Chairman, I'm going to ask Sarah Capps to
15 run through this, and she's the Regional Grants
16 Administrator.

17 MS. CAPPS: We have two related to the
18 Megasite and existing active grants. Both of them are
19 with the Danville-Pittsylvania Regional Industrial
20 Facilities Authority. 2264 and grant 2491. The RIFA has
21 requested a three-year extension to the current end
22 dates and the end dates are January 10th, 2017. The
23 reason for the need for the extension relates entirely
24 to the discussion we've been having with respect to
25 their working toward getting the permits from the Corps

1 of Engineers. Staff is recommending a two-year extension
2 to January 10, 2017.

3 DELEGATE MARSHALL: We have a motion to
4 approve the two staff recommendations. I've got a
5 motion, do I have a second? All right, I got a second.
6 Any discussion? All those in favor, say aye. (Ayes)
7 Opposed? (No response)

8 MS. CAPP: The next item for those grants
9 is grant number 2264, there's some revision to the
10 proposed use of the grant funds. This was a 2007 million
11 dollar grant, and it's matched with one million of local
12 fund. The original grant was approved to support
13 electrical transmission substation line, engineering and
14 right of way acquisition for the natural gas pipeline,
15 and then engineering and right of way acquisition to the
16 new connector road from US 58. The changes that are
17 requested are or primarily relate to the electric
18 transmission line. The original proposal had planned for
19 electric power to be provided by the city of Danville,
20 and the Megasite is in the city service area. In order
21 for RIFA to offer competitive power pricing, they
22 approached Appalachian Power about being the provider
23 for this site and the City of Danville. The request is
24 to provide for, a revised budget of 1.5, \$1,525,000 to
25 support the electric utility call. This includes

1 \$525,000, the siting study, and State Corporation
2 Commission certification, and engineering costs. One
3 million towards the right of way acquisition owned by
4 Appalachian Power. There's a second provision to the
5 proposed use of the funds. The funds originally
6 allocated for the connector road and based on the
7 discussions that we've had with VDOT, they anticipate
8 wanting to use the differently. Ownership transferred of
9 the electric power right of way to Appalachian Power.
10 This is similar to the discussion related to the
11 Greensville project, and this would be a major
12 investment by the power company in order to serve the
13 property and recognizing of the maintenance
14 responsibility.

15 MR. OWEN: It's my understanding that
16 Danville Utility, they don't want to service this area.

17 DELEGATE MARHSALL: AB has the
18 distribution, and it's kinda close, and AP's rates are
19 less than the City of Danville's, so it's probably
20 better to require people to sell AP's electricity than
21 the City of Danville. Now, I've got a motion.

22 MR. OWEN: I move we approve it.

23 DELEGATE MARSHALL: I've got a motion and a
24 second. All those in favor, say aye. (Ayes) Opposed? (No
25 response)

1 MR. PFOHL: In the staff report under
2 "Other Business" is an access to healthcare project that
3 we tabled back in September during that funding cycle.
4 In September we took the Special Project applications
5 for regional economic development projects and access to
6 healthcare projects. Per the Commission's strategic
7 plan, Special Projects is the Committee or the venue
8 that has a request for funding to expand access to
9 healthcare for residents of the Tobacco Region. In
10 September application 2936 was tabled from the applicant
11 Piedmont Access To Health Services. That's referred to
12 as PATHS. PATHS applied last summer for 450,000 dollars.
13 PATHS was established as a 501c3 nonprofit in 2001. It
14 operates clinics in Danville, Martinsville, and Chatham.
15 In 2012, PATHS began leasing and operating the former
16 Healthcare on the Square facility in Boydton in
17 Mecklenburg County from USDA's Rural Development which
18 holds a four million dollar loan that was provided to
19 the former owner operator called Boydton Community
20 Healthcare, INC. Boydton Community Healthcare, INC. had
21 operated in a facility that was renovated with the USDA,
22 owned for a number of years, and then closed that
23 facility. PATHS began leasing that facility in 2012.
24 They made a purchase offer to USDA in 2013 of 80,000
25 dollars, and that was rejected by USDA. There was a four

1 million dollar loan on this property. PATHS made a
2 second purchase offer in 2014 for \$100,000 and that was
3 rejected. Under this request, PATHS is seeking \$450,000
4 as a final offer for building acquisition. The request
5 was tabled by your Committee in September 2014, because
6 at that time we didn't know if USDA would accept the
7 offer. In November 2014 USDA indicated they would accept
8 a \$450,000 cash offer to Boydton Property "as is". If
9 successful with the acquisition the project would
10 provide for stabilization and expansion of healthcare
11 access in Mecklenburg County's surrounding service area.
12 Information provided by PATHS shows that
13 (unintelligible). Supplemental data provided by PATHS
14 shows an unduplicated count of patients served has risen
15 from just over 1,000 in 2012 to nearly 3,000 in 2014,
16 continues to grow significantly this year. The facility
17 currently employs eighteen medical professionals and
18 they're recruiting for two additional positions and
19 working toward reopening the pharmacy operation at the
20 site. The staff knows PATHS has been leasing this
21 facility for a number of years and is providing much
22 needed medical care and basic healthcare and advances
23 the telemedicine capability for residents of a multi-
24 county region, which is a stated funding priority for
25 healthcare projects. Your Committee has an

1 available balance of 400,490 dollars. Staff is
2 recommending an award of 400,000 dollars for the
3 acquisition of the Boydton facility by PATHS from USDA.

4 DELEGATE MARSHALL: Any questions?

5 MR. PFOHL: We have representatives from
6 PATHS here if you have any questions.

7 MR. OWEN: I move we accept the staff
8 recommendation.

9 DELEGATE MARSHALL: We have a motion and a
10 second. Is there any discussion? All those in favor, say
11 aye. (Ayes) Opposed? (No response) All right, that
12 passes. The next is public comment. Well, since there's
13 no public comment we'll see you all in about a week.
14 We're adjourned.

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16 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, May 12, 2015 at 3:30 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 2nd 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.