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The Bolling Wilson Hotel
170 East Main Street
Wytheville, VA 24382

Wytheville Meeting Center
333 Community Boulevard
Wytheville, VA 24382



ITINERARY

Tuesday, September 22, 2015

- 2:00 pm **TROF Committee Meeting**
Wytheville Meeting Center
- 2:00 - 6:00 pm **Hotel Check-In for COMMISSIONERS
w/ OVERNIGHT ACCOMMODATIONS**
The Bolling Wilson Hotel (parking in rear)
- 2:00 pm *Shuttle pickup @ Hotel to Meeting Center*
- 2:30 pm **Education Committee Meeting**
Wytheville Meeting Center
- 3:50 pm *Shuttle pickup @ Hotel to Meeting Center*
4:10 pm *Shuttle pickup @ Meeting Center to Hotel*
- 4:30 pm **Executive Committee Meeting**
Wytheville Meeting Center
- 5:00 pm **Special Projects Committee Meeting**
Wytheville Meeting Center
- 6:15 pm *Shuttle pickup @ Meeting Center to Hotel*
- 6:30 – 8:30 pm **RECEPTION - The Bolling Wilson Hotel**

Wednesday, September 23, 2015

* HOTEL CHECK-OUT PRIOR TO YOUR MEETINGS*

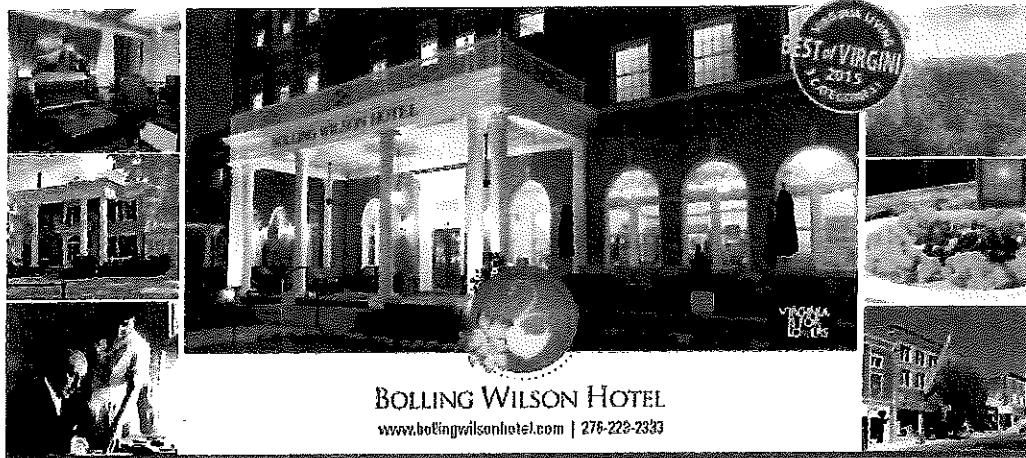
- 7:30 am *Shuttle pickup @ Hotel to Meeting Center*
- 8:00 am **SouthWest EcoDev Committee Meeting**
Wytheville Meeting Center
- 8:30 am **R&D Committee Meeting**
Wytheville Meeting Center
- 9:30 am *Shuttle pickup @ Hotel to Meeting Center*
- 10:00 am **Commission Meeting**
Wytheville Meeting Center
- 11:00 am **Lunch (buffet)**
Wytheville Meeting Center
- 11:30 am *Shuttle pickup @ Meeting Center to Hotel*

9/22 dinner provided
 9/23 breakfast & lunch provided



Evan stayed:
 9/20 Abingdon
 9/21 } Wytheville
 9/22 }
 9/23 }
 All direct billed

HOTEL & RECEPTION INFORMATION



Stacey
 9/21 & 9/22

Medford
 9/21 & 9/22

Bolling Wilson Hotel
 170 E. Main Street
 Wytheville, Virginia, 24382
 (Interstate 81 - Exits 70 and 73)

Hotel Amenities

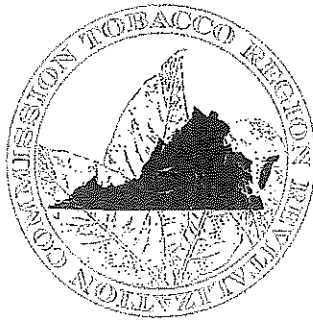
- Provisions Shoppe – specialty gift shop
- Graze On Main – restaurant/bar
- The Perch - Rooftop Terrace
- George Wythe Ballroom
- Porches – dining and relaxing space

Guest Room Features

- Walk-in glass showers
- Bubble tubs
- Views of Blue Ridge Mountains
- Kingsdown CapePlush Mattresses
- Gilchrist & Soames bath amenities
- Keurig Coffee Makers
- 42" Flat Panel Televisions
- DirecTV Residential Experience
- Safes
- Free wi-fi
- Make-up mirrors
- Work desk
- Wood floors
- Luxury linens and bath towels

Barnard	Morefield
Bringman	Moss
Cannon	Myers
Capps	Owens
Coleman	Pfohl
Dawson	Rasnick
Feinman	Richardson
Gould	Ruff
Harris	Shell
Howard	Spiers
Kim	Stephenson
Marshall	Stoney
Merricks	Williams
Montgomery	Wright
Moore	

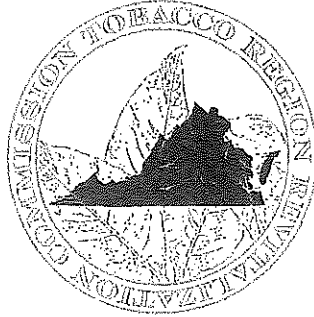
Kilgore



COMMISSION AGENDA

Wednesday
September 23, 2015 @ 10:00am
Wytheville Meeting Center
Wytheville, VA

Welcome and Call to Order	<i>The Honorable Terry G. Kilgore, Chairman</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of <u>5/21/15</u> minutes	<i>(published on website)</i>
Education	<i>The Honorable Frank Ruff, Chairman</i>
R & D Committee	<i>The Honorable Kathy Byron, Chairman</i>
Southwest Economic Development Committee	<i>The Honorable Bill Carrico, Chairman</i>
Special Projects Committee	<i>The Honorable Danny Marshall, Chairman</i>
TROF Committee	<i>The Honorable Danny Marshall, Member</i>
Executive Committee	<i>The Honorable Frank Ruff, Vice-Chairman</i>
Public Comments	
Adjourn	



EDUCATION COMMITTEE AGENDA

Tuesday
September 22, 2015 @ 2:30pm
Wytheville Meeting Center
Wytheville, VA

- | | |
|---|--|
| Welcome and Call to Order | <i>The Honorable Frank M. Ruff, Chairman</i> |
| Call of the Roll | <i>Evan Feinman, Executive Director</i> |
| Approval of the <u>5/20/15</u> Minutes | <i>(published on website)</i> |
| Scholarship Rules 2016-2017 | <i>Ned Stephenson, Deputy Director</i> |
| Grant Applications and Staff Recommendations | <i>Evan Feinman, Executive Director</i> |
| Public Comments | |
| Adjournment | |

#2583
EED Proj.
\$1000 cap per student
? approved changes?

Education Committee

- Regional Scholarships
- Community College Financial Aid
- Advanced Manufacturing Centers of Excellence – Phase Two Funding

September 22, 2015 – Wytheville VA

The Education Committee will meet September 22nd in Wytheville to act on the following grant proposals. The Education Committee has a current available balance of \$12 million for financial aid programs, plus \$7 million set-aside specifically for the three Advanced Manufacturing Centers of Excellence:

Regional Scholarship Programs

In the previous fiscal year the Commission approved \$7.1 million to fund the two regional scholarship programs for undergraduate students in the current 2015-16 school year, as shown below. Each year the Commission indexes the scholarship programs to the average increase in undergrad tuition and mandatory fees at Virginia public universities. That increase for the coming school year was announced by SCHEV as 6.0%, which would result in an increase to \$7,618,014 in scholarship funds for the 2016-17 school year, broken out by region as follows:

Undergraduate financial aid	Southern VA	Southwest VA	Total
FY2015 approved amount for 2015-16 school year	\$4,958,896	\$2,227,910	\$7,186,806
FY2016 proposed amount for 2016-17 school year *	\$5,256,430	\$2,361,585	\$7,618,014
<i>proposed increase</i>	\$297,534	\$133,675	\$431,208

* indexed upward by 6%, based on SCHEV report

Staff recommends approval of \$7,618,014 for the two regional scholarship programs for the 2016-17 school year (\$5,256,430 for Southern VA and \$2,361,585 for Southwest VA).

Community College Financial Aid Proposals

The Commission solicited proposals from tobacco region community colleges to provide financial aid to tobacco region residents in the 2016-17 school year. Priorities for funding requests were announced as follows, based on guidance from the Education Committee:

- Colleges were allowed to request no more than **\$450,000**, which reflects approximately half of the 4.78% increase in cost per credit hour adopted by the Virginia Community College System Board in May 2015 (last year's requests were capped at \$440,000).
- Requests were to be submitted only for use in the **2016-17 school year**, so as to align all colleges within a common timeframe.
- Priority for awarding funds to students is to provide **"last-dollar"** aid (after all other eligible state and federal sources are exhausted) to **full-time, program-placed students enrolled in STEM-H* fields** of study (* Science, Technology, Engineering, Math and Healthcare).
- Applications were to provide the expected number of **academic credentials** to be awarded to recipients of the financial aid (diplomas, degrees, certificates, and transfers to 4-year institutions) at the conclusion of the 2016-17 school year.
- Applications were to provide the amount of requested funds, numbers of students served and anticipated credentials for any sub-elements of the request (e.g specific targeted student populations such as tobacco families, merit scholars, veterans, etc.)
- Applications were to provide the expected amounts of **matching funds** to be provided for these students from other state, federal and private sources.

Staff comments and recommendations: Ten proposals were received by the announced deadline of July 17, 2015, requesting a total of \$3.9 million. Summary charts follow for each request which lists the amounts requested, sub-elements of requested funding, expected credentials and matching funds. The requests anticipate serving more than 2,200 students, resulting in more than 900 credentials and transfers to 4-year schools by the conclusion of 2016-17, and leveraging matching financial aid of nearly \$6.8 million (all requests provide equal or greater matching funds for the students served). The majority of the proposals either request substantial funds specifically for STEM-H students or estimate the percentage of other student groups (such as the AIMS Higher program) that will enroll in STEM-H areas of study. Also, five colleges -- Danville, John Tyler, Southside, Southwest and Virginia Western -- requested funds specifically for students preparing for advanced manufacturing careers, which will train students at foundational skills levels as a prerequisite to entering mid-skills level training at the three advanced manufacturing Centers of Excellence that have been established with funding from the Education Committee (and discussed later in this report). Staff considers all requests to be in full compliance with the Committee's guidelines as well as the new Code requirements for matching funds, alignment with Commission strategic objectives, etc. **Staff recommends approval of all ten proposals totaling \$3,900,860 for the 2016-17 school year as submitted and summarized below.**

FY16-17 Community College Financial Aid

Req #	Organization Name	Project Title	Requested Amount
3056	Central Virginia Community College Educational Foundation	Central Virginia Community College Tobacco Region Student Scholarships 2016-2017	\$450,000
3058	Danville Community College Educational Foundation, Inc.	Danville Community College Scholarships and Training 2016-2017	\$450,000
3061	John Tyler Community College Foundation	2016 - 2017 Tobacco Region Scholarship Program	\$90,860
3057	Mountain Empire Community College	Scholarships for Tobacco Families and AIMS Higher Scholars	\$450,000
3051	Patrick Henry Community College Foundation	PHCC Student Scholarships	\$450,000
3059	Southside Virginia Community College Foundation	Southside Virginia Community College Scholarship Program FY-16-17	\$450,000
3054	Southwest Virginia Community College	SWCC Tobacco Outreach Scholarship Program FY16-17	\$450,000
3060	Virginia Highlands Community College Educational Foundation	Scholarships for Tobacco Families and AIMS Higher Scholars	\$450,000
3055	Virginia Western Community College Educational Foundation Inc	Community College Access Program and Workforce Credentialing for Franklin County	\$210,000
3053	Wytheville Community College	WCC Forging Futures Scholarship Program	\$450,000

\$3,900,860

Total (10 requests)

abstracted

OK

**Central Virginia Community College Educational Foundation, Inc.
 Central Virginia Community College Tobacco Region Student Scholarships 2016-2017 (3056)
 \$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results					Unduplicated # of Students Working to Complete:					Unduplicated # of Students Completing in School Year:					
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
Tobacco Region STEM-H Scholarships	\$235,000.00	121	7	12	102	77	198	3	5	43	32	83					
Tobacco Region Academic Scholarships	\$210,000.00	108	0	0	108	82	190	0	0	45	33	78					
Tobacco Family Scholarships	\$5,000.00	2	0	0	2	1	3	0	0	1	1	2					
Total	\$450,000.00	231	7	12	212	160	391	3	5	89	66	163					

Matching Funds	
Source	Amount
State	\$64,083.00
Local	\$0.00
Federal	\$506,836.00
Private	\$11,651.00
In-Kind	\$0.00
Total	\$582,570.00

**Danville Community College Educational Foundation, Inc.
 Danville Community College Scholarships and Training 2016-2017 (3058)
 \$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results					Unduplicated # of Students Completing in School Year:					
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
Tobacco Financial Awards	\$100,000.00	40	9	2	11	10	32	0	1	4	3	8
STEM-H Awards	\$300,000.00	120	26	2	20	36	84	16	0	10	10	36
Workforce Awards	\$50,000.00	50	0	34	0	0	34	0	16	0	0	16
Total	\$450,000.00	210	35	38	31	46	150	16	17	14	13	60

Matching Funds	
Source	Amount
State	\$0.00
Local	\$0.00
Federal	\$0.00
Private	\$450,000.00
In-Kind	\$0.00
Total	\$450,000.00

**John Tyler Community College Foundation
2016 - 2017 Tobacco Region Scholarship Program (3061)
\$90,860.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results					Unduplicated # of Students Completing in School Year:					
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
STEM-H	\$21,080.00	148	0	5	45	12	62	0	0	8	0	8
Advanced Manufacturing (Concurrent)	\$69,780.00	36	0	0	0	0	0	0	0	0	0	0
Total	\$90,860.00	184	0	5	45	12	62	0	0	8	0	8

Matching Funds	
Source	Amount
State	\$39,370.00
Local	\$0.00
Federal	\$257,760.00
Private	\$14,950.00
In-Kind	\$0.00
Total	\$312,080.00

**Mountain Empire Community College
Scholarships for Tobacco Families and AIMS Higher Scholars (3057)
\$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results						Unduplicated # of Students Completing in School Year:				
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
Tobacco Family Scholarships	\$67,500.00	30	0	23	4	3	30	0	10	1	1	12
AIMS Higher Scholarships	\$382,500.00	288	0	43	45	200	288	0	9	9	44	62
Total	\$450,000.00	318	0	66	49	203	318	0	19	10	45	74

Matching Funds	
Source	Amount
State	\$0.00
Local	\$0.00
Federal	\$572,140.00
Private	\$0.00
In-Kind	\$0.00
Total	\$572,140.00

**Southside Virginia Community College Foundation
 Southside Virginia Community College Scholarship Program FY-16-17 (3059)
 \$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results										
		# Students Served	Unduplicated # of Students Working to Complete:					Unduplicated # of Students Completing in School Year:				
Sub-Program	TRRC \$ Requested		Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
Tobacco Families	\$50,000.00	15	0	7	3	5	15	0	7	0	2	9
High Achieving High School Grads	\$100,000.00	32	0	5	8	19	32	0	5	4	8	17
STEM-H and High Demand	\$200,000.00	62	0	23	25	14	62	0	23	15	8	46
Dual Enrollment Adv. Manufacturing	\$100,000.00	33	0	26	0	0	26	0	26	0	0	26
Total	\$450,000.00	142	0	61	36	38	135	0	61	19	18	98

Matching Funds	
Source	Amount
State	\$120,000.00
Local	\$100,000.00
Federal	\$368,000.00
Private	\$35,000.00
In-Kind	\$0.00
Total	\$623,000.00

**Southwest Virginia Community College
SWCC Tobacco Outreach Scholarship Program FY16-17 (3054)
\$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results					Unduplicated # of Students Working to Complete:					Unduplicated # of Students Completing in School Year:					
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
AIM Scholars	\$250,000.00	150	4	39	27	80	150	3	31	19	44	97					
Tobacco	\$100,000.00	130	4	52	32	42	130	2	43	23	25	93					
Advanced Manufacturing	\$100,000.00	30	4	18	8	0	30	5	12	8	0	25					
Total	\$450,000.00	310	12	109	67	122	310	10	86	50	69	215					

Matching Funds	
Source	Amount
State	\$159,926.03
Local	\$75,592.00
Federal	\$709,847.35
Private	\$182,429.98
In-Kind	\$0.00
Total	\$1,127,795.36

**Virginia Highlands Community College Educational Foundation
Scholarships for Tobacco Families and AIMS Higher Scholars (3060)
\$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results						
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Unduplicated # of Students Completing in School Year
Tobacco Scholarships	\$160,000.00	65	6	4	21	8	39	3
AIMS Higher Scholarships	\$290,000.00	80	5	6	26	11	48	4
Total	\$450,000.00	145	11	10	47	19	87	7
								32
								14
								58

Matching Funds	
Source	Amount
State	\$191,373.28
Local	\$0.00
Federal	\$273,742.00
Private	\$31,000.00
In-Kind	\$0.00
Total	\$496,115.28

**Virginia Western Community College Educational Foundation Inc
Community College Access Program and Workforce Credentialing for Franklin County (3055)
\$210,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results						Unduplicated # of Students				
		# Students Served	TTRC \$ Requested	Unduplicated # of Students Working to Complete:			Completing in School Year:					
Diplomas	Certs			Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total	
Community College Access Program	\$175,000.00	107	0	7	25	75	107	0	3	7	11	21
Manufacturing Skills Certification Program	\$35,000.00	12	0	0	0	0	0	0	0	0	0	0
Total	\$210,000.00	119	0	7	25	75	107	0	3	7	11	21

Matching Funds	
Source	Amount
State	\$0.00
Local	\$0.00
Federal	\$190,000.00
Private	\$44,180.00
In-Kind	\$18,000.00
Total	\$252,180.00

**Wytheville Community College
WCC Forging Futures Scholarship Program (3053)
\$450,000.00 Requested**

Project Summary Provided by Applicant:

Program Summary		Anticipated Results						Unduplicated # of Students				
Sub-Program	TRRC \$ Requested	# Students Served	Diplomas	Certs	Assoc	Xfers	Total	Diplomas	Certs	Assoc	Xfers	Total
Tobacco Growers	\$28,229.00	7	0	2	1	1	4	0	2	0	0	3
STEM-H Program Students	\$221,150.00	110	4	20	31	13	68	0	13	28	1	42
Low Income "Working Poor"	\$200,621.00	115	0	3	18	59	80	0	22	4	9	35
EFC > 13,706												
Total	\$450,000.00	232	4	25	50	73	152	0	37	32	11	80

Source	Amount
State	\$177,781.35
Local	\$0.00
Federal	\$947,327.06
Private	\$324,377.92
In-Kind	\$32,351.92
Total	\$1,481,838.25

Advanced Manufacturing Centers of Excellence – Phase Two Funding Requests

In May and September of 2014, the Commission provided \$2 million of initial start-up operating and equipment funds to each of three CoEs that were designated by the Commission to fulfill the objectives of the Boston Consulting Group report to develop workforce training in precision machining, welding and industrial maintenance at nationally-certified mid-skill levels needed by current and prospective advanced manufacturing companies in the tobacco region. That initial funding is described in the proposals submitted by the three CoEs for this requested continuation funding. The Education Committee has \$7 million budgeted for this purpose, and based on meetings with each CoE in May 2015 that indicated the initial funding would expire in late-2015, TRRC staff issued a call for proposals for this requested phase two continuation funding. Proposals were received in late-August and are summarized here, for consideration at the September 22 Committee meeting. Staff of CCAM and TRRC have reviewed these requests and offer the following comments and recommendations:

Dr. Godwyn
Flanna Devins
New College Foundation
New College Center of Excellence Phase II (3098)
\$1,911,588,00 Requested

Project Description Provided by Applicant:

Executive Summary: With New College Foundation's designation as a CoE, partnerships have been galvanized with local industries as well as related supply chains. Existing and prospective businesses are anxious to take advantage of the benefits of the CoE and are committed to work with NCI and PHCC. This program is seen as the solution for targeted workforce education and training. This second phase of funding will allow PHCC the opportunity to update existing, outdated equipment and/or purchase additional equipment. To date, existing businesses have preserved jobs and hired new employees. New private capital has been invested thereby expanding the tax base.

What are the next steps for which you are requesting funding?

Staffing (Hires, Training, Certification, etc.):

Faculty Development and Training/Faculty Certifications:

Siemens Level 1 (2 faculty)

Siemens Level 2 (2 faculty)

AWS, Robotic Welding Certification (2 faculty)

AWS, Virtual Welding Certification (2 faculty)

Faculty Recruitment: Responsibilities of the faculty for Precision Machining will include program development and alignment with industry-recognized certifications and future pathways, teaching a full workload of courses within the program, maintaining appropriate equipment to teach current in-demand skills, and student advisement. The faculty member will also maintain office hours to assist students as needed. In addition, the faculty member will collaborate with Center of Excellence and other academic partners to ensure a pathway

exists for students to obtain industry certifications and higher-level machining skills and degrees. PHCC will recruit for the faculty in precision machining position through its existing channels, including posting on the college's website as well as the state's jobs portal, advertising in regional newspapers, and posting within higher education publications.

Curriculum:

Curricula will continue to be refined for both the Performance Film Certificate Program and Precision Machining Technology. (See attached curricula). In 2018, curricula costs will be underwritten using tuition and fees by PHCC and NCI as industry needs evolve.

Equipment:

Precision Machining equipment - \$827,200

Equipped mobile machining lab - \$330,500

Materials Handling for advanced manufacturing metals - \$14,050

Facilities:

NCI Prep and Storage Room - \$273,960, which includes design and construction (see attached quote from Blair Construction). This area will be used to store, cut and prepare metal stock for use with the CNC milling machines. An additional area will be designated for film, glue, tape, and other supplies for the Academic Coater.

Marketing:

Since opening, NCI has hosted 11 open house events which introduced students and the community to the benefits of the Institute. On August 20, 2015, a one-of-a-kind Academic Coater Machine was publicly unveiled in the High Bay area of the building. The Martinsville Bulletin has extensively covered the offerings and benefits of the new facility to local residents. A representative of NCI actively recruits juniors and seniors at local high schools for the Academy for Engineering and Technology Program (AET). Currently 29 students are enrolled in this program.

PHCC markets its CoE programs through channels including the college catalog, "Patriot Points" publication which goes to all households in the service region, e-mail blasts, and cable access channel. PHCC promotes training programs through the Workforce Investment Board and the Virginia Employment Commission. Programs are also marketed to employers through the college's industry sector Business and Industry Leadership Teams.

Other:

This CoE has projected an annual operating expense of approximately \$250,000 for each of the three years of the grant. Thereby, this Phase 2 funding request includes \$250,000 for these anticipated expenses.

Staff Comments and Recommendation: NCI and its partners PHCC and DCC have acquired and set up training equipment in the NCI High Bay space, and are continuing to hire instructors and develop curriculum, marketing efforts etc.. It should be noted that the film coatings training and equipment was not acquired with TRRC funds, and the students served, while urgently needed by a major local employer (Eastman), are not in training pathways that align with the CoE focus on welders, machinists and maintenance mechanics. None the less, this training is preparing students for existing jobs, and contributes significantly to the long term sustainability of the NCI CoE. It should also be noted that as much as half of the requested funds would establish foundational level machining training at PHCC's Arrington building (\$827k of equipment and \$159k for a PHCC instructor for 2 years). That level of foundational training was not a funding priority of the CoE initiative (the Commission has addressed that level using the so-called "Competitive Education" grant program), however, that level does not currently exist at PHCC, and is an essential entry point to the mid-skill level machinist training pipeline that is intended at the CoE. Staff feels a duty to note that this foundational level is a large focus of this request, but would also note that deferring that equipment and instructor funding would delay the initiation of the machinist training for nearly a year until Competitive Funding decisions are made. Staff therefore supports this request for foundational machining training at PHCC. Staff has also been informed that, for the foreseeable future, mid-skill level machining training would be conducted by transporting students to Danville Community College, and Staff would suggest that at such time as demand warrants, the mid-skills level be offered in Martinsville-Henry through a collaboration of NCI, PHCC and/or DCC. Lastly, a request for \$330k to create a mobile lab to travel to area schools - while it has some merit in terms of bringing career awareness outreach and some customized training directly to schools and companies - would appear to be a less urgent funding priority given the size of the CoE service area (Martinsville/Henry and Patrick County) and the ability to cost effectively transport local school students and employees to the NCI and PHCC campuses to gain exposure to advanced manufacturing careers and training. **Staff recommends award of \$1,581,088 (excluding the mobile lab).**

**Southern Virginia Higher Education Center
So VA Center of Manufacturing Excellence - Phase II (3099)
\$2,000,000.00 Requested**

Sephurie Surlotte
Shannon Beckins
John Wilson
Jean Katche
Mike Thompson
David Manley

Project Description Provided by Applicant:

Executive Summary: SoVA CME is an innovative collaboration designed to provide advanced and specialty level training in welding, precision machining, and industrial maintenance/mechatronics, while supporting development of the pipeline of individuals with foundational skills in each area. In 2014, Southern Virginia Higher Education Center received Phase I funding to develop SoVA CME with Danville Community College, Southside Virginia Community College, Virginia Technical Institute, and the Institute for Advanced Learning and Research. SoVA CME is a distributed training model with foundational training offered at all locations, and advanced and specialty training areas provided by the organization with that particular technical area expertise.

What are the next steps for which you are requesting funding?

Staffing (Hires, Training, Certification, etc.):

Five SoVA CME staff positions approved under Phase I funding will continue to be supported in Phase II. Four of these are currently filled and the final position has been posted.

The Industrial Maintenance/Mechatronics Program Leader and Lab Technician will travel to the Siemens training site in Berlin, Germany for Level 2 training in 2016. Two SVCC instructors will pursue Siemens Level 1 training, date and location to be determined (note: these instructors were scheduled for Siemens Level 1 training in June 2015 in Tennessee but Siemens trainers were unable to secure visas in time for the training). One DCC instructor is Siemens Level I certified; Level 2 training for this individual was postponed and has not been rescheduled at this time.

Four VTI-sponsored SVHEC welding instructors are interested in obtaining the American Welding Society Certified Welding Inspector/Certified Welding Educator credentials; Phase II funds are budgeted for this purpose.

Curriculum:

Curriculum development resources requested under Phase II for SoVA CME staff time, SVHEC and partner institution staff contributions, contractual services of content experts, and supplies and materials.

The Industrial Maintenance/Mechatronics Program Leader has developed customized training for regional employers. He recently obtained the Siemens Mechatronics Level 1 Certification, enabling him to move the curriculum development further.

Welding NCCER curriculum is currently used at the SVHEC and AWS welding curriculum used at SVCC. Multiple cohorts of students are earning foundational certifications in both programs. Advanced and specialty curriculum will be identified and implemented in Phase II Year 1.

Both community college Presidents and the SVHEC Executive Director are in discussions as to how the community colleges will provide the Siemens Mechatronics program at the SVHEC. Customized Precision Machining curriculum is also being developed for advance and specialty credentials to be integrated into the training to meet industry's workforce training needs.

Equipment:

With Phase II funding a total of \$2 million worth of equipment and tooling will have been purchased by the end of the first year of Phase II grant period. Phase II equipment purchases will fill the gaps identified during phase I implementation of the SoVA CME.

• Mechatronics program needs at the SVHEC campus will require additional equipment to allow the community colleges to provide their complete two year program.

- Precision Machining training programs designed to meet NIMS CNC machining skills still require manual mills and lathes for the trainee to learn prior to mastering the CNC machining skills.
- Welding labs are complete but need a few other items to allow for additional skills to be taught, such as robotics. Additionally, simulators will allow for more cost effective welding training.

Facilities:

Many of the plant improvements completed to date were done more cost-effectively using in-house staff, so fewer Phase I funds were used for improvements. The SoVA CME SVHEC facility has some additional electrical enhancements to be performed by contractors; this will be completed with Phase II funding. There is also some up fit and improvements that will need to be completed in the basement of the Innovation Center as SoVA CME training has expanded into that unused area.

Marketing:

The Phase II marketing plan (see attached Phase II Marketing Outreach Plan) focuses on pipeline development and includes marketing and recruitment activities to be carried out over the next 24 months (see "SoVA CME Marketing Plan"). Three advanced manufacturing summer camps are planned for 2016, targeting middle and high school students and a new summer camp, "Teachers Rock" will be introduced for middle and high school teachers; this 3-credit course offered through DCC confers 90 recertification points toward licensure. As planned, "Teachers Rock" will serve 100 teachers but the robust interest to date suggests additional sessions may be needed.

Virginia Advanced Study Strategies (VASS) will execute a tactical outreach program for the SoVA CME across 12 school divisions, targeting middle and high school students and their parents to raise awareness about advanced manufacturing career opportunities. The outreach program will be launched in September 2015.

Staff Comments and Recommendation: This request includes personnel costs for two years (\$819k), additional equipment (\$674k), contractual services (\$175k, including VASS and VMA's "Dream It Do It" career marketing, etc.). SVHEC has hired four of the five program leaders needed to deliver the intended training, and the majority of the personnel request would continue funding for those positions. The SVHEC CoE serves eleven Southern VA counties, and along with its partner SVCC, has demonstrated significant initial success by training transitioning military personnel in machining at the TRRC-funded Education Center in Emporia/Greensville (all of those recent graduates have been hired by area companies). All requested equipment has been deemed necessary to fill existing gaps at SVHEC and its satellite facilities (including Emporia, South Hill, DCC, IALR and Pittsylvania Career and Technical Center). SVHEC has developed a robust career marketing plan, and while delivery of mechatronics (industrial maintenance) training is still being discussed with SVCC and DCC leadership, there is a reasonable expectation that that training will be offered within the two year project period. The applicant notes that the proposed matching funds exceed the 25% limit of in-kind match required under the new TRRC legislation, and seeks relief from that requirement (this would require an approval vote by two-thirds of the Commission). Staff is supportive of this matching fund request, given the substantial in-kind donations of companies such as Siemens' curriculum (valued at \$2.9M), and given the Commission's priority focus on establishment of the CoE training programs. Staff recommends award of \$2,000,000.

Betty Adams
Patty Nelson

Southwest Virginia Alliance for Manufacturing
Southwest Virginia Advanced Manufacturing Center of Excellence Phase II (3100)
\$3,841,630.00 Requested

Project Description Provided by Applicant:

Executive Summary: SVAM-CoE's distributive model includes a main campus in Abingdon offering welding, machining and mechatronics training, an AWS Accredited Testing Facility and a Metrology Lab. In addition, satellites in Scott, Tazewell and Wythe Counties, along with 7 Distance Learning Sites, ensure accessibility to training, with state-of-the-art equipment, resulting in third-party credentialing through AWS, NIMS and Siemens. The broader vision is to change the image of manufacturing in the Region -- making careers with local manufacturers an appealing path to economic success. The ultimate goal is to provide a well-trained, advanced manufacturing workforce for existing industry and for recruitment of new industries.

What are the next steps for which you are requesting funding?

Staffing (Hires, Training, Certification, etc.):

- The part-time ATF Facilities Manager will transition to full-time beginning October 2015.
- Contracted Instructors to deliver training in all three curricula areas (welding, machining, and industrial maintenance/mechatronics).
- Contracted expert welders and machinists to complete contract work requested by companies.
- Ongoing staff professional development and related travel expenses.
- Instructor development (certifications, NIMS, AWS and Siemens) along with training expenses.
- Instructors will complete a "Train-the-Trainer" program to equip them to translate industry experience and knowledge into effective presentation of curriculum and content.
- The accreditation process for SCHEV POPE will be completed.
- Seek accreditation from the Council on Occupational Education.
- Licenses and flat-test rates for NIMS, AWS and Siemens.
- Ongoing wages, benefits and taxes for current staff.

Curriculum:

Industry employers made specific commitments to provide qualified employees to serve as instructors. Specific course/training content will be developed, with consultation, by curriculum specialists in partnership with SVHEC. Each consultant will have expertise not only in content, but also scheduling, timeframes, and intervals for credentialing testing. SVAM-CoE will absorb 25% of the total cost of these curriculum specialists as an agreed cost-share with the SVHEC.

Based on employer input, optional enhancements to the capabilities of the CoE will be offered. United Way/OEI will offer NCRC Plus, a soft skills centralized training, that is in demand by regional employers. GENEDGE/MTC will deliver Lean Six Sigma Yellow and Green Belts, Innovation Engineering, 5S and ISO Quality Management.

Based on training needs of existing and new industries, and the recommendations of the Board and three Councils, customized curricula will be developed and implemented throughout the SVAM-CoE service region.

Equipment:

- Industrial maintenance/mechatronics equipment for Abingdon Campus and Bluefield CoE Satellite will be purchased and installed.
- Machining equipment for Abingdon Campus will be purchased/leased and installed.
- Fab Lab equipment (3D/4D) for Duffield CoE Satellite will be purchased/leased and installed.
- Metrology Lab equipment for Abingdon Campus will be purchased and installed.
- Forklifts, for Abingdon, Bluefield and Duffield, will be purchased/leased in order to move material and equipment .
- Mobile lab designed to introduce students to high-tech manufacturing jobs and to what programs the CCs and the CoE offer in those fields. It will include at least six stations – virtual welder, industrial laser, industrial robotics, 3D/4D printing, programmable logic controller systems and CNC router.
- Robotic Welder for Abingdon site.
- Water Jet for Wytheville Satellite to satisfy the required training option.
- Fab Lab (3D/4D) at Abingdon site.

Facilities:

SVAM is participating in the POWER Initiative to diversify the economy in the areas affected by decline in the coal industry. The need for accessible and on-demand training and retraining will require a transition of some distance learning sites into CoE Satellites. The Dickenson Center for Education and Research and Tri-County Academy have the space available to add advanced welding and machining training, two foundational skills that the newly displaced workers and businesses already possess.

The Floyd County Innovation Center could become a Distance Learning Site to cover the service region's east end, with potential to transition it to a CoE Satellite for welding and mechatronics. The local exemplary and sought after CTE welding program would serve as a feeder into CoE. With its proximity to multiple manufacturing employers in need of industrial maintenance, offering mechatronics would help meet that need and offer more employment opportunities to residents.

Marketing:

The full Marketing Plan will be implemented starting late September with expenses to start occurring October. The marketing plan includes, but is not limited to: advertising (billboards, television, and radio), CoE and plants tours, Career Pathway Fairs, Reality Stores, Presentations to government, community, civic, education and other groups, Manufacturing Camps (for students, parents, teachers, career coaches and guidance counselors) with inclusion of a team project and competition, Career Awareness Services (Career Coaching), and Family Night Presentations.

Staff Comments and Recommendation: SVAM is the lead organization for the CoE serving all of Southwest VA, and requests continuation funding for start-up operations and facilities upfit for the main CoE facility located in Abingdon and satellite facilities in Bluefield, Duffield, and Wytheville. Site improvements are underway at the Abingdon, Bluefield, and Duffield locations and were expected to be complete by mid-September to allow welding training to begin in October. The Wytheville Satellite will begin offering machining training in the Fall. During the CoE's first year distance learning sites were established at seven locations in the SW region at Duffield, Hansonville, Galax, Clintwood, Grundy, Marion, and Bluefield. Administrative offices have been established within the main campus facility and a Director, Administrative Assistant, and Facilities Manager have been hired. The CoE has established operating structures and continued marketing efforts necessary to oversee and promote the Center's mission. These efforts will be continued during years 2 and 3 with the funding requested in the current application. The Abingdon and Bluefield sites will receive Industrial Maintenance/Mechatronics equipment. The Abingdon Campus will also receive Machining Equipment and a Metrology Lab will be established. Fab Labs will be established in Abingdon and Duffield which will also serve as a source of potential revenue for the CoE from industries that are expected to pay to use these spaces. Additional support is provided for ongoing operating expenses for salaries, leases, marketing, etc. TRRC funds will also support contracted instructors to deliver training in all three curricula areas (welding, machining, and industrial maintenance/mechatronics), ongoing staff professional development and travel expenses, instructor development, etc.. The Center will complete the SCHEV POPE Accreditation process and will seek accreditation from the Council on Occupational Education. Matching funds and contributions will be provided from a variety of public and private partners including the associated localities, educational partners, the SWVA Workforce Investment Board, SVAM, United Way – Virginia Highlands, and industrial partners across the CoE's footprint. Of the total \$4,281,530 matching funds listed in the budget \$1,996,115 are shown to be "in-kind". SVAM leadership has provided a reduced budget requesting just over \$3.1 million by deleting equipment and other costs that TRRC and CCAM staff view to be less urgent funding priorities, such as the purchase of forklifts, a waterjet training apparatus, and some soft skill training costs. While this request is obviously significantly larger than the two Southern VA CoEs, it should be noted that SVAM is aggressively establishing several training facilities across Southwest that in most cases lacked existing equipment and instructors from community colleges and other partners. As with the SVHEC request, a substantial portion (45%) of proposed matching funds are being provided in-kind by a large array of partners (including private industries that are providing instructors), and TRRC staff suggests this be approved despite exceeding the 25% limit on in-kind matching funds (which again would require a 2/3 approval vote by Commission). **Staff recommends award of \$3,169,358 per the revised budget provided by SVAM.**

Scholarship Rules (4-year)

School Year ~~2015-16~~ 16-17

recommended by Staff on 9/22/15

approved by Commission on _____

Common Scholarship Rules:

legal resident of U.S and 12 mos. in SS or SW Virginia

4-year accredited school only, public or private, in state or out

must be enrolled in an undergraduate degree program

last dollar tuition and fees only

each person limited to:

\$90 per credit hour (\$100 if transferring from a CC)

120 credit hours, less those transferrable at time of application

not less than 6 credit hours per enrolled semester

30 credit hours per academic year

one undergraduate degree

limited to 2 semesters per class year (e.g. Fr. Soph, Jr., Sr.) or 1 degree

every applicant is subject to new rules every year

2-year programs at 4-year schools are eligible

Priority given first to returning recipients, then to juniors & seniors with STEM majors by GPA,

then to other juniors & seniors by GPA, then to sophomores by GPA, then to freshmen by GPA.

After graduation, for **each** semester in which a student received the scholarship, 6 months

of employment in the Region entitles the graduate to receive an **additional** \$1,000.

Regional Scholarship Rules:

	<u>Southwest</u>	<u>Southside</u>
Undergraduate 15+ hrs.	\$2,750*	\$2,750*
Total Amount of Award (up 6% or \$431,208 over prior year)	\$2,361,585	\$5,256,430
restricted to	any SW resident	any SS resident
repayment terms	none required	none required
Program Administrator	Southwest Higher Ed	Southwest Higher Ed and SVHEC

* plus \$250 for 3rd or 4th year transferees from a community college, and awarded to each student on a per-credit-hour basis.

2015-16 AWARDS

SOUTHSIDE:

SENIORS	601
JUNIORS	634
SOPHOMORES	407
FRESHMEN	<u>252</u> (495 DENIED FOR LACK OF FUNDS)
TOTAL	1894

SOUTHWEST:

SENIORS	254
JUNIORS	305
SOPHOMORES	150
FRESHMEN	<u>165</u> (222 DENIED FOR LACK OF FUNDS)
TOTAL	874

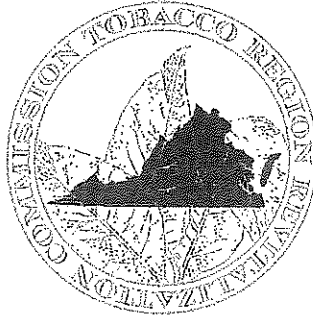
AWARDS BY REGION 2002 – 2015

REGION	TOTAL APPLICANTS AWARDED	TOTAL AMOUNT AWARDED	
Southside Loan	4,464	\$24,305,756.90	(0203 - 1112)
Southside Scholarship	<u>2,897</u>	<u>\$10,349,124.98</u>	(1213 - 1415)
All Southside	7,361	\$34,654,881.88	
Southwest Burley	2,636	\$ 9,446,827.40	(0304 - 1112)
Southwest Scholarship	<u>1,042</u>	<u>\$ 3,941,150.00</u>	(1213 - 1415)
All Southwest	3,678	\$13,387,977.40	
TOTALS (unduplicated)	11,039	\$48,042,859.28	

2015-2016 TOBACCO REGION SCHOLARSHIP (FY16)

REGION	TOTAL APPLICANTS	AWARDED APPLICANTS
Southside	3,070	1,894 (811 NEW/1083 RETURNING)
Southwest*	<u>1,375</u>	<u>874</u> (449 NEW/425 RETURNING)
TOTALS	4,445	2,768

*222 new freshmen denied in SW for lack of funds. Estimated amount needed to award 222 freshmen is \$539,460.



R&D COMMITTEE AGENDA

Wednesday
September 23, 2015 @ 8:30am
Wytheville Meeting Center
Wytheville, VA

Welcome and Call to Order	<i>The Honorable Kathy J. Byron, Chairman</i>
Call of the Roll	<i>Evan, Feinman, Executive Director</i>
Approval of the <u>5/12/15</u> Minutes	<i>(published on website)</i>
Review of Vetting Process	<i>Evan, Feinman, Executive Director</i>
Extension & Scope Changes	<i>Tim Pfohl, Grants Director</i>
Public Comments	
Adjournment	

Need another mtg.?
① R&D before due to ~~budget~~ funds
② open a cycle to see what assist. to applicants that may commercialize

Research & Development Committee September 23, 2015

Several existing R&D projects are seeking time extensions and/or requesting changes of scope for the uses of TRRC grant funds. The R&D Committee will meet on September 23rd prior to the meeting of the full Commission to consider these requests:

Halifax County IDA

Design, Development, and Manufacturing of a New High Performance Vehicle and Creation of Composite Manufacturing Capabilities (2868) **\$838,786 Grant Award – Request to Approve Change of/Expanded Scope**

Executive Summary provided by Grantee in original application: TMI AutoTech, a long-standing company in the footprint, will design and prototype a high performance vehicle geared to amateur use, which will be named the TMI_SNIPER. TMI will partner with existing TIC funded research and development centers and international automotive companies to develop the TMI_SNIPER prototype from the ground up. TMI_SNIPER requires advanced materials, such as Fiber reinforced Composite Materials, a manufacturing capability that is not currently available in our region. This project will create a new initiative to bring composite manufacturing capabilities to our region. TMI_SNIPER will be completely manufactured in the Tobacco region, creating approximately 18 skilled jobs.

Staff Comments and Recommendation: The grantee is requesting approval for a change of and expanded scope from design, development and manufacturing of the sportscar, TMI Sniper to that of a new robust and confidentially-named off-road vehicle; while also adding deliverables associated with design and commercialization of an Ariel Atom Sportscar. A primary driver in this change is related to competitors releasing vehicles in the months following the grant award targeted to the same buyer group; and during this same time period TMI being provided with the opportunity and awarded the rights for development of the off-road prototype vehicle in the North and South American markets that would serve a much larger client base. TMI has provided a document detailing the Future Business areas to be developed. TMI has committed to reach all target job creation and private investment commitments presented in the original proposal. A comparative analysis between the original proposal and the restructured project demonstrates that all original project deliverables, timelines, and sales projections would be met or exceeded for the new proposed vehicle. Unit sales price for the off-road vehicle would be \$80,000 compared to \$135,000 for the Sniper, and sales projections for the off-road vehicle are a 120% increase (220 units in 5 years versus 100 units for the Sniper). R&D activities related to the off-road vehicle will include full engineering into SolidWorks, engineering of Honda engine to chassis interface, tooling and fixture creation, and hiring of skilled workforce for full assembly and sales and marketing in the footprint. Additionally TMI is adding two deliverables related to design of full composite body and commercialization for an Ariel Atom sportscar. TMI is currently the North American contract manufacturer for the successful supercar, the Ariel Atom, and under this project TMI would design a full composite sports car with a lightweight, aerodynamic body based on the Ariel Atom. The applicant has proposed a change in the scope that would ultimately result in development of two new vehicles for manufacturing in the tobacco region, along with opportunities that are expected to result from creation of the composites manufacturing facility. The company's track record of providing high-wage jobs in the region is also of significant note. Staff recommends approval of the requested changes in scope.

Institute for Advanced Learning and Research
Package Innovation and Development Center (2984)
\$1,997,033 Grant Award – Request for Approval of Disposition of Assets
following Verification of Performance Measuring Being Met ✓

Executive Summary provided by Grantee in original application: Synergy Packaging Systems, LLC (SPS) is seeking funding for a Packaging Innovation and Development Center to promote a new plastic packaging technology. This technology utilizes advanced manufacturing methods to produce lower cost replacements for metal cans, glass jars, high-barrier extrusion blow molded and thermoformed containers, and rigid paper/foil laminated canisters.

Staff Comments and Recommendation: In working through the details in their contract with Synergy Packaging Systems, LLC, the private beneficiary on this grant, IALR requests the Commission's approval for a proposed plan for disposition of assets purchased with grant funds upon verification of performance measures having been met. The entire Commission grant of \$1,997,033 is approved to support equipment costs for which are the subject of this request. IALR would hold title to all equipment purchased with grant funds until the performance measures are verified. Consideration of disposition would occur following the three year project period of the Commission's grant. IALR is proposing the performance measure for private capital investment to be at \$3,859,033. This amount is essentially that which was presented in the business plan provided by the company with the grant application for the initial capital outlay to establish their R&D based manufacturing facility in Danville (less that which is being supported by the grant). Verification of capital asset investments would be based on review of expense documentation (i.e. invoices and receipts) for equipment located in Danville; as opposed to valuation by the local Commissioner of Revenues Office which is the method used under the Commission's TROF program. The performance measure for job creation by Synergy Packaging Systems would be 38 new jobs created, which is consistent with the commitment made by the company in the original approved application for the R&D Phase of the project, and with verification to be based on employment reporting to the Virginia Employment Commission similar to how the TROF agreement performance is measured. This is the first request to staff for approval of a plan for disposition of assets to a private beneficiary under an R&D grant. Staff recommends approval of the transfer of ownership of TRRC-funded equipment assets to the beneficiary company upon proof of attainment of performance measures, as proposed by the Grantee, and to be verified by TRRC staff prior to ownership transfer.

University of Virginia
Fermata V2G Project (2831)
\$2,000,000 Grant Award – Revised Budget Approval Requested

Executive Summary provided by Grantee in original application: Our project will develop technology that enables electric vehicles and plug-in hybrids to provide energy storage and other valuable services for the electricity grid. This capability is known as vehicle-to-grid (V2G). We will develop a vehicle drivetrain, a vehicle battery pack, a bi-directional V2G charger and V2G software. In order to facilitate research, we plan to establish a V2G test center in the tobacco footprint. The facility will be a functioning V2G site where different batteries, chargers, software and other systems can be fabricated and tested with grid interconnection.

Staff Comments and Recommendation: Staff has been in dialogue with principals with Fermata, LLC., the private beneficiary on this grant starting in March 2015, where it was brought to our attention that the scope of work proposed under the original grant request and the related use of

grant funding was expected to change due to existing technologies being available, and grant funds no longer being necessary to support these technology advancements through research engineers working in our footprint. In more recent conversations staff requested a revised Business Plan, as it was determined that the one submitted with the application did not align with the proposal that was funded, and thereby did not meet the requirement for a business plan detailing the value proposition for the Tobacco Commission during commercialization. A revised business plan and revised proposal budget were provided. One critical change in the outcomes of this project is that Fermata is no longer planning to build a manufacturing facility in the footprint; and instead they are proposing to work with EIT, an electronics manufacturing company with an existing facility in Danville for manufacture of charges and the associated cables. The revised business plan included four pages specific to the tobacco region project with content related to the revised R&D strategy and proposed project activities in Danville. While the original application provided for eleven full time research engineers in Danville (primarily funded with \$1.86 million from the grant) and lease of a 10,000 square foot space to be increased to 20,000 square feet for a V2G research center during the R&D Phase of the project; the revised proposal does not provide a clear indication for any new positions that would be created in the footprint during the R&D Phase of the project. Instead of a research facility the project team is proposing four V2G test sites utilizing Nissan Leafs at locations which have been identified through their partnership with the City of Danville and their Electric Utilities Service. While no grant funds have been approved for disbursement, Fermata reports having spent ~ \$850K since the grant award approval developing the V2G project including working with new partners, acquiring experimental V2G systems, and researching initial markets and commercial applications. Fermata has identified two options for development of the charger: a 30kw charger by Princeton Power of which four have been purchased for the demonstration sites, but whose current prices are too high for commercial application; and a Blacksburg based company, PowerHub who has developed a design for a prototype which still requires development to a design-for-manufacturing. Fermata continues to explore options with these companies for provision of charges to meet their needs, and this includes opportunities for working with EIT on the manufacturing. Estimated job creation by EIT during commercialization for production of the chargers is estimated to be 20 new jobs by 2017 (based on 1,000 systems) and 50 jobs created by 2018 (based on 2,500 systems). Staff has requested additional information on the average salary/wages for positions expected to result during commercialization and the estimated private capital investment. Whereas the original approved budget provided for the majority of grant funds and ~ \$1 million in matching funds to be spent in Danville; it is unclear what portion of the revised budget would be spent in the footprint, as the distribution of use of funds has shifted to development activities and licensing involving PowerHub, Princeton Power, and Kisensum (a software provider in California who has been involved with deployment of V2G for a DOD project). Staff has requested a detailed budget narrative to help clarify what spending on research and development activities are expected to take place in Danville. Staff has also asked if the manufacturing partner, EIT would be willing to be a party to our grant agreement, since they appear to be the primary entity expected to provide the outcomes for job creation and private investment. Given the lack of details in the revised business plan for commercialization in the tobacco region and the uncertainty on the partnership agreements for certain research activities and how these would directly result in jobs created in the tobacco region during the research phase of the project, it may be appropriate for the committee to consider a freeze on disbursement on the majority of grant funds until more is known. In order for the company to continue their negotiations with the prospective partners on the project, and to demonstrate their plans for the V2G system, it seems reasonable to allow for disbursement of a certain level of grant funds directly related to set-up of the vehicles and charging stations at the four test locations in Danville. At the March 2015 meeting in Charlottesville, Fermata estimated the costs for this to be at ~ \$283,000; however, from the revised detailed budget this cost may now be substantially higher in which case the committee could consider approval of disbursement of 50% of the direct costs essential to this set-up related to the

charger stations, electric contractor, and Nissan Leafs. Staff finds these changes to the project to be significant and material in scope, and recommends approval of use of grant funds for only those project costs directly incurred in the tobacco region and matched equally by additional project expenses, with the balance of grant funds to be held by TRRC pending additional clarification of research tasks and project costs, subject to approval of revised uses of funds.

107
inclusion
of minimal
expenses
outside
of TRRC

Southwest Virginia Higher Education Center Foundation
LiteSheet: energy-efficient and lower-cost LED lights (#2699)
\$2,000,000 Grant Award – Request for Reallocation of Funds

Refer Whole
CEO

R&D
committee
table until Jan. → staff to evaluate

Executive Summary provided by Grantee in original application: LiteSheet has developed solid state light emitting diode (LED) lighting technology that is up to 15X more efficient (lumens per watt) than incandescent lights, 4X more efficient than CFL's and 2X more efficient than the next best LED lights on the market. LiteSheet's LED lights are less costly to manufacture than other LED lights. LiteSheet will use Commission and private funds to finalize the development of its first generation LED lighting system, and obtain vital commercial certifications (e.g., Underwriters Laboratory). LiteSheet will establish its manufacturing operations in the Tobacco Region, begin commercialization, and develop the next generation of LED lights

Staff Comments and Recommendation: This project was approved in September, 2013 with the entire \$2,000,000 budget allocated for Equipment. In January, 2014 the Commission approved the reallocation of \$1,012,000 to fund Personal Services with additional shifts of funds to the Continuous Charges and Plant and Equipment Categories. In March, 2014 and administrative approval was given to reallocate an additional \$197,273 from Equipment into Personal Services. These shifts resulted in a total of \$1,209,273 allocated to salaries with \$600,727 left for Equipment. In July, 2015 another reallocation request was submitted to reduce the Equipment line item by an additional \$450,000 and shift the funds to the following areas:

- Increase the Personal Services line item by \$300,000 to fully fund the Electrical Engineer salary by \$140,000, the CEO by \$128,000, and the Office Manager by \$32,000
- \$150,000 to be moved to the Contractual Services category for product certification expenses since January, 2015 (predating this approval and previously submitted as match for TRRC funds).

If approved this revision will allow for TRRC reimbursement of a total of \$428,000 or 21% of the grant's total budget for the Founder/CEO/Developer position. An additional \$152,000 or 8% of the total budget will have been reimbursed for the Office Manager's position. These two positions which total nearly 30% of the total award exceed the R&D Program's limit of reimbursing no more than 10% of the total grant for non-research general and administrative activities (G&A). Reimbursement has already been provided for other general and administrative operating expenses such as lease, utilities, and insurance. The expenses requested under the Contractual Services reallocation were incurred since January 2015 and have already been submitted as match to the TRRC grant, although the company now asks that those costs be shifted to the grant-funded reimbursement category. Staff finds that the requested reallocations substantially exceed the R&D program limit of no more than 10% for G&A expenses, and recommends no additional reallocation of funds at this time.

Southwest Virginia Higher Education Center Foundation
Excavation Damage Prevention Devices (#2698)
**\$1,500,000 Grant Award – Request for Extension and Change in Scope/
Reduction**

Executive Summary provided by Grantee in original application: Excavation Alert Systems, LLC, has developed an innovative system to protect pipelines and other buried infrastructure from excavation damage. Despite laws requiring excavation crews to call 811 or other locating services and locate any underground utilities before beginning work, excavation damage presents a significant problem to the expansive network of underground pipelines. The average cost per significant excavation damage incident is \$6 million. The Company will use Tobacco Commission funds and private funds to finalize the development of its ExcAlert devices, set up manufacturing in the Region, and begin commercialization. Company's solution is extremely relevant to SWVA's natural gas industry.

Staff Comments and Recommendation: This project was approved in September 2013 with none of the required \$1,500,000 matching funds available. Since that time the project has struggled to raise the required match. Information received in June 2015 and updated on September 15, 2015 indicates that \$525,000 has been raised to date with additional funds expected by the end of September. At that time, the company intends to begin a two year project period to achieve certain milestones related to further development and demonstration of the product. An updated project scope and budget was provided in June 2015 reflecting a total project cost of \$1,500,000. The Letter of Agreement for the 2013 approval has yet to be executed. Staff recommends approval for use of up to \$750,000 with no disbursement until an equal amount of matching funds are committed and available, with the remaining \$750,000 of grant funds to be held by the Commission pending additional commitment of matching funds, clarification of revised research tasks and milestones, and approval of revised uses of funds. Additionally, Staff recommends the project be extended until October 1, 2017. These revisions, if approved, will be reflected in a new Letter of Agreement to be issued for the project.

Southwest Virginia Higher Education Center Foundation
Development and Demonstration of AdvanSorb LFG(TM) Landfill Gas
Upgrading Technology (#2222)
\$1,529,863 Grant Award – Request for Extension and Change in Scope/

Executive Summary provided by Grantee in original application: The project is for applied R&D and demonstration of a new technology for upgrading methane-containing landfill gas (LFG) to pipeline quality natural gas. The project will utilize AdvanSorb LFG—a patent-pending process based on pressure swing adsorption (PSA) technology- to upgrade LFG at the Tazewell County Landfill. As proof of the technology's performance, the upgraded LFG will be sold into the natural gas pipeline. Pipeline sales will be possible due to a 7.6 mile extension Appalachian Natural Gas Distribution Company (ANG) will build to the Landfill from its system's current terminus near Bluefield, VA. Landfills emit methane-containing LFG due to the natural decomposition of waste material. Contaminants must be removed before LFG can be sold as pipeline quality natural gas. Standards for natural gas transportation fuel, either as compressed natural gas or liquified natural gas, are even more stringent. However, when LFG is captured today it is used almost exclusively for electricity generation or as "low BTU gas" direct combustion. AdvanSorb LFG removes CO₂, N₂, and O₂ in LFG as well as the other LFG contaminants. To conduct applied R&D and commercialize the AdvanSorb LFG technology, ReNew Fuels, Inc. (RFI), a Virginia corporation,

will be spun-off from Adsorption Research, Inc. (ARI). Key performance parameters to be measured are input gas composition and volume; output gas composition and volume; system energy usage; and adsorbent life.

Staff Comments and Recommendation: This project was approved in May 2011. During the life of this project it became apparent that the landfill would not be able to produce the amount of gas necessary to justify the construction of the pipeline extension that was to serve as the majority of the match for the project. The grantee has requested an extension of the project to allow time to support testing the use of the gas produced at the landfill as an on site energy source. This change in scope will result in additional matching funds for the project. Staff recommends approval of the change in scope and extension of the project until October 1, 2016.

no 2nd X

Morefield brought back
Tabling for Jan. @ R&D Committee
Staff to re-evaluate



SOUTHWEST ECONOMIC DEVELOPMENT
COMMITTEE AGENDA

Wednesday
September 23, 2015 @ 8:00 am
Wytheville Meeting Center
Wytheville, VA

Welcome and Call to Order

The Honorable Bill Carrico, Vice-Chairman

Call of the Roll

Evan Feinman, Executive Director

✓ **Approval of the 9/2/15 Minutes**

(published on website)

SWIFA Grant #3066

The Honorable Bill Carrico, Vice-Chairman

Public Comments

Adjournment

4/5/21/15

missed from
last mtg.

✓ #3079 \$1m (same + head)
Birthplace of Country Music
Reduced to \$20K X
* No 2nd
* Passed
Next time
amount

Southwest Economic Development Committee Recommendations September 2015

The Commission received 18 requests totaling more than \$14 million for FY2016 Southwest Economic Development funds. The current available balance is \$3.1 million, and the following eight funding recommendations from the Committee's September 2nd meeting total \$2,453,115.

Other Business includes several grant extension requests.

Req#	Organization	Project Title	Requested Amount	Committee recommendation
3071	The Barter Foundation, Inc.	Expanding the Production Capacity of Barter Theatre, Phase 2	\$250,532	\$250,532 ✓
3069	City of Bristol	Passenger Rail Expansion to Bristol, Virginia Regional Economic Development Study	\$250,000	\$250,000 ✓
3067	Carroll, Grayson, Galax Regional Industrial Facility Authority	The Wired Road Connector Project	\$300,000	VRA ✓
3072	Lincoln Memorial University	Small Animal Clinical Skills Center of the LMU-CVM, Lee County	\$5,269,769	referred to Executive Committee ✓
3068	Round the Mountain: Southwest Virginia's Artisan Network	'Round the (Next) Mountain: New Markets Development Project	\$25,000	\$25,000 ✓
3075	Scott County Economic Development Authority	Scott County Technology Park Access Improvements Primary Data Center Site	\$146,500	\$146,500 ✓
3062	Scott County Telephone Cooperative	Scott County Telephone Cooperative FTTP Broadband Initiative-Dickenson and Wise Counties	\$864,842	VRA ✓
3078	Smyth County Board of Supervisors	Smyth County's Back of the Dragon Overlook	\$184,000	\$184,000 ✓
3066	Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	Mid Mountain Water System Improvements	\$500,000 250K	VRA ✓

#2m general about
NO'S won

Checked for reduction - NO 2nd motion by Committee

Morefield opened back up approved

3065	Southwest Regional Recreation Authority	Adventure Playground of the East: Maintaining Successful Startup Momentum	\$550,000	\$450,000 ✓
3076	Town of St. Paul	Willis Building Revitalization	\$540,000	VRA ✓
3070	Virginia's Heritage Music Trail: The Crooked Road	The Crooked Road - Reaching New Audiences	\$443,333	\$397,083 ✓
3064	Wythe County	Appalachian Regional Exposition Center (AREC)	\$3,000,000	\$750,000 ✓

Total (18 requests/8 funding recommendations) \$14,181,885 \$2,453,115
available balance before/after recommendations \$3,134,134 \$681,019

Note re: "VRA" - these projects will be sent to the Virginia Resources Authority for credit analysis prior to a future decision regarding a possible loan or loan/grant offer

The Barter Foundation, Inc.

Expanding the Production Capacity of Barter Theatre, Phase 2 (3071)

\$250,532.00 Requested

Project Description Provided by Applicant:

Executive Summary: This project continues the physical plant expansion plan vital to Barter Theatre's growth and financial stability, and that of the local economy, by helping fund the renovation of Barter's costume shop. Located in a deteriorating century-old structure, the costume shop has been operating over capacity in poorly configured confines that could not be expanded due to other uses of the building. Barter cannot grow its product without added costume shop personnel. Once the properties shop--which has occupied space with the costume shop--relocates to its new facility under construction, Barter will have the opportunity to upgrade the costume shop.

Staff Comments: The Commission has provided four previous grants to The Barter totaling \$591,500 including an award in FY15 for the first phase on an ongoing facility improvement project. That grant provided \$255,250 for up to half the cost to construct a new prop shop for the theater. The project is expected to be complete soon and will leave approximately 2,700 square feet of vacant space available to expand and renovate the costume shop. It is this expansion and renovation for which the current request has been submitted. The increased capacities of the prop shop and the costume shop are necessary for the Theatre to expand their production and programming capacity, and the applicant has appropriately sequenced the renovations and phased the multi-year funding requests to amounts that do not place excessive demand on the annual grant program resources. The Barter is a well established tourism organization and is a key element to the region's cultural heritage tourism initiative. In addition to being recognized as the state theatre of Virginia it is also the largest producing theatre in Virginia, the largest producing professional theater in the Unites States not located in an urban area, and one of the largest professional theatres in the Southeast, with only the Alliance Theatre in Atlanta being larger. The Barter is a significant economic driver in the region with the application stating that in 2012 the economic impact of direct, indirect and induced spending by the Theatre's patrons was over \$34 million. The application

provided baseline data of 80,547 unique visitors annually excluding school groups and estimates that, over a 5 year period, the anticipated growth in attendance will be around 6% (5,400 additional unique visitors). While only 4 new direct jobs are projected as a result of this project it is important to note that with 314 employees the Barter is already one of the largest employers in the Town of Abingdon and Washington County. Matching funds of \$263,307 are committed from The Barter Foundation and were raised as part of their ongoing Bridge to the Future Capital Campaign. Staff considers Barter's expansion plans to be consistent with TRRC and Virginia Tourism strategic objectives, and complementary to the broader array of cultural tourism destinations assisted with TRRC funds.

Committee recommends award of \$250,532 for no more than half the costs associated with expanding and renovating the costume shop.

City of Bristol

Passenger Rail Expansion to Bristol, Virginia Regional Economic Development Study (3069)

\$250,000.00 Requested

Project Description Provided by Applicant:

Executive Summary: The regional economic development study will assist the City in assessing the potential effect, benefits and costs of Amtrak passenger rail expansion to Bristol in support of regional business and tourism development. The study will ascertain the economic impact to the region, ridership potential, rail improvements and infrastructure needs, traffic mitigation, and include stakeholder input from the State, other localities, Amtrak, and Norfolk Southern. Bristol will hire an economic development and transportation consulting firm to conduct the study which is estimated to cost \$500,000. Bristol is seeking \$250,000 from the Commission to cover half the costs associated with the study.

Staff Comments: Funds are requested to cover half of the costs to assess the feasibility of expanding Amtrak passenger rail service to Bristol. The study will update existing data produced for the 2012 Virginia Statewide Rail Plan which included this extension as Phase III of the US 29, US 460, and I-81 Passenger Service project, and a 2009 capacity study for proposed passenger train service from Alexandria to Roanoke and Bristol. Amtrak passenger service to Bristol was identified as an unfunded need in the Virginia Rail Resource Allocation Plan, but is proposed for funding in future years. The proposed study will provide direction for the City as they proceed with planning activities necessary to obtain the service. Already the City of Bristol has entered into a MOU with the Town of Marion and Smyth County to pursue the expansion of passenger rail service as an alliance. The Towns of Wytheville, Pulaski, Abingdon, Christiansburg, Blacksburg, and the City of Radford are expected to join the alliance. While the study itself will not generate any measurable economic impact, and transportation is generally a "Low Priority" per the Commission's strategic plan, there is a reasonable assumption that expanded passenger rail service will have a positive effect on the area's economy by facilitating ease of travel for both business travelers and tourists (e.g. the Bristol rail station, which received a TRRC grant more than a decade ago for renovations, sits just two blocks from the Birthplace of Country Music Museum). The passenger rail network is eventually envisioned to connect to Atlanta, Chicago and other southeastern and midwestern cities, opening the Bristol region to greater visitation by residents of those major metropolitan areas. Supplemental information provided by the applicant noted the project cost estimate and scope of work has been developed with input from Amtrak, Virginia Department of Rail and Public Transportation and Norfolk Southern, and is based on providing the data needed by those partners to move the project forward to construction funding phase as expeditiously as possible. The \$500,000 total project cost outlined in the application includes in-kind

contributions from the City (\$28,000) for salary, supplies, travel, etc for senior staff to support work during the study. The City has committed an additional \$30,000 for contracted consultants to coordinate the RFQ/RFP process and to aid study partners in data collection. \$50,000 for the study will be requested from the City and applications will also be filed for USDA Rural Business Development (\$42,000) and ARC (\$100,000) grants. Staff recommends that any award for this project be limited to supporting no more than 50% of contracted expenses not to exceed \$250,000.

Committee recommends award of \$250,000 contingent on providing no more than 50% of contracted consulting services required to complete the proposed scope of work.

**Carroll, Grayson, Galax Regional Industrial Facility Authority
The Wired Road Connector Project (3067)
\$300,000.00 Requested**

Project Description Provided by Applicant:

Executive Summary: The Carroll-Grayson-Galax Regional Telecommunications Network (The Wired Road) will provide world-class telecommunications services via fiber to the premises in key economic centers in Carroll and Grayson counties and the city of Galax. Much of this network has been completed to date through other projects funded by the Tobacco Commission, DHCD, and other funding sources (see attached map).

This phase of the regional project will consist of 4.25 miles of new fiber connecting the existing Galax fiber infrastructure with the existing Carroll county fiber infrastructure. This gap in the fiber backbone is the primary piece of the regional network.

Staff Comments: Supplemental information provided by the applicant indicates this proposed build (4.25 miles of 144 strand fiber, including engineering, ROW and permitting) would make service available to 95 residences along Airport Rd, and to 38 commercial/industrial/institutional businesses adjacent to the I-77 interchange at Exit 14 (including the Carroll County Industrial Park). The residences currently rely on dial-up, DSL and satellite, while the businesses are largely served, but would have an additional reliable service option. The applicant has estimated 30 businesses/institutions will sign up for service, but did not estimate the residential take rate. One of the significant benefits of the project will be the ability to interconnect with the Hillsville/Carroll County network that currently relies on wireless backhaul (which has been problematic) and provide a wired backhaul solution. That will reportedly enable greater usage of the network in terms of more subscribers using more bandwidth. As a publicly-owned revenue-generating system, the project aligns well with Commission objectives of providing greater connectivity to employers and residents, and appears to be a good candidate for credit analysis and a potential TRRC loan to accomplish this construction.

Committee recommends this project be sent to Virginia Resources Authority for credit analysis prior to a future TRRC decision on providing a loan or loan/grant package.

**Lincoln Memorial University
Small Animal Clinical Skills Center of the LMU-CVM, Lee County (3072)
\$5,269,769.00 Requested**

Project Description Provided by Applicant:

Executive Summary: Lincoln Memorial University-College of Veterinary Medicine, the 30th veterinary school in the USA, will establish the Small Animal Clinical Skills Center in Lee County, which will exert a positive economic impact in the area through construction, employment, events, and ongoing operations. This regional center of excellence will impart the Doctor of Veterinary Medicine degree, and offer another avenue for the people of Southwest and Southside Virginia to gain admission to veterinary school. Fully operational, over 400 students will learn daily on the campus. Furthermore, it will serve as a platform to build animal agricultural capacity in the region.

Staff Comments: The Commission previously supported this project with a \$3 million award in January, 2015. The Large Animal Center received \$1,144,421 in TRRC grants during its construction period. The current request was originally submitted out of cycle in June, 2015 and the applicant was asked to provide an updated application once the new online application was available in July. This request for \$5,269,769, if fully funded, would bring the total TRRC commitment for this project to \$8,269,769. Communication from LMU received during Staff's review of the application says that \$8,159,891.47 has been spent or encumbered to date. The facility opened for students in August and it is not clear what activities remain that could take place after the Commission meeting later this month. The Commission's General Funding Policies prohibit the reimbursement of expenses for activities that take place prior to the award date. The most recent budget shows matching funds as \$1,317,442 in-kind donation of land. The full value of this donation is shown elsewhere in the application as match for the Large Animal project. \$1.5 million ARC (\$500,000 already received), and \$2,690,716 for Site Work/ Construction Expenses were also listed as match in this budget which totals \$9,277,927.25 but does include the \$3 million award from January. The previous version of the budget that was submitted in July shows the total cost for the Small Animal project to be \$9,414,190 with the Commission contributing \$8,269,769 of this amount. While the information for matching funds vary between budgets it appears that the Commission is being asked to fund a total of \$8,269,769 which is close to 100% of the cost for the Small Animal facility. Although this is important to note, it should also be noted that TRRC contributed a relatively small portion of the cost to construct the Large Animal project which had a total project cost of approximately \$10.7 million. Although there is little doubt that this is a transformational project that will have a significant impact on Lee County and the region, the project is substantially complete and reimbursement of these expenses would violate the Commission's General Funding Policies regarding use of funds on project expenses incurred prior to the date of Commission approval. Additionally this project has requested more than twice the SWED Committee's FY16 available balance, and is not responsive to the call for proposals that was published by Staff and stated that "Requests which exceed the Program's available balance will not receive a staff recommendation."

Committee referred request to the Executive Committee for further review.

**Round the Mountain: Southwest Virginia's Artisan Network
'Round the (Next) Mountain: New Markets Development Project (3068)
\$25,000.00 Requested**

Project Description Provided by Applicant:

Executive Summary: 'Round the (Next) Mountain: New Markets Development Project will identify new paths to market for Southwest Virginia artisan businesses, helping artisans, craft venues, agritourism businesses and partners to sell more goods, increase profit and collectively strengthen the brand of Southwest Virginia craft and foods. Building upon successful development of the Artisan Trails of Southwest Virginia system and the sales of more than \$897,000 in craft from the Heartwood shelves since 2011, this strategic effort will move area artisans into their next phase of business growth, expanding the industry and its impact for local communities.

Staff Comments: Previous grants to establish operations of the regional non-profit total approximately \$338,242. This latest request seeks to expand market opportunities and increase participation between the communities of the 19 county region with artisan members. Funds will be used to hire consultants focused on identifying the strategies for entering national wholesale markets for home furnishings and crafts as new distribution and sales outlets for RTM artisans. Artisan Trails 2.0 of Southwest Virginia will pilot a trail impact study to increase the relationships and economic impacts between communities and their artisans. Search Engine Optimization (SEO) will increase artisan's presence through Google and other search engines. Outcomes are estimated at 20 new jobs (artisans) after the first year, resulting in \$12,000 of increased revenue. Of the 19 counties that participate in RTM, two are not located within the TRRC region (Montgomery and Pulaski) and this is reflected in the project's budget. Of the total project cost of \$52,370, approximately 48% (\$25,000) is requested from the Commission with 52% to be covered from matching funds. A challenge grant of \$25,000 has been provided from DHCD (reflecting a 50/50 split of expenses with TRRC) and \$2,370 of private funds will be raised to cover costs not covered by the other grants. Although the DHCD challenge grant proposes a straight 50/50 split of expenses it may be necessary to modify this in order to ensure that Commission funds are only being used at a proportion justifiable to the 17 tobacco region counties. This is a minor issue and has been easily accommodated during the administration of past grants. This new focus for accessing national markets has the potential to attract significant new revenues to the regional artisans from buyers outside the tobacco region, and as such, aligns well with Commission objectives.

Committee recommends award of \$25,000.

**Scott County Economic Development Authority (3075)
Scott County Technology Park Access Improvements Primary Data Center Site
\$146,500.00 Requested**

Project Description Provided by Applicant:

Executive Summary: Technology Trail Lane is a VDOT maintained road into the Scott County Regional Business and Technology Park in Duffield, VA, and the proposed road upgrade would connect to the current cul de sac at the Crooked Road Tech Center and end with a new cul-de-sac which would enhance the appeal of the sites and the park as a whole. There currently is only a gravel road to the primary data site, and with inclement weather conditions, it can sometimes be difficult to access. This will also show uniformity with the remainder of the park.

Staff Comments: Funds are requested to expand Technology Trail Lane from where it currently ends at the Crooked Road Tech Center to offer better access to the primary data center site in the Scott County Regional Business and Technology Park in Duffield. Currently a gravel road, which can be difficult to access in inclement weather conditions, is available. Expanding the VDOT maintained road will assist in marketing the data center site and will result in a 25% increase in prospect visits. An estimated 300 jobs paying an average of \$31.35 per hour could be supported at this location. Matching funds, though not yet committed, will be requested from the Scott County EDA (\$8,728) and from the Tennessee Valley Authority (\$166,867).

Committee recommends award of \$146,500 to support no more than 50% of the total road construction costs.

**Scott County Telephone Cooperative
Scott County Telephone Cooperative FTTP Broadband Initiative-Dickenson and
Wise Counties (3062)
\$864,842.00 Requested**

Project Description Provided by Applicant:

Executive Summary: Scott County Telephone Cooperative (SCTC) is proposing to build a Fiber-to-the-Premise (FTTP) Network that will pass 620(+) locations in Dickenson and Wise Counties in Virginia. SCTC will build approximately 54 miles of backbone fiber and 47 miles of distribution fiber in this network. This FTTP Project will be capable of 1 gig of bandwidth to each location served. The requested grant amount is \$864,842.00.

Staff Comments: USDA's Rural Utility Service announced a \$2.1M grant for this project on July 24th to build 54 miles of mainline fiber and 47 miles of distribution fiber. It does not appear that the federal grant requires matching funds, but these requested funds would allow SCTC to serve more premises. SCTC's application estimates a 50% take rate for the premises served, which would translate to 310 residences and 4 businesses taking service. There are 3 anchor institutions in the project area, of which 1 is expected to take service. The project aligns well with Commission objectives of providing broadband connectivity to unserved and underserved customers, although it primarily serves residential users and has little direct benefit for businesses and educational premises. It is well-matched with 75% of project costs coming from the federal grant and SCTC funds, but also seeks 30% of the funds available in this current application cycle. As a subscriber-owned cooperative implementing a revenue-generating project (e.g. 310 homes at the proposed subscriber rate of \$60/month is \$223k of revenue per year, not including VoIP product at \$45), this project appears to a candidate for credit analysis by Virginia Resources Authority prior to a future TRRC funding decision regarding a loan or loan/grant package.

Committee recommends this proposal be sent to Virginia Resources Authority for credit analysis prior to a future decision regarding a potential TRRC loan or loan/grant package.

**Smyth County Board of Supervisors
Smyth County's Back of the Dragon Overlook (3078)
\$184,000.00 Requested**

Project Description Provided by Applicant:

Executive Summary: The purpose of the Back of the Dragon Overlook is to attract additional tourists to Smyth County to support the local economy. Every year, over 15,000 motorcyclists and car enthusiasts visit the Back of the Dragon. The plan is to double that number in five years. Many of them stay at local hotels and B&Bs between two and five nights during their visit. Additionally, they dine at local restaurants and shop at local shops. This has a great impact on the local economy, and in Marion alone, the town has seen a 14.3% increase in their meals/lodging tax revenue.

Staff Comments: Commission funds are requested to cover 20% of the cost of engineering, permitting, design and construction of the Back of the Dragon Overlook in Smyth County. The Back of the Dragon is a popular route for motorcyclists and car enthusiasts with an estimated 15,000 visitors annually. Despite this popularity it is very difficult to quantify what effect, if any, the proposed overlook would have to the local economy in and around the County. There were no estimated direct jobs created or any estimated direct revenue projected in the application as a result of the construction of the overlook. It appears to be an enhancement to the Back of the Dragon route with little evidence to support that additional visitation would occur due to its creation. The remaining 80% of project costs will be sought through an application to VDOT though a timeline for submitting this application was not provided.

Committee recommends award of \$184,000.

**Smyth-Washington Regional Industrial Facilities Authority (SWIFA)
Mid Mountain Water System Improvements (3066)
\$500,000.00 Requested**

Project Description Provided by Applicant:

Executive Summary: The Two Phase Project will include construction of improvements which would result in a significant increase in the amount of water (100,000 gallons per day) that can be transferred from the Washington County Service Authority (WCSA) 12 MGD Water Treatment Plant to the Highlands Business Park owned by the Smyth Washington Industrial Facilities Authority (SWIFA). Phase 1 would include construction of over 8,000 linear feet of waterline and improvements for two pump stations.

Staff Comments: An application was submitted for this project in FY15 but was declined. Like the previous application the current application seeks funding for water system improvements that will serve the Highlands Business Park. Additional information provided in a 2011 PER notes that the improvements will also serve the Exit 22 Industrial Park, The Smyth County Mega Site, and thousands of residential, commercial, and industrial users in Washington and Smyth Counties. The request is part of a two phase project totaling \$2,398,520. Phase 1 of the improvements include the construction of over 8,000 linear feet of new waterline and appurtenances using \$1,187,155 of a \$10 million USDA RD loan. This loan is restricted for use to replace aging galvanized waterline and (reportedly) cannot be used for pump stations, tanks, etc. Commission funds will be used for Phase 2 for improvements to the Lee Highway and Wise Pump Stations. The total cost for these improvements is \$1 million (\$892,500 construction cost and \$107,500 related expenses). The applicant plans to submit an application to ARC for 50% of this cost which

will serve as the direct match to the TRRC request. The application notes that daily capacity of 100,000 gallons will be reserved for the Highlands Business Park and that the current daily capacity of 15,000 is not adequate to serve the needs of potential industries. The applicant cites the recent location of Qore Systems to the park and notes that the product produced by this industry is 98% water although it is unclear how much of the current capacity will be used. Information on the Highlands Park website (www.highlandspark.com) shows that the site is served with a 12" water line providing 1,500 gallons per minute at 80 psi. The total system capacity is shown to be 2.5 million gallons a day. Based on this information it is difficult to determine if the improvements to the pumps stations are necessary to serve the park or if the request amount aligns with the industrial usage of the system. The Commission's General Funding Policies require applicants for off-site utility infrastructure improvements to demonstrate that financing is not available from non-TRRC sources at the time of application. While the pump station improvements are not eligible under the terms of the USDA RD loan that is funding Phase 1 there is no mention that other potential lenders have been approached. This project may therefore be a potential candidate for the proposed VRA loan fund.

Committee recommends the proposal be forwarded to Virginia Resources Authority for a credit analysis prior to a future decision on a TRRC loan or loan/grant package.

**Southwest Regional Recreation Authority
Adventure Playground of the East: Maintaining Successful Startup Momentum
(3065)
\$550,000.00 Requested**

Project Description Provided by Applicant:

Executive Summary: Investment from the Tobacco Commission has helped make Spearhead Trails one of the most successful startup initiatives in the region. In less than two years, our trail systems have created an infrastructure responsible for developing or expanding more than 20 new businesses, dozens of jobs, and over \$2 million of private investment. To maintain this initial success, we need more trail miles (product) to create a viable, self-sustaining destination. We have construction funding, but our short-term challenge is a need for resources and equipment to maintain the trails we have, while continuing our build-out to increase revenues and achieve sustainability.

Staff Comments: Since 2008 the Commission has provided \$1,541,609 for start-up personnel and operating support to establish the Spearhead Trail System which has become a signature tourism initiative in Southwest Virginia. A total of three OHV trail systems have been opened since 2013. Mountain View, near the Town of St. Paul opened in June, 2013 and has resulted in significant economic impact for the Town as evidenced by a variety of factors including an increase in meals tax of \$20,000 in one fiscal year. Additionally over 5,000 rider permits have been sold and the Town of St. Paul and Wise County have reported that at least 10 businesses have been created or expanded as a result of the system. Reports show \$1.5 million of new private capital investment has been generated. Over \$500,000 of private capital investment has been documented in and around the Town of Pocahontas in Tazewell County since that system, The Original Pocahontas, opened in October, 2014. The third system, Coal Canyon, in Buchanan County opened in May, 2015. SRRA estimates that over 70 miles of additional trails will be opened by the end of 2015. The Stone Mountain trail in Lee County will soon be complete and the first equestrian-only trail in Scott County will also open this year. A 15 mile expansion of the Pocahontas trail, an additional 20 miles on Coal Canyon, a connection from St. Paul to Coeburn and possibly Dante, and new connectors from Coal Canyon into

Grundy and Vansant are also planned. Despite several years of assistance for this project it is still considered to be in the multi-year "start-up phase" which will likely continue as trail systems continue to be added. It's projected that the system needs a minimum of 400 miles to become sustainable. With the number of trail systems expected to open during the next year and beyond it is necessary for SRRA to increase their operational capacity to serve the needs of those systems that stretch from Lee County to Tazewell County, and manage the development of future trails. The FY16 request seeks funding for two new positions (Assistant Field Operations, and a part time Project Manager) for three years as well as 50% of existing staff salaries. Some of the existing staff are currently supported under previous TRRC grants but there does not appear to be any overlap between associated timeframes for using the funds. Nearly \$400,000 of the total request is projected to be used in year one of this three year project. Support for years two and three is limited to funding for the two new positions and a small amount each year (\$5,000) for fuel for vehicles. Additional equipment has also been requested. Grant funds will be used to purchase 2 additional OHVs, 2 permit vending machines, a bulldozer, excavator, and a vehicle for the field operations position. Funds are also requested for an economic impact study to measure the regional effect of the system. Projected outcomes are listed as 5 new jobs with average salaries for \$35,000 and an additional \$180,000 of ticket sales from a baseline of \$20,000. Matching funds are listed from a variety of sources including ongoing VCEDA support for trail construction, allocated and expected funding from the Commonwealth, and support from the participating localities. Spearhead continues to be funded by localities (\$200k local investment in FY15) and now claims 30 private business partners serving as permit vendors. As the system continues to grow and approach self-sufficiency, success is accruing in terms of private business investment, ongoing local government support, and national media attention that all translate into increased visitation and economic activity across the region from trailriders.

Committee recommends award of \$450,000 reflecting the exclusion of the year three salaries and the economic impact study.

**Town of St. Paul
Willis Building Revitalization (3076)
\$540,000.00 Requested**

Project Description Provided by Applicant:

Executive Summary: The Willis Building revitalization will turn a vacant and dilapidated building in the heart of downtown St. Paul into an economically viable and sustainable project using a combination of mixed commercial uses. It will be anchored by a 33 room boutique hotel, retail spaces, and a restaurant. The design concept maximizes the available 23,790 SF of the building to produce the best "economic" model for the property. It includes a restaurant/dining room, outdoor dining venues, a rooftop deck and bar, 5 retail spaces and onsite parking. The project is a partnership between St. Paul and CBH St. Paul, LLC.

Staff Comments: Grant funds are requested to assist with the purchase of basic features, furnishings, and equipment for the Willis Building, located in downtown St. Paul Virginia. The project is a partnership between the Town and its private partner, CBH St. Paul, LLC and will result in the renovation of the 23,790 SF building for mixed commercial uses including a 33 room boutique hotel, 5 retail spaces, a restaurant/dining room, outdoor dining space, and a rooftop deck and bar. Additional funding for the project has been provided through grants from ARC (\$500,000) and the Industrial Revitalization Fund (\$600,000) and VCEDA has approved a \$1 million in loan funds. The Town of St. Paul will provide \$100,000 for site, drainage, and parking lot improvements. CBH St. Paul, LLC will apply for state and

federal historic tax credits (\$1.6M) and contribute \$410,000 as investment into the project. The developer plans to secure \$1,388,400 from a private lender to finance construction and start-up costs. With the success of the Mountain View ATV Trail project in addition to the housing needs for long-term temporary workers at the Virginia City Power Plant there appears to be unmet demand for additional accommodations in the Town. This need however, is likely to be seasonable and the developer acknowledges that the hotel market is largely unknown. Fifteen full time and 23 part time new jobs are predicted for the hotel in addition to jobs created by the retail tenants. While hotels by definition attract visitor spending to the region, which aligns with Commission objectives, the retail components of the space fall within the TRRC's list of "Low Funding Priorities" per the current Strategic Plan. Similar hotel projects in Bristol have been funded through the TROF program, and the project could potentially be eligible for VRA financing. This project is supported by several funding partners as part of the region's initiative to attract outdoor recreation and cultural heritage tourism.

Committee recommends the project be forwarded to Virginia Resources Authority for credit analysis prior to a future TRRC decision regarding loan or loan/grant assistance.

**Virginia's Heritage Music Trail: The Crooked Road
The Crooked Road - Reaching New Audiences (3070)
\$443,333.00 Requested**

Project Description Provided by Applicant:

Executive Summary: The Crooked Road is one of Southwest Virginia's most recognized brands. Reaching New Audiences seeks to build on that brand and increase the knowledge of, and interest in, The Crooked Road both inside and outside the region. The purpose of seeking greater recognition is to continue increasing visitation to the region, and to increase the quality of life that employers view as important to the long term viability of their businesses. The requested funding is intended to help build and solidify the Mountains of Music Homecoming (MoMH) event as well as support other critical Crooked Road marketing initiatives.

Staff Comments: Previous Commission support to The Crooked Road totals approximately \$1.4M. This request seeks support to continue The Crooked Road's Mountains of Music Homecoming Festival for its second and third year. A portion of a FY14 award (\$208,000 total award) was used to support the first year of the festival which was held June 12-20, 2015. This event offered nightly events across the entire footprint of The Crooked Road and cross-promoted other cultural tourism sites and events in participating communities. While participation varied from event to event, the festival received significant regional, statewide and national media attention, and the applicant believes that the knowledge gained during the first year is essential to the future success during years two and three. TCR believes that continued support for years 2 and 3 will help to solidify the event and will use requested funding for marketing consulting services, marketing, and project coordination. A phone app will be development to help visitors and the event website will be updated to include lodging opportunities and other information. While some TRRC funds will be used for the 2017 festival the majority are focused on expenses leading up to the 2016 festival. Funds are also requested for street pole banners for participating localities and nine hand made fiddles to be used as a traveling display during the weeks leading up to the event then auctioned to support the nine major venues they will commemorate. Additionally grant funds will be used for the production of a compilation CD using recordings from the 2015 festival. CD's will also be produced for the 2016 and 2017 festivals. Activities not directly related to the festival including metal community signage and a print calendar which will serve as a source of revenue, major venue marketing assistance, and marketing assistance for

TCR Youth Music Festival are also included in the request's budget. \$762,183 of matching funds are listed including funds from Virginia Tourism, National Endowment for the Arts, ARC, and private and local sources, although the majority are not yet committed at this time. No baseline figures were provided for the 2015 festival however the application estimates an increase of 10,000 new visitors as a result of this grant. The applicant submitted a revised budget that removes aspects of the original request that seemed less critical and impactful, and therefore of lesser interest to Commission staff (Youth Festival, fiddle exhibit, streetpole banners).

Committee recommends award of \$397,083, based on the revised budget which focuses primarily on the MoMH festival and the removal of expenses related to the fiddle exhibit, youth festival marketing and pole banners.

Wythe County

Appalachian Regional Exposition Center (AREC) (3064)

\$3,000,000.00 Requested

Project Description Provided by Applicant:

Executive Summary: Situated in the heart of Southwest Virginia, the Appalachian Regional Exposition Center (AREC) will serve as the Commonwealth's premier civic center for localities west of Roanoke, providing +3,000 permanent seats and an additional 2,000 portable chairs for concerts and other entertainment events. In addition to a 200' x 300' arena, which will be used for a myriad of activities, including livestock shows, rodeos, indoor soccer, travel shows, motocross, concerts and dozens of other events, AREC will also include six outdoor soccer and youth football fields, a walking track, an outdoor horse ring, as well as classroom and training facilities.

Staff Comments: Several previous applications have been submitted in recent years for this project including an application in FY15 that was tabled. Since that application a new site has been identified, the third in the project's history, at exit 77 on I-81. The AREC will provide a venue for a variety of activities, including livestock shows, rodeos, indoor soccer, travel shows, motocross, concerts and dozens of other events. AREC will also include six outdoor soccer and youth football fields, a walking track, an outdoor horse ring, as well as classroom and training facilities. Many of the proposed uses can be characterized as "Low Priorities" under the Commission's Strategic Plan. Phase I will include the construction of the 3,000 seat arena, show grounds, outdoor soccer fields, and parking/ support facilities. Matching funds are shown from Wythe County who has an option to purchase the selected site for a price of \$1.3 million. The application also lists \$1.7 million in infrastructure improvements provided to the site by the County. Communication with the applicant revealed that this work was done over the past 10 years to serve other commercial operations located at this Interstate exit. The timing of the work excludes its eligibility as match for a project that only selected the current site in recent months. the AREC has pledged \$513,250 to support the venue's first year of operations. Funding from the Wythe Bland Foundation (\$800,000) will be sought to build the outdoor soccer fields which will also serve as outdoor parking. \$300,000 of this amount may be used to fund A/E for the project. Given that no other funds are shown for the construction of the AREC and the timing and use of the project's matching funds makes them ineligible for consideration, it appears likely the Commission's 1:1 match requirement has not been met. Previous applications have shown potential funding from USDA but the current version does not list that source despite the project's apparent ability to incur some debt based on the information provided in the operating plan. The FY15 application did not show UDSA funding but did list contributions from both the Virginia and Wythe County Farm Bureaus and these are also no longer shown to be available for the project. Staff has also suggested that an

ARC application be considered but there is no evidence that a request has been or will be submitted. A construction budget was provided by the Wythe County Grants Coordinator but there is no justification for how those figures were determined. The timeline shows that a PER will be completed during Spring, 2016 presumably using funds from the Wythe-Bland Foundation. Once this information is available a more precise cost estimate will be available. The estimated cost to construct the AREC per the Grant Coordinator's information is \$2,951,580 which would almost certainly be funded exclusively with the TRRC funds requested in this application.

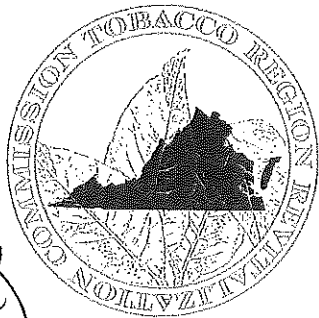
Committee recommends award of \$750,000.

Other Business

The following grants have surpassed their original three year project period and previous time extensions, and received Committee action for further extensions:

Grant #	Award Date	Current End Date	Organization	Project Title	Net Award	Avail Balance	Last Payment Date	Committee Recommendation
1642	7/31/08	5/31/15	Scott County Economic Development Authority	Daniel Boone Interpretive Center Exhibits	\$70,000	\$51,179	1/20/15	Extension thru May 31, 2016
2110	10/29/10	6/30/15	Honaker, Town of	Honaker Heritage Center Renovation Project	\$255,000	\$226,270	7/10/15	Extension thru January 31, 2016
2112	1/12/11	5/31/15	Nickelsville, Town of	Nickelsville Community Multi-Use Medical Facility	\$250,000	\$15,361	6/23/14	Extension thru January 31, 2016
2355	9/29/11	9/28/14	Scott County Telephone Cooperative	Sandy Ridge Regional Tobacco Commission FFTP Project	\$1,000,000	\$238,904	6/4/15	Extension thru January 31, 2016
2375	9/29/11	9/29/14	Settlers Museum Foundation	Settlers Museum of Southwest Virginia Enhancement Project -- Phase II	\$70,000	\$40,507	7/22/15	Extension thru January 31, 2016
2391	9/29/11	9/28/14	Bristol Virginia Utilities Authority	BVU Southwest Virginia Last Mile Fiber Expansion Project	\$1,800,000	\$10,470	12/16/14	No further extension
2440	9/29/11	9/28/14	Scott County Economic Development Authority	Buildout at Crooked Road Tech Center for Prospect	\$108,000	\$108,000	none	Extension thru 12/31/15

Jim Belvin's
"Gobstopper" Proj. Washington
Co.



Proj. function
\$8M Greenville
add revenue
Sherry 9/30/16
deadline

Performance Measure
Committee:
Develop metrics
(meet w/ CCAM, work
w/ Evan)

Could
Moore
Owens
Marshall

SPECIAL PROJECTS COMMITTEE AGENDA

Tuesday
September 22, 2015 @ 5:00pm
Wytheville Meeting Center
Wytheville, VA

- Welcome and Call to Order** *Delegate Danny Marshall, Chairman*
- Call of the Roll** *Evan Feinman, Executive Director*
- Approval of the 9/2/15 Minutes** *(published on website)*
- Application #3085 CCAM Workforce Training & EcoDev Partnership** *Evan Feinman, Executive Director*
- Mega site Prospect Incentive Fund** *Evan Feinman, Executive Director*
- Public Comments**
- Adjournment**



\$250K added

add funding thru 1/31/16
Jan. approval

Spec Pjts. mtg. needed in Dec.

#3085
tabbed
* extended present grant

*3001 Jefferson's Pop Forest #500K pulled out of block
 ✓ approved by KByron

**FY16 Special Projects
 Committee Recommendations – September 2015**

The Special Projects Committee received 16 funding requests totaling more than \$22 million. The Committee met September 2nd and adopted the following funding recommendations which total just over \$2 million for five projects. Proposals are grouped into Regional Economic Development Proposals and Access to Healthcare Proposals.

Req #	Organization	Project Title	Requested Amount	Committee recommendation
REGIONAL ECONOMIC DEVELOPMENT (7 requests received)				
3097	A. L. Philpott Manufacturing Extension Partnership	TRRC Trade Adjustment Assistance Program (TAAP)	\$1,000,000	\$300,000 ✓
3085	Commonwealth Center for Advanced Manufacturing	CCAM: A Workforce Training and Economic Development Partnership	\$2,061,000	tabled
3088	Mid-Atlantic Broadband Communities Corporation	Dynamic Spectrum Wireless Broadband Access for Southern Virginia: Phase 1	\$500,000	\$300,000 ✓
3089	Prince Edward County	County Industrial Access Road	\$475,000	\$328,395 ✓

subtotal - Regional Economic Development \$5,276,500 \$928,395

ACCESS TO HEALTHCARE (9 requests received)				
3087	Lee County Hospital Authority	Re-opening of Lee County Hospital	\$975,000	VRA
3090	St. Charles Health Council, Inc.	Stone Mountain Health Services X-ray and Telemedicine Project	\$800,000	VRA
3093	University of Virginia	Cancer Center Without Walls: Early Detection of Cancer	\$657,716	\$657,716 ✓
3094	Virginia Commonwealth University	Achieving a Cancer-Free and Productive Workforce in Virginia	\$3,000,000	\$460,877 ✓

subtotal - Access to Healthcare \$17,202,716 \$1,118,593

Total (16 requests/5 funding recommendations) \$22,479,216 \$2,046,988

available balance before/after recommendations \$3,330,528 \$1,283,540

NOTE re: "VRA" - these projects will be sent to the Virginia Resources Authority for credit analysis prior to a future decision regarding a possible loan or loan/grant offer

REGIONAL ECONOMIC DEVELOPMENT (4 recommendations)

A. L. Philpott Manufacturing Extension Partnership TRRC Trade Adjustment Assistance Program (TAAP) (3097) \$357,000.00 Requested

Project Description Provided by Applicant:

Executive Summary: The TRCC Trade Adjustment Assistance Program will assist distressed companies throughout the region certified as having been negatively impacted due to trade inequities. Through a partnership with the Mid-Atlantic Trade Adjustment Assistance Corporation, GENEDGE will help these companies improve their competitiveness, by completing knowledge-based projects delivered by experts and consultants, including, but not limited to: marketing, sales, operations, financial management, IT, planning, training, new product development, new service development, quality assurance, customer service, software customization and workforce development.

Staff Comments: The focus of this request is on assisting manufacturing, engineering and service companies that will be impacted by anticipated trade agreements (proposed for Trans Pacific and European Economic Community); utilizing federal funding through the Trade Adjustment Act that is managed by the Mid-Atlantic Trade Adjustment Assistance Corporation (MATAAC). Genedge clarified some of the sectors likely to be negatively impacted by the trade agreements, beyond the coal industry in Southwest Virginia, would include commodities in general, film, machinery, and furniture indicating that the benefit of the project would likely accrue to companies across the tobacco region. The process for evaluating eligibility includes clients paying an assessment fee ranging from approximately \$8,000 to \$13,500 on the front end to MATAAC and including validation of loss of business, loss of jobs and other data. Once a company is determined by MATAAC to be eligible, the service set developed by Genedge would be specific to the needs of the company, and may include but is not limited to, implementation of an enterprise resource planning (ERP) system or workforce training provided by VCCS workforce service teams. Outcomes are listed as 20 companies served with 500 jobs created or retained, \$60 million new or retained sales, and at least \$10 million capital investment. While these outcomes appear to be somewhat ambitious, Genedge uses a NIST MEP third-party client survey process for tracking and reporting outcomes, and their history in working with companies is the basis for the estimates included here. Not knowing the level of demand for this program staff discussed with Genedge a scaled back project with a higher level of match committed by the companies. A revised project budget for \$357,000 was provided with \$807,000 in Match (from MATAAC, NIST MEP support to Genedge, and private contributions) for serving an estimated 12 companies.

Committee recommends award of \$300,000 to assist approximately ten tobacco region companies, contingent on dollar-for-dollar match of TRRC funds by private companies.

Commonwealth Center for Advanced Manufacturing CCAM: A Workforce Training and Economic Development Partnership (3085) \$2,061,000.00 Requested

Executive Summary Provided by Applicant: Building on the success of the Commonwealth Center for Advanced Manufacturing and the demonstrated results from grant 2275 in foreign direct investment (FDI) and the creation of the Centers of Excellence in Martinsville, South Boston, and Abingdon, this proposal is to continue with those efforts and expand results by pursuing the generation of additional FDI leads and creating the first of its kind Siemens Level II Mechatronics Training outside of Germany.

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Staff Comments: This request essentially seeks continuation and expansion of the long-standing partnership between CCAM and TRRC. In January 2011 the Commission awarded \$4 million of Special Projects funds to assist in construction of CCAM's facility in Prince George County (\$2.5M) and to contract for two positions to work on behalf of the tobacco region (\$1.5M). That grant was later increased by nearly \$1 million to contract for what became the Boston Consulting Group study and blueprint for advanced manufacturing workforce training in the region, which led to the creation in 2014 of the three training Centers of Excellence. Funds from the original grant (#2275) will be fully depleted by December 2015. The core of this request would continue funding of those two positions - Director of Economic Development (Joe Anwyl) and Director of Workforce Development (Bruce Sobczak) for an additional two year period (\$1.1M, of which \$230k would cover CCAM overhead), as well as seeking additional training facilities and consulting assistance. The primary "add-on" would be to create a Mechatronics training lab at CCAM that would potentially host North America's first location to conduct Siemens Level 2 and 3 trainer certifications that can now only be obtained by sending instructors to Berlin, Germany to be trained and certified. The mechatronics lab is estimated to be a \$777,502 cost. A second "add-on" would be to contract for additional lead generation for economic development prospecting in Europe to assist/complement Mr. Anwyl's efforts (a proposed \$157k contract with a named consulting firm). To date, his recruitment efforts have resulted in four announced projects (a total of 230 jobs and \$44 million private investment in tobacco region), with a current prospect pipeline of nine companies with expressed interest in visiting the tobacco region. While the mechatronics lab would be a coup for Virginia to land, it arguably is a cost that should be shared with other state and national funders, particularly given the proposed location outside the tobacco region at CCAM. In lieu of funding additional consulting services for lead generation in Europe, Staff suggests the requested funds be approved to initiate lead generation in Asia. Continued funding of this important partnership is critical to the ultimate success of one of the Commission's signature initiatives: the attraction of foreign direct investment in advanced manufacturing operations, and the mid-level skill training and certification of workers needed by those companies. **Staff recommends award of \$1,283,540 for continued funding of the two positions (Directors of Economic and Workforce Development) and to initiate economic development lead generation efforts in Asia.**

~~228,000~~

Committee recommends request be tabled for further consideration on September 22nd.

**Mid-Atlantic Broadband Communities Corporation
Dynamic Spectrum Wireless Broadband Access for Southern Virginia: Phase 1 (3088)
\$500,000.00 Requested**

Executive Summary Provided by Applicant: MBC and Microsoft have agreed to partner on the design, deployment and operation of an innovative wireless broadband access network in Southern Virginia. MBC will operate this network as an open-access wholesale wireless network. MBC has partnered with the K-12 School Districts in Halifax and Charlotte Counties to act as the hub sites for this network. Content delivery of educational and job training resources will be provided at no cost to network customers. Commercial Internet services will be available from private sector ISP's that are connected to MBC's network.

Staff Comments: A primary outcome of this project is the provision of broadband access to areas not currently served and those areas lacking affordable access. While the project is not innovative in terms of technical ability (these are dozens of existing trials and demonstrations around the world); it does provide an innovative model of free educational access and affordable personal and limited home and business use. The project would utilize unused broadcasting frequencies called TV White Spaces which are gaps left between broadcast channels to deliver wireless internet access. Through existing or to be installed towers at sixteen

locations primarily in Halifax and Charlotte Counties (one location in Campbell County), the project is expected to reach over 10,000 households and 235 businesses. The commodity internet portion of the project will tie in directly with MBC's retail ISP providers; and MBC has clarified that it does not compete with existing DSL, 4G/LTE, cable modems or other wireless ISP services. The primary service areas are those with zero broadband. Total capital expenditures are estimated at \$1,419,200 which will be covered by the grant and required match (\$250K each from MBC and Microsoft) as well as ~ \$320,000 from an available balance in an existing Southside Economic Development grant (#2467) and additional capital costs that would be covered by MBC. This project provides the affordable last mile service that many government officials and residents have decried for years was not accomplished by the Commission's initial investments in broadband. The larger vision for this technology also includes efforts to attract one of the existing TV White Space equipment vendors to the tobacco region for an R&D presence in Bedford County at the CAER. If the project is successful, future requests to the Commission to expand to other areas of the tobacco region are anticipated, and may need to be addressed using Southside Economic Development allocation and/or other non-Commission resources. Rather than setting a precedent of using Special Projects funds to purchase broadband assets in each locality, Staff suggests that a portion of these projects costs be contributed from the SSED allocations currently available in the participating localities (applications due in October, with funding decisions in January). That would allow Special Projects support to be focused on six towers/masts that are needed to reach portions of these and surrounding counties. MBC leadership has expressed agreement with focusing this request on tower/masts (six at \$50k each), and focusing the previous SSED grant balance on base stations for the sites.

Committee recommends award of \$300,000 to construct six mast/towers and related capital expenditures to support this project, contingent on localities agreeing to seek Southside Economic Development and/or other non-Commission funds for the non-funded cost of base stations, Customer Premise Equipment and related costs.

**Prince Edward County
Prince Edward County Industrial Access Road (3089)
\$475,000.00 Requested**

Executive Summary Provided by Applicant: In 2008, Prince Edward County received a Southside Economic Development Tobacco Commission Grant to help pay for the development of 4 Ready to Go Pad sites. The County was awarded \$193,510; Prince Edward County paid \$507,490 and the IDA of Prince Edward County paid \$61,000 towards this project. One lot has been sold to VDOT for their new Regional Office and 2 lots are currently under option consideration, leaving only one lot available. To gain access to the remaining undeveloped land (60 acres) within the Prince Edward Industrial Park, the County needs to build a new access road.

Staff Comments: Per long-standing Committee policy, this request is eligible for funding consideration under Special Projects as the Prince Edward County only receives a very limited amount (less than 1%) of allocation under the Southside Economic Development program where they currently have a balance available of \$49,080. This request is to support two businesses for expansion activities at/into the Prince Edward County Industrial Park. Grant funds will be used to match VDOT Access Road funds and cash contributions by the County for construction of a new road within the park to serve Lots 7 A/B and Lot 11. An existing business plans to expand to Lots 7A/B investing \$2 million and creating more than 25 jobs; and a second company that is currently renting a space in the County and having recently created 80 jobs, is interested in locating to Lot 11 with plans to invest an estimated \$2 million and an additional 20-30 jobs. Construction of the access road to Lot 11 requires crossing of a stream which the County's A&E has proposed to be handled using a bottomless culvert (similar to a small bridge that has higher density weight

limits) which the Corps of Engineers had indicated several years ago would be acceptable. This construction requires moving dirt from Lot 11, which would provide a secondary benefit for assisting with a portion of the site development costs for Lot 11. The project will also result in the back portion of the industrial park being made accessible for future development opportunities. The County provided an A&E estimate of \$680K for the Lot 11 site grading and has identified that the IDA is prepared to cover any portion of these costs not covered by grant funds in order to accommodate the prospect. The majority of site development costs for Lot 7 A/B has already been completed. The Commission provided a \$193,510 grant to the County in 2008 which covered preliminary engineering cost for development of three lots in the park. It appears that additional project may be available through the recent sale of another lot in the Park, from timber revenues from clearing the lots in question, and potentially additional VDOT Road Access funds. Staff is suggesting partial funding from the balance available in this cycle.

Committee recommends award of 328,395.

ACCESS TO HEALTHCARE (4 recommendations)

Lee County Hospital Authority Re-opening of Lee County Hospital (3087) \$975,000.00 Requested

Executive Summary Provided by Applicant: The Lee County Hospital Authority, an authority created by the Board of Supervisors of Lee County, purchased the former Lee Regional Medical Center on April 16, 2015. The Authority is now re-opening the hospital building and will be purchasing equipment to furnish the facility. The COPN was issued in the name of the Authority and the Authority, on behalf of the citizens of Lee County, will own the hospital. The Authority may contract certain services for the operation of the hospital and is currently in discussions with the Mountain States Health Alliance.

Staff Comments: This request is one of two (in addition to St. Charles Health Council) that would fill the void left by the closure of the former Lee Regional Medical Center, which left the county of 25,000 residents without an urgent care and inpatient facility. The Authority states it has acquired the former hospital facility and secured a Certificate of Public Need to operate at the site. The request is split evenly between renovation and equipment costs (\$487,500 each). Attached project budgets and feasibility study indicate a \$9.3 million capital budget for renovations and equipment/furnishings etc, and refers to an \$11.37 million USDA Rural Development loan that would be sufficient to cover those capital costs as well as providing \$1.8 million of initial operating capital. The proposed operating budget indicates something in excess of 200+ employees with salaries averaging \$50,000+ per year, and the applicants have indicated a TROF request is planned, although the project would not be a taxable property, and hence would not meet TROF capital investment requirements. The feasibility study estimates 1,600 patient discharges and 45,000 outpatient occurrences annually. It also assumes a \$700,000 TRRC grant spread over 3 years. However, staff is of the opinion this project could be submitted to VRA for a credit analysis as a step toward a potential loan if such need exists beyond the USDA loan. Such analysis should be conducted once the negotiations with Mountain States Health Alliance have been completed, so that the services and costs of a potential MSHA operating partnership are known. The request scores well due to the thorough feasibility study and matching loan commitment, but the grant request primarily serves a single county and appears to seek arbitrary amounts of funds in order to reduce loan debt service.

Committee recommends this project be submitted to Virginia Resources Authority for credit analysis prior to further consideration of a TRRC loan and/or grant.

St. Charles Health Council, Inc.
Stone Mountain Health Services X-ray and Telemedicine Project (3090)
\$800,000.00 Requested

Executive Summary Provided by Applicant: The St. Charles Health Council, Inc., d/b/a Stone Mountain Health Services (SMHS) has engaged in construction of a new community health center building in Lee County, VA which is now complete and ready for occupancy in the next month. The incidences of lung cancer and breast cancer in the region are high, thus preventive screening is essential to early detection. Addition of x-ray equipment including mammogram, digital x-ray and ultrasound will enhance early detection, cancer research and access to services. Addition of telemedicine will enhance consultation, referral and follow-up of abnormal results with specialists at the University of Virginia.

Staff Comments: This request is one of two (in addition to Lee County Hospital Authority) that would fill the void left by the closure of the former Lee Regional Medical Center, which left the county of 25,000 residents without an urgent care and inpatient facility. Whereas the LCHA facility would be an acute care hospital, this applicant has completed construction of a new primary care facility in Jonesville. Funds are requested for purchase of x-ray, mammogram, ultrasound and telemedicine equipment, which would all generate revenue that could potentially be used for debt service on an equipment loan. It should be noted that half of the requested funds (\$400k) would purchase mammography equipment, whereas this Committee has previously funded a mobile mammography van for UVA to serve this region. All matching funds, while substantial (in excess of \$5.6 million), appear to have been spent prior to the date of application for construction of the clinic facility. The applicant estimates serving nearly 3,000 patients annually.

Committee recommends this project be submitted to Virginia Resources Authority for credit analysis prior to further consideration of a TRRC loan and/or grant.

University of Virginia
Cancer Center Without Walls: Early Detection of Cancer (3093)
\$657,716.06 Requested

Executive Summary Provided by Applicant: We propose two highly innovative and sustainable cancer detection programs utilizing screening techniques proven to reduce cancer morbidity and mortality. The projects selected will detect cancers that are over-represented in the Tobacco Footprint: bladder cancer and lung cancer. When detected early, both cancers can be treated with curative intent. However, too often these cancers are detected too late, resulting in suffering, death and tremendous medical expenses. The proposed projects utilize telehealth technology, are focused on cancer, and will result in economic development within the footprint by investing dollars into the communities and reducing cancer morbidity and mortality.

Staff Comments: This year's request seeks funds to enable telemedicine diagnostic and treatment services with a new focus on lung and bladder cancer patients for a three year period across the tobacco region. The majority of funds are requested for personnel (\$561k), as well as contractual (\$46k) and equipment (\$50k). The project estimates that 100 bladder patients and 80 lung cancer patients would be treated on an annual basis when the project is fully operational. TRRC funds would pay a portion of the salary of two nurses based in the tobacco region (Wise and Abingdon) for the bladder project, and for two patient "navigators" who would be based in the region for the lung cancer project. TRRC funds would generally cover small percentages (<15%) of Charlottesville-based personnel dedicated to the project. Requested equipment is

either based permanently in the tobacco region or housed at UVA and transported to the region (e.g. telecytoscopes). The required matching funds are included in the proposal, and the statistics on incidences of these cancers are well-documented. The thorough content, budget and focus of this proposal made it the top scoring request among healthcare projects.

Committee recommends award of \$657,716.

**Virginia Commonwealth University
Achieving a Cancer-Free and Productive Workforce in Virginia (3094)
\$3,000,000.00 Requested**

Executive Summary Provided by Applicant: The purpose of this funding request is to support two initiatives in order to advance Massey Cancer Center's ability to improve detection, prevention, treatment and control of cancer in Virginia: 1) Promote the development, initiation and activation of innovative clinical trials for the benefit of patients diagnosed with cancer; and, 2) Provide greater quality and scope of prevention and control services targeted for residents throughout the Commonwealth to improve rates of early diagnosis and improve outcomes. The overarching objective of the application is to improve the health and productivity of the regional workforce.

Staff Comments: This request seeks the entire \$3 million budgeted for Special Projects in 2016, and appears to be predominantly (approx. 85% or +\$2.5 million) funding research faculty and staff based at Massey's facilities in Richmond to conduct, manage and monitor a statewide network of clinical trials, recruitment and training ("Initiative #1"). Approximately \$461,000 is requested for Initiative #2 to continue to operate "Cancer Research and Resource Centers" located in the tobacco region (Danville and Lawrenceville), with some portion of that sub-budget funding CRRC program and administrative managers based in Richmond (nine tobacco region-based employees are listed). Outcomes are listed as more than 1,300 tobacco region residents served, although that total is not broken out by the two initiatives. The required dollar for dollar matching funds are proposed, and align directly with the requested initiatives (i.e. 85% of match is being spent in Richmond). The fundamental imbalance in this request is that Massey has verbally reported that less than 14% of the participants in their statewide clinical trial network to date are tobacco region residents, yet the Commission is being asked to fund 50% of a network that includes sites and partners in Shenandoah Valley, Richmond, Fredericksburg and Peninsula. While the CRRCs appear to have as much function in the education of residents about cancer prevention/treatment as they do in the direct participation on clinical research, the benefits clearly accrue primarily to tobacco region residents, which should be the primary focus of any funding consideration.

Committee recommends award of \$460,877 for Initiative #2 to continue operation of CRRCs in the tobacco region.

Exec. Dir. Approved
\$2m increase to \$4.5m

12 months approval then back to 2m
w/in guidelines
TRCF guidelines

9/23/15
9/23/16
* Need new motion



TROF COMMITTEE AGENDA

Tuesday
September 22, 2015 @ 2:00pm
Wytheville Meeting Center
Wytheville, VA

Welcome and Call to Order	<i>Evan Feinman, Executive Director</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>8/17/15</u> Minutes	<i>(published on website)</i>
Performance Agreement	<i>Ned Stephenson, Deputy Director</i>
Mecklenburg Refund	<i>Ned Stephenson, Deputy Director</i>
Policy Change	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

Spencer
Prog. Transition
900 5yrs
2000 10 yrs
30K avg.
\$4+m TROF award

Proj. Transport



PERFORMANCE AGREEMENT

This **PERFORMANCE AGREEMENT** (this "Agreement") is made and entered into as of the ___ day of _____, 2015, by and among the Tobacco Region Revitalization Commission, a body corporate and political subdivision of the Commonwealth of Virginia (the "Commission"), the City of Danville, Virginia (the "Grantee"), a political subdivision of the Commonwealth, and The Goodyear Tire & Rubber Company, an Ohio corporation (the "Company"), whose Federal Employer Identification Number is 34-0253240.

WITNESSETH:

WHEREAS, the Grantee has been selected to receive a grant in the amount of \$960,000 (the "Grant") from the Commission for the Grantee's use in inducing the Company to construct or locate taxable assets in the City of Danville, Virginia (the "Locality"); and

WHEREAS, the Grantee has indicated its desire to tender the Grant to the Company for its use and benefit, provided that the Company has met, as a precondition to receipt of funds, certain goals relating to the construction or location of taxable assets in the Locality in compliance with the terms hereof; and

WHEREAS, the Commission, the Grantee and the Company desire to set forth their understanding and agreement as to the use of the Grant and the related conditions and obligations of each party hereto; and

WHEREAS, the Commission has determined that the approval and funding of the Grant constitutes a valid public purpose for the expenditure of public funds and is consistent with and in furtherance of the Commission's public purposes as outlined in Section 3.2-3100, et. seq. of the Code of Virginia of 1950, as amended;

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Disbursement of the Grant

After receipt by the Commission of this Agreement fully executed by all parties hereto, and provided that the Grantee is not in default on its obligations to the Commission as of the date first written above, the Commission shall disburse the Grant to the Grantee on the following schedule, in arrears:

Not more than two (2) installments, which shall be requested by the Grantee in writing on or before the date 90 days after the Asset Deadline (as defined in Section 4 below), subject to the

reasonable approval of the Commission. The amount of each disbursement shall be limited to that portion of the Grant which has been earned by the Company based upon information described in Section 4 of this Agreement, when the same is delivered to and approved by the Commission in its discretion.

Unless otherwise agreed to in writing by all parties to this Agreement, Grantee shall disburse all Grant proceeds to the Company or for the Company's benefit within 30 days of receipt of Grant proceeds from the Commission.

Section 2. Grant Restrictions and Conditions

Under this Agreement, the Commission places no restriction on the use of the Grant proceeds by the Company, and imposes no conditions beyond those described herein. Should any such restrictions or conditions be imposed by the Grantee, the same shall be described in Exhibit A, which shall be attached hereto and made a part hereof, but which shall be binding upon the Company only if signed thereon by an authorized representative of the Company. The Grantee shall be responsible for enforcement of any restrictions or conditions described in said Exhibit A.

Section 3. Condition Regarding Taxable Assets

As a condition to Grant eligibility (and not as a covenant) the Company must locate or construct, or, in the case of leased property, cause to be located or constructed, additional taxable assets in the Locality having an assessed value of at least \$251,000,000 (or a portion thereof if a partial Grant disbursement is requested by the Grantee and approved by the Commission under Sections 2 and 4 hereof), as determined by the Locality's Commissioner of Revenue ("COR"). If the Locality elects to arrange for reimbursement to the Company of all, or any portion of, the tax paid by the Company and/or any of its lessors on said taxable assets, or elects to waive all or any portion of such tax liability, the Company's aforementioned condition to locate or construct (or cause to be located or constructed) taxable assets in the Locality shall not be waived or reduced. The Company shall receive credit for the value of all taxable assets so determined by the COR, notwithstanding the local taxing authority's election to waive or refund the taxes so levied. Said taxable assets will be in addition to those counted in fulfillment of any taxable asset or capital investment obligation made to the Commission by the Company under any other agreement. If the Company is exempt from the payment of property taxes on certain assets by state law, the Company shall not be entitled to receive any portion of the Grant allocated to its investment in those certain assets.

Section 4. Determination of Performance – Taxable Assets

In order to earn the full amount of the Grant (as a condition and not as a covenant), the Company must meet its taxable asset condition hereunder not later than sixty (60) months after the Base Year (the date 60 months after the end of the Base Year, the "Asset Deadline"), provided that the Company may earn and receive a ratable portion of the Grant reflecting taxable investments after the Base Year if Grantee, under Section 2 hereof, elects to provide, and the Commission approves the provision of, a Grant installment prior to the Asset Deadline. For purposes of this Agreement, the "Base Year" shall be the calendar year ending December 31,

2014. The Company agrees that only those assets owned or leased by the Company, located in the Locality, subject to taxation, and on record with the COR in the name of the Company or its lessor(s), all during the 60-month period following the Base Year shall be counted in fulfillment of the Company's taxable asset condition. Company assets located, constructed, or leased in the Locality prior to or during the Base Year will not be counted in fulfillment of the Company's taxable asset condition.

Leased assets not on record with the COR in the name of the Company or its lessor(s) will be counted in fulfillment of the Company's taxable asset condition only if a copy of the lease is submitted to the Commission indicating that the asset(s) under lease meet the other requirements listed above and were not leased from the Locality or its control affiliates at a substantial discount from market rates.

The Company's achievement toward meeting its taxable asset condition shall be based on asset values assessed by the COR for the Locality and shall be the sum of the following:

- a. the highest real property assessed value of record for any one of the five years following the Base Year, less and except the assessed value for the Base Year, PLUS
- b. the first personal property assessed value for each asset first appearing of record during the five calendar years following the Base Year.

The Commission shall rely upon the information described above as the same is reported to the Commission by the COR in writing, without exception.

Taxable assets owned or leased by subsidiary companies, related entities, or entities under common ownership or control shall not be counted as taxable assets of the Company in fulfillment of its taxable asset condition hereunder UNLESS such entities and their relationships to the Company are disclosed to and approved by the Commission in writing, AND such entities supply the Commission with the same taxable assets documentation as described herein.

Section 5. Verification of Performance

The Company hereby expressly grants its consent for the COR for the Locality to release to the Tobacco Commission or the Grantee records necessary to disclose the information required in this Section.

If any of the taxable assets described in Section 4 have been acquired or improved on behalf of the Company by a lessor, the Company shall be responsible, as a condition to inclusion of such assets for purposes of determining whether the Company has met its taxable asset condition, for gathering and reporting to the Commission information regarding the taxable assets acquired or improved by the lessor on behalf of the Company.

Section 6. Events of Default

If any of the following should occur within the sixty (60) month period after the end of

the Base Year, it shall constitute an "Event of Default" and the Commission may, at its election, decline to make any further disbursements to the Company:

The Company applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets, files a voluntary petition of bankruptcy, makes a general assignment for the benefit of creditors, files a petition or an answer seeking reorganization or arrangement with creditors, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Company as bankrupt or insolvent or approving a petition seeking reorganization of the Company or appointing a receiver, trustee or liquidator of the Company or of all or a substantial part of its assets which remains undismissed, undischarged or unstayed for a period of forty-five (45) days;

The Company ceases to be of record and in good standing with the Virginia State Corporation Commission, and such failure is not cured within sixty (60) days from notice thereof, unless Company obligations hereunder have been assumed by another entity and that assumption was approved by the Commission and the Grantee;

The Company fails, for reasons other than an Event of Force Majeure (as defined herein), to fulfill at least twenty-five percent (25%) of its taxable asset obligation described in Section 4 above within eighteen (24) months after the end of the Base Year;

The Company closes its business in the Locality for a period of more than thirty (30) days during the sixty (60) months following the Base Year.

Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail, undelivered) and addressed as follows:

If to the Company, to:

NAME: The Goodyear Tire & Rubber Company
ADDRESS: 200 Innovation Way
Akron, Ohio, 44316
Attention: Corporate Secretary

If to the Grantee, to:

NAME: City of Danville, Virginia
ADDRESS: P.O. Box 3300
Danville, VA 24543
Attention: Joe King, City Manager

If to the Commission, to:

NAME: Tobacco ~~Indemnification and Community Revitalization~~ ^{Commission} Commission
ADDRESS: 701 East Franklin Street, Suite 501
Richmond, Virginia 23219
Attention: Evan Feinman, Executive Director

Section 7. Sole Remedy

The Tobacco Commission and Grantee agree that nonpayment of some or all of, or of the installment payments of, the Grant and/or Grant proceeds, as set forth in this Agreement, constitutes the sole and exclusive remedy of the Tobacco Commission and Grantee for any matters that arise from or are related to the Company's performance of this Agreement, including, without limitation, the failure of the Company to meet the taxable asset conditions set forth herein, and each of the Commonwealth and the Grantee waives any other claim, cause of action, or remedy that it might assert against the Company with respect to such matters.

Section 8. Force Majeure

In no event will the Company be liable for any delay in the performance of, or failure to perform, any action required under this Agreement, whether in whole or in part, and the time for performance (including, without limitation and for avoidance of doubt, taxable asset conditions set forth herein) shall be extended for the duration of any such delay, to the extent that such delay or failure is caused by any of the following causes: war; acts of terrorism; strike, lockout or other labor disturbance; fire; severe weather; extraordinary natural occurrence; epidemic; earthquake; shortage or interruption of supply or transportation facilities; extraordinary governmental action (whether or not valid); or other causes, whether or not similar, beyond the reasonable control of the Company, in each case whether foreseeable or unforeseeable.

Section 9. General

This Agreement constitutes the entire agreement between the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No party may assign its rights or obligations under this Agreement without the prior written consent of the other parties; provided that the Company shall have the right, without the consent of the Grantee or the Commission, to assign its rights (not its obligations) under this Agreement to any entity that controls, is controlled by, or is under common control with, the Company.

This Agreement is made, and intended to be performed, in the Commonwealth and shall be construed and enforced by the laws of that state. Jurisdiction and venue for any litigation arising out of or involving this Agreement shall lie in the Circuit Court of the Locality and such litigation shall be brought only in such court.

This Agreement may be executed in one or more counterparts, each of which shall be an

original, and all of which together shall be one and the same instrument.

If any provision of this Agreement is determined to be unenforceable, then the remaining provisions of this Agreement shall be interpreted as in effect as if such unenforceable provisions were not included herein unless the economic or legal substance of the transactions contemplated hereby is affected in a manner materially adverse to any party.

Company hereby warrants that from the date of this Agreement until all obligations hereunder have been satisfied that it is, and will remain, registered and in good standing with the Virginia State Corporation Commission and that the Company is, and will remain, legally authorized to conduct business in the Commonwealth of Virginia.

In the event the Commission is required to take legal action under this Agreement, the Grantee and the Company, jointly and severally, shall be liable for all of the Commission's costs expended for the administration and enforcement of this Agreement, including but not limited to reasonable attorney's fees and court costs.

If this Agreement has not been executed by all parties hereto and returned to the Commission within 90 days from the date hereof, the Grantee's and the Company's rights to the Grant Proceeds shall automatically terminate.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, to become effective as of the date first written above.

TOBACCO REGION
REVITALIZATION
COMMISSION

By: _____
Executive Director

Date: _____

THE CITY OF DANVILLE, VIRGINIA

By: _____
City Manager

Date: _____

THE GOODYEAR TIRE & RUBBER
COMPANY

By: _____

Title: _____

Date: _____

** Next: No guarantee? **

Grant Restrictions

Summary of TROF grant #2236 to Mecklenburg County for benefit of HCI, Inc.

- 11/9/10 HCI, Inc. received \$390k in exchange for 150 jobs and \$1.5 investment.
- 9/30/13 HCI met its investment obligation and 78% of its employment obligation and owes a refund of \$42K.
HCI, Inc. sold its assets to HCP, LLC
- 9/25/13 TRRC asked for a refund, County appealed, Commission extended to 9/30/15 and agreed to count HCP's employment toward HCI's obligation.
- 9/14/15 HCP reached 18% of the original employment goal with 2 quarters remaining. HCP employment must reach 214 persons in the last 2 quarters to eliminate the \$42k refund obligation.

TROF Awards FY11 - FY16 (Default Summary)
as of 9/2/2015

Tobacco Region Locality	Summary of All Awards				Summary of Awards that have Reached Conclusion						
	Number of Awards	Amount of Award	Jobs Promised*	Capital Investment Promised**	Number of Awards	Amount of Award	Jobs Promised*	Capital Investment Promised**	Jobs Delivered*	Capital Investment Delivered**	Amount of Clawbacks***
Bedford County	3	\$455,000	140	\$24,710,000	2	\$240,000	110	\$8,710,000	110	\$8,710,000	
Bland	2	\$251,480	50	\$10,896,808	1	\$151,480	0	\$6,128,035	0	\$6,128,035	
Bristol	6	\$1,152,000	278	\$32,864,298	1	\$165,000	63	\$1,050,000	0	\$0	(\$165,000)
Brunswick	3	\$30,000,000	0	\$1,000,000,000							
Campbell	3	\$300,000	129	\$37,650,000	2	\$250,000	79	\$35,200,000	0	\$5,200,000	(\$225,000)
Carroll	4	\$660,000	186	\$10,575,000							
Charlotte	4	\$1,230,000	332	\$13,850,000	1	\$400,000	42	\$1,000,000	42	\$1,000,000	
Danville	9	\$7,140,000	1,601	\$90,550,000	1	\$600,000	101	\$8,000,000	0	\$0	(\$600,000)
Dinwiddie	4	\$1,735,000	566	\$127,625,000	2	\$1,375,000	476	\$117,000,000	390	\$50,000,000	(\$525,000)
Floyd	1	\$65,000	17	\$6,110,000							
Franklin County	4	\$670,000	325	\$16,025,000	2	\$550,000	280	\$5,425,000	239	\$5,425,000	(\$38,250)
Galax	4	\$1,105,000	480	\$12,374,000	1	\$100,000	40	\$2,100,000	40	\$2,100,000	
Grayson	6	\$1,870,000	458	\$12,746,000	1	\$75,000	42	\$1,000,000	0	\$0	(\$75,000)
Greensville	1	\$635,000	110	\$11,000,000							
Halifax	4	\$4,173,349	228	\$148,411,365	3	\$3,573,349	191	\$143,411,365	179	\$143,411,365	(\$20,000)
Henry	10	\$5,500,000	1,280	\$144,219,750	3	\$575,000	105	\$24,000,000	76	\$24,000,000	(\$24,063)
Lee	1	\$450,000	150	\$25,000,000							
Lunenburg	4	\$450,000	107	\$16,239,000							
Martinsville	4	\$1,590,000	238	\$6,700,000	1	\$380,000	67	\$1,700,000	67	\$1,700,000	
Mecklenburg	4	\$8,790,000	320	\$999,000,000	1	\$4,800,000	50	\$299,500,000	50	\$299,500,000	
Patrick	3	\$1,243,000	120	\$43,800,000							
Pittsylvania	2	\$175,000	61	\$6,060,000	2	\$175,000	61	\$6,060,000	36	\$6,060,000	(\$34,700)
Prince Edward	3	\$270,000	78	\$7,525,000							
Russell	3	\$800,000	105	\$10,000,000							
Scott	3	\$802,000	120	\$38,800,000							
Smyth	2	\$955,000	285	\$14,600,000							
Sussex	1	\$110,000	28	\$8,085,170	1	\$110,000	28	\$8,085,170	28	\$8,085,170	
Tazewell	2	\$1,600,000	348	\$140,294,600							
Washington	3	\$3,210,000	442	\$23,433,000	1	\$3,000,000	375	\$20,433,000	375	\$20,433,000	
Wise	1	\$65,000	28	\$1,200,000							
Wythe	2	\$145,000	38	\$4,600,000	1	\$65,000	16	\$1,600,000	0	\$0	(\$65,000)
Grand Total	106	\$77,596,829	8,648	\$3,044,943,991	27	\$16,584,829	2,126	\$690,402,570	1,632	\$581,752,570	(\$1,772,013)

*In addition to those in existence at the time the award was approved

**In addition to that in existence at the time the award was approved

***Clawbacks are sought whenever jobs and/or investments delivered are less than those promised



EXECUTIVE COMMITTEE AGENDA

Tuesday
September 22, 2015 @ 4:30pm
Wytheville Meeting Center
Wytheville, VA

- Welcome and Call to Order** *Delegate Terry Kilgore, Chairman*
- Call of the Roll** *Evan Feinman, Executive Director*
- Approval of the 5/20/15 Minutes** *(published on website)*
- Application #3072 Small Animal Clinical Skills Center of the LMU-CVU, Lee County** *Evan Feinman, Executive Director*
- Budget & Corpus Invasion** *Stephanie Kim, Finance Director*
- Capitalization of Loan Fund** *Evan Feinman, Executive Director*
- Prospect Incentive Fund Guidelines** *Tim Pfohl, Grants Director*
- Strategic Planning Committee Appointments** *Evan Feinman, Executive Director*
- Advice of Counsel** *Liz Myers, Assistant Attorney General*
- Public Comments**
- Adjournment**

** Referred back to SN*

** Spec. P's. develop guidelines*

*Mary Kay Conner
Rebecca Coleman
Dennis Coleman - Chair
Mary O. Marshall
Mary Rose Carter
Kathy Dyon*

Tobacco Indemnification and Community Revitalization Commission
 Financial Summary
 As of July 31, 2015

TICR Fund Balance	\$ 249,023,465
Restricted Endowment Balance	\$ 75,976,441
Unrestricted Endowment Balance	\$ 190,588,027
Restricted Endowment Accum Interest	\$ 1,421,477
Unrestricted Endowment Accum Interest	\$ 3,334,174
Total Cash & Investments	\$ 520,343,583

Cash Disbursements - this month	\$ 1,378,821
Cash Disbursements - FYTD	\$ 1,378,821

Fund	Unobligated Balances
Special Projects	\$ 3,044,713
Education	\$ 19,152,370
TROF (Deal Closing)	\$ 9,635,214
Southside Economic Development	\$ 19,753,185
Southwest Economic Development	\$ 2,893,487
Agribusiness	\$ 2,148,995
R&D	\$ 17,973,356
Reserve	\$ 173,422
Megapark	\$ 6,288,563
Megasite Prospect Incentive Fund	\$ 15,000,000
Administration	\$ 2,058,600
TICRC General Account	\$ 11,305,505
FY2016 Budget Balance	\$ 109,427,409

Tobacco Indemnification and Community Revitalization Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance (Cash Basis)
As of July 31, 2015

	<u>FY16 Budget</u>	<u>YTD Actual</u>	<u>YTD Actual as % of Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Other Revenue (all cost codes)	\$ -	\$ 982,885.32		982,885.32
Total Revenues	\$ -	\$ 982,885.32		\$ 982,885.32
<u>EXPENDITURES</u>				
Administration				
Salaries, Fringe Benefits, Per Diems	\$ 1,468,925	\$ 153,378.12	10.4%	\$ 1,315,546.88
Contractual Services	384,500	19,585.77	5.1%	364,914.23
Supplies and Materials	6,500	929.63	14.3%	5,570.37
Transfer Payments	244,268		0.0%	244,268.00
Rent, Insurance, Agency Svc Charges	150,950	60,549.16	40.1%	90,400.84
Furniture and Equipment	37,900		0.0%	37,900.00
Subtotal - Administration	\$ 2,293,043	\$ 234,442.68	10.2%	\$ 2,058,600.32
Community Revitalization	47,750,000	1,144,378.43		
Total Expenditures	\$ 50,043,043	\$ 1,378,821.11		
Revenues Over (Under) Expenditures	\$ (50,043,043)	\$ (395,935.79)		
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (endowment and earnings)		\$ -		
CASH BALANCE, June 30, 2015	\$ 249,419,401	\$ 249,419,400.79		
CASH BALANCE, July 31, 2015	\$ 199,376,358	\$ 249,023,465.00		

11/6
~~Loan fund~~
\$5M to loan
fund from general
fund to develop
MOW
(Dept of Treasury)
VRA

Stephenson, Ned (TIC)

From: Myers, Elizabeth B. <ebmyers@oag.state.va.us>
Sent: Monday, August 17, 2015 12:40 PM
To: Stephenson, Ned (TIC); Feinman, Evan (TIC)
Subject: Follow up on policy matters

Ned and Evan,

I wanted to follow up our earlier conversation with an email to close the loop and to confirm that we are all on the same page on the following issues.

- 1- The Executive Director serving as a voting member of the TROF committee
 - a. We are in agreement that the Commission does not have authority to extend voting privileges on any matter before the Commission to any non-Commission member. Although the Executive Director is given broad authority to effectuate the work of the Commission under 3.2-3105, this does not extend to voting on any matter before a Committee or the full Commission, which should be limited Commission members appointed pursuant to 3.2-3102.
 - b. I do not believe that this necessitates amendment of the Commission Bylaws, but I think that it might require a Commission vote to change the membership of the TROF Committee, per the TROF Policy.
- 2- Chairman voting
 - a. Article IX, Section 9.1, of the Commission Bylaws provides that "In all matters of procedure not covered by these Bylaws, meetings shall be conducted in accordance with the most recent edition of Roberts Rules of Order." I do not see anything in the Bylaws governing whether or not a the chairman of the Commission or of any Committee may vote, so we must look to Roberts Rules. According to Section 45 (p. 420-421 of the 11th Edition of Roberts Rules of Order), which establishes the procedure for a roll call vote (used by the Commission per Bylaw 7.6), "the roll is called in alphabetical order except that the presiding officer's name is called last, and only when his vote will affect the result".

I am happy to discuss these matters further.

Best Regards,

Liz

Elizabeth Busfinell Myers
Assistant Attorney General II
Financial Law and Government Support Section
Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
Phone - (804) 786-9516
Fax- (804) 692-1647

*Block Chairman
votes on roll
calls until
approved @
Jan. mtg
So bylaws*



VIRGINIA TOBACCO COMMISSION COMMITTEES
(as of 9/9/15)

**AGRIBUSINESS
COMMITTEE**

Kenney Barnard
James Edmunds
Frank Harris
Todd Haymore
Don Merricks
Ronnie Montgomery, *Vice-Chair*
Cecil Shell
Robert Spiers, *Chair*
William Stanley
Richard Sutherland
Tommy Wright

EDUCATION COMMITTEE

Becky Coleman
Frank Harris
Don Merricks, *Vice-Chair*
Dale Moore
Frank Ruff, *Chair*
Cecil Shell
William Stanley
Tommy Wright

EXECUTIVE COMMITTEE

Kathy Byron
Bill Carrico
Maurice Jones
Terry Kilgore, *Chair*
Danny Marshall
Don Merricks
Will Morefield
Ed Owens
Frank Ruff, *Vice-Chair*
Tommy Wright

Performance Measure/CCM

Missy Neff Gould
Dale Moore
Ed Owens
Danny Marshall

**RESEARCH AND
DEVELOPMENT
COMMITTEE**

Kathy Byron, *Chair*
Bill Carrico
Rebecca Coleman
Maurice Jones
Danny Marshall
Dale Moore
Will Morefield *VC*
Sandra F. Moss
Ed Owens
Frank Ruff
Ralph Smith
(*no Vice-Chair assigned*)

**R&D SUBCOMMITTEE
(VETTING)**

Kathy Byron, *Chair*
Becky Coleman
Maurice Jones
Dale Moore
Ed Owens

**SOUTHSIDE
ECONOMIC
DEVELOPMENT
COMMITTEE**

Kathy Byron
John Cannon
James Edmunds
Missy Neff Gould
Maurice Jones
Danny Marshall
Don Merricks
Ed Owens
Frank Ruff
William Stanley
Tommy Wright, *Chair*
(*no Vice-Chair assigned*)

**SOUTHWEST
ECONOMIC
DEVELOPMENT
COMMITTEE**

Bill Carrico, *Chair*
Becky Coleman
Maurice Jones
Ronnie Montgomery
Will Morefield
Ralph Smith
Richard Sutherland
(*no Vice-Chair assigned*)

**SPECIAL PROJECTS
COMMITTEE**

Kenney Barnard
Kathy Byron
John Cannon
Bill Carrico, *Vice-Chair*
Missy Neff Gould
Maurice Jones
Danny Marshall, *Chair*
Sandra F. Moss
Ed Owens
Ralph Smith
Robert Spiers

TROF COMMITTEE

Terry Kilgore, *Chair*
Danny Marshall
Frank Ruff, *Vice-Chair*

Strategic Planning
Missy Neff Gould - C
Rebecca Coleman - VC
Danny Marshall
Mary Rae Carter
Kathy Byron