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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southern Economic Development Committee Meeting

Monday, May 18, 2020
12:15 o'clock p.m.

(By Conference Call)

1 APPEARANCES:

2 The Honorable Edward Owens, Chairman

3 Ms. Gayle F. Barts

4 The Honorable James E. Edmunds, II

5 Dr. Alexis I. Ehrhardt

6 Mr. Robert Mills, Jr.

7 The Honorable Frank M. Ruff

8 Mr. Buddy Shelton

9 The Honorable William M. Stanley, Jr.

10

11 COMMISSION STAFF:

12 Mr. Evan Feinman, Executive Director

13 Mr. Andy Sorrell, Deputy Executive Director

14 Mr. Timothy S. Pfohl, Grants Director

15 Ms. Stephanie S. Kim, Director of Finance

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

17 Southside Virginia

18 Ms. Michele Faircloth, Grants Assistant

19 Southside Virginia

20 Mr. Jordan Butler, Public Relations Coordinator

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1 May 18, 2020

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MR. OWENS: I call the Southside Economic
4 Development Committee to order. Ask Evan to do roll call.

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MR. FEINMAN: Yes, sir, Mr. Chairman.

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Mr. Owens.

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MR. OWENS: Here.

8

MR. FEINMAN: Secretary Ball for Ms. Rasnick.

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SECRETARY BALL: (No response).

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MR. FEINMAN: Ms. Barts.

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MS. BARTS: Here.

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MR. FEINMAN: Delegate Edmunds.

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DELEGATE EDMUNDS: Here.

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MR. FEINMAN: Dr. Ehrhardt.

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DR. EHRHARDT: Here.

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MR. FEINMAN: Mr. Mills.

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MR. MILLS: Here.

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MR. FEINMAN: Senator Ruff.

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SENATOR RUFF: Here.

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MR. FEINMAN: Mr. Shelton.

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MR. SHELTON: Here.

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MR. FEINMAN: Senator Stanley.

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SENATOR STANLEY: Here.

24

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

25

MR. OWENS: Thank you, and welcome everybody,

1 wherever you are.

2 We need approval of the minutes of January 6, '20.

3 Do I have a motion for approval?

4 MR. MILLS: I move we approve it.

5 SENATOR RUFF: Second.

6 MR. OWENS: It's been moved and properly seconded.

7 Any further discussion? All right, it's been moved and seconded.

8 All those in favor, say aye. (Ayes). Opposed? (No response).

9 The minutes are passed. Thank you.

10 Turn it over to Ms. Capps.

11 MS. CAPPS: Thank you Mr. Chairman, and members
12 of the Committee. There are several existing grant projects that
13 are on your agenda for today.

14 The first one is from the Town of Broadnax, and it is a
15 request for a budget modification and increase the award
16 amount. This is a grant you all approved back in January of
17 2015 to support renovations to the historic 1860 railroad depot in
18 the Town of Broadnax.

19 For anybody who's not familiar where Broadnax is, on
20 the western edge of Brunswick County, along U.S. 58. This is in
21 support of the Tobacco Heritage Trail. The facility is intended to
22 serve as a trailhead and rest room facility for users of the
23 Tobacco Heritage Trail. The match funds for this is coming from
24 two different VDOT grants. You're going to see a trend with the
25 first three projects on the agenda today where the match is from

1 VDOT, which has a tendency to drag out projects and results in
2 them getting split into, their getting split into multiple phases
3 and carried out over multiple years.

4 Nonetheless, in the case with this project, the
5 architecture, when the A&E firm worked on the design, they had
6 trouble coming up with a design that, in the project budget, so
7 this resulted in the town approaching Staff about a modification
8 to the grant and increase the award amount by an additional
9 \$67,000, and that is what is needed to complete their renovation
10 on the interior and exterior of the train depot building.

11 This is a project that Staff is supportive of, so we are
12 suggesting it be tabled until the planned, until the next Southside
13 Economic round, which will take place this summer, where
14 awards will be made in September.

15 So, that's the Staff's recommendation on this one.

16 MR. FEINMAN: Mr. Chairman, the theory there is not
17 a statement by the Staff in support or opposition to this project,
18 but merely trying to respect our best practice, which is that if
19 you're going to be increasing an award amount, which is
20 effectively making a larger grant, that could be done in a
21 competitive setting where you're comparing the relative value of
22 that against other competitors for that funding.

23 Waiting until the round, ahead of our next meeting,
24 we'll provide you the opportunity to do that, whether or not you
25 take action in support of this project.

1 MR. OWENS: Okay. You want to go through all of
2 them, or do you take them individually?

3 MS. CAPPs: It's up to you.

4 MR. OWENS: Keep going.

5 MR. FEINMAN: I think we could move through them
6 and then you could take action.

7 MS. CAPPs: The next project is for Halifax County,
8 Grant Number 3148. This is a Tobacco Heritage Trail, Phase 1
9 project. They're requesting a six month extension until
10 November 24, 2020, to complete the project. This was a
11 \$200,000 grant that was awarded back in May of 2016, and it is
12 supporting construction costs for a 1.6-mile trail segment, that
13 connects to the Berry Hill Plantation. This is where the match
14 funds had to get split between two VDOT awards, and there were
15 delays associated with the second award and further delays with
16 negotiation between VDOT and the Project Engineer.

17 On this project, they did receive approval to proceed
18 with the construction contract. It was awarded in January of
19 2020, it is under construction and scheduled to be completed in
20 July of this year. They are requesting a six month extension to
21 allow sufficient time to complete those construction activities to
22 close out the grant.

23 Staff recommends approval of a six month extension
24 to November 24, 2020.

25 MR. OWENS: Any questions?

1 MS. CAPP: The next project is Town of Alberta. That
2 is also a Tobacco Heritage Trail project. This is \$104,066 in May
3 of 2016.

4 When this grant was approved, the scope of work for
5 a Tobacco Commission-funded project included the design of 5.2
6 mile trail segment to connect from the Town of Alberta to a
7 community in Danielstown, and that was for engineering design
8 work to be completed, and, also, an actual construction of a trail
9 segment that was six-tenths of a mile.

10 This was a project we had received prior to
11 committing these funds. We had received three applications and
12 a full application that were initially designed, or initially declined,
13 I should say. Staff had concerns that the six-tenths of a mile
14 trail segment would be a local recreational amenity.

15 When the Committee did approve this project and
16 Staff recommended it, it was in March. And because of the 5.2
17 trail segment, the engineering was going to be completed on and
18 would allow it to be competitive for construction funding. We felt
19 like having that as part of the scope of the project allowed for
20 this to be a project that would attract visitors from outside the
21 region when ultimately that larger trail segment was completed.
22 This project has been delayed similar to the others, and had to
23 be split into two grant awards, so there was a delay when they
24 could proceed.

25 We did receive some updates with the extension

1 request and, specifically, Staff had asked about the outcomes of
2 the project and deliverables that we were originally anticipating
3 and it was clarified that the 5.2 mile section was, instead of being
4 engineered, it was replaced with a concept plan. And the priority
5 for the funding was then placed on the construction of the six-
6 tenths of a mile stretch or trail segment.

7 It was also noted when that project went to bid, the
8 six-tenths of a mile trail segment was way over budget with the
9 lowest bid. At this point, they've had to modify the design and
10 they plan to go back to bid for a gravel base and an alternate bid
11 and a bid for it to be paved.

12 Nonetheless, when Staff reviewed the extension
13 request and changes that we became aware of, we were
14 concerned it no longer provided the outcome for which it was
15 originally awarded. We also point out that it appears it is
16 extremely expensive to build any substantial amount of trail
17 distance to the VDOT standards for engineering and design and
18 construction.

19 In this case, Staff is recommending no further action
20 with rescission of the remaining grant funds due to outcomes not
21 being achieved.

22 MR. OWENS: Anybody there from Alberta who wants
23 to address this? Nobody.

24 So, next?

25 MS. CAPPS: The next project is one you're probably

1 going to be familiar with from previous meetings. Prince Edward
2 County Industrial Access Road, Phase 2, Grant Number 3145.
3 The reason you'd be familiar with this, there are three grants
4 from the Commission, two from this Committee and one from
5 Special Projects, that is in support of the access road for the
6 Prince Edward County Business Park.

7 All those grants are from back in 2015 and 2016, and
8 they continue to show up on your agenda for extensions. The
9 County has proceeded with their application to VDOT, the access
10 road funds, and they were approved for a \$650,000 award in
11 January of this year. They now estimate it'll take 18 months to
12 complete construction of the road. So, they're asking for a two-
13 year extension to May 24, 2022.

14 MR. OWENS: Any questions?

15 MS. CAPPAS: The fifth project on the list, this is one
16 you recently awarded, Pittsylvania County Site Enhancement
17 Project for Grant Number 3580. This is a \$500,000 award,
18 approved last October for the Southern Virginia Multimodal Park,
19 the former Burlington Industries site, in the Town of Hurt in
20 northern Pittsylvania County. When this grant was approved, it
21 was subject to commitment by the company, Project Emotion, to
22 the site, and it also required a TROF-like performance
23 agreement. This was part of the financial incentive package that
24 the Commonwealth offered to the company.

25 The company is committing 200 jobs, with an average

1 of \$37,000, and \$34 million private capital investment. There
2 was an announcement on May 8th by the company making a
3 commitment to the region, and that company is Staunton River
4 Plastics, and it was in the news.

5 The County has agreed that the disbursement of funds
6 would be under a performance agreement and in arrears, and
7 that provides the assurances of the public outcome located with
8 the use of our grant funds public dollars. It also requires that the
9 end date on the grant should be adjusted to 2026 in order to
10 include the 48-month performance period, which was negotiated
11 by VEDP.

12 The Staff recommends approval of an extension to
13 October 10, 2026.

14 MR. OWENS: Are we comfortable going out six more
15 years? That's a long time, isn't it?

16 MR. FEINMAN: It is, Mr. Chairman. We always
17 default to a three-year performance agreement. In this instance,
18 as happens pretty frequently with economic development
19 incentive work to try to attract new corporate partners. Some of
20 our colleagues and other state agencies are also involved.

21 One of the things to insure that both the
22 Commonwealth and we keep track of what's going on and to be
23 customer-service focused when the attraction prospect is the
24 customer, aligning everybody's performance period simply makes
25 it easier for businesses and oversight agencies, as well as the

1 grant-making agency to keep track of who's doing what and
2 keeping track of what they do and do not need to do on a given
3 timeframe.

4 What we're trying to do here is align our performance
5 agreement to the performance agreement that has been
6 negotiated by VEDP, who always takes the lead in these
7 situations when they're involved. And I think that's proper.

8 MS. CAPPs: There's delay, as well, associated with
9 the further site work and construction of the building there at the
10 site. And that's in part the additional delay.

11 MR. OWENS: Anyone have any other questions?

12 MS. CAPPs: The last project that's listed on the
13 agenda, Lunenburg County Grant 3035, Acquisition and
14 Development of a New Industrial Park. This is on the agenda
15 because your Committee required a progress report from the
16 county at the May, 2020 meeting. This grant was awarded back
17 in May of 2015, it's a \$555,000 grant, and you approved a six
18 year extension in June of 2019. At that time, you made it
19 contingent on the award sun-setting at the end of that six-year
20 period. So, the final end date is May 21, 2021, a year from now.

21 You also required that the county report back to you
22 with a progress update. We included a memo from the county
23 with your agenda materials for you to review. We've been in
24 contact with the county on this grant, \$72,000 have been
25 disbursed so far toward acquisition. That happened back in

1 2016. And since then more recently, the county has clarified
2 their intention, they want to develop the site for small-scaled
3 business and light industrial use, and they presented a plan for
4 that.

5 We talked with them in a call in February where they
6 presented an idea for an exchange of property, five acres that
7 had road frontage, to be exchanged for five acres, with the IDA
8 in the back of the property. And we discussed the option with
9 them.

10 It would be a 1031 exchange and no cost for that
11 acquisition. We're waiting on additional information because
12 there is another school building on that five acres that would be
13 added to the current acreage. And that would require to be
14 demolished.

15 The county is in the process of evaluating asbestos for
16 remediation requirements and they're working with their
17 engineer, Timmons, on a demolition plan. We've asked for some
18 additional information related to the concept and layout for the
19 property if the five acres were added and waiting for specifics on
20 the cost estimates for the demolition plan.

21 With this update of your meeting, we also received
22 information from the county where they were suggesting that the
23 demolition work would be handled with a contract with the Town
24 of Victoria and presented as a fixed-price contract for \$402,000.
25 And that was not something Staff was comfortable with and

1 seemed contrary to our funding policy, whereby the Commission
2 funds cannot be used to support or supplant local funds and
3 seemed a little bit arbitrary, as well. And there was no evidence
4 of the town's qualifications to do the demolition work satisfactory
5 to meeting the specifications that would be needed under a
6 demolition plan provided by the engineers.

7 We have communicated our expectations to the
8 county in that regard, and we would expect for that construction
9 or demolition contract to be awarded through the process,
10 managed by the A&E firm to select a qualified contractor for that
11 work.

12 This is just a progress update. We continue to work
13 with the county, and we're waiting on details from them related
14 to the specific on the use of the balance of the funds for the site
15 improvement work.

16 No action required, this is just a progress update.

17 MR. OWENS: Okay. You heard the Staff
18 recommendations. Is that it?

19 MS. CAPPs: Yes, sir, that's it.

20 MR. OWENS: You heard the Staff recommendations.
21 You want to vote all these in a block?

22 SENATOR RUFF: Mr. Chairman, I move that we vote
23 on these in a block.

24 DR. EHRHARDT: I need to have 3580 pulled from the
25 block, please. Sorry, Senator Ruff.

1 MR. OWENS: We'll pull 3580. Do I hear a motion we
2 approve the Staff recommendation, excluding 3580?

3 MR. MILLS: I move that we approve excluding 3580.

4 DELEGATE EDMUNDS: Second.

5 MR. OWENS: It's been moved and seconded. Any
6 further discussion? Hearing none, all those in favor, say aye.
7 We have a motion and a properly second. Any further
8 discussion? Hearing none, all those in favor, say aye. (Ayes).
9 Opposed? (No response). The ayes have it.

10 Do I have a motion to approve 3580?

11 MR. MILLS: So moved.

12 MS. BARTS: Second.

13 MR. OWENS: I have a motion and a proper second.
14 Any further discussion? If not, all those in favor, say aye.
15 (Ayes).

16 DR. EHRHARDT: One abstention.

17 MR. OWENS: All right, that motion passes.
18 Any other business, Mr. Executive Director?

19 MR. FEINMAN: Mr. Chairman, we do not have any
20 other business for you at this time.

21 MR. OWENS: Any public comment? Hearing none,
22 the meeting is adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, Southern Economic Development Committee Meeting**, when held on Monday, May 18, 2020, at 12:15 o'clock p.m.

I further certify this is a true and accurate transcript, to the best of my ability to hear and understand the proceedings.

Given under my hand this _____ day of May, 2020.

Medford W. Howard

CCR