



AGENDA

SOUTHERN VIRGINIA COMMITTEE

Electronic Conference Call Meeting

Monday, September 28, 2020

9:00 A.M.

If accessing the meeting from the internet via a computer or smartphone, use this link to access the electronic meeting:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m9d0997054a492b2bc42029fcb5fb95a3>

If accessing the meeting by telephone dial: 1-408-418-9388 (US toll) and utilize the meeting number: 132 060 4648# and meeting password: ymMFXnD2f32 (96639632 from phones and video systems)

If you have any access issues at the time of the meeting, contact David Bringman via email at DBringman@revitalizeva.org or call 804-894-9659.

Welcome and Call to Order	<i>Evan Feinman, Executive Director</i>
Items Related to Remote Meeting	<i>Andy Sorrell, Deputy Director</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Election of Officers	<i>Evan Feinman, Executive Director</i>
Approval of the <u>6/22/20</u> Minutes	<i>(published on website)</i>
Southern Virginia Funding Applications	<i>Sarah Capps, Southern Regional Director</i>
Previously Tabled Applications	<i>Sarah Capps, Southern Regional Director</i>
Extensions and Modifications	<i>Sarah Capps, Southern Regional Director</i>
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

**FY21 Southern Virginia Program
Staff Summaries and Recommendations
September 28, 2020**

Staff announced a July 16th due date for proposals to the FY2021 Southern Virginia Program. Twelve applications were received, including one regional application, one of which was subsequently withdrawn. Project Summaries and Staff Comments/Recommendations are provided below for the eleven active applications. The Committee will meet electronically on Monday, September 28th at 9:00 a.m. on to act on these applications.

Req #	Locality	Organization	Project Title	Available Allocation	Request Amount	Staff Recom.
3668	Bedford	The Corporation for Jefferson's Poplar Forest	Construction of the Poplar Forest Parkway	\$103,468	\$103,468	\$103,468
3665	Campbell	Town of Altavista	Altavista Innovation, Accelerator and Coworking Space	\$184,306	\$184,306	\$184,306
3667	Halifax	South Boston-Halifax County Museum of Fine Arts and History	Crossing of the Dan Exhibit Relocation	\$1,913,147	\$19,000	No award
3661	Henry	Martinsville-Henry County Economic Development Corporation	Patriot Centre Industrial Park Water Line & Sewer Line Extensions	\$417,161	\$302,217	Loan up to \$417,161
3660	Nottoway	Nottoway County	Southside Gasification Project	\$859,302	\$750,000	No award
3664	Patrick	EDA of Patrick County	Patrick County Business Development Center	\$1,923,299	\$336,413	\$25,000
3658	Pittsylvania	Pittsylvania County	AEP loan to relocate transmission line at Southern Virginia Megasite	\$6,262,201	\$5,000,000	Loan up to \$5,000,000
3659		Pittsylvania County	SVMP Site Grading and Improvements - Lot 2		\$1,262,201	\$1,262,201
3663	Danville	City of Danville	SVMP Site Grading and Improvements - Lot 2	\$1,624,421	\$742,875	\$742,875
3669	Prince Edward	Prince Edward County	Prince Edward County Business Park Access Road	\$117,167	\$117,167	\$117,167
Sub-Total (10 requests)					\$8,817,647	\$7,852,178

Previously Tabled or Referred

3591	Charlotte	Charlotte County Industrial Development Authority	Shaw Carpet Building Renovation	\$564,778	\$585,000	No award.
3581	Halifax	Town of Halifax	Halifax War Memorial Heritage Tourism Site Enhancement Project	\$1,913,147	\$179,000	No award.

Sub-Total (2 requests)

\$764,000

Regional

3670	Regional	Virginia Health Care Foundation	Project Connect: Local Economic Recovery Relief During COVID-19 via Medicaid	n/a	\$371,546	\$280,160
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Sub-Total (1 request)

\$371,546

\$280,160

Total (13 requests)

\$9,953,193

\$8,132,338

BEDFORD

The Corporation for Jefferson's Poplar Forest Construction of the Poplar Forest Parkway (#3668) \$103,468 Requested

Project Summary: The full balance of \$103,468 available in the Bedford County allocation is requested to be used toward the approximately \$4 million estimated cost of constructing a new 2.2 mile parkway entrance into the historic Jefferson's Poplar Forest. Thomas Jefferson's Bedford County retreat is an award-winning historic restoration in progress, designated as a U.S. National Historic Landmark and listed on the U.S. National Register of Historic Places. Historians recognize the potential for Poplar Forest to rank with Monticello and Mt. Vernon as a major national tourist destination. The new entrance road has been part of the master planning efforts since at least 2002. Construction of this road is expected to transform the property and the ability to deliver a more-memorable visitor experience. The project will make hundreds of acres of the original plantation land accessible for interpretation and visitor exploration. The Corporation estimates that visitation will increase by 8,000 annually and visitor spending will increase by \$1.3 million annually.

Project Outputs: Construction of the 2.2 mile parkway, annual increase in visitation by 8,000, and generation of \$144,000 new revenue annually.

Staff Comments and Recommendation: The primary impediment to Poplar Forest's ability to grow visitation is that it is currently only accessible from a maze of residential roads in Bedford and Campbell counties. These roads hamper Poplar Forest's success because prospective visitors find them challenging to navigate and they cannot handle the growth in tourist traffic that is expected to occur with the vision for development and marketing of this national attraction. The request is consistent with TRRC priorities for funding of tourism destination infrastructure and meets the criteria for a site having demonstrated ability to attract a measurable increase in visitors and visitors spending from outside the Tobacco Region.

TRRC has provided support to the Corporation through five previous grants including a \$300,000 award in 2006 that went toward the \$3 million costs to acquire the 72 acres known as the Lower Field, which is the land where the new access road will be constructed and that will be opened to the public for interpretation and exploration. A 2015 Special Projects grant #3091 of \$500,000 will also support construction costs for this new access road. This grant is presented further in this report for an extension approval due to delays to the original schedule that were beyond the Corporation's control.

A report on the Estimated Economic and Fiscal Impact of Proposed Improvements developed by Mangum Economics in July 2014, was provided with the application. The annual economic impact on Tobacco Region localities attributed to Poplar Forest's growth plans related to the access road were estimated at increasing from \$4.7 million to \$6 million annually, and from 46 FTE jobs to 64, and state and local tax revenues increasing from \$236K to \$336K. Content from the current Marketing Plan was provided; as well as letters of support from Bedford County, its EDA, and Campbell County. The applicant estimates a \$144,000 increase in annual revenues from ticket sales, with these revenues supporting increases to operating costs including the addition of two new staff. Operating expense projections in the current year are in excess of revenues which the Corporation is addressing through the much larger capital campaign (of which the access road is one element). The Corporation has worked diligently to balance expenditures with revenues over the past 12 years following the loss of annually funding from the Commonwealth.

A detailed A&E cost estimate of \$4,017,675 was included with the application and reflects the fund-raising effort with \$3.5 million of the \$4 million needed committed at the time of application. The final gap in funding is expected to be made from private donors. Construction bids in April 2020 came in at \$5.67 million far in excess of available funds and negotiations with the lowest bidder to reduce the scope and costs were unsuccessful. The Corporation has developed revised construction plans with adjustments to reduce overall project costs and rebidding of the project is forthcoming, with plans to cast a broader reach to qualified contractors in the interest of advancing the project at a reasonable level within budget. Rebidding is currently underway and the Corporation estimates construction of the road to begin in early 2021.

Financial Viability Assessment: The applicant has demonstrated effective and impressive fundraising capacity, having raised \$3,446,287 of which almost 80% is in-hand. The applicant has been in existence for almost 40 years and appears to have strong leadership with the capacity to undertake and manage a project of this magnitude. Despite bids coming in over budget, the applicant has demonstrated its ability and willingness to adjust the scope of its project. Given the foregoing, there is a strong likelihood that this project will be constructed successfully.

Staff recommends approval of a \$103,468 grant award for road construction.

CAMPBELL

Town of Altavista

Altavista Innovation, Accelerator and Coworking Space (#3665)

\$184,306 Requested

Project Summary: The Town of Altavista requests funding to develop an entrepreneurial coworking space, transforming the vacant old fire station at its central location on 7th Street, in the heart of the Altavista downtown business district, into a center for business development activities. The scope of the project includes redevelopment of 5,625 sq. ft. of the first floor with interior and exterior renovations to the building and to the 0.24 acre property. The facility will have three primary functions: a business incubator, a business accelerator, and a coworking space. This project is facilitated by a close partnership of the Town with its EDA and “Altavista on Track” (the Town’s main street program). It is the central focus for the community’s leadership and its mission to improve and modernize community resources and services through smart technologies. Altavista plans to create a facility that can be leveraged to help attract new business and residents, expand existing business activity and establish Altavista as an innovative place to call home.

Project Outputs: Development of the Innovation, Accelerator and Coworking Space; on an annual basis: the creation of 15 new jobs, establishment of six new businesses, and provision of support to 15 existing/“young” businesses.

Staff Comments and Recommendation: Commission staff has worked with the Town and DHCD’s Main Street Program on the development of the proposed coworking space since early 2019, following a meeting with representatives from the Altavista EDA and Chamber of Commerce seeking ideas for addressing needs for individual and small office spaces in downtown, for business development and support services and for shared conferencing space. Concurrently, the Town contracted with Camoin Associates for an Economic Development Strategic Plan which also presented an incubator/coworking space as a recommended strategy for fostering small business development and cultivation of start-up businesses in the Town. Survey results for 65% of the under-35 population indicated they were “very interested” in teleworking job opportunities, providing further support for the concept.

Totaling \$325K, cash matching contributions toward the project far exceed the \$184K requested. Matching funds include \$25K from DHCD for the feasibility study, \$200K from the Town to support A&E and construction; and \$100K from USDA Rural Business Enterprise Program to support furnishings and equipment. A detailed cost estimate for \$401,859 renovations was provided. The Town already owns the property, valued at \$159K. Altavista on Track has committed its Main Street Coordinator to staff and operate the facility. Finally, the Altavista EDA and Campbell County will assist in marketing of the facility.

Summit Design and Engineering Services prepared a preliminary feasibility study. The study addresses the surrounding 18 mile radius or 22 minutes drive time, and provides examples for successful coworking spaces in smaller communities with details on varying options for operational models. The report includes schematic for a proposed layout and detailed design concepts for renovation. The final feasibility study is expected in September 2020, and staff has requested an update once it is available.

This project will support new and existing business development and expansion (a critical need for addressing high vacancy rates in downtown business districts) and also emphasize the ability of the coworking space to support growth of teleworking jobs in targeted sectors such as computer programming, writing, design, IT, marketing and business consulting. Space in the facility will be available for virtual job training and development.

The project timeline sets a target completion date of July 20, 2021 for the development of a five-year operational plan and development and implementation of a marketing and recruitment plan, while construction renovations would be completed a month earlier. The development of these plans, however, likely will influence final configuration of the space and should occur prior to construction. Staff suggests that draft plans be developed prior to award of the construction contract, acknowledging that these business documents will continue to be developed to a final version prior to the launch of the facility.

Financial Viability Assessment: The Town is to be commended for its methodical approach to this project. It has sought expertise from subject matter experts and engaged quality consultants. Projects with ongoing operational expenses necessarily carry heightened risk of viability. That Altavista on Track's Main Street Coordinator will be relocated to the facility to support its operations indicates stakeholders are willing to take creative approaches to manage expenses. As noted in the staff comments, a final feasibility study and an operational plan remain outstanding and should be prepared prior to construction. Waiting to incur significant expenses associated with construction until these have been completed is a prudent way to mitigate risk.

Staff recommends approval of the \$184,306 grant subject to the following conditions: (1) a favorable determination in the final feasibility study; (2) preparation and submission of an operational plan and a marketing and recruitment plan to TRRC staff for review and approval, prior to award of a construction contract.

HALIFAX

South Boston-Halifax County Museum of Fine Arts and History *Crossing of the Dan Exhibit Relocation (#3667)* \$19,000 Requested

Project Summary: Grant funding is requested to support direct costs for relocation of a historical Revolutionary War exhibit from its current location on an upper floor of The Prizery (a local arts center in

South Boston that was recently sold), to a new permanent location in the South Boston-Halifax County Museum for Fine Arts and History. The applicant reports nearly 50% of documented visitors to the Crossing of the Dan exhibit over the past six years were from outside of Virginia with the story of its historical significance being of interest to visitors from across the nation. Tourism outcomes are estimated at increasing by 530 visitors annually. If approved for funding, the Museum is committed to tracking and reporting actual visitation numbers.

Project Outputs: Final design, construction and relocation of the Crossing of the Dan exhibit and an increase in visitation by 530 annually.

Staff Comments and Recommendation: The Halifax County Historical Society invested \$325K to create this exhibit which has been installed at the Prizery location since 2008. The Virginia Tourism Corporation (VTC) website lists the exhibit as a highlight of the Southern Campaign of the Revolutionary War. The timeline for the project calls for completion of fundraising in order for the exhibit to be in place for the 240th anniversary of the Crossing of the Dan event which will occur in February 2021. Contributions for the pending request for relocation of the exhibit include \$30,000 from the Society with \$12,000 for Phase 1 renovations, and \$18,000 to match the TRRC request for a total of \$38,000 in Phase 2 costs related to new display cabinets and cases, new flooring and repainting, signage and other direct costs related to exhibit installation.

The applicant does a good job of articulating its belief that the relocation will result in an increase to the number of visitors from outside the region including synergies created with the location at the museum, dedicated marketing efforts, improved accessibility and a greater capacity in the larger facility and display area to accommodate visitors. Purported tourism impact resulting from the project is estimated at \$124,000 in new visitor spending annually. This figure is based on an increase of 530 visitors annually and utilizing VTC metrics to calculate impact.

This application is a modest request with a reasonable argument for the projects ability to demonstrate an increase in visitation numbers. Although the request is reasonable and well written, staff has concerns about setting a precedent for funding an existing exhibit at local art and history museums and questions the ability of the project to result in a measureable increase to visitor spending in the Tobacco Region.

Financial Viability Assessment: Given the modest scope of this project and the applicant's thorough planning in preparation, it is very likely that this project can be completed successfully. Nevertheless, projects such as this are outside of the Commission's funding priorities. In light of the applicant's strong fundraising ability, it is likely that the project could be completed without an investment of Commission resources.

An historic exhibit does not meet the Commission's criteria for being a national or international destination with the ability to attract measurable increase to visitors and visitor spending from outside the Tobacco Region, and therefore staff recommends no award.

HENRY

Martinsville-Henry County Economic Development Corporation
Patriot Centre Industrial Park Water & Sewer Line Extensions (#3661)
\$302,217 Requested (*reduced by applicant in application revised 8/14/20*)

Project Summary: Grant funds are requested to support 57% (\$302,217) of the \$528,880 estimated construction costs for extension of water and sewer lines to serve Lots 4 and 9 at the Patriot Centre

Industrial Park in Henry County. The project will result in extension of a 12” waterline by 3,112 linear feet on the eastern border of the industrial park and is identified as serving Lots 4 and 9; and extension of separate 8” sewer lines to both lots, resulting in construction of 615 linear feet and 793 linear feet, respectively.

Project Outputs: Extension of 12” water lines and 8” sewer lines to serve Lots 4 and 9 at the Patriot Centre.

Staff Comments and Recommendation: The original application did not satisfy the match requirements. After consulting with staff, the applicant reduced its request accordingly. The revised match includes \$226,663 cash contribution toward the construction costs (\$100K from the EDC; and \$226K from Henry County) and \$75,554 in-kind (25%) from Henry County related to engineering, inspection and easement acquisition.

The applicant indicates that the project will enhance the marketing of these two sites. Lot 4 is a 44 acre site with 18.4 graded pad certified by VEDP under its Business Ready Site Program, and designated as a Certified Food Processing Site by Ady-Austin Consulting. Lot 9 is a 14 acre site with 4.2 acre graded pad located adjacent to an electric substation. The applicant clarified that the new waterline would ultimately serve Lot 17A which is a 17 acre site with an 8.5 acre graded pad and potentially other sites east of Lot 17.

The EDC estimates possible economic outcomes for each of the two lots at between 25 to 100 jobs, and private capital investment at \$2.5 to \$10 million. The Patriot Centre is a very successful industrial park with 16 industries employing over 2,500 workers and with an experienced economic development team marketing the site. In order to satisfy VEDP’s requirements for BRSP certification, utilities must be able to be delivered within 12 months to meet the needs of an aggressive project timeline. In this case, the EDC indicated a nine-month construction timeline.

In general, when a project will result in revenue generating facilities, staff will recommend extending a loan rather than awarding a grant. As there is no active prospect, this project is speculative and it is not possible to estimate water and sewer revenues that could support the construction costs without estimated usage and the EDC will necessarily not have cash flow to support debt service. The staff recommendation below accounts for this by delaying repayment until an end user locates on one of the lots.

Financial Viability Assessment: As matching funds are not required if a loan is approved, the applicant could seek up to the full Henry County allocation (\$417,161) to finance a larger portion of construction costs. If this project is referred to the Virginia Resources Authority (VRA) for financing, VRA will perform credit analysis and underwriting before proceeding. If a grant is approved, while the applicant is to be commended for reducing the amount it requested to comply with statutory matching requirements, it is unclear whether the proposed match satisfies Commission policies and whether there are sufficient local funds committed to fund this project, including a reasonable contingency. Nevertheless, Martinsville and Henry County have a demonstrated commitment to investing in the Patriot Centre. To the extent there is a budget gap, it is recommended that the two communities provide evidence of sufficient local resources to fully fund the construction budget.

Staff recommends extending a loan to the applicant of up to \$417,161 for construction of the project at the Virginia Resources Authority’s 10-year, local government/moral obligation rate of 1.5%, with payments held in forbearance for up to five years or until an end user locates at one of the lots (whichever occurs first), at which point the applicant must repay the loan within five years.

NOTTOWAY

Nottoway County Southside Gasification Project (#3660) \$750,000 Requested

Project Summary: This request of \$750,000 is to support 100% of the capital costs for establishing a new privately-owned biochar processing business in Nottoway County utilizing switchgrass grown on local farmland and wood waste from a local wood mill as the primary input/feedstock. The facilities and equipment would be owned by the County and the operational partner would be Restoration Biofuels LLC, a partnership between Langseth Engineering and FDC Enterprises. All TRRC funding requested will be spent for A&E services performed by Langseth Engineering, construction of two small buildings, and installation of torrefaction equipment. The project will result in a capital investment of approximately \$750,000 and the creation of 15 new jobs.

Project Outputs: Construction, equipping, and operation of a biochar processing facility and two 12,000 shell buildings; capital investment of \$750,000 and creation of 15 new jobs.

Staff Comments and Recommendation: This proposal expands on the Nottoway Farm to Fuel project comprising of a 45,000 square foot steel building and weigh station for storage and processing of switchgrass as a biomass crop used as fuel for the state owned Piedmont Geriatrics Hospital. Construction of this facility was funded from two TRRC grants totaling \$882K that FDCE leases. Staff recognizes the successful business model established by FDCE and its growth opportunities, the fuel savings to the largest employer in the County, and the increasing annual payments benefiting landowners in Nottoway and surrounding counties.

Annual economic impact was listed at \$400K-\$500K which staff understands to be operational costs related to annual lease payments to landowners for FDCE to grow switchgrass feedstock, purchasing of wood mill waste, as well as the wages paid to employees. The proposal indicates that the facility would operate year round, 4 days per week at 10 hours per day (hours for one shift) and a plan to hire 3-5 people per shift with staffing “at the lower end” of this range. The economic impact content in the application lists 15 new jobs to be created at \$42,000 average salary and \$75,000 private capital investment within three years (though the \$75,000 may be a typographical error).

Because FDCE will be responsible for establishment, management and harvesting of all switchgrass plantings through 10-year contracts with landowners, there would be no distributed benefit to agriculture productions in the form of increased net farm income, and instead provided payments to landowners and a single agribusiness enterprise would be the primary beneficiary. In response to staff’s request, the company provided a business plan. It provided no information regarding the market opportunity, buyer and producer interests, or a pro-forma for projected revenues and operating expenses.

The cost estimates included in the proposal appear to be provided by Langseth Engineering, a beneficiary and the identified contractor. The basis for estimated costs for two 12,000 shell buildings was not provided, and neither were quotations for equipment purchases—all required items. No funding from the county, state (i.e., AFID), or federal sources is identified for cash contributions or incentives for the project. Solely for the purpose of comparison, a Tobacco Region Opportunity Fund grant award for a project with these metrics would be between \$2,000 and \$9,000 depending on the range of new jobs and capital investment used. Thus, the requested grant amount vastly exceeds the amount the Commission would award to a comparable economic development project.

Most concerning, the proposed budget does not identify costs or funding sources to satisfy the 1:1 match requirement for TRRC funding and the majority of match that is proffered is in-kind. Consideration of a loan is the only option for the Commission given the statutory requirement for at least 1:1 match for grant awards.

Given that a private business is the primary beneficiary, new job creation and capital investment are modest, there is scant evidence of desired agribusiness outcomes, and the applicant has not identified sufficient matching funds, this proposal is not appropriate for grant funding consideration.

Financial Viability Assessment: While the technology the applicant proposes is intriguing, the applicant provided insufficient information to assess the viability of this project favorably. The complete omission of financial information from the business plan does not indicate that this is a venture that has been thoroughly vetted. In addition, that public investment would so significantly outweigh private investment in a for-profit venture urges extreme caution.

Given that an individual business is the sole beneficiary of this request and there are no clear agribusiness outcomes, staff recommends no award.

PATRICK

Economic Development Authority of Patrick County Patrick County Business Development Center (#3664) \$336,412.50 Requested

Project Summary: Grant funds are requested to support approximately 50% of the estimated \$673,275 costs for acquisition and renovation of a 16,000 sq. ft. blighted commercial property in the Town of Stuart. The intended use of the property is for development of space dedicated to growing local business and the local business ecosystem.

Project Outputs: Creation of a business development center, creation of 20 new jobs annually, and generation of \$180K of new revenues for the EDA annually.

Staff Comments and Recommendation: This project hopes that a renovated facility will reverse trends of increasingly high vacancy rates in the business district, a declining workforce, and high rates of out-commuting.

Final build-out of the available floor space is identified as being contingent upon approval of grant funding and finalizing community partnerships. The applicant has developed a number of possible uses for the facility, but has not yet made final decisions. The applicant is considering using the facility to establish a business incubator, shared office space, an open office area and gathering rooms, training and conference rooms, and a coworking space.

The line-item detailed budget includes \$130,000 toward purchase of the property with an assessed value of \$315K; \$99,450 for contractual services primarily related to asbestos testing and remediation and with \$28,500 allocated for A&E; and the balance of \$373,325 estimated for renovations. Known issues with the property that must be addressed include asbestos tiles, drainage issues for the site and roof, and observed fire damage from a fire in 2016, but additional diligence is needed.

Staff recognizes and supports the business support and development interests as a primary strategy and focus for creating economic opportunities for Patrick County and the Town of Stuart, however, staff has

concerns about the readiness of this project. Among others, details that require attention include: determining who will manage and deliver business development activities, completing a market assessment to gauge interest by individuals or businesses for locating to or utilizing the space, and identifying the types of businesses for leasing space. The operating budget was very preliminary due to this uncertainty and there remain significant unknowns related to the nature and amount of potential project expenses.

Financial Viability Assessment: The applicant should be commended for developing a creative proposal that may yield economic opportunities for its residents and operating revenue for itself. Nevertheless, there is much uncertainty with respect to both initial construction costs and ongoing operation expenses of the proposed facility. For example, the proposed construction budget is exceptionally lean and lacks even a modest contingency for unanticipated expenses. If endorsed, the approach staff recommends will lead to the collection and analysis of data that will allow the applicant to further refine its vision and tailor its proposed project so it will have a greater likelihood of success.

Recognizing that this project's goal is meritorious and may yield practical job creation strategies for this community, staff recommends approval of a \$25,000 grant award to further study the facility, determine its highest and best uses, and assess the feasibility of those uses.

PITTSYLVANIA

Pittsylvania County

AEP loan to relocate transmission line at Southern Virginia Megasite (#3658) **\$5,000,000 Requested**

Project Summary: Funding is requested by the County for a \$5 million loan to finance the cost of contracting with AEP to relocate 4,000 linear feet of 69KV electric transmission line that transects the Southern Virginia Megasite at Berry Hill, a regional revenue-sharing park near Virginia's southern border with North Carolina and on the west side of Danville. The County requested that the loan be for a 10-year term at 0% interest to be repaid as a balloon payment once a load credit tenant is secured. Relocation of the powerline is identified as a high priority for the project partners in their pursuit of the coveted Megasite Certification from Quest Site Solutions (previously McCallum Sweeney), the site selection criteria used by large industrial projects and by every OEM automotive plant over the last three decades. Economic impact estimates for attraction of a regionally transformative prospect to this property based on recent interests are estimated at over 2000 jobs, \$50,000 average salary, and \$1+ billion private capital investments.

Project Outputs: Relocation of the 69KV electric transmission line; obtaining Quest Site Solutions' megasite certification.

Staff Comments and Recommendation: The Commission has invested approximately \$30 million in the Berry Hill site and staff recognizes the value of the megasite certification. Existing site infrastructure includes federal funding committed for a new road, availability of natural gas and main line rail access, and redundant water with capacity for over 6 MGD, sanitary sewer at 3 MGD, and capabilities for large megawatt dual feed electrical service. The Southern Virginia Regional Alliance, Pittsylvania County, City of Danville, and VEDP are highly engaged in marketing Berry Hill and are currently working with several prospects, noting that it is a finalist (final three) for an announcement that could result in \$5 billion capital investment and 10,000 jobs for the region.

A revised cost estimate indicates construction will cost approximately \$4.1 million. An earlier budget worksheet lists \$500,000 for contractual services and \$4.5 million for construction but will require adjustment based on the revised cost estimate.

The applicant presents the terms for a TRRC supported loan as a 10-year, no interest loan that would be repaid as a balloon payment only after AEP secured a load credit tenant. The proposed loan would be guaranteed by both Pittsylvania County and City of Danville, with repayment by the localities if a tenant is not secured within 10-years. The applicant further notes that AEP is not willing to pay interest on the loan. Staff has concerns about this level of funding being encumbered without any interest earnings and payback occurring in 10 years.

The Virginia General Assembly passed legislation in 2019 that allows for a pilot program to facilitate the construction of electric transmission infrastructure for megasites in rural areas of the Commonwealth. It is unclear whether this project for relocation of an existing power line to improve marketability of the megasite could be supported through the pilot program.

Staff recommends extending a loan to the applicant of up to \$4.5 million for relocation of the AEP transmission line at the Virginia Resources Authority's 10-year, local government/moral obligation rate of 1.5%, with payments held in forbearance for up to five years or until an end user locates at the site (whichever comes first), at which point the applicant must repay the loan within five years.

TWO APPLICATIONS – SAME PROJECT

Pittsylvania County

SVMP Site Grading and Improvements - Lot 2 (#3659)

\$1,262,201 Requested

DANVILLE

City of Danville

SVMP Site Grading and Improvements - Lot 2 (#3663)

\$742,875 Requested

Project Summary: Two applications, City of Danville (\$742,875 - #3663) and Pittsylvania County (\$1,262,201 - #3659), for a total of \$2,005,076 of grant funds are requested to support grading of a 50-acre pad site at the Southern Virginia Multimodal Park (the former Burlington Industries site) in the Town of Hurt. The request is to meet the needs of an active prospect, Project Wahoo, with a first phase of development expected to result in 100 new jobs with \$37,000 average salary and \$40 million private capital investment. The company requires a site large enough for at least 500,000 square-foot building. The SVMP is currently privately owned by Hurt Partners, LLC, and the Staunton River RIFA would purchase and own the property prior to investment in site development.

Project Outputs: Graded 50-acre site; the prospect's creation of 100 new jobs paying an average annual wage of \$37,000 and a capital investment of \$40 million.

Staff Comments and Recommendation: The localities that currently partner in the Staunton River RIFA, the Town of Hurt, Pittsylvania County, and City of Danville, are under an option agreement to purchase the entire 800+ acre SVMP from the current owner Hurt Partners, LLC. The SR RIFA has contracted with Dewberry Engineering to complete a master plan for the enter park which is currently

underway. Due diligence on the 50-acre site includes a Phase 1 Environmental Site Assessment with no areas of concern and the A&E has developed a high-level grading plan to confirm the ability of the site to accommodate the 50-acre pad.

The SVMP offers a unique asset as the transfer of the property includes a grandfathered water withdrawal permit for one million gallons per day from the Staunton River. The site also includes its own water treatment plant. SVMP is the only site in Danville and Pittsylvania County that is permitted and has the essential infrastructure in place to accommodate Project Wahoo's requirements for a high volume of non-chlorinated potable water. A water filter membrane plant would need to be constructed utilizing the existing river intakes.

The total project costs of \$3,994,361 is comprised of the detailed construction cost estimate of \$3,244,361 and land acquisition costs at \$15,000/acre, though these figures are still under development.

Additional infrastructure requirements necessary to serve the prospect include a \$5.8 million investment by the Pittsylvania County Service Authority for the membrane plant and related infrastructure; and \$4 million investment by the Town of Altavista and Pittsylvania County Service Authority for expansion of the Altavista treatment plant and a new pump station in Hurt for provision of 500,000 gpd water and sewer. The County indicates that SVMP is the preferred site by the prospect assuming the graded pad will be provided and would be under a strict performance agreement for job creation and private capital investment.

In September 2019, the Commission committed \$500,000 for the SVMP Site Enhancements project that resulted in the announcement of Staunton River Plastics announcing a 220,000 square foot building on a lower-pad site at SVMP and committing to the creation of 65 new jobs. The present request further expands the RIFA's development of the SVMP with the possible attraction of a second company to the site, returning it to a major employment center for the County.

Staff understands that the current prospect is drawn to this site because of the grandfathered water source. Absent the unique requirements of this prospect, staff otherwise would not recommend investing in sites that are not within existing publicly-owned regional business parks. However, given this particular prospect's unique requirements, staff recommends awarding a grant contingent on Project Wahoo's location at this site.

Financial Viability Assessment: The applicant has provided a credible cost estimate that includes a reasonable contingency. It has a demonstrated track record of successfully undertaking the development of industrial sites. Two localities with sufficient financial wherewithal participate in the RIFA and there is a high likelihood that this project will be completed successfully.

Staff recommends approval of the combined \$2,005,076 grant request (\$742,875 from the Danville allocation and \$1,262,201 from the Pittsylvania County allocation) contingent on Project Wahoo's location at this site at SVMP. Staff further recommends that the grant agreement provide for either (i) repayment of the grant if funds are paid before Project Wahoo acquires this site and Project Wahoo fails to locate at the site, or (ii) withholding all reimbursements until Project Wahoo locates at this site.

(Continued on next page)

PRINCE EDWARD

Prince Edward County

Prince Edward County Business Park Access Road (#3669)

\$117,167 Requested

Project Summary: The full balance of \$117,167 available in the Prince Edward County allocation is requested to support a portion of the \$2,097,000 estimated cost for construction of a 1,500 foot (0.28 mile) access road into the Prince Edward County Business Park. Matching funds for the project include a \$650,000 award from VDOT Access Road Funds that was approved in January 2020. The access road supports continued development of the County's primary business park that is being marketed to prospects for light to medium manufacturing and will provide access to four parcels that total 43 acres. In addition to the access road, another deliverable for the project is the extension of a 12" waterline for at least 900 linear feet.

Project Outputs: Construction of the 0.28 mile access road and extension of the 12" water line at least 900 linear feet.

Staff Comments and Recommendation: This request aligns with the Commission's funding priority for development of industrial parks for attraction of job creators to the region. Three previous grants awarded under the Special Projects and Southside Economic Development programs for a total of \$571,960 are currently committed to support the access road construction. The first request approved for funding in September 2015 (#3089) is included later in this report for approval of an extension to accommodate the current construction schedule. The full balance of TRRC funds remain in three grant project accounts and are available to support the construction costs.

The new road provides improved access to Lot 7A which was sold to an existing tenant in the park for a planned expansion, previously identified as a \$2 million private capital investment and 25 new jobs. The road will also provide access to Lot 7B (6.04 acres), which is graded and considered site ready, and to Lots 11 (9.42 acres) and Lot 13A (19.39), which are unimproved and will require additional investment. VEDP's website identifies this park as having graded pad sites capable of supporting buildings ranging from 36,000 to 100,000 square feet. The County and regional economic development staff identify ultimate plans for accommodating up to a 250,000 square foot building on the largest lot, which could result in at many as 300 new jobs and \$25 million capital investment. Prospect activity in 2020 includes seven companies with varying space needs between 25,000 and up to 275,000 square feet.

Approval of this request will be the fourth TRRC grant award for this project, and the total expected contributions by the County and from the VDOT grant that will serve as matching funds will be more than double the total committed funds from the Commission. To date, all expenditures for A&E work have been funded by the County. The project is now moving forward following a recent decision to enter into a contract with a new A&E firm. State and federal permit approvals are expected by the end of 2020, bidding is expected in early 2021, and construction is scheduled to be completed by October 2021.

Financial Viability Assessment: This is the fourth grant related to this project that the applicant has sought and, if awarded, TRRC support would total \$689,127—still less than half of the total estimated project costs. VDOT and the County's A&E have provided cost estimates and the amount budgeted is in line with one of the VDOT estimates. In addition, the budget includes an appropriate contingency in the event unexpected circumstances arise. VDOT has an active role in overseeing its Access Road projects, providing additional comfort that the project can be completed successfully.

Staff recommends approval of an \$117,167 grant award to support construction costs.

PREVIOUSLY TABLED OR REFERRED

CHARLOTTE

Charlotte County Industrial Development Authority
Shaw Carpet Building Renovation (#3591)
\$585,000 Requested

This application was submitted in 2019 for funding consideration under the FY20 Agribusiness program. The Agribusiness committee referred the application to the Southern Virginia Committee.

Project Summary: The former Shaw Carpet Building in Keysville will be acquired, renovated, and upfitted for Central Southside Hemp Processor's use as a regional hemp processing facility.

Staff Comments and Recommendation: Staff requested confirmation from the Charlotte County IDA of its interest in this project being reconsidered for funding and for any updates and additional information to be provided. No response was received. Significant deficiencies remain for the original application submittal including a lack of detailed renovation costs, failure to seek matching funds from DHCD's IRF program and the absence of a meaningful business plan for the hemp processing operation. In addition, it cannot be determined whether any of the Commission's desired agribusiness outcomes would result if this project proceeds.

Financial Viability Assessment: The current lack of information about the cost of building renovations and project parameters/impacts of the hemp processing operation make it impossible to both define the project and ascertain whether it is viable. The business plan presented does not consider expenses and revenues or any other details a typical business would consider. In addition, that investment of public funds from TRRC, DHCD and Virginia Growth Alliance would dwarf private investment 10:1 in a for-profit venture urges extreme caution.

The Commission made funding available for a specific round of applications to meet the needs of the Region associated with the industrial hemp industry. Staff believes that those needs have been or can be met by projects that have been completed or are underway. Staff recommends no award.

HALIFAX

Town of Halifax
Halifax War Memorial Heritage Tourism Site Enhancement Project (#3581)
\$179,000 Requested

This application was submitted in 2019 and considered for funding by the Southside Economic Development committee. In January 2020, the Full Commission tabled it.

Project Summary: The Town of Halifax seeks funding to supplement VDOT funds to extend decorative street lighting, signage, and landscaping around the Halifax County War Memorial connecting it to the Halifax Courthouse Square through safer pedestrian crosswalks and better ADA sidewalk access where

existing parking/future parking areas can be better utilized within the Town of Halifax Court House Historic District.

Staff Comments and Recommendation: As an initial matter, Halifax has largely completed this project without TRRC resources. A Halifax representative indicated that some signage and decorative elements remain outstanding. TRRC grant funding was sought for additional project costs represented as "streetscaping" related to construction costs for pedestrian crosswalks, lighting, signage, landscaping and ADA sidewalk access areas designed to connect to existing and future parking areas

Staff does not dispute that streetscape amenities improve the aesthetics of a community for residents and visitors, however, it is a significant deviation from Commission practice to fund streetscape improvements that are adjacent to visitor sites, relieving localities of the local VDOT match requirement. Staff sees no correlation between streetscape amenities and visitation to specific destination sites such as museums.

TRRC staff remains strongly committed to keeping economic development funds focused on tourism destinations of national/international importance and interest to out-of-region visitors. Streetscape improvements are an enormously expensive proposition that has been funded for decades by the VDOT enhancement program matched with local government funds. Staff strongly believes maintenance and improvement of public rights-of way such as streets and sidewalks is a responsibility of those agencies and localities, and that the Commission should not fund such projects.

Financial Viability Assessment: Given that this project has largely been completed with other resources, any additional funding for the originally intended purposes could not be considered to be a prudent investment of Commission resources. That said, the County is a competent and reliable steward of funds and could certainly complete the work promised.

Given that this Committee has previously recommended no award, the full Commission recommended that the project be tabled, and staff has never recommended funding for this project:

Staff strongly reiterates its opposition to using Commission resources for streetscape improvements as violating long established practice and stated policy. Furthermore, the project has largely been completed with other funds. Staff continues to recommends no award.

REGIONAL

Virginia Health Care Foundation (#3670)

Project Connect: Local Economic Recovery Relief During COVID-19 via Medicaid
\$371,546.00 Requested

Project Summary: The Virginia Health Care Foundation has applied for a grant of \$371,546 to support "Project Connect" for two years. VHCF will use the funding to pay for the cost of five outreach workers (three in the Southern Region and two in the Southwest Region) that will help enroll residents of the Region in Medicaid. VHCF will partner with five local and regional organizations that will each employ and support one outreach worker: the Virginia Legal Aid Society, Southwest Virginia Legal Aid Society, The Health Wagon, Danville-Pittsylvania Community Services, and the Martinsville-Henry County Coalition for Health and Wellness. Each outreach worker will enroll at least 325 new Region residents in Medicaid each year, or 1,625 annually. VHCF will evaluate the economic impact of new enrollments annually and track available data to estimate the amount of new Medicaid expenditures per enrollee in the Tobacco Region.

Project Outputs: Enrollment of 1,625 residents in Medicaid annually; increased spending of \$9.75 million at healthcare facilities in the Tobacco Region annually.

Staff Comments and Recommendation: In September 2018, the Commission awarded a \$500,000 grant (#3463) to VHCF through the former Special Projects program for a similar program called “Sign Up Now!” that partially supported eight outreach workers. VHCF expects to deplete this funding early in 2021. Despite some delay in recruiting the final eighth outreach worker, VHCF facilitated the enrollment of a significant number of Tobacco Region residents in Medicaid.

The economic disruption caused by COVID-19 has brought record job loss to the Tobacco Region. It is estimated that 74,166 residents of the Tobacco Region have lost their jobs, 45,241 of these newly unemployed also lost their health insurance, and 25,788 of these may be eligible for Medicaid coverage. In addition, COVID-19 has caused healthcare facilities nationally to struggle. For example, VHCF indicated that Sovah Health in Martinsville reported losing \$3 million per day in May. Chmura Economics performed an economic analysis that estimates about \$6,000 of new Medicaid spending will occur in the Tobacco Region for each new enrollee. Thus, approximately \$9.75 million of new spending at healthcare facilities in the Tobacco Region can be expected to result from this project.

Although healthcare is not a TRRC funding priority, increasing rates of those who are covered by health insurance will generate economic activity in the Region, enable healthcare institutions in the Region to create jobs and invest in their facilities, and provide a range of benefits to newly-covered residents. The TRRC Funding Policies caution against providing ongoing operating support beyond a start-up period (typically of up to three years). Because of the unique circumstances presented by COVID, VHCF’s credible characterization of “Project Connect” as an enrollment campaign that will target a different audience than 2018’s “Sign Up Now!” initiative, staff recommends a full award for year one but a reduced award for year two. The Commission’s core mission is to increase the capital base in the Region. When compared to the significant annual injection of capital of \$9.75 million expected to result from the new Medicaid enrollments, the requested amount is quite modest and should be considered as a prudent investment of Commission resources.

Financial Viability Assessment: Although TRRC funding would be used to provide operational support to VHCF for a total of five years if this request is fully funded, VHCF has credibly characterized how the proposed “Project Connect” campaign differs from the previous “Sign Up Now!” campaign. VHCF deployed outreach workers into the Tobacco Region effectively and demonstrated it has the financial and institutional wherewithal to adapt to difficult situations and administer “Project Connect” effectively. In addition, VHCF has secured commitments from several partner organizations that will provide matching funds in excess of the 1:1 matching requirement. Given the financial benefits that will accrue to healthcare institutions in the Region, it is realistic that VHCF will be able to identify other funders so its good work in the Tobacco Region may continue in year five and beyond.

Staff recommends approval of 100% of VHCF’s grant request for year one (\$186,773.50) with a 50% match requirement, and 50% of VHCF’s grant request for year two (\$93,386.75) with a 75% match requirement, for a total grant award of \$280,160.25.

OTHER BUSINESS:

EXTENSIONS AND MODIFICATIONS

Town of Brodnax

Brodnax Depot Renovation Project (#2975)

Request for One Year Extension

Staff Overview & Comments: The Commission approved a \$121,030 grant in January 2015 for acquisition and renovation of the historic 1860's railroad depot in the Town of Brodnax. This project involves the renovation of the 1,754 square foot facility to serve as a trailhead/restroom facility for users of the Tobacco Heritage Trail. The original award was contingent on approval of VDOT funding, which was required to be split into two phases with an amended contract that was finalized in early 2019. The Commission approved a fifth year extension and the current grant will end on January 1, 2021. A total of \$13,223 of grant funds have been used for acquisition of the depot and for architectural design fees. There remains a \$107,807 grant balance to support the renovations.

Construction bids were over budget in early 2020. The architect has worked to scale back the design and final design will require VDOT review prior to rebidding. Construction is scheduled to start in spring 2021 and to be completed by the end of 2021. The depot is a remarkable historic property at a prominent location and the primary focus for bringing economic revitalization to this former railroad town. Staff supports the one year extension approval.

Staff recommends approval of a one year extension to January 12, 2022.

Town of Alberta

Tobacco Heritage Trail – Alberta to Danieltown – Phase 1 (#3149)

5th year extension request

Staff Overview & Comments: The Commission approved a \$104,066 grant in May 2016 to support the minimum amount necessary to meet the match requirement for two VDOT grants. The scope of the original project included engineering/design of a 5.2 mile trail segment of the Tobacco Heritage Trail within Brunswick County from the Town of Alberta to the community of Danieltown and construction of a 0.6 mile trail segment within the Town of Alberta. The Commission's approval was based primarily on advancing the larger 5.2 mile trail segment to be ready for construction, with an accompanying focus on outcomes that were targeted to attracting visitors from outside the region, as opposed to the small 0.6 mile trail segment which would primarily serve as a local community recreational amenity. The Town experienced delays for a variety of reasons, some attributable to the split funding by VDOT, construction bids for the 0.6 mile section coming in much higher than anticipated, and revisions to specifications for the 0.6 mile section.

Without seeking permission from or informing Commission staff, the Town's project administrator—the Southside PDC—attempted to change the scope of the project to perform only conceptual design of the 5.2 mile section of trail (i.e., determine route/alignment) in lieu of performing full engineering design of this section.

At its June 2020 meeting, the Commission granted an interim extension to September 2020 to give time for the Town to obtain new bids based on adjusted construction specifications and discuss adjustments to the TRRC project budget subsequently. During a late August meeting with TRRC staff, the PDC revealed

that VDOT determined TRRC funds were not committed because of the interim extension despite the Town's project administrator having blessed the verbiage of the Commission's interim extension.

The PDC now requests an extension to September 30, 2021, a budget adjustment for all remaining TRRC funding to be used for construction of the 0.6 mile section of trail, and to use local funds to be spent on A&E fees associated with design engineering of the 5.2 mile section of trail to a Roanoke River Rails to Trails standard as matching funds. The reduced design standard means both A&E fees and ultimate construction of the 5.2 mile section will be more affordable if it proceeds.

Staff recommends approval of the budget revision and extension to September 30, 2021, contingent on the grantee completing design engineering of the 5.2 mile section of trail to a Roanoke River Rails to Trails standard or other standard approved by Commission staff prior to the Commission's release of any further grant funds.

Pittsylvania County

Cane Creek Centre Shell Building (#3352)

\$1,500,000 grant award approved – Request to convert grant to \$1,150,000 loan

Staff Overview & Comments: In January 2018, the Commission approved a \$1.5 million grant to Pittsylvania County that it planned to use to construct a 40,000 sq. ft. shell building designed for advanced manufacturers in the aerospace and automotive industries at the Cane Creek Industrial Park. The County has identified a private developer, Realty Link, that will construct a 100,000 sq. ft. shell building with an investment of only \$400,000 of Commission resources if affordable financing can be extended. The County has sold the property to Realty Link and indicates that construction has already commenced.

The County has requested that the Commission convert the previous \$1.5 million grant that was awarded into a partially forgivable \$1.15 million loan at 0% interest for five years. Of that \$1.15 million, the Commission would forgive \$400K once the shell building is substantially complete. If, by the end of the five year term, Realty Link has constructed a 100,000 sq. ft. shell building at Cane Creek, and an A&E has issued a certificate of substantial completion related to that building, then \$400K will be forgiven (leaving \$750K to be repaid). If the shell building is sold or a tenant leases it during the five year term, the \$750K balance would be due immediately. If the shell building is not sold or leased by the end of the five year term, then the County must repay the \$750K balance in a balloon payment.

Staff commends Pittsylvania County for developing a creative approach that will result in a larger, more marketable shell building at a successful business park and in a manner that conserves Commission resources.

Staff recommends converting grant #3352 to a loan of up to \$1.15 million that may be in the name of Pittsylvania County or its IDA subject to the following terms: (a) 0% interest for a five year term, (b) \$400,000 to be forgiven upon Realty Link's substantial completion of a 100,000 sq. ft. building at Cane Creek as determined by a licensed A&E, and (c) repayment of \$750,000 by the end of the five year term of the loan. Staff further recommends authorizing the Executive Director to take any additional actions necessary to execute the contemplated transaction.

OTHER BUSINESS:

ITEMS FROM THE SPECIAL PROJECTS COMMITTEE

The Corporation for Jefferson's Poplar Forest *Construction of the Poplar Forest Parkway (#3091)* Two Year Extension Request

Staff Overview & Comments: The grantee is requesting an extension to complete the project due to unanticipated that were delays beyond its control. This \$500,000 Special Projects grant was approved in September 2015, to support the then estimated ~ \$2.5 million costs for construction of a new permanent road of the estimated ~ 1.7 miles (now estimated at 2.2 miles) intended to transform Poplar Forest's by providing visitors with a new access to the physical site in a park-like setting and expanding interpretation by opening hundreds of acres of original plantation lands to visitor exploration.

At the time of the award an archeological survey of the proposed road corridor had been completed and design of the road was nearly complete. By October the Corporation's Board had contracted with Rieley & Associates to complete the construction documents. Initial challenges were with the permitting process by the U.S. Army Corps of Engineers, due to the road corridor unavoidably crossing several streams, and the inability to resolve stormwater design concerns, which ultimately resulted in the Corporation hiring a new engineer for the stormwater management aspect. Further delays were associated with the Corps' process involving other state and federal agencies including the Department of Historic Resources, the government shutdown in late 2018 and early 2019, and most recently delays receiving bids due to COVID and bid results being higher than estimated.

The Corporation's executive director has been in close contact with Commission staff throughout the project providing updates on the status. State and federal permitting issues are resolved and the grantee is anxious to proceed. The final design of the road increased its length from 1.7 miles to 2.2 miles and steps are being taken to address the increased costs. Construction plans were revised in August 2020 to reduce the scope and cost of the project and re-bidding is forthcoming in September with the construction contract expected to be initiated in spring 2021. While an eighteen month extension would likely be sufficient, staff suggests a full two year extension recognizing that the project can be closed early.

Staff recommends approval of a two year extension to September 23, 2022.

Prince Edward County *Prince Edward County Industrial Access Road (#3089)* Request for Two Year Extension to May 21, 2022

Staff Overview & Comments: This \$328,395 Special Projects grant award was approved in September 2015 to support site development work to expand available lots in the Prince Edward County Industrial Park. Construction of an access road extension was to be completed by November 2017. That did not occur and the project has been stagnated between changes in county staffing, an oversight of the application to the VDOT program not being submitted until 2019, and the identified need to contract with a different A&E to advance the project to completion. Matching funds were originally identified from VDOT Access Road funds, for which an award of \$650,000 was approved in January 2020. Two smaller awards from the Southside Economic Development committee –\$49,080 and \$194,485 awarded in 2016, are also committed to support this project and have received extension to 2022. The County approved a contract with a new A&E firm in August 2020 that is expected to accelerate completion of the project.

The revised project schedule which includes expectation to receive state and federal permit approvals by the end of 2020, bidding in early 2021, and construction to be completed by October 2021. Staff suggested to the County request the full two year extension in order to accommodate any further unanticipated and uncontrollable delays related to permitting or due to inefficiencies related to COVID.

Staff recommends approval of a two year extension to May 21, 2022.