



TABLE OF CONTENTS

Virginia Tobacco Region Revitalization Commission Fall 2024 Committee & Commission Meetings

**The MET, Patrick & Henry Community College
67 Motorsports Drive, Martinsville, Virginia**

September 25 - 26, 2024

MEETING LOGISTICS

Itinerary	1
Lodging and Meeting Sites – Directions and Information	2
Reception – Directions and Information	4

SOUTHERN VIRGINIA COMMITTEE	5
Agenda	6
Grant Projects and Extensions & Modifications	7

INCENTIVES AND LOANS COMMITTEE	35
Agenda	36
TROF Program: Extensions & Modifications, Updates	37
Tobacco Region Incentive for Agribusiness Development (TRIAD)	42

ENERGY INGENUITY COMMITTEE	51
Agenda	52
Grant Projects	53

SOUTHWEST VIRGINIA COMMITTEE	68
Agenda	69
Extensions & Modifications	70

STRATEGIC PLANNING COMMITTEE	73
Agenda	74
Strategic Planning Process and Proposal	75

FULL COMMISSION	79
Agenda	80
Financial Summary	81
TROF Loan Update	83
Current Committee Membership	86



ITINERARY

Virginia Tobacco Region Revitalization Commission Fall 2024 Tobacco Commission Meetings

**The MET, Patrick & Henry Community College
65 Motorsports Drive, Martinsville, VA 24112**

September 25 - 26, 2024

Wednesday, September 25, 2024

- 11:00am Southern Virginia Committee Meeting
- 12:30pm Lunch spread available
- 1:15pm Incentives & Loans Committee Meeting
- 2:45pm Break
- 3:00pm Energy Ingenuity Committee Meeting
- 4:30pm Southwest Virginia Committee Meeting
- 5:00pm Break
- 6:30pm Reception at Hamlet Vineyards

Thursday, September 26, 2024

- 8:15am Breakfast available
- 9:00am Strategic Planning Committee Meeting
- 10:30am Tour of P&HCC facilities
- 12:00pm Lunch spread available
- 12:30pm Full Commission Meeting

LODGING: INFORMATION AND DIRECTIONS



The Hampton Inn Martinsville

50 Hampton Dr, Martinsville, VA 24112
276-647-4700

From the east:

- Follow US-58 W through Danville
- Keep left to continue onto US-58 BUS W
- Turn right onto Hooker St
- Turn right onto Fairy St
- Turn left at 1st cross street onto Commonwealth Blvd E
- Turn right onto Virginia Ave
- Turn left onto Hampton Dr
- The hotel will be on the right

From the west:

- Take exit 81 for I-77 S toward Charlotte, NC
- Take exit 14 for US-58/US-221 toward Hillsville/Galax
- Turn left US-221 N/US-58 E/ Carrollton Pike
- Take the US-58 E ramp to US-52/ Martinsville/Danville
- Turn left onto VA-8 N
- Make a slight right onto VA-57 E
- Turn left onto VA-57/Main St
- Continue onto Barrows MI Rd/ N Virginia Ave
- Turn right onto Hampton Dr
- The hotel will be on the right

From the north:

- Follow US-220 S to VA-57 E; take the exit toward US-220 BUS S/Collinsville/ Martinsville
- Continue on US-220 BUS S/ N Virginia Ave
- Turn right on Hampton Dr
- The hotel will be on the right

Chatham House

The P&HCC President's Residence
44 Old Meadow Drive
Stanleytown, VA 24168

From The MET at P&HCC

- From The MET Building 1, turn right on Motorsports Dr
- Turn left on Beaver Creek Dr/ Tulter
- Turn right on VA-174/ Kings Mountain Rd
- Turn right onto Virginia Ave/ US-220 BUS
- This turns into VA-57 W/ Fairystone Park Hwy
- Turn right into the Edgewood Subdivision then a quick right
- Chatham House will be on the right



MEETING FACILITY: INFORMATION AND DIRECTIONS

The MET, Patrick & Henry Community College

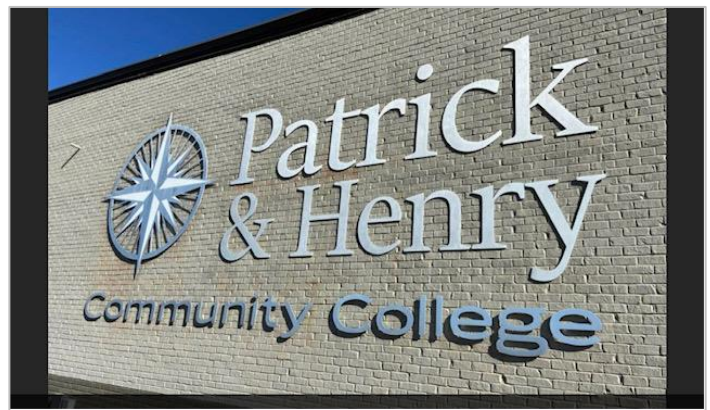
67 Motorsports Drive, Martinsville, Virginia 24112

276-656-5460

For more than 60 years, P&HCC has been serving Southern Virginia and beyond by lifting students and their families into a better life. Students choose to pursue short-term certification, a career and technical education associates degree, or a credential that allows them to transfer to a four-year university. The college's innovative team of nationally recognized educators utilize the latest instructional techniques and technology, which we will witness at The Manufacturing, Engineering, and Technology Complex (The MET), where our meetings will be held.

From the Hampton Inn Martinsville:

- Turn right onto Virginia Ave
- Turn left onto Stultz Rd
- At VC Dr, turn left to stay on Stultz Rd
- Turn left onto VA-174 W/Liberty St/ Kings Mountain Rd
- Turn right onto Beaver Creek Dr/Tulter
- Turn right onto Motorsports Dr
- The parking lot will be to the left
- Building 1 is on the left



From the east:

- Follow US 58 West toward Martinsville
- Turn right on Hooker St (between Hooker Furniture and Southern Finishing)
- Turn left on Commonwealth Boulevard
- Turn right on Liberty Street/Route 174/Kings Mountain Rd (in front of Liberty Fair Mall)
- Once on Kings Mountain Rd (State Route 174), take a right on Beaver Creek Dr/Tulter
- Turn right onto Motorsports Dr
- The parking lot will be to the left
- Building 1 is on the left

From the west:

- Follow US 58 East toward Martinsville
- Take the US 220 North bypass toward Roanoke
- Take the Collinsville/Martinsville exit (US 220 South- Business) onto Virginia Avenue
- Turn left at the first stoplight on Liberty Street/Route 174/Kings Mountain Rd
- Once on Kings Mountain Rd (State Route 174), take a right on Beaver Creek Dr/Tulter
- Turn right onto Motorsports Dr
- The parking lot will be to the left
- Building 1 is on the left

From the north:

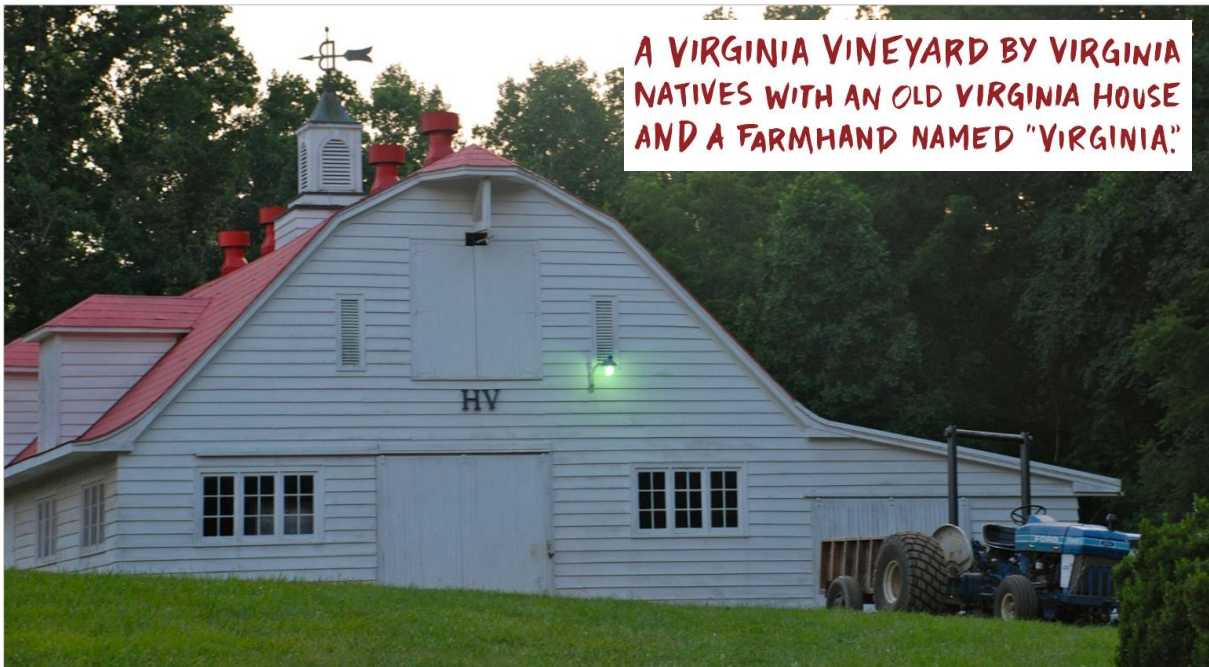
- Follow US 58 West toward Martinsville
- Turn right on Hooker Street (between Hooker Furniture and Southern Finishing)
- Turn left Commonwealth Boulevard
- Turn right on Liberty Street/Route 174/Kings Mountain Rd (in front of Liberty Fair Mall)
- Once on Kings Mountain Rd (State Route 174), take a right on Beaver Creek Dr/Tulter
- Turn right onto Motorsports Dr
- The parking lot will be to the left
- Building 1 is on the left

RECEPTION VENUE: INFORMATION AND DIRECTIONS

Hamlet Vineyards

405 Riverside Drive, Bassett, Virginia 24055

(276) 629-2121



The Hamlets, Virginia and Butch, a former Tobacco Commissioner, established Hamlet Vineyards in 2010 out of a love and admiration for winemaking. They have cultivated a beautiful and fruitful vineyard at this historic landmark on 300 acres of rich countryside in Bassett, Virginia. Partnering with Michael Shaps, owner and winemaker at Michael Shaps Wineworks, Hamlet's fruit and craft wines truly reflect the essence of Southern Virginia.

From Hampton Inn and east:

- Follow Virginia Ave/US-220 BUS N
- At Bassett Forks, continue onto VA-57 West
- Turn left onto T B Stanley Hwy
- Turn right onto Riverside Dr/ VA-57 Alt
- Turn left into the gravel drive just past the shopping center that is located on the right
- On the driveway, turn left at the fork
- The building will be ahead right
- Park in the field

From the west:

- Follow US 58 East to Martinsville
- Turn left onto VA-8 N/ Woolwine Hwy
- Make a slight right at VA-57 E/ Fairystone Park Hwy
- Continue on VA-57 E to Bassett; the road becomes Riverside Dr
- Turn right into the gravel drive; if you reach the intersection with T B Stanley Hwy on the left, you've gone too far
- On the driveway, turn left at the fork
- The building will be ahead right
- Park in the field

From the north:

- Follow US-220 to Martinsville
- At Bassett Forks, continue onto VA-57 West
- Turn left onto T B Stanley Hwy
- Turn right onto Riverside Dr/ VA-57 Alt
- Turn left into the gravel drive just past the shopping center that is located on the right
- On the driveway, turn left at the fork
- The building will be ahead right
- Park in the field

SOUTHERN VIRGINIA COMMITTEE



• In-Person Meeting •

AGENDA

SOUTHERN VIRGINIA COMMITTEE

**The MET, Patrick & Henry Community College
67 Motorsports Drive, Martinsville, VA 24112**

Wednesday, September 25, 2024

11:00 A.M.

If participating in the meeting by phone, dial: **1-332-249-0607** and enter access code: **623 690 842#**.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Virginia Freedom of Information Act. If you experience problems calling in, please contact: **Hannah Franke-Fuller** at (804) 894-9659 or hfranke-fuller@revitalizeva.org or **Roz Stein** at (804) 894-9651.

Welcome and Call to Order

Mr. Walter “Buddy” Shelton, Chair

Call of the Roll

The Honorable James Campos, Executive Director

Approval of the 5/21/2024 Minutes
(published on website)

Mr. Walter “Buddy” Shelton, Chair

Public Comment

Grant Projects

*The Honorable James Campos, Executive Director
Ms. Vicki Humphreys, Grants Director*

Extensions and Modifications

Ms. Vicki Humphreys, Grants Director

Other Business

The Honorable James Campos, Executive Director

Adjournment

**FY25 Southern Virginia Program
Staff Summaries and Recommendations
September 10, 2024**

The Virginia Tobacco Region Revitalization Commission received sixteen applications for the July 31, 2024, application deadline of the FY25 Southern Virginia Program. Applications are grouped by the four eligible investment categories. The Tobacco Commission’s Southern Virginia Committee will act on these funding requests at its meeting on September 25, 2024, at 11:00 a.m.

Req #	Organization	Project Title	Requested Amount	Staff Recommends
Agribusiness				
4222	Buckingham Cattlemen's Association	Parking expansion of the BCA BARN facility and Beef Hub	\$ 90,000	Withdrawn
4269	Cumberland County	Cumberland County Agricultural Economic Development Plan	\$ 20,000	\$ 20,000
4274	Franklin County	Harvesting Success: Markets for All	\$ 10,000	No Award
4270	Olde Dominion Agricultural Foundation	Enhancements to benefit co-mingling cattle sales and campsite visitors	\$ 350,128	\$ 350,128
Business Development				
4271	Town of Halifax	Halifax Exxon Redevelopment Project	\$ 305,000	\$ 285,729
4279	Pittsylvania County	Revitalization of Hurt's Staunton Plaza	\$ 700,000	\$ 610,257
4276	Virginia's Gateway Region	Regional Economic Development Marketing Support for Dinwiddie & Sussex Counties	\$ 75,000	\$ 75,000

Sites and Infrastructure				
4212	County of Bedford	New London Phase 2.1	\$ 1,107,500	\$ 750,000
			\$ 750,000	
4272	Brunswick County Industrial Development Authority	Greenhouse Project	\$ 208,820	\$ 96,910
4275	City of Danville	Coleman Site Graded Pad	\$ 4,018,375	\$ 1,500,000
4278	Dinwiddie County IDA	Dinwiddie County Innovation Park	\$ 3,117,940	\$ 1,617,940
			\$ 2,500,000	
4226	Franklin County	Increasing Sewer Capacity for Summit View Business Park, Franklin County	\$ 1,500,000	Withdrawn
4268	Greensville County	FASTA Tier 5 Project	\$ 1,150,000	\$ 1,150,000
4224	Sussex County	Sussex Green Enterprise Park: Infrastructure Planning & Design	\$ 1,929,372	\$ 406,250
			\$ 406,250	
Tourism				
4277	Dan River Basin Association	Marketing and Infrastructure Planning for the Southern VA Blueways System	\$ 147,500	\$ 107,250
4273	Patrick Henry Memorial Foundation	Highway Signage to Promote Tourism for Red Hill & Quarter Place	\$ 86,250	\$ 81,250

TOTAL (16 requests) \$12,317,323 \$ 7,050,714

Buckingham Cattlemen's Association

Parking expansion of the BCA BARN facility and Beef Hub (#4222)

~~\$90,000.00 Requested~~ Withdrawn

Executive Summary: The Buckingham Cattlemen’s Association has been striving to increase the opportunities and markets of cattle producers across the state and provide a trustworthy source of replacement cattle and services. It was a great honor to be supported by the Tobacco Region Revitalization Commission (TRRC), Virginia Department of Agriculture and Consumer Services, Buckingham and surrounding counties, and the Commonwealth Regional Council, in the construction of the Buckingham Agriculture Resource Network (BARN). The BARN facility has been expanding and adding services to the community since its construction. Recently, the TRRC and USDA Rural Business Development grant funded the BCA BARN Beef Hub. It provided a Refrigerator/Freezer unit and Refrigerator trailer at the BARN facility to assist producers in the piedmont region with accessibility to USDA processing and cooperative hauling, free delivery, and a finished beef program that simplifies the process for producers. We have and continue to exceed our expectations of the impact these programs and this facility is having in central and southside Virginia. In addition to this, many entities and communities, including local agritourism businesses and the local Amish community have been interested in using the facility to further its diverse use. However, they have voiced concerns about the limited parking capacity for livestock trailers and potential buyers. The limited parking space has posed a deterrent for large-scale events and farmers’ markets, as well as potential for additional sales and events. Since sales and events that can accommodate a high-volume of participants, as well as a high-volume of livestock, can bring in additional money and premiums, this expansion will benefit the community of Buckingham County and all those around it. Funds will be used to purchase and develop adjoining land for more parking.

Staff Comments: The Commission helped to create the BARN facility as a regional agricultural event center with \$815,860 contributed towards property acquisition, construction of building, and equipping with the first grant awarded in January 2013. The facility offers a 50’ X 60’ conference room for indoor workshops/events and a 140’ X 240’ outdoor arena with bleachers and capacity for 600 people and including a covered cattle handling working area. More recently a \$186,000 grant (#3756) awarded in May 2021 is supporting the cold storage facility for the BCA BARN Beef Hub.

An expanded parking facility will allow more livestock trailers and potential buyers for cattle sales and more vehicles during other events. The scope for the parking expansion project is still in development with the number of acres (between 3-5 acres) to be acquired and details of the purchase agreement are still being determined. The acreage and the size of the expanded parking area will inform the estimates and related opportunities to expand events in support of increasing new farm income for agriculture producers in the region. Matching funds are all being pursued. While the initial timeline was to have the parking available by November 2024, the applicant agrees with the staff recommendation to Table the application to allow time for the scope to be developed further and matching funds to be secured.

Staff Recommendation: This application was Withdrawn. No action required.

Cumberland County
Cumberland County Agricultural Economic Development Plan (#4269)
\$20,000.00 Requested

Executive Summary: Cumberland County is rural in nature and lacks the residential density required to attract certain businesses, including a traditional grocery store. Therefore, residents commute long distances to access food or for employment. To combat this, Cumberland County is seeking \$20,000 in grant funding to develop an Agricultural Economic Development Plan to identify gaps within the current agriculture centered economy. Once the gaps are identified, the consultant will provide strategic goals and recommendations on ways to grow Cumberland's agriculture sector to fill these gaps. This plan will also identify alternative models to the traditional grocery store that will make use of local agriculture to address the food desert within the County. Once this plan is complete, it will provide the County and its stakeholders with a roadmap to support and grow Cumberland's agricultural and local food economy through strategic investment in local market gaps.

Matching Funds:

- \$20,000 in 1:1 Matching Funds from Virginia AFID Planning Grant, application intended

Project Outputs

- Agricultural Economic Development Plan

Staff Comments: The Agricultural Economic Development plan will allow Cumberland County to pursue economic development opportunities suitable for the locality's rural nature. This is a modest request focused on reasonable areas of growth for Cumberland's agriculturally based economy. The scope of the intended study will examine three separate but related areas of potential growth. Through the planning process, the County will identify opportunities for larger or more intensive scale agriculture. The local food economy, including the marketing of locally grown and value-added products will be examined and growth opportunities for these businesses, including agritourism and other business options, will be identified. The plan will also address food access and food security concerns. Cumberland County is a rural food desert which lacks the density required for a traditional grocery store. Alternative models, utilizing locally grown agricultural products, will be outlined.

Financial Viability Assessment: A review of key viability criteria reveals an early-stage request for funding for increasing access to food outlets for community residents by identifying agricultural economic development assets in the County. The budget was well-structured and supported by a current quote from a third party specializing in these types of studies. Commitments for matching funds are not yet secured, which will necessitate a contingency being added to the recommendation to reduce risk and avoid long-term commitment of Commission funds. If the matching funds can be secured, the project will become viable and allow for the determination of the most effective strategies for mitigating the food desert conditions in the County and providing additional markets for area agricultural producers.

Staff Recommendation: Staff recommends a grant award up to \$20,000 for 50% of contractual expenses to complete an Agricultural Economic Development Plan contingent on acquisition of at least 1:1 matching funds.

Franklin County
Harvesting Success: Markets for All (#4274)
\$10,000.00 Requested

Executive Summary: This project seeks to elevate awareness of local farmers markets through comprehensive and strategic marketing initiatives, with targeted marketing to promote the availability and benefits of SNAP and WIC. By educating the community about these programs, we aim to facilitate greater access to nutritious food options for local families in need, thereby supporting public health and food security. Our markets feature a diverse array of vendors, including producers from neighboring communities. By increasing market visibility, we anticipate a rise in visitor numbers, which will directly contribute to higher sales for these vendors, ensuring more dollars go into the pockets of our hardworking local farmers.

Matching Funds:

- \$10,000 cash in hand from Franklin County for marketing programming and signage, marketing campaign and matching funds for SNAP/WIC markets

Project Outputs

- Market analysis
- Development of marketing materials – print, social, video

Staff Comments: This request is intended to increase awareness of the County’s farmers markets, particularly for those residents that receive SNAP and WIC benefits. Although each location currently uses social media to promote market events, the proposed project will result in a unified marketing approach. A formal marketing plan is not in place, but the applicant notes that a plan will be developed once a meeting has been held with the market managers. It is unclear if the markets are aware of the project.

Although the application states a clear focus on attracting recipients of SNAP and WIC benefits, it is unclear whether the promotional materials including the creation of flyers, posters, videos, signage, etc., will only be focused on this particular audience or if the content could be modified to also reach a broader audience. Applications supported under the Agribusiness investment category must document how the project will directly result in increased net farm revenue for region-based producers. A well-developed marketing plan is required to ensure that the project improves access to healthy and nutritious food for low-income families but also increases community awareness and attendance at farmers' markets.

Financial Viability Assessment: A review of key viability criteria indicates the lack of a marketing plan to identify strategies for promoting the County’s farmers markets, or any formal survey of current market participants to determine their marketing needs or ideas. The budget includes \$6,000 in SNAP funding to be used as match, but it is not clear how this funding is related to the completion of the project objectives. Based on the current presentation, Staff is not confident that the project would be an effective use of Commission funds.

Staff Recommendation: Staff recommends no award.

Olde Dominion Agricultural Foundation, Inc.

Enhancements to benefit co-mingling cattle sales and campsite visitors

(#4270)

\$350,128.00 Requested

Executive Summary: With the use of TRRC and matching funds, Olde Dominion Agricultural Foundation (ODAF) will have the equipment and infrastructure needed to better promote and support regional agriculture at the Olde Dominion Agricultural Complex (ODAC). This will be accomplished through a multifaceted approach. Funds will be used for a new bath house to support visitors to the camping areas. Additionally, the acquisition of a new skid steer and dump trailer will aid in the efficient movement of dirt and manure during events and co-mingling sales at ODAC. Alongside new equipment and a bath house, funds will be used to construct a new shavings and manure management area (Dry Stack Shelter) away from the current campgrounds to manage waste until it can be removed from the complex or sold for operating revenue. Finally, funds will be used to purchase and install roof fans in the cattle co-mingle barn.

Matching Funds:

- \$350,128 in 1:1 Matching Funds from Danville Regional Foundation, application intended.

Project Outputs

- Equipment purchases of a skid steer and dump trailer
- Installation of roof fans
- Construction of a dry stack shelter
- Construction of a bathhouse

Staff Comments: This request will enhance the existing facilities at ODAC which serves a critical role in promoting regional agricultural marketing opportunities in Southern Virginia. The complex is comprised of a 53,000SF heated indoor arena with capacity for 3,000 people, 8,000SF of flexible conference room/ banquet hall space, two warm up arenas, four barns (including a cattle handling co-mingle barn) with a 200+ stall capacity as well as a covered farmers market pavilion. Multiple agricultural agencies are in the complex. While the complex serves a variety of agricultural users, it is valuable for regional cattle farmers who can co-mingle loads of cattle and obtain higher sale prices. The application notes that in 2023, 2,394 head of cattle were sold for nearly \$1.2M. Recently the Cardinal News published an article about the importance of ODAC's co-mingling opportunities for cattle farmers. It noted that the cattle sold in 2023 earned a \$512 premium.

The improvements proposed in this application will allow ODAC to increase operational efficiency and provide a more comfortable environment for livestock. The acquisition of a skid steer and dump trailer will reduce labor costs and allow for more effective maintenance of the complex which will allow it to support a larger number of events. Installing roof fans will mitigate heat stress which can adversely affect the livestock's health and productivity. The addition of a bath house will provide additional amenities for campers.

Financial Viability Assessment: A review of key viability criteria reveals an early-stage request for funding for improving efficiency and marketability as a recognized asset for agribusiness in Southern Virginia. The budget was well-structured and supported by current quotes from several vendors.

Commitments for matching funds are not yet secured, which will necessitate a contingency being added to the recommendation to reduce risk and avoid long-term commitment of Commission funds. If the matching funds can be secured, the project will become more viable and ODAC would be able to increase the value it provides to the farmers utilizing the facility for livestock sales.

Staff Recommendation: Staff recommends a grant award up to \$350,128 for 50% of equipment and construction costs contingent on securing 1:1 matching funds within one year of award.

Business Development

Town of Halifax

Halifax Exxon Redevelopment Project (#4271)

\$305,000.00 Requested

Executive Summary: The Town of Halifax is seeking \$305,000 from the Southern Virginia Program to help redevelop the former Exxon Gas Station at 100 S. Main Street. In December 2021, the Town of Halifax was afforded a unique opportunity to acquire the former Exxon property for less than the appraised value. The Town now has the opportunity to partner with Patel, LLC to transform it into a restaurant, bottle shop, and beer & wine bar that will radically transform the downtown area. The Town will lease the property to Patel, LLC for no less than ten (10) years, allowing the Town to dictate how the property is redeveloped to achieve local and regional economic development goals and to assist the developer with up-front cash needs on an expensive endeavor with inherent risks.

Matching Funds: A total of \$1,436,600 Matching funds were presented from the following sources:

- \$1 million award from IRF, approved
- \$250,000 cash in hand from Patel, LLC
- \$186,600 cash in hand from Town of Halifax

Project Outputs

- Site improvements
- VDOT Commercial Entry Review/Permitting
- 1 new business with 15 jobs, 6 of which are full-time employees

Staff Comments: This project will result in the establishment of a new business in the Town of Halifax. Through the creative redevelopment of a long vacant and blighted former gas station, the Town will enhance its core downtown area. The project received a \$1M Industrial Revitalization Fund award earlier this year, but due to budgetary constraints, several exterior site improvement activities were removed from the project scope. The funds requested in this application will allow these activities, which are needed to improve connectivity and commercial access to adjacent property, to be completed. Upon completion, the building will be leased to Patel, LLC for no less than ten years. Patel will invest an additional \$250,000 for Furniture, Fixtures, and Equipment

(FFE), tenant upfits, and start-up costs related to the establishment of a restaurant, bottle shop, and beer and wine bar. The project will support the creation of 15 new jobs. Patel is an experienced restaurateur who has established similar businesses in North Carolina.

Most of this request (\$300,000) will be used for physical improvements to the property. The construction line item will be reduced by \$17,100 to reflect the removal of signage and site amenities including picnic tables, fire pits, and chairs which are not critical to the sitework component. These expenses appear more suitable for purchase by the tenant. A small portion (\$5,000) is requested to support grant administration provided by Southside PDC. Historically grant administration has not been an eligible use of TRRC funds however, the current Southern Virginia RFP (Request for Proposals) includes limited support to planning district commissions when the organization is directly involved in the coordination and administration of a project on behalf of member localities when the PDC is not already receiving payment from its member localities. This support is meant to assist localities with capacity constraints for seeking and administering grants. The allowance must not exceed 10% of the grant request and is limited to a maximum of \$5,000 for an individual project. The budget provided with the application requests \$5,000 for support for the PDC, with the remaining budgeted amount to be paid by the Town of Halifax. This amount exceeds the 10% limitation, and as such will be reduced to \$2,829 to correspond with the recommended budget.

Financial Viability Assessment: A review of key viability criteria indicates that this well-documented project proposal has been fully developed and costs are supported by quotes from third party contractors. Matching funds from appropriate sources are already in hand, and Commission funding will act as the last dollars to fill the necessary gap toward completion. Staff feel confident that the Town is well-positioned to ably carry out the project.

Staff Recommendation: Staff recommends a grant award up to \$285,729 for site improvements and associated PDC services.

Pittsylvania County

Revitalization of Hurt's Staunton Plaza (#4279)

\$700,000.00 Requested

Executive Summary: The requested grant funds will be allocated towards renovations of the Staunton Plaza in Hurt, VA, which include a new roof, updating the building's facade, refurbishing interior suites, and a modern, digital sign at the entrance. Tobacco Commission funds will be pointed towards the portions of the new roof, facade, and specific interior suites, including the co-working and virtual learning spaces, to increase workforce development opportunities in Hurt and the surrounding area.

Matching Funds: A total of \$1,837,890 Matching funds were presented from the following sources:

- \$1,637,890 from Danville Regional Foundation, application intended
- \$200,000 from Pittsylvania County IDA, application intended

Project Outputs

Roof replacement

Staff Comments: This funding request supports the redevelopment of a mostly vacant former retail space. The Staunton Plaza has 71,011 SF of space and currently is divided into 11 suites, the largest of which was a former Winn Dixie at 27,700 SF. The declining condition of the property has been detrimental to attracting economic development prospects over the years due to its prominent location on the major thoroughfare in this small town. The Town purchased the property in 2023 using ARPA funding with the intent to renovate the space to attract new tenants and address community needs. A USEPA Brownfields Assessment and Planning Grant was used to conduct due diligence on the property including environmental assessments, soil sampling, and conceptual planning. The TRRC application supports Phase 1 of a multi-phase redevelopment plan.

This renovated space will support a new childcare center, a virtual learning lab and community meeting space. As of 2023 approximately 36% of the Town's citizens lacked internet access. The creation of the learning lab will provide a valuable resource for these residents seeking to access educational and work opportunities, while also serving as a co-working space for small businesses. The Plaza will also house community meeting space, and the Staunton River Regional Industrial Facilities Authority will have dedicated office space at the site.

Due to the variety of intended uses for the redevelopment space, only a portion of which align with this program's investment priorities, care must be taken to determine the appropriate level of support expected from the Commission. Although childcare is a well-documented need across the region, it is not an eligible funding category for TRRC. The learning lab/coworking space best fits the goals of this program but represents only a modest percentage of the property's total square footage. The future use of the former Winn Dixie suite has not been determined but will be renovated and later leased to a new tenant. Despite this wide variety of future uses, the redevelopment of this property into an attractive and vibrant space is a positive outcome for this community. Under TRRC's Business Development investment category, the redevelopment of vacant, underutilized buildings resulting in the creation of professional office space for individuals or small businesses is a stated goal. When the Winn Dixie space is considered, it appears that approximately 43.5% of the property's total square footage has the potential to accomplish this goal. The replacement of the Plaza's roof is a particularly urgent need as it is critical to the stabilization of the property. The estimated cost of the roof replacement, which can begin as early as January 2025, is \$1,402,890. A reduced award of \$610,257 to assist with the roof expense will allow the Town to move ahead with this work as soon as all funding is in place. This amount is calculated using the 43.5% property square footage that best fits the objectives of this program.

Financial Viability Assessment: A review of key viability criteria reveals an early-stage request for funding for a business development project. The budget structure was modified to better match the funding priorities of the Commission, and the associated figures were documented with current quotes from several vendors. Commitments for matching funds are not yet secured, which will necessitate a contingency being added to the recommendation to reduce risk and avoid long-term commitment of Commission funds. If the matching funds can be secured, the project will become more viable and the upgrades to the property would benefit the community's image and hopefully lead to increased opportunities for economic development.

Staff Recommendation: Staff recommends a grant award of up to \$610,257 for 43% of the roofing costs contingent on securing commitments at least 1:1 matching funds within one year of award.

Virginia's Gateway Region

Regional Economic Development Marketing Support for Dinwiddie & Sussex Counties (#4276)

\$75,000.00 Requested

Executive Summary: Virginia's Gateway Region is requesting \$75,000 over three years (\$25,000 each year) for assistance in marketing Dinwiddie and Sussex Counties to attract new businesses to the area. These funds will be matched by \$75,000 over three years (\$18,750 in kind and \$56,250 cash in hand) from county contributions. TRRC funds will be used for lead generation, travel and marketing activities.

Matching Funds: A total of \$135,150 in Matching funds were presented from the following sources:

- \$28,125 from Dinwiddie County to Virginia's Gateway, over 3 years
- \$28,125 from Sussex County to Virginia's Gateway, over 3 years
- \$78,900 from travel expenses, estimated over 3 years

Project Outputs

- 2 new businesses recruited to the region
- 50 jobs created
- \$35,000,000 in private capital investment

Staff Comments: The funds requested in this application will assist VGR, a regional marketing organization, with expenses related to business attraction activities. Only two counties in VGA's seven county service region are in the TRRC region (Dinwiddie and Sussex). The request amount is based on a 2/7 proportion of the total cost of the organization's planned activities. The Commission funds are requested to be used over a three-year period to support lead generation, travel, and marketing activities. While these are all eligible activities, due to TRRC's extensive documentation requirements for expenses related to travel, Staff believes that a restructuring of the budget would simplify the reimbursement process. Under the new budget structure, TRRC funds will be used for only lead generation and marketing activities. The travel expenses would be paid with matching funds. The budget estimates presented with the application indicate that this change would only impact the specific use of Commission funds and would not impact the total grant amount. Lead generation events are often held in out of state or international locations. According to TRRC's Funding Policies, these activities must receive pre-approval from TRRC Staff. In this case, Staff will verify the event's purpose to ensure that its lead generation potential is clearly identified and funds will assist with the registration costs for these events while matching funds would pay for the travel expenses associated with each event.

The Commission has provided assistance to regional marketing organizations for several years, including a grant in 2018 which approved funding to each organization serving TRRC region localities. This funding has proven to be critical to ensure that the RMOs have adequate resources to effectively market the region.

Financial Viability Assessment: A review of key viability criteria indicates a reasonable approach to assisting a regional marketing organization where only a portion of their service territory lies within the Commission’s geographical footprint. The budget structure was modified to create efficiencies for both the applicant and Commission Staff in presenting expenses for reimbursement. Matching funds from appropriate sources are already in hand. Staff will monitor planning and outcomes to measure the effective use of the funds.

Staff Recommendation: Staff recommends a grant award up to \$75,000 for up to 50% of lead generation and marketing materials contingent upon a yearly travel plan being approved and documentation provided of companies met with during travel.

Sites & Infrastructure

County of Bedford

New London Phase 2.1 (#4212)

~~\$1,107,500.00 Requested~~ **\$750,000 Revised Request**

Executive Summary: The ultimate goal of this project is to finish the site development of the New London Business & Technology Center and create two pad-ready sites. However, given the total cost and the timeline, the Economic Development Authority would like to do the project in a phased approach. The initial phase of the proposed project (2.1) could be completed in 16 months, and would: 1) extend Meade Road to 100' beyond the entrance to Lot 16; 2) add a gravel road extension to provide access to Dominion's power line; 3) extend water and sewer lines; 4) add sidewalks, lighting, and a gravel parking lot for the park amenities; and 5) partially clear and grub the site. The next phase (2.2) will create two pad-ready sites to accommodate a 170,000 SF building and a 300,000 SF building for prospects.

Matching Funds: A total of \$2,250,000 Matching funds were presented from the following sources:

- \$1,500,000 - VEDP Virginia Business Ready Site Program for Phase 2.1, awarded.
- \$400,000 - Bedford County, requested for approval in FY25-29 capital improvements budget.
- \$350,000 - Bedford County EDA, cash in hand.

Project Outputs

- Design and construction of 2,200 linear feet of roadway and utilities.
- Clearing and grubbing of Lot 15.

Staff Comments: This funding request is for Phase 2 development of the New London site for the extension of Meade Road and on-site development to access an additional 220 acres of the property to address a demand for larger sites. The Tobacco Commission has invested \$7.9 million in site development and two buildings at New London Business & Technology Center (\$5.4 million went towards the property previously referred to as CAER which is now Liberty University's Center for Engineering Research and Education facility and includes a 28-acre Technology campus). New London currently hosts companies including Simplimatic Automation, Damage Prevention Solutions, Belvac Production Machinery, and RA Tools.

The original application requested a portion of the \$4.43 million total cost for Phase 2.1, with other funding sources including a \$2,215,000 request to VBRSP (Virginia Business Ready Sites Program) and \$1,507,500 proposed for local matching funds. The original scope of Phase 2.1 featured design and construction of 2,200 linear feet of roadway and utilities including installation of conduits and manholes for electrical and communications, street lighting, water, storm sewer, and sanitary sewer extension to Lot 15. Clearing and grubbing of Lot 15 would also occur.

The rescoped budget requests a reduced amount of \$750,000 from the Commission toward an overall project cost of \$3.0 million. This proposed project (Phase 2.1) could be completed within 16 months and will further extend the gravel portion Meade Road beyond the entrance to Lot 16; clear and grub lots 15 and 16; extend water and sewer lines; and add lighting as funds are available.

Long-term outcome projections for development of the larger of the two sites for a 25-acre pad ready site are based on two active prospects: one in the nuclear sector and a second for assembly and distribution. Both would require a site for a 300,000 square foot building. One is estimated to result in 250 new jobs and \$90,000 average salary/wage, and \$140 million private capital investment; and the second is estimated at 220 jobs and \$290 million private investment.

Staff notes that the Bedford County EDA currently has three available existing lots that are 20 acres or larger with road access in the already developed area of the 500-acre site. This includes Lot 4 (24.10 acres); a Tier 5 site identified as cleared and graded with 15 acres available and able to accommodate a 175,000 square foot building; Lot 9 (20.67 acres); and Lot 14 (48.59 acres) which the county indicates as unsuitable for a large building due to a seasonal wetland area in the center of the lot. While these are not sufficient to accommodate a 300,000 square foot building, they do represent an inventory of small and medium sized lots available for attracting companies to the region.

Financial Viability Assessment: A review of key viability criteria considers the revised budget from the applicant for completing a key development phase within a popular industrial park. At this point in the planning, major commitments in matching funds have been made by VEDP-VBRSP and the Bedford County EDA, with an additional \$400,000 under consideration in the Bedford County budget. The project's viability potential has increased with the progress on these funding commitments, and Staff feels comfortable with making a positive recommendation for moving forward with an award.

Staff Recommendation: Staff recommends a grant award up to \$750,000 for roadway construction and utilities.

Brunswick County Industrial Development Authority
Greenhouse Project (#4272)
\$208,820.00 Requested

Executive Summary: The successful implementation of Project Greenhouse at Roses Creek Farm in Brunswick County, VA, necessitates the purchase of nutrient, stream, and wetland credits totaling \$193,820. These expenses are crucial for meeting the stringent permitting requirements set by the Virginia Department of Environmental Quality (DEQ). However, this cost far exceeds the IDA's initial budget for permits. Securing this grant will be instrumental in offsetting these substantial fees, ensuring that the project can proceed without financial impediments. By covering these necessary permitting costs, the grant will enable Roses Creek Farm to adhere to all regulatory standards, paving the way for its groundbreaking work in sustainable agriculture and economic development in Brunswick County.

Matching Funds:

- \$96,910 in 1:1 Matching Funds from Saturn Bioponics

Project Outputs:

- Purchase of nutrient, stream and wetland credits as required by Virginia DEQ for the construction of Project Greenhouse

Staff Comments: The funds requested in this application are critical to the development of Project Greenhouse at Roses Creek Farm. The development of this property requires the purchase of nutrient, stream and wetland credits in order to meet Virginia Department of Environmental Quality requirements. Because the cost of these credits is higher than anticipated, assistance is needed to ensure that the purchase is completed in a timely manner and Project Greenhouse can proceed as planned. Rose Creek Farm will be the first US location for Saturn Bioponics, an international company specializing in hydroponic produce production. The Brunswick location will utilize approximately 14 acres of hydroponic greenhouse to produce lettuce for 12 months of the year. The project will result in the creation of 60 jobs.

A land purchase agreement between the BCIDA and Saturn Bioponics was included with the application. This agreement, dated November 2023, outlines the company's plans to purchase the 25.22-acre site from the BCIDA. A separate agreement documents the company's agreement to reimburse the IDA for 50% of environmental credit purchases, up to a maximum of \$96,910, upon closing on the property purchase. The applicant appears to be requesting 100% of the cost of the credits from TRRC. Based on the intended reimbursement by Saturn Bioponics, it appears that a reduced award, for approximately 50% of the cost of the credits, is appropriate.

Financial Viability Assessment: A review of key viability criteria reveals a site with an identified prospect needing additional support for environmental credits to complete the deal. The proposal's budget was modified to reflect the cost documentation provided and remove match funding declared for a separate road access project. The road access funding cannot be applied 50/50 across the expenses for the credit purchases being proposed for TRRC funding and presents a timing issue for reimbursement of expenses. It is preferable to see equal distribution of expenses across the pertinent budget line items between TRRC and the applicant organization. Staff believe this project

will be a positive investment by the Commission that will help the community to secure 60 projected new jobs.

Staff Recommendation: Staff recommends a grant award up to \$96,910 for 50% of the purchase of nutrient, stream, and wetland credits for Project Greenhouse, contingent on securing 1:1 match funding.

City of Danville

Coleman Site Graded Pad (#4275)

\$4,018,375.00 Requested

Executive Summary: The Coleman Site is a 158-acre industrial site owned by the Industrial Development Authority of Danville, Virginia (IDA). This site offers utility and transportation infrastructure conducive to large-scale manufacturing processes; however, it is undeveloped and has lost many projects due to the lack of a graded pad. The goal of this project is to complete site planning and engineering and construct an 80-acre graded pad, which will make the site more attractive to prospective industry by reducing risk and time to operations. Tobacco Commission funds will be used towards wetland and stream mitigation, grading, roadway extension, grading for a rail spur, and construction administration.

Matching Funds: A total of \$13,171,175 Matching funds were presented from the following sources:

- \$9,000,000 - VEDP Virginia Business Ready Site Program, awarded.
- \$3,000,000 - Danville Utilities, cash in hand.
- 1,171,175 – Danville IDA, cash in hand.

Project Outputs

- Final grading and stormwater plan for an 80-acre pad site
- Site development of an 80-acre pad site

Staff Comments: The funding requested in this application would further the development of an attractive and competitive industrial site within the city limits of Danville. Once complete the site will qualify as Tier 5 under the Virginia Business Ready Sites Program. The Coleman site is one of only four sites above 100 acres in the Southern Virginia region that has access to rail. It is the only site in the region with access to a water processing facility with 5MGD of capacity. The Coleman site, which is zoned for heavy industrial use, also features redundant electric infrastructure with 20MW of existing capacity that can be increased to 100MW with only small improvements to the substation. There is also access to natural gas and fiber infrastructure and sewer can be extended to the site within 18 months.

Since 2021, there have been 21 site inquiries from prospects. The construction of the proposed 80-acre pad will allow the City and IDA to present prospects with a location that can be developed quickly. The application notes that the pad's completion is expected to reduce a company's development timelines by about 19 months.

This is a highly competitive project which meets the objectives of the Southern Virginia Program RFP's Sites and Infrastructure investment category. Staff questions if the entire \$4,018,375 request amount is needed to complete the project. The Site Characterization Report, developed by Hurt & Proffitt and dated August 27, 2024, provides an estimate of \$16,218,550 reflecting the cost required to reach Tier 5 certification. Using this cost estimate, and considering the matching funds committed from Danville Utilities (\$3,000,000), Danville IDA (\$1,171,175), and VEDP – VBRSP (\$9,000,000), it appears that only \$3,047,375 is required to complete the funding package. Additionally, the FY25 Southern Virginia Program RFP limits support for Sites and Infrastructure projects to \$1,500,000. The Staff recommendation reflects this funding limit. Given the significant matching funds already committed to the project, the TRRC grant should also be limited to last dollar expenses after all other sources have been used.

Financial Viability Assessment: A review of key viability criteria reveals a site which has lost several prospects in its current condition. The proposal's budget was modified to reflect the cost documentation provided and the removal of a previous Commission grant to another organization that was included as match (Commission funds cannot be used to match additional Commission funds). All other declared match funding is in hand, and from a variety of appropriate sources which indicates solid support for the effort. The applicant has a strong track record in site development. Staff feels this project is a positive investment by the Commission that will help the community to achieve success in securing future prospects; however, Staff's recommendation is limited to the maximum amount of funding for projects in the Sites category.

Staff Recommendation: Staff recommends a grant award of \$1,500,000 which is the limit in this category per the RFP, contingent on matching funds being identified for the remaining \$1,547,375 part of the project, with Commission funding being used for last dollar expenses.

Dinwiddie County IDA

Dinwiddie County Innovation Park (#4278)

~~\$3,117,940.00 Requested~~ – \$2,500,000 Revised Request

Executive Summary: Dinwiddie County is in the process of developing the Dinwiddie Innovation Park. The Innovation Park is a mixed commercial and industrial development on the Dinwiddie South Central State Campus. The industrial park would provide economic opportunities for a technology-centered park and innovation hub and expand on the pharmaceutical cluster within the region. The grant application is for a portion of the property acquisition costs.

Matching Funds: A total of \$4,970,897 Matching funds were presented from the Dinwiddie County IDA for the following purposes:

- \$2,671,740 application intended for demolition of structures
- \$2,032,257 cash in hand for property acquisition
- \$266,900 cash in hand for contractual services (primarily storage tank removal)

Project Outputs:

- Purchase of approximately 300 acres of surplus land from the Department of General Services

Staff Comments: Dinwiddie County IDA's acquisition and redevelopment of the former South Central State Hospital Campus is a tremendous opportunity to create a 300-acre site adjacent to I-85 with close proximity to I-95. Due to the construction of a new Central State Hospital Campus, the existing campus has been declared surplus property by the Virginia Department of General Services. For over a decade the County has anticipated a potential acquisition of the property with a goal of utilizing the site for new economic development opportunities including those in the pharmaceutical and energy sectors. The site is adjacent to the recently expanded Dominion Energy Locks Campus which could provide an opportunity to recruit partnering industries to complement the High Voltage Laboratory. Transformer manufacturers have also expressed interest in the site due to the proximity to the Locks Campus. An active prospect has expressed interest in 150 acres on the northern side of the campus. This prospect is interested in developing warehousing, laydown yard space, and manufacturing space which would create 97 jobs and result in a \$72,500,000 capital investment.

The County recently made an offer to purchase the property for \$4,532,257. If awarded, the TRRC request will be applied to the purchase cost with the balance to be paid by the County. Acquisition is anticipated to occur before the end of 2024. A portion of the property would then be sold to the active prospect. No details were provided regarding the anticipated sales price, or the intended use of the proceeds, however the disposition is expected to occur by the end of January 2025. A Phase II Environmental Study will be required prior to the removal of underground storage tanks. These tanks were identified in the Phase I study already performed on the site. Once the tanks are removed the project can proceed with the demolition of existing structures. The demolition is estimated to cost \$2,671,740.

Despite Staff's enthusiastic support for this request, the full request amount cannot be recommended. The FY25 Southern Program Guidelines limit support for projects submitted under the Sites and Infrastructure investment category to \$1,500,000. The application originally requested \$3,117,940; however, that amount was reduced to \$2,500,000. Unfortunately, the reduced request still exceeds the stated \$1,500,000 funding limit. Before accessing the general Southern Program funding, localities must utilize any remaining allocation balances. Dinwiddie County has an allocation balance of \$1,617,940. Although this amount exceeds the category's funding limit, a reasonable concession is to allow the use of the full allocation balance to be used for property acquisition. The project timeline provided by the applicant anticipates a future application to assist with demolition expenses, and this may be another avenue through which the Commission can provide additional support for this project.

Financial Viability Assessment: A review of key viability criteria indicates a very promising opportunity for the development of a strategically located site for new business development, which is already attracting interest from prospects. The proposal had a well-developed budget with appropriate documentation of costs. All match funding is in hand. The applicant has a strong record of accomplishment in site development. To minimize the commitment's impact on Commission resources, a contingency on a relatively quick purchase would be in order. Given the solid combination of funding in place, favorable location, prospect interest and ample capacity to

complete the project, staff feels this project is a sound investment for the Commission at the recommended amount.

Staff Recommendation: Staff recommends a grant award of \$1,617,940, which is the amount left in the county's allocation, for the acquisition of 300 acres of surplus land from the Department of General Services, contingent on the purchase taking place within one year and at least 1:1 Matching funds being secured.

Franklin County

Increasing Sewer Capacity for Summit View Business Park, Franklin County (#4226)

~~\$1,500,000.00 Requested~~ Withdrawn

Executive Summary: Franklin County is looking to increase the sewer capacity at their Summit View Business Park. This main sewer line is the backbone of the overall U.S. 220 North corridor wastewater system, and the increased capacity will enable the Summit View Business Park to compete for a wider range of projects and better match the capacity of large acreage that includes one of the few 100-acre business sites in the Commonwealth. Planning funding is needed for engineering, inspection, and construction to increase the ultimate sewer line and treatment plant capacity to 400,000 gpd. The study will require an evaluation of the sewer collection system and possible upgrades to certain minor components of the collection system.;

Staff Comments: The focus of this \$1.5 million funding request is to address the wastewater capacity limitation which is the primary inhibiting factor for continued growth at Summit View Business Park in Franklin County.

Summit View encompasses 550 acres separated into North and South regions with both areas located adjacent to U.S. Route 220 in northern Franklin County. The vision for the business park with designated public open space is to serve as a community hub for jobs and recreation. The master plan estimates the potential for 15-20 new businesses with \$300 million in private investment and creation of 2,200 new jobs at ultimate build-out. The Commission has provided over \$3 million in funding under five grants to support the development of the property; as well as TROF incentives for private companies.

The North region hosts Stik-Pak Solutions Inc., a clean manufacturing company providing contract packing solutions. The company invested ~ \$10 million in a 50,000 square foot building and equipment on a 7-acre site in the North region of Summit View opening its operation in 2021. In 2020 the California based Traditional Medicinals committed to establishing its East Coast herbal tea manufacturing and processing facility on a 30-acre pad site in North area of Summit View. The company with plans to invest \$29.7 million and create 56 new jobs has not yet located to the site.

The South region of Summit View hosts the ValleyStar Credit Union's Administrative Campus which also opened its 19,000 square-foot administrative facility in 2021. The ValleyStar building has a high-tech feel designed by Spectrum Design taking advance of expansive views and natural materials with the landscape being a key feature of the interior space. The Summit View location

houses the credit union's executive team, IT and members from the accounting and marketing teams. The South region also hosts the Foothills Produce Auction which supports the vibrant agriculture sector of Franklin County's economy.

The primary objective of the proposed project, including the scope of work under the Matching funds request to VEDP's VBRSP, is to provide for between 400,000 gpd and 600,000 gpd for tenants at Summit View. The VBRSP assessment for Summit View identifies 110,000 gpd wastewater capacity available and a preliminary design for 250,000 gpd. A previous Commission grant for \$250K (#3597) supported expansion of the wastewater treatment capacity to 115,000 gpd, with construction of 7,100 linear feet of 8-inch sewer force main extension tying into the Town of Rocky Mount's sewer treatment system. Several aspects of the multi-phase project are needed in the next stages of planning/design and construction to provide the wastewater capacity solution. TRRC funding is requested for Phase 4B engineering and inspection, and for evaluation for possible updates to components needed for increasing capacity with the existing sewer collection system. Matching funds are requested for construction of 7,000 linear feet of force main and gravity sewer to connect to existing sewer line that dumps into pump station at Town of Rocky Mount's Wastewater Treatment Plan. A \$3.6 million estimate was provided for work requested for funding from VEDP.

Staff requested supporting cost estimates for the \$1.5 million requested from the Commission. A February 2024 estimate for \$224,195 from Whitman, Requardt & Associates engineers services that was provided to the Western Virginia Water Authority for costs to evaluate the sewer collection and system and identification of possible upgrades to components of the system was provided. This A&E work is for Phase 4B-Systems Inspection/Modeling. This would be underway in tandem with an evaluation of improvements needed to increase capacity. A separate cost estimate for ~ \$712,500 was provided by WVWA with potential costs for the Investigation and Study including engineering, pipe cleaning, CCTV, point repairs and patches, flow monitoring and contractor support. The rehabilitation work assuming 50% of the lines would need maintenance improvements was estimated by WVWA to cost \$755,492.

Recognizing that the scope of the total project for the wastewater solution is currently being vetted by VEDP which is the source of the largest portion of the project funding, it is recommended that the application be Tabled until the VBRSP Funding Committee Approval Committee decisions are made in June 2024. An award from the Commission should align in scope and amount with an award from VEDP. Tabling will also allow time for the County to further refine the cost estimate for the proposed work.

***Staff Recommendation:* This application was Withdrawn. No action required.**

Greensville County
FASTA Tier 5 Project (#4268)
\$1,150,000.00 Requested

Executive Summary: Funds will be used to clear a publicly owned industrial site and create an 8-acre graded pad for a future shell building of 50,000 square feet. The funds will also be used to complete the design of the shell building. These activities will create the only tier 5 site in the economically distressed region.

Matching Funds:

- \$1,150,000 – Greensville County, cash in hand.

Project Outputs

- 8-acre graded pad to include storm water pond
- Engineering of 50,000 square foot shell building

Staff Comments: The funding requested in this application will increase the tier certification of the 52-acre FASTA site, the only remaining publicly owned site in Greensville County, from Tier 4 to Tier 5. Over the past two years, six (6) prospects have requested information on the FASTA site. The potential investment by these prospects ranged from \$5.5M to \$40M with job numbers ranging from 50 to 150. Although due diligence has been performed on the site and development risks mitigated, the land is forested which makes it difficult to show to prospects who are concerned about the additional time that would be required to develop the location. This request will result in the development of a cleared and graded 8-acre pad. The shovel-ready site that will be developed will be more marketable to future clients. Upon completion, this will be the only Tier 5 site in the region.

Additionally, a 50,000 SF shell building will be designed for the location. The application notes that VEDP has strongly encouraged the development of the shell building due to increasing pressure from prospects looking for sites that can be quickly developed for occupancy. Completion of design will allow the County to present clients with a firm timeline and cost estimate to build on the graded pad.

The FASTA site is a highly marketable and strategically located site adjacent to I-95. A site plan has been developed, and upon the Commission's approval of funding, construction can proceed within a short time. Under the proposed timeline, construction bids will be accepted in March 2025 with site work beginning in May and completed within six months.

Financial Viability Assessment: A review of key viability criteria indicates an opportunity for the upgrading of a strategically located, publicly owned economic development site. The proposal had a well-developed budget with appropriate documentation of cost estimates. All match funding is in hand from the locality. The project is not extraordinarily complex, and staff feels it can be completed in a relatively short period following the award.

Staff Recommendation: Staff recommends a grant award up to \$1,150,000 for up to 50% of contractual and site construction costs.

Sussex County

Sussex County: Sussex Green Enterprise Park: Infrastructure Planning and Design (previously called “Sussex Megasite: Infrastructure Planning & Design”) (#4224)

~~\$1,929,372.00 Requested~~ \$406,250 Revised Request

Executive Summary: As a result of grant funding provided by the TRRC and VEDP in 2023, Sussex County recently completed several activities to take a fresh look at its Megasite (now called Sussex Green Enterprise Park), including: (1) master planning and conceptual design to maximize site layouts and uses, (2) evaluation of natural gas delivery opportunities, (3) updates to required environmental studies, and (4) assessments of options to increase the volume of water available to the site. Several other activities are nearing completion, which - in tandem with the others mentioned - will provide the County with a comprehensive roadmap and strategy to competitively advance the Sussex Green Enterprise Park toward the County's ultimate goal: site readiness and development. This request for additional funding is primarily focused on projects identified and/or informed by the 2023 grant that will reduce lead times in delivering essential infrastructure to the property, including: (1) Route 460 Waterline Design, (2) Designs for Treated Wastewater Facilities, (3) Electrical Demand Study, (4) Natural Gas Pipeline and Point of Delivery Design, (5) Well Exploration/Well Development to fully examine all available water options, and (6) a Route 460 Waterline Economic Impact and Market Study.

The project was tabled at the May 2024 Commission Meeting to continue refining the proposal and learn about pending funding from potential match sources. The project was ultimately reduced in scope, and Sussex County presented a revised proposal for consideration at the September Commission meeting for \$406,250 towards a total project cost of \$2.3MM. The original proposal requested \$1.9MM in Commission funding towards a total project cost of over \$11MM.

Matching Funds: A total of \$1,186,750 in matching funds were presented from the following sources:

- \$1,500,000 - VEDP Virginia Business Ready Site Program, awarded.
- \$366,750 – Sussex County, application intended.

Project Outputs:

- Treated wastewater facilities design
- Electrical demand study
- Natural gas pipeline design
- Natural gas point of delivery design
- Well exploration/Well development study
- Economic Impact Study of Route 460 water line

Staff Comments: This application is to support engineering and planning services for the Sussex Green Enterprise Park property, which is already a Tier 4 site. Since 2005, the Commission has invested over \$10.2 million in this site, primarily from the Megasite Program. Sussex Green has

1,130 acres, with the two largest contiguous developable acreage identified as 595 acres, and 112 acres, both of which have a Tier 4 site characterization. A 2018 letter certified the site as Tier 4 and the site was identified “as the only Tier 4 certified site over 1,000 acres with significant Norfolk Southern rail frontage... and a key strategic property within the Commonwealth of Virginia’s inventory of large sites.” The characterization as Tier 4 confirms all infrastructure is in place or would be deliverable within 12 months; and certifies that all permit issues have been identified and qualified.

When the Commission first approved funding the Sussex County Megasite in December 2010, total costs to develop the site were estimated at \$15.4 million and future costs of \$7.6 million for grading, water and sewer. The initial TRRC award of \$250,000 for PER and related engineering/assessment was premised on the need for evaluating potential pads, road and rail access, wastewater expansion and the reliability of the well water system before committing to site acquisition.

When grant funds were approved in 2012 towards acquisition of 982 acres including the mentioned 300-acre sub-parcel, the site was recognized as having existing on-site utilities for water, sewer, gas and electric, as well as direct road and rail access to the Port of Virginia. The site was celebrated as being well-positioned to accommodate a major supplier to the nearby Rolls-Royce plant in Prince George County. The Black Swamp Wastewater Treatment Facility adjacent to the site was expandable to 1.8 MGD, to provide 1.2 MGD capacity to the site; and the existing 12” waterline located east of the site had capacity to provide 1500-2000 GPM, with an additional 0.50 MGD available with tanks and booster pumps. It was conveyed to the Commission that the processed water could be increased to 1.8 MGD once industry located to the site; and the Sussex Service Authority was working with DEQ to increase the quantity of groundwater able to be withdrawn under their withdrawal permit. Other infrastructure at the site included two main electrical transmission lines (115k and 500kv) running through portions of the site; and natural gas was available at the intersection of Route 460 and Route 602 near the western edge of the site.

When Project Glove selected the Sussex Megasite as a finalist in 2021, it was discovered that the Commonwealth had implemented groundwater withdrawal limitations for the Potomac Aquifer, creating an inability to meet the company’s refined water demands. These groundwater regulations are expected to remain and may become even more restrictive due to increasing depletion of the aquifer. With this limitation identified, Virginia’s Gateway Region secured funding for a Preliminary Engineering Report to evaluate water supply alternatives to serve the Sussex County Mega Site.

This PER from March 2022 initially focused on 2 MGD use at the Megasite for build out; and in evaluating alternatives it became clear that there was a need for a long-term regional water solution benefiting multiple localities along the US 460 corridor which all rely on the groundwater aquifer. A majority of the average daily demand capacity for a new regional water system as presented in the PER would be for economic development sites. This included 2.261 MGD for the Western Corridor (plus 0.74 for municipal systems) and 3.26 MGD for the Eastern Corridor (plus 2.27 for municipal systems). The PER recommended initiating discussions with Prince George County and the City of Petersburg for a finished water supply, suggesting a combination of both could be implemented by establishing a temporary connection to the City of Petersburg while the Prince George alternative was developed. While the Petersburg system was noted as having 4.98 MGD capacity, the City had stated publicly that they are reluctant to sell water capacity to adjoining localities. The Prince George system had 0.96 MGD available capacity, and a new WTP providing

additional capacity would be required. The PER noted that more detailed negotiations would be needed regarding water sales rates, cost sharing, service area and capacity.

Sussex County has a population of ~ 10,275 making it the 2nd smallest county in Southern Virginia area based on population (with Cumberland being the smallest). It is considered double distressed based on both unemployment rate and poverty rate being greater than the statewide average; and the county has an above average fiscal stress index. The county makes it clear in the application that it has fiscal limitations and will be heavily dependent on state and federal funding sources to provide the substantial water and sewer infrastructure investments necessary for serving a major megasite prospect.

A \$61,050 grant from the Commission in January 2023, provided 50% of Match required for a VEDP VBRSP award focused on revisiting master planning and engineering activities to address water and the other more recently identified limitations for the Sussex Green site. The funding included identifying attainable industrial users (specifically for manufacturing and distribution sectors), based on the highest and best uses of the property and with low water requirements. This report is forthcoming. Sussex County staff indicate that the site with the current Tier 4 characterization is currently being targeted to low water users in manufacturing, distribution/warehousing, assembly and packaging.

While various engineering and planning work is presented for support in this application, the most critical need identified by Virginia Gateway Region is for a regional water solution for many localities in this area of the Commonwealth who are depending on groundwater withdrawal from the Potomac Aquifer.

Sussex County was awarded \$1,500,000 during the FY 2024 round of Virginia Business Ready Sites Program. Sussex County will utilize VBRSP funding to complete due diligence at the site and find alternative water options and prepare the site for natural gas that makes Sussex Green Enterprise Park a Tier 4 level. The project scope of services includes treated wastewater design, electrical demand study, natural gas pipeline design (60%), natural gas POD design (90%), easement acquisition, well exploration, and economic impact of Rt. 460 water line.

Financial Viability Assessment: A review of key viability criteria considers the revised budget from the applicant for completing key design and evaluation services for the Sussex Green Enterprise Park site. At this point in the planning, matching funds have been secured from VEDP-VBRSP and an additional \$366,750 request for match is currently pending with the County. The project's viability is strengthened by the progress on these funding commitments and the reduction in scope. Staff feels confident that the County will be able to complete the project in a timely manner.

Staff Recommendation: Staff recommends a grant award up to \$406,250 for contractual expenses.

Dan River Basin Association (#4277)

Marketing and Infrastructure Planning for the Southern VA Blueways System **\$147,500.00 Requested**

Executive Summary: The proposed project will develop a SOVA Blueways Master Plan that will assemble a coalition of interested stakeholders across a nine-county region to collaborate on a five-year marketing and infrastructure expansion strategy. The plan will capitalize upon the existing assets and develop a roadmap and methodology for long-term growth and sustainability of this economic cluster. An updated marketing infrastructure will refresh and boost investments already made over the past 20 years. The overarching goal is to establish Southern Virginia as a broadly recognized region for paddling and water-based recreation, dramatically increasing visitation and revenue from domestic and international tourists.

TRRC funds will be used for a planning consultant with experience in developing outdoor recreation ecosystems. The project will establish a baseline for economic impact and a methodology to track data as the proposed marketing strategies deliver impact across the project footprint.

Matching Funds: A total of \$127,500 Matching funds were presented from the following sources:

- \$45,000 from Harvest Foundation, application intended
- \$42,500 from Virginia Tourism Corporation, application intended
- \$40,000 from Danville Regional Foundation, application intended
- Additional in-kind match was included but not needed to meet the 1:1 match requirement

Project Outputs

- Master Plan for Virginia Blueways to include Phase 1 (Patrick, Henry, Pittsylvania, City of Danville, Halifax and Mecklenburg) and Phase 2 (Campbell, Charlotte, Franklin and Lunenburg) cost estimates
- Baseline Economic Impact Study
- Comprehensive Brand and Marketing Plan
- Sustainability plan
- Upgraded promotional materials
- 60 access point signs and installation

Staff Comments: Since 2011, the Commission has invested \$489,450 to develop access to blueways in Southern Virginia. These projects, while impactful for the communities in which they were located, were not linked through a larger regional initiative. Historically, the region's water assets, including Kerr, Gaston, and Smith Mountain lakes have served as economic engines for adjacent localities through real estate development and tourism opportunities. There are also numerous rivers that provide opportunities for paddling and fishing. The development of the proposed Master Plan will examine the regional blueways system across a nine-county region to inventory existing assets. The plan will also list new potential access points in the region. Future

construction projects will be prioritized, and cost estimates will be provided. Both the West Piedmont PDC and the Southern PDC prioritize tourism in each's Comprehensive Economic Development Strategy (CEDS). The development of the Southern Virginia Blueway master plan is a logical first step to guide the development of the regional system of water-based outdoor recreation opportunities.

Although Staff is supportive of this proposal, a reduced award is recommended. The budget provided with the application requests \$40,000 under the Personal Services line item to support the salaries of existing Dan River Basin Association staff. These funds represent a lump sum payment for estimated time spent administering the project. The Commission's Funding Policies prohibit the reimbursement of project administration expenses. The single exception to this policy is the newly added exception to support planning district commissions who are actively involved in the development and administration of projects. This support is limited to 10% of the request amount up to a maximum of \$10,000 for regional projects. The application also requests \$10,000 under the Contractual Services line item to support the West Piedmont PDC's assistance with the administration of this project. These line items represent 1/3 of the total request amount. The removal of the \$40,000 requested for DRBA staff reduces the total eligible project expenses to \$97,500. An additional \$9,750, representing 10% of the eligible activities, may be awarded to support WPPDC's assistance with the project. Based on these calculations, the total grant award should not exceed \$107,250.

Financial Viability Assessment: A review of key viability criteria indicates this is the first request in nearly 17 years from this applicant, which is a 501 (c) (3) tax-exempt organization. The Dan River Basin Association was established in 2002 to "preserve and promote the wilderness-like rivers of this border region of Piedmont North Carolina and Virginia." The proposal's budget was modified to remove organizational project administrative expenses and to bring Planning District Commission support into the limits of the policy stated in the program RFP. Match sources are identified but funding has not yet been committed, which will necessitate a contingency being added to the recommendation to reduce risk and avoid long-term commitment of Commission funds toward the project. The project is low in complexity and could be readily executed once funding is in place.

Staff Recommendation: Staff recommends a grant award up to \$107,250 for master planning, upgraded promotional materials and access point signs contingent on at least 1:1 matching funds being secured within one year of award.

Patrick Henry Memorial Foundation

Highway Signage to Promote Tourism for Red Hill & Quarter Place (#4273)

\$86,250.00 Requested

Executive Summary: Patrick Henry's Red Hill is seeking to attract and engage the influx of tourists to Virginia surrounding the 250th Anniversary of American independence and well beyond. With awareness and improved infrastructure, we can be a driving force in attracting more people to Southern Virginia. Given Red Hill's rural location, historic site signage along major highways and directional signage on minor roads is paramount to attracting visitors. Red Hill asks the Tobacco Commission to support the design, creation and installation of five major highway historic site signs to increase visibility of Patrick Henry's Red Hill and the Quarter Place as a significant destination for Virginia travelers. New and adequate signage will increase visitation and thus the demands on Red Hill's historic grounds. As important as increasing awareness and attracting new visitors is ensuring that our property is safe and accessible when they arrive. We request that a portion of the grant be designated for safer walkways and handicapped parking. The current parking area and walkway are highly inadequate to support the growing number of visitors as both were installed when our visitation was 1/10 of what we are already seeing. By adding 50 more parking spots (handicapped spots), and a tour bus turnaround and designated parking area, Red Hill will further accommodate large groups who will be visiting, staying, and spending in the region. The walkway is terribly uneven and slick in rain and cold, a new even and porous walkway is needed.

Matching Funds: A total of \$229,693 Matching funds were presented from the following sources:

- \$100,000 from the Jessie Ball duPont Religious, Charitable and Educational Fund, awarded October 2023
- \$25,000 from the E. Stuart James Grant Charitable Trust, application intended and awards in December 2024
- Additional funds to come from an anonymous individual donor

Project Outputs

- 10 Supplemental Guide Signs (five from TRRC and five from Matching funds)
- Reconfigured and expanded parking lot with handicapped parking and bus parking
- Installation of porous sidewalk

Staff Comments: This request is to improve visibility and accessibility for Red Hill, a historically significant site in Southern Virginia. The estate, the final home of Patrick Henry, is preparing for an influx of visitors due to the upcoming Virginia Revolution 250 Commemoration (VA 250). The current parking area was designed during a time of substantially lower visitation and lacks adequate space to accommodate tour buses and other larger vehicles. Red Hill has documented over 150 inquiries from five major tour bus conferences. This project will add 50 more parking spaces (including handicapped spots). A tour bus turnaround and designated parking area will also be added. The existing walkway is uneven and dangerous, especially during inclement weather, resulting in numerous falls and injuries. This surface will be replaced to provide a safer, more accessible, surface.

Red Hill's current visitation is estimated to be 12,000 visitors per year. The estate is located in a remote and rural area lacking in proximity to other historical and tourist attractions. Increased

signage will allow the site to increase visibility to those who are passing through the area due to VA 250 commemorative events or other types of travel. Commission funds will assist with the purchase of five VDOT Supplemental Guide Signs (SGS). An additional 10 Tourist Oriented Directional Signs (TODS) will be purchased with matching funds.

This is a modest request with the potential to significantly increase visitation at this unique historic asset. A 200% increase in tour bus visits is expected while general visitation is estimated to double. The budget is reasonable for the scope of the project, however \$5,000 is requested under the Personal Services line item to support a portion of the Red Hill CEO's salary. This is not an eligible use of TRRC funds and is not included in the recommended award amount.

Financial Viability Assessment: A review of key viability criteria reveals a modest request for a colonial era tourism site in Southern Virginia to take advantage of increased visitation from "VA 250," a special celebration of Virginia's history. The proposal had a well-developed budget with cost estimates that were substantiated through the sign vendors for VDOT. Sufficient match funding is in hand, with applications intended for additional funds in excess of the required 1:1 match. The project is low in complexity and can be readily executed once funding is in place. The applicant has seasoned management in place and a track record for successfully carrying out previously funded projects. This investment has potential for increasing regional economic impact from the capacity created for safer, more accommodating traffic from a wide variety of visitors to Southern Virginia's historic tourism assets.

Staff Recommendation: Staff recommends a grant award up to \$81,250 for up to 50% of the cost of Supplemental Guide Signs and an expanded parking lot.

OTHER BUSINESS:

South Boston IDA

John Randolph Hotel Redevelopment Project (#3289)

Current Project End Date: 9/30/2024 - 1 Year Extension Requested

Staff Comments: This \$600,000 grant from September 2017 is to support A&E and renovation costs to redevelop the John Randolph Hotel property owned by the South Boston IDA. There remains a balance of \$385,324.65 on the TRRC project account to support renovations. The grant was initially delayed when the original operator/developer pulled out of the project. The Town reached an agreement with a new developer, The Rook Hotels, in April 2022. They plan to convert the property into a boutique hotel with at least 30 rooms, a restaurant, and a rooftop bar. Total renovation costs are now \$14.5 million, and financing includes a IRF grant/loan for \$3.0 million secured in December 2022, historic and new market tax credits for \$4.95 million, a \$4.0 million private loan secured by the Town of South Boston, along with private investment of \$2.1 million. Replacement of the roof was completed in December 2023. A construction agreement was executed on 6/28/24 with Burton Construction and renovations are targeted to begin October 1, 2024.

Staff Recommendation: Staff recommends approval of a final extension to September 30, 2025, to complete renovations to the John Randolph Hotel.

Pittsylvania County

SVMP Site & Grading Improvements Lot 2 (#3659)

Current Project End Date: 9/30/2024 - 1 Year Extension Requested

Staff Comments: Pittsylvania County is requesting a one-year extension for site and grading improvements to Lot 2 in the Southern Virginia Multimodal Park. This project was awarded in September 2020 with a contingency that Project Wahoo locate in the SVMP. This company has not located yet as financing details are still being completed. The company has invested over \$2 million in preliminary design of the facilities, developed financial models needed for projections and performed necessary due diligence. An announcement is expected by May 2025 and then site improvements can begin. The project total is \$4,370,153. \$1,262,201 was awarded for Pittsylvania County's share of the project and remains in the project account.

Staff Recommendation: Staff recommends approval of a one-year extension to September 30, 2025.

City of Danville

SVMP Site & Grading Improvements Lot 2 (#3663)

Current Project End Date: 9/30/2024 - 1 Year Extension Requested

Staff Comments: The City of Danville is requesting a one-year extension for site and grading improvements to Lot 2 in the Southern Virginia Multimodal Park. This project was awarded in September 2020 with a contingency that Project Wahoo locate in the SVMP. This company has not located yet as financing details are still being completed. The company has invested over \$2 million in preliminary design of the facilities, developed financial models needed for projections and performed necessary due diligence. An announcement is expected by May 2025 and then site improvements can begin. The project total is \$4,370,153. \$742,875 was awarded for the City of Danville's share of the project and remains in the project account.

Staff Recommendation: Staff recommends approval of a one-year extension to September 30, 2025.

INCENTIVES AND LOANS COMMITTEE



• In-Person Meeting •

AGENDA

INCENTIVES & LOANS COMMITTEE

**The MET, Patrick & Henry Community College
67 Motorsports Drive, Martinsville, VA 24112**

**Wednesday, September 25, 2024
1:15 P.M.**

If participating in the meeting by phone, dial: **1-332-249-0607** and enter access code: **623 690 842#**.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Virginia Freedom of Information Act. If you experience problems calling in, please contact: **Hannah Franke-Fuller** at (804) 894-9659 or **hfranke-fuller@revitalizeva.org** or **Roz Stein** at (804) 894-9651.

Welcome and Call to Order	<i>The Honorable Daniel “Danny” Marshall, Chair</i>
Call of the Roll	<i>The Honorable James Campos, Executive Director</i>
Approval of the <u>5/21/2024</u> Minutes (published on website)	<i>The Honorable Daniel “Danny” Marshall, Chair</i>
Public Comment	
TROF Extensions and Modifications	<i>The Honorable James Campos, Executive Director Mr. Jordan Butler, TROF Program Manager</i>
Updates to TROF Program	<i>Mr. Jordan Butler, TROF Program Manager</i>
VSBF Loan Program Update	<i>The Honorable James Campos, Executive Director Mr. Stephen Versen, Deputy Director</i>
Economic Development Housing Incentive Pilot Program	<i>The Honorable James Campos, Executive Director Mr. Stephen Versen, Deputy Director</i>
Tobacco Region Incentive for Agribusiness Development (TRIAD)	<i>Mr. Stephen Versen, Deputy Director</i>
Other Business	<i>The Honorable James Campos, Executive Director</i>
Adjournment	

Incentives & Loans Committee

September 25, 2024

The Incentives and Loans Committee is meeting on September 25, 2024 at 2:00 pm to consider actions and updates on a number of Committee-created programs. The following summary provides staff overview and comment on each item.

1. Updates to TROF Program

Method for Calculating Jobs/Wages Performance for TROF Awards

Overview:

Commission staff seeks to simplify the policies and calculations used in determining compliance for TROF awards, as well as put the Commission's approach more in line with that of VEDP's COF program and the AFID Program at VDACS. Like AFID and COF, TROF awards are split 50/50 between jobs and investment.

Staff Comments:

Currently, the method used to calculate performance for jobs for TROF awards prorates the award amount based on the shortfall of number of new jobs created AND the shortfall in total payroll. This double penalty goes against the spirit of the program, and it is not aligned with how AFID and COF shortfalls are calculated.

For example, a TROF recipient commits to create 10 jobs with an average annual wage of \$50,000, for a total annual payroll of \$500,000, and is awarded a \$100,000 TROF grant (\$50K jobs, \$50K investment). At the end of the performance period they have instead created 5 jobs with an average annual wage of \$70,000, for an annual payroll of \$350,000. Under our current policy, they will have their award reduced by 50% for the jobs shortfall, and reduced an additional 30% for the wage shortfall. This results in a final payout of \$17,500 ($\$50,000 \times 50\% = \$25,000 \times 70\% = \$17,500$). AFID and COF would calculate the final payout as \$25,000, because the company created 50% of the jobs they promised at or above the wage they promised. Companies and localities have noted that TRRC's current method further penalizes good actors.

Going forward, staff recommends that the 50% of TROF award for employment be prorated in the event of a shortfall in the following manner: Staff calculates the percentage shortfall on new jobs target, as well as the percentage shortfall on total average quarterly wage target, averages those two numbers and reduces the award by that amount.

Using the same example as above, a TROF recipient commits to create 10 jobs with an average annual wage of \$50,000 for a total annual payroll of \$500,000 and is awarded a \$100,000 TROF grant (\$50K jobs, \$50K investment). At the end of the performance period they have instead created 5 jobs with an average annual wage of \$70,000. To calculate the final award amount, staff would take the average of the job number shortfall (50%) and the wage shortfall (30%) and apply that number (40%) to the award amount ($\$50,000 \times 40\%$) to determine the reduction to the award (\$20,000), resulting in a final award of \$30,000.

Staff also recommends that the maximum achievement for either jobs or wage target be 100%. So, using the same company example (\$100K TROF for 10 jobs at \$50K, total payroll of \$500K), say the company creates 8 jobs at \$75,000 for a total payroll of \$600K or 120% of wage target. In this case, staff would take the average of the job number shortfall (20%) and the wage shortfall (0%) and apply that number (10%) to the award amount (\$50,000 x 10%) to determine the reduction to the award (\$5,000) and a final award of \$45,000.

Benefits of this new approach are:

- Companies are no longer doubly penalized for shortfall in job creation when paying the agreed-upon wages.
- Our process would be more in line with COF and AFID.
- This process uses the same documentation we currently request and is a relatively easy way for staff to verify performance.

Staff Recommendation: That the Commission authorize staff to alter current TROF Guidelines, Policies & Procedures, Grant and Loan Agreements, and other documentation as needed to utilize the method described above for the calculation of performance for the jobs and wages portion of TROF awards.

Alternate Method for Calculating Capital Investment Performance for TROF Awards.

Overview:

Staff proposes a minor change in how performance related to Capital Investment for TROF awards is calculated, specifically for existing companies that are undertaking expansions.

Staff Comments:

The Commission has recently approved several requests to modify performance agreements to allow for the utilization of reported costs (as evidenced by receipts of capital purchases) of M&T and TPP towards a company's taxable asset obligation, as verified in writing by the local Commissioner of Revenue.

This is due to the effect that depreciation of existing assets a company owns has on reports from the local Commissioner of Revenue which are used to calculate TROF performance. In practice, depreciation of existing assets hides new investment made during the performance period, making it appear as if the company has made less investment, or no investment, when they have in fact made qualifying capital investment in the locality.

To solve this problem, the Commission has authorized staff, on a case-by-case basis, to utilize reported costs rather than assessed value in establishing performance under the TROF agreement.

Staff Recommendation: That the Commission authorize staff, at their discretion, to modify performance agreements to allow for the utilization of reported costs (as evidenced by receipts of capital purchases) of M&T and TPP towards a company's taxable asset obligation, as verified in writing by the local Commissioner of Revenue, in cases where a TROF award is made for an expansion and the depreciation of existing assets does not allow for an accurate performance calculation based on assessed value.

2. VSBFA Loan Program Update

At its January 2024 meeting, the Commission directed the creation of a new lending program partnership with the Virginia Small Business Financing Authority and approved committing \$10M from the Commission’s existing loan fund to support this program. Below is a summary of loan requests and status:

Borrower(s):	Use of Funds	Amount:	Loan Term*	Interest Rate	VSBFA Recommendation	Status
Grayson Natural Farms	Working capital for meat stick production	\$600,000	5 years	5.5%	Approve	Closed, all funds released
Roses Creek Farm, LLC	New hydroponic greenhouse	\$2,300,000	10 years	5%	Decline	Company working to secure needed equity for deal
Brunswick County IDA	Construct produce processing facility	\$2,000,000	10 years	5%	Approve	Awaiting final construction pricing before moving to close
IALR	Purchase Kyocera Building in Cyber Park	\$5,900,000	10 years	5%	Decline	Strong commercial lending options available

* All loans amortized over 25 years

Commission and VSBFA staff are currently working with a hay operation in Franklin County that is looking to purchase its rented building and expand its operation of purchasing round bales from area farmers, then converting them into square bales for sale by area retailers such as Tractor Supply and Rural King.

3. Economic Development Workforce Housing Incentive Pilot Program

At the Commission’s Spring Meeting, staff received approval to move forward with a new workforce housing program which began accepting preapplications in July. The program has received strong media coverage and generated many productive meetings for Commission staff on prospective projects in the footprint. Of the preapplications received thus far, there has not been a strong tie to an economic development project, and therefore no projects have been asked to begin work on a complete application. However, staff is aware of projects under development that could be an excellent fit for the unique goals of the program and is optimistic that a suitable project will be asked to move forward with a complete application in the coming months. Additionally, an important new workforce housing program is expected to be announced in the same timeframe which will provide an excellent complement to the Commission’s program. In the meantime, staff welcomes Commissioner input on the program or referrals to prospective projects and resources.

4. Tobacco Region Incentive for Agribusiness Development (TRIAD) Program

Purpose: To enhance the ability of the Tobacco Region’s economic development organizations to recruit new and expanding agribusiness projects and create new market opportunities for producers.

Background: In 2019, the Commission transformed its agribusiness program to create greater economic impact for farmers and producers. Prior to that time, privately owned businesses were generally not eligible for Commission funding. This restriction constrained the Commission's ability to meet the primary goal of sustainably increasing farmer income. The exclusion of for-profit entities disregarded some of the most impactful and financially sustainable agribusiness investments made in the region: privately owned new and expanding value-added processing facilities. These operations create new and improved market opportunities for the region's producers, often leading to increases in crop production that bring multiple benefits to the entire sector.

Working within the bounds of the Commission's existing grant program, staff created a new policy that permits the Commission to support up to 25% of new equipment purchases for new private sector, value-added processing facilities. This percentage was based on previous grant program policy allowing support for up to 50% of costs for non-profit entities. In addition, it is relatively easy to track and maintain a security interest in equipment purchases, as required by Commission grant policy. While a thoughtful and sensible improvement to the Commission's agribusiness program, the 25% limit on support of equipment costs often led to funding recommendations that did not accurately reflect the project's full impact. Further, while compliance procedures for the grant programs ensured project funds were spent as committed, there was no mechanism to ensure that a project delivered on its long-term commitments to create jobs and markets for producers in the Tobacco Region.

Commission staff has considered creating a new, performance-based product for private agribusiness projects in the mold of a traditional economic development incentive award. The Tobacco Region Opportunity Fund (TROF) model provides such a structure, but would need major changes to be effective in the agribusiness sector. A more relevant model for such a program is the Governor's Agriculture and Forestry Industries Development Fund Facility Grant program (AFID), which for over a decade has been an effective tool for incentivizing new agribusiness projects and ensuring compliance. AFID differs from TROF, and the Commonwealth Opportunity Fund (COF) on which it was based, in a few important ways. Both TROF and COF have high minimum project thresholds for jobs, investment, and interstate competitiveness that prevent many agribusiness economic development projects from benefiting. These programs also require projects to be competitive between states, which is seldom relevant for place-based businesses such as ag and forestry. The TRIAD program will be based largely off the AFID program's guidelines, ROI tool, and performance agreement, with some key changes to ensure that it meets the specific needs of the region and that its administration can easily be accommodated by the Commission's existing staff and data resources.

Program Justification: The Commission recognizes that the localities comprising the region and their respective economic development teams are important partners in transforming the region's economy. Therefore, providing them with a new tool to better serve Virginia's largest and most important industries, agriculture and forestry, makes sense. This program will also provide additional opportunities for collaboration with other economic development organizations and their incentive programs, such as the Virginia Department of Agriculture and Consumer Services (AFID) and the

Virginia Economic Development Partnership (COF, the Virginia Jobs Investment Program, and other business incentive grants), further leveraging the Commission's resources.

Program Funding: Staff proposes that the TRIAD program draw from funds that are currently budgeted for TROF. It is expected that the majority of TRIAD awards will be smaller than TROF awards and will therefore not significantly impact the budget. As with TROF funds, applicant localities will serve as awardees of TRIAD incentives and ultimately be required to pay back any shortfall, so the expectation is that most TRIAD awards will be paid post-performance, further reducing the program's risk and impact on the TROF budget.

Determination of award amount: TRIAD Program Guidelines detail the three major drivers that will determine a prospective award: 1) impact on the region's farmers and forestland owners; 2) a return-on-investment analysis to the Commonwealth; and 3) other factors that raise the quality and impact of the project. While items 1 and 3 are subjective, the ROI completed for item 2 is an objective measure and will thus be the most important factor used by staff to determine a range for the award.

The TRIAD program intends to utilize the same ROI tool developed and maintained by VEDP to determine the appropriate level of state incentives awarded to an economic development project. It uses the economic modeling software IMPLAN and includes state tax information, numerous assumptions developed by their economists, and project-specific data on jobs, wages, and capital investment by type, in addition to expected state incentives. In short, the tool estimates the expected new state revenues that will come from an economic development project, which it then compares to the state incentives the project is expected to receive, ultimately providing an answer to the following question: If the state were to give X amount of dollars to incentivize this project to move forward, how long would it take the state to break even on this investment? Typically, a grant amount uses a payback target of approximately three years, but that amount (and its payback period) may be modified to account for any subjective benefits of the project. VDACS uses this approach when determining AFID awards. Staff will include this ROI analysis for each award alongside relevant benchmarks in the staff reports presented to the Commission's Incentives and Loans Committee.

Commission review of awards and oversight of program: The review and approval process for all individual award recommendations will mirror that of TROF awards; staff will give the Commission's Incentive and Loans Committee a minimum of three business days to review, question, and comment on the award. Recommendations over \$1M require a Committee vote, and those over \$3M require approval from the full Commission. Additionally, Commission staff will provide the Committee an update on recent and prospective awards at each of the Commission's three annual meetings.

Requested action: Staff requests that the Commission approve the TRIAD program as presented in on pages 42 - 50 of the Board Book.

Tobacco Region Incentive for Agribusiness Development (TRIAD) Grant Program Guidelines

Purpose:

The purpose of the Tobacco Region Incentive for Agribusiness Development (TRIAD) is to provide the cities and counties of the Tobacco Region, and the political subdivisions that support them, an economic development incentive for attracting new or expanding agriculture- and forestry-based businesses that add value to products grown in the Tobacco Region. The program's goal is to bring beneficial economic activity along with new jobs and investments to the Tobacco Region, while also creating new market opportunities for farmers and forestland owners operating there.

Guiding Principles:

- TRIAD awards are made at the discretion of the Tobacco Commission, with the expectation that each awarded grant will result in a new or expanding processing or value-added facility for agricultural or forestry products that are produced in the Tobacco Region.
- TRIAD awards are made to political subdivisions of the Commonwealth to be awarded to, or spent to the direct benefit of, a private business that is committing to achieve certain targets for jobs, investment, and the purchase of products grown in the Tobacco Region (the Business Beneficiary). Additional targets or conditions may be added to the grant terms on a case-by-case basis.
- TRIAD grants are intended to be performance grants that incentivize actions. They are not intended to serve as front-end funding or financing for an economic development project and shall not consider investments made prior to an award decision.
- TRIAD grants are generally paid out on a performance basis.
- A dollar-for-dollar match, in cash and/or in-kind (further defined in the Matching Funds section) is required for every TRIAD dollar requested.
- Leveraging additional state and Federal grant awards for the business beneficiary is an important goal of the TRIAD program, and reasonable flexibility in the program's administration will be allowed in order to accommodate the needs of these other programs.
- In assessing the amount of a TRIAD grant, the section entitled "Determination of Grant Awards, Amount and Conditions" will be used.
- TRIAD Facility grants will only be awarded for projects that demonstrate a substantial benefit to farmers and forestland owners within the Tobacco Region.
- Businesses benefiting from TRIAD funds must provide a statement explaining how TRIAD support will play a critical role in the expected success of the project.
- All decisions and interpretations of these guidelines are made by the Commission, or its designee, based on the application materials provided and the recommendation of staff.
- Companies relocating from one Virginia locality to another within the Tobacco Region will generally not be eligible for support through the TRIAD program

Determination of Grant Awards, Amount and Conditions:

In determining the amount of a grant and the conditions under which it will be awarded, three areas of impact will be taken into consideration:

- Projected impact on the region's farmers and forestland owners, which includes:
 - The project's commitment on the volume and value of new Tobacco Region-grown agricultural and forestry products used by the project
 - Anticipated number of farmers and forestland owners that may benefit
 - The degree to which the project improves the access of the region's producers to lucrative new and expanded markets
- A return-on-investment analysis to the Commonwealth, which takes into consideration the project's commitments relating to:
 - Number of New Jobs to be created
 - Average annual pay for these New Jobs
 - Commitment of new private capital investment
- Other factors that raise the quality and impact of the project:
 - Importance of project to the applicant, including the amount and source of local matching funds
 - How well the project presents a clear market opportunity, builds on the region's inherent assets, and leverages existing business strengths
 - Amount of additional funding that the award leverages from the public, non-profit, and private sectors
 - How the project helps achieve other community and economic development goals of the community or region
 - How critical the grant award is to the success of the project

Commission staff make final recommendations on eligibility, award amount, and conditions for approval by the Commission.

Eligibility:

TRIAD Grants are made only to the Cities, Counties, and Towns located in the Tobacco Region, or to a political subdivision of the Commonwealth that supports one or more of those entities, such as an Industrial Development Authority or an Economic Development Authority.

TRIAD awards are to be used only as an economic development incentive in cases where the benefiting business is:

- A privately owned, tax-paying enterprise that is or will be physically located in the Tobacco Region
- Adding value to agricultural or forestry products that are or will be produced within the Tobacco Region
- Bringing significantly greater economic benefit to the region's agricultural and forestry economy than the company is receiving in TRIAD funding

- Committing to: 1) make significant new taxable private investment; and/or 2) create new jobs and FTEs; and 3) use a specific amount of Tobacco Region-grown products
- Committing to achieve the above commitments within a specified Performance Period, which is typically 36 months

Provisions Regarding New Jobs:

"New Job" means employment of an indefinite duration, created as the direct result of the private investment, for which the firm pays the wages and standard fringe benefits for its employee, requiring a minimum of either (i) 35 hours of the employee's time per week for the entire normal year of the firm's operations, which "normal year" shall consist of at least 48 weeks, or (ii) 1,680 hours per year. The following shall not qualify as new jobs: Seasonal or temporary positions, positions created when a job function is shifted from an existing location in the Commonwealth to the location of the economic development project, positions with suppliers, and multiplier or spin-off jobs.

Additionally, positions that do not meet the definition above, but instead are new, part-time, or seasonal positions created by the project on a predictable, annual basis, may be, for the purposes of this program, converted into Full-Time Equivalent positions (FTEs). An FTE shall be calculated as: One FTE equals 2,000 paid hours per year. When projects are being evaluated for funding, FTEs may be considered as New Jobs in the project's ROI analysis.

The term "New Job" shall include positions with contractors provided that all requirements included within the definition of the term are met.

Provisions Regarding Capital Investment:

"Capital investment" means a private capital expenditure by the company in taxable real property, taxable tangible personal property, or both, at the company's facility in the political subdivision. Capital investment does not include the amount of TRIAD grant proceeds nor any incentives applied to the costs of capital assets. The Executive Director may, in his or her discretion, determine that the value of machinery and equipment leased under an operating lease will qualify as a capital investment.

The Executive Director may, in his or her discretion, determine that the value of the construction or improvement of real property leased under an operating lease will qualify as a capital investment, but is likely to do so only in circumstances in which: (i) the operating lease is for at least the longer of five years or twice the period of time until it is estimated that the Commonwealth will "break even" on the project, taking into account all incentives offered to the company by the Commonwealth; (ii) the real property would not be constructed or improved "but for" the company's interest in leasing some or all of the facility; and (iii) if for an improvement project, the improvements will significantly increase the taxable value of the property. Only that portion of the construction or improvement costs related to the portion of the facility to be leased to the company may qualify.

Capital investment generally will not include operating expenses, except operating leases to the limited extent noted above. Capital investment may include the value of real or personal property

leased under a capital lease. The cost of the acquisition of land and existing buildings will not count toward the required capital investment thresholds unless the land and existing buildings are being purchased from a governmental entity and/or are being returned to the tax rolls.

Provisions Regarding Use of Tobacco Region-Grown Agricultural and Forestry Products:

A distinguishing feature of the TRIAD program is its focus on bringing substantial benefits to the farmers and forestland owners of the Tobacco Region, primarily through the creation of new market opportunities. This goal of the program will typically be translated into a specific commitment from the business beneficiary to purchase a certain amount of agriculture and forestry products that are grown or produced in the Tobacco Region.

Projects committing to source at least 20% of the agricultural or forestry products to which the facility is adding value, on a volume or value basis, from the Tobacco Region will be considered eligible. Vertically integrated companies growing their facility's feedstock in the Tobacco Region are eligible for TRIAD support. If the company cannot commit to sourcing 20% from the Tobacco Region, it may still be recommended for an award, but it must explain in its application how the project will bring substantial benefit to the farmers and forestland owners of the Tobacco Region. In general, the benefit to the region's producers must far outweigh the value of assistance the company will receive through TRIAD.

In situations where the agricultural or forestry product(s) to be used are not immediately available when the facility begins production, the business beneficiary must present a realistic plan to achieve either a minimum of 20% Tobacco Region sourcing or a significant positive impact to the region's producers in a reasonable time frame.

Upon petition by the locality, the Executive Director may permit the use of a greater quantity of out-of-region products if supplies grown or produced in the Tobacco Region are insufficient to meet the level of usage agreed upon in the performance agreement due to unforeseen circumstances, unusually severe weather or disease conditions. The period of performance for the use of Tobacco Region-grown products for the grant shall be extended in the event the Executive Director permits a deviation from the Tobacco Region-grown requirement.

Matching Funds:

All TRIAD awards require dollar-for-dollar matching funds from public or non-profit sources.

At least 10% of the matching funds must come from the applicant locality or its political subdivision, such as an Economic or Industrial Development Authority. This local match may be funded by a direct cash award or in-kind contribution from the locality for the direct benefit of the business beneficiary; such in-kind contributions may be in the form of infrastructure development, fee waivers, or free or reduced-price land or buildings. Local Enterprise Zone incentives may be counted towards the local match where the locality makes actual expenditures or forgoes revenue normally owed to it to benefit the project after the project is announced. Local matches generally must be made within three years of the TRIAD award and may not be spread over more than five years.

If matching funds provided by the applicant locality do not meet the required one-for-one match, the remaining matching funds may come from other public or non-profit sources. Public funds, such as those coming from other political subdivisions of the Commonwealth, other state organizations, or Federal economic development programs, may be considered eligible match, provided they are being awarded to the same project being incentivized through the TRIAD award. In-kind contributions from these entities, as long as they are being awarded for the direct benefit of the business beneficiary, may also be counted as local match. Lastly, contributions to the project from non-profit sources may in certain circumstances be allowed as part of the matching funds. All decisions on the eligibility of matching funds are made at the discretion of the Executive Director.

In unique circumstances, the Commission may waive or reduce the public/non-profit match requirement for projects that are considered to be especially impactful to the agriculture and forestry community.

Unless otherwise stated in these guidelines, matching funds must comply with Section IX Matching Fund of the Commission's Funding Policies for Grant Awards.

Use of TRIAD Proceeds:

Generally, TRIAD funds shall be used to make permanent improvements to a site or building in the locality that receives the award. Acceptable uses of TRIAD funds include public and private utility extension or capacity development on and off site; public and private installation, extension, or capacity development of high-speed or broadband Internet access, whether on or off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of publicly or privately owned buildings; training; or grants to an industrial development authority, housing and redevelopment authority, or other political subdivision for purposes directly relating to any of the foregoing.

In no case shall funds from TRIAD be used, directly or indirectly, to pay or guarantee the payment for any rental, lease, license, or other contractual right to the use of any property.

TRIAD funds may not be used for any economic development project in which a business relocates or expands its operations in one or more Virginia localities and simultaneously closes its operations or substantially reduces the number of its employees in another Virginia locality. The Executive Director will enforce this policy. Exceptions to this policy may be made but require that the Executive Director provide written notice to the Commission, which will include a justification for any such exception. Further, the locality to which the business intends to relocate or expand will provide notification to the locality from which the jobs will be lost or the business will depart.

Unless otherwise stated in these guidelines, the use of TRIAD funds must comply with Section IV General Non-Eligible Uses of Funds of the Commission's Funding Policies for Grant Awards.

Application Process:

Applications may only be submitted by a political subdivision of the Commonwealth. Interested applicants must first contact Commission staff to introduce the project, discuss whether or not it is a fit for the program, and describe the source of the applicant's required matching funds. If Commission staff believe the project is eligible, a project metric spreadsheet detailing the company's planned commitments on New Jobs, Capital Investment, and Purchases of Tobacco Region-grown products will be requested from the business beneficiary.

The business beneficiary may be asked to provide historical financial statements covering the three years prior to the application, along with pro forma financial statements covering the three years following the application. If the business beneficiary has been in business for fewer than three years, it may be asked to provide the historical financial statements that are available. The Executive Director may request additional financial information from the company, including financial information and satisfactory evidence of a company's financial stability.

Once the applicant, business beneficiary, and Commission staff are comfortable with the commitments presented in this document, the locality will be invited to submit an application using the Commission's SmartSimple grants management system. The following information will be requested:

- Name of locality applying and contact information
- A summary statement presenting the importance of the project to the locality and the reason for seeking support from the TRIAD fund
- Amount requested and the use of the funds
- Business beneficiary name and information (website, ownership, location of headquarters, other Virginia operations, etc.)
- Description of the project, including:
 - Project location (county, city, or town; physical address)
 - Type of operation (i.e., brief description of the nature of the business, including its products, markets, this facility's relationship to other parts of the business, etc.)
 - How this project adds value to Tobacco Region-grown agricultural or forestry products
 - Details on the project's expected impact of the Tobacco Region's agriculture and forestry producers
- Final project metric spreadsheet, which includes:
 - Amount of capital investment (as defined in these guidelines)
 - Number of New Jobs created (as defined in these guidelines)
 - Average annual wage of the New Jobs created
 - Timetable for the project's capital investments, job creation, and purchase of Tobacco Region-grown agricultural and forestry products
- List each Commonwealth of Virginia funding source individually
- List local match for the project (as defined in these guidelines) and describe how the cash funds will be used
- Any other current or background information pertinent to the project that might assist the Executive Director in making an informed decision based on complete knowledge; political

subdivisions are obliged to disclose any information that may reflect negatively on the project.

- An explanation as to why TRIAD funds are critical to the success of the project;
- An indication of the total amount of agricultural or forestry products the business beneficiary plans to utilize, where these agricultural or forestry products will likely be sourced over the course of the performance period, and how the business beneficiary plans to track and report the products that are being sourced from the Tobacco Region as part of meeting their performance agreement with the locality
- An affirmation that the business beneficiary has not closed, downsized, consolidated, or laid off employees at existing operations in Virginia within the past 12 months prior to the application date, or, if it has, additional assurances regarding the stability of the new jobs and capital investment
- An affirmation that the proposed project will not result in a closing, loss of jobs, consolidation, or change to any existing operations in Virginia for the next 12 months

Commission Review:

Upon receipt of an eligible and complete application, staff provides the Incentives and Loans Committee with a copy of the application, along with a summary of the project and staff's recommendation. Staff provides the Committee a minimum of three business days to review and comment on the application. If no comments or concerns are received and there are no unresolved issues or questions, staff will route the application to the Executive Director for approval. If Committee members have unresolvable questions or other concerns, staff will hold action on the application until the Committee is able to meet, discuss, and vote on the application. In instances in which the award amount is under \$1 million, the Executive Director may approve the award on behalf of the Commission. In instances in which the award amount in total is over \$1 million and under \$3 million, the Committee has final approval authority. For all award amounts over \$3 million, the Full Commission must approve any award.

Contractual Arrangements:

Because a TRIAD Facility grant is awarded to a locality, the locality is required to enter into a performance agreement with the business beneficiary before it may receive TRIAD funds. This agreement ensures that the business beneficiary will meet the purchase commitment of Tobacco Region-grown agricultural and forestry products, job creation, and capital investment levels as stated in the application.

The performance agreement must include a statement that the business beneficiary will achieve and maintain the specified purchase of Tobacco Region-grown agricultural and forestry products, new job creation, and capital investment targets through a "performance date." Generally, the performance date will be the date 36 months after the date of award.

TRIAD Facility grants are broken out into 33% for purchase of Tobacco Region-grown products, 33% for new jobs, and 33% for capital investment. If the business beneficiary fails to meet at least

90% of its performance agreement targets in any of these categories, the locality must claw back a proportionate amount of the TRIAD Facility grant from the beneficiary.

If the business beneficiary has not achieved at least 90% of its Tobacco Region-grown purchases, jobs, and capital investment targets by the performance date set forth in the performance agreement, the locality may seek approval from Commission staff to grant the business beneficiary a one-time administrative extension of up to one year. Additional extensions of the Performance Period beyond the one-year administrative extension may only be granted by the Commission.

The performance agreement will contain a provision that will permit a 100% clawback of all TRIAD Facility grant funds if at any time the locality or the Executive Director conclude that the business beneficiary will be unable to meet at least half (50%) of any one of the following targets: its purchase of Tobacco Region-grown products, new jobs, or capital investment by the performance date. Such a conclusion may be based on factors such as the bankruptcy of the business beneficiary, the sale or liquidation of the business beneficiary, or the cessation or substantial reduction of operations by the business beneficiary in the locality. The locality will be held responsible for requesting any clawback as calculated by the Executive Director and for returning the TRIAD grant monies repaid by the business beneficiary to the Commonwealth if the performance agreement criteria are not met.

If the company refuses or is unable to repay, then the local applicant is obligated to make the Commission whole. It is routine to negotiate repayment agreements with localities to avoid negative budget impacts, particularly with smaller or less-affluent localities.

In repayment situations, the Executive Director is authorized to negotiate and enter into repayment agreements with entities that seek to make such repayments in installments over a mutually agreed-upon period.

The following remedies shall be employed, as deemed appropriate by the Executive Director, for all grants or loans under which contractual obligations are owed to the Commission and have not been fulfilled within 60 days after delivery of a written demand notice to all parties to the Performance Agreement and its control affiliates:

- Freeze all disbursements to the grantee and its control affiliates
- Decline to accept any application for new grants from the grantee or its control affiliates
- Enter the name of the grantee and its control affiliates into the State debt set-off system
- Refer the file to counsel for appropriate steps up to and including collection proceedings

Because of this requirement to repay, it is strongly recommended that the locality receive and pay out the TRIAD award in arrears.

The business beneficiary may not assign its rights or obligations under a TRIAD performance agreement without the express written approval from the Executive Director and the locality. The Executive Director will consider a reassignment of rights and obligations in the event that there is a transfer to a parent company, subsidiary, or sister entity, so long as there is no significant negative impact on achievement of the targets in the Performance Agreement, and the benefits accruing to the locality and the Tobacco Commission will remain substantially the same.

Once the Executive Director, the locality, and the business beneficiary are comfortable with the language of the performance agreement, the performance agreement must be presented to the Office of the Attorney General (OAG) for review as to proper legal form. The OAG will have up to seven (7) days to provide written comments regarding the performance agreement.

Upon approval of a TRIAD Facility grant, neither the locality nor the business beneficiary shall announce or confirm the proposed project without coordination with the Executive Director.

The Tobacco Region-grown purchase, jobs, and capital investment targets in the performance agreement will be used in the press release when the public announcement is made. If the targets are not used for the public announcement of the project, or if the public announcement is made by anyone other than the Governor or the Commission, the grant award is subject to being reduced or withdrawn.

ENERGY INGENUITY COMMITTEE



▪ *In-Person Meeting* ▪

A G E N D A

ENERGY INGENUITY COMMITTEE

**The MET, Patrick & Henry Community College
65 Motorsports Drive, Martinsville, VA 24112**

**Wednesday, September 25, 2024
3:00 P.M.**

If participating in the meeting by phone, dial: **1-332-249-0607** and enter access code: **623 690 842#**.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Virginia Freedom of Information Act. If you experience problems calling in, please contact: **Hannah Franke-Fuller** at **(804) 894-9659** or **hfranke-fuller@revitalizeva.org** or **Roz Stein** at **(804) 894-9651**.

Welcome and Call to Order

The Honorable Thomas Garrett, Chair

Call of the Roll

The Honorable James Campos, Executive Director

Public Comment

Approval of 5/21/24 Minutes
(published on website)

The Honorable Thomas Garrett, Chair

Energy Fund Overview

The Honorable James Campos, Executive Director

Grant Projects

*Mr. Jerry Silva, Director of Regional Energy
Development and Innovation*

Other Business

Mr. Stephen Versen, Deputy Director

Adjournment

**FY25 Energy Ingenuity Program
Staff Summaries and Recommendations
September 25, 2024**

The Commission received 13 pre-applications for the July 18, 2024, application deadline of the FY25 Energy Ingenuity Program. Ten applicants were invited to submit full proposals, and seven (7) proposals were ultimately received by the August 15, 2024, deadline. Two (2) projects, Edtunity Institute and Brunswick County, were tabled from the previous round in May and will remain tabled in this round. The Energy Committee will act on these applications at its meeting scheduled for September 25, 2024, at 3:00p.m. The applications are grouped by investment category.

Req#	Organization	Project Title	Requested Amount	Staff Rec.
Energy Catalyst – Planning Grants				
4262	Edtunity Institute	The Next Military EV Education	\$50,000	Tabled
4281	Town of Wytheville	Energy Action Plan	\$50,000	\$50,000
Energy Execution – Implementation Grants				
4287	Appalachian Voices	Energy Storage and Electrification Manufacturing (ESEM) Jobs Project	\$2,825,000	Tabled
4261	Brunswick County	LNG Storage Project	\$1,000,000	Tabled
4284	City of Danville	900 Mount Cross Road Battery Energy Storage System	\$1,500,000	\$750,000 grant/ \$750,000 loan
4285	Town of Richlands	Town of Richlands Energy Diversification Project	\$4,000,000	\$2,000,000 grant/ \$2,000,000 loan
4283	Downtown Wytheville, Inc.	Downtown Heritage Greenway Trail Demonstration EV Charging Station	\$15,000	Tabled
4282	Town of Wytheville	Replace Aeration Blowers Energy Efficiency Project	\$592,000	No Award
4286	ATIP Foundation, LLC	ATIP Foundation/BargerTech Waste to Energy Demonstration Project	\$1,000,000	\$1,000,000
TOTAL (9 requests) / Staff Recommendation			\$11,032,000	\$3,800,000
				<u>grants</u>
<ul style="list-style-type: none"> • Southwest VA - \$2,050,000 grant, \$2,000,000 loan; \$4,050,000 total • Southern VA - \$1,750,000 grant, \$750,000 loan; \$2,500,000 total 				\$2,750,000
				<u>loans</u>
				\$6,550,000 total

Energy Catalyst – Planning Grants

Edtunity Institute

The Next Military EV Education (#4262)

\$50,000 Requested

Project Summary: As a result of the landmark federal Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act of (IIJA), the federal government is investing over \$7 Billion dollars in Electric Vehicle (EV) charging infrastructure. The states and regions that will benefit most from this massive investment will be the ones with an EV-ready workforce that has the skills to design, install and repair the battery charging stations on which electric vehicles depend. Edtunity Institute is a nonprofit training organization that certifies transitioning military, reservists, National Guard members and other underserved populations for technical jobs in telecommunications and media fields. Edtunity just started a pilot training program for EV technicians. In this proposal, Edtunity will assess the EV charging skills needed by transitioning military personnel in Southern and Southwest Virginia to qualify for jobs in infrastructure installation, maintenance, and repair. The Needs Assessment will include an Implementation Plan that will lay out the curriculum, institutional partnerships and resources needed to create a local, skilled EV charging infrastructure workforce.

Matching Funds:

- \$50,000 - grant from ElectrifyAmerica (a subsidiary of Volkswagen Group of America established in late 2016 by the automaker as part of its efforts to offset emissions).

Project Outputs:

- A ten-year analysis and report projecting a 10-year outlook on:
 - Number of charging infrastructure jobs in the target region.
 - Current and projected supply of workers in the Southern and Southwestern regions, and assessment of the gap between supply and demand.
 - Specialized skills needed for selected EV charging infrastructure jobs including charging station design, installation, maintenance and repair, and creating and maintaining charging networks and payment systems.
 - Current public and private training and job placement resources serving the target area.
 - Environmental and economic impacts of bringing additional EV-related jobs to Virginia.
- 10-year Plan for Training the TRRC Regional EV Infrastructure Workforce

Staff Comments: Grant funds are requested to support a workforce needs assessment for Southern and Southwest Virginia to inform electric vehicle (EV) infrastructure training plans. This training, funded in part by a \$100,000 grant from Electrify America, will be targeted to transitioning active military personnel, reservists and National Guard members living or serving in various locations in Southern and Southwest Virginia. These locations include the following:

SOUTHERN	SOUTHWEST
<ul style="list-style-type: none"> • Fort Barfoot, Nottoway • Army Reserve Harmony Crossing, Bedford • US Army 98th Training Division, Campbell 	<ul style="list-style-type: none"> • US Army 412th Theatre Engineer Command, Smyth • Army Reserve unit 655 Transportation Company Detachment 1, Galax • Engineers (heavy equipment operators, electricians, carpenters) and wheeled vehicle mechanics, Tazewell • Truck drivers and wheeled vehicle mechanics, Scott and Washington Counties

Since 2021, Electrify America has granted more than \$3MM to community organizations to deliver STEM and workforce development programs. Organizational leadership for the project will be provided by Brigadier General (Retired) Marianne Watson, Edtunity Institute’s Chief Operating Officer. She has notable expertise in veteran employment efforts. Other partners in the project include Virginia Clean Cities, Green Paradigm Consulting, and SkillFusion, a software development corporation specializing in developing skilled EV workers.

The Electrify America grant, \$50,000 of which will serve as matching funds for the project, is restricted to the delivery of training for 50 individuals exclusively from the Tobacco Region footprint. Because the EA grant was specified for training materials and trainee recruitment and tracking, it cannot be applied 50/50 across the expenses for the needs assessment being proposed for TRRC funding. Staff typically like to see equal distribution of expenses across the budget line items between TRRC and the applicant organization. Edtunity has been made aware of TRRC funding policies that require documentation of expenditures and application of match funding; and that the matching funds must be expended before they can receive reimbursement from TRRC for the needs assessment. Staff is supportive of the effort, however, to identify and address the specific needs of service members and others from the Tobacco Region to facilitate their transition into energy careers.

Financial Viability Assessment:

A review of key viability criteria reveals an interesting opportunity to study needs and best practices for training individuals in Southern and Southwest Virginia for careers that support zero-emission vehicles and their associated service/infrastructure needs. Edtunity Institute is a bonafide 501(c)(3) nonprofit headquartered in Norfolk, VA and is active and in good standing with the State Corporation Commission. Edtunity Institute has been in operation since 1994. The budget is supported by cost estimates with delineated scopes of work from identified contractors. The application of match is a bit lopsided due to Electrify America grant use restrictions, which may present an obstacle to receiving reimbursement in a timelier manner. This may affect cash flow for Edtunity, and they will need to structure their operations to account for this issue.

Staff Recommendation: The project remains tabled as the applicant seeks a different source of match.

Town of Wytheville
Town of Wytheville Energy Action Plan (#4281)
\$50,000 Requested

Project Summary: The Town of Wytheville is applying for a Catalyst Grant from the Tobacco Region Revitalization Commission's Energy Ingenuity Fund to develop a comprehensive "Community Energy Action Plan." This plan will study all town-owned facilities to identify solutions that increase energy efficiency, sustainability, and resilience. By aligning energy improvements with the existing Capital Improvement Plan, Wytheville aims to reduce operating costs, hedge against future energy price volatility, and attract energy-dependent businesses. This effort will position Wytheville as a leader in energy innovation among rural communities in Southwest Virginia, fostering economic development and workforce training while enhancing infrastructure resilience.

Matching Funds:

- \$50,000 from the Town of Wytheville

Project Outputs:

- Energy Action Plan for the Town of Wytheville

Staff Comments: Wytheville faces a critical need to enhance its infrastructure due to rising energy costs and growing demands on public services. The town has experienced a significant increase in electrical expenses, with costs rising by \$244,375 in one year to \$1,155,986. The increasing utility rates and the town's reliance on electricity for essential services (e.g., water, sewer, fire stations) make it particularly vulnerable. The proposed "Community Energy Action Plan" aims to address these challenges by improving energy efficiency and sustainability, positioning Wytheville as a regional model for energy planning.

The proposal requests \$50,000 from the TRRC to support costs for plan development that will be executed in five phases over 18 months, which include an energy audit, stakeholder meetings, feasibility studies and facility prioritization, planning workshops, plan draft, review with the public, and plan finalization and funding strategy development. The plan integrates with existing infrastructure projects and could serve as a model for rural energy planning. It sets the stage for future grant applications and showcases a comprehensive approach to energy efficiency and economic development.

Financial Viability Assessment: A review of key viability criteria reveals a fairly straightforward plan to study the audit and recommends improvements for infrastructure in the town of Wytheville. It is assumed from the submission that these contractual costs will be generated by a yet to be identified third party that will be selected through a bidding process. It was not clear from the submission as to whether the town has fully secured the matching funds from its budget, which will necessitate a contingency being added to the recommendation. The Town has committed to covering any costs in excess of \$100,000. If the matching funds can be secured, the project will be viable and will inform future infrastructure projects.

Staff Recommendation: Staff recommends a grant award up to \$50,000 for 50% of third-party contractual expenses to complete an Energy Action Plan contingent on acquisition of at least 1:1 matching funds.

Energy Execution – Implementation Grants

Appalachian Voices

Energy Storage and Electrification Manufacturing (ESEM) Jobs Project (#4287)

\$2,825,000 Requested

Project Summary: This proposal seeks funding for the innovative partnership between the Energy Storage and Electrification Manufacturing (ESEM) Program and GenEdge's ITAC assessment process, representing a powerful and synergistic collaboration poised to transform the advanced manufacturing landscape across the entire TRRC footprint. This collaboration, comprising two parallel and coordinated initiatives, shares a common objective of revitalizing Southwest Virginia's manufacturing sector by supporting the transition from historically coal-centric operations to emerging markets in Energy Storage and Electrification Manufacturing.

The ESEM Program, backed by state funding through GO Virginia and federal support from the US Economic Development Administration (EDA), has laid a strong foundation by providing critical planning and technical assistance to six multigenerational, family-owned manufacturers in far Southwest Virginia. Delivery of these services has already begun to diversify operations and increase production capacity, with documented and measurable results, preparing these companies to enter new energy market sectors.

In parallel, and within the same overall collaboration, the GenEdge ITAC project aims to expand industrial energy efficiency and decarbonization by offering comprehensive technical assessments and support to manufacturers across the entire TRRC service region. Through targeted energy efficiency assessments, strategic market analysis, and the introduction of advanced manufacturing practices, GenEdge will equip up to 50 companies with the data, analysis and tools they need to reduce energy consumption, enhance operational efficiency, and qualify for capital funding through the US DOE ITAC Implementation Grant Program.

Together, these two parallel initiatives administered under a single collaboration will create a stronger, more resilient manufacturing ecosystem that not only sustains existing businesses but also attracts new investment and innovation. By leveraging the combined expertise and resources of ESEM and GenEdge, this partnership will serve as a catalyst for advanced manufacturing, driving economic growth, job creation, and environmental sustainability throughout Southern and Southwestern Virginia.

Matching Funds:

- \$750,000, U.S. Economic Development Administration Economic Adjustment Assistance Program (application intended)
- \$75,000, GENEDGE, in-kind
- \$2,000,000, Private Company Contributions to Equipment and Property as part of a cost-share arrangement

Project Outputs:

- Completed Energy Assessments for up to 50 manufacturing companies.
- Strategic Market Entry Plans for participating manufacturers.
- Trained Workforce ready to support advanced manufacturing.
- Expanded and Upgraded Facilities equipped for energy-efficient production.
- Economic Growth in Southwest Virginia through diversified manufacturing, with investments of \$21,500,000, and new and retained revenues of \$16,500,000.
- Creation and Retention of 250 jobs within the energy storage and electrification sectors. Enhanced Environmental Sustainability through reduced energy demand and efficiency improvement by reducing energy costs by \$6,500,000.

Staff Comments: This project aims to revitalize the manufacturing sector in Southwest Virginia through a partnership between the Energy Storage and Electrification Manufacturing (ESEM) Program and GenEdge's ITAC assessment process, by supporting the transition from coal-centric operations to energy storage and electrification manufacturing in the region.

The ESEM Program, funded by state and federal sources, provides planning and technical assistance to local manufacturers, enabling them to diversify into energy markets and adapt to changing economic conditions. The ITAC partnership with GenEdge focuses on energy efficiency, decarbonization, and qualifying manufacturers for capital funding through the DOE's ITAC Implementation Grant Program.

The project involves several local manufacturers:

1. AMR PEMCO (electronics)
2. Simmons Equipment Company (battery-powered mining equipment)
3. Buchanan Pump Service
4. Paul's Fans (ventilation systems)
5. West River Conveyors (mining equipment)

The budget for this project specifies the following investment requests for Energy Innovation Funding:

- \$825,000 for ITAC assessments, to be matched with \$750,000 in anticipated USEDPA funding and \$75,000 of in-kind services from GenEdge
- \$2,000,000 to support 50% cost-sharing on the purchase of equipment, property, and improvements for four of the six companies noted above: to be matched with company contributions:
 - \$95,000 for an automated powder coating machine for West River Conveyor
 - \$155,000 for line bore large frame assemblies and subassemblies for Simmons Equipment
 - \$755,000 toward a facility expansion for Lawrence Brothers Inc to house a new laser
 - \$995,000 to purchase a lot for a second production facility for Paul's Fans

Delivery of technical assistance services from ITAC could be considered an eligible use of funds under the current RFP, and Commission funding has been historically used in limited capacity to help cost share programs. The most recent cost-sharing projects supported by the Commission limit equipment purchases for agribusiness cost-share projects to 33% of the cost, with a cap of \$5,000. The Small Business Development Incentive for catalyst businesses in business district revitalization projects featured in the regional Economic Development funding programs are limited to up to \$30,000 and no more than 25% of the capital costs for construction or equipping costs for the new business enterprise. The Commission has

no history of supporting real property acquisition costs or facility expansions for private businesses via its grant programs, although the TRRC's loan program could possibly be used to those ends. The applicant was advised of these limitations and asked to reduce the project's scope to demonstrate a smaller scale proof of concept for the program.

Financial Viability Assessment: A review of key viability criteria reveals an ambitious request for an extensive technical assistance program and significant levels of investments in private sector property and equipment. An appropriate match source was identified for the ITAC assistance but is not yet committed. Additionally, the scale of cost-sharing is unprecedented in past Commission projects.

A cost breakdown per ITAC assessment would help Staff better understand the complexity of the process. Staff's basic assumption with a \$1,650,000 total cost on the 50 ITAC assessments indicates it requires \$33,000 per assessment, but more context is needed to determine reasonability of cost. For the cost-sharing portion of the project, an estimate should be provided by each firm of the jobs created/jobs retained and capital investment associated with these projects. There are no quotes accompanying the requests, and we would need those to substantiate the requested budget amounts. Staff will need to determine the thresholds for a cost-share investment for this program since it is fairly new. Proformas and/or financial statements for the participating companies (due to the size of the funding request) would be beneficial to perform due diligence on the financial standing of the companies. It is also not clear how the program would be sustained. Staff does not feel this proposal is financially viable in its current state.

Staff Recommendation: Staff recommends this project be tabled to allow the applicant more time to refine the scope of work.

Brunswick County

LNG Storage Tank Project (#4261)

\$1,000,000 Requested

Executive Summary:

Dominion Energy Virginia plans to construct a liquified natural gas (LNG) storage facility to support Brunswick and Greenville Power Stations with backup fuel. Mecklenburg Cooperative, the local distribution company at the proposed construction site, will build a new substation to provide power to the LNG facility. Brunswick County is seeking funding from the Tobacco Region Revitalization Commission on behalf of Dominion Energy to support the purchase of equipment installed in the electric substation.

Matching Funds:

- \$1,000,000 from Dominion Energy to support equipment purchase (cash in hand).

Project Outputs:

- Agreement between Dominion Energy and Mecklenburg Electric Cooperative
- Electric load requirement document
- Design Engineering Report
- Substation ready for operation

Staff Comments:

The operation of the LNG Storage facility will improve the dependability of DEV's electric grid, which provides service to 2.7 million customers in North Carolina and Virginia. The implementation of the LNG Storage facility will serve as a blueprint for other potential projects seeking to improve resiliency and reliability of the electric infrastructure, positioning Virginia's Southern Tobacco region as a case study to support similar projects throughout the country. The proposed LNG Storage Project is a high-impact/priority project for Dominion Energy Virginia (DEV) since it helps mitigate risks associated with natural gas fuel supply to two power generation stations that are critical to supporting electricity demand in the Commonwealth from DEV's electric customers.

Traditionally, utilities generate earnings through regulator-approved adjustments to rates that recover investment costs and add a margin of return, typically a return-on-equity over the life of the investment asset(s). In this case, the investment in the LNG Storage Project by DEV, if approved by the Virginia State Corporation Commission (DEV's regulator) will earn a fixed return on equity, currently approved at 9.7%, annually through the expected life of the asset. Additionally, the reasonable and prudent operating and maintenance costs would also be recovered from customers on an annual basis and passed along at cost to DEV customers. If the VA TRRC decides to provide a \$1M grant for this project, it would result in lowering the cost recovered from DEV customers, by reducing the capital investment basis that is used to determine customer rates.

Financial Viability Assessment:

A review of key viability criteria for this project indicates that more information is needed to determine if it is a good investment for TRRC funding. The project's budget lacks details on the specific piece(s) of equipment that would be supported by the grant. The outcomes projections appear to need further refinement.

Staff Recommendation: This application will continue to be tabled for the applicant to supply additional information.

City of Danville

900 Mount Cross Road Battery Energy Storage System (#4284)

\$1,500,000 Requested

Project Summary: Danville Utilities and Lightshift Energy (formerly Delorean Power) have been jointly developing a 12-megawatt advanced battery energy storage system ("BESS") in Danville Virginia that will be used to reduce peak load for Danville Utilities and will in turn save Danville Utilities tens of millions of dollars over the life of the project. These savings will be directly passed through to the commercial, industrial, and residential customers of Danville Utilities, helping ensure lower electricity costs for current and future residents as well as attract new businesses to the Tobacco Region in southwest Virginia. The project will also enable workforce training for the emerging BESS industry in Virginia which has been catalyzed by the Virginia Clean Economy Act, and the project will provide emissions reductions benefits and reduced transmission and generation requirements for the regional grid, as well as a clean source of local power for Danville Utilities.

Matching Funds:

- \$11,461,805, cash from Lightshift Energy

Project Outputs:

- A battery energy storage system and peak shaving services that it will provide to the City of Danville.

Staff Comments: This energy project aims to reduce costs and enhance reliability for the City of Danville through the implementation of a battery storage system (BESS) and will be implemented on a three-acre parcel at 900 Mount Cross Road in Danville, Virginia.

Lightshift will provide an integrated BESS for Danville, including all necessary equipment to connect to the city's medium voltage distribution network. The system will include battery containers, power conversion systems, and an energy management system, with 24/7 remote monitoring and control capabilities. The system is designed to be modular for ease of construction and maintenance. The project is estimated to generate average annual net savings of \$3.37 million for Danville and its customers. Savings will come from reduced transmission and capacity charges, as well as revenue from participating in the competitive wholesale electricity market that buys and sells large amounts of electricity across 13 states and the District of Columbia. Current demand charges total \$11.41/kW-month and are expected to increase significantly in the future.

In addition, the project is expected to reduce over 7,500 tons of greenhouse gas emissions annually. It will contribute to cleaner air and water by reducing reliance on fossil fuel generation during peak hours. The total project budget is \$12,961,805. The City of Danville is requesting \$1,500,000 in funding, which will be applied to battery costs. The remainder of the funding will be provided by Lightshift through their partnership with Greenbacker Capital.

The project aims to keep electricity rates low for Danville residents and businesses and enhance grid reliability, which will help support economic development in the region. Lightshift guarantees effective operations for a minimum of 20 years.

Financial Viability Assessment: A review of key viability criteria indicates a well-planned project with substantial support by the applicant's collaborator. The applicant declares match in excess of the 1:1 requirement with a letter providing a firm commitment from Lightshift for the funds. A detailed line-item budget of total costs was provided and was appropriately scaled when compared to vendor quotes. The project's outcomes present a strong return on investment in terms of annual savings over 20 years. This BESS project represents a significant investment in Danville's energy infrastructure, promising economic, environmental, and workforce development benefits for the community. While there is public benefit to this project, there is also the opportunity for generation of revenue, and as such a portion of the request is appropriate for a loan product.

Staff Recommendation:

Staff recommends a grant award of \$750,000, and a referral to the TRRC loan program for the additional \$750,000; with the contingency that the project receives approval by the City Council.

Town of Richlands
Town of Richlands Energy (#4260)
\$4,000,000 Requested

Project Summary: The Town of Richlands is an electric municipality. Over the past 90 years, the Town has provided energy to its citizens and businesses. However, over the past five years, the transmission costs the Town pays to move energy from its assets in the Ohio River Valley area to Richlands have increased dramatically, which has significantly impaired the Town's economic development capacity. The Town of Richlands needs to diversify its energy assets and begin to build behind a meter energy generation project. The Town is moving forward with a project to purchase a Solar Mercury 50 natural gas fired turbine and generator. This generator will allow the Town to utilize a homegrown supply of natural gas to create and provide electricity to its citizens, current businesses, and to use as an economic development tool for attracting prospective businesses and other economic development projects.

Matching Funds:

- \$2.1MM by Town of Richlands, cash deposit
- 11.354MM by Town of Richlands in revenue bond proceeds

Project Outputs:

- Installation of scalable energy product
- Reductions in energy costs incurred by current residents and businesses
- Revenue generation for the Town of Richlands
- Changing area-wide energy readiness to improve marketability to targeted sectors
- Increase in coverage and capacity for industry's energy needs

Staff Comments: The Town of Richlands is requesting \$4,000,000 toward a \$13,454,000 project to implement a behind-the-meter energy generation project to combat rising energy costs and improve economic competitiveness. The Town plans to install a Solar Mercury 50 natural gas-fired turbine generator with a 4.6 MW continuous power output to connect to an open-source natural gas pipeline. This project will diversify the town's electricity generation and improve reliability. Richlands has a population of over 5,000, and approximately 2,500 businesses and residents are served by the Town's electrical utility.

The key components of this 18-month project are:

1. Generator: Solar Mercury 50 natural gas-fired turbine generator with a 4.6 MW continuous power output, and an efficiency rating of 36-40% depending on ambient temperature.
 - a. Cost (as of 11/9/23): \$8,715,865
2. Distribution Line: 4.5 miles of 12.5 kV distribution line to Richlands co-op substation.
 - a. Cost (including contingency): \$1,945,000
3. Substation Upgrades: Addition of a 15 kV breaker in the Richlands substation.
 - a. Cost: \$102,000
4. Site Development, to include grading and foundation work, and road construction.
 - a. Cost: \$993,000
5. Engineering, Outdoor Equipment, Testing, Cabling, Etc.
 - a. Cost: \$1,698,135

The Town wishes to move quickly to secure funding and approvals to avoid additional price increases. They will act quickly to conduct a detailed environmental assessment, secure necessary permits, and finalize real estate arrangements for the project site and distribution line route. They will implement a comprehensive project management plan to ensure timely completion and cost control.

The applicant stresses that without addressing the fundamental issue of energy generation and transmission costs, they risk putting the community at a significant economic disadvantage. The applicant's proposed behind-the-meter generation project is their most effective strategy to combat these rising costs and provide immediate relief to residents and businesses. Additional benefits cited include an increase in the town's ability to attract business, which would increase revenue generation for the town in addition to creating new jobs and increases in property values.

The Town plans other crucial future initiatives that will build upon the foundation laid with the current project, to create a more resilient, efficient, and cost-effective energy system for Richlands. These efforts will include comprehensive energy audits of all municipal buildings, exploration of additional renewable energy sources, implementation of advanced metering infrastructure, development of demand response programs and integration of energy storage solutions.

Financial Viability Assessment: A review of key financial viability criteria for this project indicates that the Town has a well-developed and regularly updated plan for strengthening the energy resiliency for the Town. Current quotes for services and equipment accompany a detailed budget for the project. A three-year revenue projection provided by the applicant indicates an expected return of \$12.37MM, which represents a positive return on investment for the Commission's funds. The viability of the project hinges on the ability to raise the bulk of funding through issuing revenue bonds, and Staff recommends a contingency on this factor. The Town will also secure a line of credit to manage cash flow against TRRC reimbursements. While there is public benefit to this project, there is also the opportunity for generation of revenue, and as such a portion of the request is appropriate for a loan product.

Staff Recommendation: Staff recommends a grant award of \$2,000,000 contingent on securing sufficient funding for the project via revenue bonds within one year of award; and a referral to the TRRC loan program for the additional \$2,000,000.

Downtown Wytheville, Inc.

Downtown Heritage Greenway Trail Demonstration EV Charging Station (#4283) **\$15,000 Requested**

Project Summary: Downtown Wytheville, Inc. and the Town of Wytheville are applying for an Energy Implementation Grant from the Tobacco Region Revitalization Commission's Energy Ingenuity Fund to install electric vehicle (EV) chargers in the heart of Wytheville's historic and walkable downtown district. This project will leverage a prior utility infrastructure investment and strategically place EV chargers near local businesses, the Millwald Theatre, and the Wytheville Farmers Market, promoting tourism, economic development, and sustainable energy use. By drawing EV travelers into the downtown area, this initiative will create new opportunities for local businesses while supporting the region's broader economic diversification and energy resiliency goals. The chargers will also serve as a key feature of the Heritage Walk

Greenway system, connecting the town's parks, museums, and natural beauty, further encouraging foot traffic and enhancing quality of life.

Matching Funds:

- \$15,000 from Town of Wytheville, application approved.

Project Outputs:

- 2 new EV Charging spaces on Main Street Wytheville adjacent to the trailhead of the Heritage Walk Greenway Trail System.
- 2 Level 2 Chargers available (1 for each space).
- New signage directing those with Electric Vehicles to this station from the Interstates incorporated within the Town Wayfinding System.

Staff Comments: This project aims to install electric vehicle (EV) charging stations in Wytheville's historic downtown to enhance sustainable infrastructure and boost local tourism and economic development. This project also aims to connect with the Heritage Walk Greenway, enhancing access to recreational and cultural assets.

The anticipated impact includes increased foot traffic in downtown Wytheville, improved energy resiliency, and the establishment of strong partnerships among local organizations. The implementation timetable spans nine months, covering planning, site preparation, installation, testing, and ongoing monitoring.

This is a laudable project, but Staff recognize the opportunity here to create a greater level of impact by expanding the scope of the project to include other trailheads, tourism assets and business districts. Staff would like to work with Downtown Wytheville Inc and the Town of Wytheville to convene a more sizable group of potential stakeholders who could benefit from and would be willing to invest in an effort to identify additional potential sites to create a more extensive network of EV charging stations in the immediate region to advance tourism and other economic ventures.

Financial Viability Assessment: A review of key viability criteria indicates a small-scale project with a well-supported budget. Appropriate match is fully committed to the project. However, potential exists for the creation of greater impact by taking a regional approach to installation of the chargers.

Staff Recommendation:

Staff recommends tabling this proposal to rescope the project as a regional tourism effort to create a higher level of impact for the area.

Town of Wytheville

Replace Aeration Blowers Energy Efficiency Project (#4282)

\$592,000 Requested

Project Summary: The project will achieve a 30% reduction in electrical use of the wastewater plant by replacing the aging centrifugal blowers with rotary screw blowers that use variable frequency drives (VFD). Funds will be used to purchase and install the equipment which will include three (3) new 100 hp blowers with VFD's, and associated mechanical and electrical improvements, instrumentation, valves, and controls to reduce wastewater aeration power consumption while improving the treated effluent quality. The new system will improve the plant's capacity to treat additional industrial and economic growth expected to occur in future years. The public wastewater system serves 8200 citizens and hundreds of businesses and industries reliant on the wastewater plant's efficient operation to maintain steady wastewater rates by reducing operational and energy costs through wise investments and innovative approaches.

Matching Funds:

- \$592,000 from Town of Wytheville, application approved.

Project Outputs:

- Installation of new aeration blowers at wastewater plant

Staff Comments: The Town of Wytheville is planning to replace three aeration blowers and associated equipment at their wastewater treatment plant to improve energy efficiency. The project will increase the Town of Wytheville's capital investment in clean energy in several ways:

1. **Direct Investment:** The town is investing \$1,184,000 in total for this energy efficiency project, with \$592,000 coming from their own funds.
2. **Energy Efficiency Upgrade:** By replacing the old centrifugal blowers with new energy-efficient rotary screw blowers, the town is directly investing in clean energy technology that will reduce energy consumption by 30%.
3. **Long-term Savings:** The project is expected to save \$64,800 annually in electrical costs, which can potentially be reinvested in future clean energy initiatives.
4. **Carbon Footprint Reduction:** The investment will reduce the town's carbon footprint by 364 metric tons of carbon dioxide, contributing to overall environmental sustainability.
5. **Increased Capacity:** The modern technology will allow the plant to process wastewater faster and handle additional volume, supporting future economic growth while maintaining energy efficiency.
6. **Future-proofing:** By investing in this technology now, the town is positioning itself to be more resilient against future energy cost increases and potential environmental regulations. The project will not immediately reduce wastewater rates but could prevent dramatically increasing wastewater rates due to increasing electricity costs.

Financial Viability Assessment: The Feasibility study submitted is a sample report for a different project created by a vendor. The economic impact study is a paragraph referring to the Preliminary Engineering Report done by CHA Consulting referring to an annual savings of \$64,800 in energy costs. For a project with a total cost of \$1.184MM, this indicates that it will take 18 years for the investment to break even. Considering that the Commission will award \$50,000 to the town to produce an energy action plan, it would seem prudent to assess this project as part of that effort to determine the existence of other options that would improve the ROI.

Staff Recommendation: Staff recommends no award.

ATIP Foundation, LLC

ATIP Foundation/BargerTech Waste to Energy Demonstration Project (#4286) **\$1,000,000 Requested**

Project Summary: BargerTech has agreed to design, engineer, build, implement, and operate a Biomass converter (specifically, a TriFi 7000 unit) on location at a farm within the Tobacco Revitalization Commission territory.

Matching Funds:

- BargerTech:
 - \$5.4MM capital costs through equity investment and debt
 - \$3MM for project management and operations (in-kind personal services)
- ATIP Foundation, \$100,000 in-kind technical assistance

Project Outputs:

- Creation of three (3) jobs averaging an annual salary of \$65,000
- Commodities Produced: Renewable Electricity, Clean Water, Biochar
- Environmental Benefits: GHG Reductions and Carbon Sequestration
- Creation of marketable products including biochar, energy, and dry, storable fertilizer, after year 3 in steady state

Staff Comments: ATIP Foundation, in partnership with the private firm BargerTech, is applying for a \$1 million Energy Ingenuity Grant for a renewable energy project demonstration. The project involves installing a 1MW energy generation system at Vanderhyde Dairy in Pittsylvania County. The applicant estimates that the total project costs will exceed \$7 million.

The system, called TriFi 7000, processes dairy manure to produce multiple valuable outputs including electricity (1MW), distilled water, biochar and carbon credits. Vanderhyde Dairy will be the off-take buyer for the 1MW of electricity. Discussions have been initiated with Cobblestone Cooperative for marketing climate-smart dairy products. BargerTech is also exploring partnerships with tech companies (Google, Meta, AWS, Microsoft) for water and carbon sequestration credits, and having advanced discussions with Midwest fertilizer distributors for biochar.

The project's 18-month timeline includes the following milestones:

1. Finalize agreements with Vanderhyde Dairy (30-60 days)
2. Secure collaboration agreement with Cobblestone Cooperative (30-60 days)
3. Obtain Letters of Intent for product off-take (60-90 days)
4. Secure private financing commitments (90-120 days)
5. Complete design/build engineering (120 days)
6. Install and operate TriFi 7000 Unit (12-18 months)

A final engineering design and budget will be completed upon securing agreements and location. The ATIP Foundation's role is to review and verify milestone completion and report progress to TRRC. The applicant has indicated that a third-party feasibility study will be completed as part of the final engineering plan.

Because this is a demonstration product of a novel innovation, there is no comparable technology or existing data to benchmark against for evaluation purposes.

Financial Viability Assessment: The applicant states a commitment to a 7:1 ratio of private and federal funding to the requested grant amount. \$3.1MM of the \$8.4MM declared as match is considered in-kind personal services. \$5.4MM of the match is listed as equity investment and debt. The budget provided did not provide details or quotes on the installation and operation cost of the TriFi 7000, nor the breakdown of equity and debt that is being pledged as match. It was not clear from the information provided where the match funds are being deployed (whether the match is being used within the TRRC footprint versus other operational locations of the company). Clarification was provided to the applicant that only \$250,000 of the required minimum \$1 million match could be in-kind. Detailed installation and equipment costs are still to be provided. ATIP has provided a declaration that their in-kind match is not being supported by the recently awarded Energy Catalyst planning grant or federal funding already committed to said grant. Based on the current information in hand, Staff has outlined what it believes to be extensive financial and project control contingencies to this project in order to be able to recommend funding. Staff considers the project to have financial risk as in most new ventures, which is inherent with a demonstration project of a novel technology.

Staff Recommendation: Staff recommends up to \$1,000,000 funding with the following contingencies:

- Finalization of an agreement with the identified dairy farm collaborator;
- Execution of letters of agreement for offtake of the energy and biproducts;
- Submission of a detailed budget for all direct costs of the project and the composition and usage of matching funds, to be reviewed by the TRRC Grants Director and the TRRC Regional Energy Director, and signed off on by the TRRC Executive Director;
- Proof of secured financial commitments within one year of award approval date that would satisfy a 1:1 match requirement consistent with TRRC Funding Policies.

SOUTHWEST VIRGINIA COMMITTEE



·In-Person Meeting·

AGENDA

SOUTHWEST VIRGINIA COMMITTEE

**The MET, Patrick & Henry Community College
67 Motorsports Drive, Martinsville, VA 24112**

**Wednesday, September 25, 2024
4:30 P.M.**

If participating in the meeting by phone, dial: **1-332-249-0607** and enter **access code: 623 690 842#**.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Virginia Freedom of Information Act. If you experience problems calling in, please contact: **Hannah Franke-Fuller** at **(804) 894-9659** or **hfranke-fuller@revitalizeva.org** or **Roz Stein** at **(804) 894-9651**.

Welcome and Call to Order

The Honorable James “Will” Morefield, Chair

Call of the Roll

The Honorable James Campos, Executive Director

Approval of the 5/21/2024 Minutes
(published on website)

The Honorable James “Will” Morefield, Chair

Public Comment

Extensions and Modifications

*The Honorable James Campos, Executive Director
Ms. Sara Williams, Southwest Regional Director*

Other Business

The Honorable James Campos, Executive Director

Adjournment

Southwest Virginia Committee

September 25, 2024

The Southwest Virginia Committee will meet on Wednesday, September 25, 2024, at 4:30 p.m. to consider extensions of four existing grants.

Floyd County EDA

Floyd Regional Commerce Center Phase II Development (#3191)

Approved for \$420,696 in September 2017 (\$389,416 balance)

Request for one-year extension

Staff Overview & Comments: The balance of this grant will be used for construction of utilities to serve the additional building pads that are under development at the Commerce Center. The project was put out to bid in early 2023 with the lowest bid more than \$1M over budget. The EDA applied to US-EDA for additional funding and, in March 2024, received notification of a \$2.7M award. Since that time, the grantee has been working through updated construction approvals required from VDOT, Federal Highways, and the US-EDA along with authorization to bid the project. Under the updated timeline construction is expected to begin in Spring 2025 and take approximately 330 days. Assuming there are no additional delays, the project will be complete by late November 2025. An extension through the end of calendar year 2025 is likely sufficient to allow adequate time for project close out.

Staff recommends the approval of a one-year extension through December 31, 2025.

Heart of Appalachia Tourism Authority

Coalfield Regional Tourism Destination Project (#3464)

Approved for \$483,220 in September 2018 (\$342,365 balance)

Request for one year extension

Staff Overview & Comments: This balance of this grant is allocated for the development of the now named Three Rivers Destination Center. Significant matching funds, including a \$1.5M POWER grant (ARC), \$209K DHCD, and local in-kind support are committed for the project. This project has been slow to proceed due, in part, to additional due diligence requirements associated with the matching funds. Significant leadership changes at Heart of Appalachia have further delayed the project. Over the past several months, Staff has met with both HOA and DHCD to determine the best path forward for this project. Russell County, at the request of HOA, will serve as the fiscal agent for the grant and will assume primary responsibility for the administration of the project. Additionally, after consulting with DHCD to determine the best and most expeditious use of all grant funding, a budget revision reallocating all TRRC funds to earlier stage design and site development costs will be considered. Under the updated budget, and assuming no additional delays, the grant will be complete within a year.

Staff recommends the approval of a one-year extension through September 30, 2025.

Southwest Regional Recreation Authority
Creating a Sportsman's Economy for Southwest Virginia (#3564)
Approved for \$125,000 in October 2019 (\$80,676 balance)
Request for final extension

Staff Overview & Comments: This grant was approved five years ago to assist with the development of a Rifle/ Pistol Complex intended to allow SRRA to diversify recreation opportunities for visitors. Commission funds were allocated for Dixon Range for property and improvements and equipment. Under the original scope of the project, a historic cabin was to be restored and renovated to house restroom facilities and offices. The Dixon Range property was donated to SRRA with a condition that the cabin be restored. Once the project was underway, former SRRA leadership made the decision to dismantle the cabin and to construct a pole barn in its place. At this time, the cabin remains deconstructed, and the conditions required by the property donor are unmet. In September 2023, a change in scope and a nine-month extension was approved to allow remaining grant funds to be used to reconstruct the cabin. A single contractor was identified with the qualifications required to complete this task however the company was not available to begin the job within the extension period. The project has been essentially “on hold” since the grant’s July 31, 2024 expiration pending approval of this extension request. The contractor is available to begin the project as soon as the extension is approved. To allow ample time for completion, a one-year extension is suggested.

Staff recommends the approval of a retroactive extension, beginning August 1, 2024 and ending September 20, 2025.

Tazewell County IDA
Cultural Arts of Southwest Virginia Corporation (#3557)
Approved for \$225,000 in October 2019 (\$161,383 balance)

Staff Overview & Comments: This grant was approved to assist with the cost of constructing two additions totaling 2,500 square feet will be added to the building to create space suitable for live performances. Tazewell County IDA is the grantee however the beneficiary is a non-profit formed around the time of the grant’s approval, Cultural Arts of Southwest Virginia Corporation. The building is owned by a for profit entity, Tazewell Cinema & Entertainment LLC, however the space developed as a result of this project is controlled by the non-profit. Since the grant’s approval, only a small amount of funding has been released. The project has been delayed due, in part, to issues with boundary adjustments affecting an adjacent landowner which resulted in additional site work. To reduce project costs, the majority of work performed has been self-contracted by the beneficiary and a single local contractor was used on a job-by-job basis. No formal contract detailing the scope of the work, associated costs, or an estimated completion time was developed. The lack of a formal contract, or professional cost estimates, was concerning. Without this information the actual cost and time required to complete the project cannot be determined. The extension approved in September 2023 contained a condition that the grantee conduct a competitive bidding process to identify qualified contractors. As with many other projects, construction estimates have continued to increase.

The project was recently awarded \$399,000 from the DHCD Industrial Revitalization Fund program. This is a very positive update and provides assurance that the project can be successfully completed. In light of this information, a one- year extension is recommended. The contingency approved in September 2023 requiring the selection of a contractor through a competitive process suitable to the

project remains in place. The grant will remain frozen until Staff has verified that the requirements of the contingency have been met.

Staff recommends the approval of a one-year extension through October 31, 2025.

STRATEGIC PLANNING COMMITTEE



▪ In-Person Meeting ▪

A G E N D A

STRATEGIC PLANNING COMMITTEE

**The MET, Patrick & Henry Community College
67 Motorsports Drive, Martinsville, VA 24112**

**Thursday, September 26, 2024
9:00 A.M.**

If participating in the meeting by phone, dial: **1-332-249-0607** and enter access code: **623 690 842#**.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Virginia Freedom of Information Act. If you experience problems calling in, please contact: **Hannah Franke-Fuller** at (804) 894-9659 or hfranke-fuller@revitalizeva.org or **Roz Stein** at (804) 894-9651.

Welcome and Call to Order	<i>Mr. Edward Blevins, Chair</i>
Call of the Roll	<i>The Honorable James Campos, Executive Director</i>
Approval of <u>9/5/2023</u> Minutes (published on website)	<i>Mr. Edward Blevins, Chair</i>
Public Comment	
Importance of Strategic Planning at TRRC	<i>The Honorable James Campos, Executive Director</i>
Summary of Current Planning Process	<i>Mr. Stephen Versen, Deputy Director</i>
Introduction of Strategic Planning Team, Review of Priorities & Next Steps	<i>Dr. Scott Tate, Associate Director, Virginia Tech Center for Economic and Community Engagement</i>
Other Business	<i>The Honorable James Campos, Executive Director</i>
Adjournment	

Strategic Planning Committee

September 26, 2024

The Strategic Planning Committee is meeting on September 26, 2024, at 9:00 am to review recent work on the Commission's Strategic Planning Process and meet with the selected consulting team who will lead the Commission through this process.

Timeline for FY25-26 Strategic Plan:

- At 2023 Fall Commission Meeting, the Strategic Planning Committee met and approved a strategic plan for the balance of FY24-25. This plan made relatively minor changes to the previous plan, most notably incorporating elements of the Governor's Compete to Win economic development plan for the Commonwealth; adding energy as a funding priority; and putting a renewed emphasis on agribusiness. At the time, the Commission decided that these relatively minor changes were appropriate but that a more robust strategic planning process should take place for the FY25-26 plan.
- At the 2024 Spring Commission Meeting, the Commission-approved budget included a \$100,000 line item for the Strategic Planning Committee to award for professional services related to the implementation of a robust strategic planning process to create the Commission's FY26-27 Strategic Plan. This is the Commission's first meaningful investment into strategic planning services in over a decade.
- The Strategic Planning Committee held a virtual meeting September 5, 2024, to review and discuss staff recommendations for the major questions this planning process should address and the consulting group to lead the Commission through it, Virginia Tech's Center for Economic and Community Engagement. The Committee unanimously voted to accept the staff proposal.
- The kick-off meeting for this strategic planning process will begin at the Fall 2024 Commission meeting and will continue through the end of FY2025. The goal is to have the new strategic plan adopted by the Commission at the Fall 2025 meeting.
- Below are the core elements of the consultants' plan for this work:

The strategic planning process will include the following five areas of focus:

1. Analysis of Commission's long-term financial future under different spending and investment scenarios (How long does the Commission want to exist? How should we adjust our investments and spending to ensure impact over that time period?)
2. Fresh look at what the Commission's role in workforce education should be, since arrival of VEDP's Talent Accelerator Program, Department of Workforce Development and

Advancement and major new state investment in workforce credentials (How to avoid duplication and meet workforce education needs specific to our region?)

3. Fresh look at Commission's role in industrial site and building development, especially in light of major new state investment through Virginia Business Ready Sites Program (How to maximize state and Federal investments in our industrial sites/buildings while meeting the unique needs of our rural communities?)
4. Review impact of previous funding priorities (economic development, business recruitment, broadband, R&D, tourism, healthcare, and agribusiness), assess where Commission support can create greatest impact going forward, and prioritize funding accordingly (Are there parts of big issues like housing and healthcare where Commission investments can have an outsized impact? Are there specific sectors, like agriculture and forestry, where we should be focusing more?)
5. Analysis of what staffing and organizational structure could enable the most effective use of the Commission's remaining assets (Are there models for which our newly created Foundation allow us to pursue? How can the Commission be more effective in bringing state, Federal and nonprofit funding into the footprint?)

The final plan deliverable will include the following six core elements:

- Regional Situation Assessment
 - including 3-6 mini-case studies of selected Commission projects
 - including 3-6 regional listening sessions
 - including 6-10 key stakeholder interviews
- Fiscal Management Plan
 - Including Long-term Financial Planning Scenarios
- Operational and Staffing Plan
 - Including operational and staffing Priorities
- Commission Foundation Overview
 - Including Foundation Role
 - Commission-Foundation Relationship
- Regional Investment Strategies, Outputs, and Outcomes
 - Including prioritization by impact-potential
- Implementation Guidance
 - with Monitoring Benchmarks

Beyond the Project Team, this work will be guided by the TRRC strategic plan committee (formal sub-committee of the TRRC); and by a TRRC Strategic Plan Working Group (an ad hoc group of regional partners, stakeholders, and TRRC staff).

The Project Team proposes to conduct this work in six phases:

Phase 1 (September-October 2024): Project Kick-Off, TRRC Strategic Plan Committee In-Person Session; Working Group In-Person Meeting; Engagement Plan; Stakeholder interviews; Regional Data Collection; Desk review of Commission’s past 5 years of investments

This phase will include an initial meeting with the Commission’s strategic plan sub-committee and Commission staff. We will finalize and revise the plan of work as needed. We will also identify and meet with a regional working group, comprised of regional leaders, former grantees, and other key stakeholders in the Commission footprint. The working group will provide broader input into the regional context and inform the Regional Situation Assessment of the strategic plan. The working group and sub-committee will provide input into the engagement plan. Our Project Team will also begin literature review and background research to inform case study identification, comparable organization analysis, and the regional situation assessment. In addition we will conduct a desk review of the past five years of Tobacco Commission investments considering RFPs, as well as interim and final project reports or related documents. We will engage an ad hoc reviewer as needed to inform our process approach.

Phase 2 (November 2024-February 2025): Sub-committee and Work Group Meetings (Virtual or In-person); Regional Listening Sessions; Financial and Operational Review

This phase will include the regional listening sessions, second and third meetings of sub-committee and working group; and meetings and review of Commission financial situation, operational and staffing, and data to inform financial modelling. This will also include meetings with the Commission Foundation, and former Commission staff as needed.

Phase 3 (March-April 2025): Regional Situation Assessment Draft; Review of Existing Commission Investment Strategies, Outcomes, Outputs; Comparable Program Analysis Draft

This phase will involve a synthesis of information collected to date, as well as supplemental work to better understand the Commission’s existing investment strategies and their effectiveness. We will also work with Commission staff to co-develop and update a theory of change, mapping how core program activities lead to desired outcomes related to:

- a) Key areas of investment (geographic and topical)
- b) Key areas of impact (geographic and thematic)
- c) Key areas where desired outcomes have not been realized

Phase 4 (April 2025): Work Group Meeting – Extended Working Session; Sub-section Drafts of Situation Assessment; Fiscal Management Plan; Staffing and Operational Plan; Foundation Overview

This month will involve longer work sessions with the working group to review and prioritize investment priorities, and desired regional outcomes. This will also include summaries of findings from draft plan sub-sections.

Phase 5 (May 2025): Sub-committee Meeting; Follow-up Interviews and Data Collection to inform Regional Investment Strategies, Outputs, and Outcomes; Including prioritization by impact-potential; Draft Implementation Guidance, with Monitoring Benchmarks

This period will focus on finalization of sub-sections and the regional investment strategies, as well as the development of implementation recommendations with possible monitoring benchmarks. We will engage one or more ad hoc reviewers to provide an outside perspective on strategies and recommendations.

Phase 6 (June 2025): Sub-Committee Meeting; Finalize Strategic Plan

This period will include final edits and revisions, as well as a final sub-committee meeting and plan adoption.

FULL COMMISSION



• In-Person Meeting •

AGENDA

FULL COMMISSION

**The MET, Patrick & Henry Community College
67 Motorsports Drive, Martinsville, VA 24112**

**Thursday, September 26, 2024
12:30 P.M.**

If participating in the meeting by phone, dial: **1-332-249-0607** and enter **access code: 623 690 842#**.

The Commission will not change the method by which it chooses to meet without providing a new meeting notice that is in accordance with the Va. Freedom of Information Act. If you experience problems calling in, please contact: **Hannah Franke-Fuller** at (804) 894-9659 or hfranke-fuller@revitalizeva.org or **Roz Stein** at (804) 894-9651.

Welcome and Call to Order

The Honorable Frank M. Ruff, Chair

Call of the Roll

The Honorable James Campos, Executive Director

Approval of the 5/22/2024 Minutes
(published on website)

The Honorable Frank M. Ruff, Chair

Public Comment

Education Committee

Ms. Amanda Cox, Chair

Southern Virginia Committee

Mr. Walter “Buddy” Shelton, Chair

Incentives & Loans Committee

The Honorable Daniel “Danny” Marshall, Chair

Energy Committee

The Honorable Thomas A. Garrett, Jr., Chair

Southwest Virginia Committee

The Honorable James “Will” Morefield, Chair

Strategic Planning Committee

Mr. Edward Blevins, Chair

Other Business

The Honorable James Campos, Executive Director

Adjournment

Tobacco Region Revitalization Commission

Financial Summary

As of July 31, 2024

TICR Fund Balance	\$ 243,209,771
Restricted Endowment Balance	\$ 57,663,578
Unrestricted Endowment Balance	\$ 46,109,311
Restricted Endowment Accum Interest	\$ 1,940,083
Unrestricted Endowment Accum Interest	\$ (459,016)
Total Cash & Investments	\$ 348,463,727

Cash Disbursements - this month	\$ 1,019,281
Cash Disbursements - FYTD	\$ 1,019,281

Fund	Unobligated Balances
Education	\$ 4,334,752
Education-Workforce Training	\$ 6,254,974
Education-TAP	\$ 4,162,950
TROF (Deal Closing)	\$ 22,618,164
Southside Economic Development	\$ 10,464,308
Southern Va Committee	\$ 26,180,100
Southwest Va Committee	\$ 8,332,837
Agribusiness	\$ 1,811,218
R&D/Broadband	\$ 116,242
Energy Ingenuity	\$ 11,950,000
Housing Pilot Project	\$ 2,000,000
Megasite Development	\$ 17,375,889
Lending Program	\$ 26,470,577
Administration	\$ 2,841,778
TICRC General Account	\$ 11,993,350
FY2025 Budget Balance	\$ 156,907,138

Tobacco Region Revitalization Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance (Cash Basis)
As of July 31, 2024

	<u>FY25 Budget</u>	<u>YTD Actual</u>	<u>YTD Actual as % of Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Other Revenue (all cost codes)	\$ -	\$ 79,467.10		79,467.10
Total Revenues	\$ -	\$ 79,467.10		\$ 79,467.10
EXPENDITURES				
Administration				
Salaries, Fringe Benefits, Per Diems	\$ 1,819,995	\$ 147,896.01	8.1%	\$ 1,672,098.99
Contractual Services	358,600	26,440.63	7.4%	332,159.37
Supplies and Materials	10,000	640.18	6.4%	9,359.82
Transfer Payments	323,800		0.0%	323,800.00
Rent, Insurance, Agency Svc Charges	340,050	18,991.57	5.6%	321,058.43
Furniture and Equipment	6,000	-	0.0%	6,000.00
Subtotal - Administration	\$ 2,858,445	\$ 193,968.39	6.8%	\$ 2,664,476.61
Community Revitalization	17,700,000	825,312.88		
Total Expenditures	\$ 20,558,445	\$ 1,019,281.27		
Revenues Over (Under) Expenditures	\$ (20,558,445)	\$ (939,814.17)		
OTHER FINANCING SOURCES (USES)				
Transfers In (endowment and earnings)	\$ -	\$ -		
CASH BALANCE, June 30, 2024	\$ 244,149,585	\$ 244,149,584.70		
CASH BALANCE, July 31 2024	\$ 223,591,140	\$ 243,209,770.53		

Active TROFs with Concluded Performance Periods September 2024

Project Number	Date Approved	Start Date	End Date	Organization	Project Title	Performance Period Status	Status 1	Status 2	Clawback Amount	Clawback Remaining	Notes
2845	1/14/2014	12/31/2013	12/31/2017	Scott	Secure Mountain LLC.	Performance Period Ended	Full performance not met	Repayment plan executed	\$460,000.00	\$29,550.00	Repayment plan executed - 7/15/23 payment overdue. Staff following up to ensure payment.
2850	2/25/2014	12/31/2013	12/31/2021	Bristol	CBH Bristol, LLC.(aka Creative Boutique Hotels/The Sessions Hotel)	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		Reviewing final performance data. Need updated data from locality. Staff following up to close.
2941	8/1/2014	6/30/2014	6/30/2017	Russell	APPALACHIAN BIOFUELS, LLC	Performance Period Ended	Full performance not met	Negotiated repayment plan - monitoring performance of negotiated revised performance terms	TBD		Under an agreement with Appomattox County the remaining grant portion of this project (\$210,000) will be used for another project to be determined. Staff is working to determine if the requirements of this agreement have been met and close the file.
2999	1/15/2015	12/31/2014	6/30/2024	Grayson County Economic Development Authority	Oak Hall Industries (Oak Hall Cap & Gown)	Extension Approved	Gathering Performance Data	repayment required	\$163,625.00	\$163,625.00	Commission granted extension through 6/30/2024. Gathering performance data and working to close.
3002	2/6/2015	12/31/2014	6/30/2020	Grayson	McAllister Mills, Inc.	Performance Period Ended	Reviewing Performance Data	Repayment plan executed	\$35,893.36	\$24,000.00	Repayment plan executed 12/13/22. Next payment of \$12,000 due on 8/1/25.
3101	10/8/2015	9/30/2015	9/30/2022	Tazewell County Industrial Development Authority	Blue Wolf Sales and Service	Performance Period Ended	Gathering Performance Data	repayment required			TRRC agreed at 5/23 meeting allowance of real estate purchase as part of investment - calculating final repayment amount with real estate inclusion.
3177	5/4/2016	3/31/2016	3/31/2021	Henry	RTI Martinsville, Inc. (Project LID)	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		Gathering info from locality to determine final performance and close file.
3266	3/6/2017	12/31/2016	12/31/2020	Wise	DP Facilities, Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		Cap X modification granted at May 2022 commission mtg. Gathering data to confirm performance - locality still gathering data.
3295	6/8/2017	3/31/2017	6/30/2024	Greensville County	Oran Safety Glass, Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data			Extension through 6/30/24 granted by Commission. Gathering performance data and working to close.
3296	4/27/2017	3/31/2017	3/31/2020	Tazewell	Trina Health of Pounding Mill, LLC	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		Gathering info from locality to determine final performance and close file.
3340	9/12/2017	6/30/2017	6/30/2020	Appomattox	Innovatio Sealing Technologies, LLC	Performance Period Ended	Full performance not met	Repayment due	\$92,000.00	\$60,000.00	Repayment agreement executed 5/18/22. Next repayment due 1/1/25.
3375	12/7/2017	9/30/2017	9/30/2022	St. Paul, Town of	Willis LLC c/o St. Paul IDA	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		Have requested further data from the locality.
3376	11/13/2017	9/30/2017	6/30/2023	Pittsylvania County	Panacea BioMatx	Performance Period Ended	Gathering Performance Data	Gathering Performance Data			In contact with locality. Gathering jobs/wage data to determine next steps.
3393	12/7/2017	9/30/2017	9/30/2020	Buchanan	Trina Health of Pounding Mill, LLC DBA Trina Health Town Center	Performance Period Ended	Performance Not Met	Repayment Due	\$55,000.00	\$55,000.00	Clawback due. Working with locality to set up clawback arrangements.
3394	12/28/2017	9/30/2017	9/30/2022	Pittsylvania County	Amthor International, Inc.	Performance Period Ended	Moving to close - DNM	Moving to close - DNM	TBD		Locality has indicated that we should go ahead and close this out as DNM.
3395	1/29/2018	12/31/2017	12/31/2021	Bedford, County of	KMR Aviation Services Inc.	Performance Period Ended	Full Performance Not Met	Repayment Due	\$17,062.50	\$17,062.50	Clawback due. Working with locality to set up clawback arrangements.
3406	2/22/2018	12/31/2017	12/31/2021	Floyd County	Daley Acquisitions, LLC	Performance Period Ended	Full Performance Not Met	Repayment Plan Executed	\$49,573.17	\$16,524.39	Next clawback due 1/1/25
3448	6/6/2018	3/31/2018	3/31/2021	Nottoway County	UAV Pro	Performance Period Ended	just loan payments	just loan payments	n/a	n/a	Earned portion of grant disbursed. 7/1/24 loan payment overdue. Staff following up to ensure payment.
3451	7/17/2018	6/30/2018	6/30/2023	Smyth County Economic Development Authority	Speyside Bourbon Cooperage, Inc.	Performance Period Ended	Disbursed payment based on performance.	Disbursed payment based on performance.	n/a	n/a	Payment disbursed. Open only for revenue sharing.

Active TROFs with Concluded Performance Periods September 2024

Project Number	Date Approved	Start Date	End Date	Organization	Project Title	Performance Period Status	Status 1	Status 2	Clawback Amount	Clawback Remaining	Notes
3452	7/17/2018	6/30/2018	6/30/2021	Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	Speyside Bourbon Cooperage, Inc.	Performance Period Ended	Full performance met	Revenue Sharing Only	\$0.00	\$0.00	Revenue Sharing Only
3455	7/25/2018	12/31/2017	12/31/2020	Halifax IDA	Aquatic	Performance Period Ended	Funds Disbursed	Revenue Sharing Only	\$0.00	\$0.00	Revenue Sharing Only
3481	10/9/2018	9/30/2018	9/30/2022	Franklin County	Empire Bakery Commissary	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		working with locality on performance data
3482	10/15/2018	9/30/2018	9/30/2023	Danville-Pittsylvania RIFA	Harlow Fastech LLC	Performance Period Ended	Gathering Performance Data	Gathering Performance Data			Requesting extension at Sep. '24 meeting.
3483	10/15/2018	9/30/2018	9/30/2023	Prince Edward	Yak Attack	Performance Period Ended	Performance calculated, working to disburse funds.	Performance calculated, working to disburse funds.			Working to disburse funds and close.
3485	11/1/2018	9/30/2018	9/30/2023	Smyth County Economic Development Authority	Smyth County Machine and Fabrication LLC	Performance Period Ended	Gathering Performance Data	Gathering Performance Data			Commission granted extension through 9/30/24. Monitoring performance.
3501	12/12/2018	09/30/2018	09/30/2021	Danville, City of	Essel Propack	Performance Period Ended	Award disbursed	Open only for rev sharing.	\$0.00	\$0.00	TROF award disbursed. Project remains open solely for rev sharing payments.
3502	12/12/2018	9/30/2018	9/30/2023	Franklin County	McAirlaids, Inc.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data			Reaching out to VEDP for info on performance.
3506	2/12/2019	12/31/2018	12/31/2023	Smyth County Economic Development Authority	Scholle IPN	Performance Period Ended	Award disbursed	Open only for rev sharing.	n/a	n/a	Award disbursed. Open only for rev sharing.
3507	6/6/2019	3/31/2019	3/31/2023	Russell County IDA	PolyCap	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		Commission approved acceptance of reported costs. Gathering data to determine performance.
3544	4/30/2019	9/30/2019	9/30/2022	Joint IDA of Wythe County, VA	Seven Sisters Brewery, LLC	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		Working with locality on performance data & possible admin extension. 8/1/24 loan payment is overdue.
3545	4/30/2019	03/31/19	3/31/2022	Carroll IDA	Blue Bridge Designs, LLC	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	\$0.00	\$0.00	only loan repayment remaining; 8/1/23 payment overdue. Staff will contact locality to ensure payment.
3546	4/30/2019	03/31/19	3/31/2022	Galax, City of	MOOG Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		Gathering performance data.
3550	5/22/2019	03/31/19	3/31/2022	Danville, City of	Litehouse Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	n/a	n/a	Disburse post-performance - only receive what is earned. Have reached out to locality for performance data.
3612	12/9/2019	09/30/19	9/30/2022	Pittsylvania County	Just Greens, LLC	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	Staff working w/locality on status of this grant given chp. 11 of company. Company restructuring and project still may be viable.
3654	3/31/2020	3/31/2020	3/31/2023	Grayson County Economic Development Authority	Metalworx Inc.	Performance Period Ended	TROF Disbursed	TROF Disbursed	n/a	n/a	TROF disbursed. Revenue sharing ongoing.
3672	9/11/2020	6/30/2020	6/30/2023	Washington County	SPIG Industry LLC	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	Will be closed under "Did Not Materialize".
3673	12/21/2020	12/21/2020	12/21/2023	Pittsylvania County	Ison Furniture Manufacturing, Inc.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	Gathering performance data and working to determine if an extension request is appropriate.

Active TROFs with Concluded Performance Periods September 2024

Project Number	Date Approved	Start Date	End Date	Organization	Project Title	Performance Period Status	Status 1	Status 2	Clawback Amount	Clawback Remaining	Notes
3674	5/3/2021	5/3/2021	5/3/2024	Town of Blackstone	Blackstone Hotel Partners, LLC.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	Gathering performance data and working to determine if an extension request is appropriate.
3685	12/21/2020	5/1/2021	5/1/2024	Smyth County EDA	Woodgrain Millwork, Inc.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	Gathering performance data and working to determine if an extension request is appropriate.
3701	12/21/2020	12/21/2020	12/21/2023	Pittsylvania County	Intertape Polymer Corporation	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	Gathering performance data. Jobs met, establishing CapEx.
3709	12/21/2020	12/21/2020	12/21/2023	Joint IDA of Wythe County, VA	Klockner Pentaplast of America, Inc.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	n/a	n/a	To be disbursed post performance. Gathering data to determine performance.
3735	4/5/2021	4/15/2021	4/15/2024	Pittsylvania County	J&J Truck Sales, Inc.	Performance Period Ended	Disbursement Requested	Disbursement Requested	n/a	n/a	Determining performance to establish disbursement amount.
3754	6/1/2021	6/1/2021	6/1/2024	Danville-Pittsylvania RIFA	Walraven, Inc.	Performance Period Ended	Performance Period Ended	Gathering Performance Data	n/a	n/a	Gathering performance data and working to determine if an extension request is appropriate.
3774	6/15/2021	6/15/2021	6/15/2024	Pittsylvania County	Staunton River Plastics, LLC.	Performance Period Ended	Performance Period Ended	Gathering Performance Data	n/a	n/a	Gathering performance data and working to determine if an extension request is appropriate.
3892	9/22/2021	9/22/2021	9/22/2024	Joint IDA of Wythe County, VA	Blue Star NBR, LLC.	Performance Period Ended	Performance Period Ended	Reaching out to locality. Working to close as DNM.	n/a	n/a	Will be closed under "Did Not Materialize".
3912	9/22/2021	9/22/2021	9/22/2024	Danville-Pittsylvania RIFA	Tyson Food Inc.	Performance Period Ended	Performance Period Ended	Awaiting Disbursement Request	n/a	n/a	Locality has indicated that the company will be making a disbursement request.
TOTALS									\$873,154.03	\$365,761.89	

Virginia Tobacco Region Revitalization Commission

Commission Committees

rev. 7/25/2024

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The Honorable James W. "Will" Morefield, Vice Chair
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Mr. Edward "Ed" Blevins
Ms. Amanda Cox
The Honorable Thomas A. Garrett, Jr.
The Honorable T. Travis Hackworth
The Honorable Terry G. Kilgore
The Honorable L. Louise Lucas
The Honorable Daniel W. "Danny" Marshall, III
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