INCENTIVES AND LOANS COMMITTEE



In-Person Meeting -

INCENTIVES & LOANS COMMITTEE

The Bristol Hotel
115 Country Music Way, Bristol, VA 24201

Tuesday, May 20, 2025 1:30 P.M.

If participating in the meeting by phone, dial: 1-332-249-0607 and enter access code: 800 384 124#.

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: Warren Bryson at (804) 894-9659, wbryson@revitalizeva.org or Roz Stein at (804) 894-9651.

Welcome and Call to Order

The Honorable Daniel "Danny" Marshall, Chair

Call of the Roll

The Honorable James Campos, Executive Director

Approval of the <u>1/6/2025</u> **Minutes** The Honorable Daniel "Danny" Marshall, Chair

(published on website)

Public Comment

Project Updates and Modifications *Mr. Jordan Butler, TROF Program Manager*

Economic Development Housing IncentiveThe Honorable James Campos, Executive Director

Pilot Program Updates Mr. Stephen Versen, Deputy Director

Pending Projects and Loan NegotiationsClosed Session

Other BusinessThe Honorable James Campos, Executive Director

Adjournment

Incentives & Loans Committee May 20, 2025

The Incentives and Loans Committee is meeting on May 20, 2025 at 1:30 pm to consider modifications to several TROF program awards and receive updates on a number of programs. The following summary provides staff overview and comment on each item.

1. Danville-Pittsylvania RIFA

Harlow Fastech, LLC. (3482)

Request for performance period extension and modification of loan agreement

Staff Overview and Comments: This project includes a Tobacco Region Opportunity Fund (TROF) grant for \$315,000 as well as a TROF loan for \$630,000 that was awarded to the Danville-Pittsylvania Regional Industrial Facility Authority (the "RIFA") and Harlow Fastech, LLC. (the "Company"). The performance period was September 2018 through September 2022 and was subsequently extended through September of 2023. The performance agreement requires the Company to employ 49 individuals with an average annual wage of \$55,000 and provide new private taxable investment of \$8,000,000. The grant and loan were disbursed preperformance. The Company and locality are optimistic that the company will ultimately meet all or most of its performance targets.

As noted in letters provided by the company and locality, the company is doing well and is currently in the process of expanding its operation beyond the initial scope of this TROF award via a move into the former Kyocera building at IALR. Due to that move, and the related costs, the company is requesting modifications to their loan agreement that would extend the time they have to repay the loan while also earning the Commission interest. Specifically, the company and locality are requesting that:

- The zero-interest TROF loan repayments due in 2024-2026 be converted to a 5% interest, interest-only loan, with the first interest-only payment to be made August 2025, with the last two payments to be made in Feb. and Aug of 2026.
- From 2027 2029, the company must repay the entire balance in six equal, bi-annual installments, plus the corresponding interest. There will be no penalty for prepayment.
- Interest will be calculated simply at the end of each month, with no compounding interest.
- The TROF grant performance period be extended a final time to bring the performance period out to September 30, 2024 to allow for the inclusion of additional performance data.

Staff notes that under these revised terms, the City of Danville, Pittsylvania County, and RIFA collectively acknowledge they will continue to assume responsibility for any potential repayment shortfalls should the company not meet its performance milestones or defaults on its loan payments. Additionally, the locality is requiring the following from the company in relation to the requested changes:

- Harlow Fastech must become current on all local tax obligations, including an outstanding balance of \$9,766.83 to the City of Danville.
- The company is expected to make a 10% good-faith payment (\$63,000) toward its loan obligation prior to the May Commission meeting.
- They will also pursue an extension of the Local Performance Agreement to align with the revised grant and loan terms.

Staff Recommendation: Staff recommends a final sixth year performance period extension for TROF project #3482, carrying the performance period out to September 30, 2024, to allow for the inclusion of additional performance data. Additionally, staff recommends that the Commission allow staff to modify the loan agreement to convert the remaining principal of the interest-free TROF loan into an interest-bearing loan at a 5% interest rate, as outlined above.

2. Pittsylvania County Just Greens/AeroFarms (3612) Request for performance period extension

Staff Overview and Comments: This project includes a Tobacco Region Opportunity Fund (TROF) grant for \$190,000 that was awarded to Pittsylvania County (The "Locality") and Just Greens, LLC. (the "Company"). The performance period was September 2019 through September 2022 and was subsequently extended through September of 2023. The performance agreement required the Company to employ 92 individuals with an average annual wage of \$34,945 and provide new private taxable investment of \$41,836,000. The grant is to be disbursed post-performance.

The company was confronted with covid-related challenges and went through a Chp. 11 restructuring but has since emerged stronger and delivered on the original promise of the project. Staff notes that ownership of the company, as well as the company name, did change as a result of this restructuring, however the project remained the same. Staff is in receipt of a Commonwealth Opportunity Fund report that, once verified, makes it clear that the company has created more jobs than originally promised. Both the company and locality believe the company has met the capital investment goal as well.

Considering this, TRRC staff recommends two actions:

Staff Recommendation: Staff recommends a fifth-year performance period extension for TROF project #3612, carrying the performance period out to September 30, 2024. Staff also recommends that the Commission allow staff to modify the grant agreement as necessary to apply all provisions of the current agreement to the new owners and move forward with releasing funds and closing the grant in the usual fashion.

3. Industrial Development Authority of the County of Pittsylvania, Virginia ("Pittsylvania IDA") *RealtyLink USA*, *LLC*. (3352)

Request for modification to loan agreement

Staff Overview and Comments: In January 2018, the Commission approved a \$1.5 million grant to Pittsylvania County (the "County") that it planned to use to construct a 40,000 sq. ft. shell building designed for advanced manufacturers in the aerospace and automotive industries at the Cane Creek Industrial Park. The County identified a private developer, RealtyLink USA, LLC. (the "Company") that went on to construct a 100,000 sq. ft. shell building. The County then sold the property to Realty Link. The County subsequently requested, and the Commission approved in September of 2020, that the previous \$1.5 million grant be converted into a partially forgivable \$1.15 million loan at 0% interest for five years. Under this arrangement funds were disbursed to the IDA and provided to the company with the Commission protected by a moral obligation from Pittsylvania County. The loan term, including one extension, currently runs from January 9th, 2018, to July 31st, 2025. Under the loan agreement if, by the end of the term, RealtyLink had constructed a 100,000 sq. ft. shell building at Cane Creek, and an A&E had issued a certificate of substantial completion related to that building, then \$400K would be forgiven (leaving \$750K to be repaid). If the shell building is sold or a tenant leases it during the term, the \$750K balance would be due immediately. If the shell building is not sold or leased by the end of the term, then the County must repay the \$750K balance in a balloon payment. The building has been satisfactorily completed, so \$750k remains due to the Commission.

Currently, the company is in the midst of investing ~\$2M into the building to add flooring and office space to make the building more attractive to potential buyers. As it currently stands, the IDA is expected to repay the full \$750,000 loan to the Commission no later than the date originally agreed upon in the initial loan terms, July 16th, 2025. Staff was approached by the locality in late 2024 regarding a possible extension of the loan and responded shortly thereafter in January of 2025 with a proposal to extend the loan term and adjust the interest rate from its current 0% to 5.79%. Given the ongoing investment, the company and IDA would like to extend the loan term past the July 2025 maturity date to provide more time to market the building.

Staff was approached by the locality and has worked with the Virginia Resources Authority (VRA) on the following proposed new terms:

- The maturity date of the loan is extended by 3 years to July 16th, 2028;
- The interest rate on the loan is adjusted from 0% to 5.79% to better reflect current market conditions.

Staff Recommendation: Staff understands that the IDA and company are in agreement with the proposed changes and recommends that the Commission authorize staff to adjust the loan terms as stated on the term sheet provided by VRA.

Economic Development Workforce Housing Incentive Pilot Program

Background:

In early 2024, in response to the growing recognition that the tobacco region's lack of middle-income housing was negatively impacting its ability to win big projects, Director Campos directed staff to develop a new workforce housing incentive program. With input from Virginia Housing, DHCD, and others, staff drafted guidelines for the new Economic Development Housing Incentive Pilot Program. The program was presented to the Executive Committee for feedback on April 16, 2024, and then recommended by the Commission's Incentives & Loans Committee for approval at the 2024 Spring Commission meeting. Since then, the program been promoted widely, including through an Op-Ed in Cardinal News by Delegate Marshall, a new brochure, and presentations at the Southern Virginia Housing Conference and before Virginia Housing Commission's Local Land Use and Community Living Workgroup. The program has received strong interest.

Interest in the Commission's program was further bolstered by Governor Youngkin's November announcement of a major new workforce housing program from Virginia Housing, bringing \$15M annually for the next five years for the development of workforce housing. Commission and Virginia Housing staff began collaborating on prospective projects in the tobacco region, identifying several promising opportunities. Ultimately, three projects are being recommended for funding, which, together, are requesting a total of \$1.4 million, from a total \$2 million budgeted for the program this year, and will create a total of 99 new workforce housing units.

Halifax County Workforce Housing Initiative

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Halifax will donate ~10 acres of land to Community Housing Partners Corporation (CHP) to construct 72 affordable townhomes and three 24-unit apartment complexes, creating a total of 112 affordable, workforce housing units targeting households earning 120% - 150% AMI.

Applicant	Industrial Development Authority of Halifax County
Grant amount requested from TRRC How these funds will be used	\$ 1,000,000 – site improvements
Other Matching Funds	 Assessed Value of Land Donation: \$190,338 Virginia Housing's Workforce Housing Investment Program (requested): \$3,000,000 Home Sales Proceeds (Funded with Construction/Bridge Loan): \$10,840,000 Community Housing Partners: \$400,000
New Housing Units	Phase I: 40 townhomes for purchase at 120-150% AMI Phase II: 72 apartments for rent at 120-150% AMI
Total new investment	\$14,430,338
Economic Project Announcement Supported by New Housing	Hitachi Corporation – electric transformer manufacturer. Recently announced \$26M cap ex, 100 new jobs

Local support for project	IDA donated commercially attractive land to CHP; County created Halifax Opportunity Fund that grants housing developers 50% of new real estate taxes to reimburse infrastructure costs.
Support of housing community	CHP developing project and committing \$400,000 to project; Virginia Housing awards \$3M
Presence of Local Housing Plan	Completed
How will affordability to assured	CHP has used the Community Land Trust (CLT) model to ensure the long-term affordability.

140 South 1st Street, Wytheville

Overview:

The Joint IDA of Wythe purchased and is now redeveloping a blighted and uninhabitable building in its historic downtown, creating 10 affordable apartments targeted at households earning 80% - 120% AMI. The project will also create 3,000 square-feet of commercial space that can support two new businesses.

Applicant	Joint Industrial Development Authority of Wythe
Grant amount requested from TRRC How these funds will be used	\$100,000 – construct two additional apartments on part of the first floor, to bring total project to ten units
Other Matching Funds	 DHCD IRF: \$750,000 Virginia Housing Stabilization Funds: \$150,000 Study funds from VA Housing, TRRC, Mt. Roger's PDC, VA Dept of Historic Resources: \$130,000 Virginia Housing's Workforce Housing Investment Program (requested): \$400,000
New Housing Units	Eight apartments for rent at 120-150% AMI Two apartments for rent at 80-120% AMI
Total new investment	\$1,530,000
Economic Project Announcement supported by new housing	Camrett Logistics - third-party logistics provider Recently announced \$2M cap ex and 58 new jobs
Local support for project	Major investment from IDA; Town of Wytheville to support with building permit fee rebates, water and sewer connection fee waivers, sign improvement grant, and façade improvement program cost-share
Support of housing community	Established housing non-profit Open Door Community will serve as property manager for rental units.
Presence of Local Housing Plan	Completed
How will affordability to assured	Open Door Community will manage property rentals to ensure afforability.

320 Main Street Tazewell Historic Revitalization Project

Overview:

Redevelopment of major historic building in downtown Tazewell by private developer creating 11 new affordable apartments and energy-efficient renovations of six existing apartments, all targeting households earning 80% - 150% AMI. Rents will be structured to ensure housing costs remain below 30% of gross household income. Project features 2 ADA units and three existing rented commercial storefronts.

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Applicant	Town of Tazewell	
Grant amount requested from TRRC How these funds will be used	\$300,000 – hard construction costs for buildout of 11 new units	
Other Matching Funds	 USDA -Rural Development 538 loan: \$1.583M State & Federal Historic Tax Credits: \$769,000 DHCD Enterprise Zone Grant: \$50,000 Town of Tazewell EZ grants: \$12,000+ 	
New Housing Units	Eleven new apartments for rent at 120 - 150% AMI Six energy-efficient apartment rehabs for rent at 80 - 120% AMI	
Total new investment	\$1,992,425	
Economic Project Announcement supported by new housing	Simmons Equipment Co. – Tazewell-based mining equipment manufacturer Recently announced \$8.5M cap ex, 75 new jobs.	
Local support for project	Fee waivers and property tax rebates from the Town of Tazewell; approvals from Town Council, Planning Commission, and Historic Review Board	
Support of housing community	Strong team of private developers with experience in historic rehabs, construction, and property management	
Presence of Local Housing Plan	Under development; project to serve as a pilot initiative aligned with the forthcoming strategy	
How will affordability to assured	Property management will conduct background and income checks. Rents structured to ensure housing costs remain below 30% of gross household income.	

Project Implementation and Timeline:

If approved, Commission staff will develop a grant agreement for each project to ensure it complies with program guidelines, submitted application, Commission funding policies, and that it includes other best practices as needed, including pay-for-performance and requirements for the maintenance of long-term affordability. All three projects are expected to begin construction this year, with units available for sale or rent in 2026.



4/23/25

Corrie T. Bobe
Director of Economic Development and Tourism
Economic Development & Tourism
corrie.bobe@discoverdanville.com
427 Patton St | Danville, VA 24541

Dear Corrie

Subject: Fastech - Loan and Performance Agreements

Re: Project status or the importance of the project to the locality and the region.

Fastech has consistently grown both regionally and internationally, winning contracts with clients such as Siemens, Airbus, Rolls Royce, NASA, and now the U.S. Navy, including organizations like Huntington Ingalls, Electric Boat, General Dynamics, and Austal. The company has strengthened its commitment to capital execution, investing nearly \$8 million by the end of 2025, exceeding its original targets. This investment includes substantial funding for the 3rd-year machining program, employing graduates, as well as three ATDM graduates to date, and sponsoring internships for 2-3 students annually, all of whom are employed full-time upon graduation.

Fastech has also contributed to the success of the ATDM additive manufacturing program, providing equipment and supporting training initiatives in collaboration with the Institute for Advanced Learning and Research (IALR). Since arriving in Danville, we have employed the highest rate of engineers from the 3rd-year student group every year, with a steady increase each year.

Notably, Fastech introduced and pioneered additive manufacturing technology in Danville. Admiral Pompano's visit four years ago sparked the Navy's interest in additive manufacturing, leading to the creation of an additive training curriculum in the region. This initiative laid the foundation for the growth of the Additive Technology Development & Manufacturing (ATDM) program and the success of the Centre for Manufacturing Excellence, where additive manufacturing is a core focus. Fastech has exceeded its promised capital investment targets and is paying higher-than-expected wages, nearly 25% above the initial commitment. In addition, Fastech is now finally looking towards a further building capital investment of approximately \$7.5Mn in the original agreed-upon location given to Fastech on the Cyberpark.

All that said in the past, challenges have arisen, particularly around additive manufacturing qualification timelines. Key customers, including Siemens, Airbus, and the Navy, have required longer lead times to qualify and fully embrace the technology. Fortunately, this has resulted in long-term contracts that will continue to grow in 2025 and beyond. Another challenge has been the limited space in our facility. We have reached full capacity for equipment, but with the availability of additional space in the second high bay in this year, we've doubled our lease to 10,000-12,000 sq. ft., allowing us to meet our 100% growth target.

FasTech LLC, 232 Slayton Ave, Danville VA 24540

Tel: +1 (434) 766 6632

Email: askus@fastech-engineering.com Website: www.fastech-engineering.com





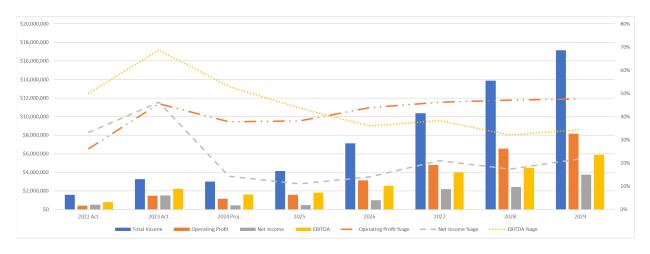


With an order book of over \$2.65 million, as already highlighted Fastech is planning further investment into a new 30,000 sq. ft. building, pending financing negotiations with Stifel and Mid Atlantic Bank. The estimated cost for this expansion is \$7.5 million, bringing our total capital investment by the end of 2025 to a projected \$15.5 million—surpassing our original \$8 million target. Over the next five years, our capital investment plan includes:

- \$11.4 million in capital equipment
- \$7.5 million in building and fixtures

Totalling \$18,900,000 by 2029. FasTech still hope and plan to Employ 50 people by 2028.

Our financial plan looks like this:

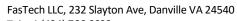


In the light of situation may I please confirm acceptance of the Proposal to revise our Loan and Incentive agreement with following conditions:

Fastech has requested to restructure its 0% interest TROF loan with the Tobacco Commission. Originally, the loan amount was \$630,000 for equipment purchases, with repayments of \$105,000 every six months, starting February 2024. However, no payments have been made to date. In response to this, Commission staff has proposed a solution to extend the loan term and transition it to an interest-bearing loan. The revised repayment terms are as follows:

- 2024-2026: The original 0% interest loan will convert to a 5% interest, interest-only loan, with the first payment due in August 2025 and subsequent payments in February and August 2026.
- 2027-2029: The full balance will be repaid in six equal bi-annual installments, including interest. Prepayment will be allowed without penalty.
- Interest Terms: Interest will be calculated at a simple rate, assessed monthly, with no compounding.

The Commission also requires the City, County, and RIFA to assume responsibility for any repayment shortfalls. In light of this, RIFA is asking Fastech to make a 10% payment (\$63,000) before the May meeting to demonstrate good faith toward repaying the loan.



Tel: +1 (434) 766 6632 Email: askus@fastech-er

Email: askus@fastech-engineering.com Website: www.fastech-engineering.com







At the May meeting, the Commission staff will also request a one-year extension of Fastech's TROF grant agreement, extending the performance period to 9/30/24. This extension is contingent on Fastech either settling its TROF payments (totaling \$315,000) or agreeing to the revised loan terms under RIFA's direction.

Additionally, Fastech has \$278,707.39 in previously disbursed grant funds that can be recaptured based on performance. If the one-year extension is granted, this liability will be reduced further. Fastech may also be eligible for up to \$94,206 from their COF grant, which could offset its liability to the Tobacco Commission and RIFA. RIFA staff will also request an extension of the Local Performance Agreement to support achieving the full value of the grants previously awarded.

Please note that Fastech must also bring their 2024 taxes to the City of Danville current, as you are currently delinquent by \$9,766.83, according to the Commissioner of Revenue.

In summary Fastech agree to:

- 1. Fastech must become current on all taxes owed to the City (\$9,766.83) and make a 10% payment toward its TROF loan (\$63,000).
- 2. RIFA staff will work with VEDP to calculate any payments from the COF grant to be used for repaying unearned funds.
- 3. Once both the Company and Localities/RIFA confirm these terms in writing, Commission staff will place these items on the May board agenda for approval.

We appreciate your support since Fastech Invested in Danville, we will become the promises we made

Yours faithfully,

Alan Pearce, CEO







April 29, 2025

Virginia Tobacco Region Revitalization Commission
Attn: Mr. Jordan Butler
Tobacco Region Opportunity Fund Manager & Public Relations Director
701 E. Franklin Street, Suite 501
Richmond, VA 23219

RE: Restructuring of Fastech TROF Grant and Loan

Dear Mr. Butler,

On behalf of the City of Danville and Pittsylvania County, through the Danville-Pittsylvania Regional Industrial Facility Authority (RIFA), we write to express our support for the proposed restructuring of the Tobacco Region Opportunity Fund (TROF) loan awarded to Fastech (previously known as Harlow Fastech), and to formally request an extension of the associated TROF grant agreement to September 30, 2024.

Fastech remains a strong and valued partner in our regional economy. In addition to its local presence and job creation efforts, the company has recently secured certifications to serve as a supplier to the U.S. Department of Defense (DoD). This designation aligns closely with regional strategic priorities and ongoing initiatives led by the Institute for Advanced Learning and Research (IALR)—including its partnership with the DoD and the U.S. Navy, as well as opportunities through the Navy's Center of Excellence for Additive Manufacturing and Accelerated Training in Defense Manufacturing (ATDM) program. Fastech's participation in this defense manufacturing ecosystem strengthens the region's competitive positioning and innovation capacity in high-value sectors.

The City, County, and RIFA fully support and accept the Commission's proposed loan restructuring terms, which modify the original \$630,000, 0% interest loan as follows:

- 2024–2026: Loan will convert to a 5% simple interest, interest-only repayment structure. Payments will begin in August 2025 and continue semi-annually in February and August 2026.
- 2027–2029: The full principal balance will be repaid in six equal bi-annual installments, including interest, with no prepayment penalty.
- Interest will be calculated on a simple, non-compounding basis, assessed monthly.



We acknowledge the requirement that the City of Danville, Pittsylvania County, and RIFA collectively will continue to assume responsibility for any potential repayment shortfalls should the company not meet its performance milestones or defaults on its loan payments.

We also request an extension of the TROF grant performance period, through September 30, 2024. This additional time will allow the company to further its progress toward the required job creation and capital investment milestones and reduce its grant liability.

While supporting the Commission's proposed loan and grant modifications, RIFA has also placed additional local stipulations on the company to further demonstrate its commitment:

- Harlow Fastech must become current on all local tax obligations, including an outstanding balance of \$9,766.83 to the City of Danville.
- The company is expected to make a 10% good-faith payment (\$63,000) toward its loan obligation prior to the May Commission meeting.
- We will also pursue an extension of the Local Performance Agreement to align with the revised grant and loan terms.

We thank you and the Commission for your continued leadership and commitment to revitalizing Southern Virginia's economy. With Fastech's recent federal certifications and its alignment with key defense manufacturing initiatives in our region, we remain confident in their long-term value as an employer, partner, and contributor to regional industrial growth.

Should you require any additional documentation or clarification, we would be pleased to provide it in advance of the May meeting.

Sincerely,

Ken Larking, City Manager

City of Danville

Vincent E. Shorter, Interim County Administrator Pittsylvania County



Virginia Tobacco Region Revitalization Commission Amendment Term Sheet Industrial Development Authority of the County of Pittsylvania, Virginia

The following is an outline of the proposed terms and conditions for a loan amendment approved by the Virginia Tobacco Region Revitalization Commission (the "Commission"). This term sheet is merely a summary of loan amendment terms and conditions and is not intended to constitute a legally binding commitment by the Commission to execute the amendment described herein. The final terms and conditions will be set forth in an Amendment to the Financing and Security Agreement, dated as of March 1, 2021 (the "Agreement"), and other closing documents. It is understood that the Industrial Development Authority of the County of Pittsylvania, Virginia will be a conduit borrower.

Lender Virginia Tobacco Region Revitalization Commission

Conduit Borrower Industrial Development Authority of the County of Pittsylvania, Virginia

("Pittsylvania IDA")

Obligor VA DANVILLE CC L6, LLC ("Obligor LLC")

Note Guarantor RealtyLink USA, LLC

Credit Enhancement Moral obligation of Pittsylvania County, Virginia ("County")

Loan Servicer Virginia Resources Authority ("VRA")

Amendment Purpose To extend the maturity date and increase the interest rate

Current Principal

Balance

\$750,000

Interest Rate 5.79% (30/360)

Maturity Date July 16, 2028

Payment Schedule Principal shall be due in full upon the maturity provisions in the Obligor LLC notes

held by Pittsylvania IDA. Interest shall be due semi-annually commencing January

16, 2026 and continuing each January 16 and July 16.

Security Assignment of two <u>amended</u> notes from Obligor LLC and moral obligation of the

County, as evidenced by an amended Support Agreement



Virginia Tobacco Region Revitalization Commission Amendment Term Sheet Industrial Development Authority of the County of Pittsylvania, Virginia

Legal Opinions	Customary opinions from counsel to Pittsylvania IDA and recognized bond counsel as to authorization, validity, no litigation, and other matters as requested by Commission
Legal Costs	Legal costs incurred by the Commission and VRA, expected to be approximately \$3,500, will be passed on to Pittsylvania IDA
Expiration	If the Loan amendment execution shall not have occurred by July 16, 2025, it is understood that the Commission reserves the right to modify any of the conditions of this term sheet or to withdraw the offer to amend the Agreement
Commission, on this	
ACCEPTANCES:	
0 0	and conditions are hereby accepted by the Industrial Development Authority of ania, Virginia and acknowledged on this day of, 2025.
By: Its:	