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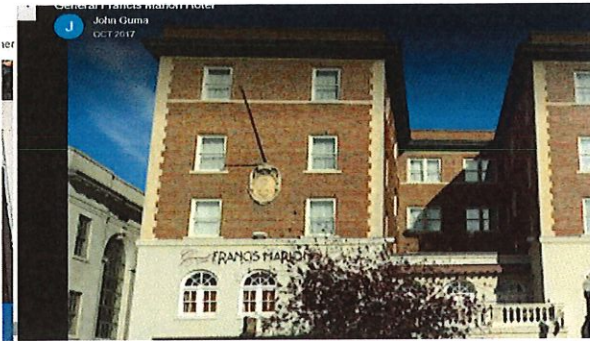
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ITINERARY

Virginia Tobacco Region Revitalization Commission
Fall Full Tobacco Commission Meeting
General Francis Marion Hotel
107 East Main Street, Marion, VA
October 9 – 10, 2019



HOTEL CHECK IN
3:00 PM
HOTEL CHECK OUT
11:00 AM

WEDNESDAY, OCTOBER 9, 2019

11:30 AM – 12:30 PM LUNCH
1:00 – 3:00 PM EXECUTIVE Committee Meeting
3:00 – 4:30 PM SOUTHWEST ECODEV Committee Meeting
4:30 – 5:30 PM TROF Committee Meeting

HOTEL CHECK-IN TIME STARTS AT 3:00 P.M.

6:30 – 8:30 PM RECEPTION – SPONSORED BY
Appalachian Electric Power Farm Credit of the Virginias
Dewberry Draper Aden Associates
Virginia Farm Bureau Federation

THURSDAY, OCTOBER 10, 2019

9:30 – 10:00 AM RESEARCH & DEVELOPMENT Committee Meeting
10:00 – 10:30 AM EDUCATION Committee Meeting
10:30 – 12:00 PM FULL COMMISSION Meeting

HOTEL CHECK-OUT TIME AT 11:00 AM

12:00 – 12:30 PM **BOX LUNCH SERVED**
12:30 PM Tour of the 1908 Henderson School House
1:30 PM DEPART FOR HOME

**** SAFE TRAVEL HOME ****

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SOUTHWEST ECONOMIC DEVELOPMENT COMMITTEE

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TROF COMMITTEE

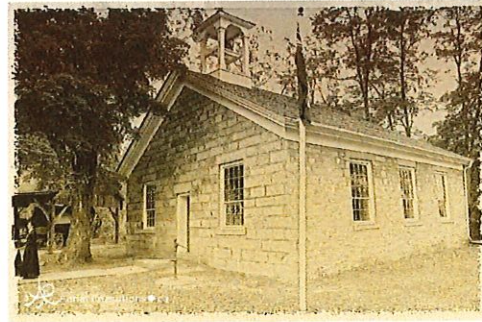
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The 1908 Henderson Schoolhouse

The Henderson occupies a historically significant local landmark situated on the highest point in Historic Downtown Marion Virginia; a three-story brick structure known as the "1908 Schoolhouse." The building has housed a school, library, and the historical society in the past and now we have finished our historical renovation and look forward to a creative and wonderful future as The Wayne C. Henderson School of Appalachian Arts!



Fine Arts once housed The Smyth County School Board, it was opened up as one big studio and now, through the acquisition of equipment made possible through The Tobacco Commission, we have working fine art studios, complete with drawing horses, floor easels, and plenty of storage.

Our music room was once a first grade classroom, complete with slate blackboards and a cloak room. Now it has the capacity to seat up to forty students, yet is comfortable enough for individual lessons. We also have a portable speaker system and many amenities that can help facilitate a wonderful learning environment.

Our Quilting Room still honors the original wood floors, the only first floor studio with original flooring. This room has been organized and supplied with all the accessories needed for a successful studio experience thanks to the donations and expertise of our local Quilt Guild Chapter. They meet here in this space every Monday from 10am -2pm and anyone is welcomed. They provide positive energy and their wonderful creativity to our program.

The second floor of The Henderson was reserved for the older grades. It has also been said that the boys used one stairwell and the girls used the other, they never used the same stairwell. The second floor also housed what was once the gymnasium area and the stage where the children could perform. That auditorium has been restored and can seat up to 80 people. This space is used for small venue performances including storytelling, music, lectures, improv, as well as comedy and theatre. The Summit Center for Higher Education also occupies this second floor, which is an exciting and unique partnership with [Wytheville Community College](#) WCC offers classes and distance learning opportunities for Smyth and Washington Counties.

In the basement of the schoolhouse, there used to be the cafeteria. There has not been too much information revealed about the rest of the space. In part, this space was used to heat the building, the old coal shuttle still exists, although it has since been sealed from the outside of the building. The construction workers talked about the presence of a ghost, we have endearingly named him "Gus" and regard Gus as a former custodian at the school back when it began in the early 1900's. Gus will only get riled up if he thinks something isn't being taken care of correctly! He can be heard sweeping the floor at night and every once in a while, you can hear his keys rattle.

The Lutherie, which we fondly call "Wayne's World" is where the cafeteria was said to be situated. Connected to the Lutherie through the east side of the school, is the wood shop. Both of these shops are fully equipped for Lutherie, wood turning, wood working, and wood carving.



AGENDA

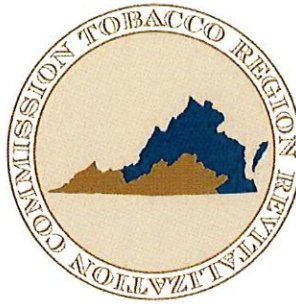
FULL COMMISSION

**Thursday, October 10, 2019
10:30 A.M.**

Call-in - 646-558-8656 / Access code: 601-082-667

**General Francis Marion Hotel
107 East Main Street
Marion, VA**

Welcome and Call to Order	<i>The Honorable Terry G. Kilgore, Chairman</i>
Call of the Roll	<i>Andy Sorrell, Deputy Director</i>
Approval of <u>6/6/19</u> minutes	<i>(published on website)</i>
Executive Committee	<i>The Honorable Terry Kilgore, Chairman</i>
Education Committee	<i>The Honorable Frank Ruff, Chairman</i>
Research & Development Committee	<i>The Honorable Kathy Byron, Chairman</i>
Southside Economic Development Committee	<i>The Honorable Tommy Wright, Chairman</i>
Southwest Economic Development Committee	<i>The Honorable Bill Carrico, Chairman</i>
TROF Committee	<i>The Honorable Terry Kilgore, Chairman</i>
TROF Update	<i>Andy Sorrell, Deputy Director</i>
Other Business	<i>Andy Sorrell, Deputy Director</i>
Scheduling of January 2020 meeting	<i>Andy Sorrell, Deputy Director</i>
Public Comments	
Adjournment	



AGENDA

EXECUTIVE COMMITTEE

**Wednesday, October 9, 2019
1:00 P.M.**

Call-in - 646-558-8656 / Access code: 601-082-667

**General Francis Marion Hotel
107 East Main Street
Marion, VA**

Welcome and Call to Order	<i>The Honorable Terry Kilgore, Chairman</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>4/16/19</u> Minutes	<i>(published on website)</i>
HEMP Regulatory Update and Discussion	<i>Kevin Schmidt, Director, Policy Planning & Research, VDACS</i>
MPower VA #3473 De-obligation	<i>Evan Feinman, Executive Director</i>
New Investment Strategy	<i>Evan Feinman, Executive Director</i>
Regional Office Leadership Strategy	<i>Evan Feinman, Executive Director</i>
Small Towns Initiative Update	<i>Evan Feinman, Executive Director</i>
Other Business	
Public Comments	
Adjournment	

Mission Alignment:

VCC and the Tobacco Commission share similar missions to promote Virginia as a vibrant place in which to live/work and where all citizens have abundant opportunities to thrive. The Tobacco Commission can increase returns in their investment portfolio and further leverage its social impact in Virginia by investing with VCC and VCC Bank.

Common Stock Investment in VCC Bank

Characteristics:

- Anticipated annual dividend payout ratio of 20-30% depending on bank profitability
- Potential for appreciation of stock value
- Since introduction to the market in 2018, Class B Common Stock investors have realized a total return on investment of approximately **13.25%** as of June 30, 2019

Liquidity:

- Designated liquidity fund of \$1,000,000 held by VCC for the purpose of purchasing shares of VCC Bank Common Stock
- Additions to the liquidity reserve will be funded through Class A dividends, 99% held by VCC
- Preferred and Class B dividends paid before any Class A dividends are issued

Current Investors:

- Carter Bank & Trust
- High net worth individuals
- Richmond Memorial Health Foundation
- Richmond Association of Realtors
- Virginia Theological Seminary
- Virginia Affordable Housing Developers and Partners
- VCC Senior Leaders & Board

Anticipated annual dividend payout ratio of 20-30% plus potential appreciation of value

Projected Social Impact per \$1,000,000 Common Stock Investment

\$1,000,000 Tier 1 Capital
X Leverage Factor of 8
= \$8,000,000 to lend/invest in the
Tobacco Commission Regions

\$ Loan = \$8,000,000
Projects = 80+
Housing Units = 12,000+
Jobs = 1,000+

**over a 5 year period*



VCC's Impact in the Tobacco Commission Footprint



Affordable housing
units developed: **231**



Number of loans
issued: **94**



Jobs created &
retained: **911**



Lending capital
provided: **\$86,000,000**

VCC's Social Impact in the Tobacco Region



Western Front Hotel, St. Paul

Loan Amount: \$2.225 million

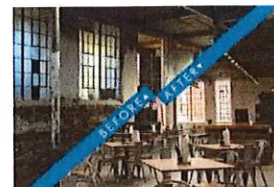
Project type: Construction
Loan



Weaver Manor, Emporia

Loan amount: \$2.365 Million

Project type: Construction Loan, Low-income Housing Tax Credit Funding



Beale's Brewery, Bedford

Loan amount: \$700k

Project type: Construction
Loan

State-wide Impact in 2018

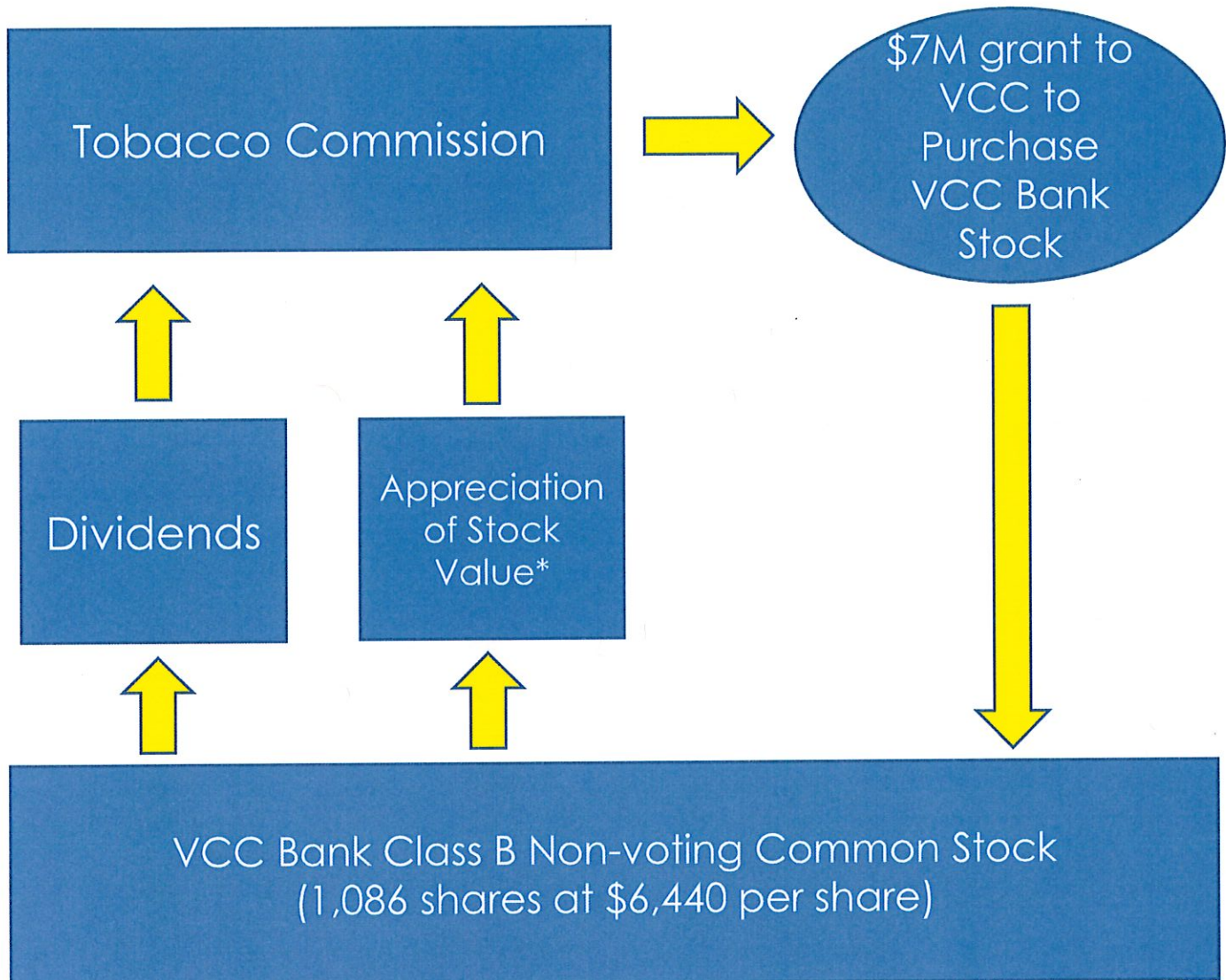


About VCC:

VCC is a 13-year old nonprofit financial services holding company and Community Development Financial Institution (CDFI). VCC has a wholly owned, for-profit subsidiary, VCC Bank, which is a state-chartered, FDIC insured bank and CDFI. In 2015, VCC Bank was the nation's first regulated bank to become a Benefit Corporation under state statute. As of December 31, 2018, VCC has consolidated assets under management of approximately \$363 million and lends approximately \$70-75 million in new loans each year.

VCC is uniquely situated to leverage investments into VCC and VCC Bank for greater community impact throughout Virginia. Investments in Program Related Investments (PRIs), Local Impact Investment Opportunity Notes (LION Notes), Equity Investments, Grants and FDIC Insured Deposits serve as the lending capital for loans that create living wage jobs for Virginians; enhance the quality of life by providing access to affordable housing, fresh foods and health care; and promote community revitalization and economic growth.

Investment Structure



- Target dividend payout ratio = 20-30% of net income
- Prior year average dividend yield to investors was +3%
- Average annual appreciation of book value = 3.50% (2010-2018).
- 2018 appreciation of book value = 8.50%

*If \$7M were invested today with an average annual appreciation of value of 3.5%, in 10 years (compounded) the investment could be worth \$9.9M. Alternative scenario - potential periodic 'harvesting' of appreciation of stock value (subject to VCCB Board Approval).



AGENDA

EDUCATION COMMITTEE

**Thursday, October 10, 2019
10:00 A.M.**

Call-in - 646-558-8656 / Access code: 601-082-667

**General Francis Marion Hotel
107 East Main Street
Marion, VA**

Welcome and Call to Order	<i>The Honorable Frank M. Ruff, Chairman</i>
Call of the Roll	<i>Andy Sorrell, Deputy Director</i>
Approval of the <u>5/29/19</u> Minutes	<i>(published on website)</i>
SVAM / COE #3100 Extension Request	<i>Andy Sorrell, Deputy Director</i>
Other Business Extension Request	<i>Sarah Capps, Southern Office – Grants Program Administrator</i>
Public Comments	
Adjournment	

Education Committee

October 2019

The Education Committee will meet at 10:00 a.m. on Thursday, October 10th in Marion to discuss two grant extension requests from Advanced Manufacturing Centers of Excellence, described below:

Southwest Virginia Alliance for Manufacturing

Southwest Virginia Advanced Manufacturing Center of Excellence (#3100)

Start Date: September 23, 2015 - Current End Date: September 23, 2019

Request for Extension into 5th Year

Staff Summary & Comments: The SVAM Center of Excellence (SVAM-CoE) requests an additional one-year extension on the COE grant, extending the grant into a 5th year. SVAM's Executive Director, Stephanie Surrett has indicated the extension is necessary to fully expend grant funds for the COE's programming. The current balance on the TRRC project account is \$412,084 or 13% of the original \$3.169 million grand award. Staff has received a project budget detailing the allocations of the remaining funds for the COE activities. With the impending end of this grant, the SVAM-COE has recently worked with GENEDGE to gain further insight on the COE's value to the local and regional manufacturing industry and how the COE can continue to grow as an organization, with ideas on paths the COE could take to be sustainable past the end of the Commission's funding. Staff has reviewed the report-out material from the COE's work with GENEDGE and agrees it provides the key information on what steps need to be taken to be financially sustainable in the future. However, information from GENEDGE is not meant to take the place of an actual plan (backed up by a pro forma) for how the COE will actually be sustainable. In preparing for this extension request, staff requested information on how the COE planned to implement the recommendations from GENEDGE and how such plans would result in adequate revenue for sustainability. Staff has not received such information and feels that the grant should be extended only long enough to close out existing Commission funded programming. Staff supports approval of a final extension to April 1, 2020.

Staff recommends approval of a final extension to April 1, 2020.

New College Institute

New College Institute Center of Excellence (#2882)

Start Date: May 22, 2014 - Current End Date: September 22, 2019

Request for Extension into 7th Year

Staff Summary & Comments: NCI requests an additional one-year extension on the Phase 1 COE grant, extending the grant into a 7th year. NCI's Interim Executive Director, Karen Jackson indicated the extension was necessary due to unexpected staff turnover during the project period. NCI staff changes include a new Coordinator for Advanced Manufacturing position funded by the grant, a 2nd staff position that is in the process of being filled, resignation of NCI's coordinator for administration of funding, and changes in executive director position. This grant was under a freeze for a year from September 20, 2017 until October 1, 2018, with the exception of critical operation

costs including funding of positions being allowed for reimbursement. This freeze coincided with the transfer of the grant from the original grantee, New College Foundation, to New College Institute. The current balance on the TRRC project account is \$743,826, including a \$27,434.60 refund payment NCI indicated was issued on October 3, to correct an accounting error. While the \$743K balance is 38% of the original \$2 million grant award, staff received a detailed project budget with allocations of remaining funds for COE development activities at NCI and PHCC. Recognizing the complexity of development of the COE, the freeze that occurred and the changes in personnel, TRRC staff supports approval of an additional one-year extension to allow additional time to complete approved work.

Staff recommends approval of an extension to September 22, 2020.



A G E N D A

RESEARCH AND DEVELOPMENT COMMITTEE

**Thursday, October 10, 2019
9:30 A.M.**

Call-in - 646-558-8656 / Access code: 601-082-667

**General Francis Marion Hotel
107 East Main Street
Marion, VA**

Welcome and Call to Order	<i>The Honorable Kathy Byron, Chairman</i>
Call of the Roll	<i>Andy Sorrell, Deputy Director</i>
Approval of the <u>6/5/19</u> Minutes	<i>(published on website)</i>
Signal Tape Proposal	<i>Tim Pfohl, Grants Director</i>
Other Business	<i>Tim Pfohl, Grants Director</i>
Extension Request	
Public Comments	
Adjournment	

FY2020 Research & Development

October 10, 2019

At the direction of the R&D Committee at its June meeting, Staff solicited a Phase Two “R&D Continuation” proposal from a previous grantee, Southwest Higher Education Center Foundation and beneficiary company, Excavation Alert Systems, which submitted that grant proposal to the Commission in mid-August. A summary with Staff Comments/Recommendation, as well as one Other Business R&D agenda item, are described below:

Southwest Virginia Higher Education Center Foundation ***SignalTape Product Line Extensions and Enhancements (#3584)*** **\$2,000,000 Requested**

Application Content Provided by Applicant:

Executive Summary: EAS received a Phase I R&D grant for a proposed damage prevention system consisting of discrete devices containing smoke generators that when struck by an excavator would emit brightly colored smoke. EAS’s R&D process led to the development of a Kevlar reinforced marker tape that consistently pulls to the surface providing a sufficient warning at a lower cost and prioritized its development and commercialization. To date EAS has sold almost 600,000’ of SignalTape and counts industry leading companies such as Kinder Morgan and Amazon as customers. EAS’s larger customers continue to express interest in the original smoke generating product to protect their highest value assets. EAS proposes a continuation project to complete development of SmokeTape and pursue additional product line extension (SignalTape Transmission & BoreTrace) and manufacturing R&D efforts. Successful execution of the proposed R&D efforts will significantly increase revenue and create high-paying jobs in the tobacco region of Virginia.

Previous Funding Status for Research and Development Continuation Application: EAS’s was established to develop innovative damage prevention solutions that specifically address some of industry’s biggest challenges. The Phase I proposal focused on the development a system consisting of discrete smoke generating devices that when struck by an excavator would emit brightly colored smoke. Feedback from potential customers about the potential high-cost and installation complexities resulted in EAS refocusing the effort to develop the simplest most cost-effective product that addresses the two gaps in current damage prevention systems: alerting the operator directly and not relying on any operator compliance. As a result, EAS designed and commercialized SignalTape which addresses both of these issues in a cost-effective and industry familiar form factor. EAS’s larger customers continue to express interest in the original smoke generating product to protect their highest value assets. EAS proposes a continuation project to complete development of SmokeTape and pursue additional product line extensions and manufacturing R&D efforts.

Research & Development Opportunity: New Product R&D:

SmokeTape: In addition to a high-strength core material SmokeTape contains smoke generators that emit a large cloud of brightly colored smoke when disturbed by an excavator. Several key customers continue to express interest in SmokeTape for their high-value assets including Dominion, Centerpoint, Black Hills, PG&E and Heath Consultants.

BoreTrace: Many utilities are increasingly being installed via horizontal boring. While this provides a cost-effective mechanism for utility installation, the tracer wire required to locate the utility is often damaged

during installation. Dominion engineers expressed interest in braiding our high-strength core materials around standard tracer wire to protect it during boring installations.

SignalTape Product Line Extension R&D: Core Material with Increased Abrasion Resistance: A combination of tensile, shear and abrasive forces contribute to the performance of the SignalTape core material. Preliminary testing has shown that coating the lower-cost polyester with an anti-abrasive coating improves performance to be greater than that of the more expensive Kevlar. The proposed research would test various coatings to optimize cost vs. performance. EAS plans to explore working with DVTI, Inc. who specializes in coating fibers and is another Tobacco Commission R&D grant recipient.

SignalTape Transmission: Dominion has an application on transmission pipelines for 36" SignalTape that would require it to function effectively buried 4' deep. Additional core material of increased width needs to be embedded for SignalTape to function effectively at that depth. EAS would also develop a re-spooler to join multiple 12" rolls together to produce 36" SignalTape.

Double Boring Installation: Amazon Web Services (AWS) currently requires SignalTape on all open-trench installations; however only about 30% of their fiber installations are open-trench. EAS plans to develop either a method for double boring or a modification to boring equipment that would facilitate installation of SignalTape on all AWS fiber installations.

Manufacturing R&D: Automated integration of magnets and RFIDs: RFID units and Magnets are currently used as alternatives to tracer wire to locate buried utilities. Several customers have had us integrate them into SignalTape for ease of installation. The proposed R&D would design and procure an automated module to add to our production machine to facilitate production of SignalTape with embedded RFIDs or magnets.

Vertical Integration of Core Material: The core material accounts for a majority of SignalTape COGS. Purchasing looms and weaving our own core material will reduce our COGS and allow us to control more of the production process including testing alternative weave structures. Looming our own core material will also facilitate production of BoreTrace reinforced tracer wires.

Additional Film Printing and Production Machine Capacity: EAS will continue to make investments additional production equipment to augment our current production capabilities including additional digital printer and production machine capacity.

Staff Comments & Recommendation: Staff continues to discuss specifics of this request with the applicants, who have recently provided a reduced \$1.5M proposal that removes the double boring product development and thereby reduces the budget lines for personnel (now \$590K), research supplies/materials (now 484K) and equipment (now \$313K). EAS reports it has raised a \$2M Series B round of matching funds primarily from Virginia based angel investors which, along with sales revenue, would provide the required matching funds. EAS has two approved US patents as well as patents in Canada and the EU, with another 28 domestic and international applications pending. It provided a list of customer orders for nearly 600,000 feet of Signaltape sold to date, with strong market interest in its products from an array of utility companies, distributors and other customers identified through aggressive trade show marketing. EAS is considering sites in Bedford for a new manufacturing facility, and plans to retain its current Buckingham site as a R&D/prototyping facility. Outcomes are listed as 10 jobs during the research phase and 45 jobs in the commercialization phase, averaging \$42K in salaries/wages. As Staff continues to review the revised budget, a **Staff recommendation will be provided at the Committee meeting on October 10th.**

OTHER BUSINESS

University of Virginia

Fermata, LLC V2G Project (#2831)

Fifth Year Extension

The Commission approved this \$2M grant to UVA in May 2014 to assist the development of Fermata's "vehicle-to-grid" bi-directional electric vehicle charger technology. To date nearly \$1.5M of the grant has been released to initially construct a handful of chargers for testing and validation. A second round of charger construction included 25 next-generation units, and Fermata has purchased charger components and is now awaiting Underwriter Laboratory certification prior to a 100-unit build. Charlottesville-based Fermata has partnered with EIT in Danville for the charger assembly work. Extension is required to allow time for UL approval and completion of the 100-unit build to provide additional demonstration with partners that include Nissan and Tokyo Electric Power Company (see www.fermataenergy.com).

Staff recommends a sixth year extension to September 22, 2020.

**SOUTHSIDE ECONOMIC
DEVELOPMENT
COMMITTEE**

FY2020 Southside Economic Development

Committee Recommendations

September 30, 2019

Staff announced a July 25th due date for proposals to the FY2020 Southside Economic Development program. Ten requests were received, two of which have subsequently been withdrawn by the applicants. Executive Summaries and Staff Comments/Recommendations are provided below for the eight active requests. The Committee met September 30th at the Prizery in South Boston to act on these requests.

Req #	Locality	Organization	Project Title	Allocation Available	Requested Amount	Committee Recommends
3574	<i>Bedford</i>	County of Bedford	Meade Road Extension	<i>\$538,430</i>	\$200,762	\$200,762
3577		National D-DAY Memorial Foundation LTD	National D-Day Memorial Visitor Access and Site Improvements		\$538,430	\$234,200
3575	<i>Brunswick</i>	Brunswick County	Fiberight Building Purchase located in US 58 Industrial Park	<i>\$3,402,300</i>	\$730,000	\$730,000
3576		Brunswick County Industrial Development Authority	Sledge and Barkley Redevelopment Project		\$71,900	\$71,900
3582	<i>Pittsylvania</i>	Olde Dominion Agricultural Foundation, Inc.	Land Acquisition for Future Business Expansion	<i>\$6,861,956</i>	\$258,500	\$258,500
3580		Pittsylvania County	SVMP Site Enhancement		\$500,000	\$500,000

Total (6 funding recommendations)

\$2,828,592

\$1,995,362

BEDFORD (2 proposals for allocation of \$538,430)

**Bedford, County of
Meade Road Extension (#3574)
\$200,762 Requested**

Executive Summary Provided by Applicant: Bedford County EDA will execute the extension of Meade Road in New London Business & Technology Center in order to accommodate the entrance to the 40,000 square foot shell building currently under construction on Lot 7 and future construction project(s) on Lot 5. Currently, Meade Road is not paved beyond the roundabout in the park and VDOT requires this Road extension in order receive a certificate of occupancy for the shell

building on Lot 7. It will also provide a professional and appealing aesthetic to the entrances to the lots.

Staff Comments: Grant funds are requested for road improvements required by VDOT to provide access to a 40,000 square foot shell building in the New London Business & Technology Center. The shell building is currently under construction on Lot 7 of the industrial park, with funding from a \$1.37 million SSED grant approved in January 2019. The road improvements will also provide access to Lot 5. The building is intended to accommodate an advanced manufacturing employer with ~ 75 jobs with \$45,000 average salary, and \$2 million private capital investment. The County currently has a European-based company, Project Installation, with operations in the US and a connection to the region, that plans to commit to the location. A TROF application has not yet been submitted as final job numbers and investment are still being determined. The project timeline provides for start of construction in October 2019; with waterline installation, paving, sidewalks and road construction to be completed by December 2019. Bedford EDA has committed the \$200,762 Match funds providing \$23,387 local funding for A&E and \$177,374 for property & improvements. A \$343,760 estimate from Price Construction was provided to support the project costs, and county staff indicated the additional \$34K in the construction budget is to support costs not included in the Price estimate (permits, fees, exporting dirt, removal of rock, etc) as well as any price escalation since the May estimate. Staff requested and received confirmation that the project does not qualify for VDOT Access Road funding. Staff recommends approval of the request contingent on TRRC funds not exceeding 50% of direct incurred costs.

Committee recommends a grant award of \$200,762 to support up to 50% of construction costs.

National D-DAY Memorial Foundation LTD

National D-Day Memorial Visitor Access and Site Improvements (#3577) **\$538,430 Requested**

Executive Summary Provided by Applicant: The National D-Day Memorial Foundation requests funding for completion of site grading and the courtyard area of the planned educational complex. These improvements will support a larger capital project to add a Welcome Center & Museum, Education & Event Center, an outdoor amphitheater, and other amenities envisioned in our recently adopted Master Plan. This project will improve the visitors' experience, increase regional tourism, and transform the Memorial into a true year-round destination. In turn, this will grow visitation, create more jobs at the Memorial, and inject more money into Virginia's economy.

Staff Comments: This request involves site development in an initial \$2 million phase of implementing an \$18 million master plan to add a visitor welcome center and museum, education and event center and outdoor amphitheater. A visually compelling Master Plan was provided that shows the new buildings arranged around a new entrance courtyard and designed in the style of a Normandy village. Current visitation is reported to be approximately 44,600 annually, with nearly half of those visitors coming from out-of-state, and another one-quarter coming from Virginia locations that are more than one hour away from Bedford. However, the proposal states that the Memorial is currently an outdoor attraction that suffers from low visitation during inclement weather. The addition of indoor educational spaces would presumably enhance year-round visitation to a unique destination that meets the TRRC threshold of having name recognition in national and international markets. The applicant estimates that visitation would increase by an additional 20,000+ annually when the new facilities are fully operational. At the time of application more than \$2.6 million is reported to be committed for the Master Plan implementation, with one-third of the \$18 million goal anticipated to be committed by year-end 2019. A future request to support

construction of the new buildings is indicated. The specific uses of funds requested in this phase include clearing, grading, paving of roads, sidewalks and parking, etc. Given that this proposal requests 100% of the funds currently available in the SSED allocation for projects in Bedford, Staff suggests that consideration of 50% of the costs to do clearing and grading for the new structures (i.e. 50% of \$468,400) would be an appropriate form of support for facilities that will enable increased visitation, while allowing a portion of the Bedford allocation to be made available for the County's concurrent request for access road improvements in the New London Technology Park.

Committee recommends a grant award of \$234,200.

BRUNSWICK (2 proposals for allocation of \$3,402,300)

Brunswick County

Fiberight Building Purchase located in US 58 Industrial Park (#3575)

\$730,000 Requested

Executive Summary Provided by Applicant: The County of Brunswick wish to purchase the Fiberite Building located in the County Industrial Park at 853 Industrial Park Drive. This building will provide the County the opportunity to display approximate 50,000 square foot building on 10 acres to potential prospects who seek site ready structures. The building is a pre-engineered metal building consisting of a high bay manufacturing area and a low bay attached office area. The purchase and repair of the site will assist the County initiative to expand and grow economic development for the region. It will further aid in the attraction of targeted industries and result in measurable employment and private capital investment. This building offers specific attributes being considered by many prospects: location and access to highways, access to the ports and local airport, and relatively low taxes and land costs.

Staff Comments: Grant funds are requested to support 50% of the acquisition and improvements costs for the former Fiberight Building at 853 Industrial Park Drive in the Brunswick County Industrial Park. The property includes the 50,000 sq. ft. building and 10 acre site, providing a site ready building for marketing to prospects. The pre-engineered metal building has a high-bay manufacturing area and low-bay office area. The building will be marketed for distribution, logistics, and manufacturing and would meet the needs of several prospects that the county has worked with over the last 18 months. The county contracted with Timmons Group to study the structural needs and improvements of the building and received a detailed estimate of \$607,500 in needed repairs. The tax assessment value of the property is \$1,268,677, and county staff indicates they have negotiated a \$730,000 purchase price. The additional funding in the total project budget will be used toward building improvements including the repairs in the estimate from Timmons. The applicant identified Project Dragon with potential for creation of 300 jobs averaging \$50,000 for potential economic impact of the project. While staff questioned whether this building would be large enough to accommodate this number of manufacturing jobs (county staff clarified that the 300 jobs would be multiple shifts), it is recognized that the site does provide room for expansion, and this opportunity for a marketable building/site is substantially less than cost for new construction. The county does not currently have a building this size to market to potential prospects. Staff is supportive of this request and recommends approval of a \$730,000 grant award to support up to 50% of costs for acquisition and improvements.

Committee recommends a grant award of \$730,000 to support up to 50% of costs for acquisition and improvements to this building.

Brunswick County Industrial Development Authority
Sledge and Barkley Redevelopment Project (#3576)
\$71,900 Requested

Executive Summary Provided by Applicant: The Brunswick County IDA (BCIDA) is seeking \$71,900 to off-set costs for three activities to assist prospective businesses to evaluate the benefits of the Sledge and Barkley property. These activities include: 1) Engineering & Architectural study with full architectural plans, 2) Historic Preservation Tax Incentive program Part 1&2 applications, and 3) Marketing materials from gathered information to showcase mixed-use concepts for redevelopment of the Sledge & Barkley property. The Sledge and Barkley Building, a three-story building constructed in 1885, located at 307 N. Main Street, is situated in the center of the commercial block of Lawrenceville. In May 2019, the BCIDA purchased the property.

Staff Comments: The Town of Lawrenceville has suffered major economic losses in recent years such as the closing of industries, retail businesses and St. Paul's College, presenting economic development challenges for the Town and Brunswick County that are escalated by the significant number of highly visible vacant and underutilized downtown buildings and the lack of business activity. As one of the oldest buildings situated near the center of the historic downtown, the Sledge & Barkley building is located in a prime commercial block, and it's redevelopment potential offers a beacon of hope for bringing commerce and business back to the community. The Brunswick County IDA invested in acquisition of the building earlier this year, and this project is focused on procuring professional services to evaluate the building condition, and development of concept plans and renderings identified as critical next steps for executing redevelopment of the property. The three story historic building, constructed in 1885 with a two-part commercial block design, offers 22,000 sq. ft. for mixed use development. A Plan of Development & Feasibility Analysis completed in 2009 by HDAdvisors, funded by VHDA's MUML program, determined the building to be in satisfactory condition and proposed a plan for commercial and residential development. The IDA is in the process of evaluating current interests and options for bringing multiple businesses into the building. The IDA indicates that the first floor with glass storefront could accommodate retail space, brewery and a restaurant, the second floor will be considered for a business incubator, co-working or other similar shared office space creating an opportunity for new job opportunities in the downtown, with a fitness studio or residential and other options being considered for the 3rd floor. A list of the prospective businesses the IDA is currently in discussion with was provided. Letters of support include Brunswick County. Estimated total project cost is \$143,800 with IDA to provide 50% as local Match. Staff is supportive of the grant request conditioned on the IDA evaluating potentials uses of at least two floors of the building for enterprise activities that create job opportunities and work spaces contributing to improving the economy of downtown Lawrenceville, the current and historic county seat for Brunswick County. Should this building ultimately be developed primarily for residential use - which is not a TRRC funding priority - Staff suggests these funds should be returned to the Commission for future priority projects.

Committee recommends a grant award of \$71,900 to support up to 50% of professional development contracts.

PITTSYLVANIA (2 proposals for allocation of \$6,861,956)

Olde Dominion Agricultural Foundation, Inc.

Land Acquisition for Future Business Expansion (#3582)

\$258,500 Requested

Executive Summary Provided by Applicant: The Olde Dominion Agricultural Foundation (ODAF) has identified and entered into Purchase Agreements for two (2) parcels of land adjacent to the Olde Dominion Agricultural Complex (ODAC) site. This presents an urgent, yet exciting, economic development opportunity for the region, as closing must occur on or before November 30, 2019. The purchase of this land will improve accessibility to the Complex and its ever growing event market, as well as to ODAF's undeveloped property – with more than 1 mile of railroad access with Norfolk Southern and areas for two (2) spurs – positioning ODAF for significant future agricultural business expansion and opportunities, such as aggregation and value-added production.

Staff Comments: This project is for the acquisition of two parcels to expand the Olde Dominion Agricultural Complex north of the Town of Chatham in central Pittsylvania County. The goal is to allow for future business expansion and agricultural related economic development opportunities. Olde Dominion Agricultural Foundation is a nonprofit organization created to promote and support local agriculture by offering the complex serving as a region hub for agriculture related educate and entertainment, a farmers' market and livestock center, regional educational programming, agritourism functions and business meeting space, and a central location for regional economically beneficial agricultural events. Grant funds will be used toward \$325,000 purchase price of a 2.39 acre parcel with three commercial garage and storage structures and supporting improvements (formerly East Coast Excavating). The main building constructed in 2009 is a 40' X 60' steel frame with metal exterior-- two manual garage doors, HVAC, electric service and sewer system and including a full bath, kitchen and office space, as well as an attached 20' X 50' pole shed. The parcel also includes a 40' X 60' steel frame building with metal siding, concrete floor, electricity and four garage doors on each end; and a third building for storage measuring 30' X 48' with no electricity. The balance of funds for the purchase contract will come from Match already in hand. Matching funds will also be used for the \$180,000 purchases of a second parcel containing 2.3 acres and a 60' x 52' cinder block building (formerly Shorter Brothers Garage). July 2019 appraisal reports identify the current market value of the two properties as \$341,000 and \$190,000 respectively (slightly higher than the purchase prices agreed to by the sellers). ODAC intends to use the first parcel for development of a food hub and/or local food aggregation facility, a priority focus identified in ODAC's 2017-2020 Strategic Plan which states, "One economic development opportunity currently under consideration, is the creation of a food hub for aggregation, cold storage, marketing and distribution of local agricultural products." Development of a central food distribution facility would provide regional benefits to the six county service area including Pittsylvania, Halifax, Henry, Franklin, Campbell and Bedford Counties. The application includes a letter of support from Pittsylvania County. The Commission previously invested \$2.8 million in ODAC under four grants including a FY18 Agribusiness award of \$438K for Phase II Livestock Expansion; as well as providing a \$900K grant for water and sewer infrastructure. These new acquisitions will allow ODAC to continue expanding its footprint as a regional hub and allow for continued growth of their events market and increased agribusiness opportunities on the new parcels. Another significant benefit will be improved access to the complex off US-29, with a second entry providing direct access to the new parcels and to ODAC's larger landholding of undeveloped land adjacent to the railroad. However, as of the date of this report, the applicant has indicated ongoing recent discussions with potential food hub partners, but has not yet provided quantifiable evidence of producer interest in the facility, or detailed plans for financing and operating the food hub. While Staff is supportive of the concept, the lack of detailed

plans and outcomes makes a positive recommendation for the property acquisition appear premature.

Committee recommends a grant award of \$258,500.

Pittsylvania County
SVMP Site Enhancement (#3580)
\$500,000 Requested

Executive Summary Provided by Applicant: Pittsylvania County proposes to utilize Southside Economic Development Funds to physically prepare a shovel ready pad site at the Southern Virginia Multimodal Park for Project Emotion. Improvements will include clearing, grading, demolition of slab, storm drainage features, geo-tech work, and rail spur rehabilitation. Project Emotion is a credit worthy U.S.-based Company that proposes to invest \$24M to construct a 220,000 sq. ft. modern manufacturing facility while creating over 65 new jobs to Virginia. Match for this project will be provided by Samet Corporation; a large regional developer, and partner for the Southern Virginia Multimodal Park. The newly established Staunton River Regional Industrial Facility Authority will purchase and own impacted property prior to use of any Commission funds.

Staff Comments: Grant funds are requested to support \$500,000 of site improvements to create two shovel-ready pad sites on 25 acres at the Southern Virginia Multimodal Park (the former Burlington Industries site) in the Town of Hurt. A detailed cost estimate of \$1.8 million was provided, including costs for removing the former Burlington building pad and related structures, grading and utility work, and installation of lead track and spur for rail service. Development of the property would take place in partnership with the current owner, Samet Corporation/Hurt Partners LLC, which specializes in industrial real estate developments. Site improvements are expected to begin in January 2020 for demolition and removal of the existing slab and the new pad areas being defined. The newly established Staunton River Regional Industrial Facility Authority would purchase and own the property prior to use of any Commission funds, after which Samet would reacquire the improved site and construct a \$10M building on approximately half of the 25 acres under a lease-to-purchase agreement with the prospect (Project Emotion). Construction of the building is expected to begin in September 2020. Economic development outcomes are identified as \$24 million capital investment (\$10 million building, \$14 million machinery and tools) and 65 jobs @ \$40,000 plus benefits, paying above average wage for the county. Outcomes are based on Project Emotion, an existing well-established company wanting to expand in the region. The county has received a Letter of Intent from the company to locate their manufacturing operation at this site. A TROF estimate for a \$435K grant incentive and a \$435K loan for a total of \$870K was provided in June 2019. Staff notes that the property is currently owned by the private development partner, and would be transferred to the RIFA for site development work funded under the grant. Then (per the info provided by the County) the Emotion portion of the improved acreage will most likely be transferred back to private ownership prior to construction of the building by Samet which would lease it to the prospect. Staff notes the unusual circumstances of providing public funding for a site intended for private-ownership, and cites the public benefit case for improving a currently-blighted site in conjunction with a private development partner that will invest nearly three times the TRRC request in the needed improvements, in addition to their anticipated involvement in financing construction of the building for the company, thereby greatly increasing the taxable value of the property and enabling job creation via Emotion and the second site on the remaining improved acreage. As with all Commission grants, the project would be required to comply with the Security Interest clause of the Commission's standard grant agreement, which requires written approval by the Commission's executive director for lease or transfer of ownership of Commission funded

assets. Furthermore, as the improved site will be generating lease revenue and eventually sales revenue, Staff suggests a repayment plan for the proposed TRRC investment be negotiated from those revenues.

Committee recommends a grant award of \$500,000 for site improvement costs, subject to the commitment of Project Emotion to this site, with a TROF-like performance agreement between all parties and adequate protection of the Commission's security interest.



AGENDA

SOUTHWEST ECONOMIC DEVELOPMENT **COMMITTEE**

Wednesday, October 9, 2019
3:00 P.M.

Call-in - 646-558-8656 / Access code: 601-082-667

General Francis Marion Hotel
107 East Main Street
Marion, VA

Welcome and Call to Order	<i>The Honorable Bill Carrico, Chairman</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>6/5/19</u> Minutes	<i>(published on website)</i>
FY20 Grant Proposals	<i>Sara Williams, Southwest Office – Grants Program Administrator</i>
Other Business Grant Extensions	<i>Sara Williams, Southwest Office – Grants Program Administrator</i>
MPower VA #3473 Update	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjournment	

FY20 Southwest Economic Development

Summaries & Staff Recommendations

October 2019

The Commission received 14 project proposals in mid-July for the FY2020 Southwest Economic Development program. Executive Summaries and Staff Comments/Recommendations are included below. The SWED Committee has a current balance of \$2.75M to address these proposals:

Req #	Organization	Project Title	Requested Amount	Staff Recommends
3567	Town of Big Stone Gap	Mutual Complex Co-Work Space	\$250,263	\$250,263
3565	Buchanan County Industrial Development Authority	Southern Gap Amphitheater Project - Initial Design Fee	\$57,000	\$57,000
3558	Floyd County EDA	Floyd Light Industrial Building and Growth Center Campus	\$497,475	\$497,475
3570	Friends of Southwest Virginia	Recreation Cluster Development, Connectivity, and Sustainability	\$330,000	\$330,000
3566	Industrial Development Authority of Dickenson County	Thunder River Campground	\$200,000	\$0
3563	Lincoln Memorial University	LMU-CVM Veterinary Education Building	\$4,018,490	Request exceeds available balance – no recommendation
3560	Millwald Theatre, Inc.	Millwald Theatre Restoration & Economic Revitalization Project	\$200,000	\$160,000
3564	Southwest Regional Recreation Authority	Creating a Sportmans Economy for Southwest Virginia	\$250,000	\$125,000
3559	Town of Lebanon	Restoration/Rehabilitation of the Historic Russell Theater	\$200,000	Table
3569	Town of St. Paul	Lyric Project, Phase II	\$349,600	\$349,600
3557	Tazewell County Industrial Development Authority	Cultural Arts of Southwest Virginia Corporation	\$225,000	VRA loan
3571	University of Virginia	UVa-Wise Southwest FOURSight	\$1,005,127.89	Table
3568	Virginia's Heritage Music Trail: The Crooked Road	The Crooked Road On Tour	\$100,000	\$0
3562	Wythe County	APEX Ancillary Building	\$100,000	\$100,000
Total (14 requests, 8 funding recommendations)			\$7,782,956	\$1,869,338

Town of Big Stone Gap
Mutual Complex Co-Work Space (#3567)
\$250,263 Requested

Executive Summary Provided by Applicant: As part of the current renovation of the former Mutual Pharmacy property into a multi-use dining/housing/entrepreneurial facility, the Town of Big Stone Gap proposes to construct roughly 1,600 square feet of entrepreneurial co-working space in the building's basement level. The Town intends to model its co-working space after successful such spaces in other, varying sized localities, and is presently designing its co-working operations program to fit within this unique downtown space.

Staff Comments and Recommendation: This request completes an ongoing multi-year effort, utilizing a variety of funding sources, to rehabilitate the Mutual Pharmacy building located in downtown Big Stone Gap and owned by the Town's Redevelopment and Housing Authority. The property will be redeveloped into a multi-use dining, housing and entrepreneurial facility. Big Stone Gap has undergone a successful downtown revitalization project focused on creating an environment that facilitates the success of existing and new businesses. The building is adjacent to the Town's visitor center (partially funded with a previous SWED grant) and occupies a prominent location in the downtown area. The main floor of the building will be occupied by a restaurant while the upper floors will be converted to apartments. The funds requested in this application will be used to construct an approximately 1,600 SF entrepreneurial co-working space in the building's basement level. The space will offer desks, conference rooms, high speed wireless internet, and private offices/meeting space sufficient to serve ten participants. While no formal survey of potential tenants have been conducted, the application did provide anecdotal evidence of demand for this type of space from at least two local entrepreneurs. The remainder of the basement space will be available to the restaurant operator. The facility will be managed from the Town's visitor center next door, and will use operating policies modeled after those used by a similar facility in Macon, GA. The Town has a close relationship with the GA locality and has worked with New Town Macon as a model to implement several projects focused on attracting young entrepreneurs. The project has been successful in securing funding from several sources including ARC (\$500,000), DHCD-IRF (\$475,000), VEDP/VDEQ Brownfields Assistance Funds (\$94,398) and VCEDA (\$90,000). Despite these efforts there remains a significant gap to achieve the approximately \$2.4M total funding need. A loan request for up to \$1M will be submitted to the Virginia Housing Development Authority to cover upper story housing and first story restaurant space funding shortfalls. Cost estimates were provided to document the use of the \$250,263 requested in this application. While the majority of these funds do appear to be intended for improvements to the basement area, a portion of the request (approximately \$40k) would be used for improvements to the roof and gutter system which is reportedly needed to correct existing water issues in the basement to make it suitable for this type of use. This project aligns with other initiatives currently being developed for the region including the Small Towns Initiative which is being developed by TRRC Staff. While this could be seen as a somewhat large investment in an entrepreneurial space with modest outcomes in new job creation and private investment, Staff views this as an opportunity to support this as a pilot effort that will better inform program guidelines for the upcoming TRRC Small Towns program.

Staff recommends a grant award of \$250,263.

Buchanan County Industrial Development Authority
Southern Gap Amphitheater Project - Initial Design Fee (#3565)
\$57,000 Requested

Executive Summary Provided by Applicant: The goal of the Southern Gap Amphitheater Project is to construct a commercial-grade amphitheater (the "Amphitheater") at Southern Gap in Buchanan County, Virginia. The Amphitheater is conceived to be a venue constructed to hold 2,000 guests, with a grassy hill

behind it that can accommodate an additional 2,000, for a total max capacity of 4,000 guests. The Amphitheater will host live music performances, film screenings, speaking engagements, weddings, sports and corporate events. At the highest level, the Amphitheater will transition through two-separate phases: (i) development and construction, and (ii) operation. The key steps to complete this project are 1) Fundraising for Initial Design Phase 2) Initial Design Phase 3) Fundraising for Cost of Construction 4) Construction Documentation Design Phase 5) Construction. We are currently applying for funds to help cover the cost of the Initial Design Phase.

Staff Comments and Recommendation: This request, submitted by the Buchanan County IDA, on behalf of a newly formed non-profit, would facilitate initial design of a 4,000 guest capacity amphitheater at Southern Gap. The IDA, which will have no direct role in managing the venue, deeded 13 acres of land to the non-profit (Sunset Holler, Inc.) on August 19, 2019. The organization also obtained their official IRS non-profit certification in August. The application contains an impressive business plan and feasibility study prepared by Charlottesville-based VMDO architects, the apparent former employer of one of the project's leaders. VMDO has quoted the design phase at \$105,520 with an additional \$9,200 in expenses to cover costs pertaining to site visits and other supporting expenses. The total cost of the design phase is \$114,720 with half of that amount requested from TRRC in this application. Matching funds will be sought from a variety of sources including The McGlothlin Foundation, The United Foundation, and VCEDA. Funding opportunities such as the DMME Abandoned Mine Land program will likely be sought for the construction phase. The feasibility study estimates that construction will average \$2.8M and the application indicates that it is likely additional funding will be requested from TRRC for that phase of the project. The venue will create 8 direct jobs with an average salary of \$54,166. During the first year of operations 64,000 visitors are projected, resulting in nearly \$1.5M in revenue from ticket sales. To accomplish this, the venue would need to host 16 events at full capacity which may be ambitious for a brand new venue with a limited reputation. The project's feasibility study also cites several factors which could inhibit the venue's ability to be sustainable during the first years of operation. None the less, an outdoor performance venue - if successfully funded - would enable Buchanan County to extend the stay and spending of visitors to the Spearhead's Coal Canyon trail, and attract additional non-trail visitors for cultural events. The application indicates that VMDO will be performing the design work however, given the close association between that organization and this project's leadership, any award made by TRRC should contain the condition that the project use a competitive procurement process to select the most appropriate firm.

Staff recommends a grant award of \$57,000 for up to 50% of contractual design work conditioned upon documentation of a competitive procurement process to select the most appropriate firm.

Floyd County EDA

Floyd Light Industrial Building and Growth Center Campus (#3558)

\$497,475 Requested

Executive Summary Provided by Applicant: This project will develop an approximately 13,000 SF light industrial building for sale or lease in the Floyd Regional Commerce Center and turn the rest of the 5.5-rough-graded pad into a mini-campus for other light industrial building sites (Floyd Growth Center Campus). We lack light industrial spaces and sites. The Floyd Innovation Center is full (and isn't compatible with loud uses), and the last three viable vacant industrial buildings near the Town of Floyd have been bought by expanding companies in the past few months. Having building space available near Floyd, on public water and sewer, fiber, with 3-phase power, and with good truck access is essential to get prospects to visit and to work with local businesses in need of larger facilities. This is an integral part of our strategy to grow and attract metal working and related companies and increase wages. County will pay engineering and start immediately.

Staff Comments and Recommendation: Funding is requested to support expansion and additional development of the Floyd Regional Commerce Center to accommodate recruitment of light industrial businesses. In 2017 the Commission awarded \$420,696 to support the expansion of utility service to these building pads. There are currently no vacant industrial buildings available in the Town of Floyd, which has hindered response to several inquiries from potential companies needing space in the area. The proposed project will develop an approximately 13,000 SF building on one of the two remaining rough graded parcels (Lot 4) in the Commerce Center. The building will be move-in-ready, with two separate spaces that could be further divided if needed. Both spaces will have access to a loading dock and potential for bay doors if needed. The remaining 4+ acres will be developed in smaller quarter- to 2-acre mini-sites that could be developed or sold to new businesses. The new spaces could accommodate up to 70,000 SF of total building space across multiple buildings with the potential to house 100 employees. The proposed building would accommodate 35 of these. Additionally \$7-8M in private investment related to building construction and over \$10M in equipment investment could result from the expansion. Matching funds are committed from the Floyd County Board of Supervisors which has procured financing for \$3.5M of economic development construction projects. A portion of this will be used for stormwater management upgrades at the Commerce Center to meet new DEQ requirements necessary to accommodate additional growth. The remainder (\$3.36M) will be used to support the Lot 4 development activities proposed in this application. Cost estimates were provided from Draper Aden and Thompson and Litton to justify the total \$3,858,325 project budget. While this is a large request relative to the funding available for the SWED Program, it is extremely well leveraged through this commitment of locally procured debt financing. As such, and given the current interest from prospective occupants with resulting new job creation and new taxable private investment, this proposal aligns strongly with SWED objectives and received the highest score in this funding round.

Staff recommends a grant award of \$497,475.

Friends of Southwest Virginia

Recreation Cluster Development, Connectivity, and Sustainability (#3570)

\$330,000 Requested

Executive Summary Provided by Applicant: “Recreation Cluster Development, Connectivity, and Sustainability” will construct new outdoor recreation assets and create plans for long-term development and sustainability of this industry cluster while identifying feasible physical and programmatic connections to enhance the overall economy of the Cumberland Plateau and Mount Rogers regions through continued and sustainable economic development in the outdoor recreation cluster. Outcomes include: Construction of eight trails and three river access points to attract visitor revenues from outside of the tobacco region. Two separate, yet interconnected, master development plans for long-term economic sustainability of the historic Virginia Creeper Trail and the Mendota Trail, currently under construction, to support economic diversification of the Outdoor Recreation and Tourism Industry Cluster. Two Regional Development and Sustainability Master Plans for the Economic Diversification within the Outdoor Recreation and Tourism Industry Cluster that will ensure long-term regional visitor revenues within the Mount Rogers and Cumberland Plateau Regions.

Staff Comments and Recommendation: This multifaceted regional proposal seeks to develop new outdoor recreation assets through collaborative planning with participating localities and regional stakeholders across two Planning Districts, resulting in diversified and sustainable projects with long reaching economic impact for the region. Previous grants, not including those awarded for construction and operation of Heartwood, total \$1.25M to this organization. While a portion of these funds have been allocated for capital projects in the region (High Knob, Damascus, etc.) a substantial amount has also been used for personnel. In this proposal TRRC funds will be used to create master development plans for both the Virginia Creeper Trail and the newly formed Mendota Trail - neither of which have been supported by

TRRC funding to date. Both systems require significant capital improvements and the proposed plans will ensure the financing and implementation of these improvements are conducted in a prioritized and sustainable manner. Despite the popularity of the Creeper Trail, relatively little ongoing maintenance has been performed over its 32 year existence, and it is reported that 20+ trestles are in need of significant maintenance or complete replacement. Portions of the trail now face risk of closure due to infrastructure safety issues. An example of the devastating impact these closures could have is illustrated by the estimated \$250,000 in lost revenue caused by a 5 day trail closure in 2018 due to Hurricane Florence. While the Mendota Trail recently opened a second section (3+ miles), more than eight miles are still under development to complete the 12.5 mile trail, and a similar plan will allow the associated nonprofit, Mountain Heritage Inc. to actively seek funding opportunities to continue to expand the trail. Commission funds are requested to support 22% of the Creeper Trail Director's position (\$20K), Mendota Trail Master Development Plan (\$63K), and the Virginia Creeper Trail Master Development Plan (\$65K). An approved ARC Area Development Grant (\$150K), Virginia Tourism Corporation (\$10K) and Town of Abingdon funds (\$10K) will serve as match for these items. In addition to the trail master plans, the project will also develop Regional Master Development Plans for outdoor recreation in the Cumberland Plateau (\$75K) and Mount Rogers (\$30K) jurisdictions. These plans will examine the connectivity and sustainability of all the outdoor recreation products in the areas. The Cumberland Plateau plan will result in an asset analysis and development plans for the Counties and Towns in the PDC's region. These plans will seek to unite all existing assets and developments through physical or programmatic connections, and is a key step to the creation of SWVA as a regional tourist destination. The ARC grant as well as funding from the Thompson Charitable Trust will match these initiatives. A large portion (\$125K of \$150K total funding) of the TCT funding will be used to construct 8 trails and 3 river access points. Commission funds will be used to continue to support two Tourism & Outdoor Recreation Specialist positions (Friends employees serving the MRPDC and CPPDC regions). These positions have been supported with previous TRRC funds and the current request (\$77K) will allow the staff to continue their work, while increasing revenues from the reorganized Southwest Virginia Cultural Center (formerly Heartwood) will enable Friends to reallocate funding to sustain these positions in the future. These staff members play a critical role in developing and managing projects to build capacity within communities. This leadership is especially valuable in smaller communities and with groups who may not be familiar with infrastructure and systems needed to successfully implement projects. The staff members are also able to guide these projects to other state resources and partner organizations. Many TRRC-supported projects and initiatives have benefited from their assistance and Staff was pleased to learn that there is an increasing level of collaboration between Friends and other regional tourism groups (Spearhead, Heart of Appalachia, etc). Friends of Southwest Virginia will contribute \$67k to support the project through additional staff and operating expenses. Ballard Health will also contribute \$50k for the project. While project deliverables primarily are personnel funding and area master plans, Staff suggests these are critical building blocks to expand the outdoor recreation products and destinations that are increasingly attracting visitors to SWVA (as demonstrated in annual visitor spending data) and resulting in growth of businesses that serve outdoor recreation tourists.

Staff recommends a grant award of \$330,000 contingent on the Applicant providing a sustainability plan for additional funding support for these positions beyond the period of this grant.

Industrial Development Authority of Dickenson County ***Thunder River Campground (#3566)*** **\$200,000 Requested**

Executive Summary Provided by Applicant: Thunder River Campground is located on the Russell Fork River in the Splashdam area of Haysi, VA. Thunder River first opened in October of 2018. It is located less than one mile from the the trail head of the Haysi Ridgeview Trail. At this particular trail head there are equestrian and ATV/UTV trails. Thunder River currently offers 12 full hook up sites and 10

primitive camping sites. You can also find a stage area for concerts. With the proposed funding they plan to add partial hook up sites (electric and water only), additional primitive sites, a service/shower building, camp/general store, playground, swimming pool, and tube/kayak rental. We feel that these amenities would substantially increase the use of the campground. Our immediate priority is the service building as we know that we have lost potential campers because of this. This is a destination that can be used year round.

Staff Comments and Recommendation: This request was submitted on behalf of a private, family-owned campground property located approximately one mile from the Haysi Ridgeview Trail trailhead (see www.thunderrivercgc.com). The campground, which opened a year ago, offers 12 full hook up sites and 10 primitive camping sites. This request would support expansion of the property to develop additional camping sites, store, playground and swimming pool. Additionally a service/shower building would be constructed, although the proposal lacked detailed site plans, construction/equipment estimates, marketing plan and operating pro forma. Matching funds would come from the owners (\$60K) and an intended \$200K grant request to the Cumberland Plateau PDC's new C-Prop program. During its first year of operations, the campground has reportedly been self sustaining and estimates revenue of \$50,000 for 2019. With the proposed property improvements it is estimated that these revenues could increase to \$150,000 annually. Visitation is projected to double (250 to 500) and an additional 11 jobs will be created, although it is presumed that many of these would be part-time or seasonal positions. The application states that these jobs would pay between \$8.00 and \$12.00 per hour. While this is a project that illustrates the economic impact of regional initiatives such as Spearhead Trails across the region, resulting in increases in private capital investment through creation of small businesses such as this one, it does not currently qualify for grant consideration under TRRC's programs due to constitutional issues of granting public funds for private purposes without a performance-based jobs and investment commitment. TRRC could potentially assist through its loan program, however conversations with the IDA staff leading up to the application submission indicated that the business owner is not interested in loan funding. This inhibits our ability to assist this project and others like it. While Staff commends the entrepreneurial initiative of the campground owners, any consideration of grant funds for this project should use the TROF formula as a basis for calculating a grant amount (which would be substantially less than this requested amount), and should be performance-based related to new job creation and new taxable private investment. However Staff is of the strong opinion that granting funds to private businesses is a significant and costly precedent, and visitor-based businesses such as this one should only be assisted with loan funds.

Staff recommends no award.

Lincoln Memorial University

LMU-CVM Veterinary Education Building (#3563)

\$4,018,490 Requested

Executive Summary Provided by Applicant: In 2014, the Virginia Tobacco Region Revitalization Commission aided in the construction and establishment of the DeBusk Veterinary Teaching Center (DVTC) in Ewing, VA (see Location Map and DVTC Campus Map), with the goal to provide an innovative environment to prepare competent DVM students. Since, Lincoln Memorial University-College of Veterinary Medicine (LMU-CVM) has graduated two classes of veterinary students, with 30% taking jobs in rural Appalachia and some have opened veterinary businesses in the tobacco footprint (see Map 1). Additionally, the number of applicants has increased. The LMU-CVM stands poised, ready to grow, and we need your help to expand our facilities. The LMU-CVM requests funding to support a state-of-the-art veterinary education building (see Floorplan) to be located in Ewing, VA, on LMU's existing DVTC campus. This will allow us to grow our class, increase faculty, create more programs and serve as an economic driver for the region.

Staff Comments and Recommendation: The Commission has approved three grants totaling \$4.1M since 2013 to assist LMU in establishing the Veterinary College in Lee County (\$3.5M of those funds came from the SWED program). LMU reports it has graduated two classes of veterinarians since opening in 2015. Of those graduates, more than 200 have located in Appalachian states, and a handful within the TRRC region. Staff therefore notes this proposal to construct a new \$8M 25,000 square foot education building on the Ewing campus is rightfully in the SWED program due to the economic impact that increased enrollment and employment will have on the Lee County economy (as opposed to Education funding which focuses on serving Tobacco Region residents). Effectively, LMU serves like an anchor business in Lee County, performing a service that is "exported" to other state markets, and generating income earned and consumption of various goods from groceries to housing. Annual enrollment is expected to increase from 96 to 220, with related (though unquantified) increases in staffing, purchasing, housing demand etc. The Commission is being asked to provide more than \$4M (50% of total costs) for design, construction, furnishings and equipment for the new building which is scheduled to open in Q2 of 2021. LMU states it is a licensed general contractor and would serve in that role for the project. Cash match from LMU is proposed to complete the project. Per the Commission's enabling legislation, as updated in 2015, the Commission may make "loans to local governments to finance or refinance the cost of any project that has an identifiable revenue stream from which the loan proceeds may be repaid" (Code of Virginia section 3.2-3116), and this project shares many similarities with one of the initial TRRC loans that was made to Bluefield College to expand its science building to allow expansion of its nursing programs. Staff notes that the proposal indicates LMU's overall net income for FY 2019 (revenues minus expenditures) exceeded \$7M, which indicates the ability to service loan debt should the Commission consider that avenue rather than the requested grant funds. However, the balance available for TRRC/VRA loans is currently less than \$340K (from the \$5M set aside in 2015 for the initial loans), so additional loan capital would have to come from either a corpus invasion or a current Committee balance. Staff also notes the request significantly exceeds the available balance for the SWED program (\$2.7M) and per the Program Guidelines, "Requests which exceed the Program's available balance will not receive a staff recommendation."

Per policy and program guidelines, Staff has no recommendation for a request that exceeds the available Committee balance.

Millwald Theatre, Inc.

Millwald Theatre Restoration & Economic Revitalization Project (#3560)

\$200,000 Requested

Executive Summary Provided by Applicant: The purpose of this project is to return the historic Millwald Theatre (c. 1928) to service as a multipurpose, entertainment, education and community engagement venue in the heart of Downtown Wytheville, Virginia. Tobacco Commission funding will be utilized for Architecture and Engineering Fees, and for construction activities necessary for the restoration of the Theatre, including, demolition and new construction, new HVAC, plumbing and electrical systems, projection, theatrical lighting, sound and seating systems. Millwald Theatre is a key anchor property that when restored and in full operation as described in the 2016 Financial Feasibility Study, will attract more than 46,000 additional visitors to Downtown Wytheville each year.

Staff Comments and Recommendation: Funding is requested to conduct Architectural and Engineering work as well as construction activities associated with restoring the historic Millwald Theatre in downtown Wytheville. This \$4.3M total project is currently the highest economic development priority for the Town and is listed as a key strategy in Wytheville's 2013 Economic Restructuring Plan. Additional objectives contributing to the overall revitalization of the downtown area such as the development of a business incentive program, business competition, development of a community wide wayfinding system, renovation of the downtown streetscape, façade improvements, and relocation of the Wytheville Farmers Market have all been accomplished. According to the Restructuring Plan, the Theater will serve as an

anchor to link downtown assets including the Bolling-Wilson Hotel and other lodging and dining opportunities. Having a multi-use entertainment venue in the downtown area will enhance the ability to lengthen the stays of current visitors and is intended to provide the opportunity to attract new visitors through the expanded activity options. Due to its strategic location at the intersections of Interstates 77 and 81, Wytheville already attracts 575,000 overnight visitors each year, offering an abundance of tax revenue-generating lodging and dining options. The Wohlfahrt House Dinner Theater serves numerous tour bus groups on a year round basis. Annual attendance at the Theatre is estimated as 42K by 2022, with approximately half of those being non-local visitors. The application reflects the tremendous amount of planning that has been underway for several years to bring the project to this point. A detailed feasibility study was provided in the application with a 10 year operating pro forma to illustrate that the project can be sustainable. In addition to the marketing and business plans, a detailed PER was also provided. The project will create 14 jobs including a full time marketing manager. Average salaries will be approximately \$33K. While this project requires a large financial commitment to see it to completion, a detailed and aggressive plan is in place to raise the needed capital. The Town of Wytheville's strong commitment to the project is reflected in the \$600K it has provided for property acquisition. The non-profit is expected to close on building acquisition in late summer. Applications will be submitted to DEQ (Brownfields Restoration and Economic Redevelopment Assistance Fund Site Remediation Program -\$50K), ARC (\$500,000 to be submitted in October 2019), DHCD (pending IRF application \$600K), and the National Park Service (Historic Revitalization Subgrant Program – pending \$750K). Millwald Theatre Inc, has hired a fundraising consultant and hopes to raise \$720,000 in private donations. Historic Tax Credits (\$879,280) will also be utilized. If the majority or all of these applications are successful this will be an extremely well leveraged project, however there do not appear to be any matching funds committed to assist with the A&E design phase. This work will be fully funded by TRRC using the majority of the requested grant. A smaller portion (\$40k) would be used during the construction phase, which seems to be an insignificant and premature piece of overall construction financing. Presumably matching funds would be used during the construction phase however care must be taken to ensure that adequate match is available for concurrent use during the grant period. Staff therefore suggests that the Town's \$600K grant to the nonprofit to acquire the property, which was to be accomplished concurrent with submission and review of this proposal, be recognized as the Code-required matching funds to an award for the \$160K A&E costs.

Staff recommends a grant award of \$160,000 for contractual architectural and engineering costs.

Southwest Regional Recreation Authority

Creating a Sportmans Economy for Southwest Virginia (#3564)

\$250,000 Requested

Executive Summary Provided by Applicant: Using over 113 acres of donated property and permanent easements these funds will develop the Rifle/Pistol Complex for the creation of a new tourism centered economy around shooting sports. This request is for funds to design and construct one of the three complexes. A shotgun complex from private foundation funding and an archery complex being developed by VCEDA funding. Funds will supply restrooms, several ranges of various types for competition shooting, safety training, a headquarters developed from partially restored historic home on one site built in the late 1800s and being donated to Spearhead as a training, management, and storage facility for all three sites. The result will be unique visits ranging from \$13,000 to \$38,200 annually with 50% of the visitors from outside not including 3,600 visits with 90 % nonlocals for competitions. Creating 32 jobs and \$3.1 million in economic impacts.

Staff Comments and Recommendation: Funding is requested to support the creation of a multi-location set of shooting complexes, each developed with different shooting sports in mind. These four sites will offer an additional option for Spearhead Trails visitors to extend their stay, will attract a new market of non-ATV trail visitors and will offer a diversified revenue stream for Spearhead's operational

sustainability. In a survey of 1,000 users of Spearhead Trails, 92% indicated they would utilize this facility. Of users from outside the area, 87% said they would stay an extra day to utilize this facility. Since 2008 the Commission has provided approximately \$2.45M for start up personnel and operating support to establish the Spearhead Trail System, which has become a signature tourism initiative in Southwest Virginia, resulting in significant economic impact in partner communities. A feasibility study prepared for the project found that there is a strong likelihood that current Spearhead Trails users would also visit the proposed shooting complex. Additionally, the complex will be utilized by area law enforcement agencies who require safe, secure, locations for training. This complex will be one of only a few in a 160 mile radius. Offering multiple types of ranges, in different locations, also increases the ability of the facility to attract state or national competitive events. The project is estimated to attract 13,000 visitors annually with half of those being from outside the area, resulting in 32 associated jobs and \$3.1M in economic impact. Commission funds will be used for property improvements (\$120k) to one of the four selected properties to develop the infrastructure needed to develop a rifle and pistol range. Equipment will be purchased (\$34,350) and a bathroom facility will be constructed (\$40,000) The 113 acre site, known as "Snowball Hollow" is privately owned, however the landowner has agreed to grant an easement for the site and donate 2 acres, a house, and storage building valued at \$118,000. This donation represents the majority of the direct match for the TRRC request, but exceeds the Commission's 25% limit on in-kind matching funds. Additional match listed in the application includes \$16,000 of volunteer labor and \$92,000 from SRRA for 2 years of operating expenses (salaries, equipment, supplies and materials, etc). A \$150,000 VCEDA grant has been awarded to develop the archery site at the former Dickenson County landfill, for which County has provided a land use agreement to SRRA. A shotgun sports and sporting clay site will be developed on 107 acres of land owned by the Columbus Phipps Foundation which has been approached to provide an easement for the property. Applications totaling \$125k will be submitted to the NRA to develop this location. On the fourth site, owned by one of the project's advisors, a specialized shotgun range will be developed. The application indicates that SRRA is working with the landowner to pursue either a partnership or a buyout that will make development of this site possible. Applications will also be submitted to ARC (\$52,000) to fund start up personnel and to DMME's AML program (\$300k) to fund additional development at Snowball Hollow. If awarded, these funds would likely not be available until fall of 2020 and do not appear to be spent concurrently with the TRRC funding. This ambitious plan to obtain funding for four separate projects could result in as much as \$905,000 of total grant funding for the first phases of development. A master plan, survey, design, and permitting will be needed. Ideally construction will begin in Spring 2020 and the complex will open in Fall of 2020 or Spring of 2021. In order to not exceed the in-kind matching fund limit, in lieu of using multi-year operating funds as match after TRRC funds have been spent, and in light of other grant sources still being pursued, Staff suggests 50% funding for the rifle/pistol range.

Staff recommends a grant award of \$125,000 to support half of the cost to develop the Snowball Hollow rifle and pistol range.

Town of Lebanon

Restoration/Rehabilitation of the Historic Russell Theater (#3559)

\$200,000 Requested

Executive Summary Provided by Applicant: Since September 2015, the Town has put a major focus on the revitalization of the downtown area. As with other small towns in SWVA, the downtown commerce has been impacted by the development of new retail space outside the downtown footprint resulting in significant building underutilization, deterioration and blight. The Historic Russell Theater is located in the heart of downtown Lebanon and has been the centerpiece of the revitalization vision from Day 1. The purchase, renovation and incorporation of the theater into the revitalization project would address many opportunities such as removing conditions of blight (improve the physical environment), serve as a draw for visitors and tourist as well as local residents (promote tourism) and establish a

multiple-use “cornerstone” hub/venue for the community in the core of downtown (community/economic development). The Town also realizes the potential benefits for Low-to-Moderate individuals from services provided by the end use of the facility.

Staff Comments and Recommendation: The Town of Lebanon is requesting funds to support the renovation of the vacant historic Russell Theater as part of an ongoing downtown revitalization project, which also includes streetscape upgrades, façade improvements for 21 businesses, eight new apartments, and the establishment of a \$50,000 revolving loan fund to be used to attract new businesses to the area. Matching funds are committed from the Town of Lebanon (\$200,000), CDBG (\$50,000), Cumberland Plateau PDC’s newly established C-Prop Fund (\$200,000), and VCEDA (\$150,000). An application will be submitted to ARC in January 2020 and to the Industrial Revitalization Fund in March 2020. A recently completed feasibility and preliminary architectural/engineering report was provided along with cost estimates. According to the application the total project cost is approximately \$1M including a \$150k acquisition cost. The PAR’s Statement of Probable Cost provided in August indicates that renovations will total \$818,200. Once reopened the Theater hopes to align with other regional initiatives such as The Crooked Road and Round the Mountain. The facility will provide an indoor space for concerts and entertainment events in the Town which currently can only be held outdoors in the Town’s park. The application did not contain a formal operating or marketing plan for the project but does indicate that the Town will provide support for the Theater in its annual budget. This support will include necessary staffing and ongoing maintenance. Additionally, the Town has hired an events coordinator who will be responsible for planning programs at the Theater and other locations in Lebanon. The project is estimated to create five jobs with an average salary of \$27,852 and attract 4,000 new visitors to the Town annually. While restoration of the theater will provide a year-round performance venue that could enable Lebanon to benefit from regional tourism initiatives such as Crooked Road and Spearhead Trails, without a marketing plan and a targeted list of events it is difficult to determine to what extent this visitation will be from local residents versus out of town guests. Staff therefore suggests this project be tabled to allow the Applicant to secure the remaining funding sources and provide more detailed plans for event programming and marketing, operating policies/procedures/budget, and estimates of non-local visitation that could be based on similar TRRC-supported regional venues such as Pennington Gap’s Lee Theater, Coeburn’s Lays Hardware, Marion’s Lincoln Theater, The Rex in Galax and others.

Staff recommends this request be tabled pending additional information on event programming and marketing, operating policies/procedures/budget, and data estimates on out-of-town visitation.

Town of St. Paul

Lyric Project, Phase II (#3569)

\$349,600 Requested

Executive Summary Provided by Applicant: The Lyric Project is an integral part of the region’s asset-based community/economic development strategy. By having the ability to host meetings/breakout sessions for 200+ attendees in eight different rooms and use the stage/auditorium seating, the Lyric will be a unique venue that will attract a variety of visitors. Once complete, St. Paul and the region will have a destination feature normally only found in metro areas- the ability to have a complete multi-day visit that includes cultural and outdoor recreation experiences without having to get in ones’ vehicle. The \$349,600 requested from the Tobacco Region Revitalization Commission funds for the Lyric Project Phase II project will be used for the construction/installation of the Lyric Theater’s new meeting rooms. The Lyric Theater will further the region’s goal of supporting local businesses, attracting a variety of visitors, and advances the TRRC’s Strategic and Funding Priority V- Community Assets and Opportunities.

Staff Comments and Recommendation: Funding is requested to begin Phase 2 of a 3 phase, \$3.4M total renovation to the historic Lyric Theater in downtown St. Paul. This project is part of the ongoing revitalization of the Town which has benefited greatly from the development of the TRRC-funded Spearhead Trails and the Western Front Hotel, along with other outdoor recreation opportunities and visitor-based businesses. In addition to serving as an entertainment venue, the Theater will also contain much needed meeting space to accommodate large groups and conferences which cannot currently be accommodated elsewhere in Town. The Western Front Hotel, while providing an attractive lodging option for these groups, does not have the types of amenities or space to host these events. A portion of this request (\$184,000) will be used to purchase the partitions and walls needed to develop breakout rooms in the meeting facilities. The remainder of the request (\$205,600) will be used for Phase 2 renovation for mechanical, electrical and plumbing work. Phase 1, which focused on façade and structural repair and stabilization, is largely complete. The phase cost approximately \$480,000 and was funded through grants from ARC (\$300K) and VCEDA (\$40,000) as well as Town contributions (\$90,000+), and VA Main Street funding. To meet the estimated \$1.2M Phase 2 cost, TRRC funds will be combined with an additional approved ARC grant (\$200K) and additional Town funding (\$100K). A \$600K IRF application is pending with DHCD and represents a large portion of the funding needed to complete this phase. The Town also plans to seek funding from various foundations (Dominion, Slemph, etc), USDA, local contributions, etc. to complete the project. Historic tax credits will also be used during Phase 3, which will complete interior furnishings, equipment and fixtures. Outcomes are estimated at 3,000 visitors per year resulting in \$56,000 in revenue from ticket sales. The project will create five jobs with average salaries of \$27,500. The requested amount, though larger than the Wytheville and Lebanon theater requests, is just over 10% of the overall project budget and is well-leveraged by substantial funding from other state and federal agencies. While outcomes are more modest than the Wytheville theater project, they seem appropriately sized to visitor amenities in St. Paul and consistent with those in the Lebanon theater project. Staff supports the focus of TRRC funds on the build-out of meeting space that is sorely lacking in St. Paul, and will enable growth of corporate and other business and group-related visitation.

Staff recommends a grant award of \$349,600 contingent on commitment of funds required to complete Phase 2 construction.

Tazewell County Industrial Development Authority
Cultural Arts of Southwest Virginia Corporation (#3557)
\$225,000 Requested

Executive Summary Provided by Applicant: This venue will lease and utilize approximately 2800 sq.ft. of space from Tazewell Cinema & Entertainment located in Tazewell County. This project will add approximately 1700 square ft. to an existing building in creating a Performing Arts venue. The additional square footage will consist of a stage, greenroom, 2 dressing rooms including showers and restrooms, kitchenette, backstage prop area, and a loading dock. The addition will include a mezzanine in order to increase seating capacity. The Town of Tazewell has never had a venue for staged performing arts productions. A partnership with the Barter Theater has already been established. Their commitment will be a valuable contribution to the entertainment that can be provided at the facility. Also, the Citizens for the Arts is looking forward to the opening to celebrate their 40th anniversary at the location.

Staff Comments and Recommendation: This proposal would add space for a stage, mezzanine, dressing rooms, restrooms, loading dock etc. to one of three theaters within the Tazewell Cinema complex in North Tazewell that was deeded by the Town of Tazewell to Tazewell Cinema & Entertainment LLC in 2017. The Cinema building is located at the rear of the Cumberland Plaza shopping center on East Riverside Drive in a highway-oriented commercial shopping district. Two additions totaling 2,500 square feet will be added to the exterior walls of theater 3, which currently is 2,800 square feet, to enable live performances. The cost of additions is estimated by a local contractor at \$275K, of which the \$225K

request for construction is being sought from the Commission. Matching funds from an approved bank loan would fund the balance of construction (approx. \$50K) as well as nearly \$190K of interior furnishings and equipment including flooring, chairs, sound, lighting, acoustics, stage curtains and backstage furnishings. The for-profit LLC has provided an executed lease that makes theater 3 and the additions available for a fifty year term at \$1 per year exclusively to a newly-formed non-profit, Cultural Arts of Southwest Virginia. The proposal describes a plan to use the space for theatrical plays, dance performances, music concerts and other events, and includes a letter from Barter Theatre's Artistic Director expressing interest in bringing touring productions to the Tazewell space. A business plan with operating pro forma was provided for the nonprofit, showing a cash surplus of revenues (\$1.7M) over operating costs (\$1.5M) of more than \$260K annually by the third year of operation. Staff notes that the project leader is both a principal ("Managing Member") of the LLC and a Director on the nonprofit's six member board. As such, she serves as the landlord and property owner for the space being leased to the nonprofit on which she serves. Staff suggests an ex officio non-voting role on the nonprofit board is a more appropriate separation of those potentially conflicting roles. Staff is more so concerned with the issue of providing public grant funds to a for-profit property owner, and that a number of termination clauses in the lease, while standard to commercial leases, could result in the space being returned to use by the LLC for profit-making purposes. To address that issue in the case of grant funds being approved for this project, the property owner has agreed to the Commission recording a lien on the space improved with TRRC funds, though that would likely be in a second position behind the local bank that is lending funds for the interior improvements. As this is not a case in which TRRC funds are granted directly to a nonprofit which has ownership title to a Commission-funded structure, Staff feels a more appropriate solution in this case is to offer a long-term loan (up to 20 years at current rates of approx. 2.5% per annum) through the County IDA to the LLC for construction of these long-lived improvements. In the latter scenario, the Commission would have a collateralized lien that would be released upon full repayment of the loan, and any termination of the nonprofit's lease would not trigger issues of public funds granted for private for-profit purposes. The pro forma in the business plan appears to justify this approach from a net operating revenues standpoint, as this approach would result in annual debt service of less than \$15,000, which is well within the projected net operating margins.

Staff recommends this project be referred to Virginia Resources Authority for consideration of a loan from the TRRC Revolving Loan Fund.

University of Virginia

UVa-Wise Southwest FOURSight (#3571)

\$750,000 Requested – Increased to \$1,005,127.89

Executive Summary Provided by Applicant: UVa-Wise proposes to build a Southwest Virginia-based teleworking workforce in cybersecurity and outfit it with technology and market access to become the first operation in the country to apply a new decentralized labor model to solve the national crisis in cybersecurity talent shortages. This model has the potential to reduce the risk of cybersecurity attacks, such as ransomware, that today are unchecked in many governments and smaller enterprises across the country. The College and its partner, FOUR18 Intelligence Corp., an emerging Virginia cybersecurity company, will replicate FOUR18's pathfinder program already underway at Eastern Kentucky University to create a sustainable cyber workforce in Southwest Virginia, supplying it also with cutting edge collaborative cyber analysis technology to enable it to be first to market with this novel model and to grow it through national marketing partners including Amazon Web Services and federal agencies that have already performed pilots and requested new proposals.

Staff Comments and Recommendation: This request, originally submitted for \$750K, was increased by UVA-W to \$1,005,127.89 in subsequent budget documents received by Staff in mid-August. Funds are requested for an 18-24 month project period that would support cybersecurity training and internship

experiences for one cohort of "non-technology" UVA-W students recruited from psychology, business and criminal justice majors. The larger objective is to establish a UVA-Wise program at Oxbow Center in St. Paul that would annually train 20-25 students for remote teleworking positions with federal contractors, communities and private businesses to hunt for and defend against cyber security attacks. The proposal cites GO Virginia and Opportunity Zone funding as tools to attract employers to establish operations in SWVA that would employ program graduates. TRRC funds would supplement a \$458K federal grant request that has been submitted to a joint program of the Department of Labor and Appalachian Regional Commission that does not have a matching fund requirement. Separate matching fund requests are intended to an unnamed "federal civilian agency" (\$495K) and CIT (\$50K). The private sector project partner (FOUR18 Intelligence Corp.) is a cybersecurity company based in Northern Virginia which was identified based on its work in a current ARC-funded parallel effort in Eastern Kentucky. Nearly 80% of TRRC funds (\$786K) would be used to contract with FOUR18 for the development and use of their proprietary online cybersecurity training platform and staff services, and nearly half of that amount (\$437K) is requested to "adapt FOUR18's platform and technologies to pilot cyber hunting services by the UVA-W cohort on a major federal agency's enterprise data and US cities." FOUR18 would also receive TRRC funds to pay staff to manage apprenticeship services and offer cyber skills simulations. FOUR18 proposes to provide \$917K of match from the above-referenced federal grant programs, none of which have approved yet. Approx. \$219K of the TRRC request would benefit UVA-W for personnel (\$63K), equipment (\$48K), supplies/materials (\$15K) and transfer payments (stipends) to students (\$94K). The College would provide \$111K of matching funds, primarily through federal grants to fund a portion of the transfer payments to participating students. The intended outcomes in the project period are to identify 25 participants in the pilot cohort and provide hybrid online/face-to-face training and work-based internships. Program completers will sit for the nationally-recognized CompTIA Security+ certification and be awarded a UVA-W 6-hour certificate. It is anticipated that the 12 highest performing students will then begin three-month apprenticeships with employers to be identified during the project, while the other 13 will begin entry-level IT jobs averaging \$40K annually. The applicants state that sustainability will be accomplished through a variety of funding sources, including reduced-cost licenses for UVA-W to use the FOUR18 platform, so that future annual cohorts will be added. Staff notes a variety of factors and concerns regarding this request, including the high percentage of available SWED funds that are being requested (\$1M of the \$2.7M available, which would preclude funding other projects recommended at this time), dependence on as-yet unapproved matching funds, the emergence of a state-approved Rural IT Apprenticeship Grant program for which guidelines are currently being developed by the Southwest VA Higher Education Center, the high cost to train and certify 25 students (by comparison, Southern VA Higher Education Center was recently granted \$506K in Education to add four CompTIA certifications at its IT Academy with additional annual enrollment of 70+), and the large request to use public funds to further develop FOUR18's proprietary training platforms. Staff is of the opinion this project should be repositioned to focus TRRC funds more so on the public partner(s), leverage the new Rural IT Apprenticeship grants when those become available, and be reconsidered when other matching sources are secured.

Staff recommends this request be tabled.

Virginia's Heritage Music Trail: The Crooked Road

The Crooked Road On Tour (#3568)

\$100,000 Requested

Executive Summary Provided by Applicant: The Crooked Road On Tour (CROT) is one of The Crooked Road's (TCR) most successful programs and provides a rotating roster of exemplary heritage music artists from the region that are available to perform throughout Virginia and in other states. These performances have successfully motivated attendees to visit Southwest Virginia, which is one of TCR's primary organizational goals and a core mission objective. The Crooked Road is seeking support to expand

the CROT program by taking CROT performances to 50 communities outside the region and in other states over a 12-24 month period. Expanding the program is intended to increase visitation to Southwest Virginia, to strengthen TCR's brand, and to promote the rich culture and natural assets of the region as a desirable place to visit and live.

Staff Comments and Recommendation: Funding is requested to continue the Crooked Road on Tour program, which has been ongoing since 2014. This program targets performances in metro areas within 400 miles of the Crooked Road region and seeks to entice attendees to visit the area. Over the past 5 years, Crooked Road artists have performed in Delaware, Maryland, New York, Pennsylvania and throughout Virginia. The application provided an impressive list of these performances as well as a limited number of scheduled upcoming events. The Crooked Road, which has been supported with nearly \$2M in TRRC funding over the past 15 years, has an established system for managing the Tour program. While this track record of coordinating with venues, promoters, and artists is commendable, it confirms that this is a well-established program that does not meet the Commission's priority of supporting new activities. This is reflected in the application's budget where nearly half of the request (\$49,450) would support long standing staff positions, which have been supported through previous grants. Funding is requested to support 12% of the Executive Director's salary (\$6,306), Program Manager (\$38,797), and the Administrative Assistant (\$4,347). The remainder of the request will be used to develop a new portable exhibit as well as other marketing materials. These items total \$23,000 including costs associated with shipping the portable exhibit to performances. The remainder of the request (\$27,500) will directly support the tour performances through artist fees and travel, and technical support for the tour emcee and sound technician. The application estimates an increase in visitation of 1,500 however it seems difficult to attribute that increase as the direct result of the ongoing tours versus other marketing efforts. The majority of matching funds are uncommitted with requests to be submitted to the Virginia Tourism Corporation (\$25,000), National Council for the Traditional Arts (\$15,000) and private sponsorships (\$322,150). The Crooked Road will contribute \$15,350 of their own funds to support this request. Based on the long-standing nature of this program and these positions, as well as the tenuous premise that actual visitation can be attributed to the performances and reliably measured, the proposal received a low score.

Staff recommends no award.

Wythe County

APEX Ancillary Building (#3562)

\$100,000 Requested

Executive Summary Provided by Applicant: This project will fund a supporting ancillary building to facilitate additional outside and multipurpose events that will incorporate the planned multipurpose building. This will include outside bathrooms and showers, livestock wash racks for individuals to clean up their show horses and livestock. It will also include an equipment maintenance shed. This will all be located at the Appalachian Regional Exposition Center site in Wytheville, Va. The main goal of this supporting ancillary building is to help drive the economic impact of the Appalachian Regional Exposition Center. The goal of building the supporting structure is to increase the capacity of the APEX Center facility and surrounding grounds. Building this supporting structure allows us to have two large scale events at the same time. If we can ticket both groups at concurrent separate events, we will double the revenue stream in income through the admissions tax.

Staff Comments and Recommendation: Funding is requested to support an addition to the multipurpose building at the Appalachian Agriculture Expo Center in Wytheville. Construction of this ancillary building was supported with at \$200K Agribusiness grant in January 2019. Since the time of that award, the need to have additional restroom facilities to serve the Apex Center complex has been demonstrated during the first year of events held at the site. The addition will also contain shower facilities which is an amenity not currently available at the venue. In addition to the \$200K award made in January,

Commission funds have provided \$1M to support development of the total \$10M development cost of the Appalachian Agricultural Expo Center facility. These funds were used for site development and for construction of the Apex Center. Since opening in January, the APEX Center has hosted a variety of events including two rodeos, a monster truck rally, kart racing, mixed martial arts, high school graduation, circus, motocross events, and several concerts. Additional restroom facilities will allow the facility to accommodate crowds of up to 10,000. The current facilities, located in the main Apex building, can accommodate up to 6,000 visitors (it is not known how often crowds exceeding 6,000 are likely). The addition of shower facilities will allow the venue to serve events (particularly sporting) that might require that amenity or to those staying overnight for weekend events. Typical contractual obligations for entertainers or entertainment companies often require on-site shower accommodations. The addition will also contain wash racks which are required for livestock participating in events such as horse shows, livestock shows, livestock sales, etc. The total cost for the addition is estimated to be approximately \$205k with half that amount (\$100k) to be provided by Wythe County. Staff suggests this request is appropriately in the SWED funding competition as the requested facilities will serve non-agricultural event visitors (in addition to serving agricultural livestock events). While it is difficult to quantify the economic impact associated with this particular addition to the facility, the need has been demonstrated through actual event bookings, and there is significant evidence that the Apex Center complex as a whole has the potential to generate significant event-driven revenue both for the facility and surrounding hotels, restaurants, etc. that benefit from the increased visitation.

Staff recommends a grant award of \$100,000.

Grant #	Organization	Project Title	Approved On	Current Project End Date	Approved Amount	Balance	Last Draw	Action	Notes
2729	Lee County IDA	Constitutional Oaks Access Road Development	09/26/2013	09/30/2019	\$60,000	\$42,704.30	7/15/2015	extend - final	The project has been redesigned to allow the IDA to pursue Economic Development Assess Roads (EDAR) and VDOT ARC funding for construction. A prospect has been identified for this location which will be key to securing the funding needed for road construction.
2739	Virginia's Heritage Music Trail: The Crooked Road	Expanding The Crooked Road Brand	09/26/2013	09/30/2019	\$208,000	\$49,525.64	12/21/2015	extend	Grant will now be administered by Friends of SWVA. Friends has been in contact with TRRC Staff regarding procurement requirements for this work.
2841	Virginia Coalfield Coalition	Virginia Coalfield 4g Wireless Project	01/07/2014	01/07/2020	\$1,500,000	\$181,739.77	1/26/2016	extend	requested balance for additional work, delayed by changes in leadership at telcom provider
2904	Southwest Regional Recreation Authority	Adventure Playground - Expanding the Regional Footprint of Economic Impact	09/25/2014	09/30/2019	\$435,000	\$93,204.42	5/11/2018	extend	This project has been delayed due to a lawsuit over a key property (Rikemo) and for additional permitting required due to wetlands designation
3065	Southwest Regional Recreation Authority	Adventure Playground of the East: Maintaining Successful Startup Momentum	09/23/2015	09/23/2019	\$450,000	\$19,816.42	4/30/2019	extend	Balance of grant is allocated for 20% match needed to purchase a dump truck through the Recreational Trails Program. Truck is backordered but expected to be delivered in November 2019.
3068	Round the Mountain: Southwest Virginia's Artisan Network	'Round the (Next) Mountain: New Markets Development Project	09/23/2015	09/23/2019	\$25,000	\$14,812.84	3/27/2018	extend	Recent update states that a payment request will be forthcoming. This request, to be submitted by Friends of Southwest Virginia which has taken over administration of the project, will use the majority of the current balance. Approximately \$4k will remain to be used for production of the mass market packet. This is estimated to be completed by Spring 2020.

3070	Virginia's Heritage Music Trail: The Crooked Road	The Crooked Road - Reaching New Audiences	09/23/2015	09/23/2019	\$397,083	\$17,401.80	9/11/2017	extend	Balance of this grant is intended to be used for signage to recognize localities that provide annual support for The Crooked Road. Eligible localities have been identified and will be asked to sign participation agreements. Once the agreements are signed, the signs will be ordered and installed. This grant will now be administered by Friends of SWVA.
3071	The Barter Foundation, Inc.	Expanding the Production Capacity of Barter Theatre, Phase 2	09/23/2015	09/23/2019	\$250,532	\$250,532.00	none	extend	Annual report was submitted in September. Renovation work is ongoing and is expected to be completed by late 2020. TRRC Staff completed a site visit in July to view progress.
3075	Scott County Economic Development Authority	Scott County Technology Park Access Improvements Primary Data Center Site	09/23/2015	09/23/2018	\$146,500	\$146,500.00	none	close	seeking relief from 50% road construction condition, using matching funds spent elsewhere in the Park. No known prospect and no progress yet on securing other 1/2 of road extension funding
3078	Smyth County Board of Supervisors	Smyth County's Back of the Dragon Overlook	09/23/2015	09/23/2019	\$184,000	\$161,968.40	7/8/2019	extend	Project experienced delays associated with VDOT design review but is underway. Construction is anticipated to begin in late Fall 2019 and complete in late 2020.



AGENDA

TROF COMMITTEE

**Wednesday, October 9, 2019
4:30 P.M.**

Call-in - 646-558-8656 / Access code: 601-082-667

**General Francis Marion Hotel
107 East Main Street
Marion, VA**

Welcome and Call to Order	<i>The Honorable Terry Kilgore, Chair</i>
Call of the Roll	<i>Andy Sorrell, Deputy Director</i>
Approval of the <u>6/5/19</u> Minutes	<i>(published on website)</i>
Project Red Discussion	<i>Andy Sorrell, Deputy Director</i>
TROF #3300, Town of Tazewell / Point Broadband	<i>Evan Feinman, Executive Director</i>
Other Business Extension Requests	<i>Andy Sorrell, Deputy Director</i>
Public Comments	
Adjournment	

TROF Committee Staff Summaries

Request to release the Town of Tazewell from TROF Obligation

1. Tobacco Region Opportunity Fund # 3300

Town of Tazewell Economic Development Authority

Sunset Digital Communications, Inc. (now Point Broadband)

Staff Summary & Comments: This TROF project consists of a grant and a loan both awarded to the Town of Tazewell EDA (the Town) and Sunset Digital Communications, Inc. (now Point Broadband, the Company) on May 31, 2017. The grant was in the amount of \$680,000 and as was the loan for a total award of \$1,360,000 both awards disbursed prior to performance. The executed performance agreement requires the Company to employ 50 persons with an aggregate payroll of \$562,500. The taxable asset obligation during the performance period is \$47,000,000. The Town of Tazewell supported this project, because it was expected that Sunset would open a local office in the Town. The Town provided security (via a bond for both the grant and loan amounts) to secure the Company's performance obligations.

Since the project was awarded, Sunset Digital Communications purchased the BVU Optinet network in August 2018 and Sunset became Point Broadband in 2019. Sunset's acquisition of the optinet network made the need for an office in the Town less of priority and it is not planned to be opened. Point Broadband's acquisition of the Optinet network meant that optinet's previously public capital assets (and untaxed) became private and therefore taxable. The Company has indicated that the capital assets that are now taxable are \$50,000,000 which more than meets the taxable asset obligation for the TROF project. Staff has been working with the Company to confirm performance, but due to the regional nature of this project, it has taken longer than anticipated to gather the data. Staff has high confidence that the capital investment obligation of this project has been met and the employment obligation has also either been met or is very close to being met.

The Town desires to utilize the funding currently encumbered by the bonds for this project for another opportunity. Since staff is confident that Company will be able to meet the performance obligations, staff is comfortable in recommending the Town be released from their financial obligation securing this project. Note that the Company remains responsible for confirming that the performance obligation have been met and meeting any repayment obligation if full performance is not achieved.

Staff recommends the Town of Tazewell be fully released from the repayment obligations associated with TROF #3300 and as more fully described in Exhibits B of both the Grant and Loan Performance Agreements totaling \$1,360,000 (\$680,000 for the grant and same for the loan).

Extension Requests:

1. Tobacco Region Opportunity Fund # 2850

City of Bristol, VA

CBH Bristol, LLC (Sessions Hotel)

Request for a 6+ Year Extension through March 31, 2020

Staff Summary & Comments: This TROF grant was awarded to the City of Bristol (the City) and CBH Bristol, LLC (the Company) on February 25, 2014 in the amount of \$265,000 with funding fully disbursed prior to performance. The original 36-month performance period ended December 31, 2016 and was administratively extended through 12/31/2017. The executed performance agreement required the company to employ 75 persons with an aggregate payroll of \$434,408. The taxable asset obligation during the performance period was \$19,823,298. As of the end of September 2019, the Company has indicated that they have met 74% of their capital investment with an investment of \$14,619,027 and are on their way to meeting the employment obligation.

As shown on the attached letter of support from the City, the hotel received its building permit in August 2018 and as of September 2019 construction is 70% complete.

The Company has requested an extension through March 31, 2020 which would be a performance period of more than 6 years. While staff understands the Company's desire to extend the performance period until the employment obligation is fully met, staff cannot recommend an extension past 12/31/2019 which would be a full 6 year performance period. A letter of support from the City is attached for reference.

Staff recommends approval of a final extension through December 31, 2019.

2. Tobacco Region Opportunity Fund # 3101

Tazewell County Industrial Development Authority

Blue Wolf Sales & Service, Inc.

Request for a 5th Year Extension through September 30, 2020

Staff Summary & Comments: This TROF grant was awarded to the Tazewell County IDA (the County) and Blue Wolf Sales and Service, Inc. (the Company) on October 15, 2015 in the amount of \$50,000. The original 36-month performance period ended September 30, 2018 with funding fully disbursed prior to performance. The executed performance agreement required the company to employ 15 persons with an aggregate payroll of \$102,881.25. The taxable asset obligation during the performance period was \$1,559,000.

As of September 2019, the Commissioner of Revenue shows that a significant amount of capital investment has been made by the company with more investment expected in the coming year.

The County met with the Company at the end of August to review the performance obligations of this and an associated COF grant the Company received. The County has confirmed that the Company is in growth mode and in addition to hiring more people, they have also worked with GenEdge and other financial experts complete a financial and business analysis that demonstrates the company commitment to meeting the performance obligations of the TROF grant. As both the Company and the County feel that an extension would permit them to meet their performance obligation for jobs and capital investment, staff supports the extension request. A letter of support from the County is attached for reference.

Staff recommends approval of a 5th year extension through September 30, 2020.

2850



CITY OF BRISTOL, VIRGINIA
Department of Economic Development
300 Lee Street
Bristol, Virginia 24201
(276) 645-7352

September 11, 2019

Mr. Andrew V. Sorrell, Deputy Director
Virginia Tobacco Region Revitalization Commission
701 E. Franklin Street, Suite 501
Richmond, VA 23219

RE: The Sessions Hotel – TROF #2850

Dear Mr. Sorrell,

This letter provides the following information with regard to the Sessions Hotel TROF #2850:

1. a timeline of the numerous unexpected delays, mostly related to funding the project
2. an "accounting" of current status of the project
3. our projected dates for complete satisfaction of the grant terms

Timeline – Due to the complicated funding structure of this project, most delays have been related to getting financing commitments and subsequent closings.

- 02/25/14 – Date of the Tobacco Commission Performance Agreement.
- 04/30/15 – Received Senior Loan Commitment from Community Trust Bank ("CTB"). This delay of over a year was due to 1) abandoning pursuit of New Market Tax Credits ("NMTC's"), and 2) working through numerous banks that were either too small or not in the hospitality business until finally finding the right banking partner. A condition of CTB's commitment is the use of a USDA Business and Industry Loan guarantee, which add another layer of approvals and a significant amount of documentation.
- 06/30/15 – Received USDA pre-approval and invitation to submit application, began process of generating application documents, which required over 500 pages of documentation.

- 09/24/15 – Met onsite with USDA and CTB to review project and address flood zone concerns.
- 10/08/15 – Met in Richmond with VTC, VRA, and City of Bristol to work out details of meshing Tourism Development Financing Program (“TDFP”) and City of Bristol No Net Loss agreement.
- 10/23/15 – Received first appraisal of project, a requirement of lender, however, appraisal was performed incorrectly and had to be reordered by lender.
- 11/06/15 – Submission to USDA.
- 11/20/15 – Received term sheet from another investor for HTC’s that is better than original offeror, so comparing terms.
- 11/23/15 – Received “correct” appraisal.
- 12/03/15 – Received comments from USDA requesting additional financial information from CPA, which is almost complete and will be submitted to USDA no later than next week. Once we receive approval from USDA, we expect 30 days to get to closing, as advised by CTB.
- 06/01/16 – Received USDA Conditional Commitment.
- 05/03/17 – USDA Conditional Commitment extended to June 1, 2018 due to delays in SBA backed TDFP Gap Financing loan.
- 05/22/17 – Received SBA 504 Authorization for Debenture Guarantee.
- 08/25/17 – Executed contract with Architect.
- 08/31/17 – USDA/CTB Loan Closed.
- 09/12/17 – CTB notifies Sessions Properties that commercial loan officer who closed the loan is no longer with CTB. Also, CTB now requiring a bridge loan for the SBA 504, a new requirement and unforeseen requirement that surfaced after the loan officer change.
- 04/23/18 – CTB Bridge Loan for SBA 504 note closed.
- 06/19/18 – 100% Construction Documents received from Architect.
- 08/15/18 – Land Disturbance Permit received from the City of Bristol.
- 08/20/18 – Building Permit received from the City of Bristol.
- 09/11/19 – Construction is over 70% complete.

Current Status of Project

- Total capital investment to date: \$14,619,027 (73.75% of required, will be over 75% by the end of September 2019)
- Approximate construction payroll, including subcontractors, to date by quarter:
 - 2018-Q1 - \$86,870
 - 2018-Q2 - \$171,732
 - 2018-Q3 - \$257,814
 - 2018-Q4 - \$803,419
 - 2019-Q1 - \$713,068
 - 2019-Q2 - \$908,922
 - 2019-Q3 - \$359,361 (to-date, will be greater than 2019-Q2 at end of quarter)

Projected Dates for Satisfaction of Grant Terms

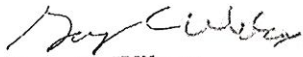
- Project will exceed total investment amount of \$19,823,298 by December 31, 2019.
- Project will employ at least 75 persons with a quarterly aggregate payroll of at least \$434,408 by March 31, 2020.

Sessions Properties, LLC appreciates the continued support of the Virginia Tobacco Region Revitalization Commission as they have successfully navigated the numerous lengthy delays and are close to bringing this project to a conclusion and adding a very valuable asset to the City of Bristol, Virginia. This grant was truly the "seed" that allowed Sessions to embark on this lengthy endeavor.

The City supports a 6th year extension of the Performance Agreement for this project. I am very confident that this project will meet its performance obligations within this period of time.

Thank you for your kind consideration.

Sincerely,



Gary C. Wilcox
Economic Development Director



Tazewell County Industrial Development Authority
TAZEWELL COUNTY, VIRGINIA

108 East Main Street • Tazewell, Virginia 24651 • Phone 276-988-1270 • Fax 276-988-2996

September 20, 2019

Andrew V. "Andy" Sorrell
Deputy Director
Virginia Tobacco Region Revitalization Commission
701 E. Franklin St., Ste. 501
Richmond, VA 23219

Dear Mr. Sorrell:

On behalf of the Industrial Development Authority of Tazewell County, I am requesting an extension from the Virginia Tobacco Region Revitalization Commission for a term of one year for the TROF Grant received by Blue Wolf Sales and Service, Inc.

Our County Administrator, Eric Young, and I, met with Blue Wolf on August 30th to discuss their responsibilities and criteria for receiving the COF Funds. After reviewing each of the reports, we acknowledged that they have created jobs with an average wage of \$34,342.49 compared to the required average of \$27,435. Blue Wolf has built relationships with customers such as Lowes, Rural King, Walmart, Advance Auto and others. They are engaged in discussions with these larger retail chains at the regional level and with some, are now discussing potential national distribution. In preparation for this extraordinary growth, Blue Wolf has worked with SMT engineering to design upgrades of their manufacturing capabilities to perform at higher volume production requirements including automation and additional bottling capabilities. Over the past year, Blue Wolf has worked with GenEdge and independent financial experts to complete a detailed financial and business analysis. In the past few weeks, they have started interviewing people to fill the positions that will be created by this growth and have already hired two additional people bringing their total number of employees to 14.

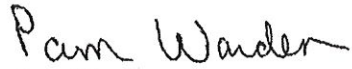
These efforts are a significant demonstration of how Blue Wolf has worked to plan for their growth, streamline their operation and broaden their marketing plan. Following our meeting, we are highly confident in Blue Wolf's ability to meet the TROF requirements if given the extension.

Blue Wolf has been a valued corporate partner for many years in Tazewell County and we believe will continue to be an important economic resource for our region. Requesting a return of the TROF funds at this time would place an undue hardship on the company and possibly, put the company's future at risk.

To help keep Blue Wolf on path, Tazewell County requests an extension on the TROF award of \$50,000.

We appreciate your support of this project.

Sincerely,

A handwritten signature in black ink that reads "Pam Warden". The signature is written in a cursive, flowing style.

Pam Warden,
Economic Development Manager

cc: Kyle Hurt, IDA Chairman

TROF Awards FY 2016 - FY 2020 to date

Project #	Date Approved	Organization	Project Title	Jobs Promised	Capital Investment Promised	Approved Grant Amount	Approved Loan Amount	Total Approved Amount
3583	09/12/2019	Danville, City of	Confidential (not announced)	300	\$10,858,219	\$1,095,000	\$1,095,000	\$2,190,000
3556	08/06/2019	Danville-Pittsylvania Regional Industrial Facility Authority	Confidential (not announced)	45	\$6,445,000	\$270,000	\$270,000	\$540,000
	FY 2020 (to date)	# of Projects	2	345	\$17,303,219	\$1,365,000	\$1,365,000	\$2,730,000
3550	05/22/2019	Danville, City of	Lighthouse Inc.	160	\$40,240,000	\$340,000	\$220,000	\$560,000
3549	05/24/2019	Danville-Pittsylvania Regional Industrial Facility Authority	Confidential (not announced)	8	\$1,900,000	\$45,000	\$0	\$45,000
3546	04/30/2019	Galax, City of	Confidential (not announced)	10	\$3,500,000	\$20,000	\$0	\$20,000
3545	04/30/2019	Carroll County	Blue Ridge Designs, LLC	35	\$950,000	\$50,000	\$50,000	\$100,000
3544	04/30/2019	Joint IDA of Wythe County, VA	Confidential (not announced)	5	\$270,000	\$15,000	\$15,000	\$30,000
3507	06/06/2019	Ernie McFaddin	Polycap LLC	44	\$7,900,000	\$140,000	\$140,000	\$280,000
3506	02/12/2019	Smyth County Board of Supervisors	Scholle IPN Packaging, Inc.	42	\$10,290,000	\$195,000	\$0	\$195,000
3502	12/12/2018	Franklin County	McAfrids, Inc	25	\$7,800,000	\$60,000	\$60,000	\$120,000
3501	12/12/2018	Danville, City of	Essel Propack	45	\$31,197,395	\$330,000	\$330,000	\$660,000
3485	11/01/2018	Smyth County Board of Supervisors	Smyth County Machine and Fabrication LLC	53	\$4,000,000	\$200,000	\$0	\$200,000
3484	10/15/2018	Danville-Pittsylvania Regional Industrial Facility Authority	BGF Industries, Inc.	65	\$7,000,000	\$620,000	\$620,000	\$1,240,000
3483	10/15/2018	Prince Edward County	Yak Attack	50	\$650,000	\$110,000	\$0	\$110,000
3482	10/15/2018	Danville-Pittsylvania Regional Industrial Facility Authority	Harlow Fastech LLC	49	\$8,000,000	\$315,000	\$630,000	\$945,000
3481	10/09/2018	Franklin County	Empire Bakery Commissary	75	\$10,400,000	\$140,000	\$140,000	\$280,000
3479	10/09/2018	Charlotte County Industrial Development Authority	Cardinal Homes	200	\$2,550,000	\$370,000	\$370,000	\$740,000
3476	10/09/2018	Danville, City of	VitalPlan Inc	26	\$218,004	\$70,000	\$70,000	\$140,000
3456	07/25/2018	Henry County IDA	Press Glass, Inc.	212	\$43,550,000	\$835,000	\$0	\$835,000
3455	07/25/2018	Halifax County IDA	Aquatic	70	\$500,000	\$125,000	\$0	\$125,000
3452	07/17/2018	Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	Speyside Bourbon Cooperage, Inc.	35	\$9,000,000	\$95,000	\$0	\$95,000
3451	07/17/2018	Smyth County Board of Supervisors	Speyside Bourbon Cooperage, Inc.	125	\$26,000,000	\$415,000	\$0	\$415,000
	FY 2019	# of Projects	20	1,334	\$215,915,399	\$4,490,000	\$2,645,000	\$7,135,000
	FY 2018	# of Projects	28	1,035	\$126,009,797	\$3,640,000	\$642,500	\$4,282,500
	FY 2017	# of Projects	20	715	\$143,288,700	\$3,170,000	\$997,500	\$4,167,500
	FY 2016	# of Projects	25	2,056	\$841,383,750	\$10,173,000	\$0	\$10,173,000

ADMINISTRATIVE

Tobacco Region Revitalization Commission

Financial Summary
As of August 31, 2019

TICR Fund Balance	\$ 208,893,640
Restricted Endowment Balance	\$ 75,976,441
Unrestricted Endowment Balance	\$ 122,819,816
Restricted Endowment Accum Interest	\$ 2,426,003
Unrestricted Endowment Accum Interest	\$ 3,111,261
Total Cash & Investments	\$ 413,227,161

Cash Disbursements - this month	\$ 3,364,462
Cash Disbursements - FYTD	\$ 4,367,241

Fund	Unobligated Balances
Special Projects	\$ 2,175,062
Education	\$ 11,359,109
TROF (Deal Closing)	\$ 13,511,001
Southside Economic Development	\$ 25,195,123
Southwest Economic Development	\$ 2,750,279
Agribusiness	\$ 2,597,796
R&D/Broadband	\$ 3,966,787
Megapark	\$ 2,990,747
Megasite Prospect Incentive Fund	\$ 8,000,000
VRA Loan Program set-aside	\$ 949,433
Administration	\$ 1,907,067
TICRC General Account	\$ 26,720,552
FY2020 Budget Balance	\$ 102,122,956

Tobacco Region Revitalization Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance (Cash Basis)
As of August 31, 2019

	<u>FY19 Budget</u>	<u>YTD Actual</u>	<u>YTD Actual as % of Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Other Revenue (all cost codes)	\$ -	\$ 550,113.18		550,113.18
Total Revenues	\$ -	\$ 550,113.18		\$ 550,113.18
<u>EXPENDITURES</u>				
Administration				
Salaries, Fringe Benefits, Per Diems	\$ 1,538,430	\$ 321,328.98	20.9%	\$ 1,217,101.02
Contractual Services	318,950	27,199.60	8.5%	291,750.40
Supplies and Materials	6,000	356.05	5.9%	5,643.95
Transfer Payments	244,270	-	0.0%	244,270.00
Rent, Insurance, Agency Svc Charges	166,100	23,136.53	13.9%	142,963.47
Furniture and Equipment	5,500	162.23	2.9%	5,337.77
Subtotal - Administration	\$ 2,279,250	\$ 372,183.39	16.3%	\$ 1,907,066.61
Community Revitalization	17,500,000	3,995,057.89		
Total Expenditures	\$ 19,779,250	\$ 4,367,241.28		
Revenues Over (Under) Expenditures	\$ (19,779,250)	\$ (3,817,128.10)		
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (endowment and earnings)	\$ 43,048,222			
CASH BALANCE, June 30, 2019	\$ 212,710,769	\$ 212,710,768.56		
CASH BALANCE, August 31, 2019	\$ 235,979,741	\$ 208,893,640.46		