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ITINERARY

Monday, September 19, 2016

- 3:00 pm HOTEL CHECK-IN at the Inn at Wise
(110 E. Main Street, Wise, VA 276-321-7600)
- 3:10 pm Shuttle pickup @ Liberty Airport to Inn at Wise
- 4:00 pm **SOUTHSIDE EcoDev** Committee Meeting
Inn at Wise (110 E. Main Street)
- 4:30 pm **TOUR** – Bus tour of Industrial Park, Technology Park & UVA Wise
w/ stops at OptaFuel, Micronic Technologies and Prior Convocation Center
wear comfortable shoes – there will be some walking
- 6:30 – 8:30 pm **RECEPTION**
Inn at Wise (110 E. Main Street, Wise, VA)

Tuesday, September 20, 2016

- 6:30 – 8:30 am breakfast @ Hotel
- 8:00 am **R&D** Committee Meeting
Inn at Wise (110 E. Main Street)
- 9:30 am **SOUTHWEST EcoDev** Committee Meeting
Inn at Wise (110 E. Main Street)
- 11:00 am **EDUCATION EcoDev** Committee Meeting
Inn at Wise (110 E. Main Street)
- 12:00 noon **SPECIAL PROJECTS** Committee Meeting
Inn at Wise (110 E. Main Street)
- 12:30 pm lunch @ Hotel
- 1:30 pm **EXECUTIVE EcoDev** Committee Meeting
Inn at Wise (110 E. Main Street)
- 2:00 pm **COMMISSION** Meeting
Inn at Wise (110 E. Main Street)
- 3:15 pm Shuttle pickup @ Inn at Wise to Liberty Airport



FLIGHT ITINERARY

Richmond Passengers:

Gooden
Marshall
Myers
Ruff
Spiers
Wright

Danville Passengers:

Barts
Cannon

Monday, September 19, 2016

Leave RIC at 1:15 pm (please arrive at least 15 minutes prior to departure)

Arrive in DAN at 1:45 pm

Leave DAN 2:30 pm (please arrive at least 15 minutes prior to departure)

Arrive in WISE 3:10 pm

(box lunches will be provided on the plane)

RIC: Va Dept of Aviation
5702 Gulfstream Road
Richmond, VA 23250
804-236-3639

Tuesday, September 20, 2016

Leave WISE 3:45 pm

Arrive in RIC 4:45 pm

Leave RIC 5:00 pm

Arrive in DAN 5:30 pm

DAN: General Aviation
424 Airport Drive
Danville, VA 24540
434-793-7033

(several scheduling conflicts are requiring a trip to RIC before DAN on the return flight)

GROUND TRANSPORTATION to and from the Inn at Wise will be there waiting.

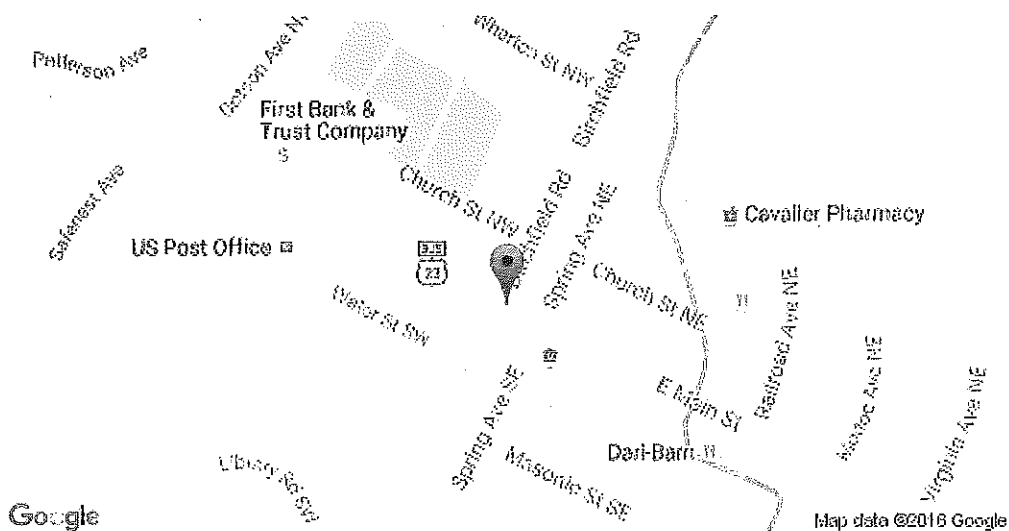
Accommodations,
Meetings &
Reception

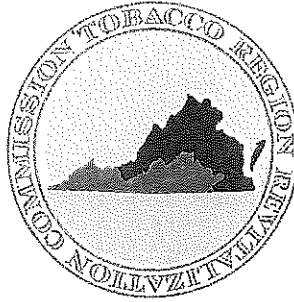


Inn at Wise

110 East Main Street, Wise, VA 24293

Barts	Feinman	Moore	Shell
Butler	Gooden	Morefield	Spiers
Byron	Gould	Myers	Stamper
Cannon	Harris	Owens	Stanley
Capps	Howard	Patterson	Sutherland
Carrico	Lowe	Pfohl	Williams
Carter	Marshall	Piper	Wright
Coleman	Merricks	Richardson	
Faircloth	Montgomery	Ruff	

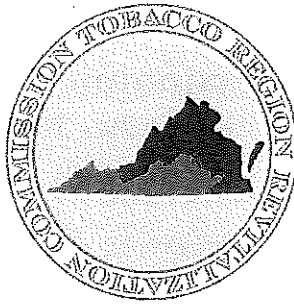




COMMISSION AGENDA

Tuesday
September 20, 2016 @ 2:00pm
Inn at Wise
Wise, VA

Welcome and Call to Order	<i>The Honorable Terry G. Kilgore, Chairman</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of <u>5/24/16</u> minutes	<i>(published on website)</i>
Executive Committee	<i>The Honorable Frank Ruff, Vice-Chairman</i>
Education Committee	<i>The Honorable Frank Ruff, Vice-Chairman</i>
R&D 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>
Special Projects Committee	<i>The Honorable Danny Marshall, Chairman</i>
Other Business	<i>Evan Feinman, Executive Director</i>
Public Comments	
Adjourn	



SOUTHSIDE ECONOMIC DEVELOPMENT
COMMITTEE AGENDA

Monday
September 19, 2016 @ 4:00pm
Inn at Wise
Wise, VA

Welcome and Call to Order	<i>The Honorable Tommy Wright, Chairman</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>5/5/16</u> Minutes	<i>(published on website)</i>
#2817 Mecklenburg County Funding	<i>Tim Pfohl, Grants Director</i>
#2528 Mecklenburg County Extension Request	<i>Tim Pfohl, Grants Director</i>
Public Comments	
Adjournment	

10/14 app. deadline

Southside Economic Development September 2016

The FY2017 Southside Economic Development proposal due date has been announced for October 14, 2016, with funding decisions at the January 2017 Commission meeting. In the interim, Mecklenburg County has requested additional consideration for grant #2817, which was approved for a \$1.2 million award in January 2014. There is also a request for a project time extension from Mecklenburg County on the agenda for the Committee at its September 19th meeting:

MECKLENBURG

Mecklenburg County

Mecklenburg County Shell Building Project (#2817)

\$1,200,000 approved January 2014 – request to increase TRRC project funding

Executive summary provided by applicant: Mecklenburg County desires to construct an expandable 50,000 SF shell building in the Roanoke River Regional Business Park. The County is requesting \$1,200,000 from the Tobacco Commission matched by \$1,300,000 from the County IDA for construction of the shell building on a 10-acre site in the park. The project will enable Mecklenburg County improve its competitive position focused on advanced manufacturing and logistics. With frontage on U.S. 58 and proximity to Interstates 85 and 95, the shell building creates a product that would be highly attractive for clients who desire to reduce start-up time. Mecklenburg County does not own a publicly-controlled industrial shell building and desires to construct a customizable 50,000 SF building in the Roanoke River Business Park. According to VEDP there are only three publicly-owned shell buildings in the state. Approximately 60 to 70 percent of all prospects looking to locate or expand in Virginia first request an existing building. With a shell building, Mecklenburg County will have a desirable facility that can be featured in its marketing materials—a competitive necessity for rural communities. The project will provide the funds needed for Mecklenburg County to construct an expandable 50,000 SF shell building in the Roanoke River Regional Business Park. According to VEDP, the average size building requested by prospects is 99,000 SF. The median size building requested is 75,000 SF. The proposed shell building can be customized for expansion to 100,000 SF in order to meet client needs. Many companies prefer to move in an existing building to speed up operations. The project will elevate Mecklenburg County's competitive position and clearly demonstrate its commitment to economic development. The shell building will provide the opportunity for Mecklenburg County to own an industrial-sized structure that provides the County a product that is customizable thus drawing more business clients to the area. The County will work aggressively with regional and State economic development professionals to market the site. A 50,000 SF expandable to 100,000 SF building is projected to generate between 50 to 150 jobs dependent upon the type of manufacturing or logistics/distribution facility that could go in the facility over the next 3 years after completion with a private investment projected between \$5M to \$20M.

Staff comments: The County notified TRRC Staff in August 2016 that construction bids have been received and exceed the budgeted project costs. The County requests the Committee consider additional funding of \$142,000 for shell building construction from available allocation (currently more than \$1.3 million) so that the preferred bid can be accepted before it expires at the end of September. The increased grant award of \$1.42 million would be matched by the \$1.42 million the County has secured in project financing, which would comply with legislative requirements that

TRRC funds be matched dollar-for-dollar. In 2015 the County notified the Commission it had secured \$1.4 million of private and public financing for its required share, and the Commission agreed to take a subordinate security interest in the property and improvements. As reported at time of approval in 2014, the Mecklenburg County IDA has expressed an interest to enter into a lease-to-sell agreement with a TBD prospect, which has the obvious merit of having the building becoming taxable private property at the time of sale, but staff would note the standard grant letter of agreement requires approval from the Commission for change of ownership and disposition of assets purchased with grant funds. The local match in this project (50% of the total project) gives the County a significant vested interest to aggressively market the facility, and thereby greatly reduces the risk for generating the expected return on investment.

As has been the practice with all "out-of-cycle" requests Staff defers to the consensus of the Committee on this request to add \$142,000 to the original grant award, with the provision that TICR grant funds should not exceed 50% of total project costs.

✓ approved
motion
* 1.2m to 1.342m

Mecklenburg County

Mecklenburg Correctional Center Feasibility Study (#2528)

\$180,000 approved January 2013 – request for time extension

Project description provided by applicant: Recent developments in the Virginia Department of Corrections have resulted in a decision to move prisoners to facilities in other areas of the state, and close the Mecklenburg Correctional Center, located at 960 Prison Rd., Boydton, VA. The County of Mecklenburg and the Town of Boydton have a difficult task in replacing the 300 jobs, and \$200K+ in water/sewer fee revenues the prison generated for the community. Nonetheless, the closing of the prison may offer an opportunity to repurpose the existing infrastructure at the site for other development purposes. The site is near Route 58 and Interstate 85, and the facilities have undergone recent renovations. In order to decide whether to invest in redevelopment of the site, local stakeholders need to understand the types of uses that are appropriate for the site, the local and regional market demand in industry sectors that may make use of the site, and the costs for various redevelopment options. As a result, the County of Mecklenburg is requesting assistance from the Southside Economic Development Program to partner with the Virginia Tech Office of Economic Development (OED) to complete a feasibility study. The Virginia Tech Office of Economic Development (OED) proposes to lead a team of Virginia Tech faculty and partner organizations to collect and analyze the information necessary to allow stakeholders in Mecklenburg County to make reasoned decisions on the reuse of the Mecklenburg Correctional Center (MCC) facility and site.

Staff comments: This request was approved in the January 2013 Southside cycle. A budget bill that passed the General Assembly that year included language to provide for transfer of ownership of the correction center property back to Mecklenburg County, which had originally donated it to the Commonwealth. The prison structures are currently being demolished by DOC prior to transferring the property to the County by 2016 year-end. Ultimately the County plans to market the property for future economic development opportunities. The County is now asking for a one year time extension for the approved funding of environmental studies and engineering of the site to be conducted throughout 2017 after the prison has been demolished and the property deeded back to the County.

Staff recommends a one year time extension through January 2018 for the approved use of \$180,000 for <90% of environmental assessment and engineering of the cleared prison site when property title has been returned to the County.

✓ approved



R&D COMMITTEE AGENDA

Tuesday
September 20, 2016 @ 8:00am
Inn at Wise
Wise, VA

Welcome and Call to Order	<i>The Honorable Kathy J. Byron, Chairman</i>
Call of the Roll	<i>Evan, Feinman, Executive Director</i>
Approval of the <u>5/23/16</u> Minutes	<i>(published on website)</i>
Approval of the Corrected <u>2/22/16</u> Minutes	<i>(published on website)</i>
Continuation Grant Applications/ Staff Recommendations	<i>Tim Pfohl, Grants Director</i>
SBIR Speaker – Funding Policies & Timeline	<i>Robert Stolle, CTD Evan</i>
Other Business Extension Requests #1840 Wise County ✓	<i>Tim Pfohl, Grants Director</i>
Public Comments	
Adjournment	

Research and Development Continuation Application Summary September 2016

The R&D Committee will meet on September 20th to consider seven requests for "continuation" or phase two funding. Included below are the applicants' Executive Summaries and reports on phase one results. Staff has added a bulleted summary of each proposal. Recommendations are not yet finalized and will be forwarded to the Committee prior to its meeting. Other Business is included at the end of the report.

Dan River Business Development Center (#3208) Sustainable Tree-free Pulp from Specialty Tobacco and Ag Waste \$1,500,000 Requested

Executive Summary Provided by Applicant: Tyton BioEnergy Systems developed a solution for producing high value tree-free pulp from tobacco, agricultural products, and ag-waste (leftover biomass after harvest). Supporting Tyton's commercialization of tree-free pulping technology will allow rural Virginia to address an underserved \$2.75 billion market. With completion of the first TRRC grant, Tyton succeeded in achieving its goals to develop technology at a pilot scale to turn its proprietary tobacco into sugar and other co-products for energy markets. Using the same core technology, this project will allow Tyton to produce pulp samples at a larger, pre-industrial scale, which will unlock financing to build commercial machines that produce tree-free pulp for paper mills and food manufacturers. Tyton pulp production could create new revenue for farmers. Our technology promises to convert multiple agricultural products into pulp valued at \$500 per ton (compared to \$50-70 per ton), helping stimulate the economies of rural Virginia.

Previous Funding Status for Research and Development Continuation Application

Tyton completed the first phase of TRRC funding, achieving numerous agricultural, scientific and business milestones. Tyton developed an intellectual property portfolio, including patents and trade secrets, that protect knowledge and capabilities in agronomics, biotechnology and processing. With the completion of design, construction and installation of a pilot-scale extractor to convert Tyton's proprietary energy tobacco into sugars, oils and other products for the bioenergy and biochemicals markets, Tyton discovered new applications for its technology in the pulp and paper industry and filed new patent applications. The additional funding requested by Tyton will support us in achieving a series of tasks that will lead to commercialization of this pulp technology in Southside Virginia.

Staff Summary:

Beneficiary Company: Tyton Bioenergy Systems (www.tytonbio.com), with research lab in DRBDC, Danville.

Phase 1 investment and research results (proposed and achieved research and outcomes): #2282 in 2012 for \$2,783,900 for development and staffing of research lab in DRBDC. Grant was recently completed in August 2016. Development phase projection of 9.5 jobs appears to have reached <six on-site at DRBDC.

Proposed Phase 2 research objectives & activities: Produce industrial scale paper pulp samples from tobacco and other non-tree agricultural waste for testing by prospective customers.

IP foundation: Nine company-owned patents in various stages of approval (one approved), with exclusive license for an additional patent.

Business Plan: well-detailed, identifies prospective markets, customers and sales potential including jet biofuel, food grade sugars, chemicals, biochar etc.

Phase 2 uses of TRRC funds: personnel (\$950k), contractual (\$200k), supplies/materials (\$84k) and plant improvements (\$266k). Expand growing trials to four Southside counties, scale-up pulp production unit to industrial scale, convert existing pilot unit to food-grade.

Phase 2 uses of match and status of commitment: \$2.6 million across multiple budget lines; majority shown as already committed by company's chairman and investors.

Outputs/Outcomes – Phase 2 research: 12 jobs (1/2 new, 1/2 existing) and \$315k investment

Outputs/outcomes – Commercialization: 771 jobs and \$20 million investment (relies on creation of large pulp processing facility in region, and includes 400+ contract growers)

Revenue return proposal: Company proposes job creation, private capital investment as TRRC's ROI. No direct revenue return to TRRC offered.

Staff Comments and Recommendation: pending

Floyd County EDA

Advanced Nonwoven Filtration: Phase II (#3210)

\$500,000 Requested

Executive Summary Provided by Applicant: Hollingsworth and Vose is a global, advanced filtration media corporation with two plants and an R&D Center of Excellence in Floyd, VA. H&V is the largest (and highest-paying) employer here with more than 125 employees. They have been here since the mid-1970's and have gradually grown their investment and employment. In 2012 they received Tobacco Commission R&D funding to work on 5 tracks of next-generation filtration media. Based in part on portions of that work, they have added a Technostat line in a second plant here and are planning additional investment of greater than \$10 million in capital expenditures (total jobs of these two will be greater than 25 jobs.) In this application, we propose the continuation of 3 of those Phase 1 tracks, based on highest potential. If all are successful, this has potential for additional investment of \$11-13 million and 22-29 additional jobs in the next 6-10 years.

Previous Funding Status for Research and Development Continuation Application

H&V was awarded a \$750,000 R&D grant in 2012, and successfully completed that work in 2015 using only \$584,325 of the grant funds, while investing \$1,428,012 in private match (more than committed). Phase 1 was geared towards making laboratory prototypes and testing ideas and technologies internally. The prototype generation in Phase 1 along with market analysis and customer response has led H&V to focus on specific areas for commercialization for Phase 2. These areas and products have been selected based on H&V's potential for successfully moving from prototyping to commercialization. The full Grant Proposal document (attached as Confidential and Proprietary document) shows in much more detail the technical and milestones achievements in and beyond Phase 1.

Staff Summary:

Beneficiary Company: Hollingsworth & Vose (www.hollingsworth-vose.com) a Massachusetts-based company with 13 manufacturing facilities across the globe, including a Floyd facility opened in mid-1970s.

Phase 1 investment and research results (proposed and achieved research and outcomes): #2225 in 2011 used \$584,325 of the \$750,000 TRRC award, matched by H&V with \$1,428,012 of private match. Phase 1 involved development and testing of 5 tracks of new filtration media resulting in the addition of the Technostat line and proposed \$10M investment and 17 new jobs. Commercialization goals appear to have been largely met with a \$6.5M investment, 17 announced jobs and significant future investments in the planning stages.

Proposed Phase 2 research objectives & activities: Phase 2 will continue the development of three of the five Phase 1 tracks using market feedback with the intent to move towards customer sampling and commercialization.

IP foundation: H&V has filed three patents to support the Phase 2 proposal.

Business Plan: Very detailed business plan was provided describing commercialization potential for each product track.

Phase 2 uses of TRRC funds: Personal Services (\$362,000), Contractual Services (\$37,200), Supplies and Materials (\$46,000), and Continuous Charges (\$54,000). Funds will be used to support existing R&D personnel salaries, trial costs, and external testing. A small portion (10%) will be used for non-Virginia H&V R&D employee support for testing that is not able to be conducted at the Floyd location.

Phase 2 uses of match and status of commitment: H&V will match TRRC funds for each category at a 1.5:1 rate. Personal Services (\$543,000), Contractual Services (\$55,800), Supplies and Materials (\$70,200), and Continuous Charges (\$81,000)

Outputs/Outcomes – Phase 2 research: no jobs and investment data provided

Outputs/outcomes – Commercialization: 25 new jobs, \$12M private capital investment

Revenue return proposal: Company proposes job creation and private capital investment that will benefit the TRRC region. No direct revenue return to TRRC offered.

Staff Comments and Recommendation: pending

Halifax County IDA (#3211)

TMI AutoTech Continuation of Grant #2868: R&D of a New Autocycle \$275,000 Requested

Executive Summary Provided by Applicant: This project will continue and expand the scope of the current R&D Vehicle Development Project through use of the assets and product development capabilities funded in the original grant to develop an autocycle type vehicle. These include: Vehicle Design/Development, Composites Parts Manufacturing, Assembly and Product Sales/Distribution. Please, see the detailed business plan associated with the existing Grant #2868. The development, manufacture and sales of this third vehicle will mirror and extend that plan.

Previous Funding Status for Research and Development Continuation Application

Milestones achieved that lend themselves to the current project include: 3-D vehicle design, prototype development, composites manufacturing capability, manufacturing and assembly process improvements.

Staff Summary:

Beneficiary Company: TMI Autotech (www.tmiautotech.com), based in IDA-owned space in Halifax

Phase 1 investment and research results (proposed and achieved research and outcomes): #2868 for \$838,786 in 2014, developed and is producing prototype Nomad off-road vehicle in new facility; composites production facility still in development (grant remains open for those costs). Estimated 19 jobs have largely been achieved.

Proposed Phase 2 research objectives & activities: Design, develop and fabricate prototype “autocycle” (three-wheel) vehicle, using capabilities at facility developed in phase one grant.

IP foundation: none described

Business Plan: not well-detailed, consists of Powerpoint with bulleted information, limited financial projections provided.

Phase 2 uses of TRRC funds: equipment (\$225k) and contractual (\$50k).

Phase 2 uses of match and status of commitment: \$369k private funds shown as “in hand.”

Outputs/Outcomes – Phase 2 research: one job and \$200k private capital investment.

Outputs/outcomes – Commercialization: six jobs and no private capital investment.

Revenue return proposal: no information provided

Staff Comments and Recommendation: pending

Region 2000 Research Institute (#3207)
LiteSheet: Energy Efficient and Lower Cost LED Lights - Phase II
\$2,000,000 Requested

Executive Summary Provided by Applicant: Adaptive AC Direct LED Technology is developed and patented by LiteSheet Solutions. The company, based in Bedford County, is at the leading edge of LED lighting in the commercial/industrial marketplace. LiteSheet's technology delivers the most energy efficient, longest life, maintenance free, with the lowest cost of total ownership of any LED lighting product in the commercial/industrial market. With the help of the TICRC Phase I grant funding in the last 3 years, LiteSheet has opened a UL/MET and ETL certified manufacturing facility and begun hiring employees. It has developed, commercialized, and generated revenue on 13 UL Certified interior lighting product families (representing over 120 products), all of which are DLC compliant. In addition, LiteSheet has partnered with other local businesses to stimulate economic growth by purchasing local goods for the company's products. This Phase II funding will be used to develop Generation 3 product technology and expand current operations.

Previous Funding Status for Research and Development Continuation Application

In Phase I, LiteSheet met and exceeded the milestones initially described in its application. The milestones reached include

- Setting up a manufacturing facility with Generation 1 products in production and assembly,
- Manufacturing and test equipment purchased, setup and commissioned for full production runs,
- Generation 2 products were designed, developed, and put into full production.

Other significant achievements that exceeded the defined milestones are

- MET and ETL certified 13 product families to the UL standard,
- MET and ETL certified the Bedford, VA facility,
- Additional patents filed and issued,
- Commercial orders from customers such as Dominion Virginia Power, Case Western University, Hilton Hotels, Woolworth Building in NYC, Bedford Township, Glad Products, Reagan National Airport, etc.
- Potential orders expected from Virginia Department of Transportation, Ameren, Boeing, and McDonalds to name a few.

Staff Summary:

Beneficiary Company: Litesheet Solutions LLC (www.lstus.com), a wholly-owned subsidiary of Connecticut-based LiteIdeas LLC

Phase 1 investment and research results (proposed and achieved research and outcomes): #2699 in 2013 for \$2 million, developed a UL certified design and production facility in Bedford County for manufacturing of first two generations of LED lighting products. 120 products in 13 "families" in development, testing and certification. First commercial sales secured. Job growth goal of 44 not yet met, in part due to zoning of the current facility.

Proposed Phase 2 research objectives & activities: further develop exterior products lines, add manufacturing line and relocate to a larger facility.

IP foundation: LiteIdeas has four approved patents and nine in review, licensed solely to LiteSheet.

Business Plan: very thorough business plan as part of investor prospectus

Phase 2 uses of TRRC funds: personnel (\$518k), contractual (\$103k), supplies/materials (\$178k), equipment (\$200k), plant improvements (\$1M).

Phase 2 uses of match and status of commitment: \$2,538,235 from sales revenue and private investors for personnel, research, sales/marketing etc.

Outputs/Outcomes – Phase 2 research: two new jobs, no private capital investment

Outputs/outcomes – Commercialization: six new jobs, no private capital investment

Revenue return proposal: no information provided

Staff Comments and Recommendation: pending

**Southwest Virginia Higher Education Center Foundation (#3212)
Micronic Technologies Water Field Pilot Program to Support
Commercialization Phase 2
\$1,999,749.61 Requested**

Executive Summary Provided by Applicant: Micronic developed a patented water-treatment technology that cleans water from any source more cheaply, efficiently, and effectively than the competition. It provides increased throughput and significant savings in capital expenditures, operation-and-maintenance requirements, and waste-disposal needs. Independent testing verifies that water processed, via MicroDesal™ is effectively free of salts, chemicals, bacteria, and fungal spores. Micronic is in the final design and staged implementation of four (4) pilots. Two of these pilots will serve as deliverables under the first TRRC award. The Phase 2 project will follow a two-tier path. The first tier is to take data obtained from the field pilots and enables Micronic to perfect pre-production engineering for a low flow application MicroDesal™ unit for market by third quarter 2017. The second tier scales to a larger moderate flow application MicroDesal™ unit. It will use data obtained in the process of perfecting the smaller unit and mathematical modeling for scalability.

Previous Funding Status for Research and Development Continuation Application

Micronic Technologies is in the final design and staged implementation of 2 pilots under the initial Phase I grant. Fabrication of the Flow Bench that will be used for every pilot in the future is complete and significant sampling and testing continues daily. Milestones stated for Phase I are substantially complete despite the setback of a roof collapse at the facility and the 100% loss of equipment. A series of bench-scale experiments have been conducted with both MicroDesal™ prototypes 1.0 and 2.0 with myriad source water samples including landfill leachate, agricultural runoff, Potomac River water, storm water runoff, four Chesapeake Bay watershed rivers, Peruvian mine water, acid mine drainage, and a lab formulated ultra-high TDS (380,000 ppm) concentrated source water. Overall, MicroDesal™ removed at least 94% of 34 contaminants studied, including inorganics, metals, bacteria, suspended solids, and TDS. Independent, state-licensed laboratories have analyzed the pre- and post-test waters.

Staff Summary:

Beneficiary Company: Micronic Technologies (www.micronictechnologies.com)

Phase 1 investment and research results (proposed and achieved research and outcomes): #2872 in 2014 - Phase 1 is in year 2 of a proposed 3 year project. Approximately \$831,182 (including \$152,406 of advanced funds) remain from the \$1,995,145 grant. Some delays were experienced after the company experienced a roof collapse at their initial location, resulting in relocation to the AAERC in early-2015. The fabrication of a Flow Bench for testing various system settings is complete and sampling and testing is conducted daily. A partnership with UVA-Wise (the Phase 1 applicant) was established and continues to be a participant for the sampling and testing. The proposed 2 field pilots are in final design and will be implemented in the final year of the Phase 1 grant.

Proposed Phase 2 research objectives & activities: In the second phase Micronic Technologies will utilize data from the 4 phase one field pilots to perfect pre-production engineering for a low flow application MicroDesal™ unit (1500GPD) for market (by Q3 2017). Additionally a larger scale moderate flow application for the MicroDesal™ (5,000 GPD) will be developed using data obtained in the process of perfecting the smaller unit and mathematical modeling for scalability. Production facilities will be designed and supply chain mapped.

IP foundation: Three approved patents owned by the company's CTO have been assigned to Micronic Technologies. Additional patents will be pursued as the technology is further developed/ scaled.

Business Plan: Thorough business plan reflecting potential application across numerous global markets (agriculture, gas fracking, mining, landfills, etc.)

Phase 2 uses of TRRC funds: *Personal Services* - \$1,311,953 (\$1,202,577.20 for 50% support for 16 positions cost shared at a 50% rate, \$77,373.08 for 7% support for UVA Wise faculty members, \$32,000 for 100% of internship stipends for UVA Wise Natural Sciences and Mathematics students), *Contractual Services* \$179,111.11 (\$172,111.11 Micronic, \$7,000 UVA Wise), *Supplies and Materials* - \$122,375 (Micronic \$74,375 UVA Wise \$48,000), *Equipment* - \$226,834.22 (\$79,750 Micronic \$147,084.22 UVA Wise), *Plant and Improvements* - \$26,000 (Micronic)

Phase 2 uses of match and status of commitment: Matching funds are uncommitted and will be sought from People Inc. (\$450,000 loan filed) and through an intended \$1.3M request to DMME for a potential application to ARC, \$250,000 will be sought from private investors.

Outputs/Outcomes – Phase 2 research: 5 new jobs and \$71,000 private capital investment

Outputs/outcomes – Commercialization: 18 jobs and \$221,000 private capital investment

Revenue return proposal: The Revenue Return proposal describes previous economic impact associated with salaries paid during Phase 1 and other investments in Wise County. It also discusses its ongoing relationship with UVA Wise and the potential to create new jobs

and additional private capital investment in the region during commercialization. No direct revenue return to TRRC offered.

Staff Comments and Recommendation: pending

VTT, LLC (#3209)

Acquisition of Equipment to Expand Tire Test and Research Capabilities at The Global Center for Automotive Performance Simulation

\$2,000,000 Requested

Executive Summary Provided by Applicant: The purchase of an MTS Flat-Trac CT Plus Tire Test System will enable the GCAPS to expand its research and test capabilities. The machine will be used for research into test methodologies, prototype materials and designs of motorcycle and passenger car tires. This characterization will also be used in the development of modeling techniques and simulation. An additional benefit of this is the expanded capacity for standard testing currently being conducted on the LTRe. This opens time on the LTRe to continue and expedite on going research into wet testing, surfaces, and dynamics. The additional equipment will be co-located with the existing LTRe to take advantage of existing facility benefits, though renovations will be required. Additional staffing from technicians to engineers will be required to conduct the research and operate the new equipment.

Previous Funding Status for Research and Development Continuation Application

The MTS Flat-Trac LTRe has been designed, installed and operational for 3 years. The GCAPS facilities currently operate three shifts, five to six days a week; two shifts for testing and the third for required maintenance of the LTRe machine and support equipment. The original job and wage projections of 22FTEs with a gross annual payroll of \$1.1 Million by 2020 were met in 2014 with current employment of 22 FTEs and gross annual payroll exceeding \$1.1 Million excluding employee benefits. There are current openings for both Technician and Engineering positions. With OEM acceptance and integration of current tire research services into product development, the demand for additional tire test offerings is increasing. This demand drives the need to develop new, unique modeling, simulation and test services, as well as, expand testing capacity.

Staff Summary:

Beneficiary Company: VTT, LLC

Phase 1 investment and research results (proposed and achieved research and outcomes): #2302 in 2010 for \$5 million awarded to the Virginia Tech Foundation purchased the initial tire testing equipment to create the National Tire Research Center at VIR Raceplex in Halifax County. NTRC has met its phase one goals of 22 FTE (working in three daily shifts) and \$1.1M annual payroll.

Proposed Phase 2 research objectives & activities: purchase of additional tire testing equipment that will free up time on the previously-funded equipment (which is fully-booked), will open up testing for motorcycle tire manufacturers and other customers that do not require the larger machine, and allow additional research.

IP foundation: licenses and IP are owned by the equipment manufacturer. No additional IP generation indicated.

Business Plan: relatively brief business plan with research focus, customer markets and monthly operating costs was provided.

Phase 2 uses of TRRC funds: entirely in equipment to purchase the MTS Flat Track CT-Plus Tire Test System.

Phase 2 uses of match and status of commitment: \$2M to be raised from each of three international tire manufacturers (company names are confidential at this time, but letters of interest were provided)

Outputs/Outcomes – Phase 2 research: six new jobs and \$1 million private capital investment (investment appears to be understated by as much as \$5M in equipment and facility expansion).

Outputs/outcomes – Commercialization: six new jobs, no additional private capital investment indicated)

Revenue return proposal: Proposes to use revenues for future operating costs, maintenance, research and education. No direct revenue return to TRRC offered.

Staff Comments and Recommendation: pending

Washington County Industrial Development Authority (#3213) Brand X – New Compression Technology \$1,000,000 Requested

Executive Summary Provided by Applicant: Bristol Compressors International, LLC and DHX Electric Machines, Inc. have established a program to develop, test, and approve a new high efficiency, quiet compressor/motor technology that utilizes alternate refrigerants classified as “flammable.” The development of this compression platform will be tested and approved using the Phase One grant asset, “Alternate Refrigerant Test Laboratory,” issued and approved by the TICR through the Washington County IDA in October of 2013. This grant is applied for as a Phase Two, and offers a unique product to the HVAC and refrigeration market. The product referred to as “Brand X” will offer the HVAC industry a hermetically sealed compressor that has a patented DHX motor technology attached to a BCI patent pending compression technology powered and controlled through the BCI patented epoxy power terminal. The development of “Brand X” will allow an opportunity to market and sell a unique and industry-changing product.

Previous Funding Status for Research and Development Continuation Application

- Alternate Refrigerant study results from ORNL presented at Low-GWP AREP Phase II Conference on January 21, 2016 in Orlando, FL.
- Zoning exception was passed by Washington County Zoning Board.
- The construction of the building is completed. A temporary certificate of occupancy (CO) has been issued by Washington County Code Enforcement. A permanent CO will be issued when all equipment is installed.

- Electrical equipment hookup and installation is in the process of being completed. Wiring to test fixtures will be completed when test fixtures are completed.
- Chiller water has been tied into existing cold water loop currently being used Engineering lab.
- The construction of the Calorimeter by Environmental Tectonics Corporation and Engineering is in process. The calorimeter is currently being tested with baseline compressors. Once baseline data is matched, the Calorimeter will be shipped to Bristol Compressors Int.
- Life test components have been ordered and the first stands are currently being built.
- Process Hazard analysis has been done by Blue Ridge Compliance.

Staff Summary:

Beneficiary Company: Bristol Compressors International, LLC (www.bristolcompressors.com) and Georgia-based DHX Electrical Machines, Inc.

Phase 1 investment and research results (proposed and achieved research and outcomes): #2832 in 2014 for \$808,744 to establish a testing lab for testing of compressors using flammable refrigerants. Construction of the lab building is complete. The calorimeter to test different sizes of compressors is in the final phase of construction and is due to be delivered to BCI in the Oct/Nov timeframe. A final payment request for the balance of #2832 (\$271,144) will be submitted upon receipt of the calorimeter.

Proposed Phase 2 research objectives & activities: The Phase 2 request (\$1,000,000) will complete the establishment of the test lab through the purchase and installation of the second calorimeter. All required testes necessary to obtain customer and UL approvals, and to pass BCI required reliability tests will be completed using the proposed additional calorimeter. Upon completion of these tests the compressor will be ready for additional testing by BCI customers to achieve system UL approval for commercialization.

IP foundation: Motor patents – one issued and five pending, Epoxy Power Terminal patents- three issued and one pending, Compressor Patents – To be submitted in Q4 2016.

Business Plan: Detailed business plan was provided outlining the commercial potential for this product. “Brand X” will introduce new compression technology to the HVAC market using the highest efficiency and the smallest size motor technology and combining those with a new power terminal for higher product safety standards and lower overall product/system risk with flammable refrigerants. The commercialization of this project will allow BCI to regain the 5% market share lost over the previous 10 or more years.

Phase 2 uses of TRRC funds: Calorimeter (\$380,000), Reliability Test Strands (\$260,000), Lab Infrastructure (\$360,000)

Phase 2 uses of match and status of commitment: Bristol Compressors International (in hand) - DHX motor test samples (\$380,000), Reliability Test Strands (\$260,000), Lab Infrastructure (\$360,000)

Outputs/Outcomes – Phase 2 research: eight new technician and engineering positions; private capital investment of \$650,000.

Outputs/outcomes – Commercialization: 206 jobs (BCI and DHX combined figures); private capital investment of \$4,025,000 (BCI and DHX combined). *Commercialization results*

provided in the application reflect only the period associated with early commercialization (initial shipments). Outcomes are expected to grow substantially as demand for the product grows. An estimate of \$10-\$12M PCI could be expected within 3 years post commercialization from construction of an additional plant to meet full scale demand.

Revenue return proposal: Revenue return is based on business growth that leads to the addition of manufacturing jobs and tax base revenue generation in Southwest Virginia. No direct revenue return to TRRC offered.

Staff Comments and Recommendation: pending

R&D Other Business

Wise County Industrial Development Authority

Appalachia America Energy Research Center (#1840)

Approved for \$750,000 in July 2009 –request for additional extension

This R&D grant to provide operating funds for AAERC has a remaining balance of more than \$326,000. AAERC originally housed NanoQuantics, a FY2011 R&D grantee who subsequently ceased operations in Wise County. AAERC now houses Micronics Technologies, which was funded by an R&D grant in 2014 to UVA-Wise. Previous grant extensions were provided by the R&D Committee, most recently in May 2015, and that extension expired July 31, 2016. Recent reimbursements have covered AAERC's monthly utilities and maintenance costs at an approximate total of \$3,000 monthly (staff notes that at this rate it could take up to ten more years to fully utilize the remaining grant funds). The Wise IDA now requests further extension to continue supporting operating costs, maintenance, utilities, etc.. This is the last open grant remaining from the six grants awarded to fund initial operations of the Commission-supported R&D Centers in 2009. The last extension was approved based on a budget provided by the grantee in May, 2015 totaling \$245,700. Since that approval, \$179,584.16 of expenses have been approved.

Staff recommends a final extension through December 31, 2016 for use of the final \$66,116.84 remaining in the 2015 budget revisions (excluding lease payments). No further extension is recommended for the remainder of the grant's balance (\$259,951.21). These funds will be deobligated and returned to the R&D program budget



SOUTHWEST ECONOMIC DEVELOPMENT
COMMITTEE AGENDA

Tuesday
September 20, 2016 @ 9:30am
Inn at Wise
Wise, VA

-
- Welcome and Call to Order** *The Honorable Bill Carrico, Vice-Chairman*
- Call of the Roll** *Evan Feinman, Executive Director*
- Approval of the 9/23/15 Minutes** *(published on website)*
- Grant Applications/Staff Recommendations** *Sara Williams, SW Grants Administrator*
- Extensions** *Sara Williams, SW Grants Administrator*
#1642 Scott County
#2355 Scott County Telephone Cooperative
#2549 SW VA Community Foundation
- Public Comments**
- Adjournment**

*Project Bubbles
funds to TROK
\$70K*

FY2017 Southwest Economic Development Summaries and Staff Recommendations September 2016

The Southwest Economic Development Committee will meet on September 20th to consider proposals that were received by the July deadline for FY17 SWED funding. Staff has highlighted requests that are seeking federal POWER funding for coal-impacted communities. Other Business re: existing projects is included at the end of this report.

Grant #	Organization	Project Title	Requested Amount	Recommended Amount (yellow = POWER request)
3185	Appalachian Agency for Senior Citizens	Falls Mills Adult Day Care	\$500,000	\$0 \$250K
3196	Birthplace of Country Music	Birthplace of Country Music Museum and WBCM Expansion	\$310,000	\$250,000
3191	Floyd County EDA	Floyd Regional Commerce Center Phase II Development	\$420,696	Table
3198	Friends of Southwest Virginia	Building Appalachian Spring: Growing the Economy of SWVA through Developing Outdoor Recreation Destinations	\$500,000	\$500,000
3189	Heart of Appalachia Tourism Authority	Coalfield Regional Tourism Marketing Initiative, Training and Visitor Center Expansion	\$217,000	\$217,000
3202	Historic Crab Orchard Museum and Pioneer Park	Capital Expansion Phase III - Design	\$50,000	\$50,000
3192	LENOWISCO Planning District Commission	LENOWISCO Project Intersection	\$1,250,000	\$1,250,000
3188	Marion, Town of	Song of the Mountains Equipment Upgrade	\$45,000	\$45,000
3190	Ninth District Development Financing Inc	Capitalization of Revolving Loan Fund for Ninth District Development Financing Inc	\$1,000,000	\$0 table
3186	Raven Theater And Coal Museum, Inc.	Raven Theater and Coal Museum	\$250,000	\$0 table
3200	Scott County Economic Development Authority	Riverside Development Phase III - Site Development	\$500,000	table
3194	Scott County Telephone Cooperative	Scott County Telephone Cooperative Regional Broadband Initiative	\$500,000	\$0

3195	Southwest Regional Recreation Authority	Continued Growth for Spearhead Trails thru Expansion of Services	\$500,000	VRA
3193	Southwest Virginia Alliance for Manufacturing	Manufacturers Training Initiative	\$200,000	withdrawn by applicant
3203	Southwest Virginia Alliance for Manufacturing	Heart of Appalachia Collaborative Economic Transition (Heart)	\$450,000	\$0
3187	Southwest Virginia Community College	SWVA Regional Cybersecurity Initiative	\$258,790	\$258,790
3197	University of Virginia	UVa-Wise Oxbow Center for Technology & Innovation	\$272,109.94	\$0
3199	William King Museum of Art	Gallery Development: Appalachian Cultural Heritage Arts Along The Great Road	\$60,130	\$60,130
3201	Wythe County	Appalachian Regional Exposition Center - Arena & Spectator Development	\$750,000	VRA table
Total requests/recommendations			\$8,033,725.94	\$2,630,920
available balance before/after recommendations			\$3,577,246	\$946,326

**Appalachian Agency for Senior Citizens
Falls Mills Adult Day Care (#3185)
\$500,000 Requested**

Project Description Provided by Applicant: Appalachian Agency for Senior Citizens (AASC) has been private non-profit Area Agency on Aging since 1975. In the last 5 years, the agency's revenue has grown by 50% and the number of staff has been increased by 35%. The growth is due to the increased population of older adults in the four county area served by AASC and the growth of programs such as PACE (AllCARE). To meet the demand, AASC is planning to construct a facility for the adult day care program, the nutrition program, AllCARE, and Care Coordination that will provide 15 new jobs within three years. As the number of participants increase, the number of employees will also increase as mandated by state and federal regulations. By 2020, the number of persons age 60+ are projected to double in Tazewell County, while industries to address their needs are inadequate. This project will support both issues.

Staff Comments and Recommendation: This request for assistance with construction expenses associated with relocating services to a newly constructed facility on the site of a former elementary school reflects a very solid planning effort on the part of the applicant. The application shows outcomes of 15 new jobs with an average salary of \$24,000 however the majority of those are

positions that pay less than \$20,000 annually. Planning documents submitted with the application show that initially the Commission would be asked for \$100,000, and correspondence with the application revealed that the larger ask is the result of unsuccessful fundraising from other sources including VCEDA. The increased revenues from new or expanded services in the facility indicate an ability to take on debt service that was not reflected in the budget. Only approximately \$300k is committed toward a \$2 million project, while the majority of funding is uncommitted and will be sought from ARC (\$470k), CDBG/ CSBG (\$700k), USDA-RD (\$27k), and Tazewell County (\$230k). While this adult day care project results in modest job creation, it is essentially a social services project similar to childcare centers, which are listed as a "Low Priority" under the Commission's Strategic Plan, and is not basic economic development that measurably grows the regional economy by exporting goods or services. The project was among the lower scoring requests due to lack of alignment with the TRRC Strategic Plan. **Staff recommends no award.**

Birthplace of Country Music

Birthplace of Country Music Museum and WBCM Expansion (#3196)

\$310,000 Requested

Project Description Provided by Applicant: The Birthplace of Country Music (BCM) seeks funding to complete the expansion of the Birthplace of Country Music Museum (Museum) and expand coverage of WBCM Radio Bristol through a new translator. BCM acquired the building adjoining the Museum for future growth. In the expansion we will relocate offices to one location, relocate special exhibit space, increase event space and educational space, archival space and radio station capacity through additional edit rooms and studio space. The expansion will enable us to accommodate larger group meetings in our event space, bringing in rentals that we have had to turn down previously due to lack of space. Working alongside two hotels currently under construction, we will grow our capacity to bring outside visitors who spend new tourism and business dollars in our region. The expansion of WBCM enables us to reach a wider audience, grow our revenue, and work toward program syndication.

Staff Comments and Recommendation: This is the second request for funding to renovate The Annex, a building located adjacent to The Birthplace of Country Music Museum. The building was purchased in May 2014 by the BCMA and the project received \$250,000 from TRRC in FY16 for Phase 1 renovation expenses including roof replacement and structural improvements. Several previous grants totaling \$4,072,943 were awarded to the BCMA between 2004 and 2011 to assist with the planning, design, and construction of the Museum and exhibits. The current project is estimated to have a total cost of \$4,700,000 and will result in the relocation of all BCMA offices from Tennessee to Virginia as well as the relocation of special exhibit space enabling the creation of event space for rentals to outside groups. In addition, educational space and archival space will be increased and the capacity of the radio station will be expanded through additional edit rooms and studio space that will also serve as a recording studio. The application projects the creation of six new jobs (from a baseline of 14) related to the relocation of all staff from the current offices in Bristol TN. It is estimated that 19,000 net new visitors will visit the museum during the first year resulting in \$237,000 of new revenue for the Museum, although how much of that growth can be directly attributed to this expansion is unclear. Fundraising to complete the Annex renovation is ongoing with Phase 1 Federal and State Tax Credits already approved and Phase 2 credits are pending. The total expected from tax credits is \$1.2M Federal and \$950,000 State. Additionally,

BCMA plans to apply for \$1M of New Market Tax Credits. The project was allocated \$500,000 in the Commonwealth's 2016-17 Budget (administered through DHCD) and \$500,000 will be requested from ARC. The application indicates that this request will be the final ask of TRRC for the project. The application also requests \$60,000 for three years support of the Museum's WBCM radio station. Funds would be used on a declining basis (\$30,000 year 1, \$20,000 year 2, and \$10,000 year 3) for use (lease) of a new translator on towers owned by Holston Broadcasting. The increased coverage area will allow WBCM to extend its reach and market the Museum, events, and programming to a larger audience. Matching funds for WBCM are provided through radio crowdfunding and underwriting. While extending BCMA outreach through the WBCM station is an important part of the Museum's marketing strategy, the renovation of The Annex building appeared to be the highest priority use of funds and the purpose that best aligned with the Commission's Strategic Plan and the interests of multiple state entities that are participating in the project funding for this signature tourism destination in Southwest Virginia. This proposal was among the top five in scoring. **Staff recommends an award of \$250,000 for renovation of The Annex.**

Floyd County EDA

Floyd Regional Commerce Center Phase II Development (#3191)

\$420,696 Requested

Project Description Provided by Applicant: The project will begin Phase II development of the Floyd Regional Commerce Center, which has only two small pads available in Phase I. More sites are needed to both attract new industry and provide expansion space for existing industry. This project will build and complete road access and utilities to a 51-acre greenfield site, which is adjacent to an Appalachian Power substation and across the road from Citizen's Telephone's 200-Gbps open access network; and it will complete a small building pad (3 acres) from road-cut materials. Ultimately this 51-acre will net about 27 acres of building sites (including one that is about 17-acres), though this project will primarily cover road development (Appalachian Regional Commission Access program request) and utilities (TRRC funds requested to pay for water, sewer, last-mile fiber and stormwater.) We anticipate seeking federal Economic Development Administration funds in the future to help with additional building pad development.

Staff Comments and Recommendation: The Floyd EDA is seeking funds for contractual and construction of utilities to create access to additional building pads. When completed the new phase of the County industrial park will have an additional six parcels, a total of 27 buildable acres with the largest parcel being 17 acres with room to accommodate a 125k square foot building, The EDA estimates this additional property could result in an estimated 130 jobs and \$30 million of new private investment. The proposal includes very thorough feasibility studies with target industries, transportation alternatives, and preliminary engineering. The project will be well-leveraged if an ARC Access Road request for \$946k is approved in 2017 (it will be submitted in October). Any funding consideration should be conditioned on that approval, as it represents the entire match for this phase of construction. The EDA states it intends to pursue federal EDA funds for \$2 million of pad grading for the proposed lots. ARC road doesn't require match so consider utility engine only at this point? (1/2 of \$73k) **Staff recommends this project be tabled until the likelihood of ARC and EDA funding is better known, and the outcome of other funds committed in this round - contingent on successful POWER applications - is known.**

Friends of Southwest Virginia

Building Appalachian Spring: Growing the Economy of Southwest Virginia through Developing Outdoor Recreation Destinations (#3198)

\$500,000 Requested

Project Description Provided by Applicant: The Appalachian Spring Initiative was started in 2012 to promote community and economic development through outdoor recreation by developing outdoor assets, uniting them under a common brand, supporting downtown revitalization, and cross promoting assets and their communities. This project seeks to leverage funds from the Tobacco Region Revitalization Commission, the federal POWER initiative, and other state and local sources to take the next step in the development and enhancement of these assets. This project will support the construction of an Appalachian Trail destination center in Damascus, a High Knob destination center in the City of Norton, and the development of a multiuse trail between the Town of Haysi and Breaks Interstate Park. Each of these projects will move their localities and the overall region toward becoming an even better known and attractive outdoor recreation destination.

Staff Comments and Recommendation: This extremely well leveraged request combines three separate construction projects as well as funding to retain three positions for two years for a total TRRC ask of \$500,000. Commission funding is matched by a \$1,563,510 pending application for ARC POWER funding and a \$180,000 EDA POWER application as well as matching funds from the impacted localities. The project furthers the work of the Appalachian Spring Initiative and focuses on outdoor recreation tourism. The total project reflects strong partnerships with several regional tourism organizations and destinations which are reflected in the individual projects. A mutually beneficial collaboration has been established with Spearhead Trails for the ARC POWER application reflected in the Breaks to Haysi Trail portion of this application. Commission funds (\$125k) will be used for construction of a trail connecting Breaks Interstate Park, and its nearly 300,000 annual visitors, to the downtown area of Haysi. Matching funds will be provided from \$313,510 of the ARC POWER request. Previous investments to the Town of Haysi include CDBG block grant funding and a portion of the trail to downtown which was funded by VCEDA. In Damascus an Appalachian Trail Center will be constructed. The 2,400 sq. ft. center will feature maps and information about the AT and the building will also contain office space for tourism staff and public restrooms for visitors. The center will be staffed by Town of Damascus and Appalachian Trail personnel. The site where the building will be located will be purchased using \$25,600 from the Town and \$223,500 of CDBG Block Grant funding. Construction of the building be paid for using \$150,000 of TRRC funding and \$650,000 of ARC POWER funding. The City of Norton and the Norton IDA are in the process of acquiring land (\$250,000) for the construction of a High Knob Destination Center focused at driving visitors to the High Knob area and the multiple recreation opportunities available there. ARC POWER funding (\$1.1M) will be used for construction and TRRC funds (\$50k) will be used for equipment. The ongoing work of Appalachian Spring will be funded for two years for the current Policy Analyst, Community Development Facilitator, and Project Developer positions using \$175k of the \$500k TRRC request and will be matched by \$180,000 EDA POWER funding (application intended). The proposal shows modest outcomes of 8 new jobs with average salaries of \$30,000. The real impact of the project will come from the estimated 80,000 new visitors and the increased spending associated with these visits. Considerable support has been provided over several years for Friends of SWVA and related organizations. In FY15 \$108,000 was awarded to Friends for construction of the Heartwood Festival Marketplace, The Commission has provided \$750k since 2011 to support the Appalachian Spring

Initiative. Due to strong leveraging from several agencies and localities, as well as the POWER requests (if approved) and mutually beneficial partnerships with existing localities and tourism organizations serving multiple locations across Southwest Virginia, this was the second highest scoring proposal. **Staff recommends an award of \$500,000 contingent on approval of the ARC POWER and EDA POWER applications as match to their respective projects.**

Heart of Appalachia Tourism Authority
Coalfield Regional Tourism Marketing Initiative, Training and Visitor Center
Expansion (#3189)
\$217,000 Requested

Project Description Provided by Applicant: The purpose of the Coalfield Regional Tourism Authority is to increase the number of visitors crossing the threshold and the amount of dollars spent for tourism industry in the region. 1. Creating a one-stop-shop Visitor Center for trip planning, reservation booking services, group tour guide services and planning. Enables on line store and visitor center gift shop. 2. Implement a Destination Marketing Training Program to provide training for each Tourism Director and stakeholders and create a Regional Marketing Plan for HOA and localities within. 3. Create a position of Technology Coordinator to offer technical assistance to small entrepreneurial tourism businesses, implement digital/internet marketing, banner ads, Social Media 4. Create a position of Business Assistance Coordinator to build partnerships with the tourism industry and leaders. 5. Launch enhanced marketing campaigns for Spearhead Trails off road, equestrian, and mountain bike trails. Increase Appalachian Backroads Motorcycle/Sports Car campaign. Increase group tour marketing.

Staff Comments and Recommendation: This is a multifaceted application focused on making Heart of Appalachia a more sustainable and effective tourism organization. HOA provides services to 628 tourism entities located in Lee, Scott, Wise, Tazewell and Russell Counties and the City of Norton. TRRC funds (\$52k) are requested for regional and local destination planning for each locality. A marketing campaign (\$125k) to promote atv, motorcycle, sportscar and group tours via radio, print and digital media will be launched. Two current part time positions will be restructured into a full time Technology Coordinator position (\$22k) and a full time Business Coordinator position (\$18k). Matching funds are committed from the Virginia Tourism Corporation Marketing Leverage Program (\$50k), Virginia DMME funds (\$60k), and from the applicant (\$107k). Throughout the project period HOA will also launch a Regional Investment Program directed at securing a minimum of \$150k in funding commitments each year from the localities and associated organizations it serves. Heart of Appalachia has received \$318k of Commission funds including \$250k for Crooked Road startup. No additional TRRC funding has been provided to the organization since 2004. The application estimates that 553 net new jobs will be created as a result of this project with an estimated 3.5M net new visitors to the region in the first year. These numbers seem overly ambitious, but the annual reporting of local tourism revenues will provide an accurate reflection of actual performance as the impact of the broad array of marketing efforts reach visitor audiences. Annual revenue from ticket sales is estimated to increase by \$326,850. While these outcomes are likely exaggerated there is no doubt that Heart of Appalachia is an important marketing asset to the localities and venues it serves, and that the applicant has presented a thorough and aggressive multi-faceted planning and marketing campaign. This proposal was among the top five in scoring. **Staff recommends an award of \$217,000.**

**Historic Crab Orchard Museum and Pioneer Park
Capital Expansion Phase III - Design (#3202)
\$50,000 Requested**

Project Description Provided by Applicant: Crab Orchard Museum's visitation has increased exponentially from 17,000 to 24,500 visitors annually over the last three years. Capital Expansion Phase III-Design focuses on areas that are in dire need of facilities expansion and technology upgrades. The Design Phase will help us identify the scope of the work and anticipated preliminary costs for construction and materials. Once we determine the cost of the overall project, we will organize and launch a capital campaign including grants, government funds and private gifts to fund construction. We ask that any unexpended funds committed by the Va Tobacco Commission for the Design Phase be continued over to the Construction Phase. Capital Expansion Phase III addresses six critical needs: Museum Center Permanent Exhibit Upgrade; Museum Center Visitor Bathrooms Upgrade; Museum Center Collections and Storage Expansion; Outdoor Bathroom Conversion; Red Barn Transportation Exhibit Building Expansion; Walkways, Signage, Security and Outdoor Lighting.

Staff Comments and Recommendation: While the design of the Museum's Capital Expansion Phase III does not itself result in any increases in visitation or related spending, it is a critical step in Crab Orchard's efforts to continue to serve as a viable and long-standing tourist destination for Tazewell County and the surrounding region. The Museum received \$330k of previous TRRC funding in 2003-06 for earlier expansions and upgrades, and visitation to Crab Orchard Museum has increased from 17,000 to 24,000 annually over the past three years. The proposed expansion will provide both facilities and technology upgrades needed for future growth in facilities and visitation. Tazewell County has committed \$50,000 for the project however it appears that additional funds will need to be raised to meet the estimated cost of the design. The Museum provided proposals from three design firms to TRRC Staff as supplemental information to the application. These proposals show a total design cost ranging from \$110k to \$139k. Communication from the applicant indicates that they have \$20,000 on hand that could be used for design but may need to raise an additional \$20,000 for this phase. The application indicates that future funding, presumably for the construction phase, may be requested from the Commission. The construction phase of the project may also be a candidate for ARC or VCEDA funding. This modest investment, though likely to be followed by a larger construction request, will assist with design of needed upgrades to a museum with a long, demonstrated track record of attracting visitors to the region. **Staff recommends an award of \$50,000 for no more than 50% of design costs related to Phase III expansion.**

**LENOWISCO Planning District Commission
LENOWISCO Project Intersection (#3192)
\$1,250,000 Requested**

Project Description Provided by Applicant: The requested TRRC investment will provide dollar-for-dollar match for a federal POWER investment, and serve as leverage for a larger package of local, state and federal dollars. The Applicant seeks to acquire and initiate development of a highly desirable, previously unavailable regional industrial/business site. The site must be acquired within a tight timeframe. Over a phased development, this site should provide 200 acres of

developable, pad-ready acreage, with all supporting infrastructure already adjacent to the site. This site will be developed to attract prospective, targeted downstream supply chain clusters and other TRRC- and POWER-focused areas. This site, the top-ranked property in a TRRC-funded regional site study, is situated at the intersection of U.S. Highways 23 and 58, with the highest cumulative non-Interstate traffic volume in far southwestern Virginia. The access provided at the site by this transportation infrastructure is a critical component in the attraction of desired industries.

Staff Comments and Recommendation: TRRC staff has been discussing POWER and SWED funding for development of this 200 acre site with the project leaders for several months, and have visited the site, which is the top-rated site in a selection study conducted for Lenowisco, and reportedly the second-ranked site in a recently-completed study by Timmons Group for VCEDA. This request would cover half of the \$2.5 million acquisition cost, with POWER funds for the balance of acquisition and a portion of initial development costs of a 48 acre pad. The proposal estimates the first phase pad would be capable of attracting 350 new jobs and a \$10M private capital investment. The overall development cost has dropped from \$14M (without acquisition) in a PER completed in 2014, to \$6.55M including acquisition, using a phased development approach that anticipates applying for federal RECLAIM funding for formerly mined sites. Other as-yet uncommitted funders include VCEDA (\$2.3M), ARC POWER (\$1.5M) and EDA POWER (\$1.5M). The contiguous acreage does not appear to qualify for VEDP's new Business Ready Sites program, although that is a potential funding source that should be explored for subsequent development costs. A significant attribute of the site is the proximity of utilities, which are immediately adjacent to the property lines. Other competing sites available in region include the Lonesome Pine and Wise County parks, Duffield, Russell and Lee (Constitution Oaks), though few if any rival this site for a variety of characteristics including size, access to major highways, utility infrastructure, etc. The project leaders have initiated discussions with neighboring localities about the prospects of cooperating for revenue-sharing purposes, and initial indications of interest have been shown. Staff strongly supports this regional concept as a possible condition of funding, along with the approval of the proposed POWER grants, without which the project can not be initiated. **Staff recommends award of \$1,250,000 for one-half of site acquisition costs, contingent on approval of POWER grant(s) sufficient to complete acquisition and initiate site readiness activities.**

Town of Marion

Song of the Mountains Equipment Upgrade (#3188)

\$45,000 Requested

Project Description Provided by Applicant: Grant funds will be used to purchase two (2) Hitachi Z-HD5000 HDTV cameras and related video equipment, supplementing the two matching units purchased by the Town of Marion/Appalachian Heritage Music Foundation funds, to provide full video capabilities for production of the future seasons of Song of the Mountains and keep the show in compliance with the requirements of the PBS stations to allow us to continue the program.

Staff Comments and Recommendation: This request to upgrade video equipment for Song of the Mountains, Virginia's only nationally syndicated television series with a potential audience of over 122 million viewers monthly, will allow the program to continue production. Without the conversion to Hi-Def capability the program will no longer comply with the production

requirements of the PBS Stations who will cease to offer SOTM after this season. The program is now available on 139 PBS stations serving 74 markets in 24 states. The initial studio equipment is 10 years old and was purchased using Commission grants which have provided \$444,000 since 2006 for the program. The upgraded equipment will also allow SOTM to be streamed online, opening the program up to increased national and international audiences. Matching funds have been provided by the Town of Marion for the purchase of two Hi-Def cameras in May 2016. All equipment upgrades must be in place for the 2017 season. This project will not result in any new jobs, however an increase of 600 new visitors and an increase of \$15,000 in net new revenue are projected. Due to the extensive reach and associated marketing opportunities for the region provided through the Song of the Mountain program it is important that production be able to continue and that this modest additional investment be made to ensure a longer-lived return on the Commission's previous investments. **Staff recommends an award of \$45,000.**

Ninth District Development Financing Inc
Capitalization of Revolving Loan Fund for Ninth District Development
Financing Inc (#3190)
\$1,000,000 Requested

Project Description Provided by Applicant: This request aligns with the Southwest Regional Recreation Authority's (SRRA) strategy to become an outdoor recreation destination. Ninth District Development Financing Inc (NDDF) will capitalize its revolving loan fund, a tourism development loan fund established in 1995, to serve the Ninth Congressional District of Virginia. This initiative was established to revitalize southwest Virginia's economies due to the loss of coal- and tobacco-related industries. Through low cost financing and business development services, this strategy provides resources to augment current regional economic development initiatives including Spearhead Trails, The Crooked Road, Heartwood, Round the Mountain, and the Virginia Creeper Trail. Additional resources are needed to capitalize the revolving loan fund; the balance is currently at \$20,000 after two loans were made this year totaling \$983,860. With resources from VTRRC and associated match, NDDF proposes to make 7 loans within the three year project period and create/retain at least 70 FTE jobs.

Staff Comments and Recommendation: TRRC has previously provided \$2.4 million to People Inc., which administers the NDDF, and its related small business financing entities dating back to 2003. There is no debating that the NDDF loan fund has had a positive impact in financing tourism-dependent private businesses in Southwest VA (24 loans for \$6.4M with no defaults since 1998) and is witnessing growing demand from tourism related businesses created in part by the successes of TRRC-funded tourism destinations such as The Crooked Road and Spearhead Trails. However, it can also be argued that TRRC's finite resources can be more impactful in the regional tourism economy by focusing on helping create the destinations that attract visitors (such as Crooked Road venues, Birthplace of Country Music Museum, etc.) while leaving it to other small business lenders (such as the applicant, Virginia Community Capital, SBA, VSBFA and others) to provide this private sector financing. This proposal estimates 70 new jobs but a previous TRRC grant #2381 funded 3 businesses with a total of 300k and created 10 jobs (\$30k/job), including a tourism business (a marina). While admittedly a snapshot of the results of the applicant's lending history, if those results are used for extrapolation, at \$30k per job the requested funding might create something closer to 33 jobs for a \$1M investment. The question here is: is this highest and best use

of \$1M in a declining TRRC budget year, to fund 7-8 private businesses. Staff suggests that existing resources at a variety of small business lending entities should be relied on for assisting businesses, while Commission funds remain focused on assisting the creation and expansion of tourism destinations. **Staff recommends no award.**

Raven Theater And Coal Museum, Inc.

Raven Theater and Coal Museum (#3186)

\$250,000 Requested

Project Description Provided by Applicant: The Raven Theater, built in the middle of the Great Depression, is indicative of the true entrepreneurial spirit of a coal mining town during the late 1940's - 1960's. This grant application is to show the feasibility and soundness of using grant funding in the amount of \$250,000 to allow the Raven Theater & Coal Museum, Inc., a registered 501 (c) 3 non-profit organization, to complete the renovation and restoration of the historic Raven Theater building (and other adjacent sites) located in the Raven community of Tazewell County, Virginia. It is believed that upon completion, this project has the capability to generate sufficient revenues to allow the Raven Theater & Coal Museum, Inc. to be a self-sustained operation, providing much needed economic development and creating a number of direct and indirect jobs for the area.

Staff Comments and Recommendation: This is the third request from this 501C3 nonprofit for this project in western Tazewell County (identical requests in the two of the past three years were passed by in Committee). The property was donated to the nonprofit and some site cleanup and repairs have been completed using volunteer labor and donations. To date the applicant has invested \$167,800 to partially renovate the building including the installation of a new floor in the theater and ice cream parlor, installation of a new roof for the ice cream parlor, new floor trusses for the second floor, 200 theater seats have been purchased, all windows have been replaced, installation of new wiring and three-phase power, and a new awning and refurbished marquee have been installed. TRRC funds would be used to complete the renovation through the construction of new walls in the theater and ice cream parlor (including framing, electrical, insulation and plumbing), the purchase and installation of tile for all floors, the purchase and installation of HVAC, an enlarged stage area and new exits, the construction of new ADA restrooms, and the purchase of furniture and equipment for the ice cream parlor. Once again the applicant does not indicate that other potential funders have been approached, including USDA's Community Facilities program and/or DHCD's ARC or CDBG programs. While the business plan shows that the revenue generated will produce the ability to take on some debt it does not appear that any community development lenders such as Virginia Community Capital or People Inc. have been considered either. It appears that matching funds have already been raised and expended, so with no additional funds that are shown to be used during the current project period, this application does not meet the Commission's 1:1 match requirement. The application lists 8 new jobs with an anticipated rate of \$8.50 per hour and projects 800 visitors annually generating \$35,000 of revenue. While the applicants states its intent to seek Affiliate status on The Crooked Road, this appears to be primarily a local community amenity akin to a community center, rather than a tourist destination with broad appeal to visitors from beyond the region. While the applicant is to be commended for their efforts which have brought the project to this point it appears to be principally a community development project that is better suited for other funding agency programs and not a basic economic development project that is aligned to

TRRC objectives. As such, and with modest outcomes and absent required matching funds, this was the lowest scoring project. **The project fails to meet the Commission's 1:1 match requirement and is ineligible for consideration. Staff recommends no further action on this proposal.**

Scott County Economic Development Authority
Riverside Development Phase III - Site Development (#3200)
\$500,000 Requested

Project Description Provided by Applicant: The Riverside development has continued at a rapid pace since the initial investment by the Virginia Tobacco Commission on the site. We were able to attract TeleTech, a customer support center, creating 300 jobs and private capital investment of \$1.525 million. We want to create another site with the infrastructure so we will be ready for the next company. The need was recognized soon after the initial company was announced, and we would not have been able to attract that company had we not strategically created a ready to go site.

Staff Comments and Recommendation: Funds are requested to grade a 15 acre pad that already has road and utilities in place due to previous investments. The Commission has supported the development of the Riverside business park with grants totaling more than \$1 million since 2011 for engineering, site prep and access road development costs. The County invested \$1 million to acquire the property in 2011, and ARC Access Road funds of \$497k paid half of the cost to construct the entrance road. The park received its first tenant when Teletech announced a commitment to establish a "customer experience center" on an adjacent building pad and create 300 jobs with a \$1.5 million investment (a \$645k TROF was approved for that project). The application states this proposed pad site has the potential to attract 250+ jobs and \$1.5 million of new private investment, which is validated by the Teletech commitment on the adjacent 7.5 acre pad. The proposal states that local matching funds will be committed, however, Staff has been informed that the EDA is working with Lenowisco PDC to submit a federal POWER application (or alternatively, other matching fund sources) to provide the Commission's required dollar-for-dollar match requirement. Given the previous success at this site, which is in large part due to its location on a well-traveled highway which provides access to the larger Tri-Cities workforce, Staff feels it is reasonable to table this application until more is known about the likelihood of other matching fund sources such as POWER or other agencies, and revisit the request at a later date. **Staff recommends this request be tabled for future consideration.**

Scott County Telephone Cooperative
Scott County Telephone Cooperative Regional Broadband Initiative (#3194)
\$500,000 Requested

Project Description Provided by Applicant: The Scott County Telephone Cooperative (SCTC) Regional Broadband Initiative will expand the reach of the existing fiber network managed by SCTC to provide a redundant, reliable, affordable and more robust network to the businesses, schools and medical facilities in the region. This will promote economic development, job retention and expansion. This will attract more businesses to the region and promote business expansion. SCTC plans to use the Tobacco Commissions funds of \$500,000.00 to purchase materials to expand its

fiber network in the region and to purchase the electronics to light this network expansion. SCTC will pay for the labor (\$500,000.00) to construct and install the electronics for this fiber expansion. This fiber project will allow the business customers, medical facilities and schools in the region a reliable, affordable, redundant and more robust broadband connection to the world. This will promote economic development thru businesses attraction and expansion.

Staff Comments and Recommendation: The request seeks funds to build eight middle miles of fiber and 62 last miles, to provide (as stated in the application) "more robust, reliable and affordable service" to nearly 800 premises passed. The proposal does not provide a description of where the construction would occur, although in a June meeting with TRRC and SCTC staff it was stated that the project would primarily be in Wise County, including the Towns of Coeburn, Wise and Big Stone Gap. Prior to any consideration of funding the Commission would need to see detailed route maps and engineering quotes for construction, labor etc.. The proposal indicates 25 business subscribers that would be receiving new access, with an additional 259 businesses, healthcare, government and educational facilities receiving improved access via a redundant loop, presumably from upgraded speeds and/or an additional provider to compete for service from potential customers. The estimated construction cost of \$150 per user passed does not correspond to the premises passed in the outcomes, which are not clear but seem to indicate this is upgraded service for most. No financial information was provided that is specific to operating costs and revenues on the proposed routes, making it difficult to determine if this is a potential candidate for a TRRC/VRA loan (SCTC's request from a year ago is still being reviewed for a potential loan). Staff also suggests this could be a candidate for a federal broadband loan or grant, although the low number of customers passed who are currently unserved may limit the likelihood of that funding. This may be a sensible project from an infrastructure standpoint, to provide additional capacity and competition, but the return on investment is not compelling for the costs to connect 25 new unserved business users. **Staff recommends no award.**

Southwest Regional Recreation Authority

Continued Growth for Spearhead Trails thru Expansion of Services (#3195)

\$500,000 Requested

Project Description Provided by Applicant: Spearhead Trails was created in 2008 by the Virginia General Assembly to provide economic opportunities in Southwest Virginia by creating outdoor recreation opportunities. To date, Spearhead Trails has created (4) Multi-Use Trail Systems and is currently under construction on our (5th) Trail System. Construction has begun on our first designated Equestrian Trail. Southwest Virginia is becoming a tourist destination for outdoor recreation and Spearhead has become one of the top destinations. Spearhead Trails is asking for funding to create a ATV / OHV rental branch to our trails to provide financial sustainability. With this funding, we will be create (5)five Trail Technician positions, with an average salary of \$25,000.00 per year plus benefits. There is high demand for this service and we anticipate increased visitors to Southwest Virginia from individuals and businesses. This funding will help Spearhead Trails to become a self sustaining entity.

Staff Comments and Recommendation: Since 2008 the Commission has provided approximately \$2.3M 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 small portion of this amount was also used for trail construction. The FY17 application requests \$200,000 to establish an ATV/OHV rental business to meet the high demand for this service. Although private entrepreneurs have attempted to meet this demand none have been successful due to staffing issues with supervising rental parties and due to the tremendous overhead expenses such as maintenance, labor, and insurance associated with this business. Creating its own rental business allows SRRA to capitalize on lowered overhead (e.g. using personnel in several capacities described below) and to meet rental demand, while generating much needed revenue to sustain its operations. The organizational structure of SRRA along with the current insurance policy that is already carried for the trail system results in substantial savings and with the potential to generate substantial revenue as reflected in the business plan provided with the application. An additional \$300,000 is requested to fund five Trail Technician positions for a three year period. The Trail Technicians will consolidate many functions that are currently being outsourced such as trail security and trail and equipment maintenance. These employees will also conduct tours as part of the rental business and will accompany renters to assure that all equipment is being used safely and not damaged. Outcomes are projected at five new jobs (Trail Technicians) and an increase of 10,000 new visitors annually generating \$993,120 in new revenue. Matching funds are committed from the Commonwealth of Virginia (\$300,000), VCEDA (\$500,000) for construction of the Haysi's Ridgeview Multi Use Trail System. SRRA will partner with Friends of SWVA on a ARC POWER application for \$300,000 for the Haysi to Breaks Interstate Park multi-use trail project (this match is also reflected in the pending Friends of SWVA application #3198). Staff raised the issue of using public funds to compete against potential private operators, SRRA has indicated that businesses have been unable to succeed on their own in this endeavor. With that in mind, this is an attractive project presenting real potential to create a sustainable revenue stream for SRRA, and the significant revenue generating aspect in the business plan makes it a candidate for VRA credit analysis, with an eye toward loan funding. **Staff recommends referring the project to the VRA loan program for additional vetting and loan consideration.**

**Southwest Virginia Alliance for Manufacturing
Heart of Appalachia Collaborative Economic Transition (Heart) (#3203)
\$450,000 Requested**

Project Description Provided by Applicant: The SVAM COE project, titled the Heart of Appalachia Collaborative Economic Transition (Heart) project, will create sustainable economic growth for the southwest Virginia region by using a data-driven method for targeting investment and business support for the manufacturing sector. The TRRC funded portion of this project targets the coal-field supplier network that now supports the regions manufacturing base. The ARC and EDA funded portions of the project target the manufacturer business and technical capacity respectively. The TRRC funded support includes business assistance, coaching, mentorship and access to capital. This project provides manufacturing supplier owners and entrepreneurs a proven program to enable business growth, a round-table forum to bring the supplier community together as proactive ecosystem members, and direct coaching for the businesses tailored to their specific challenges and opportunities. Our manufacturing suppliers provide the materials and services needed to enable our manufacturing base to compete on the global stage.

Staff Comments and Recommendation: The request from SVAM's TRRC-funded Center for Excellence in advanced manufacturing seeks funds primarily for contractual services, plus personnel

and supplies, as non-required match to two federal POWER requests totaling \$3 million (the two federal requests of approx. \$1.5M to each of ARC and EDA will match each other to meet federal requirements). The project involves supply chain mapping, business assistance, coaching, mentoring and financial assistance, and is based on federal SBA ScaleUp grants that have accomplished similar tasks in the Roanoke Valley and other states. TRRC funds will be pay for SVAM CoE and SWVA Workforce Development Board staff time and travel, and for the two organizations to contract with business trainers and data analysts to work with manufacturing supplier companies across Southwest. The proposal states that the requested TRRC activities rank as the third priority in this project, after the ARC and EDA funded activities. Neither POWER application has been submitted yet, and the majority of federal funds would be contracted to engage Supply Chain Visions, a private firm, to conduct the core project tasks. Outcomes include 40-45 business managers trained in 2016-17, and 100 new jobs created by those companies, although it would be difficult to attribute new job creation solely to these project activities. While the concept of growing business for supply chain companies through coaching appears to have had some success in other regions, Staff's primary concern is that it was not the Commission's intention in funding the creation of the SVAM CoE that this role would be a part of the CoE's core mission of training students and certifying students in precision machining, welding and industrial maintenance. While the CoE has made great strides in getting training sites, instructors and curriculum in place for the three workforce skillsets, it is not yet (for various valid reasons) meeting its intended targets of producing 75 certified mid-skill level students annually. Staff is of the opinion that this proposed project will distract from the CoE's core mission for which TRRC funding of more than \$5.1 million has been provided to date, and that federal funding, is successfully secured, will accomplish the primary outcomes of this project without requiring the requested additional TRRC funds. **Staff recommends no award.**

Southwest Virginia Community College
SWVA Regional Cybersecurity Initiative (#3187)
\$258,790 Requested

Project Description Provided by Applicant: A critical shortage in information security skills and industry-recognized credentials exists in Southwest Virginia. The purpose of this project is to build a pool of cybersecurity professionals and bring new jobs to the region, leveraging previous investments of the Tobacco Commission and ARC to build a robust broadband network. At UVA-Wise, students will enroll in individual courses that will be a part of a Software Engineering, Computer Science or other bachelor's degree program. Seven to eight students will complete the program each year. SWCC and MECC will provide cybersecurity career studies certificate training programs in alignment with the National Security Agency's Academic Centers of Excellence. Students will have opportunities to earn 1-4 third-party certifications. In a parallel effort, UVA-Wise seeks to attract start-up companies through an accelerator space (The Oxbow Center) where companies can co-locate their research and development activities in a facility to work closely with faculty and students.

Staff Comments and Recommendation: This application is the result of collaboration between the applicant, Mountain Empire Community College, and UVA-Wise to create a regional cybersecurity workforce. Commission funds are requested for equipment to establish cybersecurity labs at each college (\$258,790) and for student certification exams (\$126,360). With a total project cost of \$2,432,549.31, the TRRC request is extremely well leveraged by a variety of funding sources

including a \$1,517,772.15 application for ARC POWER funds. The three project partners will contribute a total of \$548,258.38 of unrecovered indirect costs on personnel expenses and MECC and SWCC (Perkins) funds (\$60,381.78) will be used to hire adjunct faculty to teach 2 Governor's School courses. The Virginia Department of Education will provide \$45,347 in transfer payments for MECC student tuition for Governor's School strand on cybersecurity. VCEDA and WIOA will each contribute \$1,000 toward conducting familiarization tours for recruiting early stage cybersecurity companies. No information is provided about how the program will be operated once grant funding is complete and there is no indication of how tuition revenues will be used during the start up phase of the program or if they will be adequate to sustain the program. A total of 26 students are expected to be enrolled across the program annually with 16 of those completing credentials and nationally-recognized certifications such as CompTIA (7-8/year at UVA-Wise and 8 at MECC and SWCC). This number of annual graduates, while modest, is likely well aligned with current job demand, and the cumulative effect - assuming the program is sustained beyond the initial term - would increase the outcomes substantially. With the federal leveraging (if approved), the focus on national certifications, and increasing job growth from newly-recruited companies such as Frontier Secure, Native Cloud, Teletech, and others, this request aligns well with Commission objectives for both the Education program and Economic Development (serving the employees training needs of existing companies and prospects). As such, this was the highest scoring proposal in the current grant cycle. **Staff recommends award of \$258,790 contingent on the approval of ARC POWER funds.**

University of Virginia

UVa-Wise Oxbow Center for Technology & Innovation (#3197)

\$272,109.94 Requested

Project Description Provided by Applicant: The emerging cybersecurity industry holds the promise to provide Southwest Virginia with immediate, high-tech jobs at minimal capital investment. This industry is expanding rapidly the SWVA region and its workforce are ideally suited to support this growth. Working with Virginia's Center for Innovative Technology (CIT) and MACH37™ a premier cybersecurity accelerator, The University of Virginia's College at Wise is negotiating with technology start-up companies for co-location in the region. To facilitate this effort, the College is establishing an accelerator for emerging technologies in a \$1 million facility recently donated to the UVa-Wise Foundation. The Oxbow property located in St. Paul, Virginia will provide 14,000 gsf of space for faculty, students, and researchers from start-up companies jointly developing software applications for cybersecurity clients. The request is for funding capital improvements in the facility to meet the needs of our initial cohort of start-up companies.

Staff Comments and Recommendation: The partnership with CIT to pursue a targeted economic growth sector is a strong element of the overall plan for the re-use of the Oxbow Center, and given the recent success in having data and customer care centers committing to nearby sites in Southwest Virginia, the demand for cybersecurity professionals will surely increase significantly. However, the market opportunity for small cybersecurity firms is less known (as opposed to data centers hiring in-house staff), so it is difficult to determine the interest or likelihood of success in job creation by the prospective tenants. Based on that, the outcomes appear to be somewhat modest and speculative (3 startup companies with 30 jobs). The applicant states that the co-location of companies will have multiple benefits by bringing professors, students and entrepreneurs together at

one site. However, it could be conversely argued that the tenant needs could also be met through existing space at business incubators across the region, or even virtually. The largest element of this request is to purchase and install a diesel backup generator (\$158k). While it is understandable that tenants in the cybersecurity field would require backup power, the generator will presumably serve the entire building, and arguably should be cost-shared from other sources. The remainder of the request is for computer networking expenses (\$114k). Matching funds include \$100k of in-kind from donation of the site and donated services, etc, in addition to operating expenditures once the the Center is re-opened, so TRRC funds would effectively be the upfront investment to prepare the building for occupancy. While the request received decent scores for its focus on an emerging growth sector, Staff feels the request would be stronger with committed matching funds from additional sources such as USDA Rural Development RBEG program and/or ARC, and with primary evidence of interest by prospective tenants. **Staff recommends no award.**

William King Museum of Art

Gallery Development: Appalachian Cultural Heritage Arts Along The Great Road (#3199)

\$60,130 Requested

Project Description Provided by Applicant: The proposed grant funding would support the development of a new gallery at William King Museum of Art (WKMA) that will permanently house the Museum's Cultural Heritage Collection. The Collection, developed by WKMA founder, longtime director, and scholar of Appalachian heritage arts Betsy K. White, consists of over 500 objects representative of 19th and early 20th century Appalachian life, specifically in the Southwest Virginia and Northeast Tennessee region. These items include furniture, pottery, quilts and other textiles, photographs, paintings, kitchen utensils, hunting rifles, and more. Part of WKMA's mission is to preserve and present the cultural heritage of the region; this gallery will serve as a permanent space to display the area's rich history, culture, and arts. It will be an asset to the town of Abingdon and Washington County, as tourists will visit the Museum to experience this unique Collection.

Staff Comments and Recommendation: The expansion of exhibit space will allow the Museum to showcase its Cultural Heritage Collection and to add artifacts formerly housed at Abingdon's Fields Penn House which has been condemned due to structural issues. Commission funds will be used for design and renovation of the 700 sq. feet space (formerly a museum store) which will adhere to American Alliance of Museum accreditation standards. Previous Commission support totaling \$686k in 2002-05 assisted the Museum in upgrading galleries to AAM and Smithsonian standards. Funds will also be used for exhibit installation. Matching funds are shown from private donors (\$18,454) for the remainder of the renovation costs and from a VTC Marketing Leverage Grant funds (\$15,000). WKMA has also committed a portion of its FY17 marketing budget (\$5,260) for promotion of the new gallery and exhibits. An additional \$21,416 needed to meet TRRC's 1:1 match requirement will be raised by WKMA through ongoing fundraising efforts. The project does not result in any new jobs but is estimated to increase visitation to the Museum by 20% (6,200 visitors) in the first year. Given the strong plans to marketing the new exhibit(s), this increase in visitation will be a measurable boost to attracting new visitors to the area and encouraging them to stay longer in the area. **Staff recommends an award of \$60,130.**

Wythe County

Appalachian Regional Exposition Center - Arena & Spectator Development (#3201)

\$750,000 Requested

Project Description Provided by Applicant: Situated in the heart of Southwest Virginia, the Appalachian Regional Exposition Center (AREC) will serve as the Commonwealth's premier civic center for localities west of Roanoke, providing permanent indoor seating for concerts and other entertainment events. In addition to the arena, which will be used for a myriad of activities, including livestock shows, rodeos, indoor soccer, travel shows, motocross, concerts and dozens of other events, AREC will also include outdoor multi-purpose fields, a walking track, an outdoor horse ring, livestock barns, as well as classroom and training facilities. The county is requesting funding to assist in the outfitting of the main arena - these funds will be used to provide permanent and portable seating, installation of necessary audio / visual equipment, score board / marquee and an interior stage area.

Staff Comments and Recommendation: This request for a second phase of funding for the AREC seeks funds to purchase seating, audio/visual equipment, score board/marquee and an interior stage area. In 2015 the Southwest Committee approved \$750k out of the County's \$3 million request for arena construction. The overall project would create five new jobs managing the facility, with an estimated 17,900 visitors annually to a variety of events including agricultural expos, concerts, rodeos, motocross, trade shows, indoor soccer, etc.. The site, which has excellent visibility and access to Interstates 81 and 77 and an abundance of nearby lodging, restaurants etc., was purchased by the County in 2015 at a cost of \$1.3 million. Staff inquired about the construction timeline and financing of the arena to determine the urgency of funding these interior buildout costs. The County responded that it expects to begin grading and receive final A&E design by this September, bid the arena construction this fall, and begin construction in early-2017. Consequently, a total construction budget is not available until designs and bids are received. The County has indicated that it has authorized \$5 million of debt service for the project, so construction financing and required matching funds appear to be committed. The proposal states that a future TRRC request of \$750k is anticipated. While some expected uses such as concerts and soccer do not align with Commission's economic development objectives, a reasonable case can be made that this facility, with attributes such as access to interstates and visitor lodging/dining, few if any competing facilities within a two or more hour radius, and a wide array of expected events that will draw visitors from beyond Wythe and Southwest Virginia, is a well-positioned tourism destination that will attract measurable visitation, capture visitor spending in the locality, and generate local tax revenues. That expectation is supported by economic impact studies completed by UVA's Weldon Cooper Center and Virginia Tech's Office of Economic Development. The necessity of Commission funding is debatable, based on the County Board Chair's statement to the Southwest Committee in 2015 that the County would develop the project even if no Commission funds were awarded (as evidenced by the County's subsequent \$5M debt service authorization). However, in this case, Staff suggests that a TRRC loan that would eventually "revolve" and be available for future projects is a reasonable approach to assisting what would otherwise be grant-funded or loaned from other sources, and that the County has publicly stated its intent to cover debt service for the project. **Staff recommends this project be referred to Virginia Resources Authority's credit analysis process for a potential loan from funds obligated by the Commission for loans in September 2015.**

OTHER BUSINESS

Scott County Economic Development Authority

Scott County Economic Development Authority: Daniel Boone Interpretive Center Exhibits (Grant # 1642)

Approved for \$70,000 in July 2008 (\$41,123.60 balance) – request for additional time extension

This project has received numerous extensions over the past 8 years with the most recent extension awarded in September 2015 and expiring in May 2016. These extensions have been necessary due in large part to delays associated with the review and approval processes for VDOT and federal funding provided for the project. TRRC funds serve as the required 20% match for VDOT which covers 80% of the expenses. An additional extension has been requested for the project in a 8/16/16 letter submitted by the grantee. This request states that they are working with Thompson & Litton to bring the project within budget and are were waiting for VDOT to approve the re-advertisement of bids. Although this grant funds design costs, an additional \$159,600 of TRRC funding was awarded for the project through the Reserve program (#2117) also serving as match for a related VDOT award. **Staff recommends approval of one additional year covering the June 1, 2016 to May 31, 2017 period.**

Scott County Telephone Cooperative

Sandy Ridge Regional Tobacco Commission FTTP Project (Grant # 2355)

Approved for \$1,000,000 in September 2011 (\$204,344.55 balance) – request for additional time extension

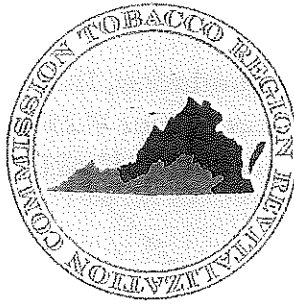
This grant reached its fourth anniversary in September, 2015. At the September, 2015 Commission meetings the project was granted an extension until January 30, 2016 which at the time seemed sufficient to complete the project. On January 13, 2016 the grantee requested additional time to complete the project and estimated a new end date of June 30, 2016. As of June 30, 2016 the project was not complete. During the time between meetings work has been progressing and a payment request is pending approval of the extension. An Annual Grant Report has been submitted for the project. In September, 2015 the project was eligible for an entire fifth year however the approval only covered through January, 2016. Since the expiration of that extension the SWED Committee has not met to allow the consideration of additional time for the project. **Staff recommends a retroactive approval to cover the period between February 1, 2016 and September 30, 2016. Additionally staff recommends an additional extension through September 30, 2017 to allow for project completion.**

Southwest Virginia Community Foundation, Inc.

Bush Mill Heritage Tourism Project (Grant # 2549)

Approved for \$100,000 in September 2012 (\$33,691.22 balance) -- request for additional time extension.

The grantee has requested that this grant be extended for an additional year to allow for completion of construction documents and to conduct the bidding process. This extension is necessary due in large part to delays associated with review and approval processes for the VDOT and federal funding provided for the project. While the grantee estimates the project will be complete by January but felt it was prudent to request the maximum extension to allow for any unanticipated delays. **Staff recommends approval of an extension through September 30, 2017.**



EDUCATION COMMITTEE AGENDA

Tuesday
September 20, 2016 @ 11:00am
Inn at Wise
Wise, VA

Welcome and Call to Order	<i>The Honorable Frank M. Ruff, Chairman</i>
Call of the Roll	<i>Evan Feinman, Executive Director</i>
Approval of the <u>5/24/16</u> Minutes	<i>(published on website)</i>
Financial Aid & Policy Discussions	<i>Evan Feinman, Executive Director</i>
Summary of CoE Annual Reports	<i>Bruce Sobczak, Director-Workforce Development</i>
Extension #2411 VA Advanced Study Strategies	<i>Tim Pfohl, Grants Director</i>
Reconsider Request on Tabled Project #3160 Bluefield College	<i>Tim Pfohl, Grants Director</i>
Public Comments	
Adjournment	

Education Committee

September 2016

The Education Committee will meet on September 20th to discuss:

- funding levels and policies for the two undergraduate regional scholarship programs (to be provided electronically prior to the Committee meeting);*
- funding levels and policies for community college financial aid (to be provided electronically prior to the Committee meeting);*
- a summary of annual progress reports from the advanced manufacturing Centers of Excellence (see attached document), and;*
- two **Other Business** items, a request for extension of grant #2411 and a request by an applicant for re-hearing of a tabled request #3160 for Competitive Education funding.*

Virginia Advanced Study Strategies, Inc.

VASS Rural Math Excel Partnership Project - #2411

\$1,000,000 approved September 2011 – request for additional extension

In 2011 the Commission funded a \$1 million competitive Education grant to VASS to continue its work across the tobacco region to increase Advanced Placement teacher training, student enrollment and test scores in conjunction with a large grant from the National Math & Science Initiative. VASS's relationship with NMSI ended three-plus years ago when the subject grant remained 100% available, and VASS subsequently secured a \$2.7 million federal Department of Education i3 (Investing in Innovation) grant to establish a Rural Math Excel Partnership Project "with the purpose of creating a focused partnership between local schools, local businesses, and students/parents to increase awareness of math skills required for technician-level jobs in STEM-H related fields." In 2013 the TRRC Education approved repurposing of grant #2411 for salaries and benefits (\$471,123), instructional supplies (\$420,000), and operational costs (\$108,877) for a three year period to match the federal i3 grant to implement the Rural Math Excel Project. The Project is focusing on seven high schools and seven middle schools in Charlotte, Cumberland, Halifax, Henry and Prince Edward Counties and the City of Martinsville. Activities include professional development for math teachers and content specialists, gap analysis of skills needed by businesses for STEM-H technician jobs, and other collaborations with businesses, schools, parents and students. The US Department of Education has extended the i3 grant through September 2017, and VASS requests that the remaining funds under grant #2411 (\$162,688) – which is currently set to expire in December 2016 - be extended for a similar timeframe. While this represents a sixth year since original grant approval, Staff notes this is effectively a fourth year for the repurposed project. An interim report provided this month by VASS indicates the project is reaching 90+% of its goals, including 14 schools in six districts, 80 teachers and 4,480 students.

Staff recommends a sixth year extension for grant #2411 through September 30, 2017.

Bluefield College

Bluefield College Science Center Third Floor Addition (#3160)

\$400,000 Requested – tabled by Committee in May 2016

Executive Summary Provided by Applicant: Bluefield College is working to answer the workforce demands of more STEM-H degrees and educational opportunities that will help train our area's workforce. The Science Center, the largest academic building at the College is home to all of its STEM-H programs. To expand and receive accreditation for new STEM-H programs such as the College's proposed College's new Masters of Nursing Program this third floor addition must be constructed for the Science Center. The projected construction cost of the third floor is approximately \$2,000,000. A total of \$600,000 has been committed. The College is seeking assistance from the Commission to reach \$1,000,000 in commitments to be able to leverage for matching funds for other regional funders.

Staff Comments and Recommendation (May 2016): This request for funding to construct a third floor addition to the College's Science Center will help the applicant reach the half way point of the estimated \$2 million fundraising goal necessary to complete the project. In FY15 the Commission provided \$37,500 for this project to fund architectural design and construction documents. While the full balance of the grant remains, the work has been completed and is the basis for the \$2 million construction cost. Currently the College has raised \$600,000 and has a pending request with a local foundation for \$500,000. A decision from that foundation was expected in late April/early May. The addition is necessary to house a Masters of Family Nurse Practitioners program that will begin enrolling students in January, 2017. While the program can initially operate in a hybrid format using equipment at local hospitals or community colleges for one year before its on-site accreditation visit, the College will need a facility and equipment on its campus dedicated to the FNP program. To have the space operational by accreditation in 2018, construction must be underway by January 2017. The Commission has previously supported the creation of a BSN program for Bluefield and the application indicates that the program currently has 87 students enrolled and 258 graduates to date. It is assumed that many of those graduates would be interested in continuing their education in the FNP program. The pro-forma shows significant revenue and is cash flow positive by the second year of operation indicating an ability to use loan funds for a portion of the construction cost.

(May 2016) Committee recommends tabling this request for future consideration of referral to the VRA loan program once additional fundraising for the project is complete.

September 2016 update: On August 22, 2016 the applicant, via an email from Ruth Blankenship, notified Staff that they have successfully raised 50% (\$1,100,000) of the funds necessary to complete construction of the third floor addition. The College requests that their project be referred to the VRA for consideration of a loan in the amount of \$1,100,000. The increase in the funding request reflects the applicant's desire to begin construction in May 2017 to keep the project on the appropriate timeline for the national accreditation visit for the MFNP program scheduled for April, 2018. Additional conversation with Bluefield College indicates that either Tazewell County or the Town of Bluefield, VA would be willing to provide the moral obligation necessary to receive VRA loan funding. Staff notes that there are not sufficient Competitive Education funds to approve grant funding for this project (the FY16 Competitive cycle ended with a balance of <\$155k). However, in September 2015 the Commission set aside \$5 million for the initial VRA loans, and to date no loans have been made. That set-aside could be the source for this project financing. **Having been tabled by the Committee, Staff defers to the consensus of the Committee.**

Advanced Manufacturing Centers of Excellence Status Q1 - Q4 FY 2015/16

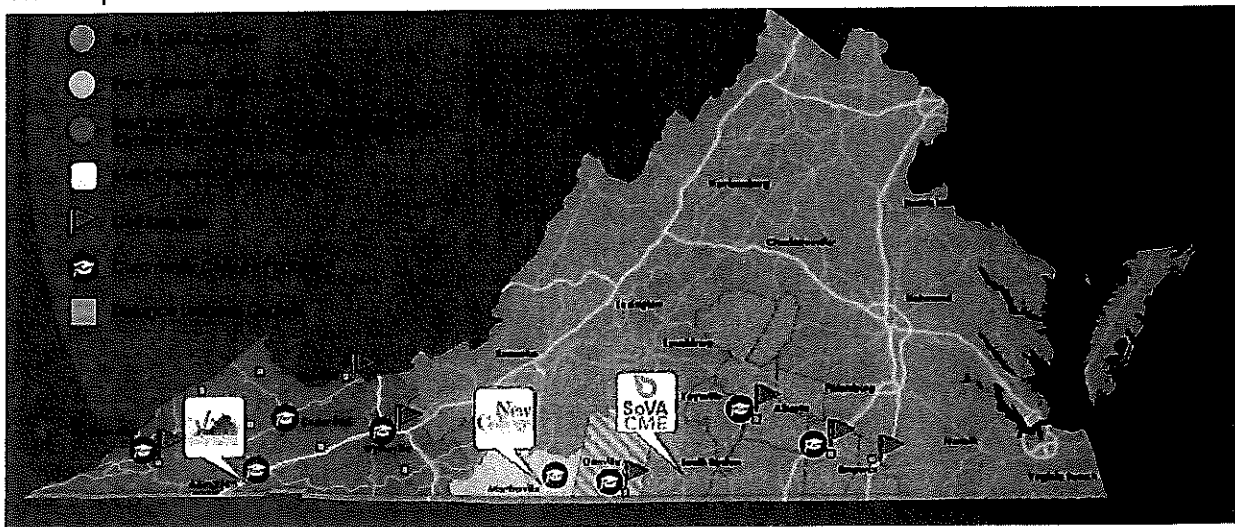
TRRC Education Committee Meeting September 20, 2016

Bruce Sobczak, Director Workforce Development

Background and purposes

Tobacco Region Revitalization Commission (TRRC) Advanced Manufacturing Centers of Excellence (CoE) project has established a network of advanced manufacturing training resources providing training and support for economic development that spans the majority of the TRRC region bringing manufacturing training to some communities for the first time. The network consists of 3 CoE's with technologically advanced equipment, 4 satellite sites, 7 distance learning centers, collaborations with 8 community colleges and the Commonwealth Center for Advanced Manufacturing (CCAM). The training network provides students the highest quality training possible with a focus on nationally recognized industry certifications such as those offered by the National Institute for Metalworking Skills (NIMS), the American Welding Society (AWS), Siemens SMSCP and others. It has the flexibility to provide training to transitioning workers, transitioning military and incumbent workforce seeking to upgrade skills. An offshoot from the synergies in this network created the Transitioning Military program in Greensville County, VA is operated jointly between CCAM, the SVHEC SoVA CoE, Southside Virginia Community College and Fort Lee. The network is also helping in the development of the CCAM Advanced Manufacturing Apprentice Academy (CCAM-AMAA). The proposed CCAM-AMAA will serve as the hub and a world-class advanced manufacturing benchmark supporting the entire network of training centers.

The map below shows network sites and locations



TRRC Region Manufacturing Training Resources Added

Advanced Manufacturing Training Sites

A network of advanced manufacturing training resources has been created by the implementation of the Advanced Manufacturing Centers of Excellence Project. This project is vital to reach across the vast area of the TRRC region. It offers flexible, responsive and condensed training with innovative online and lab training of the highest quality with a focus on industry and nationally recognized portable certifications such as those offered by the National Institute for Metalworking Skills (NIMS), the American Welding Society (AWS), Siemens SMSCP and others. It also has the flexibility to provide training to transitioning workers, transitioning military and incumbent workforce seeking to upgrade skills that are not served well by traditional 16 week semester schedules typically offered for this type of training. This network helps the TRRC Region become the location of choice for advanced manufacturing companies by offering this unique responsive and flexible advanced manufacturing training network.

- TRRC Centers of Excellence (CoE's) – 3
 - SoVA CoE located at SVHEC South Boston VA.
 - NCI CoE, located at New College Institute Martinsville VA.
 - SVAM CoE, located in Abingdon VA.
- Satellite Training Centers (Associated with CoE's) 4 to date. These are necessary to reach out across the TRRC region with advanced manufacturing training resources.
 - SVCC Greensville County Training Center in Emporia VA. Associated with SoVA CoE, training in machining technology supporting Transitioning Military from Fort Lee and other SVCC programs.
 - Pioneer Center serving Duffield/Scott County VA. Associated with the SVAM CoE, training in advanced welding and Fab Lab to support local manufacturers.
 - Bluestone Workforce Training Center serving Bluefield/Tazewell County VA. Associated with the SVAM CoE, training in advanced welding and Mechatronics to support local manufacturers.
 - Wytheville Community College serving Wythe County, VA. Associated with the SVAM CoE, training in machining technologies.
- Distance Learning Sites (Associated with SVAM CoE); 7 sites, many of which are existing sites for community colleges and universities. The CoE's are adding online Machining, Mechatronics, Lean Manufacturing and several other manufacturing-related subject areas. It is necessary to reach out across the TRRC region to areas with little or no manufacturing training resources. They include;
 - Pioneer Center serving Duffield/Scott County.

- Dickenson Center for Education and Research serving Clintwood/Dickenson County.
- Booth Center serving Grundy/Buchanan County
- Bluestone Workforce Training serving Bluefield/Tazewell County
- The Summit serving Marion/Smyth County
- The Crossroads Institute serving Galax VA.
- Tri-County Driving Academy Serving Hansonville/Russell County
- Community College Partnerships: the CoE's are working with 8 community colleges to increase capacity for foundational training in advanced manufacturing training in machining, welding and mechatronics. These are necessary to provide sufficient pipeline for advanced industry certifications.
 - Mountain Empire Community College (MECC): new equipment for machining program, 1 instructor trained to teach Siemens SMSCP Level 1.
 - Southwest Virginia Community College (SwVCC): 2 instructors trained to teach AWS welding in 4 advanced areas of certifications.
 - Virginia Highlands Community College (VHCC): new equipment for welding program, 2 instructors training to teach Siemens SMSCP Level 1
 - Virginia Western Community College (VWCC): 2 instructors trained to teach Siemens SMSCP Level 1 and 1 instructor to teach Siemens SMSCP Level 2.
 - Wytheville Community College (WCC): new equipment for machining program, 2 instructors trained to teach Siemens SMSCP Level 1.
 - Patrick Henry Community College (PHCC): new equipment for machining, mechatronics and welding programs. 2 instructors trained to teach robotic welding technologies. 2 instructors trained to teach Siemens SMSCP Level 1.
 - Southside Virginia Community College (SsVCC): new equipment for machining and mechatronics programs. Creation of machining program for transitioning military from Fort Lee.
 - Danville Community College (DCC): new equipment for machining program located at Halifax County High School.

Instructor Training and Development

A vital aspect of increasing the skills and abilities of the TRRC manufacturing workforce is finding qualified instructors and certifying them to teach the required curriculum that leads to the industry-recognized certifications from NIMS, AWS, NCCER and Siemens. The existing number of qualified and credentialed instructors is not sufficient to support large-scale training in foundational and advanced industry certifications. The CoE network has made great progress this past year in increasing the capacity of qualified instructors by facilitating the training and

certifications of more than 24 full time and adjunct instructors. This will also need to be an ongoing activity for the CoE's and their training partners, although at smaller numbers.

Equipment for Advanced Manufacturing Instruction

Over \$5 million-plus match has been invested in equipment to support the CoE project. Much of this equipment doesn't exist in the vast majority of other training centers in the Commonwealth. Currently, the following equipment is in place: 5-axis CNC machining centers, CNC turning machines with live tooling and programmable Y-axis capabilities, CNC coordinate measuring machines, touch probe technologies, CAD/CAM software, new generation welding equipment, virtual welding training units, robotic welding units, mechatronics training units for Siemens MSMCP Level 1 and 2 certifications. In addition, it was necessary to upgrade equipment for foundational training programs at many of the associated training partners. We found that many existing training centers lacked some equipment required for training and awarding many of the foundational industry certifications making it impossible to train and achieve the advanced certifications required. The equipment is strategically placed predominately at the three CoE's but in some cases placed at satellite centers and community colleges creating an ecosystem of manufacturing training resources that addresses the geographical challenges of the TRRC region while meeting the needs of its citizens and employers.

Training Outcomes FY 2015/16

Pipeline of Foundational Industry Certifications

In order to train toward advanced industry certifications there must be a base or pipeline of foundational or entry level certifications. These industry certifications were identified in the Boston Consulting Group (BCG) Report commissioned by the TRRC and published in January of 2013. A case could be made that the BCG report overlooked the lack of ability and capacity of existing training providers to deliver a sufficient base or pipeline of foundational certifications. In launching the TRRC CoE project we have had to devote a greater amount in time and resources to bolster the region's capacity to produce foundational certifications. This does not in any way discredit the BCG recommendations to use the certifications as a training objective as witnessed by the huge increase in demand since 2013 for these certifications by industry. As a result workforce training in manufacturing has shifted their attention to increase the focus on these certifications. Community colleges are now using these industry certifications as a measure of success. This is a necessary shift and one that should benefit manufacturing in the TRRC region. However, it presents an unintended pitfall in creating an unproductive

atmosphere of competition between training providers. Greater cooperation and agreement between training providers will be needed to truly benefit from the CoE project. Creating collaboration and alliances between training providers to increase this base or pipeline will be a high priority for the CoE project going forward.

The foundational pipeline from community colleges currently available to feed the CoE's in FY 2015/16 includes the following.

- 252 students completing training for foundational certifications in the 3 subject areas
- 292 foundational certifications awarded

To meet the stated goals of 70+ advanced certifications for each of the 3 CoE's, we will have to train 83% of students completing foundation certifications for advanced certifications. 30% is a more realistic number which will require a pipeline of base of 700 students with foundational certifications. So there is significant work to be done. The chart below shows the current sources and number of foundational certifications for FY 2015/16.

FY 2015/16 Foundational Training for Pipeline to Advanced Certifications - Community Colleges						
Subject area	Training provider/location	Students enrolled	Students completing	Credentials awarded	Conferring organization	Notes
Machining Technologies	Mountain Empire Community College	0	0	0		New program to start 2016
		48	9	58	NIMS (level 1)	12 expected to complete Dec 2016, multiple NIMS certs earned by enrolled and completing students
	Southwest Virginia Community College	0	0	0		New program to start Fall 2016
	Virginia Highlands Community College	0	0	0		
	Wytheville Community College	40	10	Unknown		
	Patrick Henry Community College	0	0	0		New program to start 2016
	Southside Virginia Community College	18	18	82	NIMS (levels 1 & 2)	Transitioning Military from Fort Lee in collaboration with SVHEC CoE and CCAM
Danville Community College	Unknown	Unknown	Unknown		Agreement and MOU pending	
	Sub-totals	106	97	143		Total Machining Technologies
Industrial Maintenance/Mechatronics	Mountain Empire Community College	72	12	0		12 expected to start in Dec
	Southwest Virginia Community College	29	10	0		12 expected to start Fall 2016
	Virginia Highlands Community College	0	0	0		
	Wytheville Community College	0	0	0		New program to start Fall 2016
	Patrick Henry Community College	28	28	28	Siemens SMSCP level 1	Now marks 4th cohort with 100% completion and certification pass rate.
	Southside Virginia Community College					
	Danville Community College	Unknown	Unknown	Unknown		Agreement and MOU pending
	Sub-totals	129	50	0		Total Industrial Maintenance/Mechatronics
Welding Technologies	Mountain Empire Community College	78	20	Unknown		
	Southwest Virginia Community College	74	59	Unknown		New cohort to start August
	Virginia Highlands Community College	16	15	0		New cohort to start August
	Wytheville Community College	0	0	0		New program to start Fall 2016
	Patrick Henry Community College	58	58	115	AWS	Multiple AWS certs earned by enrolled and completing students
	Southside Virginia Community College	167	Unknown	21	AWS/NCCER	
	Danville Community College	Unknown	Unknown	Unknown		Agreement and MOU pending
	Sub-totals	393	152	136		Total Welding Technologies
	Grand Totals	628	252	292		

Out of necessity, the CoE's are facilitating foundational training which improves the numbers for transitioning for training in advanced certifications. It is important to note this activity has value beyond bolstering the pipeline or base of foundational training which is unescapable at this point. It also provides the CoE's with time and experience in training for these very specific certifications. This increases the instructor's knowledge and abilities to deliver the highest quality training in these specialized areas.

Training done by CoE's in FY 2015/16 consisted of predominantly foundational certification training and includes the following.

- 212 students completing training for foundational certifications in the 3 subject areas
- 271 foundational certifications awarded

It could be said that the added students with foundational certifications brings us to 65; 70% of our target pipeline number, but the transition to advanced certifications cannot be made if we have the CoE consistently building their own pipeline. The chart below shows the number of foundational certifications for FY 2015/16 as trained by the CoE's. It is important to note that these numbers are expected to more than double with the NCI and SVAM CoE's coming up to speed.

FY 2015/16 Training for Industry Certifications Facilitated by CoE's and Satellite Sites						
Subject area	Training provider/location	Students enrolled	Students completing	Credentials awarded	Conferring organization	Notes
Machining Technologies NIMS Certifications	SVHEC SoVA CoE	8	8	8	NIMS	
	New College Institute CoE	0	0	0		New Director hired Sept 22, 2016 will now allow training to proceed at the NCI CoE
	SVAM CoE	0	0	0		SCHEV approval still pending, site inspections due week of Sept 12. Waiting for SCHEV certification is causing delays in training to industry certifications
	Greenville County, Emporia Training Center	18	18	82	NIMS (levels 1 & 2)	Transitioning Military from Fort Lee in collaboration with SVHEC CoE and CCAM
Sub-totals		26	26	90		Total trained to machining certifications
Welding Technologies AWS and NCCER Certifications	SVHEC SoVA CoE	178	158	158	NCCER	NCCER is compatible with AWS certifications
	New College Institute CoE	0	0	0		New Director hired Sept 22, 2016 will now allow training to proceed at the NCI CoE
	SVAM CoE	5	3	0		SCHEV approval still pending, site inspections due week of Sept 12. Waiting for SCHEV certification is causing delays in training to industry certifications
	Sub-totals	183	161	158		Total trained to welding certifications
Mechatronics Siemens SMSCP and NCCER Certifications	SVHEC SoVA CoE	30	25	23	Siemens NCCER	Siemens SMSCP Level 1 and NCCER Industrial Maintenance Certifications
	New College Institute CoE	0	0	0		New Director hired Sept 22, 2016 will now allow training to proceed at the NCI CoE
	SVAM CoE	0	0	0		SCHEV approval still pending, site inspections due week of Sept 12. Waiting for SCHEV certification is causing delays in training to industry certifications
	Sub-totals	30	25	23		Total trained to mechatronics certifications
Grand Totals		239	212	271		

Total foundational or base certifications for the current conditions of the CoE network totaled:

- 464 students completing training for foundational certifications in the 3 subject areas
- 563 foundational certifications awarded

Custom Contract Training

This is not-for-credit, fee-based or sometimes grant-funded training designed to address specific industry needs or individual employer needs. These training sessions can be open to the public where individuals can attend to add new skills and knowledge or in cases where employers want to send 1 or 2 employees. Training sessions open to the public are usually based on training to new technologies or new industry standards. A common example of such an offering would be for Computer Aided Design (CAD) software. There are times when new CAD software is released, experienced engineers and designers who may have advanced degrees and experience with other CAD software will need to be trained to use the new CAD software. In this case the traditional 16 week semester offerings are not practical. Two to four week sessions are often sufficient for these individuals to learn the software. These custom training sessions can also be contracted exclusively by an employer for their employees. Again CAD/CAM software is a good example but subjects such as Lean/Six Sigma, Geometric Dimensioning and Tolerancing (GD&T), OSHA standards and many others are in demand by employers.

In FY 2015/16 the CoE's trained 130 individuals with custom training offerings

FY 2015/16 Custom Contract Training Facilitated by CoE's					
Subject area	Training provider/location	Company	# Students completing	# hours of instruction	Subject area and/or training objectives
Custom Contract Training	SVHEC SoVA CoE	Sunshine Mills	44	324	Lean Manufacturing
	SVHEC SoVA CoE	Sunshine Mills	10	354	Programmable Logic Controllers (PLC)
	SVHEC SoVA CoE	Open to public and multiple small business	5	219	Work Ready Foundations, entry level manufacturing skills
	New College Institute CoE	Eastman	7	140	MSSC Certified Production Technician
	New College Institute CoE	Eastman	17	N/A	Summer Internship with mentoring by Eastman Senior Staff Engineer and NCI adjunct.
	New College Institute CoE	Open to public and multiple small business	35	20	Training and certifications in Web Dynamics helping small business improve websites to generate more business transactions
	SVAM CoE	Utility Trailer	12	50	MIG Welding
	Totals			130	1107

Several custom contract training opportunities are in negotiation now for FY 2016/17 some of them include the following.

The SVHEC SoVA CoE

- Beach Mold in Emporia, VA is looking to train technicians in PLC programming and other mechatronics related training for up to 12 existing employees and up to 50 new employees to support the expansion of their plastic injection molding operations.
- Up to 5 more sessions of the 13 week hybrid online/lab Mechatronics training program piloted in FY 2015/16 are planned for FY 2016/17

- *Siemens SMSCP Level 3 training* – the SVHEC SoVA CoE was designated by the Siemens Technical Academy in Berlin, Germany to be the first institution in the US and only 1 of 3 in the world to offer the Siemens SMSCP Level 3 training and certification on a not-for-credit bases. This level of training and certification is only available in US university degree programs. This exclusive agreement was due to the hard work and innovative approach to Siemens Mechatronics training by the SVHEC SoVA CoE staff. This should prove to be a popular training program that has the potential to train hundreds of students per year.

New College institute CoE

Note: as of September 22, 2016, after a nearly 2 year search we have a Director, Pamela Carter-Taylor, on board for the NCI CoE. The NCI CoE has some of the most advanced manufacturing equipment in the Commonwealth. With its central location in in the CoE network and its advanced equipment it has been a long standing plan to hold advanced manufacturing training for instructors. Pamela has already started scheduling training sessions for the remainder of FY 2015/16 and well into FY 2016/17. Some of them include.

- Instructor training by Haas – machine tool manufacturer
 - Programming, setup and operation of Haas VMC and Turning centers
 - 4th axis milling operations
 - Turning applications using programmable Y axis
 - Live tooling applications on turning centers
 - Touch probe applications on Haas machining centers
- Instructor training by Mazak – machine tool manufacturer
 - Programming, setup and operation of Mazak 5 axis machining centers
 - Advanced tool pathing for 5 axis milling operations
- Instructor training by Mitutoyo – inspection tool manufacturer
 - Programming, setup, operation of CNC Coordinate Measuring Machines (CMM)
 - Surface finish inspection instrumentation and techniques
 - Geometric Dimensioning and Tolerancing (GD&T)
- Instructor training by Sandvik – cutting tool manufacturer and CCAM member
 - Calculating speeds and feeds for optimum material removal
 - Drilling and boring best practices
 - 3D surfacing tools and techniques
 - Turning tools best practices
- Others TBD

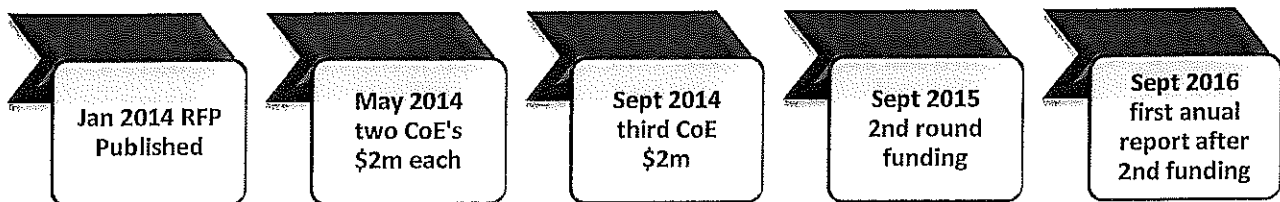
SVAM CoE

- Custom contract training for Zenith Power Products for SolidWorks CAD software applications for 12 employees.
- Geometric Dimensioning and Tolerancing (GD&T) fee based, open to public

- Programming, setup and operation of Mazak machining centers
- Others TBD

Project Timeline

Major milestones for CoE selection and funding



Detailed timeline of the CoE project to date

- **Jan 2013** – Boston Consulting Group (BCG) report published citing the need for the CoE project and serves as the foundation for implementation
- **Oct 2013** – Director of Workforce Development hired in cooperation with the Commonwealth Center for Advanced Manufacturing (CCAM) to oversee planning and implementation of the CoE project on behalf of the TRRC
- **Nov 2013** – Meetings held in multiple locations creating the overall framework for the CoE project and the RFP requirements. 3 committees were formed addressing curriculum, marketing and resources with 10 members each made up of representatives from TRRC region government, education and industry.
- **Jan 2014** – Request for Proposal (RFP) published by TRRC and CCAM.
- **April 2014** – Scoring of the 4 proposals received by 11 independent readers, 7 representing industry and 4 representing education.
- **May 2014** – Face-to-face interviews and site visits with representatives from the 4 organizations that submitted proposals by TRRC and CCAM staff.
- **May 2014** – Results of the independent scoring and further vetting by TRRC and CCAM staff were presented to the TRRC Education Committee. The Education Committee recommended awarding SVHEC and NCI partial funding in the amount of \$2m each and requested a special advisory committee be formed to further review and make recommendations for the two remaining proposals from the southwest.
- **July 2014** – Multiple site visits made to 2 remaining organizations and area employers after which a special committee made up of representatives from TRRC, government, education and industry met at CCAM. The recommendation was to award the SVAM CoE funding with the condition they add another satellite site in Scott County.

- **Sept 2014** – At the TRRC Education Committee meeting the recommendations of the special committee was accepted and the SVAM CoE was awarded partial funding in the amount of \$2m.
- **May 2015** – First year progress reports and proposals for 2nd round funding were submitted by all 3 CoE's.
- **Sept 2015** - At the TRRC Education Committee meeting 2nd round funding was awarded in the amounts of \$2m for the SVAM CoE, \$2m for the NCI CoE and \$3.17m for the SVAM CoE.
- **Oct 2015 thru Jan 2016** – Multiple TRRC Commission Members made visits to all 3 CoE sites and some partner organizations to review progress.
- **Jan 2016** - At the TRRC Education Committee meeting the observations made in the Oct thru Jan site visits were shared by participating TRRC Commission Members, recommendations were to continue but quarterly performance reports be implemented
- **Sept 2016** – Presentation of FY 2015/16 performance, status and challenges

Sustainability

FY 2015/2016 marks the first year in which equipment and staffing are in place and training has begun. The training came from the SVHEC SoVA CoE and the Transitioning Military program. These programs combined to train 212 students and facilitated the conference of 271 industry credentials in machining, welding and industrial maintenance related careers. An additional 130 student were trained in custom contract sessions which brings the total trained by CoE's and affiliates in FY 2015/16 to 342. The NCI CoE contributed to the contract training total. The NCI CoE should start to contribute significantly more now that a Director has come onboard Sept 22, 2016. The SVAM CoE is still awaiting their SCHEV certification and once it is granted they will also start contributing significantly. It is not unreasonable to predict that the total numbers trained will be more than double in FY 2016/17. The CCAM AMAA may start pilot programs in FY 2016/17 as well.

Programs in place and proposed are represented in the chart below

TRRC/CCAM Workforce Training Network Current Programs		
Transitioning Veterans' Program	Advanced Manufacturing Centers of Excellence	Advanced Manufacturing Apprentices Academy
<p>What Is It? An accelerated training program in machining for transitioning military personnel from Fort Lee. Pilot programs have drawn interest from 62 employers.</p> <p>What Will Funds Be Used For? To cover the training costs for additional veterans to complete the program and to support scaling of the program to Norfolk.</p> <p>Key Partners</p> <ul style="list-style-type: none"> • Commonwealth Center for Advanced Manufacturing • Southside Virginia Community College • Tidewater Community College • Industry Employers (20+) • Crater Regional Workforce Investment Board 	<p>What Is It? Three Advanced Manufacturing Centers of Excellence have been established to provide training across Virginia in partnership with eight community colleges.</p> <p>What Will Funds Be Used For? To support outreach and recruitment of students, cover the costs for students to complete the program, and develop stronger linkages to employers.</p> <p>Key Partners</p> <ul style="list-style-type: none"> • New College Center of Excellence • Southern Virginia (SoVA) Center of Manufacturing Excellence • Southwest Virginia Advanced Manufacturing Center of Excellence • Industry Employers (20+) • Workforce Investment Boards (7) 	<p>What Is It? A proposed flagship academy to train participants for careers in advanced manufacturing. All students would be paired with employers while completing training in an "earn while you learn model".</p> <p>What Will Funds Be Used For? To support outreach and identification of promising candidates, promotion of the Academy to employer partners, development of curriculum, and other start-up activities.</p> <p>Key Partners</p> <ul style="list-style-type: none"> • Commonwealth Center for Advanced Manufacturing • Industry Employers (20+) • Crater Regional Workforce Investment Board

Workforce Investment and Opportunities Act (WIOA)

We are currently using funding from the Federal Workforce Investment and Opportunities Act (WIOA) at the SVHEC CoE and Transitioning Military program in Emporia, VA. Now that NCI has a director onboard and as soon as the SCHEV is approved at the SVAM CoE they will also use these funds. WIOA funding is only for displaced workers so its use will be limited. Sources for across the CoE network funding include the following:

- Crater Regional Workforce Investment Board
- South Central Workforce Development Board
- West Piedmont Workforce Investment Board
- New River Mt Rogers Workforce Development Board
- Southwest Virginia Workforce Development Board
- Capital Region Workforce Partnership
- Opportunity Inc. WIB

State and Federal Grants

In recent years federal and state grant opportunities have been offered in large sums usually between \$1m to \$5m per award. Large regional collaborations are required to compete and win these awards. The 3 CoE's with their satellite sites and partner colleges, combined with the Transitioning Military program, CCAM and the developing CCAM Apprentices Academy is well suited for pursuing these larger scale opportunities. Collectively we cover a region that spans across more than half the Commonwealth. Resources as a group represents an impressive pool of equipment, staff, educators, industry partners and state and local government agencies that

is well suited for these large scale opportunities. Pursuing grant opportunities large and small will be a high priority in our efforts for sustainability. Some recent proposals submitted include the following.

- DOL TechHire - Grant was submitted asking \$4.6m awards announced June 2016. Out of the 215 applicants, 39 were awarded we were among the 176 that were not.
- DOL America’s Promise - Grant submitted August 25, 2016, asking \$3m; results pending.
- Gene Haas Foundation – Submitted July 2016, asking \$70k; results pending.

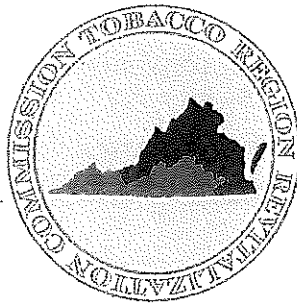
Other upcoming opportunities include but will not be limited to the following:

- The New Economy Workforce Industry Credentials Grant
- DOL Apprenticeship USA
- Other opportunities as they come available

Employer Support

One of the greatest strengths of the CoE project is the extensive and growing number of manufacturing companies associated with the CoE’s and CCAM. These companies have hired employees training in our programs and pledge to hire more. Additionally they are committing to aiding in program development, instructor development, lending technical expertise and continuing to write letters of support for our grant applications. They are also contracting fee-based custom training sessions that is and will continue to provide revenue for sustainability. A list of some of the employers and the types of commitment can be seen in the chart below.

Types of Employer Support	Employer Partners	
<ul style="list-style-type: none"> • Commit to consider hiring candidates for full-time positions after completion of training programs • Provide opportunities to be selected for paid work experience, paid internships, on-the-job training, and Registered Apprenticeships during enrollment in training activities • Provide career/industry mentors to advise participants on career goals, job placements, and professional development opportunities • Donate equipment to support participants’ training in advanced manufacturing skills and techniques • Provide qualified instructors for training programs • Assist training programs in certifying candidates’ skills or validating the completion of industry-recognized credentials • Provide staff or materials to support the development of curriculum and other programming 	<ul style="list-style-type: none"> • Rolls Royce North America • BGB Technology • Oceaneering Marine Services • Kosmo Machine • Enclos Corporation • Jewett Machine • American Buildings • Somic America • L & R Precision Tooling • Aerojet Rocketdyne • Comfort Systems USA 	<ul style="list-style-type: none"> • Eastman • A2 Speed • Bristol Compressors • General Engineering • Joy Global • Scholle • Utility Trailer • Steel Fab • Tempur Sealy USA • Universal Fibers • Pepsi • And more



SPECIAL PROJECTS COMMITTEE AGENDA

Tuesday
September 20, 2016 @ 12:00 noon
Inn at Wise
Wise, VA

Welcome and Call to Order

Delegate Danny Marshall, Chairman

Call of the Roll

Evan Feinman, Executive Director

Approval of the 5/23/16 Minutes

(published on website)

Extension

Tim Pfohl, Grants Director

#2580 Liberty University
#2587 UVA Cancer Center

Public Comments

Adjournment

attend.
Jan Mtg.
Southside Va
update
@ Com.
Mtg.
School of Health Sciences

Special Projects Committee September 2016

The Special Projects Committee will meet at noon on September 20th to consider two requests for project time extensions.

OTHER BUSINESS

Liberty University

Center for Medical and Health Sciences Phase II (#2580)

\$8,500,000 Grant Approved 9/27/2012 – Request for 2-year Extension

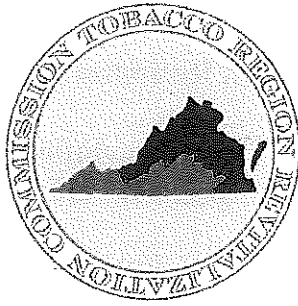
In September 2012, the Special Projects committee approved the \$8.5 million grant award to Liberty University to support equipping costs for their new Center for Medical and Health Sciences. This award was a follow-on to the \$12 million grant awarded the previous year for construction of the Center which houses Liberty's College of Osteopathic Medicine (LUCOM) and School of Health Sciences. Liberty committed to provide match of at least 1:1 on capital costs on both grants; and to support the future operating costs of the Center. Construction of the four-story, 140,000 square-foot facility was completed in 2014, with 162 students enrolling in the inaugural class in August 2014. In June 2016, the Commission contacted LUCOM to inquire about their willingness to serve the Southwest area of the tobacco region, which was previously intended to be served by another medical school prior to those development plans being cancelled. LUCOM expressed interest in meeting this need and put a freeze on spending under the equipping grant in order for the remaining balance of ~ \$2.9 million to be available to support this effort. Liberty made a written request to the Commission in August requesting an extension on the grant and to expand the scope to include the potential for expanding both undergraduate and graduate medical education in Southwest Virginia, and placing additional medical services in the region. Given the anticipated time necessary for planning and partnership development for this expanded scope and to assure the best use of the available funding, Liberty agreed that a two year extension on the project would be best. Staff recognizes the initial success of LUCOM and is supportive of its leadership's willingness to expand their reach to address the shortages of trained health care professionals in not only Southside but also the Southwest area of the tobacco region. **Staff recommends approval of a two-year extension to September 27, 2018, allowing the University to use the available balance to support activities under the original and the proposed expanded scope of the project for serving Southwest Virginia, subject to approval of expanded scope and budget by the TRRC Executive Director.**

University of Virginia

Cancer Center Without Walls: Increasing access to the benefits of cancer research and advanced cancer care in Southwest Virginia. (Grant # 2587)

Approved for \$964,390 in September, 2012 - request for 5th year extension

The grantee has requested approval of a fifth year extension for this grant. In email communications with TRRC staff in July 2016 the UVA Cancer Center proposed to repurpose the remaining \$315k balance of this award, and the additional year, to further the work of the Cancer Center Without Walls – Survivor Network project (TRRC #2931). **Staff recommends approval of a one year extension through September 30, 2017 to allow the remaining grant funds to support the CCWW – Survivor Network project.**



EXECUTIVE COMMITTEE AGENDA

Tuesday
September 20, 2016 @ 1:30pm
Inn at Wise
Wise, VA

-
- | | |
|--|---|
| Welcome and Call to Order | <i>Delegate Terry Kilgore, Chairman</i> |
| Call of the Roll | <i>Evan Feinman, Executive Director</i> |
| Approval of the <u>5/5/16</u> Minutes | <i>(published on website)</i> |
| OSIG & BVU Updates | <i>Evan Feinman, Executive Director</i> |
| Strategic Plan Revision
Experimental Guarantee Program | <i>Evan Feinman, Executive Director</i> |
| New TROF Program Discussion | <i>Evan Feinman, Executive Director</i> |
| New Committee & Role | <i>Evan Feinman, Executive Director</i> |
| Public Comments | |
| Adjournment | |

*No dates:
Spring
June
Winter Mgt.
Jan always
64 sessions*

Virginia Region Revitalization Commission

Policy Resolution

May 24, 2016

Whereas, Title 3.2, Chapter 31 of the Virginia Code created the Tobacco Indemnification and Community Revitalization Commission, subsequently named the Tobacco Region Revitalization Commission (the “Commission”) to, *inter alia*, revitalize tobacco dependent communities;

Whereas, in furtherance of such purpose, the Commission has established the Tobacco Region Opportunity Fund program (the “TROF Program”) to provide performance-based monetary grants and loans to tobacco region localities to assist in the creation of new jobs and investments through new business development and existing business expansion;

Whereas, by prior action the Commission has established the Tobacco Region Opportunity Fund Committee (the “TROF Committee”) to assist in the administration of the TROF Program, and the TROF Committee has administered the TROF Program and the making of grants thereunder; and

Whereas, the Commission desires to restate in further detail certain aspects of the TROF Program, as set forth in the Tobacco Region Opportunity Fund Policy (the “TROF Policy”), attached hereto as *Attachment A*, which is by this reference incorporated herein and made a part hereof, to set forth certain policies for the receipt, consideration, approval, processing and making of grants and loans under the TROF Program;

NOW, THEREFORE, BE IT RESOLVED by the Virginia Tobacco Region Revitalization Commission, that

1. The TROF Policy is hereby approved and shall supplant existing TROF Program guidelines, procedures and practices currently in place, and, shall to the extent of any inconsistency or conflict with existing TROF Program guidelines, procedures and practices, supersede and prevail over same. The Commission specifically approves and affirms the delegations of authority to the TROF Committee and the Executive Director set forth in the TROF Policy.

2. All TROF Program grants heretofore approved by the TROF Committee under authority delegated to it by the Commission are hereby approved and ratified in all respects.

3. References to “loans” in Attachment A expire on June 30, 2017 unless otherwise extended by a majority vote of the Commission.

Virginia Tobacco Region Revitalization Commission

Tobacco Region Opportunity Fund

POLICY
Effective May 24, 2016

Purpose of the Tobacco Region Opportunity Fund

The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary grants and loans to localities in Virginia's tobacco producing regions to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion.

The Commission has implemented the TROF program to support the goal of the Commission to "revitalize the economies of tobacco dependent regions and communities." Under the TROF Program, the Commission will in large part evaluate the effectiveness of its undertaking by reference to job creation, workforce participation rate, wealth, diversity of economy, and taxable assets.

Applications for TROF Grants and Loans

The Commission will only accept TROF Grant and Loan applications from governing bodies, political subdivisions, or their control affiliates within the tobacco producing localities of Southside and Southwest Virginia.

Applications to the Commission for TROF Grants and Loans are to be submitted in writing in the form set forth from time to time by the Commission, and contain such information as the Commission may request, including but not limited to:

- name and contact information of the applicant;
- name and contact information of private entity beneficiary (if applicable);
- specific dollar amount being requested;
- name of the locality in which the private entity beneficiary is (or is to be) located (if applicable);
- number of new and/or saved jobs;
- average annual wage of new and/or saved jobs;
- amount of private capital investment into taxable assets; and
- North American Industry Classification System code of the private entity beneficiary (if applicable).

TROF Committee

Except as may be provided by the Commission from time to time, the TROF Committee previously established by the Commission shall continue, with such membership, responsibilities and duties as are set forth by the Commission within this Policy.

Approval of TROF Grants/Loans

(a) *Requirements.* Unless otherwise approved by the Commission, TROF Grants/Loans may only be approved when:

- A minimum private capital investment of \$1 million within 36 months is promised by the private entity beneficiary; and
- The grant amount calculated in accordance with the Commission's incentive formula guidance attached hereto as Exhibit A, as the same may be revised from time to time, is at least \$10,000 and the grant amount awarded is not more than the amount so calculated, except when a loan of up to 150% of the calculated award amount is offered at a below-market interest rate in place of a grant; and
- matching funds from non-Commission sources are committed to the project and evidence thereof is satisfactory to the Executive Director.
- the total number of TROF grants awarded to the applicant, including its control affiliates, do not exceed three per fiscal year.

(b) The Executive Director is authorized to approve or deny, on behalf of the Commission, TROF Grants and Loans under this Policy that meet the purposes of the TROF Program and the requirements in subsection (a) above in an amount not to exceed the lesser of the amount requested by the applicant(s) or the amount calculated in accordance with the Commission's incentive formula guidance, or 150% of this amount if awarded as a loan, attached hereto as Exhibit A, as the same may be revised from time to time; provided, however, that a TROF Grant or Loan in excess of \$1,000,000 must be approved by the TROF Committee. If the TROF Committee is not able to meet within 10 days of the application, the Executive Director, in consultation with the TROF Committee, is authorized to approve a grant/loan that does not exceed \$2,000,000. The TROF Committee is authorized to approve or deny, on behalf of the Commission, TROF Grants and Loans under this Policy that meet the purposes of the TROF Program and the requirements in subsection (a) above in an amount not to exceed \$3,000,000. The Commission must approve a TROF Grant or Loan in an amount greater than \$3,000,000. The Commission's incentive formula guidance shall be an index that calculates recommended grant amounts based on such factors as the annual payroll promised, the annual local prevailing wage, the number of jobs (direct, indirect and saved), and capital investment, with a greater premium applied to high unemployment areas, higher capital-to-payroll ratio and higher new-wage-to-prevailing-wage ratio).

(c) The aggregate amount of TROF Grants and Loans made during any fiscal year shall not exceed the sum of (i) amount set forth in the Commission's approved budget for such fiscal year, and (ii) refunds of prior TROF awards credited to the TROF account without prior approval of the Commission.

Performance Agreement

Unless otherwise approved by the Commission or the TROF Committee, all TROF Grants and Loans are to be disbursed pursuant to a Performance Agreement among the applicant, the Commission, and a private entity beneficiary, which the Executive Director is authorized to negotiate and enter into in substantially the same form as *Exhibit B* attached hereto, provided that such Performance Agreement shall contain the appropriate grant/loan and performance information for the TROF Grant or Loan as provided in the Commission's incentive formula guidance.

Acknowledgements

An acknowledgement of the Commission must appear in any publication, announcement, or significant event related to the project.

Audit and Reports

The terms of the Performance Agreement are subject to audit and verification by the Commission.

Repayment/Claw-back of TROF Grant;

Unless otherwise approved by the Commission, the Performance Agreement shall require repayment of full or *pro-rata* grant amounts if the specific performance targets set forth therein are not achieved. The Executive Director is authorized to negotiate and enter into repayment agreements with entities seeking to make such repayments in installments over a period not to exceed three years from the date of such repayment agreement.

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

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

PERFORMANCE AGREEMENT

This Performance Agreement (this "Agreement") is made and entered into this _____, by and among the TOBACCO REGION REVITALIZATION COMMISSION, a body corporate and political subdivision of the Commonwealth of Virginia (the "Commission"), _____ COUNTY (the "Debtor"), a political subdivision of the Commonwealth, and _____, a Virginia Limited Liability Corporation (the "Company") whose Federal Employer Identification Number is _____.

WITNESSETH:

WHEREAS, the Debtor has been selected to receive a loan in the amount of _____ (the "loan") from the Commission for the Debtor's use in inducing the Company to construct or locate taxable assets and employ persons in _____ COUNTY (the "Locality"); and

WHEREAS, the Debtor has indicated its desire to tender the Loan to the Company for its use and benefit, provided that the Company commits to the achievement of certain goals relating to employment and the construction or location of taxable assets in compliance with the terms hereof; and

WHEREAS, the Commission, the Debtor and the Company desire to set forth their understanding and agreement as to the use of the Loan, the obligations of each party hereto, the conditions under which the Loan must be repaid, and the obligations of each party hereto in the Event of Default (as defined herein); and

WHEREAS, the Commission has determined that the approval and funding of the Loan constitutes a valid public purpose for the expenditure of public funds and is consistent with and in furtherance of the Commission's public purposes as outlined in Section 3.2-3100, *et. seq.* of the *Code of Virginia* of 1950, as amended;

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby represent, warrant, covenant, and agree as follows:

Section 1. Disbursement of the Loan

After receipt by the Commission of this Agreement fully executed by all parties hereto, and provided that the Debtor is not in default on its obligations to the Commission as of the date first written above, the Commission shall disburse the Loan to the Debtor on one of the following schedules to be selected by the Debtor:

Schedule 1 – In Arrears. Not more than two (2) installments as requested by the Debtor in writing at such times as the Debtor may elect, subject to the reasonable approval of the Commission. The amount of each disbursement shall be limited to that portion of the Loan which has been earned by the Company based upon information described in Section 5 or 6 of this Agreement, as applicable, when the same is delivered to and approved by the Commission in its sole discretion.

Schedule 2 – In Advance. Not more than two (2) installments as requested by the Debtor in writing at such times as the Debtor may elect, subject to the reasonable approval of the Commission. The amount of each disbursement shall **not** be limited to that portion of the Loan which has been earned by the Company; however, each such disbursement shall only be made after the Debtor Certification attached hereto as **Exhibit B** has been completed by the Debtor and delivered to and approved by the Commission in its sole discretion.

Fifty percent (50%) of the Loan is allocated for the Company's taxable asset obligation set forth in Section 4 of this Agreement and fifty percent (50%) of the Loan is allocated for the Company's employment obligation set forth in Section 3 of this Agreement. Unless otherwise agreed to in writing by all parties to this Agreement, Debtor shall disburse all Loan proceeds to the Company or for the Company's benefit within 30 days of receipt of Loan proceeds from the Commission or return the undisbursed proceeds to the Commission.

Section 2. Loan Restrictions and Conditions

Under this Agreement, the Commission places no restriction on the use of the Loan proceeds by the Company, and imposes no conditions beyond those described herein. Should any such restrictions or conditions be imposed by the Debtor, the same shall be described in **Exhibit A**, which shall be attached hereto and made a part hereof, but which shall be binding upon the Company only if signed thereon by an authorized representative of the Company. The Debtor shall be responsible for enforcement of any restrictions or conditions described in said **Exhibit A**.

Section 3. Employment Obligation

The Company shall employ* at least ___ persons in the Locality with a quarterly aggregate payroll of at least \$_____. Said employment and payroll will be in addition to those already employed in the Locality by the Company and paid during the calendar quarter ending on _____, hereinafter called the "Base Quarter." Persons employed by the Company in the Locality shall be counted as employed hereunder only to the extent that they (a) exceed the aggregate number of employees at all Company locations within the Commonwealth of Virginia during the Base Quarter, and (b) are not counted as fulfillment of any other employment obligation made to the Commission by the Company under any other agreement.

Section 4. Obligations Regarding Taxable Assets

The Company shall locate or construct taxable assets in the Locality having an assessed value of at least \$_____, as determined by the Locality's Commissioner of Revenue ("COR"). If the Locality elects to arrange for reimbursement to the Company of all, or any portion of, the tax paid by the Company on said taxable assets, or elects to waive all or any portion of such tax liability, the Company's aforementioned obligation to locate or construct taxable assets in the Locality shall not be waived or reduced. The Company shall receive credit for the value of all taxable assets so determined by the COR, notwithstanding the local taxing authority's election to waive or refund the taxes so levied. Said taxable assets will be in addition to those counted in fulfillment of any other

*For purposes of this Agreement the number of persons "employed" means the number of persons who received pay in any given quarter and is calculated by adding together the number of persons who received pay in each month of the quarter and dividing that sum by three (3).

taxable asset or capital investment obligation made to the Commission by the Company under any other agreement. If the Company is exempt from the payment of property taxes on certain assets by state law, the Company shall not be entitled to receive or keep any portion of the Loan allocated to its investment in those certain assets.

Section 5. Determination of Performance - Employment

In order to earn the Loan, the Company must meet its employment obligations hereunder not later than thirty-six (36) months after the end of the Base Quarter. The Company's employment obligations will be deemed to have been fully met when it can document any three (3) consecutive calendar quarters after the Base Quarter in which:

- (i) the average number of employees who received pay from the Company during each of those three (3) consecutive quarters* exceeds the average number of employees who received pay in the Base Quarter by at least the number promised in Section 3 above, AND
- (ii) the total wages paid by the Company to employees in each of those three quarters exceed the wages paid by the Company to employees in the Base Quarter by at least the amount promised in Section 3 above, AND
- (iii) all such employees worked in the Locality, AND
- (iv) all Company employees in Virginia have been reported to the Virginia Employment Commission ("VEC") in accordance with VEC regulations. The Company's failure to satisfy such requirements shall be a breach hereof, and shall constitute an Event of Default hereunder by the Company. Employment gains by the Company in the Locality that are offset by employment losses elsewhere in Virginia shall not be counted as employment hereunder.

All determinations of performance made under this Section 5 shall be based upon reports made by, or on behalf of, the Company to the VEC including but not limited to *VEC Form FC-20 Employer's Quarterly Tax Report* and *O.M.B. Form No 1220-0134 Multiple Worksite Report – BLS 3020* (or any successor forms designated by VEC, or accepted by VEC in lieu thereof). If such tax filings include Company employees who did not work in the Locality, it shall be the duty of the Company to provide additional information sufficient to identify those employees who did work in the Locality. Employees of control affiliates (e.g., subsidiary companies, parent companies, entities under common ownership or control) or employees of independent contractors hired by the Company shall not be counted as employees of the Company in fulfillment of its promise hereunder UNLESS such entities and their relationship to the Company are disclosed to and approved by the Commission in writing, AND such entities supply the Commission with the same employment documentation as described herein. Employees of temporary employment agencies ("temps") who are assigned to work for the Company in the Locality shall not be counted UNLESS evidenced by letter from the temporary employment agency setting forth the number of man-hours so assigned during the Base Quarter and the 36 months immediately following the Base Quarter. Such man

*The number of persons who received pay in any given quarter is calculated by adding together the number of persons who received pay in each month of the quarter and dividing that sum by three (3).

hours shall be credited to the Company's job-creation obligation at the rate of one job for one quarter for every 520 man hours evidenced by such letter.

Section 6. Determination of Performance – Taxable Assets

In order to earn the Loan, the Company must meet its taxable asset obligations hereunder not later than thirty-six (36) months after the Base Quarter. The Company agrees that only those assets owned or leased by the Company, located in the Locality, subject to taxation, and on record with the COR in the name of the Company, all during the 36-month period following the Base Quarter shall be counted in fulfillment of the Company's taxable asset obligation. Company assets located, constructed, or leased in the Locality prior to the Base Quarter will not be counted in fulfillment of the Company's taxable asset obligation.

Leased assets not on record with the COR in the name of the Company will be counted in fulfillment of the Company's taxable asset obligation only if a copy of the lease is submitted to the Commission indicating that the asset(s) under lease meet the other requirements listed above and were not leased from the Locality or its control affiliates at a substantial discount from market rates.

The Company's achievement toward meeting its taxable asset obligation shall be based on asset values assessed by the COR for the Locality and shall be the sum of the following:

- a. the highest real property assessed value of record for any one of the three years following the Base Quarter, less and except the assessed value for the Base Quarter, PLUS
- b. the first personal property assessed value for each asset first appearing of record during the three calendar years following the Base Quarter.

The Commission shall rely upon the information described above as the same is reported to the Commission by the COR in writing, without exception.

Taxable assets owned by subsidiary companies, related entities, or entities under common ownership or control shall not be counted as taxable assets of the Company in fulfillment of its taxable asset obligation hereunder UNLESS such entities and their relationships to the Company are disclosed to and approved by the Commission in writing, AND such entities supply the Commission with the same taxable assets documentation as described herein.

Section 7. Verification of Performance

The Company hereby expressly Loans its consent for (a) the COR for the Locality to release to the Tobacco Commission or the Debtor records necessary to disclose the information required in this Section, and (b) the Virginia Employment Commission to release to the Tobacco Commission all Company employment records of any kind held by the Virginia Employment Commission.

If any of the taxable assets described in Section 4 have been acquired or improved on behalf of the Company by a lessor, the Company shall be responsible for gathering and reporting to the Commission information regarding the taxable assets acquired or improved by the lessor on behalf of the Company.

Section 8. Events of Default

If any of the following should occur within the thirty-six (36) month period after the end of the Base Quarter, it shall constitute an "Event of Default" and the Commission may, at its election, accelerate the Company's obligation to repay the portion of the Loan that has not been earned as of the date of the Event of Default:

- a. The Company applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets, files a voluntary petition of bankruptcy, makes a general assignment for the benefit of creditors, files a petition or an answer seeking reorganization or arrangement with creditors, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Company as bankrupt or insolvent or approving a petition seeking reorganization of the Company or appointing a receiver, trustee or liquidator of the Company or of all or a substantial part of its assets which remains undismissed, undischarged or unstayed for a period of forty-five (45) days;
- b. The Company ceases to be of record and in good standing with the Virginia State Corporation Commission, and such failure is not cured within sixty (60) days from notice thereof, unless Company obligations hereunder have been assumed by another entity and that assumption was approved by the Commission and the Debtor;
- c. The Company fails, for reasons other than an Event of Force Majeure (as defined herein), to fulfill at least twenty-five percent (25%) of either its employment obligation described in Section 3 above or its taxable asset obligation described in Section 4 above within eighteen (18) months after the end of the Base Quarter;
- d. The Company's employment level is less than 75% of that found in the Base Quarter in more than 2 calendar quarters following the Base Quarter;
- e. The Company fails to provide verification to the Commission as described in Section 7, within sixty (60) days from a written request from the Commission; or
- f. The Company closes its business in the Locality for a period of more than thirty (30) days during the thirty-six (36) months following the Base Quarter.
- f.g. The Company fails to make its payments, as required by this agreement, within 30 days of said payment being required.

Section 9. Repayment Obligation in the Event of Default

In the event that the Company does not meet its obligations hereunder within thirty-six (36) months after the end of the Base Quarter, or an Event of Default occurs, the Company shall repay to the Debtor the remaining amount owed by the Company within thirty (30) days of notice from the Commission along with an additional 5% of the amount owed, plus interest at a rate of 5%.

If an Event of Default occurs pursuant to Section 8, then the amount due immediately will be calculated in the following manner:

- a. A minimum increase in taxable assets is required before **any** portion of the Loan is earned by the Company, hereinafter called the Minimum Investment Requirement. The Minimum Investment Requirement is the greater of (a) \$1.0 million or (b) one-half of the taxable asset obligation described in Section 4 hereof.
- b. Subject to the terms of Section 9.d. below, after exceeding the Minimum Investment Requirement, the fraction of the Loan allocated to employment that is earned by the Company is determined by dividing the average number of employees receiving pay during the three consecutive quarters as determined in Section 5 above with the highest employee count by the number of jobs promised in Section 3.
- c. The method of computation set forth in Paragraph 9.b. above will be used only if the quarterly aggregate payroll for the three consecutive quarters described in Section 5 equals or exceeds that promised in Section 3. If that quarterly aggregate payroll is less than that promised in Section 3, the number of qualifying employees shall be reduced in proportion to the shortfall in quarterly aggregate payroll and the reduced number of employees shall be used to determine whether Company has satisfied its employment obligation hereunder.
- d. After exceeding the Minimum Investment Requirement, the fraction of the Loan allocated to taxable assets that is earned by the Company is determined by dividing the greatest value of assets attested to by the COR under Sections 6 and 7 above by the taxable assets promised in Section 4.
- e. All unearned portions of the Loan shall be repaid by the Company to the Debtor not later than thirty (30) days after the date on which the Company is notified of the unearned amount. The Debtor agrees to remit the same to the Commission. Any refund owed by the Company to the Debtor hereunder shall immediately constitute an obligation of the Debtor to repay the Commission and such Debtor's obligation shall **not** be contingent upon successful collection of any amount from the Company. **The Debtor shall be liable for repayment to the Commission that portion of the Loan determined by the Commission to be due under the terms of this Section and hereby agrees to make such repayment without regard to whether Debtor has received repayment from the Company as further certified on Exhibit B attached hereto.**
- f. Interest shall accrue on unpaid balances at the rate of three percent (3%) per annum beginning on the 31st day after the Company is notified of the amount due.
- g. Monies due to the Locality pursuant to this Agreement, if any, shall be considered to be owed to the Treasurer for the Locality and subject to the Treasurer's statutory powers provided for in the Code of Virginia.

~~h. If the Company does not meet its employment obligations or taxable asset obligations hereunder by the date which is thirty six~~

~~(36) months after the end of the Base Quarter because of an Event of Force Majeure (as defined herein), the date by which a requirement to meet such commitments shall be extended day for day for a period equal to the time elapsed during the Event of Force Majeure. If the Company does not meet its employment obligations or taxable asset obligations hereunder by the date which is thirty-six (36) months after the end of the Base Quarter because of an Event of Force Majeure (as defined herein), the date by which a requirement to meet such commitments shall be extended day-for-day for a period equal to the time elapsed during the Event of Force Majeure. "Event of Force Majeure" means any of the following: acts of God, strikes, lockouts, crime, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, floods, washouts, draughts, or explosions.~~

~~"Event of Force Majeure" means without limitation any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the Commonwealth of Virginia or any of their respective departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; draughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals not caused by the Company; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company.~~

h.

- i. In the event the Commission is required to take legal action under this Agreement, the Debtor and the Company, jointly and severally, shall be liable for all of the Commission's costs expended for the administration and enforcement of this Agreement, including but not limited to reasonable attorney's fees and court costs.

Section 10. Terms of Repayment

The Company hereby promises to pay to the order of the Commission, the principal sum of \$ _____ pursuant to the terms and conditions set forth herein.

- a. The principal amount of this Loan shall be due and payable in _____ equal semi-annual payments due on the first of the February and the first of August, respectively. The first payment is due on the first semi-annual due date to arrive six months after this agreement is signed in following calendar year in the amount of \$ _____ (pro-rated). Thereafter, each payment shall be in the amount of \$ _____. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on _____. (for loans of less than \$1M, the repayment shall be completed in five years; for loans of \$1M or more, the repayment shall be completed in 10 years)
- b. This Loan shall bear no interest except as required in the Event of Default as stated in Section 9.

- c. The ~~Company~~ ~~Maker~~ shall have the right at any time and from time to time to prepay this Loan in whole or in part without penalty.

Section 11. Acknowledgment and Notice

The Company and the Debtor each acknowledge and agree to its respective repayment obligation in accordance with this Agreement. Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received upon receipt or refusal after mailing of the same in the United States Mail by certified mail, postage fully pre-paid or by overnight courier (refusal shall mean return of certified mail, undelivered) and addressed as follows:

if to the Company, to:

NAME: ~~RIVER RIDGE LAND AND CATTLE CO., LLC.~~
ADDRESS: ~~3352 Battlefield Drive~~
~~Independence, VA 24348~~
Attention: ~~Brantley Ivey, Managing Partner~~

if to the Debtor, to:

NAME: ~~GRAYSON~~ _____ COUNTY
ADDRESS: ~~129 Davis Street~~
~~Independence, VA 24348~~
Attention: ~~Jonathan Sweet, County Administrator~~

if to the Commission, to:

NAME: Tobacco Region Revitalization Commission
ADDRESS: 701 East Franklin Street, Suite 501
Richmond, Virginia 23219
Attention: Evan Feinman, Executive Director

This Agreement constitutes the entire agreement between the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Company may not assign its rights or obligations under this Agreement without the prior written consent of the Debtor and the Commission; provided that the Company shall have the right, without the consent of the Debtor or the Commission, to assign its rights (not its obligations) under this Agreement to any entity that controls, is controlled by, or is under common control with, the Company.

This Agreement is made, and intended to be performed, in the Commonwealth and shall be construed and enforced by the laws of that state. Jurisdiction and venue for any litigation arising out of or involving this Agreement shall lie in the Circuit Court of the City of Richmond ~~of the Locality~~ and such litigation shall be brought only in such court.

This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument. If any provision of this Agreement is determined to be unenforceable, then the remaining provisions of this Agreement shall, in the sole discretion of the Commission, be voidable by the Commission or interpreted as in effect as if such unenforceable provisions were not included therein.

The Company hereby warrants that from the date of this Agreement until all obligations hereunder have been satisfied that it is, and will remain, registered and in good standing with the Virginia State Corporation Commission and that the Company is, and will remain, legally authorized to conduct business in the Commonwealth of Virginia.

The provisions of this Agreement are intended to and shall survive closing, the delivery of any deed or other instrument, and any other event. If this Agreement has not been executed by all parties hereto and returned to the Commission within 90 days from the date hereof, the Debtor's and the Company's rights to the Loan Proceeds shall automatically terminate.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to become effective as of the date first written above.

TOBACCO REGION REVITALIZATION
COMMISSION

By: _____
Evan Feinman, Executive Director

Date: _____

~~GRAYSON~~ _____ COUNTY

By: _____

Title: _____

Date: _____

~~RIVER RIDGE LAND AND CATTLE CO.,
LLC COMPANY~~

By: _____

Title: _____

Date: _____

Loan Restrictions

NONE

Exhibit B

Debtor Certification

GRAYSON _____ COUNTY (the "Debtor"), a political subdivision of the Commonwealth, hereby certifies that (a) it unconditionally guarantees the Company's performance under and pursuant to the Performance Agreement (this "Agreement") dated as of June 20, 2016, by and among the TOBACCO REGION REVITALIZATION COMMISSION, a body corporate and political subdivision of the Commonwealth of Virginia (the "Commission"), the Debtor, and RIVER RIDGE LAND AND CATTLE CO., LLC., a Virginia Limited Liability Corporation (the "Company"), and (b) it holds collateral security from the Company sufficient to provide a secondary source of repayment in the event that the Company cannot or will not repay the unearned portion of the Loan (as defined in the Agreement) to the Commission. Such collateral security is described as follows:

_____.

The Debtor hereby acknowledges that the sufficiency of the collateral security for the Loan is the sole responsibility of the Debtor.

The Debtor further certifies that the repayment obligations it has undertaken pursuant to this Agreement, including but not limited to those obligations noted in Section 6, Paragraph E of this Agreement, constitute valid, authorized, and legal obligations of the Debtor, and create a legally enforceable debt of the Debtor.

GRAYSON _____ COUNTY

By: _____

Title: _____

Date: _____

FY'16 TROF AWARDS (30)

Grant #	Approved On	Organization	Project Title	Number of New Jobs	Private Capital Investment	Net Award
3044	12/02/2015	Bedford County	Innerspec Technologies Inc.	3	\$3,900,000.00	\$20,000.00
3179	05/26/2016	Bedford County	Valley Processing Virginia, LLC	200	\$2,700,000.00	\$365,000.00
3052	08/17/2015	Campbell County	BGF Industries Inc.	32	\$2,400,000.00	\$63,000.00
3142	03/01/2016	Campbell County	Abbott Laboratories	56	\$34,000,000.00	\$240,000.00
3183	06/24/2016	Campbell County	Standard Insurance Company	178	\$1,500,000.00	\$320,000.00
3133	11/23/2015	Carroll County IDA	Classic Creations LLC	50	\$1,400,000.00	\$130,000.00
3037	09/23/2015	Danville, City of	Goodyear Tire & Rubber Co.	1	\$251,000,000.00	\$960,000.00
3178	05/26/2016	Danville, City of	KYOCERA SGS Tech Hub, LLC	35	\$9,500,000.00	\$350,000.00
3181	06/24/2016	Danville, City of	Overfinch North America	41	\$8,663,000.00	\$275,000.00
3130	01/12/2016	Dinwiddie County	Dinwiddie County Infrastructure Improvements (Aldi)	145	\$57,000,000.00	\$1,880,000.00
3214	08/30/2016	Farmville, Town of	Hotel Weyanoke, LLC	70	\$3,063,700.00	\$145,000.00
3206	07/18/2016	Floyd County BOS	Hollingsworth & Vose	13	\$9,100,000.00	\$50,000.00
3132	02/08/2016	Franklin County	MW Manufacturers, Inc (PlyGem Window Group)	76	\$1,980,000.00	\$160,000.00
3182	06/24/2016	Grayson County	River Ridge Land and Cattle Co., LLC	11	\$1,975,000.00	\$45,000.00
3173	04/29/2016	Greensville County	Sadler Bros Oil Company	32	\$3,500,000.00	\$60,000.00
3138	02/08/2016	Henry County	Starsprings	68	\$3,035,000.00	\$220,000.00
3151	03/08/2016	Henry County	Drake Extrusion, Inc.	30	\$6,000,000.00	\$100,000.00
3171	04/13/2016	Henry County	Performance Livestock & Feed Company Inc.	32	\$3,800,000.00	\$170,000.00
3177	05/04/2016	Henry County	RTI Martinsville, Inc.	15	\$8,598,000.00	\$80,000.00
3131	11/02/2015	Mecklenburg County	Microsoft Corporation	42	\$402,400,000.00	\$1,340,000.00
3174	04/29/2016	Mecklenburg County	Microsoft Corporation	42	\$251,000,000.00	\$970,000.00
3168	03/31/2016	Notoway County	UAV Pro, INC	75	\$1,200,000.00	\$280,000.00
3204	07/18/2016	Pittsylvania County	Runk & Pratt Senior Living Communities	60	\$6,000,000.00	\$155,000.00
3050	07/21/2015	Scott County	Teletech Healthcare Solutions, Inc, Teletech Holdings, Inc, Teletech Services Corporation	300	\$1,525,000.00	\$645,000.00
3140	02/24/2016	Smyth County BOS	Woodgrain Millwork	19	\$1,600,000.00	\$75,000.00
3101	10/08/2015	Tazewell County IDA	Blue Wolf Sales and Service	15	\$1,559,000.00	\$50,000.00
3081	08/17/2015	Washington County IDA	Chris Renee Cosmetics LLC	37	\$2,025,750.00	\$80,000.00
3049	07/16/2015	Wise County IDA	NorrisBuilt Fabrication, LLC.	15	\$1,500,000.00	\$75,000.00
3135	12/03/2015	Wise County IDA	Frontier Communications Corporation (aka Citizens Telecom Services Company, L.L.C.)	500	\$10,900,000.00	\$2,000,000.00
3169	03/31/2016	Wythe County	Branch Botanicals, Inc.	40	\$21,900,000.00	\$200,000.00
TOTALS				2233	\$1,114,712,450.00	\$11,503,000.00

Tobacco Indemnification and Community Revitalization Commission
 Financial Summary
 As of July 31, 2016

TICR Fund Balance	\$ 229,747,334
Restricted Endowment Balance	\$ 75,976,441
Unrestricted Endowment Balance	\$ 178,859,191
Restricted Endowment Accum Interest	\$ 2,360,250
Unrestricted Endowment Accum Interest	\$ 3,038,871
Total Cash & Investments	\$ 489,982,086

Cash Disbursements - this month	\$ 1,713,965
Cash Disbursements - FYTD	\$ 1,713,965

Fund	Unobligated Balances
Special Projects	\$ 5,522,141
Education	\$ 11,154,880
TROF (Deal Closing)	\$ 13,596,594
Southside Economic Development	\$ 23,215,230
Southwest Economic Development	\$ 3,577,246
Agribusiness	\$ 1,998,019
R&D	\$ 21,532,701
Reserve	\$ 598
Megapark	\$ 6,999,408
Megasite Prospect Incentive Fund	\$ 6,040,000
Loan Program set-aside	\$ 5,000,000
Administration	\$ 2,073,928
TICRC General Account	\$ 1,231,780
FY2016 Budget Balance	\$ 101,942,524

Tobacco Indemnification and Community Revitalization Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance (Cash Basis)
As of July 31, 2016

	<u>FY17 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)	\$ -	\$ 434,021.49		434,021.49
Total Revenues	<u>\$ -</u>	<u>\$ 434,021.49</u>		<u>\$ 434,021.49</u>
<u>EXPENDITURES</u>				
Administration				
Salaries, Fringe Benefits, Per Diems	\$ 1,431,800	\$ 169,727.50	11.9%	\$ 1,262,072.50
Contractual Services	261,700	20,323.39	7.8%	241,376.61
Supplies and Materials	7,000	1,660.73	23.7%	5,339.27
Transfer Payments	413,000		0.0%	413,000.00
Rent, Insurance, Agency Svc Charges	146,000	7,950.50	5.4%	138,049.50
Furniture and Equipment	15,000	910.00	6.1%	14,090.00
Subtotal - Administration	<u>\$ 2,274,500</u>	<u>\$ 200,572.12</u>	8.8%	<u>\$ 2,073,927.88</u>
Community Revitalization	28,000,000	1,513,393.37		
Total Expenditures	<u>\$ 30,274,500</u>	<u>\$ 1,713,965.49</u>		
Revenues Over (Under) Expenditures	<u>\$ (30,274,500)</u>	<u>\$ (1,279,944.00)</u>		
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (endowment and earnings)	\$ 23,131,988			
CASH BALANCE, June 30, 2015	<u>\$ 231,027,278</u>	<u>\$ 231,027,278.33</u>		
CASH BALANCE, July 31, 2016	<u>\$ 223,884,766</u>	<u>\$ 229,747,334.33</u>		

VIRGINIA TOBACCO COMMISSION COMMITTEES

(as of 9/1/16)

AGRIBUSINESS COMMITTEE

Gayle Barts
James Edmunds
Basil Gooden
Frank Harris
John Holland
Don Merricks
Ronnie Montgomery, *Vice-Chair*
Cecil Shell
Robert Spiers, *Chair*
William Stanley
Richard Sutherland
Tommy Wright

EDUCATION COMMITTEE

Gayle Barts
Ben Chafin
Becky Coleman
Frank Harris
Don Merricks, *Vice-Chair*
Dale Moore
Frank Ruff, *Chair*
Cecil Shell
William Stanley
Tommy Wright

EXECUTIVE COMMITTEE

Kathy Byron
Bill Carrico
Ben Chafin
Todd Haymore
Terry Kilgore, *Chair*
Danny Marshall
Don Merricks
Will Morefield
Ed Owens
Frank Ruff, *Vice-Chair*
Tommy Wright

PERFORMANCE MEASURE COMMITTEE

Missy Neff Gould
Danny Marshall
Dale Moore
Ed Owens

RESEARCH AND DEVELOPMENT COMMITTEE

Kathy Byron, *Chair*
Bill Carrico
Rebecca Coleman
Todd Haymore
Cathy Lowe
Danny Marshall
Dale Moore
Will Morefield, *Vice-Chair*
Ed Owens
Frank Ruff

R&D SUBCOMMITTEE (VETTING)

Kathy Byron, *Chair*
Becky Coleman
Todd Haymore
Dale Moore
Ed Owens

SOUTHSIDE ECONOMIC DEVELOPMENT COMMITTEE

Kathy Byron
John Cannon
James Edmunds
Missy Neff Gould
Todd Haymore
John Holland
Danny Marshall
Don Merricks
Robert Mills
Ed Owens, *Vice-Chair*
Frank Ruff
William Stanley
Tommy Wright, *Chair*

SOUTHWEST ECONOMIC DEVELOPMENT COMMITTEE

Bill Carrico, *Chair*
Ben Chafin
Becky Coleman
Todd Haymore
Cathy Lowe
Ronnie Montgomery
Will Morefield
Richard Sutherland
(no Vice-Chair assigned)

STRATEGIC PLANNING COMMITTEE

Kathy Byron
Rebecca Coleman, *Co-Chair*
Missy Neff Gould, *Co-Chair*
Todd Haymore
Danny Marshall

SPECIAL PROJECTS COMMITTEE

Kathy Byron
John Cannon
Bill Carrico, *Vice-Chair*
Missy Neff Gould
Todd Haymore
Danny Marshall, *Chair*
Robert Mills
Ed Owens
Robert Spiers

TROF COMMITTEE

Terry Kilgore, *Chair*
Danny Marshall
Frank Ruff, *Vice-Chair*

