

1 VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION
2 SPRING FULL COMMISSION TWO-DAY MEETING
3 SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER
4 ABINGDON, VA
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10 INCENTIVES AND LOANS COMMITTEE
11 MAY 18, 2023
12 9:00 A.M.
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20 Appalachian Court Reporting
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1 APPEARANCES:

2 Honorable Delegate Danny Marshall, Chairman
3 Honorable Delegate Terry Kilgore, Vice Chair
4 Honorable Delegate Leslie Adams
5 Edward Blevins
6 Gretchen Clark
7 Honorable Deputy Secretary, Charles Kennington
8 Coley Drinkwater
9 Honorable Secretary Caren Merrick (virtual)
10 T. Jordan Miles
11 Honorable William Pace
12 Senator Frank Ruff

11 ABSENT:

12 Honorable Senator Joseph Morrissey

13 COMMISSION STAFF:

14 Honorable James Campos, Acting Executive Director of the Tobacco
15 Commission and Deputy Secretary of Commerce and Trade
16 Andrew Sorrell, Deputy Director
17 Stephanie Kim, Finance Director
18 Vicki Humphreys, Grants Director
19 Sarah Capps, Southern Regional Director
20 Sara Williams, Southwest Regional Director
21 Jordan Butler, Public Relations Director & TROF Program Manager
22 Emily Van Pelt, Grants Assistant
23 Joyce Knight, Meeting Coordinator
24 Hannah Franke-Fuller, Special Assistant
25

1 CHAIRMAN MARSHALL: Good morning. I want to thank you for being
2 here on time. I will now move to the call of the roll.

3 MR. CAMPOS: Thank you, Delegate Marshall.

4 (IN ATTENDANCE.)

5 Delegate Danny Marshall. Delegate Terry Kilgore. Delegate
6 Leslie Adams. Edward Blevins. Gretchen Clark. Deputy
7 Secretary Charles Kennington. Coley Drinkwater. Secretary
8 Caren Merrick. (via video.) T. Jordan Miles. Honorable
9 William Pace. Senator Frank Ruff.

10 MR. CAMPOS: Sir, we have a quorum.

11 CHAIRMAN MARSHALL: Thank you. Andy, I assume now we need
12 to read the -- so that we can make Secretary Merrick legal.

13 MR. SORRELL: Yeah. The remote participation. Yes, sir.

14 CHAIRMAN MARSHALL: Okay.

15 DELEGATE KILGORE: I'll make the motion.

16 CHAIRMAN MARSHALL: All right.

17 DELEGATE KILGORE: Mr. Chairman, I move that approval for
18 Secretary Merrick's request to participate remotely in this
19 meeting is in conformance with the Commission's adoptive
20 electronic policy, and the voices of the remotely participating
21 member can be heard by all persons at the primary meeting
22 location.

23 CHAIRMAN MARSHALL: Thank you. Mr. Sorrell, please call
24 the roll.

25 MR. SORRELL: I'll second that, Mr. Chairman.

1 CHAIRMAN MARSHALL: Okay. Thank you, sir. Call roll.

2 MR. SORRELL: All right.

3 (CALL ROLL.)

4 MR. SORRELL: This is just for aye or nay.

5 (ALL AFFIRM.)

6 CHAIRMAN MARSHALL: Next on the agenda is the approval of
7 the January 4th, '23 minutes. And they are published on the
8 website.

9 DELEGATE KILGORE: I move that we approve the minutes.

10 CHAIRMAN MARSHALL: I have a motion. Do I have a second?

11 UNKNOWN: Second.

12 CHAIRMAN MARSHALL: I have a motion and a second to approve
13 the minutes. All those in favor say aye.

14 (ALL AFFIRM.)

15 CHAIRMAN MARSHALL: Oppose?

16 (NONE.)

17 CHAIRMAN MARSHALL: Okay. Next is public comment. Anybody
18 want to tell us how the world should be?

19 (NO RESPONSE.)

20 CHAIRMAN MARSHALL: Evidently not. All right. I see no
21 public comment. All right. Next, we want to go to Extensions
22 and Modifications. And, Jordan, there you are. Okay.

23 MR. BUTLER: All right. We have five Extensions and
24 Modifications for you this morning. But first is from Smyth
25 County for Scholle IPN Packaging, which is TROF 3506.

1 CHAIRMAN MARSHALL: Jordan, could you pull that a little
2 bit closer, please?

3 MR. BUTLER: Little bit closer? Yeah. No problem.
4 It's project TROF 3506.

5 CHAIRMAN MARSHALL: Maybe a little closer.

6 MR. BUTLER: It's a request to accept reported value versus
7 assessed value of --

8 MR. CAMPOS: Swallow the mic.

9 MR. BUTLER: What was that?

10 CHAIRMAN MARSHALL: We can't hear you. Swallow the mic.

11 MR. BUTLER: Okay. All right. There we go. All right.
12 You have to be right on top of it. All right.

13 This is a request to accept reported value versus assessed
14 value of capital assets and a performance extension through
15 December 31, 2023. This is a TROF grant for \$195,000 that was
16 awarded to the Smyth County EDA and Scholle IPN Packaging.
17 Currently, the Commission requires that the Company's
18 achievement toward meeting its taxable asset obligation shall be
19 based on asset values assessed by the Commissioner of Revenue of
20 the locality. Using that methodology, the Company has met 29
21 percent of the private taxable capital investment obligation by
22 providing capital investment assessed at approximately \$2.95
23 million.

24 The request today is that the Commission consider using the
25 original reported costs of Machinery & Tools and Personal

1 Property rather than the assessed values as the locality applies
2 an assessment ratio that significantly reduces the assessed
3 value. You can look at Attachment A on page 32 of your books
4 for a letter from the company. I'll note that the company has
5 fully met the employment obligation. They delivered 76 jobs,
6 well over the 42 promised. And they fully earned the portion of
7 the grant devoted to job creation and that comes out to \$97,500.

8 So, if this request is granted the Company's total capital
9 investment would be more than \$8.6 million which would come to
10 84 percent of the promised investment. Using reported costs
11 would significantly increase the capital investment delivered
12 from 29 percent to 84 percent and allow the Company to earn a
13 greater portion of the grant devoted to capital investment. The
14 Commission recently approved several similar requests for
15 acceptance of reported costs versus assessed costs of capital
16 expenditures. You may recall we did so for Essel Propack and
17 Lighthouse in fall of 2022. And given that, Staff recommends
18 that the performance agreement for TROF Project 3506 be modified
19 to permit the acceptance of reported costs (as evidenced by
20 receipts of capital purchases) of Machinery & Tools and Tangible
21 Personal Property towards the Company's taxable asset obligation
22 as verified in writing by the local Commissioner of Revenue and
23 that a performance extension be approved through December 31,
24 2023.

25

1 CHAIRMAN MARSHALL: Thank you, Jordan.

2 Anyone from Smyth County would like to speak regarding
3 this? You don't have to, but if you want to, go for it.

4 (NO RESPONSE.)

5 CHAIRMAN MARSHALL: All right. Any member of the Committee
6 has any questions?

7 MS. DRINKWATER: I do have a question because we have had,
8 and I think we're going to have another one of these pops up.
9 Why do we use the assessed guide instead of the reporting guide.

10 CHAIRMAN MARSHALL: Let's get the mic down to you.

11 MS. DRINKWATER: Delegate Kilgore, I had a question because
12 I think we're going to have another one of these pops up here in
13 a minute, and we had one at the previous meetings. So, I was
14 just curious why would we use the assess value instead of the
15 reporting guide?

16 MR. SORRELL: Mr. Chair, may I address the question?
17 Basically, assessed value is something that is of record that
18 the local government has access to that the Commission can
19 access through the local commissioner rep. That's something
20 that they receive and that the company reports that information
21 to. When we're accepting reported costs, the reported costs are
22 the actual expense that the company expends on the items.
23 However, that's often more than what the assessed value is. And
24 so, the reason we use the assessed value is it's easier to
25 gather that data because it's just coming from one source from

1 the local commissioner revenue. Now, when we accept reported
2 costs it's something that requires a little bit more work
3 because you're using invoices or receipts and things of that
4 nature. But the reported cost does more accurately reflect what
5 the company spent on those resources.

6 CHAIRMAN MARSHALL: Okay. So, any further questions?
7 Okay.

8 DELEGATE KILGORE: Mr. Chairman, are we going to take these
9 in a block?

10 CHAIRMAN MARSHALL: Let's take them individually. Go
11 ahead.

12 DELEGATE KILGORE: I'd make a motion that we approve
13 staff's recommendation that performance agreement for TROF
14 Project 3506 be modified to permit the acceptance of reported
15 costs of M&T and TPP towards the Company's taxable asset
16 obligation as verified in writing by the local Commissioner of
17 Revenue and a performance extension through 12/31/23.

18 CHAIRMAN MARSHALL: All right. So, can you -- do we need
19 to repeat the --

20 MR. SORRELL: Yeah. We just want to make sure that we note
21 that that was Delegate Kilgore that made the motion. And we
22 just need to state who makes the second.

23 SENATOR RUFF: Second.

24 CHAIRMAN MARSHALL: Second by Senator Ruff. All right.
25 Any discussion?

1 Hearing none. Call the roll.

2 MR. SORRELL: We can do a voice vote if you'd like.

3 CHAIRMAN MARSHALL: All those in favor say aye.

4 (ALL AFFIRM.)

5 CHAIRMAN MARSHALL: Oppose?

6 (NO RESPONSE.)

7 CHAIRMAN MARSHALL: All right. Let's go to number two.

8 Smyth County, again.

9 MR. BUTLER: All right. Also, Smyth County.

10 CHAIRMAN MARSHALL: All right. Again, Jordan, swallow the
11 mic.

12 MR. BUTLER: Sorry. This one is for Speyside Bourbon
13 Cooperage, Project 3451. And this is a request for a
14 performance extension through June 30, 2023. This is a TROF
15 grant for \$415,000 that was awarded to the Smyth County EDA and
16 Speyside Bourbon Cooperage. The Company has nearly met its
17 employment obligation, delivering 108 of the promised 125 jobs.
18 The Company has nearly met the promised level of capital
19 investment as well, delivering \$23,980,907 of the \$26 million
20 promised. Given their active hiring investment and overall
21 performance to date the Company, with the support of the EDA, is
22 requesting a 5th year extension to include updated employment and
23 expenditure data that will show they have met more or all their
24 obligations under the grant agreement.

25 Staff recommends a 5th year performance extension through

1 June 30, 2023.

2 CHAIRMAN MARSHALL: Anyone from Smyth County would like to
3 speak about 3451?

4 (NO RESPONSE.)

5 CHAIRMAN MARSHALL: Okay. Don't see anyone. So, does any
6 member have a question?

7 (NO RESPONSE.)

8 CHAIRMAN MARSHALL: No questions, no comments?

9 MR. MILES: I'll make the motion, Mr. Chairman, that we go
10 with the 5th year performance extension through June 30, 2023.

11 CHAIRMAN MARSHALL: Do I have a second?

12 MR. BLEVINS: I'll second it.

13 CHAIRMAN MARSHALL: So, Mr. Miles made the motion. Mr.
14 Blevins made the second.

15 All right. All those in favor say aye.

16 (ALL AFFIRM.)

17 CHAIRMAN MARSHALL: Opposed?

18 (NO RESPONSE.)

19 CHAIRMAN MARSHALL: All right. Number three.

20 MR. BUTLER: All right.

21 MR. CAMPOS: Mr. Chairman?

22 CHAIRMAN MARSHALL: Yes. Wait a second.

23 MR. CAMPOS: Acting Executive Director, James Campos. I
24 just wanted to say that I had the privilege to visit both
25 particular entities prior to yesterday's meeting and they are

1 both doing very well. I was glad to go there and see them up
2 close and I'm happy that we're involved.

3 CHAIRMAN MARSHALL: Okay. Thank you.

4 MR. BUTLER: All right. Our third project this morning is
5 from Russell County IDA. This is for Polycap LLC, 3507. And
6 this is a request to accept reported value versus assessed value
7 of capital assets. This project includes both a TROF grant of
8 \$140,000 and a \$140,000 TROF loan.

9 Currently, the Commission requires that the Company's
10 achievement toward meeting its taxable asset obligation to be
11 based on asset values assessed by the Commissioner of Revenue
12 for the locality. Using the above methodology, the Company has
13 met 47 percent of the private taxable capital investment
14 obligation by providing capital investment assessed at
15 approximately \$3.67 million.

16 As noted in the attached letter, which is Attachment B on
17 page 33 of your books, the IDA has requested the Commission
18 consider using the original reported costs of Machinery & Tools
19 and Personal Property rather than the assessed values as the
20 locality applies an assessment ratio that significantly reduces
21 the assessed value. Using reported costs would significantly
22 increase the capital investment delivered from 47 percent to 106
23 percent of the promised amount and allow the Company to earn a
24 greater portion of the grant devoted to capital investment.

25 Given that the Commission has recently approved similar

1 requests as I mentioned, staff recommends that the performance
2 agreements, grant and loan for TROF Project 3507 be modified to
3 permit the acceptance of reported costs as evidence by receipts
4 of capital purchases of Machinery & Tools and Tangible Personal
5 Property towards the Company's taxable asset obligation as
6 verified in writing by the local Commissioner of Revenue.

7 CHAIRMAN MARSHALL: Thank you. Anyone from Russell County
8 that would like to speak about 3507?

9 (NO RESPONSE.)

10 CHAIRMAN MARSHALL: I'm seeing none. Do we have any
11 questions for the Committee?

12 (NO RESPONSE.)

13 CHAIRMAN MARSHALL: What's your pleasure? That means a
14 motion.

15 MR. PACE: Chairman, I so move to approve the staff
16 recommendation for 3507.

17 CHAIRMAN MARSHALL: All right. So, that's Mr. Pace. All
18 right. Do we have a second?

19 MR. MILES: I'll second.

20 CHAIRMAN MARSHALL: All right. Mr. Miles, second. All
21 right. All those in favor say aye.

22 (ALL AFFIRM.)

23 CHAIRMAN MARSHALL: Oppose?

24 (NO RESPONSE.)

25 CHAIRMAN MARSHALL: All right. Next. Tazewell County.

1 MR. BUTLER: All right. This is from Tazewell County IDA
2 for Blue Wolf Sales and Service, 3101. And this is a request
3 for acceptance of capital investment outside of the performance
4 period. This is a TROF grant for \$50,000 that was awarded to
5 the Tazewell County IDA and Blue Wolf Sales and Service.

6 The performance period was extended several times and the
7 last extension approved by the Commission was the final
8 extension through September 30, 2022. The Company has met 67
9 percent of their employment promise, however, staff discovered
10 that a major real estate capital expense occurred prior to the
11 start of the performance period. Five days prior, in fact. The
12 real estate investment was \$1,476,700 and if that is included
13 with the Machinery & Tools investments, the Company exceeds the
14 capital investment requirement as noted by the IDA in Attachment
15 C on page 34. So, the IDA requests the Commission consider
16 allowing the Company's real estate investment to be included in
17 the performance period. Without the real estate investment, the
18 Company only meets 41 percent of the capital investment
19 requirement. In speaking with the IDA, it was the intent that
20 the real estate be included as part of the qualifying capital
21 investment. With the inclusion of the real estate investment
22 the Company will have fully met their capital asset obligation
23 and fully earned that portion of the grant that comes out to
24 \$25,000. The Company earned 67 percent of the employment
25 portion, \$16.5 thousand and will have a small unearned portion

1 to repay to the Commission in the amount of \$8,333. Without the
2 acceptance of real estate, an additional \$14,750 would also need
3 to be repaid.

4 Staff finds it reasonable to permit the inclusion of the
5 real estate investment as part of the performance period and
6 supports this request.

7 So, staff recommends that Project 3101 permit the inclusion
8 of real estate purchased on September 23, 2015, in the amounts
9 of \$1,476,700 be counted towards the taxable capital investment
10 obligation of the project.

11 CHAIRMAN MARSHALL: Thank you. Does anyone from Tazewell
12 County want to speak on 3101?

13 (NO RESPONSE.)

14 CHAIRMAN MARSHALL: All right. Any questions of Committee?

15 SENATOR RUFF: Mr. Chairman?

16 CHAIRMAN MARSHALL: Yes, sir.

17 SENATOR RUFF: The question I would have is if we go along
18 with this recommendation, are they ready to pay the difference
19 of the employment portion?

20 MR. SORRELL: Mr. Chairman, I think that's something the
21 staff would need to work with the applicant to develop either a
22 lump sum repayment of that \$8,000, or if it's necessary and they
23 need a little bit more time to do that. We can also setup up a
24 term limited repayment agreement as we did in '22.

25 CHAIRMAN MARSHALL: Further questions?

1 SENATOR RUFF: Mr. Chairman, I think that it's important
2 that we get in writing that this will happen if we change policy
3 on the capital investment.

4 MR. SORRELL: We can make that as part of the condition,
5 too, that basically if we permit the inclusion of the real
6 estate that the remaining amount due to the Commission would be
7 that 8,000 some dollars.

8 MR. BUTLER: \$8,333, I believe.

9 MR. SORRELL: Yes.

10 CHAIRMAN MARSHALL: Senator Ruff, do you want to make a
11 motion and include what you just mentioned?

12 SENATOR RUFF: I would move that the staff recommendation
13 for Project 3101 permit the inclusion of real estate purchased
14 on September 23, 2015, in the amount of \$1,476,700 be counted
15 towards the taxable capital investment obligation of the
16 project. And I would add to that, that if the \$8,333 additional
17 that's due is not paid in a timely manner, then the portion on
18 the real estate would not be forgiven.

19 CHAIRMAN MARSHALL: So, that motion was made by Senator
20 Ruff. Do we have a second?

21 MR. PACE: I will second that, Mr. Chairman.

22 CHAIRMAN MARSHALL: All right. Mr. Pace makes a second.
23 Do we have any questions about the motion? Everybody
24 understands what we're doing.

25 (No RESPONSE.)

1 CHAIRMAN MARSHALL: Okay. All right. So, all those in
2 favor say aye.

3 (ALL AFFIRM.)

4 CHAIRMAN MARSHALL: Opposed?

5 (NO RESPONSE.)

6 CHAIRMAN MARSHALL: All right. Now to number five.

7 MR. BUTLER: All right. Our final project this morning.
8 This is from the Joint Industrial Development Authority of Wythe
9 County for Blue Star NBR, 3892. This is a request for an
10 approval extension and adjustment of performance agreement.

11 So, this is a TROF grant award for \$1,022,000 that was
12 awarded in September 2021 to the Joint IDA of Wythe County and
13 Blue Star NBR. The approval letter and draft performance
14 agreement were sent to the Joint IDA in January 2022 and have
15 not been returned to the Commission for execution. The
16 unexecuted performance agreement, which required disbursement
17 prior to performance, had a three-year performance period
18 beginning September 20, 2021, and that's now over halfway
19 through. Because the agreement remains unexecuted, the
20 Commission retains all funds.

21 As noted in Attachment D on page 35 of your books, Joint
22 IDA staff has noted the necessity of the TROF incentive to the
23 project's viability and remains interested in the award. Joint
24 IDA staff have also previously noted difficulty in arranging the
25 necessary security to secure the performance obligations of the

1 Company that would permit pre-performance disbursement of award
2 funds.

3 Staff recommends the following approval conditions be
4 considered by the Commission: TROF 3892 award approval be
5 extended to July 20, 2023; a revised performance agreement be
6 prepared including award amended to post-performance
7 disbursement; and with a revised award date of May 18, 2023,
8 permitting a revised performance period for three years from
9 this date out to May 18, 2026.

10 CHAIRMAN MARSHALL: Thank you. Anyone here from Wythe
11 County want to speak?

12 Welcome, sir. If you will just identify yourself,
13 please.

14 MR. MANLEY: Good morning, Dave Manley, Executive Director
15 of the Joint IDA of Wythe County. Mr. Chairman, members of the
16 Commission, ladies and gentlemen, I appreciate the consideration
17 of this Committee. I think Mr. Jordan --

18 MR. BUTLER: Yeah. Hi.

19 MR. MANLEY: Mr. Jordan Butler. Mr. Butler accurately
20 summarized our request, and we just ask for your support and
21 consideration. Thank you very much.

22 CHAIRMAN MARSHALL: All right. Hold on. Let's see if we
23 have any questions. Anyone on Committee have any questions?

24 (NO RESPONSE.)

25 CHAIRMAN MARSHALL: Thank you for being here.

1 MR. MANLEY: Thank you, sir.

2 CHAIRMAN MARSHALL: All right. Any questions of Committee?

3 (NO RESPONSE.)

4 CHAIRMAN MARSHALL: All right. Someone who wants to make a
5 motion.

6 DELEGATE KILGORE: I will make the motion that we follow
7 the staff's recommendation on this. I make a motion that we
8 follow the staff's recommendation.

9 CHAIRMAN MARSHALL: All right. So, that was Delegate
10 Kilgore who made the motion to follow staff recommendations. Do
11 we have a second?

12 SENATOR RUFF: Second.

13 CHAIRMAN MARSHALL: All right. Second by Senator Ruff.

14 Any further discussion?

15 (NO RESPONSE.)

16 CHAIRMAN MARSHALL: All those wishing to vote please vote
17 yes.

18 (ALL AFFIRM.)

19 MR. SORRELL: To make it clear that's to recommend, not to
20 approve.

21 CHAIRMAN MARSHALL: Okay. All right. So, that is to
22 recommend. All right. So, the lawyer's getting involved now.

23 MS. MYERS: I apologize, but the staff recommendation was
24 simply for this Commission -- this Committee to consider the
25 request of the county, or of the IDA. Though, I wanted to make

1 clear that the motion was to grant the IDA's request. The staff
2 recommendation was simply to put it before the Committee and
3 have you all do your pleasure.

4 CHAIRMAN MARSHALL: And so, again, Liz, the recommendation
5 should be to approve?

6 MS. MYERS: Yes, if that is what you all wish to do.

7 Thanks.

8 CHAIRMAN MARSHALL: Is that what you said, Mr. Kilgore?

9 DELEGATE KILGORE: Yes.

10 CHAIRMAN MARSHALL: I thought that's what you said. All
11 right. So, is that what you seconded?

12 SENATOR RUFF: That's what I seconded.

13 CHAIRMAN MARSHALL: Okay. So, any further discussion?

14 (NO RESPONSE.)

15 CHAIRMAN MARSHALL: All those in favor say aye.

16 (SOME AFFIRM.)

17 CHAIRMAN MARSHALL: Opposed?

18 SECRETARY MERRICK: Aye.

19 CHAIRMAN MARSHALL: That was Secretary Merrick, I think.

20 All right.

21 Next is the Tobacco Region Opportunity Fund Policy
22 Discussion.

23 MR. SORRELL: That would be me.

24 CHAIRMAN MARSHALL: Okay. Here we go.

25 MR. SORRELL: All right. Thank you, Mr. Chairman. At the

1 Commission's executive meeting when we were discussing the
2 proposed budget for the year, you know, there was some
3 discussion about, you know, what the Commission might want to
4 consider in the future for our Opportunity Fund. And while I
5 don't believe we're ready and we don't have any policy changes
6 to bring before you today to adopt, I think that -- or to
7 consider for adoption.

8 I think it would be helpful to just run through our current
9 TROF policy to give us an idea of where some of those changes
10 might be. Something that you might want to do related to
11 eligibility requirements, award amount authorizations and things
12 of that nature. But basically, the Opportunity Fund, for just
13 everybody's information, is the Tobacco Commission's version of
14 the Commonwealth Opportunity Fund like the Virginia Economic
15 Development Partnership.

16 This is specific for our Tobacco Commission localities.
17 And it's a value often to what the VEDP is providing as well.
18 And so, it is all a performance-based grant incentive -- grant
19 and loan incentive currently -- based on jobs, capital
20 investments and wages of those jobs. And it's always good every
21 couple of years to reevaluate the eligibility requirements or
22 the entry requirements to get an estimate first. And then for
23 an award, are still fitting the times that the economic climate
24 and the industry needs that our localities desire. And if the
25 formula, perhaps, that we're using to determine what the amounts

1 might be able -- the incentives might be able to provide are
2 provided.

3 And so, as you noted in your packet, you've got the
4 original -- or the existing --

5 MR. CAMPOS: Page 41.

6 MR. SORRELL: Page 41. Our existing Policies & Procedures,
7 and you know, this just reviews, you know, how do you become
8 eligible for these projects, how is it run through the process
9 and, you know, how do you even get in. But generally, as far as
10 being eligible, you know, this is not a particular incentive
11 that is, you know, you can apply as a private company. It's a
12 partnership with a locality or with a local political
13 subdivision.

14 And so, our agreements must be -- we can provide an
15 incentive estimate, which is essentially a pre-application, to a
16 locality, or perhaps even to a company, but then the actual
17 award or the application must come from a local political
18 subdivision or an IDA or a local government or something of that
19 nature. Because the agreements, at the end of the day, are
20 three party agreements and those agreements -- the locality is
21 basically saying that they stand behind the project and, if we
22 do disbursement prior to performance, they are also securing
23 backing up that performance obligation.

24 And so, some of the questions that I would propose before
25 this Committee is there's also particular industry sectors that

1 we have focused on, and they've been, you know, things that are
2 in the traded sector. But if the Committee felt so inclined you
3 could focus it on a particular sector that you wanted to
4 highlight or provide your TROF awards to.

5 You know, we've also in the last couple of years required
6 TROF projects to -- entry into the TROF program through an
7 estimate -- that they must be competitive. That there must be
8 some indication that, particularly for expansions, that that
9 expansion is not a foregone conclusion that it's going to that
10 particular site but that they actually have other options,
11 whether it be in another state or at another facility, that
12 they've considered. And there's been some question in the past,
13 you know, is there -- should we refocus some of our -- you know,
14 is it important to help keep companies and their expansion and
15 growth in the footprint even if, you know, the competitive thing
16 is less than what it currently is.

17 The other thing is -- so I talked about competitiveness.
18 If the Commission wanted to provide higher weight to things
19 like, you know, in terms of how we determine the particular
20 incentive amount you could also provide guidance on, you know,
21 say if they're providing a wage, you know, "X" percent above the
22 prevailing average then they get even more potential incentive.
23 You could also provide guidance on, you know, should these
24 awards be half grant, half loan as we have historically done for
25 the last several years or should it be one or the other.

1 So, I'm looking just for some general feedback from the
2 Committee on what some of your ideas might be so that the
3 Commission staff can develop some policy suggestions to bring
4 back to you at your fall meeting.

5 CHAIRMAN MARSHALL: So, we were going to bring this up
6 today, but I kind of, you know, hit the pause button. And so,
7 what I'm asking James to do -- James is doing kind of a listing
8 tour throughout the whole footprint. And so, I thought that
9 he's going to be talking to the customers, so to speak, the
10 economic development professionals and whatnot. And so, we're
11 going to really have to take action on this in September because
12 what I want to see is what we're doing right, what we're doing
13 wrong, and what we can improve with all the people that we deal
14 with on a -- in performance of this duty.

15 So, the TROF formula is a formula that looks like NASA
16 came up with this formula. It is -- you might want to get Andy
17 or one of us to explain that to you. If you want to talk about
18 it now, we'll be glad to. But there's information here that has
19 really been a part of economic development in the Southwest and
20 Southside for several years. It's been a very good tool for
21 economic development. All right. Questions?

22 MR. MILES: Can I ask a question, Mr. Chairman? How
23 relevant has it been to review the formula or is there any need
24 to have ever reviewed the formula because it's programmed in a
25 way that keeps up with inflation and everything else that's

1 going on?

2 MR. SORRELL: The incentive formula is a formula that is
3 not something we share with our partners. We do keep that
4 fairly, you know, the way in which we -- the nuts and bolts of
5 how it happens. However, that is something, of course, we would
6 share with individual Commissioners if they were interested in
7 seeing how that worked.

8 You know, we do need to keep it -- we do need to regularly
9 check in with it and make sure that it's meeting the
10 Commission's goals. You know, we do base it on the unemployment
11 rate of a locality, you know, the number of new jobs they're
12 providing, you know, the wages of those jobs. It's also built
13 into the prevailing average wage for the locality so that, you
14 know, if there is a particularly higher incentive provided or if
15 they're provided a certain percentage above what that prevailing
16 wage is.

17 Since probably 2019, or something like that, we have
18 acquired TROF incentives to provide above the prevailing wage
19 for the locality. So, that is -- if you're unable to provide
20 the prevailing wage -- the new jobs at the prevailing wage or
21 higher than the prevailing wage then we are unable to provide
22 you with a TROF incentive.

23 Similarly, if you are expanding a facility and you are
24 unable to provide a letter that indicates from the plant manager
25 of the company or some official that it's a competitive project

1 somewhere else, we're also unable to provide a TROF incentive
2 estimate. Because we wanted to front load a lot of those things
3 so that people don't get a, you know, an estimate early on and
4 then proceed with something and then find out that it wasn't
5 meeting some of those other things. So, that's why we do it all
6 at the estimate stage, which typically is a pre-application
7 stage, but we don't want to lead anybody along if it's not going
8 to be something that we can follow through with in terms of what
9 an incentive might be.

10 CHAIRMAN MARSHALL: So, the three major things that we deal
11 with are jobs -- the number of jobs, the second one is wages and
12 the third is investment. And the reason we do in that order is
13 because what we're about is creating jobs. The second thing is,
14 we want to create higher pay jobs and then the investment, which
15 is for the localities, that is Machinery & Tool tax, property
16 tax, et cetera, so it helps the locality to sustain.

17 And so, for example -- like what Andrew was saying, if a
18 locality, say for example, has a higher unemployment number and
19 right next door is a locality with a lower unemployment number
20 and a company is looking at both localities, you know, they can
21 somewhat shop and go to that higher unemployment and get a
22 larger amount of money. And so, one of the things we have done
23 is to look at do we front load it or back load it. I think in
24 the past we front loaded it, but maybe we're looking more now
25 about back loading it so it's about -- it would be performance,

1 about how many jobs, and the number of jobs is found through
2 Virginia Employment Commission and et cetera.

3 So, it's -- the other thing that is -- this is a
4 performance agreement. It hit Danville -- Danville early on
5 when they were to -- made the performance agreement so the money
6 was up front, the companies didn't come through. And so, a
7 locality signs a contract with the Commission and if they don't
8 meet the number of jobs, if they don't meet the pay, if they
9 don't meet the investment, they have to pro rata that money back
10 to us. And we have had to get a little tough with some
11 localities, including mine, about the, you know, you signed the
12 agreement so, you know.

13 MR. SORRELL: Yes. If I may, Mr. Chairman. What Delegate
14 Marshall -- Chairman Marshall is mentioning is we currently
15 still do performance either pre-performance with disbursement
16 pre-performance, i.e., before the jobs or capital investments
17 are provided. Oftentimes, localities and companies have
18 indicated that a valuable thing to have for capital investment
19 and capital expenditures and things of that nature.

20 However, that does potentially put them in a tight
21 situation if for unforeseen circumstances something happens and
22 the company is unable or unwilling to meet their performance
23 obligations and then receive that money up front, their
24 performance agreement then requires them to repay us the money
25 that they received that they didn't -- is unearned. And so,

1 that's called a clawback. And we've been doing less and less of
2 those in recent years. Well, we've been doing less and less
3 providing funds prior to performance because of that situation.

4 As we heard with the project from Wythe County, doing a
5 post-performance disbursement means that you're only disbursing
6 the money that has been earned by the project jobs that's at the
7 conclusion of the performance. That's always a safer bet
8 because, you know, the Commission then doesn't have to go back
9 to the locality or to the company and say, you didn't meet 100
10 percent or the percentage of your performance, and we have to go
11 through that situation of clawing that money back.

12 Now, I will say that when we do have to clawback
13 situations, provided the locality acknowledges it's a debt owed
14 to the Commission, the Commission is here for the long term, and
15 we want to make sure that we work with the local governments.
16 And we will work out repayment agreements with our local
17 government partners that are term limited and make sure that the
18 Commission is repaid what's owed to them, but also works with
19 the local government's budgets because we understand that small,
20 rural, local governments, that's very important.

21 CHAIRMAN MARSHALL: But we also will allow -- just like
22 what you saw in the early part of this agenda, is we will give
23 extensions. So, you have to plead your case to the staff and
24 then we can go forward with an extension.

25 MR. SORRELL: Yes. And extensions, you know, when staff

1 recommends an extension, it's for a good reason. It's not just,
2 you know, an extension for an extension. If a company is truly
3 working towards meeting their performance goals and just need a
4 little bit more time to make that happen, it makes good,
5 practical sense to provide them more time to make that happen
6 because ultimately that's the goal of providing that incentive.

7 And if it's just a timing situation then, you know, that's
8 one thing. If it's a situation where they're just unable to
9 perform for some other reason then those are the times when, you
10 know, staff would not recommend an extension be approved for a
11 project. You just need to pull the band-aid off and keep moving
12 with that and close it. But more times than not, you know,
13 performance just takes time because life takes time and life
14 changes and weather changes and you can't get the things that
15 you need when you expect you needed them at first, so.

16 CHAIRMAN MARSHALL: And the other reason for TROF is that
17 you'll see the next committee after us is Southern Virginia and
18 then Southwest Virginia Committee, if you have enough lead time
19 you can apply to those different committees for almost the same
20 thing. But if something pops up while we're not, you know,
21 having a meeting then that's when TROF comes in so that the TROF
22 Committee can decide if this is yay or nay. So, all that's
23 cleared. Any questions?

24 MR. KENNINGTON: Mr. Chairman?

25 CHAIRMAN MARSHALL: Yes.

1 DEPUTY SECRETARY KENNINGTON: At the risk of maybe stating
2 the obvious
3 -- I might be stating the obvious but given the conversation
4 around the difference between assessed value and actual
5 investment, you might suggest the staff consider the advantages
6 and disadvantages of revisiting those guidelines in future
7 performance agreements.

8 MR. SORRELL: And that's a very valid point, and I'll say
9 that the actions of the Commission recommended today related to
10 that. Our older performance agreements didn't allow as much
11 flexibility as our new performance agreements do. Back in 2020,
12 we significantly overhauled our performance agreements to make
13 them more in line with our partners with the Commonwealth
14 Opportunity Fund at VEDP. And, you know, one of the key things
15 that we did with that was a little bit more flexibility with
16 those costs, but also, we required award reports so that that
17 information is submitted by the companies to the Commission
18 rather than us having to go chase it down from the localities.
19 It makes it a little bit easier to trust but verify. But yes,
20 we did address that a little bit more clearly in our current
21 performance agreements since 2020. Thank you.

22 CHAIRMAN MARSHALL: All right. Any other questions?

23 Yes, Gretchen.

24 MS. CLARK: For the expansion projects, we like to see
25 competition. That's always kind of hard to do because a lot of

1 times it's a fictitious exercise. They know they're going to
2 stay there just wasting time of the economic developer and
3 economic developers of other localities. And I don't really
4 want them looking at other localities imagining what an
5 expansion might be like there. We want to keep them in our
6 footprint in their hometown. So, I'm wondering how we can
7 soften that.

8 CHAIRMAN MARSHALL: So, we try to get a little aggressive
9 but it's not only just, but you also know, shopping between
10 Pittsylvania County and the City of Danville, it maybe in the
11 City of Danville and Caswell County, North Carolina. And so,
12 people can go, you know, across. Same thing here. They could
13 go into West Virginia or whatnot. So, but we try to be
14 competitive and one of the advantages we have over other parts
15 of the State is they don't have a TROF policy. And so, that
16 gives us somewhat of a competitive advantage over say, for
17 example, Lynchburg who is not part of the -- or Roanoke, is not
18 part of the Tobacco Region.

19 All right. Other questions, thoughts?

20 (NO RESPONSE.)

21 CHAIRMAN MARSHALL: All right. Anything else Andy or
22 James?

23 MR. SORRELL: Not related to the TROF policy, Mr. Chairman.

24 CHAIRMAN MARSHALL: Okay.

25 MR. SORRELL: I do think you have one more public comment.

1 CHAIRMAN MARSHALL: All right. So, we have two public
2 comments today. So, does anybody else have public comment
3 that'd like to tell us how the world should be?

4 (NO RESPONSE.)

5 CHAIRMAN MARSHALL: Not seeing anyone come forward. All
6 right. So, I thank you for your time this morning and we will
7 adjourn.

8 (MEETING ADJOURNED.)

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1 VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION
2 2023 SPRING FULL COMMISSION TWO-DAY MEETING
3 SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER
4 ABINGDON, VA
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9 SOUTHERN VIRGINIA COMMITTEE
10 MAY 18, 2023
11 10:00 A.M.
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18 MARSHA SELF, CERT
19 Appalachian Court Reporting
20 P.O. Box 833
21 Abingdon, Virginia 24212
22 ID 54-1495140
23 (276) 676-2244
24
25

1 **Appearances:**

- 2 Walter "Buddy" Shelton, Chairman
3 T. Jordan Miles, Vice Chair
4 Honorable Delegate Leslie Adams
5 Honorable Delegate Kathy Byron
6 Joel Cunningham, Jr.
7 Coley Drinkwater
8 Watt Foster, Jr.
9 Richard Hite, Jr. (remotely)
10 Jay Jennings (remotely)
11 Honorable Delegate Danny Marshall
12 Honorable Secretary Caren Merrick (remotely)
13 Honorable William Pace
14 Gary Walker

13 **Absent:**

- 14 Senator Louise Lucas
15 Honorable Senator Joseph Morrissey

16 **Staff:**

- 17 Honorable James Campos, Acting Executive Director
18 and Deputy Secretary of Commerce and Trade
19 Andrew Sorrell, Deputy Director
20 Stephanie Kim, Finance Director
21 Vicki Humphreys, Grants Director
22 Sarah Capps, Southern Regional Director
23 Sara Williams, Southwest Regional Director
24 Jordan Butler, Public Relations Director & TROF Program Manager
25 Emily Van Pelt, Grants Assistant
Joyce Knight, Meeting Coordinator
Hannah Franke-Fuller, Special Assistant

1 CHAIRMAN SHELTON: Good morning. All right. It's a little
2 after 10:00 a.m., so we will go ahead and start the Southern
3 Committee meeting. We have a brief agenda, so it should be a
4 brief meeting. Thank everyone for attending.

5 To start off with, Director Campos would you call the roll,
6 please?

7 MR. CAMPOS: Yes, sir. Calling roll.

8 (IN ATTENDANCE.)

9 Walter "Buddy" Shelton. T. Jordan Miles. Delegate Leslie
10 Adams. Delegate Kathy Byron. Joel Cunningham. Coley
11 Drinkwater. Watt Foster. Richard Hite. Jay Jennings
12 (remotely). Senator Lucas. Delegate Danny Marshall. Secretary
13 Caren Merrick. Honorable William Pace. Gary Walker.

14 MR. CAMPOS: Chairman, we have a quorum.

15 CHAIRMAN SHELTON: Thank you, Director Campos. I know we
16 have several people participating remotely.

17 Commissioner Miles, would you read the statement pertaining
18 to that, please.

19 MR. MILES: Yes, sir, Mr. Chairman. I move approval that
20 Commissioners Hite, Walker, Jennings, and Secretary Merrick
21 requests to participate remotely in this meeting is in
22 conformance with the Commission's adopted electronic policy and
23 all voices of those remotely participating members can be heard
24 by all persons at the primary meeting location.

25 DELEGATE MARSHALL: Second.

1 CHAIRMAN SHELTON: We have a motion by Commissioner Miles
2 and a second by Delegate Marshall. Andy, lead us in roll call.

3 MR. SORRELL: Yes.

4 (CALLS THE ROLL.)

5 (AFFIRMATIVE.) Mr. Shelton. Mr. Miles. Delegate Adams.
6 Delegate Byron. Mr. Cunningham. Mr. Drinkwater. Mr. Foster.
7 Mr. Hite. Mr. Jennings. Delegate Marshall. Mr. Pace. You
8 have approval.

9 MR. SORRELL: Okay. You have approval.

10 CHAIRMAN SHELTON: Okay. Thank you, Andy. The minutes
11 from our January the 4th Committee meeting have been published on
12 the website. Are there any additions or corrections, or if not,
13 I'll entertain a motion to approve them as recorded.

14 MR. MARSHALL: Move to accept the minutes.

15 DELEGATE BYRON: Second.

16 CHAIRMAN SHELTON: Okay. We have a motion by Delegate
17 Marshall. Second by Delegate Byron. All those in favor signify
18 by saying aye.

19 (ALL AFFIRM.)

20 CHAIRMAN SHELTON: Any opposed?

21 (NO RESPONSE.)

22 CHAIRMAN SHELTON: None. The minutes are approved. Is
23 there any public comment in general at this time? If there is
24 any on the business of the day, we will accept it at that time
25 but any general public comment?

1 (NO RESPONSE.)

2 CHAIRMAN SHELTON: Hearing none. We'll go on to the order
3 of the agenda. And I believe Vicki will be handling that today.

4 MS. HUMPHREYS: Yes. We have just one request for an
5 extension for your consideration this morning from Pittsylvania
6 County for the Mecklenburg Electric Cooperative Backbone Fiber
7 Extension, 3533. The current end date for this project is June
8 30, 2023, and they are requesting a 5th year extension.

9 The Commission approved a \$375,000 broadband grant in June
10 2019, to provide broadband fiber-to-the-home along the route of
11 Mecklenburg Electric Cooperatives fiber connections between its
12 Mt. Airy and Grit substations in northeastern Pittsylvania
13 County.

14 The approved project was targeted to serve 174 premises
15 within 1,000 feet of roadway along the connecting substation
16 fiber route. A fourth-year extension was approved by the
17 Commission's Executive Director in June 2022. And at that time,
18 MEC and their subsidiary EMPOWER Broadband indicated that the
19 original project schedule was delayed due to the mainline fiber
20 construction not being completed until 2021, which provided
21 insufficient time to promote the fiber availability to area
22 residents, as well as a slower than expected adoption rate.

23 They've got 17 active accounts and several others in
24 construction. And that's growing with neighbor-to-neighbor
25 referrals. And so, the staff is recommending approval of an

1 extension to June 30, 2024.

2 CHAIRMAN SHELTON: Thank you, Vicki.

3 Are there any questions, comments from Commission?

4 MR. PACE: Mr. Chairman?

5 CHAIRMAN SHELTON: Yes.

6 MR. PACE: I have a motion. I move we grant the extension
7 to June 30, 2024.

8 CHAIRMAN SHELTON: We have a motion on the floor. Is there
9 a second?

10 MR. MILES: I'll second it, Mr. Chairman.

11 CHAIRMAN SHELTON: We have a second by Mr. Miles. Is there
12 any further discussion or is there anyone here that wanted to
13 speak pertaining to this?

14 (NO RESPONSE.)

15 CHAIRMAN SHELTON: All right. We have a motion and a
16 second on the floor to accept the staff's recommendation for the
17 extension. All those in favor signify by saying aye.

18 (SOME AFFIRM.)

19 CHAIRMAN SHELTON: Any oppose?

20 (TWO OPPOSE.)

21 CHAIRMAN SHELTON: Staff's recommendation is approved.
22 That's all on our agenda. Andy, do we have any other business
23 that needs to come before this Committee?

24 MR. SORRELL: No, sir.

25 CHAIRMAN SHELTON: All right. Hearing no other business is

1 there -- this is the final opportunity for public comment.

2 MR. SORRELL: And I do have one other item of business.

3 CHAIRMAN SHELTON: Okay. Go ahead.

4 MR. SORRELL: Pertaining to the -- not the Committee
5 meeting, but I'm happy to report that later on at the conclusion
6 of this Committee meeting there is going to be -- we're going to
7 be able to have the demonstration of the virtual cadaver lab
8 that we were hoping to have yesterday. The executive director
9 here at the Higher Ed Center was able to arrange for the
10 technician to be here today to provide that at around 10:15ish,
11 10:30. We'll be able to just walk upstairs and have that
12 demonstration in the virtual cadaver lab for those that want it
13 before the start of our 10:45 a.m.

14 DELEGATE. MARSHALL: Right before lunch.

15 CHAIRMAN SHELTON: Right before lunch. Good timing. Okay.

16 Any other comments or questions from Commission or for
17 public?

18 (NO RESPONSE.)

19 CHAIRMAN SHELTON: Hearing none, this Committee meeting is
20 adjourned.

21 (MEETING ADJOURNED.)

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1 VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION
2 2023 SPRING FULL COMMISSION TWO-DAY MEETING
3 SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER
4 ABINGDON, VA
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11 SOUTHWEST VIRGINIA COMMITTEE
12 MAY 18, 2023
13 10:45 A.M.
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19 MARSHA SELF, CERT
20 Appalachian Court Reporting
21 P.O. Box 833
22 Abingdon, Virginia 24212
23 ID 54-1495140
24 (276) 676-2244
25

1 **Appearances:**

2 Honorable Delegate James "Will" Morefield, Chair
3 Julie Hensley, Vice Chair
4 Edward Blevins
5 Amanda Cox
6 Honorable Delegate Terry Kilgore
7 Honorable Deputy Secretary Beth Green
8 Jay Jennings (remotely)
9 Honorable Delegate Danny Marshall
10 Honorable Deputy Secretary Beth Green
11 Honorable William Pace
12 Sandy Ratliff
13 Honorable Delegate William "Will" Wampler
14 Sarah Wilson

15 **Absent:**

16 Honorable Senator John Edwards

17 **Staff:**

18 Honorable James Campos, Acting Executive Director
19 and Deputy Secretary of Commerce and Trade
20 Andrew Sorrell, Deputy Director
21 Stephanie Kim, Finance Director
22 Vicki Humphreys, Grants Director
23 Sarah Capps, Southern Regional Director
24 Sara Williams, Southwest Regional Director
25 Jordan Butler, Public Relations Director & TROF Program Manager
Emily Van Pelt, Grants Assistant
Joyce Knight, Meeting Coordinator
Hannah Franke-Fuller, Special Assistant

1 CHAIRMAN MOREFIELD: Good morning. We'll call the Southwest
2 Virginia Committee to order. We'll have a roll call.

3 MR. CAMPOS: Thank you, Chairman. Acting Executive
4 Director James Campos. Roll Call.

5 (IN ATTENDANCE.)

6 Delegate Will Morefield. Julie Hensley. Edward Blevins.
7 Gretchen Clark. Amanda Cox. Delegate Terry Kilgore. Deputy
8 Secretary Beth Green. Honorable William Pace. Sandy Ratliff.
9 Delegate William Wampler. Sarah Wilson.

10 MR. CAMPOS: Chair, we have a quorum.

11 CHAIRMAN MOREFIELD: Okay. Thank you. Now, we will
12 approve the minutes from January the 4th. Do I have a motion?

13 DELEGATE KILGORE: I so move, Mr. Chairman. Delegate Terry
14 Kilgore.

15 UNKNOWN: Second.

16 CHAIRMAN MOREFIELD: We have a motion and a second to
17 approve the minutes from January 4th. All in favor say aye.

18 (ALL AFFIRM.)

19 CHAIRMAN MOREFIELD: All opposed?

20 (NO RESPONSE.)

21 CHAIRMAN MOREFIELD: Okay. Now, on to public comment. Do
22 we have anyone from the public who would like to make a comment?

23 (NO RESPONSE.)

24 CHAIRMAN MOREFIELD: Okay. There is no public comment.

25 Sarah Wilson -- Williams. Sorry. Not Wilson.

1 MS. WILLIAMS: Okay. Good morning. We have two projects
2 that were tabled at the January meeting. And so, we are here to
3 revisit those today.

4 The first is 4110. That was Blue Ridge Public Television
5 for PBS Appalachia Virginia. This is to consider an additional
6 \$130,000 award to the grant that was made in January. You may
7 remember that the January recommendation reflected a \$130,000
8 reduction. The original request amount was \$530,000. During
9 our review we identified a position that we felt was not
10 appropriate to be supported with the Commission funds and so we
11 recommended a \$400,000 award.

12 Just prior to the Southwest meeting they sent us some
13 information and requested that an additional \$130,000 support
14 two positions, a senior producer and a digital marketing
15 position. Staff really did not have time to vet that and as you
16 probably remember that eventually was tabled. So, in a recent
17 update they sent us, and they now would like to use that
18 \$130,000 to support three positions. That's still a senior
19 producer, another corporate support position as well as a
20 digital marketing position.

21 So, we took a little bit of extra time to review that. We
22 wanted to make sure we understood why it had changed from two
23 positions to three and that we really understood how these
24 positions fit within the overall staffing plan and
25 organizational structure of the station. And once we reviewed

1 it, we were comfortable with that. We thought it was an
2 appropriate use of Commission funds. The additional positions
3 will allow the station to immediately produce quality content.
4 The corporate support and additional marketing positions are
5 essential to pursuing multiple revenue streams that will help
6 the station become self-sustaining, which is really the goal.

7 So, the staff recommends an award of \$130,000 to be added
8 to the January award.

9 CHAIRMAN MOREFIELD: Okay. Thank you. We do not have a
10 long agenda so, if everyone agrees, I recommend that we go ahead
11 and vote on this item. First, do we have any questions from the
12 Committee members?

13 (NO RESPONSE.)

14 CHAIRMAN MOREFIELD: We do have a representative from PBS
15 here today as well if you have any questions.

16 DELEGATE KILGORE: I would recommend that we adopt staff
17 recommendation.

18 DELEGATE WAMPLER: Second.

19 CHAIRMAN MOREFIELD: Okay. We have a motion to adopt the
20 recommendation and a second. All in favor say aye.

21 (ALL AFFIRM.)

22 CHAIRMAN MOREFIELD: All opposed?

23 (NO RESPONSE.)

24 CHAIRMAN MOREFIELD: Okay. Sarah, I'm sorry. Go ahead.

25 MS. WILLIAMS: The next project that was tabled in January

1 was 4117. That was the Mendota Community Association for
2 Revitalization of Former Mendota School Building. They
3 requested \$38,485.

4 This was to pursue some additional planning work to
5 renovate the former school building that's been used as a
6 community center for several years. You may remember that we
7 tabled it because we felt that the scope of that work was a
8 little unclear and there were some issues with matching funds.

9 So, since that award, I reached out to Washington County --
10 the County does own that building -- to try to help figure out
11 how to guide this project forward a little bit more. And
12 through those discussions and some other discussions with
13 Virginia DEQ we learned that Washington County is pursuing some
14 funding through DEQ, for an environmental study, which seems to
15 be a very reasonable path forward for that project.

16 But more importantly at this point since this report was
17 published, we learned that the Washington County Board of
18 Supervisors recently voted to end their lease with the Community
19 Association so with that update it basically, you know, this
20 project really isn't viable at this point. Although we may hear
21 from the County in the future should they wish to pursue some
22 additional work. So, staff recommends no award.

23 CHAIRMAN MOREFIELD: Okay. Any questions?

24 (NO RESPONSE.)

25 CHAIRMAN MOREFIELD: All right. No questions. We'll

1 entertain a motion.

2 MR. PACE: Mr. Chair, I have a motion.

3 CHAIRMAN MOREFIELD: We have a motion.

4 MR. PACE: Move to postpone indefinitely Project 4117.

5 Postpone indefinitely.

6 CHAIRMAN MOREFIELD: Okay. We have a motion to postpone it
7 indefinitely. Do we have a second? Do we have a second?

8 (NO RESPONSE.)

9 CHAIRMAN MOREFIELD: Okay. That motion fails.

10 DELEGATE KILGORE: Second. Second.

11 CHAIRMAN MOREFIELD: We do have a second?

12 DELEGATE KILGORE: To postpone it?

13 CHAIRMAN MOREFIELD: Yes, postpone it.

14 DELEGATE KILGORE: Yes. Second.

15 CHAIRMAN MOREFIELD: Okay. We have a motion and a second.

16 All in favor say aye.

17 (ALL AFFIRM.)

18 CHAIRMAN MOREFIELD: All opposed?

19 (NO RESPONSE.)

20 CHAIRMAN MOREFIELD: Okay.

21 Okay, Sarah, I believe now we'll move on to Extensions and
22 Modifications.

23 MS. WILLIAMS: Yes. We have two grants to present to you
24 that are requesting extensions.

25 The first is the grant 3377 for Carroll, Grayson, Galax

1 Regional Industrial Facility Authority, and The Wired Road
2 Connector Project. This was approved for \$300,000 in March of
3 2018 and the full balance remains available.

4 The grant was approved for the construction of a wireless
5 internet system in Carroll and Grayson counties. It connects to
6 other broadband projects that are under development in those
7 counties. Since the approval they have encountered delays, as
8 many of our broadband projects have, with supply chain issues
9 for materials as well as labor shortage. The grantee though has
10 assured staff that the project will be completed during this
11 extension period. So, staff recommends a final extension until
12 May 31, 2024.

13 CHAIRMAN MOREFIELD: Okay. Thank you.

14 Do we have any questions?

15 (NO RESPONSE.)

16 CHAIRMAN MOREFIELD: All right. I'll entertain a motion.

17 UNKNOWN: So, moved.

18 CHAIRMAN MOREFIELD: All right. Do we have a second?

19 DELEGATE KILGORE: Second.

20 CHAIRMAN MOREFIELD: We have a motion and a second to --

21 MS. COX: I have an abstention. I probably should abstain
22 from that project for the middle mile.

23 CHAIRMAN MOREFIELD: Okay. We have a motion and a second,
24 one abstention to adopt the staff recommendations. All in favor
25 say aye.

1 (ALL AFFIRM.)

2 CHAIRMAN MOREFIELD: All opposed?

3 (NO RESPONSE.)

4 CHAIRMAN MOREFIELD: Okay.

5 MS. WILLIAMS: So, the next project is an extension of --

6 DELEGATE MARSHALL: And one abstention.

7 CHAIRMAN MOREFIELD: And one abstention. Apologize. One
8 abstention.

9 MS. WILLIAMS: The next project also contains a request for
10 a change in scope so there's a little more to explain on that
11 one. It's 3530. It's Grayson County for Connect Grayson. They
12 were approved for \$325,000 in June of 2019. Again, the full
13 balance is available.

14 So, they requested a 5th year extension and a change in
15 scope. This project was approved in 2019 and it was still a
16 little bit under development at the time it was approved. This
17 is the last mile component of Appalachian Power's Middle Mile
18 Project. And at the time it was approved, and it was still
19 subject to, I think, the Executive Director's approval of the
20 final budget and outcomes. I don't know if we ever received
21 those although it is an active grant.

22 So, what Grayson has learned since then is that the
23 original internet provider, Giga beam, who is also completing
24 work in another part of the County, that the technology that
25 they are using is likely not appropriate for Western Grayson.

1 And that's the section of the County that our funds will cover.

2 So, they are requesting a change in scope to do a couple of
3 things. They would like to bring in a second vendor and they're
4 looking for someone who would do 5G technology. The Giga beam
5 was not a party to the agreement as they were not a partner at
6 the time that that project was approved so there really does not
7 seem to be a reason, they cannot bring in the second vendor.
8 What they have realized is that a 5G type of technology is more
9 suitable. And we do have some representatives from Grayson here
10 that can explain a little bit more about the reasons for that
11 than the details I could probably give you.

12 In addition to that they have requested permission to
13 transfer Commission purchased assets to the project vendor. And
14 right now, it's a little premature to do that. The Executive
15 Director has the authority to approve asset transfers. That
16 usually happens at the end of the project once we know that the
17 deliverables and outcomes have all been achieved. And so, right
18 now it's a little premature because we do not know who the
19 vendor is or a firm list of what those assets are. So, that is
20 something that we can revisit administratively when it's
21 appropriate.

22 They also requested an 18-month extension. Our policy
23 allows for only a one-year extension at a time. So, it's likely
24 you will see this grant before us in another year although my
25 conversations with them this morning reveal they think it is

1 likely they may be able to complete it within the year.

2 So, staff has recommended the approval of the revised
3 project scope to include the addition of a second last mile
4 vendor. The grant's end date will be extended to May 31, 2024.

5 CHAIRMAN MOREFIELD: Okay. Thank you. Do we have any
6 questions?

7 MS. COX: Mr. Chairman.

8 CHAIRMAN MOREFIELD: Yes, ma'am.

9 MS. COX: Mr. Revels, I'd like to ask you a couple of
10 questions.

11 MR. REVELS: Yes.

12 MS. COX: Is this specific to the Whitetop area?

13 MR. REVELS: Yes.

14 MS. COX: The area that's been tough to serve?

15 MR. REVELS: Yes, it is. The current plan or the former
16 plan was to use 35-foot towers and transponders to try to serve
17 wirelessly people in the Whitetop community.

18 CHAIRMAN MOREFIELD: Sir, I apologize. Could you please
19 state your name?

20 MR. REVELS: I'm Tom Revels, Grayson County and I'm the
21 Project Manager for the County on that project. I apologize.

22 CHAIRMAN MOREFIELD: Thank you.

23 MS. COX: Could you spell your last name?

24 MR. REVELS: Revels, R-E-V-E-L-S. And so, what we've
25 encountered in the central part of the County with these towers

1 is that foliage and topography is limiting the number of people
2 that can be satisfactorily served by the smaller, lower towers.
3 And so, they're looking at some of the new technology which has
4 been demonstrated to us. The 5G wireless systems have taller
5 towers and the broad-spectrum band of a 5G transponder shoots
6 through foliage and like a radio wave can mold itself around a
7 ridge. And so, in the most Western part of the County if we're
8 going to have any success in getting wireless services in place
9 it's going to take something different than what we initially
10 thought would be appropriate. So, this is based on lessons
11 learned already in other areas of the County.

12 MS. COX: Mr. Chairman, one more question.

13 CHAIRMAN MOREFIELD: Yes, ma'am.

14 MS. COX: Are you guys' pursuing VATI funds or the BEAD
15 funds that hopefully would be coming down the pipe to the DHCD
16 in the future to help you implement that?

17 MR. REVELS: No.

18 MS. COX: Okay.

19 MR. REVELS: Not in that part of the county.

20 MS. COX: Okay. Thank you.

21 delegate MARSHALL: A question.

22 CHAIRMAN MOREFIELD: Yes, sir.

23 DELEGATE MARSHALL: So, sir, I assume you're talking about
24 putting up towers, this 5G. So, what kind of radius could that
25 serve?

1 MR. REVELS: Well, first, I'm not totally the expert on
2 this although I've listened to people who are. Depending on the
3 elevation of the tower they can achieve broadband speeds, which
4 match the federal definition up to about nine miles. Nine miles
5 in radius. And they've already done some -- several vendors
6 have done some preliminary work and the total project would call
7 for three towers. One on the -- if you know anything about
8 Whitetop, one in Whitetop. One on Fees Ridge, which is about
9 halfway between Whitetop and Rugby. And then one in the Rugby
10 area.

11 And with those three towers and this technology they can
12 project to serve about 97 percent of the households that are in
13 that region. Even with our four plan and smaller towers, even
14 the engineering projections at that time were down around 60
15 percent.

16 DELEGATE MARSHALL: Sir, is it weather related? I mean,
17 like the storm we had a couple nights ago, does that affect the
18 service?

19 MR. REVELS: Well, the good thing about the tall towers and
20 the 5G is far less susceptible to weather issues. I will admit
21 to you that, you know, A&P has done a remarkable job of putting
22 fiber across our County and we're very thankful for that. But
23 the last mile fiber we're having great difficulty because a
24 hundred-foot tree does not respect a 40-foot electric utility
25 right-of-way. And even before we could get it hung and

1 serviceable, we're beginning to see a drop because trees are
2 falling and if you know anything about Western Grayson County.
3 I live there. To the best of their ability, I still lose power
4 one to two times a month. Now, they are Johnny on the spot to
5 fix it but as I've learned from the technicians when the fiber
6 cable breaks it's not like an electric line. It takes a lot
7 more time and a lot more money and a lot more effort to put it
8 back together.

9 And so, we believe that instead of using micro towers you
10 do have to tie them into fiber lines because all the fiber in
11 Western Grayson runs 58. We believe it will be far more durable
12 in our environment because as you know we do have terrible
13 windstorms in the wintertime and a lot of wet ground and trees
14 that fall.

15 DELEGATE MARSHALL: Okay. Thank you.

16 CHAIRMAN MOREFIELD: Okay. Any further questions?

17 (NO RESPONSE.)

18 CHAIRMAN MOREFIELD: Okay. I'll entertain a motion to
19 accept the staff recommendation.

20 MR. PACE: So, moved, Mr. Chairman.

21 CHAIRMAN MOREFIELD: Okay.

22 MS. WILLIAMS: Second.

23 CHAIRMAN MOREFIELD: We have a motion to approve the staff
24 recommendations and a second. All in favor say aye.

25 (ALL AFFIRM.)

1 MS. COX: Mr. Chairman, one, abstention.

2 CHAIRMAN MOREFIELD: Yes. Okay. All opposed?

3 (NO RESPONSE.)

4 CHAIRMAN MOREFIELD: All right. With one abstention.

5 MR. REVELS: Mr. Chairman, thank you. We appreciate your
6 support.

7 CHAIRMAN MOREFIELD: All right. Thank you. Okay. Next
8 on to other business. Andy?

9 MR. SORRELL: I don't have any other business, per se.
10 Sarah, did you want to mention the current status of the meat
11 processing grant round? That's getting ready to close soon, I
12 believe.

13 MS. WILLIAMS: Sure. As you are probably aware the
14 Southwest Committee is currently accepting applications for a
15 very specialized funding round focused only on increasing meat
16 processing capacity in the region. I want to tell you there has
17 been a lot of interest in that program. Unfortunately, we've
18 had several of the projects that have realized they are not
19 going to be ready to submit on June 1. Although we do
20 anticipate having a couple of applications.

21 I think what's been most beneficial about this special
22 round is that a lot of the people we're talking to now were not
23 previously aware that the Commission could support these types
24 of projects. And so, we've really had a chance to talk to a lot
25 of people we would not normally hear from, and I would not be

1 surprised if some don't apply in the future.

2 The application requirements are strenuous with, you know,
3 construction estimates, business plans. And I think a lot of
4 these are just still working to try to get everything pulled
5 together. But I do anticipate some applications and I look
6 forward to presenting them in September.

7 CHAIRMAN MOREFIELD: Okay. Thank you. Any further
8 questions?

9 (NO RESPONSE.)

10 CHAIRMAN MOREFIELD: All right. Now, we'll go back to
11 public comment. Does anyone from the public want to make a
12 comment?

13 (NO RESPONSE.)

14 CHAIRMAN MOREFIELD: Okay. No public comment. We have no
15 further questions. Meeting adjourned. Thank you.

16 (MEETING ADJOURNED.)
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1 VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION
2 2023 SPRING FULL COMMISSION TWO-DAY MEETING
3 SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER
4 ABINGDON, VA
5
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12 STRATEGIC PLANNING COMMITTEE
13 MAY 18, 2023
14 11:30 A.M.
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21 MARSHA SELF, CERT
22 Appalachian Court Reporting
23 P.O. Box 833
24 Abingdon, Virginia 24212
25 ID 54-1495140
(276) 676-2244

1 **Appearances:**

- 2 Edward Blevins, Chair
3 Honorable Delegate Leslie Adams, Vice Chair
4 Gretchen Clark
5 June Hensley
6 Honorable Deputy Secretary Beth Green
7 T. Jordan Miles
8 Honorable Delegate William "Will" Wampler
9 Sarah Wilson

10
11 **Staff:**

- 12 Honorable James Campos, Acting Executive Director
13 and Deputy Secretary of Commerce and Trade
14 Andrew Sorrell, Deputy Director
15 Stephanie Kim, Finance Director
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18 Sara Williams, Southwest Regional Director
19 Jordan Butler, Public Relations Director & TROF Program Manager
20 Emily Van Pelt, Grants Assistant
21 Joyce Knight, Meeting Coordinator
22 Hannah Franke-Fuller, Special Assistant

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1 CHAIRMAN BLEVINS: I want to welcome everyone and call to order
2 the meeting of the Strategic Planning Commission. At this time
3 I'll ask for the call of the roll, please.

4 MR. CAMPOS: Acting Executive Director James Campos.
5 (IN ATTENDANCE.)
6

7 Edward Blevins. Delegate Kathy Bryon. Delegate Leslie
8 Adams. Gretchen Clark. Julie Hensley. Deputy Secretary Beth
9 Green. T. Jordan Miles. Delegate William Wampler.

10 MR. CAMPOS: Chair, we have a quorum.

11 CHAIRMAN BLEVINS: Okay. Thank you. The minutes have been
12 published on the website. At this time we'll ask for a motion
13 to approve.
14

15 MR. MILES: So, moved, Mr. Chairman.

16 DELEGATE WAMPLER: Second.

17 CHAIRMAN BLEVINS: I have a motion. All in favor say aye.

18 (ALL AFFIRM.)

19 CHAIRMAN BLEVINS: Opposed?

20 (NONE.)
21

22 CHAIRMAN BLEVINS: Okay. Is there any public comment for
23 this particular planning committee?

24 (NO RESPONSE.)

25 CHAIRMAN BLEVINS: Okay. Hearing none we'll defer to Andy

1 for an update on our upcoming Strategic Plan.

2 MR. SORRELL: All right. Thank you, Mr. Chairman. I just
3 wanted to give you a brief update on where we stood with the
4 Strategic Plan since we last talked about it in January. We
5 don't have a revised draft for you to review it or anything like
6 that today. But as you recall, we had a discussion at our
7 January meeting. And, of course, that was James' first meeting.
8 And since that time we've really been working with James to get
9 him up to speed in the role, understanding the Commission's
10 existing plan where a draft has been.
11

12 And then also how we can incorporate some of the ideas, as
13 we'll talk about in Full Commission with our budget related to
14 energy and other things. I think that the Governor's Economic
15 Development Plan is also something that's working its way --
16 it's now wrapping itself up to be completed. And so we'll be
17 able to really show and tie our plan into what the Governor's
18 pillars are for Economic Development. When I reviewed that with
19 James I'd say five of the six aligned very closely with what the
20 Commission does for Economic Development and Workforce
21 Development and things of that nature. And so that's just sort
22 of a longer way of saying that I expect that by our fall meeting
23 in Southern Virginia we'll have a draft, hopefully, that --
24
25

1 well, it won't be me, but it'll be somebody. Somebody will
2 provide you with a -- James will be providing you with a draft
3 of the Strategic Plan that will pretty closely align with the
4 Administration as well as the funding goals that James brings to
5 the table and with interest in the Energy Program. But also a
6 refocus on some of the projects as well with an innovation
7 funding.
8

9 James, you might want to address some of those ideas, if
10 you'd like.

11 MR. CAMPOS: Sure. Thank you, Andrew. Yeah, some of the
12 things that we're going to be presenting and bringing forward, I
13 think, we have discussed with several of you already. But
14 we're looking forward to presenting these initiatives. We think
15 it's going to be a means in which we can further make the
16 Commission more viable in the years to come and also to provide
17 opportunities of growth and opportunities. So we really do look
18 forward to addressing those and talking with other Commission
19 members and kind of gathering their thoughts from now until the
20 fall.
21
22

23 I think it was mentioned by Delegate Marshall that I'm
24 going to be doing a speaking tour going around and meeting
25 different folks, meeting them and going to their communities and

1 briefing some of them about the Commission. But getting there
2 and making the Commission a bit more retail in that sense. And
3 really getting to know and understand so we can better fine tune
4 the Strategic Plan going forward. So I'm looking forward to
5 that and thought I would just drop those few words.

6
7 MR. SORRELL: Thank you, James. Mr. Chairman, I think that
8 too by having a Strategic Plan ready for adoption this fall
9 we'll be able to incorporate the feedback that James receives
10 from these roundtable discussions from our partners that utilize
11 the Plan. And want to be able to provide solid feedback to us
12 if our Plan is not meeting the needs of our footprint then why
13 do we have a plan? So it's important that that Plan closely
14 aligns with not only programs and what we do but also what our
15 partners are looking for us to do.

16
17 And so it'll also by having it ready to go this fall it'll
18 be for two years, of course, also will align with the Governor's
19 plan for his Economic Development Plan as well. And so that was
20 really just a more general update. As we have talked in the
21 past, you know, Delegate Marshall had some interest in ensuring
22 that we had a Regional Committee that was similar to how we had
23 a Special Projects Committee in the past. But I think there's
24 ways that we can address some of those more regional projects
25

1 when they do arrive. They don't arrive all the time, but when
2 they do, that needs to happen. There needs to be a place for
3 them that we address in the Strategic Plan.

4 MR. CAMPOS: James Campos. I would be remiss by correcting
5 myself. I mentioned a speaking tour. It's really going to be
6 more of a listening tour. So I wanted to make that correction.
7 And also, as Andrew mentioned, some of the new initiatives we're
8 doing. One is an Agricultural Innovation Fund. Another one is
9 an Energy Fund. And we'll go into that more in depth. But
10 those are the two things that we're really looking forward along
11 with the creation of a foundation.
12

13 MR. SORRELL: Yes. A foundation will be something that
14 will provide some flexibility to the Commission and something
15 that will be brought towards to the Commission for a greater
16 discussion at a later time. Probably, this fall. And, of
17 course, that will be addressed in the Strategic Plan. That's
18 all I have.
19

20 CHAIRMAN BLEVINS: Okay. Thank you both. I couldn't agree
21 more with the approach that we're taking on developing this
22 Strategic Plan. I think it will be very beneficial to the
23 Commission and to the people in the footprint. So, I think
24 we're taking -- we're taking the right approach.
25

1 Is there any other business at this time?

2 MR. SORRELL: No, sir.

3 CHAIRMAN BLEVINS: Hearing no other business, is there any
4 public comment?

5 (NO RESPONSE.)

6 CHAIRMAN BLEVINS: Okay. Hearing none, we'll call the
7 meeting adjourned.

8 MR. SORRELL: Okay. And the Full Commission meeting starts
9 back at 12:15. So enjoy your lunch.

10 (MEETING ADJOURNED.)

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2 2023 SPRING FULL COMMISSION TWO-DAY MEETING
3 SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER
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12 FULL COMMISSION
13 MAY 18, 2023
14 12:15 P.M.
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21 MARSHA SELF, CERT
22 Appalachian Court Reporting
23 P.O. Box 833
24 Abingdon, Virginia 24212
25 ID 54-1495140
(276) 676-2244

1 **Appearances :**

2 Honorable Senator Frank Ruff, Chair
Honorable Will Morefield, Vice Chair
3 Honorable Delegate Leslie Adams
Edward Blevins
4 Honorable Delegate Kathy Byron
Gretchen Clark
5 Amanda Cox
Honorable Deputy Secretary Charles Kennington
6 Joel Cunningham, Jr.
Coley Drinkwater
7 Watt Foster, Jr.
Honorable Deputy Secretary Beth Green
8 June Hensley
Jay Jennings (remotely)
9 Honorable Delegate Terry Kilgore
Honorable Delegate Danny Marshall
10 T. Jordan Miles, III
Honorable William Pace
11 Sandy Ratliff
Walter "Buddy" Shelton, Jr.
12 Honorable Delegate William "Will" Wampler
13 Sarah Wilson

14
15 **Absent**

Honorable Senator John Edwards
16 Richard Hite
Honorable Senator Louise Lucas
17 Honorable Joseph Morrissey
Gary Walker

18
19 **Staff :**

Honorable James Campos, Acting Executive Director
20 and Deputy Secretary of Commerce and Trade
Andrew Sorrell, Deputy Director
21 Stephanie Kim, Finance Director
Vicki Humphreys, Grants Director
22 Sarah Capps, Southern Regional Director
Sara Williams, Southwest Regional Director
23 Jordan Butler, Public Relations Director & TROF Program Manager
Emily Van Pelt, Grants Assistant
24 Joyce Knight, Meeting Coordinator
25 Hannah Franke-Fuller, Special Assistant

1 CHAIRMAN RUFF: James, would you call the roll, please?

2 MR. CAMPOS: Yes, Chairman. James Campos, Acting Executive
3 Director.

4 (IN ATTENDANCE.)

5 Senator Frank Ruff. Delegate Will Morefield. Honorable
6 Leslie Adams. Edward Blevins. Delegate Kathy Byron. Gretchen
7 Clark. Amanda Fox. Cox. (Laughs.) As I was saying. Deputy
8 Secretary Charles Kennington. Joel Cunningham. Coley
9 Drinkwater. Watt Foster. Julie Hensley. Jay Jennings.
10 Delegate Terry Kilgore. Deputy Secretary Green. Delegate Danny
11 Marshall. Secretary Caren Merrick. T. Jordan Miles. Honorable
12 William Pace. Sandy Ratliff. Walter "Buddy" Shelton. Delegate
13 Will Wampler. Sarah Wilson.

16 MR. CAMPOS: Chair, we have a quorum.

17 CHAIRMAN RUFF: James, if you'd try Hite again and see if
18 he will acknowledge he's there.

19 MR. CAMPOS: Mr. Hite, are you there, sir? One more time.
20 Mr. Hite, are you there, sir? And then Joel Cunningham just
21 walked in.
22

23 MR. CUNNINGHAM: I'm here. Here.

24 MR. MOREFIELD: All right. Mr. Chairman, I have a motion.
25 Chairman Ruff, I move approval that Commissioners Merrick, Hite,

1 Walker, and Jennings, requested to participate remotely in this
2 meeting in conformance with the Commission's adopted electronic
3 policy. And the voices of the remotely participating members
4 can be heard by all persons at the primary meeting location.

5 DELEGATE KILGORE: Second.

6 CHAIRMAN RUFF: Properly moved and seconded. All in favor
7 say, aye.

8 (ALL AFFIRM.)

9 CHAIRMAN RUFF: Okay. All right. Very good. All right,
10 you all have read, I'm sure, word-for-word all the minutes from
11 January the 5th and March 21st.
12

13 MR. SORRELL: I'll say that March 21st ones aren't
14 completed, so it'll just the January 5th ones.
15

16 CHAIRMAN RUFF: Are there any additions or changes to those
17 meetings? If not, will somebody make a motion?

18 DELEGATE KILGORE: So moved to be approved.

19 CHAIRMAN RUFF: Properly moved and seconded that they be
20 approved. All in favor say, aye.
21

22 (ALL AFFIRM.)

23 CHAIRMAN RUFF: Welcome back, public. You all were too
24 quiet earlier, so we can give you one more shot at this for
25 saying something. All right. Gearing up. Let's move forward.

1 Adam Watkins is here with the Economic Development for
2 Southwest and Southside Virginia and with the VEDP. And, Adam,
3 we're going to turn it over to you and give us some great
4 wisdom.

5 MR. WATKINS: Sounds great. Thank you very much. It's
6 really a pleasure to be here. So thank you for inviting me to
7 come speak on this report that VEDP developed over the last
8 year. I want to thank Delegate Kilgore for developing the bill
9 that ended up tasking us with conducting this report. I'll kind
10 of go through the slides but I'll introduce myself first. My
11 name is Adam Watkins. I'm the Assistant Vice President at the
12 Virginia Economic Development Partnership on the Economic
13 Competitiveness Team. What my team really does is really look
14 at what areas is Virginia competitive. We're trying to attract
15 and grow our businesses in the state. And over the last year in
16 a lot of different forms we've really taken a deep look at rural
17 Virginia. In particular, in the Southwest and Southside,
18 especially. My team also developed a study for the inland
19 ports, which the results came out kind of in favor of exploring
20 further developing an inland port in Mount Rogers region as
21 well. But this study -- if you'd go to the next slide. Thank
22 you.
23
24
25

1 So, the study asked us to look at barriers and
2 opportunities for economic development and infrastructure
3 development in Southwest and Southside Virginia. So it was a
4 kind of broad idea of what are the different challenges because
5 there are many topic areas that we could have taken this in to
6 really understand economic development in ways that Southwest
7 and Southside Virginia can really leverage some of the great
8 things that are going on and really take a deeper look at some
9 of the challenges and think through new ways to tackle them.

10
11 We took Southwest and Southside Virginia and focused on GO
12 Virginia Regions One and Three, so predominately it covers the
13 tobacco region. And that was kind of our area of focus. But
14 something that we want to make clear in this study is that a lot
15 of the findings really are more broadly applicable to rural
16 Virginia. A lot of the challenges that we see in Southwest and
17 Southside, we did a lot of data analysis comparing both this
18 region of the study, rural Virginia, and then comparing it to
19 what we're seeing in trans and metro. In urban Virginia there's
20 a lot of parallels between Southwest and Southside Virginia and
21 then the rest of the rural areas. So I just want to make that
22 clear. There's a lot of broad applicability of these findings.

23
24 Something else I wanted to say is that this isn't really
25

1 just VEDP or that is coming up with these ideas or coming up
2 with these priorities. One thing my team did and our External
3 Affairs Team is we really engaged folks in Southwest and
4 Southside Virginia. We came out to all of the regions. We
5 engaged with the delegation as well. We met with local economic
6 developers, regional folks, the higher eds, many other partners
7 in these reasons to really understand that -- and this is the
8 report is really a reflection of the challenges that they've
9 seen and the priorities that they see for economic developments
10 over the next 10 to 20 years. What we ended up doing with that
11 information is take a deep dive into the data and really justify
12 and say, Okay, this is the challenge that communities are
13 expressing. This is verifiable. It's true. We are seeing a
14 housing shortage. We are seeing challenges with capacity
15 building and that's impacting our ability in communities to win
16 projects, right.

19 So, that's something that we try to do with this report is
20 supplement all kinds of priorities and ideas that are coming out
21 of the communities and the great work here and really leverage
22 some data as well to wrap our heads around. Okay, this is why
23 things are moving slowly or in some directions. But or this is
24 why this is a priority and this is how we can tackle those
25

1 issues.

2 So if you go to the next slide.

3 The report really hits on five key areas for this region.
4 And, again, these are very broadly applicable to rural Virginia
5 as a whole. But the first thing we wanted to highlight is
6 Capacity Building. And something that we noted is there's a lot
7 fewer local economic developers and regional economic developers
8 in this region than we see in other parts of the state. This is
9 true for rural Virginia, but will we see the stark difference
10 when we get to kind of more of the metro areas where there's
11 always like two, three, or more economic developers per county
12 or per city. And there are communities in Southwest and
13 Southside that don't have a dedicated economic developer. That
14 hat is being worn by the county commissioner or kind of the city
15 manager. That they have a lot of other responsibilities as
16 well. So capacity is a huge challenge. And the communities
17 that we do see really strong dedicated people we see a lot of
18 progress and a lot of great things are moving and happening.

19
20
21
22 The other area, the next area, is Workforce is a major one.
23 And this kind of broadly encompasses, not only developing skills
24 and attracting talent, but some of the other adjacent areas, so
25 housing capacity. So where does that talent go if they want to

1 move here, right. Do you have workforce housing for any new
2 projects that might be coming down the pipeline. Also,
3 childcare and elderly care. Are there kind of wrap around
4 services and support services so that people don't have to make
5 the choice to sacrifice between going to a really good paying
6 job that they might have to travel a little bit farther to and
7 then figure out how to coordinate childcare and care for other
8 family members, right. So, workforce, it's a broader category
9 but there are a lot of different challenges in there that we
10 wanted to touch on.

11
12 The next one is -- oh, let's go back another. The first
13 line. Go farther up.

14
15 So Sites and Buildings. If you don't have a site for a
16 project to land or for a company to expand then they won't be
17 able to move here, right. So that's a challenge that we feel
18 really acutely at VEDP and we really prioritized developing and
19 expanding our business sites funding. I know the Tobacco
20 Commission has done a lot to develop sites and buildings. And
21 so this is something that we think we should continue to
22 prioritize.

23
24 The fourth one is Infrastructure. So expanding access to
25 our roadways. Really developing and strengthening kind of our

1 highway network and roadway network. And we also highlighted
2 that complimentary study on the inland port as well.

3 And, finally, Incentives and Costs of Doing Business. This
4 region is unique in Virginia because it's right on the border of
5 Tennessee and North Carolina, right. And we are constantly
6 competing with them for products. And this is very easy for a
7 business to say, based on this cost calculation, I will move one
8 county over and be in North Carolina versus Virginia. And they
9 have other states are outcompeting us with incentives and taxes
10 and speed of permitting. So we want to highlight those areas
11 and there are ways that we don't necessarily need to always
12 overhaul our tax system. Although that is a potential option.
13 But there are other incentives that they are using that we could
14 leverage as well to be more cost competitive. And the same with
15 permitting as well.

18 So if you go on to the next slide.

19 I just want to highlight something in the study that we
20 did, we looked at in terms of the capacity, and we looked at
21 counties and cities that have different numbers of economic
22 developers. So on the far left of that is your rural
23 communities, broadly. And we grouped them all together in this
24 particular one because the trends weren't really different
25

1 between Southwest and Southside in the general rural areas.

2 There's kind of a mix of folks that have -- or mix of
3 counties and cities that have no economic developers or just
4 one, two, and three. But what we really see is once you go from
5 having no economic developer to even one economic developer you
6 almost double your chances of getting a project within a two-
7 year span. And by the time you have a pretty fully staffed
8 organization, economic development organization, at the local
9 level your chances of winning a project in a rural area is just
10 as good as we're seeing it in metro areas. So I wanted to
11 highlight that. The people that are on the ground that are
12 doing this work it's really important for them to have the
13 capacity.
14

15
16 And it's not just having staff, too. It's having that
17 training and that expertise. The kind of funds to be able to do
18 a strategic plan or to redevelop your marketing, right. There's
19 a lot of things that go into it that makes a really strong kind
20 of local economic development organization and regional as well.
21

22 If you'll go to the next slide.

23 The other area that we noted is capacity as an issue is
24 getting federal grants. Federal grants is not money that we
25 have to allocate in our state budget. It's money that's already

1 allocated by the federal government that we can compete for and
2 we can win. But the people that have to apply for those,
3 develop the grants, track and monitor those, are usually our
4 locals, our PDCs, and folks like that, that really, again, are
5 constrained with capacity.
6

7 And so if we can really bolster capacity or do things at
8 the state level to really prioritize and support efforts to
9 capture federal funding that can really make a difference and
10 add more resources into our communities. And this is something
11 that VEDP is starting to prioritize.
12

13 My team is really diving into understanding, hey, what are
14 all the federal funding machines that are most important to our
15 communities. We are developing a kind of list and resources to
16 help guide communities on how to apply for these and how to
17 prioritize those. So that's something that we're already taking
18 from this study and doing ourselves.
19

20 The next slide.

21 CHAIRMAN RUFF: Adam, before you go to the next slide.

22 MR. WATKINS: Yes.

23 CHAIRMAN RUFF: My eyes aren't that good. Can you tell us
24 what the colors are?

25 MR. WATKINS: Yes. So we broke it down by different

1 federal organizations. So, Appalachian Regional Commission is
2 the dark blue at the bottom, the U.S. Department of Agriculture,
3 the Economic Development Agency, and the Health and Human
4 Services, Department of Transportation, Federal Communications
5 Commission, that primarily does the broadband pieces, right.
6 There's another -- a few others in there as well. And so what
7 this is showing it's a per capita win of these grants. So
8 Virginia, compared to Tennessee, is about \$400 per capita that
9 we've seen over the past several years that have been awarded to
10 rural Tennessee versus \$300 per capita in rural Virginia. So
11 it's a pretty big difference. If we're thinking about
12 population and size of our rural areas it makes a huge
13 difference in the end.

14
15
16 CHAIRMAN RUFF: Thank you.

17 MR. WATKINS: Yeah. So, Workforce, we tackled it and we
18 broke it down into two chunks, so really it's kind of developing
19 the skills of the people that are here. This was an area where
20 we don't really want to do a lot of new things. We really want
21 to enforce a lot of the great work that's being done, right. So
22 GO TEC is a program that is really taking off and we wanted to
23 highlight that. And that should expand, right.

24
25 We should prioritize getting our K-12 students involved in

1 the industries here and realizing that accessing those
2 opportunities, right. That we have great internship programs
3 that are being developed at the state level that we should
4 continue to double down on and expand. G3 is another program to
5 get folks getting credentials, right. So anything that the
6 state can do to really kind of promote these programs to support
7 their growth.
8

9 Another thing we wanted to highlight is stuff that the
10 Tobacco Commission and others are doing is really funding our
11 higher education centers, our community colleges for responsive
12 workforce needs, right. We have -- and this is true across the
13 state, but very much so in rural Virginia is we're seeing a
14 shortage of workers, right. And what the companies really want
15 is responsive training programs to fill kind of 10 spots or 30
16 spots as they grow their business and adapt to new technology,
17 right.
18

19 So being very nimble with our funding and very responsive
20 to funding needs is something that's important. VEDP already
21 does this. We have that program but it's only for companies
22 kind of new and coming in. It's not for companies that are not
23 looking to take in tax incentives and a deal. So that's the gap
24 that the Tobacco Commission and other organizations can fill.
25

1 And then on the town attraction side, right, and growing that
2 town base, right. Because there's a lot of people in the region
3 that needs to be unlocked as well. So housing is probably the
4 number one priority there as making sure that we have affordable
5 and workforce housing for people close to the areas where they
6 work. Something that has been a challenge is that developers
7 aren't coming here.
8

9 One thing we note is that housing values are lower and that
10 is part of the reason that's driving that, right. If you're a
11 developer you're going to be more inclined to build in Richmond
12 where you can get more bang for your buck in the end than here.
13 And so it's just a marketing deficiency that there have been
14 some really good ideas about how to solve them for and fix that.
15 A couple communities -- I know Wise is doing this. I know
16 Danville and Pittsylvania are thinking about doing this and
17 really developing and kind of doing what we do for site
18 development for industry, but for housing. So kind of doing
19 that free development infrastructure, laying, leveling the site,
20 bringing in water and utilities for when that developer needs to
21 come and they can build quickly, right. So that's one issue to
22 solve for. And having additional funding for that that should
23 be a huge priority. The same for childcare and healthcare.
24
25

1 It's the same issue where there's a marketing deficiency.

2 If you're going to build childcare and healthcare centers
3 you're going to probably, as a capitalist, you're going to do it
4 in a metro area where you can make more money where there's a
5 center of gravity of more people. So we need to work with them
6 and help funds and make a case for people to come to rural areas
7 and expand that, right.

9 So there, for example, the difference that we saw is
10 there's about 40 percent of seats available for pre-K to -- or,
11 yeah, children from zero to 5, right. So about 40 percent of
12 the population to be served in Southwest and Southside, and 60
13 percent of the population to be served in metro areas, right.
14 It's a huge difference. It's still not great for metro areas,
15 but the challenge is more acute here.

17 And then the same is community amenities. I think that the
18 region is doing a great job of developing and selling it's
19 community amenities. But really continuing to leverage
20 opportunity zones, enterprise zones, and other tools to really
21 attract investments and developing public and private
22 partnerships to help enhancing our communities is important to
23 continue to do.

25 Go to the next slide.

1 I won't touch on this too much because I think site
2 development is very familiar to folks. But it's a huge priority
3 and what we want to note is that like there are a couple of
4 great sites in this area, but there few of them, right. We want
5 to continue to grow the products that we have available. But
6 it's not just always just the mega sites. As well we want to --
7 and this is one that VEDP doesn't have the funding to do -- but
8 really invest in some of those smaller sites, 20 acres, 25
9 acres, right, that businesses will expand on.

11 And then invest in shell buildings as well. Something that
12 we heard from conversations is that there's a lot of investment
13 in shell buildings in the '80s and '90s. They kind of sat
14 vacant for a while but then once the economy picked up in the
15 past five years all those buildings have been swallowed up. And
16 we don't really have a funding source to replenish that, right.
17 And if you're a business you're thinking speed to market.
18 Having a building ready for you is huge.

20 Go to the next slide.

21 This is piloting Infrastructure now. So site development
22 is one piece of that. And then infrastructure we're thinking
23 about kind of our roads, our rail networks, our airport
24 networks, all those different things. This is an area where the
25

1 capacity issue comes in again, right. We are not winning as
2 many federal grants for -- Department of Transportation grants
3 for our infrastructure as we need. This is something that takes
4 a lot of work to apply to. It takes a lot of effort to get
5 folks on board and to work with consultants and experts to
6 develop the plans for that. But it takes time and it takes
7 people. So I wanted to bring that back and showcase this issue
8 with an infrastructural lens as well.

9
10 The next slide.

11 So the reason why infrastructure is a priority and why -- I
12 think, Delegate Kilgore, you specifically mentioned it in the
13 bill itself -- is it's the number three reason companies site
14 provided and want to locate at a place. They want to be really
15 connected to road to rail infrastructure. They want to be close
16 to suppliers. They want to have access to the export markets if
17 they need those things. So it's a very important location
18 factor for a company.

19
20 And so we did a quick analysis to understand how much is
21 this actually affecting decisions, right. And places that are
22 closer -- the counties that have kind of a major four-lane
23 highway are two times as likely to get a project -- these are
24 rural counties. Two times as more likely to get a project than
25

1 counties that are not -- that don't have access to a four-lane
2 highway, all right. So we're seeing that, actually, in the data
3 and how the companies are making decisions. And that's another
4 reason why we wanted to bring back the point of, like, hey, if
5 we have folks prioritizing this and developing this in
6 communities it will help kind of unlock more funds for that as
7 well.
8

9 The last piece to highlight here is the reason why we're
10 recommending the inland port and hope kind of complimenting the
11 other report that came out is that if you're, basically, in
12 Martinsville on farther kind of towards the end of the state, if
13 you're a trucker you're probably going to go to North Carolina
14 or South Carolina to ship your goods out of the country because
15 it's 10 to 40 minutes, depending on where you're at, closer for
16 you or faster for you to drive there, right. Time is money. So
17 having it in the port or further developing our infrastructure
18 networks in the southern part of the state towards to connect
19 those regions to the port should be a major priority as well.
20
21

22 Go to the next slide.

23 This is more about the cost of doing business side.
24 Something that I want is to note here, there's a lot of ways to
25 reduce costs, right. But companies are mostly looking at their

1 bottom line. It's not necessarily whether it's taxes or tax
2 cuts. There is some nuance to it, but like if they are saving
3 money by locating in Virginia over North Carolina then they will
4 locate in Virginia. And something that we see in that all of
5 our other neighboring states do that we don't is really targeted
6 tax credits for rural areas. And sometimes it's also targeted
7 at specific industries like manufacturing that are real
8 priorities.

10 So I wanted to highlight kind of all the states and what
11 they're doing to do this. And this is something that Virginia
12 doesn't have is, essentially, a job tax credit. So if you
13 employ a certain number of people you'll get a tax credit
14 based on a certain percentage of that of their wage for the
15 companies. It's a huge windfall for them. Not a significant
16 cost relative to the budget of the state. This is something
17 that VEDP has prioritized and been kind of promoting with the
18 General Assembly for a few years now. But they tier it. And
19 this is what's important is that Georgia, for example, their tax
20 credit it's, basically, like three times as much. If a company
21 chooses to locate in a rural area versus kind of a major metro
22 area they'll have a three times higher tax credit for doing so.

25 So, these are the things that we can do to really direct

1 investment into rural areas to really kind of fix that kind of
2 market issue that they've made a company consider rural Virginia
3 Southwest, Southside over kind of an area that is more in the
4 metro areas. Because there's so many people and talent here
5 that can be unlocked. And getting them to recognize that the
6 opportunity is there and just nudging them in that direction is
7 something that the state should be doing. That's kind of the
8 overview.

10 The next few slides are just kind of a summary of those
11 recommendations. The recommendations are we targeted them
12 towards the General Assembly to think through. But a lot of
13 these issues are ones that other organizations and VEDP, like I
14 said earlier, we are trying to prioritize as well. And this is
15 an effort that not only needs to be done at the city level, it's
16 already being done in a lot of places at the regional and local
17 levels in Southwest and Southside Virginia. And we want to
18 continue that momentum, continue building on those opportunities
19 and think through and be a good partner at VEDP with our
20 communities in Southwest and Southside to really push our
21 economic development opportunities forward.

24 So, I'll take any questions. Happy to. So this was a
25 summary of the presentation. Obviously, we went to it broadly

1 and looked at a lot of areas. If folks want to dive deeper into
2 any of those you can read the report. You can also reach out to
3 me or Jason on who we are, our CEO at VEDP, or any other of us
4 to kind of understand more and give more information. We'd be
5 happy to present and kind of do any other detail work with you
6 all and the communities that you serve. So, thank you very
7 much.
8

9 CHAIRMAN RUFF: Adam, before you answer any questions. Are
10 these slides available to the Tobacco Commission?

11 MR. BUTLER: Yes. Yeah, absolutely. And we'll email them
12 to any -- I also brought paper copies, but not enough. So if
13 folks want paper copies I can share that. But they also can be
14 made available as well to share.
15

16 CHAIRMAN RUFF: Andy, can I count on you to send out to
17 every member that presentation?

18 MR. SORRELL: Yes, sir.

19 CHAIRMAN RUFF: Okay.

20 MR. WATKINS: Thank you.

21 CHAIRMAN RUFF: Daniel, you had some questions?

22 DELEGATE MARSHALL: Yeah. Sir, last year in the General
23 Assembly, we passed House Bill 1842. It's a bill about the
24 Virginia Business Ready Sites Acquisition Fund and Program. It
25

1 creates Virginia Business Ready Sites Acquisition Fund and
2 Program for the purpose of acquiring sites, for the purpose of
3 creating and maintaining a portfolio of project-ready sites to
4 promote economic development in the Commonwealth. So this is a
5 state-wide bill. But I'm just home cooking here in my
6 Commission. So I might be putting you on the spot.

8 MR. WATKINS: That's all right.

9 DELEGATE MARSHALL: So how does this affect the Tobacco
10 Commission? Because what I understand about this bill that we
11 passed is that the state is going to use funds, state funds, to
12 go out and find ready sites and acquire those. And then so
13 let's just take that part first. Then we're go to step two and
14 step three.

16 MR. WATKINS: Yeah. And that's where I think the primary
17 target, depending on the amount of funds, there's only so many
18 sites we can acquire. And they're trying to optimize and think
19 through, okay, what is the sites that will yield kind of the
20 biggest opportunity in kind of the medium term. Probably, like
21 good sites sometimes are ready to go. Others need a lot of
22 work. And so that's where the kind of thinking behind that will
23 be. And I don't know -- from talks I've heard is we would
24 acquire more than probably one or two sites depending on the
25

1 funding size.

2 But the other piece of that is we are looking across
3 statewide, right? So while we might not acquire a site,
4 particularly, in this tobacco commission region, right. It
5 might be rural Virginia, but it might not be in the tobacco
6 commission region. We are still looking statewide in assessing
7 the quality of sites that we don't know about, right. That
8 communities might not know about but have potential that there
9 might be a set of parcels that are just kind of need to be
10 pieced together from different owners that would be really high
11 potential.
12

13
14 And with that research, we want to go out and work with
15 partners to say, hey, these are really good sites. We would
16 want to invest in those. We have not acquired those, but we
17 want to still partner with you with this new knowledge. And
18 that would be kind of with the Tobacco Commission in leveraging
19 funds that you all have and that you're willing to commit to
20 developing these sites. So we are assessing and saying like
21 this is a potentially good site for projects in the long run.
22

23 DELEGATE MARSHALL: A follow-up question then. Who
24 actually will own the site? Will the State of Virginia own the
25 site or will the locality own the site? And then part of that

1 is -- let's take that first. Who will actually control the
2 site?

3 MR. WATKINS: Yeah. That might be putting me a bit more on
4 the spot than I'm able to answer. But my assumption is I think
5 that's still being -- because the funds haven't been committed
6 and I think part of that will -- the language, correct me if I'm
7 wrong, is we'll kind of determine how that site will be owned.
8 Whether it'll be -- I don't believe it's going to completely be
9 owned by VEDP, but it might be kind of in a collaborative
10 fashion, being like reviewed by -- I think there's been
11 discussions about having folks from the General Assembly on to
12 be part of that.
13
14

15 DELEGATE MARSHALL: Yeah. MEI.

16 MR. WATKINS: Yeah, MEI Commission. So that's kind of what
17 I heard, but I don't know if that's kind of been finalized yet,
18 correct? So you're closer to it than I am right now at this
19 point.
20

21 DELEGATE MARSHALL: All right. And so I assume that the
22 tax base will stay locally?

23 MR. BUTLER: I think that is the goal, right. Like, the
24 tax base will stay locally. The site itself will eventually be
25 sold to the company, right, that ends up occupying it or

1 multiple companies that end up occupying that site, right. And
2 so we expect, especially, with partnerships with the localities
3 as they develop, right. It's not going to be all state funds
4 that do it. The locality will -- we want to have them task it
5 in the gate, right, as well. And so we hope that that will be a
6 good windfall for the locality when the project comes and when
7 that's won.

9 DELEGATE MARSHALL: Thank you.

10 MR. WATKINS: Yeah, absolutely.

11 MR. PACE: I have a question.

12 CHAIRMAN RUFF: Any other questions except not about
13 Virginia Beach.

14 MR. PACE: Well, thank you, Mr. Chairman. I'm going to go
15 back to Page 3 of the slide.

16 MR. WATKINS: Sure.

17 MR. PACE: There's something I really noted there. Right
18 there, "Rural localities at least two fulltime economic
19 development staff." I remember at one presentation when Jason
20 presented VEDP had a map of every locality of every county seat
21 and how many staff were on their Economic Development Team,
22 right. And there's some in the tobacco footprint that have
23 none.

1 I think off the top of my head though, and that locality
2 I'm thinking of has an interstate highway system that goes
3 through it. So I guess my question is, is VEDP doing anything
4 to try and reach out to these localities and tell them that it's
5 probably a good idea to have an economic development team, not
6 like a regional one like Southwest Virginia Alliance, but a
7 local one based on this.

9 MR. WATKINS: I mean, our regionals do play a big part in
10 trying to supplement. And we have regional organizations across
11 the state, right. But I think that is something that we do need
12 to communicate. And something that we've been talking about and
13 would like to partner on and do a better job at communicating
14 this with kind of local Board of Supervisors and other officials
15 because that is a weakness. And I think there is a big
16 disconnect in a lot of communities between the elected officials
17 that decide where the funds go and how they're prioritized and
18 what they actually need to do to be successful economic
19 development.

22 But we work with all of our localities regardless of
23 whether or not they're a dedicated economic developer or not.
24 We have a point of contact. In that case it's probably the
25 county administrator. And sometimes they have the assistant

1 staff that are more focused on it. But, yeah, we figure it's a
2 huge priority and something that we would like to do better at.
3 And we hired Abigail Wescott as the director of public relations
4 recently, so we've created a whole dedicated position to that.
5 And she actually comes from the Southwest. She has experience
6 in the region, so she's been a great partner and agrees with all
7 these priorities and recognizes the need to do that. So we're
8 looking forward to -- our team is looking forward to working
9 with her to try to think through how we better communicate with
10 our local elected officials on that front.

12 MR. PACE: Thank you.

13
14 CHAIRMAN RUFF: To follow up on that. And ask are you --
15 are you saying that she will have a responsibility to actually
16 train people in localities? Because I think that is the issue.

17 MR. WATKINS: Yeah.

18 CHAIRMAN RUFF: If the locality does not have it in their
19 budget then they may put somebody in that position who has no
20 skills at that particular job. And so how do you get from zero
21 to one, two, to three?

22
23 MR. WATKINS: And so, she was on board a few months ago.
24 And this, again, is a new position so we're still trying to
25 define the role. But I think that's -- I don't know if

1 dedicated training will be part of that. But I think we would
2 like to see that in the long run depending on how we can devote
3 resources to that. That again, why we recommended -- it was
4 Recommendation A. It's the top one is that funds for that for
5 training for folks in any way that we want to do it, right. It
6 can live with the VEDP. It can live with the Tobacco
7 Commission. It can live with the Virginia Rural Center, right.
8 It can be in a lot of areas. But this is something that we need
9 -- an issue that we need to tackle. And Abigail is interested
10 in doing that. We haven't kind of come together and figured out
11 exactly what such an effort from the VEDP side will look like.
12 But that is something that we want to start exploring and
13 prioritizing, yes.

16 CHAIRMAN RUFF: I would encourage you to work with James
17 towards that goal.

18 MR. BUTLER: Yeah.

19 DELEGATE WAMPLER: Mr. Chairman.

21 CHAIRMAN RUFF: Will.

22 DELEGATE WAMPLER: Thank you. Adam, and staff, can we go
23 down to the next slide, Page 4?

24 I was looking at this. My question to you would be, you
25 know, VEDP was able to gather this data and put it together.

1 But do we take any step further and figure out or identify why
2 Virginia in comparison to some of our competitive states is at a
3 lower ratio of economic development funds? Do we drill down at
4 all and figure out why that is?

5 MR. WATKINS: Are you talking about EDA, specifically, or
6 all these in general?

7 DELEGATE WAMPLER: Not necessarily. I mean, I understand
8 VEDP may draw down the EDA funds for some of those others that
9 are out there. But I was just asking, you know, what was the
10 factor that resulted in us having less economic development
11 funds, you know, that that chart indicates?

12 MR. WATKINS: And this is something that we're still
13 exploring. It's not something that's always like readily
14 available when we do the research. And something that we want
15 to continue doing is diving into other states, maybe and talking
16 to folks. What we noted, especially, about Tennessee and North
17 Carolina and this is why we kind of landed on capacity building
18 is the hypothesis for that. And capacity at the local and
19 regional level.

20 First of all, people did touch on that. They're like, yes,
21 we want to apply for grants but we don't always have the ability
22 to do so or the ability to even manage them if we win the grant,
23
24
25

1 right. So that's one piece of that is it was expressed as a
2 priority challenge from the communities here. What we've seen
3 in North Carolina and Tennessee, the reason why we think that
4 they are doing better is that they are prioritizing. They have
5 programs set up to fund training and marketing. And, I think,
6 it's North Carolina, they also have their economic development
7 agency has a dedicated position to focus on federal funding. So
8 that to us is kind of the rationale and likely reason for why
9 that is. So that's why our team, in particular, has dedicated a
10 couple of people to start exploring this issue further. Really
11 we're starting and trying to make sure we understand the
12 universal grants that are most important and get that
13 information out to people. But we want to continue diving into
14 this analysis and understand a bit more of like why aren't we
15 getting there? Why aren't we unlocking this funding? How do we
16 motivate our partners in the states and focus on these things?

17
18
19 DELEGATE WAMPLER: Thank you. Mr. Chairman, can I make a
20 comment?

21
22 CHAIRMAN RUFF: Yes.

23 DELEGATE WAMPLER: You know, this is one of those areas
24 where we look at a chart, we can see it, and it doesn't look
25 that drastic. But if you take Tennessee where, a hundred

1 million down from what they're receiving every year for, you
2 know, economic development and I don't think it takes, an
3 extensive study by the Commission or by VEDP and figure out that
4 if you don't put resources behind these grants being developed
5 and grant writing and, specifically, seeking out the
6 opportunities that have come from the federal government we're
7 never going to get there.
8

9 So, it's the conditions looking at a strategic plan going
10 forward. If we can put together conditioned resources to focus
11 in the tobacco footprint on the maximization of these grant
12 sources.
13

14 We have ARC and EDA through the Office of Surface Mining.
15 We have a tremendous amount of money for any coal communities in
16 assistance of coal communities. And so, I think, you know, as
17 we're looking forward we have commissioned staff that reviews
18 grants and helps us make, educated decisions on the grant
19 proposals that come before us. But maybe we're missing an
20 opportunity by putting together a team of professionals within
21 the Commission that can help build these projects.
22

23 So, a county with one economic developer comes and says, I
24 think we've got some action happening, but we need to maximize
25 this project. Right now the -- I guess the fact of the

1 situation is, well, go figure it out and I hope you can get some
2 federal funds. Where maybe we should make it, okay, we've got
3 an idea identified or a prospect identified. How can the
4 Commission put resources on top of the local resources that are
5 already available to build out the project?
6

7 And I think, you know, while we have a portfolio of great
8 projects in the Tobacco Commission we can see a much greater
9 return and a much more thoughtful project, you know, development
10 process if we put some resources to it. So maybe we can think
11 about that coming forward because there's a lot of money out
12 there to go get. Particularly, in the Infrastructure Act we
13 just passed a year-and-a-half ago. So that's my two cents.
14 Thank you.
15

16 MS. GREEN: I just have a quick question. Do you have a
17 breakdown of USDA grants that have been applied for and with
18 what programs?
19

20 MR. WATKINS: We can probably get that for you. We don't
21 have it readily available. But, yeah, we can get that.
22

23 MS. GREEN: I was curious about that. You know, with
24 community facilities we could help tons, you know, of these
25 counties. And also with single family housing. All of those
different reconnects, broadbands.

1 MR. WATKINS: Yeah. They're one of -- I would say one of
2 the bigger pieces of this, this puzzle.

3 MS. GREEN: Right. They could do a lot for them.

4 MR. WATKINS: Yeah, absolutely. Yeah. We could follow up
5 with -- I can talk to my team and we can follow up with that
6 information.

7 MS. GREEN: Thank you.

8 CHAIRMAN RUFF: While you're on that slide just to put it
9 in perspective. If you look at North Carolina, what is their
10 total investment -- what is the state investment in economic
11 development?
12

13 MR. BUTLER: That I don't know off the top of my head. I
14 know that they're -- they find at least their EDO kind of
15 roughly on par as us. But there's obviously the funds there --
16 they have like dedicated funding for rural development. And I
17 know it's in the tune of, I think, five million. As well they
18 fund also their version of the rural center to the tune of about
19 five million as well. It's a mix of like public and private
20 funds. But I know that, in fact, their budget is about five
21 million. So they're putting dedicated funds and resources into
22 rural North Carolina in ways that we currently are not.

23 I mean, there's VEDP programs and there is the Tobacco
24
25

1 Commission and there are others that benefit rural Virginia.
2 But North Carolina is definitely innovating in ways that we
3 should look to as an opportunity to say, okay, how can we do
4 this or how can we do this even better?

5 CHAIRMAN RUFF: Thank you.

6 MS. RATLIFF: Question. To go back to what Will was
7 talking about. Is one of the issues that the PDCs do not have a
8 staff or resources to go after more of these funds or B, there's
9 not a collaboration with DHCD, PDCs. And if we were to do
10 something working with the Tobacco Commission, we ought to
11 collaborate with all of them just to see that we're all singing
12 from the same hymn book.

13 MR. WATKINS: Yeah. We did hear that, like, obviously the
14 PDCS are supposed to be the kind of main player in developing
15 these funds. But there are capacity issues with them as well.
16 That was a theme that we heard. But I agree with that
17 collaboration piece.

18 And I think the reason for this report, it's not to say,
19 "Hey, these are some new ideas and things that we need to be
20 doing." The hope that we get out of this is that everyone kind
21 of takes the things that we know as important to Southwest and
22 Southside, Virginia and starts rowing our boats in the same
23 direction. And continue these conversations around
24 collaboration, right. We've shared this information with DHE,
25 with NOVA. This is something that we hope to continue and these

1 talking points is to continue to put focus on them. And I think
2 that collaboration, not duplicating efforts, is right. Figuring
3 out, okay, what are our strengths and how do we, like, how can
4 GO Virginia support our PDCs better and vice versa. And how can
5 the Tobacco Commission work with them. How can they communicate
6 better with our localities and leverage each other's resources.
7 I think those conversations are incredibly important to have.
8 Especially, when staff are more constrained.

9 CHAIRMAN RUFF: Dan.

10 DELEGATE MARSHALL: All right. So, in Danville-
11 Pittsylvania County we have something called a EVRIFA, a
12 Regional Industrial Facility Center. And what that means is
13 say, we have about four or five industrial parks that some of
14 them are in Danville, some of them are in Pittsylvania County.
15 If a company locates in one of those sites in Danville, they pay
16 the Danville tax rate, but 50 percent of that money goes to
17 Pittsylvania County and vice versa. So, when you talk about
18 collaborative, you know, you got to have skin in the game.

19 MR. WATKINS: Yes.

20 DELEGATE MARSHALL: It's got to go both ways. And so, if
21 you're just asking people to do it, you know, philanthropically
22 I don't think they'll do that. I think they are going to have
23 to make sure that in our case that the -- no matter if it's
24 located in Pittsylvania County or Danville, both localities win.

25 MR. WATKINS: Yeah. And EVRIFAs are something we highlight

1 throughout the report. And the incredible thing that is
2 happening in the Southwest and Southside is we've seen a lot of
3 success and a lot of project wins that come out of sites that
4 are developed from the EVRIFAs, right. Because companies don't
5 know boundaries, right. They don't recruit from just one
6 county. They don't really -- they don't think about the space
7 in terms of those borders, right. Like, so the region is the
8 one that needs to come together, and the region is the one that
9 ultimately benefits, right. So, I think the EVRIFA is something
10 we kind of try to work with localities often is developing these
11 EVRIFAs to leverage resources.

12 CHAIRMAN RUFF: Stephanie, you look like you want to --

13 MS. KIM: Yeah. I wanted to say that included in the FY24
14 proposed budget this exactly -- this issue that James had
15 mentioned also of providing the consultation to be able to work
16 with the federal government. And not just USDA but Department
17 of Energy and other federal agencies. And then working with the
18 state agencies. Specifically, to the Tobacco Region that we can
19 leverage the funds from federal, state and local, and help
20 advise localities on obtaining this funding.

21 So, we are planning to do that in FY24 with some funding to
22 do some of the planning work and identify sources of funding.
23 So, that is exactly -- you're correct. We have identified that
24 as an issue.

25 CHAIRMAN RUFF: Thank you.

1 MS. RATLIFF: Mr. Chairman, just one more question.

2 CHAIRMAN RUFF: Yes.

3 MS. RATLIFF: And this goes to our local Southwest Virginia
4 delegation. You know, our 14 jurisdictions that's part of the
5 Hard Rock deal are going to be getting, what, \$700,000 extra a
6 year in their coffers. Can funds for communities be encouraged
7 to use some of those? I know they can't be used for direct
8 economic development, but could that help fund a position to
9 help with economic development and to go after grant money?

10 DELEGATE WAMPLER: Mr. Chair?

11 CHAIRMAN RUFF: Will, you want to respond to that?

12 DELEGATE WAMPLER: I do. Trying not to toot my own horn
13 but the Delegation did put together a package of a budget in the
14 last adopted budget in Richmond that provided \$400,000 over the
15 biennial to PDCs 1 and 2, so that's most of the Southwest
16 Virginia, LENOWISCO, Cumberland Plateau, and I think Mount
17 Rogers Planning District Commission may have been in there as
18 well. That was money for staff resources at the PDCs to draw
19 down Federal Infrastructure Act funds.

20 I raised it without saying that just a minute ago because
21 that's great. If we have those resources that the PDCs that are
22 laser focused on drawing down those funds and developing those
23 projects with federal revenues, great. But I think the bigger
24 opportunity for Tobacco, and we're all sitting here at the
25 Commission meeting, is to adopt a similar model for the Tobacco

1 Commission where we can be enhancing the projects. Not just
2 passing, you know, yay or nay judgment on them of saying, Great
3 idea.

4 You know, our resources here, we can show that the federal
5 government has a new application window for additional funding
6 at this given time and help applicants more than just give them
7 a thumbs up and thumbs down. I know they do that to a great
8 extent already but if we can, you know, formalize it and put
9 some more resources I think we'll see some good returns. Thank
10 you.

11 CHAIRMAN RUFF: Thank you. Will.

12 DELEGATE MOREFIELD: And I apologize for the second time.
13 I won't be very long. Earlier there was a slide that identified
14 or was pointing out identifying certain tax incentives for rural
15 areas to compete with other states. So, a few years ago we
16 adopted legislation to attract new companies to distressed
17 areas. Specifically, double the stress, which is the majority
18 or all of Southwest and Southern, Virginia.

19 If you go on VEDP's website and you look at the list of
20 incentives, it's specifically referring to the legislation I was
21 talking about. You have it listed as New Company Incentive
22 Program. And this is just the summary. So, remember for a
23 prospective business where an executive is scrolling, sitting in
24 the airport looking at a list of these they're probably going to
25 read two or three sentences before they click on it so, it's got

1 to catch their attention.

2 So, if you look at this New Company Incentive Program you
3 have listed it says, "Offers an exemption from corporate income
4 tax, and up to \$2,000 per new job, for companies with no
5 employment or property in the state prior to January 1, 2018,
6 and that meet statutory investment and employment requirements."

7 So, if I'm reading that I see that as up to \$2,000 per new
8 job. Well, what the bill does is if they meet certain
9 investment criteria it exempts the company from paying corporate
10 income tax. So, we've got Deputy Secretary Kennington here, he
11 knows this probably better than I do, but I think in Virginia
12 maybe two hundred and some C Corps only pay corporate income
13 tax.

14 DEPUTY SECRETARY KENNINGTON: That's probably correct.

15 DELEGATE MOREFIELD: No. It's the state.

16 DEPUTY SECRETARY KENNINGTON: Yeah. Some --

17 DELEGATE MOREFIELD: Well, no. I know. But, I mean, for
18 as far as state income tax only about 200 and some C Corps pay
19 state income tax. But a tremendous amount of LLCs and S Corps
20 pay the bulk of the business income tax.

21 And so, what the bill does is it includes S Corps and LLCs.
22 It not only exempts them from paying income tax, but it also
23 provides a provision that would allow them to deduct their gross
24 sales from their income tax.

25 You know, anyone that's in business, if you can deduct your

1 gross sales that's tremendous. No other state in the country is
2 doing that. So, something that I would like to see is on the
3 list of, you know, your summaries and your incentives, if
4 there's something in that program that's extremely attractive to
5 a prospective business, I think we need to show it.

6 MR. WATKINS: To highlight that, yeah. No, I kind of took
7 that note down and I'll probably reach out to make sure to
8 clarify exactly what we're missing. I know our Incentives
9 Department knows those things very, very well and I can let them
10 know that this was a thing that you noted was missing that might
11 be attractive for companies that are looking. Especially, the S
12 Corps and the others that you mentioned, so thank you.

13 CHAIRMAN RUFF: Any other questions?

14 (NO RESPONSE.)

15 CHAIRMAN RUFF: Since you will all be receiving a copy of
16 this presentation if after you carefully review it and you have
17 any questions for Adam, I'm sure his e-mail address will be on
18 there.

19 MR. WATKINS: Yes, yes. Absolutely.

20 CHAIRMAN RUFF: Thank you very much, Adam.

21 MR. WATKINS: Thank you so much.

22 CHAIRMAN RUFF: I'm going to change the order a little bit
23 and skip the Executive Committee and go to the Education
24 Committee. Delegate Byron, that's you.

25 DELEGATE BYRON: Mr. Chairman, the Education Committee met

1 yesterday. I feel like it was 10 days ago, but it was just
2 yesterday. And we looked at a lot of financial aid applications
3 for workforce training in the region at our community colleges
4 and we have several motions from what the Committee's
5 recommendations are.

6 I move that the Commission accept the Education Committee's
7 recommendation to approve \$2,197,020 for the last-dollar
8 Workforce Financial Aid grants for Tobacco Region residents in
9 the 2023-24 school year as described on pages 9-23 of the
10 Commission book and subject to the conditions listed on pages 10
11 and 11 of the Commission books.

12 CHAIRMAN RUFF: All right. Properly moved. Is there a
13 second?

14 MR. MILES: Second, Mr. Chairman.

15 CHAIRMAN RUFF: Is there any further discussion on that
16 motion?

17 (NO RESPONSE.)

18 CHAIRMAN RUFF: Hearing none. All in favor say aye.

19 (ALL AFFIRM.)

20 CHAIRMAN RUFF: All opposed?

21 (NO RESPONSE.)

22 DELEGATE BYRON: Thank you, Mr. Chairman. We had
23 additional work that dealt with Extensions and Modifications.

24 One was the Central Virginia Community College Educational
25 Foundation New Radiography Overhead X-Ray System Project 3629.

1 I move that the Commission accepts the Education Committee
2 recommendation for Project 3629 to approve an extension to May
3 31, 2025.

4 DELEGATE MARSHALL: Second.

5 CHAIRMAN RUFF: Properly moved and seconded it. Any
6 further discussion?

7 (NO RESPOSNE.)

8 CHAIRMAN RUFF: Hearing none. All in favor say aye.

9 (ALL AFFIRM.)

10 CHAIRMAN RUFF: All opposed?

11 (NO RESPONSE.)

12 CHAIRMAN RUFF: Continue.

13 DELEGATE BYRON: Okay. And then we had the Radford
14 University Foundation Counselor Education Program in Southwest,
15 Virginia, Project 3514.

16 I move the Commission accept the Education Committee
17 recommendation for Project 3514 to approve a one-year extension
18 through June 20,2024.

19 DELEGATE MARSHALL: Second.

20 CHAIRMAN RUFF: Properly moved and seconded. Any further
21 discussion?

22 (NO RESPONSE.)

23 CHAIRMAN RUFF: Hearing none. All in favor say aye.

24 (ALL AFFIRM.)

25 CHAIRMAN RUFF: Opposed?

1 (NO RESPONSE.)

2 CHAIRMAN RUFF: Okay.

3 MS. BYRON: That completes our report.

4 CHAIRMAN RUFF: Thank you.

5 INCENTIVES AND LOANS

6 CHAIRMAN RUFF: Danny, do you want to go ahead with
7 Incentives and Loans?

8 DELEGATE MARSHALL: Yes. Incentives and Loans met this
9 morning also. So, the first one is 3506 for the Smyth County
10 Economic Development Authority and I move that the Commission
11 accept the Incentives and Loans Committee's recommendation that
12 the performance agreement for Project 3506 be modified to permit
13 the acceptance of reported costs of Machinery & Tools and
14 Tangible Personal Property towards the Company's taxable asset
15 obligation as verified in writing by the local Commissioner of
16 Revenue and that a performance extension be approved through
17 December 31, 2023.

18 DELEGATE KILGORE: Second:

19 CHAIRMAN RUFF: Properly moved and seconded. Any further
20 discussion?

21 (NO RESPONSE.)

22 CHAIRMAN RUFF: All in favor say aye.

23 (ALL AFFIRM.)

24 CHAIRMAN RUFF: All opposed?

25 (NO RESPONSE.)

1 CHAIRMAN RUFF: Okay.

2 DELEGATE MARSHALL: All right. The second one is the Smyth
3 County Economic Development Authority and Project 3451. I move
4 that the Commission accepts the Incentives and Loans Committee
5 recommendation of approval of a 5th year performance extension
6 through June 30, 2023, for Project 3451.

7 DELEGATE WAMPLER: Second.

8 CHAIRMAN RUFF: Properly moved and seconded. Any further
9 discussion?

10 (NO RESPONSE.)

11 CHAIRMAN RUFF: All in favor say aye.

12 (ALL AFFIRM.)

13 CHAIRMAN RUFF: All opposed.

14 (NO RESPONSE.)

15 CHAIRMAN RUFF: Okay.

16 DELEGATE MARSHALL: Next, is for Russell County, and I move
17 that the Commission accept Incentives and Loan Committee
18 recommendations that the performance agreements for Project 3507
19 be modified to permit the acceptance of reported costs of
20 Machinery & Tools and Tangible Personal Property towards the
21 Company's taxable asset obligation as verified in writing by the
22 local Commissioner of Revenue.

23 DELEGATE WAMPLER: Second.

24 CHAIRMAN RUFF: Properly moved and seconded. Any further
25 discussion?

1 (NO RESPONSE.)

2 CHAIRMAN RUFF: All in favor say aye.

3 (ALL AFFIRM.)

4 CHAIRMAN RUFF: Opposed?

5 (NO RESPONSE.)

6 CHAIRMAN RUFF: Okay.

7 DELEATE MARSHALL: All right. So, number four is Tazewell
8 County Industrial Development Authority. I move that the
9 Commission accept the Incentives and Loan Committee
10 recommendations that Project 3101 permit the inclusion of real
11 estate purchase on September 23, 2015, in the amount of
12 \$1,476,700 be counted toward the taxable capital investment
13 obligation for the project.

14 MR. MILES: Second, Mr. Chairman.

15 DELEGATE MARSHALL: Sorry, I got an and.

16 MR. MILES: Excuse me.

17 DELEGATE MARSHALL: And that the --

18 MR. SORRELL: My handwriting can sometimes be bad.

19 And that the under portion of this project related to the
20 employment performance which was \$8,333.35 be repaid as a
21 condition of this project.

22 MR. MILES: Second, Mr. Chairman.

23 CHAIRMAN RUFF: Properly moved and seconded. Any further
24 discussion?

25 (NO RESPONSE.)

1 CHAIRMAN RUFF: All in favor say aye.

2 (ALL AFFIRM.)

3 CHAIRMAN RUFF: All opposed.

4 (NO RESPONSE.)

5 CHAIRMAN RUFF: Okay.

6 DELEGATE MARSHALL: And so, number five is the Joint
7 Industrial Development Authority of Wythe County. I move that
8 the Commission accept the Incentives and Loan Committee
9 recommendations of Project 3892 be modified as it follows:
10 award approval would be extended to July 20, 2023; revised
11 performance agreement prepared including award amended to post-
12 performance disbursement; and with a revised award date of May
13 18, 2023, permitting a revised performance period for three
14 years from this date -- May 18, 2026.

15 DELEGATE KILGORE: Second.

16 CHAIRMAN RUFF: Properly moved and seconded. Any further
17 discussion?

18 (NO RESPONSE.)

19 CHAIRMAN RUFF: All in favor say aye.

20 (ALL AFFIRM.)

21 CHAIRMAN RUFF: Opposed?

22 (NO RESPONSE.)

23 DELEGATE MARSHALL: So, that concludes my report, sir.

24 CHAIRMAN RUFF: All right. Ed, are you ready?

25 MR. BLEVINS: Thank you, Mr. Chairman.

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STRATEGIC PLANNING COMMITTEE

MR. BLEVINS: The Strategic Planning Committee met this morning. There were no actions required. We did have some discussion on the development of our Strategic Plan for presentation in the fall meeting.

CHAIRMAN RUFF: Thank you for your report. Buddy, are you ready?

MR. SHELTON: Yes, Mr. Chairman.

SOUTHERN VIRGINIA COMMITTEE

MR. SHELTON: The Southern Virginia Committee met this morning with a brief meeting. Our only order of business was an extension request from Mecklenburg Electric Cooperative in Pittsylvania County for their Backbone Fiber Project 3533. And therefore, I moved that the Commission accept the Southern Virginia Committee recommendation for approval of an extension for Project 3533 to June 30, 2024.

DELEGATE ADAMS: Second.

CHAIRMAN RUFF: Properly moved and seconded. Any further discussion?

(NO REPOSE.)

CHAIRMAN RUFF: Hearing none. All in favor say aye.

(ALL AFFIRM.)

CHAIRMAN RUFF: Opposed?

(ONE OPPOSED.)

1 CHAIRMAN RUFF: Okay. Thank you.

2 MR. SHELTON: That concludes our business, Mr. Chairman.

3 CHAIRMAN RUFF: Will, Southwest Virginia.

4 DELEGATE MOREFIELD: Thank you, Mr. Chairman. First, we
5 have Blue Ridge Public Television 4110. I'll entertain a motion
6 to accept the Committee's recommendation.

7 DELEGATE WAMPLER: So, moved.

8 DELEGATE KILGORE: Second.

9 CHAIRMAN RUFF: Any further discussion?

10 (NO RESPONSE.)

11 CHAIRMAN RUFF: Hearing none. All in favor say aye.

12 (ALL AFFIRM.)

13 CHAIRMAN RUFF: All opposed.

14 (ONE OPPOSED.)

15 DELEGATE MOREFIELD: Okay. Next, we have Mendota Community
16 Association, 4117. The Committee recommended postponing it
17 indefinitely.

18 CHAIRMAN RUFF: We don't need a motion there. Okay. Any
19 other business?

20 (NONE.)

21 EXTENSIONS AND MODIFICATIONS

22 DELEGATE MOREFIELD: Okay. Next, on to Extensions and
23 Modifications.

24 Carroll, Grayson, Galax Regional Industrial Facility
25 Project 3377. I'll entertain a motion to accept the Committee's

1 recommendation.

2 MR. MILES: So, moved.

3 CHAIRMAN RUFF: Properly moved and seconded. All in favor
4 say aye.

5 (ALL AFFIRM.)

6 CHAIRMAN RUFF: All opposed.

7 MS. COX: Abstention.

8 CHAIRMAN RUFF: Is there --

9 MS. COX: Abstention, yes.

10 CHAIRMAN RUFF: One abstention on that, okay.

11 DELEGATE MOREFIELD: Thank you, Mr. Chairman.

12 Grayson County, Project 3530. I'll entertain a motion to
13 accept the Committee's --

14 CHAIRMAN RUFF: I think that was a motion. Is there a
15 second?

16 DELEGATE WAMPLER: Second.

17 CHAIRMAN RUFF: You kind of wandered off there. Any
18 further discussion?

19 (NO RESPONSE.)

20 CHAIRMAN RUFF: Hearing none. All in favor say aye.

21 (ALL AFFIRM.)

22 CHAIRMAN RUFF: All opposed.

23 MS. COX: One abstention.

24 CHAIRMAN RUFF: One abstention. Okay. All right. We will
25 return to the Executive Committee and Delegate Morefield will

1 make the report, please.

2 DELEGATE MOREFIELD: Mr. Chairman, I move to approve FY2023
3 budget totaling \$27,936,400 as shown on page 65 of the
4 Commission Book.

5 MS. KIM: FY2024.

6 DELEGATE MOREFIELD: I'm sorry.

7 MR. MILES: Second, Mr. Chairman.

8 CHAIRMAN RUFF: Properly moved and seconded. Anyone have
9 any conversations? Stephanie, do you want to make a
10 presentation? You don't want to make a presentation?

11 MR. MARSHALL: Mr. Chair, just as a point of order, I think
12 this is the first time that we have ever had to debate our
13 corpus in 20 plus years.

14 MS. KIM: Right. We are recommending no corpus invasion
15 and to use available balances in the loans and incentive -- I
16 think it's loan fund, to fund next year's budget and as well as
17 interest.

18 CHAIRMAN RUFF: I assume that everybody has looked through
19 their book and they have no questions. Is that correct?

20 (ALL AFFIRM.)

21 CHAIRMAN RUFF: All right. Are you ready to vote? All in
22 favor?

23 (ALL AFFIRM.)

24 CHAIRMAN RUFF: All opposed?

25 (NO RESPONSE.)

1 CHAIRMAN RUFF: Okay. That is dealt with. All right.
2 Andy is going to bring us up to date on some TROF and loans.

3 MR. SORRELL: Who seconded the motion for the budget?

4 MR. MILES: Me.

5 MR. SORRELL: Thank you. Okay. Thank you, Mr. Chairman.
6 Well, I guess this might be my last TROF report for you, but I
7 can tell you that right now we have four active TROFs that have
8 been approved this fiscal year and I expect it to stay that
9 amount by the end of June, probably.

10 As you can see, that's going to be on page 68 of -- excuse
11 me, 69 of your packets. This is why we need to look and review
12 and revise the TROF policy to make sure it's fitting right for
13 our communities that we're serving.

14 If you look back at prior years, you know, we were
15 approving 11 or 20 or 15 TROFs per fiscal year, you know, the
16 last several years, which they related to the pandemic as well.
17 We are significantly down. So, we need to just check it and
18 make sure that this is the right -- that our policy is still
19 accurately reflecting the goals of our communities and what
20 they're looking to attract.

21 As you can see, we have those four that should all be sort
22 of familiar to you or names that you've heard before and, of
23 course, the ones from 2022. Blue Star was one we acted upon
24 earlier as well.

25 I'll note that we still have, back on page 68, we have our

1 Community Business Lending Program that in speaking with
2 Commission leadership we have paused. But we still have, you
3 know, a few projects that we're submitting prior to that pause
4 including the one I believe the Commission approved at our last
5 meeting that they're still working on the term sheet in that
6 project. That was the project in Scott County.

7 And then on page 70, you'll note the number of TROF loans.
8 These are the loans that folks have been -- that are zero
9 interest. That they would pay based upon the same performance
10 parameters that they have for a TROF grant. Also, as you can
11 see, the last one of these was approved back in July of 2021.
12 So not many people are taking us up on these loans and, you
13 know, that is, again, something that we want to continue to
14 offer if not many folks are taking us up on it. So, a policy
15 discussion that I think is important on that one as well.

16 And then finally on page 72 you'll see the active TROF
17 awards that have concluded performance and that's about 25, 28
18 active TROFs. And that's basically Jordan and I are the ones
19 that manage those performances. You know, reviewing, making
20 sure that the repayment agreements are developed for payments
21 that need to occur, making sure that their performance is being
22 managed for capital investment, for jobs. And so, we do -- I
23 think staff are doing a great job making sure that if there's
24 something that is unearned that Commission gets those funds back
25 and reapply them to other projects moving forward.

1 And so, that's sort of the rundown of our TROF and
2 Incentives and Loan Program at this point.

3 CHAIRMAN RUFF: Thank you. Under other business, did you
4 have anything, or did James want to have anything?

5 MR. SORRELL: The only other business that I would say is I
6 just wanted to make a very quick note and say it's been a
7 pleasure serving the Tobacco Commission.

8 CHAIRMAN RUFF: No. Any other business?

9 MR. SORRELL: I just wanted to say that. But no other
10 business, sir.

11 CHAIRMAN RUFF: We would very much like to thank and
12 appreciate you for your service on the staff as Acting Director,
13 as acting or Interim Director, as Deputy Director or whatever
14 title you happen to be particular of. We appreciate the hard
15 work you've put in and we wish you well in the future. Now, if
16 you want to say anything you can.

17 (APPLAUSE.)

18 MR. CAMPOS: Chairman, I would be remiss if I didn't say
19 anything. James Campos. So, I want to also -- and I thanked
20 Andy, or Andrew as I call him, several times in the past few
21 days. But I just wanted to make it for the record on the
22 amazing job that Andrew has done in allowing me to walk into
23 this position and help me stay clear of certain issues that were
24 important to stay away from. But also allowing me to learn and
25 do other activities that are assigned to me in this

1 Administration.

2 And I know that we all appreciate it -- the staff at
3 Tobacco appreciates it. But especially myself appreciate the
4 hard work, dedication, and true professionalism that Andrew has
5 shown me in the past four months but for sure will continue
6 right next door to us. So, Andrew, a great heartfelt gratitude
7 toward you. You always have a home in Tobacco, and we will
8 surely be calling you on many occasions. So, thank you, Andrew.

9 (APPLAUSE.)

10 MR. SORRELL: I will only say thank you and that was a very
11 humbling experience. Thank you very much. It's been a pleasure
12 working at the Commission for the last five years. I've
13 absolutely loved it.

14 CHAIRMAN RUFF: Thank you. You all get one more chance to
15 get up and say something.

16 MS. NEWMAN: I'm Julie Newman. I'm the General Manager of
17 the new PBS Appalachia Station. And I'm just here to say thank
18 you to the Commission for supporting our project and thank you
19 to the staff for your hard work in evaluating it.

20 A very quick update for you. We are set to launch June
21 10th. If you go to our website at pbsavirginia.org you can find
22 a countdown there. And we've got agreements with all the major
23 cable companies serving Southwest Virginia to carry us. And we
24 also have a signal -- a free linear signal over the air -- I
25 mean, on the web and on our app.

1 And I'll give you one last piece of good news before I sit
2 down. Our producers, who are from Southwest Virginia, who we
3 hired thanks to you for helping our funding to retain and keep
4 it in Southwest Virginia. It has been nominated for an Emmy
5 award and tonight we will find out of the 11 that we submitted
6 how many were nominated. So, very, very talented people.

7 (APPLAUSE.)

8 CHAIRMAN RUFF: Thank you. I'm glad you gave us something
9 positive to end with. If there's no further business, then you
10 all have a safe trip home.

11 (MEETING ADJOURNED.)

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CERTIFICATE

COMMONWEALTH OF VIRGINIA
COUNTY OF WASHINGTON

I, Marsha Self, Notary Public in and for the Commonwealth of Virginia, at large, do hereby certify that the foregoing transcript of the Day 2 of the VIRGINIA TOBACCO REGION REVITALIZATION COMMITTEE held on May 17-18, 2023, was taken before me at the time and place in the foregoing caption specified, and that the foregoing is a true and correct transcript of the same to the best of my ability.

I further certify that I am not a relative, counsel, or attorney for either party or otherwise interested in the outcome of this action.

Given under my hand this the 25th day of July 2023.

Marsha Self, CERT

My Commission Expires: February 28, 2027.
State Notary Registered Number: 174126