Executive Committee Meeting
May 9, 2024, at 9:30 a.m.
Virtual Meeting
Minutes

Commissioners Attending
Delegate James W. Morefield, Vice Chair
Senator Lashrecse Aird
Mr. Edward Blevins
Ms. Amanda Cox
Delegate Thomas Garrett, Jr.
Senator T. Travis Hackworth
Delegate Terry Kilgore
Senator L. Louise Lucas
Delegate Danny Marshall
Mr. Walter "Buddy" Shelton

Absent
Honorable Frank Ruff

Staff
Honorable James Campos, Director
Mr. Stephen Versen, Deputy Director
Ms. Stephanie Kim
Ms. Vicki Humphreys
Ms. Sara Williams
Ms. Sarah Capps
Ms. Emily Van Pelt
Ms. Adrian Chapman
Mr. Jordan Butler
Mr. Jerry Silva
Ms. Roz Stein
Ms. Hannah Franke-Fuller

Counsel
Ms. Elizabeth Myers, Assistant Attorney General

Vice-Chair Morefield called the meeting to order at 9:03 a.m.

Campos called roll. All members of the Executive Committee were present, with the exception of Commissioner Ruff.

Morefield called for the approval of the minutes from April 16, 2024. Marshall moved to approve the minutes; Lucas seconded; all members present voted to approve.

Morefield provided opportunity for public comment; there were none.

The first agenda item was the approval of the revised Bylaws and Articles of Incorporation, and the slate of trustees for the Foundation for the Advancement of Southern and Southwest Virginia, Inc. (FASS-VA). Kim explained the list of trustees was revised because a proposed trustee is the spouse of a newly appointed TRRC Commissioner. A new trustee was selected to ensure that the Foundation and the Commission remained separate entities.

Marshall requested that staff give a brief overview of the Foundation for new members. Versen explained that for several years the Commission has pushed to create a foundation with a similar mission to that of the Commission, in order to offer more funding resources to the localities it serves. As a nonprofit rather than a state agency, the Foundation would be able to pursue wider grant opportunities and to hold property, which the Commission cannot do. Kilgore, Marshall, and Clark were very careful that the mission of the Foundation was aligned with that of the Commission. The trustees were selected for their aptitude in the role as well as their understanding of the goals and priorities of the Commission to ensure a good working relationship between the two entities for years to come.

Marshall asked where the money for the Foundation was coming from. Versen explained that an initial $100,000 was awarded by the Commission to fund the creation of the Foundation. These funds will be used to pay for legal fees associated with its establishment and the creation of a grant writer position to identify and go after grants and other opportunities. The Foundation may help with the longevity of the Commission's impact in our footprint. Kim added that the Foundation could also apply as a grantee for Commission funds if it needs matching funds for another grant.

Marshall noted that, in order for the Foundation to receive nonprofit status, it must be a separate entity, which is why there has been such care taken in developing the Articles to create a system of checks and balances between the Foundation and the Commission. The Commission would award funding to the Foundation on a case-by-case basis, rather than as a lump sum for the Foundation to allocate.

Aird asked if dollars awarded by the Foundation were allocated specifically within the same footprint to which the Commission adheres. Versen explained that the bylaws specify that the funds are to be spent within the footprint. However, the Trustees would have the power to send funds outside of the footprint if a grant required it, such as a with multi-state project. This would also be done on a case-by-case basis.

Aird asked where specifically in the bylaws this is stated; Commission staff agreed to follow up with the exact location and wording in the bylaws.

Marshall moved to accept the revised Articles of Incorporation and the slate of initial trustees for the new Foundation as presented; Lucas seconded; all members present voted to approve.

The second agenda item was the approval of the Executive Director's salary and revised staff health care costs amended in the budget. Kim explained that the last proposed budget only contained a portion of the Director's salary; now that he is transferring to the Commission full time, the budget needs to be amended to cover his full salary and benefits. Additionally, there are revised healthcare costs for Commission employees, so the budget needs to be amended to include those two items, which together total $113,500.

Versen discussed the Commission's desire to undergo a more robust Strategic Planning effort. He has spoken to Virginia Tech's Center for Economic Development and Community Engagement, who has said that the costs of a larger plan could run up to $100,000. To allow the Commission to pursue this, staff recommend adding a line item of $100,000 to the budget to be spent at the discretion of the Strategic Planning Committee on consulting and other services related to developing a more robust plan.

Morefield explained Campos's dual role as Executive Director and Deputy Secretary of Commerce and Trade. The Governor appoints the Executive Director position, and the Commission approves the salary. Campos has now been appointed as full-time Director at the Tobacco Commission, so the Commission is requesting approval to cover his full salary.

Marshall moved to approve the Governor's appointment of the Honorable James Campos as full-time Executive Director at his current level of compensation, for which the Commission will pay 100% of his salary and benefits; Kilgore seconded; all members present voted to approve.

Morefield moved on to the other budget amendment items, asking if anyone had questions before a motion was made.

Blevins commented that the Commission is well positioned for the Strategic Plan at this point to prepare for short-term and long-term plans.

Marshall moved to amend the FY2025 Proposed Budget approved by the Executive Committee on April 16, 2024, to increase the Salaries/Benefits line item in the administrative budget by $113,495 to fund a full-time Executive Director and to adjust for increased healthcare costs, and to increase the Contractual Services line item by $100,000 for the Strategic Planning Committee; Cox seconded; all members present voted to approve.

Kim explained that the final motion item had already been approved at the previous Executive Committee meeting on April 16, 2024. As part of funding the budget, the corpus is being invaded by 15% this year. Not all of it will be allocated in the budget, but moving this from endowment to fund will make it available if needed.

Other business:

Marshall brought something to consider: He is a member of a nonprofit which always files Form 990 with the IRS. He suggested looking at this form going forward when working with nonprofits to see where their money is actually being spent. Marshall explained that he heard of a nonprofit where the CEO was making $500,000 per year, followed by other high salaries going down the list. He does not want the Tobacco Commission to get any bad press by unknowingly granting money to an organization that is paying "excessive salaries."

Kim added that only nonprofits that bring in revenue above a certain threshold file Form 990; smaller nonprofits do not have a detailed Form 990. Larger nonprofits have their Form 990s published on record with public access so that people can determine whether their small donations go toward the salaries of the staff or to the mission of the organization. Marshall asked for the threshold requiring a nonprofit to file Form 990; Kim believed that threshold to be at least $50,000.

Humphreys added that, during the staff's due diligence and financial viability review for each award request, every organization is searched in a couple of places, including the State Corporation Commission and GuideStar. Nonprofits with an annual revenue of $500,000 or more must file the Form 990; those nonprofits with annual revenue below $200,000 and assets valued below $500,000 may file the Form 990EZ or they may elect to file the standard Form 990.

Morefield asked if the Commission wants to require this kind of information before providing grants to them. Marshall asked if there is an "acceptable" amount or percentage that goes towards salaries. Humphreys explained that the typical policy of the Commission is to not fund operating costs for existing positions in an organization. If a CEO stated that 25% of the grant would be applied to their salary, it would be unlikely the grant would be funded.

Morefield asked whether grantees find ways to shift funds to their liking after the fact. Humphreys acknowledged that this is a risk; companies could offset expenses and funnel the money elsewhere, but that is beyond the scope of what Commission staff can track. The Commission realistically cannot control what an organization does, only look for red flags in the Form 990 before a grant is approved.

Morefield asked for clarification that, if the Commission had any doubts about an organization, they could opt to not fund the proposal. Humphreys asserted that this is correct.

Morefield asked if there were any final questions or comments before the end of the meeting.

Vice-Chair Morefield adjourned the meeting at 10:16 a.m.