

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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8 **Southwest Economic Development Committee Meeting**

9 Monday, May 7, 2018

10 11:00 o'clock a.m.

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 Holiday Inn Valley View

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 Roanoke, Virginia

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1 APPEARANCES:

2 The Honorable Charles W. Carrico, Sr., Chairman

3 The Honorable A. Benton Chafin, Jr., Vice-Chairman (*By Phone*)

4 Mr. Ed Blevins

5 Ms. Becky Coleman

6 The Honorable James W. (Will) Morefield

7 Ms. Sandy Ratliff

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9 COMMISSION STAFF:

10 Mr. Evan Feinman, Executive Director

11 Mr. Andy Sorrell, Deputy Director

12 Mr. Timothy S. Pfohl, Grants Program Administration Director

13 Ms. Stephanie S. Kim, Director of Finance

14 Ms. Sara G. Williams, Grants Program Administrator -

15 Southwest Virginia

16 Ms. Sarah K. Capps, Grants Program Administrator -

17 Southside Virginia

18 Ms. Stacey Richardson, Administrative Supervisor

19 Ms. Jessica Stamper, Grants Assistant - Southwest Virginia

20

21 COUNSEL FOR THE COMMISSION:

22 Ms. Elizabeth B. Myers

23 Assistant Attorney General

24 Richmond, Virginia 23219

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1 May 7, 2018

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3 SENATOR CARRICO: I'll call the meeting of the
4 Southwest Economic Development Committee meeting to order,
5 and I'll ask Evan to call the roll.

6 MR. FEINMAN: Secretary Ball.

7 SECRETARY BALL: (No response).

8 MR. FEINMAN: Mr. Blevins.

9 MR. BLEVINS: Here.

10 MR. FEINMAN: Senator Carrico.

11 SENATOR CARRICO: Here.

12 MR. FEINMAN: Senator Chafin.

13 SENATOR CHAFIN: Here. (By Phone).

14 MR. FEINMAN: Ms. Coleman.

15 MS. COLEMAN: Here.

16 MR. FEINMAN: Delegate Morefield.

17 DELEGATE MOREFIELD: Here.

18 MR. FEINMAN: Ms. Ratliff.

19 MS. RATLIFF: Here.

20 MR. FEINMAN: You have a quorum, Mr. Chairman.

21 SENATOR CARRICO: Everybody should have had an
22 opportunity to review the minutes on the website, and if I could
23 get a motion for approval of those minutes of January 8th of this
24 year.

25 MS. COLEMAN: So moved.

1 SENATOR CARRICO: Is there a second?

2 MS. RATLIFF: Second.

3 SENATOR CARRICO: We have a motion and a second.
4 All in favor, say aye. (Ayes). All opposed? (No response). The
5 minutes are approved.

6 Moving on then, we'll have Evan give us an update on
7 Startup Virginia.

8 MR. FEINMAN: This is a project that has had many
9 names, I've commented to the organizers' names, I have a full
10 list, we're working on the right ones, and you're going to hear a
11 lot more about them in the Executive Meeting that's coming
12 later, but you do have a packet behind your agenda right now
13 that is basically the overview of what this group of people is
14 talking about doing. It's going to be an all hands-on-deck
15 approach if we're going to take on a project of this size for
16 Southwest Virginia. I'll tell you a little bit about it. So, a group
17 people who broadly has been involved in the technology sector,
18 folks who have started and run and sold technology businesses.
19 A gentleman who was with us earlier, the director of the
20 Directorate of Technology in the CIA, the CIA is organized into a
21 couple of different directorates for 20 years. A person who is the
22 chief technologist at, I believe, Amazon, but if not Amazon, one
23 of the other tech giants. They have come together and proposed
24 that they engage in a multi-year, multi-faceted effort to grow the
25 technology and the technology adjacent industries in Southwest

1 Virginia. And that's going to take a couple of different
2 approaches from their perspective.

3 They want to start a nonprofit that will do things like
4 work with and coordinate in efforts between UVa-Wise and
5 community colleges and Virginia Tech to build a workforce
6 development pipeline that can supply technology jobs and
7 technology-job-trained individuals. They want to build maker
8 spaces, which are spaces where people can, who are tinkerers by
9 nature, can come and prototype projects and build things they
10 want to sell and get them ready for production and start their
11 businesses. They want to bring entrepreneurs who have been
12 successful to mentor folks in the region and they've already
13 secured commitments from a number of people, and the most
14 impressive is Elon Musk who they have gotten to agree to move
15 to Southwest Virginia for a period of weeks and mentor growing
16 technology businesses in Southwest Virginia.

17 They also plan to start for-profit subsidiaries of the
18 nonprofit. We've talked about a solar subsidiary, an electronics
19 recycling subsidiary. There's a lot of value even when your
20 phone no longer is useful to you what's contained within it, they
21 want to start one of those companies. They want to start with
22 those companies. And they have a lot of connections, as you
23 might imagine, to the Department of Defense. DOD is engaged
24 in on-shoring its electronics production from Southeast Asia to
25 the United States for security concern, as we can all understand.

1 And they want to create a chip-prototyping facility in Southwest
2 Virginia.

3 All of those would be tremendous wins for us. In
4 addition, they're basically going to be acting as a regional
5 economic development organization in the technology sector. I
6 think that makes a lot of sense.

7 The concerns I have are that they don't have any
8 capital to bring to the table and in part they're asking us to trust
9 their prior reputation and resume that they're going to create a
10 really strong program here. They don't have all the details
11 worked out yet. I think these are people who have a track
12 record of getting things done. They're the sort of people who
13 want you to be beating down the door to come to Southwest
14 Virginia and that's all good, there is some risk. I think we can
15 hedge against that risk by putting some strong matching
16 requirements on it and by only running year one and then kind of
17 reserving judgment in terms of how far they go in the first year
18 to see if we want to continue the effort. That said, it'll still be a
19 pretty big expense. Ultimately for the first year, there's going to
20 be a need for four-and-a-half million dollars for them and that is
21 beyond the wherewithal of this committee. This Committee will
22 need to jump in with both feet if the rest of the Commission is
23 going to do it.

24 What we have proposed and we'll talk about it in more
25 detail in the budgeting section of the Executive Committee is a

1 plan to get that four-and-a-half-million dollars set aside, but
2 there's no version of that plan that doesn't have this Committee
3 taking two big steps. The first is foregoing a re-up in
4 appropriations this year so there'll be no new budget for this
5 Committee and then, two, this committee is sitting on about
6 \$700,000 that we would need to put toward the effort if we're
7 going to get to the \$4.5. If we're going to support this effort, the
8 Southwest Committee needs to be the most enthusiastic
9 supporter, and that's going to be taking a vote to expand your
10 current \$700,000 budget in support of this effort.

11 MR. KILGORE: And I can say I met with them in D.C.
12 and Ben Chafin met with them, former Secretary Lee, and met
13 with them a couple of times, and these folks are very impressive
14 and they're the type of people that we really need to get involved
15 with if we're going to turn the economy around.

16 Evan is right as far as the track record, but these folks
17 are able to bring in expertise that we'd never be able to do. This
18 is something that could be accomplished and this is something
19 that easily could go into Southside and could easily be replicated
20 in Southside. One of the people, David Lee, is a JMU graduate,
21 and he knows Virginia, and Peggy Evans is a Northern Virginian,
22 and as a former Senate staffer with the Intelligence Committee,
23 and as Senator Warner has good things to say about her.

24 SENATOR CARRICO: A couple of things I guess I
25 would be curious about is the long-term commitment, whatever

1 that is, and because this Committee actually has a larger
2 footprint than just the coalfield region and how much the rest
3 of Southwest will be served by this. You're talking a little over
4 \$2 million in this next cycle, and we have \$700,000 carryover
5 that we could put towards it. We get all these applications from
6 all these regions, not just in the coalfield region, but in
7 Washington County back, then how do we approach all these
8 applications?

9 MR. FEINMAN: I think that's part of the challenge.
10 This is not a silver bullet, and it's not purporting to be a silver
11 bullet, and it'll be a long-term effort. We'll probably need a new
12 follow-on in May of next year, perhaps the year thereafter, on a
13 similar scale that we're talking about here. It will primarily
14 benefit not just the coalfields, but the more western part of
15 Southwest Virginia in its outset, but then it will grow. It is clearly
16 what they're talking about is a regional approach. They actually
17 draw up the region a little more broadly than we do, so they're
18 considering Southwest Virginia, Martinsville, up to Blacksburg.
19 Virginia Tech is going to need to be a big part of this push. I
20 think what you would say to people is, and I don't know if this is
21 how you feel, every day run-of-the-mill economic development
22 efforts have not stopped the slide of the Southwest Virginia
23 economy.

24 We've been running it and running it and running it
25 and we haven't gotten a first down, so it's time to start throwing

1 some passes. And this is a long pass. I think it's probably going
2 to work, I can't tell you it's a slam dunk, just like a lot of other
3 things we do, we're not going to have the opportunity for a
4 clawback and there's no guarantee return here.

5 These are impressive folks that want to help build a
6 new industry and building a new industry takes time to pay off
7 and ultimately it could be regionally very impactful. It does scale
8 really nicely with a bunch of other things we're already doing, the
9 Code VA, work that we're doing, training teachers in computer
10 science has taken off. And Tim and I met with their
11 representative the other day. We're going to have hundreds of
12 teachers ultimately get trained in computer science in the region.
13 It works really nicely with the work that we're doing with Project
14 Transformer and some of the other folks we're talking to in terms
15 of opportunity for Southwest Virginia.

16 So, yes, I mean it's just like any budget choice, you're
17 foregoing some things to do another.

18 SENATOR CARRICO: You're foregoing two years of
19 budget to invest. How long is it going to take to expand? In
20 other words, if we forego two years of budget, where does that
21 leave the rest of the counties like Bland and Wythe and Smyth?
22 They're not going to benefit from this.

23 MR. FEINMAN: I think they will benefit, but they
24 won't benefit right away, but they'd benefit more than they
25 would otherwise in the long run, and they would still have

1 access, of course, to TROF, Special Projects, Agribusiness, but it's
2 not just one pot. I'm just telling you it's a long pass, that's what
3 it is. And I think the benefits could be larger, regional, and
4 significant, or it might not work.

5 SENATOR CARRICO: That's the biggest question. In
6 their business plan, do they have any commitments to where
7 they're going to be after their initial commitment?

8 MR. FEINMAN: Their only commitments are that
9 they'll be following the budget that would be before us. They will
10 in earnest try to start these enterprises.

11 DELEGATE KILGORE: They have already secured a
12 big solar company that has already made it to the area and
13 another company that will come in. They do a lot of training, and
14 they'll tell you more about it in the Executive Committee.
15 They're coming in with a big, I guess a big bunch of money or
16 whatever with the college, so they're already committed. They
17 had money in their initial budget for a building, and we told them
18 we're not paying for a building. We told them that we could put
19 them in Duffield, they've got open space down there. And we've
20 got numerous buildings that we've got across the Footprint that
21 we could put them in other than building a \$20 million building,
22 and there's no sense in doing that.

23 MR. FEINMAN: I've had some conversation with UVa-
24 Wise, had some conversations with UVa proper, and I've had
25 some conversations with Virginia Tech. I think we can expect

1 some money from UVa Strategic Investment Fund in support of
2 this project. We have a meeting on the 23rd after our
3 Commission meeting, and we'll get everybody around the table
4 at the same time. We can expect serious in-kind from Virginia
5 Tech toward this effort. They're enthusiastic about it. UVa-Wise
6 is excited, they want to learn more, but I think they see a lot of
7 parallels between this, like what we were doing with Project
8 Transformer, which we've already got stuff on the books for how
9 to attract that. I think in many ways what we were talking about
10 doing is providing the Transformer, which was a larger
11 expenditure of money than this, and we were ultimately looking
12 at between the TROF and between the Education Committee and
13 this Committee's expenditure, we were looking at almost \$8
14 million providing the Transformer. This is a similarly-sized effort.

15 The difference is the heart of Project Transformer
16 were 500 jobs. But this is more about seeding the field and
17 seeing what grows, so it's a little more speculative. That's all I
18 can tell you.

19 This Committee though, I will hurry, I'm sorry, we
20 couldn't get them to call in and didn't want have to call in more
21 than once and answer redundant questions, we're going to do it
22 again, but what this Committee can certainly do is pass a
23 provisional approval, and then you've got between now and the
24 Commission meeting to rescind your approval if you don't like
25 what you hear in the next hour.

1 MS. COLEMAN: Let me, before we go any further, I
2 think this sounds really interesting, there are smarter people
3 than I to look at it, but I'm going to share a geographic concern
4 similar to something Senator Carrico said, which is in the
5 presentation references George Mason and all these other places
6 and it says you go to Wise first. I'm not sure this slide
7 presentation, as they provided it, is specific to us, it seems to be
8 much more broadly. And also the timeline is off, and the
9 deliverables due from this, according to this, the deliverable was
10 due in January of this year.

11 MR. FEINMAN: They had an overly optimistic view
12 about that. Government might be able to do what they say.
13 They are looking to be a significant actor statewide and they're
14 not hiding that from us, but what they've offered to do is focus
15 their job creation development efforts first in Southwest Virginia.

16 MS. COLEMAN: Because of the pot of money here.

17 MR. FEINMAN: I think it's both, because it's a pot of
18 money here, and because, frankly, some of these enterprises are
19 going to need a lot of low and middle-skilled folks, and you can
20 get those more cheaply in Southwest Virginia than you can in the
21 rest of the state. The electronics recycling requires hundreds of
22 people, some with middle and high school training, some without
23 skills, but you've got to pay more for that in Fairfax than you do
24 in Abingdon. I don't think that's bad necessarily, but the cost of
25 labor and the cost of doing business is a considerable factor and

1 it's low in Southwest and that's part of their approach.

2 DELEGATE MOREFIELD: The annual budget is where I
3 have a problem.

4 MR. FEINMAN: We'll be able to go forward and have
5 to have a match.

6 DELEGATE MOREFIELD: Was there ever any
7 discussion about, and I don't know this has been done in the
8 past, but basing this off of their pay, their compensation based
9 on performance, because I think one thing that at least in my
10 experience since I've been here, and we provide a lot of funding
11 for various decisions and so forth, but if we have a private group
12 here, this is a substantial amount of money, if there's no way we
13 could do like a hybrid. We have a set amount of funding for their
14 operations and so forth, but then we also award them based on
15 their performance, and I think that could really address some of
16 the concerns about how dedicated this group is. If they are able
17 to land the prospects that we would like to see, they might have
18 more of an incentive.

19 MR. FEINMAN: We will certainly hold them to the
20 same requirements that we hold any non-TROF grantee, which is
21 to say they're going to need to deliver us a final budget and we
22 get paid for the things that are in that budget. If they in any
23 way start spending funds on stuff that's not in the budget, they
24 will be held in breach of their grant agreement, and any
25 instances of a breach, we would have the ability to pursue them

1 legally if they were misused funds. But they are not ready to say
2 right now, and I urge you to hold some of these questions for
3 them. They're not ready to say right now this is going to lead to
4 X number of jobs or Y amount of capital investment. What
5 they're focused on in the first year is building the kind of
6 ecosystem in Southwest Virginia that would make it a more
7 attractive part of the world for these businesses. Then they'll be
8 able to see what they can grow and bring in. That's a more
9 speculative approach.

10 DELEGATE MOREFIELD: Mr. Chairman.

11 SENATOR CARRICO: Delegate Morefield.

12 DELEGATE MORFIELD: Mr. Chairman, we understand
13 the importance and we understand we have to market our area
14 and got to go out and find these folks, but four-and-a-half-million
15 dollars is a lot of money, and if, just my opinion, I mean if we
16 could base it off performance, but I also understand we would
17 hold them accountable and so forth. But the reality is that once
18 the money is gone, the money is gone, and the likelihood of
19 recovering that money through a lawsuit is highly unlikely and
20 legal maneuvering is not helping anybody.

21 One question I would have is, is this leadership team
22 or these four individuals, are they going to live in Virginia, are
23 they living in Southwest Virginia, or are we just another list on
24 their client list?

25 DELEGATE KILGORE: David Lee and Rob Painter are

1 already looking for places down here and looking to buy
2 something down here because they love the area so much. Doug
3 Wolf, the former CIA, he's been offered all these jobs with the
4 Google company and folks like that, but he wants to do this type
5 of work, and he's connected, I think you'll get some data,
6 government data, those data centers are a big tax base for the
7 area, just get one of them, that's pretty huge.

8 DELEGATE MOREFIELD: The thing is you have
9 Buchanan County, for example, just recently hired people, and
10 now you have Tazewell County that's in the process of doing the
11 same thing and got all these individual organizations that are
12 working. I agree with you, Evan, the traditional approach to
13 economic development has not been very effective. We do have
14 localities that are now in the process of going and doing their
15 own thing.

16 And I think this sounds like a good deal, but I think if
17 we could base it off of some sort of performance, and if they're
18 able to land a job, then we compensate them after they've done
19 this. The Committee may not agree with this, but it's been my
20 experience if you give them an incentive and reward them after,
21 they land a job, that's just my opinion.

22 MR. FEINMAN: I agree with you, Delegate, I would be
23 more comfortable with that approach. They will say and have
24 said to me there will not be an economic return for a couple of
25 years. They want to see state government, which pays us, take

1 the lead with the investment and they will be able to use that
2 they say, and then they will go secure similar investments from
3 the private sector and foundations. I think we could split that
4 difference by requiring a match, and I would encourage you to
5 require a match no more than 25 percent and that match will be
6 in kind. If we give you a four-and-a-half-million-dollar match,
7 no more than a quarter, which is in kind. The minimum we've
8 got --

9 DELEGATE KILGORE: I'm positive that UVa-Wise
10 could be counted in that.

11 MR. FEINMAN: My caution there is that the UVa
12 president will take a look at all this stuff.

13 DELEGATE MOREFIELD: Mr. Chairman, I had an
14 opportunity, and the incoming president, I'm very encouraged he
15 really speaks our language, he's from a rural area and he
16 understands the importance of access of rural education, and I
17 think it's going to be refreshing and certainly it'll be good for our
18 area.

19 SENATOR CARRICO: Does anybody else have any
20 questions?

21 MS. RATLIFF: Just a couple of things, hope you can
22 hear me. I'm surprised that they're not making an investment to
23 start with. But I agree to what was said earlier, it looks like they
24 have not done the research and in the list that they've provided
25 us, because, for example, I would think that if they're looking for

1 spaces to have out in the region, we've got all these incubators
2 in Southwest Virginia, and they should be part of this program.

3 The other part I think strongly about if the
4 Commission does invest, I think Commission members ought to
5 be on the board and going around for these meetings and so
6 forth to help make sure the investments are being made right, so
7 I think there should be some Commission members should be
8 participating. I think Commission participation is very important.
9 So, thank you.

10 SENATOR CARRICO: Anyone else?

11 MS. COLEMAN: Then at what point would the
12 Executive Committee see a proposed budget in explanation for
13 the use of that four-and-a-half-million dollars?

14 MR. FEINMAN: What we'll do is that we will segregate
15 funds and you all would need to approve the funds pending a
16 budget, at the Executive Committee. You don't have a budget.

17 MS. COLEMAN: From them, do we have a budget
18 from them?

19 MR. FEINMAN: We do not yet. Staff will be, I would
20 think Staff would be looking at that, will need to scrutinize that.
21 You all will need to decide, and that briefly is what we do, we
22 rarely put project budgets before the Commission, we do that
23 with the Staff.

24 MS. COLEMAN: But don't they propose something to
25 the Staff?

1 MR. FEINMAN: Every grant that comes before, yes,
2 for the budget.

3 MS. COLEMAN: And we haven't gotten to that point
4 yet.

5 MR. FEINMAN: Not yet, no. I'll tell you that I'm wary
6 of this project, I think it has significant returns, but it's riskier
7 than what we normally do. It's going to need to be a pretty tight
8 budget before we go forward.

9 MS. COLEMAN: Let me just clarify. We need to really
10 look into this, because we're spending our money.

11 SENATOR CARRICO: The one thing that I want to
12 know is do you think that they're going to answer the questions?
13 You talk about facilities and innovation. The facilities are one
14 thing, and delivering four to eight locations across Southwest
15 Virginia. Where will those locations be and will they answer that
16 question? Are we going to forego two years of budgets, and
17 they'll all be concentrated in one section, that we hear from all
18 the other localities, why did you spend all the money that could
19 have been helping us and instead it's all concentrated in one are?
20 When you say four to eight, that means you're going to get five.
21 That's what that means.

22 MR. FEINMAN: I think they are, they made this
23 document, not me, but I think we can direct them that they're
24 going to need to spread their effort across the whole Southwest
25 Virginia.

1 SENATOR CARRICO: Because we're spending
2 Southwest Virginia's budget, we can't just say it's in one locality.

3 MR. FEINMAN: One of the things that we've talked
4 about a lot, they're going to need to get collaboration with not
5 just UVa-Wise, but all of the different community colleges, our
6 COEs, the local chambers. We're going to have to make sure
7 that they have a connection with everybody across the region, so
8 that it's a functioning region-wide area.

9 DELEGATE MOREFIELD: Just as a thought, is it
10 possible, I don't know if this has ever been done before, can this
11 group just not become an employee or a separate branch of the
12 Commission as a marketing effort? I know some of the concern
13 is the total amount of money and so forth, and then you're
14 always getting into accountability issues and so forth. Now, this
15 group, if we, if the Commission created its own marketing
16 division and hired these individuals, is that something that could
17 be done?

18 I think one of the issues you get into, and I support
19 Ms. Ratliff on where you're coming from, but when you get a big
20 board and so many people are involved, you have a lot of
21 confusion and you have a lot of board members that don't
22 necessarily stay active and engaged in the operations. That's
23 why you have to have really good directors, somebody that's
24 going to go out and just get the job done. I didn't know if that
25 would be a way of addressing some of your concerns. Seems

1 like the Commission needs to be doing more of their own work, I
2 think. We, as Commissioners, versus just going out and hiring
3 these groups.

4 MR. FEINMAN: I agree with the principle, and I have
5 encouraged you all in that direction. We've increased our Staff,
6 our program, the Board, which technically resides outside of the
7 Commission, but ultimately winds up reporting to me, and that's
8 a good change. I think we've seen payoffs there.

9 The same thing with Bruce Sobczak, who theoretically
10 wound up working for us. I don't think that would work for this
11 specific group project for a couple of reasons. One, we certainly
12 couldn't make the main line favorable for us, but we could make
13 a contract with them, but then I think from a procurement
14 standpoint, we'd need to put out an RFP, we'd have to give
15 everybody an opportunity to bid, and it would be until the fall
16 before we could select this group. The fact that we're having this
17 conversation now might put us in some peril of having prejudged
18 that process. I don't know that the state procurement process is
19 one we want to subject ourselves to.

20 Secondly, I don't think they would do it, because
21 these are folks who they're not looking to become state
22 employees. They want to start a nonprofit, then they're going to
23 find out for profit subsidiaries the hope is that we can kick this
24 thing off and then it'll itself run moving forward once they've got
25 their prototype facility or their electronics recycling or a

1 manufacturer up and running. I don't think that would work off
2 the model they put forward. I would certainly like any ideas
3 about keeping our hands on the thing. I think the idea of the
4 Commissioners as a part of their board or as a part of their
5 leadership team makes a lot of sense.

6 DELEGATE KILGORE: These guys, Mr. Chairman,
7 they've done well in everything, and then they've got this
8 network, or I should put it this way, they have access to, but
9 these are the type of people that we want in our region. When
10 they first started looking at this project, they were looking at
11 Kentucky and West Virginia, and someone in D.C. directed them
12 to us because they needed a strong four-year institution, you
13 need to look at UVa-Wise, otherwise, they'd be working outside
14 the region. I got a phone call out of the blue saying that these
15 folks needed to see you, and that's how it all came about.

16 SENATOR CARRICO: Do we have a timeframe from
17 start to when they expand out?

18 DELEGATE KILGORE: It's going to be a continuing
19 effort and they're considering the solar and all of this and they've
20 already got two big deals that I know of.

21 MR. FEINMAN: I think the schedule slides are
22 probably your best answer, and that contemplates a two-to-
23 three-year timeframe assuming things have already happened.
24 If you push it, it's probably 20, 21 now that you'd need to see for
25 the production operation in getting started that large cap that

1 we're talking about there, the significant capital expenditure from
2 industrial folks. That tax base is a little bit different. You're
3 probably looking at two years then building a workforce pipeline
4 and creating the kind of entrepreneurship and maker space
5 efforts that will seed the ground for Southwest being an
6 attractive place for these sorts of companies.

7 Now, I'll tell you, the reason we lost Transformer was
8 that they were concerned about the workforce pipeline. They
9 straight up didn't think they needed to hire 500 tech people and
10 they didn't think Southwest could create them. This idea that
11 we're going to spend a couple of years focused on the
12 ecosystem, now we're going to keep going, but these guys are
13 going to focus first on that, and then the second, I think that
14 makes sense. I think if you went back ten years and told the
15 people of Danville that they were going to be spending however
16 many millions of dollars that they put into the programs, CCC
17 and ALR and the New College, Southern Virginia Higher Ed
18 Center, and that's only really started to pay off in the last year or
19 two. But now it's paying off big time, it's just company after
20 company after company. I can't promise that this will be
21 similarly successful. I'm being honest with you and with the
22 record, that this is a risk, there is no certainty.

23 SENATOR CARRICO: I know Southwest Virginia, we
24 spend \$4 million and they don't see some progress in a year,
25 they're going to say what are you doing with the \$4 million.

1 DELEGATE KILGORE: By doing this, we're not saying
2 that if something else comes along or something big comes along
3 and we have to be a partner in it, we're going to find the money
4 to do that. If some big job or some good opportunity comes
5 along, I don't think anybody on this Commission, and especially
6 our Executive Director, will let that fall by the wayside.

7 MR. FEINMAN: We've got a prospect incentive fund.
8 We have TROF. What's in that?

9 MS. KIM: About twelve and a half.

10 MR. FEINMAN: We have some if we really need it, but
11 this is a significant amount of money and then if we still like
12 where they are in a year, we can consider going forward or
13 maybe we'd push harder on Special Projects and maybe get a
14 half million bucks for the next year and there are different
15 expenditures.

16 SENATOR CARRICO: How many projects do we
17 already have in the pipeline for applications for Southwest?

18 DELEGATE KILGORE: I want to know how many of
19 those projects have really created jobs, and that's the big thing,
20 the creation of jobs. We've got to figure out what's going to set
21 us apart, and I'm all for tourism, I'm all for making like easier,
22 but in the end, how many jobs have we created?

23 SENATOR CARRICO: I know we're taking a risk, we
24 don't know they'll create the jobs they talk about, and that's
25 what concerns me. Nothing in the plan shows me any job

1 creation.

2 DELEGATE KILGORE: We're still going to keep doing
3 what we're doing, but we've got to do something, and we almost
4 had Project Transformer. That was going to be a big deal. That
5 was going to create jobs and money. We just didn't have the
6 workforce, and they were very worried about the workforce. And
7 I had numerous conversations with Senator Warner and kept
8 very much in touch with, but that was the main concern, that's
9 why they went to LSU. We were number two, but I think we're
10 going to get a victory out of that yet, and I think we're going to
11 get some more jobs, and there'll be an announcement, I believe,
12 in Russell County.

13 DELEGATE MOREFIELD: I think all of us are aware of
14 the issues and challenges that we face, and this goes back 40 or
15 50 years when this really started, like touching on infrastructure.
16 You take one of the poorest counties, Buchanan County, 20
17 percent poverty rate, and some areas they're just doing the
18 drinking water infrastructure, largest exporter of natural gas, but
19 used virtually none of it, but there's no money to build that
20 infrastructure. We're not making the investments we should be
21 making and we need the Commission to expand the broadband
22 infrastructure. We are in some areas, but it's still a lot to do.

23 I know we're doing the best we can to invest those
24 resources. The likelihood of a Fortune 500 company moving to
25 one of the poorest areas in the state or the country with no

1 infrastructure, an opioid crisis, and I could talk all day long about
2 the issues we've got. We had a very finite amount of resources
3 in West Virginia and Kentucky doesn't have access to, to take
4 advantage of. And we could take some of those jobs. I agree
5 with Delegate Kilgore we have to market this. I also agree with
6 Senator Carrico on the job aspects, as well. I just think we've
7 got to be very careful in how we invest this money because the
8 resources will no longer be there. And the coal industry isn't
9 going to recover or reach the level it was years ago. I don't think
10 we'll ever see that.

11 I think it just comes down to marketing, and we have
12 to give these companies, the companies have to have an
13 incentive to come here in the first place, and that's why we have
14 to separate ourselves. Right now, we're really not much different
15 with our competitors. West Virginia, Kentucky, North Carolina
16 are beating our socks off. We've got a lot of people who have a
17 lot of good ideas.

18 Delegate Marshall came up with a wonderful idea
19 about having the utility companies expand their economic
20 development marketing efforts in Southwest and Southside
21 Virginia like North Carolina does. North Carolina has their own
22 team that work hand in hand with localities because ultimately
23 the utility companies are using the or they're selling electricity, of
24 course, but we've just got to be very careful how we do this
25 because right now it's going to be extremely difficult to attract

1 those types of companies. I think this strategic investment fund
2 with UVa and UVa-Wise, there's a lot of opportunities there, and
3 we have to take advantage of those resources and be able to
4 train these people. From what I'm seeing, especially with these
5 training programs that we have, whether it be a community
6 college program or workforce development, they're not doing
7 what they're supposed to be doing, at least in our area. We've
8 just got to be very careful.

9 MR. FEINMAN: I believe somebody just joined us on
10 the phone. Senator Chafin, is that you?

11 SENATOR CHAFIN (By Phone): Yes, I'm on board.

12 DELEGATE KILGORE: You met with these individuals
13 and they'll appear by phone at the Executive Committee. Can
14 you fill the Southwest folks in on your conversations and your
15 thoughts?

16 SENATOR CHAFIN: Absolutely. I met with them up in
17 Northern Virginia, and these people are people of substantial
18 wealth and they have substantial ability. They came to us
19 through channels and they are people that are looking at, trying
20 to help out Southwest Virginia by giving, ultimately, government
21 spending going on in Southwest Virginia. I was very impressed
22 with these individuals and with the types of security clearances
23 that some of them had with our Federal Government. I think
24 they're the real deal and I think they can help transform our
25 economy.

1 I've been around a long time in economic
2 development, at least in Southwest Virginia. I've done work for
3 the IDA over 20 years, but I haven't seen anything on the
4 horizon like what these people could bring to Southwest Virginia.

5 I will say this, I think that ultimately our money is
6 going to be gone, and we can either choose to spend a hundred
7 thousand here or a hundred thousand there of tourism type of
8 entities, a little five jobs here, ten jobs here, or we can try to do
9 what I think our mission should be, and that is to try to find
10 some new ability to transform our economy into some type of a,
11 into some type of an economy that will move us forward over the
12 years. Thank you.

13 SENATOR CARRICO: Well, we all want to move
14 forward, but for the rest of us sitting here at the table, we don't
15 know anything about these people or this project and yet we're
16 asked to commit two years of our whole budget and we don't
17 know anything about how far this will grow and how big it will
18 get. It's going to be a tough decision to make.

19 SENATOR CHAFIN: I can appreciate that. I would
20 have liked to have been at this meeting, but it didn't get set until
21 a week ago and I had some other commitments somewhere else
22 that I just couldn't change. I know it's a hard decision to make,
23 but I can tell you that I've never misled you in any way, and
24 these people can get us to the point where we need to be. I
25 know that a lot of the things we do, and I'm not taking anything

1 away from it, but it's nickel and diming, and it's helping the total
2 picture, but there's nothing that could really solve or put, put the
3 coalfield region back on the map, and this could do it.

4 DELEGATE KILGORE: I don't know, Ben, you might
5 want to tell the members here the doors that they could open,
6 the list of people that they know.

7 SENATOR CHAFIN: These people came to us, that's
8 the 600-pound gorilla that's in the room right now that you're
9 talking about. The Trump Administration was looking to get help
10 out to, out into the Appalachian region for some of these large
11 government spending that will go on over the course of their
12 administration and beyond. And these folks, their connection list
13 reads like the Top 100 in Fortune 500 Companies. One of the
14 guys that we met with, that is involved in this, was the guy at
15 CIA that is like Q on the James Bond movies. He's the guy that's
16 back there running the operations, all kinds of operations that
17 are clandestine.

18 SENATOR CARRICO: What's their strategy outside the
19 coalfield region as far as Southwest development and covering a
20 larger swath of the area?

21 SENATOR CHAFIN: They want to do more.

22 DELEGATE KILGORE: Their footprint is huge, and
23 they were even going to go into Virginia Tech and we have
24 partnered with Virginia Tech and spent dollars in that region, and
25 these folks are all the way to Martinsville.

1 SENATOR CARRICO: I've got a lot more questions.
2 I've got about, my district is about the twice the size of yours.
3 My concern is I want to make sure if we're going to commit two
4 years of budget to something that that commitment is to
5 Southwest, not to just one locality or one section of Southwest.

6 SENATOR CHAFIN: I agree with you on that, the
7 backbone all over Southwest is what we want.

8 SENATOR CARRICO: That's what I'm interested in
9 knowing.

10 MR. FEINMAN: Mr. Chairman, I think at the Staff
11 level, we can insure that that will happen, if that's the direction
12 you want to go. All you have to do today is make a
13 recommendation, and I haven't made a firm one for you here
14 and I don't know that I can. I will tell you that I agree with
15 Senator Chafin's belief that a lot of what we do is about shoring
16 up individual localities and about bringing some jobs in that will
17 ultimately slow the decline, but there's relatively little we do that
18 is taking a real shot at renewed prosperity. This is taking a real
19 shot at that, it is not a guarantee that that will happen, and no
20 such guarantee can be made, but that is the purpose of this
21 effort, is to actually bring a thriving and growing economy back
22 to Southwest Virginia is the goal.

23 It is plausible that they can accomplish it, but it's a
24 risk and it's a bet. We just had the Derby this weekend and the
25 highest odds horse did win, so you never know how it's going to

1 go. I think it's a reasonably good bet to make were you so
2 inclined, and it's all about how tolerant of a risk the Committee
3 and the Commission wants to take.

4 SENATOR CARRICO: I'll say this and then I'll
5 conclude. It isn't the commitment to doing something different
6 that I have hesitation about, and when we have this Committee,
7 there's 12 localities to be considered who had interest here in
8 Southwest, and as long as this company is willing to spread the
9 load, it's okay. But if the load is going to be with one community
10 and one section of Southwest, it's going to be hard for us to
11 answer to that.

12 DELEGATE KILGORE: I think that's the opportunity
13 we have on the front end, and Evan primarily because he's going
14 to be dealing with it, he can direct. And as Ms. Ratliff said, we
15 need to be at these meetings with them and they want us to be
16 at these meetings, from what I understand, and they want to
17 work with us where we want to work.

18 MR. FEINMAN: We'll have an opportunity to shape it
19 in regards to geography. They don't know as much as we know
20 about the region, so one of the things that we've been able to
21 work with them on is telling them, look, you all don't need to
22 build all these big things and there already exists some workforce
23 training programs you can plug into. Those are the synergies
24 that we can offer them, and that's one of the reasons they're
25 excited about working with a group like the Commission because

1 we know where, we can find out what's going on at UVa-Wise
2 and everywhere else and with all the various programs we've got
3 going on. The question for us is this, are we going to make this a
4 commitment?

5 MS. COLEMAN: Like you, I have no problem rolling
6 the dice on something, but my issue here is squishing, the words
7 are English, tell us what they mean.

8 DELEGATE KILGORE: I think at 1:00 o'clock we'll
9 have that opportunity.

10 SENATOR CARRICO: We should have said 2:00 then.

11 MR. FEINMAN: You'll have an opportunity to ask
12 questions.

13 SENATOR CARRICO: As we move on, anybody have
14 any other questions?

15 MR. BLEVINS: Mr. Chairman, I would just express
16 that I share some of the same concerns about the lack of
17 firmness, but I'm very excited about the prospects, a community
18 like this for the Tobacco counties, particularly in the extreme
19 Southwest. I would hope that measures would be in place to
20 insure that these opportunities are made available in the areas
21 where they are needed much. I'm just concerned they might
22 migrate from the areas where they're needed.

23 SENATOR CARRICO: I think you said, Evan, that we
24 can take a vote today with the potential of making it a vote at
25 the next meeting, following what meeting we have with the

1 company, if that's what you're so inclined, I think that will give
2 us an opportunity to hear what they have to say. Then at the
3 next meeting in Longwood, we can make that affirmative one
4 way or the other when we meet. If it's affirmative, we won't be
5 meeting for two years.

6 MR. FEINMAN: You can instruct the motion in such a
7 way and the Committee could say as long as the Chair still
8 approves of it on the 22nd with the Full Commission, then the
9 Committee will, otherwise the Chair would have the ability to
10 withdraw that support.

11 MS. COLEMAN: Why do we need this motion now?

12 MR. FEINMAN: It's your money and this is your last
13 meeting.

14 SENATOR CARRICO: I think we have \$700,000 that
15 we have to decide on, then on the 21st or 22nd. Do I have a
16 motion conditional upon the May 22nd meeting?

17 MR. FEINMAN: On your approval.

18 SENATOR CARRICO: On my approval?

19 MS. MYERS: Mr. Chairman, as far as voting --

20 SENATOR CHAFIN: Why is that?

21 DELEGATE KILGORE: In a nonpublic location.

22 MS. MYERS: That's correct.

23 DELEGATE KILGORE: You have to give notice to
24 somebody.

25 SENATOR CHAFIN: I asked about that when I was

1 going to be put on the phone, and I was told that I didn't have to
2 be, that it didn't matter.

3 MR. FEINMAN: We're going to adopt a new policy in
4 the next session that's then starting July 1, will, as I understand,
5 law permits, remote participation, but we haven't done that yet.

6 SENATOR CARRICO: Do I have a conditional motion
7 from someone sitting at the table?

8 MS. COLEMAN: What is the motion exactly?

9 SENATOR CARRICO: That we --

10 MR. FEINMAN: That you all commit your \$700,000
11 balance currently to this effort conditional upon the Chair still
12 being supportive of the proposal by the time the Full Commission
13 meets on the 22nd.

14 SENATOR CARRICO: We don't have any more in our
15 budget than the \$700,000 right now.

16 MS. COLEMAN: I still don't understand why this
17 motion has to come up today.

18 MR. FEINMAN: Because we need to set, to fully fund
19 this project, we'll need the \$700,000 carry-over balance you
20 have currently in your budget. This is the last time this
21 Committee will meet before the Full Commission meets on the
22 22nd and before the Executive Committee meets in an hour to
23 adopt next year's budget, and in less than an hour, 55 minutes.
24 If this Committee doesn't do it, then we've got to figure out a
25 different budgetary strategy and/or scrap it.

1 SENATOR CARRICO: We have a motion, is there a
2 second?

3 DELEGATE MOREFIELD: Second.

4 SENATOR CARRICO: It's been moved and seconded.
5 Call the roll.

6 MR. FEINMAN: Mr. Blevins.

7 MR. BLEVINS: Yes.

8 MR. FEINMAN: Ms. Coleman.

9 MS. COLEMAN: Yes.

10 MR. FEINMAN: Delegate Morefield.

11 DELEGATE MOREFIELD: Yes.

12 MR. FEINMAN: Ms. Ratliff.

13 MS. RATLIFF: Yes.

14 MR. FEINMAN: Senator Carrico.

15 SENATOR CARRICO: Yes.

16 Motion carried.

17 Next on the agenda is the grant extension for Scott
18 County EDA, and you should have that in your packet. Now, this
19 is to end 31st of May, there's a request for an extension on the
20 project. The Staff is recommending extensions to both projects
21 until December 31st of this year. Is there a motion on that
22 extension?

23 MS. COLEMAN: So moved.

24 SENATOR CARRICO: There's a motion and a second.
25 It's been moved and seconded that we extend these projects

1 until December 31st of this year. All in favor, say aye. (Ayes).

2 Is anybody opposed? (No response).

3 All right. Any public comments?

4

5 NOTE: There are no public comments.

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7 SENATOR CARRICO: We're adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, Southwest Economic Development Committee Meeting**, when held on Monday, May 7, 2018, at 11:00 o'clock a.m., at the Holiday Inn Valley View, Roanoke, Virginia.

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this _____ day of May, 2018.

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.