

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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8 **Business Support Committee Meeting**

9 Tuesday, September 18, 2018

10 4:30 o'clock p.m.

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14 Floyd Event Center

15 Floyd, Virginia

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1 APPEARANCES:

2 The Honorable Daniel W. Marshall, III, Chairman

3 Mr. Ed Blevins

4 Dr. Alexis I. Ehrhardt

5 Ms. Julie Hensley

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7 COMMISSION STAFF:

8 Mr. Evan Feinman, Executive Director

9 Mr. Andy Sorrell, Deputy Executive Director

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

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

12 Southside Virginia

13 Ms. Michelle Faircloth, Grants Assistant

14 Southside Virginia

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

16 Southwest Virginia

17 Ms. Jessica Stamper, Grants Assistant

18 Southwest Virginia

19 Mr. Jordan L. Butler, Public Relations Coordinator

20 Ms. Stacey Richardson, Executive Assistant

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22 COUNSEL FOR THE COMMISSION:

23 Ms. Elizabeth B. Myers, Assistant Attorney General

24 Richmond, Virginia 23219

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1 September 18, 2018

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3 DELEGATE MARSHALL: I'm going to call the Business
4 Support Committee Meeting to order. And, Evan, would you call
5 the roll.

6 MR. FEINMAN: Mr. Blevins.

7 MR. BLEVINS: Here.

8 MR. FEINMAN: Ms. Ehrhardt.

9 DR. ERHHARDT: Here.

10 MR. FEINMAN: Ms. Hensley.

11 MS. HENSLEY: Here.

12 MR. FEINMAN: Delegate Marshall.

13 DELEGATE MARSHALL: Here.

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

15 DELEGATE MARSHALL: The motion to approve the
16 January 9, 2017 minutes.

17 MS. HENSLEY: Second.

18 DELEGATE MARSHALL: We've got a motion and a
19 second. All those in favor, say aye. (Ayes). Opposed? (No
20 response). The minutes are approved.

21 All right, let's talk about the objective charge of the
22 Committee.

23 MR. SORRELL: Thank you, Delegate Marshall. As you
24 may recall, this was by a former Commission member. The idea
25 at that time was identify some companies that were in the

1 Tobacco Commission grantees to help follow along with business
2 support, and, of course, funding is always a prime concern. And
3 we were looking for people on the Commission that had
4 experience in business and this could help companies after they
5 got the funds and they were committed to help these companies
6 grow. So, we have worked with the company, GENEDGE, to help
7 identify problems that can help these companies and work
8 towards commercialization. This was also to help some of these
9 companies fill in their gaps and also as an education step with
10 the end in sight that they could become profitable and they could
11 thereby become real economic contributors.

12 That's what the Business Support Committee is trying
13 to do. Over the last two years or so, we worked with seven or
14 eight companies to help get them to a or get them up to
15 commercialization. With the change of Commission members,
16 we thought that, and mostly these were recommendations, we
17 could do everything to help these companies and provide for
18 them and to see what they're doing and where they're going and
19 how they can reach their goals on the path to commercialization.

20 Because of the work that GENEDGE has provided the
21 grantees and accepted by the grantees and with the help of the
22 Staff, we want to continue to expand upon our partnership, and
23 that's really what we're talking about today, and that involves
24 working with GENEDGE.

25 DELEGATE MARSHALL: Well, let's see if our members

1 have any questions. Are there any questions for any members of
2 the Commission or the Committee? All right.

3 MR. SORRELL: GENEDGE, Mr. Dean Young is here
4 today to answer any questions or provide any advice in terms of
5 moving forward. After all, the idea the Staff has established
6 some goals and work with GENEDGE to provide these companies
7 anything in the business idea to help them. And we're talking
8 about small businesses within the Commission footprint. This
9 can play out through applications, and, of course, there'll be help
10 to these companies developing a business plan and
11 understanding the business plan and market strategies and
12 things of that nature.

13 GENEDGE is experienced and they worked with this
14 idea and they encompass it. After this is implemented, then
15 always a good review period just to see where these companies
16 are going, the grantees, I mean. We're hoping this new interest
17 in this entrepreneurship will just be a positive to step for the
18 entire area going forward, and especially in the world of small
19 business. So, that's the general idea, and we're willing and able
20 to help in any way we can.

21 MR. FEINMAN: Yes, we haven't really had a dramatic
22 number of companies that we worked with, but we're really
23 interested in, especially with R&D, and maybe we've been strong
24 on the research part, but not so strong on the running of the
25 companies or the business part.

1 What we have discovered is that, as far as the
2 GENEDGE people, they're willing to offer their services to us,
3 and, number two, there is a real clamoring among small business
4 owners and aspirational small business owners in the footprint
5 for that kind of support. One of the things we've seen all over
6 the place, we wound up either through us or community partners
7 and we have developed a lot of incubators. One of the things
8 we've found out is many times people are clamoring for help in
9 trying to figure out what to do, and especially grow a business.
10 And what we envision is having folks apply and going over what
11 business plans they have and Staff then could make a better
12 recommendation to the Committee, and then the Committee
13 could make a decision if you wanted to work with them. Then we
14 can set parameters as far as what you're offering.

15 I would envision each member of the Committee
16 taking on one or more businesses to offer some guidance, and it
17 wouldn't be sort of a full committee meeting so much as they
18 could maybe call you and say, hey, I've bumped into this
19 problem, is there anybody you know might be able to help me
20 out or I have a supplier and there's a problem and I have a
21 question about this or that.

22 The ongoing support would be layered on top of the
23 analytics and then any support that we could give them. Also, do
24 we need the Committee's help in trying to figure out or we'll have
25 to make a decision of how many we want to do or whether you

1 want to expand the committee.

2 Now, when you consider the business plan, and I think
3 you'll find people that sometimes just don't understand a
4 business plan, but that's something that the Committee can
5 really get engaged in or however you want to do it. It's just
6 open and I think it's something we might consider.

7 DELEGATE MARSHALL: So, let me ask is GENEDGE
8 going to bill us or charge us a flat fee or so much per company,
9 per day, or consultation? GENEDGE charges \$5,000 per
10 company that they evaluate. I believe they indicated they can
11 stick to that pricing. For a pilot year, we can cover that in the
12 admin budget, and then in future years, come May, we could
13 create a budget line, but I think it would be small.

14 DELEGATE MARSHALL: So, a new company that
15 shows up, would they have to do an application like we have
16 these applications that are before us, or do they just contact us
17 or GENEDGE and ask for help?

18 MR. FEINMAN: What I think we need to do, and that's
19 up to the Committee, but I would envision having a round or
20 application round just like any other committee, and then we
21 would have a template business plan. The applicants would fill it
22 out in our online system, and then come before us and we would
23 make a decision on which ones we thought and who were mostly
24 likely to benefit with the Committee's support.

25 And everybody is an applicant having to do with the

1 other committees. When they come before you and say here's
2 what we're doing and here's our product, and you can make a
3 decision about whether you want to work with the companies. I
4 would strongly encourage setting up limits so that not any
5 members of the Committee would be soft-hearted and if there's
6 no limit on how many you can work with, you can't work with
7 every entrepreneur that comes before you.

8 DELEGATE MARSHALL: Would we set a baseline, but
9 does it have to be a certain employer or certain numbers or how
10 do we do that?

11 MR. FEINMAN: I'd leave that up to the Committee to
12 decide. I think we could certainly say, it could be somewhere,
13 you'd have to have an idea, and they'd have to know what they
14 want. And then you look at the investment. Certainly you'd
15 need a match. I think you'd have to settle on an investment
16 limit if you thought it was proper.

17 DELEGATE MARSHALL: Could I ask Staff to give us
18 kind of a one or two page or just talk about, just talking about,
19 and send it to Committee members? Does anybody else on the
20 Committee think that we should ask for that?

21 MR. BLEVINS: Would Committee member
22 involvement with businesses always be a joint effort with
23 GENEDGE?

24 MR. FEINMAN: GENEDGE offers maybe a specific
25 product, a really specific investment, and they can point out

1 weaknesses and market opportunities, analysis. What they do is
2 make an analysis and then they make a recommendation and
3 then they provide some expertise and then we look at the
4 support side. The Committee's relationship should be like an
5 ongoing advisor.

6 MR. YOUNG: What we do is work with companies to
7 try to figure out and basically we focus on their strategy with the
8 value proposition and how they match that to the market. We
9 give them some practical tools and walk them through a regular
10 process and looking at the amount of effort at where they are
11 and where they want to go.

12 Now, based on what kind of company you target and
13 the level of work necessary to get them where they want to be
14 and that should be meaningful and get them to the next step,
15 and it's different.

16 So, we're really a startup and might take a company
17 more work to form what that strategy is. If they're more
18 involved, like some of the R&D companies we work with, are
19 really a very focused body of work. We do have some standard
20 process steps that allow us to get to the end result. That's just a
21 way to do it. We don't have to be engaged all the time, but we
22 typically go in and do that kind of work, but it's that company's
23 responsibility to take that work. We don't actually, we take them
24 through a set of processes and steps so that they're able to solve
25 problems on their own and work towards solutions.

1 DR. EHRHARDT: I was just wondering do you actually
2 recommend one solution here or one solution there and working
3 exclusively with GENEDGE or do you just do certain types of
4 companies or entrepreneurs?

5 MR. YOUNG: No, we partner with a lot of different
6 people, so if they're interested, for instance, in exports, that's
7 not something that we're typically strong in, but we can
8 recommend another avenue to go, but we work mainly through a
9 process. We have a methodology that we use and we try to
10 bring people into that methodology if it makes sense and we're
11 very flexible in how we work. And we can work with other
12 resources and create other options.

13 MR. SPIERS: Is there any issue with direct liability, or
14 does counsel, I'm concerned about maybe leading into a slippery
15 slope in some instances?

16 MR. FEINMAN: I'd have to refer to Liz on that, but
17 certain relationships are developed by and maybe in a specific
18 business, especially if you want to stay in future Commission
19 funding, but I don't believe there would be any other common
20 interest that we would trigger, I might have to refer to Liz for
21 that.

22 MS. MYERS: I would need to think about this more,
23 but my main concern is, and as a member of the Committee,
24 because the Commission as an entity, but probably it would be a
25 good idea to draft up some guidelines.

1 MR. FENIMAN: Including a waiver of liability.

2 MR. SPIERS: The reason I brought that up, I've been
3 a board on a financial institution, because loan offices walk a fine
4 line when they work with a customer making a loan and whether
5 they advise them to take the loan. To me, this is all a wonderful
6 objective, but I can see where there might be a slippery slope
7 somewhere, making authorizations to a business and then
8 getting into the management end.

9 DELEGATE MARSHALL: Following up along those
10 lines, Liz, do we need to make a statement about confidentiality?
11 As far as R&D, and I had to sign a statement that because if
12 somebody in that committee were to say something outside, we
13 could have a problem. That's something we need to make sure
14 we're correct on.

15 MR. FEINMAN: Before we have Liz draft that up, we
16 want to make sure it's something we're all interested in. The
17 goal today is just to inform you and to get some feedback from
18 you all and whether you like this idea or do we go back to the
19 drawing board or something in between?

20 A COMMITTEE MEMBER: Chairman Marshall, I don't
21 know about any other members of the Commission, but when
22 you consider making recommendations going out the gate,
23 beyond that, it baffles me that we need to get more information
24 and try to be able to chart what we're going to do, and, you
25 know, we have to chart this and how far the relationship goes as

1 a mentor/mentee, and maybe considering the role that we face
2 and promoting the opportunity, and maybe in our geographic
3 area or just representing the Tobacco Commission, and it seems
4 like there's another element that would take quite a bit of time,
5 but it's really how much.

6 MR. FEINMAN: Well, in year one, looking at our
7 administrative budget and, you know, whether we're going to
8 work with three or four companies.

9 DELEGATE MARSHALL: Any other comments?

10 MR. BLEVINS: Mr. Chairman, I'm probably one of
11 those loan officers that in the past has sat on a board before, but
12 liability is always been something that we're very conscious of. I
13 agree that there's a potential there, and maybe we should act
14 more as a sounding board.

15 DELEGATE MARSHALL: So, Evan, if I were to make a
16 suggestion and if you could get those one or two pages and email
17 that to us or to this Committee and we can follow it up with a
18 conference call and run this by a legal and then -- once we get
19 our definition of what we are and who we are, then what I'd like
20 to do is spend a couple of hours with these guys right here, so
21 we understand exactly what they're doing.

22 MR. FEINMAN: We're considering two things. One,
23 there'll be a follow-up meeting and there'll be a public meeting.
24 You'll have an opportunity when there's a report out and a
25 schedule for the R&D recipient. One of the places you'll be able

1 to see what GENEDGE is doing is to see them report out on one
2 that's been evaluated, and we'll make sure all of you are
3 scheduled for that and we can have a meeting and then come to
4 an executive session and we could be in the executive session
5 the entire time.

6 DELEGATE MARSHALL: The only thing I would
7 suggest is give us more than two days' notice.

8 Any other comments or thoughts? If not, thank you
9 all. Is there any public comment? All right, seeing none, we
10 stand 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, Business Support Committee Meeting**, when held on Tuesday, September 18, 2018, at 4:30 o'clock p.m., at the Floyd Event Center, Floyd, 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 October, 2018.

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

MY COMMISSION EXPIRES: October 31, 2018.