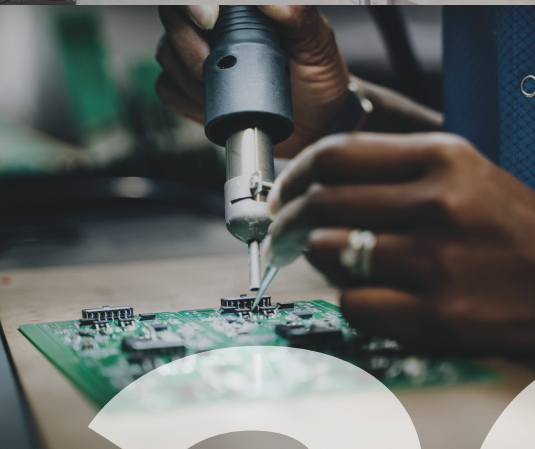


Tobacco Region Revitalization Commission 2019 Annual Report



Developing a Diverse Economy in
Southern and Southwest Virginia



Our Mission

The Tobacco Region Revitalization Commission's sole mission is the promotion of economic growth and development in tobacco-dependent communities using proceeds of the national tobacco settlement. The Commission seeks to accelerate regional transformation, giving citizens expansive opportunities for education and employment, and providing communities the benefits of economic stability, diversification, and enhanced prosperity.

To date, the Commission has awarded 2,265 grant and loans totaling more than \$1.4 billion that have...

CREATED...

more than 21,400 jobs

GENERATED...

more than \$3.4 billion in private capital investment

INVESTED...

more than \$200 million in community colleges for student financial aid and workforce development programs

SUPPORTED...

12,500 residents receiving GED credentials

15,000 residents receiving financial aid for community colleges and

9,015 students receiving scholarships and loans for 4-year degree programs

Commission Members

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Vice-Chairman, The Honorable Frank M. Ruff, Clarksville

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The Honorable Daniel W. Marshall, III, Danville

The Honorable Will Morefield, Tazewell

The Honorable Thomas C. Wright, Jr., Victoria

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The Honorable William Stanley, Jr., Moneta

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SECRETARY OF FINANCE

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SECRETARY OF AGRICULTURE AND FORESTRY

The Honorable Bettina Ring, Richmond

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Mr. Cecil Shell, Kenbridge

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Mr. Richard L. Sutherland, Elk Creek

VIRGINIA FARM BUREAU FEDERATION REPRESENTATIVE

Mr. Robert Spiers, Stony Creek

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Ms. Gretchen Blair Clark, Gretna

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Dr. Alexis Ehrhardt, Danville

The Honorable Franklin D. Harris, Amelia

Ms. Julianne D. Hensley, Gate City

The Honorable Edward Owens, South Boston

Ms. Sandy J. Ratliff, Abingdon

Leadership Message



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Over the last 20 years the Commission has made strategic investments that have not only produced immediate results by bringing jobs and significant capital investment to the region it serves, but it has also made long-term investments that have set the Tobacco Region up for success for decades to come – some of which are only now being realized.

Chair, Delegate Terry G. Kilgore

Twenty years ago the outlook for Southern and Southwest Virginia was grim. Everyone is familiar with the story: manufacturing and textile jobs had been lost by the tens of thousands, tobacco – long a mainstay of the region's agricultural economy – was facing declining demand and coal jobs had been trending downward for decades already as automation and competition from more easily-mined coal continued to push coal employment downward. Something had to be done.

The 1999 Virginia General Assembly created the Tobacco Region Revitalization Commission to help rebuild the economy of Southern and Southwest Virginia. Let's take a look at what the Commission has done over the last 20 years and the work the Commission continues to do to develop a diverse economy in Southern and Southwest Virginia.

The Commission has always focused attention and resources on education. Simply put, if you are going to attract businesses to a region you must have a workforce that is ready to fill the jobs that will be created. Commission funding has acted as a critical source of capital allowing educational institutions to stand up new programs in nursing, IT, manufacturing, and other in-demand fields. The Commission also recognized that workforce training and certificate programs would be critical so it set about offering thousands of scholarships and financial aid packages, lowering the cost of credential attainment within its footprint. The Commission also created three regional Centers of Excellence, providing flexible training programs that allow students to obtain industry recognized certifications. To date, the Commission has invested more than \$200 million in our community colleges and student financial aid since 2000.

While vitally important, education is only half the battle. Workforce training efforts, if not coupled with employment opportunities, would actually have accelerated the movement of skilled workers away from our region. Through our incentive programs, including the Tobacco Region Opportunity Fund, the Tobacco Commission has helped bring thousands of jobs and billions of dollars of investment to Southern and Southwest Virginia, including global companies like Microsoft, CGI, Tempur/Sealy, Goodyear, Aldi and Kyocera SGS along with hundreds of other businesses like TMI Autotech, Press Glass, Oran Safety Glass, Monogram Foods and Empire Bakery.

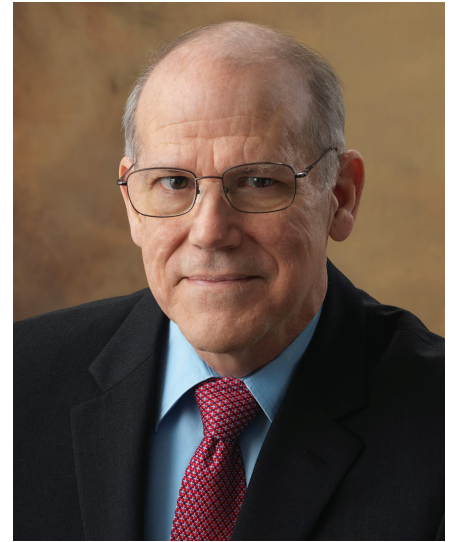
We also know that developing a diverse economy in Southern and Southwest Virginia, our stated mission, isn't going to happen overnight. Strategic investments are also necessary to create a vibrant, resilient economy. To that end, the Commission has invested extensively in several areas that have set Southern and Southwest Virginia up to be successful for decades to come.

The Commission has played a key role in the creation of eight "megasites" throughout Southern and Southwest Virginia that enable Virginia to go after large scale projects like auto manufacturers and other production operations that would bring thousands of jobs and hundreds of millions of dollars of investment. A project of this scale would be a real game changer for an entire region and, as a result of these investments along with a strengthening economy, we are regularly being considered for these kinds of projects. A number of large employers have located within these sites already and they have attracted a great deal of interest to the region, interest that would not exist if those sites were not available.

You've likely heard lately about Governor Northam's initiative for universal broadband within 10 years. What you may not know is that the Tobacco Commission has spent more than \$150 million in support of broadband infrastructure over the last 20 years. These efforts began with the creation of Mid-Atlantic Broadband in 2004

to build and operate crucial backbone fiber infrastructure for our region. In just the last two years the Commission has invested over \$19 million for projects that will connect over 71,000 homes and businesses. Broadband access is vital to attracting companies and their employees to rural Virginia. Like electricity and water, companies simply will not locate in an area that does not have a fast broadband connection. Moreover, broadband at home is crucial if we are to close the so-called "homework gap" and offer students in our region the same opportunities their urban counterparts enjoy.

In addition to all the important efforts listed above, the Commission has also invested in improved access to healthcare, high-impact tourism projects, critically important agricultural assets and research, and programs to support business attraction efforts. Over the years we've also become even more selective and rigorous in our approach – hiring a performance metrics manager and introducing hard metrics into every program, and adopting best-practices from across the funding and economic development landscape. As we consider the next 20 years, we recognize that while there remains work to be done, the Commonwealth can be proud of the accomplishments of the Commission, and we look forward to continued years of supporting the best projects possible to revitalize Southern and Southwest Virginia.



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The region has a bright future - as the national economy has improved, our earlier groundwork in education and job creation has produced results while we continue to build upon our economic infrastructure and develop the workforce skills of our citizens.

Vice Chair, Senator Frank M. Ruff



Did you know? Offering stable taxes and business costs 20% below the national average, Southern Virginia is a region built on manufacturing. In fact, 18% of its total labor force is employed in manufacturing, more than twice the national average.

Source: Virginia Economic Development Partnership

About

The Tobacco Region Revitalization Commission was formed by the General Assembly in 1999 to revitalize Virginia's tobacco region and compensate tobacco farmers for the decline in tobacco production. Funding for these activities comes from the State's share of the 1998 Master Settlement Agreement (MSA) between 46 state attorneys general and large tobacco manufacturers. The Commission was awarded half of the annual payments from Virginia's share of the MSA, and successfully sought bond funding to replace that revenue stream with a single, static fund. Chapters 31 and 31.1 of Title 3.2 of the Code of Virginia contain statutes governing various aspects of the Commission.

The Commission's compensation program to tobacco farmers (indemnification) made payments to Virginia flue-cured and burley tobacco producers and quota holders to compensate them for their losses associated with the decline in federal tobacco quota levels (an aggregate loss

of \$479 million). Many producers used the payments to help pay off debt and keep their farm operations running while they transitioned to crops other than tobacco. By 2013, the Commission along with other partners, had indemnified 100% of the aggregate loss satisfying its statutory obligation to indemnify burley and flue-cured tobacco producers and quota owners. From 1999 to 2013, the Commission made available \$309 million together with \$170 million from other sources for indemnifying losses.

With the completion of indemnification, the Commission's sole purpose is the revitalization of tobacco-dependent communities by awarding grants and loans for programs that support that goal. Through FY 2019, the Commission has made more than 2,265 awards totaling more than \$1.4 billion to projects throughout the 40-locality region dedicated to that purpose.

Organization

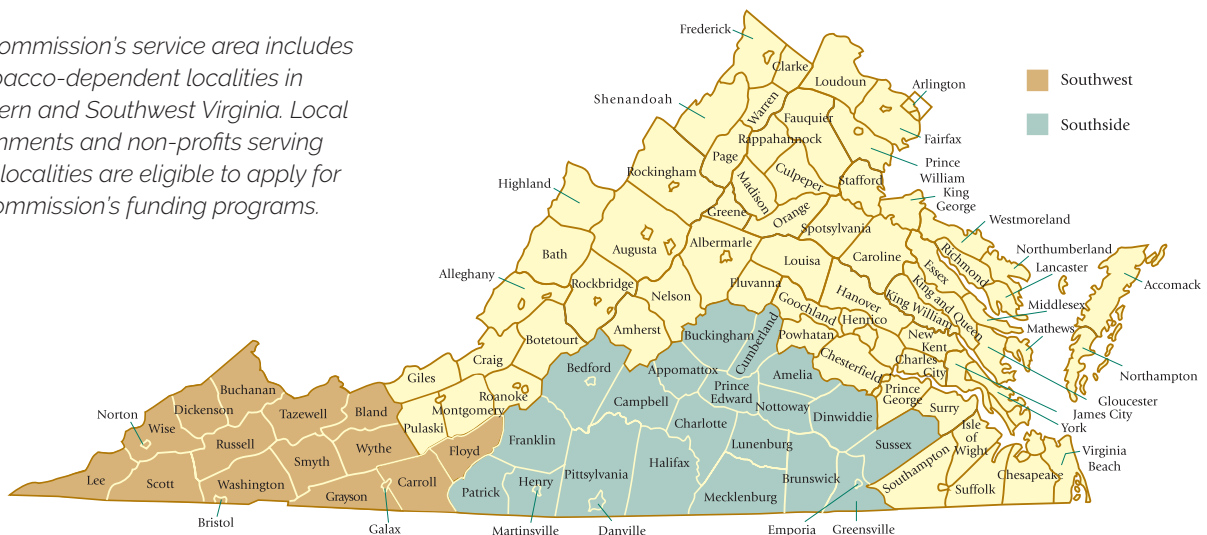
The Commission is composed of 28 members and appoints from its membership a chairperson and vice-chairperson. Commissioners are appointed to one or more committees. Each committee is assigned a chairperson by the Commission chairperson.

The Commission is currently composed of ten standing committees. Eight committees evaluate grant and loan proposals from eligible applicants and make recommendations to the Commission as to what projects should be funded, in what amounts, and whether funding should be in the form of a loan or a grant. The committees

that consider funding proposals include Agribusiness, Business Support, Education, Research and Development, Southside Economic Development, Southwest Economic Development, Special Projects and the Tobacco Region Opportunity Fund.

Two committees are operational in nature and recommend policy or process changes to the Commission – these include the Executive and Strategic Planning Committees. More detail on the specific focus of each committee may be found on the Commission's website: www.revitalizeva.org

The Commission's service area includes 40 tobacco-dependent localities in Southern and Southwest Virginia. Local governments and non-profits serving those localities are eligible to apply for the Commission's funding programs.



Tobacco Commission

By the Numbers

HELPING LOCAL AND REGIONAL PARTNERS
BUILD A STRONG ECONOMY BY:



ASSISTING...

36,500 students in Southern and Southwest Virginia to advance their education.



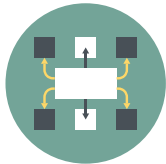
AWARDING...

3,000 foundational credentials in advanced manufacturing fields.



ATTRACTING...

345 unique businesses, **21,400** jobs and **\$3.4 billion+** of investment to the Tobacco Region.



BUILDING...

3,000 miles of middle-mile broadband infrastructure in the Tobacco Region.



BRINGING...

last-mile broadband connectivity to **71,000** homes and businesses since 2018.



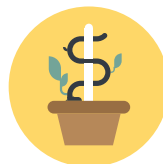
SUPPORTING...

72 unique industrial parks and **8** megasites with the infrastructure needed to attract industry.



EXPANDING...

healthcare options to thousands of residents with more than **12** cancer screening and treatment projects.



GROWING...

the agricultural economy by supporting **170** revenue generating agribusiness projects including **12** farmers markets.



INVESTING...

in more than **100** fine arts, cultural heritage and outdoor recreation projects that attract visitors and bring tourist revenue to the region.

Investing more than \$200 million in our community colleges for student financial aid and allowing educational institutions to stand up new in-demand programs.



20-Year Overview

Over the last 20 years the Tobacco Region Revitalization Commission has made strategic investments that have not only produced immediate results by bringing jobs and significant capital investment to the region it serves, but it has also made long term investments that have set Southern and Southwest Virginia up for success.

To help rebuild a struggling economy the Commission has invested more than \$200 million for student financial aid and in educational institutions to assist with standing up new in-demand fields. Further, the Commission quickly recognized that workforce training and certificate programs to meet industry needs would be critical so it set about offering thousands of scholarships and financial aid packages, lowering the cost of credential attainment across its entire footprint.

Through our incentive programs, including the Tobacco Region Opportunity Fund, the Tobacco Commission has helped bring thousands of jobs and billions of dollars of investment to Southern and Southwest Virginia, including global companies like Microsoft, CGI, Tempur/Sealy, Goodyear, Aldi and Kyocera SGS along with hundreds of other businesses like Press Glass, Oran Safety Glass,

Monogram Foods and Empire Bakery. By concentrating on both education and job creation the Commission aims to make sure Southern and Southwest Virginia can offer jobs to their citizens and trained employees to employers from all over the world.

You may not know that the Tobacco Commission has been working to expand broadband access across Southern and Southwest Virginia for nearly our entire existence, devoting more than \$150 million in support of broadband infrastructure. These efforts began with the creation of Mid-Atlantic Broadband in 2004 to build and operate crucial backbone fiber infrastructure for our region and most recently include more than \$19 million for projects just in the last two years that will connect over 71,000 homes and businesses in the Tobacco Region.

The Commission has also made, and continues to make, long-term investments that will pay dividends for years to come. These investments include megasite development, increased access to healthcare, high-impact tourism projects, critically important agricultural assets and research, and direct programming to support business attraction efforts.

YEARS
1-5

1999-2004

July 1999

The Virginia General Assembly creates the Tobacco Indemnification and Community Revitalization Commission, and the first meeting is held in November.

April 2000

The first round of grants for education and work force development are awarded to community colleges.

Education

The Tobacco Commission's Education program aims to prepare citizens for new-economy employment through GED and workforce development programs, a higher education loan repayment program and competitive grants to community colleges as well as other post-secondary educational entities.

In order to attract businesses to a region you must have a workforce that is ready to fill the jobs that will be created. For that reason, the Commission has invested more than \$200 million in our community colleges and scholarships since 2000, acting as a critical source of capital allowing educational institutions to stand up new programs in nursing, IT, manufacturing, and other in-demand fields providing educational opportunity for over 36,500 students. Further, the Commission quickly recognized that workforce training and certificate programs to meet industry needs would be critical so it set about offering thousands of scholarships and financial aid packages, lowering the cost of credential attainment across its entire footprint. The Commission

also created three regional Centers of Excellence in South Boston, Martinsville and Abingdon, providing time and curriculum flexible training programs that allow students to obtain industry recognized certifications in advanced manufacturing fields. Since 2016, 3,000 foundational credentials in advanced manufacturing fields have been awarded to students as a result of community college and COE workforce development training.

Most recently, our Talent Attraction Program (TAP) was launched to encourage recent graduates to live in the Tobacco Region and work in targeted, hard-to-fill occupations within the Tobacco Region by providing up to \$12,000 annually in student loan repayment with a two-year commitment. Loan repayment awards may be renewed for another two years if eligible for a maximum award of \$48,000.

Education has always been, and will continue to be, a top priority for the Commission.



The Talent Attraction Program (TAP) was launched to encourage recent graduates to live and work in targeted, hard-to-fill occupations within the Tobacco Region.

In 2016, the Commission supported a healthcare simulation laboratory on the campus of Mountain Empire Community College in Big Stone Gap.



March 2001

The first round of economic development grants are awarded to localities in Southern and Southwest Virginia.

February 2003

A strategic plan is adopted to prioritize Commission investments.

Broadband

The Tobacco Commission has been working to expand broadband access across Southern and Southwest Virginia for nearly our entire existence, deploying over 3,000 miles of broadband fiber through nearly 100 projects that have spent more than \$150 million in support of high-speed broadband connectivity in the Tobacco Region. These efforts began with the creation of Mid-Atlantic Broadband in 2004 to build and operate crucial backbone fiber infrastructure for our region and most recently include bringing last-mile broadband to more than 71,000 homes and businesses in the Tobacco Region.

Broadband access is vital to attracting companies and their employees to rural Virginia. Like electricity and water, companies simply will not locate in an area that does not have a fast broadband connection. Moreover, broadband at home is crucial if we are to close the so-called "homework gap" and offer students in our region the same opportunities their urban counterparts enjoy. The Tobacco Commission plans to continue working on this issue in the coming years to ensure that citizens of Southern and Southwest Virginia have the same access and opportunities as those in urban parts of the Commonwealth.

Broadband access is vital to attracting companies and their employees to Virginia.

State-of-the-art broadband infrastructure and a strategic location between Atlanta-Pittsburgh, Charlotte-Cincinnati, & Richmond-Louisville are things that make Southwest Virginia a low-cost business destination.

Source: Virginia Economic Development Partnership



Broadband fiber installation in Southern Virginia. The Commission has invested over \$19 million in last-mile broadband expansion in the last two years.

YEARS
6-10

2005-2009

May 2005

The Commission securitized half of its future MSA revenues by issuing tax-exempt bonds through the Va. Tobacco Settlement Financing Corporation.

November 2006

An updated strategic plan includes evaluation metrics and project funding policies.



The Cyber Park in Danville is home to several Commission-supported projects including the Danville Community College Regional Center for Advanced Tech. & Training (lower left), Kyocera SGS Tech Hub (upper left) and the Institute for Advanced Learning and Research (upper right).

Job Creation and Capital Investment

Since its creation, the Commission has contributed to the attraction and retention of more than 345 businesses along with more than 21,400 jobs and more than \$3.4 billion of new taxable assets for localities within Southern and Southwest Virginia.

Commission programs like the Tobacco Region Opportunity Fund (TROF) program have all provided key financial incentives to bring a diverse array of traded-sector businesses to the Tobacco Region.

Commission funding has played an important role in attracting companies like Goodyear, CGI, Microsoft, ABB and Oran Safety Glass to the Tobacco Region along with hundreds of other businesses of all sizes and in a wide array of fields including advanced manufacturing, IT, healthcare and more. Without these investments, it is likely that many of the companies that now call Southern and Southwest Virginia home would have gone elsewhere.

The Tobacco Region Opportunity Fund (TROF) program has provided key financial incentives to bring a diverse array of traded-sector businesses to the region.

May 2007

The Commission securitized the remaining half of its MSA revenues by issuing taxable bonds and restructuring the previously issued bonds.

April 2008

The Blue Ribbon Review panel concludes with recommendations for the Commission's next decade of work.



Industrial Site Development

One of the most important factors in attracting a new business is having a suitable site available. When competing against other states, having a construction or move-in ready site can be the difference between landing a new project and seeing it move elsewhere. While our Tobacco Region Opportunity Fund acts as a financial incentive to bring a diverse array of new businesses to the region we serve, our Southside and Southwest Economic Development programs have ensured that those regions have the assets available to attract and retain businesses by investing more than \$280 million in over 360 industrial site projects relating to land acquisition, site development and infrastructure improvements to create and enhance marketable sites across the Tobacco Region.

Through the Special Projects program, the Commission has played a key role in the creation of eight “megsites”

throughout Southern and Southwest Virginia that put Virginia in a position to be able to go after large scale projects like auto manufacturers and other production operations that would bring thousands of jobs and hundreds of millions of dollars of investment. A project of this scale would be a real game changer for an entire region and, as a result of these investments along with a strengthening economy, we are regularly being considered for these kinds of projects. We have landed a number of large employers within these sites already including Press Glass at the Commonwealth Crossing Business Centre in Henry County. Additionally, Pittsylvania County recently announced a gas-fired power plant would locate at the Berry Hill megasite. These megasites continue to attract a great deal of interest to the region, interest that would not exist if those larger tracts of “business-ready sites” with necessary utilities and infrastructure were not available.

Commonwealth Crossing Business Centre in Henry County is one of eight megasites the Commission has supported. A recent addition is Press Glass (on right) which constructed a new building in the park in 2019.

The creation of eight “megsites” will bring thousands of jobs and hundreds of millions of dollars of investment to the region.



Press Glass is investing \$43.55 million to establish a 280,000-square-foot manufacturing operation that will create 212 new jobs to Henry County.

YEARS
11-15

2010-2014

June 2011

JLARC reviews the Commission on effectiveness of revitalization efforts and made recommendations to improve grant award and performance monitoring processes and governance.

May 2012

The third adopted strategic plan incorporates JLARC recommendations.

Healthcare

The Commission has worked hard to improve access to healthcare for residents within the Tobacco Region, with a concentration on telemedicine initiatives. Primarily through our Special Projects program, the Commission's healthcare funding has provided access to evaluations and treatments that were not readily available to many residents of Southern and Southwest Virginia.

Healthcare initiatives have included funding for 12 cancer screening and treatment programs for thousands of Tobacco Region residents by the National Cancer Institute designated

Massey Cancer Center at VCU and the UVA Cancer Center, upgrading and building local and regional medical facilities such as the dental clinic at the Halifax Regional Hospital and the multi-use medical facility in Nickelsville (Scott County) as well as healthcare marketing initiatives to ensure citizens are aware of the treatment options available to them. The Commission has always been committed to improving the healthcare options available to residents of the region we serve and we look forward to supporting innovative healthcare solutions in the future.

Healthcare funding has provided access to evaluations and treatments that were not readily available to thousands of residents.

A nursing student practicing at Averett University. Commission funding was instrumental in establishing a Bachelor of Science in Nursing Program at Averett in 2012.



July 2013

The Commission completes its indemnification obligation and the Commission is permitted to fund cancer treatment and prevention programs in the Tobacco Region.

January 2014

The Office of the State Inspector General completes its first performance audit of the Commission.



Through Commission support, the Town of Abingdon was able to create a permanent facility for the Abingdon Regional Farmer's Market which has allowed the market to thrive and generate additional revenue for area farmers. Photo courtesy of Joe D. Pippin.

Agribusiness

Agriculture has always been a cornerstone of the economy in Southern and Southwest Virginia and, while the economies in both regions have diversified over the years, agriculture remains a vital component of economic growth moving forward. The Commission's agribusiness program has focused on projects that target three long-term outcomes: 1) increasing the sustainability of Virginia agribusinesses and of Virginia agricultural exports; 2) increasing the effectiveness and efficiency of agribusiness; and 3) increasing the diversity and innovation of agribusiness.

Since 2001, the Commission has invested in more than 170 projects that have increased the number of producers and added revenue to local

farmers. These projects have also introduced new crop and livestock varieties to the Tobacco Region as well as delivering agricultural products to areas where they had not been available previously. Examples include more than 20 projects that have worked to expand cattle and sheep breeds in the footprint and a dozen projects that have supported innovation in the bioenergy field. More than a dozen local and regional farmer's markets have been developed from Commission support which have increased farmer income and expanded the market reach of agricultural products.

Through this program the Tobacco Commission has also invested in innovative applied research, crop and

livestock demonstration programs and agricultural processing facilities that have diversified the agricultural economy by increasing producer revenue and increasing the variety of crops and livestock used in the Tobacco Region. Examples include projects studying the expansion of the aquaculture, viticulture and bioenergy industries as well as the production of crops like edamame, herbs, chickpeas, berries and industrial hemp.

The Tobacco Commission remains committed to improving outcomes for our farmers and the agricultural sector as a whole as we strive to develop a diverse economy in Southern and Southwest Virginia.

YEARS
16-20

2015-2019

May 2015

The Commission is renamed the Tobacco Region Revitalization Commission and the Tobacco Region Revolving Loan Fund is created.

May 2016

The fourth Strategic Plan includes logic models for each grant and loan program with targeted outcomes of the Commission's work.

June 2017

A new website (www.revitalizeva.org) is launched that includes an online database of Commission projects.

Tourism & Outdoor Recreation

Tourism is an important part of the economy in Southern and Southwest Virginia. Through our Southwest and Southside Economic Development and Special Projects programs the Commission has invested in enhancements to regional tourism infrastructure that demonstrate ability to attract visitors, and the revenue they bring, from outside the Tobacco Region.

The Commission has funded more than 25 projects that have expanded local and regional fine arts programs such as the Southwest Virginia Cultural Center (formerly Heartwood) in Abingdon, more than 50 projects to create or expand local museums and heritage sites, such as the Robert Russa Moton Museum in Farmville and Thomas Jefferson's Poplar Forest in Bedford. Additionally, the Commission has long supported traditional music projects like the Crooked Road, Virginia's Heritage Music Trail and the Birthplace of Country Music Museum in Bristol.

The Commission has also invested in the outdoor recreation economy,

funding more than 25 projects that created and expanded hundreds of miles of recreational trail networks in the Tobacco Region including the Spearhead Trail system, which is composed of hundreds of miles of ATV trail systems serving seven counties and one city in Southwest Virginia, and rails-to-trails projects like the High Bridge Trail in Farmville and the Tobacco Heritage Trail in Southern Virginia. These projects have successfully drawn thousands of tourists to the Tobacco Region and will continue to do so for many years to come.

Additionally, the Commission has played a role in rejuvenating downtowns in the Tobacco Region by investing in renovations of historic hotels such as Hotel Weyanoke in Farmville, Western Front Hotel in St. Paul, the John Randolph Hotel in South Boston and the Sessions Hotel in Bristol. These hotels are important assets for localities as they look to grow their local tourism revenue.

Enhancements to regional tourism infrastructure bring visitors and additional revenue to the Tobacco Region.



Above: Wayne Henderson and Friends at the Carter Family Fold - by Jonathan Romeo for The Crooked Road

Left: The Commission has supported the Spearhead Trail system that has developed a regional network of ATV trails in eight southwest Virginia localities. The regional trail system is now composed of hundreds of miles of trails that support a growing outdoor recreation economy in Southwest Virginia.



May 2018

The current Strategic Plan is adopted to include a revenue-sharing requirement for new projects that generate local tax revenue.

June 2019

The Talent Attraction Program (TAP) is created to incent recent graduates to live in the tobacco region and work in hard-to-fill occupations by repaying student loan debt.

Year in Review

2019

2019 was an active year for the Commission as we brought jobs and investments to Southern and Southwest Virginia, helped expand broadband access to our rural communities, incented our best and brightest to stay and work in the region we serve and supported programs to make sure our citizens can live healthy lives and more.

The Commission supported projects that promise to bring more than 1,334 jobs to Southern and Southwest Virginia as well as \$215.9 million in private taxable capital investment that will help improve the fiscal stability of the localities these projects are located in. Throughout our 20 year history the Commission has always sought to develop a balanced, diversified and resilient economy in the regions we serve and 2019 was a continuation of our progress towards that goal. The Commission supported projects like Press Glass in Henry County which is slated to create 212 jobs, Speyside Bourbon which is slated to create 125 jobs at a new cooperage facility in Smyth County and 35 new jobs at a new stave mill in Washington County and the expansion of Empire Bakery in Franklin County which is slated to create 75 new jobs. These are just a few of the projects the Commission was proud to support over the past year and they paint a picture of the value the Commission brings in terms of supporting new jobs and investment in Southern and Southwest Virginia.

To encourage economic growth and help create jobs the Commission has long supported workforce development programs and that support continued in 2019. In cooperation with our Community Colleges the Commission supported a variety of programs designed to prepare students for careers in fields such as nursing, cybersecurity/information technology and welding. Additionally, the Commission launched our flagship Talent Attraction Program that seeks to attract talented college graduates to the Tobacco Region by offering to repay student loan debt for those willing to live and work within the region in certain in-demand fields. The excitement surrounding this program has been immense and, while we are still very early in the life of the program, we expect it to have a significant positive impact on the region in years to come as recipients live, work and raise families in Southern and Southwest Virginia.

The Commission has supported CodeVA's efforts to increase computer science training for teachers in the Tobacco Region. Right: Teachers receiving training at IALR in Danville.

Broadband. We have probably heard more about the issue of broadband expansion than any other over the past few years and the Commission has taken action to ensure that our rural communities are not left behind. From education to healthcare to job creation we know that broadband access is vital. Over the last two years, including an investment of \$8 million in 2019, the Commission has invested over \$19 million in expanding broadband access. This brings the Commission's total broadband expansion investment to over \$150 million over the last 20 years, investment that built out over 3,000 miles of backbone fiber now being used to expand last mile access throughout Southern and Southwest Virginia. The Commission intends to invest further funds in broadband expansion and will continue to be the leader in providing access to homes and businesses in rural Virginia.

The Commission has been, and will continue to be, a vital asset for the growth and development of Southern and Southwest Virginia. Our work over the last year, and indeed the last 20 years, has resulted in tens of thousands of jobs, vital broadband access that simply would not exist without Commission investment and job training programs to ensure residents have the opportunity to succeed. We look forward to serving the citizens of the Tobacco Region for many years to come as we develop a diverse economy in Southern and Southwest Virginia.



Executive Director's Message

As we celebrate the Commission's 20th year supporting the people and economies of Southern and Southwest Virginia, it's worth taking stock of the Commission's broad mission, its primary activities, and the future of the organization.

The clear mandate of the Commission is to grow and diversify the economy of the region, and on that score, it has unambiguously been successful. The region is now host to a myriad of industries including automotive companies, data centers, advanced manufacturing facilities, IT and cyber security installations, timber co-operation and woodworking businesses, and highly productive agricultural operations growing a wide variety of valuable crops. While the Commission was not the sole driver of this growth, it has been a key partner in essentially every major step toward this end. The work is far from complete, but the progress is real, durable, and of a high quality.

Broadly, the Commission has invested in three different areas: workforce development, infrastructure, and direct economic development. Our workforce development programs have reduced the cost of credential attainment for area residents while also supporting the capital needs of local educational institutions, helping to stand up new programs and construct new instructional buildings. Our infrastructure funding has supported the creation of thousands of miles of broadband fiber and tens of thousands of new internet connections, supporting the efforts of regional businesses in cyberspace. The Commission's infrastructure work has also supported industrial site and shell building development, created thousands of acres of pad-ready industrial sites across the footprint, and redeveloped crumbling or underused facilities that are now home to new and expanding businesses. Our direct economic development has included incentives to encourage businesses to locate and expand in our region as well as programs that support the agricultural economy. These businesses have hired more than 21,400 Virginians and directly invested \$3.4 billion in the regional economy.

Today, the Commission is committed to long-term sustainability. By keeping our annual principal spending below 5% of our endowment/corpus to fund the various programs the Commission offers, offering more loans for projects, implementing revenue sharing agreements for projects that are earning significant local tax revenue, and pursuing more aggressive efforts to grow our earnings, the Commission will be able to continue to support the region for decades to come without any taxpayer support. In addition to hiring a performance metrics and database manager in recent years, the Commission's professional staff of grant administrators focus on impact and efficiency in each dollar.

In addition to financial sustainability, the Commission is constantly working to improve and innovate. As an example, in 2019 the Commission joined leaders in rural development globally and created a talent attraction and retention program which is bringing talented and civically-minded residents to our footprint to work in targeted, hard-to-fill careers in our footprint such as IT professionals, public school teachers in STEM fields, engineers and healthcare practitioners. By offering student loan repayment to graduates with those skillsets who will come to the tobacco region to live, work and contribute to our communities, we support existing industry, our communities, and increase our attractiveness to new business partners.

I am excited to see what the next 20 years have in store for the Commission as we continue to develop and diversify the economies of Southern and Southwest Virginia.

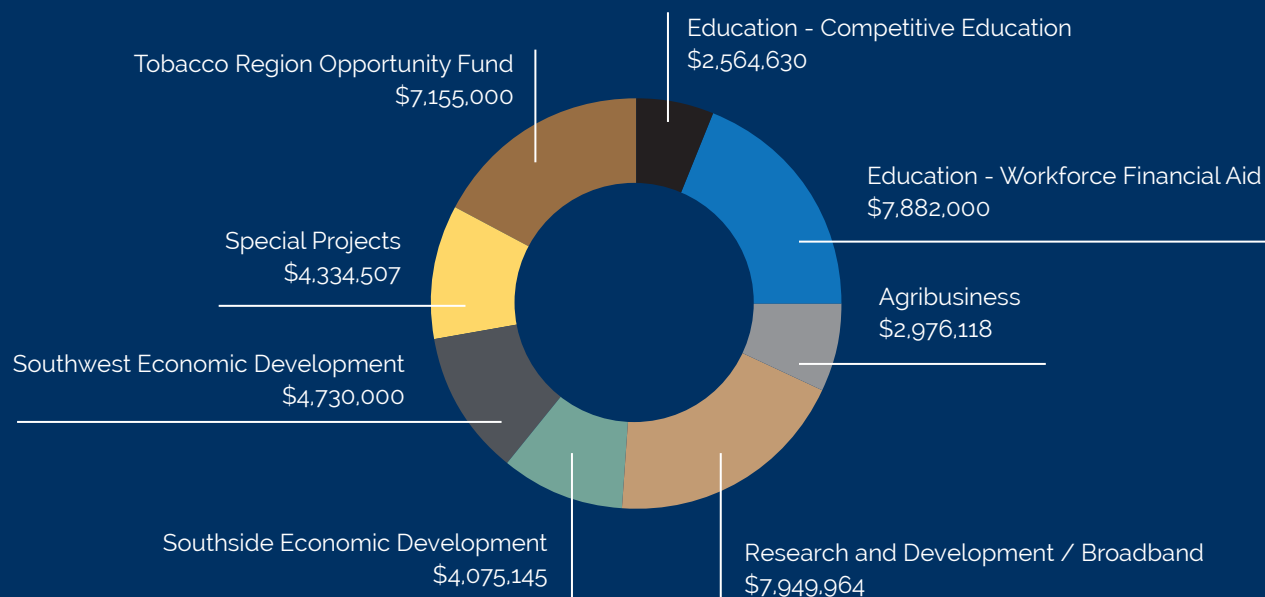


“

The clear mandate of the Commission is to grow and diversify the economy of the region, and on that score, it has unambiguously been successful.

Executive Director, Evan Feinman

2019 Project and Program Highlights



Fiscal Year 2019 Grants

8 Programs	Program	# of Projects	Award
93 Projects	Education - Competitive Education	11	\$2,564,630
	Education - Workforce Financial Aid	13	\$7,882,000
\$41.67 Million Awarded	Agribusiness	14	\$2,976,118
	Research and Development / Broadband	15	\$7,949,964
	Southside Economic Development	8	\$4,075,145
	Southwest Economic Development	2	\$4,730,000
	Special Projects	10	\$4,334,507
	Tobacco Region Opportunity Fund	20	\$7,155,000
Grand Total		93	\$41,667,363

Agribusiness Awards

The Agribusiness Program provides grants and loans that make strategic investments that will diversify the long-term agricultural economy and generate net new income for agricultural producers in the Tobacco Region.

Organization	Project Title	Award
Abingdon Feeder Cattle Association	Mechanizing Forage Research in Southwest Virginia	\$75,539
Blue Ridge Plateau Initiative	Meat Processing Facility	\$500,000
Campbell County	Central Virginia Pasture, Crops & Livestock Grant Phase II	\$426,000
Dinwiddie County	Richlands Creamery, Inc.	\$750,000
Halifax County	Study to Develop Markets for Industrial Hemp	\$20,000
Town of Hillsville	Town Farmers Market	\$152,500
Institute for Advanced Learning and Research	Establishing an ISO Certified Analytical Testing Facility to Support Agriculture	\$395,105
Mount Rogers Christmas Tree Growers Association, Inc.	Genetically Improved Fraser Fir Seed Orchard	\$19,575
Lee County Livestock Association	Farm Safety Initiative for Far Southwest Virginia	\$151,667
Russell County Fair Association Inc.	Renovation of the Russell County Fair Grounds	\$17,500
Russell County	Canneries Revitalization Project	\$131,420
Southern Virginia Food Hub	Pickup/delivery truck to alleviate logistical transport issues for small farmers	\$62,000
Virginia Polytechnic Institute and State University	Increasing Market Access for Southern Virginia Growers through GAP Preparation	\$74,812
Wythe County	Multipurpose Agriculture and Event Building	\$200,000
TOTAL AGRIBUSINESS AWARDS		\$2,976,118

A diversified farming operation in Halifax County. In 2019, the Commission supported a request from Halifax to study market development for the industrial hemp industry.



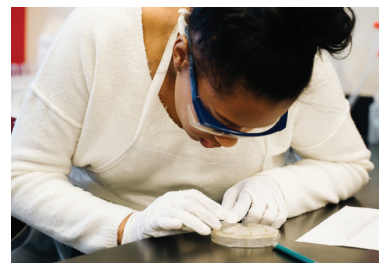
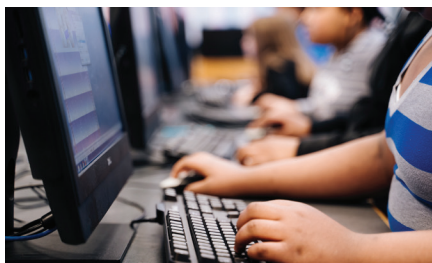
Project and Program Highlights

Education Awards

The Education Program aims to prepare residents of the Tobacco Region for new-economy employment through GED and workforce development, higher education scholarship and loan programs and competitive grants and loans to community colleges and post-secondary education entities.

Workforce Financial Aid Awards

Organization	Project Title	Award
Central Virginia Community College Educational Foundation, Inc.	Tobacco Region Financial Aid for Workforce Preparedness Education	\$315,000
Danville Community College Educational Foundation, Inc.	2019-2020 Workforce Financial Aid	\$315,000
John Tyler Community College Foundation	2019-2020 Tobacco Region Scholarship Program	\$126,000
Mountain Empire Community College	MECC WORKS Scholarship Program	\$315,000
New River Community College Educational Foundation	Floyd County - Access to Community College Education (ACCE)	\$78,500
Patrick Henry Community College Foundation	2019-2020 Student Scholarships	\$315,000
Southside Virginia Community College Foundation	Removing Financial Barriers for Southside Students	\$315,000
Southwest Virginia Community College	2019-2020 Workforce Financial Aid	\$315,000
Tobacco Region Revitalization Commission	Talent Attraction Program (TAP)	\$3,000,000
Virginia Department of Health - Office of Minority Health and Health Equity	Virginia State Loan Repayment Program (VA-SLRP)	\$2,000,000
Virginia Highlands Community College Educational Foundation	2019-2020 Workforce Financial Aid	\$315,000
Virginia Western Community College Educational Foundation Inc.	Workforce Financial Aid and Community College Access for Franklin County	\$157,500
Wytheville Community College	Forging Futures Scholarship Program	\$315,000
TOTAL - WORKFORCE FINANCIAL AID AWARDS		\$7,882,000





In 2019, the Commission's education program supported Wytheville Community College's Forging Futures Student Scholarship Program which includes a program for training power line workers.

Competitive Education Awards

Organization	Project Title	Award
Bluefield College	Undergraduate Nursing Program	\$84,814
Danville Community College	Advanced IT / Cybersecurity Program Expansion	\$200,000
Longwood University Foundation	Enhancement to Nursing Simulation Laboratory	\$59,934
Mountain Empire Community College	Dental Assistant Career Studies Certificate Program	\$195,700
Patrick Henry Community College Foundation	Manufacturing & Engineering Technology Complex II Renovation	\$600,000
Radford University Foundation	Counselor Education Program in SWVA	\$325,000
Scott County Career & Technical Center	Barn Project	\$26,560
Southern Virginia Higher Education Center	IT Academy Expansion to Meet Regional Workforce Needs	\$505,929
Southwest Virginia Community College	Diagnostic Medical Sonography Program	\$165,337
Southside Virginia Community College Foundation	CITE Lab Expansion	\$226,355
Wytheville Community College	Simulated Hospital Lab	\$175,000
TOTAL - COMPETITIVE EDUCATION AWARDS		\$2,564,630

Project and Program Highlights

Research & Development / Broadband Awards

The Research & Development / Broadband Program primarily provides grants and loans for projects that improve broadband connectivity in the Tobacco Region. Secondly, the R&D Program considers requests for follow-up funding from previously funded organizations provided future commercialization occurs within the Tobacco Region.

Organization	Project Title	Award
Appomattox County	Pamplin Area Fiber Broadband Project	\$600,000
Appomattox County	Shentel Broadband Expansion to Susie Alice	\$40,000
Bedford County	Bedford County Broadband Project	\$670,500
Campbell County	Campbell County 2019 Last Mile Broadband Southeast Project	\$156,313
Carroll County Industrial Development Authority	The Wired Road/Carroll County Last Mile Neighborhood Pole Project	\$200,000
Cumberland Plateau Company	Cleveland Broadband Expansion Project	\$544,137
Dickenson County Industrial Development Authority	Honey Camp Last Mile Broadband	\$65,000
Franklin County	Franklin County Broadband Authority Fiber Extension Project	\$650,000
Grayson County	Connect Grayson	\$325,000
Halifax County	Halifax County Broadband Initiative - Phase 2	\$334,396
Lunenburg County	Lunenburg County and KinexTelecom Fiber Project	\$439,069
Pittsylvania County	Pittsylvania County - Mecklenburg Electric Cooperative Backbone Fiber Extension	\$375,549
Russell County Industrial Development Authority	North Central Russell / South Buchanan Counties Broadband Expansion Project	\$1,900,000
Scott County Telephone Cooperative	Weber City Broadband Fiber-to-the-Home Initiative	\$1,500,000
Tazewell County Industrial Development Authority	Tazewell County Wireless Service Authority Broadband Expansion - Phase III	\$150,000
TOTAL RESEARCH AND DEVELOPMENT AWARDS		\$7,949,964

Southside Economic Development Awards

The Southside Economic Development Program provides grants and loans for projects that diversify the economic base of Southern Virginia through creation or improvement of sites, buildings and utility infrastructure, workforce training facilities and tourism infrastructure. Funds are distributed under a formula that allocates the funding based on tobacco employment, warehouses and quota in each locality.

Organization	Project Title	Award
Bedford County	New London Shell Building Project	\$1,371,527
Franklin County	Summit View Business Park - Southern Access Road Segment D3	\$210,689
Nottoway County	Pickett Park Infrastructure Improvement	\$180,000
Pittsylvania County	Project G4	\$2,000,000
Pittsylvania County	Southern Virginia Multimodal Park Feasibility Study	\$140,000
Sussex County	Three Brothers Access Road	\$6,250
Prince Edward County	Project Neptune	\$116,679
VCU Health System	Revitalization of Old Community Memorial Hospital	\$50,000
TOTAL SOUTHSIDE ECONOMIC DEVELOPMENT AWARDS		\$4,075,145

Southwest Economic Development Awards

The Southwest Economic Development Program provides grants and loans for projects that diversify the economic base of Southwest Virginia through creation or improvement of sites, buildings and utility infrastructure, workforce training facilities and tourism infrastructure. Fund distribution is not formula-based.

Organization	Project Title	Award
MPowerVA	SWVA Technology & Industry Job Skills Development	\$4,500,000
Russell County Fair Association Inc.	Renovation of the Russell County Fair Grounds (SWED Funding)	\$230,000
TOTAL SOUTHWEST ECONOMIC DEVELOPMENT AWARDS		\$4,730,000



Project and Program Highlights

Special Projects Awards

The Special Projects Program provides grants and loans that support regional economic development projects including those which expand access to healthcare for Tobacco Region residents.

Organization	Project Title	Award
City of Emporia	Engineering for Norwood Site Utilities and Sitework	\$130,000
Heart of Appalachia Tourism Authority	Coalfield Regional Tourism Destination Project	\$483,220
Mount Rogers Development Partnership	Regional Marketing Organizations (RMO's) Support Project	\$750,000
Mountain Empire Community College	Center for Workforce & Innovation of Appalachia	\$425,905
University of Virginia	Providing Access to Cancer Screening and Cancer Care Services	\$266,562
Virginia Commonwealth University	Empowering Southern Virginia to Prevent, Control, and Treat Colon Cancer	\$565,000
Virginia Health Care Foundation	Sign Up Now: Creating a New Market for Healthcare Services	\$500,000
Virginia Highlands Community College Educational Foundation	Advanced Technology and Workforce Development Center	\$1,000,000
Virginia Museum of Natural History Foundation	Outdoor Education Pavilion	\$75,000
Virginia Tech - Office of Economic Development	Regional Workforce Assessment and Skills Analysis	\$138,820
TOTAL SPECIAL PROJECTS AWARDS		\$4,334,507

The Commission supported Scholle Packaging to expand its manufacturing operation in Smyth County. Scholle will invest \$10.29 million and hire 42 new employees from the region's skilled workforce.



Tobacco Region Opportunity Fund (TROF)

The TROF Program provides performance-based grants and loans to localities within the Tobacco Region to assist in the creation of high-wage jobs and private taxable capital investment.

Organization	Project Title	Award
Carroll County	Blue Ridge Designs, LLC	\$100,000
Charlotte County Industrial Development Authority	Cardinal Homes	\$740,000
City of Danville	Essel Propack	\$660,000
City of Danville	Litehouse Inc.	\$560,000
City of Danville	VitalPlan Inc.	\$140,000
Danville-Pittsylvania Regional Industrial Facility Authority	BGF Industries, Inc.	\$1,240,000
Danville-Pittsylvania Regional Industrial Facility Authority	Harlow Fastech LLC	\$945,000
Danville-Pittsylvania Regional Industrial Facility Authority	Unannounced	\$45,000
Smyth County Board of Supervisors	Speyside Bourbon Cooperage, Inc.	\$415,000
Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	Speyside Bourbon Cooperage, Inc.	\$95,000
Halifax County IDA	Aquatic	\$125,000
Henry County IDA	Press Glass, Inc.	\$835,000
Franklin County	Empire Bakery Commissary	\$280,000
Franklin County	McAirlaids, Inc.	\$120,000
City of Galax	MOOG Inc.	\$40,000
Prince Edward County	Yak Attack	\$110,000
Russell County Industrial Development Authority	Polycap LLC	\$280,000
Smyth County	Scholle IPN Packaging, Inc.	\$195,000
Smyth County	Smyth County Machine and Fabrication LLC	\$200,000
Wythe County Joint Industrial Development Authority	Unannounced	\$30,000
TOTAL TOBACCO REGION OPPORTUNITY FUND AWARDS		\$7,155,000

Financials

Consolidated Statement of Net Position (unaudited)

	Fiscal Year 2019	Fiscal Year 2018
Assets:		
Current and other assets	\$431,375,006	\$438,787,619
Total assets	431,375,006	438,787,619
Liabilities:		
Current and other liabilities	3,961,175	4,984,576
Long-term liabilities	89,327	78,172
Total liabilities ¹	4,050,502	5,062,748
Net position²:	\$427,324,504	\$433,724,871

1 In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, total liabilities do not include \$42 million at June 30, 2019, and \$107 million at June 30, 2018, in obligations for grant awards made prior to fiscal year end.

2 Total net position includes \$209 million at June 30, 2019, and \$232 million at June 30, 2018, in the Tobacco Indemnification and Community Revitalization Endowment, which is subject to certain restrictions on annual withdrawals by the Code of Virginia.

Consolidated Statement of Activities (unaudited)

	Fiscal Year 2019	Fiscal Year 2018
Revenues:		
Interest, dividends, and other investment income	\$8,726,750	\$8,780,982
Other income	6,519,747	2,805,941
Unrealized gain on investments held by the Treasurer	11,514,301	
Total revenues	26,760,798	11,586,923
Expenditures:		
Administration	2,110,602	2,161,359
Community revitalization	31,042,010	41,553,393
Unrealized loss on investments held by the Treasurer	-	860,660
Payments for securities lending transactions	8,553	1,553
Total expenditures	33,161,165	44,576,965
Change in net position	(\$6,400,367)	(\$32,990,042)
Net position, beginning of year	433,724,871	466,714,913
Net position, end of year	\$427,324,504	\$433,724,871



Staff and Contact Information

COMMISSION STAFF

Evan Feinman, Executive Director

Andy Sorrell, Deputy Director

Tim Pfohl, Grants Director / Financial Viability Manager

Stephanie Kim, Finance Director

Sarah Capps, Grants Program Administrator – Southern

Michele Faircloth, Grants Assistant - Southern

Sara Williams, Grants Program Administrator – Southwest

Jessica Stamper, Grants Assistant – Southwest

Jordan Butler, Public Relations Coordinator

David Bringman, Database & Performance Metrics Manager

Suzette M. Patterson, Grants System Manager

Sarah Goodwyn, Financial Services Specialist

Joyce Knight, Meeting Coordinator

Main Office (Richmond)

701 East Franklin St., Suite 501
Richmond, VA 23219

Phone: 804-225-2027

Southern Field Office (Rocky Mount)

50 Claiborne Ave.
Rocky Mount, VA 24151

Phone: 540-483-0179 ext. 2168

Southwest Field Office (Abingdon)

1 Partnership Circle
Abingdon, VA 24212

Phone: 276-619-4325



General Email

info@revitalizeva.org



Website

www.revitalizeva.org



Social media



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701 East Franklin St., Suite 501
Richmond, VA 23219
www.revitalizeva.org
804-225-2027