

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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8 **Full Commission Meeting**

9 Monday, May 18, 2020

10 3:00 o'clock p.m.

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14 (By Conference Call)

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1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman
3 The Honorable Frank M. Ruff, Jr., Vice Chairman
4 The Honorable Lashrecse D. Aird
5 Ms. Gayle F. Barts
6 Mr. Ed Blevins
7 The Honorable A. Benton Chafin, Jr.
8 Ms. Gretchen Clark
9 Ms. Becky Coleman
10 Mr. Joel Cunningham, Jr.
11 Dr. Alexis I. Ehrhardt
12 The Honorable James E. Edmunds, II
13 The Honorable Franklin D. Harris
14 Ms. Julie Hensley
15 The Honorable Chris L. Hurst
16 Mr. Robert Mills, Jr.
17 The Honorable Edward Owens
18 Ms. Cassidy Rasnick
19 The Honorable Sam Rasoul
20 Ms. Sandy Ratliff
21 The Honorable Bettina Ring
22 Mr. Cecil E. Shell
23 Mr. Buddy Shelton
24 Mr. Robert Spiers
25 The Honorable William M. Stanley, Jr.

1 **APPEARANCES:** *(continued)*

2 The Honorable Roslyn C. Tyler

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5 **COMMISSION STAFF:**

6 Mr. Evan Feinman, Executive Director

7 Mr. Andy Sorrell, Deputy Director

8 Ms. Joyce Knight, Administrative Supervisor

9 Ms. Stephanie Kim, Director of Finance

10 Mr. Timothy Pfohl, Grants Program Administration Director

11 Mr. Jordan Butler, Public Relations Coordinator

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

13 Southern Virginia

14 Ms. Michele Faircloth, Grants Assistant -

15 Southern Virginia

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

17 Southwest Virginia

18 Ms. Jessica Stamper, Grants Assistant -

19 Southwest Virginia

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21 **COUNSEL FOR THE COMMISSION:**

22 Ms. Elizabeth B. Myers, Assistant Attorney General

23 Richmond, Virginia 23219

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1 May 18, 2020

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3 DELEGATE KILGORE: Evan, if you'd call the roll.

4 MR. FEINMAN: Yes, sir. Delegate Kilgore.

5 DELEGATE KILGORE: Here.

6 MR. FEINMAN: Senator Ruff.

7 SENATOR RUFF: Here.

8 MR. FEINMAN: Delegate Tyler.

9 DELEGATE TYLER: Here.

10 MR. FEINMAN: Delegate Aird.

11 DELEGATE AIRD: Present.

12 MR. FEINMAN: Delegate Hurst.

13 DELEGATE HURST: Here.

14 MR. FEINMAN: Delegate Rasoul

15 DELEGATE RASOUL: Here.

16 MR. FEINMAN: Delegate Edmunds.

17 DELEGATE EDMUNDS: Here.

18 MR. FEINMAN: Secretary Ball or Ms. Rasnick.

19 MS. RASNICK: Here.

20 MR. FEINMAN: Ms. Barts.

21 MS. BARTS: Here.

22 MR. FEINMAN: Mr. Blevins.

23 MR. BLEVINS: Here.

24 MR. FEINMAN: Senator Chafin.

25 SENATOR CHAFIN: Here.

1 MR. FEINMAN: Ms. Clark.
2 MS. CLARK: Here.
3 MR. FEINMAN: Ms. Coleman.
4 MS. COLEMAN: Here.
5 MR. FEINMAN: Mr. Cunningham.
6 MR. CUNNINGHAM: Here.
7 MR. FEINMAN: Dr. Ehrhardt.
8 DR. EHRHARDT: Here.
9 MR. FEINMAN: Mr. Harris.
10 MR. HARRIS: Here.
11 MR. FEINMAN: Secretary Layne, or Ms. Jennings.
12 SECRETARY LAYNE or MS. JENNINGS: (No response).
13 MR. FEINMAN: Mr. Mills.
14 MR. MILLS: Here.
15 MR. FEINMAN: Mr. Owens.
16 MR. OWENS: Here.
17 MR. FEINMAN: Ms. Ratliff.
18 MS. RATLIFF: Here.
19 MR. FEINMAN: Secretary Ring.
20 SECRETARY RING: Here.
21 MR. FEINMAN: Mr. Shell.
22 MR. SHELL: Here.
23 MR. FEINMAN: Mr. Shelton.
24 MR. SHELTON: Here.
25 MR. FEINMAN: Mr. Spiers.

1 MR. SPIERS: Here.

2 MR. FEINMAN: Senator Stanley.

3 SENATOR STANLEY: Here.

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

5 DELEGATE KILGORE: Thank you. First of all, let me
6 welcome you all to this new way that we do meetings here in the
7 Commonwealth. I want to welcome our new members,
8 Delegates Hurst, Rasoul, Tyler, and Aird. We want to welcome
9 you all to the Commission, and look forward to working with you
10 all as we get through today's meeting.

11 As you'll find out, there's a lot of work on this
12 Commission, and right now, you have not been assigned to
13 subcommittees, but that will take place very soon because you'll
14 find out that's where a lot of the work is done. So, I really
15 appreciate you all's willingness to serve and working with each
16 and every one of you.

17 At this time, we have the minutes from the 1-7-20
18 meeting. Do I have a motion that we approve those minutes
19 which were published on the website?

20 Okay, there's a motion and a second. All those in
21 favor of those minutes being approved, say aye. (Ayes).
22 Opposed? (No response). That motion carries.

23 At this time, we'll go to the Executive Committee.

24 MR. FEINMAN: First, if we could recognize the Deputy
25 Director for the purposes of laying out some ground rules for the

1 digital meeting, that may speed things along.

2 MR. SORRELL: Good afternoon, everybody, Andy
3 Sorrell. I just want to go over a few ground rules for our
4 electronic meeting format. Basically, this meeting will be
5 recorded and transcribed, we want to make sure that all of the
6 recording and transcription is up on the website as soon as it is
7 available.

8 And when folks speak up to the Commission Chairs,
9 please make sure you identify yourself, particularly, if you are an
10 applicant or you're a member of the public, by your name and
11 location and any organization that you might be a part of. If you
12 are utilizing both your phone and the electronic meeting options,
13 sometimes there's feedback, so you might want to mute one of
14 those as you hear that echoing sound. We will have folks muted
15 at the beginning of the meeting, and if there's a lot of
16 background noise or multiple disruptions, then we need to
17 remove that particular person from the meeting, but we'll try our
18 best to make sure that that, before that occurs, if it's just
19 something that we can handle.

20 Public comment will be provided at the end of the
21 Commission meeting. And if a member of the public does desire
22 to address the Commission, if you'll reserve your questions until
23 the end of the meeting. We'll ask for comments from the public
24 at that time, and you can use the raised-hand feature or the chat
25 feature, or just speak up at that particular point. Please state

1 your full name and your location, and any organization that you
2 might represent. If you can, keep your comments to two
3 minutes each so that everybody has an opportunity to speak.

4 That was my ground rules there, Mr. Chairman.

5 DELEGATE KILGORE: If you do want to speak, just
6 stop me or talk over me, you're not going to make me mad. Just
7 stop me and we'll slow the train down as we try to get through
8 this meeting. We do have a lot to get to.

9 In the Executive Committee, we met, Andy, a couple
10 of weeks, a week-and-a-half ago, maybe?

11 MR. SORRELL: I believe it was April 29th.

12 DELEGATE KILGORE: April 29th, and discussed the
13 budget and discussed some other issues that are going to be
14 coming up before the Committee.

15 The first item I have on the Executive Committee list
16 is the Anwyl Consulting Foreign Direct Investment Contract.

17 Evan or Andy, it might be good for you to explain that
18 contract to especially our new members who have not been
19 involved with that contract.

20 MR. FEINMAN: Thank you, Mr. Chairman. For all
21 members of the Commission and particularly the new folks who
22 maybe are less aware of this particular aspect of our work, the
23 Commission has long contracted with Anwyl Consulting, Joe
24 Anwyl, and has joined us today on the meeting, is a consultant
25 that we work with in the United Kingdom, who has brought us a

1 large pipeline of potential prospects, focused on bringing new
2 businesses, particularly the advanced manufacturing industry, to
3 the Footprint. He has been instrumental in locating many
4 different projects to us. He was until very recently housed at
5 Mid-Atlantic Broadband, a nonprofit middle mile broadband
6 provider in Southern Virginia.

7 They needed to focus their efforts, and they didn't feel
8 they could devote the kind of time that was necessary to honor
9 the contract, as well as continuing to do the rest of the things
10 they're working on. Joe was already routinely in the habit of
11 reporting to me and Andy on his progress. It just made sense to
12 bring that contract in-house, rather than both lose the
13 administrative costs and create the additional administrative
14 hurdle of having him be the theoretical contractor of a grantee,
15 when in practice he worked for the Commission.

16 So, we're very happy with the work he's been doing
17 for us now for years. He has a deep pipeline and a couple of
18 quite big fish on the line as we stand. And so really just about
19 sole-sourcing that procurement, which, you know, we've done in
20 concert with counsel to make sure that we were doing it in a way
21 that was appropriate.

22 DELEGATE KILGORE: Thank you. Any questions on
23 that? The Executive Committee considered the Staff
24 recommendations and accepted the Staff recommendations to
25 approve and enter into a contract with Anwyl Economic

1 Development, Limited, along with the general terms that were
2 discussed at the Executive Committee on April 29, 2020, and
3 should be in your packet. There was a motion to approve it, I
4 think it was, I don't remember a negative vote on that one, I
5 don't have it, but I think it was unanimous.

6 SENATOR RUFF: I would move that we accept the
7 agreement to enter into a contract with Anwyl Economic
8 Development, Ltd., as outlined in the packet.

9 DELEGATE KILGORE: Do I have a second, I thought I
10 heard a second. All right. Any discussion? I think the Staff,
11 Evan or Liz with the Attorney General's Office, you will work on
12 the contract and the general terms that we need on the contract,
13 correct?

14 MR. FEINMAN: We will. We've come to an agreement
15 in principle with Joe, we haven't yet signed the contract, and
16 we're awaiting approval from this body. That's just going to
17 define the working relationship, as well as offer Joe some
18 certainty, as well as grant cycle employment did not. So, we're
19 pleased with, and continuing that relationship.

20 DELEGATE KILGORE: We have a motion and a
21 second. Any more discussion? All those in favor of that motion,
22 say aye. (Ayes). Any nos? (No response). That motion carries.

23 The next item I have on the Executive Committee is
24 that we accept the Executive Director, Evan's recommendation,
25 to approve the hiring of the Commission's new Grants Director,

1 Mike Kaestner. I believe I said that right. Did I say that wrong?

2 MR. FEINMAN: That's correct, Mr. Chairman.

3 DELEGATE KILGORE: And, Tim Phohl, who has been
4 our able Grants Director for years now is retiring, and we hate to
5 see Tim go. But I think Evan did a search for a new Director, a
6 new Grants Director, you may want to tell the new members
7 about your search real quick, Evan.

8 MR. FEINMAN: Certainly, Mr. Chairman. We
9 conducted more than a month-long search and did phone
10 interviews in excess of ten candidates, pulled from more than a
11 hundred that applied. And after the phone interviews, we did
12 five in-person, socially-distance interviews, actually on the
13 Capitol grounds, and for folks looking for a place to do it, in nice
14 weather, the Virginia Indian Memorial is an excellent place to do
15 a socially-distant out-door interview, with a lot of seats to face
16 each other.

17 Mike rose really swiftly to the top. His background
18 and his resume, it's in your packet. His background, spending
19 years in VEDP, having worked in multiple different localities as a
20 municipal attorney or county attorney, all recommend Mike's
21 qualifications for this work.

22 The Staff was excited about him coming onboard.
23 And you've got the support of his two peers, Andy and
24 Stephanie, as well as Tim, the outgoing Grants Program Director,
25 and I recommend him unreservedly. So, I hope the Committee

1 sees fit to agree.

2 SENATOR RUFF: Mr. Chairman, having worked with
3 Mike at the, with the Economic Development Partnership, I would
4 move that we approve the hiring of Mike as the Grants Director.

5 UNIDENTIFIED: I'll second it.

6 DELEGATE KILGORE: I have a motion and a second.
7 Any more discussion on that particular recommendation by the
8 Executive Director? All those in favor of accepting Evan's
9 recommendation of the hiring of our new Grants Director, Mr.
10 Mike Kaestner, say aye. (Ayes). Opposed? (No response).

11 All right, welcome aboard, Mike. That motion carries.
12 Glad to have you.

13 The next item on the agenda, and I'm going to turn
14 this over to Stephanie in just a minute. We do a corpus invasion,
15 meaning that we invade the corpus of the trust and, Stephanie, if
16 you could walk the new members through what we're doing here.
17 She just shared her screen. So, anybody who's got any
18 questions, just stop, and let us know.

19 MS. KIM: Basically, we presented to the Executive
20 Committee a 15 percent corpus invasion. And in following our
21 current bylaws, we wanted to restrict the grant-making budget
22 under four percent of the corpus invasion. Even though we're
23 making a 15 percent corpus invasion, it's more of a book entry,
24 just moving it from Endowment to the fund. It allows us some
25 flexibility as far as if we're doing lending or have a large

1 prospect, and being able to use the funds.

2 You'll see the sources of funding are the Endowment
3 Corpus Invasion, the interest earnings off of that, the invested
4 funds, and also some carry-forward balance. The administrative
5 budget is merely \$2.5 million, funding for 13 employees, and 50
6 percent of the Deputy Secretary of Commerce and Trade
7 position. It includes the Foreign Direct Investment contract,
8 where if there's something in this special appropriation with MSA
9 enforcement and agency service charges for essential service
10 agencies.

11 DELEGATE KILGORE: The MSA is the Master
12 Settlement Agreement enforcement that we have to reimburse
13 the Attorney General's Office for enforcing that for us.

14 MS. KIM: And then, of course, meeting costs and
15 things like that. So, that's the Administrative Budget. And then
16 we allocated \$3 million to the Tobacco Region Opportunity Fund,
17 which is our incentive fund, and then about seven-and-a-half
18 million for Education, and then splitting the remaining funds
19 between Southern Virginia and Southwest Virginia, which is kind
20 of a consolidation of several different committees from the
21 current committee structure. And that leaves, that keeps us at
22 3.7 percent of the corpus invasion for our annual budget, and
23 leaves twenty-two-and-a-half-million dollars in reserve for
24 investments.

25 DELEGATE KILGORE: That \$22 million could be spent

1 by motion of the Commission if there was a big project or
2 something that we needed to invest in.

3 MR. FEINMAN: That's true. Our hope is, and, you
4 know, we're going to get to this in a moment, related to the
5 Strategic Plan. Our hope is to set that aside primarily for the
6 purposes of lending in a fashion will both meet business needs
7 and exceed the return that we would receive in the Treasury.
8 But, in each, you know, it's worth remembering that that corpus
9 invasion, as Stephanie noted, is an accounting change, it's not
10 actually a removal of many funds from the Treasury simply as a
11 result of that motion.

12 DELEGATE KILGORE: That's good. Now, and
13 normally, this has been the, the Commission each year to corpus
14 invade 15 percent, or we do some type of corpus invasion, is that
15 correct?

16 MS. KIM: This is annually.

17 DELEGATE KILGORE: All right. Now, in order to do a
18 corpus invasion, we have to adopt a resolution that reads as
19 follows. We'll read the resolution and then we have discussion,
20 okay?

21 The language in this has been prepared by the
22 Attorney General's Office, and before that with bond counsel, and
23 it says, whereas, the Code of Virginia provides for a portion of
24 the corpus of the Tobacco Indemnification and Community
25 Revitalization Endowment, to be paid annually to the Tobacco

1 Indemnification and Community Revitalization Fund, the fund,
2 upon request of the Tobacco Region Revitalization Commission,
3 the Commission, whereas, the Endowment was funded from
4 proceeds of certain tax-free Tobacco Settlement Asset-Backed
5 Bonds, Series 2005, the use of which is subject to certain
6 restrictions and was further funded with additional proceeds of
7 certain taxable Tobacco Asset-Backed Bonds, Series 2007, the
8 use of which is not subject to restrictions, and, whereas, the
9 Treasurer of Virginia has determined that on February 29, 2020,
10 for the purposes herein, the value of the corpus of the
11 Endowment was \$198,796,256.73.

12 Now, therefore, be it resolved, that the Commission
13 hereby requests that for the fiscal year ending June 30, 2020,
14 first, the Treasury Board pay from the Endowment to the fund a
15 sum equal to 15 percent of the Endowment value as of February
16 29, 2020; two, that the said payment be made not later than
17 June 30, 2020; and, three, that the amount so paid not be
18 subject to restrictions. Does that correctly, Andy and Evan, did I
19 correctly read that?

20 MR. FEINMAN: Yes, Mr. Chairman. That vote is
21 subject to a roll call. Our plan is for Stephanie to do a fiscal
22 history of the Commission toward the end of this meeting so that
23 we can dispense with the business that keeps a lot of our
24 grantees, or potential grantees with us, who might not want a
25 Tobacco Commission history lesson, though I encourage

1 everybody to stick around.

2 The short version of this is, this is necessary to
3 achieve maximum flexibility and improve our fiscal position,
4 particularly as we stand up a plan associated with our Strategic
5 Plan, which we will do some weeks hence. Otherwise, this is to
6 fund operations and it is in keeping with our, both our fiscal
7 sustainability and our stated policy.

8 DELEGATE KILGORE: Anyone else have a comment
9 on the motion for the corpus invasion?

10 DELEGATE RASOUL: Mr. Chairman, this is Sam
11 Rasoul.

12 DELEGATE KILGORE: Hey, Sam.

13 DELEGATE RASOUL: Good to be with you. I just have
14 maybe one or two questions. Is this supposed to be for the
15 period over the next 12 months?

16 MS. KIM: Yes. We invade the corpus, and the
17 transfer is made in June, the budget beginning July 1. We invade
18 in June, but it's for next fiscal year's budget.

19 DELEGATE RASOUL: A further question, Mr.
20 Chairman. Since this is, I guess, the maximum amount allowed
21 by the bylaws, is it typical for us to go after this maximum
22 amount on an annual basis, or because I feel like that there's
23 nothing that prevents us from going back regularly throughout
24 the year for additional requests? Is this what we have
25 traditionally done on an annual basis, to go after the 15 percent?

1 MR. FEINMAN: I'll take the first, responding to the
2 delegate, if you don't mind, and then Stephanie can correct me.

3 Delegate Rasoul, welcome, looking forward to working
4 with you. There is some complication related to doing it more
5 than once. The Treasury doesn't prefer that, and its transfers
6 are more complex. What I want folks to know is that less than
7 four percent, so a third of what we're talking about moving here
8 would be allocated for grant-making for administrative purposes.

9 The remainder, when it states at the Treasury our rate
10 of return is quite below average, less than one percent in the last
11 couple of years, whereas, if we free it up, our plan is to actually
12 replace that relatively low performing set of cash assets at the
13 Treasury with higher performing secured debt. That should
14 actually see a greater return for us. If we don't move it out of
15 the Endowment and into the fund, we can't do things with it, it
16 remains invested as the Treasury sees fit, rather than be
17 available for our usage. So, that is the purpose. No fund would
18 actually be leaving the Commonwealth or the Commission's
19 accounts as a result of this, merely moved from one to another.

20 MS. KIM: It's all timing, because we have to do it in
21 the fiscal year. So, we have until June 30 to make any
22 withdrawals from the corpus to the fund. So, if we don't do it
23 before June 30, we would have lost that window of time.

24 DELEGATE KILGORE: There would still have to be a
25 vote of the Commission to spend any money. Any of those

1 dollars, there'd have to be some vote by the Full Commission in
2 order to do that, Delegate Rasoul.

3 DELEGATE RASOUL: Thank you, Mr. Chairman.
4 Maybe a clarifying question for Evan, and I appreciate that
5 explanation. The roughly \$22 million which is earmarked for
6 investment, I get it that having that \$22 million outside gives us
7 potentially a higher rate of return than the one percent that it's
8 getting inside. What is our plan for that? Is that all bonds or
9 equity, what are our thoughts for what we're going to be doing
10 from an investment perspective with those funds?

11 MR. FEINMAN: That's a fair question, Delegate
12 Rasoul, and one that has been oft discussed here. The plan that
13 we are hoping to adopt, and as a preview, we don't usually
14 onboard new members the Friday before a Monday meeting, so
15 out of respect to you guys, what we are hoping to do is schedule
16 a special digital meeting some weeks hence for the purpose of
17 discussing and adopting a Strategic Plan, that should give all of
18 you an opportunity to read through it and have a conversation
19 with me and other staff members, so that you have both
20 ownership and a deeper understanding of the plan.

21 The very short version is we are hoping to solve two
22 problems with one set of funds, that is first to lend that money in
23 over-collateralized debt for moral obligation supported debt to a
24 locality for a fixed rate of return that would be significantly
25 higher than what we're getting in the Treasury, and at the same

1 time, by making that available to our communities and to
2 businesses throughout the region, we can solve an access to
3 credit, to capital problem that we are increasingly aware was, in
4 fact, an issue prior to the COVID-related economic collapse. And
5 we think moving forward would be a real significant achievement.
6 So, this is a rare and a big-win opportunity, and we hear very
7 consistently from our colleagues in the economic development
8 space that there is a thirst for access to capital now.

9 We can get more deeply into the ways in which we
10 would create that program, but in the short term, if we don't
11 take it out of the corpus between now and the end of the fiscal
12 year, we're stuck at the one percent until next year.

13 DELEGATE KILGORE: Does that answer your
14 question, Delegate Rasoul?

15 DELEGATE RASOUL: Yes, it gives us another few
16 hours of conversation with Evan later on when we get, through
17 the fire hose, I appreciate you all entertaining the questions.

18 DELEGATE KILGORE: Oh, no problem, no problem.

19 DELEGATE AIRD: Mr. Chairman, just another quick
20 question. Thank you so much for the information so far. I
21 suppose, like Delegate Rasoul, I'm also trying to figure out
22 essentially by agreeing to this approach, there is no turning back.
23 So while we can have conversation at a later date about the
24 Strategic Plan or dig into the weeds a bit about this idea of
25 lending as a result of the emergency needs as a result of COVID-

1 19. Essentially, by supporting this recommendation, that is
2 pretty much saying we agree to move in that direction, as well.
3 Is that accurate?

4 DELEGATE KILGORE: No, I wouldn't say that. I
5 would say that we have to vote, I would say we've got to vote on
6 that to move forward.

7 Evan, you don't disagree with me on that?

8 MR. FEINMAN: And, Delegate Aird, welcome to you,
9 as well. And thank you for joining us today.

10 This is, as I said, an accounting change. So, these
11 funds would remain with the Treasury, invested by the Treasury
12 until some future vote of the Commission were to allocate those
13 funds to some use. So, what this does is merely make available
14 those funds for those uses the Commission votes to support over
15 the coming fiscal year. It does not actually earmark them for
16 any specific use or investment.

17 MS. KIM: I think the way to look at this also is to
18 realize that this just gives the Commission options, and options
19 have value, but it's just to give that possibility if the Commission
20 decides.

21 DELEGATE AIRD: Thank you.

22 DELEGATE KILGORE: Any other comments on that?
23 There's no problem in asking questions. Just go ahead.

24 Do I have a motion then to adopt the 15 percent
25 corpus invasion, and that has to be a roll call vote. Do I have a

1 motion and a second on that?

2 SENATOR RUFF: Mr. Chairman, I would move that we
3 adopt the 15 percent corpus invasion.

4 MR. HARRIS: Second.

5 DELEGATE KILGORE: Who seconded there, I couldn't?

6 MR. HARRIS: Harris.

7 DELEGATE KILGORE: Okay, Frank sorry.

8 I have a motion and a second. This has to be a roll
9 call vote because it's set up by the, the way it was set up by the
10 bonding agency. So, this has to be a roll call vote.

11 MS. MYERS: A three-fourths vote.

12 MR. FEINMAN: Yes, it requires a three-quarter roll call
13 vote, and I will begin that now.

14 Delegate Kilgore?

15 DELEGATE KILGORE: Yes.

16 MR. FEINMAN: Senator Ruff.

17 SENATOR RUFF: Yes.

18 MR. FEINMAN: Ms. Rasnick.

19 MS. RASNICK: (Inaudible response).

20 MR. FEINMAN: Ms. Barts.

21 MS. BARTS: Yes.

22 MR. BLEVINS: Yes.

23 MR. FEINMAN: Senator Chafin.

24 SENATOR CHAFIN: Yes.

25 MR. FEINMAN: Ms. Clark.

1 MS. CLARK: Yes.

2 MR. FEINMAN: Ms. Coleman.

3 MS. COLEMAN: Yes.

4 MR. FEINMAN: Mr. Cunningham.

5 MR. CUNNINGHAM: Yes.

6 MR. FEINMAN: Delegate Edmunds.

7 DELEGATE EDMUNDS: Yes.

8 MR. FEINMAN: Dr. Ehrhardt.

9 DR. EHRHARDT: Yes.

10 MR. FEINMAN: Mr. Harris.

11 MR. HARRIS: Yes.

12 MR. FEINMAN: Ms. Hensley.

13 MS. HENSLEY: (No response).

14 MR. FEINMAN: Secretary Layne, or Ms. Jennings.

15 MS. JENNINGS: (Inaudible response).

16 MR. FEINMAN: Mr. Mills.

17 MR. MILLS: Yes.

18 MR. FEINMAN: Mr. Owens.

19 MR. OWENS: Yes.

20 MR. FEINMAN: Ms. Ratliff.

21 MS. RATLIFF: (Inaudible response).

22 MR. FEINMAN: Not sure I caught that. Okay, mute, I

23 believe.

24 Ms. Ratliff?

25 MS. RATLIFF: Yes.

1 MR. FEINMAN: Secretary Ring.

2 SECRETARY RING: Yes.

3 MR. FEINMAN: Mr. Shell.

4 MR. SHELL: Yes.

5 MR. FEINMAN: Mr. Shelton.

6 MR SHELTON: Yes.

7 MR. FEINMAN: Mr. Spiers.

8 MR. SPIERS: I approve.

9 MR. FEINMAN: Senator Stanley.

10 SENATOR STANLEY: Yes.

11 MR. FEINMAN: Mr. Sutherland.

12 MR. SUTHERLAND: (No response).

13 MR. FEINMAN: Delegate Aird.

14 DELEGATE AIRD: Yes.

15 MR. FEINMAN: Delegate Hurst.

16 DELEGATE HURST: Yes.

17 MR. FEINMAN: And, Delegate Tyler?

18 DELEGATE TYLER: Yes.

19 MR. FEINMAN: Delegate Rasoul.

20 DELEGATE RASOUL: Yes.

21 MR. FEINMAN: The motion carries, Mr. Chairman.

22 DELEGATE KILGORE: Thank you, Evan.

23 Now, Stephanie, you went through the budget, do you
24 want to put that back up? Now, we would need a motion to
25 approve the 2021 budget, if you want to put that back up, and

1 see if anyone has a question. Basically, the biggest difference is
2 we used to have, if you looked at the budget, we would have had
3 Special Projects and some other items in there. Moving forward,
4 I don't think we're going to have that particular committee, is
5 that correct, Evan?

6 MR. FEINMAN: Mr. Chairman, this anticipates rolling a
7 few committees together, and should this budget not be adopted,
8 of course, we have an opportunity to adopt another budget, or
9 should the Strategic Plan not be adopted, we can rebudget
10 accordingly, but this budget does anticipate an acceptance of the
11 Strategic Plan.

12 DELEGATE KILGORE: Basically, this is the budget that
13 also includes, when we talked about the, could you just scroll
14 down a little bit, Stephanie, where it shows the Reserve For
15 Investments, and that's what we were talking about earlier, the
16 \$22,521,673, that's the number we were talking about that's
17 reserved for later times, but we're only spending four percent, is
18 that correct?

19 MS. KIM: Yes, 3.7 percent. You're under the four
20 percent.

21 DELEGATE KILGORE: Under the four percent, okay.

22 SENATOR RUFF: Mr. Chairman, not to give too much
23 of a problem here, somebody has got to take over, Mike's
24 position, how is the money, ask the Staff, how is money
25 weighted for Southern Virginia versus Southwest Virginia? I

1 think when Senator Wampler, then Senator Wampler came up
2 with the idea of 30 percent for Southwest, and we kind of
3 followed that rule, but that doesn't seem to add up when you
4 look at the Southern and Southwest Committees?

5 DELEGATE KILGORE: That's pretty close, Frank.

6 MR. FEINMAN: I can respond to Senator Ruff. I first
7 want to commend him on his touching tribute to Delegate Wright
8 in this question. For the background, for folks who are joining us
9 as new members or members of the public, there was a
10 longstanding habit of allocating around 70 percent of funds to
11 Southern Virginia and around 30 percent of funds to Southwest
12 Virginia. This breakdown both reflects the fact that we've rolled
13 a couple of different committees in together, so there's not quite
14 differentiation between Southside, Southwest, and Special
15 Projects, as there was before, along with the Agribusiness.

16 Secondly, we do see that there are, you know,
17 really significant needs in both sides of the Footprint, and as a
18 result this, when we, as Staff, looked at what the needs would be
19 going forward, thought that this five to 3.5 breakdown was a
20 closer approximation of what could be sort of usefully used in the
21 coming year, but, of course, we work for you all. So, if this is
22 not the specific breakdown that the Commission sees fit, you're
23 welcome to move those numbers around in any fashion you
24 would prefer. And Stephanie is ready with the Excel
25 spreadsheet.

1 MS. KIM: Historical reference, a 70/30 split was
2 based on pounds of quota grown back in 1999.

3 MR. FEINMAN: And all due respect to Delegate
4 Wright's service, we appreciate it and enjoyed the economic
5 conditions have changed somewhat in the Region in the last 20
6 years.

7 DELEGATE KILGORE: I guess what you're saying,
8 Evan, is this takes into account that we are doing away with
9 certain committees that really didn't have that split, like Special
10 Projects and Agribusiness,

11 MR. FEINMAN: And R&D.

12 DELEGATE KILGORE: And R&D, I was trying to think
13 of the other one, I'm glad you pulled me out of that one, R&D.

14 SENATOR RUFF: Mr. Chairman, maybe a better way
15 would be to redefine what Southwest and what Southern --

16 DELEGATE KILGORE: Well, maybe so. Southwest
17 now includes Danville.

18 SENATOR RUFF: My concern is that there's a lot more
19 land mass in Southern and more jurisdictions, and we have
20 seldom turned down a good proposal from either side that met
21 the qualifications. I'm not overly concerned about it, but I am
22 trying to live with Senator Wampler's original plans.

23 DELEGATE KILGORE: I would say to Senator Ruff and
24 to other folks on the video or on the call that he's exactly right,
25 we're not going to let a good project fail because there's not

1 money in Southern Virginia or Southwest Virginia, we're not
2 going to let something like that fail where we're creating jobs or
3 investments and in a particular area.

4 MR. FEINMAN: It is also worth noting that on a
5 population basis, the breakdown is closer to 60/40 than 70/30.

6 DELEGATE KILGORE: I understand, but what's the
7 breakdown there now, what's those figures there, I'm trying to
8 do the math, I'm trying to work two machines at the same time>

9 MS. KIM: If you did 70/30, \$6 million, and two-and-
10 a-half million.

11 MR. FEINMAN: It's 60/40 won't it be, where we are,
12 \$5 million is about 62-and-a-half percent of the total, that's a
13 little below at 8.5.

14 MR. PFOHL: It's about 59 percent.

15 DELEGATE KILGORE: Frank, what do you want to do
16 on that? I thought I heard another voice in there, but --

17 Ed Owens?

18 MR. OWENS: Senator Ruff, what number do you feel
19 more comfortable with, Senator Ruff?

20 SENATOR RUFF: Seven million to one-and-a-half
21 (laughter).

22 DELEGATE KILGORE: About five and a half, plus
23 three, that's fine. And like I say, we're not going to let good
24 projects fail for a lack of dollars as it relates to delineation, lines
25 between Southwest and Southside, we're not going to let that

1 happen. I hope you all agree with that.

2 MR. FEINMAN: Mr. Chairman, from just a point of
3 order, the Executive Committee recommended in the budget that
4 was there before us, so I think if we were going to make a
5 change, which you can see in the proposal that Senator Ruff has
6 put forward, it would be about 64.7 and 35.3 as a percentage of
7 total economic development funding. But you need to make a
8 motion to make that change.

9 MR. OWENS: So moved.

10 SENATOR RUFF: I would condition that with our work
11 with Southwest any time there's any controversy as we go
12 forward.

13 DELEGATE KILGORE: Does everybody understand
14 that amendment, and I'm going to vote for it because of Frank's
15 statement that he's going to work with us anyway.

16 Anybody else have any comment?

17 All of those in favor of that change to the budget, say
18 aye. (Ayes). Opposed?

19 DELEGATE HURST: I'll say no just to be the one.

20 DELEGATE KILGORE: Thank you, Delegate Hurst.

21 DELEGATE HURST: Somebody has got to stand up for
22 Southwest.

23 SENATOR RUFF: I would move that we pass the
24 budget as proposed and amended.

25 MR. OWENS: Second.

1 DELEGATE KILGORE: I have a motion to approve the
2 budget as proposed and amended. Any more discussion?

3 All those in favor of approving the motion as amended
4 and proposed, say aye. (Ayes). Any opposed? (No response).
5 Hearing none, the budget is passed.

6 Now, Evan, is that all we have for the Executive
7 Committee, that's all I'm showing?

8 MR. FEINMAN: That completes your Executive
9 Committee business, Mr. Chairman.

10 DELEGATE KILGORE: Now, we go to Agribusiness,
11 and I call on Chairman Spiers for that presentation.

12 MR. SPIERS: Thank you, Mr. Chairman. We did meet
13 today with a quorum, and we have some recommendations and
14 ask for approval from the Commission.

15 Starting with Project Number FX Number 3651. I
16 move that the Commission accept the Agribusiness Committee's
17 recommendation to approve Project Number 3651, Project 5X,
18 FX, for Pittsylvania County, as described on pages 7 and 8 of
19 your Commission book and subject to the following conditions:

20 Provision of a performance-based incentive grant in
21 the amount of \$197,000 subject to a standard TROF grant
22 agreement, including clawback provisions.

23 We are reminded that the revenue sharing would also
24 be part of that.

25 Do we want to do them all as a group?

1 DELEGATE KILGORE: Does anyone have a conflict
2 that we can't do them as a group, or if there's conflict, we'll do
3 them separately.

4 MS. CLARK: Mr. Chairman, I'd like to request that we
5 pull 3649 from the block. Thank you.

6 DELEGATE KILGORE: All right.

7 MR. SPIERS: I have three, Mr. Chairman. The next
8 one is Project Grow 3649, Russell County IDA. I move that the
9 Commission accept the Agribusiness Committee's
10 recommendation to approve Project Number 3649, Project Grow,
11 for Russell County IDA, as described on pages 8 and 9 of your
12 Commission book and subject to the following condition:

13 Provision of a performance-based incentive grant in
14 the amount of \$250,000, subject to a standard TROF grant
15 agreement, including clawback provisions.

16 The other project is Project Vitality Farms, 3604 is the
17 project number. And we recommended no award.

18 DELEGATE KILGORE: Did you have another one?

19 MR. SPIERS: We have other business.

20 DELEGATE KILGORE: I think Dr. Ehrhardt removed
21 which one, 3649. So, are you making a motion on the other two,
22 Mr. Chairman?

23 MR. SPIERS: Yes, sir, 3651 and 3604.

24 MR. SORRELL: Mr. Chairman, you meant to also
25 include revenue sharing, 3649, correct?

1 MR. SPIERS: Yes.

2 DELEGATE HURST: Mr. Chairman, this is Hurst again.

3 DELEGATE KILGORE: Yes.

4 DELEGATE HURST: Can someone on Agribusiness, if
5 it's the proper time for a question, how do these projects all kind
6 of work in concert together for Industrial Hemp Processing?
7 What's kind of the overall strategic landscape for this industry
8 with what the Tobacco Commission has been doing in this phase?

9 MR. SPIERS: Evan, do you want to take that, or do
10 you want me?

11 MR. FEINMAN: I'm happy to, Mr. Chairman.

12 Delegate Hurst, we saw a really rapid uptick in hemp-
13 related activity, haven't been in many gas stations or convenient
14 stores lately, but, you know, the products exploded, the
15 popularity of these products exploded.

16 Would somebody mute their phone, please. Thank
17 you.

18 The offerings to producers turning out to be really
19 high water in numbers and people are being offered tens of
20 thousands of dollars per acre to grow hemp. And we started to
21 get a really aggressive series of proposed processing facilities to
22 our opportunity-fund programs. We convened, right now, it's a
23 new industry, it looked a lot like a bubble, and we were a little
24 concerned about spending into what might not be a sustainable
25 set of businesses.

1 We convened a subcommittee led by our Agribusiness
2 Chair and Secretary Ring, as well as a number of folks from our
3 staff and VDACS, and tried to put together some guidance
4 around what a good set of projects would be, we created
5 program guidelines, and then accepted applications from four
6 different possible processors.

7 In determining what the right size of those awards
8 were, we went back through our opportunity-fund-grant formula,
9 which is premised on taking into account taxable capital
10 investment in the region, the proposed number of jobs, as well
11 as the salary of those jobs, particularly relative to the prevailing
12 average wage. That formula generated a figure that was half
13 grant, half loan, which is generally the way our opportunity fund
14 grants worked.

15 In this instance, recognizing that processing facilities
16 would be systemic improvements, that they're not sort of
17 stamping out widgets right there in the factory and then shipping
18 them off, but rather entering into production contracts with
19 growers throughout the Footprint.

20 What we did was decide to make, and there's a little
21 back of the envelope, and it always will be with a developing
22 industry. We decided that rather than offer half grant, half loan,
23 the systemic improvements would be reflected by offering the full
24 value as a grant rather than a loan. All of those grants are still
25 premised on the promised capital investment and the promised

1 employment at the promised wage.

2 So, any failure to meet the benchmarks that the
3 applicants have laid out in terms of those metrics would lead to a
4 clawback after the performance period is completed.

5 That's complete as I can be, which was a couple of
6 months of work.

7 MR. SPIERS: This is Robert Spiers, Delegate Hurst.
8 We also, it appears that we've got two CBD proposals, two fiber
9 proposals, counterweight, and worked out some in Southwest
10 and some in Southside. So, it's kind of working that way. It's
11 still an industry that hasn't really proven itself yet. So, as Evan
12 mentioned, we do have the clawback provisions.

13 Other questions, sir, Delegate Hurst?

14 DELEGATE HURST: Thank you very much, thank you.

15 DELEGATE KILGORE: Okay. So, we would need to
16 vote on two and then take 3649 out of the block. Do I have a
17 motion to approve the two motions by, projects by Chairman
18 Spiers?

19 MR. MILLS: So moved.

20 DELEGATE KILGORE: I have a motion and a second.
21 Any more discussion on those? In favor, say aye. (Ayes).
22 Opposed? (No response). Motion carried.

23 Now, 3649. Do you make a motion to approve 3649,
24 Chairman Spiers.

25 MR. SPIERS: Yes, I do.

1 DELEGATE KILGORE: Do I have a second?

2 SENATOR RUFF: Second.

3 DELEGATE KILGORE: Any more discussion?

4 DELEGATE EHRHARDT: Mr. Chairman, may I make a
5 comment? This, frankly, isn't sitting well with me. I'm not on
6 the Agribusiness Committee, so didn't speak up at the time. I
7 think it would be worth for the members of the Commission who
8 weren't on that call and particularly for the new members how
9 we went from a \$3 million request, which was way above the
10 \$250,000 limit, to a \$50,000 grant recommended by Staff, to
11 \$250,000 simply because we have it. If we could just have some
12 discussion or explanation of that, I think that would be really,
13 really helpful.

14 DELEGATE KILGORE: Sure, I think and I sort of got in
15 last at the latter part of that discussion. I think there was some
16 discussion about the investment that the company has already
17 made millions of dollars. If somebody on the Committee would
18 talk about that, somebody step up.

19 DELEGATE EDMUNDS: Mr. Chairman, this is Delegate
20 Edmunds.

21 DELEGATE KILGORE: We lost him.

22 MR. FEINMAN: Delegate Edmunds, are you still there?
23 I think we've got some quiet on the line now.

24 Mr. Chairman, I'll do my best to explain the argument.
25 While noting that this was a departure from the Staff's

1 recommendations, the primary arguments for increasing the
2 award from the \$50,000 that Staff recommended to \$250,000, I
3 believe were focused on the fact that the actors here have
4 already invested right around \$5 million in their project rather
5 than some of the other processors would not merely be an in-
6 taker of unprocessed hemp, but would also include a hemp
7 seedling nursery, so they would see themselves supporting the
8 hemp industry on the front end ahead of planting, as well as on
9 the processing side. That is an argument that our formula did
10 not take into account. And so there may have been a view that
11 the Staff recommendation was pretty good. And if it were to
12 increase, I still think that this increase is somewhat larger than
13 we at the Staff did and continue to recommend, but, again, we
14 recommend, and then the Commission decides.

15 DELEGATE KILGORE: I take it that Russell County or
16 that group was in the process of providing not only the plants at
17 the front end, but also the processing at the back end of that
18 whole hemp stock. Is that correct?

19 MR. FEINMAN: I believe that's so, Mr. Chairman.

20 DELEGATE KILGORE: Ben, Ben Chafin, I don't know if
21 Senator Chafin is still on, he knows probably a little bit more
22 about it than most citizens in Russell County.

23 SENATOR CHAFIN: Yes, sir, Mr. Chairman. I am still
24 on the line. I am familiar with the group that put this processing
25 facility together. It is unlike the others that the Commission has

1 had a chance to look at, because it provides the producer out
2 there with the, I'll just wait until somebody takes that call.

3 DELEGATE KILGORE: Somebody is going to pick that
4 up in just a minute, I'm sure.

5 MR. FEINMAN: Jordan, would you just mute
6 everybody. Please unmute your line affirmatively if you need to
7 share something with the group.

8 DELEGATE KILGORE: Ben, you were talking.

9 SENATOR CHAFIN: This product is somewhat like
10 tobacco. It's actually placed in the ground in a similar manner as
11 tobacco when it's first planted, it's planted in a similar way.

12 With tobacco, the growers bought, they either bought
13 their plants somewhere or they grew them. This particular, it's
14 very difficult to grow this product on your own, and so most
15 producers are buying the starts, they are buying a plant or
16 thousands of plants already started. And it would be quite
17 advantageous to the growers in Southwest Virginia to have
18 plants that have been planted first in Southwest Virginia at the
19 altitude and all that. And that's part of the reason.

20 The other part of it is I believe that the investment
21 that these gentlemen are placing into this facility is quite
22 impressive, given the amount of the Commission's grant, \$5
23 million, I believe it's more than \$5 million. They've got a really
24 state-of-the-art facility that they had up and going and the
25 likelihood of success of this start-up industry is great because of

1 the investments.

2 DELEGATE KILGORE: I believe we're still requiring an
3 agreement to, a performance agreement, is that correct, Evan,
4 and if something happens, we still get our money back from
5 Russell County and whoever?

6 MR. FEINMAN: If they don't hit their promised
7 metrics, that's true, it's in sort of the value applied to those
8 metrics, but, yes.

9 DR. EHRHARDT: Mr. Chairman, I don't mean to
10 question the quality of the project, I'm not a farmer, I don't have
11 a lot of knowledge in that area, what I am questioning here is
12 process. And we seem to have a pattern here of not taking the
13 Staff recommendations when there's a formula and a process in
14 place. Frankly, this Commission is under a lot of scrutiny right
15 now, and I just, we've been charged with being good stewards,
16 and I think that's where my discomfort comes from. This seems
17 to be an arbitrary jump to 250. So, again, it's not quality, I'm
18 really just concerned about process here.

19 DELEGATE KILGORE: Thank you.

20 DELEGATE AIRD: Mr. Chairman, I want to commend
21 Dr. Ehrhardt's comments. I think she just absolutely hit the nail
22 on the head here. A \$3 million grant request and a \$50,000
23 recommendation by Staff, and then \$250,000, it does not send --
24 I was pleased to support this project, and it is a good project, but
25 as Dr. Ehrhardt -- not what we want to do.

1 MS. COLEMAN: (Partly unintelligible).

2 DELEGATE KILGORE: Any further comments? Do we
3 have a motion?

4 SENATOR CHAFIN: I move approval, this is Senator
5 Chafin.

6 DELEGATE KILGORE: Of the Committee
7 recommendation?

8 MR. CHAFIN: Yes, the Committee recommendation.

9 DELEGATE KILGORE: Do I have a second.

10 UNIDENTIFIED: Second.

11 DELEGATE KILGORE: There's a second, I don't know
12 who it was, Andy, so anyway.

13 All right, I have a motion and a second. All those in
14 favor, say aye. (Ayes). Opposed -- we probably need to call the
15 roll on it, because it's going to be hard to figure it out, I think
16 Delegate, was that you that?

17 UNIDENTIFIED: No, that was Delegate Aird, and I
18 was just getting ready to ask a question, how do you determine
19 who was not supporting this, given the conversation?

20 DELEGATE KILGORE: Let's just call the roll, let's just
21 call the roll.

22 MR. FEINMAN: Thank you, Delegate Aird.

23 And, yes, Mr. Chairman, I think there's really more
24 than one to a voice vote, kind of demands.

25 DELEGATE KILGORE: I agree.

1 MR. FEINMAN: So, moving down the roll.
2 Delegate Kilgore.
3 DELEGATE KILGORE: Aye.
4 MR. FEINMAN: I cannot edit this PDF, one moment.
5 Andy, will you tally our yeses and nos.
6 MR. SORRELL: I'll be happy to.
7 MR. FEINMAN: It was not an issue in our previous
8 one.
9 MS. KIM: Is this still for the grant at \$250,000?
10 MR. FEINMAN: Correct. Delegate Kilgore.
11 DELEGATE KILGORE: Aye.
12 MR. FEINMAN: Senator Ruff.
13 SENATOR RUFF: Aye.
14 MR. FEINMAN: Secretary Ball or Ms. Rasnick.
15 SECRETARY BALL or MS. RASNICK: (Unintelligible).
16 Ms. Barts.
17 MS. BARTS: Yes.
18 MR. FEINMAN: Mr. Blevins.
19 MR. BLEVINS: Yes.
20 MR. FEINMAN: Unmute, Ed.
21 MR. BLEVINS: I'm unmuted.
22 MR. FEINMAN: Is that an aye?
23 MR. BLEVINS: Yes.
24 MR. FEINMAN: Senator Chafin.
25 SENATOR CHAFIN: Aye.

1 MR. FEINMAN: Ms. Clark.
2 MS. CLARK: Yes.
3 MR. FEINMAN: Ms. Coleman.
4 MS. COLEMAN: No.
5 MR. FEINMAN: Mr. Cunningham.
6 MR. CUNNINGHAM: (Unresponsive).
7 MR. FEINMAN: Delegate Edmunds.
8 DELEGATE EDMUNDS: --
9 MR. FEINMAN: Unmute everybody.
10 Mr. Cunningham.
11 MR. CUNNINGHAM: Yes.
12 MR. FEINMAN: And your vote is?
13 MR. CUNNINGHAM: Yes.
14 MR. FEINMAN: Delegate Edmunds.
15 DELEGATE KILGORE: We were having trouble getting
16 him earlier.
17 MR. FEINMAN: Would you unmute Delegate
18 Edmunds. Do you know where he is? We will return to Delegate
19 Edmunds.
20 MR. FEINMAN: Dr. Ehrhardt.
21 DR. EHRHARDT: No.
22 MR. FEINMAN: Mr. Harris.
23 MR. HARRIS: (Inaudible response).
24 MR. FEINMAN: Ms. Hensley.
25 MS. HENSLEY: (No response).

1 MR. FEINMAN: Secretary Layne or Ms. Jennings.
2 SECRETARY LAYNE or MS. JENNINGS: (No response).
3 MR. FEINMAN: Mr. Mills.
4 MR. MILLS: Yes.
5 MR. FEINMAN: Mr. Owens.
6 MR. OWENS: Yes.
7 MR. FEINMAN: Ms. Ratliff.
8 MS. RATLIFF: Yes.
9 MR. FEINMAN: Secretary Ring.
10 SECRETARY RING: Yes.
11 MR. FEINMAN: Mr. Shell.
12 MR. SHELL: Yes.
13 MR. FEINMAN: Mr. Shelton.
14 MR. SHELTON: Yes.
15 MR. FEINMAN: Mr. Spiers.
16 MR. SPIERS: Since I would prefer it to be 2,000, I'll
17 vote no, \$200,000.
18 MR. FEINMAN: Senator Stanley.
19 SENATOR STANLEY: Aye.
20 MR. FEINMAN: Delegate Aird.
21 DELEGATE AIRD: No.
22 MR. FEINMAN: Delegate Rasoul.
23 DELEGATE RASOUL: No.
24 MR. FEINMAN: Delegate Hurst.
25 DELEGATE HURST: No.

1 MR. FEINMAN: And Delegate Tyler.

2 DELEGATE TYLER: (No response).

3 M. FEINMAN: Coming back around, Delegate
4 Edmunds. I believe the motion carries either way, is that
5 correct, Andy?

6 MR. SORRELL: Hold on a second, let me tally it, one,
7 two, three, I've got 14 ayes, and 1, 2, 3, 4, 5, 6, 6 nays.

8 MR. FEINMAN: The motion carries at \$250,000.

9 DELEGATE KILGORE: The motion carries.

10 I note, Chairman Spiers, you had another amendment
11 or something on another grant?

12 MR. SPIERS: I do, Mr. Chairman. We had a tabled
13 motion that was brought back, and we have a recommendation
14 on it, it's Number 3593. The motion is I move that the
15 Commission accept the Agribusiness Committee's
16 recommendation to approve Project Number 3593, a value chain
17 coordinator for IALR, as described on pages 10 and 11 of your
18 Commission book, subject to the following condition:

19 Approval of a \$117,017 grant for 50 percent of direct
20 project costs for, and in support of the new coordinator position
21 with disbursement of funding contingent on approval of the
22 proposed system to be used for connecting buyers and sellers,
23 and initially propose physical locations within the Region to be
24 served for produce aggregation. And I do make that motion to
25 the Full Commission.

1 DELEGATE KILGORE: Do I have a second?

2 UNIDENTIFIED: Second.

3 DELEGATE KILGORE: Any discussion on that
4 particular grant?

5 DELEGATE RASOUL: Mr. Chairman, just the question
6 is why was the proposal initially tabled?

7 DELEGATE KILGORE: Chairman Spiers or Evan?

8 MR. SPIERS: They received further permission, and
9 Evan, you can give them the rundown on the other information,
10 you've got the questions that you had.

11 MR. FEINMAN: Thank you, Mr. Chairman. Delegate
12 Rasoul, the project was tabled, I think, as a courtesy to the
13 applicants at the time. They didn't have answers to a series of
14 questions that Staff really felt was necessary to properly
15 evaluate. So, rather than kill it and require that they reapply,
16 having gathered additional information, tabling it allowed them to
17 categorize and keep their application live while we came to a
18 more final conclusion.

19 DELEGATE KILGORE: Does that answer your
20 question, Sam?

21 DELEGATE RASOUL: Thank you, Mr. Chairman.

22 DELEGATE KILGORE: Okay. Any other questions. Do
23 I have a motion?

24 MR. SPIERS: I made the motion.

25 DELEGATE KILGORE: Do I have a second? I have a

1 motion and a second. Any more discussion?

2 DELEGATE HURST: Either a question for Chairman or
3 for Evan. So, looking at the Staff recommendation, bring this off
4 the table and approve 117,017, contingent on the approval of the
5 proposed system and initially proposed physical location, is there
6 a status update on where that comes from since January to May
7 until today? Just curious.

8 MR. FEINMAN: I would rely on Sarah Capps for the
9 most up-to-date description. Sarah.

10 MS. CAPPS: Hi, guys, sorry about that. So, as far as
11 an update on that question, yes, the IALR, Scott Lowman has
12 been working with Virginia Fairs, with their system, a system for
13 managing the buyer and seller interest that they've been talking
14 to the Farm Bureau, Virginia Fairs, regarding the ability to use
15 that system to have a region-wide network with hub managers,
16 different hub managers where the farmers can provide produce
17 to as many markets as they would want, it's designed to be user
18 friendly for the farmer so there'll be a single entry point.

19 So, those were some comments on the bylaws related
20 to the system that is currently being considered. I think there
21 may be a second system related to P4, the Food Hub out of
22 Charlottesville, that expressed interest in coming into the region.
23 I think there may have been some dialogue with them, as well.

24 As far as physical locations within the regions for
25 produce aggregation. One very clear site that's been identified,

1 which will certainly be used, is most likely to be the Old Dominion
2 Agriculture Complex in Chatham, they have a new parcel or
3 property that's been acquired there, and they have interest in
4 developing that into an aggregation center.

5 There has also been expressed interest in working
6 with the new produce in the sub-area of this project, and there's
7 one in Franklin County and also one in Halifax County. The
8 system that they're looking at also allows farmers that want to
9 coordinate. The system that they're looking at also allows
10 farmers that want to coordinate with other producers to be an
11 aggregation center.

12 Those are the updates that I have.

13 MR. PFOHL: This is Tim, the outgoing Grants Director.
14 We also got some assurance that the outcome metrics would be
15 tracked in terms of sales tracking, sales revenue coming to
16 producers through purchases by buyers, and that was one of our
17 concerns, as well.

18 DELEGATE KILGORE: Question, Chris?

19 DELEGATE HURST: I'm all good, thank you, Mr.
20 Chairman.

21 DELEGATE KILGORE: Thank you, Chris. Any other
22 comments or questions on that particular grant? I have a motion
23 and a second. All those in favor of that grant, say aye. (Ayes).
24 Any opposed? (No response).

25 SENATOR RUFF: Mr. Chairman, if we could return to

1 the preceding vote. Delegate Edmunds texted me, he did not
2 vote because of his, he had a problem getting on, he would like
3 to be recorded as voting in favor of that.

4 DELEGATE KILGORE: Evan, or Andy, or somebody
5 can take care of that.

6 MR. FEINMAN: Given that did not change the
7 outcome, I think we can make some comments for the
8 technology and note him on the roll as having voted aye.

9 DELEGATE KILGORE: Doesn't change the outcome,
10 that's fine.

11 MR. SPIERS: Mr. Chairman, that's all the Agribusiness
12 business.

13 DELEGATE KILGORE: Thank you, Mr. Spiers.

14 Now, we'll go to Education, Ms. Becky Coleman.
15 Chairman Coleman, would you give us the Education report,
16 please.

17 MS. COLEMAN: Thank you, Mr. Chairman. The
18 Education Committee met this morning and we considered the
19 proposals for the 2020-'21 Workforce Financial Aid Program and
20 for the FY20 Competitive Education Round.

21 For those of us who are new, these are two very
22 major programs. So, I have two motions for the Commission to
23 consider. The first motion is I move that the Commission accept
24 the Education Committee's recommendation that the Commission
25 approve \$2,901,000 for the following 2020-'21 Workforce

1 Financial Aid grants, contingent upon at least dollar for dollar
2 matching funds as described on pages 13 through 24 of your
3 Commission book.

4 This represents, of last year, and they are 3628,
5 Central Virginia Community College, in the amount of \$315,000;
6 3637 Danville Community College, in the amount of
7 \$315,000;
8 3634, John Tyler Community College, in the amount of
9 \$126,000;
10 3644, Mountain Empire Community College, in the
11 amount of \$315,000;
12 3626, New River Community College, in the amount of
13 \$100,000;
14 3625, Patrick Henry Community College, in the
15 amount of \$315,000;
16 3630, Southside Virginia Community College
17 Foundation, in the amount of \$315,000;
18 3624, Southside Virginia Community College, in the
19 amount of \$315,000;
20 3645, Virginia Highlands Community College, in the
21 amount of \$315,000;
22 3627, Virginia Western Community College, in the
23 amount of \$155,000;
24 3638, Wytheville Community College, in the amount
25 of \$315,000.

1 For a total of \$2,901,000, and I so move.

2 SENATOR RUFF: Second.

3 DELEGATE KILGORE: I lost her there. Do each of
4 those require a match?

5 MS. COLEMAN: Yes, it's contingent upon a dollar-for-
6 dollar matching fund. I move the Commission accept the
7 Education Committee's recommendation that the Commission
8 approve \$2.9 million for the following Workforce Financial Aid
9 Grants contingent upon at least dollar-for-dollar matching funds,
10 as described on pages 13 through 24 of your Commission book.

11 DELEGATE KILGORE: Thank you for your work on
12 that. I know that was a lot, and basically that's been an
13 important investment for the Tobacco Commission to help our
14 community colleges move forward and offer opportunities to our
15 students and training modules dependent on this community
16 college.

17 MR. FEINMAN: Mr. Chairman, for new members and
18 members of the public, very briefly, what these do is they're last
19 dollar grants to buy down credential attainment for community
20 college students. The General Assembly has been very
21 generous, and we've been very pleased to see much of that cost
22 be covered, but it remains the case that there are a ton of low
23 income folks who, even with the General Assembly picking up
24 two-thirds of the tab or other financial aid opportunities,
25 sometimes it's hundreds of dollars of credit even after all that,

1 and it's just too much for folks to swing.

2 And so, while we don't ever fully pay for anybody's
3 credential attainment, we do believe there's some value, and
4 when you look at the outcomes and the student having some
5 skin in the game, we do try to reduce that to a manageable cost
6 for folks attending community colleges in our region.

7 DELEGATE KILGORE: I have a motion and a second.
8 Any more discussion on Chairwoman Coleman's motion?

9 MR. PFOHL: This is Tim. Just a couple of points of
10 additional clarity. This is just for Tobacco Region residents and
11 just for the 2020 to '21 school year.

12 DELEGATE KILGORE: Thank you, Tim. Any more
13 discussion? All those in favor, say aye. (Ayes) Any opposed?
14 (No response). That motion carries.

15 Becky, do you have other motions?

16 MS. COLEMAN: Yes. The second motion is that I
17 move that the Commission accept the Education Committee's
18 recommendation and that they approve \$2,469,571 for the
19 following competitive education grants, as described on pages 25
20 through 43 of your Commission book:

21 Project Number 3632, Center for Rural Virginia, and
22 the Committee represented tabling that;

23 Project Number 3641, Central Virginia Community
24 College Foundation, \$115,000 for up to 50 percent of
25 replacement equipment acquisition and installation;

1 Project Number 3629, Central Virginia Community
2 College Foundation, \$91,667 for 50 percent of new equipment
3 costs;

4 Project Number 3633, Emory and Henry College.
5 \$288,405 per the revised budget and excluding supplies and
6 student recruitment, that's \$7,000 less than requested;

7 3636, Furrum College, \$40,000 for equipment costs
8 associated with Internet Lab of Things, Internet, I'm sorry,
9 Internet of Things Laboratory;

10 3646, Hampden-Sydney College, \$85,866 for 50
11 percent of computer hardware costs required to establish and
12 initiate the new computer science programs and laboratory;

13 3642, Institute for Advanced Learning and Research,
14 \$260,674, a span of 12 localities, a regional-wide effort to
15 support for testing;

16 3648, IALR, \$238,775, to support startup for Virginia
17 Apprenticeship Program and Sonography;

18 Project Number 3650, Medical Solutions Academy,
19 \$12,500 to support 50 percent of equipment costs, for Practical
20 Nursing Simulation Lab;

21 Project Number 3640, Mountain Empire Community
22 College, \$253,593 for program expansion costs, including
23 electrical upgrades and roof repair, but excluding reoccurring
24 annual costs, such as utilities and supplies and materials;

25 Project Number 3643, New College Institute,

1 \$100,000, implementing the Amazon Web Services re/Start
2 program;

3 Project Number 3631, New River/Mount Rogers
4 Workforce Development Area Consortium Board, \$41,240 for
5 NCRC and WorkKeys testing and related expenses, and the
6 annual curriculum license and software, and excluding existing
7 staff compensation, equipment, and operating expenses;

8 Project 3635, Patrick Henry Community College
9 Foundation, \$224,200 for 50 percent of the \$448,395 cost for
10 welding booth equipment, contingent on TRRC funds only being
11 used for welding equipment for the expanded booths, as opposed
12 to replacement of existing booth equipment;

13 Project Number 3647, Southside Virginia Community
14 College Foundation, \$347,651 recommended for Expansion of
15 Industrial Technology Programs;

16 Project Number 3595, Southwest Virginia Higher
17 Education Center Foundation. The Committee recommended
18 tabling that project;

19 And, finally, Project Number 3571, University of
20 Virginia at Wise, \$370,000.

21 Those are the recommendations of the Education
22 Committee with regard to education, and I so move.

23 DR. EHRHARDT: Second.

24 DELEGATE KILGORE: Do we have any of those that
25 need to be taken out of the block?

1 DR. EHRHARDT: Mr. Chairman, I'd like to request
2 that we pull 3648 from the block.

3 DELEGATE KILGORE: 3648.

4 DR. EHRHARDT: Thank you.

5 DELEGATE KILGORE: That's pulled from the block.
6 Any others?

7 SENATOR STANLEY: Mr. Chairman, this is Bill
8 Stanley. I'd ask that 3643 be pulled from the block for purposes
9 of an abstention.

10 DELEGATE KILGORE: You made your motion for the
11 whole group, and you have made your motion to exclude at this
12 time 3648 and 3643?

13 MS. COLEMAN: Yes.

14 DELEGATE KILGORE: All right. Do I have a second?

15 UNIDENTIFIED: Second.

16 DELEGATE KILGORE: Any more discussion? All those
17 in favor of Chairwoman Coleman's motion, say aye. (Ayes). Any
18 opposed? (No response). That motion carries. Thank you.

19 Does that complete your report?

20 MS. COLEMAN: Well, on the block.

21 DELEGATE KILGORE: Oh, I'm sorry, getting ahead of
22 myself here. You make a motion to approve 3648, is that
23 correct?

24 MS. COLEMAN: Is that my motion to make, if it is, I
25 make it.

1 DELEGATE KILGORE: Okay. And do I have a second?

2 UNIDENTIFIED: Second.

3 DELEGATE KILGORE: All those in favor of approving
4 Grant Number 3648, which is pulled from the block, say aye.
5 (Ayes). Opposed? Abstentions?

6 DR. EHRHARDT: One abstention, Alexis Ehrhardt.

7 DELEGATE KILGORE: Thank you, Dr. Ehrhardt.
8 That motion carries.

9 Now, the motion on 3643 was made and seconded for
10 the purposes of an abstention. All those in favor, say aye.
11 (Ayes) Opposed? (No response). Abstentions? Senator Stanley
12 abstains. 3643. All those carried.

13 Does that complete your report, Becky?

14 MS. COLEMAN: Yes, Mr. Chairman, it does.

15 DELEGATE KILGORE: Thank you. Now, we go to Ed
16 Owens for the Southside Economic Development report.

17 MR. OWENS: Mr. Chairman, Southside Economic
18 Development Committee met this afternoon at 12:45, and we
19 have four issues to bring forward, four motions.

20 The first one is I move that the Commission accept
21 the Southside Economic Development Committee's
22 recommendation to table Project Number 2975, Broadnax Depot
23 Renovation Project, as described on page 45 of the Commission
24 book, to the next Southside Economic Development Project
25 round planned for the summer of 2020.

1 DELEGATE KILGORE: That's a motion. Do I have a
2 second?

3 SENATOR RUFF: Second.

4 DELEGATE KILGORE: Any discussion? All those in
5 favor of tabling that until the next Southside Economic
6 Development Committee round, say aye. (Ayes). Any opposed?

7 MS. CLARK: I need to abstain from that, this is
8 Gretchen Clark.

9 DELEGATE KILGORE: Okay, Gretchen, thank you. All
10 right, thank you.

11 Chairman Owens.

12 MR. OWENS: I move that the Commission accept the
13 Southside Economic Development Committee's recommendation
14 to de-obligate the remaining funds, Project 3149, the Tobacco
15 Heritage Trail Project, as described on pages 46 and 47 of the
16 Commission book, until a forthcoming special meeting of the
17 Commission to be scheduled no later than July 15th.

18 SENATOR RUFF: Mr. Chairman, some information has
19 come to light this afternoon. If we defund that project, then the
20 Town of Alberta will be on the hook to VDOT for \$108,000, which
21 they do not have. They came back just a delay in, an extension
22 of one year because of VDOT's slow process. Doing this ends the
23 project and leaves them hanging for \$108,000. I think that is
24 not a very wise decision on our part.

25 DELEGATE KILGORE: Chairman Owens, did you all

1 consider that information at your hearing? I don't know, I didn't,
2 I wasn't a part of that.

3 CHAIRMAN OWENS: We didn't have that information.
4 We did not have that information.

5 SENATOR RUFF: So, Mr. Chairman, I received a
6 phone call from the Southside Planning District about a half hour
7 before our meeting started telling me this, giving me this
8 information.

9 DELEGATE KILGORE: How does the Southside want to
10 proceed on that?

11 CHAIRMAN OWENS: Tabling it until our meeting in
12 the summer.

13 DELEGATE KILGORE: Okay.

14 SENATOR RUFF: Mr. Chairman, I'm not sure that we
15 can do that because the deadline for spending the money was
16 May 24th. So, we would either have to extend it.

17 DELEGATE KILGORE: Can you extend it until your
18 next meeting, Frank?

19 SENATOR RUFF: If the deadline is May 24th and our
20 next meeting is after that date, how do we get from here to
21 there, I would ask the Staff.

22 DELEGATE KILGORE: I would say if you extend it, if
23 you make an extension until after the next meeting to see if any
24 progress was made.

25 MR. FEINMAN: Mr. Chairman, this is new information.

1 I don't believe that anybody at the Southside CDC would mislead
2 anybody, but it is -- I think if we were to leave the grant open
3 until the, which is to say the next meeting of the Committee, that
4 would give Staff time to verify and analyze any new information
5 that came before us without penalizing the applicant.

6 SENATOR RUFF: The Commission on the line or on
7 the conference, if she could weigh in, I think that would be wise.

8 DELEGATE KILGORE: Who is it?

9 MR. PFOHL: Gosney (sp.) with Southside Planning
10 District Commission.

11 DEBORAH: Good afternoon, this is Deborah, I'm on
12 the call. So, what is our option, we really just needed an
13 extension? We did the project and the bids came in over the
14 estimate, so we're working with VDOT in negotiating with VDOT
15 to get authorization to rebid the project. Of course, with VDOT
16 being such, they're an agency that's slow to deal with and work
17 with, it's hard for me to say how long this process will be to work
18 this out and get authorization to rebid, but the project is well
19 underway.

20 MR. FEINMAN: Rather than rescind the remaining
21 balance, but also rather than expend any new funds, if we simply
22 extend the grant period until the next Commission meeting.
23 Deborah, are you all going to need to draw that down in the next
24 three months if this all went accordingly, or could you wait three
25 months and a week?

1 DEBORAH: Ideally, if the projects gets authorization
2 to rebid, then we would just be getting under construction in
3 three months. We wouldn't be able to expend it all in the next
4 three months. We would need more time.

5 MR. FEINMAN: Thank you, Deborah.

6 In the alternate, Mr. Chairman, we're already
7 planning, and I believe Dr. Ehrhardt will bring forward a motion
8 to schedule a special meeting for the purposes of our Strategic
9 Plan. I hesitate to turn a special meeting into a general meeting,
10 but we could, of course, attend to this, as well. And that will
11 happen far sooner than our fall meeting.

12 DELEGATE KILGORE: You can do it that way.

13 Mr. Owens, do I need to withdraw the motion?

14 MR. FEINMAN: Mr. Chairman, you could withdraw
15 your motion and then move to table the project until the
16 forthcoming special meeting to be scheduled at which point
17 Southside could take action on that project.

18 DELEGATE KILGORE: Can you make that motion, Ed?

19 MR. OWENS: Yes, sir. I withdraw the motion and
20 move that we table the project until Economic Development
21 meets and --

22 DELEGATE KILGORE: Do I have a second?

23 MR. MILLS: Second.

24 DELEGATE KILGORE: All those in favor, say aye.
25 (Ayes). Any opposed? (No response). That motion carries.

1 CHAIRMAN OWENS: I move that the Commission
2 accept the Southside Economic Development Committee's
3 recommendation to grant a sixth year extension to May 24,
4 2022, for Project Number 3145, Industrial Access Road, Phase 2,
5 Prince Edward County, as described on page 47 of your
6 Commission book.

7 DELEGATE KILGORE: That's an extension until 2022,
8 is that correct?

9 CHAIRMAN OWENS: Correct.

10 DELEGATE KILGORE: I have a second? I've got a
11 second. Any discussion? All those in favor, say aye. (Ayes).
12 Any opposed? (No response). That motion carries.

13 Chairman Owens.

14 CHAIRMAN OWENS: I move that the Commission
15 accept the Southside Economic Development Committee's
16 recommendation to grant a four-year performance period to
17 October, 2026 for Project 3580, SVMP Site Enhancements,
18 Pittsylvania County, as described on page 48 of your Commission
19 book.

20 DELEGATE KILGORE: Do I have a second?

21 MS. CLARK: Second.

22 DELEGATE KILGORE: All of those in favor, say aye.
23 (Ayes). Anybody oppose?

24 UNIDENTIFIED: Abstention.

25 DELEGATE KILGORE: Okay.

1 CHAIRMAN OWENS: That completes my report.

2 DELEGATE KILGORE: Thank you, Mr. Chairman.

3 Next we go to Dr. Ehrhardt for a Strategic Planning
4 update or recommendation, is that correct?

5 DR. EHRHARDT: That's right. We do have a
6 recommendation for the Committee , but I wanted to give Evan
7 an opportunity, Evan, did you want to say a few words about
8 process, or did you want me to do that before we move to the
9 motion?

10 MR. FEINMAN: I'm happy either way, Madam
11 Chairwoman, so you tell me.

12 DR. EHRHARDT: Okay. Why don't you, if there are
13 any doubts, which there never are with you, I'll fill them in.

14 MR. FEINMAN: And I hope I can live up to that.

15 So, members of the Commission and partners, the
16 Commission is obliged by statute to update our Strategic Plan
17 every other year. We did that first in 2015, and then again, or
18 rather we did that in 2016, and then again in 2018, and then
19 now.

20 We generally, however, don't bring on new members
21 immediately prior to this meeting. And so one of the things that
22 we do is first allow any and all members to join the Strategic
23 Planning Subcommittee as they're interested. Additionally, we
24 share the drafts of the plan with members of the Commission as
25 it's developed, and so in this instance, we first developed among

1 the Staff leadership team an outline. We then broaden that
2 outline through the full input of the Commission Staff. I think it
3 was really important for us this year to try to capture a lot of the
4 ideas and opportunities that members of the Staff have seen
5 over their years of service.

6 We then took that outline to the Strategic Planning
7 Subcommittee, chaired by Dr. Ehrhardt, and that Committee
8 made a number of changes and expansions to that plan. We
9 then hung a lot of language around the scaffolding that had been
10 constructed intellectually, and we were ultimately able to settle
11 on the draft that is before the members of the Commission. But
12 as I said, it is both a significant new plan, as well as something
13 that I think will offer us the opportunity to really create
14 something that's going to be of lasting value to the Region
15 indefinitely.

16 So, it improves the Commission's fiscal standing, it
17 solves the access to capital problem, we talk about before, it
18 brings us an opportunity to bring in a number of new sources of
19 funds. And it codifies a lot of activity that's already been taken,
20 as well as streamline a bunch of our grant-making. That's a
21 really high level overview of what's a fairly lengthy document.

22 So, rather than try to compel in particular our four
23 new members, who were just appointed on Friday, to absorb
24 that, and then take action, the recommendation that I think is
25 going to come forward from Strategic Planning Chair in just a

1 moment, is to schedule a special meeting for purposes of
2 reviewing and adopting that Strategic Plan sometime in the next
3 couple of months. We can, we can tack a Southside Committee
4 meeting onto that, for purposes of taking action on that one
5 other grant.

6 DELEGATE KILGORE: I think that's probably a good
7 move, so that our four new members would have a chance to
8 and an opportunity to review the document. I think that's a good
9 move. Dr. Ehrhardt, I'll let you continue.

10 DR. EHRHARDT: We have a motion, before I present
11 that, I do just want to recognize Evan and his team. They really
12 did a lot of work in a considerably short amount of time, and I
13 think taking us in a different and very positive direction. Also, I
14 want to recognize Delegate Marshall and Byron who served on
15 that committee and really had a lot of substantive questions and
16 comments. I wanted to recognize their work, as well, and all the
17 members of the Committee.

18 So, the motion is such that I, I move that the
19 Executive Director take such action as is necessary to implement
20 the Strategic Plans lending and Committee change
21 recommendations, but that no new programs be announced nor
22 loans made until adoption of the full plan at a special meeting, to
23 be held no later than July 15th.

24 DELEGATE KILGORE: I think that's a good move, Dr.
25 Ehrhardt.

1 Do I have a second to that?

2 SENATOR RUFF: Second.

3 MR. BLEVINS: Second.

4 DELEGATE KILGORE: Any discussion? I think that
5 gives a lot of folks the ability to get up to speed on the Strategic
6 Plan. And the new members, I would suggest that you look at it,
7 and if you've got changes, by all means, contact Dr. Ehrhardt or
8 Evan, and they'll be more than happy to discuss those issues
9 with you. Please do that.

10 MR. FEINMAN: For the members of the Commission, I
11 just want to, or particularly folks who are not accustomed to
12 working with me and the Staff. We didn't want to lose time, and
13 some of these things will require a fair amount of setup, but if we
14 do ultimately move in a different direction, we'll have made sure
15 all of our work was internal and devoted to process
16 improvements and preparation. We're not going to actually do
17 anything that's not authorized, merely make sure that the Staff
18 is ready to implement a plan on an accelerated timeline if we're
19 able.

20 DELEGATE KILGORE: We have the motion. Do we
21 have a second? I think, I thought we had a second. We did,
22 okay. Any more discussion? We will be calling that meeting
23 sooner rather than later, I hope. Any more discussion? All those
24 in favor of the motion will signify by saying aye. (Ayes). Any
25 opposed? (No response). That motion carries.

1 Thank you, Dr. Ehrhardt, and thank you for your hard
2 work and all your meetings you all put together to go over the
3 Strategic Plan, that's tough, that's a tough call. So, we really
4 appreciate all you all did and all the Committees that, all the
5 members of that Committee that moved the plan forward. So,
6 thank you.

7 Now, we go, I've got next the TROF Committee, is
8 that correct, Evan?

9 MR. FEINMAN: That's correct, Mr. Chairman.

10 DELEGATE KILGORE: The TROF Committee is the,
11 what we call the Opportunity Fund Committee, the Tobacco
12 Region Opportunity Fund Committee, and that is more of the deal
13 closing, the grants for new businesses coming in. And the TROF
14 Committee met recently, and we had three motions. A lot of
15 these go by project name, but we don't necessarily call them out
16 and say this is such and such, but they have a code name. Am I
17 correct on that, Evan?

18 MR. FEINMAN: Yes, and in fact, I will remind both the
19 Staff and the members of the Committee that all of the
20 information other than what is in the booklet is proprietary, and
21 please don't name any specific businesses as we describe these
22 projects.

23 DELEGATE KILGORE: The first project we had was
24 Project Power in Carroll County, and that project was discussed
25 about a loan, a TROF loan, payable over six years, with annual

1 loan payments set up. And, basically, that motion would be that
2 the Commission approve the TROF Committee's recommendation
3 for negotiated loan terms, as described by Staff and outlined to
4 the TROF Committee on April 29, 2020, between Carroll County
5 and the Commission as follows:

6 \$1.9 million TROF loan, payable over six years with
7 annual loan payments of \$380,000, subject to an interest rate,
8 tied to CPI and capped at five percent;

9 The company beneficiary will pay local taxes on
10 equipment purchased with the loan funds, and the county will
11 have ownership of the said equipment, and the Commission will
12 have a lien on said equipment;

13 And, finally, the company beneficiary will pledge to
14 stay in Carroll County for the term of the TROF loan at a
15 minimum.

16 I want to commend Staff for working to get this
17 agreement completed. And that is the motion.

18 SENATOR RUFF: Second.

19 DELEGATE KILGORE: I have a second. Do I have any
20 comments or any questions on Project Power in Carroll County?
21 All right, I have a motion and a second. All those in favor of
22 approving the TROF Committee loan and payments and other
23 requirements, say aye. (Ayes). Opposed? (No response). That
24 motion carries.

25 Number two is Project Jonah. And it's Number 2889,

1 that's in Tazewell County. We had a meeting on that, and I
2 move that the Commission approve the TROF Committee's
3 recommendation to amend the TROF grant terms for Project
4 Number 2889, Project Jonah, Tazewell County, as described by
5 Staff and outlined to the TROF Committee on April 29, 2020, as
6 follows:

7 First, performance by the new beneficiary shall count
8 as performance by the existing beneficiary. To meet the full
9 performance by the end of the revised performance period of five
10 additional years, the new beneficiary shall have provided: First,
11 218 new jobs, with an average annual weighted salary of
12 \$59,133, and a private taxable capital investment of
13 \$228,084,000, all within Tazewell County;

14 Two, no additional funds over what has already been
15 disbursed for this project will be provided;

16 And, finally, failure of the new beneficiary to meet the
17 above performance parameters by the end of the performance
18 period, shall be an obligation of the original beneficiary and
19 Tazewell County. Tazewell County has agreed to this.

20 I would say that this is a little change from the old
21 formula, but it's a much higher taxable capital investment. Am I
22 correct on that, Evan?

23 MR. FEINMAN: The taxable capital investment is
24 significantly increased, as is the wage. So, while the original
25 project promised more than 400 employees, this project is going

1 to pay more than twice as much money, after the 218 new jobs.
2 This is a very complicated deal. And the reason we have to make
3 a change is because there's been a change in the business plan
4 which necessitated a change in the specific bill entity undertaking
5 this project, but it is fundamentally a similar exercise in the same
6 locality involving the same operator and a number of the same
7 actors, plus a new financial backer.

8 I'm being aloof, because there's a lot of stuff
9 protected by MDA and requests for confidentiality. So, that's as
10 much as I can say in a public setting.

11 DELEGATE KILGORE: I would also say that the
12 average annual weighted salary of \$59,133 is way above the
13 average in Tazewell County. I think I'm safe in saying that.

14 Do I have a motion to approve the Executive
15 Committee recommendation on Project Jonah, 2889 in Tazewell
16 County? So moved. Okay. I have a motion and a second. All
17 those in favor, say aye. (Ayes). Opposed? (No response). That
18 motion carries.

19 Finally, the last one is Project Heart. And Project
20 Heart, I would move the Commission approve the TROF
21 Committee's recommendation for the annual, for the amended
22 TROF loan terms for Project 3556, Project Heart, Danville-
23 Pittsylvania RIFA, as described by Staff and outlined to the TROF
24 Committee on April 29, 2020 as follows:

25 The performance obligations of the \$270,000 TROF

1 loan for Project Heart, Number 3556, shall be secured by a
2 security agreement that is part of the TROF loan agreement;

3 Second, the security agreement shall be between the
4 company beneficiary and the Commission only and shall utilize
5 the equipment that the loan is being utilized for as security for
6 performance. The Danville-Pittsylvania RIFA as grantee for the
7 project shall be under no obligation to guarantee the company's
8 performance for the TROF loan.

9 I believe under this one Evan and the Staff were able
10 to work out or will be able to work out a security agreement that
11 will more than satisfy our \$270,000 TROF loan. Is that correct,
12 Evan?

13 MR. FEINMAN: That's correct, Mr. Chairman. The
14 loan will be secured by equipment in excess of that value, that
15 will be located in Pittsylvania County. This is ultimately an issue
16 related to Joe Anwyl, who brought up this project, it's a nice call
17 back to our approval of his continuing relationship with us.

18 In this instance, the county was just concerned, I
19 think, ultimately about the possibility of winding up in litigation
20 with a nonAmerican corporate entity. And we were able to still
21 secure the taxpayer's funds. We would have had to compel RIFA
22 to file suit on our behalf and assuming this went wrong, which
23 we're hoping it won't, that would have been much more
24 complicated for them than this, this ultimately works out for us.

25 Of course, we have every belief that this loan will get

1 paid back on time, and if it doesn't, we'll simply seize the assets
2 directly rather force the RIFA to get entangled in a legal
3 situation, that is beyond their desires or current staffing abilities.

4 DELEGATE KILGORE: Do I have a motion and a
5 second to approve that?

6 SENATOR RUFF: So moved.

7 MR. BLEVINS: Second.

8 DELEGATE KILGORE: Any discussion? All those in
9 favor of approving Project Number 3556, Project Heart in
10 Danville-Pittsylvania RIFA, say aye. (Ayes). Opposed? (No
11 response). That motion carries.

12 I think that's all of the TROF business. Now, I think
13 we have other business.

14 MR. FEINMAN: Mr. Chairman, we will go quickly, but
15 for members of the public, our new Commissioners, as well as
16 Commissioners who come on in the last couple of years, we
17 realize that some of the basis for the Commission's operations
18 and financial structure was not well understood. So, Stephanie is
19 going to briefly walk folks through the history of the Commission,
20 Stephanie, our Finance Director, as well as where we are today.
21 And quickly recognizing that coming up against time. Stephanie.

22 MS. KIM: We want to start with the financial. Just to
23 give you the quick history, probably already know a lot from the
24 Strategic Plan and from our Annual Report. If you haven't seen
25 our Annual Report, you can take a look at it on the website, it

1 gives a lot of information for the last 20 years.

2 Basically, we were created in 1999 as a result of the
3 Master Settlement Agreement with the states, from the major
4 cigarette manufacturers. And actually this has been updated a
5 little bit. The Commission received 50 percent of the
6 Commonwealth's share, and actually the foundation now it's
7 eight-and-a-half percent, not ten percent, and then the other
8 forty-one-and-a-half percent goes to Virginia Healthcare Fund,
9 which is the Medicaid, Medicare, Foundation for Healthy Youth,
10 works on youth smoking prevention and obesity.

11 So, basically, we were created with two purposes.
12 And that was to compensate the tobacco farmers for their losses,
13 and then to revitalize tobacco-dependent communities. We did
14 fulfill that indemnification to the farmers in 2012, making over
15 \$479 million available to the farmers, which ended in 2012
16 through the 2014 Federal Quota Buyout. That piece of our
17 purpose is done, and now our main purpose is to revitalize
18 tobacco-dependent communities.

19 We did have some legislative changes in 2015,
20 changing our name and reducing our number of members and
21 creating match requirements, financial viability review, and then
22 the revolving loan fund. There were some major changes in
23 2015 to some of the ways we operate.

24 But want to go backwards a little bit to the
25 Endowment. We talked about the corpus invasion, was created

1 in 2002 to receive securitization proceeds. And what happened is
2 it didn't happen until 2005 because of the market. So, we did
3 sell half of the future Master Settlement Agreement payments to
4 the Commission for a lump sum payment. We sold tax-exempt
5 bonds so that we could have a lump sum to cause the
6 Endowment. We received \$390 million from that in the first
7 securitization.

8 Then, in 2007, we sold the remaining half as taxable
9 bonds. So, what happened is with the tax-exempt bond
10 proceeds, those are restricted, in other words, they can only be
11 used for things like capital assets and certain tax-exempt
12 purposes. Whereas, the \$634 million from the second
13 refinancing was unrestricted funds, so those could be used for,
14 really for anything. It's not restricted to capital. So, we do have
15 to separate out our restricted funds from our unrestricted funds
16 and make sure that, Staff manages that, but basically we look at
17 things that are capital projects versus more educational
18 programs or scholarships, those types of things to determine
19 whether they need to be restricted or unrestricted funds.

20 The Treasury Board does manage all of the
21 Endowment funds, and as you saw, we decide once a year that
22 invading the corpus and transferring whatever percentage to the
23 fund each year to fund not only our operations but anything like
24 we were talking about for the investments.

25 So, just to give you an idea about our assets, our

1 Endowment, and our fund, you'll notice in the last, this past year
2 and this year, we do have a loan receivable category, which
3 we're hoping in the future to greatly increase that, because grant
4 funds, they, the grants usually go out the door and we never see
5 them again, so, obviously, our assets have been going down over
6 the last, since our inception, because we invade the corpus by a
7 certain percentage to use as our operating and grant funds.

8 We also have a relationship with the Virginia
9 Resources Authority for a revolving loan fund. Currently, we
10 have about \$3 million that they manage, they, that are not on
11 our books, but that is also part of the investments we've made.

12 So, the Endowment collects investment earnings over
13 the year, and every year with the corpus invasion decision, we
14 also transfer all of the earnings for the year to the fund. So, in
15 June, Treasury will be transferring the investment earnings, plus
16 whatever the corpus invasion.

17 All of it, as we said, it's a book entry, all of it
18 continues to be invested by the Treasury. We do have money in
19 the Department of Accounts, General Account, and that's more
20 like our checking account where we make the payments for the
21 grants and all the disbursements for everything from
22 administrative to loans to grants. Quarterly, we transfer the
23 money out of investments from the Fund Treasury to the General
24 Account, to reimburse the funds.

25 You can see from this photograph historically we've

1 given a lot more grants, we've had a lot more money available to
2 give grants, and as we continue into the future with our
3 diminishing Endowment and assets, obviously, our grants are
4 going down, you won't see that small amount for loans that we
5 have started just in the last couple of years.

6 So, once a grant award is made, the money doesn't
7 actually go out and it can often take three to six years before the
8 money goes out. Certain grant funds, such as TROF, or loan
9 payments, those will go out generally on the front end, but the
10 majority of our grants are done on a reimbursement basis. So
11 once they send the money and submit vouchers to us, then we
12 reimburse them for the --

13 So, a lot of times you'll see a cash balance, but that's
14 because these monies have been awarded and are committed.
15 Then on our financial summary report, you'll see an unobligated
16 balance or an available balance, that is the cash balance minus
17 what has already been obligated.

18 For revenue, we do have investment earnings from
19 the Treasury and also on the General Account. They are, as
20 Evan mentioned, a money-maker. They, the Treasury invests
21 very conservatively, and we have not reached anywhere near
22 market returns over the last 20 years. So, and then we also
23 have loan repayments, which are effectively revenue, most of
24 them have been at zero percent interest, so not really revenue
25 there, but at least there are funds coming back.

1 We have recently started revenue sharing, which I
2 think was mentioned earlier, so that's just starting out, haven't
3 received a whole lot from that. We're also looking at tracking
4 assets, and those are things like equipment or buildings or land
5 that we have granted money for, that sometimes years later we
6 sold and we try to recover the funds that we have invested in
7 those projects from the sale of those assets. And then
8 sometimes there are grants that end up not getting used or not
9 getting fully used, so sometimes those funds are returned.

10 So, historically, you can see what our budget has been
11 for grants and loans. And you can see that it has gone down
12 greatly over the last five years. And based on the Strategic Plan
13 that has been proposed, we are trying to preserve the
14 Endowment so that we start living off of the earnings and try to
15 reinvest, whether it's through loans or investments. But without
16 any type of other revenue, you can see that our projected
17 budgets will go down significantly.

18 So, we're looking at potential other sources of
19 revenue. One is that we have, we're looking at partnering with
20 other entities, and I think we're in negotiations right now with
21 Virginia Community Capital about placing a portion of our funds
22 with them to invest in our communities. We're also looking at
23 business and community lending with the interest, which is also
24 in the Strategic Plan that you'll review next time. We're looking
25 at creating a nonprofit foundation where we can actually apply

1 for grants and, you know, receive funds from other foundations
2 and potentially federal funds, for primarily things like education,
3 but it would be a nonprofit entity to receive revenue.

4 And now, also, we're looking at closely tracking and
5 managing our assets to recover funds from any grant funds that
6 fails -- I think I'm frozen.

7 So, every Commission meeting in your packets, you
8 will receive financial reports, I actually do them every month. So
9 you feel free to contact me if you ever need to know at the time
10 what an available balance is or what, how our cash and
11 investments are looking. But you will see on those reports,
12 usually in the back of the packet, just what our available cash
13 and assets are and unobligated balances. Then also, you'll
14 approve today the annual budget for FY21, so that will also be for
15 those tracking how we're doing against our budget.

16 If cash flows don't match our awards or obligations, a
17 lot of times those financial statements don't quite line up,
18 whereas, they're on a cash basis, of the cash that went out
19 versus awards that were made. So, we budget for awards being
20 made, but then our cash goes out at a different speed.

21 That was a very quick version.

22 DELEGATE KILGORE: I would encourage anyone who
23 has any questions to contact Stephanie, she's a wealth of
24 knowledge ,and she can really get you an answer pretty quick
25 that you need. She's been with us a long time, I don't know how

1 long, Stephanie, but a long time.

2 MS. KIM: Since 2000. Almost the beginning of the
3 Commission.

4 MR. FEINMAN: I'll add, Mr. Chairman, that both of
5 these presentations will be available on the website, as well, you
6 know, we should pay close attention to the long-term trajectory.
7 And some of you have been hearing me say this for five years
8 now, the long-term trajectory of the Commission in the absence
9 of a new approach to revenue and funding was going to be quite
10 bleak, and you saw that in the projection that Stephanie put
11 forward. And so that, that was part of what has driven things
12 like our standing up of the lending program and proposed
13 expansion of it, our revenue-sharing, our proposed outside
14 foundation, et cetera. So, all of that is one-sided, what is driving
15 this proposal to really take the Commission in a new sustainable
16 direction.

17 MS. KIM: Okay, and then I just wanted to give you a
18 quick update on the Talent Attraction Program. If you recall, we
19 created two programs, one is we partnered with the Virginia
20 Department of Health, because they were targeting medical
21 professionals on trying to attract them to the Tobacco Region,
22 and how they live and work in our region, so we had allocated
23 \$2 million for that. And then, internally, we created the Talent
24 Attraction Program to target nonmedical hard-to-fill occupations,
25 and we funded that for, we have done two award cycles and just

1 recently did a cycle in April.

2 So, just to give you an update on the EDH Program, it
3 was for qualified medical, dental, behavioral health, and
4 pharmacists for a two-year commitment to work in the areas that
5 had shortages of health professionals. It is handled by the
6 Virginia Department of Health Office of Health Equity. We
7 allocated \$2 million and leveraged \$1 million in federal and state
8 and local funds. Thirty of the 56 awards they made were made
9 to Tobacco Region residents and workers.

10 And if you look under administration on our website
11 for this meeting, you'll see the actual awards that were made this
12 month, that were just made, and what localities they lived in and
13 what sites that they are working in, just so you can see that
14 where, how they're allocated by discipline. The majority of them
15 are primary care certified nurse practitioners, a lot of nurses and
16 doctors , dentists, so it's an interesting allocation of how they
17 distribute the funds based on who applied.

18 For the Talent Attraction Program, we, well, actually
19 for both programs, we kind of allocated generally by workforce
20 area, we made a few modifications to those workforce areas for
21 ones that didn't quite belong. But the VDH Program, just so you
22 see how they were allocated by region. This is the sites, the
23 worksites, not necessarily where they lived but how it's broken
24 down.

25 For the Talent Attraction Program that we handle

1 internally, we're targeting public school teachers, and science,
2 math, technology, computer science, for secondary schools,
3 public schools, special education teachers, speech, physical, and
4 occupational therapists, industrial and electrical engineers and
5 information and security network and computer systems
6 analysts. This past cycle, we received 91 applications and made
7 77 awards, awarding \$1.3 million.

8 Interesting to see that the average student debt was
9 about \$59,000. And this round, because we changed the
10 program a little bit the second cycle to be more of an incentive to
11 move to the region. Twenty-one percent of the recipients
12 actually were not from the Tobacco Region. We're hoping that
13 this Loan Repayment Program is actually an incentive to get
14 them to live and work in our region. This is a breakdown of the
15 occupations that we funded this cycle.

16 So, it looks like we may need to have an additional
17 round this fall and I have been contacted, some of the recipients
18 who may not be able to graduate on time, a lot of them, because
19 they needed field practice, and those got shut down because of
20 the Corvid virus, so we may need to make some
21 accommodations, especially for volunteer hours. We did require
22 that they work certain hours in their community and be involved
23 in their community. I think a lot of people were planning to
24 volunteer for youth, sports, coaching in the springtime and
25 summer camp. So, we will work with the recipients and make

1 accommodations for their volunteer hours. That's it just to give
2 you an update.

3 DELEGATE KILGORE: Thank you, Stephanie. As I
4 say, she's a very wealth of knowledge as it relates to the
5 Commission, money in the Talent Attraction Program. So, I
6 appreciate it.

7 Evan, do you have any other business?

8 MR. FEINMAN: I do not, Mr. Chairman. I did want to
9 say welcome to our new members. We are excited to have you,
10 look forward to connecting with each of you to talk through the
11 Strategic Plan and any other questions you have about the
12 Commission over the next couple of weeks.

13 Additionally, I do want to give Mike an opportunity
14 just to introduce himself. Tim has been with us for a long time
15 and brings a wealth of experience to the Commission. And we're
16 sad to see him go, but we are excited to see Mike come onboard.

17 Mike, if you want to say just a couple of words. We
18 might have just lost him actually. Let's see. Well, Mike is great,
19 I promise, and you guys will have an opportunity.

20 DELEGATE KILGORE: Maybe we want to hear from
21 Tim. Maybe we need to hear from Tim. Tim, we want to thank
22 you for all your hard work for the Commission, you've done a
23 great job. We're going to miss you. So, Tim.

24 MR. PFOHL: I appreciated the time at the January
25 meeting to give you all a heads-up that I'm retiring in two weeks

1 after 17 years with the Commission and 33 with the
2 Commonwealth. It occurred to me the other day I was reminded
3 of former Commissioner and Delegate Varney Day asking at a
4 Commission meeting years ago what are we doing that's making
5 a difference a hundred years from now, and who knows what a
6 hundred days from now looks like. But certainly a lot of the
7 things that we're doing, especially the education assistance that
8 we're providing is certainly making a difference at least 50 years
9 from now for a lot of families in our region. So, I admire that
10 greatly.

11 I'd also add that Barney was also the Commissioner
12 who once said about a project some of my friends are for this
13 project and some of my friends are against it, and I always vote
14 with my friends. So, I thank you all for always voting with your
15 friends.

16 DELEGATE KILGORE: We appreciate your work, Tim,
17 and you're going to be missed.

18 MR. PFOHL: Thank you so much. It's been an honor.

19 DELEGATE KILGORE: Now, we have, Evan, I guess
20 we're going to have to work with, about scheduling the meeting,
21 hopefully we can be in person again.

22 MR. FEINMAN: Well, we'll see. I want to give
23 everybody a heads-up that they should keep their eyes peeled on
24 their in-boxes for communication from Joyce Knight. She'll be
25 reaching out about scheduling both a special meeting and the

1 Commission for the Strategic Plan adoption, as well as our
2 September meeting.

3 Public comments, Mr. Chairman?

4 DELEGATE KILGORE: Any public comment?

5 MR. FEINMAN: Let me also share Mike just texted
6 me, Evan, I turned off my blue tube and it caused my computer
7 to crash, he's very sorry. I think we'll just, we'll let him forego.
8 You guys can all look forward to hearing from Mike at the next
9 meeting.

10 DELEGATE KILGORE: That's great.

11 Any public comment? All right, thank you, thank you
12 all, all, and thank you for this, being on this long meeting. It
13 takes a lot longer when you're doing it by video, I've decided.
14 So, we really appreciate it. And we'll be in touch and, again,
15 welcome to the new members. And with that, do I have a
16 motion we adjourn?

17 MR. OWENS: So moved.

18 DELEGATE KILGORE: All right, have a motion that
19 we adjourn, second. All those in favor, say aye. (Ayes).
20 Opposed? (No response).

21 Thank you all.

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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, Full Commission Meeting**, when held on Monday, May 18, 2020, at 3:00 o'clock p.m., (By Conference Call).

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 June, 2020.

Medford W. Howard

CCR