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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

**STRATEGIC PLANNING COMMITTEE MEETING
(BY CONFERENCE CALL)**

When Heard On: Tuesday, May 12, 2020
11:00 o'clock a.m.

1 **APPEARANCES:**

2 Dr. Alexis I. Ehrhardt, Co-Chairman

3 Mr. Ed Blevins

4 The Honorable Kathy J. Byron

5 The Honorable Daniel W. Marshall, III

6

7 **COMMISSION STAFF:**

8 Mr. Evan Feinman, Executive Director

9 Mr. Andy Sorrell, Deputy Executive Director

10 Mr. Timothy S. Pfohl, Grants Director

11 Ms. Stephanie S. Kim, Director of Finance

12 Mr. Jordan L. Butler, Public Relations Coordinator

13 Ms. Joyce Knight, Meeting Planner

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1 May 12, 2020

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3 MR. FEINMAN: Madam Chair, you've got a quorum . I
4 think you can call us to order if you so find.

5 DR. EHRHARDT: Yes, I certainly am.

6 Evan, are you going to call the roll for us?

7 MR. FEINMAN: I will.

8 DR. EHRHARDT: Thank you.

9 MR. FEINMAN: Dr. Ehrhardt

10 DR. EHRHARDT: Here.

11 MR. FEINMAN: Secretary Ball.

12 SECRETARY BALL: (No response).

13 MR. FEINMAN: Mr. Blevins.

14 MR. BLEVINS: Here.

15 MR. FEINMAN: Delegate Byron.

16 DELEGATE BYRON: Here.

17 MR. FEINMAN: Delegate Marshall.

18 DELEGATE MARSHALL: Here.

19 MR. FEINMAN: We do, in fact, have a quorum.

20 DR. EHRHARDT: Excellent. I think everyone has a
21 copy of the most recent draft.

22 Evan, I think that was sent April 23rd, does that sound
23 right to you?

24 MR. FEINMAN: Yes, you should have gotten it, yes, a
25 couple of weeks ago, so give everybody an opportunity to review

1 it, or a little over a week ago, everybody an opportunity to
2 review. I figured we could just go page by page and see where
3 we'll end up at the conclusion of the meeting, if that works.

4 DR. EHRHARDT: That sounds great. Are you going to
5 be sharing a screen, or do you want us to pull it up individually,
6 I'm fine either way?

7 MR. FEINMAN: I think the easiest is to pull it up
8 individually. I can share a screen, I tend to move my mouse
9 around and do other things that I think other people may find
10 distracting when I'm working, is what I've learned.

11 DR. EHRHARDT: Okay.

12 MR. FEINMAN: In this screen-sharing universe.

13 DR. EHRHARDT: Yes, I understand.

14 MR. FEINMAN: So, if there is no objection, I figured
15 we'd follow along. Does everybody have that in front of them?

16 DELEGATE MARSHALL: Yes.

17 DR. EHRHARDT: Right.

18 MR. FEINMAN: So, swiftly, barring any objection, this
19 is the plan for the cover page and table of contents. Any notes,
20 items, questions? I can change the font. Okay, great. That's
21 the quickest two pages we'll cover today.

22 Moving on to about the Commission. This is listed in
23 some version or the other in each of our Strategic Plans. It is an
24 intent to really and concisely describe the history of the
25 Commission, direct people to our enabling statutes and turn to

1 our friends. That's not a perfect map, but it's pretty good and
2 zoomable. Any issues around, about the Commission or the map
3 itself? Hearing none, we'll move on to Mission and Vision.

4 These, we do a lot of editing since the initial Strategic
5 Planning work. I did, just so you're prepared, we have beefed up
6 a little bit the third and fourth paragraphs below Vision. So, the
7 portion where we said that the Commission's work is grounded in
8 an objective and quantifiable economic base analysis, in general,
9 directly productive industries, and the workforce training and
10 development, which supports them, do more to further this goal
11 and should be favored over an increase in service industry.

12 Additionally, we include and focus on maximum
13 impact; otherwise, that is a strict forward statement of our vision
14 and mission from previously. Any issue there?

15 Moving on to approach. Here again, we tried to
16 capture the reality of what we're doing now and how we're
17 changing. With that and the new fiscal and political realities,
18 reduced budgets and changing economic landscape. Any typos
19 or improvements, words missing or concerns about our new
20 approach section? All right.

21 Funding and Strategic categories. Here again, we
22 tried to list our priorities, and we don't make a decision about
23 whether or not this is in any kind of specific order within the list
24 itself. I'm kind of okay with that. I think in part, because I think
25 as most people view it, each of these remain something that the

1 Commission ought to be doing, and, therefore, is, you know,
2 should be a similar priority, but we could also say this is our
3 fiscal governing on our budgetary allocations. We could say this
4 will govern and if it comes down to an either/or, or we could
5 leave it the same.

6 What is the will of the Committee?

7 DR. EHRHARDT: It looks like specifically to that first
8 paragraph, Evan?

9 MR. FEINMAN: Well, in that Funding Priority in
10 general. First, it states that we're going to need a narrow
11 approach into areas in which we can make the highest impact
12 while remaining a strong steward, and then we list Business and
13 Community Lending, then Education and Workforce
14 Development, then Agribusiness, then TROF, then Industrial and
15 Business Infrastructure. I think I and the rest of the Staff are of
16 the view that we should continue to do all those things, but we
17 have in past Strategic Plans stated that when we list our
18 priorities, we're listing them in their order of importance, and we
19 could attempt to do that here, either in this order or by moving
20 them around.

21 DR. EHRHARDT: Are we assuming that part of the
22 priority is that allocation of funds, so the highest priority items
23 have the most funds associated with those projects?

24 MR. FEINMAN: We certainly could. You know, in
25 looking at this list that if we want to take that approach, probably

1 won't elevate Industrial and Business Infrastructure above TROF
2 simply because that is a more costly area of expenditure, and
3 this will require more funds to be impactful.

4 There could also be a debate about Agribusiness, and
5 we've practically underinvested in Agribusiness, but be, also, a
6 little bit of money goes a long way in that space.

7 DR. EHRHARDT: Are we being too restrictive, because
8 we want to be able to have the flexibility should some project in
9 a lower area come forward that really would take priority? I
10 don't know how others on the Committee feel about that?

11 DELEGATE MARSHALL: This is Danny. I think we
12 ought to do the contrary. I think we ought to have a statement
13 in here that number one does not mean number one, that just
14 like was said earlier, that we can be flexible and so that, you
15 know, number, Agribusiness might, you know, prove to be
16 number one in the future. So, I think we ought to just leave that
17 flexible.

18 DELEGATE BYRON: This is Kathy. I agree with Danny
19 about trying to do different --

20 MR. FEINMAN: Do you have, I think I see two of you
21 dialed in. Are you using your computer audio or your phone
22 audio, Kathy?

23 DELEGATE BYRON: My computer.

24 MR. FEINMAN: Your phone is hung up.

25 DELEGATE BYRON: I just hung up.

1 MR. SORRELL: It looks like we had more of them, so
2 that might help.

3 DELEGATE BYRON: Two.

4 MR. SORRELL: There is two of them.

5 MR. FEINMAN: Well, if the computer audio is not
6 working, maybe --

7 DR. EHRHARDT: I think Jordan was able to mute one
8 of them, Kathy.

9 DELEGATE BYRON: Okay. If I could call back in.

10 MR. FEINMAN: Yeah, if you close out the computer
11 and then call back in with your phone, we should see you and
12 we'll be able to, if you're comfortable just following along by
13 phone, that may be best.

14 DELEGATE BYRON: I'll follow you guys that are out
15 there, right?

16 MR. FEINMAN: Yes, that may be better. And, you
17 know, if we're not sharing a screen, the video is sort of
18 superfluous anyway.

19 DELEGATE BYRON: Yes, okay, I'll call back.

20 MR. SORRELL: Do we want to cancel out the other
21 one that she had up?

22 MR. FEINMAN: Yes, let's just, if Kathy's calling in,
23 let's just kick both of the previous iterations of Kathy out of the
24 meeting.

25 MR. SORRELL: Okay, there we go.

1 MR. FEINMAN: Andy is our digital bouncer, folks.
2 Thank you, Jordan.

3 All right, so, getting back to the direction that I was
4 hearing from you all, my plan now is to include, and I'll send this
5 out with all of the changes highlighted, but to finish that
6 paragraph, while these priorities are listed by number, each area
7 is of equal priority, or let's say while these, areas are listed by
8 number, each area, equal priority, each area is of equal priority,
9 and projects will be evaluated and prioritized based on impact.

10 DR. EHRHARDT: Are they of equal priority or are they
11 just not ordered by priority? Priority is a big statement.

12 MR. FEINMAN: We could certainly go, we could say
13 less than and simply say in no particular order, the Commission's
14 funding priority shall include, and that gives us maximum
15 flexibility.

16 DR. EHRHARDT: I personally like that because my
17 fear is that we say equal priorities and then we don't act as such.

18 DELEGATE MARSHALL: I would agree with that also,
19 because if we don't have that statement, then people are going
20 to assume that number one is number one.

21 MR. FEINMAN: Fair enough.

22 DELEGATE BYRON: Are we talking about funding
23 priorities now?

24 MR. FEINMAN: Yes, we are. So, Kathy, in the funding
25 priority paragraph, near the bottom of page 3, we simply added

1 ahead of the list the sentence, in no particular priority, the
2 Commission's funding priority shall include. Page 5, near the
3 bottom of page 5. In no particular order of preference, the
4 Commission funding priorities shall include, colon: Go with the
5 Business and Community Lending, Education and Workforce,
6 Agribusiness, TROF, Industrial, and Business.

7 DELEGATE BYRON: I have a question regarding the, if
8 I'm looking at the final draft, that's what we're reviewing right
9 now. Is that what we're reviewing?

10 MR. FEINMAN: Yes.

11 DELEGATE BYRON: See under Number 2, the
12 Educational Workforce Development.

13 MR. FEINMAN: Yes. Did we always do Workforce
14 Financial Aid?

15 MR. FEINMAN: Yes. That is, it wasn't always broken
16 out. We used to really have two categories below Education, and
17 a lot of the competitive education, and then there were
18 scholarships. And now because we have the Talent Attraction
19 Program and we transitioned our four-year scholarships into that
20 program, we always with scholarships did do a funding push out
21 to our community colleges and higher ed. centers. And so, that
22 Workforce Financial Aid reflects that funding.

23 And now to make it cleaner, we have Workforce
24 Financial Aid, Talent Attraction, and Competitive Education, all
25 separated out so people can sort of see that those are three

1 different things we're doing in the workforce space.

2 DELEGATE BYRON: Okay. That Workforce Financial
3 Aid has some type of income limitation to it or something?

4 MR. FEINMAN: We say it's last dollars, and we leave
5 it up to the institutions to do their best, and if it turns out like so
6 many other things in a lot of different ways, so we need to work
7 hard at trying to do kind of the, Stephanie banged her head
8 against the wall for I think a month trying to figure out how we
9 could evaluate the financial wherewithal for applicants, I could
10 tell her post-secondary institutions do that regularly, and they
11 need to do it.

12 DELEGATE BYRON: The only reason I bring that up is
13 because I certainly was the one that chaired the bill, that should
14 be workforce incentive and talk about that and having some skin
15 in the game, even though we knew there were a lot of different
16 groups that were giving that skin back to the community college
17 to help people get, you know, get into the system, that, you
18 know, it certainly wasn't the intent to make it real easy so that it
19 was abused either, so I was --

20 MR. FEINMAN: Yes, we've taken the approach, Kathy,
21 that we looked at briefly, looking at the full cost of credentials
22 and then we determined completion rates waiting on --

23 All right, any other comments with concerns with any
24 of the categories, Business and Community Lending, Education,
25 Workforce Development, Agribusiness, TROF, Industrial and

1 Business Development?

2 DELEGATE BYRON: I have some concerns about the
3 Business and Community Lending, you know, and see how that
4 works itself out. I know that has been a big deal for you in terms
5 about how well that will be utilized and to keep a watch on it, so
6 I guess we do have the ability to come back and make changes
7 in the future.

8 MR. FEINMAN: We do, and you know I anticipate
9 creating an oversight committee that will actually, you know,
10 that'll be an evolution of the TROF Committee. You know, I can
11 tell you, and we do have a really, there is an aggressive demand,
12 and there was prior to COVID, and there will be post-COVID, as
13 well, a real need for access to capital.

14 In particular, you know, I've done some thinking
15 about what other state programs exist and how we can
16 differentiate ourselves. And, you know, one of the core things
17 that I looked at is, you know, are we doing something that's
18 duplicative. And the two entities, one is the state entity, and one
19 is the quasi state entity, to do business lending are the Small
20 Business Finance Authority and Virginia Community Capital. The
21 difference between our lending program and what SBFA does, is
22 that they make loans only to, quote, unquote, small businesses.
23 And those businesses must in general have a pre-existing
24 relationship with commercial banking. They're also the
25 administrators of many, many federal funds, so they have very

1 few unconstrained programs. And as we've seen over and over
2 again, the federal programs often have what turns out to be
3 nonsensical or frustrating or time consuming strings attached to
4 them.

5 We have the ability to offer our loans to businesses
6 and communities of all sizes, and we know that there is an
7 immediate need, and we can make our region more attractive by
8 meeting that need even if you're a Good Year or a Microsoft, just
9 as well as a small business. Virginia -- Capital makes loans
10 again only to small businesses, food suppliers, and energy
11 projects. They also require personal guarantees and do a steep
12 analysis of business planning.

13 Our approach of focusing on, yet again, all sized
14 businesses and being a collateral lender or a local guarantee
15 lender means that we can, we don't need to get into necessarily
16 understanding somebody's business, and we can take a look at
17 it, but providing we've got adequate collateral, we're protected.
18 That also makes our loans a lot more salable when it comes time
19 to bundle them and sell them off and relend the money.

20 DELEGATE BYRON: I was going to finish up, my last
21 question was, are these going to be handled directly through the
22 Commission or a third party?

23 MR. FEINMAN: The Commission will, the way I
24 envision it working is the Commission will take in requests and
25 gather information and we will then transfer. And that

1 information gathering relative to the policies that are created by
2 the Staff and the Oversight Committee. Then once we've
3 gathered all that information, we will send it to VRA with a
4 recommendation that they fund it. They will do a quick credit
5 analysis and they will take a look at the market and put together
6 an offer that will be superior to what the lending rates are, but
7 only suggest, you know, we don't leave too much money on the
8 table. And then we'll transmit that offer back to the potential
9 loan recipient with a kind of a sign-off and red flag exercise
10 similar to the way we do TROF now.

11 Right now, Andy sends out a notice to TROF
12 Committee members saying, Danny, you'll see those in your
13 email, hey, we're looking at funding this project and here's some
14 questions, and if no objections from the Committee by a date,
15 then we'll move forward with extending that TROF. I would
16 envision a similar exercise with the lending.

17 DELEGATE BYRON: Okay.

18 DELEGATE MARSHALL: My question is should we
19 decide what a small business is? What the Federal Government
20 just did with Stimulus One, they defined a small business as 500
21 employees. That's a pretty good sized small business. I just
22 think we might want to define that, and if we don't define it, then
23 people are going to assume that it's 500 employees and I think it
24 opens the, it makes the field so much broader at 500 employees,
25 as if it is at 50 employees.

1 MR. FEINMAN: Danny, the way we have it designed
2 now is that we don't limit it. We say the Commission will lend to
3 businesses and communities and discretionary, but we would
4 lend to any business which is included in productive activity in
5 helping the economy and our Footprint. What I've seen in our
6 business attraction work is that a lot of these entities are very
7 interested and even if they're a large businesses, are very
8 interested in access to capital. And we can both make our region
9 more attractive to them and make loans that will be valuable to
10 the future financial success of the Commission and, you know,
11 support our grant work, if we don't limit ourselves too much.

12 DELEGATE MARSHALL: Evan, do you see the
13 Commission as far as access to capital, are we the first stop for a
14 company looking for capital, or are we the last stop?

15 MR. FEINMAN: I think we're, we possibly need to be
16 near the last stop. I would not foresee us being an adequate
17 source of capital for most of the companies that we deal with,
18 which have, you know, pretty significant capital needs, we
19 primarily deal with large construction exercises, as well as
20 manufacturing businesses. Because we would not want to put all
21 our eggs in one basket and because we're still talking about what
22 is a relatively small amount of money in the commercial lending
23 world. The largest loan I would anticipate making would be four
24 or five million dollars, and that would be rare. If there's
25 somebody that's looking to borrow that much, you know, you're

1 probably going to build, you're probably building a thirty or four
2 million dollar facility, and we're just one part of your capital
3 stack, but, you know, we're a good part of it, and we are also
4 relatively easy to deal with, or we hope to be.

5 DELEGATE MARSHALL: My only concern is if we're the
6 last stop, then are we getting companies whose credit is not
7 good and they can't get funding from, you know, a local bank?

8 MR. FEINMAN: There are some companies that are
9 not able to get funding from local banks, either because the local
10 banks are too constrained by reserve requirements or simply
11 don't have time to process these sorts of loans or have made a
12 policy decision that they're not interested in doing inventory
13 loans, which we're seeing a lot of.

14 But as a collateral lender, which would be the, we'd
15 only, you know, we look at all the policy documents after we,
16 we've made the decisions to go in this direction. But, you know,
17 what I would see us saying is something along the lines of you're
18 going to need to give us a lien against 150 percent, or, you
19 know, if it's depreciating at 105 percent, if it's a non-depreciating
20 asset of the value of your loan, so we'd always be secured,
21 similar to a mortgage lender. And then I also wouldn't see us
22 holding the bag for all that long.

23 Once we've made a lot of these loans, what we would
24 do is, you know, and they'll be relatively high quality and they'll
25 all be backed by durable assets with third party valuations. We

1 could then go to a secondary market, bundle our loans together
2 themselves. So, if we make a hundred million in loans at five
3 percent, we could turn around and sell that for a hundred and
4 forty million way before those loans actually came due, get
5 that -- back out. That way --

6 DELEGATE MARSHALL: Thank you for the
7 explanation.

8 MR. BLEVINS: If I could basically just ask for, I guess
9 a point of clarification. On page 5 where you address the new
10 approach and the fact that the Commission will ultimately
11 transition to a business community or lending institution. You
12 say that our continuing workforce infrastructure through targeted
13 grants from earnings on lending and other development activity.
14 Just for clarification, does that mean that those grants will only
15 be made from earnings on lending and other development
16 activities?

17 MR. FEINMAN: Ultimately, I think that's where we
18 want to be, and that way we would be truly sustainable. A
19 transition would need to happen and we discuss that a little bit
20 later in the document. But right now what we've been doing is
21 taking our interest earnings and then also some of our principal
22 every year to fund our activity, that isn't sustainable. That's
23 when you run out of principal.

24 If we take this approach, what I would have us do is
25 transition over a period of four years, to taking less and less of

1 our principal on a year-over-year basis, so that we can
2 supplement that with both the earnings from our lending activity,
3 as well as receipt of grants and donations into the, on top of the
4 deal that we'll be creating, so that we can out of those two, along
5 with interest earnings, out of those two primary new
6 development areas to fund our grant-making.

7 MR. BLEVINS: That does not limit us initially, the
8 funding grant requests, that doesn't mean they have to be
9 funded from earnings on lending.

10 MR. FEINMAN: Correct. I'd always leave the
11 flexibility for a megaproject or something to be of tremendous
12 impact that dig into the principal again. We should fatten our
13 back pocket, which would make that a very rare exercise,
14 unsustainable footing.

15 MR. BLEVINS: One very quick comment on one
16 aspect. You know, I think SBA and FSA and Rural Development
17 Authority, their applicants kind of pass a credit elsewhere. In
18 listening to Danny's comments, I don't know if the Commission
19 lending would kind of go there as far as being a lender, that was
20 a lender, in any particular credit because they could get credit
21 elsewhere. I do think there's a lot of opportunity for lending
22 there for us, but I think the collateralization aspect as far as the
23 credit quality makes it hand in hand with the cash flow, because I
24 think there's opportunity for us because we may be able to offer
25 lending for companies that are more highly leveraged, but the

1 cash flow would still need to be in the central part of that.

2 MR. FEINMAN: You know, Ed, I think that I told you
3 this on the phone the other day. I intend to lean pretty heavily
4 on you when we generate those lending policies. You're the only
5 member of the Commission now with strong experience, and I
6 anticipate putting you, along with some of our partners from
7 Virginia Resources Authority, which already handles our revolving
8 loan fund, and are in the business of making loans together with
9 maybe a couple of, to generating those policies, so that we're
10 safe and secure when we make these under a lease, you know,
11 as secure as we can be and still be an effective lender.

12 Another area that I've noticed that in the traditional
13 banking universe that we could sell relatively easy, it is as near
14 as I can tell a violation of the law for an SCFC Bank to loan to an
15 entity that doesn't have an American citizen as principal, but we
16 attract foreign companies all the time who don't necessarily want
17 to give away an ownership interest in their business to an
18 American citizen just for the principle of doing business with an
19 American bank, those are very well capitalized, big companies.
20 They just happen to be investing in our part of the world, they
21 just happen to be owned by foreign actors. You know, they've
22 got a \$7 million building. I don't think we should shy away from
23 loaning them a million or two million dollars to buy inventory to
24 get going against that building.

25 DELEGATE BYRON: I just wanted to be on the record,

1 I'm glad that you pointed that paragraph out, and I have a
2 problem with that whole section just for the record. I've been on
3 the Tobacco Commission from day one, and, you know, we've
4 done, I think we've done a lot of great things in Southside and
5 Southwest. I understand where you're trying to go and what
6 we're, you know, that we're trying to, do you need to answer
7 that?

8 All right. So, I understand where we're trying to go
9 and I understand, you know, your desires and trying to help, you
10 know, make the money last longer that matter, and we talked
11 about this, but you're now ultimately calling truly a lending
12 institution, and I have a lot of heartburn with that, and just think
13 that, you know, it's going to be really difficult to just go from
14 targeted grants from earnings or lending, and I don't think the
15 Tobacco Commission was ever supposed to last beyond my
16 lifetime, but the idea that we're just going to do grants from
17 earnings and development activities in some of the other areas
18 that we will end up using staff and regional marketing and some
19 based on the costs, are going to also outweigh some of the
20 investments that we're trying to get back.

21 I just want to note my concerns for the, you know,
22 the big thing having document that in writing.

23 MR. FEINMAN: Yes, I'm happy to work with that, and
24 we could certainly restate that to say the Commission will
25 transition into an agency whose primary budget or Primary

1 Financial Activities and Community Lending and then continue
2 with Workforce through learning. We can do that, as well.

3 DELEGATE BYRON: Well, I think we could do some
4 work that definitely doesn't lend so much business and
5 community lending into changing the Commission into an
6 institution. The Commission was always designed, and if you
7 change too much of that, I think you're going to bring attention
8 back to the General Assembly and the legislature that created it
9 in the first place. So, I'm concerned that we continue to talk
10 about what it was designed for, and that we're going to do that
11 through trying to preserve, you know, and do lots of funds, you
12 know, in such and such a way. But I think trying to make sure
13 that we continue with our original mission is very important to
14 matching up the list, as well.

15 MR. FEINMAN: I completely agree. I point out maybe
16 if, if there were no, if I weren't hearing all the time from
17 businesses in our Footprint that they're having trouble getting
18 access to capital, I wouldn't suggest this. The lending aspect is
19 not nearly a vehicle to increase our earnings or it will not do that.
20 It is also itself going to help us accomplish our mission. That is
21 something that I think, you know, in conversations with
22 economic developers, I think we could put all of the capital we've
23 got out there to Footprint, to good solid Footprint businesses
24 inside a year with no trouble at all. I mean there's a, there's a
25 hunger for it, capital, I think.

1 DELEGATE BYRON: Well, I remember when we had --
2 and they were in need of capital and they had contracts sitting
3 there waiting to sign that were going to be fabulous for the area
4 and fabulous for them and they just couldn't get the capital with
5 them being a startup to get all that in order. Now, they've
6 worked around some of that, but if they go through something
7 like that, that's great, I just don't think that some of our, you
8 know, some of our statements that we put out have to be so bold
9 as to, you know, not to have that one of the aspects of it, but not
10 talking about us becoming an institution, that's what I mean.

11 MR. FEINMAN: We've been hearing that, and, you
12 know, that'll go out to everybody on this call today with the draft
13 changes and maybe you can let me know by Thursday, we can
14 give the rest of the Commission the weekend to read this.

15 But moving on, into the numbered paragraphs, here
16 I'm talking about Community Lending, it's at the bottom of page
17 5 through Infrastructure, through page 7.

18 DR. EHRHARDT: Evan, are we including, I know we
19 talked about broadband under Infrastructure, even though that's
20 not a priority necessarily, are we including that under
21 Telecommunication?

22 MR. FEINMAN: Yes.

23 DR. EHRHARDT: Okay, great.

24 MR. FEINMAN: Yes, I tried to factor in that we at the
25 Staff level can consider to be our item pact infrastructure

1 investment, and that, you know, has really been site, buildings,
2 and broadband, and we included infrastructure because we've
3 done a little of that. There are some issues around how we make
4 all that work. I know the legislature is working to resolve that
5 problem, as well, capital upfront.

6 MR. PFOHL: Just a quick grammar thing in the
7 Agribusiness paragraph. We say the Commission will continue to
8 make support to Agribusiness a priority --

9 MR. SORRELL: Evan, this is Andy. Do, we're not
10 going to be doing them, the priorities in particular order, do we
11 want to do that bullet versus number, like the one, two, three,
12 four?

13 MR. FEINMAN: I still think in a long document it's
14 easier to refer quickly to things if they're numbered as opposed
15 to bulleted.

16 MR. SORRELL: That's true.

17 MR. FEINMAN: My preference would be to leave it
18 numbered particularly since we now have an explicit statement
19 that in no particular order of preference to the funding, the
20 Commission's funding priority shall include.

21 Any other items there, we'll move on to Strategic
22 Priorities?

23 All right, Strategic Priorities. The difference here is
24 that the funding priorities are kind of tactical and strategic stuff
25 is more about the way in which the Commission will operate and

1 what our long-term goals are.

2 First, professional vision of the Commission's work.
3 There's been some discussion about this, and I actually think in
4 conversation with Danny I've been persuaded that we don't
5 necessarily need a super-majority vote at both the Committee
6 and the Commission level, that we could similar to the way the
7 legislature works, go to a super majority at just the Commission.
8 I wanted to see what you all thought.

9 DELEGATE BYRON: I kind of disagree. I don't know
10 when in the legislature we do a super majority, I see the full
11 body, it's always the vote, unless it's a big change in the rules or
12 something like that, but --

13 MR. FEINMAN: Nor do I.

14 DELEGATE BYRON: This isn't an emergency, this is
15 just process, right, the combined, I understand the problem that,
16 you know, that comes up, it's called politics, and the things that
17 develop in some of the region, but, you know, you make the
18 argument and you have to do what, do what they think is best,
19 too.

20 MR. FEINMAN: Kathy, would you suggest the change,
21 are you going to leave it as it is, or what do you think?

22 DELEGATE BYRON: I don't know, I think we take
23 super majority out and leave it, leave it the way it is. If there's
24 another way to correct it, you know, discuss, you know, because
25 it just really can get, can get to a bad presentation, too, if

1 everyone doesn't get their opportunity to vote properly and
2 you've having super majority to, you know, to make things
3 happen. That just concerns me, but that's just not going to be a
4 good model for us to do.

5 DR. EHRHARDT: Evan, what was the sentiment of the
6 Executive Committee when you talked about it?

7 MR. FEINMAN: I think they were mostly quiet. There
8 was no pushback articulated. I know that in the past some of
9 the members of the Executive Committee have shared the Staff's
10 concern about this, particularly Terry and Frank and Bill Stanley,
11 as well, but you all hold the Committee responsible for the
12 creation of the document, so I leave it up to you guys how we're
13 going to treat this paragraph.

14 DR. EHRHARDT: I support it, I don't know if it
15 changes the mechanics, if you have it as the committee or how it
16 would change the physical mechanics of it, if you change it as the
17 Committee or Full Commission, but I do think --

18 DELEGATE BYRON: -- We have that in there, and the
19 other part of the, going to a super majority might make it a little
20 bit harder for that to take place, but that could be a good thing,
21 depending on what side you're on.

22 The other part of that that you just looked at is I'd like
23 to know some of the votes that really was that much different, I
24 know we've had some people that have objected, objected to
25 things, but I don't know that it was, you know, enough that it

1 would have really made a difference in the vote, if you went to
2 super majority for every single thing. And the problem with that
3 it also makes the Staff recommendations even better, and that's
4 what they're supposed to be, recommendations. When you start
5 making it a two-third to overturn Staff recommendations, they
6 no longer are much of a, a little bit more than a
7 recommendation. And that can create a little bit too much power
8 in certain areas.

9 MR. FEINMAN: Well, part of the reason that we are
10 moving in this direction is that in a majority grant program, with
11 the exception of GO Virginia, the Board set out policies but then
12 never take positions on individual projects except when there's
13 something extraordinary going on. In this instance, we sort of
14 tried to split the difference there and say, yeah, we're going to
15 let the grant team, which does a thorough review, and it is worth
16 noting that when those Staff recommendations are brought
17 forward, that is the end result of a lot of reading and research,
18 almost always multiple conversations with the grant applicant,
19 and then a minimum of three separate thorough discussions.
20 First, the Grants, the Regional Grants Administrator, and Tim,
21 then Tim and me, then the group at the Committee.

22 So, you know, there's a pretty strong argument that
23 in deference to the professionals, the professional evaluation
24 should happen, except when there's something extraordinary,
25 that's the idea captured in the super majority here though. I'm

1 also biased, so I'm arguing that I, as the leader, my team should
2 be more authoritative, but I do think that also reflects a greater
3 investment of time and thinking on a project-by-project basis.
4 It's up to the Committee, there's four of you here, and so, you
5 know, I would say that, you know, you probably need a vote if
6 there's a disagreement about which way to go, or we can keep,
7 you guys can come to a consensus, we could certainly move to a
8 super majority at just one, or we can leave it as it is.

9 DR. EHRHARDT: Evan, I would just say, you know,
10 I'm not biased, as a member of the Commission, but I also have
11 the luxury of being a citizen member, and so I'm not under the
12 scrutiny, frankly, of constituents, and that feels like a little bit of
13 a luxury. I think the reason I support this is because in my other
14 experiences, specifically with Danville Regional Foundation, which
15 has similar access to the Commission, we take very seriously the
16 recommendations of the Staff, understanding that you are the
17 experts or convene and consult the experts on these particular
18 issues.

19 I have observed that frankly there are Commission
20 members that frankly haven't looked at the docket before the
21 meeting. And so I think what the super majority would do is
22 protect us against the unprepared or under-prepared, and that's
23 citizen members, any of the members of the Commission, but
24 also those who maybe feel pressure one particular way or
25 another, still allows them to vote that way. But with the, frankly,

1 appreciating the Staff recommendation, putting more weight on
2 the Staff recommendation, which in some cases, not all, would
3 be appropriate.

4 So, my suggestion let the other members, let the Full
5 Commission decide, the Commission to take it out, work with it,
6 but I think it would be nice to give the Full Commission an
7 opportunity to review that since it's a pretty big change.

8 DELEGATE BYRON: Evan, just so you know, I
9 certainly value the remarks and all the study and we really
10 depend a lot on the guidance from the Staff to bring things back,
11 but then we sometimes have good discussions. I remember we
12 had some tremendously good discussions and battles over
13 broadband, and some of the people on this call may look back on
14 their vote and be glad with what's happened today and the
15 results of it. I don't know that we would have had two-thirds
16 vote if I actually got that much at the end, or if we just got a
17 majority, but that was one example. So, it's not everything that
18 is a bad process, but I do think committee-wise, this is
19 Southwest, Southside, defeats the purpose, because you're going
20 to get a, you know, a super majority in those committees for
21 whatever project is in their area, so that would be a little bit hard
22 to defeat. But I think the whole Commission needs to have a
23 discussion on that, and it's going to be difficult to do it in the
24 environment by phone, because in most of our calls, you're not
25 getting as much vocal from folks that you do when you're as face

1 to face.

2 DELEGATE MARSHALL: Evan, let me ask a question.
3 So, we're changing not only this paragraph but what we just
4 talked about before with the funding priorities and we're
5 changing the committees quite a bit. You and I have talked
6 about that one of the things trying to follow what the General
7 Assembly does, we certainly have, we have full committees, but
8 then we have subcommittees. You and I have talked about that,
9 having subcommittees possibly, also. So, would a subcommittee
10 have to have, if you start using subcommittees, would the
11 subcommittee have to have a super majority, or just a simple
12 majority? If a subcommittee had a simple majority and brought
13 it to the Full Committee, and, of course, the Committee
14 would have to have a super majority, I just wanted to clarify
15 that.

16 MR. FEINMAN: I think any sub, and we would leave at
17 the election, and the rules of operation of the election of the
18 relevant committee. I don't think the Strategic Plan at that level
19 set the subcommittee. A subcommittee was created by
20 Agribusiness, and they set for this specific moment in time, but
21 we would not want to, I would tell the Committee members and
22 the Committee chair to come up with subcommittee rules as they
23 need to.

24 DELEGATE MARSHALL: Okay, thank you.

25 MR. FEINMAN: I included a note to the paragraph of

1 professionalization of the Commission's work, go before the full
2 vote of the Commission prior to adoption of the new plan.

3 Next is the Brook Maddock Capacity Building Project
4 Development. This is really just capturing the concept that we're
5 going to devote a certain amount of print and time exclusively to
6 Project Development, that's nearly capturing something that's
7 already happening, but I think it will also be quality and quantity
8 of that strictly a part of the duties of our --

9 Could folks leave their phones, thanks, everybody.

10 Any issues there? Hearing none.

11 Streamline Committees. This is the fact that we're
12 not necessarily going to have enough resources to do significant
13 rounds in every one of our committees, but also we're going to
14 try to have a really high impact in the areas we do work. We
15 retained the sub-regions, so we've got a Southern Virginia
16 Committee and a Southwest Committee. We reflect that in the
17 first paragraph in each of those descriptions. The Southern
18 Virginia and Southwest Virginia Committee would be essentially
19 everything, they would hear what both R&D and Special Projects
20 heard, as well as Southside Economic Development and
21 Southwest Economic Development. Then, we would have
22 Education, and we would have Executive, and then Incentive and
23 Loans, and so that committee would be the committee that
24 oversees both TROF and our lending work. And then we make a
25 note that ad hoc committees can also be created, such as this

1 committee, which, you know, we can sort of reconfigure ahead of
2 each Strategic Planning exercise, and then any other committees
3 that may crop up from time to time as needed.

4 MR. PFOHL: Evan, I point out that the paragraph
5 describing the Southern Virginia Committee, if you go down
6 about eight lines, we say Southside Economic Development
7 rather than Southern.

8 MR. FEINMAN: Yes, good call. I have changed each
9 of those to make a clear break from the previous Southside
10 Economic Development and Southwest Economic Development to
11 just consistently call them the Southern Virginia Committee and
12 the Southwest Virginia Committee. Any questions, concerns
13 there? All right, hearing none.

14 Improved Fiscal Management. Please don't worry
15 about formatting stuff. Microsoft Word is a challenge with
16 multiple formats. We'll have that all cleaned up prior to
17 publishing, just so the content. Indentations are at different
18 levels on the ruler.

19 But here we know the Commission's efforts towards
20 sustainability is slowed and declined in Commission finances, but
21 they have not stopped it. First, we make a statement about
22 Sustainability, and then Asset Management, and then a focus on
23 Lending, and then Funding Development. What do you folks
24 think about that, starting on page 9 through, near the bottom of
25 page 10?

1 One thing I'll flag for you, the first sentence during
2 and upon completion of the transition to sustainability, the
3 Commission will only reduce its overall financial position if it's a
4 truly game-changing economic development opportunity,
5 meaning facility promising thousands of jobs, investment in
6 excess of one billion dollars. We should probably, that thousands
7 concerns me, because I wouldn't want to say no to a thousand
8 jobs, ten million dollars project, if such a thing were to come
9 upon that.

10 MR. PFOHL: Or nine hundred and ninety million
11 dollars.

12 MR. FEINMAN: But promising maybe many hundreds
13 or thousands of jobs and economic investment in excess of, we
14 could say investment of five hundred million. Where do we want
15 to set that level? I believe four hundred million is what the
16 number is to go to MEI Committee of the General Assembly, and
17 we could mirror that.

18 DELEGATE MARSHALL: Evan, let me add something.
19 So, the MEI, when they go, do they also look at the pay of the
20 jobs compared to the prevailing wage? A thousand jobs at
21 minimum wage, how much better is that than five hundred jobs
22 at double?

23 MR. FEINMAN: I'd argue the five hundred is better.
24 MEI sees all the relevant data about a project, but they haven't
25 previously done sort of a gate-keeping that we do, must increase

1 the prevailing wage. We could certainly say many hundreds or
2 thousands of jobs at or above the prevailing wage and
3 investment in excess of four hundred million dollars. And then
4 we would be saying, you know, look, we're not going to eat our
5 seed corn just to support a project that will really be extremely
6 high, in fact, as defined by our other partner state programs, like
7 MEI. Many hundreds or thousands of jobs at or above prevailing
8 wage, and investment in excess of four hundred million. I'll
9 leave that up to you.

10 DELEGATE BYRON: Evan, a couple of things on that
11 paragraph. Have you done any kind of documents that show
12 what the budgetary corpus invasions are and what that equates
13 out to? I'd like to see that.

14 The other, you know, when you just limit yourself to
15 the biggest job opportunities, some of those, as we know, just
16 like with the megasites and everything, require the most
17 investment and the most incentive to try to attract those. So,
18 while they're good, also require quite a bit of money.

19 The other comment that I had was the Asset
20 Management. We've had speeches in the past, and I remember
21 when we were doing some of our Research and Development
22 programs trying to get intellectual property was such a
23 nightmare, so I'm not really too sure how that statement is going
24 to go over in there either, so just a couple of comments.

25 MR. FEINMAN: When we finish with Sustainability and

1 everything, we'll get Asset Management. It is worth
2 remembering we'll do another round of these plans in two years,
3 and so I think we can take another look at, we would propose
4 this year doing the same amount of corpus invasion that we've
5 done in each of the years that I've been with the Commission.

6 Next year, we would decline from four percent to
7 three percent. I would expect that we would have gotten some,
8 it will more than make up for that with our other activities in
9 terms of generated capital, but then we'll know if we want to
10 then go down to two percent or one percent when we're making
11 that next Strategic Plan. Wo, we will have an opportunity
12 halfway through this transition to replan and take stock and we
13 can certainly reference that in this plan. I think that's not a bad
14 idea. So, we could certainly add at the end of that paragraph.

15 As the Commission engages in Strategic Planning for
16 the second half of this transition period and an evaluation of the
17 financial transition will be made. How about in the next
18 generation of the Commission's strategic planning process, fiscal
19 transition will be evaluated and the Strategic Planning Committee
20 will recommend continuing causing or reversing the transition
21 based on documented financial changes. How does that sound?

22 DELEGATE BYRON: Evan, this is Kathy, I'm sorry to
23 be such a pain, but can we see guidelines or encouragement or
24 recommendations or something along those lines, because
25 generally these are done through a regular Executive Committee

1 meeting or something that has other details going along with it,
2 instead of putting it in a document as a stated amount, even
3 though I know this can change in two years, I just wonder if we
4 should change it to, you know, a recommendation of the
5 Committee and not necessarily something that is supposed to be,
6 you know, call it as such.

7 MR. FEINMAN: Well, we could change the word
8 maintain, so in the sentence in the middle of the paragraph, as
9 operations looked into this strategy, the Commission will
10 maintain a four percent corpus invasion declining, et cetera. We
11 could change that to shall target or shall have as a target.

12 DELEGATE BYRON: That's a little better than just
13 stating that's what it needs to be.

14 DR. EHRHARDT: Another option is to make it a goal
15 of being truly sustainable by 2024, not specifying an annual
16 amount.

17 MR. FEINMAN: The roadmap is important, and that
18 also helps us sort of see why, we start, if we fall short, but if we
19 say shall have as a target, implicit in that is that you can always
20 pick your target, but that's the goal. We can have a goal of true
21 sustainability in 2024, there we sort of, we've given ourselves to
22 two options, be flexible. Any objection to those?

23 All right, Management. In many ways, a statement of
24 what we're already doing, but as a reminder, any equipment, as
25 well as real property and intellectual property funded by

1 Commission grants, with the exception of TROF. The
2 Commission of security interest into that stuff that we bought,
3 that remains the asset of tactic. We have been engaged in a
4 cataloging exercise today, and what we'd like to do is, one, make
5 that noted, so that it's clear, but then, too, and that's been a part
6 of our grant policies forever, it's just we haven't always done a
7 great job keeping our eye on that ball.

8 Two, is then to investigate whether or not that asset
9 portfolio itself is something of value.

10 MR. PFOHL: Trying to look up the MEI threshold and
11 its 400 jobs, \$250 million of investment for MEI. Just wanted to
12 mention that.

13 MR. FEINMAN: That's where the, I'll change that,
14 that's where that number came from.

15 DELEGATE MARSHALL: Tim, it doesn't say anything
16 about salaries or pay?

17 MR. PFOHL: Ooh, I just closed it, I'm sorry, I'll take a
18 look at it.

19 MR. FEINMAN: Kathy, you were sharing some
20 thoughts earlier about Asset Management, do you want to
21 comment or share that again?

22 DELEGATE BYRON: Members about the debate we
23 had over intellectual property and we met and we were going
24 back and forth over contracts and trying to figure out how to
25 manage that, and in particular, I know a lot of the universities

1 and just about everybody had, you know, different contracts that
2 were addressed, but nobody wanted to share their intellectual
3 property or have anybody else have a part of that. And that was
4 a real problem at that time. And I don't know if that has
5 changed.

6 MR. FEINMAN: The R&D agreement did include the
7 Commission's interest in intellectual property and we get a lot of
8 pushback on that. We only do that when we're developing
9 intellectual property. So, we're not getting, you know, if we help
10 you buy a building, we're not getting your ID, but where we are
11 helping to develop that which, you know, I don't think we're
12 going to do a ton of in the future.

13 DELEGATE BYRON: May not even address them, may
14 not even exist, there really was R&D projects because they were
15 startups, but, well, maybe doesn't have anything, you'll find out,
16 there could be pushback anyway.

17 MR. FEINMAN: Make the deal we can make when it
18 comes time to negotiate the performance agreement.

19 All right. Without a specific language change, do we
20 want to focus on Lending, bottom on page 9. In part, this is a
21 restatement of what we, and changes, as well. And we want to
22 make it clear here, this is a lot of the narrative around why we're
23 doing this.

24 First, we say we've got to confirm that our financial,
25 we have a concern about our financial. And second, we say

1 we've still got a lot of capital, we want to use it sufficiently, we've
2 got the ability to invade our corpus to get these funds. We think
3 we could earn as much as \$800,000 on a per year, new dollars
4 per year basis, so never -- the twenty million at four percent.

5 And then we say when offering, preference, be given a
6 shorter loan term and what we fixed at the outset, and in
7 consultation with VRA, and we aim to be cheaper than whatever
8 the commercial lenders were doing are on a project-by-project
9 basis. And then we would evaluate at some point in the future
10 on whether or not it made sense to bring those in-house. I think
11 it's unlikely that it will, frankly, in my conversations with our
12 partners at VRA, they're not charging us a heck of a lot for their
13 expertise, and they do this routinely, so I think we could
14 probably stick with them long-term. We could leave ourselves
15 that out. And then we say all loans could be guaranteed by local
16 government, fully secured by with the borrower or some other
17 arrangement that insures taxpayer funds are adequately
18 protected.

19 That's a lot in three paragraphs. All right, hearing no
20 essential changes there.

21 Funds Development. I don't know if that foundation is
22 superfluous or not given the foundation section is directly below
23 it. But, you know, I think it's probably not hurting anything
24 there. This describes the other area where we would play
25 offense. There has been some confusion about this, and so I

1 would welcome opportunities for folks to suggest some clarifying
2 language.

3 The foundation would not be a place we would put a
4 bunch of Commission funds. Rather it would be a vehicle by
5 which we brought new funds in to support our work. And so I
6 think we could say that pretty clearly. Again, the idea here is a
7 lot of our work is the sort of thing that other charitable
8 foundations, as well as wealthy donors would be very interested
9 in supporting, but, you know, they're not going to give money to
10 a state agency, just not, people don't do that. But if we create a
11 nonprofit, that nonprofit could then, you know, if that gets to the
12 point where it has adequate assets, we could say, hey,
13 Commission Foundation, why don't you take on one, funding the
14 Talent Attraction Program this year, or why don't you take on
15 funding the Competitive Education Program? That's the sort of
16 thing where I could see us doing really well long-term, both in
17 pursuit of large donations, as well as grants. That's the idea
18 behind the foundation.

19 DELEGATE MARSHALL: Evan, let me ask, like the
20 Talent Attraction you mentioned, if we go out and we find a
21 group, individual, whoever, to fund that Talent Attraction, so that
22 we would earmark that money just for that Talent Attraction
23 Program, so it wouldn't bleed over to some other program,
24 correct?

25 MR. FEINMAN: If that's what the donor wants. We'd

1 always do the same thing that higher ed. institutions do, for
2 example, and say we really prefer this general gift, but if you
3 want to target it to something, let us know.

4 MS. KIM: -- Just like everything else, they would
5 have separate funds.

6 DR. EHRHARDT: Matching opportunities, too. You
7 know, I know you've talked to Clarke maybe peripherally at DRF
8 about matching some Talent Attraction funds in our region, so
9 doesn't that give the opportunity to say, you know, we'll give you
10 half a million if you match it out of your foundation or something
11 like that.

12 MR. FEINMAN: Yes, certainly.

13 DELEGATE MARSHALL: So, Evan, where I'm going
14 with this is that if we do get that again, let's take the Talent
15 Attraction, and then that money is earmarked for that, do we,
16 could we, should we take Staff expenses that are related to
17 Talent Attraction, away from that fund that has --

18 MR. FEINMAN: I think we could.

19 MS. KIM: -- I think, I think at the point that that
20 foundation needs to hire personnel for the foundation to generate
21 revenue. I think that, where that money should come directly
22 out of that foundation to fund, to fund, a development person.

23 MR. FEINMAN: Yes, I would think --

24 DELEGATE MARSHALL: Evan, I thought about you, I
25 mean you spend a certain percentage of your time on Talent

1 Attraction, if we get funding for that, should we earmark that
2 certain percentage of your time to that and it would be paid for
3 out of that funding that someone gives us, for example, Talent
4 Attraction?

5 MS. KIM: I think at the point that it gets, like that it's
6 not, you know, really dollars, it would take more time to figure
7 out the calculation than it would be to, transfer of funds, to pay
8 for it. I think that is possible, I mean that's definitely feasible. I
9 think initially it might be slicing and dicing a very small applicant.

10 MR. FEINMAN: It's fairly routine when you get grants,
11 that it be administratively set aside for the management of the
12 grant, we could certainly do that when grants are made to or
13 gifts are made to the Foundation to say as administrative costs
14 portion of it that we would use to make the program work. We
15 could do that.

16 The only, and I would see us to get the thing off the
17 ground, I could see us making, you know, what is similar to a
18 grant, but setting about hiring of the initial development staff
19 person who would see the gifts to the grant. But after that, for
20 the foundation, it would be a vehicle of bringing funds in support
21 or our work.

22 DELEGATE MARSHALL: Okay, thank you.

23 DR. EHRHARDT: I agree with that, and I also just
24 want to support the idea of the admin. fee. I thinks that's the
25 best practice. We can certainly look at what the percentage

1 costs should be. But Commission Staff are working on
2 foundation projects, they should be compensated appropriately
3 for that.

4 MR. FEINMAN: Moving on to the Foundation section.
5 Here we say much of the work of the Commission is imminently
6 eligible for funding the other grant makers, and we're pretty
7 clear here, we say bring in outside funds by creating a foundation
8 or a nonprofit that resembles those of our colleagues. We can
9 attract new resources and it would be managed by a board, by
10 current and former members and staff of the Commission in an
11 effort to, between the organization. Commission Executive
12 Director would also be the director of, so that should be an
13 alignment.

14 Additionally, the Executive Committee will appoint the
15 membership of the Board of a nonprofit, and those members will
16 serve short terms with the opportunity for multiple
17 reappointments. All of that is designed to make it clear that this
18 foundation can't get cross ways with the Commission itself. And
19 even if it tried to run away, it's got a fairly short leash.

20 Next is the Initial Funding and Staff, and this is where
21 we make the initial grant nonprofit for the purpose of, and I don't
22 know if we should say grant here, but I think we should say
23 investment end. We would just require, and that would be the
24 person whose job it is to build the finances of the foundation.

25 Then finally we note that creating this will require

1 legislation, there's a typo there, in favor of --

2 DELEGATE BYRON: Evan, I'd like to ask Danny about
3 that one. Danny, I don't want to put you on the spot, but what
4 do you see as the chances of doing this change around in getting
5 legislation for it?

6 DELEGATE MARSHALL: What I worry about is there's
7 going to be a legislation that's going to change that ballgame for
8 '20-'21 anyway. We might not look the same next year this
9 time.

10 DELEGATE BYRON: It's just a, I realize what you're
11 trying to do, but this thing is, this totally to me, is redoing the
12 whole Commission. I mean you've gotten really extensively into
13 a whole, you know, this isn't just a Strategic Plan about how
14 we're going to spend Tobacco Commission money, this is a
15 Strategic Plan that involves, and before when we were giving the
16 money out, now we're saying people are going to start giving us
17 money and that everything is going to kind of shift around for a
18 lending situation. And I know we're trying to preserve it, but
19 given at least a warning signal that we've been in our own world
20 down here, and I know the people that are trying to, you know, I
21 know the broadband and those people that are wanting some
22 Tobacco funds, and we've put on a lifeline for a while now, I'm
23 just really concerned that this is really going to just put the final
24 touch to it.

25 MR. FEINMAN: Well, that's a broad conversation to

1 the extent that the new legislative majority wants to maintain
2 the Commission, I think they're going to want to do that
3 regardless of what we say in our Strategic Plan, but the
4 discussion and debate those changes, and I think having a
5 Strategic Plan that emphasizes responsible fiscal stewardship will
6 be a good shield against some of the concerns to you all
7 colleagues in the legislature.

8 DELEGATE MARSHALL: Kathy, I would agree with
9 that, but I don't think the Strategic Plan is going to make any
10 difference to, you know, broadband, you know, in rural areas all
11 over the state. So, I don't know if this will, I think this is
12 probably going to be a separate field to maybe reconfigure us.

13 DELEGATE BYRON: Well, I know there's been
14 criticism out there about fiscal responsibility about this Strategic
15 Plan, and you'll see what the Full Commission looks at it is just
16 one big change from what we've had before, and, you know,
17 creating a nonprofit, things we've talked about, putting it out and
18 then type of plan, just really emphasize the right change, so I'll
19 leave it at that. I've got a lot more comments that I will send
20 you directly, Evan.

21 MR. FEINMAN: Okay, I'll look forward to seeing them.
22 Moving on, because we're burning a lot of time here, Investing in
23 the Region, bottom of page 11. This is a statement of, you
24 know, kind of pushing to grow our field office responsibilities, as
25 well as make clear that the field offices are going to work to be

1 conduits to other state and federal programs, and then we also
2 state that we want to maintain efforts in our regional marketing,
3 in Southern and Southwest Virginia. I will change category to
4 Joe Anwyl to Anwyl Consulting, because that's his business. But
5 any other concerns there from the bottom of 11 to the bottom of
6 12?

7 Hearing none, program outcomes and goals, each
8 programmatic committee of the Commission does its work in
9 pursuit of specific project outputs. So, here we share the logic
10 models that we had used before. These are a little complex, but
11 they do help kind of illustrate the ways in which we think about
12 evaluating projects and how we might be able to get them and
13 how we can show how the metrics support our desired outcome.
14 Any concerns about the logic models or the language leading into
15 the section? And simply stating, we've got input and outcomes
16 and then we have the goals being data-driven?

17 MR. PFOHL: Evan, we've got Southside in there
18 instead of Southern.

19 MR. FEINMAN: Yeah, we'll need to do that.

20 MR. SORRELL: I just wanted to note that what can we
21 expect after Staff recommendations to be on an application, and
22 this is to show them our train of thought and where the Staff
23 recommendation may come from. To develop a really good
24 application following, this is how applicants can know a strong
25 application.

1 MR. PFOHL: Under Southern and Southwest, should
2 we be adding an Agribusiness?

3 MR. FEINMAN: We can retitle and define, or we could
4 drop them. We could say we're not going to include them in the
5 models in the Strategic Plan.

6 DR. EHRHARDT: I'm in the minority. I think they're
7 important, I think they're there for the grantees to see, and I
8 think they're important, frankly, for our credibility that they're
9 out there, and this is what we're using as a tool.

10 MR. FEINMAN: All right, we'll leave them there for
11 this draft and see how they land. And I would agree we'll retitle
12 those to reflect our image files, but we can edit them.

13 All right, moving on to Operations. Here, we have
14 first Program Design, and we further elucidate the last mile
15 approach directly tied to short meetings or short meeting long-
16 term goals of these programs. We make very clear that every
17 applicant must clearly articulate and demonstrate how this
18 specific project relates to the goals of the program. We move
19 through the overview of how the application comes in, how the
20 Commission Staff with their report, and then what critical
21 components of our grant agreements are, and then, finally, the
22 final assessment.

23 So, questions, concerns, edits for the Program Design
24 Section?

25 DELEGATE MARSHALL: Evan, will the applications

1 from the, the grantee applications, will the applications have to
2 be changed, too, or does it fit in the current, if we update this
3 Strategic Plan, do we have to update the application?

4 MR. FEINMAN: We will, but we do that pretty much
5 every year anyway. I can't remember a year when we didn't
6 approve our online applications ahead of each program anyway,
7 and we always learn something from a grantee where somebody
8 didn't include some aspects that we later had to ask about, or,
9 you know, where we didn't need a long narrative section here,
10 but we got it there.

11 One of the real strengths of our database system is
12 that we can configure the online applications to have branching
13 questions. And so, you know, if you answered yes, you're going
14 to do this, then you get one set of questions. And if you say no,
15 you're going to do that, then you get a different set of questions.
16 And that's been the case for a while.

17 DELEGATE MARSHALL: A follow-up question, should
18 we have in the application that you have read the updated
19 Strategic Plan and you agree with all the requirements?

20 MR. FEINMAN: I think that's a good thing to ask.

21 MR. PFOHL: I believe we have that in the applications
22 now, but I think there's an acknowledgement at the end of the
23 application that what they have submitted is true, they've
24 reviewed this Strategic Plan, bla-bla-bla.

25 DELEGATE MARSHALL: I just, I just think that we

1 might want to say, you know, might just want to say updated,
2 because they might have reviewed the Strategic Plan last year
3 and read it and think, but just don't know that we have an
4 updated plan.

5 MR. PFOHL: Good point.

6 MR. FEINMAN: Will you make a note, we can change
7 that right now.

8 MR. PFOHL: Should we put some mention of financial
9 viability manager assessment in there since it calls for it in the
10 Code?

11 MR. FEINMAN: That's a good call. I'll add that. So,
12 now we have Commission Staff will prepare a staff report. So,
13 now we have Commission Staff prepare report containing
14 background information and evaluation of the financial viability of
15 the applicant and recommendations on each application in the
16 current pool. Good, all right.

17 Any other comments on this section?

18 All right. Next, Meeting Schedule. The Commission
19 meets regularly three times per year with various committees
20 having met in the week leading up to a Full Commission meeting.
21 The Commission's winter meeting shall be held in January prior
22 to the convening of the General Assembly. The Commission's
23 spring meeting shall be held in the month of May. The
24 Commission's fall meeting shall be held in September. Then we
25 say any additional meetings may be called at the request of the

1 Chair. The Commission has a goal of accomplishing all of its
2 annual business through regular meetings. In an unforeseen
3 event, like a global pandemic occur, meetings may be
4 rescheduled at the discretion of the Commission Chair.

5 All right, Revolving Loan Funds. This is an operational
6 description of the Revolving Fund that we have VRA, and that's a
7 little distinct from the Lending Program that we're talking about
8 now that we should space that. So, I'll say this Fund is distinct
9 from the Commission's Business and Community Lending. That's
10 the same description we had from last year or two years ago in
11 the Strategic Plan. It notes the way in which items are sent to
12 VRA for evaluation and how that could continue. Questions or
13 concerns?

14 Next, Status Strategy. This is designed to make clear
15 that we're going to continue to make use of modern analytic
16 techniques and capture as much data as possible. Any questions
17 or concerns? The Staff will oblige to do an annual review, will do
18 a recurring review done annually of how our data policies are
19 working.

20 MR. PFHOL: If I could jump back to the previous
21 paragraph. When loan requests are made by businesses directly,
22 the Commission Staff in partnership with VRS, should be VRA, I
23 know I've got VRS on my mind.

24 MR. FEINMAN: That's a good catch.

25 DELEGATE MARSHALL: Are you back to work?

1 MR. PFHOL: I'm winding down, Danny. Two-and-a-
2 half weeks left.

3 MR. FEINMAN: Next, we've got the Organizational
4 Chart. We report to the Secretary of the Commonwealth for
5 inclusion in the Commonwealth. This reflects what it looks like
6 now. All right.

7 The next Appendix, and I don't think we need to go
8 through every one of these, is the Funding Policies. This has
9 always been a Staff-generated document, is the down-in-the-
10 weeds governance of how we address different situations and
11 what our rules are related to things like advances and who's
12 eligible and who's not and how we approach certain things. So,
13 rather than go, and it's a long document, but I wanted to see if
14 anybody had any concerns about the policies generally. And if
15 not, the only thing I would add is a paragraph at the bottom of
16 that first page of Appendix B, that says these policies are subject
17 to revision and expansion by Commission Staff periodically.

18 But other than that, this reflects an updating of what
19 we've already done, and it's pretty detailed. I'm happy to talk
20 about anything that anybody sees in here, things like your
21 mileage rate is going to be what the IRS rate is, out-of-state
22 travel, with grant funding. Here's what counts and doesn't count
23 as a match, all that kind of stuff. That has not classically been,
24 you know, this is an appendix for a reason, but that hasn't
25 classically been something, Strategic Plan, because the grants

1 seem to fit or be updated.

2 MR. SORRELL: Evan, do we normally put the TROF
3 policy document in there, as well? We haven't included that in
4 the past, but if we're going to include this with other grant
5 programs?

6 MR. FEINMAN: Yes, well, no, let's leave TROF where it
7 is because that's revised even more frequently than this stuff.

8 MR. SORRELL: Okay.

9 MR. FEINMAN: Any other questions or concerns?

10 All right, hearing none, Madam Chair, that's
11 everything I had on the agenda for today.

12 DR. EHRHARDT: Evan, do you need a formal vote for
13 us to recommend this plan to the Full Commission or it's just
14 bringing it to them?

15 MR. FEINMAN: The nature of the approach is that's
16 the pleasure of the Chair. I think that if I were going to make a
17 motion, I would say subject to any edits for revisions sent in the
18 next couple of days, this would be the plan that is recommended
19 to the Full Commission by the --

20 DR. EHRHARDT: If I were a Commission member, I'd
21 like to know generally have the endorsement with the Committee
22 that sends it or that is shepherding it.

23 MR. FEINMAN: All right.

24 DR. EHRHARDT: I guess with that, is there a motion?

25 DELEGATE MARSHALL: So moved.

1 DR. EHRHARDT: Thank you. Is there a second?

2 MR. FEINMAN: Kathy, are you?

3 MR. BLEVINS: I'll second it, Ed Blevins.

4 DR. EHRHARDT: Thank you, Ed. Okay.

5 So, any discussion, further discussion at this point?

6 All in favor, please say aye. (Ayes). Opposed?

7 DELEGATE BYRON: I just want to wait until I see the
8 final.

9 DR. EHRHARDT: Okay. Thank you, Kathy.

10 MR. FEINMAN: Three in favor, one abstention.

11 All right, thank you very much. I will mail this
12 document out today. Please get me your edits back by close of
13 business Thursday, and we will transmit the final draft to all of
14 the Commissioners for their review Friday, Saturday, and
15 Sunday, ahead of our Monday meeting.

16 DR. EHRHARDT: That sounds great.

17 DELEGATE MARSHALL: Evan, while you're working,
18 can we talk a little bit about the Monday meeting?

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21 **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, Strategic Planning Committee Meeting**, when held on Tuesday, May 12, 2020, at 11:00 o'clock a.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 _____ of May, 2020.

Medford W. Howard

CCR