

Virginia Tobacco Region Revitalization Commission
All-Virtual Executive Committee meeting
Wednesday, September 14, 2023
9:00 A.M.

The Executive Committee meeting was called to order by Chair, Senator Ruff.

PRESENT

Senator Frank Senator Ruff
Delegate James Morefield
Delegate Leslie Adams
Edward Blevins
Delegate Kathy Byron
Delegate Terry Kilgore
Senator Louise Lucas
Walter "Buddy" Shelton

ABSENT

Julie Hensley
Delegate Danny Marshall (medical)

COMMISSION STAFF

James Campos
Stephen Versen
Stephanie Kim
Vicki Humphreys
Jordan Butler
Joyce Knight
Hannah Franke-Fuller

Senator Ruff: OK. Let's call roll. So, we make sure we have what we need.

Campos: OK, Senator Frank Senator Ruff.

Campos: Senator Ruff. Here. Delegate Will Morefield. Here., Delegate Leslie Adams. No response., Edward Blevins. Here., Delegate Kathy Byron. Here., Julie Hensley. No response., Delegate Terry Kilgore. Here., Senator L. Louise Lucas. Here., Delegate Danny Marshall. No response., Walter Shelton. Here.

Campos: Thank you, Chairman Senator Ruff. We have a quorum.

Senator Ruff: Alright, James. Thank you.

Senator Ruff: Are you going to lead the discussion?

Senator Ruff: Alright, take off.

Stephanie Kim: Are we going to do public comment first?

Jordan Butler: We need to first read into the remote meetings.

James Campos: Let me read into the remote meetings first, Sir. OK, this all-virtual meeting of the TRRC Executive Committee has been called for at least by the Commission, Senator Frank Senator Ruff, and was authorized in accordance with the commission's adopted policy for all virtual public meetings. Furthermore, the Commission notes the meeting complied with all the requirements of the Virginia Freedom of Information Act. If alerted to a transmission failure, the committee shall recess until public access is restored. The public can notify the Commission of any issues by calling 804-894-9652. Public comments shall be permitted prior to and at the conclusion of the committee business. Any written comments received by the start of the meeting shall be read in the record during public comments. All committee votes shall be roll called to ensure accuracy. Any public comments?

Senator Ruff: Let us roll.

James Campos: OK. Next on the agenda is the creation of a foundation. We obviously need approval of the creation of a foundation, but we are going to also have Stephanie Kim describe what the Foundation's purpose is and how we are going to proceed with this.

Stephanie Kim: OK, everybody sees that on the video.

Senator Ruff: Yes, yes.

Stephanie Kim: OK. We're looking at creating the foundation, a private Foundation, much like the Foundation for Healthy Youth has created, basically a 501C3 that would be totally separate from the Commission, although it would be controlled by the Commission and staff. It would have the same purposes as the Commission's mission. So, we have been working with the Virginia Foundation for Healthy Youth. They have had their private foundation for about 10 or 12 years now, where they can apply for private and federal grants and have a little bit more flexibility than they can as a political subdivision. So, what we are doing here today is just proposing to give you some ideas to discuss about how this would be created. We're proposing that it would be called the Foundation for the Advancement of Southern and Southwest Virginia. We could have an acronym of FASS-VA I guess if we wanted. And then it would be an arm of the Commission that would have some more flexibility in raising funds for tobacco region initiatives. So, we are looking at identifying and applying for federal, state and private funding. Basically, for the same purposes as the Tobacco Commission, but we have some limitations as a political subdivision for applying for some of these and using them. So, this would increase our capacity to become an

even larger catalyst for growth and really, also, with the intention of sustaining the Tobacco Commission's goals of revitalizing Southern and Southwest Virginia. The proposed structure, which we based on what the Virginia Foundation for Healthy Youth did, is a contractual relationship between the Foundation and the Commission. It does need to remain separate so that it can be a 501C3, but we understand we want to maintain control. So, we are proposing that it would have at least five no more than nine members. They would include two staff from the Commission and the way it is structured is that no more than 49% would be concurrently serving Commission members. So the Commission would select a few members, depending on how many members we had in this foundation that would serve two year terms while they are also on the Commission. The Executive Committee of the Commission would initially appoint the Foundation Board with an interlocking director and then once the foundation is set up and running, the foundation would end up appointing its own members. We are requesting an initial funding of \$100,000 for legal and filing fees for grant writing consultants, accounting, and other startup costs. In theory, we would assume that this foundation would receive grants and would have grants to cover the cost of operations after they get going, but the initial cost to get an attorney to write all the articles of incorporation and bylaws and do all the filings would need to be funded. It takes a lot of effort to get the nonprofit status. It would take about six months to get the ruling from the IRS, so this is just to get them started to get the foundation up and running. We would envision that once the foundation is up and running and applying for grants that they would be able to cover their administrative costs. So, what we want to do today is to discuss the Executive Committee's thoughts on this and the name, the purpose of the board composition, initial funding, and take a recommendation to the full Commission. Where we are right now is after speaking to attorneys about the creation, they need the Commission to approve the creation of this foundation and the funding so that they can proceed with creating it. Any questions?

Senator Ruff: Alright, let us step back to the Board. You said, let us say that we decide there are going to be ten board members. So, no more than four Commission members could be on it, two staff members be on it. How would the other four people be selected?

Stephanie Kim: We could define requirements for those positions. I would imagine there are probably some former Tobacco Commission members that might be interested in serving that having a vested interest in the regions. I would imagine that the others would be those who have qualifications to provide grant funding, and you know, evaluate grants and to help run the board as far as seeking opportunities. We could define what those other position requirements would be. But I bet we could find some people that would have a vested interest.

Senator Ruff: Would the Commission make the decision who those four are?

Stephanie Kim: From the Commission, yes.

Senator Ruff: No, not from the Commission, but the noncommissioned members.

Stephanie Kim: I think initially yes because there is no board to decide that.

Senator Ruff: OK.

Stephanie Kim: But eventually, once the foundation is up and running and has a board, that board would appoint its future members.

Senator Ruff: Any other questions from anybody else? Yes, Edward

Edward Blevins: I have a question. Would the members be required to be from the tobacco region going forward?

Stephanie Kim: We could define it that way.

Edward Blevins: OK. Thank you.

James Campos: everyone understands the purpose of the foundation, correct?

Senator Ruff: Yes. Well, I hope so. Do you want to make a comment?

James Campos: No, no. Just want to make sure everyone understands what we're attempting to do is, as Stephanie mentioned earlier, a mechanism, a way in which we could take advantage of the great federal funding at the moment, how to provide longevity and sustainability to the Tobacco Commission overall and provide more opportunities such as if we ever wanted to own property with some of the investments. There are several different advantages of the foundation that we cannot currently do.

Senator Ruff: When we set up the board or the foundation and make a grant request, do we have to have the cash in the foundation before we make that request or can we match it at a later point?

Stephanie Kim: I am not sure I understand the question. So, when we apply for grants, the foundation would just apply for grants to be the recipient. The Tobacco Commission would not necessarily have to match those grants unless there are match requirements for those grants.

Senator Ruff: I think most times there are match requirements of some percentage, but we could.

Stephanie Kim: Then I think the foundation would need to come to the Commission to request, just like any other nonprofit that comes to the Commission, to request funding. The foundation would be a nonprofit who could come to the Commission and request funding.

Senator Ruff: My question though is does the Commission have to put the money into the foundation before the application is made or only upon receipt of a positive grant proposal.

Stephanie Kim: No, not for federal.

Vicki Humphreys: I think it would be after. It is all reimbursement based and so we would have to have cash in there after we are awarded the project.

Senator Ruff: Thank you.

Vicki Humphreys: You're welcome.

Senator Ruff: OK.

Stephanie Kim: I would say it would be similar to when our grant recipients come to us. Sometimes they have applied for funding, and they have not received it yet, so sometimes we make awards contingent upon their receiving the grant.

Vicki Humphreys: And we would do the same thing in this case.

Stephanie Kim: Right.

Senator Ruff: Other questions?

Delegate Will Morefield: Hi, Mr. Chairman, this is Will.

Senator Ruff: Yes.

Delegate Will Morefield: Earlier you all mentioned limitations in raising funds from other sources. I know that owning property is one, but are there a few other examples you can give?

James Campos: There are limitations at the onset where we are going to be going strictly after federal funds. As far as private funding is concerned, it would have to wait another day so to speak. I will have Stephanie explain. But there is that limitation at the onset.

Stephanie Kim: Yes, we would need the 501C3 status first, which from what I have seen can take about six months to get. So if we're going to apply to private foundations, we may have to wait until we have that 501C3 status.

Delegate Will Morefield: OK.

James Campos: But other than that, Delegate Morefield, there are no other conditions. The purpose is to be holistic, to acquire funding from all sources that can help the foundation. Ultimately, the rules and Tobacco Commission.

Delegate Morefield: OK, Mr. Chairman, I have one comment, not another question.

Senator Ruff: All right, go ahead.

Delegate Morefield: So earlier you mentioned there would be no more than 49% makeup of Commission members on the Foundation board. The only reservation I have is, you know, if the Commission is setting something up like this, I would feel more comfortable having at least 51% of Commission members. I'm representing the foundation board, but that's just my concern.

Stephanie Kim: I can check with counsel, but I think the issue might be about having a majority control by political subdivision. I can double check that with legal counsel. I believe that was the issue is that we need to make sure we maintain control without controlling it.

Delegate Morefield: OK. Well then, Mr. Chairman one more comment.

Senator Ruff: Yes, certainly.

Delegate Morefield: Well then, if that is the case, then I would think that we could establish this in a way where, you know, the Commission would appoint the other two members.

Stephanie Kim: I think what we are trying to do, you know, we have to work with legal counsel. The legal counsel who is experienced with creating nonprofits needs funding and approval, blessings of the Commission before they would start any work. So I think some of this will need to be hashed out once we have legal counsel on board so that they can let us know. And one of the things I think would be the way to do that is if the Commission granted to the Executive Committee delegated authority for the Executive Committee to approve any final documents like article of incorporation and bylaws and documents so that the Executive Committee is comfortable with how appointments are made. And you know how it is structured. I think that is the main thing is that we will need legal counsel creating the entity to advise us on this. I believe you could be you know; we could designate who appoints who, but once that foundation board is created, then they would appoint their own members going forward.

Senator Ruff: And they would...

Stephanie Kim: Your kind of do have majority control because you would still have a couple of staff members on that board as well, and Commission staff would be

providing administrative support for that foundation. So, you sort of have control without completely having control.

Senator Ruff: Stephanie, as you have gone forward in looking in this, is there a requirement that reappointments come from the foundation? Something. at was just proposed.

Stephanie Kim: And I think once a nonprofit is created you know, initially I believe they would and kind of handle their own appointments.

Senator Ruff: That makes sense, so that people on that station board would understand what you are saying. But as we go forward, I would hope that you go to legal counsel and ask them if that is a requirement.

Stephanie Kim: OK.

Senator Ruff: You know, we all hear about the foundations that were created. Two or three generations ago and now they are just spun off into things that nobody ever anticipated because that internal board makes decisions that the founders never would have proposed.

Stephanie Kim: OK. We will be sure to consult with legal counsel and make sure you know we are well aware from our own experience. You know of a foundation going rogue and going off in a separate direction, so that is of primary importance to us that that does not happen in this space.

Delegate Kathy Byron: Mr. Chairman.

Senator Ruff: Kathy.

Delegate Byron: Can somebody recap again what the makeup of the board would be or what you are proposing initially?

Stephanie Kim: So somewhere between 5 to 9 members, no less than five, no more than nine that would include two Commission staff members and no more than 49% from concurrently serving Commission members. So, say if you had nine members on this board, two would be Commission staff, four would be from the Commission concurrently serving with the Commission and then three would be from outside of the Commission. We could probably designate that they live or reside in the tobacco region, or you know some type of criteria whether you want financial or economic development experience or that type of thing. I think you could create those three positions to have specific requirements.

Delegate Byron: And I think that is where, I think right now it's a little bit difficult because it's all those details are not laid out yet, you know the authority. All the talk

about the purchase is another thank you. We need to get some more feedback, some of that we can deal with.

Stephanie Kim: That is where we need legal counsel to advise us, but legal counsel will not work if there is no money.

Delegate Byron: Right.

Senator Ruff: Further questions or thoughts? I would assume that the way to move forward is to approve the plan for a foundation but require that it be returned to the Executive Committee prior to finalizing anything.

Stephanie Kim: Right. And I think so that that's two parts: that the Executive Committee would recommend to the Full Commission that staff pursue the creation of a foundation and that funding be approved to start that process and then delegate to the Executive Committee that they would review and approve all of the documents to create the foundation and the makeup and the Articles of Incorporation and Bylaws that would come back to the Executive Committee for approval.

Senator Ruff: You've heard that thought process. Does anybody want to make that motion?

Delegate Kilgore: Yeah, this is Terry Kilgore. I will make that motion.

Senator Ruff: Is there a second?

Delegate Byron: Second.

Senator Ruff: Any further discussion before we vote?

Stephanie Kim: And does this include the \$100,000 for legal and filing fees and initial budget for the foundation?

Senator Ruff: Yes. Kathy's head was shaking. Yes, I would assume that is true. Is there any other discussion? If not, if you are ready to vote, please call roll.

James Campos: Senator Ruff, aye. Delegate Will Morefield, aye. Delegate Leslie Adams (abstain). Edward Blevins, aye. Delegate Kathy Byron, aye. Delegate Terry Kilgore, aye. Senator L. Louise Lucas, aye. Walter Shelton, aye. Delegate Danny Marshall (no response). Julie Hensley (no response).

Joyce Knight: Delegate Marshall texted me to indicate he has a doctor appointment today and was not sure if he would be attending.

Stephanie Kim: We will make that recommendation to the full Commission.

Senator Ruff: What was the vote?

James Campos: Seven – yes, 1-abstain, 2-not present, right?

Senator Ruff: Les, I hope that you will either communicate by phone or after the meeting, so that you understand fully what has been proposed.

Delegate Leslie Adams: OK. Thank you.

Senator Ruff: Any further action we need to take?

Stephanie Kim: Yes. Next item on the agenda is we have a new deputy director who has gone through an extensive hiring process that some of you have met. You received his resume. He has come on board in August, but we officially need the Commission to approve his hiring. Hopefully you have had some interactions with him. If not, I am sure you will. But Stephen Versen is being proposed to be hired for the Deputy Director position that we kind of threw him in the deep end when he started on August 10th. I think he is holding his head above water, but if anybody has any questions for him, he is here. We need the Commission to officially approve his hiring.

James Campos: I like that to add on, we had a three -step process for his hiring process. On that particular committee we had Senator Ruff, as well as Secretary of Commerce and Trade Caren Merrick, and we had Delegate Wampler. We had a good broad base of interviewers.

Senator Ruff: And does anybody have any questions? Do we need a motion to back date hiring of Steven. I guess ratification would be the right thing to do. I am not going to ask for a motion. I am just going to ask for a vote since we've already hired him.

James Campos: Senator Frank Senator Ruff, aye. Delegate Will Morefield, Aye. Delegate Kathy Byron, aye. Delegate Leslie Adams, Aye. Edward Blevins, aye. Julie Hensley (no response). Delegate Terry Kilgore, Aye. Senator Louise Lucas, aye. Delegate Danny Marshall (no response). Walter Shelton, aye.

James Campos: How many ayes do we have here?

Stephanie Kim: Eight ayes, two absences.

Senator Ruff: OK. Stephen congratulations after that long process.

Stephen Versen: Thank you. It is a real pleasure to join the Commission. I have had an opportunity to work with this organization for over 15 years. I have always wanted the opportunity to work here. There are a lot of good things I can help the Commission do, and I am grateful for the opportunity to be here. Thank you for your support and I am looking forward to working with you going forward.

Senator Ruff: We're expecting it because we are paying you to do it.

James Campos: Can everyone hear us, ok? It is a lot of communication difficulties on this side, but I am glad you can hear us.

Senator Ruff: Any further business? If there is no other business, no comment, no further business.

Stephanie Kim: Any public comment?

Senator Ruff: Alright, hearing none. Unless somebody else wants to make any remarks, we will adjourn the meeting. OK, motion to adjourn.

See you all next month, October 11. Thank you all.