

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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9 **Agribusiness Committee Meeting**

10 Monday, May 24, 2016

11 8:30 A.M.

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 The Harvester

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 Rocky Mount, Virginia

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1 MR. SPIERS: I'll call the meeting of the
2 Agribusiness Committee meeting to order. I want to welcome
3 everyone for coming today. It should be a very short meeting.
4 We have one item on the agenda if there is no additional to
5 the agenda. At this time I'll ask Evan to call the roll.

6 MR. FEINMAN: Ms. Barts?

7 MS. BARTS: Here.

8 MR. FEINMAN: Delegate Edmunds? (No
9 response.) Mr. Harris?

10 MR. HARRIS: Here.

11 MR. FEINMAN: Mr. Green?

12 MR. GREEN: Present.

13 MR. FEINMAN: Mr. Holland?

14 MR. HOLLAND: Present.

15 MR. FEINMAN: Mr. Merricks?

16 DELEGATE MERRICKS: Here.

17 MR. FEINMAN: Mr. Montgomery? (No
18 response.) Mr. Shell?

19 MR. SHELL: Here.

20 MR. FEINMAN: Mr. Spiers?

21 MR. SPIERS: Here.

22 MR. FEINMAN: Senator Stanley? (No
23 response.) Mr. Sutherland? (No response.) Delegate Wright?

24 DELEGATE WRIGHT: Here.

25 MR. FEINMAN: You have a quorum, Mr.

1 Chairman.

2 MR. SPIERS: Thank you. Welcome to
3 everyone again and Mr. Green, welcome, appreciate you sitting
4 in for Secretary Haymore. First thing on the agenda would be
5 the approval of the minutes from December 7th, 2015, which
6 are published on the website. Do we have a motion to approve
7 them or any corrections?

8 DELEGATE WRIGHT: I move we approve
9 the minutes.

10 MR. HARRIS: Second.

11 MR. SPIERS: We have a motion and a
12 second to approve the minutes, if there's no comments, all in
13 favor of approving the minutes say aye. (Ayes.) Opposed? (No
14 response.) The minutes are approved.

15 As I mentioned, we have this one item we
16 tabled and we had some questions about it at the December
17 meeting. We asked staff to research this request. We have
18 the write up so at this time I'll call on Tim to give us an
19 update.

20 MR. PFOHL: Thank you, Mr. Chairman.
21 The Committee will recall in our annual Agribusiness grant
22 cycle we met in December and tabled this proposal #3119
23 Providence Farm to create a mushroom farm incubator. I call
24 your attention to the summary of the project on page thirteen.
25 This farm is a non-profit organization in Campbell County

1 and they have requested funding to construct a mushroom
2 operation and it's to serve or help military veterans and their
3 families. This would serve as a growing operation and
4 marketing hub and education demonstration.

5 If you turn over to page fourteen, you'd
6 have the updated staff comments and summary of the project
7 that reflects some of the followup conversation, which has
8 taken place with the leadership of Providence Farms. Sarah
9 Capps and I actually visited the site in December shortly after
10 the Agribusiness meeting. We received from them a revised
11 budget that reduces the funding request from and that was
12 \$195,000 down to \$173,000. We spent some time addressing
13 some of the requests or issues of concern that we had when
14 we first reviewed the proposal including governance of the
15 non-profit organization. We have assurance that they would
16 establish a large non-profit board of directors including a
17 treasurer who will be a fiscal agent working with us and
18 approving for funding. We were provided a list of 25
19 individuals in the Tobacco Region counties that are interested
20 in participating in the growing operation.

21 The property where the farm is located is
22 currently in private ownership or lease by the non-profit.
23 They have provided us documentation that shows that they
24 would take ownership of the property prior to receiving any
25 grant funding. Another issue was the long-term ownership of

1 any equipment and assets purchased, which is a significant
2 portion of this request. Should the project not be successful,
3 then Campbell County IDA has agreed to be a partner with
4 Providence Farm on this project and have title to any grant
5 funding assets should the project not succeed. We clarified
6 some of the Agribusiness outcomes on the project, which
7 initially the project was to train forty veterans in the
8 production techniques with four individuals beginning growing
9 operations at Providence Farm in the project period. We
10 would note those incomes are pretty low, four individuals
11 earning an additional five thousand dollars a year for growing.
12 The staff would note about conversations concerning useful
13 life of the equipment and the project concept of having
14 recurring classes to train additional veterans that would fulfill
15 the incubator concept of this. As one class graduates,
16 additional classes would be brought in multiple times per year
17 with several years of useful life of this equipment. We've been
18 told that the equipment would have a similar useful life, which
19 involves a matter of decades, really. We would note those
20 initial outcomes would multiple significantly over the useful
21 life of the equipment. I think all the issues staff has raised
22 working with this first time applicant have been addressed to
23 our satisfaction.

24 So staff recommends an approval of
25 \$173,000 grant award conditioned on two issues. One is

1 approval by the Commission's Executive Director of an
2 agreement between Providence and the Campbell County IDA
3 for protection of the assets purchased with grant funds.
4 Number two, transfer of ownership of the privately owned
5 property to the non-profit organization prior to disbursement
6 of grant funds. That's our recommendation today. The
7 Committee has an available balance of over \$800,000 so we
8 have sufficient funds should you choose to fund this project.

9 MR. SPIERS: Thank you, Tim. You've
10 heard the recommendation from Tim and the explanation.
11 Any other questions concerning this grant?

12 MR. MERRICKS: Tim, just for my
13 edification, what equipment is needed to grow mushrooms?

14 MR. PFOHL: Basically large plastic
15 cylinders with a growing media. Beyond that, I don't know.
16 The project leaders are here today as well as Mr. Davis from
17 Campbell County, so I would defer to them to answer that.

18 MR. MCLEOD: I'm James McLeod,
19 Director of Providence Farm. Basically what the equipment is,
20 it's a 1200 square foot structure, which has a redundant use.
21 One side is used for inoculating and that's done basically with
22 250 gallons. You put in some kind of biological medium like
23 sawdust or something like that and would be sterilized and
24 inoculated. Then basically you have equipment to pack it in,
25 long tubes about six foot long and about a foot in diameter.

1 thousand pounds of material to be handled. Have I answered
2 that?

3 MR. MERRICKS: Yes, thank you.

4 MR. SPIERS: You mentioned a variety,
5 do you only grow one variety and that's your market?

6 MR. MCCLEOD: Yes, we worked with a
7 consultant who has thirty-five years of experience working
8 with mushrooms and he has a Ph.D. in biological things like
9 mushrooms. Basically, he is the one that is designing the
10 system and he's done a lot of work in the country because
11 there is such a demand. He has recommended the oyster as
12 the variety that's in demand in many restaurants and food
13 stores and those types of things. We would have the ability if
14 the market demanded it to things up like portabellas and
15 those other kind of things. Some of them would not grow as
16 well in the bags that I described but we have the equipment to
17 do that if we have to use other growth medium as well.

18 MR. GREEN: How do you transport your
19 product to the end user?

20 MR. MCCLEOD: Mushrooms are very
21 delicate. I talk to a wholesale food supplier as part of the
22 process of applying in the Lynchburg area and they said they
23 currently ship theirs in from southeastern Pennsylvania.
24 Mushrooms don't have a long shelf-life. He said if you can
25 grow them locally and supply the need at a reasonable price,

1 I'll buy all of them because they're so much higher quality. So
2 our goal is that when the container comes to grow fruit and
3 it's ready to harvest, it takes about a day for two workers to go
4 in and you literally, the oyster is something about a size of
5 what I'm holding up here in my hand and you have a plastic
6 clamshell see through container and you break it off and put
7 it in there and put the label on it and put it into a refrigerated
8 container and actually onto the refrigerated truck. When the
9 truck is filled literally in the eight hours, you'll have it to
10 market. So it will be cool the whole way. So the mushrooms
11 would be less than 48 by the time it hit the store shelves. In
12 eight hours, we can get anywhere from Atlanta to New York, so
13 there's a tremendous market potential there.

14 MR. SPIERS: One of the scenarios is that
15 if you've trained some of the growers and they start their own
16 facility, you'd still be able to market for them?

17 MR. MCCLEOD: That's right. You've
18 heard we're a non-profit and focusing on working with
19 veterans. A lot of the veterans we work with have issues with
20 Post Traumatic Stress from things that happened in their
21 military deployment. Sometimes it's difficult for them to be
22 put into a cubicle and that's challenging. So to give them
23 something like this, we'd have a central building where the
24 inoculation is done and off the building like a long hallway, we
25 would have different containers stacked up there and we

1 could grow that and as we succeed, we could expand it.
2 There's a lot of expandability. The veteran would get a
3 container and add it to our operation. They could come in
4 and grow using our equipment, our inoculation equipment
5 and our label brand and back office as far as finances and
6 those types of things and also the contracts we would have in
7 place, maybe like Whole Foods. They'd be able to work with
8 us on a percentage basis and this is what we're proposing.
9 They would get potentially what would be a livable salary for
10 their handling, in a way really is a game changer for them
11 because they might be having a hard time in a change of
12 employment in the traditional sense because of Post
13 Traumatic Stress.

14 MR. SPIERS: My understanding is the
15 board of the non-profit would be expanded from outside
16 members and not just be family non-profits?

17 MR. MCLEOD: Correct, that's in the
18 process of being wrapped up. It will be an independent board.

19 MR. GREEN: I have a question. Is the
20 growing technology that you're proposing be used in
21 application somewhere?

22 MR. MCLEOD: Yes. The consultant we
23 hired, he actually does this professionally, full time and he
24 has his Ph.D. in microbiology. This is something we've
25 checked references on, a couple in the northeast farms and

1 one in the mid-Atlantic that uses the same system I've just
2 described.

3 MR. SPIERS: Any other questions? If
4 not, I'll entertain a motion one way or the other on this
5 recommendation from staff.

6 DELEGATE WRIGHT: I move we accept
7 the staff's report.

8 MR. HARRIS: Second.

9 MR. SPIERS: I have a motion and a
10 second that we accept the staff's report. Approval of \$173,000
11 among the conditions as noted on page fourteen. If this is
12 approved, we'll recommend this to the full Commission.
13 Everybody knows the motion is for approval, all those in favor
14 say aye. (Ayes.) Any opposed? (No response.) If not, the
15 motion is approved and the grant will be recommended to the
16 full Commission. Any other business to come before the
17 Committee? Are there any public comments that need to
18 come before the Committee? If not, then the Committee is
19 adjourned.

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PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

2
3 I, Medford W. Howard, Registered Professional
4 Reporter and Notary Public for the State of Virginia at large,
5 do hereby certify that I was the court reporter who took down
6 and transcribed the proceedings of the **Tobacco Region**
7 **Revitalization Commission Agribusiness Committee**
8 **meeting when held on Monday, May 24, 2016 at 8:30 a.m.**
9 **at The Harvester in Rocky Mount, Virginia.**

10 I further certify this is a true and accurate
11 transcript, to the best of my ability to hear and understand
12 the proceedings.

13 Given under my hand this 5th day of June,
14 2016.

15
16 _____
17 Medford W. Howard

18 Registered Professional Reporter

19 Notary Public for the State of Virginia at Large

20
21 My Commission Expires: October 31, 2018.

22 Notary Registration Number: 224566