

TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501

Richmond, Virginia 23219

AGRIBUSINESS COMMITTEE MEETING

Monday, January 8, 2018

1:30 p.m.

Homewood Suites

Richmond, Virginia

CRANE-SNEAD & ASSOCIATES, INC.

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1 APPEARANCES:

2 Mr. Robert Spiers, Chairman

3 Ms. Gayle F. Barts

4 Mr. James Edmunds

5 Mr. Frank Harris

6 Mr. Robert Mills

7 Mr. Cecil Shell

8 Mr. William Stanley, Jr.

9 Mr. Richard Sutherland

10 Mr. Tommy Wright

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12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director

14 Mr. Christopher E. Piper, Deputy Director

15 Mr. Timothy S. Pfohl, Grants Program Administration

16 Director

17 Ms. Stephanie S. Kim, Director of Finance

18 Ms. Sarah K. Capps, Grants Program Administrator,

19 Southside Virginia

20 Ms. Michele Faircloth, Grants Assistant,

21 Southside Virginia

22 Ms. Sara G. Williams, Grants Program Administrator,

23 Southwest Virginia

24 (Cont.)

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1 COMMISSION STAFF: (Cont.)

2 Ms. Jessica Stamper, Grants Assistant,

3 Southwest Virginia

4 Ms. Stacey Richardson, Administration Supervisor

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10 COUNSEL FOR THE COMMISSION:

11 Ms. Elizabeth B. Myers, Assistant Attorney General

12 Richmond, Virginia 23219

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1 January 8, 2018

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3 CHAIRMAN SPIERS: I'll call the
4 Agribusiness Committee to session.

5 My name is Robert Spiers. I'll be
6 chairing the meeting today. I want to welcome
7 everyone. I would think we have some new members,
8 but with the time we'll move on and I'll ask Evan
9 to call the roll.

10 MR. FEINMAN: Yes, sir, Mr.
11 Chairman.

12 Ms. Barts?

13 MS. BARTS: Here.

14 MR. FEINMAN: Delegate Edmunds?

15 MR. EDMUNDS: Here.

16 MR. FEINMAN: Secretary Gooden?

17 MR. GOODEN: Here.

18 MR. FEINMAN: Mr. Harris?

19 MR. HARRIS: Here.

20 MR. FEINMAN: Mr. Mills?

21 MR. HARRIS: Here.

22 MR. FEINMAN: Mr. Shell?

23 MR. SHELL: Here.

24 MR. FEINMAN: Mr. Spiers?

25 CHAIRMAN SPIERS: Here.

1 MR. FEINMAN: Senator Stanley?

2 MR. STANLEY: Here.

3 MR. FEINMAN: Mr. Sutherland?

4 MR. SUTHERLAND: Here.

5 MR. FEINMAN: Tommy Wright?

6 MR. WRIGHT: Here.

7 MR. FEINMAN: You have perfect
8 attendance.

9 CHAIRMAN SPIERS: We have the
10 minutes of 5/18, and I would call them more than
11 minutes. They're actually a transcript of the
12 meeting. Just remember, we talked about -- we got
13 our report on our investment for over 13 years from
14 the Agribusiness Committee and we had our
15 investment strategies.

16 Do we have any additions or
17 corrections to the minute?

18 MR. HARRIS: Move they're approved.

19 CHAIRMAN SPIERS: Move for approval.
20 Second. All in favor say aye (Ayes).

21 Any oppose, like sign. (No
22 response.)

23 Not hearing any, the minutes are
24 approved.

25 We have a number of applications

1 that came in. And we do appreciate Secretary
2 Gooden taking time to be in attendance today.

3 MR. GOODEN: Well, thank you.

4 CHAIRMAN SPIERS: That definitely
5 gives us our perfect attendance.

6 MR. GOODEN: Honored to be here.
7 Thank you.

8 CHAIRMAN SPIERS: We'll go right
9 into the applications and hear from Staff on their
10 recommendations. And we are limited at time today,
11 so we're going to try to keep the comments as brief
12 as possible. The information was sent out ahead,
13 so the committee should have reviewed it ahead of
14 time.

15 All right.

16 MR. PFOHL: Thank you, Mr. Chairman
17 and members of the committee. Just a little bit of
18 background about this annual cycle for Agribusiness
19 program. As the Chairman mentioned, when your
20 committee met back in September in Galax, you saw a
21 draft request for proposals that we used this year
22 to announce a late October due date for the fiscal
23 year 2018, Agribusiness cycle. We got 12 requests
24 in seeking 2.4 million dollars and that's roughly
25 the budget that we have available to you today.

1 For the benefit of the applicants
2 who are here with us, there's a 15-page staff
3 report that we're happy to share with you. Got a
4 little crunched during the holidays on getting that
5 posted, but we have a lot of information about each
6 of these proposals and very little time to go
7 through them all. So, I'm just going to very
8 quickly touch on them, on each one.

9 The first one is Appalachian
10 Sustainable Development, Out of the Woods,
11 expanding capacity and market access of forest
12 botanical farming. Request for \$326,000. It's an
13 ambitious multi-faceted plan to increase the number
14 of growers in non-timber forest products. And
15 these would be small plants that grow underneath
16 the forest canopy, like ginseng.

17 There are three forest farmers
18 already using a processing hub that ASD operates in
19 Duffield College. This request would be to add
20 some equipment for processing the product. Also to
21 build out and staff some lab space at the
22 Appalachian College of Pharmacy, to provide
23 analysis related to potency and other quality
24 factors.

25 There's a proposed cost share

1 program, some outreach in marketing. A large
2 portion of the matching funds would come from a
3 recently filed Appalachian Regional Commission
4 Application and the intended Federal Economic
5 Administration Application.

6 This would be a significant
7 investment by the Commission, resulting in fairly
8 modest returns to a small number of regional
9 farmers. We need more detail on the cost share
10 program, including program guidelines, to better
11 evaluate the suitability of that for funding.

12 Due to the broad and often unclear
13 scope of the project that was presented in the
14 application, it's difficult to determine what
15 activities are essential for the growth of a forest
16 farmer network itself, which would seem to be the
17 essential first step to accomplish other project
18 goals, such as aggregation of product for
19 processing and sale.

20 As other required matching funds
21 were being pursued, Staff suggests that additional
22 planning is needed for the applicant and their
23 partners to define, prioritize, scope that best
24 fits the priorities of this program and Staff is
25 recommending this request be tabled.

1 CHAIRMAN SPIERS: All right. I
2 would propose that we have questions at the end of
3 the staff's summary of the project.

4 MR. PFOHL: Moving on then, Blue
5 Ridge Plateau Initiative is requesting \$62,500 for
6 Phase 1 site prep for a meat processing facility in
7 Carroll County. The commission funded a
8 feasibility study about eight years ago that looked
9 at aspects of establishing an abattoir or
10 slaughterhouse, meat processing facility. So,
11 there is a fairly detailed feasibility study and
12 business plan that backs up this request.

13 This study showed that there's
14 potential to harvest 100,000 beef cows and other
15 animals annually in the service area for the
16 proposed facility, serving nearly 1500 tobacco
17 region producers, resulting in annual sales of
18 increased net income of \$20,000 per producer.

19 The Phase 1 Site Prep, which is the
20 intended use of this grant, is in the Carroll
21 County Industrial Park at a site that they've
22 identified. There's a number of cost to grade and
23 bring utilities into this site.

24 Ultimately, this will be a nearly 3
25 million dollar total investment. And we didn't

1 have clear information related to the potential
2 funding for construction and equipping this
3 facility.

4 It appears that a large portion of
5 the construction funding may come from an unnamed
6 private investor; it could potentially be the
7 operator of this facility. So, additional detail
8 on the potential ownership and operation of the
9 facility, which we requested, still needs to be
10 received in order to assess how this facility could
11 be built out.

12 This could be a very important
13 project for an anchor user in River Ridge Meats, a
14 Grayson cattle livestock processor that was awarded
15 a TROF grant and is currently using three
16 out-of-state slaughterhouses -- I'm sorry, two
17 out-of-state slaughterhouses.

18 So, Commission support for the
19 requested initial phase of site prep seems
20 premature until a full scope of the project is
21 understood, including total cost to develop the
22 facility, the sources of funding for that,
23 ownership and operator agreements and so forth.

24 Given the potential regional
25 agribusiness impact in the facility, once these

1 issues are addressed, Staff, again, recommends this
2 proposal be tabled.

3 Next up is Town of Boones Mill,
4 \$72,000 request to construct year-round farmers
5 market. You may recall that this commission, this
6 committee previously funded a design grant of
7 \$20,000. Since that point, the town was successful
8 in securing USDA rural business development funds
9 of \$110,000 to support construction.

10 The town plans to hire a market
11 manager, multi-day schedule for operation and -- as
12 opposed to when this project was here with us a
13 year ago, by all indications the town demonstrates
14 that the project is now ready.

15 It provided detailed schematics for
16 the design, farmer survey results and commitments
17 and operating plan and secured match for the USDA
18 funds. This will enable the project to be funded
19 by the commission to open up farmers market
20 operations in June, this summer.

21 Staff's recommending approval of the
22 \$72,000 grant.

23 Next up, Dinwiddie County project
24 Coley Cremery. It's confidentially code-named
25 project Coley, because they're in discussions with

1 VDACS about some funding support.

2 It principally benefits one
3 long-standing, family-owned dairy operation on U.S.
4 460 in western Dinwiddie. The dairy farm has been
5 in operation for multiple decades now. The
6 applicants provided a very thorough feasibility
7 study conducted by a well-known agricultural
8 consulting firm on the aspect of creating a
9 creamery on their dairy farm. And that feasibility
10 study provided the foundation for a well-detailed
11 business plan.

12 The request seeks grant funds toward
13 the construction of a creamery building and
14 purchase of equipment. They give us a very
15 thorough equipment list, while raising the bulk of
16 the remaining project funds through conventional
17 financing.

18 The Staff notes that the private
19 benefit to one farm in the revenue generating
20 capacity in this project seems to make it a
21 candidate for a commissioned loan.

22 We had some conversation with the
23 county staff. They spoke with the family that owns
24 the farm. They were very open to considering a
25 loan for this project of up to \$750,000, which

1 would be half of the total project cost. The
2 project is expected to create 11 full time
3 positions at start-up and an additional five jobs
4 within three years.

5 While the principal benefit to one
6 farm does not align well with the Agribusiness
7 program objectives, the job creation, importing of
8 revenues outside the footprint by selling creamery
9 products to metropolitan areas and the possibility
10 of the loan that could be recycled into future
11 projects overrides the benefit to one farm, so
12 Staff is recommending this project be referred to
13 the Virginia Resources Authority for credit
14 analysis and consideration of a loan of up to
15 \$750,000.

16 Next project up is Helping Overcome
17 Poverty's Existence, Incorporated, or HOPE for
18 their Pay-What-You-Can kitchen collaborative lab, a
19 request of \$175,000. They're not able to be here
20 today with us, because of a death in the family;
21 the executive director of HOPE.

22 Funds are requested to assist with
23 renovation costs related to a commercial kitchen
24 incubator, to be co-located with a Pay-What-You-Can
25 restaurant at a mini market in downtown Wytheville.

1 Broad human service mission of this organization
2 with its assorted programs and uses makes it
3 difficult to determine which uses in their
4 associated outcomes are most suitable for this
5 program.

6 There could certainly be potential
7 for area farmers to supply ingredients to the
8 facility and to offer a commercial kitchen and
9 culinary training, which are parts of this request.
10 However, it's not known that these outcomes are
11 sufficient to justify their request amount.

12 There's also a farmers market just a
13 few blocks away that the committee supported in
14 2016 for construction of new market pavilions.
15 Unfortunately, few operational details for the mini
16 market, or the commercial kitchen incubator,
17 programs that best align with this program's
18 objectives were provided. So, Staff is
19 recommending no award.

20 Next up is the Institute for
21 Advanced Learning and Research, Utilizing Naturally
22 Occurring Beneficial Microbes for Farm Specific
23 Agriculture Solutions in Southern Virginia.

24 You guys filled up that whole box
25 with that title, didn't you?

1 It's a request for \$258,020,
2 submitted under the applied research and education
3 Agribusiness investment strategy.

4 IALR and its agri researchers have
5 created a solid research foundation regarding
6 identifying plant probiotics called endophytes.
7 The principal investigator has nearly 15 years of
8 work on this topic, including building a
9 substantial library of strains that inhibit the
10 growth of various common types of fungus.

11 The request would fund a newly hired
12 lab technician for 3 years, plus benefits, travel
13 supplies and materials to work with 20 farmers in a
14 six-county region, stretching from Mecklenburg to
15 Patrick. The technician and other research staff
16 will spend one year conducting disease surveys on
17 those 20 farms and two years of field trials to
18 test inoculation of several high value crops,
19 including tobacco, berries, grapes, hops, et
20 cetera, to determine the effectiveness of
21 endophytes in reducing occurrences of fungal
22 infections and other prevalent plant diseases.
23 Results will be disseminated to area farmers
24 through workshops, publications, on-farm
25 consultations, et cetera. Required matching funds

1 are committed from the sources listed there,
2 including the Commonwealth Higher Education Trust
3 Fund, USDA, and Commonwealth appropriations.

4 Ultimately, the research is expected
5 to enable farmers to replace or reduce the use of
6 expensive chemical fungicides and pesticides with
7 natural biological endophytes that will allow crops
8 marketed at higher prices as being chemical free
9 and naturally organic.

10 Proposed activities and uses of
11 funds are clearly stated, builds upon an extensive
12 research foundation and focuses on project expenses
13 to be incurred entirely within the tobacco region,
14 with potential far-reaching economic benefits to
15 producers of high-value crops.

16 The Staff is recommending an award
17 of \$258,020.

18 Lee County Livestock Association is
19 up next with a \$24,000 for a Small Ruminant
20 Improvement Initiative for Far Southwest Virginia;
21 Round Two. This project received an award of \$183
22 two years ago from your committee to serve five
23 counties. Due to lack of demand in those counties,
24 the scope of the project was expanded to include
25 three more southwest counties.

1 Since that time, all funds have been
2 allocated for approved projects, although the
3 majority are not yet completed and there's a
4 waiting list of applicants that funds are not
5 immediately available to use. So, we do have some
6 initial reimbursements from these folks. And over
7 the past 19 completed on-farm projects, they've
8 received about \$34,000 of cost share payments. So,
9 an average of about \$1800, with the maximum being
10 \$3,000.

11 So, we feel that if the rest of the
12 projects that are on the approved list but not yet
13 been done come in at roughly that 18,000 -- or
14 \$1800 average, pardon me, that there could be
15 sufficient funds in the two-year-old grant to serve
16 these folks. We're suggesting that at this point
17 it's premature to make a commitment of additional
18 funds, until more of the current grant is used and
19 reimbursed to the farmers, that we know exactly
20 what the shortfall of funding is. So, we're
21 recommending no additional award at this time. The
22 Olde Dominion Agricultural Foundation is requesting
23 \$438,178 for the Olde Dominion Ag Complex Phase II
24 Livestock Expansion.

25 Outcomes to this project are

1 represented as providing a value-added facility,
2 through the construction of a 12,500 square foot
3 cow barn and a covering for an existing 11,000
4 square foot ring to provide for cattle sales and
5 livestock events. They will primarily benefit
6 cattle producers.

7 Commission's invested nearly 2.4
8 million in the Olde Dominion Ag Complex to date in
9 Chatham. Business funds with additional money
10 coming from the Southside Economic Development
11 program.

12 We asked the applicants about the
13 size of the existing facility at the Olde Dominion
14 Ag Complex currently available to support cattle
15 sales, commingling in other livestock events.
16 Existing facilities include a 34,000 square foot
17 indoor arena, a currently existing 11,500 square
18 foot livestock barn and other facilities.

19 We also asked about livestock sales
20 that have taken place, using the existing livestock
21 barn. There's one sale annually to Pittsylvania,
22 Caswell Youth Livestock Show and Sale, where about
23 150 head are sold each year. So, in short, the
24 Commission feels like there are adequate facilities
25 which currently exist and if anything in this

1 request that we would feel supportive of, is to
2 contract with someone to develop larger and more
3 frequent commingling livestock sales, cattle sales
4 for the facility, but that appears to be something
5 that could potentially be funded out of revenues
6 from the facility. So, Staff is recommending no
7 award.

8 Next up two projects from Russell
9 County. First from the County Board of Supervisors
10 for their Canneries Revitalization Project.
11 Request for \$250,840.

12 This request would provide equipment
13 to upgrade two existing cannery facilities in
14 Russell County to allow for commercial canning
15 opportunities. Commission funds would be used to
16 purchase equipment of \$250,000 for both canneries
17 located in Honaker and Castlewood.

18 We've got some baseline user numbers
19 from the applicants for the personal use of the
20 cannery facilities. We also asked them about the
21 possibility of prioritizing the development of only
22 one facility initially for commercial processing,
23 but the applicant responded they believed adequate
24 demand exists to support both canneries.

25 While the County's longstanding

1 commitment and support of these facilities is to be
2 commended, we didn't have information that would
3 validate that claim that there's adequate demand
4 for two commercial canneries in relatively close
5 proximity; about a 30 to 40 minute drive apart.

6 Staff is of the opinion that tabling
7 this proposal with a clear signal to prioritize
8 just one cannery for initial improvements and with
9 the potential to return for funding in a future
10 grant cycle, when a single cannery has proven
11 successful is the appropriate approach and Staff is
12 recommending this request be tabled.

13 Second request from Russell County
14 is their Fair Association for Renovation of the
15 Fair Grounds, \$275,000 request. Commission funds
16 would be used for interior and exterior
17 improvements to the fair grounds' commercial
18 building, including cosmetic and mechanical
19 improvements in weatherization to allow expanded
20 use in very warm and very cold months.

21 The application lists potential to
22 offer additional youth agricultural programming and
23 agricultural producer programming in the renovated
24 building. A quote from the local contractor was
25 provided that showed a total estimate renovation

1 cost of \$275,000. And while other matching funds
2 have been proposed in kind from the county staff
3 and cash match from the County Fair Association, it
4 appears that the commission is being asked to pay
5 100 percent of the contracted cost.

6 We requested a more detailed
7 construction budget. We've not yet received that,
8 unless we missed it somehow over the holidays and
9 no details were provided for the use of the
10 proposed matching funds.

11 The proposed improvements could
12 potentially result in significant expansion of ag
13 events at the fair grounds building. There's not
14 HVAC in there now, so they can't do anything in
15 very warm, very cold months. However, we need
16 additional detailed construction costs and
17 commitments of adequate cash matching funds to
18 complete the physical work before recommending
19 support. And, so, Staff is again recommending this
20 request be tabled.

21 Two to go.

22 Next up is Virginia Tech, \$267,425
23 for Adding Value to Virginia Wheat and Barley.
24 That comes to this high value, low acreage crop
25 demonstration project that are targeted ultimately

1 to over 5,000 acres for future bread wheat
2 production, generating income for wheat growers and
3 3,000 acres of specially barley production. You
4 can see some numbers on the price increments for
5 those two higher value crops.

6 Substantial current market
7 opportunities for bread wheat and bulk barley were
8 identified in the application, including a need for
9 2.9 million tons of wheat by flour mills in the
10 Commonwealth, including Mennel Milling in Roanoke,
11 as well as the craft brewing industry in Virginia,
12 which has more than 225 craft breweries and 45
13 distilleries. And I know the governor and
14 Secretary Gooden are committing to visiting every
15 one of those.

16 MR. GOODEN: I don't know.

17 MR. PFOHL: This project involved 20
18 producers and 600 acres in a demonstration phase,
19 rotating around locations in several Virginia
20 counties. There's also support in the request for
21 the small grains program at Virginia Tech to
22 develop varieties that could then be licensed and
23 provided at a discounted rate to growers in the
24 tobacco region.

25 This project request provides

1 exceptional outcomes for ag producers, with clearly
2 identified market opportunities, resulting in it
3 receiving the highest score during the application
4 review process and Staff is recommending the full
5 award of \$267,425.

6 And, lastly, Virginia State
7 University, \$22,800, for an On-Farm Research to
8 Establish the Chickpea in Virginia, Phase II.
9 Project also falls under the high value, low
10 acreage crop demonstration investment strategy.
11 Proposes to work with four tobacco region producers
12 in western Dinwiddie to produce four demonstration
13 acres of chickpeas.

14 Ultimately, the application presents
15 that 500 producers could implement chickpea
16 production on as much as 100,000 acres to primarily
17 for Sabra Dipping in Colonial Heights, a hummus
18 production facility.

19 The request identifies that the
20 effort during 2018 will focus on developing
21 strategies to manage late season weeds and insects
22 and pests and suggests that VSU has identified
23 potential strategies for addressing these concerns.

24 The Agri Business Program has
25 previously awarded three grants to VSU for research

1 on chickpeas. There's a current open grant that
2 still has the majority of its funds available and
3 the revised budget that we've received from VSU for
4 the use of the current grant funds. It appears to
5 have accomplish the exact same direct objectives of
6 working with four farms in Dinwiddie on disease and
7 pest issues and how to resolve those. So that it
8 seems like this activity is already funded through
9 the existing grant. Staff is recommending no
10 additional award.

11 There we go.

12 CHAIRMAN SPIERS: Thank you, Tim.
13 I'll let you catch your breath.

14 MR. PFOHL: Thank you.

15 CHAIRMAN SPIERS: We'll take them in
16 order and find out if committee members have
17 questions and if there are people that wish to
18 speak to the Staff recommendation. We know that
19 from time to time there's amplifying information
20 that applicants wish to bring.

21 We do want to remember that we do
22 have an investment strategy with our limited funds
23 and you mentioned a couple of those, the high
24 value, low acreage strategy, value added,
25 processing, aggregating, marketing and cost share

1 that we have been carrying on and marketing
2 development. So, with that in mind, we know we
3 have committee members from around the areas. I
4 know many of them are familiar with each of these
5 projects.

6 So, we'll go ahead and start with
7 3373 and see if there are questions on the forest
8 project, mainly the ginseng; see if there's
9 questions from committee members, or if the
10 applicant wishes to speak.

11 MR. GOODEN: Mr. Chairman?

12 CHAIRMAN SPIERS: Yes.

13 MR. GOODEN: I do have a question
14 for Staff.

15 CHAIRMAN SPIERS: Yes, sir. Go
16 ahead.

17 MR. GOODEN: Certainly want to
18 commend Tim and the entire staff for the summaries
19 provided and --

20 MR. PFOHL: Oh, thank you. Thank
21 you.

22 MR. GOODEN: And I had a couple of
23 questions regarding Grant 3373. One, you certainly
24 indicate that based on the, I guess, unclear nature
25 of the application and for other reasons you

1 suggested it be tabled. Did Staff request
2 additional information or clarification for any of
3 the concerns that they had regarding this request?

4 MR. PFOHL: Yes, Secretary Gooden.
5 We have been in regular periodic discussion with
6 the applicants, including prior to the application.
7 They filled out a pre-application for us, provided
8 some supporting information. We did a conference
9 call. They've been keeping us updated on their
10 funding and so forth. So, it has been lengthy
11 dialogue.

12 MR. GOODEN: Mr. Chairman.
13 And with that additional
14 information, there was still uncertainty or
15 unclarity, I guess, in Staff's mind regarding the
16 proposal?

17 MR. PFOHL: Yeah. I think we
18 advised them that from our perspective that the key
19 priority was to develop the network of forest
20 farmers first, before we move into a lot of
21 equipment and labs and things like that. And
22 there's certainly some issues regarding the funding
23 commitments for the matching funds that would be --
24 that would partially support some of the positions
25 that are involved in the project.

1 MR. GOODEN: Sure.

2 Additional question, Mr. Chairman.

3 Were there parts of the proposal
4 that you were comfortable with, or Staff was
5 comfortable with that could be funded?

6 MR. PFOHL: Yeah, there are a couple
7 of current staff members at ASDA that are grant
8 supported, that would be tasked with growing the
9 forest farmer network and we felt like that would
10 probably be the piece that would be the more
11 essential first step before getting into buying
12 equipment.

13 There's a position in Blacksburg at
14 the university whose speciality is forest farming
15 and so forth. We felt like that would be better on
16 the match side of things, rather than coming from
17 our commission funds. We certainly see how that's
18 an important resource, but we prefer to see that on
19 the match side.

20 MR. GOODEN: Sure.

21 MR. PFOHL: And let them know that.

22 CHAIRMAN SPIERS: Secretary Gooden,
23 and for the other newer members, I think you will
24 see a theme, particularly for these tabled
25 applications, that there is support from the staff

1 and mainly they're looking for, if you will,
2 measurable benefits.

3 In this one in particular, they
4 mentioned that the applicant cost share was not
5 readily seen as many of our cost share things. But
6 we do have someone that, I think, is waiting
7 patiently to speak to the application, so why don't
8 we let her speak and maybe that will answer some of
9 our questions.

10 And please identify yourself.

11 MS. TERRY: Yes, my name is Kathleen
12 Terry. I'm the executive director at Appalachian
13 Sustainable Development and we're the lead
14 applicant on the project which is -- represents a
15 coalition in Southwest Virginia, that includes
16 Virginia Tech and the Appalachian College of
17 Pharmacy, among others.

18 I just want to first say thank you
19 to the staff, because you provided some really
20 thoughtful feedback and we really appreciate it.
21 This -- one of the comments that was made was that
22 it's a very complex project and that is 100 percent
23 accurate.

24 I wanted to -- I wanted to also
25 thank the commission, because you have funded ASD

1 in the past; our Appalachian Harvest Food Hub,
2 which has received quite a bit of funding through
3 the Tobacco Commission. This year has had 2.7
4 million in sales of produce for farmers in our
5 region and we couldn't have done it without the
6 commission. It also started really small, kind of
7 like what we're looking at with the herb project.

8 There's a lot more opportunity than
9 is evident today. There are two things that we see
10 that are critical. I agree totally with the
11 staff's recommendation that we absolutely need to
12 grow the number of forest farmers that are in this
13 network, but at the same time we need to be
14 developing these markets so that we can have these
15 farmers come into premium. They need to
16 differentiate themselves and that means
17 certification systems.

18 You all know that ginseng can
19 command \$1,000 for a dried pound. Well, something
20 like black cohosh gets three to five. We need that
21 to be higher. We need it to be higher in a way
22 that's going to make sure that the forests are
23 protected; and we this year sold several pounds at
24 \$60 instead of \$3 to \$5 for black cohosh. And our
25 goal is, and we have included in the statement of

1 demand, that forest farmers can get, like, 85,000
2 or \$150,000 for their work, but it has to come with
3 both. It has to come with an increase in supplies,
4 so we can supply these large scale buyers and it
5 needs to come with an increase in the dollar per
6 pound. And, so, it is complicated.

7 We really believe strongly in -- in
8 doing a lot of these things. At the same time, we
9 were excited about Appalachian College of
10 Pharmacy's interest in this, partly because they
11 are based in Buchanan.

12 We have struggled to make a
13 difference in the coal fields and this project
14 really can help the coal fields, because they
15 don't -- they can't participate in a lot of the
16 typical ag opportunities and this one they can,
17 because so much of what -- so many of these
18 products are grown in those areas.

19 So, what we would -- and a comment
20 on the match. We have been talking about applying
21 for a large regional ARC power plant when they come
22 out, which I understand is fairly imminent. That
23 would probably include the Appalachian Beginning
24 Forest Farmer Coalition, which has 14 members to
25 it.

1 We would truly appreciate even if we
2 could just have the match for the match that we
3 currently have, which is around \$70,000, to keep
4 this project moving, because the forest farmers who
5 have participated so far have seen great value in
6 it. And one of the things that we're doing is
7 working with the nature conservancy on a 600 acre
8 plot of land in Tazewell County. And what we want
9 to do is prove large scale opportunities so that
10 these large buyers can be interested in sustainably
11 harvested high value, high end products, so that
12 they -- so that that large increment can transfer
13 down to the farmers in some of these hard hit coal
14 communities.

15 CHAIRMAN SPIERS: Thank you.

16 Tim, is it still premature, in your
17 opinion, to make a different recommendation to the
18 committee?

19 I know that some of the things that
20 came out is that you want to try to get it
21 prioritized and maybe a smaller scale.

22 MR. PFOHL: Right.

23 CHAIRMAN SPIERS: What is the -- do
24 you have any other comments for the committee, at
25 this time?

1 MR. PFOHL: Mr. Chairman, we did try
2 to take a look at the -- kind of break-out budget
3 that they gave us on a variety of these project
4 costs and I think we landed somewhere around
5 \$100,000 for the core activities that we felt were,
6 in our view, the priorities at this point, which
7 would be positions with ASD based in Abingdon to
8 develop that forest farmer network, as well as
9 travel cost and some equipment and materials and
10 workshop expenses for them. So, I think that was
11 all part of what we somewhat planned today.

12 THE COURT: What is the 70,000 match
13 that she commented on, what is that?

14 MR. PFOHL: The 70,000 --

15 MS. TERRY: 68, as I believe, is
16 Thompson Charitable Foundation.

17 MR. PFOHL: Right.

18 MS. TERRY: I'm sorry, I'm just
19 rounding. We have also some other funding through
20 VDACS rural rehabilitation trust, is a little bit
21 going towards that, as well.

22 CHAIRMAN SPIERS: When is our next
23 funding round?

24 MR. PFOHL: Depending on how much is
25 or is not left on the table today, we could

1 certainly do a second round in spring.

2 CHAIRMAN SPIERS: Okay.

3 MR. FEINMAN: Mr. Chairman, it was
4 our hope to do a second round.

5 CHAIRMAN SPIERS: This spring.
6 Okay.

7 Okay. So you have mentioned that
8 the committee could consider a portion of the
9 request for some of the items that you pulled out.

10 MR. PFOHL: That certainly was part
11 of our thought process in looking at this project.

12 CHAIRMAN SPIERS: Again, would Staff
13 prefer that you work with the applicant to
14 prioritize some of those for this second round?

15 MR. PFOHL: Mr. chairman, I think
16 given the timing of the Appalachian Regional
17 Commission money, which we wouldn't get a signal on
18 whether or not that's available for a couple more
19 months, it wouldn't actually become available until
20 Summer 2018. And, secondly, the fact that they
21 are -- have a dialogue with the federal EDA about
22 potentially applying to them, we felt like rather
23 than trying to wing something here out of a very
24 complex budget, that we'd prefer to table it and
25 bring it up next time your committee meets and know

1 more about the secure matching funds and some of
2 the project priorities.

3 CHAIRMAN SPIERS: Okay. The
4 committee has heard the discussion and the Staff
5 recommendation. And, again, to the applicants that
6 are -- have the applications -- applications
7 tabled, my perception is this is an invitation to
8 continue working with Staff. These applications
9 are looked upon very favorably and they just need
10 some items, some more questions answered.

11 So, at this time, the committee has
12 a motion after this discussion.

13 MR. GOODEN: Mr. Chairman?

14 CHAIRMAN SPIERS: Yes.

15 MR. GOODEN: I have another question
16 for the applicant.

17 Based on this discussion, what level
18 of funding do you feel today would be adequate to
19 move this project forward.

20 MS. TERRY: If we could get \$80 to
21 90,000, that would make a pretty huge difference in
22 helping us to move, both the TNC land and how we're
23 going to work with tenant farmers on that land and
24 continuing to build the farmer network. That -- I
25 can see the challenge in funding a Virginia Tech

1 based marketing position and -- but we would
2 definitely pursue that separately. But if this
3 position, if this funding could assist us with the
4 staffing that we need to make that happen, that
5 would make a huge difference.

6 MR. GOODEN: Mr. Chairman, I'd like
7 to make a motion.

8 CHAIRMAN SPIERS: Certainly.

9 MR. GOODEN: That we approve \$90,000
10 for Grant 3373.

11 CHAIRMAN SPIERS: Do we have a
12 second?

13 MR. HARRIS: I'll second it.

14 CHAIRMAN SPIERS: Motion's been made
15 and seconded that we approve a grant of \$90,000 for
16 3373 towards -- toward that application and the
17 items that were put forward in there.

18 Do we have any other discussion, if
19 not -- yes.

20 A SPEAKER: Specifically, what would
21 the money be spent for?

22 CHAIRMAN SPIERS: As I said, it
23 would -- it would probably be for the contractual
24 services.

25 Tim, would the items that Tim had

1 identified as the priority items that he had
2 mentioned earlier --

3 MR. PFOHL: Right.

4 CHAIRMAN SPIERS: -- I think would
5 be part of the budget. Would the contractual
6 services be --

7 MR. PFOHL: Personnel, yeah, and
8 travel expenses, marketing materials and so forth.
9 Workshop expenses.

10 CHAIRMAN SPIERS: You have a grant
11 with them, at this time?

12 MR. PFOHL: No, we don't.

13 CHAIRMAN SPIERS: We do not.

14 MR. PFOHL: No active grants.

15 CHAIRMAN SPIERS: Okay. So we
16 would -- you would pick out those items that we
17 would cover that were part of this grant, the
18 contractual services would be the part that you
19 would cover?

20 MR. PFOHL: That would be our
21 suggestion.

22 CHAIRMAN SPIERS: Okay.

23 Dr. Gooden, would that -- would that
24 be part of your motion?

25 MR. GOODEN: Yes, sir.

1 CHAIRMAN SPIERS: Okay. Is that
2 part of your second, Mr. Harris?

3 MR. HARRIS: Yeah. Well, the idea
4 was to get it on the floor for discussion.

5 CHAIRMAN SPIERS: Right.

6 MR. HARRIS: Of course I also like
7 the idea that there's at least -- trying to find
8 out what their timetable is and would be, in fact,
9 a tabling, allowing them to get into that second
10 realm of funding. I mean, keep -- it would keep
11 the funding cycle in process and have an
12 opportunity to at least look at it and see what --
13 what the possible relevant --

14 CHAIRMAN SPIERS: Well, I think
15 anyone can make an application in the round that's
16 open. They would be allowed to make another
17 application.

18 MR. HARRIS: What's the -- how does
19 it -- how does the applicant feel about that?

20 MS. TERRY: I'm sorry, I couldn't --
21 I had a hard time hearing.

22 CHAIRMAN SPIERS: The question is,
23 would you want to continue working with Staff and
24 possibly make another application in the next
25 round.

1 MS. TERRY: In lieu of more
2 immediate funding?

3 MR. HARRIS: Yeah.

4 CHAIRMAN SPIERS: Well, at the
5 present time the motion is that you would get
6 \$90,000, at this time.

7 MS. TERRY: Yes, I would, obviously
8 be very interested in working with the staff to
9 make sure that -- that the additional work that we
10 would propose was clear enough. And hopefully that
11 we would have an understanding of any other
12 additional funding that we might have secured by
13 then.

14 CHAIRMAN SPIERS: Okay.

15 MS. MYERS: Mr. Chairman?

16 CHAIRMAN SPIERS: Yes.

17 MS. MYERS: I apologize. I usually
18 do not like to interject, but I feel like I need
19 to. By statute, you all cannot authorize an
20 Economic Development Award without matching funds.
21 And I guess maybe this is a question that I have
22 for Staff. Are there matching funds to this
23 \$90,000?

24 MR. PFOHL: Yeah, the -- yes.

25 MS. MYERS: Okay.

1 MR. PFOHL: The Thompson Charitable
2 Trust of almost \$70,000 plus some other funds
3 they're pursuing. So, we would track the matching
4 funds to make sure that they met the requirements.
5 And if they didn't get all the way to a \$90,000
6 award amount, we would stop when their matching
7 funds were met at an equal amount.

8 MS. MYERS: Okay. Thank you.

9 CHAIRMAN SPIERS: Thank you for
10 clarifying that.

11 Is there any other discussion.

12 MR. GOODEN: Mr. Chairman, speaking
13 to the forum, this is the type of innovation that I
14 feel that Virginia needs to certainly position
15 itself as an agriculture innovator in the world,
16 not only in the United States.

17 We -- you know, when I say in
18 Virginia, we won't be the largest agricultural
19 state, but I think we do have the most innovative
20 and creative farmers and producers here. And I
21 think a project like this is certainly complex.
22 It's new, but it's the type of innovation that we
23 certainly need, not only in southwest Virginia, but
24 also in Southside Virginia, to look at different
25 types of crops and -- whether it's industrial hemp,

1 whether it's ginseng, because there is a
2 significant market for this type of -- these type
3 of commodities and I really support this as a huge
4 step in agriculture innovation, because we're going
5 to have to continue to be very, very innovative
6 here in the Commonwealth of Virginia around
7 agriculture to meet, not only the economic needs of
8 our regions, but the agriculture needs as well.

9 Thank you, Mr. Chairman.

10 CHAIRMAN SPIERS: Thank you.

11 Have any other comments before we
12 vote?

13 All in favor of the \$90,000 for
14 3373, please say aye (Ayes).

15 Opposed, nay (Nays).

16 MR. STANLEY: No.

17 CHAIRMAN SPIERS: We need a roll
18 call. We will do a roll call for 3373 for the
19 \$90,000. An aye will be for granting it, a nay
20 will be for opposing it.

21 MR. FEINMAN: Ms. Barts?

22 MS. BARTS: Yes.

23 MR. FEINMAN: Delegate Edmunds?

24 MR. EDMUNDS: Yes.

25 MR. FEINMAN: Secretary Gooden?

1 MR. GOODEN: Yes.

2 MR. FEINMAN: Mr. Harris?

3 MR. HARRIS: Yes.

4 MR. FEINMAN: Mr. Mills?

5 MR. MILLS: Yes.

6 MR. FEINMAN: Mr. Shell?

7 MR. SHELL: Yes.

8 MR. FEINMAN: Senator Stanley?

9 MR. STANLEY: No.

10 MR. FEINMAN: Mr. Sutherland?

11 MR. SUTHERLAND: No.

12 MR. FEINMAN: Delegate Wright?

13 MR. WRIGHT: No.

14 MR. FEINMAN: Motion carries,

15 Mr. Chairman.

16 CHAIRMAN SPIERS: Okay. Thank you.

17 All right. I must tell the

18 committee that we have used a lot of committee time

19 for a time I think possibly applicants should

20 probably be working with Staff. We can ask some

21 questions, but it's -- we're not going to have

22 enough time to do this on every applicant. I'm

23 sorry. We're going to have to streamline this as

24 much as possible.

25 MR. FEINMAN: Mr. Chairman, if I

1 could suggest, we could offer -- if a member of the
2 committee were to offer a motion to accept Staff
3 recommendations in a block, we can then remove
4 those; if specific members wanted to ask questions
5 about them and then proceed on all those, if people
6 agreed.

7 MR. STANLEY: Second.

8 CHAIRMAN SPIERS: Okay. Motion has
9 been made and seconded that we take the rest of
10 these as a block, unless you wish to pull one out
11 of -- I would need to pull 3372 out probably to
12 obtain --

13 MR. FEINMAN: 3372 pulled out. Is
14 there --

15 CHAIRMAN SPIERS: Any other --

16 MR. MILLS: I just want to make sure
17 we had an opportunity to pull one out. So we'll
18 have to put on this first?

19 CHAIRMAN SPIERS: Now is the time to
20 pull it out.

21 MR. MILLS: All right. Now is the
22 time to pull it out. I'd like to pull out number
23 3366.

24 CHAIRMAN SPIERS: Okay. Are there
25 other applicants to be pulled out?

1 We will be voting in a block on the
2 rest of them on Staff's recommendation. We'll be
3 voting on 3368, 3364, 3369, 3362, 3365, 3371, 3370,
4 3363, 3367. All in favor of following Staff
5 recommendation, please say aye (Ayes).

6 Any opposed, nay. (No response.)
7 Okay. At this time we'll take up
8 3372.

9 MR. MILLS: 3362?

10 CHAIRMAN SPIERS: 3372 will be
11 first.

12 MR. MILLS: Okay.

13 CHAIRMAN SPIERS: The only reason I
14 pulled that out is that I want to abstain.

15 MR. FEINMAN: Hearing that,
16 Mr. Chairman, you can still set the motion.

17 MR. STANLEY: I move we accept Staff
18 recommendation.

19 MR. HARRIS: Second.

20 A SPEAKER: And that would be to
21 refer to VRA for consideration of the loan.

22 CHAIRMAN SPIERS: And was there a
23 second?

24 MR. HARRIS: Second.

25 CHAIRMAN SPIERS: All in favor of

1 accepting 3372, please say aye (Ayes).

2 And I abstain.

3 Okay. The next one is 3366, Olde
4 Dominion. Do we have questions on that, or someone
5 to speak to that?

6 MS. SCHWARTER: Good afternoon to
7 the Commission Board. I appreciate the opportunity
8 to speak this morning -- this afternoon, actually.

9 CHAIRMAN SPIERS: Identify yourself,
10 please.

11 MS. SCHWARTER: My name is Lisa
12 Schwarter. I am the current chairman of the Olde
13 Dominion Ag Foundation.

14 The first thing I want to do is on
15 behalf of our board, I want to thank you for the
16 previous grant we had received back in 2012, the
17 last grant we received from you all. Through
18 the -- through that grant, we were able to
19 facilitate the completion of the arena at the Olde
20 Dominion Ag Complex, as well as the livestock barn.

21 Since that time and since 2013,
22 through the completion of these two buildings, we
23 have had over 150,000 people come through our doors
24 for various events, from agriculture related and
25 educational events to community based events, to

1 food and -- based events associated with our
2 farmers market, as well as private/public school
3 functions and family-friendly type entertainment
4 that happens at the center itself.

5 Of those events that have taken
6 place there, we have offered over 400 since 2011
7 free to different agricultural educational or any
8 type of event that they have offered there. That
9 is part of our mission to support and promote
10 agriculture. So, that is a big reason we push to
11 do that.

12 We are a nonprofit. I'm sure you
13 are well aware of that. For the new members, we
14 are of an entire volunteer board. I'm a
15 veterinary. As you can tell, I'm not a public
16 speaker. I'm much more comfortable under these
17 lights with a scalpel in my hand than I am trying
18 to speak to you all and convince you what we need.
19 But I'm going to try to do my best to show you
20 where we've been, where we want to go and we'll go
21 from there.

22 Of the events that are held, there
23 is three that I think are important that some of
24 you may not be aware of. One in particular that
25 you already mentioned, we staffed the Pittsylvania

1 County Counsel County Livestock Show. This is very
2 much an important educational tool for our children
3 in agriculture, as well as promoting it.

4 Second is our career day. This has
5 been in effect four years in the county. It is a
6 two-day event. It -- they actually bus kids in,
7 9th and 10th graders from Pittsylvania County, the
8 City of Danville, the City of Martinsville, Henry
9 County, Franklin County, Halifax and Campbell
10 County.

11 So, for two days -- and I'm part of
12 this, 'cause we set up our clinic every year. I've
13 seen this grow over four years; from anywhere from
14 75 businesses to 100 to now there's over 125.
15 Because of this, we've expanded outside of the
16 arena into the existing cattle barn, which is an
17 open facility. And that is another reason in our
18 grant.

19 Why we mention we need a covering on
20 this new penning system, because it will take away
21 from space to an expansion of other events that
22 currently take place there and have maintained us
23 in the black thus far.

24 Other events. Another event that's
25 very important that we -- I feel like, to our

1 community, as far as value added, is the
2 Trunk-R-Treat. This may seem silly for me to bring
3 this up, but it's probably one of the most
4 important activities I think that we have there, in
5 that our local sheriff coordinates his night out
6 there.

7 Vehicles come inside the arena and
8 they back up and open their trunks and open their
9 tailgates and kids come in. You have a safe
10 environment, friendly environment. You have one
11 that we don't have to worry about the elements.

12 But probably what's the most
13 important thing here is that you have positive
14 interaction between law enforcement, children and
15 their parents. If it's anything we need in this
16 country right now, much less the State of Virginia,
17 is a positive relationship here.

18 To me there is no way you can put on
19 these three events a money figure, a monetary value
20 on these three events. And for that reason, we ask
21 for funds, because we are struggling as a nonprofit
22 in this day and time.

23 CHAIRMAN SPIERS: Ms. Schwarter, I
24 have a question. I have a question.

25 Staff indicated that they thought

1 you had existing facilities to carry out the sales.
2 Would you -- would you speak to the space that you
3 have and why you think it needs the additional
4 space.

5 MS. SCHWARTER: Yes. The current
6 space that we have right now, and I have another
7 board member with me as well who is a cattleman
8 that can probably be more specific.

9 But the current space we have right
10 now, we have spillover for so many activities. If
11 we put pens in there at this point, it will -- and
12 have to take down, put up; number one, we're
13 limited as far as staff. We only have 10 people
14 One is a facilities director, which is full time.

15 We've got into this problem when we
16 built this cattle and horse barn, thinking that we
17 could put portable stalls into our horse facility,
18 where we can take down and have spillover for
19 larger cattle events. Well, we slowly -- or
20 quickly found out when we took them down, the 69
21 horse stalls, which three sides to each stall,
22 because they lean against the other, are 2 -- 2 to
23 300 pounds apiece.

24 After taking them up and down a
25 couple of times, we can't find people to help us.

1 We can't pay people enough to help us put these
2 back up again, so we -- that is more of a permanent
3 structure. So we have no spillover now on the
4 cattle barn, the existing cattle barn we have.

5 We are -- other events are trying to
6 come to us. There's a southeastern regional Angus
7 show that are strongly looking our way that can
8 bring in 500 head of cattle, 500 farm families from
9 Maine to Florida to -- and east of the Mississippi
10 and they're looking at us. And these are the
11 things that we need the spillover for.

12 This is behind -- this is behind the
13 ball, at this point. But back in the fall during
14 the election season, Trump advisers had come to us,
15 or contacted us and wanted to have a Trump rally
16 there, but we weren't big enough. We didn't have
17 enough, even with the spillover to the cattle barn.
18 I know that's hindsight, that's not what we're
19 talking about here, but these are things we come
20 across every day with our facility.

21 So, as far as our Livestock
22 Expansion, Phase II, we were trying to develop
23 something that would put added value in that
24 farmer's pocket. And with telemarketing and with
25 this added value where the cattlemen, small or any

1 size cattlemen, we have found out through our
2 strategic plan, we have over 250 herds, beef cattle
3 herds in Pittsylvania County and the surrounding
4 counties around us. And if we can commingle these
5 herds, they could get a much higher selling price
6 per head, up to \$200 a head. And in our opinion,
7 in Southside Virginia where a lot of these beef
8 cattle farmers were existing, tobacco growers as
9 well, this is a lot of money added to their pocket
10 in their bottom line at the end of the year.

11 CHAIRMAN SPIERS: All right. One of
12 the other comments that Staff made was something
13 concerning hiring of some expertise outside of the
14 footprint. Could you clarify -- clarify that.

15 MR. CALHOUN: Yes, sir. Jay
16 Calhoun, one of the founding board members here
17 from Olde Dominion.

18 When we looked some of the other
19 places in Virginia where we're coming with our
20 calves and working through V3A program, we saw it
21 was very important that we needed some of that
22 historical people that had went through this
23 program before so many times. You spend so much
24 energy to create a program, we would rather put
25 this energy towards gaining more producers to be

1 part of it.

2 So, our thought process was, is that
3 we would somewhat piggyback on central Virginia
4 with the Cattle Association up in Orange County.
5 We would be Central Virginia Cattle Association
6 South, they would be north. In the south region we
7 would also be facilitating or working with
8 Franklin, Henry County and Patrick County, because
9 there is no facility to be able to commingle the
10 calves.

11 So it was our thought process there
12 to actually get somebody involved that's having a
13 sale right now that they're selling about 4,000
14 head, value added, this past year that was
15 averaging about \$200 a head. So, it's a tremendous
16 amount of money back to each individual producer.
17 And right now just in those counties I told you,
18 you're talking about 2900 farms that raise cattle.
19 Surely we're not going to get close to anywhere to
20 that point, but if we can just get 10 percent, that
21 would be a huge undertaking there. It would be one
22 of the largest cattle sales then in the state.

23 CHAIRMAN SPIERS: Would you clarify
24 again Staff's comment that, I think the sale that
25 you mentioned is using a facility that's maybe

1 smaller than you have. What is the difference in
2 their facility and your present facility and the
3 facility that you're proposing.

4 MR. CALHOUN: Well, the biggest
5 issue, that facility is 130 miles, basically, from
6 the center of our geographic area, those counties
7 west and counties north and east of Pittsylvania.
8 So this would enable them, because of
9 transportation cost, to have another place to
10 commingle to bring these calves together, then --
11 where we could dispatch calves out on a tractor
12 trailer, instead of having them make a haul of 120
13 miles, which you know would affect your shrink and
14 potential health issues. The quicker we can get
15 these animals to come into a facility and get them
16 on a tractor trailer, it's a much better position
17 than to go ahead and have good product to be able
18 to send, you know, to the buyers.

19 CHAIRMAN SPIERS: Okay. I
20 understand that. My question is, you already have,
21 I think, a 12,000 foot ring. Talk about the
22 difference in your ring and their ring and why you
23 need a different ring. I'm not -- I'm a row crop
24 farmer, so you're gonna have to help me.

25 MR. CALHOUN: Yes, sir. And I

1 apologize. I thought you were talking about the
2 ring that the central Virginia uses now up in
3 Orange County. But, yes, sir.

4 We do have a cattle facility out
5 back. It was built there to bring show-type cattle
6 into the arena. The set up we're looking in will
7 actually be a pen type cattle and we actually would
8 have -- if you were gonna have additional female
9 sales, seat stock sales, get rid of the petition --
10 position that barn where it could come directly
11 into the complex arena on a cement floor where then
12 we could then facilitate those sales. Plus it
13 would also minimize -- a little bit of what Lisa
14 was talking about, there is some issues in the
15 infrastructure when you have portable stalls.

16 We have found we're better off to
17 have a dedicated. We're looking at multi-year
18 sales -- I mean, multi-sales yearly. We're also
19 looking at potentially some small remnants that
20 could use that facility. We're also looking to use
21 the facility for a breeding program for the
22 community, or those surrounding counties for people
23 that have smaller herds cannot use the AI program
24 because of their infrastructure program. They can
25 bring their heifers there and we can have a heifer

1 development program over a 10-day period, which
2 would make superior genetics to our region, but not
3 having to have the local producers to put in the
4 infrastructure.

5 CHAIRMAN SPIERS: So I'm getting the
6 idea -- and, again, I've never even been to a sale,
7 you're adding a pen facility versus an open -- open
8 pen for a show or what have you. You would have
9 one with permanent pens in it for one type of sale
10 and then an open arena for a different type of
11 event. Is that where we're going?

12 MR. CALHOUN: Yes, sir. You can
13 bring show cattle from an open barn into a pen
14 facility. You can't take commercial cattle from a
15 pen facility and put them in a show barn, simply
16 for the fact show animals are haltered, they're
17 broke. These are animals that we have directly
18 brought from a background lot or potentially even
19 off of a momma cow to come and commingle to make
20 this sale.

21 MR. MILLS: I think one of the
22 things that was being left out about the cover
23 arena and the fact that I've been there to the
24 arena, there's a -- there's a footing in that
25 arena. You don't call it dirt, you don't call it

1 sawdust, it's footing. And that footing had a cost
2 of \$50,000 to put that footing in. You do not put
3 cattle on a \$50,000 footing that you use for horse
4 shows, cattle shows, rodeos, or even a wine
5 festival.

6 That's one of those things -- that
7 footing is as important as your hardwood floor in
8 your house and you've got to protect it. So,
9 therefore, that's why it is -- it doesn't make
10 sense to go in and ruin that \$50,000 footing that
11 you have in place by putting cattle pens in there
12 to try to pen and move cattle through that covered
13 arena area.

14 CHAIRMAN SPIERS: All right. Other
15 questions or comments?

16 We have Staff recommendation and
17 we've got quite a bit of amplifying information. I
18 guess one other question would be, since the Staff
19 recommendation is zero and we know your request is
20 for \$438,000, is there anywhere in between those
21 two numbers that would be beneficial to Olde
22 Dominion?

23 MR. CALHOUN: Yes, sir, but we are
24 working with VDACS, Secretary Gooden on this. We
25 also have a grant that's coming in front of the

1 Danville Regional Foundation April the 1st. So if
2 all those people can partner, we can do what we're
3 asking. If we -- the first thing that we would, if
4 we needed to give up, would be the covered portion
5 over the existing warm up green, which I think
6 that's about a savings of about 170,000.

7 MR. SUTHERLAND: Mr. Chairman,
8 question?

9 CHAIRMAN SPIERS: Yes.

10 MR. SUTHERLAND: Question?

11 CHAIRMAN SPIERS: Yes.

12 MR. SUTHERLAND: Jay?

13 MR. CALHOUN: Yes, sir.

14 MR. SUTHERLAND: Are you planning on
15 having like a weekly take-up of cattle here, or be
16 specific cattle take-ups or sales, or whatever,
17 actions?

18 MR. CALHOUN: It's going to be more
19 of a value added type environment. It's not going
20 to be competed against the Lynchburg or Spring
21 Lake, or any of the other commercial livestock
22 facilitates. It's actually a product that we need
23 to be able to house, that we can put a value added
24 on and get them shipped out from that location.

25 MR. SUTHERLAND: So you're going to

1 lock together maybe a bred heifer sale or
2 something -- a momma cow sale.

3 MR. CALHOUN: Besides just the
4 value-added calves, we already got a commitment
5 from two producers that they would have a female
6 purebred sale there in 2019, when this facility can
7 be housed, which would bring a tremendous amount of
8 improved genetics down in our part of the world.

9 MR. SUTHERLAND: Just a comment,
10 Mr. Chairman. In our area we have basically the
11 same thing going on and it's been very value added
12 to our place in Carl Grayson Cattlemen Association.
13 It has really been a great asset to that area.

14 CHAIRMAN SPIERS: Thank you.

15 Question for Staff. What is the
16 difference in, if you will, the criteria for coming
17 before Agribusiness in the Economic Development,
18 Southside Economic Development Committees?

19 I mean this -- this -- I mean, it's
20 very, very worth while, but we've talked about our
21 strategy and we've talked about the economic
22 development that this brings. Is this -- is this
23 size proposal the right one for our committee, or
24 is it -- or is this -- is this -- should this be in
25 Southside Economic Development, Mr. Wright?

1 MR. MILLS: Robert, I think it's
2 where it needs to be, because these cattle
3 producers that are coming -- and I'm a cattle
4 producer, I'm a tobacco farmer, but I'm a minority,
5 because most of the guys have transitioned from
6 tobacco to beef cattle. And when you look at the
7 numbers in the county, I have participated in value
8 added sales in the past. It puts money in the
9 producers' pockets.

10 To have something that centrally
11 located in the area with as many cattle as we have,
12 with the fact that all agriculture activities that
13 go on in that county hub out of that agricultural
14 complex, is even more of a draw for people that are
15 already coming to the facility to do other things,
16 they're comfortable about coming to the facility,
17 they know the haul time and it makes sense to put
18 it here.

19 And, Mr. Chairman, I'm gonna move a
20 motion that we award the Olde Dominion Ag
21 Foundation \$438,178, contingent upon the matching
22 funds being awarded.

23 MR. GOODEN: Second.

24 CHAIRMAN SPIERS: Okay. A motion
25 has been made. Okay. A motion has been made to

1 award the 478 -- 438,178 based upon the contingency
2 of funding. Is there other discussion?

3 MR. GOODEN: Mr. Chairman, I'd like
4 to speak to the motion. Again, this -- it's very,
5 very difficult to separate agricultural from
6 economic development and being a farmer, and many
7 farmers around the room, we certainly understand
8 any opportunity that you could sell or add value
9 to, whatever your commodity is; whether it's
10 livestock or row crops, we need those type of
11 economic development opportunities in these rural
12 areas.

13 I see nothing but growth and
14 economic development stemming from this type of
15 facility. I'm a beneficiary of the other facility
16 that's referenced in the report, the one in
17 Buckingham County, that's my home county. I take
18 cattle there. So, again, this is a significant
19 economic driver for this area, for this community
20 and I recommend approval for this motion.

21 THE COURT: Okay. Motion has been
22 made and seconded. Any other discussion?

23 If not, we're ready to vote on the
24 award amount that they have requested. All in
25 favor say aye (Ayes).

1 All opposed, like sign. (Nay.)

2 Not hearing any, the award is
3 approved. One no.

4 Is there other business to come
5 before the committee?

6 Staff, is there?

7 MR. PFOHL: No, sir.

8 MR. FEINMAN: No other business for
9 you, Mr. Chairman.

10 CHAIRMAN SPIERS: Do we have public
11 comment?

12 Not hearing any public comment, I
13 declare the meeting adjourned.

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15 (The hearing is adjourned)

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CERTIFICATE OF THE COURT REPORTER

I, Jacqueline Barreto, Certified Court 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 Virginia Tobacco Region Revitalization Commission, Agribusiness Committee Meeting, when held on Monday, January 8, 2018, at 1:30 p.m., at the Homewood Suites, Richmond, Virginia.

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 18th day of January, 2018.

Jacqueline Barreto

Certified Court Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018