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**TOBACCO REGION REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501  
Richmond, Virginia 23219

**Executive Committee Meeting**

Tuesday, January 10, 2017  
9:00 o'clock a.m.

Homewood Suites by Hilton  
Richmond, Virginia 23219

1     APPEARANCES:

2     The Honorable Terry G. Kilgore, Chairman  
3     The Honorable Frank M. Ruff, Vice-Chairman  
4     The Honorable Kathy J. Byron  
5     The Honorable Charles W. Carrico, Sr.  
6     Ms. Mary Rae Carter  
7     The Honorable A. Benton Chafin, Jr.  
8     The Honorable Daniel W. Marshall, III  
9     Mr. Donald W. Merricks  
10    The Honorable James W. Morefield  
11    The Honorable Edward Owens  
12    The Honorable Thomas C. Wright, Jr.

13

14    COMMISSION STAFF:

15    Mr. Evan Feinman, Executive Director  
16    Mr. Christopher E. Piper, Deputy Executive Director  
17    Mr. Timothy S. Pfohl, Grants Program Administration Director  
18    Ms. Sarah K. Capps, Grants Program Administrator -  
19        Southside Virginia  
20    Ms. Michelle Faircloth, Grants Assistant  
21        Southside Virginia  
22    Ms. Sara G. Williams, Grants Program Administrator -  
23        Southwest Virginia  
24    Ms. Jessica Stamper, Grants Assistant  
25        Southwest Virginia

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COMMISSION STAFF (Continued):

Ms. Stacey Richardson, Executive Assistant  
Mr. Jordan L. Butler, Public Relations Coordinator

COUNSEL FOR THE COMMISSION:

Ms. Elizabeth B. Myers, Assistant Attorney General  
Richmond, Virginia 23219

1     January 10, 2017

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3

          DELEGATE KILGORE: Welcome, everyone, to the  
4     Executive Committee Meeting of the Tobacco Commission.

5

          Evan, would you call the roll.

6

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

7

          Delegate Byron.

8

          DELEGATE BYRON: Here.

9

          MR. FEINMAN: Senator Carrico.

10

          SENATOR CARRICO: Here.

11

          MR. FEINMAN: Senator Chafin.

12

          SENATOR CHAFIN: Here.

13

          MR. FEINMAN: Ms. Carter.

14

          MS. CARTER: Here.

15

          MR. FEINMAN: Delegate Kilgore.

16

          DELEGATE KILGORE: Here.

17

          MR. FEINMAN: Delegate Marshall.

18

          DELEGATE MARSHALL: Here.

19

          MR. FEINMAN: Mr. Merricks.

20

          MR. MERRICKS: Here.

21

          MR. FEINMAN: Delegate Morefield.

22

          DELEGATE MOREFIELD: Here.

23

          MR. FEINMAN: Mr. Owens.

24

          MR. OWENS: Here.

25

          MR. FEINMAN: Senator Ruff.

1 SENATOR RUFF: Here.

2 MR. FEINMAN: Delegate Wright.

3 DELEGATE WRIGHT: Here.

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

5 DELEGATE KILGORE: Do we have a motion that we  
6 approve the minutes from 9-20-16?

7 MR. OWENS: So moved.

8 DELEGATE KILGORE: We have a motion and a second  
9 to approve the minutes. All those in favor, say aye. (Ayes).  
10 Opposed? (No response). The minutes are approved.

11 All right, I'm going to call on Evan on the Foreign  
12 Direct Investment Update.

13 MR. FEINMAN: I'm going to ask Chris to do the TROF  
14 policy change.

15 DELEGATE KILGORE: All right, Chris.

16 MR. PIPER: I thank you, Mr. Chairman. The TROF  
17 policy update is a minor change to the TROF policy, which allows  
18 the Executive Director some flexibility in situations where a  
19 project is not meeting the capital investment requirements of  
20 \$1 million. We've had a few situations where there were several  
21 jobs created, but the capital investment was \$950 million or  
22 something close -- excuse me, \$950,000, that would certainly  
23 be a great project, \$950,000 or something close to that.

24 This policy is very similar to some other statements in  
25 the policy, allowing the Executive Director some flexibility. He

1 would have to consult with the TROF Committee before finalizing  
2 the deal. We wanted to put this in the policy, of course, at the  
3 pleasure of the Committee.

4 DELEGATE KILGORE: And that's on page, if you'll turn  
5 to page 28, at the top of the page, that language would be there.

6 MR. FEINMAN: Just to flush it out a little bit. This is  
7 really a technical change in support of the decision that this  
8 Committee made earlier in the year to allow us to go down to  
9 \$10,000 formula awards. What we found was that it was a rare  
10 project that had a \$10,000 formula award, but still met the  
11 \$1 million capital requirement.

12 This is really a smaller project, but same theory.  
13 There are some good projects that just don't necessarily produce  
14 a ton of jobs, and we want to support, and this would give us the  
15 flexibility to do that.

16 DELEGATE KILGORE: Anybody on the Committee  
17 have any questions?

18 DELEGATE WRIGHT: Mr. Chairman, I'm opposed to  
19 beginning to have this authorization, and I did it before for the  
20 Executive Director. I'm going to vote against it at this time even  
21 though I don't see anything wrong with it, probably a good idea if  
22 you want to do it.

23 DELEGATE KILGORE: Yeah, we want to do it.

24 DELEGATE MARSHALL: So, Tommy, does that mean  
25 we don't do any of these deals in your county?

1 DELEGATE WRIGHT: I certainly hope you do, but as  
2 far as I know for the Commission, has never given a report that  
3 the events have transpired. Am I correct about that? Has the  
4 Commission ever really given a report at a Commission meeting  
5 of the projects and what happens?

6 MR. FEINMAN: The TROF doesn't get it automatic, the  
7 Commission meetings only because they need to be finalized on  
8 the schedule, a rolling schedule as businesses arrive. We do  
9 report within our Annual Report and we do a weekly TROF  
10 update, but that TROF update doesn't go to the Full Commission  
11 mainly because there's often proprietary information in there.  
12 We keep at least the TROF Committee apprised, and our Annual  
13 Report has a total count of all of our TROF activity. If you'd like  
14 a more detailed report, we can work one up for you.

15 DELEGATE WRIGHT: I appreciate the time-sensitive  
16 matter of these projects. I understand you need to do it rather  
17 quickly, but I think there's some point in time the  
18 Commission, and even if it's after the fact, you'd have a chance  
19 to comment on it and so forth. I just wanted to explain the  
20 reason why I was voting no and we'd be glad to accept these in  
21 Lunenburg.

22 SENATOR RUFF: I would make a recommendation  
23 that maybe before our meetings we have a report including the  
24 activity in TROF.

25 DELEGATE MARSHALL: You're talking about being

1 time-sensitive, but by the time that we have a Board meeting,  
2 most all of that is going to be past tense anyway and it's already  
3 happened. I think Tommy brings up a good point.

4 MR. FEINMAN: What I was referring to, Delegate  
5 Marshall, the matters of the TROF Committee, we don't share  
6 that broadly or whatever you members of the TROF Committee  
7 get, we don't share that because it's sometimes sensitive  
8 information.

9 DELEGATE KILGORE: When you talk about time-  
10 sensitive activity, we have to consider that. All right. The  
11 language is before you. Any more comments?

12 DELEGATE BYRON: I just want to be clear. So when  
13 you determine that you're going to award a TROF, and  
14 sometimes it happens in our districts and we're not aware of it,  
15 but if you would send a report out, just kind of summarize that  
16 information, even if it's after the fact.

17 MR. FEINMAN: It's in our policy right now followed by  
18 let everybody know local when a TROF project moves forward. If  
19 we drop the ball and that's not happening, then we'll certainly  
20 make sure it doesn't happen again. We want to benefit from this  
21 experience. We're not on the ground. And if some company  
22 comes up and makes a promise and you're aware of their ability  
23 to make or not make the promises, you ought to know about it.  
24 The reports, trying to keep everything straight. Every single  
25 week, the members of the TROF Committee get a detailed report

1 of all the pending TROFs, all the TROFs to be approved, and, in  
2 fact, they're asked to weigh in on any TROFs that are moving  
3 forward. As part of the policy, we are supposed to loop in other  
4 local Commission members on TROFs moving forward in a given  
5 Commissioner's area. If that isn't happening, then we need to do  
6 that, and we'll do that moving forward.

7 MR. OWENS: Does it have to be just local, after you  
8 make the decision?

9 MR. FEINMAN: Not after, in the consideration phase,  
10 the advantage to bringing somebody in that knows the business  
11 and presumably would have some insight into what's going on in  
12 the communities, but we need to be careful because our  
13 corporate prospects get nervous if information is more broadly  
14 disseminated than what their plans are, and we try to eliminate  
15 that. It can be a useful report and just say Project X is  
16 considering locating in a named Building Y and so forth. And I  
17 don't know if that's of any use to you.

18 DELEGATE KILGORE: Any more discussion?

19 MR. MERRICKS: You say you send it out to or when  
20 you send it to the Commission members, are you sending it to  
21 every local Commission member or just selected Commission  
22 members?

23 MR. FEINMAN: When we would consult on a pending  
24 TROF, we would send it to every local Commission member,  
25 there's also the weekly TROF report we send only to TROF

1 Committee members.

2 DELEGATE KILGORE: Anybody have any changes on  
3 the language we're talking about?

4 SENATOR RUFF: Mr. Chairman, with all that  
5 conversation, I would move that we amend the rules for TROF as  
6 proposed.

7 DELEGATE KILGORE: We have a motion and a  
8 second.

9 MR. OWENS: Second.

10 DELEGATE KILGORE: Any more discussion on the  
11 language? All those in favor, say aye. (Ayes). Anybody  
12 opposed?

13 DELEGATE WRIGHT: No.

14 All right. Chris, is that all you had on the policy  
15 changes?

16 MR. PIPER: Yes, sir.

17 DELEGATE KILGORE: Now, we can go to the Foreign  
18 Direct Investment update.

19 MR. FEINMAN: This is just the nature of an update.  
20 We have been working to fund up our Foreign Direct Investment  
21 efforts, and Joe Awal is here, and it's the view of the Staff that  
22 Joe has done a very good job in investing Commission resources.  
23 He has begun to very consistently deliver high quality projects  
24 across the footprint. And what we've been looking at lately is  
25 opportunities to build up the staff, particularly as we see different

1 sorts of priorities and with our partner agency. What we want to  
2 do is make sure we have a Foreign Direct Investment staff that is  
3 able to really focus on the footprint and get us some more  
4 business. MBC has been a key partner in that effort, and they  
5 are talking about funding or partially funding some additions, and  
6 that's something that the Staff is very excited about. We're  
7 going to work out ways that we can coordinate with them.

8 At this point, we don't anticipate any new Commission  
9 resources for those particular positions, which is particularly  
10 exciting. However, we will need an additional position, probably  
11 focusing specifically on Southwest, that will eventually need  
12 Commission funding, that was in the works and then sort of, but  
13 we've got a little more work to do to get that across the finish  
14 line. But I just wanted to give you an update to bring our  
15 Foreign Direct Investment staff up from one to at least three  
16 people and maybe go beyond that.

17 DELEGATE KILGORE: All right. Now, we go to MBC  
18 update, Tad Deriso.

19 MR. DERISO: Thank you, Mr. Chairman. Tad Deriso,  
20 President of Mid-Atlantic Broadband Community. I want to give  
21 you a quick update on some of our economic development and  
22 FDI projects we're working on, that we've been working with  
23 Evan and Staff here. And pretty excited to roll out this next  
24 stage, and our board has fully approved additional funds to ramp  
25 up the hiring of additional people, as well as providing marketing

1 and sales for those activities.

2 If you all remember a few years ago, we opened up  
3 an office up in the West Coast, Silicon Valley, California, and we  
4 had a person out there, and that has proven to be pretty  
5 productive. And that went to a relationship with Facebook that  
6 we've done several deals with, and also the wireless company,  
7 and we anticipate making an announcement by the end of  
8 January for about four or five technical jobs here in the region.

9 A lot of this in our interest is driven by the new  
10 submarine fiber cables that are coming in from Europe and South  
11 America, I'm sure you all maybe have heard of those or we've  
12 talked about those in the past. These are projects funded by  
13 Microsoft, Facebook, and a company called Telefonica. What that  
14 means is these cables are coming from mainly Europe to Virginia  
15 Beach, which will tie into our network out in that part of the  
16 world and bring them right in.

17 So, from the telecom side of our business, a  
18 tremendous opportunity that that has never existed before in the  
19 Mid-Atlantic, primarily cables go from London to New York and  
20 New Jersey, and then the South American cables go as far as  
21 Florida, or as far as direct landing on the land. So, because of  
22 our relationship with Microsoft, as many of you know, they have  
23 a big investment in Southern Virginia. We've been able to  
24 leverage that to be a partner in those projects both including and  
25 extending fiber from those landings directly into the MBC

1 Network and commissioning a study to determine what kind of  
2 industries and targets and actual companies we can go after,  
3 both in Europe and South America to, that would benefit from  
4 that.

5 Basically what we see if you're on Southern Virginia  
6 you have a direct tie into those cables, that we believe puts us in  
7 a competitive advantage over North Carolina and South Carolina  
8 or any other state that can't do that. Then you look at the  
9 network we have and the workforce, just all the different things  
10 happening, we think that's a pretty good project to be associated  
11 with.

12 We've just finished this study, with Megan Economics,  
13 just completed an 80-page report for us. And with the actual  
14 companies, there is about 15,000 companies here in the U.S.  
15 that they have identified would be good targets for that and  
16 currently working on the European and the UK versions. So,  
17 again, our plan is to hire a new person to lead those efforts in  
18 Europe, both for the Siemens Electronics facility down in South  
19 Boston, the, I can't remember the name of it, the center down in  
20 Danville, just all the different workforce initiatives that we have  
21 to try to align our resources to that. We'll also have a West  
22 Coast person, and we're talking about a year and a half to two  
23 years we'll be funding a person that will focus on South America  
24 because those cables will be coming in kind of late 2018, and we  
25 want to be ready to further market and show Southern Virginia is

1 a great place for those businesses that need a U.S. location and  
2 also meet the capacity on those. It's all pretty exciting stuff.

3 And not public information yet, but there is a new  
4 cable under discussion from South Africa to Virginia Beach, as  
5 well as another one from Denmark. So, again, we are involved in  
6 discussions with that, trying to get people connected, and say,  
7 hey, it's not all about getting to Northern Virginia, we've got a lot  
8 of assets here in Southern Virginia, too.

9 Glad to answer questions you all may have.

10 DELEGATE KILGORE: We certainly appreciate what  
11 you all are doing as it relates to reinvesting in the Region, and I  
12 think that says a lot about MBC's, about your company. On  
13 behalf of Southside and Southwest, we certainly appreciate it.

14 DELEGATE MARSHALL: I've got a question on another  
15 topic, and this is on another project you've already done. So,  
16 Tad, if you could, give us an update on the project that, I'm not  
17 quite sure of the name of it, but it was a Microsoft project that  
18 was going to put towers up for K-through-12 education, which I  
19 think was Halifax County, Campbell County. So, what's the  
20 progress, what's the proper name, and kindly fill us in.

21 MR. DERISO: Sure, absolutely. Thank you, Delegate  
22 Marshall. The name of that project is the TD White Space  
23 Project, not a real exciting name. That's the partnership we've  
24 done with Microsoft involving Halifax, Charlotte, and a little  
25 portion of Campbell County, and Brookneal. The purpose of that

1 was to connect schools that were already connected on the MBC  
2 Network putting this next generation wireless projects that  
3 Microsoft uses worldwide, mainly in developing countries and  
4 places where there's not a lot of broadband, to provide cost-  
5 effective access to connect people to that.

6 We came at it a little differently, partnering with both  
7 county school districts. Once this is connected and, again, we're  
8 not asking the schools for the money, we're putting that system  
9 up and then we are providing a connection for educational  
10 content only at no cost to those residents, to the homes that  
11 don't have connectivity.

12 The status to date, we have about 65 percent of the  
13 towers connected with that TD White Space gear. You all may  
14 have seen an announcement maybe two months there was a  
15 company out of Salem, Virginia, BTX, who was our technical kind  
16 of internet resource provider, and they are actually going out and  
17 not only finding the homes to be connected to the project, but  
18 also finding people that are willing to pay for regular internet  
19 access. This is basically a springboard to help do that. So we've  
20 assisted in reducing the private sector costs being brought into  
21 these locations.

22 We anticipate that the project will be up and running  
23 fully probably late spring or early summer, so we're hoping this  
24 fall we should have a pretty good connectivity for students.  
25 Microsoft's PR team and marketing team is all over this project.

1 And once we get to those milestones, they're going to do a very  
2 big national and probably global announcement of this since it is  
3 the largest project of its kind in the world. So, we're pretty  
4 excited about that.

5 DELEGATE MARSHALL: Thank you.

6 DELEGATE BYRON: Tad, just following up on that.  
7 How limited or how broad is the education use, what constitutes  
8 being able to use it for education?

9 MR. DERISO: The education use is Con Academy, the  
10 internet connections that the schools have. If you are in a K-  
11 through-12 school and you get on the internet, whatever you can  
12 access there, which is restricted, is what they can get in their  
13 home. They have access to the various portals that the teachers  
14 use for homework assignments and videos on doing algebra,  
15 those type of activities. They can't go onto Netflix, they can't go  
16 onto YouTube, those type of things.

17 DELEGATE BYRON: Thank you.

18 DELEGATE KILGORE: Any other questions for Tad or  
19 comments? Thank you very much, Tad.

20 MR. DERISO: Thank you, Mr. Chairman.

21 DELEGATE KILGORE: All right. Now, we're going to  
22 go to a topic that's been on our agenda for the last year, OptiNet  
23 update.

24 MR. FEINMAN: I will try to be as informative as I can  
25 be, but there are still ongoing negotiations. As the Chairman

1 said, we've been working on this deal for about a year. To give  
2 everybody a quick refresher, the Bristol Virginia Utilities OptiNet  
3 system has undergone some financial difficulties and some  
4 personnel difficulties over the last period of time, to put it lightly.  
5 As a result, they have proposed that they sell their OptiNet, their  
6 entire broadband operation to SouthSide Digital, which is a  
7 company based in Southwest Virginia. They found a financial  
8 backer and has proposed to purchase the system for \$50 million.

9 There were ultimately seven different parties that  
10 needed to agree to this sale, including two federal agencies, and  
11 probably surprising no one around the table, the federal agencies  
12 proved difficult to get it in motion. That, combined with some  
13 personality conflicts between some of the other parties, slowed  
14 down the deal. We have now gotten nearly everyone on board.

15 The federal agencies have outlined the conditions  
16 upon which they would approve the deal, and those are  
17 conditions we can meet. The Commission's clawback, because  
18 remember we funded a significant portion of this network, and  
19 the Commission's clawback is going to be very healthy and we  
20 have not yet inked that deal, but we have agreed in principal to a  
21 dollar figure.

22 The operating agreement between the CTC and  
23 Sunset is currently what's being hammered out. The final hurdle  
24 for federal approval is to see what the operating agreement looks  
25 like at which point NTIA and EDA, the two federal agencies,

1 should approve the deal. That's all been contingent by EDA  
2 getting what they call the federal share, which is calculated  
3 through some arcane formula, but has yielded a result of  
4 \$1.2 million, which should be very easily achievable because of  
5 the \$50 million purchase price.

6 So, I think the Commission is going to recoup its  
7 investment in a significant fashion. I think the Commission will  
8 probably also get additional resources as a result of the deal and  
9 we're going to have a very deep pocketed partner who will be  
10 committed to expanding broadband, including last mile  
11 investments, throughout much of Southwest Virginia, which I  
12 think will be a good result for everybody, particularly given the  
13 relative instability of the network when it was in the hands of  
14 BBU.

15 That's a quick update. I'm happy to answer any  
16 questions. If we get into specifics, we might need to go into  
17 closed session, or I'm happy to do one-on-ones after the  
18 meeting.

19 DELEGATE KILGORE: I want to thank Evan for really  
20 staying on top of this, because it's been really a lot of up and  
21 downs and meetings going on, so I really appreciate, Evan, you  
22 staying on top of this.

23 For those of us who are in the Southwest, I think this  
24 is a very important deal to go through because without the use of  
25 Commission money, it does get us to some of those hard-to-

1 reach areas and some of those last miles. We have this great  
2 fiber that we've invested in, in Southwest and Southside, but, as  
3 you know, particularly in Southwest, we've got some really great  
4 fiber, but it's just sitting there. If we can go through this, this  
5 now would give us an opportunity to use that.

6 I think this is the good thing about this deal. I want  
7 to thank Evan for staying on top of this and keeping me out of  
8 the way.

9 MS. CARTER: What do you anticipate to be the  
10 amount of money that we will receive?

11 MR. FEINMAN: We don't have, why don't we talk  
12 about it after, but until we have an inked deal, I don't really want  
13 to throw a figure out there.

14 DELEGATE KILGORE: All right, thank you.

15 The next topic is the prospective purchase of the, I  
16 was trying to think of the exact name on here, of CAER. Let me  
17 call on Bob Bailey.

18 MR. BAILEY: Thank you, Mr. Chairman, and  
19 Commission members. I'm Bob Bailey, and I am the Executive  
20 Director for the Center for Advanced Engineering and Research.  
21 We have an opportunity in front of us, and we think it's a really  
22 exciting opportunity with a tremendous amount of potential. And  
23 I want to share that with you and hopefully get some guidance  
24 from you this morning. I'm going to be as respectful of your  
25 time as I can, but at the same time I want to make sure that you

1 have all the information that you need and the answers to any  
2 questions you have for what this proposal is.

3 With that in mind, we have a number of stakeholders  
4 here --

5 DELEGATE KILGORE: If I could direct you all to page  
6 30.

7 MR. BAILEY: Yes, there's a more detailed description  
8 of this that we provided. We have a number of stakeholders  
9 here, and I want to introduce them so that you are comfortable  
10 that whatever questions you got, there are people here that can  
11 answer them.

12 I have Jonathan Whitt, who is with Liberty University,  
13 who is part of this proposal. I have Bill Guzak and John Doyle,  
14 who represent the Executive Committee from the CAER Board of  
15 Directors. I have Doug Lee and Joe Miller. Doug represents both  
16 the CAER Board and BWXT, who has a stake in this. Traci Blido,  
17 with Bedford County, is here, as well. In fact, all those parties  
18 have signed an team agreement about a month ago to work  
19 together on this proposal. So, everybody is committed to that.

20 The CAER and the Tobacco Commission has been  
21 incredibly supportive from the very beginning. Our vision from  
22 our very genesis has been to create a research university  
23 environment in our region. It's a region that did not have  
24 engineering programs at the time. Our vision has been to create  
25 this research university environment in Bedford County and in

1 Southside Virginia. Our biggest challenge has been adequate  
2 resources and getting the resources we need to put behind what  
3 we want to do.

4 Liberty University and their School of Engineering  
5 have reached a point in their growth where they now have a  
6 vision for moving from an undergraduate program to a full-  
7 fledged graduate program with a high level research presence.  
8 Their challenges are a dedicated campus that everybody can see  
9 the technology focus to move forward.

10 The solution that we've come up with and the solution  
11 we're proposing is a collaborative effort that combines their  
12 economic strengths with the CAER's organizational and physical  
13 infrastructure into a single entity that will accelerate the growth  
14 of both of our missions. With that in mind, I want to ask  
15 Jonathan to come up and present a statement from Liberty on  
16 their behalf as to where they are on this, and then we'll give you  
17 the details and address your questions.

18 MR. WHITT: Thank you, Bob. Good morning. I'm  
19 Jonathan Whitt. I'm work on behalf of Liberty University and  
20 work underneath Randy Smith, our chief operating officer. I  
21 have a note from Randy Smith I'd like to read to you very quickly  
22 to give you some perspective on Liberty's involvement on this.  
23 Randy, our CO, writes, good morning, I apologize President  
24 Falwell and I cannot be with you in person today. We very much  
25 appreciate the investments you have made in Southside Virginia

1 and it's our desire to see this proposal that you have before you  
2 today and join with you in one of your investments, and that is  
3 the Center for Advanced Engineering and Research.

4 Randy writes, please allow me to share a brief  
5 background on this initiative from Liberty's perspective. Just a  
6 few weeks ago, the president and I were viewing architectural  
7 renderings for a new school of engineering computational  
8 scientists to be slated to be erected now on our main campus.  
9 We've been debating whether or not to build the school at this  
10 location or on our East Campus in Campbell County. It was  
11 during this decision-making process that the possibility of the  
12 CAER location was brought to our attention. Randy writes that I  
13 contacted Bob Bailey, the director of the Center, and inquired  
14 about the potential of Liberty University of purchasing the CAER  
15 and moving our School of Engineering to that location instead of  
16 doing this project on campus.

17 After multiple planning sessions, we arrived at the  
18 plan you have before you today, whereby Liberty University  
19 would acquire the CAER and the land that it sits on, we would  
20 establish a partnership of leaders of the energy industry to  
21 convert the facility into a full-scaled energy research complex.  
22 We would complete the construction of the original road and the  
23 parking in the original plans for the center, we would  
24 immediately construct a new classroom and academic office  
25 facility in lieu of building on the main campus.

1                    Significant future expansion is certain, and we have a  
2 vision of a nationally recognized energy research development  
3 center that in short order could be the birth place of the next  
4 generation of energy production transmission storage control.  
5 We've already made contact and had positive responses from  
6 Babcock and Wilcox, AREVA and Appalachian Power, TRAX  
7 International, and other leaders in the energy industry.

8                    In addition to this facility, they are planning to  
9 purchase the hydroelectric facilities on the James River, which  
10 will become laboratories for the operation and expansion of  
11 renewable resources, and the possibilities are endless with CAER.

12                    The location of our new School of Aeronautics and  
13 Aviation and Research Facility, is planned on a 500-acre parcel  
14 recently purchased, just barely a mile from the CAER location.  
15 It's the combination of these two centers that's projected to have  
16 a significant economic impact in Bedford County and either  
17 directly or indirectly from the Associated Industries that we  
18 anticipate relocating to be near this research.

19                    We believe that the proposal that you have before you  
20 today offers a win-win situation and really turbo-charges the  
21 economic and educational efforts important to the communities  
22 we both serve. Randy Smith, COO.

23                    I'm here as Bob continues to present to answer any  
24 questions you may have on that. Thank you.

25                    MR. BAILEY: So that gives you a brief idea of how

1 this vision has come together. The key elements of this are to  
2 consolidate the physical research and development assets in the  
3 region under one organization and that the CAER at Liberty  
4 School of Engineering to collaborate on the development of a  
5 strong industry cluster around the technology of energy and  
6 some workforce pipelines from not just Liberty, but from a  
7 variety of schools to energy industries in the region.

8 The outcomes will be that the Liberty University  
9 School of Engineering will grow from an undergraduate program  
10 with moderate research activity to a higher level of activity,  
11 Carnegie rating of R1, if you're familiar with that. We're talking  
12 about 800-plus students, 30-plus faculty, new undergraduate  
13 degrees at LU, new Master's degrees, and ultimately a Ph.D.  
14 focused on energy. An engaged energy cluster and pipeline, a  
15 workforce pipeline for scientists and engineering students into  
16 companies in the region.

17 As I said, this has the strong support for all the  
18 stakeholders. Our board of directors met last week, unanimously  
19 have supported this idea.

20 What we're asking for, because of the Commission's  
21 investment in this process, is we're asking for an approval to  
22 transfer the asset from the CAER to the School of Engineering.  
23 We're asking for approval to take the proceeds from that  
24 transfer, match it with two to one dollars from Liberty, so it will  
25 be a \$4.5 million asset, and Liberty is going to pledge up to \$9

1 million or more in this total project and spend that money on  
2 negotiating the purchase of the 28 acres, known as Lot 1 in New  
3 London Park, to the site development on that lot to prepare for  
4 that campus, to construct a 30,000 square foot classroom and  
5 office building, to develop the business development  
6 infrastructure needed to build the energy cluster and to develop  
7 this workforce pipeline so we can start to engage students with  
8 those companies. And then to, I guess, authorize Staff to  
9 negotiate a final budget for that and to negotiate a single MOU.  
10 Right now, there's currently multiple grants that the Commission  
11 has with the CAER and with Bedford County on that property.  
12 Rather than try to manage 16 or 18 different grants, to replace  
13 those with a single MOU grant agreement or some type of  
14 agreement that would address that. That's our ask, and that's  
15 the short version, and let me make sure you got all your  
16 questions answered.

17 DELEGATE KILGORE: Now is the time to ask  
18 questions.

19 MR. FEINMAN: If there's not any questions, then  
20 there's folks from the county here and then also some folks from  
21 the Nuclear Energy Consortium that would like to speak to that.

22 DELEGATE KILGORE: If those folks, individual would  
23 come up. Let me just say, you know, one thing that, I don't  
24 know if any of you saw this, recently there was a study that  
25 came out that said that a lot of the areas where there was higher

1 education opportunities, whether there was a college town or  
2 whether there were investments there, that those areas fared  
3 better during the last recession than others and because, you  
4 know, education, it does create jobs. I just read that, thought I  
5 would share it with you.

6 MS. BLIDO: I'm Traci Blido. I am the Director of  
7 Economic Development for Bedford County. The EEA and the  
8 board of supervisors are all familiar with this project and they  
9 have looked at any downside, as well as any upside, and they do  
10 believe that it is to the benefit of the county, that it will create  
11 strong partnerships in the future for new development. They  
12 also looked at the tax implications being that currently the CAER  
13 and the BWXT do pay some tax, but they feel that whatever  
14 taxes may change in the future as a result of an educational  
15 facility owning it that the benefit still outweighs any of that, if  
16 that helps.

17 DELEGATE KILGORE: Do you have any questions?

18 MS. BLIDO: The one thing our County Administrator  
19 did want me to mention is, you know, we are concerned and  
20 want to be part of that discussion on any use of proceeds, even  
21 though the CAER currently owns the building and with the grants  
22 that they've received in the past, we'd sure like to see some of  
23 that be part of our discussion with, for example, where the  
24 tenants that are currently in the building will end up going long  
25 term, we don't want to lose any of those companies. Thank you.

1 DELEGATE KILGORE: Any questions? Next? Yes, sir?

2 MR. COHEN: Thank you, Mr. Chairman, members of  
3 the Commission, good morning. My name is Marshall Cohen, I  
4 serve as the Executive Director of the Virginia Nuclear Energy  
5 Consortium, which as many of you know, was established several  
6 years ago through statute in the Commonwealth.

7 When I first was asked by the consortium to work with  
8 them about a year and a half ago, and I asked them what's on  
9 your mind, what do you want to have happen, what's important  
10 to you, the first thing that they said to me was that this facility,  
11 this potential research facility in Bedford County that needs  
12 support, and we need to do what we can to support that, so that  
13 our universities and, indeed, some of our manufacturers can take  
14 advantage of what the capabilities are there.

15 So, the first thing that we started to do was to figure  
16 out strategies to see what we could do to help the CAER. To  
17 really as I characterized it and in discussion with legislators  
18 earlier in this year, or last year, to kick start the facility so that  
19 our university members of VNEC, who are VCU, Virginia Tech,  
20 University of Virginia, could really strap on the research  
21 proposals that they were engaged in submitting to the  
22 Department of Energy and others. And the legislators were very  
23 responsive, and we're very appreciative of the action that they  
24 took last year to try and set some funds aside, some matching  
25 money to be obtained through these grants that would really

1 enable the facility to get underway. Those funds have been, of  
2 course, jeopardized, and we understand that situation, but  
3 nevertheless we have continued to have conversations with the  
4 Department of Energy and with some of the national labs and  
5 universities talking to each other about developing the right kind  
6 of research proposals that, so we could take advantage of. VNEC  
7 sees this as a potential world class research facility unique in  
8 what is possible there.

9           And what we want to make sure of is that these  
10 opportunities are not lost in all what happens here and, in fact, it  
11 seems to be happening very quickly. We got a letter from the  
12 CAER Board several weeks ago asking for expressions of interest,  
13 and I know the universities did by January 9<sup>th</sup>, and that was just  
14 not possible given the holidays and everything else and the  
15 complexities of this to respond in any kind of real serious way.  
16 But I did convene several phone calls, conference calls with all of  
17 our university members, and as a result of those calls, with the  
18 letter that we provided to the Commission the other day. And I  
19 think for us, the key in that letter was on the last page and the  
20 five or six recommendations of things that we think would be  
21 helpful in this moving forward.

22           VNEC, of course, is not a direct stakeholder, but we  
23 have been advocating for this facility for the last year and a half  
24 and had every intention of moving forward before this  
25 opportunity came up to continue that advocacy as best as

1 possible. We had a meeting with the Director of the Office of  
2 Nuclear Technology in the Department of Energy where we  
3 discussed this facility, and all types of things are possible there.

4 So we see this as an opportunity, but the question is  
5 how does the opportunity play out? Going forward, how does  
6 this collaboration work? We've had good discussions with  
7 Liberty, and Jonathan has been very open and forthcoming, and  
8 we very much appreciate that. So, again, we want to help this in  
9 the right way. Our universities and our manufacturers, BWXT, all  
10 members of the consortium, Old Dominion and so forth, want to  
11 see that this works right and just offer whatever help we can as  
12 this thing goes forward as to how it ends up. It would be a  
13 shame to lose what we think is a potential for all engineering  
14 research, not just if they're all engineering research in Virginia,  
15 with what this facility can do.

16 So with that, I'll stop. We do have the letter. Be  
17 happy to answer any questions. I do bring regards from the  
18 Chairman of the VNEC Board, at VCU. She just couldn't be here  
19 today because she has classes this morning. Thank you.

20 DELEGATE KILGORE: Anyone else?

21 DELEGATE BYRON: Thank you, Mr. Chairman. I know  
22 that we're going to be having some more discussion on this. I  
23 just want to make a quick comment that I was invited to be part  
24 of the discussion or listening, as you were, as well, several weeks  
25 ago. I mean it's really been very impressive the way that

1 everything has been professionally handled and everyone has  
2 come together with the different individuals involved, the  
3 community and everyone, to get those commitments, to  
4 brainstorm and see if the idea would work or what that idea  
5 should look like.

6 I just think that what has been worked out is an  
7 excellent solution to something that really needs to be  
8 addressed, that this is going to not only protect our investments  
9 that we have made over the years in that facility and the  
10 research that BWX has already done, that has been a  
11 tremendous asset to all of us and who will continue to be very  
12 supportive of everything that's going on.

13 As far as the Region goes, the economic opportunities  
14 of what this could hold for the New London Industrial Park and  
15 bringing some more activity out into off-campus, out into the  
16 Bedford area, with public and private sectors, will be a  
17 tremendous benefit to all of us going forward. So, I just wanted  
18 to get those comments on record and look forward to the rest of  
19 the session.

20 DELEGATE KILGORE: I think probably out of an  
21 abundance of caution, we probably ought to go into closed  
22 session, to discuss this a little bit more in detail.

23 DELEGATE MARSHALL: Mr. Chairman, I move that we  
24 go into executive session in accordance with the provisions of the  
25 Virginia Freedom of Information Act, for the purpose of

1 discussing real property transaction.

2 DELEGATE KILGORE: We need a vote.

3 MR. FEINMAN: Delegate Byron.

4 DELEGATE BYRON: Yes.

5 MR. FEINMAN: Senator Carrico.

6 SENATOR CARRICO: Yes.

7 MR. FEINMAN: Senator Chafin.

8 SENATOR CHAFIN: Yes.

9 MR. FEINMAN: Ms. Carter.

10 MS. CARTER: Yes.

11 MR. FEINMAN: Delegate Kilgore.

12 DELEGATE KILGORE: Yes.

13 MR. FEINMAN: Delegate Marshall.

14 DELEGATE MARSHALL: Yes.

15 MR. FEINMAN: Mr. Merricks.

16 MR. MERRICKS: Yes.

17 MR. FEINMAN: Delegate Morefield.

18 DELEGATE MOREFIELD: Yes.

19 MR. FEINMAN: Mr. Owens.

20 MR. OWENS: Yes.

21 MR. FEINMAN: Senator Ruff.

22 SENATOR RUFF: Yes.

23 MR. FEINMAN: Delegate Wright.

24 DELEGATE WRIGHT: Yes.

25 DELEGATE KILGORE: All right, we're now in executive

1 session.

2

3 NOTE: An executive session is had, whereupon at the  
4 completion of the executive session, the Committee resumes in  
5 open session.

6

7 DELEGATE MARSHALL: Whereas the Executive  
8 Committee of the Tobacco Commission has convened a closed  
9 meeting in accordance with the provisions of the Virginia  
10 Freedom of Information Act; and, whereas, the act requires a  
11 certification by the Committee that such a meeting was  
12 conducted in conformity with Virginia law. Resolved that the  
13 Committee hereby certifies that to the best of each member's  
14 knowledge, that only public business lawfully exempted from  
15 open meeting requirements under the Act and only such public  
16 business matters as were identified in the motion by which the  
17 closed meeting was convened, were heard, discussed, or  
18 considered by the Committee in that meeting. I move we have a  
19 roll call vote.

20 MR. FEINMAN: Delegate Byron.

21 DELEGATE BYRON: Yes.

22 MR. FEINMAN: Senator Carrico.

23 SENATOR CARRICO: Yes.

24 MR. FEINMAN: Senator Chafin.

25 SENATOR CHAFIN: Yes.

1 MR. FEINMAN: Ms. Carter.

2 MS. CARTER: Yes.

3 MR. FEINMAN: Delegate Kilgore.

4 DELEGATE KILGORE: Yes.

5 MR. FEINMAN: Delegate Marshall.

6 DELEGATE MARSHALL: Yes.

7 MR. FEINMAN: Mr. Merricks.

8 MR. MERRICKS: Yes.

9 MR. FEINMAN: Delegate Morefield.

10 DELEGATE MOREFIELD: Yes.

11 MR. FEINMAN: Mr. Owens.

12 MR. OWENS: Yes.

13 MR. FEINMAN: Senator Ruff.

14 SENATOR RUFF: Yes.

15 MR. FEINMAN: Delegate Wright.

16 DELEGATE WRIGHT: Yes.

17 MR. FEINMAN: That is confirmed unanimously.

18 DELEGATE KILGORE: All right, now we're back into  
19 open session. Is there a motion?

20 MS. BYRON: Mr. Chairman, that we move to  
21 authorize the Executive Director to negotiate on a potential  
22 transfer of Commission assets related to the Center for Advanced  
23 Engineering and Research, pending approval of the Commission  
24 at a special called meeting in the next 30 days, at a special called  
25 meeting of the Tobacco Commission.

1 MR. OWENS: Second.

2 DELEGATE KILGORE: We have a motion and a  
3 second. Any discussion? All those in favor say aye. (Ayes).  
4 Opposed? (No response). All right, thank you.

5 Next, we have Staff evaluations and goals.

6 MR. FEINMAN: Mr. Chairman, we have, I just wanted  
7 to bring to your attention, if you'd look in your, starting on page  
8 40, in an effort to make sure the Staff is well managed and that  
9 this body has an advisory board and has good access to the ways  
10 that the Staff is being managed, we have for the coming year  
11 created employee work profiles that include measurable goals for  
12 each employee. We did that after completing the annual  
13 evaluations of every Staff member on the Commission. I think  
14 this will give us better insight into insuring that the Staff is  
15 meeting measurable goals set forth by the Commission and I  
16 think this will be able to give us a very clear documentation of  
17 what it is we're doing on behalf of the public and particularly in  
18 the current environment, I think that will put us in very good  
19 stead. I don't know if there's any real need to go through each  
20 one with you all right now, but it is in your book, and if you have  
21 any questions, please feel free to go through them and look over  
22 them. That's just something I wanted you to be aware of.

23 It did lead to when we did the evaluations a need to  
24 rebalance employee salaries. We had some folks in comparable  
25 positions not making the same wage and we also had some folks

1 who hadn't gotten a raise in a long time, and the absence would  
2 be more far more injurious to the Commission standing than  
3 those raises, so we did a rebalancing of other employee salaries.

4 We had a very successful year. We're up on every  
5 metric basically by which we are evaluated. While I know the  
6 General Assembly members here are going to be working hard to  
7 insure that staff salaries across state government increase in  
8 accordance with the proposed raise or bonus or whatever you all  
9 work out, but we're way ahead on capital investments, we're way  
10 ahead in jobs created, and we managed to do some good  
11 negotiating and save some money last year.

12 So, I went ahead and authorized our staff getting a  
13 two percent raise. I think that just makes sense for the good  
14 work that they do. I wanted you all to be aware of that.

15 Stephanie can walk you through the budget where we  
16 stand right now.

17 DELEGATE BYRON: You may recall this is something  
18 that I had requested that we put together a personnel committee  
19 back in the fall to just have the Commission members be able to  
20 do something that the Staff went ahead and did themselves, and  
21 I want to thank you for that, and some were not quite where  
22 they needed to be. I don't know that I saw one in here for the  
23 Executive Director.

24 MR. FEINMAN: It would seem odd for me to do a self-  
25 evaluation, I'm certainly happy to sit with the Committee and

1 create one for you, but, no, I didn't generate one for me.

2 MS. BYRON: I understand that. And which leads me  
3 back to my original suggestion, that I don't believe for, you  
4 know, just transparency and for some issues like in the recent  
5 JLARC report, that criticized other agencies for not handling some  
6 similar goals and duties and just oversight that it would be in our  
7 best interest to have a small committee, whatever the chairman  
8 would suggest, and that, you know, that you can get a chance to  
9 shine from getting a great, great one yourself, and could also  
10 have an opportunity for all of us to feel comfortable that we had  
11 involvement in the Board and what is transpiring.

12 So, I would encourage, Mr. Chairman, for you to  
13 continue for your consideration of putting together that group  
14 and allowing us to do that.

15 DELEGATE KILGORE: Okay, I'll do it.

16 MS. KIM: I just wanted to point out on page 105 for  
17 the financial report, November 30<sup>th</sup>. Our current endowment  
18 balance is \$253 million remaining in the endowment itself. There  
19 are funds remaining in the endowment itself. And we have total  
20 assets of \$479.7 million. So a lot of that is, our grants that have  
21 been awarded that have not yet been disbursed. We have about  
22 \$121 million in grants that have been created and awarded that  
23 have not yet been disbursed.

24 On page 106, here today through November 30<sup>th</sup>, we  
25 are about 42 percent of the way through the year, and our

1 current expenses are at 36.3 percent of our total funds.

2 If you have any questions, I'll be glad to answer them.  
3 I will note that in the salary realignment, Evan is not included in  
4 that because he couldn't give himself a raise, that is set by the  
5 Commission. So, if the Commission so desires or Personnel  
6 Committee or however that's to be done, it would have to be set  
7 by the Commission.

8 DELEGATE KILGORE: We would need to make a  
9 motion on that, correct?

10 MR. OWENS: You mean a motion to accept it?

11 DELEGATE KILGORE: No, everyone else got the two  
12 percent raise. And if somebody wants to make that motion.

13 MR. FEINMAN: You certainly don't need to make that  
14 motion. I'm not requesting it.

15 MR. MERRICKS: I think it would be appropriate  
16 considering the work he's done. I do think though we do need  
17 a committee.

18 DELEGATE KILGORE: And I think we're going to do  
19 that. I think I'm going to appoint, we'll do that between now and  
20 that special-called meeting, I'll try to get with Evan and try to get  
21 a committee set up. And if anybody is really interested on  
22 serving on the, on a personnel committee, I'll try to keep it at  
23 about five people, so it doesn't get too overwhelming.

24 MR. OWENS: Mr. Chairman, I move that we give the  
25 Executive Director the same percentage raise that we gave all

1 the Staff.

2 DELEGATE KILGORE: Do I have a second?

3 DELEGATE MARSHALL: Second.

4 DELEGATE KILGORE: Any discussion? All in favor,  
5 say aye. (Ayes). Opposed? (No response).

6 All right, next? Henricopolis. That's the hardest thing  
7 to say. Folks from the medical school at Martinsville, come on  
8 up.

9 DR. BOAZ: Good morning, Mr. Chairman, ladies and  
10 gentlemen of the Commission. I'm Noel Boaz, and I'm President  
11 of the College of Henricopolis, School of Medicine in Martinsville.  
12 It's the planned school for Martinsville in Southside Virginia.

13 I'll speak to the documents you have in front of you,  
14 which shows the five pillars of support of the medical school,  
15 starting with its inception in 2011. Our purpose today is to  
16 request an extension of the TROF grant, which we received in  
17 early 2015 in the amount of \$800,000, granted to the City of  
18 Martinsville. And the argument for that is that our developments  
19 are from, and acceptance of the TROF grant was delayed because  
20 of the lack of proper investment or adequate investment.

21 As you probably know from your experience with the  
22 two prior fundings that the Commission has been involved with,  
23 with both King College, or King School of Medicine in Abingdon,  
24 which never eventuated, and also the school at Liberty, which  
25 has been successful. The requirements for accreditation are

1 significant. And if you look down at the bottom of your sheet,  
2 you'll notice that there is a point of LCME accreditation, and  
3 that's the Liaison Commission for Medical Education. And we  
4 have gone through that four times, and we are ready to do it for  
5 the fifth time, and that is the requirement of the LCME that we  
6 have an approximate amount of \$25 million set aside for the  
7 medical school development. Other than that, we are  
8 successfully ready to submit.

9 We request an additional length of time to meet the  
10 two aspects of the TROF grant that are required, that is 111 new  
11 jobs and a capital investment of at least \$1 million, and we'll  
12 need more than that as we proceed.

13 The other pillars here, in addition to the investment, I  
14 should mention that I do have a letter of intent from the  
15 investor, the investment group is from Southern California, and  
16 we are happy to share that with you in a confidential manner,  
17 and I have that with me.

18 But I also want to mention city support, and we have  
19 here with us today Eric Monday, who is the city attorney, and I'll  
20 ask Mr. Monday to come up and say a few words.

21 MR. MONDAY: Thank you, Dr. Boaz. Mr. Chairman,  
22 members of the Commission, I'm Eric Monday, the city attorney  
23 for Martinsville, and the council does support the medical school's  
24 request for an extension on this grant. We do understand that  
25 there has been significant difficulty in Dr. Boaz raising the

1 necessary investment, as he referred to this morning. And I  
2 don't know think this made it into your packet, because this has  
3 just been executed quite recently, he does have a letter of intent  
4 from an investor who commits to raise up to \$25 million for this  
5 medical school. The city council has fully supported the concept  
6 of a medical school. We're under no illusions and weren't at the  
7 time that the Commission made the original grant as to the city's  
8 responsibility for the clawback in the event that this did not pan  
9 out. We're still aware of that.

10 We do think that a two-year extension to allow Dr.  
11 Boaz and his group to raise the necessary investment would be  
12 very helpful, this would be an enormous benefit to Martinsville.  
13 And I guess to kind of draw an analogy to another educational  
14 institution in Martinsville, the New College Institute, which has  
15 also met with some challenges, I think that this could be some,  
16 some element of political handholding for a while in order to see  
17 if this is capable of getting off the ground. That would be a very  
18 helpful thing for Martinsville. If it does not get off the ground,  
19 the city is certainly aware that it's responsible to the Commission  
20 for the clawback, and we obviously stand by that commitment.  
21 So we do respectfully ask you to grant this extension.

22 DELEGATE KILGORE: I think Delegate Marshall has a  
23 question.

24 MR. MONDAY: Yes, sir.

25 MR. FEINMAN: Just to clarify everybody knows where

1 we're standing. We issued a grant to the Henricopolis School of  
2 Medicine, and included in the grant language was a requirement  
3 that they accomplish at least 25 percent of their goals by halfway  
4 through the grant period. They didn't get there, and you haven't  
5 done that. And to my mind, that's really our job, and they're  
6 here to try to explain themselves, and that's just the baseline of  
7 where we are.

8 That's the reason that we have begun the process of  
9 potentially rescinding the grant is because they failed to meet  
10 their performance targets. They're indicating that they know  
11 harder days are ahead, and certainly the purview of the  
12 Executive Committee to grant or revoke the extension, if we are  
13 so inclined. And that's why we are where we are.

14 MR. MONDAY: And if I may add to the Director's  
15 comments, it was the city that was the catalyst for bringing this  
16 to your attention. And we were aware the college was in default,  
17 and it's actually a 36-month grant period, and we have hit the  
18 18-month benchmark, and they knew they were in default. And  
19 we asked Dr. Boaz to reach out to the Commission, to bring that  
20 to their attention, and that's why we're here and where we are  
21 today.

22 The city wanted to be very forthcoming with the  
23 Commission, we knew the project was in default, and we saw no  
24 point in dragging it out until the end of the 36-month period. So  
25 here we are in the 18-month period. Circumstances have

1 changed, and there is now a very significant investor in this  
2 project, and we believe that a two-year extension could bring this  
3 project to fruition.

4 DELEGATE KILGORE: I think we're at a loss though,  
5 we don't have that letter.

6 MR. MONDAY: That's correct. Dr. Boaz has that and  
7 right here on the podium. That's his document, we'll leave that  
8 there.

9 DELEGATE KILGORE: Attorney talk.

10 DELEGATE MARSHALL: I guess this is for Dr. Boaz,  
11 sir, what is the timeframe with the investor from California?

12 DR. BOAZ: He has a half million dollars now in hand,  
13 and then he indicated in our conference call yesterday with the  
14 city that he had \$1.5 million within the next two weeks, with the  
15 goal of \$25 million over, I think he said an 18-month period.  
16 What we would need to proceed with our accreditation is the  
17 assurance that the total \$25 million would be forthcoming. Also,  
18 our concern is to have the immediate amount coming in within  
19 the next couple of weeks.

20 DELEGATE MARSHALL: As a follow-up question, Mr.  
21 Chairman, the investor's money that's coming in, does that go a  
22 hundred percent into the bricks and mortar of the institution, this  
23 is for salaries or what, what would it be used for?

24 DR. BOAZ: We have a financial model that we've  
25 used for the TROF application. And that financial model relates

1 only to the benefit corporation part of our project. The College of  
2 Henricopolis School of Medicine is a stock corporation, but it is  
3 incorporated as a benefit corporation in Virginia. It's also a  
4 public benefit corporation incorporated in Delaware, that's the  
5 holding corporation for the medical school. That money goes into  
6 the budget of the College of Henricopolis School of Medicine and  
7 thereby is used for that financial model, which goes to the  
8 development of the staff and development of the faculty.  
9 That total is, in the first two years, 111, but it will be more than  
10 111 physicians that we're supposed to have in the next two  
11 years.

12 SENATOR CARRICO: Just real quickly, is that money  
13 collected or is that money commitments based on the  
14 contingency of this?

15 DR. BOAZ: There are no contingencies on it  
16 specifically. We have a letter of intent as of two days ago.  
17 We've been negotiating with this investor for over a year, and  
18 he's in Southern California. He has an interest in other economic  
19 developments relating to, discussed at some length, and there's  
20 been, that's not really part of our arrangement. We have no firm  
21 commitments that we assigned a hundred percent. We are  
22 obviously hopeful that the \$800,000 that the Commission made  
23 available will be kept in play, that was a C grant from our  
24 standpoint because obviously \$800,000 is not \$25 million. So I  
25 think that's a very important component of our convincing the

1 investor that the state and the city and the community are  
2 behind us.

3 SENATOR CARRICO: This is more of a comment, but I  
4 would remind the Commission that we went through this in  
5 Southwest Virginia with the medical school in the same scenario  
6 where there was a contingency that we clawback the money, put  
7 it back in the coffers.

8 DR. BOAZ: I could respond to that if you'd like. We  
9 did quite a bit of research on that, and it's different from our  
10 circumstance, if you would like.

11 MS. CARTER: Mr. Chairman, first of all, how much is  
12 this?

13 DELEGATE KILGORE: Eight hundred thousand.

14 MS. CARTER: Eight hundred thousand. I have a  
15 question, Eric, maybe you would want to answer this. I read an  
16 article in the Martinsville Bulletin just recently about where the,  
17 where the college is, and it appeared that in the article that there  
18 is a great deal of difficulty getting certified and et cetera,  
19 because of the difficulty in finances. And if I read correctly, the  
20 City had committed to issue bonds of \$3 million, is that correct?

21 MR. MONDAY: That is not correct.

22 MS. CARTER: Okay. Can you explain that?

23 MR. MONDAY: There was never any vote taken to  
24 issue those bonds. Dr. Boaz did make a request to the City  
25 Council to issue them, and somewhat like the situation that the

1 Commission currently finds itself in, we did set certain  
2 benchmarks for investment to be raised by date certain, and  
3 those benchmarks were not met, consequently, the council did  
4 not vote to issue those bonds. There was not this letter of intent  
5 executed at that time. Dr. Boaz was meeting significant  
6 challenges raising investment money on the open market. That  
7 did not pan out.

8 The reason that the City is here supporting this  
9 request for an extension is because there is now this executed  
10 letter of intent. And to speak to Senator Carrico is, Dr. Boaz was  
11 correct. It's not committed funds, it is a commitment to raise up  
12 to \$25 million, and this is not money in hand. From the City's  
13 standpoint, we certainly want to make it clear that this money is  
14 not in hand, but we would like an extension of time to permit this  
15 to hopefully pan out. And if it does not, speaking very candidly,  
16 we're under no illusions as to who is ultimately going to be on  
17 the hook for this clawback. And the City was fully aware of that  
18 from the initial date of the grant.

19 So, it's hopefully going to be that the City coffers are  
20 likely on the hook for this clawback, and we're fully aware of  
21 that. However, we do think that with this new development and  
22 with an actual executed living person who has made a  
23 commitment to raise these funds, that we think an extension to  
24 allow that to pan out would be most appropriate.

25 My recollection on the Southwest Virginia Medical

1 School was that that was a five-year process, and we're now  
2 before that plug was ultimately pulled, and we're simply at the  
3 18-month level now, so, and we're just asking for that extension.

4 DELEGATE MARSHALL: Just to be clear. This was a  
5 TROF project that the money was delivered to, made out to, the  
6 check was made out to the City of Martinsville.

7 MR. MONDAY: Yes.

8 DELEGATE MARSHALL: And Mr. Monday has already  
9 said that the city is on the hook for this money, so it's not a  
10 matter of on the hook today or they're asking for two years,  
11 whatever we decide. Ultimately, I don't think Martinsville is  
12 going anywhere.

13 MR. MONDAY: I hope not.

14 DELEGATE MARSHALL: I hope not either. It's now  
15 either pay me now or either pay me later, but it's up to the City.  
16 They're asking for the extension, so just remember it's the City  
17 of Martinsville that is really asking for the extension.

18 MR. MONDAY: Correct.

19 MR. FEINMAN: For clarification is, to clarify that, I  
20 don't believe they've drawn down this grant yet, correct?

21 MS. CAPPS: It was spent on the building.

22 MR. MONDAY: My understanding is that the \$800,000  
23 has been spent.

24 DELEGATE KILGORE: Wait a minute, I see Les  
25 Adams, our good friend, Les Adams, is here. Les, did you want

1 to comment on this?

2 MR. MONDAY: I was hoping Delegate Adams was  
3 observing in a very supportive way.

4 DELEGATE KILGORE: He acts like he is.

5 MS CARTER: How has the money been spent?

6 MS. CAPPS: It's a TROF.

7 DR. BOAZ: The money went, was divided into two  
8 components. One did go to the building, and the building is  
9 owned by the nonprofit component in this project, which is a  
10 nonprofit, 501C3. We own a 22,000 square foot building at the  
11 corner of Fayette Street and Law Street, which is, will be  
12 renovated as a medical education building. The money was  
13 spent for the capital expenses there of remediation of the  
14 environmental hazard, which is asbestos, removal of asbestos in  
15 the building, and then interior by demolition to enable it to be  
16 renovated. Also paid for the plans which are now detailed for the  
17 use of that internal building and now will be 26,000 square feet,  
18 it's renovated, and so those, that part of the grant was used for  
19 all that.

20 The rest of it was used operationally to create  
21 positions in an aggressive way because we were intending to  
22 have this as a C grant, to start the operations for the medical  
23 school budget in terms of faculty and staff. So, those positions  
24 were brought on board. We did give the city an audited  
25 statement for that, which that will be provided to you, as well.

1           SENATOR STANLEY: Mr. Chairman, I have a motion  
2 at this time. My motion would be that the Commission extend  
3 the grant by a period of 12 months, and in doing so, that would  
4 be my motion at this time.

5           DELEGATE KILGORE: We have a motion and a  
6 second.

7           MR. MERRICKS: Well, the grant is still there, so we  
8 don't have the 18 months, what we're saying is we're going to  
9 leave it in place for, just change it from 36 months to 24  
10 months?

11          MR. FEINMAN: We extend the grant by a year. Then  
12 what we would do is we would push out their halfway point. And  
13 that will give them a chance to get, they only need to get to 25  
14 percent of their stated goals by the halfway point. That would  
15 give them an opportunity to bring in some more money and hire  
16 some people, see if they can get there.

17          MR. OWENS: Where are they now?

18          MR. PIPER: Six jobs created and zero capital  
19 investment, so they're not close.

20          MR. MONDAY: We would dispute the capital  
21 investment, there is a building that has been acquired, and there  
22 has been some improvement created at that, so there has been  
23 some capital investment. The employment figures are spot-on.

24          MR. PIPER: Mr. Chairman, I was referring to the  
25 Commissioner of Revenue report that was sent to us with capital

1 investment. If I could make a suggestion for the Commission.  
2 The clawback is based on Section 8-C, which requires within 18  
3 months a 25 percent of either the capital investment or the jobs.  
4 The life of the grant is 36 months. So the motion would probably  
5 be more appropriate to say, to direct staff not to clawback for not  
6 meeting the 18 months, and then we can maybe come back in  
7 January of next year and see where they are, if they need an  
8 extension there, and it would give an opportunity.

9 DELEGATE KILGORE: Senator Stanley, do you accept  
10 the friendly amendment of Staff on the clawback, just that we  
11 come back next year in January, just that we not clawback at this  
12 time?

13 SENATOR STANLEY: That's fine.

14 DELEGATE KILGORE: They'll still get a year.

15 SENATOR STANLEY: That's fine if it's sufficient for the  
16 Commission.

17 DELEGATE KILGORE: Just a different route. Do you  
18 amend your motion to incorporate what Chris Piper said?

19 SENATOR STANLEY: I so accept the friendly  
20 amendment.

21 DELEGATE KILGORE: Any more discussion on that  
22 motion? All those members in favor say aye. (Ayes). Opposed?  
23 (No response). One no.

24 MR. MONDAY: The City thanks you very much.

25 MR. FEINMAN: Next, Mr. Chairman, I can't see him

1 now, but it was a TROF applicant, but I don't see him now.

2 I just want to give you a quick update regarding the  
3 Ford facility, the Special Projects Committee heard this last night.  
4 The Commission Staff, in conjunction with the Town of Hurt in  
5 Pittsylvania County, the Virginia Port Authority, and the  
6 corporation which owns property in Northern Pittsylvania County  
7 has entered into an MOU to conduct a feasibility study on the  
8 possibility of a second inland port facility, that's an inland  
9 distribution facility associated with the Port of Virginia. It could  
10 be a particularly transformative infrastructure in the Northern  
11 Pittsylvania County.

12 The one that they have up in Front Royal has spun off  
13 thousands of jobs and millions and millions of dollars of  
14 investment. I just wanted to give you all an update that we  
15 have, we signed an MOU, merely to do a feasibility study. So,  
16 our responsibilities are to coordinate the group that is working on  
17 that and to determine how much funding we might allocate  
18 toward the project and then allocate those funds, which with the  
19 exception of coordinating the group, but I just wanted to give  
20 you a heads-up that that project is in the works. And we are  
21 trying to bring it home, it really will be a great thing for Central  
22 Virginia if we could make it happen.

23 DELEGATE KILGORE: All right. Is that it? All right.  
24 Any further comments for the Executive Committee?

25 All right, do I have a motion we adjourn?

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MR. OWENS: So moved.

DELEGATE KILGORE: That motion is taken to adjourn. All those in favor, say aye. (Ayes).

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**PROCEEDINGS CONCLUDED.**

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**CERTIFICATE OF THE COURT REPORTER**

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, Executive Committee Meeting**, when held on Tuesday, January 10, 2017, at Homewood Suites by Hilton, Richmond, Virginia 23219.

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

Given under my hand this \_\_\_\_\_ day of January, 2017.

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Medford W. Howard  
Registered Professional Reporter  
Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.