

1                   **TOBACCO REGION REVITALIZATION COMMISSION**

2                   701 East Franklin Street, Suite 501

3                   Richmond, Virginia 23219

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9                   **Full Commission Meeting**

10                  Thursday, May 18, 2017

11                  9:00 A.M.

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14                  Appomattox County Community Center

15                  Appomattox, Virginia

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- 1    **APPEARANCES:**
- 2    The Honorable Frank M. Ruff – Vice Chairman
- 3    Ms. Gayle F. Barts
- 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    Ms. Rebecca Coleman
- 9    Ms. Cassidy Rasnick, Deputy Secretary Agriculture & Forestry
- 10   The Honorable Franklin D. Harris
- 11   Mr. John Holland
- 12   Ms. Cathy Lowe
- 13   The Honorable Daniel W. Marshall, III
- 14   The Honorable Donald W. Merricks
- 15   Mr. Robert Mills, Jr.
- 16   Mr. H. Ronnie Montgomery
- 17   Mr. A. Dale Moore
- 18   The Honorable James W. Morefield
- 19   The Honorable Edward Owens
- 20   Mr. Cecil E. Shell
- 21   Mr. Robert Spiers
- 22   The Honorable William M. Stanley, Jr.
- 23   Mr. Richard R. Sutherland
- 24   The Honorable Thomas C. Wright
- 25

1 **APPEARANCES: (cont'd)**

2 COMMISSION STAFF:

3 Mr. Evan Feinman – Executive Director

4 Mr. Christopher E. Piper – Deputy Director

5 Mr. Timothy S. Pfohl – Grants Director

6 Ms. Stephanie S. Kim – Director of Finance

7 Ms. Sarah K. Capps – Grants Program Administrator,  
8 Southside Virginia

9 Ms. Michelle Faircloth – Grants Assistant, Southside Virginia

10 Ms. Sara G. Williams – Grants Program Administrator,  
11 Southwest Virginia

12 Ms. Jessica Stamper – Grants Assistant, Southwest Virginia

13 Ms. Stacey Richardson – Administration Supervisor

14 Mr. Jordan L. Butler – Public Relations Coordinator

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16 COUNSEL FOR THE COMMISSION:

17 Ms. Elizabeth Myers, Assistant Attorney General  
18 Richmond, Virginia.

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1                   SENATOR RUFF: Thank you all for  
2 joining us today. I was trying to find Susan so we could let  
3 her know we appreciated her welcoming us. I guess she's not  
4 here.

5                   MR. SPENCER: I'm John Spencer and I'd  
6 like to welcome you on behalf of Susan Adams, our county  
7 administrator and welcome you to Appomattox. Susan has  
8 been in and out but she'll be back shortly. On behalf of her  
9 and the board of supervisors, we'd like to welcome everybody  
10 and thank the Tobacco Commission for coming here and  
11 holding your meeting here in Appomattox. Thank you.

12                  SENATOR RUFF: Thank you, not only to  
13 the county but to the businesses that have furnished some  
14 refreshments and we appreciate that. Chairman Kilgore had  
15 an issue that he couldn't be here today. He left yesterday. I  
16 had a little situation with my wife and I didn't think I would be  
17 here today so I asked Danny to chair the meeting but I made  
18 it back.

19                  DELEGATE MARSHALL: He told me last  
20 night I thought I'd be here but he's back and so he thought  
21 about it and he's here early this morning.

22                  SENATOR RUFF: Thank you all for what  
23 you do and putting up with us. We'll move forward as quickly  
24 as we can. Evan would you call the roll?

25                  MR. FEINMAN: Ms. Barts?

1 MS. BARTS: Here.

2 MR. FEINMAN: Secretary Brown?

3 SECRETARY BROWN: (No response.)

4 MR. FEINMAN: Delegate Byron?

5 DELEGATE BYRON: Here.

6 MR. FEINMAN: Mr. Cannon?

7 MR. CANNON: [No response.]

8 MR. FEINMAN: Senator Carrico?

9 SENATOR CARRICO: Here.

10 MR. FEINMAN: Senator Chafin?

11 SENATOR CHAFIN: Here.

12 MR. FEINMAN: Ms. Coleman?

13 MS. COLEMAN: Here.

14 MR. FEINMAN: Delegate Edmunds?

15 DELEGATE EDMUNDS: (No response.)

16 MR. FEINMAN: Ms. Rasnick?

17 MS. RASNICK: Here.

18 MR. FEINMAN: Mr. Harris?

19 MR. HARRIS: Here.

20 MR. FEINMAN: Ms. Carter?

21 MS. CARTER: Here.

22 MR. FEINMAN: Mr. Holland?

23 MR. HOLLAND: Here.

24 MR. FEINMAN: Delegate Kilgore?

25 DELEGATE KILGORE: [No response.]

1 MR. FEINMAN: Ms. Lowe?  
2 MS. LOWE: Here.  
3 MR. FEINMAN: Delegate Marshall?  
4 DELEGATE MARSHALL: Here.  
5 MR. FEINMAN: Mr. Merricks?  
6 MR. MERRICKS: Here.  
7 MR. FEINMAN: Mr. Mills?  
8 MR. MILLS: Here.  
9 MR. FEINMAN: Mr. Montgomery?  
10 MR. MONTGOMERY: Here.  
11 MR. FEINMAN: Mr. Moore?  
12 MR. MOORE: Here.  
13 MR. FEINMAN: Delegate Morefield?  
14 DELEGATE MOREFIELD: Here.  
15 MR. FEINMAN: Mr. Owens?  
16 MR. OWENS: Here.  
17 MR. FEINMAN: Senator Ruff?  
18 SENATOR RUFF: Here.  
19 MR. FEINMAN: Mr. Shell?  
20 MR. SHELL: Here.  
21 MR. FEINMAN: Mr. Spiers?  
22 MR. SPIERS: Here.  
23 MR. FEINMAN: Senator Stanley?  
24 SENATOR STANLEY: Here.  
25 MR. FEINMAN: Mr. Sutherland?

1 MR. SUTHERLAND: Here.

2 MR. FEINMAN: Delegate Wright?

3 DELEGATE WRIGHT: Here.

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

6 SENATOR RUFF: Thank you, Evan. The  
7 minutes for the January meeting were published on the  
8 website, if there's no correction, is there a motion?

9 MR. MILLS: So moved.

10 MR. OWENS: Second.

11 SENATOR RUFF: It's been moved and  
12 seconded we adopt the minutes. All those in favor say aye.  
13 (Ayes.) Opposed? (No response.) The minutes are approved.

14 I'm going to drop down out of order and  
15 do the R&D Committee first because Delegate Byron has to  
16 leave early.

17 DELEGATE BYRON: Thank you, Mr.  
18 Chairman. The R&D Committee met yesterday and I'm happy  
19 to say the Committee is extending the scope of some of the  
20 grants that we will be looking at in the future and will begin  
21 opening up solutions for last mile and connectivity in  
22 Southside and Southwest in the Tobacco Region. We  
23 discussed this thoroughly yesterday and came up with a  
24 model that was based on a successful model being used by  
25 the state that has been vetted by our Chair and the

1 Department of Housing and Community Development is  
2 utilizing right now across the Commonwealth.

3                                 We're going to revisit this and talk to  
4 MBC yesterday. He's given us a figure, not exactly but \$180  
5 million to do wireless throughout the Tobacco Region. Rather  
6 than be paralyzed by that figure out there, I think this is a  
7 great step in putting out projects and opportunities for  
8 localities to try to partner together to come up with solutions  
9 and going to lead to people being able to be wired in the  
10 Tobacco Region.

11                                 Having broadband in all of our areas is  
12 one of the keys to economic development in the Tobacco  
13 Commission so I really think we're making a step in the right  
14 direction. We're going to see another one of our hallmarks so  
15 we can look back and say that working together with our  
16 communities and through our local governments and find  
17 those areas that need to be addressed and each success will  
18 lead to another success.

19                                 With that, the Committee made a  
20 recommendation to set aside \$10 million for broadband  
21 expansion through the Tobacco Region footprint and directed  
22 the Executive Director to develop and publish guidelines for  
23 how the funds will be dispersed and we'll be able to look at  
24 applications in our next meeting in September. And I so  
25 move.



1 DELEGATE MARSHALL: Second.

2 SENATOR RUFF: It's been moved and  
3 seconded, any discussion for that motion?

4 DELEGATE MARSHALL: As you may  
5 have heard, Governor McAuliffe has said there's twenty  
6 thousand unmet high paid jobs throughout the state.  
7 According to the Governor's numbers, starting pay is \$50,000  
8 and through the community colleges and other institutions  
9 around the state have classes in IT. With this project and this  
10 money, we'll be able to bring those IT jobs to rural Virginia.  
11 Since we don't live in metropolitan areas to get these IT jobs,  
12 this could be the next thing that economic developers talk  
13 about and I think it's great and I'm glad we're doing it.

14 SENATOR RUFF: Any further  
15 comments? I would point out the way that motion is made is  
16 that we can spend up to \$10 million. It does not mean we  
17 have to spend \$10 million, so it provides for and I see people  
18 licking their lips, thinking that they're going to put in  
19 proposals that are not advantageous to the region, we  
20 probably will not accept them.

21 DELEGATE WRIGHT: I think this is an  
22 excellent idea and it's a long time coming and efforts like this  
23 will really be able to do the last mile just like when the electric  
24 light came on. I definitely support this and very important for  
25 Southside and Southwest Virginia and this is something we

1 can do to revitalize the Tobacco Region.

2 SENATOR RUFF: I'll just throw out that  
3 it is set up somewhat like the private partnership arrangement  
4 in that you can make a proposal but we can look for  
5 alternatives, which may be better price, better quality, service  
6 and coordination and some of the characteristics that we  
7 decide in moving forward.

8 DELEGATE BYRON: For those that were  
9 not in the meeting yesterday, we had several independent  
10 third parties like MBC and some other groups that will help  
11 vet these applications. We don't have a bunch of engineers  
12 sitting around the table that understand all the different  
13 complexities out there. It's not going to be a one size fits all.  
14 There will be a lot of different solutions that will help address  
15 the needs of the different geographic areas.

16 SENATOR RUFF: Any further  
17 discussion? All in favor say aye. (Ayes.) Opposed? (No  
18 response.) That carries.

19 DELEGATE BYRON: The only other thing  
20 I want to announce is that the applications are currently being  
21 taken for the SBIR for research and development part of the  
22 R&D Committee and we'll be addressing those at our next  
23 meeting. Thank you.

24 SENATOR RUFF: Thank you. The next  
25 report is from the Executive Committee, Senator Chafin,

1 would you address that?

2 SENATOR CHAFIN: Yes, Mr. Chairman.  
3 There are a number of issues that came out of the Executive  
4 Committee meeting. We had a discussion on the budget and  
5 I'll ask Evan if he'd like to go over that.

6 MR. FEINMAN: I'll frame it and then I'll  
7 let Stephanie actually give us the details. As in year's past,  
8 we're going to have to learn to deal with a constrained budget  
9 and we have to live within our means and address our  
10 finances accordingly. That means sticking to our target and  
11 our strategic plan and not exceeding a corpus invasion of  
12 4.4%. What we've presented to you all was a four percent  
13 corpus invasion and use that additional .4 that we could use if  
14 something came up but leave us on track with the projections  
15 we have worked out. I will continue to inform everybody while  
16 we're here and talking about financial sustainability. Our  
17 plan was to do a much more robust entry with the loans we're  
18 planning to make. We have too many grants and need more  
19 loans. That's something to keep in mind.

20 Moving forward, we're going to look at  
21 creative ways to further increase our earnings, whether it's  
22 repayment agreements for grantees or whether it's increased  
23 loans or something more along that strategy. That's what  
24 we're going to be focused on in the years to come so we can try  
25 to build things up a little bit. I also think we may convene a

1 working group to look at specifically revenue possibilities.  
2 Stephanie has a presentation on the budget that she can  
3 share.

4 MS. KIM: Would you look at page eighty  
5 of your book. This is a graph showing the last ten years we've  
6 been paying down these funds. This is a graph or a summary  
7 to show our total assets over the last ten years. These funds  
8 remain invested until October 1<sup>st</sup>. You can notice the  
9 endowment balance. You have the endowment balance and  
10 total assets as of June 30. Then on page 79 and the proposed  
11 budget. Also I should have pointed out total assets as of June  
12 30<sup>th</sup>, the last ten years, and we're at less than half where we  
13 were years ago.

14 SENATOR RUFF: What are the total  
15 assets?

16 MS. KIM: Just under \$500,000,000  
17 that's combining the funds and the endowment. Is there any  
18 further explanation needed?

19 SENATOR RUFF: Is there any question  
20 on the budget?

21 SENATOR CHAFIN: Mr. Chairman, I  
22 have a motion that we approve the Committee's  
23 recommendation for fiscal year 2018 as shown on page 79.

24 DELEGATE MARSHALL: Second.

25 DELEGATE KILGORE: And the reason?

1 SENATOR RUFF: To give us more  
2 flexibility in determining schedules.

3 DELEGATE MARSHALL: Second.

4 SENATOR RUFF: It's been moved and  
5 seconded that we approve the budget as printed. No further  
6 discussion, all those in favor say aye. (Ayes.) Opposed?

7 DELEGATE WRIGHT: No.

8 MS. CARTER: Abstain.

9 SENATOR RUFF: One no and one  
10 abstention.

11 SENATOR CHAFIN: Mr. Chairman, I  
12 move that we adopt the Committee's recommendation to fund  
13 the salary, fringe benefits and travel expenses for the Special  
14 Advisor for Rural Partnerships, not to exceed \$102,000.

15 SENATOR RUFF: It's been properly  
16 moved and seconded, any discussion of that motion? All  
17 those in favor say aye. (Ayes.) Opposed? (No response.)

18 SENATOR CHAFIN: Mr. Chairman, I  
19 further move that we approve the Committee's  
20 recommendation that we transfer the unobligated balance of  
21 \$7,727 transfer from reserve to general account to be made in  
22 the fiscal year appropriate.

23 SENATOR RUFF: Second?

24 MR. MILLS: Second.

25 SENATOR RUFF: Any further

1 discussion? All those in favor say aye. (Ayes.) Opposed? (No  
2 response.)

3 MS. CARTER: Abstain.

4 SENATOR CHAFIN: I move that the fiscal  
5 year ending June 30, 2017 that the Treasury Board a sum  
6 equal to four percent of the endowment value as of February  
7 28, 2017 and that the settlement be made not later than June  
8 30, 2017 and that the amount so paid would be subject to –

9 SENATOR RUFF: The motion being  
10 properly moved and seconded that a corpus invasion of four  
11 percent, which is significantly less than we've had in some  
12 years. Any discussion? All those in favor say aye. (Ayes.)  
13 Opposed? (No response.)

14 SENATOR CHAFIN: That's all we have.

15 SENATOR RUFF: Thank you, Senator  
16 Chafin. Next is the Agribusiness.

17 MR. SPIERS: Thank you, Mr. Chairman.

18 On behalf of the Agribusiness Committee, I move the  
19 Committee's recommendation that the Commission approve  
20 3231 found on page five of the Commission book for Grayson  
21 County, the Grayson Agriculture and Technical Education  
22 Center, known as GATE, for \$125,000 be approved.

23 MR. SUTHERLAND: So moved.

24 SENATOR RUFF: It's been moved and  
25 seconded, any further discussion on that project? Hearing

1 none and it sounds like we've got a PA system working now,  
2 all those in favor say aye. (Ayes.) Opposed? (No.) One.

3 MR. SPIERS: Mr. Chairman, the only  
4 other business we had, the impact of the Agribusiness cost  
5 sharing grant and on behalf of the Committee, I appreciate the  
6 Commissions allocation for 2818 and we'll try to use that  
7 money to benefit as many producers in the agriculture sector  
8 as we possibly can. Thank you.

9 SENATOR RUFF: Thank you for your  
10 report. Next report from the Southside Economic  
11 Development Committee, Delegate Wright.

12 DELEGATE WRIGHT: Thank you, Mr.  
13 Chairman, if you'll turn to page 21 in your book. The  
14 Committee met yesterday and there's several motions that I'd  
15 like to make on behalf of the Committee. The first one is I'll  
16 move the Committee's recommendation, the Committee  
17 approved \$3,900,004 to the following grants. The grants  
18 begin on page 21 of the Commission book. We passed 3275,  
19 3288, 3269, 3290, and 3268 and I so move.

20 MR. OWENS: Second.

21 SENATOR RUFF: It's been moved and  
22 seconded that those be voted on in a block. Any discussion?

23 DELEGATE BYRON: 3288.

24 SENATOR RUFF: Yes. Does anybody  
25 wish to take any of those out of the block? Any further

1 discussion on any or all? All those in favor say aye. (Ayes.)  
2 Opposed, no? (No response.)

3 DELEGATE WRIGHT: Mr. Chairman, the  
4 second motion is on 3291 and I move the Committee's  
5 recommendation that we approve 3291 for County of Bedford  
6 site development in the New London Business and Technology  
7 Center contingent on closing the CAER deal and that amount  
8 is \$250,000 and I so move.

9 MR. OWENS: Second.

10 SENATOR RUFF: Properly moved and  
11 seconded. I'll call on Mr. Feinman to explain the last part of  
12 that motion.

13 MR. FEINMAN: The Commission will  
14 recall that a significant Commission asset, the Center for  
15 Advanced Engineering and Research was recently approached  
16 by Liberty University to acquire that facility and that was a  
17 somewhat troubled asset and we were concerned prior to this  
18 approach that we might have to do some kind of rescue. We  
19 worked out an amicable deal between the county and Liberty  
20 and the reason that this grant is contingent upon that deal  
21 closing is that the claw back amount will be deposited in the  
22 Bedford Allocation of Southside Economic Development and of  
23 course without that happening, Bedford would not have  
24 enough money in its allocation to fund the grant. Putting it in  
25 the Bedford allocation is the, and that had to do with the tax



1 revenue and there were a number of tax paying in the CAER  
2 facility. Of course, when Liberty acquires it, it will become a  
3 not for profit entity and the county won't receive taxes on that.  
4 So we're going to help them generate additional tax revenue.

5 SENATOR RUFF: Thank you. Any  
6 further discussion on that motion? Hearing none, all in favor  
7 say aye. (Ayes.) All opposed? (No response.) Delegate  
8 Wright?

9 DELEGATE WRIGHT: The next motion  
10 deals with grant request 3286 on page 24. The Committee  
11 recommends 3286 Centra Health, this will be recommended to  
12 be forwarded to the Special Projects Committee and I so move.

13 SENATOR RUFF: The motion is to  
14 transfer that to the Special Projects Committee for  
15 consideration.

16 DELEGATE WRIGHT: Yes.

17 SENATOR RUFF: Is there a second on  
18 that?

19 MR. MERRICKS: Second.

20 DELEGATE BYRON: I have a question.  
21 That particular application is being referred to VRA for a loan?

22 MR. FEINMAN: The staff  
23 recommendation was to transfer it to Special Projects with the  
24 possibility for consideration by VRA, probably be our  
25 recommendation when we address it there. The outcomes of

1 that project, given the healthcare nature of it is more aligned  
2 with Special Projects than with Southside Economic  
3 Development.

4 DELEGATE BYRON: It wasn't being  
5 referred there to –

6 SENATOR RUFF: For their consideration.

7 MR. FEINMAN: It would be up to Special  
8 Projects to decide what they want to do.

9 SENATOR RUFF: Any further  
10 discussion? All in favor say aye. (Ayes.) Opposed? (No  
11 response.) Delegate Wright?

12 DELEGATE WRIGHT: Then next Mr.  
13 Chairman is 3289, on page 28. I move the Committee's  
14 recommendation that grant number 3289 South Boston IDA,  
15 the John Randolph Hotel Redevelopment Project to be  
16 forwarded to the VRA for loan consideration.

17 SENATOR RUFF: Is there a second?

18 MR. MERRICKS: Second.

19 SENATOR RUFF: Properly moved and  
20 seconded that this project is recommended for consideration  
21 for a loan with VRA. Any further discussion? Hearing none,  
22 all those in favor say aye. (Ayes.) Opposed, no? (No  
23 response.)

24 DELEGATE WRIGHT: Mr. Chairman, the  
25 last motion is on page 30 in the other business section. Our

1 Committee recommended grant 2695 on page thirty of your  
2 book for a fifth year extension until May 23, 2018 and I so  
3 move.

4 MR. OWENS: Second.

5 SENATOR RUFF: It's been properly  
6 moved and seconded. This is for an extra year extension and  
7 has to go before the full Commission. Any further discussion?  
8 All those in favor say aye. (Ayes.) Opposed? (No response.)

9 Delegate Wright?

10 DELEGATE WRIGHT: That completes my  
11 report.

12 SENATOR RUFF: Thank you. Delegate  
13 Merricks, you're going to handle the Education report?

14 MR. MERRICKS: I move that we accept  
15 the block, leaving out 3274. I do move the Committee approve  
16 the following grants: 3278, 3279, 3280, 3270 and 3283 and  
17 3284 and I so move.

18 MR. HARRIS: Second.

19 SENATOR RUFF: Any discussion on any  
20 of those or a request to move any of those from the block?  
21 Hearing none, all in favor say aye. (Ayes.) Opposed? (No  
22 response.)

23 MR. MERRICKS: On 3274, I would  
24 abstain from that.

25 DELEGATE MARSHALL: I'd move 3274.

1 MR. HARRIS: Second.

2 SENATOR RUFF: It's been moved and  
3 seconded 3274, any discussion? All in favor say aye. (Ayes.)  
4 Opposed? (No response.)

5 MR. MERRICKS: I move the Committee's  
6 recommendation up to \$275,000, which would fund the gap  
7 between the Commission's share and the amount of the loan  
8 approved by VRA contingent on Bluefield College seeking the  
9 maximum loan possible and that's under 3276. They have a  
10 request at VRA for \$1.1 million and they are considering that  
11 now and we're approving to fund the gap between \$1.1  
12 million, if they approve \$1.1 million, there is no grant. If they  
13 approve less than that then this amount would fill that gap up  
14 to \$275,000.

15 SENATOR RUFF: Is there a second?

16 MR. MOORE: Second.

17 SENATOR RUFF: It's been properly  
18 moved and seconded. Any further discussion on 3276? All  
19 those in favor say aye. (Ayes.) Opposed? (No response.)  
20 That's approved.

21 MR. MERRICKS: That completes our  
22 report.

23 SENATOR RUFF: Senator Carrico,  
24 Southwest Economic Development.

25 SENATOR CARRICO: If you look at page

1 32, you'll see several grant requests –

2 SENATOR RUFF: Hold on a minute. Are  
3 you getting ready to leave? Could you wait a few minutes in  
4 case there's any further discussion?

5 SENATOR CARRICO: Mr. Chairman, we  
6 discussed several grant projects that were tabled from the last  
7 meeting and we took up two of those and I'm moving to  
8 approve grant number 3192, LENOWISCO district contingent  
9 upon those matching funds would be approved. I so move.

10 SENATOR CHAFIN: I'll second.

11 SENATOR RUFF: It's been moved and  
12 properly seconded. Any further discussion on the motion?  
13 Hearing none, all in favor say aye. (Ayes.) Opposed? (No  
14 response.)

15 SENATOR CARRICO: The Committee  
16 moved and I so move to approve the recommendation for  
17 \$125,000, grant number 3186 for the Raven Theater and  
18 that's on page 35 and I so move.

19 MS. LOWE: Second.

20 SENATOR RUFF: It's been properly  
21 moved and seconded that we approve that. Any further  
22 discussion? All those in favor say aye. (Ayes.) Opposed? (No  
23 response.)

24 SENATOR CARRICO: Also on page forty,  
25 there was other business, 1642 and 2117 for Scott County

1 Economic Development be granted an extension until May 31,  
2 2018 and I so move.

3 SENATOR RUFF: A second?

4 MR. SUTHERLAND: Second.

5 SENATOR RUFF: It's been moved and  
6 seconded, any further discussion on that motion? All in favor  
7 say aye. (Ayes.) Opposed? (No response.) That takes care of  
8 grant 1642 and 2117.

9 SENATOR CARRICO: Yes. And that  
10 concludes the recommendations.

11 SENATOR RUFF: Thank you. Delegate  
12 Marshall?

13 DELEGATE MARSHALL: On page 42,  
14 Special Projects, we have four different motions. The first one  
15 is I move the Committee recommendation repurposing of the  
16 anticipated grant 2487 as described on page 42 and that's my  
17 motion.

18 SENATOR RUFF: Is there a second?

19 MR. MILLS: Second.

20 SENATOR RUFF: You might want to  
21 explain that motion.

22 DELEGATE MARSHALL: Tim?

23 MR. PFOHL: Let me get to the batter's  
24 box. These are the megasite grants to develop the Wildwood  
25 Commerce Park at I77. There's a balance anticipated in Grant

1 2487 after they complete some of the work that's underway  
2 right now. BRCEDA, the sponsor, is asking that the balance  
3 of 2487 asking to repurpose that to be used for water and  
4 sewer construction that has been bid and has a funding gap.  
5 All the utilities at the same site, this draft was made for  
6 initially.

7 SENATOR RUFF: So the motion does not  
8 take it away from one, it just transfers it?

9 MR. PFOHL: It changes the use to utility  
10 infrastructure from the original engineering that was approved  
11 but for the exact same site.

12 SENATOR RUFF: Any further  
13 discussion? All those in favor say aye. (Ayes.) Opposed? (No  
14 response.)

15 DELEGATE MARSHALL: The next one is  
16 on page 43 in your book. I move the Committee's  
17 recommendation to grant an extension on 2489 as described.

18 SENATOR RUFF: Any further  
19 discussion? All right, it's been moved and seconded. All in  
20 favor say aye. (Ayes.) Opposed? (No response.)

21 DELEGATE MARSHALL: Also on 43, I  
22 move the Committee's recommendation that grant number  
23 2708 on 43 of your book that this grant be granted a fifth year  
24 extension to May 23<sup>rd</sup>, 2018 and I so move.

25 SENATOR RUFF: Any further discussion.

1 It's been moved and seconded, all those in favor say aye.  
2 (Ayes.) Opposed? (No response.)

3 DELEGATE MARSHALL: I move the  
4 Committee's recommendation of \$400,000 for grant number  
5 3301 LENOWISCO PDC and the Cumberland Planning District  
6 Commission, which is found in your Commission book,  
7 subject to the Executive Director's approval of the planning  
8 district's budget and matching funds up to \$400,000.

9 SENATOR RUFF: It's been moved and  
10 seconded, any further discussion?

11 MS. COLEMAN: Is it going to be  
12 \$400,000 or what is that for?

13 MR. FEINMAN: What we discussed,  
14 LENOWISCO and Cumberland Plateau, it's a joint effort.

15 SENATOR RUFF: Does that answer your  
16 question?

17 MS. COLEMAN: Yes.

18 SENATOR RUFF: Any further  
19 discussion? All those in favor say aye. (Ayes.) Opposed? (No  
20 response.) Thank you. I'll return to Southwest, Senator  
21 Carrico.

22 SENATOR CARRICO: I think Ms. Lowe  
23 has a motion.

24 MS. LOWE: Thank you. The Committee  
25 met yesterday and after we did some further investigation we



1 would like to recommend that project 3201 for \$325,000 and  
2 project 3195 \$150,000 for a total of \$475,000. It's on page  
3 39.

4 SENATOR CARRICO: Mr. Chairman,  
5 these were two projects there was a presentation, one dealing  
6 with the Spearhead Trail and staff recommended funding I  
7 think \$200,000 and VRA loans for \$300,000 and there was no  
8 motion yesterday on that project. The other project is the  
9 Appalachian Regional Exposition Center in Wythe County  
10 where the Commission had previously given them \$750,000  
11 grant and that was phase one and they're getting ready to  
12 move to their second phase, no recommendation on that.  
13 Actually on the two projects.

14 DELEGATE MARSHALL: Would you  
15 repeat the motion again?

16 MS. LOWE: Project 3201 Wythe County  
17 for \$325,000 and project 3195 Southwest Region Recreational  
18 Authority, number 3195 \$150,000.

19 SENATOR CARRICO: We have a  
20 remaining balance of \$695,000.

21 DELEGATE MARSHALL: Was this  
22 discussed in the Committee yesterday?

23 SENATOR CARRICO: We had a  
24 discussion with Wythe County and they made a presentation  
25 of where they were in the project and the Spearhead Trails

1 came and they made a presentation of what they're doing and  
2 where they're headed and what the staff recommendation was  
3 and the number of employees they need and so forth. It just  
4 wasn't a second, it was passed over and no motion.

5 MR. SPIERS: Just as an observation, I  
6 wasn't a member of the Committee, this motion was not voted  
7 on by the Committee and these are lesser amounts. It's just  
8 an observation from watching that.

9 SENATOR CARRICO: If you look at the  
10 budget, the center was funded, there was \$826,072 in the  
11 budget and once the Raven Theater was funded, that left a  
12 remaining balance of \$695,620. These two projects were  
13 discussed after that. One was asking for \$750,000, which  
14 exceeded what we had left and the other one was asking for  
15 \$200,000, which would have gone over budget. These  
16 amounts asked for in this motion is within that budget  
17 amount that's left over.

18 MR. MERRICKS: These amounts that  
19 they're asking for, is that going to put a Band-Aid on it, not  
20 funding all they need are they going to be able to do all this?

21 SENATOR CARRICO: They can apply  
22 when the next cycle comes out if they choose to do so but we  
23 only had \$695,000.

24 MR. MERRICKS: That's the point. My  
25 concern was it's like a Band-Aid.

1                   SENATOR CARRICO: I know the Expo  
2 and I know that the grading can be completed if the weather  
3 holds out by the end of June. Then they'll draw down the  
4 remaining \$202,000. This \$350 or \$325,000 they can get  
5 started on phase two and they can reapply for more.

6                   As far as the Spearhead trail, they asked  
7 for \$200,000, \$150,000 I don't know how far that would go.

8                   MS. LOWE: It was \$400,000 for  
9 equipment and some of that is for operating but that wasn't all  
10 they asked for.

11                  SENATOR RUFF: Delegate Marshall?

12                  DELEGATE MARSHALL: On page 38, I'd  
13 ask staff to make comments about the recommendations. On  
14 page 32, that's 3195 and it's referring to VRA. I haven't had a  
15 chance to read this.

16                  MR. PFOHL: The staff's recommendation  
17 on the Spearhead project and go ahead and the request was  
18 \$300,000 for positions to cover for two years. In response to  
19 the question Delegate Merricks asked, the \$150,000 motion  
20 was to carry the Spearhead positions for one year at a  
21 minimum and then they could reapply for those positions or  
22 others. On the Wythe County project –

23                  DELEGATE MARSHALL: So the VRA  
24 loan, they applied?

25                  MR. PFOHL: Spearhead is also applying

1 for a loan, equipment loan, to purchase the ATVs that they  
2 would use for the ATV rental business. They rent ATVs and  
3 do tours. Spearhead is pursuing grant money for the staff  
4 positions as well as the VRA loan for equipment. VRA prefers  
5 to have collateral and so the ATVs would be the collateral for  
6 the VRA loan. This has already been sent to VRA and the VRA  
7 staff is working with Spearhead on that. The companion piece  
8 is a grant request for Spearhead for some positions so they  
9 can continue to expand the trail network and some  
10 construction and operations.

11 MS. LOWE: It's really \$200,000 from  
12 VRA, in the book it says \$500,000 but the requested amounts  
13 are –

14 SENATOR RUFF: The policy has been  
15 that we give some operation money for startups but we don't  
16 get into long term operation. The staff can weigh in on my  
17 interpretation of that.

18 MR. FEINMAN: Given the nature of the  
19 trail business, I think you could still characterize it of  
20 Spearhead being in the startup phase for something like this  
21 and maybe trying to expand their network to get to a certain  
22 size before you become a regular stop on ATV and equestrian  
23 circuits. Staff is comfortable with beginning to support the  
24 operation given the phase they're going through.

25 UNIDENTIFIED: On the Wythe County

1 project, why are we –

2 SENATOR RUFF: Because they did not  
3 go through the Commission approval, I'm going to hold that,  
4 but let me say is there any more discussion on the 3195?

5 DELEGATE MOREFIELD: I'd like to  
6 make a couple of comments on the success of the Spearhead  
7 trails. In Tazewell County with the campgrounds and many  
8 people riding on the trails, it's been extremely successful and  
9 it's had a big impact. I know a new facility is going to be  
10 opening. I agree with Chairman Ruff we aren't funding these  
11 things on a long term perspective. As far as the Spearhead  
12 Trails if I heard you and the members of the Commission work  
13 closely with the localities in Southwest. Unfortunately, I as  
14 well as a number of others have phone calls from the board of  
15 supervisors yesterday asking us to support the project. It's a  
16 little frustrating when you get this call the day of the meeting.  
17 We believe in the project and we want to continue it and see  
18 that it works out and encourage it to go forward.

19 SENATOR RUFF: Any further  
20 discussion? All in favor of the proposal on 3195 say aye.  
21 (Ayes.) Opposed?

22 DELEGATE WRIGHT: No.

23 SENATOR RUFF: Now we're on 3201,  
24 you wanted to address that?

25 MR. SUTHERLAND: Yes. The \$325,000

1 and I was asked to tell you that Mr. Reed said they'd consider  
2 \$500,000 and I think they made a comment they'd appreciate  
3 any amount that they could get.

4 MS. COLEMAN: That is correct that they  
5 would take even a lesser amount.

6 MR. SUTHERLAND: But what they asked  
7 for, he said any amount would be appreciated.

8 SENATOR RUFF: All right. Delegate  
9 Marshall?

10 DELEGATE MARSHALL: Go over to page  
11 39 in your book, Wythe County number 3201. It says staff  
12 recommends the project be referred to VRA for credit analysis.  
13 Tim, can you enlighten us?

14 MR. PFOHL: They were back before us in  
15 September, I believe, it's proposed that this will be a revenue  
16 generating facility. The project is ideally situated right near  
17 crossroads of I77 and I81. Our recommendation has been to  
18 send this to VRA for a review of a potential loan for the project.  
19 What we heard from the County is that they have borrowed or  
20 have the capacity to borrow up to \$5 million for this project.  
21 So again, going back to Mr. Merricks' question and that any  
22 partial award would not hinder their next phase of  
23 development, which would be to build this shell arena and  
24 they could then start to host events there. Partial funding will  
25 not stop them and it will help with the borrowing capacity that

1 they already have approved.

2 DELEGATE MARSHALL: In September  
3 the Committee looked at this, have they looked at this project  
4 again?

5 MR. PFOHL: No, September 26, the  
6 Southwest Committee tabled this project and that's why it  
7 came back yesterday. It has not been referred over to VRA for  
8 a credit analysis.

9 SENATOR CARRICO: Mr. Chairman, just  
10 to reiterate, it has not been submitted to VRA at this point  
11 because the county has the capacity of \$5 million and this is  
12 \$9.5 million project. The \$325,000 is an effort to get them  
13 moving in the right direction.

14 MR. FEINMAN: The Commission has  
15 previously awarded this project \$750,000 grant.

16 MR. OWENS: Mr. Chairman, is there a  
17 reason why the Southwest Committee didn't give them the  
18 balance you had?

19 SENATOR CARRICO: Are you asking me  
20 why we just don't give them the rest of the remaining balance?

21 MR. OWENS: Yes, sir.

22 SENATOR CARRICO: Are you making  
23 that motion?

24 MR. OWENS: Well, I don't know. I  
25 believe we have two million coming next year to carry over the

1 project, just to carry it over and that would be the only thing I  
2 would say. But I'm not going to oppose your motion. I'm not  
3 going to get into the Southwest business.

4 MR. PFOHL: Mr. Chairman, the  
5 Committee yesterday also continued up to and tabling up to  
6 \$3 million for some other projects that are awaiting federal  
7 matching funds. There is significant demand for the  
8 remaining balance in Southwest than that which was  
9 approved in the new budget. We will be accepting new  
10 Southwest proposals in July.

11 SENATOR RUFF: Did this get full  
12 consideration in the Southwest Committee?

13 SENATOR CARRICO: Yes, it was  
14 discussed at length. I think the biggest balance we had was  
15 the numbers.

16 SENATOR RUFF: Despite that, there was  
17 no recommendation?

18 SENATOR CARRICO: That's correct.

19 SENATOR RUFF: So the issue before you

20 —

21 DELEGATE MARSHALL: Mr. Chairman, I  
22 have a substitute motion. My substitute motion is that the  
23 bottom of page 39, that is that the staff recommends that this  
24 be referred to VRA credit analysis process.

25 SENATOR RUFF: Is there a second to



1 that motion?

2 MR. MERRICKS: Second.

3 SENATOR RUFF: It's been moved and  
4 seconded, the substitute motion, any further discussion on  
5 that motion? All those in favor say aye. (Ayes.) Opposed?  
6 (Nos.) Call the roll.

7 MR. FEINMAN: I'll call the roll and I'll  
8 remind everyone this is a vote to send 3201 to the Virginia  
9 Resources Authority for credit analysis, which is the staff  
10 recommendation. Ms. Barts?

11 MS. BARTS: Yes.

12 MR. FEINMAN: Secretary Brown?

13 SECRETARY BROWN: (No response.)

14 MR. FEINMAN: Delegate Byron?

15 DELEGATE BYRON: [No response.]

16 MR. FEINMAN: Senator Carrico?

17 SENATOR CARRICO: No.

18 MR. FEINMAN: Senator Chafin?

19 SENATOR CHAFIN: No.

20 MR. FEINMAN: Ms. Coleman?

21 MS. COLEMAN: No.

22 MR. FEINMAN: Delegate Edmunds?

23 DELEGATE EDMUNDS: (No response.)

24 MR. FEINMAN: Ms. Rasnick?

25 MS. RASNICK: Yes.

1 MR. FEINMAN: Mr. Harris?  
2 MR. HARRIS: Aye.  
3 MR. FEINMAN: Ms. Carter?  
4 MS. CARTER: No.  
5 MR. FEINMAN: Mr. Holland?  
6 MR. HOLLAND: No.  
7 MR. FEINMAN: Ms. Lowe?  
8 MS. LOWE: No.  
9 MR. FEINMAN: Delegate Marshall?  
10 DELEGATE MARSHALL: Yes.  
11 MR. FEINMAN: Mr. Merricks?  
12 MR. MERRICKS: Yes.  
13 MR. FEINMAN: Mr. Mills?  
14 MR. MILLS: Yes.  
15 MR. FEINMAN: Mr. Montgomery?  
16 MR. MONTGOMERY: Yes.  
17 MR. FEINMAN: Mr. Moore?  
18 MR. MOORE: Yes.  
19 MR. FEINMAN: Delegate Morefield?  
20 DELEGATE MOREFIELD: No.  
21 MR. FEINMAN: Mr. Owens?  
22 MR. OWENS: No.  
23 MR. FEINMAN: Senator Ruff?  
24 SENATOR RUFF: Yes.  
25 MR. FEINMAN: Mr. Shell?

1 MR. SHELL: Yes.

2 MR. FEINMAN: Mr. Spiers?

3 MR. SPIERS: Yes.

4 MR. FEINMAN: Senator Stanley?

5 SENATOR STANLEY: Yes.

6 MR. FEINMAN: Mr. Sutherland?

7 MR. SUTHERLAND: No.

8 MR. FEINMAN: Delegate Wright?

9 DELEGATE WRIGHT: Yes.

10 MR. FEINMAN: That's it, Mr. Chairman.

11 SENATOR RUFF: Thirteen to nine. So

12 that takes us to the discussion of 2994, the City of

13 Martinsville.

14 MR. PIPER: Yes, sir, Mr. Chairman.

15 Please turn to page 44. I sent a reminder to the Commission

16 at the January meeting. During that meeting, it was learned

17 that the TROF grant to the City of Martinsville concerning the

18 Integrative Centers for Science and Medicine & College of

19 Henricopolis School of Medicine had secured a letter, a

20 promise letter of investment. I'll now turn your attention to

21 page 75. Shortly after the Commission meeting, we got a

22 letter or an email from an investor saying they were pulling

23 out of this matter and pulling out of the investment.

24 Subsequently, Dr. Boaz sent the information to the

25 Commission with a new plan to transfer the for profit school

1 and still working through that process.

2                   The staff brings this up for two reasons.  
3 The first one is that the Commission granted or directed staff  
4 not to invoke the claw back from the performance agreement.  
5 I believe that's 8C, which is found on page 48. That requires  
6 after eighteen months that the performance had not been met  
7 that the Commission could claw back the grant. The  
8 Commission directed staff not to revoke that based on the  
9 information from the investor but that situation has changed  
10 now.

11                   Furthermore, upon learning of the non-  
12 profit status, the school was going to change to non-profit. It's  
13 also noted on page 46 and this is the performance agreement,  
14 the company is exempt from the payment of property taxes  
15 under certain conditions by state law and the company shall  
16 not be entitled to receive or keep any portion of the grant  
17 allocated to its investment in those certain assets. The change  
18 in both the investment status and the organizational status,  
19 we wanted to bring this back before the Commission. If you'd  
20 like to redirect us to invoke section 8C of the claw back, I  
21 mean of the performance agreement.

22                   MR. FEINMAN: That is staff's position,  
23 and that is our recommendation as far as the claw back to the  
24 grant.

25                   SENATOR RUFF: So the

1 recommendation of the staff is just the claw back at this time?

2 MR. PIPER: Yes.

3 SENATOR RUFF: Is there a motion?

4 MR. OWENS: I so move.

5 MR. MILLS: Second.

6 SENATOR RUFF: It's been properly  
7 moved and seconded, any further discussion? Hearing none,  
8 all in favor say aye. (Ayes.) Opposed? (No.)

9 DR. BOAZ: May I make a statement?

10 SENATOR RUFF: It won't change the  
11 vote, but you're welcome to speak for a couple of minutes.

12 DR. BOAZ: Thank you. I'm Dr. Boaz.  
13 I'm president of the Integrative Centers for Science and  
14 Medicine. First of all, I want to update you on, it's difficult for  
15 us to get clarity on this and the investor had until the 28<sup>th</sup> of  
16 February to make the investment and letter of intent that you  
17 saw at the January meeting. He didn't believe he could make  
18 the deadline. So the board said running the school in a  
19 nonprofit voted to go to the nonprofit status, so that's just  
20 clarification. We wanted three years investment to develop the  
21 medical school and this is a medical school in southern  
22 Virginia, which has been fairly --- for ten years.

23 We've embarked on a five phase plan,  
24 which is all part of the nonprofit development. That five phase  
25 plan has gone into phase one, the academic proof of concept





1 us. They're saying with their goal and they're going to  
2 jeopardize rural Virginia and I can guarantee you that no big  
3 industry is going to come to Mecklenburg County and say no,  
4 we don't want to be on 58, we want to be on 630.

5 Joe, either you or somebody from  
6 Timmons was at that meeting and so would you want to clarify  
7 anything I may have misstated?

8 MR. HINES: My name is Joe Hines and  
9 I'm a principal in the Timmons. I'm a lead engineer and a  
10 leader in economic development practice. I know you're  
11 familiar with who I am. VDOT is a client of the Timmons  
12 Group. These proposed guideline changes with the arterial  
13 preservation program. As Frank alluded to, in some cases in  
14 rural Virginia when we work with rural clients and you can  
15 take like a several hundred acre site and normally you would  
16 want to do a stoplight and a turn lane coming off that road  
17 there to the site. Because of what they're calling alternative  
18 intersection or interchange improvements and want us to look  
19 at grade separated crossings in different ways to get into the  
20 site. So as Frank alluded, we have a stoplight and a couple of  
21 turn lanes, which is like three to five million dollars and a  
22 grade separation and interchange, anywhere from twenty to  
23 forty million dollars. That could change the economics of the  
24 project for the locality in particular.

25 Part of this program is to reserve the



1 major arterial, which run in rural Virginia. No more stoplights  
2 and/or removable stoplights and the idea is to try to keep  
3 traffic moving through. I heard one economic developer say a  
4 major road running by the locality, I view that as a revenue  
5 stream and what I need to do is figure out how to get as much  
6 revenue off that stream as possible.

7 I don't think we really understand the  
8 total impact of what that will be concerning this particular  
9 policy. What we need to do is better understand that and  
10 need examples of where that's happening or could happen, so  
11 we need to find out the impact of that and we've got to get a  
12 clear interpretation of that.

13 SENATOR CARRICO: I've been on the  
14 transportation committee for sixteen years and House Bill  
15 3202 where the General Assembly authorizes VDOT and the  
16 board to be able to assess these locations for safety purposes  
17 for those turning lanes. The General Assembly gave them the  
18 authority. Where did the General Assembly give them the  
19 authority to come up with a method in which they can stop  
20 economic growth?

21 SENATOR RUFF: In answer to Senator  
22 Carrico, I certainly don't know.

23 SENATOR CARRICO: I don't think we  
24 have and I would think they would need General Assembly  
25 approval to do that.

1                   SENATOR RUFF: That's a legitimate  
2 point and I think that we can try to delay that vote and put  
3 out enough questions on that so that they not vote on it in  
4 June so we can have more public input.

5                   DELEGATE MARSHALL: Is there a  
6 motion being made?

7                   SENATOR RUFF: I think it's individuals,  
8 we need to have contact with representatives on the VDOT  
9 board and ask them what their thinking is and to look at the  
10 impact that this might have on county developers, planning  
11 commissions, and these folks are all vested in their  
12 communities and to ignore them when you're developing a  
13 statewide policy that's going to affect them, I think it's a bad  
14 precedent and I think we as individuals can have more effect if  
15 we get involved. I don't think we need a vote on that. Any  
16 other questions? All right.

17                   We have three members that will no  
18 longer be serving because they have finished their terms as of  
19 June 30<sup>th</sup>. So we want to give them a certificate to reflect their  
20 hard work and their involvement. We certainly appreciate  
21 their service.

22                   MR. FEINMAN: These are the Certificate  
23 of Appreciation certificates and suitable for framing but they'll  
24 have to buy the frames, signed by Delegate Kilgore and  
25 Senator Ruff to say thank you very much. This is for Don

1 Merricks, Ronnie Montgomery and John Cannon. We'll hold  
2 on to John's since he's not here.

3 SENATOR RUFF: Thank you both.  
4 [Applause.] Any other business?

5 DELEGATE MARSHALL: I want to speak  
6 for a moment about the Go Virginia and the region that we are  
7 in. One of the things that makes the lessons that we've  
8 learned and maybe we need to look at ourselves. The funding  
9 in Go Virginia, they will not fund one locality, it has to be  
10 multiple localities and the localities do not have to be  
11 contiguous. The city of Danville could partner with Loudoun  
12 County and the counties have to have a common interest as  
13 far as a project. We have a representative on the statewide Go  
14 Virginia, Senator Ruff. We may as a group may want to look  
15 at that in that feature as far as funding for Southside and  
16 Southwest Virginia concerning Special Projects.

17 SENATOR RUFF: We're still in  
18 development overall in Go Virginia. The focus of the media is  
19 on the issue of money and grant money and the most  
20 important part is that if two or more communities go together  
21 on a project, they could potentially cover half of the payroll or  
22 half of that money through payroll taxes coming back to those  
23 communities. We want to engage in the development of  
24 projects and the community gets tax revenue from that in that  
25 building and gets zero from payroll taxes and in that equation,

1 the community could draw that money from the payroll tax. I  
2 think that's a big positive of this and the grants will be  
3 positive. The payroll taxes is a guarantee.

4 DELEGATE MARSHALL: Any questions  
5 about Go Virginia? All right, next I'm going to yield to Senator  
6 Stanley.

7 SENATOR STANLEY: Mr. Chairman and  
8 members of the Committee, Delegate Marshall and I sit on the  
9 board or I'm Chairman of the Board, New College Institute in  
10 Martinsville, sixteen years old and you probably all know the  
11 Tobacco Commission has funded a series of grants and one, of  
12 course, for the building and I think that was to the tune of  
13 something like \$5 million and I believe now there is two  
14 outstanding grants regarding the Center of Excellence. Those  
15 grants go not to NCI but to a foundation called NCF, that's  
16 New College Foundation.

17 The mission under 501(c)4 was to help  
18 fund a new college and to supplement what state funding for  
19 its operations. Since becoming chairman, we have now found,  
20 Delegate Marshall and I, have found that NCI or the  
21 Commonwealth of Virginia own this building and somehow  
22 with your \$5 million New College Foundation owns the  
23 building and the equipment that you have funded and  
24 therefore in turn, New College Foundation charges the  
25 taxpayer in the Commonwealth of Virginia nearly \$400,000 a

1 year rent, which is paid for by NCI through GSA. That money  
2 then in turn is used for the New College Foundation to pay  
3 over a quarter of a million dollars in salaries and to this point  
4 provide no further financial funding to the New College  
5 Institute, although it's sitting on nearly \$3 million or \$2  
6 million in funds. It has not given out a scholarship in over  
7 eighteen months to any of our students. Last year, it raised  
8 for the benefit of NCI \$199.

9 Right now we have two Centers of  
10 Excellence grants that are outstanding and I'll also say that  
11 my concern also is that they are not acting in the best interest  
12 of NCI and even for our COE. We had some pretty expensive  
13 machinery in our hub area or the Center of Excellence and we  
14 had an open house plan. It came almost down to the wire  
15 where we couldn't get those machines up and running  
16 because NCF would not give us forty some odd thousand  
17 dollars to do so. It wasn't until some real arm twisting until  
18 we got the money. This money was not only supposed to come  
19 from NCI but it was to be reimbursed by these grants but they  
20 were not willing to do that.

21 We submitted our budget on what the  
22 state provided to us and there was a supplement that was  
23 required just not only to pay for our Master's but our long  
24 term internships, summer programs for children, needy  
25 children. Our legislative representatives, representing us for

1 sixteen years and that board just met and just so you can be  
2 clear, they gave us 0.0 dollars. Approved a budget only for  
3 their own sustainability and to pay for their own cell phones  
4 and to budget \$1,000 for any future fundraising efforts for  
5 NCI.

6 Therefore, I do not have confidence in  
7 this organization in support of the NCI, more particularly for  
8 the COE. Right now these grants are not to NCI, which I have  
9 full confidence and we're doing some great and exciting things  
10 and Dr. Blevins is here. Those numbers look like \$2.7 million  
11 and they are grants number 2882 for the Center of Excellence  
12 and that's a four-year extension that's requested and also  
13 grant number 3098. These are significant and quite frankly I  
14 don't believe they should be going to the institution, a  
15 foundation that is not supporting the New College Institute.  
16 We are moving forward and we're doing very good things and  
17 very great things but we have lost confidence in their ability to  
18 manage these funds.

19 Now, having said all that, my motion Mr.  
20 Chairman and I'm sorry about this lengthy explanation but I  
21 feel that it's been necessary to make sure you understand why  
22 I make this motion. My motion is to freeze the balances on  
23 grants number 2882 and 3098 permanently with the  
24 exception of essential funding for the operation of the Center  
25 of Excellence including salary for one of our greatest

1 employees Pamela Carter, those incidentals and other costs  
2 that are approved by the Commission's Executive Director and  
3 that this freeze remain in place until staff is satisfied that the  
4 New College Foundation is acting in the best interest of the  
5 New College Institute and in particular our mission to the  
6 Center of Excellence.

7 Also, Mr. Chairman, I would ask that  
8 written notice be given to the New College Foundation of the  
9 action taken by the Commission. Thank you, sir.

10 SENATOR RUFF: A motion has been  
11 properly made and seconded. Any discussion?

12 MS. CARTER: Is there anyone here from  
13 the Foundation, the director?

14 SENATOR STANLEY: We do have Dr.  
15 Blevins, who is our Executive Director here. We need to make  
16 sure that we have financial support. Delegate Marshall was at  
17 their meeting and was not allowed to speak and reached out  
18 and these hour long meetings. Their message was we're here  
19 to support NCI but let them know we're not a bank. They're  
20 not a bank and they're not financially supporting.

21 MS. CARTER: Mr. Chairman, why don't  
22 we give the Foundation that latitude?

23 MR. PFOHL: I think that was a decision  
24 by the administration at that time, New College at that time to  
25 come through the Foundation at that time. It may have had

1 something to do with the matching funds coming from the  
2 federal government for the construction of the buildings.  
3 Once they got on that path using the Foundation, that's how  
4 they approached us for the Centers of Excellence. Either one  
5 would have been an eligible applicant, either NCI, a state  
6 sponsored entity or the Foundation as an IRS designated  
7 nonprofit.

8 MR. OWENS: Did I understand you to  
9 say that there is an extension they're requesting for right now?

10 SENATOR STANLEY: 2882, the start  
11 date on that was May 27, 2014, the end date is May 22<sup>nd</sup>,  
12 2017.

13 MS. CAPPS: We did receive an extension  
14 request. The fourth year extension is within the authority of  
15 our Executive Director and that's how we would have handled  
16 that.

17 SENATOR STANLEY: We need these  
18 monies and they need to be properly administered and have to  
19 be good stewards of the taxpayer money and that is our aim  
20 without consultation.

21 MR. MERRICKS: Sarah, who made the  
22 request?

23 MS. CAPPS: The communication I  
24 received came from a representative at New College Institute,  
25 the financial director.



1 MR. MERRICKS: Not from the  
2 Foundation?

3 MS. CAPPs: I don't know that.

4 SENATOR STANLEY: Dr. Blevins, would  
5 you come forward.

6 MS. CARTER: If the issue is NCI not  
7 being able to administer the money to complete their mission,  
8 can the money be moved from, go from the Foundation to  
9 NCI?

10 MR. FEINMAN: I have some concern and  
11 I think Counsel has advised on this. We had a proceeding  
12 which we gave public funds to an entity and I don't believe we  
13 can have a taking of those funds and give them to another  
14 entity without some procedure other than just a motion here,  
15 I'm not sure.

16 MS. MYERS: I would concur with that. I  
17 don't think it would be within the Commission's purview to do  
18 that.

19 MR. FEINMAN: Without some kind of –

20 MS. MYERS: Yes.

21 MS. CARTER: So with that said, do we  
22 still release the funds?

23 SENATOR RUFF: We have control over  
24 them not living up to their commitment. Their commitment  
25 was to use that money within the three year period and they're

1 now requesting an extension of one year, which we have given  
2 the staff the authority in most cases to do but the fifth year  
3 has to come back to the full Commission. So the staff can say  
4 no and if we instruct them to say no or delay, I think that's  
5 fair and reasonable.

6 MR. FEINMAN: Mr. Chairman, the staff  
7 is monitoring the situation and I think it's an appropriate  
8 course of action if we learn that something potentially  
9 inappropriate may be happening with the grant or grantee to  
10 put a freeze on any disbursement of funds so we can figure  
11 out what's happening. Fundamentally that's what we're doing  
12 here. If there is essential operations of the COE that we know  
13 are and all monies to be distributed under these grants and  
14 that's not happening until we can get this sorted out and  
15 whether or not NCF is doing what we thought they were doing.

16 MS. CARTER: So the staff will be  
17 working with the foundation to determine what's going on with  
18 these funds?

19 MR. FEINMAN: If so directed by the  
20 Commission, yes.

21 MR. MERRICKS: I know I'm on my way  
22 out and I might as well go out in a blaze of glory. My concern  
23 is and maybe it's not an issue, my concern is Senator Stanley  
24 makes a motion to affect this organization but I think the  
25 proper approach for us is to freeze and for the staff to talk to

1 the people at the Foundation and find out what's going on and  
2 I think that's an excellent idea. I just wonder if it would be  
3 better from someone that's not directly associated with, I'd be  
4 happy to make the motion.

5 SENATOR STANLEY: I'm happy to yield  
6 my motion. I'm actually asking you not to spend money, if  
7 you make that motion that's fine and I will yield my motion.

8 SENATOR RUFF: So Senator Stanley is  
9 withdrawing his motion and Mr. Merricks is going to make a  
10 motion.

11 MR. MERRICKS: I make a motion that  
12 we freeze both grants or whatever money that's been approved  
13 for the New College Foundation except what he mentioned  
14 about the salaries. Then also that the staff immediately if not  
15 sooner talk to the New College Foundation and find out what's  
16 going on.

17 DELEGATE MARSHALL: Second.

18 DELEGATE WRIGHT: Before we vote,  
19 and I'm not opposed to the motion, I'd like to hear from Dr.  
20 Blevins.

21 DR. BLEVINS: In any organization you  
22 want to get your money to move forward but we need to  
23 continue to offer the instruction in our programs and we think  
24 this is appropriate action. We're capable of offering these  
25 programs and we need to continue.

1 DELEGATE WRIGHT: I just wanted to  
2 have an idea of what the problem is as far as the funds at this  
3 point.

4 DR. BLEVINS: New College Foundation  
5 within the last year or fiscal year hired some new staff and  
6 some new board members and they wanted to clarify their role  
7 and define their role with NCI so there's a little bit of an  
8 adjustment period there. We're trying to make sure that we  
9 have the appropriate policies in place organizationally but  
10 certainly and with the Tobacco Commission money, we want  
11 to make sure that they know the purpose and we know the  
12 purpose and that we're spending funds appropriately. I think  
13 it might be a matter of new governance that is in place.

14 SENATOR RUFF: You can assure us it's  
15 not because Senator Stanley was late.

16 DELEGATE WRIGHT: Thank you very  
17 much.

18 MR. HARRIS: I call for the question.

19 SENATOR RUFF: The question has been  
20 called for, all those in favor of the motion say aye. (Ayes.)  
21 Opposed? (No response.)

22 MR. FEINMAN: We had two other pieces  
23 of business, we'll excuse Tad because he's given his  
24 presentation once at the R&D Committee and that concerned  
25 the use of broadband and the remaining need in southern

1 Virginia and Southwest. I would note that Chris has been  
2 working very, very hard on a project I've been telling you all  
3 about that's come to fruition. Feel free to be with your yeas  
4 and nays and he's going to show us something about the  
5 Tobacco Commission website.

6 MR. PIPER: Can you all see the website?  
7 Tim is the only one that can't, I guess. I want to point out  
8 that we started this process a few months ago. The reason it  
9 hasn't taken long is that we were in the mood for a stripped  
10 down website, very simple, very easy to understand and easy  
11 to get around. I want to thank our Public Relations Director  
12 Jordan Butler who did most of the yeoman's work on this.  
13 The website is not quite live yet because we're still working  
14 with the IT folks.

15 This is the new Tobacco Commission  
16 website. It's much more appealing but more importantly it's  
17 easier to maneuver around for our grantees or potential  
18 grantees. Right here at the very top, you can apply for a grant  
19 and fill out the application. Now there's a web form that's  
20 filled out and when it's filled out by a potential grantee, we can  
21 immediately email to the grantee who can respond in kind  
22 very quickly and an automatic email.

23 It's very stripped down as you can see.  
24 Also at the bottom, you can see our press releases but you'll  
25 see announcements such as meetings and that's one page

1 there.

2 I do want to point out that all of our  
3 pages or menus are section 508 compliant, meaning it's  
4 compliant to the federal standard for disabled individuals and  
5 no longer will they have that issue. It's a responsive website.  
6 If you scroll in you can see this is for iPad and other  
7 information. Here is the menu here. Our grant programs can  
8 be found here, with a description of each program and very  
9 easy for people to understand what we offer. Then there's  
10 more information provided here and these are some other  
11 programs. Then the strategic plan. It also talks about  
12 workforce development.

13 The last thing I want to show you, we  
14 now have a grant database and fulfilling our statutory  
15 requirement and we're still finalizing and tweaking. There will  
16 be a fully searchable grant database if you want to figure out  
17 all the grants we've given in the past and get all the grants  
18 that are associated with that. We anticipate that there will be  
19 explorable at some point, Excel. And this allows for others to  
20 get information about what we do and how we've done it.

21 And I wanted to point out here, an  
22 economic developer will probably understand it. Here you can  
23 do some searching and here you can go through different  
24 localities within the Tobacco Region. You can look through  
25 these clusters if you will, you can see there's 47 in Danville

1 and 24 in Martinsville and these are properties that are  
2 available, sites available. As you get closer in, there's much  
3 more information on the properties including photos.

4                   One of the things we're doing as EDP  
5 updates their database, we're going to be able to highlight  
6 Tobacco Commission funded assets, which we think will be  
7 vital as we move forward as we expand our advertising in the  
8 Tobacco Region and what we're doing, be able to highlight  
9 Tobacco Commission projects. You can get a lot of detail out  
10 of that. I just wanted to point that out. This is very user  
11 friendly and aesthetically pleasing and I hope everyone likes it.  
12 Right now we're TIC.virginia.gov. We're not even TIC anymore  
13 so that doesn't make much sense. I think we settled on  
14 revitalizedva.org.

15                   MR. FEINMAN: We're revitalized Virginia.  
16 Anybody has a better one, we're still open to that. One of our  
17 greatest challenges is we want the people in the coalfields to  
18 know what the Tobacco Region is. Our organizational name is  
19 revised so thank you.

20                   SENATOR RUFF: Very good. Thank you  
21 for that presentation? Any other business? Is there anyone  
22 that wishes to speak? If not, we thank you and we're  
23 adjourned.

24

25

PROCEEDINGS CONCLUDED.

## 1 CERTIFICATE OF THE COURT REPORTER

2  
3 I, Medford W. Howard, Registered Professional  
4 Reporter and Notary Public for the State of Virginia at large,  
5 do hereby certify that I was the court reporter who took down  
6 and transcribed the proceedings of the **Tobacco Region**  
7 **Revitalization Commission Full Commission meeting**  
8 **when held on Thursday, May 18, 2017 at 9:00 a.m. at the**  
9 **Appomattox County Community Center in Appomattox,**  
10 **Virginia.**

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

14 Given under my hand this 30<sup>th</sup> day of May,  
15 2017.

16  
17  
18 \_\_\_\_\_  
19 Medford W. Howard  
20 CCR #0313137  
21