

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Special Projects Committee Meeting

Friday, September 8, 2017

Hotel Roanoke & Conference Center
Roanoke, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
4914 Fitzhugh Avenue, Suite 203
Richmond, Virginia 23230
Tel. No. (804) 355-4335
Fax No. (804) 355-7922

1 APPEARANCES:

2 The Honorable Daniel W. Marshall, III, Chairman
3 The Honorable Charles W. Carrico, Sr., Vice Chairman
4 The Honorable Kathy J. Byron
5 Mr. John R. Cannon
6 Ms. Mary Rae Carter
7 The Honorable A. Benton Chafin, Jr.
8 The Honorable Terry Kilgore
9 Mr. Robert Mills
10 The Honorable Edward Owens
11 Mr. Robert Spiers

12

13 COMMISSION STAFF:

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNSEL FOR THE COMMISSION:
Ms. Elizabeth Myers
Assistant Attorney General
Richmond, Virginia 23219

1 September 8, 2017

2

3

4

DELEGATE MARSHALL: Welcome to the meeting of
5 the Special Projects Committee. I'll ask Evan to call the roll.

6

MR. FEINMAN: Delegate Byron.

7

DELEGATE BYRON: Here.

8

MR. FEINMAN: Mr. Cannon.

9

MR. CANNON: Here.

10

MR. FEINMAN: Senator Carrico.

11

SENATOR CARRICO: Here.

12

MR. FEINMAN: Ms. Carter.

13

MS. CARTER: Here.

14

MR. FEINMAN: Senator Chafin.

15

SENATOR CHAFIN: Here.

16

MR. FEINMAN: Delegate Kilgore.

17

DELEGATE KILGORE: Here.

18

MR. FEINMAN: Delegate Marshall.

19

DELEGATE MARSHALL: Here.

20

MR. FEINMAN: Ms. Mills.

21

MS. MILLS: Here.

22

MR FEINMAN: Mr. Owens.

23

MR. OWENS: Here.

24

MR. FEINMAN: Mr. Spiers.

25

MR. SPIERS: Here.

1 MR. FEINMAN: You have a quorum.

2 DELEGATE MARSHALL: Thank you. I need a motion
3 for the approval of our minutes of 5-17-17. They're on your
4 website.

5 MR. OWENS: I so move.

6 MR. MILLS: Second.

7 DELEGATE MARSHALL: All those in favor, say aye.
8 (Ayes). Opposed? (No response). The minutes are approved.

9 Let's move on to the grant applications. Mr. Pfohl.

10 MR. PFOHL: Thank you, Mr. Chairman. The
11 Commission announced the cycle for FY2018 projects with a late
12 July due date. This is a program that did not announce a cycle in
13 2017, and we carried forward a significant amount of money
14 from the 2017 funding. So, you're in the unusual position of
15 having an abundance of funds at your disposal, \$7.1 million, in
16 fact.

17 We received 16 applications under two categories.
18 One is increasing Access to Healthcare for Tobacco Region
19 residents, which is Category 1, and Category 2, Regional
20 Economic Development Projects, which we required the
21 governance participation for two or three localities. We received
22 eight proposals in each category, a total of more than \$12
23 million, \$12.7 million for the \$7.1 million that's available. Even
24 in these times of great funding, you have some difficult and
25 challenging decisions to make.

1 We also received three out-of-cycle requests or
2 actually megasite requests. We've heard from three of our
3 previous megasite grantees that had some urgent needs to their
4 sites, and we'll describe those at the end of the report. And
5 those requests were \$2.5 million, and that would be from the
6 separate funded megasites, which has a \$7.6 million balance.

7 DELEGATE MARSHALL: Let's take the megasites first.

8 MR. PFOHL: Yes, that brings us to page 20 of the
9 Staff Report. The three applicants are Blue Ridge Crossroads
10 Economic Development Authority, Greenville County for the
11 MAMaC, and Henry County for Commonwealth Crossing.

12 Starting with the Blue Ridge Crossroads request, and
13 this is a two-component request. One is for over \$700,000 to
14 establish an interconnection station, which is required to serve
15 gas users in the park, either heating their building or using
16 natural gas in their manufacturing process. Matching funds come
17 from Appalachian Natural Gas.

18 The second element of the request is a request for
19 \$500,000. Over 50 percent of the cost to upgrade the sewer
20 pump station so that the City of Galax can continue to offer
21 Enterprise Zone incentives to any company that's attracted to the
22 Wildwood Commerce Park.

23 Staff had some conversation with the localities and
24 the leadership on this. The natural gas interconnect seems to be
25 a required piece of infrastructure before anyone could connect to

1 the natural gas. The natural gas line exists, and the county built
2 that and turned it over to Appalachian Natural Gas. The actual
3 construction will be by Spectra Energy, which will then bill
4 Appalachian for the construction costs. Appalachian is putting
5 \$300,000 towards the cost of the interconnect station. We've
6 got a request for \$729,000 of Tobacco Commission funds and
7 \$300,000 of matching funds from ANG.

8 The sewer pump station is a million dollar cost, and
9 we're being asked for 50 percent of that. The piece regarding
10 the sewer pump station is that the City of Galax would offer
11 Enterprise Zone over a five-year period and the City would forego
12 revenue on its water and wastewater. In the case of high
13 volume users, it's pretty significant.

14 The premise of the request is that if the Commission
15 would help with the pump station in Galax and they're able to
16 offer the Enterprise Zone incentives, water and sewer. However,
17 the entire cost is zero percent VRA loan, so operating the pump
18 station is available at no interest money. A high volume user
19 seeking Enterprise Zone incentives would pay significant rent use
20 to the City of Galax and then just for a five-year period. And the
21 City would then receive the full water and sewer rates.

22 Given the argument that a new high volume user
23 would still generate in the Enterprise Zone scenario is pretty
24 significant new revenues for the City of Galax. That would leave
25 the natural gas interconnect stand-alone \$1.3 million project with

1 only \$300,000 of matching funds, but does not meet our dollar-
2 for-dollar match requirement. Staff suggests a 50-percent award
3 for the natural gas interconnect project costs contingent on the
4 applicant securing all required matching funds to complete that
5 task. And that's calculated out to be an award of \$514,659 for
6 50 percent of the natural gas interconnect project cost.

7 DELEGATE MARSHALL: Any Commissioners have a
8 question?

9 SENATOR CARRICO: The 50 percent you're talking
10 about, that would require, and they have 300 committed from
11 Spectra?

12 MR. PFOHL: Yes.

13 SENATOR CARRICO: Do you know if they have
14 anyone in the pipeline at ARC or anyone else?

15 MR. PFOHL: I think the local leaders are here to
16 speak to that.

17 MS. ASBURY: I'm Katherine Asbury with Blue Ridge
18 Crossroads Economic Development Authority. We don't have the
19 full match yet, but I'm confident we can find that.

20 SENATOR CARRICO: So, you're just talking about
21 300, right?

22 MR. PFOHL: They'd have to come up with the total
23 construction costs of the project, and short of that, Katherine
24 may want to speak how the project estimates have increased
25 over the last year.

1 MS. ASBURY: Yes, they have. We provided estimates
2 in late 2015 and since then the project costs have doubled just a
3 little under 800,000.

4 DELEGATE MARSHALL: Any other questions? All
5 right, thank you.

6 Do you want to take them in a block, or what's your
7 pleasure?

8 MR. PFOHL: I think that I can get through the next
9 two a little more quickly. Quickly is my operative term this
10 afternoon.

11 Q The second one is for Greenville County, the MAMaC
12 Megasite Wetland Mitigation Bank. You may recall on a previous
13 megasite grant, we provided funding to engineer a publicly
14 owned wetland bank. Wetland bank credits are going to be
15 required for anyone to occupy sites on MAMaC and the railroad
16 access has to cross some wetlands. We have some good
17 engineering estimates as to the number of acreage and credits
18 that are going to have to be needed. The partners in the RIFA
19 Greenville and Mecklenburg and the City of Emporia have done
20 something very unusual and exemplary, I think. That is to
21 pursue development of a publicly owned wetland bank where
22 they can provide the site for wetland mitigation and projects on
23 MAMaC. They can only use it for their own economic
24 development purpose.

25 The first phase request is for, and that's for land

1 acquisition and construction costs to do an initial 25 acres of
2 wetland. Staff is recommending this, and we find this to be of
3 localities working together to do something innovative and
4 develop wetlands. Right now, wetland credits are available at
5 the cost of \$80,000 per acre, and their engineers said they can
6 do it for \$40,000 per acre, so there's a substantial savings.

7 DELEGATE MARSHALL: I heard you say they cannot
8 take these credits and just sell them?

9 MR. PFOHL: They've got to stay in that watershed
10 and have to be used by the participating localities. I don't know
11 that they could necessarily sell it to a retail developer. Natalie is
12 shaking her head.

13 DELEGATE MARSHALL: Questions by the Committee?
14 All right.

15 MR. PFOHL: The recommendation from Staff is
16 \$915,139 grant, for no more than 50 percent of the direct costs
17 for acquisition and development of RIFA-owned wetland
18 mitigation bank.

19 Now, the third megasite request is from Henry County
20 for Broadband and Power Extensions into the Commonwealth
21 Crossing property. They have estimates from Mid-Atlantic
22 Broadband to run fiber into the site, as well, and that's from
23 Appalachian Power to extend three-phase power. This would be
24 necessary to serve the Commonwealth Centre for Advanced
25 Training, which ground was broken for that just a couple of days

1 ago. That's a training site that will be located in Commonwealth
2 Crossing, the megasite, and we've supported that for a number
3 of years, to allow any company that locates in the park to start
4 up operations and begin training of their employees while their
5 facility is under construction.

6 We had some discussions of potential return of
7 revenues from the power company from infrastructure that we'd
8 be contributing to the cost of. I think we have a revised dollar
9 amount based on a revenue return. That would be a funding
10 recommendation without conditions, as you see in your staff
11 report, \$566,052. The Staff's revised recommendation is an
12 award of \$566,052, with no other particular conditions, aside
13 from our general funding policies.

14 DELEGATE MARSHALL: So, we go from 601 to 566?

15 MR. PFOHL: Yes, 566 to 052.

16 DELEGATE MARSHALL: Any questions for Tim?

17 We have those proposals before us. What's your
18 pleasure?

19 MR. MILLS: I move we approve them.

20 DELEGATE MARSHALL: We have a motion to approve
21 the three megasites, and we have a second. Any discussion?
22 Hearing none, all those in favor say aye. (Ayes). Opposed? (No
23 response). Motion carries.

24 MR. PFOHL: Let's go back to the eight projects under
25 Access to Healthcare. I'll do my best to be brief, but there's a lot

1 of information in the Staff report and a lot of details about the
2 outcome of your projects, and in the interest of time, I'll try to
3 keep it to a couple of high notes on the project.

4 The first is from Blue Ridge Health Center for the
5 Appomattox Clinic. There is unquestionably urgent need for a
6 federally qualified health clinic in Appomattox County. Their
7 limited primary care is very little, and a very well documented
8 need for primary care, mental health services relying on federal
9 and state needed provision.

10 However, in this case, the project is requesting the
11 majority of construction costs, which would be the renovation of
12 a former office building, the Thomasville plant in the Town of
13 Appomattox. There are very large funding sources available that
14 you'll hear about. While there's no question about the need for
15 this type of clinic, we are recommending that we not take action
16 at this time on this project but work together with the Staff with
17 the applicants who are experienced healthcare providers just
18 outside the Tobacco Region to help them approach funding
19 sources and then come back in a future funding cycle.

20 Greatly needed project, but the Staff does not feel
21 that all the funding agencies that typically contribute to this type
22 of project have been brought to the table yet. We're willing to
23 work with them to help them to do that.

24 DELEGATE MARSHALL: Committee have any
25 questions?

1 MR. PFOHL: The next is from Brain Injury Services of
2 Southwest Virginia for their Community Living Connection -
3 Telehealth Expansion for Brain Injury Survivors, a request for
4 \$165,496. Most of this is to cover equipment and technology
5 costs. It's a video-conferencing platform to provide internet
6 services for clients for instructor contractees, program
7 assessment, and evaluation. The outcome section of the
8 application indicates that brain injury services is currently
9 working 32 Tobacco Region residents, and through the funding of
10 this program, they would add three and have a total of 35
11 residents in the Tobacco Region being served under this
12 investment.

13 It's difficult to not offer assistance to these very
14 deserving clients. The construction proposal and the Roanoke
15 base, prospects for future funding requests, limited number of
16 patients served, make this a low-scoring proposal with limited
17 return on a significant investment. And Staff recommends no
18 award.

19 DELEGATE MARSHALL: Any questions?

20 MR. PFOHL: Now, we move into the other three of the
21 four local health clinic requests, the first being Piedmont Access
22 to Health Services, PATHS Chatham Expansion Project. PATHS,
23 you may remember, approached the Committee a couple of
24 years ago for funding to require the Boydton facility in
25 Mecklenburg County, and a number of facilities in Southern

1 Virginia. They have acquired a building in Chatham that would
2 allow them to expand from their current 4,000 square foot
3 building, and they're already operating in Chatham and they'll be
4 able to add services and additional patients and so forth.

5 Like the Appomattox request, this project has not
6 brought to the table yet significant funding sources, including the
7 Federal Health Investment Program or the Virginia Department of
8 Housing and Community Development, which are mentioned in
9 the next two clinic projects. They're also planning to pursue
10 credits for renovation of the building that they acquired, which is
11 a lengthy and arduous process. And it appears they haven't
12 gotten very far down the road, at least. Like Appomattox, this
13 potentially could be a good project for loan-funding consideration
14 at a future time.

15 As it's currently presented to us, the application lacks
16 sufficient detail to evaluate the need and feasibility, and
17 consideration appears to be premature due to the lack of
18 matching funds and other financing. So, the Staff recommends
19 no award.

20 DELEGATE MARSHALL: Any questions?

21 MR. PFOHL: Next up is the Southwest Virginia
22 Community Health System, Tazewell Community Health,
23 requesting \$500,000. This is to build an expanded facility in
24 Tazewell. Since they operate there, you have an experienced
25 provider that already has operations in the community. They

1 identified a \$3.2 million facility at a site across from the Tazewell
2 Hospital. In this case, the funding is very much complete. There
3 appears to be a funding gap of approximately \$400,000. After
4 factoring in a \$1.6 million loan from New People's Bank and a
5 Federal Department of Health and Human Services, \$1 million
6 grant for the project, and the Virginia Healthcare Foundation will
7 contribute \$100,000, that's for dental equipment.

8 And in contrast to the first two, this one is very far
9 along. They've identified outcome numbers and additional
10 patients that could be served, including a new dental practice to
11 serve over 700 patients. Substantial construction matching
12 funds have been committed and the applicant is an experienced
13 healthcare provider and a track record for service in this
14 underserved county and documented for expanded services.
15 Staff is recommending referral to the VRA for loan consideration.

16 DELEGATE MARSHALL: What's the next process, do
17 we need to endorse sending this to VRA?

18 MR. PFOHL: That needs to be an action by the
19 Commission to send the project to VRA based on a
20 recommendation from your Committee.

21 DELEGATE MARSHALL: If that happens and it goes to
22 VRA, how much time would VRA take to give us a yea or nay?

23 MR. PFOHL: That depends on the readiness of the
24 applicant to provide very detailed financials. In this case, I
25 assume, given that they already have a Conventional bank loan

1 and good financials they've put together, we think this could be a
2 fast track, say a couple of months.

3 DELEGATE MARSHALL: The VRA will give us or will
4 they give us an idea when this could be approved?

5 MR. PFOHL: VRA initially will look at the
6 creditworthiness, the ability to take on this debt, and they will
7 offer terms for a loan. And based on the useful life of the
8 collateral and typically talking two to three percent loans, 10 to
9 20 years, and we have turned all of the loan negotiation aspect
10 to the loan underwriters at VRA and does not come back to the
11 Commission for approval of the loan. Once it's sent over there,
12 it's for VRA to negotiate with the borrower.

13 MR. FEINMAN: While the ultimate creditworthiness,
14 that's a decision made at VRA. Other than not exceeding the
15 recommended dollar, the structure can vary wildly.

16 DELEGATE MARSHALL: If VRA says 30 days, let's say
17 VRA says everything is good in the creditworthiness, then does it
18 come back to us again for an up or down?

19 MR. FEINMAN: No. You send it over. You're sending
20 it over authorizing VRA to make a loan up to the amount
21 indicated, that's up to them.

22 MR. SPIERS: Is the amount voted on up or down?

23 MR. PFOHL: The request is \$500,000. The math we
24 did based on the financing information that was provided to us,
25 think there's about a \$400,000 gap, and that's up to VRA to do a

1 loan up to \$400,000 to \$500,000.

2 SENATOR CARRICO: There's no question they've
3 done a lot for the area. Do they know what the loan process
4 involves?

5 MR. PFOHL: We do our best to describe the loan
6 process, but I don't know that they're fully aware, I can't say
7 that.

8 DELEGATE MARSHALL: Should we at this point, they
9 might say we don't want a loan and we don't need to waste our
10 time going to VRA and we should ask that to save time, but if
11 they said yes at this point, I guess they could always say no.

12 SENATOR CARRICO: And if they say we need
13 assistance with grant funding, and if they don't qualify for the
14 loan, can they come back here?

15 MR. PFOHL: Yes. I'm curious as to what their
16 understanding is.

17 MR. FEINMAN: Before we go too far with this, I'd just
18 like to remind everybody that if there's enough revenue
19 generated to service the loan, that's the first option pursued by
20 the Commission and to preserve our longevity and our funds.
21 The healthcare field is a growing field.

22 DELEGATE MARSHALL: I agree with that, but in this
23 case, if they say we don't want a loan, then why go after that? If
24 we approve it today, should we ask them?

25 MR. PFOHL: We can certainly clarify that before it's

1 presented to the Full Commission. Everyone prefers grant
2 money to loan money.

3 MS. CARTER: If VRA approves this, does that mean
4 they come back to us for funding?

5 MR. FEINMAN: We capitalize the loan fund and we
6 have an agreement with VRA, we will further capitalize it when
7 they are not. VRA administers it.

8 DELEGATE MARSHALL: In this case, if it goes to the
9 end, VRA gets the payments, and they handle the whole loan
10 process.

11 MR. FEINMAN: They do, or we can then make future
12 disbursements with our revolving loan fund. Payments come
13 back to VRA. They do the billing and the credit analysis, select
14 the payments, but as money starts rolling back into that account,
15 here comes the Commission, less some fees for them.

16 SENATOR CHAFIN: At this time, we don't have any
17 idea that they're willing to pursue this.

18 DELEGATE MARSHALL: That's correct. If we approve
19 this, Tim, before the Board meeting, you'll have talked to
20 everyone that you're going to refer to VRA and they'll have said,
21 yes, we want to pursue a loan, or, no, we don't? I'm sure VRA
22 has costs to do due diligence on the loan. Any questions? All
23 right, thank you.

24 MR. PFOHL: Next up is Tri Area Community Health for
25 the Ferrum Capital Project, and this is a local health clinic that

1 came in front of this Committee a few years ago and did not have
2 its funding lined up and committed, but is a ready project with
3 some financial commitments. The request is \$750,000 for a \$4.7
4 million capital project that replace the existing smaller facilities,
5 and that is in the basement of the Ferrum College Chapel, and
6 they have site control because that's acquired already.

7 We discussed a couple of additional outcomes for
8 additional patients to be served and so forth. This project also
9 secured a million dollar federal grant. The application for
10 \$700,000 has been applied to DHCD for the Community
11 Development Block Grant Program Funding, and a \$2 million low
12 interest loan application has been filed with USDA Rural
13 Development.

14 We have very substantial matching funds. We've seen
15 proformas for the facility that show or seem to indicate the ability
16 to take on additional loan funding for the construction of the new
17 facility. Ultimately, it's a very solid proposal and a good job of
18 articulating the need and built on the applicant's experience
19 serving the patients of this location, has significant outcomes
20 from new patients served and is near completion of financing in
21 order to begin construction. Staff recommends the project be
22 referred to VRA for consideration of a loan.

23 DELEGATE MARSHALL: Any questions?

24 MR. PFOHL: Next up is University of Virginia, request
25 from the National Cancer Institute, designated Cancer Center

1 there, and their Office of Telehealth Programs. This is a request
2 for \$1,085,485 for four sub-projects, focusing on substance
3 abuse, obesity prevention, smoking sensation, screening for
4 breast and cervical cancer. They have a number of descriptions
5 of the outcomes and the costs for each of those four sub-
6 elements.

7 The Staff is requesting that the breast and cervical
8 cancer screening program and the telemedicine program provide
9 services for substance abuse, other projects or sub-projects that
10 have the highest outcomes and the ones most closely aligned
11 with the healthcare priorities presented in the Commission's
12 strategic plan. Staff is of the opinion that while there's little
13 doubt that obesity and tobacco use result in many serious health
14 diagnoses, including cancer, these programs presented the
15 lowest outcomes in the application and have less alignment with
16 the Commission's goals compared to the other two projects. The
17 Staff's recommendation is \$499,933 to fund the telemedicine
18 substance abuse and mobile breast/cervical screening programs.

19 Any questions?

20 DELEGATE MARSHALL: Someone from UVA here? All
21 right.

22 MR. LARRY: I'm Larry, UVA, and I'm involved in the
23 substance abuse part of the program.

24 MS. CARTER: I have several questions about this
25 grant. So far, the Commission has given UVA \$4.5 million to

1 support their healthcare services in the Tobacco Region, is \$1.6
2 million still out there?

3 MR. PFOHL: That is the amount that they have not
4 drawn down in their grants, but they've provided us the figure of
5 costs incurred is more than \$1 million against that. Their
6 estimate is that because of the process they have to go through
7 from all these different cancer projects, it's close to \$600,000.

8 DELEGATE MARSHALL: This is mostly for Southwest
9 Virginia.

10 MR. PFOHL: Yes.

11 MS. CARTER: Do we know what localities they are
12 working in?

13 MR. PFOHL: They have services through the
14 telemedicine office across the entire Tobacco Footprint. They use
15 mobile services based out of UVA Wise. We helped them
16 purchase a replacement for their mobile mammography van, and
17 that makes trips around the Tobacco Region. They're doing
18 training at the New College Institute, the UVA Wise for
19 telehealth, and there's a variety of ways they're touching our
20 region.

21 MS. CARTER: Who in the Tobacco Region is using the
22 telemedicine?

23 MR. PFOHL: When you read proposals like the four
24 clinics here and Tri Area Health, and Mr. Chapman can speak to
25 this, the telemedicine services are used by the federally qualified

1 clinics, I think almost universally across Virginia, to connect the
2 specialists with UVA. That seems to be my understanding.

3 MS. CARTER: How many here in the Tobacco Region,
4 the telemedicine services?

5 MR. ERICKSON: I'm with the UVA Cancer Center.
6 The sites from some of the previous projects is very broad, and
7 we have provided services in Bland, Buchanan, Carroll,
8 Dickenson, Grayson, Halifax, Henry, Norton, Pittsylvania, Russell,
9 and Scott, Smyth and Tazewell, Washington and Wise and Wythe
10 Counties. We have a number of different projects. One of them
11 is the breast cancer/cervical cancer screen. That's being done in
12 partnership, and we travel around to these counties and offer
13 services for cancer screens. We have a program in Wise County
14 and working closely with the health wagon some older citizens
15 and cancer survivorship meetings. And that's a survey we've
16 just finished.

17 So, really, the services that we offer have
18 concentrated in two or three sites and some of the community
19 partners.

20 MS. CARTER: How many residents do you serve?

21 MR. ERICKSON: That would be thousands. We've
22 done over two or three thousand screens. If you look at all the
23 people that we handed out materials on how to prevent this and
24 how you cope with cancer, that's a few more thousand. I'd say
25 in the last five years, we've served six or seven thousand people,

1 and that's not thinking about the ripple effect. When we work in
2 the communities, we've hired staff and several of these places
3 have done excellent work for us. I've always wondered, well,
4 how do you count what you do, it's not just preventing a cancer,
5 but it's helping people get access to care.

6 With our smoking sensation program, we're excited
7 about partnering where we get most of the funds for this, but the
8 number one reason why it's higher in rural areas, and that's a
9 really important one.

10 Now, if a person has insurance, then we will bill the
11 insurance company, but if you're uninsured or inadequate
12 insurance, they are free.

13 MR. OWENS: How often do you report?

14 MR. ERICKSON: We do it quarterly, I believe, excuse
15 me, annually. I'm not involved in the administration piece.

16 MR. OWENS: Do you review them annually?

17 MR. PFOHL: You'll see in the next presentation, that
18 accounts for a lot of that balance for reasons we'll describe later.

19 We have looked to see how far they've gotten in
20 comparison to the outcomes that they've proposed in their
21 application. If they're proposing 300 through a program, we look
22 to see how far they've gotten towards achieving that.

23 DELEGATE MARSHALL: If we could get a report
24 yearly.

25 MR. FEINMAN: We do that, that's fairly routine with

1 all of our grants and report the outcome. Whatever the endeavor
2 is, we certainly can generate some type of reporting on that
3 across different grant areas.

4 DELEGATE MARSHALL: Other questions? All right,
5 thank you.

6 MR. PFOHL: Next up is the VCU Health Community
7 Memorial Hospital, which is located in South Hill, request for
8 \$583,000 to purchase a CT Simulator for The Solari Radiation
9 Therapy Center. The Committee previously supported the
10 Radiation Center with a half million dollar grant in 2012. They're
11 currently using some of their existing equipment to do
12 simulations prior to starting the radiation treatment. It ties up
13 that piece of equipment that's not specifically designed for
14 simulation. They're looking to us for help to purchase this
15 simulator that would be better suited for the task at hand and
16 free up time for the radiation scanner.

17 Staff notes that simulation functions are currently
18 available within the CMH system in South Hill. The primary
19 benefit is that the requested equipment would allow more
20 efficient use of the existing radiation scanner while providing
21 equipment better suited to the simulation process. The center
22 appears to have sufficient cash reserves from this business unit
23 within CMH to support a loan for the cost of the new equipment.
24 Staff recommends this proposal be referred to VRA for credit
25 analysis and consideration of a loan.

1 DELEGATE MARSHALL: Questions from the
2 Committee? Thank you.

3 MR. PFOHL: Our last healthcare project is from
4 Virginia Commonwealth University Cancer Center, a request for
5 \$2,468,052. Your Committee back in January approved a grant
6 of \$458,000 to sustain operations through this year at the two
7 existing cancer research centers in Danville and Lawrenceville
8 that have been funded over multiple years by the Commission.
9 The majority of this current request would continue funding for
10 the two cancer resource centers, as well as a third center in
11 Farmville to serve Central Virginia.

12 The final aspect of the request is about \$300,000 to
13 create a Southside Research and Registry Database of 1,000
14 Southside residents. The registry would serve as a source of
15 data for future research projects at Massey. A final report
16 submitted in June for a previous grant that had an 18-month
17 project period indicates that educational programs offered by the
18 two cancer and research centers have involved several thousand
19 participants, including cancer survivors and continuing education
20 for nurses and nursing students.

21 In contrast, actual participation by Tobacco Region
22 residents in clinical trials was less than 15. I thought their target
23 was 10, so they've met their target on that. Massey continues to
24 rely on annual ongoing Commission funding for the entirety of
25 the Cancer Research Center operations with matching funds

1 coming from oversight and other clinical research and
2 administrative services at Massey's Richmond location, with no
3 apparent progress to secure non-commissioned sources to
4 support the Cancer Center's operations.

5 Staff recommends that before embarking on a third
6 center and continuing support for the existing two, Staff suggests
7 that this request be tabled to allow time for conducting an
8 independent third party study of the efficiency of the Cancer
9 Center to include program effectiveness, future funding sources,
10 and sustainability. Alternatively, as this is by far the largest
11 request in this funding round and seeks 35 percent of the
12 Committee's available funds, Staff would suggesting funding
13 consideration if the Committee chooses, could be for a one-year
14 period for the three Cancer Centers only, leaving the registry
15 database for a future funding consideration.

16 So, the Staff recommends this project be tabled.

17 MR. FEINMAN: Mr. Chairman, before we move on,
18 one thing I'd like the Committee to consider the conversation we
19 had over the phone earlier, the Commission is not in the business
20 of sustaining health service operations on an ongoing basis to
21 cross our Footprint. And there's no argument that it's necessary
22 and no disputing that a healthy workforce is necessary, but it
23 does need to be considered in terms of operations somewhat
24 outside the scope of what the Commission was originally signed
25 to be doing. At your request, I've been engaging with the

1 Secretary of Health in the Governor's Office on their budget
2 development. A lot of people are here from the legislature, and I
3 think it would be a good idea if we revisited with the General
4 Assembly as a whole the question of who's responsible, I think
5 we should think about that and take that to heart.

6 DELEGATE MARSHALL: Any more comments?

7 SENATOR CARRICO: Mr. Chairman, if I could, a
8 motion on Grant 3324, the \$2,468,000 to do an appropriation of
9 \$530,000, and that would go through until July of next year.

10 DELEGATE MARSHALL: Do I have a second?

11 SENATOR CHAFIN: I'll second it.

12 DELEGATE MARSHALL: Remember back in the
13 January meeting, since we didn't have a Special Projects meeting
14 last year and we had a special meeting back in January to fund
15 them, the funding was to go through September.

16 MR. PFOHL: Yes.

17 DELEGATE MARSHALL: How much money they'd
18 taken out of that pot is probably going to go a little bit further.
19 What this \$530,000 would do is take them probably until July,
20 probably September or December of '18, and then we're going to
21 get a group to see what outcomes we're looking for and who else
22 can help pay for this beside us.

23 Any questions?

24 MS. CARTER: In the Staff's comments and
25 recommendations, it says resources in Danville and

1 Lawrenceville.

2 DELEGATE MARSHALL: Polly, would you come up.

3 MS. COLE: I'm Polly Cole, and I'm with the Cancer
4 Center in Danville, and I'm old and I do things not the way we do
5 them now, and I'd like to introduce Dr. Vanessa Sheppard.

6 DR. SHEPPARD: I'm the Associate Director for
7 Disparities Research.

8 MS. COLE: I don't know how to operate a computer.

9 MS. CARTER: What do the Centers do?

10 MS. COLE: They do everything from working with
11 UVA, and I wanted to speak up and say about the
12 mammographies they do, and we've worked all over. We
13 coordinate healthcare facilities and provide everything from
14 prevention activity to educational activity, those different
15 programs and working with a wide variety of people. What we
16 have done very successfully and what each community has,
17 whether it's Halifax, Henry County, and we bring together the
18 provider and educate the residents what do they have locally.
19 And then through the needs assessment, and we can bring in
20 outside resources. We provide wheelchairs.

21 Other than UVA and us and the uninsured, they're the
22 only two places and we do a lot of working out transportation
23 needs for patients to get to those facilities. And we've done
24 some wonderful small research opportunity, everything from you
25 called me and said I've been diagnosed with pancreatic cancer,

1 we have no funds, and we'd sit there and work with you and get
2 something done. We do monthly educational seminars. You
3 know the Robert Wood Johnson Foundation, it's a big national
4 foundation. Mr. Marshall knows about it. On the 58 corridor, the
5 health rankings are very poor and the worst in the State of
6 Virginia from Sussex going all the way over to Hillsborough, you
7 probably want me to shut up.

8 DELEGATE MARSHALL: No, but we don't need you to
9 be on your soap box.

10 MS. COLE: I know. We try to get communities to
11 understand and we try to bring in providers. We have to go back
12 and look at what are the risky behaviors and we work definitely
13 with cancer survivors.

14 MS. CARTER: Do we have any centers in the Tobacco
15 Region if you weren't funded?

16 MS. COLE: If you would have asked me that question
17 two years ago, I would have said most likely not. We're talking
18 about something that people, and as we say as we get older, we
19 are content with and we don't look at risky behaviors. There
20 were no thoughts five or ten years ago about risky behaviors and
21 bringing in services. And we didn't have the cancer population
22 we have now.

23 We started this last year and looking at all the
24 paperwork, but local communities are now donating. We've had
25 about 80,000 donated and PATHS is one of the agencies we work

1 very hard with in doing educational programs with them. All the
2 people that you talk to today, and this is all where Dr. Sheppard
3 comes in.

4 DR. SHEPPARD: We have a goldmine of information
5 in terms of outcomes and services that are provided, and we
6 have a data collection tool and we can track those intermediate
7 outcomes, and we know it takes a long time to get all this
8 together, but considering how this all affects the outcomes. With
9 the National Cancer Institute and \$81,000 and we've had funds
10 focused for the area that we received in a grant from Massey,
11 and we're starting to look at grant options. And we need the
12 data pointed outcomes.

13 MS. CARTER: Basically what the two centers do, it's
14 not actual cancer research done there?

15 DR. SHEPPARD: What the research centers are really
16 focused on is providing the services and we're trying to put the
17 research, integrate it with what they're doing and make sure
18 data collected in evidence. But the main outcome today has
19 been providing education and services.

20 As a research that's focused on cancer prevention you
21 see the value of making sure the two activities don't occur
22 separate and they're all integrated. We have a team of people
23 that are very interested working with Polly and the Center and
24 providing training in the Center. And we have residents turning
25 in research and working in partnership. That's really our goal.

1 And I remember asking Polly all this information she had
2 collected and my job is to help them have a system in place so
3 they can track and quantify what they're already doing.

4 MS. COLE: The problem is me, I didn't know how to
5 track.

6 DELEGATE MARSHALL: Any other questions?

7 MR. OWENS: The Staff makes sure there's a match?

8 MR. PFOHL: Yes. Primarily coming from people like
9 Polly in Richmond and Dr. Ginder, the director, and the
10 researchers involved in some of the clinical trials, but primarily
11 coming from Massey Richmond.

12 MR. OWENS: And what about the costs?

13 MR. PFOHL: We're covering the costs for staff at the
14 two resource centers for meeting materials, postage, and other
15 things. So, we feel pretty confident that we'll get to the point
16 that the vast majority of our dollars will be spent in the two
17 centers in the Footprint.

18 MS. COLE: And we have the two centers and we can
19 also do this --

20 DELEGATE MARSHALL: Polly, I'm the chairman.
21 Anything else? All right, thank you all.

22 So, we have a motion. Would you repeat the motion?

23 SENATOR CARRICO: The motion is that we approve
24 \$530,000 for Grant 3324.

25 DELEGATE MARSHALL: I've got a second. Any

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

3 MR. SPIERS: But that's coming off the \$2 million?

4 SENATOR CARRICO: Yes, they can come back.

5 DELEGATE MARSHALL: We need a motion on the
6 ones we've already talked about. To make sure it's recorded,
7 whoever makes the motion, and like the one that's referred here
8 to VRA, 3325.

9 SENATOR CARRICO: I'd like to ask before we go any
10 further, 3325 and 3321 and 3326 are referred to VRA, and just
11 so somebody in those grants knows what the referral is.

12 DELEGATE MARSHALL: All right, the first one is 3325,
13 which is Southwest Virginia, Southwest Virginia Community
14 Health System. Someone here from them? What I heard Tim
15 say earlier, and correct me if I'm wrong, and if we approve this,
16 before we have our board meeting, you will have discussed with
17 them so they know what all this means?

18 MR. PFOHL: Correct.

19 DELEGATE MARSHALL: 3321, which is Tri Area
20 Community Health. Do you understand what this proposal is?

21 MR. CHAPMAN: I do, and I appreciate the Staff's
22 review of our proposal, and the proposal very much addresses
23 the community needs. We're already tasked with a heavy debt
24 burden as an organization. Typically we're carrying somewhere
25 in the neighborhood \$3.5 million for this project, about \$5.5

1 million in debt. We're paying somewhere now in the
2 neighborhood of \$250,000 a year in mortgage payments or
3 loans, and after this, it'll be \$434,000 a year. That tends to eat
4 into your operational costs and funding. Like Tim said, it's
5 always better to have grants than loans. Our preference would
6 be to have this as a grant and work to continue to achieve the
7 objectives that we have. Otherwise, we're going to be trying to
8 play catch-up and considering our cash flow and trying to reduce
9 our current debt.

10 DELEGATE MARSHALL: You didn't recognize yourself.

11 MR. CHAPMAN: My name is Howard Chapman,
12 Director of Programs and Development for Tri Area Community
13 Health.

14 DELEGATE MARSHALL: You understand the loan?

15 MR. CHAPMAN: We do, but our preference is we'd be
16 considered for a grant.

17 DELEGATE MARSHALL: Thank you. Next is 3326, the
18 VCU Health Community Memorial Hospital, CT Simulator.

19 What's your name?

20 MS. BOARDMAN: I'm the Director of the Cancer
21 Center at the Community Hospital in Southwest Virginia. I'm
22 fully aware of what the loan is. I'm not the one to make that
23 decision, and we'll take this information back to our CEO.

24 DELEGATE MARSHALL: If it's approved here, Tim will
25 get in touch with the proper person. All right. And we'll need a

1 motion.

2 3321 is not interested in a loan.

3 MR. SPIERS: In follow-up to Mr. Owens' questions on
4 3324, will there be an independent study in that proposal for this
5 change of funding?

6 MR. FEINMAN: We can certainly undertake that, and
7 it wasn't in the motion, and if you instruct us to do that, we'll try
8 to work with that and figure out what we can. If it's beyond our
9 resources on Staff, and that's really beyond our resources to do
10 what's called a comprehensive study, we can try to figure out
11 what the needs are and how well the needs are met and report
12 back.

13 MR. SPIERS: The reason I ask I'm fully in support of
14 the comments of the idea of us trying to fund health facilities,
15 and it would be nice to know whether there's another alternative.

16 DELEGATE MARSHALL: We can skin the cat twice and
17 amend it and make a separate motion to do what Evan said.

18 MR. SPIERS: I would like to make a motion that you
19 carry the intent of the Staff's recommendation of 3324 to study
20 the financing of the health facility.

21 DELEGATE MARSHALL: Everyone understand the
22 motion?

23 MR. MILLS: Second.

24 DELEGATE MARSHALL: Discussion? Let's not assume
25 anything and not talking about Southside, we're talking about the

1 entire Footprint. Any other discussion? All those in favor, say
2 aye. (Ayes). Opposed? (No response).

3 MR. OWENS: Mr. Chairman, I move that we follow
4 the Staff recommendations for 3319, 3315, 3335, 3327, 3326.

5 MR. MILLS: Second.

6 DELEGATE MARSHALL: Any discussion? All those in
7 favor, say aye. (Ayes). Opposed? (No response). Thank you.

8 MR. PFOHL: What about 3321?

9 DELEGATE MARSHALL: That was referred. In R&D,
10 we have to look at the proposal, and there was a cost to look at
11 the proposal, is there a cost to the Tobacco Commission for the
12 VRA to do their review?

13 MR. FEINMAN: Yes, it's significantly lower than the
14 cost of what we used to do in R&D.

15 DELEGATE MARSHALL: There's still a cost.

16 MR. FEINMAN: There's always a cost, but it's a very
17 reasonable cost to do this analysis. We've been pretty pleased
18 with the bills we've been getting.

19 SENATOR CARRICO: If we refer them to VRA, even if
20 they're not interested in a loan, and if they don't go through the
21 process and then they come back, is there a negative view from
22 the Staff because they didn't present their finances?

23 MR. PFOHL: Yes, I think we're bound by the State
24 Code that says if a project is revenue-generating, we're obligated
25 to send it to VRA. You can lead the horse to water, but if the

1 horse doesn't drink, then we have a challenge on our hands.

2 DELEGATE MARSHALL: If we hear the application one
3 time, unless it's significantly different and if there's a change in
4 the recommendation from the Staff next time, how much time to
5 go through all these applications?

6 MR. OWENS: There's certainly a need for the service,
7 but if it's not feasible as a loan, they can't afford to take it back.
8 And if they come back for a grant and if they --

9 MR. FEINMAN: That has happened, and we have to
10 address that. And if a grantee gets a revenue generation from
11 the project, to say that's a good loan candidate, at that point
12 given that there's significant revenue generation, it's their
13 obligation to then demonstrate, yes, there's revenue, but if you
14 just say, well, we're not interested in a loan and we're not going
15 to tell you why, our hands are tied.

16 MR. OWENS: Then if they have a project.

17 MR. FEINMAN: If they present a different proposal,
18 then that gets evaluated as a new proposal, but coming back
19 with the same application.

20 MR. OWENS: If they go to VRA and it's not worthy,
21 then they can come back and say VRA said this is not the way to
22 go.

23 MR. FEINMAN: If they demonstrate that this is wrong
24 and we don't have revenue to cover it alone, then we'd evaluate
25 it on the merits as a grant.

1 MR. SPIERS: Do we need a motion to 3321, an
2 opportunity to pursue a VRA loan?

3 DELEGATE MARSHALL: Mr. Chapman said we're not
4 interested in a loan.

5 MR. SPIERS: That doesn't prevent us to give them an
6 opportunity if they don't get amplifying data, then it's over with.
7 In other words, to have an opportunity, would they have to go
8 through the VRA process to go to the next step, or is that what
9 I'm hearing?

10 DELEGATE MARSHALL: I think we're hearing they
11 want a grant and not a loan. The Staff says it's not a grant and
12 they recommend a loan.

13 MR. SPIERS: My point is neither party knows whether
14 VRA would approve it, I think they turned it down. If it's turned
15 down, they want an opportunity to come back.

16 MR. CHAPMAN: If that's the process, they would have
17 to evaluate whether it's feasible for us to meet that loan and if
18 they come back and say, no, you don't have the financial means
19 to carry a loan, then we could be considered for a grant, is that
20 the process?

21 MR. PFOHL: Yes.

22 MR. CHAPMAN: Then we'd like to go through the
23 process to be considered for a grant.

24 MR. OWENS: Then I make a motion that 3321 be
25 considered for a grant.

1 MR. MILLS: Second.

2 DELEGATE MARSHALL: All those in favor of that, say
3 aye. (Ayes). Opposed? (No response). 3330.

4 Now, we're into the eight Regional Economic
5 Development requests. And mark this date in history, because
6 an applicant who was here asking for a loan, and this is the
7 Commonwealth's Center for Advanced Manufacturing, is
8 requesting a \$1.5 million loan. CCAM is established as a 501C3,
9 Advanced Center for Manufacturing Research Facility, and was
10 opened up five years ago in Prince George County adjacent to
11 the Rolls Royce Manufacturing Plant, with construction funding
12 assistance from the Commission and has been a partner on the
13 Commission's initiatives in foreign direct investment and
14 Advanced Manufacturing Centers of Excellence for the past
15 several years.

16 They have five university research partners in Virginia,
17 as well as two dozen members from Global Advanced
18 Manufacturing Industries, including Airbus, Siemens, Canon,
19 Newport News Shipbuilding, and Kyocera. Over the past year,
20 CCAM leadership has discussed the possibility of requesting a
21 Commission loan with the Commission Staff, to fund operating
22 costs during a ramp-up period that will allow implementation of a
23 strategic growth plan to add research scientists and capabilities,
24 along with new corporate memberships that will enhance annual
25 revenues in future years. This request is for a ten-year loan for

1 working capital to fund salaries and additional research
2 equipment. If they go to VRA, it'll be VRA's call as to the term of
3 the loan.

4 The growth plan calls for an addition of 25 research
5 scientists, each of whom would conduct generic basic research
6 with universities and directed proprietary research for its industry
7 members. Specific equipment include in the proposal robotics,
8 machining, laser coaters, and CT scanners. Revenue growth
9 would come not only from the federal, university and industry
10 research, but also from recruitment target of ten new Tier 1
11 members, and they gave us a list of 30-plus prospect companies
12 that they're approaching.

13 The plan targets \$3 million of growth in research
14 funding to reach break-even and sustainability by 2019.
15 Assessing the likelihood of reaching these various targets is well
16 beyond the expertise of Commission Staff, and quantifying
17 reliable measures of direct benefits to Tobacco Region based
18 Advanced Manufacturing employers is even more challenging.
19 However, given the highly respected nature of CCAM and its
20 university and corporate members, and the Commission's strong
21 partnership with CCAM to recruit and grow advanced
22 manufacturing in our region, this appears to be a request that
23 merits consideration by VRA for the requested loan. However,
24 the long relationship with CCAM and their demonstrated success
25 through their university and corporate partners, this appears to

1 be a request that merits consideration with VRA. So, we're
2 saying it should be referred to VRA for credit analysis and
3 consideration.

4 DELEGATE MARSHALL: Is CCAM a state agency?

5 MR. PFOHL: No, they're a 501C3. They receive state
6 support through appropriations for the Apprentice Academy that
7 they're working on to create.

8 DELEGATE MARSHALL: What would be the collateral
9 for a million and a half?

10 MR. PFOHL: For one thing, the equipment that they
11 would propose to purchase with our funds, that could be direct
12 collateral. Anything beyond that would have to be VRA's
13 decision. With these loans, they look and see who else has
14 positions on property. I have no idea if there's any lead positions
15 on CCAM building or the existing equipment.

16 MR. FEINMAN: They have multiple Fortune 500
17 companies on their board. I know the director over CCAM has a
18 very high level background, I don't think there's any problem
19 finding people that are willing to underwrite the loan, but that
20 would be something VRA needs to consider.

21 DELEGATE MARSHALL: Any other questions. Did they
22 go anywhere else for a loan, or are we the first stop?

23 MR. PFOHL: They did not indicate that to us.

24 MR. FEINMAN: I suspect we are the lender of choice.

25 MS. CARTER: Has the Tobacco Commission ever

1 funded a project like this or the building?

2 DELEGATE MARSHALL: We didn't fund it totally, just a
3 piece of it, a small piece.

4 Further questions?

5 MR. PFOHL: Next up is Franklin County Summit View
6 Business Park South Land Bay Infrastructure Project, 3330,
7 requesting \$450,000, to provide an access road to meet two
8 premium tracts near the entrance of the south region area of the
9 Summit View Business Park in Northern Franklin County.

10 The county has made substantial investments to
11 acquire this site and currently has a VDOT access road funding
12 for the northern portion of the site. We understand access road
13 funds are limited to one project per year and they matched that
14 out. They have VEDP business grant funding to extend the utility
15 along with the road to serve these lots. There is an active
16 prospect, a data center or operation center, for a financial
17 services company, 12 new jobs averaging \$70,000 a year, plus
18 five-and-a-half million dollar private investment with that
19 prospect. And the road would also serve a substantially larger
20 lot, the 144-acre Dogwood site that could accommodate a one
21 million square foot facility.

22 There was previously a prospect for this project that
23 could have created 400 jobs with a \$90 million investment and
24 they moved to another portion of the site by providing access by
25 road that's held as an example of the type of prospect that could

1 be attracted.

2 I think we may have misunderstood a little bit the
3 prospect status for the larger site and initially made a
4 recommendation to you that a large project would generate a
5 very substantial, that could go towards the road construction.
6 We now understand that was just an example from a previous
7 prospect with a smaller site, and that still exists and that would
8 be 12 jobs.

9 Our recommendation is a grant award of \$450,000 to
10 be used to complete project costs after applying any TROF funds
11 approved for prospects at these lots. Given the late arriving
12 information, I think we might want to reconsider having some
13 discussion about that proposed condition and the county's
14 Economic Development Director is here and could make it clearer
15 than I was able to.

16 DELEGATE MARSHALL: Any questions? Has the Staff
17 recommendation changed?

18 MR. PFOHL: I think we need to take a look at that
19 condition because the largest amount of TROF that we
20 anticipated potentially being available for the road costs, there's
21 not an active prospect for that right now. It would hold them up
22 from building the road for the next prospect.

23 MR. FEINMAN: We thought there would be somebody
24 going there and that's not the case at this time.

25 DELEGATE MARSHALL: Is that the request for the

1 money, there'd be no TROF money?

2 MR. PFOHL: Not yet, no. For the large lot, the 144
3 acres, they do not have a current prospect. Their projection was
4 based on a previous prospect for that site, so there's not TROF
5 available. The vast majority of the TROF that might be able to
6 go toward the road, it's available, but there's no prospect. It's a
7 chicken and egg situation. They're asking us for road funding so
8 they can better market that large lot to the next prospect that
9 comes along.

10 DELEGATE MARSHALL: The VDOT access funds was
11 already used?

12 MR. PFOHL: The northern entrance to the park.

13 DELEGATE MARSHALL: You can access the VDOT
14 funds one time per year.

15 MR. PFOHL: Yes, that's what we understand.

16 MR. BURNETTE: Mr. Chairman, I'm Mike Burnette,
17 Economic Development Director for Franklin County. We have
18 actually applied for funding for the industrial access road for
19 another access into the park that goes along with a \$10 million
20 construction cost that we'll be awarding on the 19th of this
21 month. With that funding going toward that site and we have an
22 active prospect from the southern end of the park with no road
23 access. What we're trying to do is take the two sites and a
24 smaller site with an active prospect and then take the 144-acre
25 site to create a road that would serve both sites, as well as water

1 and sewer and utilities that are needed.

2 As we're marketing the site, we're getting some good
3 activity and we have to drive through cornfields to get them to
4 the site and let them see what's going on, and this would make
5 that much more marketable. About \$11 million to purchase the
6 property and about \$10 million going into the construction
7 project. We have \$250,000 from VEP Business Sites Program
8 and hopefully the Special Projects money can help us get where
9 we want to be.

10 DELEGATE MARSHALL: The first of our funds go to
11 the northern park?

12 MR. BURNETTE: Correct.

13 DELEGATE MARSHALL: You can only get that once a
14 year?

15 MR. BURNETTE: Yes.

16 DELEGATE MARSHALL: When did you get those?

17 MR. BURNETTE: They were applied for in 2016 and
18 2017 and those have been postponed until this fiscal year due to
19 issues with VDOT.

20 DELEGATE MARSHALL: If you went back to VDOT,
21 you would --

22 MR. BURNETTE: We would, yes.

23 DELEGATE MARSHALL: Any questions? All right,
24 thank you.

25 MR. PFOHL: Friends of Southwest Virginia, the Clinch

1 River Ecological Campus, requesting \$951,550. Commission
2 support is requested for repurposing the Oxbow Center, a facility
3 located in Saint Paul and gifted to UVA Wise in 2016 to support
4 development of the Clinch River Ecological Campus. This would
5 support Phase One, which is envisioned as more of an \$8 million
6 plan encompassing multiple buildings in downtown Saint Paul.

7 The Clinch River Ecological Campus is a hub for
8 education and research promoting entrepreneurial innovation and
9 acceleration. It seeks to become a destination for students,
10 faculty, tourists, and entrepreneurs who wish to experience the
11 unique and diverse ecological opportunities available through the
12 campus. There is a feasibility study attached to this and made it
13 clear that there is a substantial amount of outside financial
14 support through government grants and foundations that will be
15 needed to sustain the campus during its first several years. That
16 study says five to seven, and only 60 percent of the operating
17 expenses will be supported by revenue, and that raises a real
18 concern with us and there'd have to be substantial annual and
19 ongoing fundraising to keep this facility operating. At this point,
20 there's no other funding committed to this project, such as ARC.
21 The ARC application is intended for next month.

22 Due to the significant remaining balance in funding
23 necessary to proceed with this project, Commission investment
24 at this point would be premature. Staff is of the opinion that an
25 investment by the Commission, as I said, would be premature.

1 The applicant should proceed with intended applications to
2 funding sources, such as ARC, and reapply when matching funds
3 are in place and bring back additional information about plans to
4 address operational sustainability of the facility. At this point,
5 Staff recommends no award.

6 DELEGATE MARSHALL: Any questions? All right,
7 next one.

8 MR. PFOHL: The next request is from Mid-Atlantic
9 Broadband Communities Corporation, Business Recruitment and
10 FDI Attraction Activities, requesting \$952,750. To do business
11 recruitment and foreign direct investment attraction activities.
12 MBC has been discussing, assuming the foreign direct investment
13 role that SCAM has led on behalf of the Commission for the past
14 five years using a Commission grant-funded position filled by Joe
15 Anwyl, and many of you have met him.

16 MBC proposes a two-year project period to retain the
17 current FDI efforts through Mr. Anwyl, as well as expanding the
18 FDI efforts to include technology companies, including those
19 based on the West Coast and overseas that are seeking data
20 center sites, as well as enhancing FDI recruitment in the
21 European Union. Grant funds are requested to support four
22 employee contracts, \$832,750, and the related bonus incentives
23 for successful announcements and performance by companies
24 committing to job creation and private investment in the 23
25 localities of the Southern Virginia area.

1 The project takes a proactive approach in reaching out
2 to respective industries and enhancing those relationships for
3 opportunities viewed as achievable. Clearly, the expansion effort
4 beyond advanced manufacturing that Joe has been recruiting and
5 into the technology fields, as well as tripling the number of
6 recruiters working on capital expansion in our region. All this will
7 likely to greatly expand deal flow and ultimately increase the
8 number of successful company locations in the Footprint.

9 Staff recommends an award of \$927,750, excluding
10 the \$25,000 of startup funding that would have been at the end
11 of the proposed project period with a Latin American position.
12 That's the recommendation.

13 DELEGATE MARSHALL: I see Tad, would you come
14 up.

15 MR. DERISO: Thank you, Mr. Chairman. Tad Deriso,
16 President and CEO of Mid-Atlantic Broadband Communities
17 Corporation. We're pretty excited to present this project. We
18 were kind of birthed by the Tobacco Commission back in 2004
19 seeking economic development infrastructure through the fiber
20 optic infrastructure which was put in place in the industrial parks.
21 We've seen a lot of success from those investments, especially
22 your relationship with Joe Anwyl the last few years. There was a
23 company announcement yesterday in Danville, Pittsylvania that
24 was bringing in 35 jobs, five or seven million dollars of
25 investment. We're excited because Joe is good at what he does,

1 and there are several companies that have located and are
2 investing in the area.

3 We thought we could take that to the next level. We
4 generate revenue from our operation and we did have a West
5 Coast position several years ago, and that person was a staff
6 member of MBC and that led to a good relationship with
7 Facebook, and that has benefited our region, as well as the West
8 Coast company and a new facility in Bedford County that we just
9 announced. And they were recruited away in North Carolina, and
10 we're trying to reband those efforts, and this is a great
11 opportunity for us to do that. We're putting in 50/50 matching
12 funds to make that happen.

13 This business is all about relationships, and we found
14 that when you have people with feet on the street, working on
15 behalf of Southern Virginia and to promote our workforce, we
16 feel that is the best way to do it because it has worked and will
17 continue.

18 The last thing I'll say we talked about the Microsoft
19 fiber optic cable coming from Spain that's landing in Virginia
20 Beach this fall. We paid for a study and commissioned it to
21 identify the economic impact and opportunities that cable would
22 bring to our area. There's numerous opportunities that cable
23 would bring to here, and that study showed us that there are
24 advanced manufacturing technology companies that would be a
25 good fit to connect with what we have, using that submarine

1 cable over to Europe and eventually to South America and
2 promote and enhance our economic development.

3 MR. FEINMAN: You've mentioned this project for a
4 number of months now. I just think that it's a wonderful
5 opportunity for all of us.

6 DELEGATE KILGORE: This is a real example of great
7 use of our dollars. Hopefully we'll get all of this working in the
8 right direction.

9 DELEGATE MARSHALL: The Governor was in Danville
10 yesterday, said there's 38,000 unmet jobs, starting pay about
11 \$88,000, and you can do it with a two-year degree or a four-
12 year. Those jobs could be anywhere in the Footprint.

13 MR. DERISO: That's correct.

14 DELEGATE MARSHALL: Any questions? Thank you.

15 MR. PFOHL: Next up is first of two requests from
16 Regional Economic Development Organizations for Marketing
17 Assistance, Mount Rogers Development Partnership, requesting
18 \$450,000 for Project Revival. The proposal will allow this long-
19 established Regional Economic Development organization serving
20 Bland, Carroll, Grayson, Smyth, and Wythe Counties, and the
21 City of Galax to increase their marketing reach. Funds will be
22 used over a three-year period to continue implementation of the
23 organization's strategic marketing plan produced in 2017. This
24 strategy will include contracting with lead generating firms and
25 increasing attendance at several national and international trade

1 shows. The applicant has submitted this in response to a shift
2 that is underway in the Commission's foreign direct investment
3 recruiting that you've just heard a little bit about with CCAM, and
4 that covers the entire Tobacco Region, to the proposed regional
5 efforts by the Coalfield Coalition in far Southwest and MBC in
6 Southern Virginia.

7 This new regional approach leaves the Mount Rogers
8 on its own without support from either of these programs.
9 However, this also represents marketing and trade show costs
10 that the applicant has been unable to fund from its own budget
11 and questions of precedent and future funding must therefore be
12 raised. While an award would allow the Region to have a period
13 to test whether expanded trade show presence, marketing and
14 lead generation could have measurable results in terms of
15 prospect visits and company announcements, Staff suggests that
16 these are costs that are best left to the participating localities
17 that fund the organization with some assistance potentially
18 available from the Commission Director's budget, which has an
19 authorization to assist with the cost of prospect visits.

20 At this point, the recommendation and the Mount
21 Rogers Region could be added to the FDC efforts being requested
22 by MBC and trying to recruit companies for the Mount Rogers
23 region. MBC has a strong partnership with Citizens Telephone,
24 which serves Mount Rogers, and we're hopeful something could
25 be worked out for representation and prospect recruitment for

1 the Mount Rogers region through MBC's efforts. And Staff
2 recommends no award.

3 DELEGATE MARSHALL: Any questions?

4 SENATOR CARRICO: For clarification, the \$450,000 is
5 a three-year period and representing a large portion of the
6 district and having seen the economics involved, and it kind of
7 leaves a hole in the Footprint. Having met with this group, they
8 felt they needed some extra marketing initiatives. I noticed the
9 comments appear to be optimistic, and I'm questioning why
10 would it be impossible?

11 MR. PFOHL: We've had this discussion internally
12 about what do we want to get out of investments like this, and
13 obviously company announcements. And then you get a
14 company to come and visit and look at the area. And when you
15 get down to the bottom line, the less fruitful outcomes, and you
16 have somebody sitting in a call center calling companies. And
17 you might have contact with a company and requesting
18 information and kind of looking at that continuum, what would be
19 the most valuable. If they contract with a lead generation
20 company making coal calls out of a call center, and maybe you'd
21 have 500 calls or contacts a year, that's not unrealistic. I get a
22 lot of coal calls in my office. It's difficult to calculate the ROI, the
23 company prospect visits that lead to or that we want to target.
24 Their numbers are maybe a little optimistic and maybe high in
25 terms of, and you get specific numbers per prospect visits and

1 announcements and so forth.

2 MR. FEINMAN: Should this Committee accept the
3 recommendation of MBC, we will already be tripling for the whole
4 footprint the number of people working to generate these for
5 every member in the Footprint, including these counties, they
6 can benefit from that other investment. What we have
7 authorized via the administrative budget is support for localities.
8 If somebody calls me and says, hey, you've got a prospect in
9 Saint Louis and our budget is tapped out and it cost 1,200 bucks
10 to get the recruiter here and show him around, you can foot the
11 bill, that's the more appropriate level for us to be working at than
12 when we go through a third party.

13 SENATOR CARRICO: I understand that. I'd like to
14 hear from Josh. I think we're not covering one area, don't want
15 to do that since I represent it. When you come to regionalism,
16 this is the very one, and we've got to work on doing this
17 together, and they've had some success by doing that.

18 MR. LEWIS: I'm Josh Lewis, Executive Director,
19 Virginia's Industrial Advancement Alliance. I'm here to answer
20 any questions that you might have. And Tim is going along the
21 path, I think you're half correct.

22 MR. PFOHL: That's a good day for me.

23 MR. LEWIS: Sometimes you're relying on a platform.
24 If you give them a criteria, \$20 million to a company and 140,
25 they may not provide you leads outside of that criteria, and

1 you're the one that chooses which companies to contact. As an
2 example, we have a small contract now, 500 targeted
3 companies, 121 have actually been in discussions with the lead
4 generation firm, and 17 have active projects, and I've had five
5 meetings, four as a conference call, and one as face to face, and
6 that's out of a twelve to fourteen thousand dollar contract. We
7 scale that up to the level we provided in the budget, and that's
8 where you arrive at those numbers.

9 While we are appreciative of the efforts by the
10 Tobacco Commission, CCAM, and Joe Anwyl, we haven't seen
11 very much business for the past five years. I know one company
12 is struggling to get on its feet. Within the Region, we haven't
13 seen much benefit from those activities.

14 We're concerned in the recommendation and our
15 matching fund is pretty much going toward operations, staff, and
16 contracts, and the question is what happens to the organization?
17 And I'm here to say we're not going anywhere, and the scale and
18 efficiency of where we're going to be cannot be obtained with the
19 funds that we have now. Our region is a little bit of a paradox,
20 the chicken and egg, and there's significant social and economic
21 challenges which leads to contracts and then you have to make
22 tough decisions, do I want schools or economic development?
23 And when there's been very few wins in the Region for several
24 years, it's easy to see what the decision should be. Not taking
25 care of my people, investing in things that can bring future

1 prosperity, or being ignored a little bit.

2 I'd just like to say that I think that this grant would
3 serve two purposes. The first would be that it would provide us
4 three years to establish ourselves and establish our marketing
5 material and best practices and gain some momentum in building
6 our pipeline of contacts. If it's successful in its three years and
7 at a local level saying this is important because Tobacco money
8 isn't always going to be there. And if successful, we need to fund
9 this. So, we're coming at it from a couple of different angles at a
10 steep price.

11 I do disagree that we're setting a precedent and we're
12 following an application process that's been established and
13 supported other regional groups. So, anyway, I'm here to
14 answer any questions, and I appreciate your supporting us.

15 MR. CANNON: We know Joe Anwyl has been very
16 successful. Why can't the Mount Rogers group operate under
17 that same proposal as MBC, it might take a little more funding
18 instead of leaving somebody out.

19 MR. FEIMAN: They're covered already, but the
20 difference is, and what Josh is talking about, it's not really
21 different from MBC. MBC is going to be funding positions outside
22 the region, more along the lines of regeneration and day-to-day
23 operations, separate from having contracts established. And it's
24 really two different approaches.

25 MR. LEWIS: We appreciate everything the Tobacco

1 Commission is trying to do, but what we do believe is that we
2 lose the ability to have an actual connection and not having
3 communication with recruiters and oversight, and we don't have
4 any influence thus in the process. Both of them are valuable, but
5 I felt one is not necessarily better than the other. It's a steep
6 price tag.

7 MR. CANNON: I throw it out there for the Commission
8 to think about. I know how successful MBC is. I feel like you're
9 kind of cutting these folks off and you're saying Joe is out there,
10 make it a little more substance as far as the whole Footprint.

11 DELEGATE KILGORE: How do you propose we do
12 that?

13 MR. CANNON: When they're prospecting over in
14 Europe and elsewhere, make sure that the Mount Rogers group
15 gets an equal share of those leads.

16 MR. LEWIS: The idea is they get to lead in the activity
17 and bring it to the larger Tobacco Footprint and they say here's
18 all your options, and then they get to pick. We might not be the
19 most attractive area for a data center and IT, but when you're
20 talking about some of these companies and if we have the
21 resources to target and we should just have an opportunity to be
22 in this.

23 MS. CARTER: We have a region that's trying to
24 market itself so they can market to the specific industry, will
25 meet their demands, and you have to have the skilled workforce,

1 as we all know, and ultimately the jobs. In the past, there's
2 always been a question of regional marketing. What they're
3 saying is we appreciate what you do and what Joe does and
4 CCAM, but this would give them an opportunity to market their
5 region and not depend on others who are doing marketing.

6 MR. LEWIS: And whatever activities that are going to
7 lead to the specific outcomes, and that's what VEP and they
8 contracted with a large company and lay out specifically the type
9 of target industry, but you rely on the region for an outcome.
10 Our experience could be much improved with a little more
11 information.

12 MR. OWENS: Well, how many localities are you
13 talking about?

14 SENATOR CARRICO: Six.

15 DELEGATE MARSHALL: What's the population?

16 MR. LEWIS: About 130,000.

17 DELEGATE MARSHALL: Any other questions or
18 comments?

19 MR. OWENS: Isn't there something in here for
20 marketing?

21 MR. FEINMAN: The coal fields. If I could mention an
22 alternate proposal, and I know you've been waiting a couple of
23 months, an alternate solution we could put before the
24 Committee, rather than take one regional marketing group, we
25 could work together to come up with an allocated marketing

1 support proposal and paying for some marketing material and
2 use different groups to try to, regeneration firm, different
3 marketing approaches, we'll try to have something by January.
4 It'll take a couple of months to work that up.

5 MR. LEWIS: Of course, we'd be interested in anything
6 and trying to focus on what we're doing, but a year is not enough
7 time to fully grasp whether something is working, especially
8 trying to build a pipeline. Once you get a lead on a prospect, it
9 could take like two years before an announcement is made, and
10 that's my concern on that approach, but we'd be appreciative of
11 anything that would provide results.

12 DELEGATE MARSHALL: Any questions about Evan's
13 thought?

14 MS. CARTER: Just like our strategic plan, and we
15 made certain marketing was in that, but I think that's a worthy
16 idea.

17 MR. FEINMAN: Part of the challenge is working with
18 marketing people, and this proposal is about regeneration
19 contracts, having Staff abroad, and I think we're looking into
20 what that instruction means and what sort of marketing efforts
21 this Commission wants to undertake.

22 DELEGATE MARSHALL: Mr. Lewis, his
23 recommendation is Staff will get together and put some ideas
24 together and relate those at the next board meeting. And the
25 next time we'll meet is probably January. So, that's a great idea.

1 MR. LEWIS: We appreciate anything.

2 MR. FEINMAN: Maybe we can come up with a way to
3 put a fixed amount of money, but try to put something together
4 and discuss it.

5 MR. LEWIS: We appreciate any help.

6 DELEGATE MARSHALL: Any other questions or
7 thoughts?

8 MR. FEINMAN: I just came up with that idea about a
9 minute ago, so we'll work on that.

10 SENATOR CARRICO: I make a motion that we
11 approve \$300,000 of the \$450,000, gives two years, if you prove
12 yourself in two years, give them two years, and two years to put
13 together a marketing strategy and give them an opportunity to
14 come back and show us some results.

15 MS. CARTER: Second.

16 DELEGATE MARSHALL: We have a motion and a
17 second to approve \$300,000 for two years. Any discussion?

18 SENATOR CARRICO: We're going to do it like Evan
19 said for each region to have a set amount of money, and we
20 don't want to leave this region behind.

21 MR. SPIERS: Do we know how many regional
22 development boards we have in the area? Aren't there other
23 proposals almost identical to this?

24 MR. PFOHL: Yes.

25 MR. SPIERS: Does everybody know we're changing

1 the way we market?

2 MR. PFOHL: I was scribbling some notes about that.
3 In Southern Virginia you've got the Virginia Growth Alliance
4 request that's coming up. We also have Southern Virginia
5 Regional Alliance, the Region 2000 group. And then you'll have a
6 couple of counties here and there and other groups based in
7 Roanoke. In Southwest, you've got the Coalfield Coalition and
8 Mount Rogers, and a couple of counties like Floyd and part of the
9 Roanoke Valley. At least two others in Southside, in addition to
10 the two --

11 DELEGATE KILGORE: It looks like Southside is doing
12 a pretty good job, but I think Evan might have the best idea, try
13 to move everybody together.

14 MR. FEINMAN: I think we can do both. And we need
15 to move forward on Senator's Carrico's motion.

16 DELEGATE MARSHALL: Evan, if we approve this, you
17 all can get Staff and put together some ideas so you can report
18 back to this group.

19 MR. FEINMAN: We can fund them.

20 DELEGATE MARSHALL: You're heard the motion,
21 \$300,000 for two years. Any more discussion? All in favor, say
22 aye. (Ayes). Opposed? (No response).

23 MR. PFOHL: We can skip down and do the other
24 similar projects.

25 DELEGATE MARSHALL: Let's do that.

1 MR. PFHOL: Mecklenburg County is applying as fiscal
2 agent on behalf of Virginia’s Growth Alliance, a regional economic
3 development and marketing collaboration that was created with
4 the assistance from the Special Projects in 2011. There were
5 grants a total of \$300,000. VGA provides marketing, lead
6 generation, and prospect recruitment assistance to ten counties
7 and one city in Southern Virginia.

8 Since the latter grant was closed in 2015, VGA has
9 apparently funded trade show travel from its own member
10 locality contributions. The requested funds would cover travel
11 costs for VGA’s Executive Director to attend an array of national
12 and international industry trade shows through the late 2017 to
13 late 2018 timeframe. Targeted industries at these shows include
14 food and beverage, furniture/wood products, data center/IT,
15 aerospace, unmanned vehicles, and “meet the site consultants”
16 events.

17 While the award would allow the region to have an
18 additional period to test whether expanded trade show presence,
19 marketing and lead generation could have measureable results in
20 terms of prospect visits and company announcements, Staff
21 suggests that these are costs that are now best left to the
22 participating localities that fund the organization. With some
23 assistance from the Executive Director’s budget, authorization to
24 assist with costs of prospect visits.

25 Staff recommends no award.

1 DELEGATE MARSHALL: Any comments?

2 DELEGATE KILGORE: There's a question of whether
3 these are a waste of money because you never have a decision.
4 There are people there but not the decision-makers.

5 MR. OWENS: How do you fund it?

6 DELEGATE MARSHALL: Evan has a budget, but you
7 have to figure out whether this might fit into that.

8 MR. FEINMAN: If it involves me and the Staff talking
9 to, it's really unlikely trade shows would be high on our list.
10 Sometimes this can be high achieving, but --

11 MR. OWENS: How long is this or the money or the
12 \$100,000 is it?

13 MR. PFOHL: Would run through late 2018.

14 DELEGATE MARSHALL: Any other discussion?
15 Hearing none, let's move on.

16 MR. REED: I'm Jeff Reed, Executive Director of
17 Virginia's Growth Alliance. I appreciate the opportunity to be
18 here. I want to thank Staff for working with us in trying to get
19 this application in. It's a technical nightmare, and they went way
20 above and beyond the call of duty to assist us. Just to clarify
21 was our understanding when we were submitting the application,
22 the funds would not be available until 2018 and it's a three-year
23 request, or roughly 33,000 a year for three years, and we're
24 matching that four to one, if you include my salary, which we
25 did, or one to one if you don't. The marketing calendar that was

1 provided, we only do those a year at a time, and we evaluate the
2 calendar and plan next year's based on success on what we've
3 done.

4 To give you a little information on the Alliance, we are
5 the largest geographic marketing region in the State with 11
6 member jurisdiction and we cover 4,400 square miles, and we're
7 the least populated by square mile, 172,000 based on the 2010
8 census. Our total operating budget is roughly \$173,000 a year.
9 So, we're looking at trying to augment marketing that we do
10 based on our limited amount of funds, due to our small
11 population in our area.

12 We applaud what MBC is doing and CCAM, and we're a
13 loud proponent of what Joe Anwyl has been doing for the last five
14 or six years, and we're excited to see this going forward. Even
15 with those things happening or what EDP is doing, there was no
16 rural representation on the Strategic Planning Committee and no
17 rural community represented on the Steering Committee for what
18 EDP is doing right now. And you're not a rural community. So, if
19 we can get people to understand the unique proposition that
20 rural communities offer, and it's difficult for us to have a lot of
21 success. In listening to what Tad said, there's no replacement
22 for that face-to-face contact, and that's what we're trying to do
23 here.

24 I welcome your suggestion and what you're saying,
25 but if we're going to try to be successful, you can't do it on

1 \$25,000 a year. We're trying to be successful and bring jobs to
2 our community. We understood this is the fund that supported
3 us. All 11 members of our jurisdiction are in the Tobacco
4 Commission, and it's like 3,000 per jurisdiction allocation. It's a
5 pretty good value proposition, a four-to-one match or one-to-one
6 match, and those are all local dollars. And there's no grant funds
7 in there or no outside fund, one hundred percent local.

8 I'll be glad to answer any questions you might have.

9 MR. OWENS: This is over three years, whether it's a
10 three-to-one or four-to-one match?

11 DELEGATE MARSHALL: We need to look at what
12 recommendations we're going to be hearing from Staff, and I'll
13 just tell you, Jeff, we'll have to have another special meeting in
14 January and we'll bring this up and we'll table this until then.

15 MR. OWENS: I know it's hard to specify and I'd make
16 a motion we fund this \$100,000 for three years.

17 DELEGATE MARSHALL: We have a motion and we
18 have a second that we fund 3331 for \$100,000. Any discussion?
19 All those in favor, say aye. (Ayes). Opposed? (No response).

20 MR. PFOHL: Southwest Virginia Workforce
21 Development. The request seeks to promote the National Career
22 Readiness Certificate (NCRC) across 17 Commission Southwest
23 region localities, leading to a recognition as ACT Certified Work
24 Ready Communities. Four of the communities are already
25 committed, Tazewell, Russell, Washington, and Wythe, and that

1 would be through the ACT Academy. Commission funds will be
2 used over three years to support a project coordinator position
3 covering two-thirds of the cost of conducting 180 job profiles
4 through the region's community colleges, 12 businesses in the
5 region, and funds for NCRC testing per individual.

6 Those of you on the Education Committee may recall
7 we funded a similar effort in Southside Virginia sponsored by the
8 Dan River Regional Collaborative Competitive Education funding
9 and has resulted after three years or so and progress in the
10 certification of three counties in Southern Virginia. This is a
11 collaborative led by Dr. Brown at the Institute for Advanced
12 Learning, as well as several regional partners. I think the
13 applicants here have developed their application based on a
14 conversation with Southern Virginia. And there are three more
15 cities and localities anticipated for certification of this year.
16 Given the fact that it took three years to get three counties
17 certified after three years, and the job profiling has occurred at
18 much lower numbers. Staff suggests the request be reduced by
19 requiring companies to pay 50 percent of the cost of each job
20 profile conducted on its behalf. That's similar to what's being
21 offered in Southside Virginia, that the target number of profiles
22 be reduced.

23 The cost share that Staff proposes will only add \$250
24 additional cost to a company per profile and would be consistent
25 with the job profile and cost share percentage in Southern

1 Virginia. Ultimately this regional effort will bring Southwest
2 Virginia along with its Southern Virginia counterparts to levels of
3 national recognition for workforce readiness that will significantly
4 enhance economic development recruitment efforts, that you
5 heard about in the last two projects.

6 While the outcomes also fit with competitive education
7 efforts, Staff recommends funding support for this program
8 rather than waiting for May of '18 Education decision.

9 So, Staff recommends an award of \$254,025,
10 reducing the budget for job profiling to \$60,000, and contingent
11 on companies providing 50 percent of the cost of each job profile
12 conducted on its behalf. It's a typo on that page two, it's 254.

13 DELEGATE MARSHALL: Any questions?

14 DELEGATE KILGORE: We had very sporadic workforce
15 development in Southwest Virginia. We're training people with
16 no skills for no jobs that are available. I feel this would be much
17 more aligned to let the community colleges do something like
18 this. I was at a meeting, and there were \$350 million a year for
19 workforce training. I don't know why we as the Tobacco
20 Commission get into that.

21 DELEGATE MARSHALL: Is somebody from the
22 Southwest Workforce Development Board here, if you are, please
23 come forward.

24 MR. PFOHL: This is getting a hundred people per
25 county National Career Readiness Certificate, and at that point,

1 your locality can be designated as a Work Ready Certified
2 Community.

3 MR. OWENS: You're not training them to do a
4 particular job, you're just getting them ready to go to work.

5 MR. PFOHL: You know, skills testing and math and
6 just basic skills.

7 DELEGATE KILGORE: It's probably working in
8 Southern Virginia, but I'm not sure what they're proposing here
9 is going to work, will work as well.

10 I know in Duffield, I don't know that one person went
11 through that program, I'm just a little bit jaded on some of this.

12 MS. HOLLIDAY: I'm Executive Director of the Mount
13 Rogers Workforce Development Board, a partner on this
14 particular project. This is actually an economic development
15 strategy and how these workforce readiness communities
16 happen, what you do is say here is where our workforce is, we're
17 not actually getting people additional training. If somebody
18 wants to get, say, to a bronze level or silver or gold, they might
19 take some of the work key programs and beef up their skills.
20 What you're trying to do is that when companies are in the area,
21 as well as selection folks, this is where the workforce is. And we
22 look at the National Career Readiness Certificate and the same
23 one being used all over the country and not just limited to the
24 State of Virginia. And the intent is to have something out there
25 that you can say this is really where our workforce is. If you find

1 over a period of time you need to test and folks aren't making it
2 to where they need to go and they need to beef up their skills.
3 The only component is that it's a hiring tool that get their jobs
4 profiled. Because a business that's profiled a job connection and
5 use the Career Readiness Certificate as a hiring requirement,
6 meaning they can say or the profile says this is a level for this
7 particular occupation and in order to meet hiring, you have to
8 meet these requirements. What they're testing for is applied
9 mathematics, finding information, and that's not really reading,
10 but can I read charts and graphs and can I understand
11 information when it looks different than just the written word,
12 and then reading for information.

13 We feel it's a good economic development tool and
14 also a tool for current businesses to insure that they're hiring
15 folks for their skill sets. The companies in Southern Virginia that
16 are using this have seen a lower level of turnover. We're trying
17 to insure businesses have that level or have that low level and
18 they, themselves, can become more productive and competitive.
19 This is really what are my basic skills as a worker and am I ready
20 for the job I'm being hired for.

21 DELEGATE MARSHALL: Have you looked at paying for
22 this?

23 MS. HOLLIDAY: Yes, as a board, we can pay for the
24 ones that come through our program and we do that already.
25 But based on federal law, we can't pay for things that people are

1 not eligible for.

2 DELEGATE KILGORE: Obviously, I'm a little biased,
3 but why do you use that model?

4 MS. HOLLIDAY: In this Footprint, we have five
5 community colleges. I think there's four jurisdictions not even
6 being covered by this particular application. We're not biased
7 about training. We're not training providers. And that's not what
8 we do. Our job is to insure the workforce is ready. I'm not out
9 there trying to get people to take the training that may or may
10 not lead to a real job. My whole goal is to insure people can get
11 a job. And so that businesses have the workforce they need, we
12 want to make sure businesses that are looking at us are
13 interested in coming, and that's our purpose.

14 MS. SPICER: I'm Executive Director of the Southwest
15 Virginia Workforce Development Board. The community colleges
16 partner with us. They will be doing the job profile for businesses.
17 And as of right now for the state credentials, they administer the
18 test.

19 DELEGATE MARSHALL: When we funded the project
20 in Southside Virginia, did that come through this Committee?

21 MR. PFOHL: The competitive education round or
22 Education Committee.

23 MS. SPICER: This gives the economic developers a
24 tool when they are entertaining recruitment, and then the
25 prospect is going to say what's the quality of your workforce, and

1 right now, we can say we have a great workforce and we have a
2 great work ethic. We can't say we have 600 people who have
3 the credentials, the math skills, and comprehension skills.

4 DELEGATE MARSHALL: I asked the lady could this go
5 through a -- she said if people qualified, they could. Are you
6 currently testing people for this?

7 MS. SPICER: Yes.

8 DELEGATE MARSHALL: How many have you tested so
9 far?

10 MS. HOLLIDAY: We tested 25 percent up until a little
11 while ago. We were probably testing between 50 and more,
12 even though it's no longer a state requirement. My particular
13 workforce area, I still say the person is not getting an actual
14 degree, that a business can actually say that we should still be
15 giving them the CRC. We have a very small limited number of
16 people, but we want to find out now how many people are being,
17 reaching a certain level. Just like they had a small group in
18 Southside, to be able to begin to track and we're focused on
19 reaching two groups, job seekers and workers to get them
20 trained, get them tested and for businesses to profile their jobs.
21 And once you've done that, you find out about people moving
22 forward.

23 What happens with the ones we're currently testing
24 because businesses have not profiled those jobs, somebody
25 walks around with a piece of paper that says they're at a certain

1 level, but businesses are not acknowledging that. Part of the
2 process is to get the businesses to understand the benefit to
3 them and if more businesses are asking and more people getting
4 tested, because we don't touch everybody. How do we get those
5 people that none of us are actually touching because they're not
6 in our classes, but we see it as an economic development tool for
7 the region.

8 SENATOR CARRICO: The way I understand it you
9 would take this group of eligible workers and you would rate
10 them and based upon your educational abilities that they could
11 perform in the workplace and the company would look at who's
12 silver and who's bronze and gold candidates, and that way entice
13 them to want to come here. One of the things you said about
14 companies and you said you asked them what's their biggest
15 problems in retaining a workforce, and they'll tell you the big
16 thing is they will not pass a drug test. You don't test them. I
17 could be the best mathematician in the world, but if I have drugs
18 in my system, I can't do the work.

19 MS. HOLLIDAY: I could stand on my soap box, but I
20 know it's a terrible problem, but I will tell you that ultimately
21 that's a wide-ranging community issue. If we don't address the
22 mental health in this country in a different way than we do today,
23 and until we address that kind of problem that our society
24 handles mental health problems and individuals will find
25 themselves on a track of drug addiction, and if we don't address

1 that, we won't solve those problems.

2 SENATOR CARRICO: We, as legislators, and we
3 recognize the number one problem we've got and that's why
4 we've had so many legislative initiatives to address that. We can
5 spend all this money to rate them, gold, silver, and bronze, but if
6 we don't address this other problem, it doesn't matter what you
7 rate them. It's not going to be effective.

8 MS. SPICER: I'm not sure that falls within our
9 bailiwick. We're willing to support it, but it isn't really, we don't
10 have the tools or funding to address all that.

11 DELEGATE BYRON: I serve on the State Workforce
12 Board. I don't recall hearing anything in this area in regards to
13 the concerns about the CRC. How many students have taken the
14 CRC test in your region?

15 MS. SPICER: The State has backed away from using
16 the CRC, and I can't speak to all of it. The national certificate,
17 for instance, in our work area, and some states don't recognize
18 the CRC, but the national certificate would be recognized.

19 SENATOR CARRICO: I know there's a lot of
20 information out and that we're trying to digest, but I'd make a
21 motion that we table this request until we can get a little more
22 detailed information of how this would properly affect what we're
23 trying to do, and that would be my motion.

24 DELEGATE BYRON: Second.

25 DELEGATE MARSHALL: Discussion?

1 DELEGATE BYRON: I hear what's being said, and
2 there's an awful lot of information, and I support the career
3 readiness, but we need to do a little more research on it.

4 SENATOR CARRICO: One comment about that, we
5 may not be the best committee to debate this. It could be an
6 Education Committee issue, but I don't think we're prepared or
7 ready right now as a Special Projects Committee to do that.

8 MR. CANNON: I'm very much involved with the
9 Workforce Education. It seems like what I'm hearing that
10 companies are now asking about a drug problem, and I've heard
11 that companies are stopping asking if you have a drug problem.
12 Today, all these people that have drug problems, they just don't
13 ask the question. The business is not asking that question how
14 much is it worth for me to know that? I'd love to hear what the
15 legislative will come up with.

16 DELEGATE MARSHALL: That's another story. Any
17 other comments about this particular application? The motion is
18 to table it. All those in favor, say aye. (Ayes). Opposed? (No
19 response). All right.

20 MR. PFOHL: Virginia's Heritage Music Trail: The
21 Crooked Road, Securing the Future, \$165,000 requested. This is
22 the third request for Commission support for establishment of the
23 annual Crooked Road Around the Mountain Music Homecoming
24 Festival. Previous funding totaled about \$560,000, awarded from
25 the Southwest Committee, FY14 and 16 and the first festival was

1 held in 2015. The third annual festival was completed this past
2 June. The summary indicates 40 percent increase in ticket
3 revenue, and the festival continues to gain recognition and
4 continues to grow.

5 The current request will support marketing and
6 administrative expenses for Years 4 and 5. The majority of the
7 funds used in Year 4, but not as much funding for Year 5. The
8 request has noted, demonstrates declining support from the
9 Commission as the festival reaches its fifth year and builds its
10 brand awareness and support from sponsors and attendees. As a
11 signature initiative of the Commission including substantial
12 support from the Special Projects and Southwest Economic
13 Development Committees to establish the Crooked Road
14 organization in various venues dating back to 2004, this request
15 to help the festival reach its fifth year will ultimately enable the
16 applicant and the Commission to better assess the outcomes of
17 supporting an annual festival that involves venues spread across
18 multiple localities and has shown growth and attendance and
19 tourism outcomes in its first three years.

20 Staff recommends an award of \$165,000.

21 DELEGATE MARSHALL: Any questions of the
22 Committee?

23 MR. FEINMAN: This is one of our few ongoing
24 grantees and doesn't cost us money as time goes by.

25 DELEGATE MARSHALL: Any comments or questions?

1 All right. Now, we need a motion.

2 SENATOR CARRICO: Mr. Chairman, I move we
3 recommend 3332, 3330, 3329, 3328, 3334, and 3328.

4 MR. OWENS: Second.

5 MR. PFOHL: That's the Staff recommendations as
6 amended. 3330, Franklin County, to remove the condition
7 regarding TROF funds.

8 DELEGATE MARSHALL: Discussion? No discussion, all
9 those in favor, say aye. (Ayes). Opposed? (No response).

10 MR. PFOHL: We have one extension. This is one
11 extension from the University of Virginia Cancer Center regarding
12 Grant 2754. It was approved in September regarding Grant
13 2754 and approved in September of 2013. It was approved for a
14 prenatal care facility, and it was delayed due to a death of one of
15 the persons involved. In September, the Executive Director
16 administratively granted a one-year extension involving a change
17 in scope, and the grantee proposed repurposing the award.

18 DELEGATE MARSHALL: We heard Tim about the
19 Extension 2754. I have a motion, do I have a second? All right.
20 Any discussion? All those in favor, say aye. (Ayes). Opposed?
21 (No response). That motion carries.

22 MR. OWENS: I move we go into executive session in
23 accordance with the provisions of the Virginia Freedom of
24 Information Act, Section 2.2-3711A5 of the Code of Virginia for
25 purposes of discussing a particular economic development

1 opportunity in Southwest Virginia.

2 DELEGATE MARSHALL: We have a motion and a
3 second. All those in favor, say aye. (Ayes). Opposed? (No
4 response). We're now in executive session.

5
6 NOTE: The Committee goes into executive session;
7 whereupon, the Committee resumes in open session, viz:

8
9 MR. OWENS: Now, therefore, be it resolved that the
10 Committee hereby certifies that to the best of each member's
11 knowledge, the only public business matters lawfully exempt
12 from open meeting requirements under the act and only such
13 public business matters as were identified in the motion by which
14 the closed meeting was convened, were heard, discussed, or
15 considered by the Committee in that meeting.

16
17 NOTE: A roll call is made, and each member certifies
18 yes to the motion.

19
20 _____
21 **PROCEEDINGS CONCLUDED.**

22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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, Special Projects Committee Meeting**, when held on Friday, September 8, 2017, at the Hotel Roanoke & Conference Center, Roanoke, Virginia.

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

Given under my hand this _____ day of October, 2017.

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

MY COMMISSION EXPIRES: October 31, 2018.