

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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8 **Executive Committee Meeting**

9 Wednesday, September 19, 2018

10 10:30 o'clock a.m.

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14 Floyd Event Center

15 Floyd, Virginia

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1 APPEARANCES:

2 The Honorable Terry G. Kilgore, Chairman
3 The Honorable Frank M. Ruff, Vice-Chairman
4 The Honorable Kathy J. Byron
5 The Honorable Charles W. Carrico, Sr.
6 The Honorable A. Benton Chafin, Jr.
7 The Honorable Daniel W. Marshall, III
8 The Honorable James W. (Will) Morefield
9 The Honorable Edward Owens
10 The Honorable Thomas C. Wright, Jr.

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12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director
14 Mr. Andy Sorrell, Deputy Executive Director
15 Mr. Timothy S. Pfohl, Grants Director
16 Ms. Sarah K. Capps, Grants Program Administrator
17 Southside Virginia
18 Ms. Sara G. Williams, Grants Program Administrator
19 Southwest Virginia
20 Ms. Jessica Stamper, Grants Assistant
21 Southwest Virginia
22 Ms. Stacey Richardson, Administrative Supervisor

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

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1 September 19, 2018

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3 DELEGATE KILGORE: I'm going to call the Executive
4 Committee Meeting to order and ask Evan to call the roll.

5 MR. FEINMAN: Mr. Demeria.

6 MR. DEMERIA: Here.

7 MR. FEINMAN: Delegate Byron.

8 DELEGATE BYRON: Here.

9 MR. FEINMAN: Senator Carrico.

10 SENATOR CARRICO: Here.

11 MR. FEINMAN: Senator Chafin.

12 SENATOR CHAFIN: Here.

13 MR. FEINMAN: Delegate Kilgore.

14 DELEGATE KILGORE: Here.

15 MR. FEINMAN: Delegate Marshall.

16 DELEGATE MARSHALL: Here.

17 MR. FEINMAN: Delegate Morefield.

18 DELEGATE MOREFIELD: Here.

19 MR. FEINMAN: Mr. Owens.

20 MR. OWENS: Here.

21 MR. FEINMAN: Senator Ruff.

22 SENATOR RUFF: Here.

23 MR. FEINMAN: Delegate Wright.

24 DELEGATE WRIGHT: Here.

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

1 DELEGATE KILGORE: Do I have a motion that we
2 approve the minutes of 5-7-18?

3 MR. OWENS: So moved.

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

7 MR. FEINMAN: We have a carryover from the last
8 agenda, but this has come up in the past, having to do with the
9 review for me. And I'm very open for that, if that's what you
10 want, and I'm happy to do it any way you want to do it.

11 We did create a subcommittee for the purposes of
12 compensation review, and so if we want to collect input from
13 various members of the Commission and then have a review, we
14 can work that out.

15 SENATOR RUFF: Mr. Chairman, I would move that --

16 DELEGATE WRIGHT: Mr. Chairman.

17 DELEGATE KILGORE: I've got a motion here and I'll
18 get you second.

19 SENATOR RUFF: The existing committee can conduct
20 a review.

21 DELEGATE MARSHALL: Second.

22 DELEGATE KILGORE: Delegate Byron.

23 DELEGATE BYRON: Mr. Chairman, I don't know about
24 the scope of that committee, but we've talked on several
25 occasions about a personnel committee to perform some of those

1 duties. They should be a little bit broader and incorporate that
2 into a --

3 DELEGATE KILGORE: Incorporate that into a
4 personnel committee, I have no problem with that and then get
5 somebody to serve on that.

6 MR. FEINMAN: Defining the scope of the committee
7 or is it just dealing --

8 DELEGATE BYRON: I would just say that if there
9 becomes an issue that came up and call it to order so that they
10 can deal with issues that come before it, but not to exceed the
11 authority of the executive chair, but for the situation where you
12 need to have separate oversight.

13 DELEGATE KILGORE: We don't have a lot of say when
14 it comes to working with and all that, that's not our call.

15 MR. FEINMAN: Well, I welcome whatever you want to
16 do. But, Delegate Byron, I just want to make sure just from an
17 organizational standpoint, I think it's pretty important for the
18 function of the, I just want to make it clear I'll work with you all
19 and the Staff, the Staff does report to me, I don't want to create
20 a situation where there's some kind of or superseding the
21 management subcommittee. And if there's recommendations for
22 me, that's fine, but I'd be hesitant otherwise to upset the --

23 DELEGATE BYRON: Mr. Chairman, that was not my
24 intent. I look at it as more of a budgetary measure, and there's
25 things that come before us that we have to address that would

1 allow for those things.

2 DELEGATE KILGORE: I think we do need to do that. I
3 think I speak for most that we don't want to get into the daily
4 duties of the personnel and all that, or that's the way I see it.

5 SENATOR RUFF: I disagree, we can't --

6 DELEGATE KILGORE: So, we have a motion. All
7 those in favor, say aye. (Ayes). Opposed? (No response). That
8 motion carries.

9 Let's go to CCAM.

10 MR. FEINMAN: This is a housekeeping matter. The
11 Commission authorized a \$1.5 million loan to CCAM a little over a
12 year ago, and CCAM has required some fast action. Our
13 partners, VRA, but in order to meet the needs of the applicant
14 and insuring the Commission goals are moving forward, we
15 pulled that loan and we made it in the same process we make
16 our TROF loans rather than VRA. What we're looking for from
17 you all is a retroactive rather than, and just so it's clear, that the
18 prior authorization was make the loan but send it through VRA,
19 and it's now gone through the Staff, and that was necessary for
20 purposes of, and I'll give you an update on that in closed session.

21 DELEGATE MARSHALL: I have two questions. Is the
22 money out the door?

23 MR. FEINMAN: Much of the money is out the door.
24 They have not yet drawn down all of the loan maximum, and, in
25 fact, my initial plan is to never allow them to do that, because we

1 are secured with the \$1.5 million. In the context of an ongoing
2 reorganization of that organization, in the context of negotiations
3 with the state and the money committee staff, it does look as
4 though they'll need that full balance with what they're doing, and
5 we're going to take at least \$2 million in security so that the
6 Commission is over-secured. There will not be at any point the
7 situation where the value of the securing equipment is below the
8 outstanding balance of the loan. So, the Commission will never,
9 ever be in any jeopardy.

10 DELEGATE MARSHALL: Are they making payments?

11 MR. FEINMAN: They are not, they're not required to
12 make payments for the next year and a half.

13 DELEGATE BYRON: What's the terms of the loan?

14 MR. FEINMAN: The term is five years, but payments
15 don't start until 2021.

16 DELEGATE BYRON: If the term of the loan is five
17 years and you're using the equipment as collateral, how do you
18 factor in the equipment as far as depreciation?

19 MR. FEINMAN: The equipment will depreciate and
20 some of it is equipment that does not depreciate very rapidly and
21 has pretty strong resale value in the corporate universe. But as
22 it depreciates, we'll take additional liens on it. We will make
23 sure that the depreciated value of the securing equipment is
24 above the outstanding loan balance. We have a third party
25 appraisal of all the equipment, but we've got a good indication of

1 the value.

2 DELEGATE BYRON: Because of the different
3 circumstances that are beyond the Tobacco Commission dealing
4 with state funding and other clawbacks that might be involved in
5 this, I'm not exactly sure where we're at, where are we?

6 MR. FEINMAN: What we're talking about today is that
7 there was a situation that needed a procedural change. The
8 Commission authorized lending the loan. We just did it in a
9 different way. So, what I'm asking the Executive Committee to
10 do to simply retroactively authorize that and in a position where I
11 had to make a call. I'm happy to detail all of that in closed
12 session or on a one-on-one basis, but I'd rather not in open
13 session.

14 DELEGATE KILGORE: Any other questions? If we go
15 into closed session, can we --

16 MS. MYERS: If you're going to talk about that project,
17 you need to go into closed session and not have part of it in open
18 and part in closed.

19 DELEGATE KILGORE: Then we'll go ahead and go into
20 executive session, we'll go into a closed session.

21 DELEGATE MARSHALL: Ms. Myers, to discuss the
22 details, that is.

23 DELEGATE KILGORE: Thank you.

24 DELEGATE MARSHALL: I move that we go into a
25 closed meeting in accordance with the Virginia Freedom of

1 Information Act. The purpose of this closed session is to discuss
2 the CCAM subject. The subject of this closed session is to
3 discuss confidential information. The applicable exemption is
4 from the Freedom Of Information Act, is 2.2-3706 and 2.2-
5 3711A43.

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7 NOTE: A vote is taken, whereupon the Committee is
8 in closed session. Thereupon, the Committee returns to open
9 session, a motion is made and seconded, and a roll call vote is
10 taken, and the hearing continues in open session.

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12 MR. FEINMAN: The motion is that a change in the
13 loan-making procedure from VRA to an in-house loan, providing
14 the Commission always remains over-secured.

15 DELEGATE KILGORE: You have the motion. Do I
16 have a second?

17 MR. OWENS: Second.

18 DELEGATE KILGORE: We have a motion and a
19 second. Any more discussion on that? All those in favor of the
20 motion, say aye. (Ayes). Opposed?

21 DELEGATE WRIGHT: No.

22 DELEGATE KILGORE: All right. Membership.

23 MR. FEINMAN: The Commission is made up of
24 members who have and that their terms have expired and you're
25 eligible to be reappointed once, and then you have to take some

1 time off before you come back. We had an appointment for
2 three. A few emails have been sufficient to solicit a slate of
3 nominees from you all to go to the Governor. The way it works
4 is this:

5 The Governor makes an appointment. And then
6 there's appointments made where the legislative members of the
7 Commission provide a slate to the Governor, which he can select
8 members. Three emails have gone out to the legislators asking
9 for nominees and that's been done to build a slate. It's true that
10 everyone stays until they are replaced. However, we are outside
11 the bounds of the law and were the Governor to get frustrated
12 and we deny a new Governor to make some selections.

13 So, Senator Ruff has suggested a format by which we
14 can do that, that's going to happen probably tomorrow, and if not
15 tomorrow, maybe the next day. And please respond.

16 SENATOR RUFF: We have a responsibility, and each
17 one that's up for reappointment, we have a responsibility to get
18 that done, but we have to do this.

19 DELEGATE KILGORE: All right, we'll have to make
20 sure that all gets done.

21 Next thing is the future meeting dates.

22 MR. FEINMAN: At the last meeting, we began setting
23 new future meeting dates, and you have a handout in front of
24 you. Save the date. Tuesday, January 8th will be the Full
25 Commission Meeting, and subcommittees meet on January 7th

1 and in Richmond, and almost certainly, probably next to our
2 office, but we'll let you know in time.

3 DELEGATE KILGORE: Any public comment?

4 DELEGATE MARSHALL: Yesterday, there was
5 something said about money coming back to the Commission or
6 to Southwest from Bristol. I assume we need a motion for that?

7 MR. FEINMAN: Yes. Two motions were made with the
8 TROF Committee. And the first is to accept the recommendation
9 from the TROF Committee that the Executive Director be able to
10 supplement TROF funds as needed from Project Incentive Funds.
11 And the second is that you designate or earmark funds received
12 from, to bring the OptiNet transaction back to Southwest
13 generally or Southwest for broadband?

14 DELEGATE KILGORE: The first motion is to --

15 MR. FEINMAN: To approve the recommendation of
16 the TROF Committee, to allow the Executive Director to make
17 such transfers as are necessary from the Prospect Incentive Fund
18 to keep the TROF balance up.

19 MR. KILGORE: We have a motion and a second. All
20 those in favor, say aye. (Ayes). Opposed? (No response). That
21 motion carries.

22 MR. FEINMAN: The second would be to earmark or to
23 designate the received funds from the OptiNet transaction for
24 Southwest broadband or whatever the pleasure of the Committee
25 is.

1 DELEGATE BYRON: Which committee will it be
2 referred to? I think Southwest would go back to broadband.

3 DELEGATE KILGORE: Then it would go to R&D.

4 DELEGATE BYRON: It'll be for broadband.

5 MS. COLEMAN: Mr. Chairman, does that money
6 encompass the money that was from the cash that --

7 MR. FEINMAN: The cash, the budgetary, and we're in
8 dialogue with, we're still kind of absorbing this transaction. We'll
9 have to set up a subcommittee to direct the connection, and
10 we're not quite ready to talk about a time frame yet. And then
11 as soon as we get the obligation, then what we'll do is I'll bring
12 you a recommendation for the structure. We can do that.

13 DELEGATE KILGORE: And we'll need some folks to
14 serve on that subcommittee from Southwest.

15 MR. FEINMAN: It would all be from Southwest.

16 The motion is to designate proceeds or all proceeds
17 from the sale of the OptiNet Broadband Network to the R&D
18 Committee for the purpose of the broadband project in
19 Southwest Virginia.

20 MS. COLEMAN: Second.

21 DELEGATE KILGORE: Got a motion and a second. All
22 those in favor, say aye. (Ayes). Opposed? (No response). That
23 passes.

24 DELEGATE BYRON: Mr. Chairman, we have adjusted
25 the afternoon agenda, and I'd like to have a discussion on --

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DELEGATE KILGORE: We're in public comment.
Anyone have any comment for the Executive Committee at this
time? If not, then we're adjourned.

PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, Executive Committee Meeting**, when held on Wednesday, September 19, 2018, at 10:30 o'clock a.m., at the Floyd Event Center, Floyd, 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 20th day of October, 2018.

Medford W. Howard
CCR

My Commission Expires: October 31, 2018.