

1                   **TOBACCO REGION REVITALIZATION COMMISSION**

2                                   701 East Franklin Street, Suite 501

3                                   Richmond, Virginia 23219

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8                                   **Business Support Committee Meeting**

9                                   Tuesday, January 8, 2019

10                                   8:30 o'clock a.m.

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                                  Homewood Suites

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                                  Richmond, Virginia 23219

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1     APPEARANCES:

2     The Honorable Daniel W. Marshall, III, Chairman

3     Mr. Ed Blevins

4     Dr. Alexis I. Ehrhardt

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6     COMMISSION STAFF:

7     Mr. Evan Feinman, Executive Director

8     Mr. Andy Sorrell, Deputy Executive Director

9     Mr. Timothy S. Pfohl, Grants Program Administration Director

10    Ms. Sarah K. Capps, Grants Program Administrator -

11        Southside Virginia

12    Ms. Michelle Faircloth, Grants Assistant

13        Southside Virginia

14    Ms. Stephanie Kim, Finance Director

15    Ms. Jessica Stamper, Grants Assistant

16        Southwest Virginia

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18    COUNSEL FOR THE COMMISSION:

19    Ms. Elizabeth B. Myers, Assistant Attorney General

20        Richmond, Virginia 23219

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1 January 8, 2019

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3 DELEGATE MARSHALL: Good morning, I'm going to  
4 call the Business Support Committee to order.

5 Evan, call the roll.

6 MR. FEINMAN: Delegate Marshall.

7 DELEGATE MARSHALL: Here.

8 MR. FEINMAN: Mr. Blevins.

9 MR. BLEVINS: Here.

10 MR. FEINMAN: Ms. Ehrhardt.

11 DR. ERHHARDT: Here.

12 MR. FEINMAN: Ms. Hensley.

13 MS. HENSLEY: (No response).

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

15 DELEGATE MARSHALL: Do I have a motion to  
16 approve the 9-18-2017 minutes?

17 MR. BLEVINS: So moved.

18 DELEGATE MARSHALL: Have a motion and a second  
19 to approve the minutes of September 18<sup>th</sup>, 2017. All those in  
20 favor, say aye. (Ayes). All right, that motion passes.

21 Andy, I'll call on you.

22 MR. SORRELL: Good morning, everyone, glad to be  
23 with you here this morning. I want to chat a little bit about the  
24 Small Business Entrepreneurship, a support program that we  
25 talked about earlier in the year. You requested a little more

1 information about how that program would work, a little more  
2 details on it. In your packet, there was sort of a description or a  
3 memo to that effect. I passed out to you this morning at your  
4 places an update to that, that GENEDGE was able to provide, and  
5 I incorporated that basically into this discussion, but I'll review it  
6 with you real quickly.

7           As you are aware, the Commission has worked with  
8 GENEDGE to work with some of our grantees, particularly our  
9 new ones, to help them develop a path to or help plan out  
10 commercialization. Since that process has been successful,  
11 we've had about eight run through it so far, and we wanted to  
12 provide that business consulting opportunity to some small  
13 businesses within the Footprint. That's the idea behind the  
14 particular program. It would be called the Small Business  
15 Entrepreneurship Support Program, and it would encompass  
16 small businesses within the Footprint and the Business Support  
17 Committee would conduct a competitive application process in a  
18 manner that's similar to how we do the other grant programs.  
19 We'd have online applications on our website with a time window  
20 when applications are due and when accepted. The application  
21 would be in the form of a template business plan that  
22 applicants could fill out online.

23           Funding recommendations that the small businesses  
24 work with, and that's something Staff would review and make  
25 recommendations to the Business Support Committee. Like the

1 other committees, the Business Support Committee would  
2 discuss this and look into it and select a fixed number of  
3 applicants in order to work with. Once you're selected and in  
4 addition to be able to go to the GENEDGE process, like other  
5 applicants, the applicant would have a mentor or mentee  
6 relationship with one of our commissioners from the Business  
7 Support Committee. And the business owner could get informal  
8 advice as they're working through that GENEDGE process.

9 One of the concerns brought up at our earlier  
10 discussion, the need for a liability or a release waiver, and that's  
11 something that you'll see at your place this morning, as well. We  
12 think that should be included in with our, or we have a contract  
13 with GENEDGE, and GENEDGE would sign, and that limits our  
14 liability in any type of situation where this informal advice is  
15 given. And that was a concern of the Commissioner and they  
16 were helpful in getting that drafted up for us.

17 DELEGATE MARSHALL: What about confidential  
18 information? We may hear from a company, or is that going to  
19 be a problem or an issue?

20 MR. SORRELL: Confidential information, just like  
21 when the Business Support Committee, we probably would go  
22 into a closed session if it came up to if something was  
23 confidential and we had some numbers in our closed session, but  
24 you're right, any time you're discussing in a business setting  
25 information, such as in a GENEDGE report, you'd want to be able

1 to speak in confidence.

2 MR. FEINMAN: This is economic development, and  
3 that would fall under the existing FOIA. If a company was  
4 concerned that a member of the Committee, in your personal  
5 capacity, but the bottom line is we're able to protect their  
6 information even though we're a public body under the existing  
7 FOIA provisions.

8 MR. SORRELL: As far as proposed funding, in this  
9 initial or pilot round, and this would be a total of \$50,000 to  
10 start. That funding would be per business, the GENEDGE  
11 Business Review, which is \$5,000, per review. Fifty thousand  
12 would allow GENEDGE to work with ten small business within the  
13 Footprint. And if we split it like six for maybe the Southwest or  
14 any other variation that you select, that would give us the ability  
15 to work with ten small businesses.

16 As indicated previously, funding for the initial round in  
17 the Commission's administrative budget, if the program is  
18 successful and the Commission wishes to continue it, then we'd  
19 want to include additional funding in a separate budget line item  
20 for the future budget year.

21 DELEGATE MARSHALL: The \$50,000 is for the current  
22 year.

23 MR. SORRELL: This current year. As far as a decision  
24 point, and in addition to the funding, and GENEDGE provided  
25 some additional feedback on our decision point in terms of --

1 The types of small businesses to include and existing businesses  
2 to take a step up in their business maturity and their products or  
3 something linked to regional initiatives and leverage funding, and  
4 these are things GENEDGE added in their review of it, and that  
5 information came from them. You might want to consider the  
6 location of the small businesses within the Footprint, particularly  
7 if you're focusing on small towns and focus on where those  
8 businesses are located. GENEDGE has said they're not sure that  
9 the location really matters, but we should have a geographic  
10 spread across the region.

11 In addition, minimum, maximum investment of jobs,  
12 and then, again, what do we define as a small business, would it  
13 be under five years in operation, or no more than five  
14 employees, et cetera?

15 What GENEDGE provided in the next bullet, and their  
16 idea is to look at second stage companies, one or two years in  
17 business, have grown past the start-up stage, but have not yet  
18 grown to maturity. Potentially grads of existing start-up  
19 incubators ready to take the next step in maturity. Then they  
20 give information about when they would be entering this as it  
21 approaches a million in total receipts typically seen as a second  
22 stage. If they have less than 20 employees, but enough  
23 employees to begin stretching their comfortable control span.  
24 GENEDGE said they could provide outside facilitation, objective  
25 feedback on growth plan.

1           As far as timeline, like we mentioned in the budget  
2 discussions, we're looking to do it this year. If the Business  
3 Support Committee was to approve the program guidelines, and  
4 we'd announce the pre-application program in March, with the  
5 pre-application period being open through April, and then we'd  
6 review submitted applications and make staff recommendations.  
7 Then in May, or prior to the May Commission meeting, the  
8 Committee would select ten applicants to work with, based on  
9 where they chose to get the applications from and then  
10 potentially in June we could make selection of the businesses the  
11 Commission wanted to work with. And then after the paperwork  
12 is completed, assign a Committee member to work as a mentee  
13 to the business. Then in the summer, the grantees work through  
14 the GENEDGE process, and then a report back to the Commission  
15 in the fall.

16           DELEGATE MARSHALL: So, looking at this agenda,  
17 the first thing is the type of small business. Are we talking about  
18 retail or restaurants or manufacturing, I assume we're going to  
19 limit that?

20           MR. SORRELL: Yes.

21           DELEGATE MARSHALL: What do the members of the  
22 Committee think?

23           UNIDENTIFIED: Delegate Marshall, correct me if I'm  
24 wrong, I think there's a nice middle ground between something  
25 like the launch place in our region and maybe focus more on high

1 tech. And we also have in our region a CVL that's getting ready  
2 to launch, kind of a retail type service, could be a good middle  
3 ground, but I think in terms of geography, I think at this point,  
4 not to limit it in terms of small towns to make sure it's spread  
5 across the region.

6 DELEGATE MARSHALL: As far as the type of business,  
7 anyone else want to weigh in on this?

8 MR. BLEVINS: You mentioned restaurants and I just  
9 wanted to understand, is there any broad definition of what  
10 businesses would be preferable?

11 DELEGATE MARSHALL: I think that's what we're  
12 looking for right now, just exactly what do we want to do and  
13 what do we want to look for, or what types of businesses? With  
14 50,000, you can't spread it but so far.

15 MR. FEINMAN: At the Staff level, what we envision  
16 working with businesses and might not necessarily, quote,  
17 unquote, manufacturing, but a business that hopes to be maybe  
18 selling a product, not a services business, and not a business  
19 that merely acquires peoples' products and sells them on a retail  
20 basis, but instead someone with a new or different product. I  
21 could see an argument for a very specific sort of service, and  
22 perhaps a business, but the idea is that there's some sort of  
23 unique or potentially interesting intellectual property associated  
24 with the business. But it's not somebody saying we have a very  
25 good fried chicken, not something like we find good clothing and

1 put them on racks and sell them.

2 MR. MARSHALL: Do we need to narrow that, maybe a  
3 distillery, or --

4 MR. FEINMAN: Well, those are good businesses. I  
5 don't know that I'd start out with a brewery or a distillery, not  
6 that type of expertise in the Commission. On a certain level,  
7 what I think the members of this Committee that can offer is the  
8 same sort of thing that any business consultant can offer. If you  
9 looked at one of these big consulting groups, they bring in  
10 subject matter experts and somebody that's smart and  
11 somebody that can stand outside the business and say why are  
12 you doing this or that, that doesn't make sense to me, and  
13 explain to me why you think this is a priority.

14 Then you have GENEDGE, which is able to do  
15 marketing research in connection with suppliers and do a detailed  
16 analysis of their profit, and you wind up giving business advice.

17 DELEGATE MARSHALL: This is important for Staff, but  
18 in the applications, we're going to have to make them say one  
19 way or the other. We can determine today what it is what we're  
20 looking for. That's posted on the website. And if a person is not  
21 in that niche, so to speak, and we need to define this so that  
22 we're not wasting our time. So, I think we need to be somewhat  
23 specific here.

24 MR. BLEVINS: I agree with the thought that maybe  
25 not such much as a service, because as a lender, all business

1 customers I've had, that could certainly benefit in a program like  
2 this. So, I could easily envision and people I work with in my  
3 day job could certainly benefit from this. But I think there needs  
4 to be some parameters, if for no other reason just guidance.

5 UNIDENTIFIED: Are we going to talk about prevailing  
6 wage in these small start-ups, can we include wages?

7 DELEGATE MARSHALL: I assume we could do that.

8 MS. MYERS: I think it would be good to include that.

9 DELEGATE MARSHALL: The types of businesses,  
10 maybe we should throw out some ideas and narrow this down.

11 MR. PFOHL: We have used throughout a lot of our  
12 programs, is targeting those businesses that are going to sell  
13 products and services outside the Footprint and therefore bring  
14 that revenue into the Footprint. So using a brewery, as an  
15 example, micro-brewery, if they're going to set up a tasting room  
16 for locals, that's one thing, but if they're looking to distribute  
17 outside the Footprint and the distillery we talked about yesterday  
18 in Southside and online orders across the state, that could be a  
19 possible threshold that you might want to prioritize. Looking for  
20 companies that possibly could bring outside capital outside the  
21 Footprint.

22 MR. FEINMAN: You could cut out the services sector  
23 entirely and focus on companies selling physical products.  
24 Companies selling a specific product to which they have exclusive  
25 rights. So, it's not something that somebody else came up with.

1 It's this company's product. I do think that a business challenge  
2 that a company seeks to solve, and I think it would be very  
3 interesting to work with a distillery locally that was trying to  
4 become a distributor, and that's a hard jump. Having a tasting  
5 room and them trying to get relationships with distributors and  
6 sales and retail and all of that is a new challenge for some of  
7 these businesses. It could be a widget, something that might be  
8 on store shelves.

9 DELEGATE MARSHALL: Well, it could be maybe the  
10 new Bill Gates involving software and really not something you  
11 could hold in your hands, that could be a small company, might  
12 not make a tangible product, not something you hold in your  
13 hand.

14 MR. BLEVINS: You mentioned a physical product that  
15 you could hold in your hand by excluding service type  
16 businesses, do you want to limit it, because in my mind, I can  
17 think of businesses that I'm involved with that are not what you  
18 typically think of as a service company, but they don't produce a  
19 physical product. So, I think we'd want to be cautious about  
20 limiting it.

21 DELEGATE MARSHALL: If you go back to Tim's idea,  
22 but anyway we need that list now.

23 MR. FEINMAN: We can put some language around it,  
24 but we'd like a sense from you all about where the borders are  
25 and what you're interested in seeing.

1 MR. SORRELL: Well, number one, a company that's  
2 above the prevailing wage or at or above the prevailing wage, a  
3 company or business selling products outside the Footprint and  
4 bringing outside capital into the Footprint, or intending to, or  
5 selling some type of exclusive product that they have the rights  
6 to, and that would be part of that.

7 Do you want to decide whether that includes service-  
8 type industries, like a brewery or distillery or things of that  
9 nature?

10 DELEGATE MARSHALL: Service to me is people that  
11 clean up your house after the flood, or a brewery is making a  
12 product.

13 MR. SORRELL: I also heard that not a desire to limit it  
14 to just small towns, wherever it is in the Footprint.

15 As far as the funding and the number of applications,  
16 50,000, with ten applications, and that would give us the ability  
17 to review ten applications. Is that the number the Committee is  
18 comfortable with?

19 DELEGATE MARSHALL: I think 50 max, with five each  
20 is a good place to start. I've already had some pushback from  
21 this and people say when you start a new project, you shouldn't  
22 be doing that.

23 MR. SORRELL: Did you want to split it equally  
24 between Southwest and Southside?

25 DELEGATE MARSHALL: The original thought was 70

1 percent Southside and 30 in Southwest.

2 MR. SORRELL: Six and four?

3 UNIDENTIFIED: If we got a stronger set of  
4 applications, could that be changed?

5 MR. FEINMAN: We envision, and if you intend to work  
6 with ten businesses, we'd like to clear 20 that would be  
7 presented to you all, and then you would make your final cut. In  
8 that moment, that's up to the Committee members or to stick to  
9 that distribution or not. Any guidelines you give us.

10 UNIDENTIFIED: One other question, are you going to  
11 recruit other members of the Commission to serve as mentors?

12 DELEGATE MARSHALL: That's one of the points on  
13 the agenda, do we need to add members?

14 MR. SORRELL: What was the Committee's feelings  
15 looking at second stage companies like a minimum of one to two  
16 years in business, ones that are not quite mature and not quite  
17 at the GENEDGE level?

18 UNIDENTIFIED: The March place started with the  
19 Commission and Gretchen maybe five or seven years ago with a  
20 multi-million dollar investment from an original foundation, and  
21 they made 14 investments thus far. They are primarily a funder  
22 and provide business support concerning funding.

23 DELEGATE MARSHALL: We might want to look at  
24 their criteria. Any other thoughts?

25 MS. RATLIFF: I'm not on the Committee, but for

1 those that we aren't able to help, would there be something in  
2 place that, and there's some resources I can give you with  
3 mentors for almost 30 years. You don't want somebody to fall  
4 between the cracks that it could help a community, but maybe  
5 they don't fit within our criteria, but there's other resources out  
6 there.

7 MR. SORRELL: If they have that application and  
8 information pulled together and they're ready and even if they  
9 can't qualify for our program, they could work with somebody  
10 else.

11 DELEGATE MARSHALL: I think that's an important  
12 point, inform people what we're doing. If they don't do it now or  
13 fit the bill now, we can make recommendations, and we could  
14 pass that information on.

15 MR. FEINMAN: We can also put together a little  
16 packet of here's the support that's available or exists in our  
17 communities, the state level, I don't know how comprehensive  
18 we'll be or how helpful federal programs are, but we can provide  
19 some of that information.

20 MR. SORRELL: If we don't select them, we have some  
21 material we can provide them for the future and while not  
22 selected for this particular round, you have an opportunity to  
23 pursue grants or other programs or get your application up to a  
24 point for the next round, that might make you successful.

25 DELEGATE MARSHALL: Do we have any other things

1 we need to decide, Andy? It's about three minutes before our  
2 next meeting.

3 MR. SORRELL: I don't believe so. Those were the  
4 decision points we needed to discuss.

5 DELEGATE MARSHALL: Anyone else on the  
6 Committee have any comments before we adjourn? All right.

7 Any public comments? Business Support? Would  
8 anybody like to come forward and say anything? Seeing and  
9 hearing none, we are adjourned.

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**PROCEEDINGS CONCLUDED.**

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**CERTIFICATE OF THE COURT REPORTER**

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, Business Support Committee Meeting**, when held on Tuesday, January 8, 2019, at 8:30 o'clock a.m., at the Homewood Suites, Richmond, Virginia 23219.

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

Given under my hand this \_\_\_\_\_ day of January, 2019.

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Medford W. Howard  
CCR