

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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9 **Special Projects Committee Meeting**

10 Tuesday, January 8, 2019

11 9:00 A.M.

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14 Homewood Suites

15 Richmond, Virginia

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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 The Honorable A. Benton Chafin, Jr.
- 6 Ms. Gretchen Clark
- 7 Mr. Joel Cunningham
- 8 Mr. Robert Mills, Jr.
- 9 The Honorable Edward Owens
- 10 Mr. Robert Spiers

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

2 COMMISSION STAFF:

3 Mr. Evan Feinman – Executive Director

4 Mr. Andy Sorrell – Deputy Director

5 Mr. Timothy S. Pfohl – Grants Director

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

8 Ms. Jessica Stamper – Grants Assistant, Southwest Virginia

9 Ms. Michele Faircloth – Grants Assistant, Southside Virginia

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11 COUNSEL FOR THE COMMISSION:

12 Ms. Elizabeth Myers, Assistant Attorney General
13 Richmond, Virginia.

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1 DELEGATE MARSHALL: Good morning,
2 everyone, I'm going to call the Special Projects Committee to
3 order and ask Evan to call the roll.

4 MR. FEINMAN: Yes, sir, Mr. Chairman.
5 Delegate Byron?

6 DELEGATE BYRON: Here.

7 MR. FEINMAN: Senator Carrico?

8 SENATOR CARRICO: Here.

9 MR. FEINMAN: Senator Chafin?

10 SENATOR CHAFIN: Here.

11 MR. FEINMAN: Ms. Clark?

12 MS. CLARK: Here.

13 MR. FEINMAN: Mr. Cunningham?

14 MR. CUNNINGHAM: Here.

15 MR. FEINMAN: Ms. Hensley?

16 MS. HENSLEY: [No response.]

17 MR. FEINMAN: Mr. Mills?

18 MR. MILLS: Here.

19 MR. FEINMAN: The Honorable Edward
20 Owens?

21 MR. OWENS: Here.

22 MR. FEINMAN: Mr. Spiers?

23 MR. SPIERS: Here.

24 MR. FEINMAN: Delegate Marshall?

25 DELEGATE MARSHALL: Here.

1 MR. FEINMAN: You have a quorum, Mr.
2 Chairman.

3 DELEGATE MARSHALL: Approval of the
4 September 18, minutes.

5 MR. OWENS: So moved.

6 DELEGATE MARSHALL: I have a motion
7 and a second. All those in favor say aye. (Ayes.) Opposed?
8 (No response.) The minutes are approved.

9 Tim, the mega site grant extensions.

10 MR. PFOHL: Yes, sir. There are several
11 grants. The Berry Hill Mega Park, one of which the current
12 end date is this week. Two additional ones with an end date
13 this coming May and we're recommending action on all three
14 of those. There's a brief summary of the progress, which
15 actually is quite good.

16 The first one is grant #2491 for
17 development of lot number four and it's 95% designed. The
18 engineer is working with the U.S. Army Corps of Engineers on
19 permitting, which we know is always a lengthy and somewhat
20 tortuous process. The engineers are recommending that be
21 extended by eighteen months to allow expansion of lot number
22 four.

23 The second grant is #2641, which was
24 approved in 2013 and it expires in May. That is currently
25 under construction and the engineers say the Regional

1 Industrial Facility Authority are asking for a nine month
2 extension. Also a nine month extension that was approved in
3 May of 2016, the water system improvements. That has been
4 bid and construction work should start early in 2019. The
5 second one expires in May. So staff is recommending #2491
6 be extended to June 20, 2020 and that grant #2641 be
7 extended to March 1st, 2020 to allow completion of
8 construction as indicated. That's our recommendation.

9 DELEGATE MARSHALL: Do we have any
10 questions for Tim on those three recommendations?

11 MR. OWENS: Mr. Chairman, that's a
12 sunset on this?

13 DELEGATE MARSHALL: Is someone
14 from Pittsylvania County here? Greg, if you would come
15 forward. On Berry Hill, how long did it take to get that
16 information to the Corps of Engineers and the grading and
17 how far it pushed the process back?

18 MR. SIDES: I am Greg Sides of
19 Pittsylvania County. I don't have an exact time but it took a
20 substantial amount of time and we're talking years. In the
21 neighborhood of three years at least. We ran into a situation
22 with the Corps of Engineers and they said because you don't
23 have a client in mind, we're not going to permit this. There
24 were numerous meetings and a whole lot of negotiations but
25 we ended up going ahead and grading the pad, which is about

1 160 acres and that's created a lot of interest in the park.

2 With this expansion, what we've seen is
3 that the pad, this is not exactly optimal for what we were
4 wanting but we immediately started working on the next
5 phase to enlarge the pad and square it up. We got a good
6 break in working with the Corps of Engineers because once we
7 went back because it had been so long that conditions had
8 actually changed so we could lessen the impact. That's what
9 we're doing now with the expansion project.

10 Unfortunately, when we went through all
11 of this, the water and sewer were also stopped essentially and
12 they said that's part of the bigger project. So it was all
13 delayed. We got the pads and we're looking for as you've
14 heard yesterday, one and two is already underway. But things
15 are looking much better.

16 DELEGATE MARSHALL: I think in the
17 last eighteen months we've had a dozen companies look at the
18 site, anywhere from fifty employees to five thousand and
19 companies were there this week.

20 MR. SIDES: Yes. Berry Hill really has a
21 lot of potential. If you go out there now and see the pad size,
22 it's very impressive and we can see a clear path ahead of us.

23 MR. FEINMAN: Mr. Chairman, I'll just
24 add that the Commission had a rule we make three year
25 grants and it works very well with the majority of our projects.

1 But what we have learned having gone through this mega site
2 process, it's just a longer timeframe project with this one. I
3 think to get to a shovel ready, it really turns out to take about
4 seven years if only a few things go wrong. We have other sites
5 that are going to wind up being multi-year projects because
6 like somebody found something that might be a historic
7 artifact, et cetera, et cetera, a number of things.

8 DELEGATE MARSHALL: Any further
9 questions?

10 MR. OWENS: Is this long enough? We've
11 extended it so we don't have to come back and get twelve more
12 months.

13 DELEGATE MARSHALL: We can extend
14 it again if we have to.

15 MR. SIDES: If we need to come back for
16 another extension, it would be with circumstances and in
17 keeping with the regional incentive projects. If it happens
18 again, we'd have to reapply.

19 DELEGATE MARSHALL: Any other
20 questions? All right, what's your pleasure?

21 MR. MILLS: I move we approve this.

22 DELEGATE MARSHALL: Do I have a
23 second?

24 MR. OWENS: Second.

25 DELEGATE BYRON: Are we doing this in

1 a block?

2 DELEGATE MARSHALL: In a block.

3 MS. CLARK: I have a conflict on two of
4 the three.

5 DELEGATE MARSHALL: We'll do it
6 individually. We'll take #2491.

7 MR. MILLS: I move we approve the
8 extension on #2491.

9 MR. OWENS: Second.

10 DELEGATE MARSHALL: Any
11 discussion? All those in favor of #2491 say aye. (Ayes.)
12 Opposed? (No response.) One abstention. The next one is
13 #2641.

14 MR. MILLS: I move approval.

15 DELEGATE MARSHALL: Do I have a
16 second? We have a second. Any discussion? All those in
17 favor say aye. (Ayes.) Opposed? (No response.) One
18 abstention. The next one is #3011.

19 MR. MILLS: I move we approve #3011.

20 MR. OWENS: Second.

21 DELEGATE MARSHALL: Any
22 discussion? All those in favor of #3011 say aye. (Ayes.)
23 Opposed? (No response.) One abstention.

24 All right, let's go next to the loan request
25 from Henry County. Henry County has identified an issue

1 concerning the mega site and pressed glass. It turns out that
2 there is an electrical issue related to service the companies
3 they've already attracted. It's going to cost about \$22 million
4 to get AEPCO to upgrade the electrical facility there. They
5 were able to get \$11 million already granted toward their new
6 costs and they're asking us to make up half of the difference.
7 They're asking us for a \$5.5 million grant to them. They know
8 that should the site fill up, power using company AEPCO
9 would then return to the Commission that expenditure. I'd
10 also note our chairman has put in or shortly put in a bill that
11 would permit AEPCO to rate their recovery for that equipment.
12 I would say anything that the Committee does ought to be
13 premised on the theory that it's only something we can do
14 were that legislation not passed.

15 The second thing I would say is that
16 while I certainly think we ought to support grantees as much
17 as we can and currently the Committee doesn't have a budget
18 to make that grant in this year's budget, so the best we can do
19 in this setting would be to make a statement that we make our
20 new budget in May and this Committee recommends to the
21 Executive Committee that they set aside money to do that.

22 Number two, while I think the county has
23 every incentive already to build the site as quickly as they can,
24 I think the wise thing to do would be to set a date at which the
25 county makes the Commission whole whether or not AEPCO

1 has made those payments. I've been in dialog with the county
2 throughout this process and I advised we should not be
3 considered a first or second option for this funding. I believe
4 somebody from Henry County is here.

5 DELEGATE MARSHALL: Tim Hall, Tim is
6 here. So we're talking about you Tim, you might as well come
7 up and address this.

8 MR. HALL: Yes.

9 DELEGATE MARSHALL: We're talking
10 about Special Projects here, can you give us a brief outline or
11 is there any questions for Tim?

12 MR. HALL: I'm Tim Hall, county
13 administrator for Henry County. I have to apologize, I didn't
14 know we were going to schedule this today. I can give you a
15 five second review of what we're trying to do but I know Mr.
16 Feinman has done a great job already. We're at the
17 Commonwealth Crossing center and they have got to have a
18 substation at that park. And we do have our first client and
19 it's a company from Poland called Pressed Glass, which makes
20 huge windows for skyscrapers and large buildings and that
21 sort of thing. What we need is a power source that is virtually
22 impenetrable. We've got to have the power source costing
23 hundreds of thousands of dollars. We've had some
24 discussions with Mr. Feinman and Delegate Marshall about
25 how to get these pieces together for funding for this

1 substation. And I know it's a huge commitment and a \$27
2 million project. Because of the size of Pressed Glass and what
3 it will take off of the grid, we've been given a five million dollar
4 credit based on usage by AEP, which gets us down to \$22
5 million.

6 We have a local foundation in Henry
7 County, which has been a terrific partner with us and they
8 have committed to pay \$11 million of that remaining gap of
9 \$22 million. But we have to fill what's left, which is about \$11
10 million. We've had discussions with Delegate Marshall and
11 Mr. Feinman and some other folks who could possibly help
12 finance it but that's where we are.

13 The company is coming and they have
14 broken ground and we're hoping the substation can be set up
15 the same time they're coming just like the football play if you
16 watched the game last night.

17 DELEGATE MARSHALL: SO the other
18 wild card is Henry County is in the process of putting together
19 a bill and what is the cost?

20 MR. HALL: The estimated cost of the jail,
21 which is another project is \$69 million and we hope to go to
22 bid on that process within the next couple of weeks or
23 perhaps into March. When you try to build in this market it is
24 a volatile market and steel is all over the place if you can even
25 get it in a timely manner. We're somewhat apprehensive

1 about those bids coming back on time.

2 We just completed construction of a new
3 elementary school and that's about a \$24 million project, the
4 first new school we've built in thirty years.

5 The County has got some issues to deal
6 with on its own. At Commonwealth Crossing, this whole
7 project and with a lot of help from the Tobacco Commission
8 and the whole project is about forty million. We obviously
9 have not been shy in putting our own money in but we're at
10 the point where I'm not sure I can do that myself, quite
11 frankly. We're looking for some assistance there. We are
12 planning to address Go Virginia and a request to them and
13 that process has begun. But we're hoping to get some
14 assistance. Thank you.

15 DELEGATE MARSHALL: Your prevailing
16 wage?

17 MR. HALL: Our prevailing wage in the
18 county? \$26-27,000.

19 DELEGATE MARSHALL: What's the
20 average pay?

21 MR. HALL: They're going to start out
22 about \$18 an hour and this is well above the prevailing wage
23 and we're hoping the rest of the park does that.

24 DELEGATE MARSHALL: Questions?

25 MR. OWENS: Mr. Chairman, is this a

1 loan?

2 MR. FEINMAN: As I said, the Committee
3 doesn't have a lot of tools in its box, so your balance is not
4 easily accommodated, \$5.5 million for a loan at this time. I
5 think the best you can do is say that any action that the
6 Committee takes should be contingent upon the failure of that
7 bill. I think the best the Committee can do at this point would
8 be make a recommendation to the Executive Committee on
9 our May budget, we budget specifically for this project. And I
10 think a second caveat. If the Committee were to take action
11 today, I would certainly add that while AEPCO is not obliged
12 to make whole the people who paid for electrical substations
13 and equipment once that substation has customers, we would
14 want a date certain prior to that at which point the county
15 would need to make us whole, not that our interests do not
16 already align but I think it's always good to give somebody a
17 deadline for a business transaction so that we're guaranteed
18 our money back under all circumstances.

19 DELEGATE MARSHALL: The reason
20 we're doing this now is because you may need twice the orders
21 for the substation transformers et cetera, this month, next
22 month.

23 MR. OWENS: Do you have a full blown
24 application for this?

25 MR. PFOHL: No.

1 MR. OWENS: When did we start doing
2 anything without an application, pre-application or
3 application?

4 MR. FEINMAN: I've made no staff
5 recommendation here and I won't because it's an out of cycle
6 request. This emerged and I don't believe the county knew
7 this was going to be the issue that it's turned into, having
8 emerged in a fairly swift fashion, particularly when there was
9 a recognition that a business that has already entered the
10 park is not able to be well-served by the current state and was
11 widely known.

12 MR. HALL: In the best of all worlds, the
13 first customer we get covers the entire power responsibility
14 and that entire draw and meet AEPCO's requirements.
15 There's no extra money whatsoever. And that would have
16 been our preference but we don't want to turn away a
17 company for jobs and so forth but does not necessarily have
18 the power load required right out of the gate. Now, about
19 repayment, there's an avenue for repayment and this would be
20 a loan and the county would be willing to work with the
21 Commission on the details of that. As has been alluded to,
22 the clock is sort of ticking and you don't go out and build a
23 \$27 million substation with no customers but we have a
24 customer, we don't have enough draw right now so we have to
25 make it up.

1 DELEGATE MARSHALL: Any further
2 questions? All right, what's your pleasure?

3 DELEGATE BYRON: Mr. Chairman, I
4 think there needs to be some clarification because there's
5 some confusion. So what we're looking for today is a
6 recommendation from this Committee to go to the meeting
7 when we have our budget meeting for Executive Committee
8 and we need to look favorably on this but this is not the end
9 all be all, is that correct?

10 MR. FEINMAN: Yes, this Committee.
11 And when we formed our budget last year in May, we did not
12 anticipate a \$5.5 million request and this Committee does not
13 have in this fiscal year the budget to accommodate this
14 request.

15 DELEGATE MARSHALL: Does that
16 answer your question?

17 DELEGATE BYRON: Yes.

18 DELEGATE MARSHALL: What's your
19 pleasure?

20 DELEGATE BYRON: Then do you really
21 need a recommendation from the Committee? Because I'm
22 not sure what we're voting on.

23 MR. FEINMAN: This is an out of cycle
24 request and I made no recommendation. If this Committee
25 wanted to take action today, which I think action would be

1 helpful to the county in convincing a need to commence
2 construction and you can make a recommendation to the
3 Executive Committee that next year's budget include funding
4 for a loan for this project. If you take no action, there still
5 exists other opportunities for the county to pursue. Tim and I
6 have been very straightforward in our communications that
7 we should not particularly be considered a good avenue for
8 this funding. But I wanted to give him an opportunity to come
9 before you and explain the situation the county was in and
10 offer what assistance we could as they pursue this project.

11 MR. HALL: This Commission has been a
12 very good partner and we've been good partners all along and
13 we wouldn't have some things without out. And we're looking
14 for all folks that are willing to help us because it's incumbent
15 upon the locality to drive this and we understand that. We
16 are Southside and southern Virginia and we have managed
17 our money well but a \$27 million substation is beyond our
18 capability. Clearly we have a part of this and we're asking
19 others like Go Virginia to be a partner in this and they're
20 trying to help us do what I think we all want to do and put
21 people to work and generate economic activity and pay an
22 average wage and let them go home and have a quality life.

23 DELEGATE MARSHALL: So a motion in
24 the form of a recommendation to the Executive Committee to
25 consider a loan.

1 DELEGATE BYRON: Why don't we make
2 a recommendation to transfer it, transfer it to the Executive
3 Committee, transfer it for the Executive Committee's
4 consideration?

5 DELEGATE MARSHALL: But going back
6 to the timeline, they need something to show AEP that the
7 check could be in the mail because they have to order
8 transformers, et cetera, by next month.

9 MR. HALL: They're ordering equipment
10 and assigning work crews. They're moving forward. We're
11 just attempting to put some partnerships together.

12 DELEGATE BYRON: I make a motion
13 that we transfer this to the Executive Committee for their
14 consideration.

15 MR. OWENS: Second.

16 DELEGATE MARSHALL: Discussion on
17 that motion? All those in favor say aye. (Ayes.) Opposed?
18 (No response.) All right. Mr. Hall, thank you.

19 MR. FEINMAN: Members of the
20 Committee, I want to talk about one other piece of business
21 that we have before us before we get to Liberty University,
22 which might be a lengthy conversation. If you recall, this
23 Committee has funded for many years our consultant
24 relationship with Joe Anwal and it would be difficult to argue
25 that has been anything other than a success or a strong

1 me to do this. But it's your grant and I wanted to let you
2 know that unless I hear differently, I would like to take this
3 out of your hands and move it into our administrative budget
4 and move forward with our foreign direct investment work as a
5 part of our overhead as opposed to a grant situation.

6 He would continue to report to the
7 Commission in exactly the same fashion we have before and
8 this will give him some certainty that we will remain
9 customers of his provided he continues to bring us the
10 number and quality that he has in the past.

11 DELEGATE MARSHALL: Comments or
12 thoughts? All right, seeing none then let's move on to Liberty.

13 MR. FEINMAN: Mr. Chairman, the
14 Liberty University College of Medicine is a grantee of this
15 Committee and we've worked with them from very early on
16 right from the inception of the Liberty University College of
17 Medicine through today, which the staff considers a very
18 significant relationship. The College is up and running and
19 they graduated their first class of students in May of last year
20 and they have a full contingent of students today.

21 At our last meeting, we recognized that
22 the final grant related to Liberty University College of Medicine
23 had finished its sixth year significantly longer than our grants
24 generally go and we extended that grant through this
25 Committee meeting because the College had a substantial

1 balance, a balance of about \$2.5 million and wishes to draw
2 down that remaining balance. Staff was not comfortable with
3 that, given the fact that to our minds the project was largely
4 completed.

5 So we took the intervening months to
6 speak with the College and they were incredibly forthcoming
7 and I want to say worked very diligently to offer us as much
8 information as we asked for about how they'd like to spend
9 these funds. You can see the budget and those expenditures
10 came down to a couple of different areas. The College would
11 like to spend money on their skills and simulation lab, things
12 like birthing simulators, trainers on heart and lung type
13 equipment and other sort of medical training devices. They
14 also wanted to invest in research equipment, microscopes,
15 blood chemistry analyzers, determining how thick a liquid is
16 and set of furniture and other basic administrative equipment.

17 The challenge we had as staff was trying
18 to look at the overall outcomes that we pursue and recognizing
19 that we were already well beyond the expected life of this grant
20 and expending this \$2.5 million what new outcomes relative to
21 the case we're on now, what new outcomes would be created
22 for our region. And number two, are those new outcomes
23 worth \$2.5 million. When we took a hard look at it, we came
24 down on no they are not.

25 I do want to reiterate once again, we're

1 very happy with where the Liberty University College of
2 Medicine is at and we think it's a successful project and I
3 think we ought to praise the College of Medicine for coming in
4 under budget. But when I look at the marginal change in
5 their research capacity and education ability and significant
6 cost, this amount of money is more than we budget for, for the
7 entire year of the Agri Committee, the entire year for
8 Southwest Economic Development, nearly the entire
9 Southside Economic Development Committee rounds and two-
10 thirds of what we allocated for Special Projects. It is a
11 significant sum to spend in a period of belt tightening.

12 So while we certainly see the benefits to
13 the College of getting additional equipment, it's our belief they
14 are currently engaging in research activity and educating
15 medical students where we simply don't see the value for the
16 region sufficient to justify an additional expenditure of \$2.5
17 million.

18 You can see my letter outlining that to
19 Dean Bell, who is here to tell you why I am deeply in error and
20 we'll have to make that case at this point.

21 DELEGATE MARSHALL: What was the
22 original grant from the Tobacco Commission to Liberty?

23 MR. FEINMAN: Tim, if you could walk
24 through the history of our grant relationship with Liberty, I
25 think that would be helpful.

1 MR. PFOHL: Yes, I believe the original
2 grant was \$12 million for the construction of the college of
3 osteopathic medicine and then we came back the following
4 year with an \$8.5 million grant for equipment. So \$20.5
5 million all together.

6 DELEGATE MARSHALL: Sir, would you
7 recognize yourself for the record?

8 DR. BELL: I'm Dean Bell, Liberty College
9 of Osteopathic Medicine. Thank you for giving us the
10 opportunity to appear hear today to present this morning. I
11 appreciate Evan's summary here but some things I don't think
12 were included in the summary. Yes, we graduated our first
13 class of medical students but no, in Farmville fifty to eighty
14 percent complete and you didn't say that to Tim and I. The
15 fact is, we're not going to have our graduates practicing as
16 physicians in the Tobacco Region unless we finish this project.

17 Now, why? They have to do a residency.
18 I'll walk you through a little bit of timeline and I do have a
19 handout at the end. The success of the grant is really on four
20 objectives that I'm about to show you. In the meantime, we
21 have had to change some strategy and the reason being was
22 yes, the grant was issued to 2020. Yes, we had a building,
23 furniture, fixtures and equipment 2014 and yes, our dean got
24 cancer in 2014 and changed the accreditation rules for
25 medical school and the residency accreditation rules changed

1 so we struggled to reach those new standards.

2 I arrived in April of 2017 and not a lot
3 had been done in the interim and I assessed the situation and
4 I had a conversation with staff in July and we met at Liberty
5 and that fall we discussed how are we going to get our medical
6 students to practice in the tobacco counties and that's the end
7 game here, isn't it? I can graduate a lot of doctors but if they
8 don't go to the tobacco counties, this is on me. We talked
9 about many things including scholarships and loan payment
10 and our plan was to accomplish those four objectives ensuring
11 that we start a new residency program in the forty counties
12 that represent tobacco and the four existing components.
13 There is only four resident programs, that's only 39 slots a
14 year out of 587 in the state. That's less than seven percent of
15 the residency programs in the state of Virginia in the tobacco
16 counties.

17 Right now we have approximately \$6
18 million need in which the Tobacco Commission still has \$2.6
19 million in grant funds. You spent \$17.9 to tobacco, we've
20 spent \$138 from LUCOM, a seven to one ratio.

21 I did hear earlier things about delays, it
22 takes twenty years to mature a med school and I heard about
23 unexpected outcomes such as power and those things happen
24 to us as well. But nevertheless we strategize. That's what we
25 do in these situations.

1 The four objectives are one is address
2 healthcare shortages in the Tobacco Region. And we're going
3 to graduate 2800 physicians by 2038, 150 a year and we're on
4 target to do that. But if we don't do LUCOM, which I've got
5 the majority of my students doing their third and fourth year
6 med in tobacco counties now and I have a map to show that.
7 If we don't acclimate them to the tobacco counties while they
8 are in med school and give them residencies, which is another
9 hill to climb but we're climbing it in tobacco counties, they're
10 not going to stay. When they are in the community, they get
11 married and they have kids, attend church and they don't
12 leave.

13 We said we were going to develop clinical
14 sites and we've done that and I'm going to show you a map
15 where these clinical sites are and they provide other
16 healthcare not just us. We're also working with the residency
17 program and we're going to work with job losses and try to
18 adjust that. Last night, there was a video and I assume most
19 of you were there and this is creating millions of dollars of
20 revenue per year. One family doctor placed from LUCOM in
21 the Tobacco Region generates \$648,000 a year gross and
22 employs four people. If you put a thousand doctors out over
23 twenty years, that's far less than 2800 for the value. You're
24 going to pump a lot of revenue into an area that needs
25 healthcare and needs jobs.

1 We also talked about addressing
2 educational deficits. I'm glad to say we started a continuing
3 medical education and advanced medical skills for practicing
4 physicians in the area free. Everybody else charges, we're
5 doing it for free and a requirement for certification for them
6 and a requirement for the medical license every year. We're
7 also looking at telemedicine and developing that piece and
8 also looking at the new cancer models and looking at new skill
9 sets that are normally reserved for state and city hospitals and
10 medical centers and much more practical now for people to do
11 in rural and underserved areas but they need someplace to
12 train and do that. So we're taking the whole package
13 including medical students and residencies and practices and
14 we're addressing those needs.

15 I also note that 24 percent as of this year
16 were Liberty's first full time residential students now coming
17 back. That's huge compared to where we came from but we've
18 actively recruited in the Tobacco Region kids with low
19 economic and low expectation into Liberty University for
20 training and we've been trying to recruit from that group and
21 there are others.

22 We also have Dr. Bean is here with me
23 today and was trained in the Tobacco Region and wants to
24 stay in the Tobacco Region and had a scholarship. We are
25 pursuing what we originally said we wanted to do, saturate

1 to raise the quality bar.

2 The map I referenced earlier showing the
3 Tobacco Region, we had all of our students listed up there in
4 blue and rotation sites for 2016-2018. The red is where the
5 residencies are now and there is four of them and we've got
6 sixteen that what we call virgin hospitals in the Tobacco
7 Region and they're not as large and their virgin because
8 they've never received money from the federal government for
9 residencies and neurology. The S2HGs in the area are eligible
10 for health center grants. We need to get dollars to fund the
11 residency programs. And why? Because most people operate
12 off of this model. If you look at the orange, this is pretty much
13 the typical medical school model and it's certainly true for
14 Virginia. You take a big city hospital and you put a med
15 school on top of it with a research center and a bunch of
16 residents surrounding it. The doctors train there and stay
17 there. What we're doing is using a decentralized model in
18 which we are consolidating research and we are sending staff
19 and resources out to those facilities that can't duplicate
20 because of expense and size and what it takes to have
21 residents.

22 We're also bringing people in on evenings
23 and weekends in order to give them the skill sets they need to
24 train med students and residents and grow that leadership
25 component. There's a lot of credentialing that goes along with

1 it. We're working with community health clinics and health
2 departments and as I mentioned other entities.

3 We have to build a physician value chain
4 and supply chain. You're taking practicing physicians
5 because there is a shortage of faculty and we already know
6 there is a national shortage of physicians. I heard last night
7 somebody couldn't get an appointment with their family doctor
8 for four months. We're looking to address the family physician
9 shortage and the internal medicine shortage and physician
10 shortage for the Tobacco Region and anywhere else that we
11 can get traction. We're making opportunities available not
12 just to our med students but any med students that would
13 come and train in the Tobacco Region because the residency
14 programs are not exclusive to LUCOM although we've got to be
15 up for the training in the third and fourth year.

16 We're taking practicing physicians, we're
17 giving them skill sets they weren't getting in med school and
18 they help train students. This is the first step and we've done
19 this and getting this part across here and moving them from
20 being preceptors for med students and being faculty for the
21 residency program and/or being a residency director. Is this a
22 big --- school? It is. Low lying fruit in big cities and other
23 metropolitan areas and sophisticated medical system, yes
24 there is.

25 The need is in the tobacco counties and

1 as I understood the four objectives, that was my mission to fill
2 those four objectives. If we don't do the residency program,
3 we're not going to saturate the Tobacco Region with doctors
4 and that's my take on this.

5 I have to say Evan and I had a two hour
6 conversation and he's a good talker, thank you.

7 DELEGATE MARSHALL: Thank you. Are
8 there any questions of Dr. Bell?

9 DR. BELL: We do have a first year
10 resident practicing in Danville and Dr. Byrd is with us and
11 she's a director for internal medicine and very much engaged
12 in what we need in terms of the equipment to complete this
13 project.

14 DELEGATE MARSHALL: Let's see if we
15 have any questions by the Committee members.

16 MR. CUNNINGHAM: You mentioned the
17 clinical sites, how many clinical sites have been developed?

18 DR. BELL: Nine, which we're basing our
19 students right now. We started putting students out in the
20 third year 2016 and we have nine right now. We have a total
21 when you count offices and clinics 300. I can go back to the
22 slide I had up here a moment ago and that will tell you how
23 many rotations.

24 DELEGATE MARSHALL: Any other
25 questions?

1 MR. SPIERS: Without getting too deep in
2 the weeds, under the research lab, basically a million and a
3 half dollars a 3-D printer, I understand some of the other
4 equipment but why would that be necessary?

5 DR. BELL: I'm glad you asked that
6 question. We've asked what are we doing for cutting edge that
7 affects people and health outcomes and that's two-fold. The
8 printer for new medical devices and we announced on our
9 flash page that we are in a new relationship with Heart Stitch,
10 which is a multibillion dollar company out of California but
11 one of the divisions that we work with and working with new
12 medical devices that will affect patients in the tobacco area.
13 We have to generate research for credentialing of residents,
14 faculty. We're also looking at sub-culture types. We can
15 regrow your ear or your nose and the machine makes some of
16 these. Dr. Byrd talked about other medical schools using 3-D
17 printers to make anatomical models, which we use in
18 simulation and of course that needs further explanation.

19 DELEGATE MARSHALL: Any further
20 questions?

21 DELEGATE BYRON: First of all I want to
22 thank you folks for being here and presenting all this
23 information and you certainly have demonstrated from what
24 we've seen in this presentation your commitment to the
25 Southside. At the reception last night we noticed, and we go

1 back twenty years, and I'm one of the old members, Delegate
2 Kilgore and Senator Ruff as an original member on the
3 Commission. So I've had the opportunity and the privilege to
4 vote on every single application that's come before us as a
5 Tobacco Commission.

6 We talked about this being one of our
7 signature applications. We said that when we came to an
8 agreement on the commitment years ago and we said that
9 when we were watching you start out and we were looking at
10 access to healthcare and we had a college from Southwest
11 Virginia and Liberty as well. And we extended multiple times
12 the application and we tried to work through some of the
13 issues that they were trying to resolve. Now, Liberty is the one
14 that forged ahead and got started immediately on this and
15 they committed from the beginning that this was going to be
16 about the Tobacco Region and they have lived up to that like
17 we haven't seen with other grants that we put through. And
18 yet we've had grants that we put out that have been much
19 more risky that we got nothing back in return and put it out in
20 hopes that we would get but we didn't.

21 The original intent was to grow positions
22 in the region and they've had remarkable success. We
23 intended as a project that we would require multiple years to
24 fulfill. I don't think looking at this like other grants that we
25 are done. One of the reasons we do that, we wonder how

1 many people are going to come back and do what they are
2 supposed to do and we look at those things because people
3 come to us looking for money in hopes that they can partner
4 but when you look at the return and look at the millions of
5 dollars Liberty has brought back to the area, what I hear out
6 in the region patients being treated from students that are
7 graduating from Liberty. They talk about that and the fact
8 that people that are treating them are very special. They're in
9 a career that has a mission in it and wonderful passion for the
10 region and returning to the area and working and serving
11 there.

12 The other thing that really concerns me
13 because, and yes they are successful, and the executive
14 director is praising that fact because they have done a good
15 job but we as a Commission don't want to set a precedent that
16 we're ever going to break our commitment. We have other
17 long term commitments and some of them we extended today.
18 If we start asserting that we are a committed partner then at
19 some point in the application we're going to withdraw that
20 commitment because we feel they no longer need it that's not
21 what this was about in this Commission in the beginning.
22 This is a partnership, the same public/private partnership
23 that has existed in the past and certainly exists now with the
24 Tobacco Region. I don't think we should limit the partnership
25 and the good job they are doing. It's not a matter of extending

1 this project, it's about equipping the project. I don't think
2 there is any question where the monies are going to be used
3 and who is going to benefit from it like Southside.

4 So I hope today this board commit to
5 them that we're going to help them finish this project. They're
6 not coming back for more money. We're being asked to honor
7 the commitment that we made when we did this in the
8 beginning. In the beginning, we purposely split the amount
9 into two grants because we knew construction takes time and
10 knew that it would be a while for the equipment and other
11 things that were needed.

12 When you look at the equipment on there
13 and they are committed to workforce training and making sure
14 we graduate these students, the best and brightest for our
15 region. That's what we need in Southside and not mediocre
16 people. If we want that, we're going to continue to need to
17 look at people that are going to make that happen and making
18 sure that we have the most outstanding opportunity for
19 students in our region.

20 So I hope we can turn this around today
21 and show our support so we can get the finished product.
22 Thank you, Dr. Bell.

23 SENATOR CARRICO: Mr. Chairman, I'll
24 speak in support for this and I'll be brief. I'm not one of the
25 old ones like Terry and Frank and Kathy. I've just been here

1 for about ten years. At any rate, Massey Cancer Center and
2 UVA and we've appropriated money for them, about \$10
3 million for each one of them and Liberty has received
4 extensively more but also we can't forget that we tried in
5 Southwest Virginia to do a medical school and King College
6 entered into that. There were several phases that didn't work
7 out and because of that there was about \$20 million brought
8 back into the budget of the Tobacco Commission.

9 I think what Liberty has done, reaching
10 out to Southwest Virginia and filling that hole that we left void
11 because we weren't able to establish a medical school. I know
12 \$2.5 million is a big ask but they're providing residencies. I
13 saw Norton and Wise and Abingdon, those are all in
14 Southwest and not in Southside. Martinsville and the two
15 that were in the red, nearly all the other blue areas in
16 Southwest Virginia. I think that even the \$2.5 million may
17 sound like a lot of money and Southwest gave us \$21 million
18 and Liberty is filling that void. So I hope that we move this
19 effort forward by Liberty because Southwest Virginia really
20 needs these residents for them to be able to get accustomed to
21 the region and understand the region and want to stay. So I
22 would support this.

23 MR. FEINMAN: To address some of the
24 issues that have been raised and frame the issue, respectfully
25 Delegate Byron, when we make a commitment and if you read

1 our performance agreement, we make an agreement to a
2 project not a certain amount of money. If we say to a grantee
3 for example, we've given you a \$300,000 grant to build a shell
4 building and if the shell building comes out to cost \$291,000,
5 we get that nine thousand dollars back. We don't make a
6 commitment to a grantee for a certain amount of money. We
7 make the commitment to the grantee to get a project done.

8 When you look at the requested budget
9 we have here, for example, \$258,980 for anatomy lab
10 equipment. While I'm certain the body bids and anatomy
11 camera and other model and the body works type of
12 equipment, I'm sure that would improve anatomy education at
13 LUCOM. The class that just graduated presumably is
14 adequately acquainted with the human anatomy to be a
15 practicing physician. The question is, is it worth it to this
16 Commission \$259,000 to graduate students who are
17 somewhat better educated on human anatomy given that the
18 class recently graduated that is adequately familiar with the
19 human anatomy to get a medical degree. That same analysis
20 needs to be carried through your decision making in all of
21 this.

22 The fact of the matter is, there exists a
23 medical school that is producing doctors in our footprint
24 drawn from our footprint and that was the primary goal of this
25 grant and that goal has been met and we're in year seven of

1 the grant. If LUCOM wanted to come back to us and say we
2 have designed a residency program that we would like to
3 enact, the clean and smart way from the staff's perspective is
4 to say this grant to equip the medical school has been fulfilled
5 and we're going to close that grant. If LUCOM comes back to
6 us as a grantee who has successfully delivered on two grants
7 and they want to do this residency program, they fill out an
8 application and it goes through the process and then this
9 Committee decides to fund that, I think that would make lots
10 of sense and there are arguments to do that.

11 When we look at whether or not it makes
12 sense, and we have limited resources and it's incumbent upon
13 us if we are going to be good stewards of those resources for
14 the residents of our region to make sure that every penny that
15 this organization gets the most value per penny. The reason
16 the staff has a problem with this budget is that I simply was
17 not persuaded that this is a high value expenditure to approve
18 the work that Liberty is already doing. Liberty is in the
19 business of conducting research about that and Liberty is in
20 the business of educating doctors or students from our
21 footprint that are going to go on to be and they have a focus
22 on family practice and they will go on to be fine physicians.

23 The question is, is the marginal
24 improvement in their ability to do those things with this
25 expenditure. It's very clear across the staff the answer to that

1 was no. So while I have the belief that there may be an
2 excellent project in a residency construction or build a
3 growing residency throughout our footprint, I'm not persuaded
4 there is marginal value even toward that project in the budget
5 we have before us. It's mostly about increased research
6 equipment and increased general medical education
7 equipment at their institution. I'm uneasy with the idea of
8 setting a precedent that if we allocate a certain budget for a
9 project the grantee is permitted to draw down that budget in
10 its entirety under all circumstances regardless of the value
11 that we've already gotten from them or from the project. That
12 ought not be the way which we approach our grant activity.

13 DELEGATE MARSHALL: Does anyone
14 else have a comment or anyone new that wants to speak.

15 MS. CLARK: Evan, I appreciate that but I
16 respectfully disagree. These doctors are going to be working
17 on us and I would prefer that they are better than just status
18 quo, working on us and our families. I know in Gretna,
19 Virginia, we have a very hard time attracting doctors. If they
20 can place doctors in our small towns, we need them. In this
21 case, they're only asking for an extension. They're not asking
22 for additional money. So I think we should do that.

23 DELEGATE MARSHALL: Anyone else?
24 Let's see if anyone new wants to speak. All right, go ahead.

25 UNIDENTIFIED: Has the goal been met?

1 MR. FEINMAN: I'll leave that to the
2 Committee. There were multiple different objectives outlined
3 in the grant but fundamentally we wanted to build the medical
4 school and equip the medical school. There is an equipped
5 medical school that's fully at capacity of tuition paying
6 students that has graduated a class of students and exists in
7 our footprint. In the staff's mind, we have gotten if not one
8 hundred percent the goal, then in fact 99 or the high nineties
9 of what we wanted to do with these grants.

10 DELEGATE MARSHALL: Anyone else
11 who would like to speak that hasn't spoken?

12 MR. SPIERS: What about the delays and
13 other types of things, has there been a lapse where no
14 expenditures were made at Liberty? If this application had
15 been made before the class, would you have looked at it a
16 different way?

17 MR. FEINMAN: It's hard to look back but
18 in each instance what we would try to figure out is, is this
19 necessary to obtain the goals. At that time, what we probably
20 would have said do you need this to properly educate these
21 people and if the answer was yes, then we would have funded
22 some of it. And I don't know that everything in this budget
23 would have passed muster.

24 The question is that we have more perfect
25 information now, so in my mind our termination ought to be

1 what might we have done in a situation with less adequate
2 information. The fact is we do have good information. While I
3 certainly want all of our projects to be of the highest quality,
4 we're very frequently in the business of telling someone who
5 for example or a community college says we want to build a
6 \$900,000 science facility and it's going to have all these bells
7 and whistles. Tim very frequently goes back to the grantee
8 and says you're going to have to put fewer bells and whistles
9 on that project. Not because we don't want the best trained
10 scientists or nurses in our region but because we have an
11 obligation not to buy, or can I leave with a Camry or a Lexus.

12 But the bottom line is we simply can't
13 afford a Lexus or Lamborghini but we could buy a lot of
14 Camrys. I don't mean to tar either the Camry or LUCOM and
15 they're both fine automobiles. But the fact of the matter is,
16 the institution exists and it's doing research and graduating
17 medical students who I presume will pass their board and do
18 well in their chosen professions.

19 When I see things like increased research
20 equipment when the facility is already doing research or a
21 facility that is already graduating credentialed students, we do
22 take a hard look at it in the same way as if the Southern
23 Virginia Higher Ed Center came to us and said we'd like to get
24 this machine and it will be better than the machine we had.
25 We say well, you're getting people in with a certificate but the

1 bottom line is until we hear this particular machine or piece of
2 equipment is inadequate, we probably would not entertain a
3 grant for a new piece of equipment.

4 The closest analogy I can come up with is
5 the veterinary school in Lee County. We helped them build a
6 building and their large animal facility. They had a set of
7 delays and they weren't able to access our funding for their
8 small animal facility and they did it themselves and we
9 appreciate that. When they came to us and said can you buy
10 us some new stuff for our small animal facility, we said you've
11 all indicated that you completed that project and you're
12 churning out veterinarian students and are capable of being
13 both small and large animal veterinarians. So we don't think
14 the Lincoln University Veterinary School needs additional
15 commission funding. They didn't come before the Committee
16 because the staff indicated it wouldn't receive a favorable
17 answer.

18 We do this somewhat frequently. I really
19 hesitate again with this idea there exists a balance, therefore
20 the grantee has some claim to that money. And that's not the
21 way it works and I think it would be a bad approach for you
22 all to take.

23 DELEGATE MARSHALL: Senator Chafin?

24 SENATOR CHAFIN: Mr. Chairman, I
25 appreciate that. I associate my comments with Ms. Clark. I

1 know we don't have a lot of hospitals throughout my district
2 but physician recruitment is their number one goal they have
3 to deal with and the difficulty in recruiting quality physicians
4 to my region in the far Southwest is critical. I know we're
5 faced with decisions but perhaps hospital closures or hospital
6 consolidation. All of these things are associated with the
7 difficulty of being able to recruit highly qualified physicians to
8 our region. I appreciate what the dean has told us and in
9 their continued efforts to build the residency program. I
10 appreciate having these physicians in our areas.

11 DELEGATE MARSHALL: Anyone on the
12 Committee want to speak for the first time?

13 MR. OWENS: The value to add to their
14 proposition, we want the best trained and world class, we
15 want world class physicians in our region. You can't get them
16 if they are not trained. I talked to the hospital administrator
17 in our area and he was going to come to the Commission and
18 ask for hundreds of thousands of dollars to help recruit
19 physicians and it takes that kind of money. But here they're
20 going to train these people and place them in our area and
21 they're not obligated to stay but maybe we can help them
22 change their mind and encourage them to stay. I don't see
23 any reason why we can't help them be the best trained.

24 DELEGATE MARSHALL: Anyone else?

25 MR. HARRIS: I would say that the initial

1 commitment, I feel like we made a commitment and we should
2 honor that as well as the extension. The other thing I look at
3 and you say, I think it's a matter of quality and quantity,
4 quantity versus quality. The quality is what gives the added
5 value. That's how I look at it.

6 DELEGATE MARSHALL: Anyone else?

7 DELEGATE BYRON: I want to respond to
8 a couple of things that were said. I appreciate the director's
9 role in trying to preserve our funds and guard over them as we
10 have asked that he guard over them but I appreciate the
11 comments from the members that have spoken favorably so
12 that LUCOM has an opportunity to hear the appreciation from
13 the members for what you've done and understand that while
14 I understand it but when you think of the commitment we
15 made and you think of all the students that have gone out and
16 volunteer hours required by the university and the dedication
17 from people that work in this field, all that can be added back
18 in our community. But I think that the bad will that we would
19 bring by not supporting it does a lot more damage.

20 This goes back to our original intent. I
21 disagree with this marginal improvement. There is nowhere
22 that you can see a marginal improvement over the next six
23 months or six years.

24 They are not asking for more money. I
25 can go back to every grant we've ever had and show you some

1 great examples that would astound you on some of the
2 decisions made but I think this is one that we should honor.
3 Thank you.

4 DELEGATE MARSHALL: Any other
5 comments? All right, what is the will of the Committee?

6 DELEGATE BYRON: Mr. Chairman, I
7 make a motion that we extend the grant until 2020 and that
8 we allow the remaining funds to be used for those things that
9 we indicated that are going to continue to help the students
10 that are graduating.

11 DELEGATE MARSHALL: Is that January
12 the 1st, 2020 or 12/31/2020?

13 DELEGATE BYRON: I would say that at
14 our January meeting that we have in 2020.

15 DELEGATE MARSHALL: Do I have a
16 second?

17 MR. MILLS: Second.

18 DELEGATE MARSHALL: Discussion?

19 MR. FEINMAN: I feel like I've got to
20 speak up again. The question of whether or not we want more
21 physicians in the tobacco footprint is a good one. The
22 problem is spending \$150,000 on new plasticized models of
23 the human anatomy or on its own does not significantly
24 advance that goal. The question is not do we want more
25 physicians in our footprint, the question is does this specific

1 expenditure of our funds, which are scarce, bring us closer to
2 that goal. I'm not persuaded that it does or to the extent that
3 it does, that extent is small. We are graduating from this
4 university physicians who are interested in working in our
5 footprint and that is happening today.

6 Next year we're going to have a very tight
7 budget and in the absence of these carryover funds, I expect
8 strongly members of this Committee will not look that
9 favorably the expenditure of this money, which will not to our
10 minds significantly change what we're getting in terms of
11 medical care or the number of physicians we're recruiting to
12 our region. That after a long look at it was the decision that
13 staff came to. As far as meeting a commitment, once again,
14 you make contracts and the contract says you can spend up
15 to this amount if it's necessary to achieve this goal; not we cut
16 you a check for this and just spend it until it's gone.

17 DELEGATE MARSHALL: All right, any
18 other further comment? We have a motion and a second to
19 extend this grant until the January 2020 Commission
20 meeting. That's grant number 2580 Liberty University Center
21 for Medical and Health Sciences. All right. Would you call the
22 roll, Evan?

23 MR. FEINMAN: Secretary Ball?

24 SECRETARY BALL: I'm in favor, aye.

25 MR. FEINMAN: Delegate Byron?

1 DELEGATE BYRON: Aye.

2 MR. FEINMAN: Senator Carrico?

3 SENATOR CARRICO: Aye.

4 MR. FEINMAN: Ms. Clark?

5 MS. CLARK: Aye.

6 MR. FEINMAN: Senator Chafin?

7 SENATOR CHAFIN: Aye.

8 MR. FEINMAN: Mr. Cunningham?

9 MR. CUNNINGHAM: Aye.

10 MR. FEINMAN: Ms. Hensley?

11 MS. HENSLEY: [No response.]

12 MR. FEINMAN: Delegate Marshall?

13 DELEGATE MARSHALL: Aye.

14 MR. FEINMAN: Mr. Mills?

15 MR. MILLS: Aye.

16 MR. FEINMAN: Mr. Owens?

17 MR. OWENS: Aye.

18 MR. FEINMAN: Mr. Spiers?

19 MR. SPIERS: No.

20 MR. FEINMAN: The motion carries.

21 DELEGATE MARSHALL: All right, public
22 comment?

23 DR. BELL: Thank you very much. You
24 won't be disappointed. Can I just say one thing to Evan?
25 What we need for the residency –

1 DELEGATE MARSHALL: Sir, you won.
2 Dr. Bell, part of your original request grant was there was
3 supposed to be a yearly report to staff and staff will give it to
4 all of us on the outcome of the residents.

5 DR. BELL: Thank you, sir.

6 DELEGATE MARSHALL: Any public
7 comment? Seeing none, we're adjourned.

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9 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 Special Projects Committee meeting when held on Tuesday, January 8, 2019 at 9:00 a.m. at Homewood Suites, Richmond, 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 2nd day of February, 2019.

Medford W. Howard
CCR #0313137