

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, April 16, 2019

10 1:20 o'clock p.m.

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14 Hotel Roanoke and Conference Center

15 Crystal Ballroom A/B/E

16 110 Shenandoah Avenue, N.W.

17 Roanoke, Virginia

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1 APPEARANCES:

2 The Honorable Daniel W. Marshall, III, Chairman

3 Mr. Robert Mills, Jr.

4 Dr. Alexis I. Ehrhardt (By Phone)

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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. Sara Williams, Grants Program Administrator -

15 Southwest Virginia

16 Ms. Jessica Stamper, Grants Assistant

17 Southwest Virginia

18 Ms. Stephanie Kim, Finance Director

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20 COUNSEL FOR THE COMMISSION:

21 Ms. Elizabeth B. Myers, Assistant Attorney General

22 Richmond, Virginia 23219

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1 April 16, 2019

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DELEGATE MARSHALL: Good afternoon, I'm going to go ahead and call the Business Support Committee to order.

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MR. FEINMAN: Delegate Marshall.

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DELEGATE MARSHALL: Here.

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MR. FEINMAN: Mr. Blevins.

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MR. BLEVINS: (No response).

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MR. FEINMAN: Mr. Cunningham.

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MR. CUNNINGHAM: (No response).

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MR. FEINMAN: Ms. Ehrhardt.

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DR. ERHHARDT: Here. (By Phone).

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MR. FEINMAN: Ms. Hensley.

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MS. HENSLEY: (No response).

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MR. FEINMAN: Mr. Mills.

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MR MILLS: Here.

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MR. FEINMAN: You have a quorum of your membership, you don't have a quorum present, so you don't have to take any official act.

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DELEGATE MARSHALL: So, we cannot approve the minutes, so let's just skip that. And we'll ask Andy to go ahead with an update on GENEDGE.

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So, Andy.

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MR. SORRELL: Yes, thank you. First, I just wanted to give the Committee an update on the Committee and what we've

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1 been doing since our last January meeting. If you recall, this is a
2 contract on the reviews we want to work with through the
3 GENEDGE process to help working toward a path so we can meet
4 our objectives. I believe we finished up to 12 reviews that we
5 initially agreed to, I believe eight have been finished now. Since
6 our January meeting, I believe we've had three, we had
7 WireTough Cylinders, and we had Hartwood and Nano Touch.

8 And those presentations, we had two in Abingdon on
9 March 15th for Hartwood and then for WireTough. Those were
10 attended by Mr. Blevins, and I attended at Hartwood and the
11 WireTough one. And Delegate Marshall attended the WireTough
12 one in the afternoon. Then we had Nano Touch on March 26th in
13 Bedford. So, we've got a few more that we can finish up with,
14 but as a reminder, what this basically involved allowing the
15 companies an opportunity to work with GENEDGE and to give
16 them an opportunity to help develop a path to
17 commercializations and reviewing all kinds of different things.

18 James Smith is here with GENEDGE, and so I'm going
19 to call on James to tell us what the path to commercialization is
20 for the company and to just very briefly give Mr. Mills an update.

21 MR. SMITH: I'm James Smith from GENEDGE, and
22 thank you all for meeting here and thank you for allowing
23 GENEDGE to work with your grantees. Yes, we do an
24 assessment of the companies to come up with where they are
25 and where any gaps are, that's referred to as a gap analysis, and

1 our goal is to try to help them with what they're offering and who
2 they're offering it to and justification for certain markets so they
3 can articulate why they're going to use that space and really
4 what is their proposition and really what their mission is.

5 Then, also, in addition to all that, we need a game
6 plan to move forward and the time involved, as well, and then a
7 financial outlook on what their projections are over the next
8 three to five years.

9 DELEGATE MARSHALL: Are there any questions for
10 Mr. Smith?

11 MR. MILLS: I've heard a little bit about this.

12 MR. FEINMAN: It's one of the companies that
13 GENEDGE is considering working with. It's remarkable to see the
14 quality of their work, it really does, and their ability to step in
15 and give you a very clear-eyed look and the things like where are
16 their customers and really a focus on looking forward and they
17 can also identify a number of deficiencies and connect people
18 with say vendors who can add value, and it's a good problem to
19 have and GENEDGE offers a good solution. They help with
20 commercialization in the marketplace and know companies to
21 contact to help and they do assessment and the gap analysis, as
22 Mr. Smith said.

23 MR. SORRELL: Yes, the gap analysis is very
24 important, as James said, and how to help align what their
25 business goals are and gearing all this toward a commercial

1 enterprise. Because of the success that we've had, the Business
2 Support Committee has had over the last 18 months or so for our
3 eight other grantees that we work with, the Committee or Staff
4 has had a task of developing a new program, which we'll discuss.

5 DELEGATE MARSHALL: Alexis, if you have a question,
6 speak up at any time.

7 DR. EHRHARDT: I sure will, thank you.

8 MR. SORRELL: The report out has been very helpful
9 for Staff to see how the grantees have been able to benefit from
10 this process and how we can utilize that information to grow.
11 The thought is that, and this will provide an opportunity for small
12 businesses to grow, gathering all this information and knowledge
13 and the programs that we'll discuss in a moment. Before we do
14 that, are there any other questions for GENEDGE? All right, then
15 with that, I'll go into the next item of business.

16 I'll go into the Small Business Entrepreneurship
17 Support Program guidelines. These were the guidelines that I
18 believe were sent out last Thursday. Basically, this is something
19 that we initially discussed at our meeting back in January. We
20 put forth all these ideas about the general content of this
21 program and the Committee felt like we should develop some
22 guidelines to review, and that's what we've done here.
23 Amazingly, again, working with GENEDGE to help develop small
24 business in the Footprint and especially working in a
25 manufacturing sector so these people can have access to expert

1 business advice so that businesses can grow.

2 Now, the objective of this new program to provide a
3 number of eligible small businesses within our region access to
4 business consulting services to help them commercialize and
5 ultimately grow bringing in jobs and capital in the Footprint.

6 Now, ultimately 10 programs would be 10 program
7 participants or small businesses would be selected by the
8 Committee and the Commission after an initial application review
9 by the Tobacco Commission Staff and they would rank the top 20
10 applications based upon those that met the program's objectives.
11 I'll run into that criteria in just a minute, but from those 20, we
12 might select 10 that we would ultimately work through.

13 It's important to note that the successful program's
14 participants would not need direct grant funding. This would just
15 be access to the GENEDGE process and to a mentorship
16 experience with the Committee or other members of the
17 Commission or others that might be provided based on their
18 experience and there would be exposure upon successful
19 completion of the project.

20 Now, what they're getting is access to GENEDGE
21 through the Commission. We do want to make sure that's very
22 clear to the applicants, and this, of course, is access to an
23 investment budget.

24 MR. FEINMAN: We need to say early and often this is
25 not a program which at the end they will get a check. People are

1 used to getting funds, and we need to be clear from the very
2 outset this is support for them in the form of a process and
3 mentorship and consulting. At the end of that, if they've got a
4 growing business, they could come back to us for support
5 through another program.

6 MR. MILLS: So, the money that's set aside for this
7 could vary depending on the business and business model you
8 have?

9 MR. FEINMAN: We have a fixed contract with
10 GENEDGE per entity, it's a per entity cost, and that's at five
11 thousand per, and we don't want to take anything away from
12 GENEDGE, and their process and product can be a lot more than
13 that. Now, the businesses can avail themselves of other things,
14 but we have a contract with GENEDGE to help in this.

15 MR. MILLS: So, this really isn't a grant, how long or
16 what is the timeframe that they would be working with the
17 group, what's the timeframe for that?

18 MR. FEINMAN: We envision or the vetting process
19 takes less than a year, usually about three-quarters basically,
20 and we envision the mentorship might be a year from the award
21 date.

22 MR. MILLS: So, about a year is our investment.

23 DR. EHRHARDT: I do have a question. With the
24 guidelines, what is the recruitment plan, how we're going to
25 certify and approve?

1 MR. SORRELL: That's something we'll have to work
2 on like we talked about in some of our other programs because
3 we want to, and recruiting eligible businesses that would be well
4 suited for this, like the higher ed. centers in our Footprint and
5 manufacturing community and that might be working with us for
6 small businesses. Everybody that can potentially be, but we
7 want a number of applicants and we have to go through a lot of
8 applications and see how much interest there is in it. That's
9 something that will be challenging, but I think we can make or
10 that information can be given out to our network and also give it
11 out, perhaps Commissioners can get it out in their networks, as
12 well.

13 DR. EHRHARDT: Thank you.

14 MR. FEINMAN: If you happen to know somebody, it
15 might be a good way for us to get the word out.

16 DR. EHRHARDT: I can work with my counterpart.

17 MR. SORRELL: Basically once the application period
18 closes, it'll be open for a month or so, and once we have received
19 this information, we read the applications and pick some finalists,
20 maybe the top 20, and they could compete in a pitch-type
21 presentation where we have some people or the top 20 or 25
22 would present their information to the Business Support
23 Committee during one of the regular business meetings, and
24 they'd each have about five minutes where they can review all
25 this, and in the end, the committee would select which

1 companies or which programs.

2 DELEGATE MARSHALL: Something that I think might
3 be helpful once we start doing this is to make sure that we have
4 a score card so that we're all dealing off the same page and
5 make sure I'm not scoring it one way and somebody else is
6 scoring it differently, and I don't know if that's a one to five or A,
7 B, and C.

8 MR. SORRELL: We'll have something that's very
9 simple that we can use for scoring purposes. Dr. Ehrhardt was
10 very helpful in connecting us with The Launch Place in Danville,
11 and that's helped to guide and direct in some of the scoring
12 criteria that they used in their projects, and that's been very
13 constructive and also in developing guidelines.

14 As you look a little bit further into the program
15 eligibility criteria on the third page here.

16 DELEGATE MARSHALL: I want to ask a question.
17 Since we are a quasi state, is there anything that we, or what are
18 the problems out there that would affect us and that would not
19 affect the normal shark tank? Discrimination or any of those
20 type things is what I'm asking about.

21 MS. MYERS: Discrimination would affect the shark
22 tank, but the main thing that, or when this starts, the main thing
23 I'm thinking about would be liability. The Commission or the
24 mentorship or if that project doesn't come to fruition or it fails,
25 what type of liability is that member or what do they have at

1 stake, a liability waiver on that.

2 DELEGATE MARSHALL: When you start at 20 and
3 then you make it 10, are we going to draw up some type of
4 contract that would relieve us and once you cut the 20 down to
5 10 and they come back and sue us or whatever?

6 MS. MYERS: Yes, you need to speak to that.

7 MR. SORRELL: Yes, like we have with GENEDGE now,
8 and I talked to James a little bit about this. We have an overall
9 contract with GENEDGE up to 10, and we have individual 10
10 orders with these companies and there would be a waiver. And
11 the applicant, of course, would sign it, and that would relieve the
12 Commissioners from any liability and any kind of guarantees and
13 that type of thing. I have a copy of that, if you'd like to take a
14 look at it, and I can share that with you.

15 MS. MYERS: Back to your original question. You have
16 to keep in mind that the Freedom of Information Act, these are
17 going to be records that would protect them from disclosure and
18 dealing with a governmental entity.

19 DELEGATE MARSHALL: On the R&D Trade
20 Association, we had to sign a copy for a certain period and
21 companies that they were bringing to us and they go out to the
22 marketplace and they didn't want those products to be public
23 until they announced that. Could we have something along those
24 lines? One of the groups may have a confidential process or
25 product or something.

1 MS. MYERS: If information is requested to be kept
2 confidential, so it will be.

3 DELEGATE MARSHALL: So, then we could go into an
4 executive-session-type situation?

5 MS. MYERS: Correct.

6 DELEGATE MARSHALL: So, if somebody requested,
7 we could go into executive session.

8 MR. MILLS: So, it would be up to the individual who's
9 presenting this information?

10 MR. FEINMAN: Yes, we're more than likely to have
11 folks who would welcome frankly the exposure than we are to
12 have folks that have trade secrets or a trade secret that they're
13 committed to protect, but we have the ability to accommodate
14 that.

15 MR. SORRELL: Let me make sure that we have
16 criteria to normalize how we review and rank the applications
17 and we'll provide you a copy of that. So, that's a basic layout of
18 the program.

19 Now, as far as the process goes, they would submit an
20 application online, and I've got a draft copy of the typical
21 application questions. Basically, it's like a business plan, and the
22 type questions we would be asking, summarizing the purpose of
23 the business, business description, or history, and something
24 about the product, industry status, all those type of things would
25 be in the application. If they already have a business plan, that

1 should be a fairly simple thing for them to fill out.

2 Once we've received the application, and we have the
3 application period, let's say for a month or so, and Staff would
4 review the initial application form and also we'd review it to make
5 sure that they meet our eligibility criteria and that would apply to
6 the top 20. We have to make sure they meet the eligibility
7 criteria and then reviewing the application and we would review
8 the items in the application and some things like making sure
9 they have a strong management team, that's on page 3 of the
10 guidelines, size of the market opportunities, sales and marketing
11 strategy, the business model, the strength of the intellectual
12 property owned by the company, all those kind of things, and
13 that would enter into the evaluation.

14 One thing that I did want to mention is about the
15 eligibility criteria that we discussed back in January and
16 GENEDGE would give us feedback in terms of where we want to
17 make the cuts as far as what businesses would be eligible and
18 what businesses are not eligible.

19 Now, as far as where the businesses are located, we
20 certainly want them to be located within the Footprint. Then we
21 have a topic like are they willing to relocate. And whether people
22 are willing to relocate, there's some discussion about that, the
23 fact are they willing to relocate, and that's important. Another
24 important point would be that are we producing something that
25 might support some economic sector. So, at the end of this

1 project and if the business grows, and as I said, producing or
2 manufacturing a new product within a traded economic sector or
3 developing new technology services that supports growth of
4 products and manufacturing within the traded sector.

5 MR. FEINMAN: That comes back to the foundational
6 economic model that we rely on as a Commission which is, are
7 we increasing the amount of money within the Footprint but
8 bringing new capital to the region? Hopefully, that's how we
9 grow.

10 MR. SORRELL: Now, we want these to be fairly new
11 businesses, maybe not being in business for more than five
12 years, smaller businesses under 20 employees or fewer. Small
13 number of employees but enough to begin stretching the
14 comfortable control span. Also, no more than say a million
15 dollars in total annual receipts. Ones that are realizing revenue
16 but not yet fully mature. These would be the eligibility criteria
17 that we would be looking to establish in this program, but these
18 are the kind of things that we're going to have to look at before
19 the applications are complete.

20 Now, from those that meet that criteria and evaluating
21 the applications based on those criteria, then we would move
22 forward.

23 Are there any questions on the criteria, or should we
24 tweak those? What about the numbers? Any comments or
25 questions?

1 DELEGATE MARSHALL: So, the 20 or 25, who cuts it
2 down to 20?

3 MR. SORRELL: It'll be the Staff. And we'd make sure
4 the Committee was aware of the applications, and then we can
5 work from there and show you what the number is.

6 MR. FEINMAN: Our concern is it's going to be a pretty
7 long day for you all to hear 20 pitches, that seems like the upper
8 limit what we can realistically do, if we get 150, then we'll have
9 to figure something else out, or maybe tighten the eligibility, but
10 that will keep the company's pitch to purely high quality so we're
11 not wasting the Commission's time.

12 DELEGATE MARSHALL: Twenty in one day is a busy
13 day, maybe we need to stretch it over to two days.

14 MR. SORRELL: We could do that. If you have 20 and
15 maybe five minutes apiece, and then you have to have a little
16 slack in between.

17 MR. FEINMAN: Well, you've got to at least get 15,
18 because that's their pitch.

19 DELEGATE MARSHALL: I would assume that once we
20 hear a pitch from Company A, then we'll break and talk about
21 that.

22 MR. FEINMAN: Groups rather than break every time.

23 MR. SORRELL: It might make sense to split that over
24 two days just because of the number.

25 MR. MILLS: We'll certainly have some discussion and

1 some back and forth, maybe 20 minutes or better.

2 MR. FEINMAN: Another thing you might do that may
3 be a better model rather than do 20, maybe do two rounds. We
4 bring 10 to you, and then bring another group.

5 MR. SORRELL: That make it better for GENEDGE, and
6 they have to figure out a way to allocate their consultants rather
7 than a certain number all at one time.

8 DR. EHRHARDT: At The Launch Place, they have a
9 pretty good way they do theirs, actually it's faster moving.
10 They've done this many times.

11 DELEGATE MARSHALL: Alexis, do you think we could
12 observe how they do it there?

13 DR. EHRHARDT: The March one is done, and
14 November was a great one to observe.

15 MR. FEINMAN: We might get some benefit by asking
16 them to come to one of ours, one of our meetings and they can
17 help.

18 DELEGATE MARSHALL: The Launch Place has been
19 doing this a number of years.

20 DR. EHRHARDT: They have, yes.

21 MR. SORRELL: So, as far as the application
22 evaluations. So, what the Committee would consider the
23 scorecard and our evaluation criteria would be basically made on
24 similar things that we talked about in the application, but sales
25 and marketing strategies, jobs that would be creating, what

1 impact on the area the program might be, and after all the
2 presentations, you'd have to go back and determine which ones
3 you want to accept.

4 As mentioned earlier, the funding for this comes out of
5 the FY20 budget, and that's, I think, \$50,000, and that would
6 fund 10 at \$5,000 apiece, and that's strictly for an opportunity to
7 go through this process. It is a pilot program, and if it's
8 successful, who knows.

9 DELEGATE MARSHALL: Let me ask a question. Our
10 next board meeting is going to be in Danville. Is there an
11 opportunity that maybe this Committee would want to meet with
12 some of the staff of GENEDGE and maybe kind of walk through or
13 observe what they've done and what problems or opportunities
14 they found. If they've already done this.

15 MR. SORRELL: I think that's a great idea.

16 MR. FEINMAN: That's a good idea.

17 DELEGATE MARSHALL: Alexis, are you on that board,
18 on The launch Place, I mean?

19 DR. EHRHARDT: No, but I work really close with
20 them, and I'm happy to help and anything that we might want to
21 do.

22 MR. FEINMAN: I would suggest, Delegate Marshall, it
23 might be a good idea for this Committee to sit down and get an
24 update or a full walk-through from both GENEDGE and The
25 Launch Place. James has been nodding enthusiastically. Is that

1 right, James?

2 MR. SMITH: Yes, that's a great idea. We're
3 headquartered in Martinsville, but that would be no problem.

4 MR. SORRELL: That would give members on the
5 Committee an understanding on how GENEDGE can work with us.

6 DELEGATE MARSHALL: Do you think The Launch
7 Place would be agreeable to do the same?

8 DR. EHRHARDT: Absolutely, I think so.

9 MR. SORRELL: We can reach out to them. Well, if all
10 this is agreeable, then we're ready to start the program and we
11 can start it as soon as the fiscal year and then maybe a
12 September final funding decision on this and the GENEDGE
13 assessment period would begin in September.

14 MR. MILLS: So, the mentorship experience with a
15 member of the Business Support Committee, how would that
16 work?

17 MR. FEINMAN: You all, as Committee members, the
18 same conversation when you decide which ones are going to
19 make the cut and divide them up among each member of the
20 Committee, we shop for Committee members who have business
21 background, but even for folks who have not had that
22 experience, even just a smart set of eyes who is committed to
23 success of a business can be really valuable.

24 I also think if the program grows, we'll want to find
25 some mentors that are off the Committee, as well, and it'll be a

1 good opportunity for Committee members to dig in on this.

2 DELEGATE MARSHALL: We could look at some of the
3 past members.

4 MR. SORRELL: Certainly we can have members who
5 are interested asking questions and any suggestions or helping
6 through this process.

7 Now, any other questions about this program, how
8 we've laid it out so far?

9 DELEGATE MARSHALL: Alexis, any questions?

10 DR. EHRHARDT: No, but thank you.

11 MR. FEINMAN: Well, Mr. Chairman, you can't really
12 ask any questions or any motions to take up, but you can direct
13 the Staff to reach out to Committee members individually and
14 gather any objections and hearing none, we can still present this
15 to the Full Commission.

16 DELEGATE MARSHALL: We're going to have a
17 meeting in Danville, we can do it then.

18 MR. SORRELL: Talking to individual Committee
19 members and making sure that they are aware of all this.

20 DELEGATE MARSHALL: Evan, is our Committee large
21 enough to do this, or do we have enough people?

22 MR. FEINMAN: Delegate Marshall, I expect that there
23 might be a few more folks that want to get on the Committee,
24 and additionally, you'll be able to avail yourselves of more
25 people, but I also think that the idea of to split it up and do a

1 round of 10 applicants, which you'll select five, and the five get
2 reviewed by ample membership on the Committee as currently
3 constructed.

4 DELEGATE MARSHALL: My only thought is that in the
5 last, we had a presentation in far Southwest Virginia. Maybe we
6 should have a Southwest group and a Southside group, just
7 trying to make it a little bit more accommodating, so when you
8 have a presentation in Southwest, I wouldn't have to drive six
9 hours to hear a 30-minute presentation.

10 MR. FEINMAN: We can certainly try to do that, Mr.
11 Chairman. You are the chair of the Committee, so you'll need to
12 be there either way. No good deed goes unpunished.

13 MR. MILLS: Like Washington County, that's three-
14 and-a-half hours away for me, but looking at the list, there are
15 several from Southwest Virginia that could be there.

16 MR. FEINMAN: We try to work that out
17 geographically, representation on all the committees.

18 DELEGATE MARSHALL: If this is going to be
19 successful, so year after year, but you know that's not going to
20 go away, I mean that company is going to still go back to that
21 mentor. In two or three years, that person is going to have a full
22 plate.

23 MR. FEINMAN: We would hope that folks would
24 recognize when they're at their capacity and let us know and
25 maybe we can look for other members and looking around at

1 state government, and there are other agencies that work on
2 supporting small business groups and small business
3 development and they also have rosters of potential mentors and
4 advisors. So, we can begin to tap into that. I also expect that
5 we could rely on our local chambers for some help, and I think
6 people might want to give back. And I'm sure that's available in
7 a variety of places.

8 DELEGATE MARSHALL: The Launch Place they do this
9 mentorship?

10 DR. EHRHARDT: They have a staff available. I don't
11 think there'll be a real challenge finding someone.

12 DELEGATE MARSHALL: Any other business needs to
13 come before us today?

14 MR. SORRELL: Nothing concerning this project.

15 DELEGATE MARSHALL: All right. Any public
16 comments? Seeing none.

17 MR. FEINMAN: We created this committee a while
18 ago, and it's a little different from other Commission committees,
19 and I appreciate you and the rest of the members coming along,
20 and we're excited about this.

21 DELEGATE MARSHALL: Hearing none, we're
22 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, April 16, 2019, at 1:20 o'clock p.m., at the Hotel Roanoke and Conference Center, Roanoke, Virginia.

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

Given under my hand this 26th day of April, 2019.

Medford W. Howard

CCR