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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Special Projects Committee Meeting

Thursday, June 6, 2019
10:00 o'clock a.m.

Institute for Advanced Learning and Research
150 Slayton Avenue
Danville, Virginia 24540

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 Ms. Cassidy Rasnick
11 Mr. Robert Spiers

12

13 COMMISSION STAFF:

14 Mr. Evan Feinman, Executive Director
15 Mr. Andy Sorrell, Deputy Director
16 Ms. Sarah K. Capps, Grants Program Administrator,
17 Southside Virginia
18 Ms. Michele Faircloth, Grants Assistant
19 Ms. Sara G. Williams, Grants Program Administrator -
20 Southwest Virginia
21 Ms. Jessica Stamper, Grants Assistant
22 Southwest Virginia

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1 COUNSEL FOR THE COMMISSION:

2 Ms. Elizabeth Myers
3 Assistant Attorney General
4 Richmond, Virginia 23219

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1 June 6, 2019

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DELEGATE MARSHALL: Evan, would you call the roll.

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MR. FEINMAN: Delegate Marshall.

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DELEGATE MARSHALL: Here.

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MR. FEINMAN: Senator Carrico.

7

SENATOR CARRICO: Here.

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MR. FEINMAN: Ms. Rasnick.

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MS. RASNICK: Here.

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MR. FEINMAN: Delegate Byron.

11

DELEGATE BYRON: Here.

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MR. FEINMAN: Ms. Clark.

13

MS. CLARK: Here.

14

MR. FEINMAN: Senator Chafin.

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SENATOR CHAFIN: Here.

16

MR. FEINMAN: Mr. Cunningham.

17

MR. CUNNINGHAM: Here.

18

MR. FEINMAN: Mr. Mills.

19

MR. MILLS: Here.

20

MR FEINMAN: Mr. Owens.

21

MR. OWENS: Here.

22

MR. FEINMAN: Mr. Spiers.

23

MR. SPIERS: Here.

24

MR. FEINMAN: You have a quorum.

25

DELEGATE MARSHALL: Second on the agenda is

1 approval of the January 8, 2019 minutes.

2 MR. OWENS: So moved.

3 MR. CUNNINGHAM: Second.

4 DELEGATE MARSHALL: Any corrections or additions?
5 Hearing none, all those in favor, say aye. (Ayes). Opposed?
6 (No response). The minutes are approved.

7 Tim is not with us today, but we'll ask Sarah.

8 MS. WILLIAMS: We're going to start with a request
9 for the Southwest Project. That's Number 3009, it's the Blue
10 Ridge Crossroads Economic Development Authority, Wildwood
11 Commerce Park, Wastewater Capacity II. This project is almost
12 complete, and we expected it to be done a year ago. They're still
13 working with the contractor to complete some engineering work.
14 They're working with the contractor to complete startup testing
15 and engineering signoff of the wastewater system upgrades,
16 including a pump station. Staff recommends approval of a fifth
17 year extension through May 21, 2020 to allow time for proper
18 startup testing and closeout activities.

19 DELEGATE MARSHALL: Are there any questions about
20 Grant Number 3009? I have a motion to accept Project 3009.

21 MR. MILLS: Second.

22 DELEGATE MARSHALL: All those in favor, say aye.
23 (Ayes). Opposed? (No response).

24 MS. CAPPS: We have a request for the MAMaC
25 Otterdam Road, Phase 2, Number 3010. Request for a fifth year

1 extension to May 21, 2020. County staff has indicated that
2 engineering for the Phase 2 roadwork is 99 percent complete,
3 and the project should be bid in the next 30 to 60 days. The
4 grant funding share of the construction contract is expected to be
5 completed within the fifth year extension. Staff recommends
6 approval of a fifth year extension to May 21, 2020.

7 DELEGATE MARSHALL: Any questions to Project
8 3010? Do I have a motion to accept?

9 MR. CUNNINGHAM: Motion.

10 MR. OWENS: Second.

11 DELEGATE MARSHALL: Any discussion? Seeing none,
12 all those in favor, say aye. (Ayes). Opposed? (No response).

13 MS. CLARK: I abstain.

14 DELEGATE MARSHALL: One abstention.

15 MS. CAPPAS: The next extension request is from Prince
16 Edward County, the Industrial Access Road, Number 3089,
17 request for a fifth year extension to May 21, 2020. This is a
18 \$328,395 Special Projects grant award, approved in September
19 of '15 to support the development work and expanding lots in
20 Prince Edward County Industrial Park. A total of \$571,960
21 Commission funds are committed from three grants to support
22 the access road construction. And this grant from Special
23 Projects and two smaller awards from the Southside Economic
24 Development Committee was awarded in 2016. The primary
25 match is \$475 from VDOT. Commission required on the status of

1 the application to VDOT and it was reported that it has never
2 been submitted and the County is working on this now, and
3 indicated a four-to-six month review process which is expected to
4 further delay the contribution timeline.

5 But the Southside Economic Development grant for
6 this project will come up for an extension in early 2020, and we
7 will know at that time the status of the bidding and whether all
8 funds are committed. The Staff does recommend approval of a
9 fifth year extension to May 21, 2020.

10 DELEGATE MARSHALL: Any questions?

11 MR. OWENS: This will be completed by 2020?

12 MS. CAPPAS: I can't say for sure, but that's the plan.

13 DELEGATE MARSHALL: Any other questions? What's
14 your pleasure?

15 MR. MILLS: I move to approve the extension.

16 DELEGATE MARSHALL: Any more discussion to accept
17 the extension on 3089? Do I have a second?

18 MR. OWEN: Second.

19 DELEGATE MARSHALL: All those in favor, say aye.
20 (Ayes). Opposed? (No response). All right, that passes.

21 We're going to deviate a little bit. I'm going to ask
22 Don Merricks to come forward, and Mark Gignac. We've got a
23 little bit of time here.

24 Don, I know you know the members here. Don was
25 on the Commission for years. Don is chairman of the Board of

1 the Institute for Advanced Learning and Research. Welcome,
2 Don.

3 MR. MERRICKS: Good morning, everyone. Welcome
4 to Danville and Pittsylvania County. It's a pleasure to host you
5 all here today. This will be my fourth year coming up sharing the
6 board. Most days, it's very busy, and then Mark will tell you
7 about it. My job is to introduce an individual that really needs no
8 introduction, but I'll tell you about him.

9 Mark Gignac is executive director, and he's well into
10 his second year. He graduated from Virginia Tech, and he spent
11 his early career building an electronic manufacturing business,
12 and that operated for over three decades here in Danville, He's
13 involved in the economic development aspects and was a
14 member of the Danville City Council and the Danville
15 Development Center and served on many committees and
16 activities and is executive director of the Institute for Advanced
17 Learning and Research and the economic transformation. He's
18 done a brilliant job of that.

19 A lot is going on here. You can see the new building.
20 There's a lot of good information. So, it's my pleasure to
21 introduce to you Mark Gignac, our executive director. Here at
22 the Institute, we have changed a lot. Those of you that saw the
23 Institute rise from its very beginning, we've refocused to do what
24 we need to do. I could go on and on, and they do some research
25 here, and there's been a lot of planning, and plans grow, of

1 course. And there's so much information here that they catalog,
2 and we have people that want to tap into that library and use it,
3 and they really do a good job here.

4 MR. GIGNAC: I appreciate the opportunity to speak.
5 I'm a director here at the Institute for Advanced Learning and
6 Research, and I thank Don for introducing me. For some of you
7 that don't know, the Institute has received three grants in the
8 last two cycles through the Tobacco Business Program. First was
9 to establish an Ag. Program, and the second one was two years
10 ago, and that was something new, and that's a little over a year
11 old now. This past January, we received funding to establish our
12 lab. I want to thank you all very much.

13 I'm from originally the business sector and, of course,
14 we are growing and growing. It's our intention to establish this
15 program that you've helped us establish. This was not going to
16 be a long drawn-out grant and then it fades away. The purpose
17 was to create a new program here at the Institute, and I want to
18 thank you again and let you know we do take it seriously. The
19 last grant we received funding to establish a certified lab. That
20 will allow us to do a lot of things and we'll be able to do a lot of
21 research, and this will allow us to take our lab to another level,
22 as well as be third party certified by ISO.

23 The timing of this particular grant is incredible,
24 because one of the things that or we certainly had it on our radar
25 screen and for the industrial account. When we applied for the

1 grant, that was not a legal problem, and the investment and
2 equipment would cover some agriculture and certainly with the
3 farm bill passed in December and the kind of crop couldn't be
4 better, if you can follow that. So, the timing of the grant that we
5 received from you could not have been better.

6 One of the pieces of equipment that we purchased
7 with Tobacco Commission money, it's a very high end piece of
8 equipment, and we understand it's the only one of its kind in
9 Virginia and North Carolina. That really puts us at the highest
10 level. Even today, we can run samples and utilize that
11 equipment. As part of our match, we want to take possession of
12 roughly a \$200,000 piece of equipment and kind of the last piece
13 that we need from an American manufacturer. And we will be
14 buying some other testing mechanisms. So, that piece of
15 equipment will really be everything that we will need to have a
16 complete testing lab for the agriculture aspect.

17 Another point I want to make, the impact you're going
18 to have on the Institute and the machines that we have. The
19 Institute is buying and we're doing it ourselves, and really in all
20 Virginia and the Southeast, there's a number of reasons why
21 we're doing that. In January, when we were talking about this,
22 we had Halifax County and the Institute established, and we had
23 a hemp summit. We had our second annual meeting, I believe in
24 February, brought together 350 people to the Institute from 18
25 states and three or four countries and bringing people into the

1 Institute, and everything we do here increases our status and our
2 staff. It's really good for the region. Every time we do
3 something like that and bring in those kind of knowledgeable
4 people and we're increasing our stature, I believe, on the East
5 Coast.

6 Next February, we're expecting to increase our
7 attendance to 550 people and we did plan for 250, and we had
8 220 people on the waiting list, I believe, and that really shows
9 the interest in this field, especially when you have a certified lab.
10 When you have people come to your doors and accumulating all
11 this expertise. We've done research here for years, and we're
12 doing a variety of different research, and that's the kind of piece
13 we offer industries, working with industries, various industries
14 and producers. We want to give back to the producers in our
15 region, and they've got a way of interacting with us.

16 Recently, I've been asked to serve on what's called
17 the U.S. Grower Authority and writing standards for the
18 industries. So, we have been recognized as being leaders. I just
19 want you to understand what we said we would do, we're
20 fulfilling that, and there's no doubt about it, and our goals, of
21 course, that will be a revenue generating and we're going to do
22 all this with our lab. But beyond that though, and with this
23 equipment is really allowing us to take a leadership position,
24 something that's booming across the country.

25 So, without saying a lot more, I certainly want to

1 thank you for all that you've done for the Institute and all the
2 grants and we also appreciate you holding a meeting in here in
3 our facility.

4 DELEGATE MARSHALL: Well, we appreciate
5 everything you're doing, and we have a member of our board
6 here, and he's been at that for about 20 years. And when we
7 talk about it, and one of our members here, Mr. Mills, is involved
8 with this, I understand it. There are people growing this hemp
9 now, and there's been some legislation or emergency legislation
10 about it, and it can be a real good crop for Virginia. So, I'd ask
11 Mr. Mills to speak to that.

12 MR. MILLS: Thank you, Delegate Marshall. I'm
13 Robert Mills, and I farm here in Pittsylvania County. Last week,
14 we planted five acres of hemp, and we've got coming in from
15 Colorado picking it up at 7:30 tomorrow morning for another
16 company. The hemp industry has exploded not only here in
17 Virginia, all over the country. In Virginia, especially, and the
18 numbers last week, we have over 700 registered growers with
19 over 7,000 acres registered.

20 What is unique for us and the area for hemp
21 production, the one production that it has the most potential for
22 profit, and we need that in the tobacco-producing region, and
23 great for our tobacco producers who have lost contracts, and this
24 has given us an outstanding opportunity for those growers in this
25 area to be able to utilize the equipment that's already in place on

1 the farm.

2 Last week when we were planting it, I could use the
3 same four rows in the same four-row tobacco planter that I
4 would use to plant tobacco with. Now, we have the seeds for
5 hemp. And we'll be putting that in our tobacco barn we used for
6 flue-cured tobacco and have it dried out. And then we'll process
7 that in the containers that the various companies want us to use.

8 As a Tobacco Commission member and a tobacco
9 producer and hemp producer, I appreciate what you all are doing
10 and enjoyed working with you in the past and look forward to
11 working with you in the future. But this is an emerging industry
12 and one that we can definitely take advantage of and this can
13 help produce economic growth in this area as these processors
14 move to the Tobacco Region for industrial hemp.

15 DELEGATE MARSHALL: What's the possibility per acre
16 for hemp versus tobacco?

17 MR. MILLS: Tobacco production now, you can make
18 50 cents a pound profit off a pound of tobacco if you had an
19 outstanding year. Right now, an average grower of tobacco,
20 you're looking somewhere between \$700 to \$1,000 profit.

21 With CBD extract, you're looking anywhere from
22 \$10,000 to \$20,000 net profit, depending on whether you
23 purchase cones or whether you use transplant and the production
24 or cost of the transplant is you have to consider, and that ranges
25 anywhere from \$2.50 per transplant to \$7.00 per transplant

1 depending on where you purchase it from and the price of getting
2 it to you. I think there's a tremendous potential here for a small
3 acreage and maximize profits.

4 DELEGATE MARSHALL: As far as economic
5 development, some automobile manufacturers make dashboards,
6 I think Mercedes is using hemp to make dashboards inside the
7 car.

8 Last night, we went through the DCC with the
9 precision machines.

10 MR. GIGNAC: One of the things that is attracting
11 people and one of the companies that we're working with, they're
12 saying that in hemp, there's over 400 compounds. It's kind of a
13 gateway from hemp to some other things. Industry likes the fact
14 that it's not regulated, it allows them to do certain things, but it's
15 really an important agriculture product and it's important to keep
16 that in mind and of all the opportunities this can help.

17 You mentioned the precision machine, and some of
18 you will see that with our integrated machine in the building
19 behind us. We have a collaboration with the Danville Community
20 College, and they've been doing a great job, and the pipeline in
21 their machine shop, I think you looked at yesterday, and that
22 was for the first two-year students.

23 Now, third, the students have an opportunity to take a
24 third year or actually a short seven-month program on our
25 campus at DCC, and the Institute is part of that program, and

1 that allows them to obtain a higher degree of technical skills, as
2 well as learn the soft skills. And these are directed so they can
3 become managers on the floor.

4 If you've been following our newsletters, we've had
5 some success in recruiting and work on that pipeline. Everyone
6 knows the companies across the street and they're doing a lot of
7 research work. They've already started making parts over there.
8 The Advanced Manufacturing area is a key part and others, as
9 well as what the Institute does. What you may not be aware of is
10 that last July, almost a year ago, we were going forward with our
11 Advanced Manufacturing Division, and DCC, it's been a long time
12 get the program up and running, and the program is under our
13 payroll in July, and we've got these programs underway and
14 we've had some success. And we want to include industry in all
15 these areas.

16 We went to the Commonwealth a year ago and
17 received funding to build a new \$25 million facility and much like
18 what we're doing in our campus today. The two buildings behind
19 us, and for those of you that are not aware of the two buildings
20 behind us, it's a three-building campus, those buildings are part
21 of the machine program and exclusive being rented to industry
22 partners that have moved into our community and looking for a
23 place to start. It will take a while to build this \$25 million
24 building. We're actually building an expansion, and that
25 expansion is designed to launch two companies that will open

1 this fall and we plan to have two tenants in that facility when we
2 open in the fall.

3 DELEGATE MARSHAL: Thank you so much for your
4 presentation and for your time. This is one of the first grants the
5 Tobacco Commission made that was for the facility that we're
6 sitting in right now in the early days, and money well spent, so
7 thank you all very much.

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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, Special Projects Committee Meeting**, when held on June 6, 2019, at 10:00 o'clock a.m., at the Institute for Advanced Learning and Research, Danville, 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 25th day of June, 2019.

Medford W. Howard
CCR