

#89  
11/12/23

**TABLE OF CONTENTS**

**MEETING LOGISTICS**  
Itinerary ..... 1  
Downtown Franklin County Map ..... 2  
Hotel, Meeting & Reception Locations ..... 3  
Commission Agenda ..... 4

**EXECUTIVE COMMITTEE**  
TROF Policy ..... 5  
TROF Incentive Guideline Example & Overview ..... 9  
FY'16 TROF Approvals ..... 11

**AGRIBUSINESS COMMITTEE**  
Agenda ..... 12  
#3119 Providence Farm Request ..... 13

**EDUCATION COMMITTEE**  
Agenda ..... 15  
Agribusiness Committee Recommendations ..... 16

**R&D COMMITTEE**  
Agenda ..... 27  
Proposed Guidelines & Dan River Request ..... 28

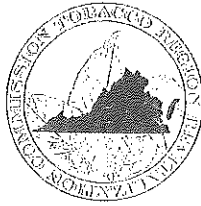
**SOUTHSIDE ECONOMIC DEVELOPMENT COMMITTEE**  
Southside EcoDev Committee Recommendations ..... 30

**SPECIAL PROJECTS COMMITTEE**  
Agenda ..... 39  
Megasite Extension Requests ..... 40

**STRATEGIC PLANNING COMMITTEE**  
Strategic Plan ..... 42

**ADMINISTRATIVE**  
FY'17 Proposed Budget ..... 68  
Financial Summary 4/30/16 ..... 69  
Statement of Revenues, Expenditures and Changes 4/30/16 ..... 70  
Budget Fund Balance Report ..... 71  
Committee Assignments ..... 72





## ITINERARY

**\*IMPORTANT\***

**NO parking at The Harvester or Early Inn – please utilize the shuttle or refer to the attached map for Town parking.**

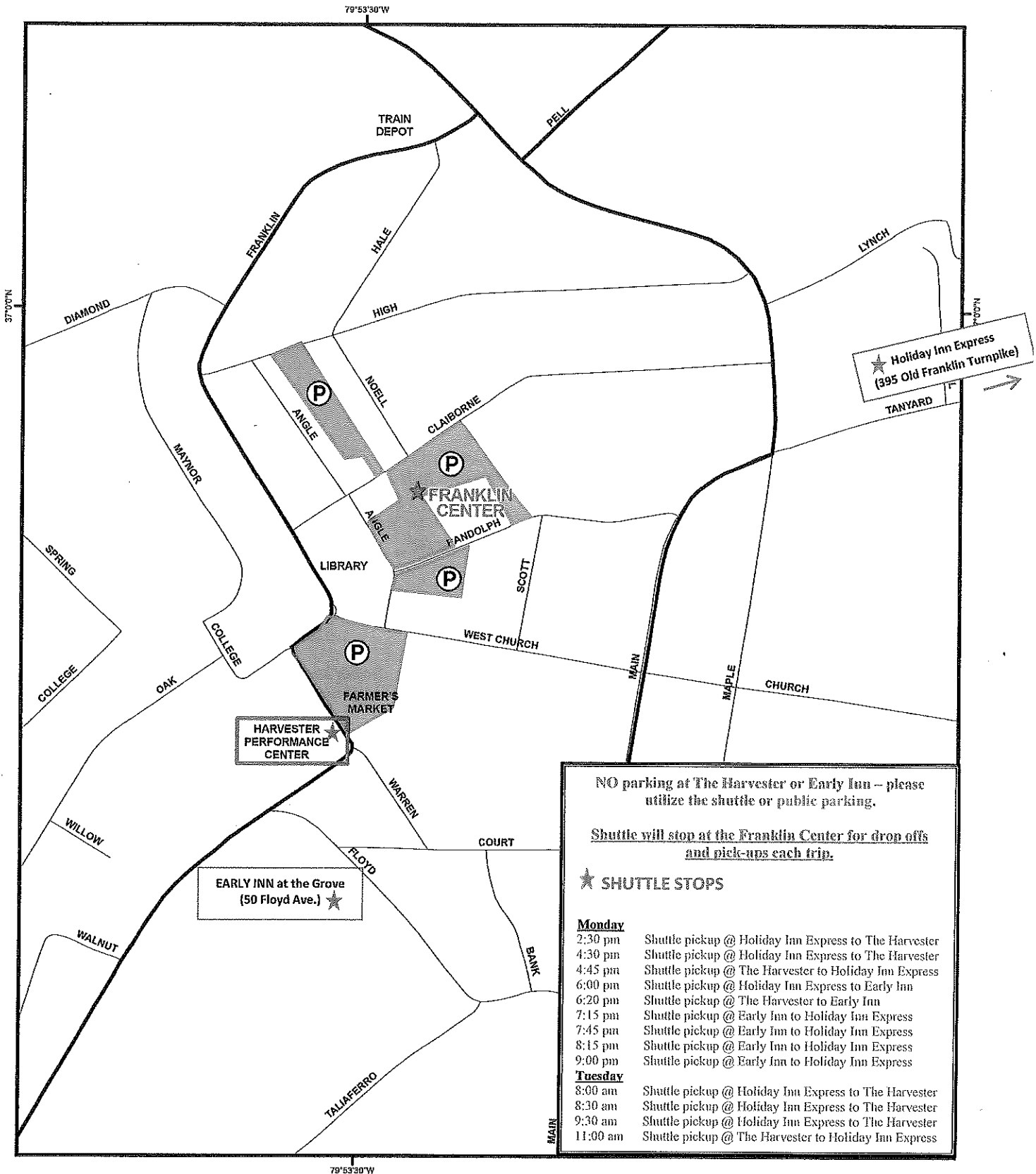
**Shuttle will stop at the Franklin Center for drop offs and pick-ups each noted trip below.**

### Monday, May 23, 2016

- 2:00 pm - 3:00 pm      **COMMISSIONERS w/ OVERNIGHT ACCOMMODATIONS**  
Hotel Check-In at Holiday Inn Express  
(395 Old Franklin Turnpike, Rocky Mount: 540-489-5001)
- 2:30 pm                      *Shuttle pickup @ Holiday Inn Express to The Harvester*
- 3:00 pm                      **R&D Committee Meeting**  
*The Harvester (450 Franklin Street)*
- 4:30 pm                      *Shuttle pickup @ Holiday Inn Express to The Harvester*  
4:45pm                      *Shuttle pickup @ The Harvester to Holiday Inn Express*
- 5:00 pm                      **SPECIAL PROJECTS Committee Meeting**  
*The Harvester (450 Franklin Street)*
- 6:00 pm                      *Shuttle pickup @ Holiday Inn Express to Early Inn (reception)*  
6:20 pm                      *Shuttle pickup @ The Harvester to Early Inn (reception)*
- 6:30 – 8:30 pm              **RECEPTION**  
Early Inn at the Grove, 50 Floyd Ave., Rocky Mount, VA  
\*NO parking at Early Inn – utilize shuttle or see map for Town parking\*
- 7:15 pm                      *Shuttle pickup @ Early Inn to Holiday Inn Express*  
7:45 pm                      *Shuttle pickup @ Early Inn to Holiday Inn Express*  
8:15 pm                      *Shuttle pickup @ Early Inn to Holiday Inn Express*  
9:00 pm                      *Shuttle pickup @ Early Inn to Holiday Inn Express*

### Tuesday, May 24, 2016

- 6:00 am – 9:30 am              continental breakfast @ Hotel
- 8:00 am                      *Shuttle pickup @ Holiday Inn Express to The Harvester*
- 8:30 am                      **AGRIBUSINESS Committee Meeting**  
*The Harvester (450 Franklin Street)*
- 8:30 am                      *Shuttle pickup @ Holiday Inn Express to The Harvester*
- 9:00 am                      **EDUCATION Committee Meeting**  
*The Harvester (450 Franklin Street)*
- 9:30 am                      *Shuttle pickup @ Holiday Inn Express to The Harvester*
- 10:00 am                      **COMMISSION Meeting**  
*The Harvester (450 Franklin Street)*
- 11:00 am                      *Shuttle pickup @ The Harvester to Holiday Inn Express*



## DOWNTOWN ROCKY MOUNT PUBLIC PARKING

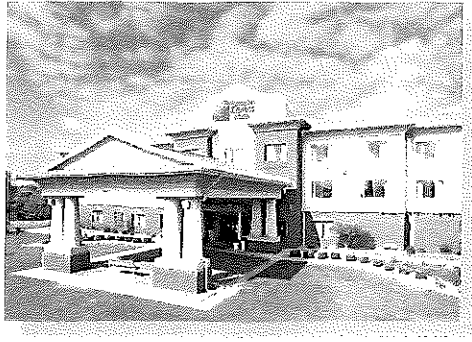


1 inch = 350 feet

Projection: Lambert Conformal Conic  
GCS North America 1983  
Datum: D North America 1983



Map created by jgibson  
This map is for general reference  
and display purposes only.



### Holiday Inn Express

395 Old Franklin Turnpike, Rocky Mount, VA 540-489-5001

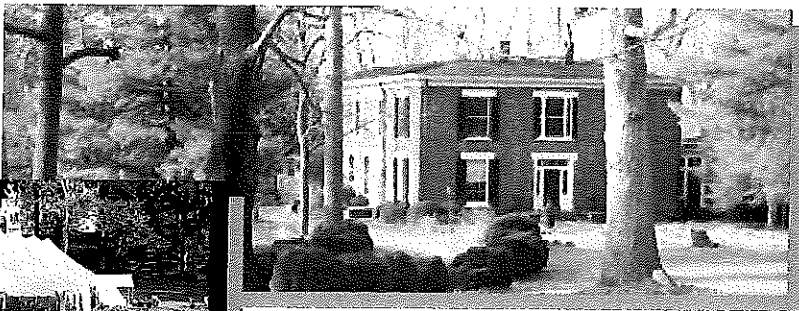
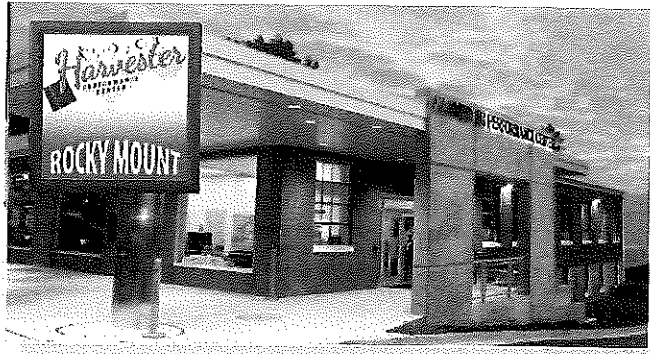
(located off 220 on VA-40)

Barts	Harris	Patterson
Butler	Kilgore	Pfohl
Cannon	Kim	Piper
Carrico	Lowe	Richardson
Chafin	Marshall	Ruff
Coleman	<del>Moore</del>	Shell
Feinman	Myers	Spiers
Gilbert	Owens	Stamper
Green	Howard	Wright

### The Harvester

450 Franklin Street  
Rocky Mount, VA

(public parking lots throughout Town  
with limited street parking)



### Early Inn at the Grove

50 Floyd Avenue  
Rocky Mount, VA

(Reception is outside under the  
big tent – dress accordingly.  
There is no parking at the  
Early Inn. It is within walking  
distance of the Franklin Center  
& Harvester plus there will be  
shuttles around town for  
everyone – please refer to the  
map or itinerary.)



## COMMISSION AGENDA

Monday  
May 24, 2016 @ 10:00am  
The Harvester  
Rocky Mount, VA

---

<b>✓ Welcome and Call to Order</b>	<i>The Honorable Terry G. Kilgore, Chairman</i>
<b>✓ Call of the Roll</b>	<i>Evan Feinman, Executive Director</i>
<b>✓ Election of Officers</b>	<i>The Honorable Terry G. Kilgore, Chairman</i>
<b>Approval of <u>1/12/16</u> minutes</b>	<i>(published on website)</i>
<b>Executive Committee</b>	<i>The Honorable Frank Ruff, Vice-Chairman</i>
<b>Agribusiness Committee</b>	<i>Robert Spiers, Chairman</i>
<b>Education Committee</b>	<i>The Honorable Frank Ruff, Vice-Chairman</i>
<b>R&amp;D Committee</b>	<i>The Honorable Kathy Byron, Chairman</i>
<b>Southside Economic Development Committee</b>	<i>The Honorable Tommy Wright, Chairman</i>
<b>Special Projects Committee</b>	<i>The Honorable Danny Marshall, Chairman</i>
<b>Strategic Planning Committee</b>	<i>Missy Neff Gould and Becky Coleman, Co-Chairs</i>
<b>Other Business</b>	<i>Evan Feinman, Executive Director</i>
<b>Public Comments</b>	
<b>Adjourn</b>	

**Virginia Tobacco Indemnification and  
Community Region Revitalization Commission**

**Policy Resolution**

~~May 21, 2015~~ May 24, 2016

**Whereas**, Title 3.2, Chapter 31 of the Virginia Code created the Tobacco Indemnification and Community Revitalization Commission, subsequently named the Tobacco Region Revitalization Commission (the "Commission") to, *inter alia*, revitalize tobacco dependent communities;

**Whereas**, in furtherance of such purpose, the Commission has established the Tobacco Region Opportunity Fund grant-program (the "TROF Program") to provide performance-based monetary grants and loans to tobacco region localities to assist in the creation of new jobs and investments through new business development and existing business expansion;

**Whereas**, by prior action the Commission has established the Tobacco Region Opportunity Fund Committee (the "TROF Committee") to assist in the administration of the TROF Program, and the TROF Committee has administered the TROF Program and the making of grants thereunder; and

**Whereas**, the Commission desires to restate in further detail certain aspects of the TROF Program, as set forth in the Tobacco Region Opportunity Fund Policy (the "TROF Policy"), attached hereto as Attachment A, which is by this reference incorporated herein and made a part hereof, to set forth certain policies for the receipt, consideration, approval, processing and making of grants and loans under the TROF Program;

**NOW, THEREFORE, BE IT RESOLVED** by the Virginia Tobacco Indemnification and Community Region Revitalization Commission, that

1. The TROF Policy is hereby approved and shall supplant existing TROF Program guidelines, procedures and practices currently in place, and, shall to the extent of any inconsistency or conflict with existing TROF Program guidelines, procedures and practices, supersede and prevail over same. The Commission specifically approves and affirms the delegations of authority to the TROF Committee and the Executive Director set forth in the TROF Policy.

2. All TROF Program grants heretofore approved by the TROF Committee under authority delegated to it by the Commission are hereby approved and ratified in all respects.

**Virginia Tobacco Indemnification and  
Community Region Revitalization Commission**

---

**Tobacco Region Opportunity Fund**

**POLICY**

**Effective ~~July 1, 2015~~ May 24, 2016**

**Purpose of the Tobacco Region Opportunity Fund**

The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary grants and loans to localities in Virginia's tobacco producing regions to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion.

The Commission has implemented the TROF ~~grant~~ program to support the goal of the Commission to “revitalize the economies of tobacco dependent regions and communities.” Under the TROF Program, the Commission will in large part evaluate the effectiveness of its undertaking by reference to job creation, workforce participation rate, wealth, diversity of economy, and taxable assets.

**Applications for TROF Grants and Loans**

The Commission will only accept TROF Grant and Loan applications from governing bodies, political subdivisions, or their control affiliates within the tobacco producing localities of Southside and Southwest Virginia.

Applications to the Commission for TROF Grants and Loans are to be submitted in writing in the form set forth from time to time by the Commission, and contain such information as the Commission may request, including but not limited to:

- name and contact information of the applicant;
- name and contact information of private entity beneficiary (if applicable);
- specific dollar amount being requested;
- name of the locality in which the private entity beneficiary is (or is to be) located (if applicable);
- number of new and/or saved jobs;
- average annual wage of new and/or saved jobs;
- amount of private capital investment into taxable assets; and
- North American Industry Classification System code of the private entity



beneficiary (if applicable).

### TROF Committee

Except as may be provided by the Commission from time to time, the TROF Committee previously established by the Commission shall continue, with such membership, responsibilities and duties as are set forth by the Commission within this Policy.

### Approval of TROF Grants/Loans

(a) Requirements. Unless otherwise approved by the Commission, TROF Grants/Loans may only be approved when:

- A minimum private capital investment of \$1 million within 36 months is promised by the private entity beneficiary; and
- The grant amount calculated in accordance with the Commission's incentive formula guidance attached hereto as Exhibit A, as the same may be revised from time to time, is at least ~~\$50,000~~\$10,000 and the grant amount awarded is not more than the amount so calculated, except when a loan of up to 150% of the calculated award amount is offered at a below-market interest rate in place of a grant; and
- matching funds from non-Commission sources are committed to the project and evidence thereof is satisfactory to the Executive Director.
- the total number of TROF grants awarded to the applicant, including its control affiliates, do not exceed three per fiscal year.

(b) The Executive Director is authorized to approve or deny, on behalf of the Commission, TROF Grants and Loans under this Policy that meet the purposes of the TROF Program and the requirements in subsection (a) above in an amount not to exceed the lesser of the amount requested by the applicant(s) or the amount calculated in accordance with the Commission's incentive formula guidance, or 150% of this amount if awarded as a loan, attached hereto as Exhibit A, as the same may be revised from time to time; provided, however, that a TROF Grant or Loan in excess of \$2,000,000~~\$1,000,000~~ must be approved by the TROF Committee. If the TROF Committee is not able to meet within 10 days of the application, the Executive Director, in consultation with the TROF Committee, is authorized to approve a grant/loan that does not exceed \$2,000,000. The TROF Committee is authorized to approve or deny, on behalf of the Commission, TROF Grants and Loans under this Policy that meet the purposes of the TROF Program and the requirements in subsection (a) above in an amount not to exceed \$3,000,000. The Commission must approve a TROF Grant or Loan in an amount greater than \$3,000,000. The Commission's incentive formula guidance shall be an index that calculates recommended grant amounts based on such factors as the annual payroll promised, the annual local prevailing wage, the number of jobs (direct, indirect and saved), and capital investment, with a greater premium applied to high unemployment areas, higher capital-to-payroll ratio and higher new-wage-to-prevailing-wage ratio).

(c) The aggregate amount of TROF Grants and Loans made during any fiscal year shall not exceed the sum of (i) amount set forth in the Commission's approved budget for such fiscal year, and (ii) refunds of prior TROF awards credited to the TROF account without prior approval of the Commission.

### **Performance Agreement.**

Unless otherwise approved by the Commission or the TROF Committee, all TROF Grants and Loans are to be disbursed pursuant to a Performance Agreement among the applicant, the Commission, and a private entity beneficiary, which the Executive Director is authorized to negotiate and enter into in substantially the same form as Exhibit B attached hereto, provided that such Performance Agreement shall contain the appropriate grant/loan and performance information for the TROF Grant or Loan as provided in the Commission's incentive formula guidance.

### **Acknowledgements**

An acknowledgement of the Commission must appear in any publication, announcement, or significant event related to the project.

### **Audit and Reports**

The terms of the Performance Agreement are subject to audit and verification by the Commission.

### **Repayment/Claw-back of TROF Grant;**

Unless otherwise approved by the Commission, the Performance Agreement shall require repayment of full or *pro-rata* grant amounts if the specific performance targets set forth therein are not achieved. The Executive Director is authorized to negotiate and enter into repayment agreements with entities seeking to make such repayments in installments over a period not to exceed three years from the date of such repayment agreement.

The following remedies shall be employed as deemed appropriate by the Executive Director for all grants under which contractual obligations are owed to the Commission and have not been fulfilled within 60 days after delivery of a written demand notice to all parties to the Performance Agreement and its control affiliates:

- A. Freeze all disbursements to the grantee and its control affiliates.
- B. Decline to accept any application for new grants from the grantee or its control affiliates.
- C. Enter the name of the grantee and its control affiliates into the State debt set-off system.
- D. Refer the file to counsel for appropriate steps up to and including collection proceedings.

## TROF Incentive Guidelines \*\*\*EXAMPLE\*\*\*

Data last updated: 2016-04-19

Company/Project Name <b>XYZ</b>	Locality <b>Amelia County</b>	Date  
------------------------------------	----------------------------------	--------------

		Data Sources
1. Unemployment Rate:	4.4%	annual unemployment rate
2. Number of Jobs Promised:	10	company and applicant
3. Number of Jobs Saved:	0	company and applicant
4. Capital Investment Promised:	\$1,000,000	company and applicant
Average Salary Promised, Weighted:	\$35,000	company and applicant
Annual Payroll Promised:	\$350,000	new jobs x salary
5. Annual Prevailing Average Wage:	\$36,725	average annual wage
NAICS Code	1121	company and applicant
NAICS Description Cattle Ranching and Farming		
6. Job Multiplier Per Region	1.21	periodic calculation
7. Fiscal Stress Index Score	99.14	annual fiscal stress index

[Search](#)

Number of Jobs - Direct	10	x	\$1,647 =	\$16,470
8. Est. Income Tax Revenue	10	x	\$1,149	\$11,488
9. Est. Sales Tax Revenue	10	x	\$498	\$4,981
Number of Jobs - Indirect	2	x	\$412 =	\$860
Number of Jobs - Saved	0	x	\$412 =	\$0
Capital Investment (\$MM)	1.00	x	\$991 =	\$991
Base Incentive				\$18,321
Unemployment Premium <small>more for high unemployment areas</small>	base	x	0.00 =	\$0
Capital Investment Premium <small>more for high capital-to-payroll ratio</small>	base	x	0.11 =	\$2,028
<b>Calculated Incentive</b>				<b>\$20,000</b>
<b>Request Amount</b>				<b></b>

\_\_\_\_\_  
Chris Piper, Deputy Director Date

- Guideline Incentive Amount RECOMMENDED
- Requested Incentive Amount RECOMMENDED

\_\_\_\_\_  
Evan Feinman, Executive Director Date

- Guideline Incentive Amount APPROVED
- Requested Incentive Amount APPROVED

This document serves a high-level overview and explanation of data sources and project inputs for the TROF estimator. A document explaining these in greater detail is available upon request.

### ***TROF Estimator: Model Parameters***

1. Unemployment Rate: Annual unemployment rate, based on calendar year, and sourced from Bureau of Labor Statistics – Local Area Unemployment Statistics. Typically updated in April for the previous year.
2. Jobs Promised: Number of persons employed by the entity who were not previously employed by the entity, sourced from applicant, and verified with Virginia Employment Commission – Quarterly Census of Employment and Wages. Typically lag 6-9 months from the end of the quarter.
3. Jobs Saved: Number of persons currently employed by the entity that would be unemployed by the entity should the location close or move, sourced from applicant. Note: The use of this parameter is often considered a judgement call, as it may depend on whether or not the entity is moving across state lines, and if so, which state lines (due to the income tax laws in the state).
4. Capital Investment Promised: Dollar amount of capital investment in taxable assets. For compliance with the performance agreement, this is validated with the Local Commissioner of the Revenue.
5. Annual Prevailing Average Wage: Four-quarter moving average of average (arithmetic mean) wages in a locality, sourced from Virginia Employment Commission – Quarterly Census of Employment and Wages. Typically lag 6-9 months from the end of the quarter.
6. Jobs Multiplier per Region: Multipliers for jobs in the specified industry, split by region (Southside and Southwest). Multipliers are sourced from IMPLAN v3.1. Typically updated in Spring, and lags two years from the current year (i.e. multipliers computed in Spring 2016 reflect calendar year 2014 data).
7. Fiscal Stress Index Score: Score computed by Department of Housing and Community Development; there are three sub-scores which go into the Fiscal Stress score: Revenue Capacity, Revenue Effort, and Median Household Income. Typically lags two years.
8. Estimated Income Tax Revenue: Based on estimated Effective Tax Rate for various Adjusted Gross Income classes, by taxable year, and sourced from Department of Taxation – Annual Report, Table 1.2. Typically updated in Spring when the Annual Report is published, and lags three years (i.e. Annual Report for 2015 is published in Spring 2016, and data reflect Taxable Year 2013).
9. Estimated Sales Tax Revenue: Based on a defined basket of goods for various income classes, and sourced from Census – Consumer Expenditure Survey, Table 1202. Typically updated semi-annually.

### ***TROF Estimator: Update Process***

A standardized, recurring, and repeatable process for updating the TROF Estimator has been established by Commission staff. The process repeats on a monthly basis and consists of validating and verifying data used in the model are the most current data. Should updates occur, Commission staff maintains a changelog of updates, as well as historical versions of the model.

TRUF Apps/

Non-confidential

listing

available

upon request.



**AGRIBUSINESS COMMITTEE AGENDA**

Tuesday  
May 24, 2016 @ 8:30am  
The Harvester  
Rocky Mount, VA

---

<b>Welcome and Call to Order</b>	<i>Robert Spiers, Chairman</i>
<b>Call of the Roll</b>	<i>Evan Feinman, Executive Director</i>
<b>Approval of the <u>12/7/15</u> Minutes</b>	<i>(published on website)</i>
<b>#3119 Providence Farm</b>	<i>Tim Pfohl, Grants Program Director</i>
<b>Other Business</b>	
<b>Public Comments</b>	
<b>Adjournment</b>	

# AGRIBUSINESS COMMITTEE

May 24, 2016

*The following request was tabled by the Committee in December 2016, and will be considered again by the Committee on May 24<sup>th</sup> at 8:30 am. Updated information is provided in the May 2016 Staff Comments on page two. The Committee has a current available balance of \$809,474:*

## **PROVIDENCE MULTIMEDIA DBA Providence Farm Mushroom Farm Incubator for Southern Virginia (#3119) \$195,000 Requested – Reduced to \$173,000**

*Executive Summary Provided by Applicant:* Providence Farm seeks funding to construct a mushroom growing operation. We believe this is an area with a significant market demand but inadequate supply. The construction of this commercial facility will be wholly unique to our area. The new revenue it generates will allow our Farm to become self-sustaining in its mission of serving Veterans and their families suffering from PTSD. The Vets and local farmers will be able to learn these skills and use them to establish similar operations. Providence Farm will act as a local hub to cooperatively handle marketing, sales, packaging and shipping for these and other area grower. As key priority will be to become a learning and educational center to help other local farmers learn how to also generate revenue.

*How will this project directly assist tobacco region producers access the identified market opportunity?* We believe that the profitability and scalability of mushroom production will be attractive enough to convert our goal of 4 Veteran owned and 4 non-Veteran owned farms within the region during our 36-month project timeframe. Our goal will be to act as the training and educational demonstration site and then work with these converted farms to be the marketing and product collection hub where shipments are sent out to metro markets in bulk. This will substantially reduce the cost of marketing, sales, packaging and transportation to these markets and realize a stronger net income for the cooperative partner growers here in the Tobacco Region.

**Staff Comments and Committee Recommendation (December 2015):** Funds are requested by this IRS-designated nonprofit based in Concord for the "purchase of equipment, constructing a production facility and supporting the starting cost of consumable material needed as part of the start-up cost of production." The facility is referred to as a "commercial mushroom production facility" and given the significant surplus of projected revenues over expenditures it is unclear to what extent (if any) this might become a for-profit operation. The nonprofit designation for Providence Multimedia was secured in 2003 when the organization was based in Maine (see [www.providencefarm.org](http://www.providencefarm.org)) and is operating currently with a wide array of events and programs to assist veterans and their families. The nonprofit's board appears to be largely constituted of family members, which raises concerns about the disposition of publicly-funded assets if the operation ultimately fails or transitions to for-profit status. A detailed operating budget is provided which shows the operation being cash flow positive in year 1 and highly profitable in Yr 2 and 3, although it doesn't include debt service for an intended USDA loan. Additional matching funds would be raised from individual and corporate contributions. The applicant also does a solid job of showing the production process, market interest in a niche crop, project fundraising and the concept of creating an aggregation hub and incubator, but the focus and outcomes appear to be more on veterans, without demonstrating how deep that pool is in the surrounding area (outcomes

list 225 veterans trained over three years, with each netting \$5,000 in new annual income) and whether those students would establish their own operations in the tobacco region. Given the thorough feasibility planning, the committed leadership and a ready market for the mushrooms, this project appears to be a better candidate for funding from socially-conscious individuals and private foundation than from public grant funds. **Committee recommends project be tabled.**

**Staff Comments and Recommendation (updated May 2016):** Grants staff met with Providence contacts at their farm site in Concord in late December along with the Campbell County Director of Economic Development. Information shared during this meeting and through follow-up communications included a revised detailed budget reducing the funding request to \$173K for the most essential project costs, a plan for governance of the nonprofit organization with list of a six member board of directors, and letters from ~ 25 individuals from tobacco region counties expressing interest in the mushroom farming opportunity (Appomattox, Bedford, and Campbell Counties). Providence indicated that they plan to file records for the nonprofit's governance with the State Corporation Commission by mid-May. One of the weaknesses of the original proposal that staff addressed with Providence was that the property where the mushroom farming operation would be established was in private ownership, albeit under a lease to purchase agreement, which included language indicating that the owner may donate it to the nonprofit. Providence has further clarified to staff that they would have no problem with a condition on the grant award requiring transfer of ownership prior to the release of grant funds. Another concern that staff identified was for reducing risk to the Commission on its investment in the event that the project was not successful. To address this the Campbell County IDA has agreed to be partner on the project, whereby they would hold title to or take a position of ownership in the TRRC funded assets (at no cost to the IDA), in the event of default or closing of the mushroom farming facility by Providence. Additional information received from the applicant clarifies the projected Agribusiness outcomes of the project to be 40 veterans trained in production techniques, with four individuals beginning growing operations at Providence Farm in the project period. Two of those are expected to move into independent off-site operations within five years. While these initial outcomes are low, particularly in relation to the estimated per grower income (\$5k/year), staff would note that as students "graduate," others will be recruited on a recurring basis, so that over the useful life of the equipment the actual number of veterans could be significantly higher than initial estimates (in essence, fulfilling the incubator concept noted in the project title).

**Staff recommends approval of a \$173,000 grant award conditioned on: 1) approval by the Commission's executive director of an agreement between Providence and the Campbell County IDA for protection of the assets purchased with grant funds; and 2) transfer of ownership of the privately owned property to the nonprofit organization prior to disbursement of grant funds.**





**EDUCATION COMMITTEE AGENDA**

Monday  
May 24, 2016 @ 9:00am  
The Harvester  
Rocky Mount, VA

---

<b>Welcome and Call to Order</b>	<i>The Honorable Frank M. Ruff, Chairman</i>
<b>Call of the Roll</b>	<i>Evan Feinman, Executive Director</i>
<b>Approval of the <u>5/5/16</u> Minutes</b>	<i>(published on website)</i>
<b>Loan/Scholarship Discussions</b>	<i>Evan Feinman, Executive Director</i>
<b>Public Comments</b>	
<b>Adjournment</b>	

## FY16 Competitive Education Committee Recommendations – May 2016

*The Commission received fifteen proposals for FY16 Competitive Education grants by the announced due date of March 15th. The requests seek \$2.6 million dollars. The Education Committee met on May 5th to consider these proposals and made the following 12 funding recommendations to be acted on by the Commission on May 24.*

Req #	Organization	Project Title	Requested Amount	Committee Rec Amt
3160	Bluefield College	Science Center Third Floor Addition	\$400,000	table
3162	Central Virginia Community College Educational Foundation, Inc.	Advanced Multipurpose Patient Simulator for Respiratory Therapy Program	\$30,331	\$30,311
3163	Emory & Henry College	Interprofessional Clinical Simulation Lab (ICSL)	\$300,310	\$221,590
3166	Medical Solutions Academy	Practical Nursing Program at Medical Solutions Academy	\$15,000	\$6,814
3161	Mountain Empire Community College	Healthcare Simulation Access - Phase 2	\$72,309	\$72,309
3156	Patrick Henry Community College Foundation	Introduction of Physical Therapist Assistant Program	\$99,977	\$94,350
3164	Southern Virginia Higher Education Center	Combatting the Regional Nursing Shortage: Building the Pipeline By Recruiting Students to Regional Nursing Education Programs	\$350,708	\$100,000 -
3158	Southside Virginia Community College Foundation	Lake Country IT Academy	\$104,943	\$104,943
3154	Southwest Virginia Higher Education Center Foundation	Clinical Laboratory Scientist - Phase II	\$175,599	\$43,106
3159	Virginia Advanced Study Strategies, Inc.	VASS Rural Math Innovation Network	\$250,000	\$250,000
3157	Virginia Technical Institute	Modernization of the VTI Welding Program	\$181,824	\$181,824
3155	Virginia Western Community College	BioLink II: Anatomy and Physiology in Franklin County	\$49,652	\$49,652
3165	Wytheville Community College	The Innovative Advanced Manufacturing Center at WCC	\$250,000	\$250,000
<b>Total (15 requests/12 funding recommendations)</b>			<b>\$2,610,653</b>	<b>\$1,483,619</b>
<b>Balance available before/after recommendations</b>			<b>\$1,599,796</b>	<b>\$194,897</b>

**Central Virginia Community College Educational Foundation, Inc.**  
***Advanced Multipurpose Patient Simulator for Respiratory Therapy Program***  
**(#3162)**  
**\$30,331 Requested**

**Executive Summary Provided by Applicant:** CVCC requests funding for the purchase and installation of a patient simulator manikin for its Respiratory Therapy Technology Program. The program prepares students for employment as Respiratory Care Practitioners and for Registry by the National Board for Respiratory Care. The simulator provides an array of physical and physiological features that simulate lifelike cases in nearly all clinical settings, and is essential in educating students in bedside procedures, emergency response, and mechanical ventilator maneuvers. Simulation provides an environment that is risk-free which gives the opportunity for students to rehearse skills repetitively in a structured environment as well as receive immediate assessment and feedback. Having the advanced simulator will assist the program in our ability to train additional respiratory therapy students.

**Staff Comments:** Grant funds are requested to support enhancements to the Associates of Applied Science degree in Respiratory Therapy Technology at CVCC through the purchase of a patient simulator manikin. The applicant indicates that support of the project will result in an increase of 20 students served (increasing from 20 to 40) and 9 additional credentials awarded annually (increasing from 11 to 20). The simulator is expected to result in increased credentials awarded annually through the reduction in overall hours necessary for completing the 52 competencies related to patient conditions, which otherwise require time during the less predictable and increasingly limited options for clinical rotations. TRRC previously supported this program with an \$85,050 grant in 2011 that was used for equipment purchases for start-up of the program. As noted in the application CVCC is the only community college in the Southside region that offers a respiratory care therapy program and therefore the program is available to serve students from across the tobacco region. Starting salaries are identified as ranging from \$40K - \$52K and there are currently 145 job openings in Virginia. Clinical rotations are primarily at Centra Health-owned locations in Lynchburg, Bedford County, Prince Edward County, and Pittsylvania County. The letters of support from Centra Southside Community Hospital in Farmville and Sentara Halifax Regional Hospital in South Boston give further indication of the value of this program beyond just the CVCC service area. CVCC makes a commitment to identify private funding to meet the Match requirement and they are familiar with this requirement on the grants. The program is well-aligned with Education objectives in STEM-H careers, and this modest request is consistent with TRRC support for healthcare simulation equipment at several community colleges and universities.

**Committee recommends award of \$30,331.**

**Emory & Henry College**  
***Interprofessional Clinical Simulation Lab (ICSL) (#3163)***  
**\$300,310 Requested**

**Executive Summary Provided by Applicant:** The Interprofessional Clinical Simulation Lab (ICSL) will provide training for allied health and advanced practice students with both standardized patient (SP) and high-fidelity patient simulator (HFPS) rooms. The ICSL will include seven simulation rooms set up similar to clinical exam rooms and three set up as hospital rooms. Simulated patient scenarios will provide a safe and controlled learning environment for students to improve

their communication, patient care, and clinical decision-making skills. The HFPS manikins will be particularly effective for presenting medical emergency scenarios involving dangerous changes in vital signs (e.g., cardiac arrest, diabetic emergencies, asthma, trauma). The ICSL is unique in that it will provide training in both SP and HFPS environments using both discipline specific and collaborative, multidisciplinary patient scenarios. Collaborative, team-based healthcare delivery has been shown to improve patient outcomes. Students trained in the team-based healthcare model will be more effective team members in their clinical practice.

**Staff Comments:** Funds are requested to assist with outfitting the Interprofessional Clinical Simulation Lab (ICSL) to be located in the School of Health Sciences. The total cost for furnishing and equipping the lab, consisting of 7 standardized patient (SP) rooms, 3 high fidelity patient simulator (HFPS) rooms, a control room, a student debriefing room and a SP meeting room is estimated to be \$653,492. The Commission has provided previous support for the School of Health Sciences. In FY12 a \$620,000 award assisted with renovations and equipment purchases for the DPT program. In FY13 TRRC approved \$300,000 to support three years of the Dean's salary and to renovate office space for the Dean and staff. This grant will reach its third anniversary in May 2016 with a balance of \$196,000 remaining (TRRC funds would pay the Dean's salary through June 2016, totaling \$245,258). The College has indicated that they will request an extension for the project. A detailed equipment list was provided with the application showing TRRC funds to be used for these purchases. Matching funds of \$353,182 are committed from the College using a portion of the \$2 million award received from the Smyth County Community Foundation for the School of Health Sciences renovation of the former Smyth County Hospital. The renovation is scheduled for completion by July 5, 2016. Matching funds will be used for equipment, furniture and software for the ICSL with the application stating that, without TRRC assistance, only 1 of the proposed 3 HFPS rooms (1 manikin each) and 4 of the 7 SP rooms can be completed. This is not thought to be sufficient to adequately serve students enrolled in the Doctor of Physical Therapy (DPT), Master of Occupational Therapy (MOT), and Master of Physician Assistant Studies (MPAS) programs that will be housed in the building. The 3 year DPT program admitted its first cohort of 32 students in August, 2015. The 27 month MOT program will admit its first cohort of 25 in August 2016 and the 27 month MPAS program will admit a cohort of 30 in May 2017. The tuition revenues generated when all programs are operational are significant with the 2015-2022 projected budget submitted in the application showing net revenues in 2017-2018 of \$610,238 and \$1,904,526 in 2018-2019 when the three programs are operating multiple cohorts. Based on the fact that the request shows significant credentialing outcomes for high wage jobs in the Commission's target area of STEM-H, as well as committed matching funds and a well-detailed operating budget, this request scored as one of the top five proposals in this grant cycle. Staff believes that this project is a viable candidate for financing through the VRA loan program, assuming a loan can be made through an eligible entity such as the County IDA.

**Committee recommends award of \$221,590.**

## **Medical Solutions Academy**

### ***Practical Nursing Program at Medical Solutions Academy (#3166)***

#### **\$15,000 Requested**

**Executive Summary Provided by Applicant:** Medical Solutions Academy is seeking start-up funds for a practical nursing program. The Va Board of Nursing has a specific list of equipment that has to be purchased in order for a program to be successful. We at Medical Solutions will utilize this grant money to purchase some of the equipment.

**Staff Comments:** A modest amount of grant funds is requested toward start-up equipment costs for establishing a new Licensed Practical Nursing program at a nonprofit academy based in Danville. While other LPN training programs are available in the area, the distinction is that this program will be offered to participants in the evenings and on weekends. Medical Solutions Academy is certified through SCHEV and the Virginia Board of Nursing and Pharmacy; and students sit for nationally recognized certifications. The Academy launched their Nurse Aide, Pharmacy Tech, and Medication Aide programs in 2011; and Phlebotomy, Medical Office Assistance, and Medical Assistant were introduced in 2012. The Academy reports in aggregate they are graduating approximately 150 students annually. Staff has verified that the Academy has had an established relationship with Danville Community College since 2014 that includes offering training courses to DCC students at the Academy's Danville location in the areas of Nurse Aid, Nurse Aide Refresher, and Medication Aide. The Academy provided an update on the status of their application submission to the Virginia Board of Nursing for the proposed LPN program; and where this application to VBN had been submitted previously, due to regulatory changes affecting the nurse education training programs, VBN required attendance at a mandatory orientation meeting prior to application submissions. The Academy's president/founder and program director attended the mandatory meeting this April, and will be re-submitting their application for approval of the LPN program in May. During discussions with staff during the review process, the applicant reduced their funding request to \$6,813.90 for essential long-lived supplies and small equipment purchases that will be necessary for the program to receive approval from VBN. The applicant also indicated they have already made some equipment purchases to satisfy the program requirements. The Academy's business model utilizes contracts with adjunct faculty who are professionals in fields of study for program delivery, and these contract payments will provide funding commitments that exceed the required 1:1 Match for this project. This modest request from a first-time applicant could provide significant return on investment with in-demand LPN graduates needed by area healthcare employers.

**Committee recommends award of \$6,814.**

**Mountain Empire Community College**  
***MECC Healthcare Simulation Access - Phase 2 (#3161)***  
**\$72,309.00 Requested**

**Executive Summary Provided by Applicant:** Mountain Empire Community College (MECC) requests grant funds to continue the development of a healthcare simulation laboratory to benefit students in its Registered Nursing, Licensed Practical Nursing, Respiratory Therapy, and other allied health programs.

**Staff Comments:** Funds are requested to continue the establishment of a healthcare simulation laboratory on the campus of Mountain Empire Community College. This lab, which will serve students in the RN, LPN, and Respiratory Therapy, and other allied health programs is consistent with similar projects funded at several other community colleges and universities across the Tobacco Region. In FY15 MECC requested \$428,141 for this project and received an award of \$370,000 based on the amount of match that was available at that time (a balance of \$167,319 remains in that grant, with progress continuing to establish the simulation facility). Documentation for \$213,886.64 of matching funds (paid through a combination of the college's Title III and Perkins grants) has been submitted for the Phase 1 project. This Phase 2 application was expected to complete the lab with the purchase of additional simulation mannequins once additional match had been secured, and an ARC grant of \$100,000 for this project was announced in April 2016 that will serve as match for

this second phase. After receiving a complete project budget showing the use of TRRC funds and all matching funds for Phase 1 and Phase 2, staff is confident of the availability of sufficient matching funds for both phases. Because this lab will serve existing programs there does not appear to be any net increase in enrollment numbers or in the number of credentials awarded annually. The application listed outcomes of 165 enrollees annually with 80 receiving credentials. The primary benefit of the project is reduced travel time for students who currently must drive an hour or more each way to the sim lab at VHCC in Abingdon, so presumably the establishment of this facility will allow greater retention and completion by MECC healthcare students. Despite the lack of increase in credentials, there is a strong argument that simulation laboratories such as this one at MECC are a critical resource for nursing programs, and for students who are in demand by regional healthcare employers.

**Committee recommends award of \$72,309.**

**Patrick Henry Community College Foundation**  
***Introduction of Physical Therapist Assistant Program (#3156)***  
**\$99,977 Requested**

**Executive Summary Provided by Applicant:** In keeping with Patrick Henry Community College's (PHCC) mission, the college seeks to meet the immediate and future workforce demands of the service area by requesting funding for start-up costs associated with introducing a Physical Therapist Assistant (PTA) program. PTA is a growing field in PHCC's service region, with high demand predicted through 2024. Additionally, a high number of potential students report interest in PTA annually. PHCC requests two years of funding to assist the start-up phase of the program, including obtaining licensure and accreditation, development of the curriculum, creation and approval of the degree, and development of recruitment and communication activities around the new educational opportunity. PHCC anticipates that the program will be self-sustaining through student enrollment after the development period.

**Staff Comments:** PHCC provided a very strong application for start-up costs for a new Physical Therapy Assistant program. As discussed in the application, Virginia Employment Commission data indicates a strong need for this program, with the demand for physical therapy assistants in the Martinsville area projected to increase from 112 existing positions to 166 positions by 2022, an increase of 54 new positions. VEC data indicates that current average annual salaries for PTAs for the Martinsville area is \$58,471, and PHCC confirmed salaries ranging from \$58K to \$72K with their clinical partners. A detailed equipment list for items requested from TRRC funds was provided, as well as details on equipment purchases to be made from Match and also In-Kind equipment and technology contributions (the Staff-recommended amount is reduced slightly due to in-kind match coming from existing equipment that is not recognized as valid match). TRRC funds are also requested for a portion of the costs for the PTA Program Coordinator, during the first year, which will be necessary for receiving program accreditation. Letters of support were provided from five companies who are expected to be prospective employers of graduates from this program. The proposal initiates a program not previously available in the PHCC service area, and aligns directly with Education objectives for well-paying STEM-H employment in the region. As such it was one of the top-scoring proposals in Staff review.

**Committee recommends award of \$94,350.**

**Southern Virginia Higher Education Center**  
***Combatting the Regional Nursing Shortage: Building the Pipeline By***  
***Recruiting Students to Regional Nursing Education Programs (#3164)***  
**\$350,708 Requested**

**Executive Summary Provided by Applicant:** The Southern Virginia Area Health Education Center (Southern Virginia AHEC) at the Southern Virginia Higher Education Center is one of eight Area Health Education Centers across the Commonwealth funded through the Virginia Health Workforce Development Authority, which in turn is funded by the federal AHEC program (see Appendix A). The AHEC program's mission is to recruit, train, and foster retention of healthcare professionals in medically underserved regions. The Southern Virginia AHEC focuses on recruiting middle and high school students and adults to health professions education programs, and works closely with regional educational partners offering those programs. The SoVA AHEC proposes to develop and implement additional, intensive recruitment strategies to attract students from the region to the Southside Virginia Community College's Associates Degree Nursing, Practical Nursing, and Nurse Aide programs (at all sites where those programs are offered), as well as Danville Community College's Nurse Aide program at the SVHEC.

**Staff Comments:** The request primarily consists of personnel and contractual marketing costs (along with ipads and travel) to extend outreach for a three year period to local school district students and adults in order to recruit them to enroll in SVCC nursing programs. The proposal cites a lack of properly prepared applicants for these nursing programs, more than 180 unfilled nursing positions in the project area, and aims to increase enrollment by 140 annually and credentialed graduates by 70 annually at SVHEC's Center for Nursing Excellence, Danville CC and Southside CC by the third year to address those issues. SVCC has confirmed that capacity can be expanded to serve additional students, assuming additional clinical faculty and sites can be secured. All personnel costs are for existing positions, with funds requested for two current staff to devote 5-15% of their time to the project, and with a current part-time outreach coordinator (now working approx 24 hours/week) to be increased to full time with TRRC funds for three years. The AHEC reports the outreach coordinator makes approximately 100 outreach trips per year, and met with 400 students and adults in 2015. The position also entails significant follow-up with prospective nursing students to help them prepare properly for college coursework. Staff suggests that funding support should be focused on making this outreach position full-time for a two year period to assess progress toward increasing program enrollment, and the AHEC estimates that increasing the coordinator to full-time employment will allow an additional 50 visits per year to an additional 300+ students and adults. Nearly a third of the requested amount (\$120k) would be to contract for eight billboards for three years, and staff questions whether that is an effective use of marketing funds in the thirteen county service area of the AHEC. A support letter from the SVCC president cites collaboration between the AHEC and the College's health careers counselor. The compelling value-added aspect of this proposal is to allow the outreach coordinator, who effectively works three days per week, to move to full-time employment in order to better serve a large service area, with accompanying support for travel and more cost-effective marketing strategies. Staff proposes supporting these reduced costs for a two-year period, after which the effectiveness of the expanded outreach can be examined.

**Committee recommends award of \$100,000 to support full-time salary and benefits for the current part-time outreach coordinator, and to support travel and marketing costs for the expanded outreach to prospective tobacco region students for a two-year period.**

**Southside Virginia Community College Foundation**  
***Lake Country IT Academy (#3158)***  
**\$104,943.33 Requested**

**Executive Summary Provided by Applicant:** Southside Virginia Community College's Lake Country IT Academy provides education and training within the STEM-H-aligned academic discipline of Information Technology. The curriculum is based on a proven program that targets a documented gap between education supply and occupational demand. The IT Academy will initially serve postsecondary students in a lab and classroom seating up to 20 students. Plans include expanding the program to dually enrolled secondary students. In addition, the space is ideally suited for use by training programs designed to enhance workforce readiness. All students completing programs of study will receive industry-recognized credentials. By enriching the education and skill levels of the region's labor pool, the IT Academy will assist in the process of attracting, retaining, and providing job candidates for employers such as ATOS, the contractor for the Microsoft Data Center in Mecklenburg County, thus increasing the ability of local citizens to participate in the global economy.

**Staff Comments:** The majority of grant funds are requested for renovations and infrastructure build-out for start-up of a second IT Academy in a currently underutilized 2,185 square foot space at the Lake County Advanced Knowledge Center in South Hill. The Commission provided a \$440K grant to the Southern Virginia Higher Education Center in 2015 to support establishing the IT Academy at its 1st location in South Boston. The program will initially serve 20 adult students and will be expanded to include dual enrollment. Once fully operational, the IT Academy in South Hill is expected to support 45 students per semester with an estimated 75 credentials resulting annually. SVCC indicates that future development of this program may include an Associates of Applied Science in Information Systems. The proposed use of TRRC funding is supported by three contractor quotes for \$63,943.33; plus \$30,000 estimated for the power update and \$1,000 for carpeting. The project is well leveraged with identified Match contributions that are nearly 2:1 on the TRRC investment. An employer letter from Atos, a contractor for Microsoft, provides solid numbers for hiring needs at the data center in Boydton. The project builds on successes already being achieved at the initial Academy (which has graduated its first cohort and begun a second and larger cohort), and replicates that model at a location 50 miles east that will be accessible to students from counties within a reasonable commute to the two data centers in Boydton. This proposal received one of the top five scores in this grant cycle.

**Committee recommends award of \$104,943.**

**Southwest Virginia Higher Education Center Foundation**  
***Clinical Laboratory Scientist - Phase II (#3154)***  
**\$175,599 Requested**

**Executive Summary Provided by Applicant:** To address the critical shortage of STEM-H clinical laboratory scientists and meet the growing staffing needs of rural hospitals in Southwest Virginia, the Southwest Virginia Higher Education Center (SVHEC) in collaboration with Virginia Commonwealth University (VCU) established a Bachelor of Science degree in Clinical Laboratory Sciences. Students receive their instruction via 2-way synchronous education and clinical training in the local hospitals. Graduates of this program are eligible to sit for the certification as a Clinical Laboratory Scientist (CLS). The program began in 2013 by equipping a lab, hiring an instructor and



recruiting students. Due to a lack of Chemistry and Biology many of the applicants had to return to the community college to obtain the necessary prerequisites, which caused a delayed start and the sustainability of the program.

**Staff Comments:** Funding is requested for three years of additional support for the Program Director (\$160,000) and supplies and materials (\$15,000) for the Clinical Laboratory Scientist program. TRRC assisted with start up of this program through a \$500,000 Competitive Education grant award in September 2013 for three years of salary support and equipment and materials. A \$147,000 balance remains in that grant. The current proposal requests support on a sliding scale with TRRC funds providing 75% support in year one, 50% support in year two, and 25% support in year three. Matching funds for each year will be provided from VCU and total \$178,793. Additional in-kind support valued at \$60,000 will be provided by the applicant (SWHEC) for Information technology support, room rental, and administrative support for the program in Abingdon. The 2013 application estimated enrollment of 20 students per cohort (junior and senior level cohorts each year) however that estimate has proven to be unrealistic. Additional conversations with the applicant revealed that 5-6 students per cohort is a more realistic expectation given space limitations of the lab and available clinical sites. Currently there are 5 full time (1 senior and 4 juniors) and 3 part time students enrolled in the program. Total enrollment for the 2016-2017 school year is estimated at 13-15. Initial recruitment for the program proved difficult due to lack of knowledge about pre-requisites and prevented the program from reaching sustainability within the first three years. Enrollment is growing and a mix of 13-15 full and part time students are expected for the 2016-2017 school year. While the application presents a weaning approach, with tuition revenues providing increasing support over the three year period, it appears that the program could be self sustaining much sooner. With the current grant providing funding through March 2017, a better approach may be to consider additional funding, subject to the 1:1 match requirement, to assist the program through the end of the 2017 calendar year. Commission Staff estimated this to be \$86,212.50 with half (\$43,106.25) supported by TRRC. By the end of the 2017 calendar year the program will have a second year operating with 2 cohorts and will be better able to predict future sustainability.

**Committee recommends an award of \$43,106 to support half the cost to fund the program for the remainder of the 2017 calendar year.**

**Virginia Advanced Study Strategies, Inc.  
VASS Rural Math Innovation Network (#3159)  
\$250,000 Requested**

**Executive Summary Provided by Applicant:** Virginia Advanced Study Strategies, Inc. (VASS) requests a \$250,000 grant from the Virginia Tobacco Region Revitalization Commission (TRRC) as a portion of the required 15% match for a \$3 million grant from the US Department of Education (USED) Investing in Innovation (i3) fund to develop and implement the Rural Math Innovation Network (RMIN) in 26 school divisions in Southern and Southwest Virginia. The current i3 project administered by VASS has revealed the need for a networked learning community that will motivate and support math teachers in rural communities to innovate solutions that will increase student preparedness for high-demand STEM-H careers. Specifically, the RMIN will focus on identifying math competencies used by technicians in the TRRC region and adapting curriculum and teaching strategies to help students perform well on math assessments such as the community college placement test and the National Career Readiness Certificate assessment and continue on to attain credentials.

**Staff Comments:** This request is an expansion of the Rural Math Excel Partnership Project that was supported with \$1 million of TRRC funding approved under a repurpose request in 2013, and \$2.7 million of federal funding through the US Department of Education’s Investing in Innovation Program (i3). That project area was focused on six school systems in Southern VA. This expanded phase of this program will target math teachers in twenty-six school systems in the Southwest and Southside areas of the tobacco region. VASS cites a gap analysis in math competencies for technician-level jobs in Southern VA as a justification for this project, and that the targeted math skills are a core component of testing for the National Career Readiness Certificate. The project presents a budget where program operating costs will be covered from \$3 million of federal funding through another US DOE Investing in Innovation grant that will be requested in 2016. For simplicity in grant administration, particularly as related to submission and review of expense documentation, the proposal requests \$250,000 of TRRC funding to be used toward a single \$450,000 evaluation contract which is an essential element of the proposed federal funding. Given that the proposal reflects a project period that would require a 5-year grant agreement, staff confirmed with VASS that the TRRC share of this contract would be spent during the Commission’s standard three-year project period. Where the proposal indicates one measure for success to be increases in math scores on the National Career Readiness Certificate testing, which is a nationally-recognized credential that TRRC has supported under other grants, staff asked VASS to consider adjusting the project budget to cover NCRC testing fees during the standard 3-year grant period as a way to guarantee these outcome numbers. VASS agreed to this adjustment and budgeting of \$12,000 to pay for NCRC fees for approximately 400 students, which was estimated to be a realistic number and primarily seniors based on students who are expected to participate in student learning sessions. This request would provide a significant portion of required matching funds for the i3 grant (VASS is also contributing \$200k to match), By creating a professional development network among math teachers, the proposal estimates it will benefit more than 12,000 students during the project period. With the NCRC-related revisions, the Commission will also see significant expansion of completers with that nationally-recognized workforce credential. Overall, the proposal aligns well with program objectives for STEM-H by targeting the development of K-12 teachers rather than the direct delivery of K-12 instruction, which has long been a low priority for Education funding. This proposal received one of the top five scores in this grant cycle.

**Committee recommends grant award of \$250,000 to support the evaluation contract and NCRC testing fees, contingent on a federal Investing in Innovation grant award.**

## **Virginia Technical Institute**

### ***Modernization of the VTI Welding Program Project (#3157)***

**\$181,823.50 Requested**

**Executive Summary Provided by Applicant:** The demand for more welding instruction in south central Virginia has being expressed by our students and from area employers. The Virginia Technical Institute is ready to meet the need through our existing state-of-the-art welding lab and nationally recognized curriculum. Our current welding lab was established in 2011 with 20 welding booths. Our craft instructors have worked diligently with our current equipment to provide quality lab experiences to our students earning NCCER credentials. We are now operating our labs both day and night to meet the demands of customized training and collaborative courses in addition to our evening schedule. The “Modernization of the VTI Welding Program Project” would allow VTI to provide more welding opportunities and student access to the most up to date equipment currently used by local industries.

**Staff Comments:** Grant funds are requested to support enhancements to the existing welding program at VTI to improve student success and to further meet the needs of area employers. The twenty existing welding booths will be updated with new equipment; and equipment from existing booths will be used to create 10 additional welding booths bringing total instructional welding spaces to a total of 30. The applicant has clarified that enrollment in welding for 2015-2016 school year is 52 students in NCCER Level 1, 2, 3 or 4, and VTI projects that enrollment will increase 10% annually, or + 5 students, as a result of this project. Additional details including two equipment and construction quotes were provided to support the project budget, which identified \$221,843 total Match contribution with the majority being in Phases 2 & 3 of the project and including \$211,843 of cash Match contributions and \$10,000 of In-Kind construction labor. Full reimbursement of grant funds for Phase 1 costs may not occur until Phase 2 and 3 of the project are completed and the Match requirement is satisfied.

**Committee recommends award of \$181,824.**

**Virginia Western Community College**  
***BioLink II: Anatomy and Physiology in Franklin County (#3155)***  
**\$49,652 Requested**

**Executive Summary Provided by Applicant:** Virginia Western Community College is building a Southside gateway to the health professions — a fast-growing job sector that pays high wages and serves our aging communities. The BioLink II: Anatomy and Physiology in Franklin County education grant expands on the success of last year's BioLink grant, which created a laboratory classroom at the Franklin Center and introductory Biology 101 and 102 courses for Franklin County students. BioLink II will further equip the lab to offer the next courses in the Biology sequence: Human Anatomy and Physiology (Biology 141 and 142), which are required to pursue any programs in the health professions, including nursing. In March 2016, there were more than 1,000 online job listings for Registered Nurses in the VWCC service area.

**Staff Comments:** The BioLink lab received a Phase 1 grant of just under \$100,000 from the Competitive Education program in May 2015 to equip the lab to teach Biology 101 and 102. The requested amount for additional equipment would allow the teaching of two courses not currently taught at the Franklin Center, but which are essential for students pursuing multiple health career pathways including nursing, therapy, radiology, pharmacy, lab technician etc.. While the proposal indicates modest annual enrollment numbers (18), a reference to possible use by dual enrollment high school students in the future could significantly expand the number of students served annually. While the overall operating budget is incomplete (tuition revenue is not provided), the matching funds requirement would be met through VWCC's operating expenses to teach the classes over a three year project period. The applicant provides evidence of strong employer demand for nursing graduates (1,000 positions advertised in a recent month in the VWCC service). Although outcomes are conservative in terms of students credentialed as a direct result of the two additional classes, and these courses could be obtained at two other sites within 30 miles, this request provides an affordable and accessible option for students in the Commission's target area of STEM-H training, with strong employment demand in the region.

**Committee recommends award of \$49,652 for the requested equipment.**

**Wytheville Community College**  
***The Innovative Advanced Manufacturing Center at Wytheville Community College (#3165)***  
**\$250,000 Requested**

**Executive Summary Provided by Applicant:** WCC seeks to create the Innovative Advanced Manufacturing (IAM) Center at WCC. The IAM Center will transform the current machine shop at the college into an advanced precision machining center that comprises advanced manufacturing teaching technology and includes precision and automated machining, welding, and mechatronics. Driven by current and emerging industry needs, WCC will purchase additional state-of-the-art equipment currently being used by those business and industry in the community and surrounding regions to best meet employer needs and influence student employability.

**Staff Comments:** WCC is requesting \$250,000 to purchase necessary equipment to update and expand the existing Machine Technology/ Precision Machining and Welding Programs and to create a Mechatronics program. Matching funds are committed from the College's VCCS Equipment Trust Fund allocation for 2016-2017 and a VCCS grant (Tuition Differential) for the equipment purchases. WCC also commits to providing classroom/lab, as well as annual operating funds that will support operational funding for the programs, teaching faculty salaries, maintenance on all equipment, necessary supplies for teaching purposes, and any needed updates to the existing lab to ensure its suitability for the equipment. Students will be able to earn the following workforce credentials through these programs: MT 1, Siemens Levels 1 and 2, NIMS Levels 1 and 2, AWS D1.1, AAS Machine Technology, Machine Tool Operation Certificate, and Machining Career Studies Certificate. WCC anticipates 40 students in Machine Technology earning 88 credentials, 60 students in Welding earning 40 credentials, and 40 students in Mechatronics earning 45 credentials annually. In FY14 the Commission provided \$110,150 for the purchase of updated equipment for the Machine Technology program. Additional equipment has been purchased for the College (\$118,000) through Commission grants for the Southwest Virginia Advanced Manufacturing Center of Excellence project. The application documented strong demand for graduates of these programs from both local employers and several outside of the College's service area. This request aligns with and provides essential foundational level training in support of the Commission's Advanced Manufacturing mid-skill level training and certification initiative. As a result of that CoE alignment, the demonstrated demand from employers, the committed matching funds and the outcome numbers, this is the highest scoring proposal in this grant cycle.

**Committee recommends an award for \$250,000 for the requested equipment purchases.**



## R & D COMMITTEE AGENDA

Monday  
May 23, 2016 @ 3:00pm  
The Harvester  
Rocky Mount, VA

---

<b>Welcome and Call to Order</b>	<i>The Honorable Kathy J. Byron, Chairman</i>
<b>Call of the Roll</b>	<i>Evan, Feinman, Executive Director</i>
<b>Approval of the <u>2/22/16</u> Minutes</b>	<i>(published on website)</i>
<b>Changes to Applicant Eligibility</b>	<i>Evan, Feinman, Executive Director</i>
<b>Application Round Discussions</b>	<i>Evan, Feinman, Executive Director</i>
<b>Budgeting Future Funding Rounds</b>	<i>Evan, Feinman, Executive Director</i>
<b>SBIR Speaker</b>	<i>Robert Stolle, CIT</i>
<b>Other Business</b>	<i>Tim Pfohl, Grants Director</i>
<b>Public Comments</b>	
<b>Adjournment</b>	

*Applications open?  
deadline?*

## Research & Development Committee - May 2016

*At its meeting in February 2016, the R&D Committee directed staff to develop proposed guidelines to solicit funding requests for R&D projects that have received previous TRRC funding, that are continuing to actively pursue further research, and continue to demonstrate a commitment to commercialize at some future time within the Tobacco Region. Additionally, the concept of providing commitments of funds to leverage federal Small Business Innovation Research (SBIR) grants was endorsed, and staff was directed to develop guidelines for those grant proposals. Staff proposes the following general guidelines to be expressed in a call for proposals in Summer/Fall 2016. One Other Business item will also be addressed in the meeting:*

### Proposed Guidelines for Continuation Funding for Active R&D Projects

1. Requests will be accepted for projects that have received only one previous grant award from the Commission (R&D program guidelines limit recipients to a maximum of two grant awards);
2. Applicants must demonstrate substantial accomplishment of research milestones and outcomes listed in the previous grant-funded phase of research;
3. Applicants must provide a clear and compelling case for the specific needs, activities, milestones and outcomes for additional research and development to be funded by a proposed second grant;
4. Applicants must present a detailed description and commitment to the probability and scope of commercialization in the Tobacco Region following the proposed second phase of grant-funded research and development, and;
5. Applicants must conform to all other requirements of the R&D Program and TRRC funding in general, including but not limited to committed dollar-for-dollar matching funds (or a commitment of required matching funds within 180 days of grant approval), a limit of \$2 million per request, an eligible applicant organization, a project period of not more than three years, and use of TRRC grant funds to conduct research activities within the Tobacco Region.

### Proposed SBIR Funding Guidelines:

The R&D Committee of the Virginia Tobacco Commission will accept applications for funding from eligible applicants on behalf of companies that meet the following criteria:

1. The company has applied for and successfully received a Phase 1 SBIR grant from a federal agency;
2. The company has applied for a Phase 2 SBIR grant related to the same project;
3. The company has a business plan that includes a project budget and a plan for commercialization of their product or process; and
4. The company's research and commercialization activities are located within the Tobacco Region.

*\$2m cap*  
*\* Contingent  
on approval  
of Fed SBIR 2  
Receipt*

Commission grants or loans will be made to companies with the following conditions (in addition to general grant funding policies):

1. The company's business plan clearly identifies a gap which commission funding can fill; and
2. The company agrees that any future commercialization of the project will occur within the tobacco region or any grant will be repaid in triple.

As with other grant and loan applications, Commission staff will review the project budget and any additional documentation and recommend an award, either as a grant or loan for the Committee's approval, modification, or rejection.

## OTHER BUSINESS

### Dan River Business Development Center

#### *Tobacco Biomass for Biofuel Production, Ethanol and Biodiesel (#2282)* 5<sup>th</sup> Year Extension Request (Current end date of 1/10/2016)

On behalf of Tyton Biosciences, DRBDC is requesting a fifth year extension to R&D grant #2282. This request is to provide additional time to complete the project activities. Only a small balance of ~ \$22,537.13 is remaining in the TRRC Project Account, which with the extension approval will be used to support costs during the first quarter of the extension period. However, the TRRC project account includes \$541,500.01 of Advances issued under three payments toward equipment contracts with the third-party vendor Accudyne Systems Inc. These contracts are the primary reason for the delays and in the project requiring an extension; and while this custom made equipment (extractor) is on site at the Danville operation, Tyton has not provided the final receiving and acceptance of the equipment as they continue to work with the company to optimize the performance to their satisfaction.

Staff recommends approval on an extension through June 30, 2016 to allow completion of the Accudyne contract as necessary for acceptance of the equipment and documentation of the Advances.

\* Phase 2 list for Sept. mtg.

New prospect:  
Harvey Buwalda  
Ductive Vapor ??

\* Motion ✓  
Continue  
Proposed  
Guidelines  
going up  
funding for  
R&D plans.





## BEDFORD

### County of Bedford

#### *Establishment of the International Critical Infrastructure Security Institute (ICISI) (#3144)*

**\$40,000 Requested**

**Executive Summary Provided by Applicant:** In recent years many critical infrastructure sectors have become the increased target of advanced cyber-based threats. The International Critical Infrastructure Security Institute (ICISI) is being established to more effectively offer cyber security research and workforce development support to the owners and operators of critical infrastructure's diverse set of facilities and operational environments. ICISI will be a member organization operating as an independent body of multidisciplinary expertise. Its mission is to accelerate the implementation of cyber security programs while providing increased regulatory certainty for these plans across the power generation industry. In 2016, the ICISI plans to formally establish itself at the Center for Advanced Engineering and Research (CAER) in Forest, VA. This project will bring enhanced options for defending critical plant operations from cyber attacks, improving cyber security protections within the supply chain, and offering sector-specific credentialing for the sector's vast cyber security workforce.

**Staff Comments:** This project establishes a member based nonprofit organization that will provide credentialing for power plant inspectors particular in the area of cyber security; utilizing the Commission's previous investment in assets including the nuclear power plant control room at the Region 2000's Center for Advanced Engineering and Research. As noted in the resolution from Bedford County, the creation of ICISI is expected to result in 12 full time jobs within three years that includes the relocation of two small member companies to the tobacco region. Very detailed line item budgets for costs related to the lab, office and equipment for training and for facility improvements to support the project budget were provided to staff. This is a modest request that develops service and educational training capabilities for an existing unique asset in the region supported by the Commission, to meet current identified critical needs for the power plant industry.

**Committee recommends a grant award of \$40,000.**

## BRUNSWICK

### Town of Alberta

#### *Tobacco Heritage Trail - Alberta to Danielstown - Phase I (#3149)*

**\$205,011 Requested**

**Executive Summary Provided by Applicant:** Design and Construction of Virginia Line from Town of Alberta to Danielstown, totaling 5.2 Miles. Phase I - Design/Engineer entire project area 5.2 miles & construct the first 0.6 miles, from eastern termini at Southeast High Speed Rail Corridor (TDM) to Alberta School Park & existing Train Water Tower. The THT is the system of long distance recreational, multi-use, non-motorized trails, resulting from the efforts of the Roanoke River Rails to Trails (RRRT). More than 150 miles of abandoned railroad corridor have been identified within the Southside Planning District. THT has been identified as a part of East Coast Greenways and Beaches to Bluegrass Trail systems. East Coast Greenways (ECG) will connect more than 3000 miles of trail from Canada to Key West, Florida. ECG will use 55 miles of THT, stretching from Lawrenceville to Clarksville, located near the North Carolina border, on scenic Bugg's Island Lake (John H. Kerr Reservoir).

**Staff Comments:** Funds are requested to support design of a 5.2 mile trail segment of the Tobacco Heritage Trail within Brunswick County from the Town of Alberta to the community of Danielstown; and for construction of a 0.6 mile trail segment within the Town of Alberta. A similar application submitted to the Commission in fall 2014, which focused on the 0.6 mile trail segment did not receive a funding recommendation. At that time staff expressed concern that the proposed trail segment, at 0.6 miles, was too small and disconnected from existing THT trail segments to reasonably attract a large number of visitors, and as such was more likely to primarily serve as a community recreational amenity which is a low funding priority for the Commission. Differences with this pending request and the one submitted previously include \$211,250 in VDOT funding as Match that has been secured, to support the projects costs; and a revision to the scope to focus on next steps necessary for a larger segment of trail to be constructed, which would arguably be significant enough to attract visitors from outside of the region. The new project manager at the Southside PDC has changed the focus to a plan and priority for the first phase to cover engineering for the larger 5.2 mile segment, as this increases the competitiveness for future requests for construction funding to the VDOT program and to other programs such as the DCR Recreational Trails Program (which only funds construction ready projects). Staff has received clarification that a minimum of \$104,066 of TRRC funding would be sufficient to satisfy the \$52,812.50 required for the Town to accept the \$211,250 VDOT award (already approved) that would be used to complete the engineering, and also provide match for a second VDOT request for the construction funding, thus reducing the overall amount of funded needed from TRRC and resulting in a 4:1 Match on the TRRC investment.

**Committee recommends approval of a \$104,066 grant award.**

## **Brunswick County**

### ***Brunswick Tourism Signage Initiative (#3143)***

**\$78,275 Requested**

**Executive Summary Provided by Applicant:** The County of Brunswick is requesting \$78,275 to install 23 directional signs for the Brunswick Byways Visitors Center and four (4) directional signs for Fort Christanna.

**Staff Comments:** While this modest-sized request does not appear particularly impactful, it should be viewed as the final element in support of a multi-year strategy to establish the County's first visitor center and promote the nearby historically-designated Fort Christanna site. The renovation of an existing building on Rt. 46 to create the visitor center is being funded with a \$458k SSED grant approved in 2010 (see extension request in Other Business), and a \$30k SSED grant in 2005 provided signage and a visitor information kiosk at Fort Christanna. The current request for directional signage on Interstate 85, US 58, Rt 46 and Rt 1 was originally budgeted in the earlier visitor center grant. However, required site improvements have expanded the scope of that budget, and a budget revision for the earlier grant has been approved for construction, leading to this new request for the signage. While clearly not a "transformational" project, it is consistent with local and regional strategic plans, and has the potential, at fairly minimal cost, to entice more visitors to stop at these sites and to promote the Tobacco Heritage Trail (THT) which has sections open to the public and trailhead development underway nearby in Lawrenceville. Staff suggests that every effort be made to include and/or enhance THT directional signage as a component of this signage package.

**Committee recommends award of \$78,275.**

## CUMBERLAND

### Cumberland IDA

#### *Cumberland Business Park Development (#3150)*

**\$86,576 Requested**

**Executive Summary Provided by Applicant:** The Cumberland County EDA (formerly IDA) proposes to further develop the Cumberland Business Park (the Park) by constructing a 30,000 square foot pre-engineered metal building and a waterline extension to provide potable water to the Park. The Park property was purchased with TRRC grants, and through later grants the TRRC constructed a road to serve the park, funded grading and site preparation, funded design and engineering of the proposed waterline extension, and purchased the 30,000 square foot pre-engineered metal building. The development of the business park will provide a unique locality-owned asset that will be the focus of Cumberland's economic development and marketing efforts. Further, public water is critical for this site as it is contiguous to a closed county landfill.

**Staff Comments:** For many years Cumberland County, which under the Southside allocation formula receives less than half a percent of available funding (0.29%), has been trying to piecemeal sufficient funding to make progress on development of the Cumberland Business Park. Funds are requested under this proposal, to be combined with balances from three older TRRC grants to the Cumberland County IDA, to contribute towards a \$680,750 contract with Jamerson-Lewis Construction which was entered into on March 4, 2016. The construction contract includes \$350,000 related to erection of 30,000 square foot metal building that was purchased previously under a TRRC grant for a prospect that never came to fruition; plus an Add Alternate for a \$330,750 addition to the contract for construction of a 12", 3900 feet waterline extension to serve the industrial park. Staff notes that while the Cumberland County EDA has already entered into this construction contract, which per the contract terms is expected to be "substantially complete" within 90-days; this timeline pertains to the primary bid for construction of the building. Jamerson-Lewis will not proceed with the Add Alternate for construction of the waterline until they receive written notice from the Cumberland EDA, based on staff's understanding; it is this aspect of the total contract budget that would be supported by this grant request. Staff notes that based on the \$680,750 contract price and with consideration for minimum Match requirements on the three older grants, this request provides \$186,631 in local Match that is in excess of the 1:1 minimum Match requirement, for a total of \$273,207 Match on this request.

**Committee recommends an \$86,576 grant award, contingent on approval of disbursement of funds only for construction contract activities for work completed within the approved grant period.**

## HALIFAX

### Halifax County IDA

#### *C-CARE Formulation Lab (#3146)*

**\$600,000 Requested**

**Executive Summary Provided by Applicant:** Halifax Industrial Development Authority (IDA) has developed the national Center for Coatings Application, Research and Education (C-CARE) at its headquarters building in the Southern Virginia Technology Park (SVTP) in South Boston, Virginia. C-CARE was conceived and is being deployed as an economic development tool that will attract start-up and existing businesses to this one-of-a-kind open source coatings laboratory. In order to best deploy

C-CARE, Halifax IDA searched internationally for the best operator to help meet its goals. The IDA has recently contracted with a premier, international coatings and chemicals consulting organization for the C-CARE operation. This organization will lease, staff and further equip the current lab, and requires build out of a formulation lab to operate in conjunction with the application equipment already installed. This formulation lab will be in the same space as C-CARE to augment critical services required by manufacturers seeking to improve coatings and develop new products.

**Staff Comments:** The Commission has invested \$2.5 million to date in establishing the C-CARE facility, including SSED and Special Projects funds awarded in 2011. The Center was previously operated for a number of years by a private partner under contract with HIDA. That relationship ended more than two years ago, and HIDA then began a national search for a qualified operator. The operator now under contract with HIDA was initially identified as a resource in the national search, and subsequently expressed interest in using its global industry experience and contacts to make the Center successful. The proposed addition of the formulation lab makes intuitive sense to allow continuous reformulation of coating mixes on site while a client is conducting testing, rather than having to stop testing to allow offsite vendors to reformulate and deliver adjusted coatings, a process which can take several weeks and result in clients prematurely leaving the facility that they had reserved for testing. The operator company has committed to operate C-CARE and bring 10 new jobs (average salary of \$50k) and to provide \$250,000 of private investment in equipment for the formulation lab during the first phase of the project with an additional \$2 million investment in analytical equipment estimated during the second phase when an additional \$900k testing lab addition is anticipated in future years. As this request entails leasing of a TRRC-funded facility, which per the standard grant agreement requires Commission approval, Staff suggests the approval of leasing of the facility be an element of any action taken at this time. Staff further weighed the possibility of this facility improvement being offered as a loan, but the agreed-upon terms of the lease, along with HIDA's proposal to seek loan funds to provide the required matching costs for the project, indicate that additional debt service for a TRRC loan could not be generated from lease revenues, and could jeopardize the fulfillment of the operator agreement (the multi-year renewable lease was provided and marked confidential). Ultimately, this operator appears to have the expertise and industry contacts to finally make C-CARE the success it was initially hoped to be, and to generate significant testing activity by a wide array of international companies that rely of varying aspects of coatings for a broad array of products from household paints to automotive. Admittedly this has come at great expense, but given the alternative of mothballing a \$2.5M space, this investment - supported by a qualified operator - appears poised to pay dividends for the region.

**Committee recommends a grant award of \$600,000 and that multi-year leasing of the C-CARE facility to this operator be approved.**

## **Halifax County**

### ***Tobacco Heritage Trail - Halifax County Extension - Phase I (#3148)***

**\$200,000 Requested**

**Executive Summary Provided by Applicant:** Halifax County is seeking TRRC funds for Phase I of three phases: to design a full 3 miles of abandoned railway, owned by Roanoke River Rails to Trails, to be included in the Tobacco Heritage Trail System. This phase will include construction of 1.6 miles from the current termini of THT at Berry Hill Plantation and end at Mirey Creek, to await funding for Phase II. This is a continuation of an existing trail in Town of South Boston/Halifax County, Virginia. This project will include a Nature Overlook at the Mirey Creek Termini, which is approximately 300 feet North to the mouth opening the Scenic Dan River, which will be easily accessible to canoeists and

kayakers on a natural walking path. The overlook will provide a tranquil space for visitors to enjoy bird-watching and to identify the abundance of other local animal species.

**Staff Comments:** Project funds would be used toward the first of three phases of trail design and construction for a 3 mile trail segment from Berry Hill Plantation to Rogers Island on the Dan River, in support of the priority Phase III – Region 4 – Sutherlin to South Boston section as identified in the Tobacco Heritage Trail Overall Master Plan. For this larger Region 4 priority, the applicant identifies that the Roanoke River Rails-to-Trails owns all right-of-way from South Boston to Sutherlin (which would bring the Tobacco Heritage Trail into eastern Pittsylvania County), with the exception of a middle portion which they are currently in negotiations with Norfolk Southern and private owners for purchase. All trail segments that are part of the phase one project included in this request are owned by the Roanoke River Rails to Trails. Specific to this grant request, all Commission funds are allocated toward construction costs for 1.6 miles of trail from Berry Hill Plantation to Mirey Creek; connecting to the existing 2.6 mile trail segment that runs from Cotton Mill Park in the Town of South Boston west to Berry Hill Plantation resulting in 4.2 miles of continuous trail that would be available to visitors. Matching funds are proposed to come from a \$228K grant application submitted to VDOT MAP-21 program for approval. The additional phases for this 3 mile segment involve a ~ 250 foot bridge crossing Mirey Creek (phase two); and construction of another 1.4 miles from Mirey Creek to Rogers Island on the Dan River (phase three). The cost estimate used with the grant request is \$35 / linear foot based on past Tobacco Heritage Trail projects and as estimated by Anderson & Associates with additional concurrence from a second A&E firm, B&B Consultants. Recognizing that this trail segment is identified in the THT master plan as a priority, that it will be connecting to an existing 2.6 mile segment, that ownership is controlled by the RRRT, and that it will be connecting to existing tourist destinations thereby contributing toward the economic development objectives for increasing visitor spending, staff is supportive of this request.

**Committee recommends approval of a \$200,000 grant award, contingent on commitment of required matching funds from VDOT and/or other sources.**

## PRINCE EDWARD

### Prince Edward County

#### *Prince Edward County Industrial Access Road Phase 2 (#3145)*

**\$194,485 Requested**

**Executive Summary Provided by Applicant:** In 2008, Prince Edward County received a Southside Economic Development Tobacco Commission Grant to help pay for the development of 4 "Ready to Go" pad sites at the Prince Edward Industrial Park. One lot has been sold to VDOT for their new regional Office, and one lot has been offered for the expansion of an existing company, leaving only two lots. One remaining lot is 100% land locked, and the other will have to be used during the construction of the access road since there is no other way to reach the remaining 60+/- acres in the Park until the new road is built. Prince Edward has already received \$377,475 from the Commission on the road project that is estimated at \$1,143,920 (See Project Estimated Budget). Prince Edward plans to utilize IDA and VDOT Economic Access Funds for the match. This project is critical for the future recruitment of industries.

**Staff Comments:** Funding from this request would be combined with a \$49,080 Southside award from January 2016, and \$328,395 Special Projects award from September 2015, plus the required 1:1 Match on each grant, to cover costs for construction of a new road within the Prince Edward County

Industrial Park to serve Lots 7 A/B and Lot 11. Any remaining grant funds under this request following reimbursement for 50% of road construction costs would be used toward site development grading costs for Lot 11. Two construction estimates were provided: \$1,058,650 for the road construction and \$680,000 for site grading on Lot 11, for a total of over \$1.7 million in project costs. The County has committed to covering grading costs not covered by the grant which would provide an estimated \$594,730 of additional local Match that is above the minimum required. During review of the mentioned grant award, County staff identified that they were working with two existing businesses with expansion plans that would contribute toward the outcomes of this project. An existing business at the park plans to expand to Lots 7 A/B investing \$2 million and creating at least 25 jobs; and a second company that is currently renting space in the County, who recently created 80 jobs, is interested in locating to Lot 11 with plans to invest an estimated \$2 million and create an additional 20-30 jobs. Construction of the access road will also result in the back portion of the industrial park being made accessible for future development opportunities.

**Committee recommends a \$194,485 grant award to support road construction and site development costs.**

## OTHER BUSINESS

### **Brunswick County**

#### ***Brunswick Byways Visitor Center (#2192)***

#### **\$458,375 Award 10/28/2010 – 7<sup>th</sup> Year Extension Request & Budget Revision**

This grant for \$458,375 was awarded in October 2010 to support costs for building renovations, site improvements, exhibit design, and signage for a new full service visitor center on Highway 46. The project is matched by a \$638,479 National Scenic Byways Project grant from the Virginia Department of Transportation as well as \$100,000 cash contribution made by the County for purchase of the property prior to the application submission to the Commission (this is listed at \$190,000 in the budget based on an appraised value). The original intention for the project timeline was for the visitor center to be completed prior to the 300<sup>th</sup> Anniversary of Fort Christanna celebration in 2014, which was not able to be met due to delays in the project. In January 2015, the Commission approved an extension on the grant through June 30, 2016, which was requested due to delays in staff changes at VDOT, and changes in review requirements including the need for additional tests and studies. The grantee is now requesting another extension which again is reported to be in large part due to delays in approvals from VDOT. For example, a third 100% bid package was submitted to VDOT for approval in May 2015, and after almost six months VDOT informed the County that it would need to be revised again. After the County was allowed to advertise for construction and exhibit design bids in December 2015, ultimately the bids came in higher than the available funding, and now the County is having to re-advertise bids with a reduced scope. A detailed project timeline identifies the target date for re-advertising of both bids as May 11, 2016; with construction for building renovations and for the exhibits estimated to be completed by May 2, 2017. A total of \$122,148.71 of TRRC grant funds have been paid or approved for disbursement primarily for architectural costs, leaving an available balance of \$334,226.29 on the TRRC project account. The County is also requesting a budget revision to allocate the majority of the remaining grant funds, \$304,105.50 toward building construction, reducing the grant contribution originally allocated toward exhibit fabrication and signage.

**Committee recommends approval of the revised project budget and the extension through October 29, 2017.**

## **IDA of Cumberland County**

### ***Construction of "Road A" (#2688)***

#### **\$60,733 Grant Award 5/23/2013 - Budget Revision Request**

TRRC awarded this \$60,733 SSED grant in May 2013 to support construction of an access road into Cumberland County Industrial Park. In January 2014 the Commission approved a revised use of the grant funds to support costs for extension of a waterline to serve the industry park. It was determined that the waterline construction was the higher priority over the road construction due to the expectation that VDOT Access Road funds could be an option for the road construction based on the prospect the County was working with at that time. The County is now requesting a revised use of this grant to support costs for both the erection of a metal building on the property and for waterline construction. The County entered into a \$680,750 construction contract with Jamerson-Lewis Construction in March 2016, which includes \$350,000 for erection of a 30,000 square foot metal building, plus an Add Alternative for a \$330,750 addition to the contract for construction of the 12" 3,900 linear feet waterline extension to serve the park. Recognizing that this grant is tied to two other Commission grants (#2590, #2150) and a new application recommended for funding by staff during the current grant cycle (#3150), and in balancing the approved scope of work for these grants and timelines under the construction contract for the two elements, staff is supportive of the County's request that the budget for this grant be revised to support construction costs for the metal building (\$350,000 total costs, for which the majority or remaining funding for this element will be contributed as Match by the County/IDA). This use of the Southside Economic Development grant funds is considered to be consistent with the intent of the original award for attraction of new industry to Cumberland County.

**Committee recommends approval of a revised use of grant funds to support costs for construction of the metal building.**

## **Dinwiddie County**

### ***Dinwiddie County Infrastructure Improvements (#3130)***

#### **\$1,200,000 requested approved January 2016 – material change to project scope**

**Commission approval (January 2016):** award of \$1.2 million to be transferred to the TROF program for administration under the TROF performance agreement, conditioned on Project Minecraft choosing to locate at the Patton Property and the County requiring that the Southside Economic Development grant funding be used toward costs for the land acquisition.

**Staff Update (May 2016):** The job creation the prospect is committed to under a proposed TROF has been reduced from 200 at the time of the January 2016 approval, to 145 as of May 2016. Investment remains at \$57 million (this is a foreign direct investment, although the prospect name remains confidential). In January the TROF estimate for the 200 jobs and \$57 million was \$930,000, which it was understood would be combined with the Southside award under a TROF agreement for the combined amount of \$2.13 million. The revised TROF estimate as of May, reflecting the job reduction, is now \$680,000, which the County desires to have combined with the \$1.2M Southside grant for a total TRRC commitment (captured in a TROF performance agreement) of \$1.88 million. As this reduction in jobs is considered a material change in scope to the project, Staff is seeking the Committee's direction on whether to reaffirm or reconsider the Southside commitment of \$1.2 million for the land acquisition costs.

**Committee reaffirms the Southside commitment of \$1.2 million to this project at the reduced job creation of 145.**

## Lunenburg County

### *Acquisition and Renovation of Existing Manufacturing Facility (#2466)*

**\$650,000 Grant Award 1/10/2012 - End Date of 1/10/2015.**

**Request for an Extension to 1/10/2017.**

This grant was awarded in January 2012, and the economic development argument made in the proposal related to the need for a larger facility to house STEPS, a nonprofit manufacturing operation. The Commission's award was made specifically for "**\$650,000 to support acquisition and renovations to the building currently owned by Comfortex in order to accommodate growth projections for STEPS, contingent on 1) purchase price not to exceed appraised value, and 2) on a separate real estate transaction providing for Comfortex's expanded operations within Lunenburg County.**" The building that was proposed to be purchased by the IDA with grant funds is currently owned by a private company, Comfortex, and would have been purchased by the County to allow expansion of STEPS. The County proposed that, in exchange for the IDA buying the smaller Comfortex building, Comfortex would then buy a second, larger IDA-owned building in order to expand their operations, in what was essentially which is referenced in the second contingency on the award pertaining to "a separate real estate transaction." The projected growth for STEPS was never realized and instead the organization had to cut back their operations in Lunenburg County after the loss of a large federal contract. Additionally a separate real estate transaction related to the purchase of the IDA owned building by Comfortex has not occurred, and instead negotiations have focused on a lease agreement. In a letter attached to an email in April 2016, the County requested an extension on the grant until January 2017. In this letter the County represented to staff that the purchase of the privately owned building is entwined in the signing of a lease-to-purchase agreement for the IDA owned building (which relates to a different TRRC grant #2620); and staff notes that there is nothing binding in a lease-to-purchase agreement that would satisfy the requirement that was a condition on this award for a separate real estate transaction intended to make certain the IDA building would be purchased by the private company in exchange for the IDA purchasing the privately owned building. Staff notes that the outcomes, for which the original project was approved and that related to a STEPS expansion, are no longer the focus of this project.

**Committee recommends extension of this grant through January 10, 2017, grants the County relief from condition #2 regarding a "separate real estate transaction" and acknowledges that the outcomes of the acquisition funded by the grant are now for marketing purposes and no longer relate to STEPS expansion.**





**SPECIAL PROJECTS COMMITTEE AGENDA**

Monday  
May 23, 2016 @ 5:00pm  
The Harvester  
Rocky Mount, VA

---

**Welcome and Call to Order**

*Delegate Danny Marshall, Chairman*

**Call of the Roll**

*Evan Feinman, Executive Director*

**Approval of the 9/22/15 Minutes**

*(published on website)*

**Other Business-  
Cumberland County  
Megasites**

*Tim Pföhl, Grants Director*

**Public Comments**

**Adjournment**

## Special Projects Committee

May 23, 2016

*The Committee will conduct a brief meeting at 5:00 pm on Monday, May 23<sup>rd</sup> to consider extension requests for Megasites and Economic Development Projects:*

### MEGASITES

#### Active Megasite Grants requiring extensions

#	Approved Project End Date	Approved On	Organization	Project Title	Net Award	Avail Balance	Proposed extension date
2487	<b>1/10/2015</b>	01/10/2012	Blue Ridge Crossroads Economic Development Authority	Wildwood Commerce Park- Site #1 Grading & Development	\$598,652	\$491,801	<b>5th year to 1/10/2017</b>
2266	<b>1/12/2016</b>	01/11/2011	Blue Ridge Crossroads Economic Development Authority	Wildwood Commerce Park-site Development and Build-out	\$3,800,000	\$1,234,580	<b>6th year to 1/10/17</b>
2489	<b>1/10/2015</b>	01/10/2012	Smyth County Industrial Development Authority	Smyth County Mega-Site Project	\$4,905,000	\$292,104	<b>No further extension</b>
2268	<b>1/12/2016</b>	1/12/2011	Henry County	Commonwealth Crossing Business Centre	\$5,000,000	\$108,485	<b>6<sup>th</sup> year to 1/12/2017</b>

### ECONOMIC DEVELOPMENT

#### IDA of Cumberland County

#### *Ag-Renewable Resources, LLC Anaerobic Digester Facility (#2150)*

**\$375,000 Grant Award 10/29/2010; \$125,000 Refunded from Sale of Assets – Request for Approval to Use \$25,000 Balance & Extension Request**

In October 2010, the Special Projects committee approved a \$375,000 grant award to Cumberland County to support a poultry litter methane digester project. The grant funds were used for site improvements, purchase of six 30,000 gallon tanks and for structural steel for a material handling facility. In October 2013, staff received notification that the digester project had been terminated, and the IDA requested permission to liquidate the tanks, which resulted in a \$125,000 refund credited back to the TRRC project account. In September 2014, the Commission approved allowing for proceeds from the sale of the tanks to be used toward new site development costs along with an extension of the grant through October 25, 2015; and for approval of transfer of ownership of the metal building frame under a performance agreement for fulfilling capital investment commitments for build-out of the facility. \$100,000 of the \$125,000 refunded to the Commission was used toward clearing and grading on an 11.72 acre County-owned lot to be marketed to prospective industries.

As the IDA continues to piece funding together toward their objective for attracting its first industry to the Cumberland Business Park, the County is requesting an extension through September 27, 2016, and approval to use the \$25,000 balance on this project account towards a \$680,750 contract for construction of the metal building and for a waterline extension to serve the park. This request is linked to two other Commission grants in the Southside Economic Development program (#2590, #2688) and a new application that is recommended for funding in the current grant cycle (#3150). All of the construction activities are expected to be completed within the next few months; and the County will be providing Match of \$186,631, that exceeds the minimum Match requirements on all of the mentioned grant award/applications. Also, the September 2014 approval by the Commission included allowing for transfer of ownership of the existing 30,000 square foot metal building frame, to a prospect the county was working with at the time under a performance agreement; and the county has since clarified that this prospect is no longer active. The building is being constructed to be marketed to new prospects for the industrial park.

**Staff recommends approval of an extension through September 27, 2016; and for use of the \$25,000 balance to support construction costs for erection of the metal building and for the waterline extension.**

# Virginia Tobacco Region Revitalization Commission

## Strategic Plan

May, 2016

## Table of Contents

About the Commission	
Overview	3
Mission	4
Vision	4
Strategic & Funding Priorities	
Overview	5
Key Funding Priorities	5
Committee Structure	6
Program Outputs and Goals	7
General Funding Policies	16
Operations	
Program Design	19
Meeting Schedule	20
Budgeting & Financial Management	20
Loan Fund – Operational Description	21
Data Strategy	22
Organization Chart – Staff	24
Addenda	
Authorizing Statute	
Bylaws	
Center for Rural Virginia Report	
Boston Consulting Group Report	
MOA with VRA, RE: Loan Fund	
Report from Public Input Sessions	



### ***Mission***

The Tobacco Region Revitalization Commission is created as a body corporate and a political subdivision of the Commonwealth and as such shall have, and is vested with, all of the politic and corporate powers as are set forth in this chapter. The Commission is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund and causing distribution of such moneys for the purposes provided in this chapter, including using moneys in the Fund to ... revitalize tobacco-dependent communities.<sup>2</sup>

*Section 3.2-3101, Code of Virginia*<sup>3</sup>

### ***Vision***

In today's environment – where markets are largely global and employment is increasingly knowledge-based – the Commission seeks to accelerate regional transformation, giving citizens expansive opportunities for education and employment, and providing communities the benefits of economic stability, diversification, and enhanced prosperity. In particular, the Commission seeks to meet the region's specific challenges related to a historic dependence on tobacco production, textile and furniture manufacturing, and coal production.<sup>4</sup>

As a result, the Commission also recognizes that investments should reflect and directly advance local, regional and state priorities as established by elected and appointed officials, representatives from institutions of higher education, and other community leaders. The Commission views economic development as a partnership, and will - as often as practicable - seek input from regional stakeholders to ensure its priorities align with those of the region. To maximize the positive impacts of its investments, the Commission acknowledges the critical importance of collaboration with a broad array of financial partners including public and private non-profit organizations, the educational and workforce development communities, local, state and federal governmental entities and the private sector.

A fundamental goal of the Commission is to support projects that advance the ability of the region to attract and retain businesses that support bringing in capital from outside of the Tobacco region. This goal is grounded in an objective and quantifiable economic base analysis. In general, directly productive industries, and the workforce training and development which supports them, do more to further this goal and should be favored over an increase in service industries primarily serving local markets.

---

<sup>2</sup> The statute also contains a section referring to the Commission's mission to indemnify tobacco farmers through direct payments. That portion of the mission was deemed completed and is omitted here for clarity.

<sup>3</sup> The full section of the code can be accessed at: <http://law.lis.virginia.gov/vacode/title3.2/chapter31/section3.2-3101/>

<sup>4</sup> The most updated survey economic data (and links to regional and MSA data) are available from the Bureau of Labor Statistics, accessible at: <http://www.bls.gov/eag/eag.va.htm>

## Strategic & Funding Priorities

The Commission receives hundreds of grant applications every year and must determine how to allocate its limited annual budgets to best serve the needs of the Tobacco Region. The three primary mechanisms by which the Commission makes those determinations are: 1) our Key Funding Priorities, which describe the sorts of project categories that will receive preference over all others, even those that follow our General Funding Policies; 2) our Committee Structure, and Program Outcomes and Goals metrics; and 3) our General Funding Policies, which describe specific policies related to uses of funds and preferred overall project finance rules.

### *Key Funding Priorities*

In pursuit of the types of investments in projects that best serve the needs of the Tobacco Region, the Commission has sought the input of various experts, local leaders, and the public through surveys, public meetings, individual meetings, and focus groups.

Below are the broad areas, **in order of priority**, which the Commission will focus on as it continues its work in each committee. In each area, a non-exclusive list of examples of model programs and projects have been listed, and the Commission staff will prioritize grants that align closely with more highly ranked priority categories on this list as they make funding recommendations to various committees and the full commission.

#### *I. Education and Workforce Development*

1. Training for high demand occupations that lead to industry certified credentials, as defined in partnership with regional businesses and industries, including STEM-H opportunities.
2. TRRC scholarships and tuition assistance.
3. Efforts to retain and retrain existing employees and recruit new employees and their spouses into the region to support high demand jobs.
4. Training for K-12 educators that increases their skills and knowledge regarding career training and opportunities within the Tobacco Region.
5. Work-based education such as internships, apprenticeships and on-the-job training programs.
6. Training and support for small businesses and entrepreneurs.

#### *II. Economic Development and Entrepreneurship*

7. Financial assistance in the forms of grants or forgivable loans tied to performance agreements.



8. Low interest loans and revolving loan funds to provide access to capital for startup and expansion.
9. Agribusiness companies and support programs that diversify the region's agricultural outputs and increase agribusiness profitability.
10. Cost share programs for small businesses to support entrepreneurship programs and internships.
11. Technical assistance to small businesses to help them identify trends and opportunities, develop funding and sustainability plans and business training.
12. Support for innovative research and development companies that pledge to commercialize their products within the Tobacco Region.
13. Development of industrial clusters that leverage unique regional assets.

### III. *Infrastructure*

14. Broadband, including "last mile" funding, and telecommunications pilot projects.
15. Development of industrial parks.
16. Access to public utilities including water, natural gas, sewer and alternative energy resources for economic development purposes, where other state and local resources are not available.

### IV. *Access to Quality and Specialty Healthcare*

17. Improved access to physical, behavioral and oral health care through mobile health services and tele-health capabilities.

### V. *Community Assets and Opportunities*

18. Cultural projects that support tourism.
19. Connecting communities to outdoor recreational opportunities and related businesses to support adventure tourism.
20. Repurposing of obsolete buildings with economic development potential.

### VI. *Leadership and Community Capacity*

21. Efforts to increase local and regional long-range planning, commitment and collaboration through increased support for collaborative projects and efforts.

### ***Committee Structure***

The Commission has a total of 10 standing committees. The chairperson of the Commission forms these committees, and their membership is determined at the chair's discretion. Additional, ad-hoc committees may be formed as needed. All committees meet at the call of their respective committee chairpersons.

Most committees evaluate grant and loan proposals from eligible applicants (generally counties, towns, cities, and nonprofit organizations and any subsidiary or collective organizations) and make recommendations to the Commission as to what projects should be funded, in what amounts, and whether said funding should be in the form of a loan or a grant. Some committees are operational in nature, and recommend policy or process changes to the Commission. The overall purpose and objectives of each programmatic committee described below:

1. **Executive Committee** – The Executive Committee is the Commission's rulemaking and administrative committee. The chair and vice-chair of the Commission serve as the chair and vice-chair of this committee.
2. **Southside Economic Development Committee** – The Southside Economic Development Committee hears proposals from applicants for grants or loans to support economic development in Southern Virginia. Program funds are allocated to each county by a formula that takes into account tobacco production, job losses, economic development impact and warehouse designations. Town and nonprofits are also eligible applicants.
3. **Southwest Economic Development Committee** – The Southwest Economic Development Committee hears proposals from applicants for grants or loans to support economic development in Southwest Virginia. Program funds are available to all southwest counties, cities, towns and nonprofits within the region, without regard to any specific tobacco-related local data, historic or current.
4. **Agribusiness Committee** – The Agribusiness Committee hears proposals from applicants for grants or loans to support agriculture and forestry enterprises from across the Tobacco Region. These proposals can be for specific projects, infrastructure to support agricultural enterprise, or for programmatic funding in support of the region's agriculture industry.
5. **Education Committee** – The Education Committee oversees the Commission's scholarship program, and hears proposals from applicants for grants or loans for competitive education funding. The Scholarship program's eligibility and award parameters change annually based on the committee's budget and on information regarding changing costs of education. The committee's competitive education program supports post-secondary education programs at educational institutions throughout the Tobacco Region.

6. **Special Projects Committee** – The Special Projects Committee accepts applications for projects with a variety of characteristics including, but not limited to: 1) megasite development; 2) healthcare funding 3) major prospect-specific incentive funds; 4) regional infrastructure; and 5) any project with significant regional economic impact. If there is a project that would significantly positively affect the economy of the Tobacco Region and it does not fall into the purview of another committee, it will be heard by the Special Projects Committee.
7. **Research and Development Committee** – The Research and Development Committee, having previously funded a number of R&D projects accepted from any applicant, has narrowed its focus to supporting: 1) Previously funded organizations with requests for follow-on funding; and 2) Organizations that have received or are seeking federal SBIR funding, which this Committee will match provided funded activities and any future commercialization occurs within the Tobacco Region.
8. **Strategic Planning Committee** – The Strategic Planning Committee creates and updates this document, and oversees outreach to the public, and partner and stakeholder groups during the strategic plan revision process.
9. **Tobacco Region Opportunity Fund (TROF) Committee** – The Tobacco Region Opportunity Fund Committee evaluates and approves or disapproves applications for opportunity fund grants between \$1 and \$3 million dollars. Recommended funding levels for TROF projects is determined by a formula that takes into account the proposed capital investment on taxable assets, new employment creation, and the annualized weighted average salary of the new employment. These figures are provided by a company and entered into the grant agreement signed by the company, their host locality, and the Commission. The formula takes the project parameters into account as well as local economic conditions in the host locality. TROF awards smaller than \$1 million may be approved by the Executive Director. Awards between \$1 million and \$3 million may also be approved by the Executive Director should the TROF committee prove unable to meet in a timely fashion. The full Commission must approve TROF awards larger than \$3 million.<sup>5</sup>
10. **Performance Measures Committee** – The Performance Measures Committee is tasked with overseeing and ensuring good outcomes from certain major Commission's investments. This committee is advisory and internal, and does not accept unsolicited applications for funding.

---

<sup>5</sup> For additional information about TROF funding and eligibility, please see the *General Funding Policies* section of the Commission's website.

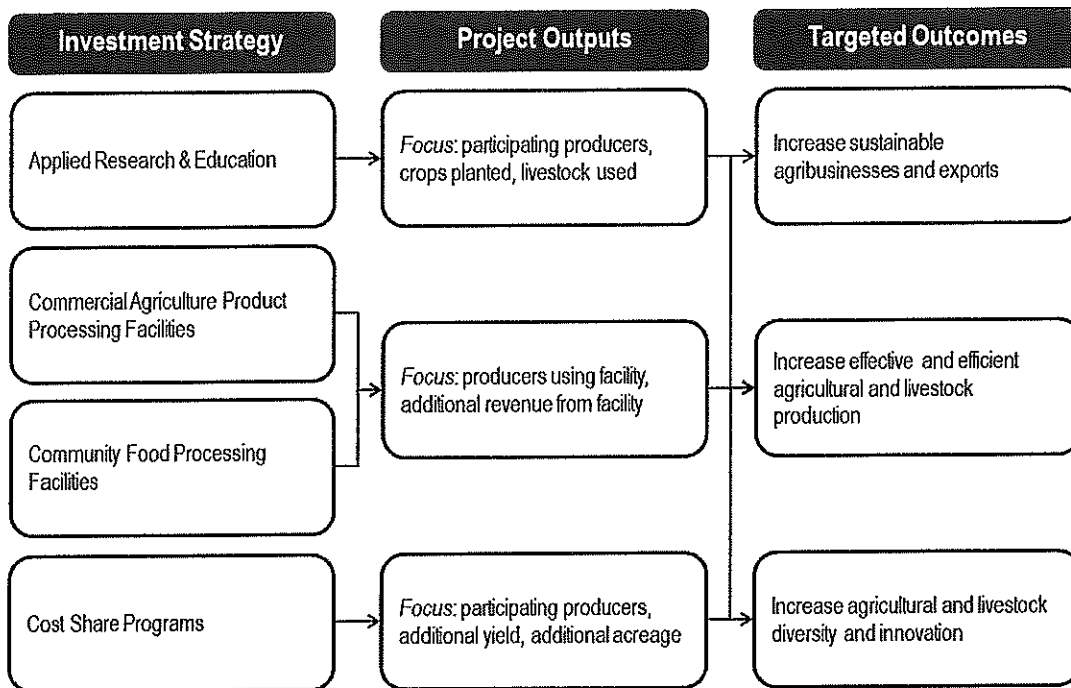
***Program Outcomes and Goals***

Each programmatic committee of the Commission does its work in pursuit of specific “project outputs,” each of which supports one or more of the “targeted outcomes,” the long-term goals of the program. Below, each committee’s work is broken out into one or more graphics displaying the specific outputs that support each programmatic goal.

It will be the goal of the Commission staff to evaluate projects, both before awards are given and in follow-up on how well they meet the clear metrics laid out in project outputs when grants or loans are awarded. For more detail on specific metrics, contact the Commission

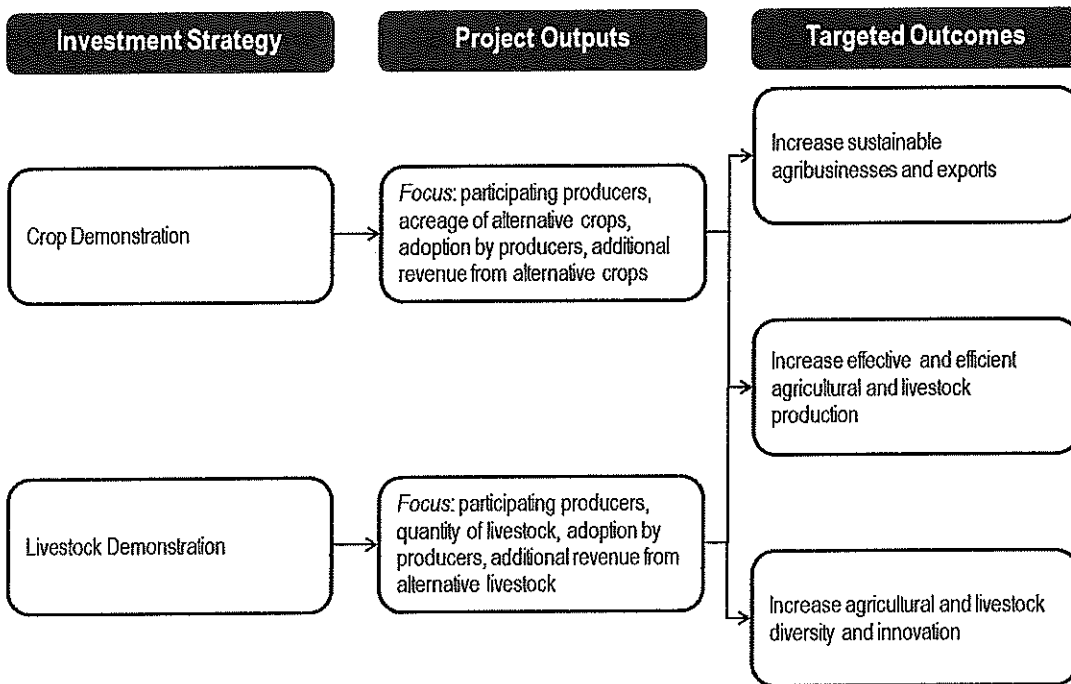
## Agribusiness

Investment Strategies, Project Outputs, and Targeted Outcomes



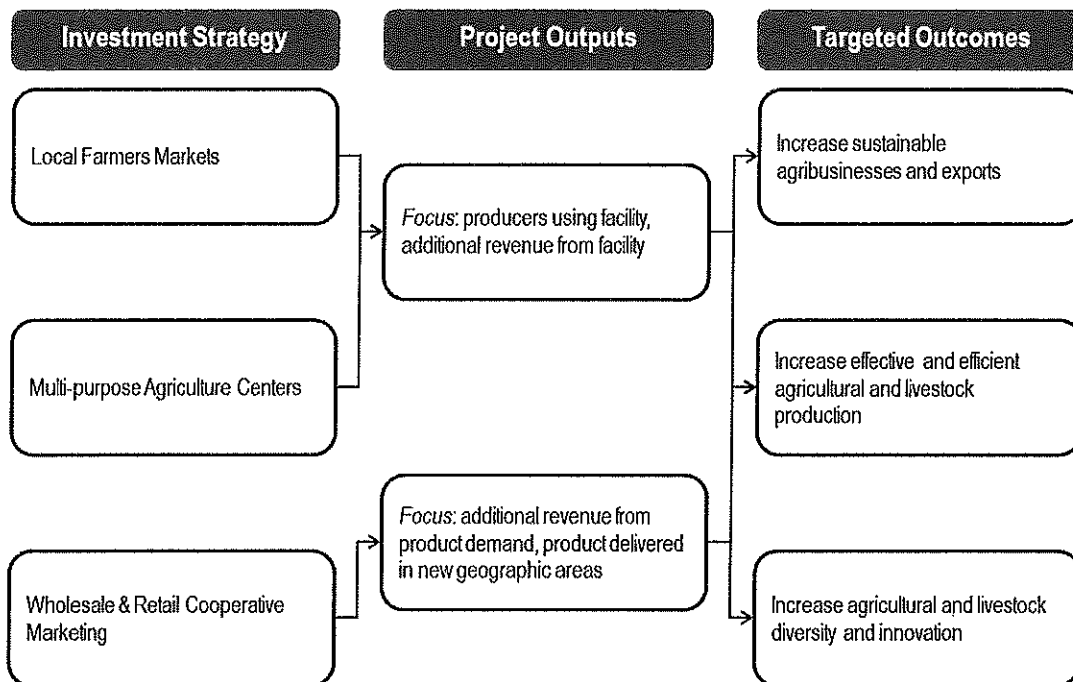
## Agribusiness (cont.)

Investment Strategies, Project Outputs, and Targeted Outcomes



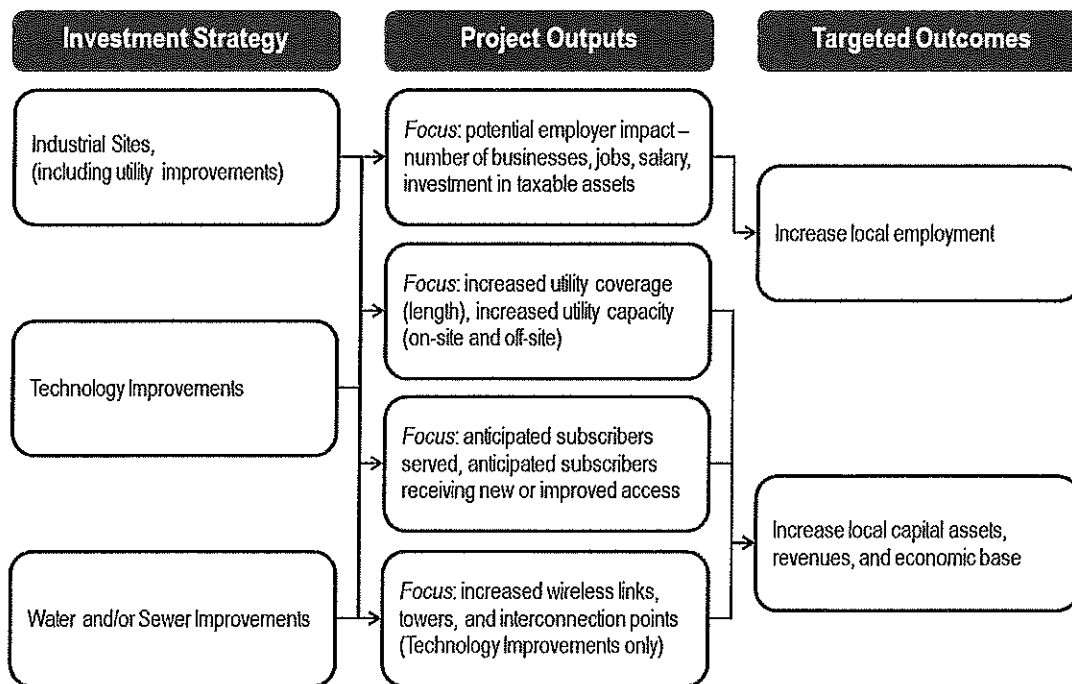
### Agribusiness (cont.)

Investment Strategies, Project Outputs, and Targeted Outcomes



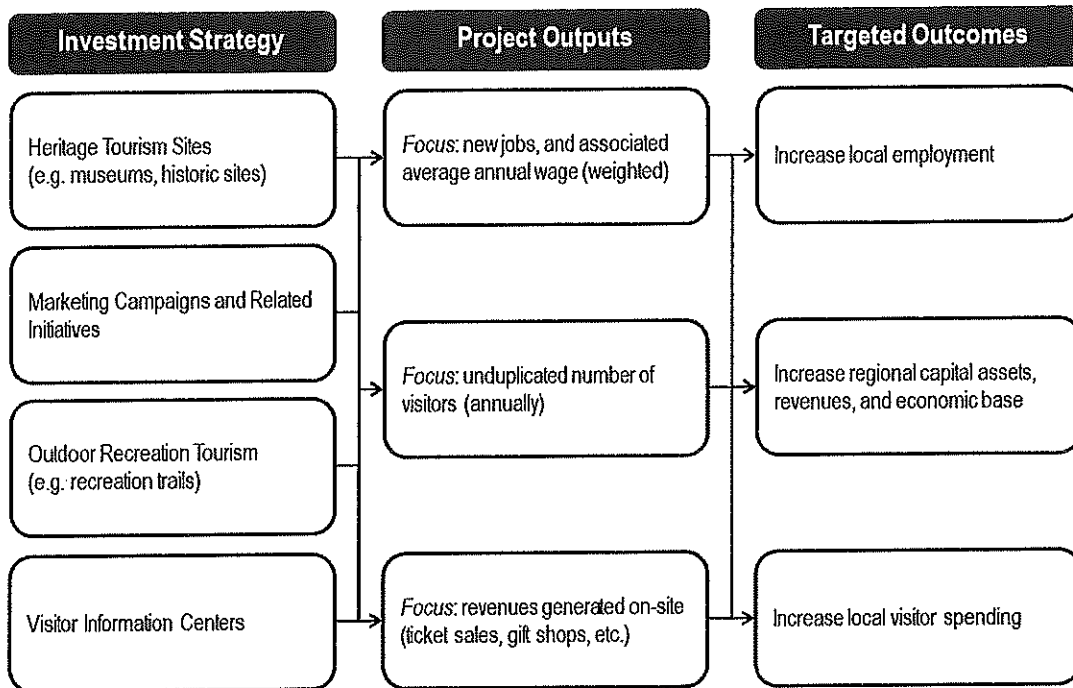
### Economic Development – Infrastructure Improvements

Investment Strategies, Project Outputs, and Targeted Outcomes



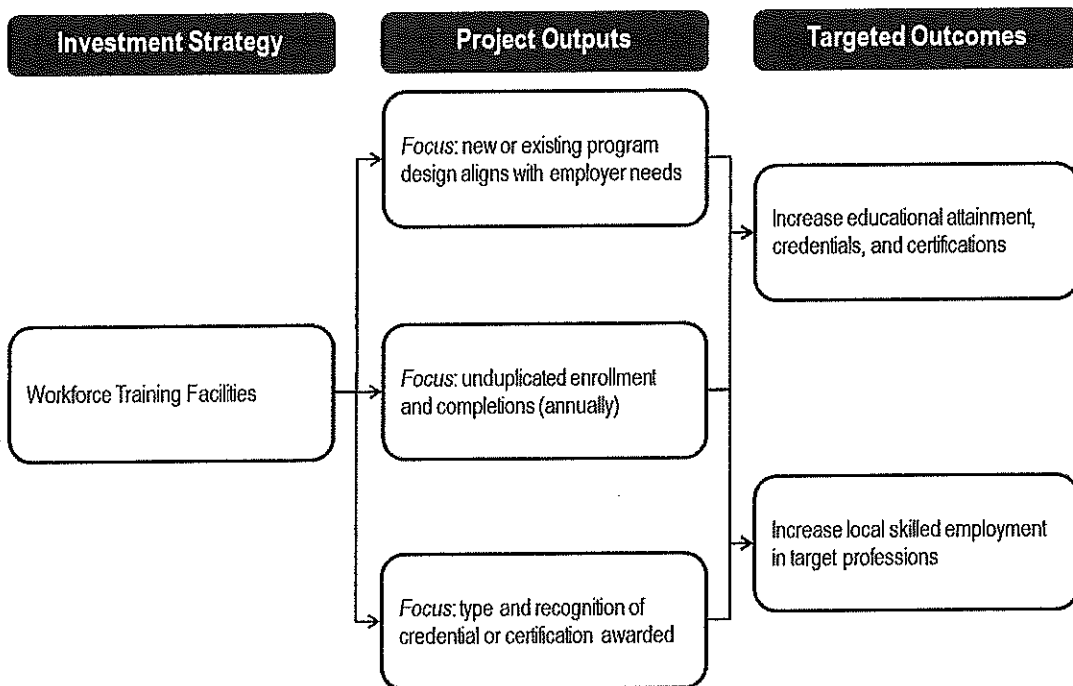
### Economic Development – Tourism

Investment Strategies, Project Outputs, and Targeted Outcomes



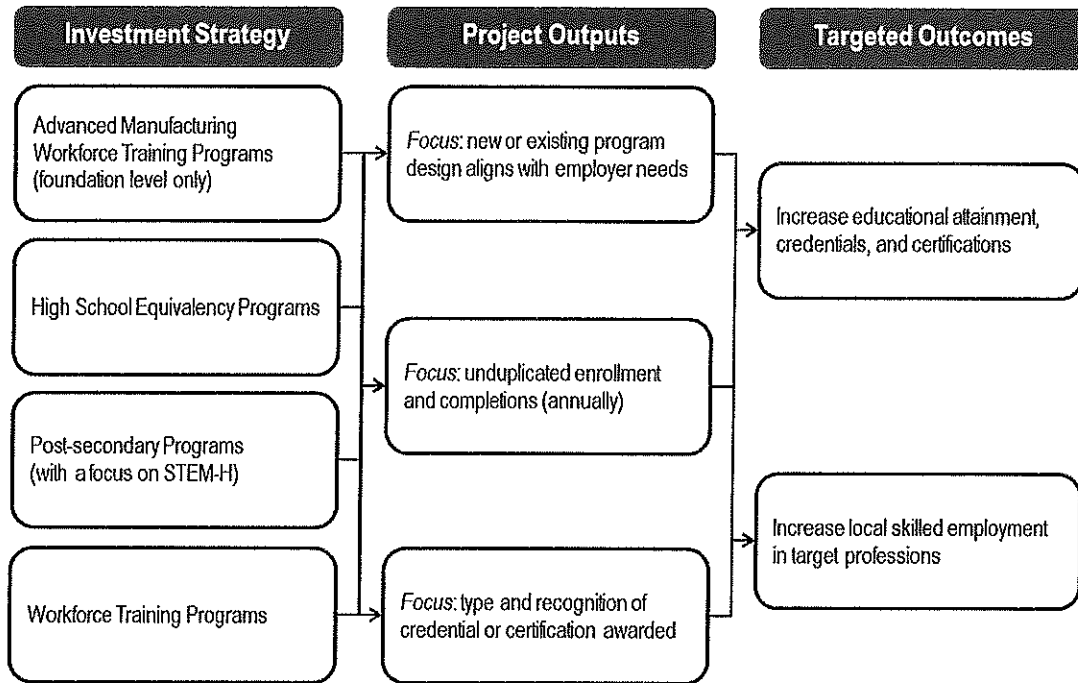
### Economic Development – Workforce Training Facilities

Investment Strategies, Project Outputs, and Targeted Outcomes



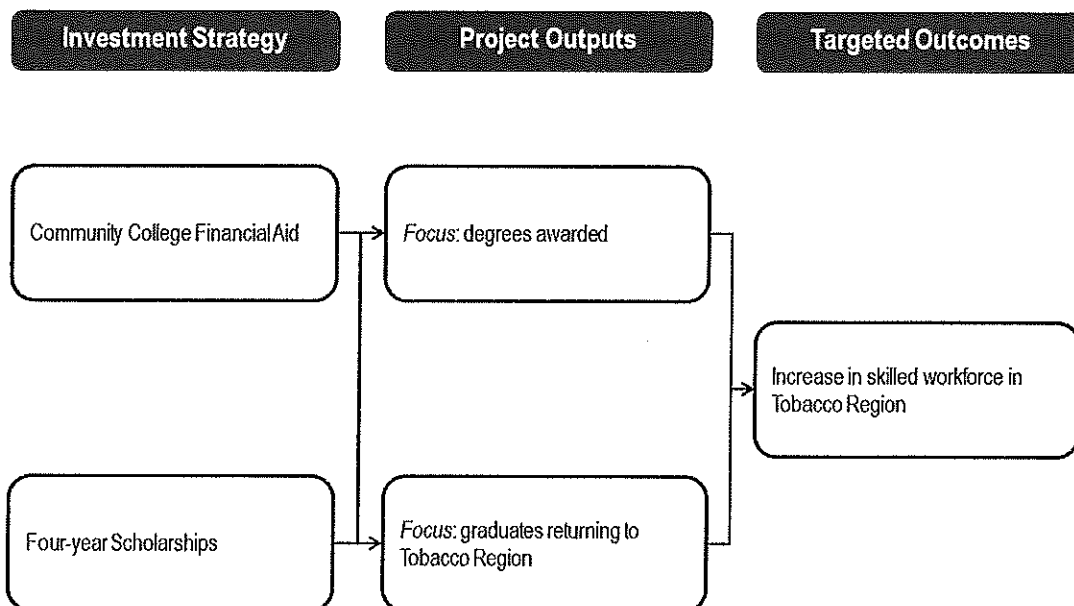
### Education – Competitive Education

Investment Strategies, Project Outputs, and Targeted Outcomes



### Education– Student Financial Aid

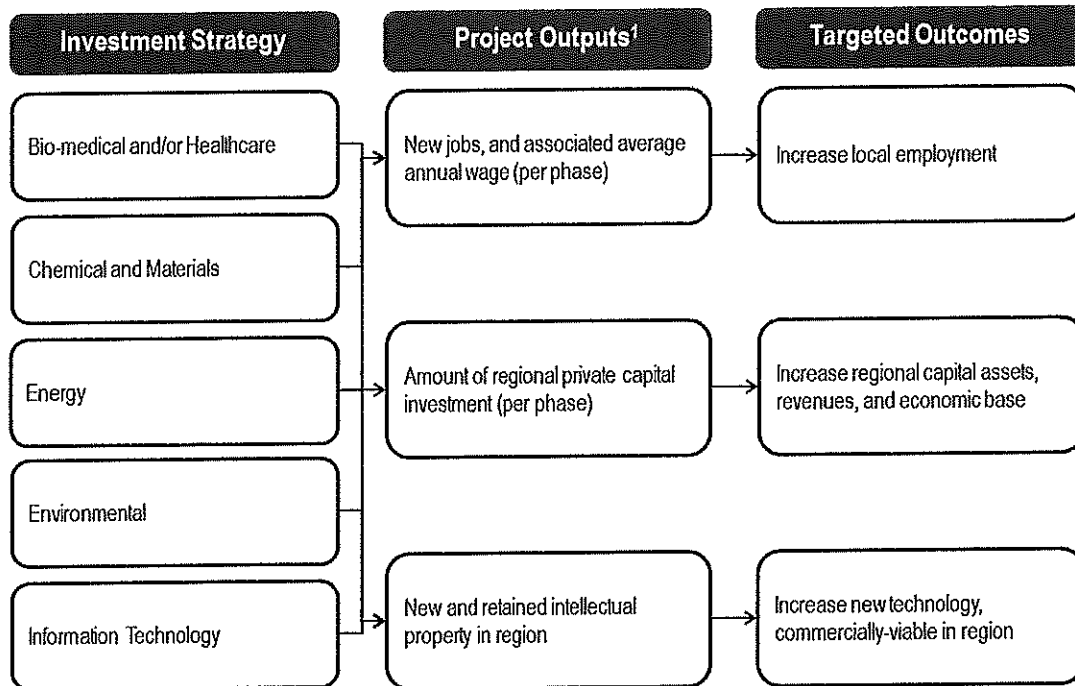
Investment Strategies, Project Outputs, and Targeted Outcomes





## Research & Development

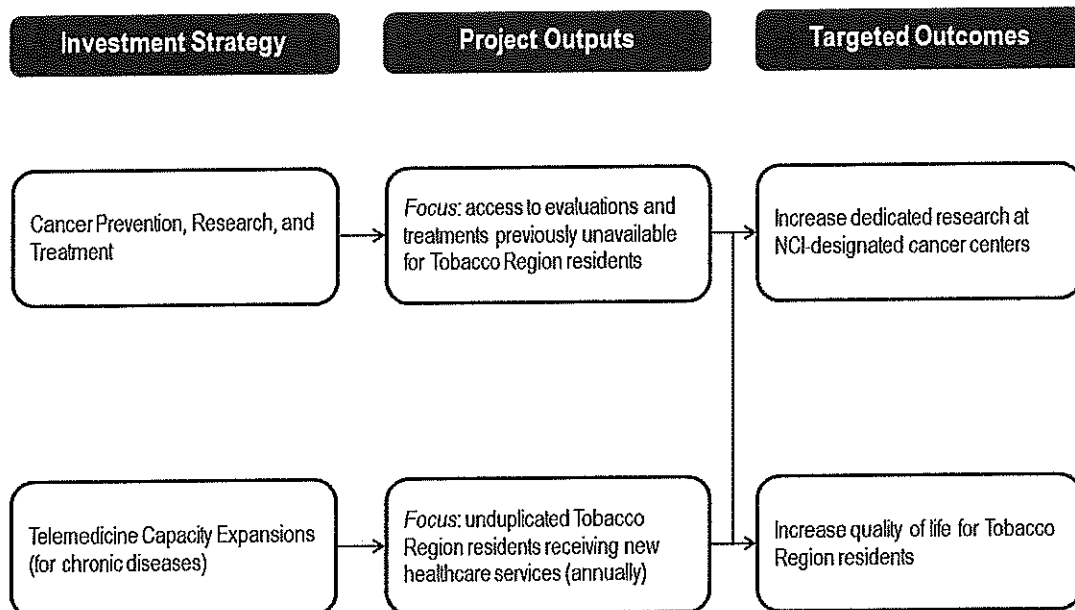
Investment Strategies, Project Outputs, and Targeted Outcomes



<sup>1</sup> Project Outputs are for both the Research Phase and Commercialization Phase.

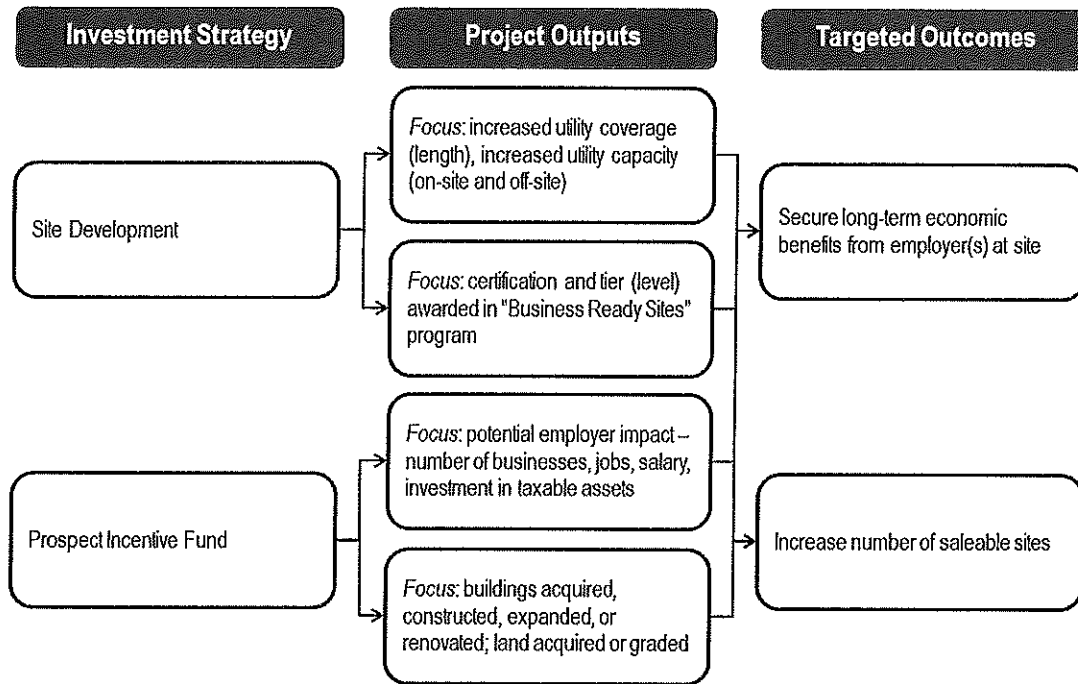
## Special Projects – Healthcare

Investment Strategies, Project Outputs, and Targeted Outcomes



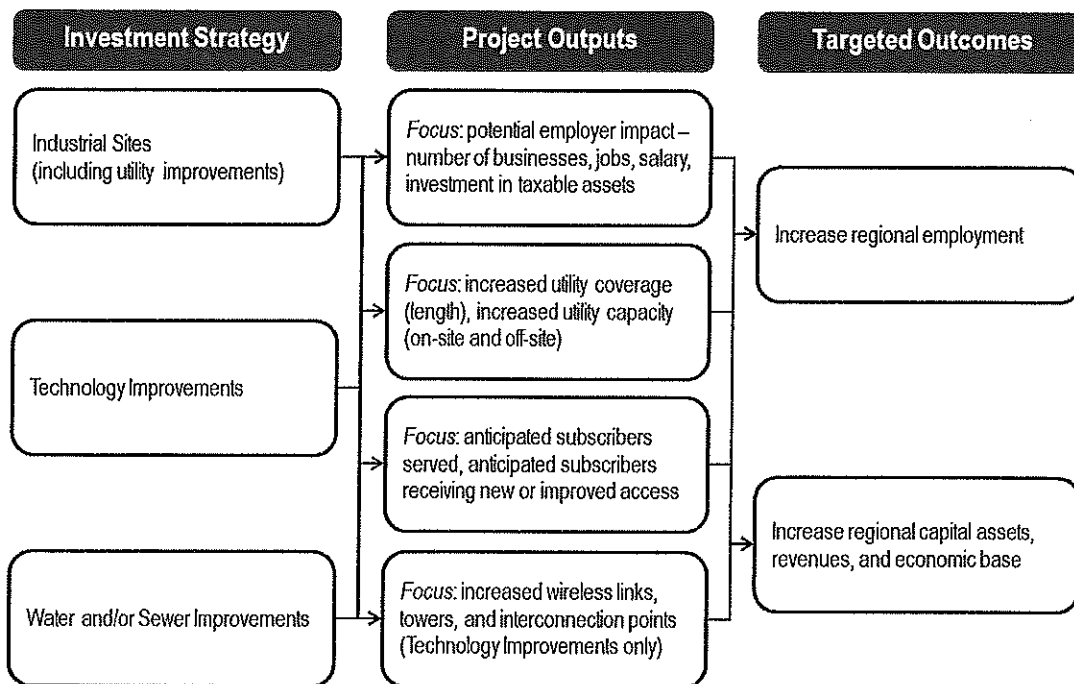
### Special Projects – Megasites

Investment Strategies, Project Outputs, and Targeted Outcomes



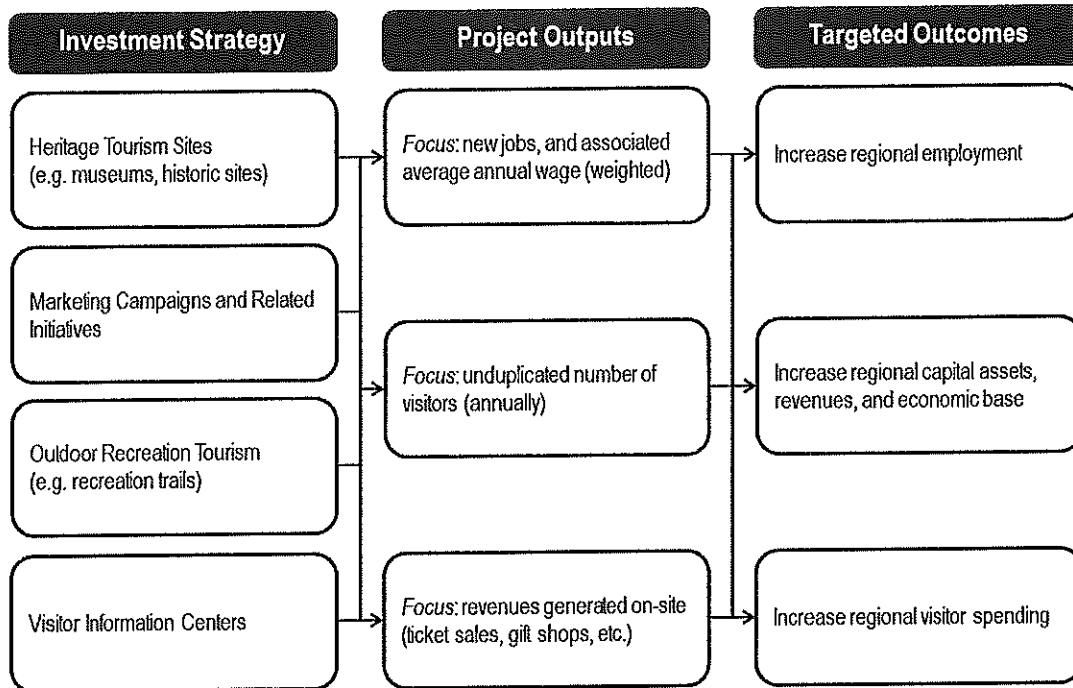
### Special Projects – Regional Infrastructure Improvements

Investment Strategies, Project Outputs, and Targeted Outcomes



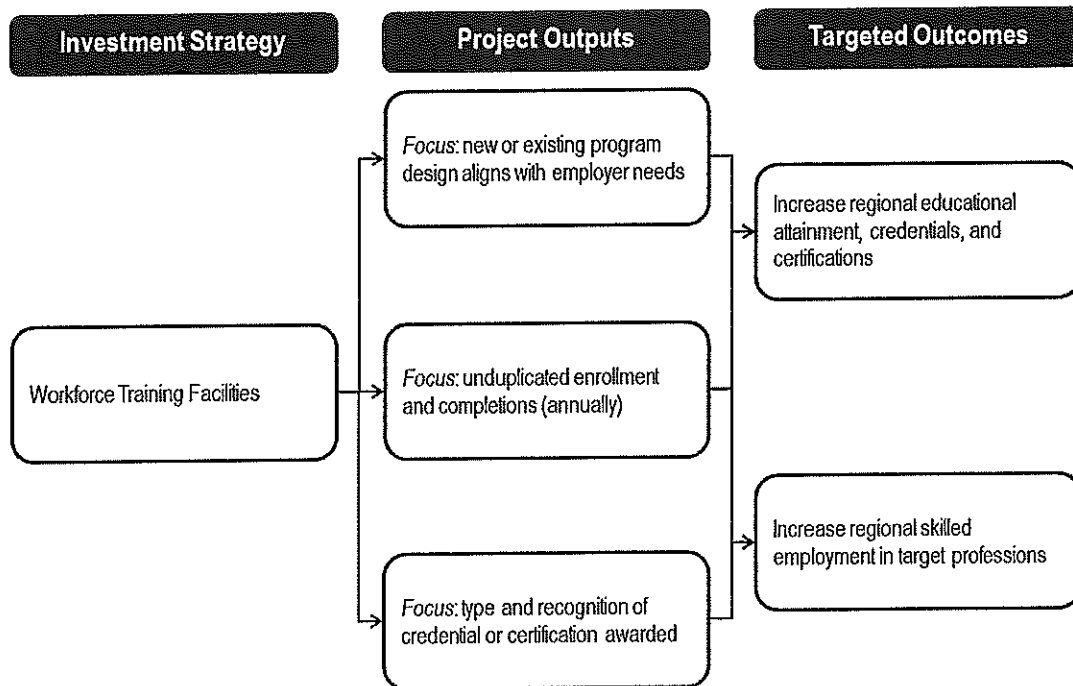
### Special Projects – Regional Tourism

Investment Strategies, Project Outputs, and Targeted Outcomes

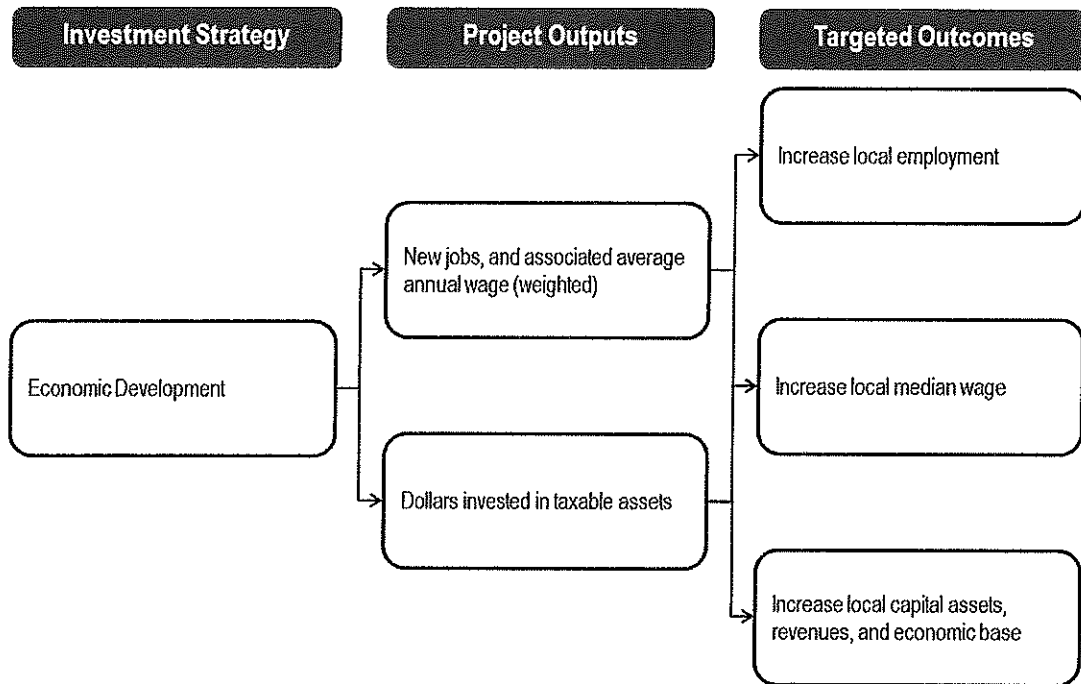


### Special Projects – Regional Workforce Training Facilities

Investment Strategies, Project Outputs, and Targeted Outcomes



**Tobacco Region Opportunity Fund (TROF)**  
 Investment Strategies, Project Outputs, and Targeted Outcomes



**General Funding Policies**

This section is intended to provide applicants and grantees with guidance on the general funding policies used by the Virginia Tobacco Commission for consideration of new applications for funding and in administration of grant awards. It references several of the Commission’s policies and grant management guidelines that can be found in the following documents on the Commission’s website.<sup>6</sup> **Funding policies referenced herein may have changed since the adoption of the strategic plan. The Commission’s website contains the most up-to-date policies in their entirety – the high-level nature of this document does not allow for an exhaustive list of policies in their entirety.**

Priority is given to projects with the following characteristics:

- align with the Commission’s Strategic Plan, and with the outputs and outcomes identified for the specific grant program (e.g. granting of nationally-recognized academic/workforce credentials in Education, creation of net new income for agricultural producers in Agribusiness etc.).
- are regional in their implementation and impacts (i.e. governance, direct financial participation or service area).
- the appropriate partner organizations have direct involvement and capacity to successfully implement the project.

<sup>6</sup> The Commission maintains its website at: [www.tic.virginia.gov](http://www.tic.virginia.gov)

- meet or exceed required matching funds and thereby leverage significant other financing.
- demonstrate that all financing necessary to complete and sustain the project is committed and available.

### *Eligible Applicants*

Applications for grant funds will only be accepted from public or incorporated non-profit private organizations located in and/or providing economic revitalization programs, services, or facilities in the tobacco region. Eligible applicants include the following:

- Government Entities - Government entities within the tobacco region or their duly constituted political subdivisions. This includes the governing body of any city, county or town ("locality"); governing body of a local or regional industrial or economic development authority; regional authority, and other governmental unit.
- Non-Profit Organizations - Incorporated non-profit organizations designated as tax-exempt by the federal Internal Revenue Service, such as 501(c)(3) entities.
- Educational Institutions - Public or private non-profit institutions of higher education, and other education or training institutions constituted and located in Virginia; or entities not constituted in Virginia but with significant, enduring investments and service delivery in the tobacco region.

### *Requirements for Applicants*

Applicants must meet all of the below criteria:

- *Procedural* - Applications must be submitted in accordance with guidelines and deadlines established by the Commission. Proposals will be reviewed by designated program staff, presented to the Committee responsible for funding recommendations for that program, and to the full Commission for a final funding decision.

**Applications that are received outside of announced funding cycles will be heard only at the discretion of the Committee Chair, and contingent upon available funding.**

- *Operational Sustainability* - Applicants should clearly describe the operational sustainability of the activity for which Commission financing is being requested
- *Outcomes and Return on Investment (ROI)* - Applicants must describe and be prepared to measure the anticipated ROI (e.g. private sector capital investment, employment and wage outcomes, public revenue benefits) in relation to proposed Commission investments.
- *Use of Funds by For-Profit Entities* – Applications that will benefit a private entity must have a public purpose and be made by one of the eligible applicants identified in the previous section.

- *Required Matching Funds* – All Commission grants require matching funds. Language adopted in Code of Virginia in 2015 now requires dollar-for-dollar matching funds for all grants (i.e. at least 50% of the Total Project Costs to be provided from non-TRRC funds), unless otherwise approved by a two-thirds majority of Commissioners. No more than 25% of the required matching funds can be provided from in-kind project contributions.

### *General Non-Eligible Uses of Funds*

The following list illustrates uses of Commission funds that generally do not align with Commission objectives and should be avoided in grant proposals and requests for grant disbursement.

- Commission funds should not be used outside the defined tobacco region (unless explicitly approved by the Commission).
- Commission funds should not be used to supplant other state or federal funds for which an applicant is eligible. This includes financing options for off-site utility improvements.
- Commission funds should not be used for regularly recurring local responsibilities (e.g. comprehensive plans, K-12 school funding).
- Commission funds should not be used to finance endowments.
- Commission funds should not be used for debt retirement.
- Commission funds should not be used for on-going operation costs beyond a start-up period that has been explicitly approved by the Commission.
- Commission funds should be invested in projects that generate substantial direct and measurable new economic activity in a region. Commission funds should not be used for projects that indirectly affect economic revitalization (e.g. community centers, childcare centers, 4H centers, YMCA or recreational initiatives, airports, local arts and cultural activities, historic preservation, housing and retail development) unless it is demonstrated that the investment will produce significant economic impacts from outside the Commission service area.
- Commission funds should not be used for project administration, indirect project costs or for activities initiated prior to grant approval.
- Commission funds should not be used to acquire or make improvements to privately owned property or to acquire or improve equipment for/in private ownership unless there are defined and documented public purposes met, to include creation of new jobs and new taxable private capital investment, and such expenditures have been explicitly approved by the Commission.

## Operations

This section describes the internal operations of the Commission. Eight areas are covered: Program Design (page X), Meeting Schedule (X), Budgeting & Financial Management (X), Loan Fund Operational Description (X), Data Strategy (X), and Organization Chart – Staff (X).

### *Program Design*

Each program has specific *outputs* and *outcomes*. These are directly tied to the short-, medium-, and long-term goals of each program. The duration of these goals can vary between programs.

- Outputs are specific deliverables required from a project by an awarded applicant (or grantee) to satisfy the obligations of the grant agreement.
- Outcomes are the measures a program targets for effecting change.

A small but important distinction is that unlike outputs, outcomes cannot be targeted directly. Program-specific outputs vary because program-specific outcomes vary. Project success is judged on delivered outputs, while program success is judged on effected outcomes.<sup>7</sup>

**Every applicant to a program must clearly articulate and demonstrate how the specific project relates to the goals of the program, what outputs shall be delivered by when, and the anticipated effect of these outputs on the outcomes targeted by the program.**

Commission staff review and score received applications. The criteria used to score an application are pre-established and program-specific. The measures and weights used to score each application has varied little over time. This provides valuable context on the score of the applicant relative to the scores of the current applicant pool and historical scores across various periods of time.

Commission staff then prepare a document containing background information and recommendations on each applicant in the current pool and distribute this to the appropriate committee for review in advance of the next committee meeting. Although staff are neither members of the Commission nor members of any committee, they are available before, during, and after committee meetings to answer questions from applicants or members or the public.

If an applicant is awarded a grant, a grant agreement must be signed between the Commission, the awarded applicant, and the final recipient of the grant funds. Depending on the outputs of a project, the deliverables in the grant agreement may vary within, or between, programs. Grant agreements are legally enforceable contractual obligations between the signed parties. **Every grant agreement contains clauses that provide legal remedies, including in certain cases a clawback provision, which may be exercised in the event of any unapproved use or misuse of TRRC funds, and/or in the case of the**

---

<sup>7</sup> In practice, it is often difficult to judge a program's success on effected outcomes because of other exogenous effects on that same outcome (e.g. lowering the unemployment rate). Examining the realized outputs of a program over time is another way to judge program success. However, this approach provides no information on the outcomes the program was intentionally and specifically designed to effect.

**outputs specified in the signed grant agreement not being met by a specified point in time.** Once all parties sign the grant agreement, staff obligate grant funds, the Commission is the grantor, and the awarded applicant is the grantee.

The grantee responds to interim assessments (surveys) on progress made toward achieving the obligated outputs. Interim assessments are program-specific. The assessments are intended to provide the Commission with useful quantitative data on the progress of the project toward completion. The Commission or Commission staff may, at any time, request additional information from grantees.

A final assessment is done once a project is completed within the duration specified in the grant agreement. A project is considered complete when the obligated outputs are met or exceeded, or when the obligated outputs either have not or will not be met. In the event of the latter, a clawback may be initiated by the Commission. **Under no circumstances will a final disbursement of funds be made to any grantee before Commission staff have received, reviewed, and validated the final assessment from the grantee.**

A project is closed once all documentation is received by the Commission and all obligations are considered satisfied.

### ***Meeting Schedule***

The Commission meets three times each year, with various committees having met in the weeks leading up to a full Commission meeting:

1. The Commission's January meeting is held on the Tuesday prior to the beginning of the General Assembly session.
2. The Commission's May meeting is held in May.
3. The Commission's September meeting is held in September.

Any additional meetings may be called at the request of the chair, but the Commission has a goal of accomplishing all of its annual business in its three regular meetings.

### ***Budgeting & Financial Management***

The Commission was originally funded from a portion of the Commonwealth's payments under the Master Settlement Agreement (MSA) reached with major tobacco companies in 1998. In more recent years, the Commission has twice securitized these payments into lump sums, and there will not be a resumption of MSA payments until the current bondholders are fully compensated, an event that will not take place until the early 2030's, at the earliest. As a result of that fact, and the Commission's commitment to remaining a significant and active supporter of the Tobacco Region's economy, the Commission must ensure that its funding does not run out prior to the resumption of MSA payments.



In pursuit of that goal, **the Commission commits to sound and careful management of its annual budgets, with a firm goal of staying below a 4.5% corpus invasion in any year in which it makes its budget**, with the caveat that larger corpus invasions may be undertaken in the event that a major new initiative or a major economic development prospect necessitates significant additional funding. In all budgets, the Executive Committee shall recommend individual committee budget allocations to the full Commission for approval.

Additionally, the Commission will make extensive use of its loan fund for as many eligible projects as possible, to ensure that, after Commission funds support an economic or workforce development project, they are returned to the Commission's coffers so that they may be redeployed into the Tobacco Region.

The Commission will work with current and past grantees in the management of assets purchased with grant funds in accordance with the terms specified in the original agreements or any amended grant agreements. While the Commission does not take out a lien against every asset purchased with Commission funds, the Commission retains an ownership interest in those assets and must consent to any sale or alternate disposition. The Commission's interest is in ensuring that funded assets are put to their highest and best use in fulfilling the original objectives for which the funds were invested. **Should a grant-funded asset no longer be capable of practically supporting the purpose for which it was purchased, any and all proceeds from the sale of that asset shall be returned to the Commission.**

Finally, the Commission and Commission staff will pursue innovative partnerships with the private sector to further leverage Commission assets and Commission grants to allow the Commission to remain competitive in attracting high-quality projects without placing undue strain on the Commission's long-term fiscal viability.

### ***Loan Fund – Operational Description***

The Tobacco Commission was authorized, during the 2015 session of the General Assembly, to set up a revolving loan fund in partnership with the Virginia Resources Authority (VRA).<sup>8</sup>

This loan fund will be the preferred funding option for any grant applications in support of projects that are likely to generate sufficient recurring revenue to service loans.

When grant requests are made, they are routed to the relevant committee, and evaluated by Commission staff. Commission staff recommend to the committee that the applicant receive no award, receive a grant in some amount, or be reviewed for a loan up to some amount.

Should the relevant committee, and then the full Commission, choose to extend a loan, the applicant will be directed to the VRA for a creditworthiness evaluation. Upon completion of that evaluation, a loan will be extended from the revolving loan fund in an amount equal to the lesser of the applicants' creditworthiness or their loan offer from the commission.

---

<sup>8</sup> The full statute and details can be found in the Virginia Code at § [3.2-3112](#) et seq

Upon notice from the VRA that a loan will be extended, the amount of the loan will be deducted from the relevant committee budget and transferred to VRA.

In future years, when the revolving loan fund has adequate resources from repayments, its funds will be allocated for the use of various committees during the budget process.

### ***Data Strategy***

Data are an integral part of the Commission's work. The Commission shall view and treat data as an asset, and data are leveraged to create value for all stakeholders.

Through the collection of detailed grant applications and ongoing grant assessments, the Commission acquires tremendous amounts of data about projects, the region, and grantees within the region. By making use of modern data analytics, the Commission can ensure strong ROI on its activities while gaining and disseminating new insights into best practices and solutions to region-specific challenges. **As the Commission gains better insight into those investments that yield the most return for the region, it will revise grant funding policies to reflect a preference for higher-return projects.**

The Commission shall create a clear, consistent, and objective set of criteria for what constitutes successful projects in any funding area, and apply these concepts throughout the life of each grant: application, management, and closeout. **The Commission is committed to objective metrics that are consistently recorded throughout the life of any grant.**

The Commission shall document comprehensive data management processes and policies. The Commission shall establish a recurring review of these policies for accuracy and workflow improvements.

### ***Data Governance***

Good data governance simply means ensuring that we're collecting and storing our data properly, that we're verifying its accuracy, and that we're keeping the data in a form that allows us to properly analyze it. There are three primary parts of data governance and they correspond to the above concepts: data management, data quality, and data knowledge. While these are distinct parts, they are closely related:

- *Data management* refers to the quantity and storage of data – getting and storing the data.
- *Data quality* refers to the accuracy and integrity of data – ensuring the data are correct.
- *Data knowledge* refers to the lineage and definitions of variables and data represented by those variables – keeping the data in a useable form for analysis.

### **Data Management**

Commission staff will regularly seek to identify and eliminate data from our collections that are redundant, obsolete or trivial. Commission staff will regularly update our application and grant reporting forms to ensure only useful, impactful, and meaningful data are collected.

Data Quality

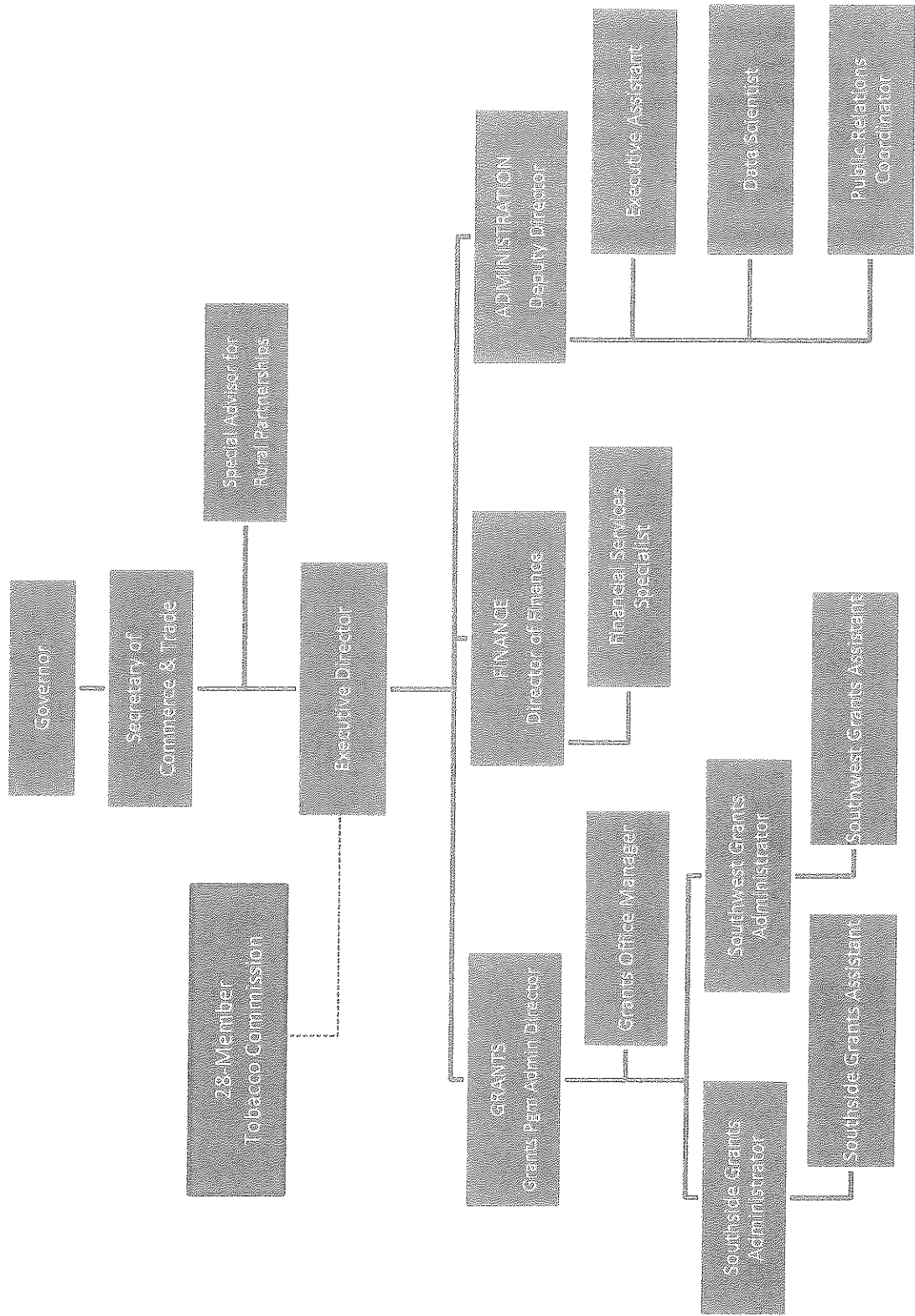
**The Commission is committed to accurate recordkeeping.** Commission staff will identify historic discrepancies in data, and correct these discrepancies. As data are entered or revised in the system, these data will be spot-checked for quality control. Should a quality issue be identified, a more thorough check will be conducted. Commission staff will strive to identify and correct the root cause of any data quality issues.

Data Knowledge

The Commission will establish very clear definitions and ensure that its data are kept in a form that lends itself to robust analysis. Once Commission staff has defined all relevant variables, and educated grantees as to those variables, the Commission staff will begin regular reviews of collected data in pursuit of new insights into the most effective use of Commission funds.

# Tobacco Region Revitalization Commission

Organizational Chart  
May 2016



## **Addenda**

Addenda to the Commission's Plan can be accessed by following the below links:

Authorizing Statute

Bylaws

Center for Rural Virginia Report

Boston Consulting Group Report

MOA with VRA, RE: Loan Fund

Report from Public Input Sessions

**Tobacco Region Revitalization Commission  
Proposed FY2017 Budget**

Endowment Balance July 1, 2015	\$ 266,564,468
Minus June corpus invasion	<u>(11,728,837)</u>
Ending Endowment Balance June 30, 2016	\$ 254,835,631
Corpus Invasion-->	<b>4.4%</b>

<b><u>SOURCES of Funds</u></b>	<b><u>Proposed FY2017 Budget</u></b>
Interest Earnings	\$ 11,403,151
TICR Endowment	11,728,837
Carryforward	<u>7,292,155</u>
<b>Total Sources</b>	<b>\$ 30,424,143</b>
 <b><u>USES of Funds</u></b>	
<b>Administration</b>	
Salaries, Benefits, Per Diems	\$ 1,431,800
Contractual Services, Travel	261,700
Supplies and Materials	7,000
Transfer Payments	413,000
Rent, Insurance, Agency Svc Charges	146,000
Furniture and Equipment	<u>15,000</u>
<b>Total Administration</b>	<b>\$ 2,274,500</b>
 <b>Innovation/Job Creation</b>	
Tobacco Region Opportunity Fund	\$ 3,000,000
Special Projects	5,000,000
Agribusiness	<u>1,000,000</u>
<b>Total Innovation/Job Creation</b>	<b>\$ 9,000,000</b>
 <b>Education</b>	
	\$ 11,000,000
 <b>Regional Economic Development</b>	
Southside Economic Development	\$ 5,000,000
Southwest Economic Development	<u>3,000,000</u>
<b>Total Regional Economic Development</b>	<b>\$ 8,000,000</b>
 <b>General Account</b>	
	\$ 149,643
<b>Total Uses</b>	<b>\$ 30,424,143</b>

**Tobacco Indemnification and Community Revitalization Commission**

Financial Summary

As of April 30, 2016

TICR Fund Balance	\$ 215,668,728
Restricted Endowment Balance	\$ 75,976,441
Unrestricted Endowment Balance	\$ 190,588,027
Restricted Endowment Accum Interest	\$ 4,973,993
Unrestricted Endowment Accum Interest	\$ 8,807,606
<b>Total Cash &amp; Investments</b>	<b>\$ 496,014,795</b>

Cash Disbursements - this month	\$ 2,092,553
Cash Disbursements - FYTD	\$ 37,653,016

Fund	Unobligated Balances
Special Projects	\$ 417,154
Education	\$ 1,599,796
TROF (Deal Closing)	\$ 12,545,046
Southside Economic Development	\$ 18,018,632
Southwest Economic Development	\$ 577,246
Agribusiness	\$ 809,474
R&D	\$ 18,805,966
Reserve	\$ 200,606
Megapark	\$ 6,999,408
Megasite Prospect Incentive Fund	\$ 6,040,000
Loan Program set-aside	\$ 5,000,000
Administration	\$ 944,341
TICRC General Account	\$ 7,148,422
FY2016 Budget Balance	\$ 79,106,092

**Tobacco Indemnification and Community Revitalization Commission**  
Statement of Revenues, Expenditures, and Changes in Fund Balance (Cash Basis)  
As of April 30, 2016

	<u>FY16 Budget</u>	<u>YTD Actual</u>	<u>YTD Actual as % of Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Other Revenue (all cost codes)	\$ -	\$ 3,902,342.66		3,902,342.66
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 3,902,342.66</b>		<b>\$ 3,902,342.66</b>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Salaries, Fringe Benefits, Per Diems	\$ 1,468,925	\$ 1,089,389.64	74.2%	\$ 379,535.36
Contractual Services	384,500	182,213.01	47.4%	202,286.99
Supplies and Materials	6,500	4,901.72	75.4%	1,598.28
Transfer Payments	244,268		0.0%	244,268.00
Rent, Insurance, Agency Svc Charges	150,950	110,071.98	72.9%	40,878.02
Furniture and Equipment	37,900	2,125.66	5.6%	35,774.34
Subtotal - Administration	\$ 2,293,043	\$ 1,388,702.01	60.6%	\$ 904,340.99
<b>Community Revitalization</b>	47,750,000	36,264,313.89		
<b>Total Expenditures</b>	<b>\$ 50,043,043</b>	<b>\$ 37,653,015.90</b>		
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (50,043,043)</b>	<b>\$ (33,750,673.24)</b>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (endowment and earnings)		\$ -		
CASH BALANCE, June 30, 2015	\$ 249,419,401	\$ 249,419,400.79		
CASH BALANCE, April 30, 2016	\$ 199,376,358	\$ 215,668,727.55		



# TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION

Financial Activity and Budget Fund Balances Report

As of April 30, 2016

Cost Code	Fund	FY15 Ending Cash Fund Balance	FY2016 Budget Transfers	YTD Disbursements	YTD Revenue	Unpaid Commitments	Budget Balance
041	Special Projects	12,552,093.91	500,000.00	(3,451,307.22)	250.00	(10,247,108.74)	(646,072.05)
042	Education	46,025,271.02		(14,694,792.63)	11,885.93	(29,742,568.15)	1,599,796.17
043	TROF (Deal Closing)	22,136,586.04	700,000.00	(795,000.00)	2,889,968.26	(12,886,508.00)	12,045,046.30
044	Southside Economic Development	30,950,164.21	(1,200,000.00)	(2,553,380.49)		(10,197,216.13)	16,999,567.59
045	Southwest Economic Development	9,458,093.26		(4,860,390.04)	113,875.00	(4,492,332.02)	219,246.20
050	Reserve Account	675,543.78		(271,193.88)		(203,744.05)	200,605.85
051	Agribusiness	4,801,532.84		(780,705.44)		(3,390,588.14)	630,239.26
052	R&D	47,225,743.23		(3,825,476.79)		(24,594,300.64)	18,805,965.80
056	Loan Program	-	5,000,000.00				5,000,000.00
057	Megasite Prospect Incentive Fund	15,000,000.00				(8,960,000.00)	6,040,000.00
060	RESTRICTED-Reserve Account	495,877.91			597.62	(496,475.33)	
061	RESTRICTED-Special Projects	1,231,478.04		(143,252.26)		(25,000.00)	1,063,225.78
064	RESTRICTED-Southside Econ Dev	2,597,722.35		(412,774.01)		(665,864.11)	1,519,064.23
065	RESTRICTED-Southwest Econ Dev	1,210,176.97		(596,238.35)		(255,938.62)	358,000.00
067	RESTRICTED-Megapark Dev	41,284,182.76		(3,879,802.78)		(30,404,971.67)	6,999,408.31
071	RESTRICTED-Agribusiness	-	179,235.00				(179,235.00)
040	Administration	2,528,639.30	(235,596.30)	(1,388,702.01)	40,000.00		944,340.99
069	RESTRICTED-General Account	68,512,422.71	(179,235.00)				68,333,187.71
049	TICRC General Account	(57,266,127.54)	(4,764,403.70)		845,765.85		(61,184,765.39)
	<b>TOTAL</b>	249,419,400.79	-	(37,653,015.90)	3,902,342.66	(136,562,635.80)	79,106,091.75

# VIRGINIA TOBACCO COMMISSION COMMITTEES

(as of 4/11/16)

## AGRIBUSINESS COMMITTEE

Gayle Barts  
James Edmunds  
Frank Harris  
Todd Haymore  
John Holland  
Don Merricks  
Ronnie Montgomery, *Vice-Chair*  
Cecil Shell  
Robert Spiers, *Chair*  
William Stanley  
Richard Sutherland  
Tommy Wright

## EDUCATION COMMITTEE

Gayle Barts  
Ben Chafin  
Becky Coleman  
Frank Harris  
Don Merricks, *Vice-Chair*  
Dale Moore  
Frank Ruff, *Chair*  
Cecil Shell  
William Stanley  
Tommy Wright

## EXECUTIVE COMMITTEE

Kathy Byron  
Bill Carrico  
Ben Chafin  
Maurice Jones  
Terry Kilgore, *Chair*  
Danny Marshall  
Don Merricks  
Will Morefield  
Ed Owens  
Frank Ruff, *Vice-Chair*  
Tommy Wright

## PERFORMANCE MEASURE COMMITTEE

Missy Neff Gould  
Danny Marshall  
Dale Moore  
Ed Owens

## RESEARCH AND DEVELOPMENT COMMITTEE

Kathy Byron, *Chair*  
Bill Carrico  
Rebecca Coleman  
Maurice Jones  
Cathy Lowe  
Danny Marshall  
Dale Moore  
Will Morefield, *Vice-Chair*  
Ed Owens  
Frank Ruff

## R&D SUBCOMMITTEE (VETTING)

Kathy Byron, *Chair*  
Becky Coleman  
Maurice Jones  
Dale Moore  
Ed Owens

## SOUTHSIDE ECONOMIC DEVELOPMENT COMMITTEE

Kathy Byron  
John Cannon  
James Edmunds  
Missy Neff Gould  
John Holland  
Maurice Jones  
Danny Marshall  
Don Merricks  
Robert Mills  
Ed Owens, *Vice-Chair*  
Frank Ruff  
William Stanley  
Tommy Wright, *Chair*

## SOUTHWEST ECONOMIC DEVELOPMENT COMMITTEE

Bill Carrico, *Chair*  
Ben Chafin  
Becky Coleman  
Maurice Jones  
Cathy Lowe  
Ronnie Montgomery  
Will Morefield  
Richard Sutherland  
(no Vice-Chair assigned)

## STRATEGIC PLANNING COMMITTEE

Kathy Byron  
Rebecca Coleman, *Co-Chair*  
Missy Neff Gould, *Co-Chair*  
Maurice Jones  
Danny Marshall

## SPECIAL PROJECTS COMMITTEE

Kathy Byron  
John Cannon  
Bill Carrico, *Vice-Chair*  
Missy Neff Gould  
Maurice Jones  
Danny Marshall, *Chair*  
Robert Mills  
Ed Owens  
Robert Spiers

## TROF COMMITTEE

Terry Kilgore, *Chair*  
Danny Marshall  
Frank Ruff, *Vice-Chair*