

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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7 **Agribusiness Committee Meeting**

8 Monday, January 6, 2020

9 12:45 o'clock p.m.

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13 Homewood Suites by Hilton

14 700 East Main Street

15 Richmond, Virginia 23219

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1 APPEARANCES:

2 Mr. Robert Spiers, Chairman

3 Ms. Gayle F. Barts

4 Mr. Robert Mills

5 Ms. Sandy J. Ratliff

6 The Honorable Bettina Ring

7 Mr. Cecil E. Shell

8 Mr. Walter H. "Buddy" Shelton, Jr.

9 The Honorable William M. Stanley, Jr.

10 The Honorable Thomas C. Wright, Jr.

11

12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director

14 Mr. Andy Sorrell, Deputy Director

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

16 Ms. Sarah K. Capps, Grants Program Administrator,

17 Southside Virginia

18 Ms. Michele Faircloth, Grants Assistant,

19 Southside Virginia

20 Ms. Sara G. Williams, Grants Program Administrator,

21 Southwest Virginia

22 Ms. Jessica Stamper, Grants Assistant,

23 Southwest Virginia

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1 COUNSEL FOR THE COMMISSION:
2 Ms. Elizabeth B. Myers, Assistant Attorney General
3 Richmond, Virginia 23219

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1 January 6, 2020

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MR. SPIERS: I'm going to call the Agribusiness
4 Committee to order and ask Evan to call the roll. I also want to
5 welcome all the members and visitors.

6

Evan, please.

7

MR. FEINMAN: Mr. Spiers.

8

MR. SPIERS: Here.

9

MR. FEINMAN: Mr. Mills.

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MR. MILLS: Here.

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MR. FEINMAN: Ms. Barts.

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MS. BARTS: Here.

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MR. FEINMAN: Delegate Edmunds.

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DELEGATE EDMUNDS: (No response).

15

MR. FEINMAN: Mr. Harris.

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MR. HARRIS: (No response).

17

MR. FEINMAN: Ms. Ratliff.

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MS. RATLIFF: Here.

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MR. FEINMAN: Secretary Ring.

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SECRETARY RING: (No response).

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MR. FEINMAN: Mr. Shell.

22

MR. SHELL: Here.

23

MR. FEINMAN: Mr. Shelton

24

MR. SHELTON: Here.

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MR. FEINMAN: Senator Stanley.

1 SENATOR STANLEY: Here.

2 MR. FEINMAN: Mr. Sutherland.

3 MR. SUTHERLAND: (No response).

4 MR. FEINMAN: Delegate Wright.

5 DELEGATE WRIGHT: Here.

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

7 MR. SPIERS: Thank you. At this time, I'll call for the
8 approval of the October 9, 2019 minutes.

9 DELEGATE WRIGHT: So moved.

10 MR. SPIERS: All in favor of adopting the minutes, say
11 aye. (Ayes). Any opposed? (No response). The minutes are
12 approved.

13 At this time, I'll call on Evan to give us an update on
14 the Hemp Project Policy Discussion, we had that last year, I
15 believe.

16 MR. FEINMAN: If you recall at our last meeting, our
17 friends and partners at VDACS came and spoke to us about the
18 current regime, and we had a conference call, and they also
19 came to our meeting in Marion to update the Commission. What
20 we're seeing right now is extraordinary growth in that industry,
21 both on the CBD side and to a lesser extent on the fiber
22 processing side.

23 What we're concerned about is just how swift the
24 growth is, and it looks like an awful lot like a bubble, and there's
25 folks getting extraordinary amounts of money on a per-acre basis

1 to the extent where I'm not sitting around waiting for the phone
2 to ring.

3 What we were hoping to propose to the Committee is
4 that for processing facilities, which are really going to be reliant
5 on a price point staying at a certain level that this Committee
6 have a hemp processing round in the late winter before the
7 meeting in May and maybe some decisions made in May. And
8 our recommendation would be looking for in each region
9 processing capacity to do oil and fiber and support those projects
10 so we do not over-invest. We don't want to get out ahead of
11 things and invest in more processing than the market will be able
12 to support over the next five-plus-year period.

13 So, it is the Staff's recommendation that this
14 Committee set a date or instruct us to set a date and hold a
15 round for hemp processing only, as well as set some targets, the
16 amount of processing capacity that we need in each region.

17 MR. MILLS: Can I speak to that? I agree and I
18 disagree on some of the things you're saying. We do need to
19 strategically think about fiber versus flower, because both cannot
20 co-exist in the same community because of pollination. So, we
21 do need to think seriously not wanting to fund two of those
22 facilities that are much different. It really doesn't matter to the
23 fiber guys whether there's flower into the neighborhood, but it
24 matters a whole lot to the CBD and flower producers. I do agree
25 we need to be strategic on where it's located, because after this

1 first growing season we have found those success pockets where
2 the equipment and infrastructure is in place to move that
3 acreage forward.

4 On the other side of that, if we do this and we set it
5 up today, then there is particularly one opportunity in this
6 proposal we have today that is ready to writing contracts within a
7 couple of weeks. They've already got their partners together,
8 they've got their procurement ready to go. So, essentially what
9 you have done, you have taken this potential contractor, which is
10 already located on a major corridor where the bulk of the CBD
11 hemp is being grown. You put them in a disadvantage that
12 you're going to lose an entire growing season. I don't know that
13 that is something that our growers who are already established,
14 like myself, and many others, who have kind of figured this thing
15 out on what we need to do. That would put us at a real
16 disadvantage for this growing season.

17 There is a lot of biomass out there and there's people
18 who grew hemp that should not have grown hemp, and there are
19 people who grew hemp who signed contracts that they felt were
20 good contracts, but they did not necessarily do their due
21 diligence to make sure the companies had the funding behind
22 them to purchase.

23 So, I would be very, very careful in setting this up
24 before we take care of some business that we need to do today,
25 because there is at least one opportunity on here that needs our

1 attention immediately today. And I do not want to exclude them
2 on making some type of ruling before we have an opportunity to
3 look at these grant proposals.

4 MR. SPIERS: Delegate Marshall, did you have a
5 question?

6 MR. MARSHALL: Yes, I'm not a member of this
7 Committee, but, Robert, you mentioned somebody about the
8 CBD. How far apart can they be if that happened?

9 MR. MILLS: You know, the pollination is in the
10 springtime when you see that yellow haze across the sky, and
11 that yellow haze goes a far ways. You could potentially be miles,
12 just a few miles. And that could potentially ruin a CBD
13 producer's crop.

14

15 NOTE: Secretary Bettina Ring is now in attendance.

16

17 MR. MILLS: Now, I'm all about the right to farm and
18 people being able to do what they want to do with their own
19 land, I'm not here to argue about that today. But I think you
20 should be careful about how you encourage folks or entities to
21 locate in one area because there is going to be some successes
22 and some failure, and I'd hate to be one of those failures, but we
23 need to be careful about where we locate these facilities.

24 DELEGATE MARSHALL: I don't know if that's in our
25 house or if we can do that as far as the Tobacco Commission.

1 The General Assembly can do that. I don't know if we can do
2 that. Any other states do that?

3 MR. MILLS: No, and it's because people don't want to
4 infringe on the rights to farm. I've had a number of phone calls
5 from Southwest Virginia, and there were some concerns because
6 you had a fiber processing facility located in an area where there
7 were some CBD being grown. It's like a cattle feedstock
8 producer moving into where there's a lot of bad barbed-wire
9 fences. He can only stay as pure as somebody who doesn't jump
10 the fence, and that's a problem you have there. You have to
11 figure where you're going to locate. I'm not saying the farmer
12 cannot locate, but I'm saying we need to think through in where
13 we locate these facilities and that the infrastructure is in place
14 and which area is best suited. I'm not saying we're picking their
15 crop, but from the Tobacco Commission side, we need to be very
16 careful. We wouldn't want to put a fiber in a CBD processing
17 facility in Danville or in South Hill or in South Boston when you've
18 got so much CBD on that production hemp on that 58 corridor.

19 MR. SPIERS: To Robert's point and what I know
20 about it, an illegal marijuana plant could do the same thing, but I
21 think what he's saying is that when you have a processing, you
22 encourage large acreage, you would increase the risk of cross-
23 pollination. I've also talked to fiber growers that say if you
24 harvest the fiber properly, it does not get to the point that it
25 would be putting off pollen. It's going to be production practices

1 and farmers are going to have to watch what they're doing, but it
2 still goes back to us being strategic.

3 My question to Evan is when is it that you would
4 propose this round so it could be in time for people to get
5 wrapped up in the growing season, this coming growing season?

6 MR. FEINMAN: Mr. Chairman, this is a complicated
7 question, and I think that further supports Staff recommendation
8 that we approach this strategically and that we work with folks
9 that have greater or have seen a lot of Agribusiness projects
10 come and go before this Committee. But we don't have nearly
11 the amount of expertise on the staff that frankly is being
12 represented around the table. I think we would want to consult
13 with certainly Secretary Ring, certainly our partners at the
14 Agribusiness Farm Bureau and see what a sensible approach
15 would be.

16 The Staff, what I highlighted for you initially were
17 economics and not agricultural, and we want to make that we're
18 not overinvesting in an inflating bubble, but what we could do
19 certainly is take action on those projects that are ready to go,
20 but they might be harmed by inaction, and then incorporate that
21 action into a planning process that we do over the course of the
22 winter. The need for those folks who need to get a crop in the
23 ground beforehand trying to approach that in some way. This is
24 a whole new big cash crop, and I don't think we should jump in
25 with both feet when we know that there is significant capacity

1 and a lot of the business aspects of it have not been entirely
2 sorted out.

3 MR. MILLS: I don't think it's fair to the folks that have
4 done their work, but I think it's fair for us today to look at these
5 grants as they are. And I agree that after this, you want to set
6 that up, but to put these folks at a disadvantage who have got
7 their stuff together and they've got their investor and got their
8 building and got their procurement folks and they have done
9 their work and ready to start contracting in three weeks. To
10 come to them today and say, well, we're going to put all this on
11 hold until we can straighten it out. But they're already done their
12 work and they put together a good plan. So, I don't believe in
13 putting these folks at a disadvantage because they did their job
14 and did what they were supposed to do and got the applications
15 in on time.

16 MR. FEINMAN: For clarification, Mr. Mills, I think I
17 know, but which of the specific projects are you talking about?

18 MR. MILLS: The Halifax.

19 MR. SPIERS: 3605.

20 MR. MILLS: Yes, Halifax County, 3605, Project
21 Phoenix.

22 MR. FEINMAN: We do have a couple of others on the
23 agenda.

24 MR. SPIERS: As far as the discussion, we want to try
25 to set parameters on a hemp ground?

1 MR. FEINMAN: Mr. Chairman, I think what the Staff
2 would appreciate it would be you and those on this Committee
3 were to put together a subcommittee with the blessing of
4 Chairman Kilgore and certainly Mr. Mills and Secretary Ring and
5 others on the Commission who have greater experience and none
6 of us are producers ourselves, which makes a lot of sense for us
7 to work with folks that have that experience and set up
8 parameters by which we could do it, a hemp round and set some
9 policies. If something was particularly urgent and we certainly
10 could do a special Commission meeting before May if there was
11 something moving extraordinarily quickly if it was necessary to
12 be approved before May.

13 What I would not want to do is sit around the table
14 here and hash out every comma and apostrophe, where we're
15 going to set up hemp and what we're going to do. So, what I
16 think makes sense is give us a policy direction and a couple of
17 Commissioners to work with Staff and come up with a hemp
18 strategy, and then we could have that strategy as we move
19 forward and protect our dollars and help the industry grow in a
20 conservative fashion.

21 MR. MILLS: If we don't do anything or if we don't
22 take any action on anything before the 1st of March, you have
23 completely lost the 2020 growing season because of the
24 procurement for plants. As far as a planning date, you could do
25 something in May and that would be fine. But I can tell you right

1 now, everybody is jockeying for a certain amount of green-out
2 space. If you have not gotten your plants ordered by the first of
3 March, then you are not going to be in the game. We have to
4 remember we're talking about the growing season, and our
5 growing season is starting today because we're getting our land
6 prepared. And this goes back to the labor side of it. I'm having
7 to put in for how many A, two A workers, A, two A workers I
8 want for my entire growing season right now. I can't wait until
9 May, because if I do, or even April, the Association is going to
10 say I'm sorry, I can get you some workers in July, but that
11 doesn't help me for my April and June workers.

12 I'm not trying to be difficult to get along with, but as a
13 hemp grower and as a farmer, I try to bring the perspective of
14 myself and hundreds of other people and what we're dealing with
15 on a daily basis. It's the unintended consequences of a good
16 thing, is what scares me. That's why I think some of these, we
17 need to take a sharp look at them before we put in some type of
18 moratorium that locks them up until May.

19 MR SPIERS: I can confirm what Robert is saying. My
20 son is doing the growing, we're facing the very same thing. And
21 issues that he is, to go a little bit further, we can grow this, but
22 for somebody to buy it, they need a processing facility that
23 seems to be the bottleneck of growers that grew last year and
24 have the product or the hemp, and there's no one to buy it. And
25 the main reason is that we're not able to get it processed, so

1 we're not in the market to buy what you're growing. There does
2 seem to be a need, but the red flags, I understand where you're
3 coming from, Evan, the red flags are, and there is such a supply,
4 it's hard to imagine straight economics and demand are not
5 going to come in and the price will go down and will the growers
6 be able to keep growing? Then there's a big question of, but at
7 the present time there is a need for processors.

8 As Chairman, I'd be more than willing to, the
9 Chairman and the Commission, you gave me a thumbs up to
10 form a committee and the ones you named would be excellent
11 members. I don't know that I'll be with the Commission much
12 longer. Is there another Commission member that is growing?

13 MR. FEINMAN: I think your term goes to June.

14 MR. SPIERS: I might be already out, I don't know,
15 but I'll serve until I'm replaced for this Committee.

16 MR. FEINMAN: Yes, sir, Mr. Chairman, you serve until
17 the Secretary of the Commonwealth announces a replacement
18 for you. It may happen before May, it may not, because they
19 have a lot of appointments to make. We can, as we always do,
20 we can make work what the pleasure of the Committee is. It
21 would be our hope because we're concerned about this industry
22 that we do establish that subcommittee and come up with some
23 operating rules.

24 MR. SPIERS: Does it have to be someone from the
25 Agribusiness Committee, Delegate Marshall is very knowledge of

1 what's going on in the industry and Southside.

2 MR. FEINMAN: Chairman Kilgore can appoint anybody
3 he wants.

4 DELEGATE KILGORE: We'll get somebody from
5 Southwest.

6 MR. SPIERS: You'll fill that out?

7 MR. FEINMAN: Yes.

8 MR. SPIERS: Do we need a motion?

9 DELEGATE MARSHALL: What Robert is saying, you
10 need a yes or no?

11 MR. MILLS: I need a yes or no when we leave on one
12 of the projects. We look at all of them and from reading them,
13 and I think there are some that are further along than others as
14 far as being ready to actually contract. There's one thing to be
15 getting ready to have a building ready for the processor to move
16 in, and another thing to be the processor and ready to go.

17 DELEGATE KILGORE: I think we can get that ready,
18 and we can figure out how to do that. This Committee can do it
19 and we'll get you an answer, but to move forward with some of
20 these other projects, we need to get the subcommittee together
21 and come up with a solution so we don't miss the growing
22 season.

23 MR. FEINMAN: We have received applications so far,
24 a tremendous number of inquiries, left, right, and center. And it
25 would be good if we could articulate a clear policy in the near

1 future.

2 MR. SPIERS: What other action do we need to take?
3 Do we need to charge this Committee, or this Subcommittee,
4 with something, or will the Chairman of the Commission do that?

5 MR. FEINMAN: The Chairman can create that
6 Committee, but if you all charge the Staff in a motion with having
7 a set policy ahead of your next meeting and put us under the gun
8 will get it done.

9 MR. SPIERS: The Chair is looking for a motion to
10 formulate a Subcommittee to work with Staff and to set a policy
11 on the location and numbers of hemp processing for the oil and
12 fiber before the next Commission meeting. It is moved and
13 seconded.

14 MR. MILLS: I do have one question, and I want to
15 make sure we're okay. We'll still evaluate these if this passes?

16 DELEGATE KILGORE: Yes, I think that would address
17 your concerns.

18 MR. MILLS: I just didn't want to be taken out of the
19 game by passing the motion.

20 MR. SPIERS: I asked for a motion, and it was
21 approved and seconded. All right. Everybody clear on the
22 motion. All in favor, say aye. (Ayes). Opposed? (No response).
23 Motion passes. Thank you.

24 All right, at this time, we'll call on Tim for the FY20
25 New Grant Proposals. Tim.

1 MR. PFOHL: Yes, sir.

2 MR. SPIERS: Starting on page 5, we have 14
3 proposals. So, Tim, you're up.

4 MR. PFOHL: Thank you, Mr. Chairman. Indeed, we
5 have 14 proposals that we received in October for the FY20
6 Agribusiness round. They're requesting \$3.5 million of funds, but
7 the Committee has a balance of just shy of \$2.6 million. The
8 Staff is recommending funding support for nine projects, \$1.5
9 million, but that could change in the next hour or so. As Smoky
10 and the Bandits said, we have a long way and a short time to get
11 there. And there's a 16-page Staff report on our website. If you
12 haven't seen it in the audience, it's on our site of Revitalized
13 DNA.org. Click on about the Commission and the meeting, you
14 can see the impact. In the interest of time and moving
15 expeditiously through this, I will attempt to be very brief as we
16 walk through these.

17 The first one, Abingdon Feeder Cattle Association,
18 3586, Mechanizing Forage Research in Southwest Virginia -
19 Phase 2. A year ago, the Commission made a grant of \$75,000,
20 the CIBUS Harvester, the machine has already been extremely
21 beneficial in conducting three forage research projects for
22 Virginia livestock producers. This was needed for a forage
23 sampler designed specifically for this particular machine. The
24 request is \$11,810. And we got a quote from the applicants on
25 this. Staff recommends an award of \$11,810.

1 Second request is from Abingdon Feeder Cattle
2 Association, Pastures for Profit, Number 3598, requesting
3 \$734,400. This would create a new cost share program to assist
4 farmers in new forage varieties based upon the research
5 conducted using the forage equipment, and that involves the
6 harvester we just talked about. The eligible cost share items
7 would be the purchase of items to assist with adjustments to soil
8 fertility, forage seeds, and application equipment. It'll serve 12
9 counties in Southwest Virginia and be administered through the
10 Cooperative Extension Offices.

11 Among the proposed qualifying would be annually
12 occurring expenses, fertilizer, lime, seed, which are not typically
13 priorities for Commission cost share programs. We would
14 suggest the focus be placed on long-life equipment, those items
15 would be spreaders and so forth, running from \$1,000 up to
16 \$15,000.

17 Staff, therefore, recommends an award of \$250,000
18 for up to 33 percent cost-share not to exceed \$3,000 per
19 producer, on capital costs for eligible equipment purchases, and
20 the program guidelines be amended to require applicants be
21 "resident and property owner in the participating counties", as
22 opposed to resident or property owner, which is in the proposed
23 guidelines. So, that recommendation is \$250,000.

24 Next up is Appalachian Sustainable Development,
25 Cultivating a Sustainable and Equitable Medicinal Herb Value-

1 Chain in Virginia, Number 3594, requesting \$225,545.

2 MR. SPIERS: If a person was renting, would they be
3 able to participate in this program if they were renting pasture?

4 MR. PFOHL: That's our suggestion, that
5 recommendation. This proposal provided a very detailed plan to
6 support the development of a herb grower and connect the
7 growers to national buyers and processors, and in that process,
8 return sales revenues to the growers. Eighty-three percent of
9 the requested funds would support personnel over a three-year
10 period and smaller amounts for equipment and transfer
11 payments to help growers receive certifications, supplies, and
12 materials, and travel and training and so forth. Outcomes
13 indicate a baseline of five current growers, increasing to 20 in
14 year one, with an additional 30 starting the next year and
15 beyond. Strong support is expressed by at least two national
16 companies interested in purchasing a ready supply of processed
17 organic botanicals.

18 Staff suggests that, if funding is considered, it be
19 focused on ASD staff who are directly implementing the project
20 moving the Executive and Finance Directors to assist in oversight
21 management to the matching funds side. No more than 50
22 percent of salaries and benefits for the three positions over the
23 course of the grant period.

24 Staff is, therefore, recommending an award of
25 \$185,000, based on personnel support not exceeding 50 percent

1 for three project staff positions, and conditioned on provision of
2 an adequate plan for long-term operational sustainability.

3 Next up is Charlotte County IDA, requesting \$585,000
4 for the Shaw Carpet Building Renovation, 3591. Funds are
5 requested for renovations and upfit of the 1970 former Shaw
6 Carpet Industrial building in Keysville, and that was vacated in
7 1990, and the IDA purchased it in 2015. The building is
8 currently being assessed for environmental remediation and
9 they're pursuing the Virginia Brownfield Program funds to
10 accomplish that environmental remediation. The match to the
11 Commission's request would come from proposed DHCD
12 Industrial Revitalization Funding cycle, and that's an allocation
13 balance of nearly \$500,000, which is due in March. The
14 requested funds are purely for the upfit of the IDA-owned
15 industrial building and would not directly benefit the prospect to
16 occupy the building.

17 Staff suggests that that type of request for
18 renovations to a publicly owned building is better suited for
19 Southside Economic Development programs, which typically
20 supports those costs within which there's currently an available
21 allocation of merely \$565,000 in Charlotte County.

22 So, Staff, therefore, recommends this request be
23 referred to the Southside Economic Development Program.

24 The next project is Halifax County Industrial Hemp
25 Research and Extension Program, Number 3607, requesting

1 \$125,000. In response to some questions to the applicants, the
2 project leaders indicated they wished to withdraw this proposal in
3 an email a few days ago. I understand there may be some
4 interest in reconsidering that assuming the applicants want to
5 have that reconsidered, so I'll defer to the Chairman.

6 MR. SPIERS: My discussion with Dr. Reed, if he can
7 get the matching funds that he would like to file it with the
8 research, we've already spoken about the hemp, but I think this
9 is very necessary research. It would be along the lines if they
10 carry out tobacco research, possibly use of herbicides and
11 pesticides more economic and benefit any hemp grower in the
12 state. So, I think it would be very necessary. His concern was
13 that the original source of matching funds did not come through,
14 but he indicated he did have other potential sources of matching.
15 My preference would be to have some type of contingency
16 written up for this project. And if he's able to obtain matching
17 funds and had a proper business plan, the Executive Director
18 could use our funds to match his, so they could have research for
19 the upcoming year.

20 MR. PFOHL: If that's the case, I'll give you a quick
21 overview. It's seeking two years of support for two new field
22 technicians, lab equipment, and greenhouse upgrade, and
23 greenhouse transplants, field production and test management at
24 Southern Piedmont Research Center in Blackstone in Nottoway
25 County. It presents a very compelling case that 2019 results of

1 hemp growing indicated several problems and challenges with
2 pest and disease management.

3 Not having legalized hemp production in Virginia,
4 there's a lack of federally approved pesticides and fertilizers and
5 herbicides, et cetera. The proposal presents a very compelling
6 case that additional research and education outreach is needed in
7 the 2020 hemp-growing season to address significant problems
8 observed in the 2019 growing season, at the time of publication
9 of the report, answers on these topics were still forthcoming, and
10 as such, Staff lacks adequate information to form a
11 recommendation. We had questions about the matching funds
12 and whether they were committed and what the budget
13 specifically would be and that led to them going back to the
14 drawing board, so to speak, and notifying us, and they wanted to
15 withdraw it. We understand not acting at this time would delay
16 any research on the 2020 crop.

17 Moving on is the project which Mr. Mills was speaking,
18 Halifax County IDA, Project Phoenix, 3605, requesting \$250,000.
19 Much like the Charlotte hemp-producing facility, the funds are
20 needed for upfit of a building that would be purchased by the
21 IDA, upfit, and then leased to a proposed hemp CBD oil
22 processing operation. The IDA is in the process of securing an
23 option on an undisclosed building and getting that ready so they
24 could report back to us. The IDA would be responsible for
25 acquisition and our funds would be used for the upfit and to

1 prepare for occupancy. This is for upfit to the county-owned
2 industrial property.

3 Staff suggests this is an activity more appropriate to
4 be considered for Southside Economic Development Committee,
5 where there's a current allocation more than \$1.7 million for
6 projects in Halifax that could be used to assist this project.

7 Staff has talked to the IDA staff about this, so Staff
8 recommends the project be referred to Southside Economic
9 Development Committee.

10 Next up is Town of Independence, Independence
11 Farmers Market, 3588, requesting \$150,000, to support
12 construction of a permanent farmers market in its downtown
13 area. The market has been operated on town-owned property
14 since 2013, and this will be the location of the permanent
15 structure. The application showed very impressive tracking
16 information, documented visitation and sales, outcomes
17 associated with past market years. An established group of
18 nearly 30 members from Grayson, Carroll, Wythe, Smyth,
19 Pulaski, and Floyd Counties, as well as counties in North Carolina.

20 The proposal showed a long track record of
21 operations, and site control, construction plans, and committed
22 funding from the town and USDA and experienced market
23 management, a large producer base with 20 to 30 participating
24 in most weeks. A strong schedule of events to attract customers,
25 and arguably the best tracking system of producer participations

1 and customers that we have seen in the Tobacco Region Farmers
2 Market.

3 Staff recommends an award of \$150,000.

4 The next up is Institute for Advanced Learning and
5 Research, Controlled Environmental Agriculture; Increasing and
6 Diversifying Agribusiness in Southern Virginia, Number 3590,
7 requesting or revised request of \$365,520.

8 Originally as submitted, it was for two post-doctoral
9 researchers focused on aquaponics (plants) and aquaculture
10 (fish) production indoors, to be located at greenhouses and labs
11 at IALR for three years, plus expenses for conferences and
12 workshops and travel and supplies.

13 The revisions to the request to focus only on indoor
14 aquaponics, would that remove the fish production aspect and
15 focus on indoor aquaponics plant production and so forth. They
16 state that the, quote, overarching objective is to provide
17 potential private farm producers with training, knowledge, and
18 skills necessary, including assistance with business plans,
19 equipment procurement issues, and faculty development to make
20 informed decisions on whether to pursue controlled
21 environmental agriculture, unquote.

22 As noted the reduced scope of the request and IALR's
23 stated commitment to continue funding of the program beyond
24 the requested three-year period.

25 Staff recommends an award of \$365,520, contingent

1 on required match being provided from cash contributions toward
2 equipping and operations for the new CEA facility at IALR in
3 Danville.

4 The next one is also Institute for Advanced Learning
5 and Research, Regional Food System Development Through A
6 Value Chain Coordinator, 3593, requesting \$134,034. For the
7 Regional Food System Development through a Value Chain
8 Coordinator, this would provide funding for 57 percent of the
9 direct project costs over three years for a new Value Chain
10 Coordinator position and related costs for travel and supplies.

11 The focus on the position would be on connecting
12 institutional buyers, food hubs, and other potential purchasers of
13 farm products, with the agriculture producers in the region for
14 increasing their net farm output and income. Staff was
15 concerned about the lack of specific economic metrics for
16 tracking agriculture products and business results and how
17 responsibility of the new coordinator would be structured and
18 how success would be measured.

19 Staff viewed this as more of a conceptual project that
20 still needs to be developed. We suggest the project be tabled to
21 allow this all to be worked out and identifying baseline metrics to
22 demonstrate a higher level of regional producer participation in
23 buyer interest. And, therefore, Staff recommends this request be
24 tabled.

25 Southern Virginia Food Hub, Start-up Operating and

1 Personal Expenses, 3603, requesting \$154,998. To support 50
2 percent of identified operating costs over a three-year period for
3 the Southern Virginia Food Hub, a start-up nonprofit enterprise,
4 developed to support several needs of the agricultural
5 community. And this opened in June of 2019 in downtown South
6 Hill. With a local food commercial kitchen and local food deli
7 carrying a lot of local seasonal products and dairy processing,
8 which is still being developed. You've seen this project in the
9 Agribusiness cycle before, and Staff supported it previously. And
10 they now have more than 120 farms and food businesses
11 representing 13 Tobacco Region counties committed to using this
12 facility.

13 The detailed budget submitted with the application
14 requests 50 percent from the Commission across all line items,
15 including personnel positions for a chef, baker, and two grocery
16 clerks, a contact market manager, and utility and other
17 contiguous charges to support operations of the nonprofit
18 business enterprise. That's for a chef, baker, and two grocery
19 clerks, contact market manager and utility and other contiguous
20 charges to support operations of the nonprofit business
21 enterprise. They opened in June, and they did provide us with
22 data showing it's operating in the red currently. Support is
23 requested in order to give us a more clear and long-term viability
24 after it's able to operate through two full growing seasons. To
25 work toward that goal of sustainability, Staff suggests that Food

1 Hub leadership be required a report periodically updated at least
2 annually, a well-defined plan and assessment for sustainability.

3 Staff, therefore, recommends an award of \$105,537,
4 contingent on Tobacco funds only being disbursed for up to
5 documented match amounts, based on declining support for
6 identified personnel and operating costs in years two and three,
7 and contingent on development of a well-defined, periodically
8 updated plan and assessment for sustainability to be reported
9 annually to funders and key stakeholders.

10 Next one up is Southside Virginia Fruit and Vegetable
11 Producers Association, Expanding Produce Aggregation Capacity
12 in Southside Virginia, Number 3599, requesting \$176,000. It
13 would be focused on construction and equipping a new centrally
14 located facility in Charlotte County serving as the aggregation,
15 packaging, and distribution center for a recently formed producer
16 cooperative. They're currently operating out of the old fire
17 station in Charlotte Courthouse with lease equipment for cooling.
18 They're proposing to construct an 80 by 100 facility designed to
19 accommodate expansion plans and address needs for cold and
20 dry storage, sorting and packaging equipment, offices, and
21 loading and distribution.

22 Currently, the Cooperative has growers in seven
23 Tobacco Region counties, and it's already established its
24 capability for wholesale clients and have procured, the Lynchburg
25 area has been very supportive. Recognizing the success to date

1 of this farmer-owner cooperative and their growing membership
2 and need for the permanent and expandable distribution facility.

3 So, Staff recommends an award of \$176,000,
4 contingent on the Commission funds only being disbursed for up
5 to documented match amounts, and competitive bidding of all
6 professional contracts for construction.

7 The next one up from Virginia Cooperative Extension,
8 Project Manager, Southwest Virginia Regional Agribusiness
9 Opportunities, 3592, requesting \$158,988.

10 The position proposed in the application is a result of
11 numerous discussions between regional funding agencies who
12 identified a lack of leadership capacity needed to progress
13 several agriculture initiatives, including some previously funded
14 through the Tobacco Commission. The new position would be
15 tasked with moving these projects along forward, while also
16 working with regional agriculture stakeholders to develop new
17 projects, was determined to be essential. Funds are requested to
18 support salaries and benefits and project manager for the initial
19 three-year period. The need is based on several development
20 opportunities that have languished for lack of qualified leadership
21 dedicated full-time to the implementation. Examples being the
22 meat slaughter operation in Carroll and Grayson that this
23 Commission has supported. Some grain growing that is going
24 on, being supported by Southwest Virginia and so forth.

25 Current matching funds and long-term capability

1 remain a concern. This should be looked at as demonstrating
2 results over a three-year period. Staff suggests frequent
3 reporting by the person who holds this position, at least monthly,
4 if not biweekly, to project funders and key stakeholders on the
5 project pipeline and activities is a best practice that has been
6 successful in the Commission's two regional efforts to attract
7 foreign direct investment and should be required in this project.

8 Staff recommends an award of \$158,988, contingent
9 on securing required matching funds to support at least 50
10 percent of costs for the new position, and on frequent periodic
11 reporting by this position to funders and key stakeholders.

12 Next up is Washington County Fairground, Inc.,
13 Facilities Renovation and Improvement of Washington County
14 Fairgrounds, Number 3606, requesting \$225,000. That's for
15 facilities, renovation, and improvement at the Washington
16 County Fairground. Funding is requested to support half of the
17 costs associated with making a number of upgrades and repairs
18 to the Washington County Fairgrounds in Abingdon. This
19 includes replacing worn cattle sales arena and cattle-holding pens
20 and updating the lighting in the facilities. The property needs to
21 be maintained. A tractor and other arena equipment will be
22 purchased to help maintain the property between events. It
23 includes replacement of some doors and livestock wash racks,
24 and fencing. The applicant provided a list of events to attract
25 visitors from a wide geographical area. The request includes a

1 number of improvements and normal replacement, such as doors
2 and switching the lighting to LED, in addition to significant new
3 upgrades in flooring and equipment and so forth. Staff suggests
4 focus for any Commission funding to be placed on the latter,
5 assuming adequate required matching funds can be secured.

6 A review of the budget helped Staff identify at least
7 \$135,000 of activities that fall in the significant upgrade
8 category, including pouring a concrete floor in Building B, which
9 is currently gravel, the cattle sales arena, and holding pens for
10 Building E, and new tractor and arena-working equipment.

11 Staff recommends award of up to \$135,000 for 50
12 percent of significant new upgrade and equipment expenses.

13 Joint IDA of Wythe County, VA, Regional Hemp Fiber
14 Processing Facility in Wythe County, VA, Number 3604,
15 requesting \$250,000. The Hemp Fiber Processing Project was
16 announced by the governor and the locality in late October,
17 2019, with 13 new jobs and \$894,000 private investment to be
18 operated by a licensed hemp grower who partnered with UVA
19 during the research phase.

20 The IDA requested TROF in 2019 for the project and
21 the calculated offer was \$65,000 grant, plus a loan for 24 new
22 jobs and \$450,000 taxable private capital investment. That was
23 an interest free loan. The development of the tech process
24 growing parameters were discussed at a meeting, Staff suggests
25 that using the TROF formula calculation for a hemp processing

1 facility.

2 Staff suggests this project be tabled for the Spring
3 2020 round for hemp processing facilities that you discussed at
4 the beginning of the meeting.

5 That's all of the 14.

6 MR. SPIERS: Thank you, Tim. The discussion with
7 you and the Staff, you put a lot of work into analyzing these
8 projects, so thank you for your hard work.

9 At this time, I'm going to ask if there are comments.
10 I would say I think we'll take 3607 out of the block, and 3605 out
11 of the block, and we'll hold comments on those two for later on.
12 We'll probably look at these applicants in a block.

13 Are there any Commissioners or other people who
14 have questions on any particular one, where Staff has
15 recommended a reduction in the request? We take your
16 questions or comments at this time on those projects. Do we
17 have questions or comments on any of these, other than 3607 or
18 3605, at this time?

19 MR. SHELTON: Any of the other projects related to
20 hemp, is there anyone here to speak other than the two you just
21 mentioned or anybody just say any delay would have an
22 immediate impact on those projects?

23 MR. SPIERS: That would be relevant on 3604, the
24 IDA from Wytheville; 3591 from Charlotte. Anyone here that
25 would speak to either of those, please come forward and identify

1 yourself as to which project you want to speak to.

2 MR. MANLEY: Thank you, Mr. Chairman, I'm David
3 Manley, Executive Director of IDA, Wythe County. We appreciate
4 your consideration and we do understand in your trying to fund
5 this in a sense of a way and in a way that takes into
6 consideration all the needs of the various growers and producers.
7 This would have some impact on our progress of this project in
8 any serious way. The project will proceed, and we do appreciate
9 any assistance that is available, and we deem it wise for us to do
10 so. We hope you consider our project positively when it does
11 come up, but we're not going to object to your tabling it today.

12 MR. SPIERS: Is there anyone here from Charlotte
13 that wishes to speak to that project?

14 MR. REED: Good afternoon, I'm Jeff Reed, Executive
15 Director of the Regional Economic Development Group. We're
16 working on a number of different projects, and one of the things
17 that would cause us concern if we move this project to Special
18 Projects, it would have a domino effect on other projects that
19 we're working on, including Project -- which we are very far
20 down the road on. While we understand and support everything
21 the Commission has said in the hemp arena, tabling our project
22 and moving it may have unforeseen consequences on other
23 projects that we are working very diligently on at this time.
24 Thank you for your time.

25 MR. SPIERS: Thank you. With the money coming

1 from different sources or pots, if you will, we want to make sure
2 we're getting good benefit with the Agribusiness funds and
3 appreciate your comment.

4 Any other comments or questions on any of the other
5 projects? If we go to blocked voting on the recommendations
6 and we heard from Tim there are a lot, and these have
7 contingencies, so if we vote on any of these as a block, the
8 contingencies would be part of the motion that Staff is
9 recommending. At this time, other than 3607 and 3605, any
10 other projects in this 14 that need to be taken out of the block?
11 Not hearing any, the Chairman would entertain a motion to
12 accept 3586, 3598, 3594, 3591, 3588, 3590, 3593, 3603, 3599,
13 3592, 3606, 3604, as recommended by Staff with contingencies.
14 All in favor, please say aye. (Ayes). Opposed, like sign? (No
15 response). Those are approved as Staff recommended.

16 We'll take 3605, we'll take those up at this time.

17 MR. MILLS: I have a motion, Mr. Chairman. I move
18 we award \$125,000, contingent upon the applicant reinstating
19 their application for Number 3607, providing matching funds
20 approvable by the Tobacco Commission and its Executive
21 Director.

22 DELEGATE WRIGHT: Second.

23 MR. SPIERS: 3607. You've got the motion for 3607.
24 Would you state it one more time.

25 MR. MILLS: I move we award \$125,000, contingent

1 upon the applicant reinstating their application Number 3607,
2 providing matching funds and approval by the Tobacco
3 Commission Executive Director.

4 MR. SPIERS: I have a second. Any other comments?
5 All those in favor, say aye. (Ayes). Opposed, like sign? (No
6 response). Thank you.

7 Next up is 3605, the Halifax County Project, open for
8 discussion?

9 MR. MILLS: Mr. Chairman, I move that we fund 3605
10 at the requested amount of \$250,000 through Agribusiness.

11 MR. SHELTON: Second.

12 MR. FEINMAN: Mr. Chairman, if I may, given that this
13 is the nature of a TROF award, I would make a friendly
14 amendment, if we include a TROF-like agreement for a facility to
15 create jobs and promises a certain amount of capital investment
16 so we could have the ability to do a partial clawback if they don't
17 employ as many folks as they say they are for an amount of
18 capital that they say they're going to and creation of new taxes
19 for the county.

20 MR. MILLS: I don't have a problem with that.

21 MR. SPIERS: Do you wish to speak to this? We have
22 a motion, let me see if I can get a second.

23 DELEGATE WRIGHT: I'll second it.

24 MR. SPIERS: We have a motion and a second.

25 MR. BROWN: I am Brian Brown. I'm the Executive

1 Director of the Halifax IDA. And thank you for the application.
2 This is a timing issue with us and we are very supportive of the
3 Staff and thank you. But due to the timing of this and how fast it
4 is moving, we definitely need to have this move forward. A \$6.6
5 million project with \$1.9 million of machinery and tools and 31
6 new jobs that are necessary for our community. We're definitely
7 in need of this project and the farming community needs this
8 project. Thank you for your consideration.

9 MR. SPIERS: Any other comments concerning this
10 motion to fund? You're going to word the TROF amendment to it,
11 but there will be a performance agreement?

12 MR. FEINMAN: Yes.

13 MR. SPIERS: Any other questions or comments,
14 3605? If not, all in favor, say aye. (Ayes). Opposed, like sign?
15 (No response). The motion is carried.

16 DELEGATE WRIGHT: Mr. Chairman, I have one
17 question on 3591 that was approved in the block vote and
18 referred to Southside Economic Development, and since we're
19 going to have a meeting to get the policy and so forth.

20 MR. FEINMAN: Delegate Wright, because of what's
21 going to be going on at the IDA, buying and owning a building
22 that they may lease to a producer, I think actually, I think it's
23 sensible, and I think the funding coming from Southside makes
24 sense, because at the end of the day, the IDA owning an
25 industrial building that's traditionally a Southside action. I think

1 whether or not Southside approves it, it should be governed by
2 the hemp policy that the subcommittee comes up with. I think
3 the funding coming from Southside rather than the next
4 Agribusiness round makes some sense, particularly given the
5 carry-forward is going to be somewhat smaller than we had
6 initially imagined, more like \$600,000 in the next round, in the
7 Spring time round.

8 To my mind, what makes sense, the IDA is going to
9 own an industrial building and should be funded out of the
10 Committee that the industrial building is in. Then if the use is
11 going to be a hemp production facility and whether or not we
12 support that, use should be governed by the guidelines created
13 by the Committee. I think that makes sense.

14 DELEGATE WRIGHT: My question would be that the
15 purpose is to do this as quickly as possible with the fact that the
16 Southside meeting won't take place until May, that puts this at a
17 disadvantage.

18 MR. FEINMAN: We don't believe so, to the best of our
19 knowledge.

20 MR. PFOHL: Mr. Chairman, the Charlotte project, the
21 matching funds would come from an industrial revitalization
22 application submitted March 1st, they won't know until at least
23 June they got those IRF funds, and that's a very competitive
24 program. I don't think delaying until May will hurt the Charlotte
25 project. They've got environmental remediation work that they

1 would need to do in the meantime, it'll take a couple of months
2 at least to get that work done.

3 MR. SPIERS: Does that answer your question,
4 Delegate Wright?

5 DELEGATE WRIGHT: I think so. That's what I had,
6 and if he's satisfied, I'm satisfied.

7 MR. SPIERS: There may be unintended
8 consequences.

9 All right, we do have some other business.

10 MS. CAPP: The Pittsylvania County extension. We
11 have one other business extension request, and it's a grant for
12 Pittsylvania County, Number 3102, for the Southern Virginia
13 Vineyard Development and Expansion to Support Virginia's Wine
14 Industry, request for an extension to January 12, 2022. This was
15 awarded in January of 2016, and the request before you today is
16 extension until January 12, 2022. This was due to some project
17 management. The management of the project has transitioned
18 to the Institute of Advanced Learning and Research. IALR
19 reports 37 acres of vineyards under cost share agreements with
20 five existing vineyards and four new vineyards and 41
21 landowners of vineyards having expressed interest in
22 consideration for participating in the program.

23 The expansion of the area covered by the project to
24 include Southwest Virginia counties. This is necessary to
25 accommodate the processing, the project cycle for grower

1 participation requires 18 to 24 months. Pittsylvania County, on
2 behalf of IALR is requesting a two-year extension in order to
3 continue to market the program to those who have already
4 expressed interest and to new participant interest.

5 Staff is supportive of the request and recommending
6 approval of an extension to January 12, 2022.

7 MR. SPIERS: Do you have how many matching funds
8 have been used of the \$800,000?

9 MS. CAPP: I can give you a pretty good idea. A
10 large part of the grant funds are remaining in the project, about
11 \$600,000, and a substantial amount has not been spent. The
12 match for the first disbursement is well in excess of what we've
13 approved for reimbursement due to the nature of the program.
14 In the case of the vineyards, the match by the producers would
15 be about five times that amount.

16 MR. SPIERS: Thank you. Is there a motion for the
17 extension or any other questions concerning this extension
18 request?

19 MR. MILLS: I move we approve.

20 MR. SHELTON: Second.

21 MR. SPIERS: All in favor, say aye. (Ayes). Opposed,
22 like sign? (No response). The extension is approved.

23 So, having concluded that, is there anyone from the
24 public that would like to speak to the Agribusiness Committee?

25 MR. GIGNAC: I'm Mark Gignac, I'm the Executive

1 Director of the Advanced Learning Center in Danville. I wanted
2 to thank you all. A year ago, you saw fit to fund a grant and the
3 heart of it was hemp testing and a very expensive piece of
4 equipment. Our role is always to over-deliver what we promise,
5 and we feel like we've done that.

6 This past season, we tested somewhere north of a
7 hundred growers, the growers that are in the 42-county district,
8 Tobacco Commission district, and they get a 25-percent discount
9 on the testing services. We conducted somewhere north of 600
10 tests literally from the time the equipment was installed in May,
11 and it's run every working day since then.

12 Over the last roughly four months, we've actually run
13 seven days a week to keep up with the demand. One of our
14 goals is accuracy, and that's essential. And there's a lot of issues
15 related to accuracy and lack of standard protocol. We've been a
16 part of that solution, and this is the second year in a row we
17 have participated with the University of Kentucky hemp
18 proficiency tests, which deals with accuracy of labs.

19 In both last year and this year, we have scored very
20 well. Our goal has always been to deliver quick turnaround. We
21 tried to maintain a three-day turnaround, and that depends on
22 the moisture level, the sample or biomass that we receive, I
23 think we've achieved what we set out to do.

24 I'm here to thank you all for the investment you
25 made. I think it's paid huge dividends in the first year, the

1 growers. It's not about the institute, it's about supporting these
2 merging industries. And my hat is off to the grower and to you
3 for all of the support you've given us. We will continue to
4 deliver.

5 As a side note, one of the opportunities that has
6 arisen, of course, the USDA is governing what we do over the
7 hemp programs and we have to comply. I believe within ten
8 days we actually had a team of USDA visiting the Institute Lab,
9 and from what they have shared with us, our name has come up
10 in different discussions in Washington, and they are sending
11 ahead the Federal Hemp Program and staff. One of the
12 comments they made and enforcing this legislation, and the
13 director has never seen how hemp is tested, so they wanted to
14 come down and see kind of the A to Z of the testing. This is a
15 unique opportunity.

16 If you're not aware, USDA has to monitor the
17 guidelines and they'll offer comments on the guidelines that's
18 been extended to the end of January. So, this will be a very
19 unique opportunity to share our information with the Director.
20 Again, I'm just here to say thank you for what you did last and
21 thank you for the grant that you approved earlier.

22 MR. SPIERS: Thank you for using that equipment and
23 I take it you were speaking of hemp testing the majority of the
24 time, which is very important to the growers. And you did kind
25 of answer the question I was going to ask. Have they come up

1 with a standard protocol for testing because many of the growers
2 have concerns or reservation, people are saying their product
3 didn't test, and they don't know who tested it or what
4 parameters they were using?

5 MR. GIGNAC: One of the things I'm disappointed
6 about, the USDA guidelines. Most of us, as citizens and business
7 people, want less regulation. Unfortunately, the USDA guidelines
8 did not go far enough to address the differences in lab testing.
9 We put a lot of research and actually have developed a program
10 that details six reasons there are differences between labs and
11 the equipment piece. A lot of it has to do with biomass when it
12 leaves the lab to drying, and this could be very easily resolved.

13 And, unfortunately, USDA has dropped the ball and
14 hasn't given us guidance. We've been working with other labs in
15 the region, and there's a very prominent hemp lab. And I think
16 these could be easily solved, but unfortunately USDA did drop
17 the ball.

18 I would suggest to you, and I know one of the other
19 grants for the research that's going to be conducted by David
20 Reed that's incredibly important work that he's proposing to do
21 because there are issues, and a big burden has been put on
22 growers in addition to the variation. Growing hemp with legal
23 THC and has a CBD percentage has been quite a difficult task as
24 we witnessed by seeing the results of all this 600-and-some
25 tests. Unfortunately, there's still some indecisions. I think the

1 key in short term is for labs like ours to participate and
2 something like the University of Kentucky study, and
3 independent subjecting labs to kind of a third material. They
4 know what they've sent you. I think one of the things that's
5 unique about the institute, in addition to being a testing lab,
6 we're a research institution, our work doesn't end when we run a
7 \$65 test and we do have the wherewithal and we're hoping some
8 of the work we've done, and we're looking forward to meeting
9 face to face with the USDA on our suggestion that can eliminate
10 some of this.

11 So, our goal is to be part of the solution in this area.
12 So, we'll see how that plays out.

13 MR. SPIERS: We definitely would appreciate that, and
14 as a grower we are at the mercy of whoever takes the sample
15 and who samples it and they come back with a result, because
16 we don't know what it is, but we've got parameters that we've
17 got to abide by or our crop becomes illegal, can be destroyed.
18 So, what you're doing is very, very important and we appreciate
19 that.

20 DELEGATE BYRON: Mark, would you speak to what
21 you told me about you've got in a sample and you said you sent
22 it to two other labs, because the problem is the grower out there
23 is if it's sent off to a different lab, can you speak to that part.

24 MR. GIGNAC: Much of the problem we find testing
25 control versus uncontrolled with other labs. We sent biomass to

1 a lab as one example, and four others, a lab that's doing North
2 Carolina State and a lab in Boston and a lab in Blacksburg.
3 When we send biomass as received, we get results all over the
4 map. We then prepare that material. We ground it and dry it
5 and convert it to raw biomass powder form and send it to those
6 labs. Some of the problems we're seeing where it's cut, how it's
7 distributed, and some of these growers tell, and I go to hemp
8 meetings, and when growers drop off material to be tested, and
9 we're trying to establish a personal connection. We see this on
10 the face of the folks we're dealing with.

11 A lot of the problems, material can be compared to
12 same and so easily defined and it's a really simple solution, and
13 we want to try to eliminate some of the headaches that growers
14 like you are going through. And we'll talk to them about that.

15 One of the things the Institute plans to do and we'll
16 probably be the only lab in the country that will do this because
17 we know from what we found out you're testing the same
18 powdered material and the odds are that you're going to test the
19 same. When growers bring a sample, as a part of our practice,
20 we always keep some of the material for secondary tests. We're
21 going to prepare a backup sample, we're going to say you can
22 give us your biomass, but also a prepared sample, and let's
23 compare the results. It's going to cost us money, but I think it'll
24 go a long way, I think we really, we can do the same thing if
25 material is handled the same way.

1 The emphasis literally, one of the things that's not
2 defined that USDA has not defined, drying of the material. We
3 dry our material, don't expose to heat. Some labs expose
4 material to high heat, and then you change the compound, and
5 you're going to get a different result if you send material to me
6 to a lab that's a heated sample. We dry our material at room
7 temperature, and the weight of material is constant. However,
8 until we get our ground material and literally brown powder in a
9 petri dish, you would think it's completely dry. We test the
10 moisture content of what is supposedly dried material with 80
11 percent moisture, and there's just lots of variation, just on one of
12 the six areas of discrepancies.

13 We think we have some answers and some solutions
14 and we're hoping USDA will listen and maybe incorporate some
15 of those, or whether they do or do not, we're going to offer
16 compound or ground sample to anyone that drops off a sample
17 next year or go ahead and send your material and your biomass,
18 and then we'll know we're comparing apples to apples, and that'll
19 go a long way to help this issue. We're super conscious of this
20 issue. We've seen the faces of people that come in and drop off
21 a sample. And growers like yourself among them and people are
22 looking for hemp to be the new tobacco and much more
23 profitable and then at times faces have gotten long and not so
24 happy looking at the season for growing.

25 It's like anything else, trying to build a new industry,

1 and at times, it's very difficult. And there are challenges and a
2 lot of people rushed into this with great hope and that's fine, but
3 I think it's only been December 28th or December 18th last year
4 hemp became a federally legal crop. We're not even into this for
5 a year, barely a couple of weeks. I think a lot has been learned
6 in this first year, and I think in another year or two, things will
7 start looking up.

8 We've dealt with people taking a very serious
9 approach to this and the learning curve is very short. Other
10 people have dived in and maybe didn't have the knowledge or
11 tobacco experience and learned some hard lessons. And there's
12 a ton of money for both to make if it's done properly and some
13 didn't do so well. Leadership certainly would be important, and
14 this can go a long way to help the industry and the grower.

15 I know you're getting a ton of requests, but I think
16 what you're doing is very helpful. And Virginia has always had a
17 strong place with tobacco for decades, if not a hundred years,
18 and I think we have an opportunity for the same thing, and
19 particularly Southern Virginia and Southwest Virginia can be the
20 leaders in Virginia because of the previous tobacco experience.

21 MR. SPIERS: Thank you for your comments.

22 Any other questions? This is very valuable
23 information for us because we are going into the hemp industry
24 and trying to support and there are a lot of questions. I will say
25 that thanks to Delegate Marshall, Virginia did get their grower

1 regulations in time for us to grow last year, and we had an
2 opportunity that came out of Georgia, and those growers didn't
3 have a program ready. Time is of the essence and getting in on
4 this new industry, but we thank you for your comments and your
5 work.

6 Any other comments? If not, thank the Committee for
7 their input and the Staff for all the hard work they've put into
8 this in analyzing these projects, that are quite extensive.

9 MR. FEINMAN: We didn't know exactly how long this
10 would take. The next committee doesn't meet until 2:30. If
11 folks are looking for a productive way to spend that 30 minutes, I
12 commend to you the 20 years summary or Annual Report that's
13 in front of each of you here and copies for members of the
14 audience in the back.

15 Andy and Jordan worked very hard on putting it
16 together and lovely pictures of everybody.

17 MR. SPIERS: With that, the meeting is adjourned.

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20 **PROCEEDINGS CONCLUDED.**

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Region Revitalization Commission, Agribusiness Committee Meeting**, when held on Monday, January 6, 2020, at 12:45 o'clock p.m., at Homewood Suites by Hilton, 700 East Main Street, Richmond, Virginia 23219.

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

Given under my hand this _____ day of January, 2020.

Medford W. Howard

CCR