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VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501

Richmond, Virginia 23219

FULL COMMISSION MEETING

Tuesday, January 7, 2020

10:30 a.m.

Homewood Suites

Richmond, Virginia

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APPEARANCES:

Mr. Terry G. Kilgore, Chairman

Mr. Frank M. Ruff, Jr.

Ms. Gayle F. Barts

Ms. Kathy J. Byron

Mr. Charles W. Carrico, Sr.

Ms. Gretchen Clark

Ms. Becky Coleman

Mr. Joel Cunningham

Mr. James E. Edmonds

Ms. Alexis I. Ehrhardt

Ms. Julie Hensley

Mr. Daniel W. Marshall, III

Mr. Robert Mills, Jr.

Mr. James W. Morefield

Mr. Edward Owen

Ms. Sandy Ratliff

Mr. Cecil Shell

Mr. Buddy Shelton

Mr. Robert Spiers

1 COMMISSION STAFF:

2 Mr. Evan Feinman, Executive Director

3 Mr. Andy Sorrell, Deputy Director

4 Mr. Timothy S. Pfohl, Grants Program Administration
5 Director

6 Ms. Stephanie S. Kim, Director of Finance

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

9 Ms. Michele Faircloth, Grants Assistant,
10 Southside Virginia

11 Ms. Sara G. Williams, Grants Program Administrator,
12 Southwest Virginia

13 Ms. Jessica Stamper, Grants Assistant,
14 Southwest Virginia

15 Ms. Stacey Richardson, Administration Supervisor

16 Ms. Suzzette M. Patterson, Grants System Manger

17 Mr. David Bringman, Database and Performance
18 Metrics Manager

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21 COUNSEL FOR THE COMMISSION:

22 Ms. Elizabeth B. Myers, Assistant Attorney General

23 Richmond, Virginia 23219

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CHAIRMAN KILGORE: Welcome to the Full Commission. I thank you all for coming. We're ready to roll here. Sorry, we're just running a little bit late.

Evan, if you can call the roll, please.

MR. FEINMAN: Yes, sir, Mr. Chairman.

Delegate Kilgore?

CHAIRMAN KILGORE: Here.

MR. FEINMAN: Senator Ruff?

MR. RUFF: Here.

MR. FEINMAN: Secretary Ball?

Ms. Barts?

A SPEAKER: She's here, she just stepped out.

MR. FEINMAN: Mr. Blevins?

Delegate Byron?

MS. BYRON: Here.

MR. FEINMAN: Senator Carrico?

MR. CARRICO: Here.

MR. FEINMAN: Senator Chafin?

1 Ms. Clark?
2 MS. CLARK: Here.
3 MR. FEINMAN: Ms. Coleman?
4 MS. COLEMAN: Here.
5 MR. FEINMAN: Mr. Cunningham?
6 MR. CUNNINGHAM: Here.
7 MR. FEINMAN: Delegate Edmonds?
8 MR. EDMONDS: Here.
9 MR. FEINMAN: Dr. Ehrhardt?
10 MS. EHRHARDT: Here.
11 MR. FEINMAN: Mr. Harris?
12 Ms. Hensley?
13 MS. HENSLEY: Here.
14 MR. FEINMAN: Secretary Layne?
15 Delegate Marshall?
16 MR. MARSHALL: Here.
17 MR. FEINMAN: Mr. Mills?
18 MR. MILLS: Here.
19 MR. FEINMAN: Delegate Morefield?
20 MR. MOREFIELD: Here.
21 MR. FEINMAN: Mr. Owen?
22 MR. OWEN: Here.
23 MR. FEINMAN: Ms. Ratliff?
24 MS. RATLIFF: Here.
25 MR. FEINMAN: Secretary King?

1 I think they're all in budget, so.

2 Mr. Shell?

3 MR. SHELL: Here.

4 MR. FEINMAN: Mr. Shelton?

5 MR. SHELTON: Here.

6 MR. FEINMAN: Mr. Spiers?

7 MR. SPIERS: Here.

8 MR. FEINMAN: Senator Stanley?

9 MR. BALL: Previously here. He had
10 to step out.

11 MR. FEINMAN: Yeah. Okay.

12 Mr. Sutherland?

13 Delegate Wright?

14 You have a quorum, Mr. Chairman.

15 CHAIRMAN KILGORE: All right.

16 Before we move forward even with a new year, we
17 also need to readjust and make a few changes to our
18 Committee structure and I'm going to be making some
19 appointments to chair certain committees. On the
20 Education Committee, Becky Coleman will be the
21 chair and Dr. Ehrhardt will be the vice-chair.

22 On the Executive Committee, I will
23 be adding Ed Blevins.

24 On Research and Development, Brian
25 Ball will be the chair. Kathy Byron will be

1 vice-chair. I guess Brian V. Groundballer
2 (phonetic) is dead to me.

3 MR. FEINMAN: He passed, but, yes.

4 CHAIRMAN KILGORE: Okay. And
5 Southside Economic Development, Ed Owens will be
6 chair. Tommy Wright will be vice-chair.

7 Southwest Economic Development, with
8 the retirement of our good friend Senator Carrico,
9 Ben Chafin will be chair and Sandy Ratliff will be
10 vice-chair.

11 As Special Projects Committee, Joel
12 Cunningham with Bill Carrico's departure will be
13 vice-chair. And I think I got all those.

14 All right. All right.

15 MR. FEINMAN: Minutes.

16 CHAIRMAN KILGORE: We've got minute
17 approval of the 10/10/19 minutes. Do I have a
18 motion?

19 MR. RUFF: So moved.

20 CHAIRMAN KILGORE: Do I have a
21 second?

22 MR. MARSHALL: Second.

23 CHAIRMAN KILGORE: All those in
24 favor say aye. (Ayes). Opposed? (Aye).

25 That motion carries.

1 Agribusiness report. Mr. Spiers?

2 Thank you.

3 MR. SPIERS: Yes, sir, Mr. Chairman.

4 CHAIRMAN KILGORE: And that's on
5 page --

6 MS. KIM: Actually, you're getting
7 it now.

8 CHAIRMAN KILGORE: Okay. We're
9 getting it now. We don't have to even go to the
10 page. Sorry I'm moving so fast, I've got some
11 senators that are giving me a hard time about
12 leaving or something. I don't know.

13 MR. CARRICO: I'm with you.

14 CHAIRMAN KILGORE: You're with me.
15 You got nothing going on.

16 MR. CARRICO: I didn't get invited.

17 CHAIRMAN KILGORE: Okay. All right,
18 now.

19 MR. SPIERS: All right. We did meet
20 yesterday from 12:45 to 2:30 with a full forum. We
21 had a discussion on industrial hemp and I have a
22 motion. I move that the Commission accept the
23 Agribusiness Committee's recommendation that
24 Commissioner -- Chairman Kilgore form a
25 subcommittee composed of commissioners

1 knowledgeable of industrial hemp to articulate
2 clear policy guidance related to the number of CBD
3 oil and fiber processing facilities needed and to
4 their location within the Tobacco Region. Such
5 policy, guidance shall be provided prior to the
6 Spring 2020 Commissioner Meeting.

7 CHAIRMAN KILGORE: All right. Do we
8 have a second on that?

9 MR. BALL: Second.

10 CHAIRMAN KILGORE: And for those who
11 weren't here, we did have a robust discussion about
12 hemp CBD oil and how we need to move forward in the
13 opportunity that it may give to some of our farming
14 communities. So, thank you, all y'all, for your
15 attendance yesterday and discussion.

16 So, I have a motion and a second.
17 Any more discussion?

18 All those in favor say aye. (Ayes).
19 Opposed? (No response).

20 That motion carries. Thank you.
21 And at that time we did receive 14 applications for
22 consideration and you've just been handed out that
23 list of 14 and I move that the Commission accept
24 the Agribusiness Committee's recommendation that
25 the Commission approve 14 projects, a total of

1 \$1,912,855 for the following agribusiness grants as
2 described on the sheet that is passed out.

3 CHAIRMAN KILGORE: Are you also
4 including in your motion the 3591 to refer that to
5 Southside Economic Development?

6 MR. SPIERS: That is correct.

7 CHAIRMAN KILGORE: Okay. Now,
8 members, have you looked over the list that
9 Chairman Spiers is referencing?

10 And does anybody need one off of
11 that list, out of the block?

12 MR. EDMUNDS: Mr. Chairman, I need
13 3605 out of the block for purposes of an
14 abstention.

15 CHAIRMAN KILGORE: 3605 out of the
16 block.

17 Anyone else need one out of the
18 block?

19 MR. SPIERS: I would ask Andy, if we
20 need to include the 3539 that we tabled, 3593 that
21 we tabled.

22 CHAIRMAN KILGORE: I think we do. I
23 think that was tabled in your subcommittee. I
24 don't believe we need to.

25 MR. SPIERS: We're not.

1 MR. FEINMAN: A full commission does
2 not need to take action. It's still on your-all's
3 table.

4 MR. SPIERS: Thank you for the
5 clarification.

6 CHAIRMAN KILGORE: Yes.

7 MS. HENSLEY: Mr. Chair, I just have
8 a question. It might just be a typo, but it's
9 showing 14 requests, but I only count 12. So, I'm
10 not sure if something has been overlooked, or --

11 CHAIRMAN KILGORE: I think some of
12 them didn't make it up.

13 MS. HENSLEY: That's fine.

14 MR. SPIERS: One of them he was
15 talking about was tabled and the other one didn't
16 make it.

17 MS. HENSLEY: All right. Thank you.

18 CHAIRMAN KILGORE: All right. You
19 made a motion to approve those with the taking --
20 in a block, taking 3605 out for an abstention?

21 MR. SPIERS: That's correct.

22 CHAIRMAN KILGORE: All right. Do I
23 have a second?

24 MR. OWEN: Second.

25 CHAIRMAN KILGORE: Members ready to

1 vote?

2 All those in favor say aye. (Ayes).

3 Opposed? (No response).

4 That motion carries.

5 Now to 3605, Chairman Spiers, make a
6 motion to approve that?

7 MR. SPIERS: I do.

8 CHAIRMAN KILGORE: Second?

9 MR. EDMUNDS: I do.

10 CHAIRMAN KILGORE: All these in
11 favor say aye. (Ayes). Opposed? (No response).
12 And abstention?

13 MR. EDMUNDS: One abstention.

14 CHAIRMAN KILGORE: Okay.

15 MR. SPIERS: All right. On the
16 second page that was handed out, we have other
17 business and --

18 CHAIRMAN KILGORE: I don't have the
19 other business.

20 MR. SPIERS: Second page. It was
21 extension.

22 CHAIRMAN KILGORE: Okay, it's just
23 some extensions.

24 MR. SPIERS: That's Special
25 Projects. But we do have one extension for

1 Pittsylvania County. I move that the Commission
2 accept the Agribusiness Committee's recommendation
3 to grant an extension request through January 12,
4 2022 for Project Number 3102, which has to do with
5 our Vineyard Development Project, as described on
6 page 20 of the Commission Book.

7 CHAIRMAN KILGORE: All right. Do I
8 have a second?

9 MR. SHELL: Second.

10 CHAIRMAN KILGORE: All those in
11 favor of that extension say aye. (Ayes). Oppose?
12 (No response).

13 CHAIRMAN KILGORE: All right. Does
14 that complete your report?

15 MR. SPIERS: It does, sir.

16 CHAIRMAN KILGORE: Thank you.

17 Our next is education.

18 MR. RUFF: Thank you, Mr. Chairman.

19 We met this morning. There are two
20 motions to come from that. First, I move that the
21 Commission accept the Education Committee's
22 recommendation to fund the Talent Attraction
23 Program in the amount of \$1,000,000 for fiscal year
24 2020 and adopt program changes that include
25 accepting applications in the Spring of 2020 from

1 May 2019, December -- to -- for December -- for
2 graduates from May '19 to December '20. I so move.

3 CHAIRMAN KILGORE: All right. Do I
4 have a second?

5 MS. HENSLEY: Second.

6 CHAIRMAN KILGORE: Any discussion?

7 All those in favor say aye. (Ayes).
8 Opposed? (No response).

9 That motion carries.

10 MR. RUFF: Mr. Chairman, I move that
11 the Commission accept the Education Committee's
12 recommendation to continue with the Competitive
13 Education Program under the current guidelines,
14 with the understanding that changes could occur
15 after the 2020 General Assembly session and we will
16 come back to visit those, at that time.

17 MR. FEINMAN: Mr. Chairman, I think
18 that should have been Work Force Financial Aid, not
19 Competitive Education.

20 MR. RUFF: Workforce. I'm sorry,
21 Workforce Education.

22 CHAIRMAN KILGORE: All right. Do I
23 have a second on that one?

24 MS. BARTS: Second.

25 CHAIRMAN KILGORE: All right. Thank

1 you, Gail.

2 All those in favor of that motion
3 say aye. (Ayes). Opposed? (No response).

4 All right.

5 MR. RUFF: And that concludes the
6 actions of the education.

7 CHAIRMAN KILGORE: That's the
8 shortest Education Committee that I've ever had.
9 That's great.

10 All right. Special Projects, Danny.

11 MR. MARSHALL: Okay. Let's move
12 forward. We met yesterday, Special Projects
13 Committee. We met yesterday afternoon, 2:30.

14 CHAIRMAN KILGORE: Each member
15 should have been handed a sheet of paper on the
16 Special Projects.

17 MR. MARSHALL: So, first of all, is
18 the Mega Site Grant Round. I move that the
19 Commission accept the Special Projects Committee's
20 recommendation to issue grant guidelines for a
21 summer 2020 application round and set a Mega Site
22 Grant Round for fall 2020 to utilize the remaining
23 3,000,000, the Mega Site funding that remains
24 available.

25 MR. OWEN: Second.

1 CHAIRMAN KILGORE: All right. All
2 right, any discussion on that?

3 All those in favor say aye. (Ayes).
4 Opposed? (No response).

5 That motion carries.

6 MR. MARSHALL: Okay. And I move
7 that the Commission accept the Special Projects
8 Committee's recommendation that the Commission
9 approve four projects totaling \$545,000 for the
10 following Special Projects Grants as described on
11 page 33 and 34.

12 CHAIRMAN KILGORE: Actually, you
13 have it in your --

14 MR. MARSHALL: That's Number 3602.
15 That's going to be referred to as Southwest
16 Economic Development Committee. 3601 is \$150,000
17 for the town of Damascus. 3597 is \$250,000 for
18 Franklin County. 3610 for Greensville County for
19 75,000. And I might as well keep going.

20 So, 3589 is Mecklenburg County and
21 that is going to be \$70,000 for the Economic Impact
22 Study to be completed as a condition of this grant.

23 3595 is referred to competitive
24 education, pending the outcome of the State's
25 Biannual Budget to be adopted in the 2020 General

1 Assembly session.

2 3334 is resubmit to the Competitive
3 Education of 2020 as to new proposal, revised
4 applicant budget and outcomes and that's it.

5 So, that's a total of 525,000.

6 CHAIRMAN KILGORE: All right. Has
7 everyone looked at those?

8 Does anyone need any of these out of
9 the block?

10 MS. CLARK: I need 3610 out of the
11 block.

12 CHAIRMAN KILGORE: 3610 will be out
13 of the block.

14 All right. So, Danny, do you make a
15 motion to approve the block --

16 MR. MARSHALL: I do.

17 CHAIRMAN KILGORE: -- except 3610?

18 All right. There's a second. All
19 those in favor say aye. (Ayes). Opposed? (No
20 response).

21 That motion carries.

22 Now, Danny, do you make a motion to
23 approve Grant Number 3610, Greenville County?

24 MR. MARSHALL: I do.

25 MR. OWEN: Second.

1 CHAIRMAN KILGORE: I have a motion
2 and a second. All those in favor say aye. (Ayes).
3 Opposed? (No response). Abstention?

4 One abstention.

5 MR. MARSHALL: We have some
6 abstentions. I move that the Commission accept the
7 Special Projects Committee's recommendation for the
8 Project Number 2264, which is Danville/Pittsylvania
9 County Regional Industrial Facilities, Berry Hill
10 Mega site park, for a grant extension of January 11
11 of 2022.

12 Number 2 is Liberty University,
13 2580(sic). I move that the Commission accept the
14 Special Projects Committee's recommendation for
15 Project Number 2580, Liberty University's Center
16 for Medical and Health Sciences, to a grant
17 extension of July 8th of 2020, as described on page
18 45 of your book.

19 Number 3 is Greensville County,
20 3010. I move that the Commission accept the
21 Special Projects Committee's recommendation for
22 Project Number 3010, which is Greensville County
23 Mid-Atlantic Advanced Manufacturing, to a grant
24 extension of May 21 of 2021. That's on page 46 of
25 your book.

1 Danville/Pittsylvania, Number 3011.

2 I move that the Commission accept the Special
3 Projects Committee's recommendation for Project
4 Number 3011 for improvements. And that grant
5 extension will go to May 21 of 2022.

6 And MBC, Number 3088, I move that
7 the Commission accept the Special Projects
8 Committee's recommendation for the project. That
9 it will grant an extension to September 23 of 2020.

10 Also, the A. L. Philpott
11 Manufacturing Extension Partnership, Number 3097.
12 I move that the Commission accept the Special
13 Projects recommendation for Project A. L. Philpott
14 Manufacturing Extension. And that will extend
15 through September 20 of 2020.

16 CHAIRMAN KILGORE: All right. Any
17 discussion on those extensions?

18 All those in favor say aye.

19 MS. EHRHARDT: I need to pull one
20 from the block.

21 MS. CLARK: I do to, too.

22 CHAIRMAN KILGORE: All right,
23 ladies. Okay. Okay. Sorry.

24 MS. CLARK: I need to pull 3010.

25 CHAIRMAN KILGORE: 3010.

1 MS. EHRHARDT: 3011.

2 CHAIRMAN KILGORE: 3010 and 3011 out
3 of the block. Okay.

4 Danny, do you make a motion on the
5 remainder?

6 MR. MARSHALL: I make a motion on
7 the remainder. Yes, sir.

8 MS. HENSLEY: Second.

9 CHAIRMAN KILGORE: All those in
10 favor say aye. (Ayes). All those opposed? (Aye).

11 On 3010, Danny, do you make a motion?

12 MR. MARSHALL: I move them -- move
13 the individually?

14 CHAIRMAN KILGORE: Take them
15 individually.

16 MR. MARSHALL: So I move we accept
17 3010 Project.

18 MR. OWEN: Second.

19 CHAIRMAN KILGORE: All those in
20 favor say aye. (Ayes). Opposed? (No response).
21 Abstentions?

22 MR. MARSHALL: I move we accept
23 3011.

24 A SPEAKER: Second.

25 CHAIRMAN KILGORE: All those in

1 favor say aye. (Ayes). Opposed? (No response).

2 Abstentions? (No response).

3 Okay. Got it.

4 MR. MARSHALL: Mr. Chairman, that's
5 my report.

6 CHAIRMAN KILGORE: All right.
7 Southside Economic Development Committee, Delegate
8 Wright -- Chairman Wright.

9 MR. WRIGHT: Mr. Chairman, turning
10 your attention to page 24, we have one request
11 tabled, Number 3579, and I move that the Commission
12 accept the Southside Economic Development
13 Committee's recommendation to table Number 3579, as
14 described on page 24 and 25 of your Commission
15 Book.

16 A SPEAKER: Second.

17 CHAIRMAN KILGORE: All those in
18 favor of tabling 3579 say aye. (Aye). Opposed?
19 (No response).

20 That one is tabled.

21 MR. WRIGHT: Mr. Chairman, ladies
22 and gentlemen, we had three extension requests,
23 Number 3125, 3127 and 3038.

24 3125 was Sussex County, Cabin Point
25 Road sewer and water line extension. 3127 was

1 Prince Edward County, Industrial Access Road. And
2 the 3038 was Lawrenceville Corridor Acquisition
3 Project for the Roanoke River Rails to Trails. And
4 that was contingent upon the September 2019
5 application to VDOT being approved.

6 Accordingly, I move that the
7 Commission accept the recommendations of the staff
8 on these three projects.

9 MR. OWEN: Second.

10 CHAIRMAN KILGORE: All right. All
11 those in favor of those extensions say aye.
12 (Ayes). Opposed? (No response).

13 That motion carries.

14 MR. WRIGHT: That's all, Mr.
15 Chairman.

16 MR. EDMUNDS: Mr. Chairman, 3581,
17 Project 3581, there was some information left out
18 of the board packet and I was wondering if we
19 could -- I'd like to move that we table that to the
20 next meeting.

21 CHAIRMAN KILGORE: What is that,
22 3581?

23 MR. MARSHALL: Page 23. It's on
24 page 23.

25 CHAIRMAN KILGORE: All right. Table

1 it?

2 Okay. What did you all -- did you
3 all table it?

4 MR. WRIGHT: This did not come
5 forward.

6 CHAIRMAN KILGORE: Okay. Did not
7 come forward.

8 MR. FEINMAN: So, it was denied by
9 the Committee, Mr. Chairman. For folks who were
10 not in Southside, this is a really quick story.
11 Halifax has a lovely war memorial that is a tourism
12 site. They requested that we help them do some
13 streetscape improvements; improve sidewalks and
14 street, ADA access, et cetera.

15 It was the view of the staff that it
16 does not meet our tourism requirements. It is also
17 the view of the staff that if we do sidewalks and
18 streetscapes for Halifax, we're going to need to do
19 sidewalks and streetscapes for everybody else in
20 the footprint.

21 Those are expensive projects.
22 They're not really our business and so the staff
23 recommended and the Committee agreed not to move
24 forward with that project. I believe that Delegate
25 Edmonds would like to keep it alive and reconsider

1 it in a future meeting.

2 MR. EDMONDS: And, Mr. Chairman, if
3 I may. And the reason for that -- and that very
4 well might be the outcome at the next meeting, but
5 there was a letter submitted by the Town of Halifax
6 that was left out of the board packet that
7 explained and answered questions.

8 This was carried over from October's
9 meeting. And, anyway, it was not definitively put
10 before the Commissioners and I just thought it
11 would be fair to have that information available
12 for the next meeting.

13 MR. OWEN: Mr. Chairman?

14 CHAIRMAN KILGORE: Yes.

15 MR. OWEN: Yesterday was only six,
16 very small Southside Economic Development Group
17 here.

18 CHAIRMAN KILGORE: Uh-huh.

19 MR. OWEN: I don't know what the
20 parliamentary -- proper parliamentary procedure for
21 this is.

22 MR. FEINMAN: They didn't take
23 action. They said no, so it was a denial.

24 MR. OWEN: Oh, okay.

25 CHAIRMAN KILGORE: So as long as you

1 do it by the next meeting, if somebody brings it
2 back by the next meeting, I think you're fine.
3 But -- no?

4 MR. FEINMAN: No. I think if -- I
5 think if they said no, then that's action taken and
6 it's dead. I think we would need a motion to table
7 it, so that the -- a full commission just to bring
8 back life and refer it to the Committee.

9 What's the proper parliamentary --

10 A SPEAKER: I don't think it's dead
11 at all. I think the Commission can accept or
12 reject the Committee's recommendation.

13 MR. FEINMAN: That's true. Right.
14 So, yes, the Committee's recommended no action.

15 MR. MARSHALL: So you made a motion
16 to table it. I second it.

17 CHAIRMAN KILGORE: So we can table
18 it. So you're making a motion to table it within
19 this full Committee, correct, that it be tabled
20 within the Southside Economic Evaluation?

21 MR. EDMONDS: With the intent it be
22 brought back at the next meeting.

23 CHAIRMAN KILGORE: That's fine.

24 MR. EDMONDS: To be reconsidered.

25 CHAIRMAN KILGORE: That's fine.

1 MS. BYRON: Mr. Chairman?

2 CHAIRMAN KILGORE: Yes.

3 MS. BYRON: I just want to mention,
4 I remember at the last meeting we had asked the
5 interested party to go out and try and check other
6 venues of funding, because they hadn't -- they
7 hadn't done that yet. So apparently they did and,
8 you know, went through all those processes and
9 still were not able to get it.

10 So, I think it's a good idea to
11 bring it back, so we can relook at it again.

12 CHAIRMAN KILGORE: Okay. I have a
13 motion to table the Southside Industrial Committee.
14 All those in favor say aye. (Ayes). Opposed? (No
15 response).

16 That motion carries. Is that it?

17 MR. WRIGHT: Mr. Chairman, that
18 completes the report.

19 CHAIRMAN KILGORE: Senator Carrico.

20 MR. CARRICO: Thank you, Mr.
21 Chairman. Yesterday we met, Southwest Economic
22 Development Committee. We had three projects we
23 took up. First was the Town of St. Paul, Project
24 Number 3569.

25 CHAIRMAN KILGORE: Page 27 (sic).

1 I'm sorry.

2 MR. CARRICO: I move this Commission
3 set aside Southwest Economic Development's
4 recommendations to the grant for Project Number
5 3569, Lyric Project in the Town of St. Paul. A
6 grant for the number of -- in the amount of \$349,
7 600, contingent upon the commitment of funds
8 required to be Phase II construction.

9 The other, if we can take these in a
10 block, was UVA-Wise, Grant Number 3571. The
11 Commission accepted the Southwest Virginia's
12 Economic Development Committee's recommendation
13 referred to as the Competitive Education Program
14 for consideration in the Spring of 2020 as
15 described on 29 and 31 of your book.

16 And then there was a referred
17 project from Special Projects, the Blue Ridge
18 Public Television. I move that the Commission
19 accept the Southwest Virginia Economic Development
20 Committee's recommendation for Project 3602, in the
21 amount of 325,000, contingent upon the development
22 of a project budget performance milestone. All
23 those were recommended by the Committee and I'd so
24 move.

25 MR. OWEN: Second.

1 MS. HENSLEY: Mr. Chair?

2 CHAIRMAN KILGORE: Yes.

3 MS. HENSLEY: I'm sorry. I need
4 3569 removed from the block. And, also, I had a
5 question about the Blue Ridge PBS Project. And I
6 understand you're seeking more information, but do
7 we know how that -- those media materials will be
8 distributed?

9 Is that part of what we're seeking?

10 CHAIRMAN KILGORE: That's part of
11 what we're seeking.

12 MS. HENSLEY: Okay.

13 CHAIRMAN KILGORE: I think we're
14 seeking a plan. That's what I was just asking
15 Evan, if they're coming back to staff to develop
16 that plan.

17 MS. HENSLEY: All right.

18 MR. FEINMAN: It's approved
19 contingent on the development of a project budget.
20 It's a milestone subject to clawbacks if it fails
21 to meet the milestone.

22 MS. HENSLEY: Okay. Thank you.

23 CHAIRMAN KILGORE: So we were voting
24 on one at a time.

25 MR. CARRICO: Okay. I move the

1 acceptance of Grant Number 3569.

2 CHAIRMAN KILGORE: Is that Project
3 Lyric?

4 MR. CARRICO: That's Project Lyric.

5 CHAIRMAN KILGORE: All right.

6 MR. CARRICO: Town of St. Paul.

7 CHAIRMAN KILGORE: St. Paul. All
8 those in favor of that say aye. (Ayes). Opposed?
9 (No response).

10 MS. HENSLEY: Abstain.

11 CHAIRMAN KILGORE: Abstentions?

12 All right. One abstention.

13 Next?

14 MR. CARRICO: Project 3575. I move
15 that we accept the recommendation to -- for the
16 Competitive Education Program consideration of
17 Spring of 2020.

18 CHAIRMAN KILGORE: All those in
19 favor say aye. (Ayes).

20 All right.

21 MR. CARRICO: And lastly, Project
22 Number 3602, which was a grant in the amount of
23 325,000, contingent upon the development of the
24 project budget for the performance milestone for
25 Blue Ridge Public Television. I move we accept

1 that grant.

2 MR. MARSHALL: Question about the
3 grant.

4 CHAIRMAN KILGORE: Okay.

5 MR. MARSHALL: So, limited Danville,
6 I get PBS for North Carolina, I get PBS from
7 Roanoke. So, will this just be shown in Southwest
8 Virginia, or will this PBS eventually go
9 nationwide?

10 MR. FEINMAN: I can speak to that.

11 MR. CARRICO: I believe the
12 restructuring of the amount that they asked for was
13 targeted to the southwest.

14 MR. FEINMAN: And, Mr. Chairman,
15 Delegate Marshall, their plan is to digitally
16 distribute this content. It would be available,
17 not just on the Internet, but also -- and through
18 their station, but also to others who are marketing
19 the region.

20 This remains a project that staff
21 hopefully does not recommend as a result of not --
22 we were not clear that this was going to create the
23 economic outcome we were looking for.

24 CHAIRMAN KILGORE: Well, now you
25 have a chance to go back and make sure it does,

1 Evan.

2 All right. We have a motion and a
3 second. All those in favor say aye. (Ayes).
4 Opposed? (Nays).

5 MR. FEINMAN: No, raise your hands.

6 CHAIRMAN KILGORE: Two nays.

7 All right. Does that complete your
8 report?

9 MR. CARRICO: That completes my
10 report.

11 CHAIRMAN KILGORE: TROF Committee.
12 We had a busy morning this morning.

13 MR. RUFF: Mr. Chairman, there was
14 four motions that came out of that Committee this
15 morning. First I move the Commission accept the
16 TROF Committee's recommendation to amend that the
17 Tobacco Region Opportunity Fund formula, replacing
18 the current formula-based estimator with a
19 tier-based estimator as discussed by staff.

20 CHAIRMAN KILGORE: All right. Do we
21 have a second to that?

22 MR. MARSHALL: Second. Yes, sir.

23 CHAIRMAN KILGORE: All right. Okay.
24 And we had a discussion on that and it looks to be
25 a better -- a much better way of figuring out the

1 TROF formula where we can give an answer right on
2 the spot, instead of going back to the office, et
3 cetera. So, I commend staff for their hard work
4 and working through this process.

5 So, any other discussion on that?

6 All those in favor say aye. (Ayes).

7 Oppose? (No response).

8 All right. That motion carries.

9 MR. RUFF: Mr. Chairman, I move the
10 Commission accept the TROF Committee's
11 recommendation for Project Jonah, Number 2889, to
12 grant an extension of 90 days, conditioned upon the
13 following. 1a. At the conclusion of the extension
14 date, the project beneficiary shall have completed
15 the purchase of the second project site in Tazewell
16 County.

17 B. After demonstrating the property
18 has been purchased, the County, the beneficiary and
19 the Commission shall consider mutually agreed-upon
20 revisions to the current -- to the current -- to
21 the current plan -- I'm missing a page here --
22 "B" -- which was dated September 17, 2015, and that
23 will align with current project parameters.

24 And "C." If the beneficiary is
25 unable to complete the purchase of the property at

1 the end of the extension date, no further extension
2 shall be provided and the Commission shall
3 educate -- shall execute the clawback provision as
4 provided in the Performance Agreement on 2889.

5 CHAIRMAN KILGORE: Second, Danny?

6 MR. MARSHALL: Yes.

7 CHAIRMAN KILGORE: All those in
8 favor say aye. (Ayes). Oppose? (No response).

9 All right. That motion carries.

10 MR. RUFF: Mr. Chairman, I move that
11 the Commission accept the TROF Committee's
12 recommendation to authorize the Executive Director
13 to negotiate a TROF loan for the Project Power and
14 to bring back such loan to the TROF Committee for
15 final approval.

16 CHAIRMAN KILGORE: All right. Do I
17 have a second?

18 MR. SPIERS: Second.

19 CHAIRMAN KILGORE: All those in
20 favor of that TROF recommendation say aye. (Ayes).
21 Opposed? (No response).

22 MR. RUFF: Mr. Chairman, I move that
23 the Commission accept the TROF Committee's
24 recommendation to grant a grant of 110,000 to the
25 TROF grantee, I guess, and \$460,000 in loan from

1 TROF to Ebio Nutrition Sciences.

2 MR. MARSHALL: Second.

3 CHAIRMAN KILGORE: All right. Any
4 discussion on that?

5 All those in favor, say aye.

6 (Ayes). Opposed? (Aye).

7 MR. RUFF: That completes it.

8 CHAIRMAN KILGORE: Andy, are you
9 supposed to give us a TROF update?

10 MR. SORRELL: Yes, sir. Yes, sir.

11 Thank you, Mr. Chairman.

12 You'll see the TROF listing on page
13 51 of your -- of your staff -- of your committee
14 book. And just a couple highlights. FY '19, we
15 had 20 approved TROF projects that promised over
16 1300 jobs, with 215,000,000 in capital investments
17 for 7.1 million in grants and loans that were
18 approved.

19 So far in fiscal year '20, we had
20 six approved projects, with over 1600 approved
21 promised jobs and 159,000,000 in capital
22 investments, with an outlay of about 5.4 million in
23 grants and loans.

24 And I can answer any questions that
25 you have.

1 CHAIRMAN KILGORE: A lot of those
2 numbers are included in our annual report.

3 MR. SORRELL: Yes, they are.

4 CHAIRMAN KILGORE: For those who
5 haven't looked through the annual report, it's a
6 great document. I commend the staff for all this
7 hard work and we need to get that out far and wide.
8 I'll be going through the General Assembly offices
9 this afternoon and taking it to -- no, I'm just --

10 MR. FEINMAN: We will, in fact, be
11 dropping it off at every member's offices.

12 MR. SORRELL: We will. We'll make
13 sure it's in their boxes.

14 CHAIRMAN KILGORE: That will be
15 great. Thank you. Thank you, Andy.

16 All right. The -- okay. We have
17 the OSIG report.

18 MR. FEINMAN: So, there was some
19 discussion in this. Not a great deal. It was not
20 the worst thing in the world.

21 So, very briefly. We spent 20
22 months with the Office of the Inspector General in
23 our office. They identified a number of things
24 that they believe were deficiencies, or things that
25 we can be doing better.

1 For y'all's background, the Office
2 of the Inspector General is the State's watchdog
3 agency that is supposed to look for waste, fraud or
4 abuse. They found none. They did find areas where
5 they thought our procedures were not as robust as
6 they thought they should be.

7 I refer you to the OSIG report that
8 they published, in which we had a response. I can
9 go point by point, if anybody has any interest in
10 it. The very short version is, we had some
11 disagreements with them, frankly, about whether or
12 not we were required to be doing certain things.

13 A good example is this financial
14 viability assessment that was required in the Code
15 in 2015. It is the view of OSIG that we must hire
16 an outside person to do that. The code says we
17 need to enter into a contractual or employment
18 arrangement for that person. We made Tim that
19 person, because it is Tim's job to objectively and
20 independently evaluate grants.

21 The Inspector General's office
22 couldn't explain to us why Tim might be incapable
23 of being objective, as regards financial viability,
24 so we just -- we -- they said we needed to do that,
25 we said no we don't and that's where we left it.

1 There are a number of similar items
2 related to, you know, the way in which we publish
3 information. The one where they -- I think there
4 was some legitimacy to them rapping my knuckles,
5 though you all have since approved it and you all
6 were read on it, was the loan that we needed to
7 make to C-CAM when they were in financial distress.

8 The short story there is, it was
9 between meetings. They were in danger of ceasing
10 to be a state entity. It's something that we, the
11 General Assembly, multiple universities that had
12 put a great deal of money and energy into. You all
13 had approved the loan through VRA. We needed to
14 take faster action than I could get you guys, or we
15 were going to lose this asset.

16 So I called Terry and we talked
17 about it and we moved forward with making a loan,
18 like a TROF loan in-house, because there was a fire
19 we needed to put out. And then when we had the
20 next meeting, I told you all what I did. I asked
21 for your blessing, you gave it. OSIG's view was I
22 exceeded my authority, I agree, they said I
23 shouldn't have done that, I disagreed.

24 So, that's where we are. The fact
25 of the matter is unusual circumstances sometimes

1 require unusual actions. I think we're certainly
2 all better off having those several dozen
3 researchers and major corporate customers in that
4 facility and continuing to be an asset for the
5 Commonwealth.

6 They, for the record, have righted
7 their crystal ship, are in great shape and are on
8 schedule to pay us back the entire balance of the
9 loan. We also, by the way, for our \$1.5 million
10 loan, had \$3,000,000 of equipment securing that
11 loan. So at no point was the taxpayers ever
12 exposed to any loss.

13 Other than that, as I said, a lot of
14 point by point stuff. My view is that it -- this
15 was not a good use of OSIG's time, it was not a
16 good use of our staff's time and I certainly would
17 recommend to members of the legislature that are on
18 this Commission, that OSIG could use some
19 refocusing on instances of waste, fraud and abuse
20 and not instances of areas where they think
21 agencies in which they have less expertise than
22 staff could be run better.

23 MR. STANLEY: That's not bitter at
24 all.

25 CHAIRMAN KILGORE: Good call.

1 MR. FEINMAN: That's all the
2 evidence that I have for you. I'm happy to talk
3 about any specifics in a public setting or offline.

4 CHAIRMAN KILGORE: Anybody have any
5 questions?

6 Evan, tell us about the Foreign
7 Direct Investment update.

8 MR. FEINMAN: So we've got two.
9 Forthcoming will be our update from our partners in
10 Southwest Virginia. Our Southside quarter
11 investment update I'm going to deliver, because Joe
12 Ample, who works with U.K. businesses to bring
13 those opportunities to Southside is working. He
14 was here last night with a couple different
15 prospects and they're now down at Southside looking
16 at sites and talking to economic developers.

17 Very briefly in the last year we had
18 three announcements, one grand opening. We have
19 one pending announcement and one assist, which is
20 to say that it wasn't quite a new business
21 announcement, but it was a new business
22 relationship between a foreign company and a
23 domestic company that we hope will become a new
24 business, once they arrive. We have 26 companies
25 who visited a total of 32 times, which is good,

1 which is why they come back again. We think we're
2 probably going to make a good sale.

3 We've gotten a lot of different new
4 announcements. The things that are very exciting
5 that are going on are the development of these
6 clusters. We also have a new partner coming in,
7 who I can't announce right now in public, but it --
8 they are so excited about the development of the
9 automotive cluster in Southern Virginia, that they,
10 as a U.K. automotive manufacturer, are going to
11 start working to attract their suppliers and
12 colleagues and competitors to the region on their
13 own dime. So, we're really creating some new
14 synergies there.

15 I would love to report to y'all that
16 four years ago Joe and I sat down and hooked up the
17 plan to have a U.K. automotive cluster in Southern
18 Virginia. But, you know, they always say it's
19 better to be lucky than good and we're leaning into
20 what we have now. Additionally, we've got a bunch
21 of really exciting manufacturing exhibiting
22 companies coming over.

23 Long story short, we are so busy
24 that Joe is now bringing multiple clients at the
25 same time, because if he did individual visits for

1 every company that's interested in coming over,
2 he'd actually be pushing the edges of his Visa
3 requirements. He's only allowed to come into the
4 United States a certain number of times per year
5 before he needs to get a residency.

6 So, all things told, I think things
7 went extraordinarily well. I also want to commend
8 our friends at Mid-Atlantic Broadband, who are the
9 hosts and overseers of that relationship. And I'll
10 remind the Commission that we moved Joe from being
11 a grant that needs to be renewed to an annually
12 recurring contract with us, so that he has some
13 stability.

14 If you'll recall, he got caught up
15 in some mess a couple years ago. We nearly lost
16 him and if we would have lost him, we would have
17 lost his clients. So, now he's in a contractual
18 relationship with the Commission and will be moving
19 forward.

20 So, that is the Southern Virginia
21 Foreign Direct Investment update. It was brief,
22 necessarily. And now I'd like to introduce Will
23 Payne to talk about Invest Southwest Virginia,
24 which is the corresponding, though somewhat
25 differently, structured project from Southwest.

1 CHAIRMAN KILGORE: Will, if you can
2 speak up.

3 MR. PAYNE: Sure. No problem. Can
4 you hear me now?

5 Mr. Chairman, you have before you a
6 copy of our slides that are also going to be up on
7 the screen. If we go into the -- not the
8 presenter's review, but the record review. And
9 also a copy of the October issue of the Business
10 Journal of Tennessee and Virginia, each being our
11 team and our efforts thus far.

12 My name is Will Payne, management
13 partner of Coalfield Strategies. We launched
14 Invest Southwest Virginia, or Invest SWVA on
15 September 12 as a new public/private regional
16 marketing initiative for the good of Virginia
17 Regional I area, which includes PBC's I, II and
18 III; 13 counties and three cities.

19 This is not a new organization, it's
20 a marketing campaign. On behalf of our team, I
21 want to thank the members of this and this
22 Commission for supporting the cause and giving us
23 an opportunity to show you what we can do. In
24 particular, I want to thank you, Mr. Feinman, for
25 his advice and for holding our feet to the fire.

1 Since September we've been working
2 eight days a week and through the holidays.
3 Through this new model for economic development, it
4 can be a strategic tool for developing new business
5 prospects. We set out to be aggressive focus and
6 depend on results and we expect to be judged by
7 those results. And, so, we'll begin with a clip
8 from our launch in September.

9
10 NOTE: At this time, the video
11 is playing; whereupon, the video is
12 stopped and the proceeding
13 continues, as follows:

14
15 CHAIRMAN KILGORE: We're having some
16 technical difficulties, as you can tell.

17 MR. CHAFIN: You'll be all right.

18 CHAIRMAN KILGORE: We're trying to
19 get to you, Ben. Okay?

20 I don't think we're going to be able
21 to see it. Could you tell us what it said?

22 MR. PAYNE: Yeah.

23
24 NOTE: At this time, the video
25 is playing; whereupon, the video is

1 stopped and the proceeding
2 continues, as follows:

3

4 MR. PAYNE: All right. Well, I'm
5 proud to have a number of great partners in this
6 cause, including members of this Commission and
7 many folks sitting behind me.

8 Former Secretary of Commerce and
9 Trade, Todd Haymore, who you saw in this video,
10 serves as our strategic adviser. As you know,
11 Secretary Haymore is managing director of the local
12 economic development practice at Hunton, Andrews,
13 Kurth, the firm that has reach offices and offices
14 all around the globe.

15 We have Lee Downey that's a Hunton
16 instructor of economic and business development
17 with us today and I'm proud to say it's been a
18 major coup to Hunton as part of this effort.

19 We have a unique leadership
20 structure, which Chairman Kilgore, Senator Chafin,
21 Delegate O'Quinn and Senator-elect Pillion are
22 serving as co-chairs. This is the only case in
23 Virginia where legislators are, in a real formal
24 way, as we have, are taking on economic development
25 into their own hands.

1 They're all in. They're highly
2 engaged on a day-to-day basis. They're meeting
3 with prospects, with me, and we're in the process,
4 I hope, of closing a couple deals.

5 For our next slide on partners -- or
6 maybe it's the previous slide -- the Tobacco
7 Commission has provided C-funding for a two-year
8 period. Our private partners, Point Broadband and
9 Appalachian Power have provided matching donors.
10 The Virginia Department of Mines, Minerals and
11 Energy, DMME, is a major public partner.

12 As you know, DMME is the
13 Commonwealth's go-to expert on land, subsurface
14 structures and site characteristics. Director John
15 Warren, who was here earlier, has been instrumental
16 in leveraging DMME's expertise in funding to
17 support this, the lead generation operation and
18 we've benefited from the agency's strategic
19 national resource's advice.

20 Next slide, please.

21 Invest Southwest Virginia has full
22 regional focus, with the goal of supporting our
23 local economic development offices, with our
24 efforts being both complementary, in addition to
25 their day-to-day marketing operations. We view

1 everything through a regional lens and our goal is
2 to reduce bureaucracy and turf wars for the benefit
3 of business prospects.

4 The next slide.

5 Our plan is simple; market the
6 region, attract new business investment, bring jobs
7 of the future to Southwest Virginia.

8 Now that's everyone's plan. What
9 matters is our process. We have begun our process
10 by bringing new relationships to the table, in
11 particular leveraging political relationships in
12 order to secure meetings with decision makers.

13 We're committed to pushing big
14 ideas, including energy, innovation on the future
15 of work in Southwest Virginia, attracting and
16 retaining young talent by focusing on high-tech and
17 high wage jobs, and that's beginning to pay off.

18 Over the last four months, I've been
19 chasing after about two dozen leads. For us, the
20 name of the game -- next slide -- is construction.

21 We're running this lead operation --
22 operation like focal campaign, a good campaign, a
23 winning campaign. We want to win and obviously
24 winning means jobs, it means investment in
25 Southwest Virginia. We are proud, all of us, with

1 a background in politics. We're using that to the
2 fullest extent. Some of us haven't been part of
3 the losing effort in almost two decades and we're
4 not going to do that now.

5 When it comes to the value of
6 political and governmental contacts, we're putting
7 that to the test. And this is in addition to
8 traditional resources. We have demonstrated
9 already that we have the ear of key legislative
10 players, current governor, former governors,
11 members of congress, the U.S. Senate, as well as
12 policy, business development professionals who help
13 drive corporate expansion and relocation efforts.
14 And that does matter in today's world.

15 As for our strategic folks, we're
16 targeting the industries that offer the greatest
17 opportunity for sustainable economic development,
18 growth, expand in a way to keep Southwest Virginia
19 growing talent in the region.

20 We cohosted Amazon's two officials
21 in October and we'll be visiting with them in
22 Northern Virginia likely during the General Assembly
23 session. We recently completed our first foreign
24 direct investment trip, partnering with VDP in
25 Germany, Austria and Switzerland.

1 We secured a one-of-a-kind
2 partnership with a Northern Virginia technology
3 counselor to offer growth opportunities in
4 Southwest Virginia to Northern Virginia based
5 high-tech companies. We partnered with a Virginia
6 based private equity firm, with a number of
7 technology companies under its belt.

8 They believe what we believe. In
9 order to stop the brain drain in the region, we
10 need to recruit talent right out of high school
11 with \$30 to 40,000 a year entry level jobs. And,
12 in fact, we are continuing negotiations this
13 afternoon with a promising eHealth lead.

14 We're closely aligned with the new
15 Southwest Virginia Energy Research and Development
16 Authority. The authority was created last year by
17 the Chairman and Senator Chafin. And as a result,
18 we have a number of energy-related leads and most
19 of them focusing on innovation and many of them
20 looking at reclaiming coal surface mine properties.

21 I'm proud of our Project Oasis. You
22 probably heard of Project Oasis. It's a GO
23 Virginia Funded Project seeking third party
24 validation for our region to become a location of
25 choice for data centers, based on our power and

1 broadband infrastructure, as well as the renewable
2 energy applications from solar, hydroelectric and
3 geothermal sources.

4 We've been looking at defense and
5 DOD applications with John Kilgore's limestone
6 mines in Scott County, which is, if you know, is
7 outside of Blackstone and is EMP proved. We're
8 fortunate to have a stellar team of familiar faces,
9 including Kent Hill of OnPoint Strategies, a
10 veteran of Dominion Energy and the Data Center
11 Industry, leading our market in economic analysis.
12 Ken is with us today.

13 This team is working with our
14 geothermal mine stability experts, as well as DMME,
15 toward our goal to prove that Southwest Virginia
16 can be the first in the world to use 52 degree mine
17 pool water for data center HVAC cooling systems.
18 And we hope to have our analysis complete by the
19 end of February, looking at both the geothermal
20 side and then with working with our partners in the
21 region site analysis.

22 Finally, we're using smart farming
23 practices to prove that we can grow malting quality
24 barley for the craft beverage industry. This would
25 essentially be a new industry linked to Southwest

1 Virginia as targeting young entrepreneurial
2 farmers.

3 For this project, we're working on
4 developing a small scale grain terminal with a
5 workforce training program. We've established a
6 partnership already with a major malt house for
7 growing barley ourselves, with private investors as
8 well, and then tapping our brewery contacts all
9 around the Commonwealth, especially Northern
10 Virginia, who are interested in purchasing this
11 Southwest Virginia grown and regionally malted
12 grain.

13 The final slide here.

14 So, in summary, what we're offering
15 is the vision for the region that builds on our
16 strengths and doesn't seethe anything. As a
17 result, we're saying that Southwest Virginia can be
18 a hotbed for energy innovation, a significant
19 player in the craft beverage industry, location of
20 choice for data centers and home to high-tech
21 companies looking to grow.

22 That's our marketing strategy in a
23 nutshell. Are there any questions?

24 CHAIRMAN KILGORE: Thank you. Thank
25 you. Thank you for your hard work and we

1 appreciate your commitment.

2 MR. PAYNE: Mr. Chairman, I would
3 just look to this. You've seen already firsthand.
4 You know, we generated a lot of thunder the last
5 two months and a little bit of lightening, but I
6 really believe 2020 is going to be an incredible
7 year. The rain is coming and we really hope to
8 make 2020 a good year. This initiative will prove
9 your investment was a wise one. Thank you.

10 CHAIRMAN KILGORE: Thank you.

11 All right. Next is the VEDP, New
12 Workforce Development Initiative, is that correct?

13 MR. FEINMAN: Yes, sir, Mr.
14 Chairman. Mike Grundmann, Senior VP at Talent
15 Solutions is here to talk to us about what VEDP has
16 cooking.

17 MR. GRUNDMANN: Thank you.

18 Mr. Chairman, as you all know, this
19 new surface based incentive program was actually
20 created by the General Assembly many months before
21 I was hired to help build it. And I was brought
22 here from the State of Georgia, where the Quick
23 Start Program has been ranked number one in the
24 nation for eight straight years.

25 While I've lived in Georgia the past

1 36 years, up until April -- and, by the way, loving
2 Virginia, love Richmond in particular.

3 CHAIRMAN KILGORE: Welcome.

4 MR. GRUNDMANN: Thank you. I
5 actually visited the Tobacco Region every one of
6 those years at least twice, because I married a
7 girl from Patrick County.

8 CHAIRMAN KILGORE: Oh.

9 MR. GRUNDMANN: So I have seen, you
10 know, the changes. I have seen the -- when I
11 started coming around, the Alexis plant in downtown
12 Stuart. I was humming along the rubber tread plant
13 on 58. It was thriving. Of course they're both
14 closed now and there's a Wal-Mart there on 58,
15 along with Stanley Chevrolet, where my
16 father-in-law worked his whole life, after leaving
17 the tobacco fields on the family farm.

18 So, I have -- I've had a front row
19 seat of the challenges of the Tobacco Region in
20 Virginia and I'm here to say that this new program
21 is designed to help turn that around.

22 It primarily serves in -- and,
23 Stephanie, could you advance.

24 I can hardly see that. But, anyway,
25 it primarily serves manufacturers, which are the

1 types of operations most likely to consider a rural
2 location, a location in the Tobacco Region. And
3 I'm pleased that the first project that we helped
4 to land, landed smack dab in the Tobacco Region,
5 with 700 jobs; Morgan Olson Plant in Danville.

6 And I emphasize the word helped,
7 because it's just part of the winning equation,
8 this new program. The local leadership from
9 Danville, the General Assembly, Secretary Ball, the
10 VEDP incentives team and particularly the
11 investment that the Tobacco Commission has made in
12 that region. We're at the forefront of that win.

13 I have personally toured the Met
14 (phonetical) in Martinsville, the Higher Ed Center
15 in South Boston and the ILAR in Danville Community
16 College and they're incredibly impressive.

17 That Gene Haas Center in Danville
18 blows away anything you'll ever find in the State
19 of Georgia. So you all should be very proud of
20 that.

21 So what I want to do is -- I know
22 there's a lot of curiosities about this new program
23 and a lot of questions. So what I want to do is
24 answer those very directly. And, so, what I've
25 done is created a top 10 list.

1 Stephanie, if you can click ahead.

2 Things that people want to know,
3 particularly in your position about this new
4 program and how it fits with existing resources,
5 like the community colleges and the Higher Ed
6 Centers.

7 So the first question is, exactly
8 what is this and why are we doing this. So, the
9 program was designed to help the Commonwealth win
10 more competitive job creation projects, plain and
11 simple. That's why it was created.

12 What it is, is training services and
13 recruiting services that are totally customized to
14 a company to unique products, processes, equipment,
15 procedures, standards and culture.

16 So everything that we do is
17 delivered as a service and only to eligible job
18 creation projects. The idea is to accelerate the
19 new hire learning curve and thereby accelerate the
20 plant start up; hence the name, the family
21 Accelerator Program.

22 So, the next question. Why is
23 adding a service-based incentive a good strategy.
24 Well, as you can see, and a lot of you can't see,
25 so I'll read it to you. Those highlighted states,

1 the top five states as ranked by area development
2 and workforce development incentives. All five of
3 them have service-based training incentives. So,
4 that's a pretty good indication.

5 When you think back to when Georgia
6 created Quick Start, its service-based incentive,
7 it already had a very robust network, technical
8 colleges that were very capable of workforce
9 development.

10 So the reason to create Quick Start
11 was not because the system lacked capability, it
12 was to advance capabilities and add capacity.
13 It's -- you know, when you're dealing in economic
14 development, you never know exactly where a
15 project's gonna land. So the idea was to invest in
16 this added capacity and capability once and then
17 take that wherever it was needed around the state.

18 So, the legislature thought that
19 would be a more cost-effective approach. And it's
20 kind of like with the armed services, when they
21 created units like the Navy SEALs. Rather than
22 equip every sailor with that level of training and
23 equipment, it made more sense to do it with a
24 smaller unit and then deploy that around the world
25 as needed.

1 So, Stephanie, the next question,
2 please.

3 So what will the Accelerator have
4 that the typical community college doesn't have.
5 Well, you know, our objective is to shorten the
6 learning curve. And since a picture is worth a
7 thousand words, what we're going to do is have
8 training materials that are very robust with
9 visualization. That requires a lot of special
10 talent.

11 So we will be hiring videographers,
12 3D illustrators, animators. And it also requires a
13 lot of specialized software and equipment. So,
14 we'll be -- you know, just to render out a 3D
15 animation takes an incredibly powerful computer and
16 a lot of storage. So, we'll be starting out with
17 the 60 terabyte server.

18 So, next question. So how else will
19 this talent Accelerator be different than what the
20 colleges offer. Well, first let me start by
21 talking about all the things that we will not do.
22 We will not confer any degrees or diplomas. We
23 will not support any companies that are non
24 competitive projects. So, demographic projects,
25 like construction companies, HVAC companies,

1 hospitals and so forth.

2 We will not support a manufacturer,
3 unless they have an eligible job creation project.

4 So that most manufacturers will not be served.

5 We're not going to go deep into mechatronics
6 training.

7 We will do Level I PLC, because all
8 start-up companies or new plants need that very
9 quickly. So, we'll deliver that. We will not do
10 apprenticeship programs. We will not do any
11 fast-forward industry certification. So what we
12 will do is focus on operator level training at the
13 task level.

14 So, for example, in receiving, it
15 will be, okay, how do I read this Bill of Lading?
16 Which one of these five bar codes on this box is
17 the right one to scan? What do I do if there's a
18 missing item? What do I do if there's a damaged
19 item? Once I get it checked in, where do I put it?
20 Do I put it there, or does somebody else come pick
21 it up?

22 So that level of task-specific
23 training, employee training, not credentially, is
24 what we'll focus on; 80 percent of what we'll do.

25 The other 20 percent does look like

1 some of the services that are offered on the non
2 credit side of a community college. And, by the
3 way, we have a very well-documented agreement with
4 the Virginia Community College System. So --
5 but -- so things like leadership and lean and
6 safety are going to be part of the talent
7 Accelerator package, but there'll be differences.

8 For example, in safety we're only
9 going to train on specific hazards in the plant to
10 the level required to meet the minimum OSHA
11 requirements for new hired training. We will not
12 do OSHA 10. That is outside our scope. That's a
13 certification that will be done by the community
14 college, or Higher Ed Center. So, there's
15 differences.

16 There will be occasions, though,
17 where the college is better equipped to deliver a
18 certain type of training than we are. In the
19 Tobacco Region, I've seen the welding land, the C&C
20 equipment. It makes sense for us to pay the
21 college to deliver that training as part of the
22 Accelerator package that we provide.

23 So, that said, it's important that
24 the Accelerator has the opportunity to develop full
25 capabilities. We can't pay the college any time

1 that there's a hint of overlap, because our
2 competitors in all of those other five states up
3 there, they all provide totally comprehensive
4 services at no charge to companies and we need the
5 opportunity to build that, not only customized
6 capability, but comprehensive capability in order
7 to compete.

8 So, next slide, please.

9 So how will the colleges be involved
10 in Accelerator projects. Well, we're going to be
11 involved from kickoff to completion. As a matter
12 of fact, there's been a lot of occasions where I've
13 had the opportunity to get the college involved at
14 the pitch meeting, when they might not have
15 otherwise known that that was happening.

16 So, we want to be there with the
17 college, together, presenting capabilities. We're
18 focused only on the start-up and they're focused
19 more on the long term needs of the company.

20 We will also co-brand all the
21 materials that we create, so the -- all the
22 customized materials will have the company name,
23 the Accelerator name, and the college name. We
24 will regularly share data with the companies on the
25 number of people we're training and so forth.

1 When we start our project, we do a
2 very thorough needs analysis. So when we take
3 Morgan Olson, Danville Community College
4 representatives were with us at the kick off
5 meeting, as well as at the needs analysis meeting
6 right before Christmas in Tennessee.

7 So, they're very much a part of this
8 thing. The -- most of the training will be done at
9 the company, because it is so specific to their
10 equipment and so forth, but there's certain types
11 of training that can be done at the college, so the
12 facilities can be utilized during the project.

13 And then at the closeout meeting,
14 the college will be featured and we want to do
15 everything possible to tee up the college to pick
16 up where we leave off with paid services and so
17 forth.

18 So, next slide, please, Stephanie.

19 So what support will the colleges
20 provide alongside an active Accelerator project.
21 The -- in Georgia, the colleges loved to be
22 associated with Quick Start, because it endeared
23 themselves to new employers. They got associated
24 with all the great work and all the free service,
25 so it got their foot in the door and it enabled

1 them to develop a very strong positive relationship
2 with the company right out of the gate. So, they
3 were doing things with the company while we were
4 doing operator training.

5 You can't read that, or I can't,
6 anyway, but I have a few examples there. One of
7 them is Taurus. That was a company that had
8 recently announced -- they didn't have much of a
9 C&C program in place, because the company was going
10 to need a pipeline of people for the long term.
11 They were able to become aware of that and ramped
12 up their program.

13 IMS Gear. I think you guys have an
14 IMS plant in Virginia. IMS Gear, while we were
15 doing operator training, they were working with the
16 college to develop a mechatronics apprenticeship
17 program.

18 We will -- Alcon is a company that
19 makes contact lenses. What they did, was while we
20 were training people to -- on 26 lines for this new
21 plant they put in, the company and college were
22 working together to create this program they call
23 the manufacturing associate program, which is a
24 paid for skills program and people could then move
25 into that; get to a higher skill level and then get

1 paid a little extra as a result.

2 Again, we'll take care of the PLC I
3 training, but levels II and III could be done by
4 the college of the Higher Ed Center, on a fee paid
5 basis. And the cool thing about Quick Start having
6 that capability -- and I anticipate the Accelerator
7 here in Virginia -- is that because we had that
8 capacity, when a college -- or in this case, a
9 Higher Ed Center -- has an opportunity to sell two
10 PLC classes at once, but only had the capacity to
11 deliver one. They could call Quick Start and say,
12 hey, are you guys available, we'd say yes, and then
13 they could sell both at once on a paid training
14 gig.

15 We would just invoice them for the
16 cost of our instructor. They'd mark that incentive
17 and bill it to the company and not miss that second
18 setup. So, having that extra capacity kind of
19 works to help add capacity, non credit training as
20 well, which is pretty cool.

21 So, in Georgia -- and I'm not done
22 with that slide yet, but just in -- just in the
23 last fiscal year, 2019, the colleges sold \$10
24 million in non credit training and that's a
25 conservative way of calculating it, because 99.9

1 percent of businesses are not served by Quick
2 Start, it's only those eligible job creation
3 projects. And the same will be true here in
4 Virginia.

5 Okay, Stephanie, now is good.

6 Question 7. Why is the Accelerator
7 such a better deal for the taxpayer. Well, because
8 a service-based incentive delivers training at
9 cost. A grant based program requires that the
10 company pay retail price for training.

11 I wish you could see the slide, but
12 I'll go through it. When you look at the average
13 cost of a day's work of training, it comes out to
14 about \$600. When you look at the average salary at
15 VEDP, loaded with benefits, it's about \$60 an hour.
16 So, if you take a 10-hour training day; so eight
17 hours plus some prep time, travel time. So 10
18 hours times \$60 is \$600.

19 If you're offering a grant and the
20 grant's range 500 to a \$1,000, you're basically
21 offering a day or two worth of training with the
22 grant and it happens to be the way to the VJIP
23 grant here in Virginia.

24 For that same \$600, one instructor
25 can train 10 to 20 people. So you see that it's an

1 exponentially -- to learn much more for the same
2 amount of money. And, you know, the other thing
3 too is that it's especially beneficial to have a
4 program like this for remote areas, where the
5 college may not have, you know, the equipment and
6 capabilities in place.

7 That's the case. There's a lot of
8 rural areas in Georgia. Very, very rural state
9 besides the big game. And when you have this Navy
10 SEAL-like capability that you can bring out to a
11 remote area, all of a sudden a company's risk is
12 greatly reduced by considering that area. That
13 community gets considered for projects that they
14 might not otherwise be considered for. And then,
15 of course, the people and the community gain those
16 jobs and gain the economic development and momentum
17 we're all after. So, it's a very good thing. And
18 another thing we want to make sure, is that we have
19 full capabilities for cases like that.

20 So, next slide.

21 Number 8 I have to read. So, how
22 will a Virginia program compare with other states.
23 We -- first of all, that -- we have to be
24 fundamentally the same, the service-based model,
25 because it's not just a better deal for taxpayers,

1 companies and their consultants understand that
2 math that I just showed you. They know they get a
3 whole lot more for the incentive buck in the
4 service-based model.

5 But when you look at Louisiana, that
6 is a perfect case study. They were no way on the
7 map of the rankings and Stephen Murray actually
8 toured Quick Start back in 2008. Was so impressed
9 that he wanted to start this program in Louisiana.

10 So very quickly it became -- it rose
11 into the rankings. I think it was Number 2 in the
12 area development ranking. Number 1 in the business
13 facilities ranking. So this thing can really
14 quickly take off and I'm working really hard to do
15 that.

16 One thing that Louisiana did,
17 though, that's probably a case study on what not to
18 do, is they took almost their entire core team,
19 leadership team from the state of Georgia, and a
20 local publication got ahold of that fact and wrote
21 a scathing article about it. And, you know, when
22 Stephen hired me to do this, I was determined not
23 to do that.

24 I was convinced that the State of
25 Virginia, the Commonwealth, had all the talent we

1 needed to do this thing. And, so, I'm proud to say
2 that of the nine people I've hired, all of them are
3 Virginia residents and they're all from the private
4 sector. And because I personally know the talent
5 in Georgia and in Louisiana, because they all came
6 from Georgia, I can tell you with 100 percent
7 certainty that we have better talent and that's
8 going to put us in the position to be better than
9 the other states. And, so, I'm very proud of that
10 and just really eager to get started and prove
11 that.

12 So, next slide, Stephanie.

13 So, how does this affect the grant
14 based Virginia job investment program. The grant
15 is going to stay exactly as it is, nothing is going
16 to change about the grant program.

17 There's projects where a grant is a
18 better fit, particularly projects like software
19 development and headquarters type operations. The
20 service-based model isn't quite as good a fit with
21 them. And we feel like giving companies a choice,
22 companies will choose either the service-based
23 Accelerator, or the grant based VJIP program.

24 They can't stack them. It's one or
25 the other. But giving the companies the choice is

1 going to help propel us to be the number one state
2 in the country and then get all the projects that
3 will follow with that.

4 One thing that will -- just a slight
5 change, is that our regional business managers,
6 while they've been focused exclusively on VJIP,
7 will be involved in helping to market this new
8 Accelerator Program. And also what we do is
9 recruiting services. They'll be engaged in that
10 piece, as well.

11 So, how would I sum all this up.
12 Last question. And you guys can't read that, so
13 I'm just going to read it to you. So, you know,
14 all the other states offer customized and
15 comprehensive services for free. If Virginia
16 charges for the same thing, we can't compete.

17 A service-based incentive gives
18 taxpayers' exponentially more bang for their buck
19 and companies, as well. It's imperative that the
20 Accelerator has the opportunity to develop full
21 Navy SEAL-like capabilities, always ready to deploy
22 wherever they're needed around the state.

23 And then our collaborative approach,
24 or collaboration with the Virginia Community
25 College has been -- sets the ideal forum for the

1 college to be able to serve their long-term needs
2 and to do things along the side of the Accelerator,
3 their outsider scope.

4 We will focus on past specific
5 employee training, not credentialing. And then,
6 finally, this program will enable Virginia to win a
7 larger share of job creation projects, expanding
8 job opportunities for everyone. So that's the
9 whole reason I'm here and we're doing this thing.
10 And I really appreciate everybody's attention and
11 time.

12 If you have any questions, I'll be
13 happy to answer them.

14 CHAIRMAN KILGORE: Yeah. Well, we
15 appreciate your-all's innovative approach to this.
16 And I think it's something that I know that Stephen
17 has been committed to, since he got into the
18 Commonwealth. So, we look forward to making sure
19 this works for Virginia and passing all our
20 neighbors to the south up.

21 MR. GRUNDMANN: There you have it.
22 Love it. Yes. Well, thank you very much.

23 CHAIRMAN KILGORE: Thank you.
24 Evan.

25 MR. FEINMAN: Yes, sir,

1 Mr. Chairman.

2 I actually think that there's just a
3 couple of folks we need to recognize, that -- I
4 have no other official business of the Commission
5 for you, but first I think we need to turn our
6 attention to our Senator Carrico.

7 CHAIRMAN KILGORE: Senator Carrico.
8 I know this is your last meeting and we appreciate
9 your commitment to the Southwest and Southside
10 Region on the Tobacco Commission. Thank you for
11 all your input. We're going to miss you.

12 Thank you for all the fights you've
13 been in on this Commission and for, you know, just
14 moving Southwest and Southside forward. So we want
15 to thank you for your service to the Commission.

16 MR. CARRICO: Thank you. Thank you,
17 Mr. Chairman. I've enjoyed it and I think the
18 Commission has done some great things for Southside
19 and Southwest and my 18 years in the General
20 Assembly went by very quickly and I've enjoyed --

21 CHAIRMAN KILGORE: Has it been 18
22 years?

23 MR. CARRICO: 18 years and --

24 CHAIRMAN KILGORE: Seemed like it
25 was 30.

1 MR. CARRICO: Yeah. I remember
2 first coming in, I had a mentor by the name of
3 Terry Kilgore --

4 CHAIRMAN KILGORE: Oh my God. Don't
5 go there.

6 MR. CARRICO: -- watch the board on
7 any votes that you're concerned about and there was
8 a bill coming up and I voted yes and he voted no
9 and I looked around and said, Terry, that's your
10 bill. He said, oh, my gosh, call it back up. He
11 used it as a training moment to get them to call
12 the bill back up and get a vote on it.

13 But, yeah, I've had some great
14 memories, great -- great people who have mentored
15 me along the way and I have enjoyed being in the
16 General Assembly. It's been an honor and a
17 privilege to be on this Commission. Thank you.

18 CHAIRMAN KILGORE: Thank you.

19 All right, Tim.

20 MR. PFOHL: Thank you, Mr. Chairman.

21 Members of the Commission, I ask the
22 Chairman for a moment of personal privilege so I
23 could share some plans with you. Something I've
24 been considering for quite some time and talking
25 with Evan about for several months, is retiring

1 from State service this spring, after 32 years with
2 the Commonwealth, 17 with the Tobacco Commission.

3 I bring this up, not to get
4 attention. I've gotten plenty of that over the
5 years and sometimes a little more attention than I
6 really wanted. And, you know, some of that
7 critical, as Evan talked about, and I'll
8 continuously be perplexed by some of the media and
9 watchdog organizations that either are unable or
10 unwilling to look at the positive impact we've had
11 on so many tens of thousands of people in every
12 community in the Tobacco Region.

13 And I really commend Andy and his
14 team for the 20-year annual report, because it
15 tells that story of our impact far more eloquently
16 than I can.

17 I bring this up simply because this
18 is an opportunity to say, in person to all of you,
19 thank you. Thank you for the respect and the
20 confidence that you have given us on the grants
21 team, in our evaluation of proposals, our
22 monitoring of grants. Thank you to all of the
23 folks who have sat in these meeting rooms with us
24 over the years and thank you particularly to the
25 grant team.

1 I go into this next chapter of my
2 life with some trepidation. I'm not sure how much
3 golf I can play. When I raised the topic with my
4 wife, she said, what's your plan. I said, I don't
5 know, drink beer and play golf. She's convinced me
6 pretty quickly that's not a complete plan.

7 There are a lot of reasons why I
8 think the timing is right. Though, not the least
9 of which is the strength and experience and
10 qualifications of the staff. It is as good as it's
11 ever been and whoever is fortunate enough to have
12 the opportunity to lead the grant team in the
13 future has a tremendous team to work with.

14 I will stay on board for a few more
15 months. Anyone who's seen my office knows it will
16 take me that long to clean it out through that
17 front door.

18 CHAIRMAN KILGORE: Absolutely.

19 MR. PFOHL: And will do everything
20 in my power to assist in the transition, so that
21 hopefully we can find a very qualifying person who
22 understands that this is a fantastic opportunity,
23 with a Commission that's poised to be around and
24 having good impacts and doing important things for
25 many, many years to come.

1 So, again, thank you to
2 Commissioners, past and present, staff past and
3 present, all of our partners past and present. And
4 with that I yield.

5 CHAIRMAN KILGORE: Thank you.

6 Well, Tim, you're going to be very
7 missed. I appreciate all your wisdom, your
8 guidance, talking me off the ledge a few times. I
9 appreciate all that you've done for this Commission
10 and bringing us, moving us forward.

11 I remember when you first came on
12 and, you know, we were making changes then and the
13 changes have worked out great and we just
14 appreciate all your hard work and dedication, not
15 only with the Commission but the Commonwealth and
16 you've made this a -- you've made our Commission a
17 lot better for your service.

18 So, I want to thank you for that. I
19 think we'll give you a standing ovation here.

20 So, I know that Evan's going to be
21 doing a search for your replacement and anyone that
22 would like to talk to Evan about that. Feel free
23 to talk to him, call him, or Email him, or talk to
24 him about that. We're going to do a robust search.

25 MR. FEINMAN: We're going to need to

1 look far and wide to find somebody half as good.
2 So, that's where we are, but we're going to try to
3 find the right person.

4 CHAIRMAN KILGORE: All right. Any
5 other business?

6 MR. FEINMAN: No, sir, Mr. Chairman.
7 Only public comment.

8 CHAIRMAN KILGORE: All right. The
9 May 2020 meeting --

10 MR. FEINMAN: We can schedule it
11 eventually. It will be easier than trying to do it
12 here. It's going to be in May.

13 CHAIRMAN KILGORE: And we may -- as
14 you heard earlier today, we may have to have a
15 special meeting, you know, before May. So, just
16 keep that in mind.

17 If there's nothing else, to all
18 those who are going home, have a safe trip home.

19 MR. FEINMAN: Any public comment?

20 CHAIRMAN KILGORE: Oh, any public
21 comment?

22 No. I didn't see anybody come
23 forward. So all those who are going home, have a
24 safe trip home. All those who are staying in for
25 the General Assembly session, keep your head down

1 and that will be it.

2 Thank you. We're adjourned.

3

4 NOTE: At this time, the
5 proceeding is concluded.

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CERTIFICATE OF THE COURT REPORTER

I, Jacqueline Barreto, Certified Court 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, Full Commission Meeting, when held on Monday, January 7, 2020, at 10:30 a.m., at the Homewood Suites, Richmond, Virginia.

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

Given under my hand this 16th day of March, 2020.

Jacqueline Barreto

Certified Court Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018