

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, May 18, 2020

9 11:15 o'clock a.m.

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13 (By Conference Call)

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1 APPEARANCES:

2 Mr. Robert Spiers, Chairman
3 Ms. Gayle F. Barts
4 The Honorable James E. Edmunds, II
5 Mr. Robert Mills
6 Ms. Sandy J. Ratliff
7 The Honorable Bettina Ring
8 Mr. Brad Copenhaver
9 Mr. Cecil E. Shell
10 Mr. Walter H. "Buddy" Shelton, Jr.
11 The Honorable William M. Stanley, Jr.

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13 COMMISSION STAFF:

14 Mr. Evan Feinman, Executive Director
15 Mr. Andy Sorrell, Deputy Director
16 Mr. Timothy S. Pfohl, Grants Program Administration Director
17 Ms. Sarah K. Capps, Grants Program Administrator,
18 Southside Virginia
19 Ms. Michele Faircloth, Grants Assistant,
20 Southside Virginia
21 Ms. Sara G. Williams, Grants Program Administrator,
22 Southwest Virginia
23 Ms. Jessica Stamper, Grants Assistant,
24 Southwest Virginia
25 Mr. Jordan Butler, Public Relations Coordinator

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

1 May 18, 2020

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MR . SPIERS: I'm going to call the Agribusiness Committee meeting to order. We'll call roll call and see how close we are to a quorum and see if there are some people that need some issues taken care of, until we find out, if they can answer roll call.

8

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

9

Mr. Spiers.

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MR. SPIERS: Here.

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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: Here.

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MR. FEINMAN: Mr. Harris.

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MR. HARRIS: (No response).

19

MR. FEINMAN: Ms. Ratliff.

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MS. RATLIFF: Here.

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MR. FEINMAN: Secretary Ring, or Mr. Koppenhafer.

22

SECRETARY RING or MR. KOPPENHAFER (sp.):

23

(Inaudible response).

24

MR. FEINMAN: Mr. Shell.

25

MR. SHELL: Here.

1 MR. FEINMAN: Mr. Shelton

2 MR. SHELTON: Here.

3 MR. FEINMAN: Senator Stanley.

4 SENATOR STANLEY: Here.

5 MR. FEINMAN: Mr. Sutherland.

6 MR. SUTHERLAND: (No response).

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

8 MR. SPIERS: Wonderful. Welcome all of you to the
9 video meeting. I want to thank you all for making the effort to
10 join us. We'll just give you an overview, we're going to be
11 looking at some hemp projects. As you know, we met in
12 December and decided to form a subcommittee to come up with
13 some guidelines for filling out the order to make applications.
14 We're going to review them at this time after we do the minutes,
15 of course.

16 But we have a total of balance of \$719,000 to look at.
17 We'll be looking at that with the projects that we have today,
18 but, also, we need to remember that we'll have other projects
19 coming in later. This money was not specifically set aside for
20 just these projects, but it is the balance in the Agribusiness
21 Committee.

22 So, Evan, I guess do the minutes next, is that the first
23 order of business?

24 MR. FEINMAN: Well, Mr. Chairman, first I'd like to ask
25 our Deputy Director, for those who have just joined, to go over

1 some of the rules of the digital meeting. And then, yes, I think a
2 motion on the minutes will be appropriate.

3 MR. SPIERS: Wonderful.

4 MR. SORRELL: All right. Thank you, Mr. Chairman,
5 and Evan.

6 I wanted to read some brief ground rules for this new
7 electronic meeting format that we're using. First off, the meeting
8 is being recorded and transcribed, so as soon as we're able to get
9 these minutes up and recording up on our website, we'll have
10 that, so this information will be there.

11 When the Chair asks our applicants to speak, please
12 identify yourselves and state your name and your organization,
13 so that we know who you are in case your name doesn't come up
14 on our screen. And do the same if you are a member of the
15 public that's speaking, as well.

16 When Commissioners make recommendations, please
17 also identify yourself or make our motions, that way we can
18 make sure we get those for the minutes.

19 Participants are unmuted at the beginning of the
20 meeting, and folks will be returned to mute by our meeting
21 bouncer, Jordan Butler, communications person, if any
22 background noise or any disruptions occur. So, just keep that in
23 mind as you're utilizing and interacting with the meeting.

24 We will have public comment at the end of the
25 Committee meeting for this Committee meeting and all of our

1 other Commission meetings. So, if a member of the public does
2 desire to address the Commission, please reserve those
3 questions until that portion of the meeting when the moderator
4 will ask for any comments from the public and you can use the
5 raised-hand feature or you can use the chat feature, if you're
6 familiar with that, or you can just speak up, that would be fine,
7 too.

8 At the time of public comment, please state your full
9 name and your location, the organization that you represent, and
10 keep your comments to about two minutes.

11 So, that was all of our ground rules, and happy to
12 answer any questions if anybody has any. Thank you.

13 MR. SPIERS: Thank you, Andy.

14 MR. COPENHAVER: Commission Chairman, this is
15 Brad Copenhaver, Secretary Ring has joined us now, so just
16 wanted to let everyone know.

17 MR. SPIERS: Wonderful.

18 MR. FEINMAN: Mr. Chairman, next on your agenda is
19 the minutes from the January 6th, 2020 meeting.

20 MR. SPIERS: What is the pleasure of the Committee,
21 anyone have any directions or amendments to the minutes that
22 were published for the January 6th meeting? Hearing none, do I
23 hear a motion to approve as posted?

24 MR. MILLS: So moved.

25 MR. SPIERS: A motion has been made and seconded

1 to approve the minutes of our last Agribusiness meeting. All in
2 favor, please say aye. (Ayes). Any opposed, like sign? (No
3 response). Not hearing any, Evan, the minutes are approved.

4 MR. FEINMAN: At this point, I turn it over to Tim
5 Pfohl, our Grants Program Director, to walk you through the
6 proposals that are before you.

7 MR. SPIERS: Wonderful.

8 MR. PFOHL: Thank you, Mr. Chairman, and members
9 of the Committee. When you met in January, you had a couple
10 of industrial hemp processing facility requests. The list of
11 applications you tabled, you funded one and tabled one, and
12 directed Staff to announce a spring due date for new proposals to
13 establish industrial hemp processing facilities in the Tobacco
14 Region.

15 We received in addition to the one that was tabled
16 from Wythe County two new proposals and have some late-
17 breaking developments on one of those, in fact.

18 So, I'll start with what was submitted by the City of
19 Danville, for Project FX, it's a \$500,000 request. Initially, the
20 city was looking at constructing a building in one of their
21 industrial parks from this prospect company. They have worked
22 with Pittsylvania County to locate an existing building that they
23 could get in this year. So, the city and Pittsylvania County have
24 asked that the applicant be changed to Pittsylvania, and Matt
25 Rowe, I see is on the call and can answer questions for you. But,

1 just quickly, a brief description.

2 Project FX proposes to purchase industrial hemp
3 feedstock from a six-county portion of Southern Virginia,
4 stretching from Greensville to Patrick County, with end products
5 being used in textiles and biodegradable plastic bottles and bags.
6 The proposal indicates plans to conduct a joint venture with
7 Danville-based Tyton Biosciences, which is a previous recipient of
8 Commission R&D funds, regarding the use of hemp fiber in
9 textiles.

10 Commission funds are requested for employee
11 salaries, that's \$100,000, and equipment at \$400,000. The
12 budget for the proposals indicate that the company plans a \$29
13 million Series A equity capital raise to be used for land, buildings,
14 equipment, salaries, and other capital and operating expenses.

15 Outcomes indicate feedstock purchases from ten
16 growers in the first year, purchases of feedstock from 15,000
17 acres by year five. A detailed equipment quote is provided from
18 a Belgian equipment manufacturer, and a letter listing incentives
19 from the city is now a bit of a moot point.

20 The project parameters are now at 77 new jobs in five
21 years and at \$18.6 million taxable capital investment.

22 Staff notes that the request exceeds the Agribusiness
23 Program Guidelines, which limit requests that will benefit private
24 processing facilities to a maximum of \$250,000, contingent on at
25 least three to one private matching and seeks the majority of the

1 nearly \$720,000 that is currently available in the Agribusiness
2 budget. A detailed and confidential operating pro forma indicates
3 profitability by year three, although we note Staff is unable to
4 render an opinion on the likelihood of achieving that goal, given
5 the uncertainty and volatility of this emerging global market.

6 Staff suggests using the TROF formula, which would
7 otherwise be the method for assisting a private prospect, such as
8 this, should be the most equitable and preferred approach for
9 calculating performance-based support for hemp-processing
10 facilities based on each project's employment and investment
11 parameters.

12 In this case, the Commission's TROF team has
13 calculated that Project FX would generate a grant of \$98,500
14 with an equivalent offer of interest-free loan, for a total
15 performance based grant, plus loan incentive of \$197,000. Staff
16 recommends that that combined amount in the form of a grant
17 entirely 100 percent grant with the company performance
18 requirements.

19 So, Staff's recommendation is a performance-based
20 incentive grant of \$197,000, to Pittsylvania County, subject to a
21 standard TROF agreement, including clawback provisions.

22 I'll pause there if there are any questions.

23 MR. SPIERS: Thank you, Tim.

24 Just one question, you mentioned that you're kind of
25 using a TROF guideline, is that basically the way you're going to

1 look at all of these, the way you're trying to do? I know each
2 project is a little bit different, but is that kind of the way you're
3 going to try to equalize the recommendations?

4 MR. PFOHL: Yes, sir. As I mentioned or referred to,
5 typically, TROF would be the program that we would use to assist
6 a private processing facility, such as these. The TROF
7 Committee, as your Committee members recall, kicked this over
8 to the Agribusiness Committee. And so, we're recommending
9 that what would have worked in the TROF program should be our
10 model for dealing with this in Agribusiness.

11 MR. FEINMAN: Mr. Chairman, this is Evan. The
12 challenge that we had is that it's tough to evaluate these things
13 absent any clear objective formula for allocating benefits to the
14 locality. The approach we took was to run us through the TROF
15 formula as if it were any other opportunity fund applicant, but
16 then noting that, you know, a successful one of these processors
17 would not just employ the folks that employ and pay taxes on its
18 own facilities, but also support producers throughout the Region.
19 We effectively doubled the incentive where TROF would offer
20 them a half grant and half loan, the Staff recommendations in
21 recognition of that systemic advantage this could offer to folks
22 combines those two recommendations into a single grant.

23 MR. SPIERS: Thank you, Evan. Do we have
24 questions or comments from any of the Committee members on
25 this first application or questions about, you see where we're

1 going and how they come to the conclusion on these
2 recommendations that will come up?

3 MR. MILLS: Chairman Spiers, this is Robert Mills. I'm
4 in Danville at the Institute. So, I'm not opposed to this project,
5 but I think we have to be really careful because fiber, hemp, and
6 CBD hemp do not co-exist well in the rural communities, because
7 one will pollinate the other one that does not need to be
8 pollinated.

9 So, as we move forward with these projects, we have
10 to be mindful that we do not want to have a negative effect on
11 our existing growers that are already out here in the Tobacco
12 Footprint growing the CBD hemp. As you know, we did fund a
13 project in our last meeting in Halifax that is a CBD extract facility
14 that has already contracted one million pounds of dry flower for
15 2020. So, we just need to be mindful and make sure that we
16 understand that when we're talking about hemp that it's not all
17 the same, that they are different strands and they have different
18 purposes. And the two do not exist, or co-exist well out in the
19 farm community . I just want to make that statement.

20 MR. YOUNG: This is Ben Young from FiberX. I agree
21 with you, Robert, 100 percent, and that's actually sort of one of
22 the benefits that I think separates us from other fiber
23 opportunities is that, and as you know, Robert, CBD hemp is very
24 different from fiber hemp in structural characteristics, as well as
25 mechanical characteristics.

1 The structural one that is the issue is that you can't
2 process CBD hemp stocks in the same manner as you would fiber
3 hemp stocks, because of the thickness of them. And so that
4 leaves with the CBD farmers in the area with limited sort of
5 options to do for their stocks. And so we know from talking with
6 the farmers in the community is that this would be an additional
7 opportunity to monetize the whole plant for the CBD crop, where
8 we take the stock and able to further refine it.

9 In addition to that, I agree they need to be very
10 cautious with cross-pollination. But one of the characteristics
11 that I think is also important to note is that with fiber hemp,
12 you're intended any time the hemp crop goes into flowering and
13 beyond, the fiber is degraded. So, we're chopping the plant
14 down prior to the pollen sacs' full development and flower
15 maturity. So, that does limit the cross-contamination and
16 pollination. That's not to say that it's 100 percent foolproof, and
17 you are right, that we need to be very conscious in sort of the
18 way we structure the agricultural side versus just the processing.
19 But it is something I think is the true benefit and will give the
20 CBD farmers in the area an additional way to monetize the crop
21 and a more stable way to do so because we'll offer long-term
22 contracts and multi-year contracts that will be less impacted by
23 federal regulation and everything else.

24 MR. MILLS: I appreciate the comments. I'm not
25 opposed to the projects. I think a lot of times people see hemp

1 and they see one plant. And I just want to make sure that
2 everybody is on the same page that this project is not the same
3 type of project that what we funded previously with the Tobacco
4 Commission.

5 MR. YOUNG: Most definitely, and I think the way I
6 like to explain it is, and it's really true, CBD hemp is not actually
7 hemp ruderalis, CBD hemp is marijuana that has been bred to
8 have low THC and high CBD, CBD, or I'm sorry, fiber hemp is
9 certified genetics from Europe and other parts of Asia that have
10 been around for decades and even centuries in some instances.
11 So, this is something that we know won't run hot for, excuse me,
12 genetic reasons, but also because it just doesn't get the
13 flowering. So, you know, it's another sort of added benefit to it.

14 DELEGATE EDMUNDS: Delegate James Edmunds
15 here, got a question, a couple of questions. In regards to the
16 question Mr. Mills had, what is the distance that you would be
17 comfortable being away from a CBD grower?

18 MR. MILLS: Who are you asking that to, James?

19 DELEGATE EDMUNDS: I'm not sure. I guess whoever
20 feels like they're qualified to answer.

21 MR. MILLS: We probably ought to get somebody with
22 a Ph.D. to answer that. I know it's basically a pollen, so it could
23 blow in the wind, it can be as short as a few hundred yards, or it
24 could be as much as a mile based off of what we have been told
25 from Virginia Tech and some of the research that's been done.

1 I'm not a Ph.D., so I'm not going to tell you a definitive number,
2 but I know it can be some distance that this can happen.

3 DELEGATE EDMUNDS: Okay, so it could be worked
4 out if it's a mile, let's say. If I'm growing 200 acres on my farm
5 of fiber hemp and growing CBD hemp a couple of miles away,
6 we're probably okay.

7 MR. MILLS: Yes, with the terrain that we live in
8 around here with the trees and windbreaks and things, I would
9 say that's probably a correct assumption.

10 MR. SPIERS: I would just say that according to what
11 we've been told at the Extension meetings, in your scenario you
12 just mentioned, if it was a very large amount, if it went to flower
13 stage, that would be quite a bit. We've been told that it could,
14 the pollen could go as much as five miles, but we had a lot of this
15 discussion in January, because marijuana can do the same thing,
16 and we know that's scattered around in the countryside. I was
17 glad to hear someone with some expertise mention that if fiber
18 hemp was handled correctly, it would be chopped before it went
19 to the flower stage or the pollinating stage.

20 So, we know there's going to be some issues, but go
21 ahead with your second question.

22 DELEGATE EDMUNDS: My second question is that as
23 a farmer, when you say chop, you cut it at a certain stage and
24 the process of, you bale it with hay equipment, and you take it to
25 a facility that way, is that how it works?

1 MR. YOUNG: This is Ben Young again. That's correct.
2 Basically, it's laid in the field for a week or so to allow some of
3 the bacteria and conditions to help the fiber separate more
4 easily. And then it is baled, either using, you know, the square
5 balers or round balers or system can handle either.

6 DELEGATE EDMUNDS: You're saying it has to stay out
7 in the field for a week after it's cut?

8 MR. YOUNG: That's right. When you cut it down, it
9 looks kind of like bamboo, it's not going to look anything like you
10 would think that the CBD plant looks like. It's going to be a field
11 of green sort of methodology and so you'll cut it down. There's
12 various, you can use various types of blades and equipment.
13 But, yes, it's laid down and then picked up in the baler.

14 DELEGATE EDMUNDS: Traditional hay equipment
15 could harvest it?

16 MR. YOUNG: That's correct.

17 DELEGATE EDMUNDS: What moisture level do you
18 need?

19 MR. YOUNG: It's going to vary, and that's kind of
20 where some of the, sort of process IP falls in, because you'll get
21 different varying levels of fiber quality based on moisture content
22 level.

23 DELEGATE EDMUNDS: Okay.

24 MR. SPIERS: Evan, this is Robert.

25 MR. FEINMAN: Yes, sir.

1 MR. SPIERS: I'm basically allowing this because I
2 think it's relevant and it educates the Committee members.
3 We're going to have some CBD projects and some in the fiber.
4 So, to me, it's good background information. So, hopefully, we'll
5 be educated on this first project and it'll help us when we
6 evaluate the next couple of projects.

7 MR. FEINMAN: I believe that makes a lot of sense,
8 Mr. Chairman.

9 MR. SPIERS: Do we have other questions concerning
10 the point that Robert, I mean Robert made a very good point,
11 Robert Mills made a very good point that they, while they're both
12 hemp, they have different end uses and they have different
13 growth stages in which they're harvested. So, there is some
14 conflict that will have to be worked out in the counties wherever
15 there are growers, because if they are neighbors, it's going to
16 potentially cause one of them not to be able to grow. Normally,
17 it would be the CBD person that would not grow if there's a large
18 quantity of fiber close by.

19 Other questions on the first project that was listed,
20 City of Danville, it's now County of Pittsylvania?

21 MS. RATLIFF: Mr. Chairman, this is Sandy Ratliff, I'm
22 just wondering, at our January meeting, didn't we discuss putting
23 in any agreements when it's related to hemp, that there would
24 have to be a mile or mile-and-a-half distance away from the next
25 nearest farm?

1 MR. SPIERS: I think that would have to be a county
2 ordinance, or I don't think the Commission would be able to do
3 that. I don't know how you, how we would have any control over
4 that at all.

5 MS. RATLIFF: I just recall we discussed this at our
6 last meeting, agriculture meeting, and I remember someone
7 saying that we should add that to the agreements, that the
8 distance just to protect the other farmers.

9 MR. FEINMAN: Well, Mr. Chairman, if I may, these
10 facilities themselves are processing facilities, and so, you know,
11 they don't necessarily need to be but so far from anyone else's
12 production activity, provided they are, you know, they're not
13 doing something that would spread a bunch of pollen about.

14 We could certainly or the funding that the Commission
15 gives out is subject to the Commission's conditions, so we could
16 certainly make as a condition of receipt funds that no contracts
17 with producers be from producers that are too close to another.
18 I can tell you that would be tough to monitor from the Staff's
19 standpoint. And I also, without, you know, a lot of guidance
20 from our friends at VDACS, we were fortunate to have the
21 secretary on the Committee here. I would hesitate to just in this
22 meeting suggest that we'll be able to come up with the right
23 strategy to govern who's growing what and where.

24 MS. RATLIFF: Mr. Chairman and Evan, if I might, I
25 think, Sandy, your point is going to be best to be looked at on a

1 case-by-case basis when each request comes in. Where is this
2 located in conjunction with other farms that are nearby? If
3 there's one that's a half a mile away, maybe that needs to be
4 taken into consideration. But I don't think the condition --

5 UNIDENTIFIED: It was discussed at the last meeting,
6 and that's what I was bringing up.

7 MR. SPIERS: I know there was a discussion
8 concerning that within less than a mile would increase the
9 potential for, if you will, pollinating the CBD plant, which would
10 make it probably unusable.

11 Again, to the point with farmers contracting for
12 different processors, some processors that we would not have
13 any relationship with as far as funding. I don't know just sitting
14 here how that might be monitored, but I understand the concern
15 and understand you bringing it back up. Does that answer your
16 question?

17 MS. RATLIFF: It did, I'm good.

18 MR. SPIERS: I looked over the minutes. I don't really
19 remember seeing that get into the minutes, but may have
20 missed that because it was about 45 pages of minutes.

21 Robert Mills, do you remember how far we got on that
22 discussion?

23 MR. MILLS: I remember the discussion, but I don't
24 remember anything being formalized, to be honest with you.

25 MR. SPIERS: Well, I don't either, that was, that was

1 my question. I know we talked about that distance, and Mr.
2 Edmunds brought it up, and you talked about it. We know that
3 the shorter the distance, the more potential for cross-pollination.

4 Other questions, Sandy, if that satisfies you, that part
5 of the discussion?

6 MS. RATLIFF: I'm fine, thank you.

7 MR. BLEVINS: I'm not on the Committee, but I do
8 have a couple of questions just for the sake of informed decision-
9 making, and I think maybe Robert Mills is who I would direct the
10 question to. How big of a concern is maintaining the .3 THC level
11 going forward?

12 MR. MILLS: It's a huge concern to the farm bill,
13 James, because if you're randomly spot-checked in 2020 by the
14 Virginia Department of Agriculture and you're over .3, you've got
15 to destroy the crop. And so there's nothing Virginia can do about
16 it, there's nothing can be done until something changes in the
17 farm bill. So, the .3 is still an extremely big deal for us.

18 MR. BLEVINS: Are we likely to learn more, I know
19 there's been significant discussion about going to one, one
20 percent THC? Is that a likelihood or potential? Based on what
21 you've learned and heard?

22 MR. MILLS: I think you're going to see that level
23 change. I can't give you a timeline, I would say probably the
24 next couple of years. Everybody has got to get through this
25 pandemic right now before they get back to doing regular

1 business and dive into the farm bill right now and make changes
2 there. So, I mean our state, I think, supports that going higher,
3 and I know the Farm Bureau supports it, Farm Bureaus from all
4 across the country supported going higher. It's just a matter of
5 them diving back into the farm bill and making those necessary
6 changes. I don't see foresee anything happening in the near
7 future, to be quite honest with you.

8 MR. BLEVINS: Beyond October 31st?

9 MR. MILLS: I would say beyond this year. You're not
10 going to see anything happen this year, in my opinion.

11 MR. BLEVINS: Just as a brief follow-up question, has
12 there been much progress made on the state of testing? I know
13 testing and the length of time it takes, any progress made on
14 that?

15 MR. MILLS: So, the private labs are doing a really
16 good job with the turnaround. We're getting a three-day
17 turnaround from the private labs. Speaking as far as the state
18 labs, I can't tell you what their turnaround time is going to be
19 this year. It was somewhat of a lengthy turnaround time last
20 year, but those labs were overwhelmed with the amount of
21 samples that were being sent in, I don't know of any changes
22 that have been made. Someone from Secretary Ring's office or
23 maybe VDACS can answer that question. I can't answer a
24 question for what the state labs are going to be.

25 MR. MILLS: We spent a half an hour on this. Let's go

1 on to the next one. The testing really, is not really relevant to
2 whether we fund the processors, it's good information, and if we
3 have some time at the end, maybe we can look at that again.

4 Let's go on to Project Grow.

5 MR. PFOHL: Thank you, Mr. Chairman. Russell
6 County IDA submitted Project Grow, a \$3 million request to
7 purchase a variety of equipment for producing CBD oils, including
8 hemp growing lights, drying/processing/distillation equipment,
9 and so forth. An equipment list is provided, but vendor quotes
10 are not. The requested equipment would be purchased later this
11 year and presumably installed at a processing facility the
12 company has already purchased using Coalfields Economic
13 Development Authority Loan Funds, and where it has placed
14 previously purchased equipment located on U.S. 19 in
15 Hansonville in Russell County.

16 The proposal indicates plans to purchase industrial
17 hemp feedstock from 25 growers across much of Southwest
18 Virginia by 2022, with 2,000 acres producing the feedstock. The
19 proposal indicates a plan to grow hemp seedlings that the
20 company will provide to contracted growers, and deduct that cost
21 approximately \$6,000 per acre from the purchase price of the
22 grown-out biomass feedstocks.

23 Direct jobs by 2022 are shown as 50, although the
24 proposal also indicates just five to seven jobs for processing
25 operators per ten-hour shift. In a pre-proposal meeting with the

1 IDA and the company back in early 2020, the principals indicated
2 plans to establish a greenhouse operation to produce seedlings at
3 the "Reclaim" megasite, funded by the Commission in the
4 Cleveland/Carbo area of Russell, although details on where and
5 what additional capital equipment and investments would occur
6 in Hansonville and Cleveland were not provided in the proposal.

7 This request for a \$3 million equipment grant to
8 benefit a private company greatly exceeds the Agribusiness' total
9 annual budget, and the currently available balance of just under
10 \$720,000. Again, a detailed and confidential operating pro forma
11 indicates an extremely profitable business virtually from the
12 start-up of operations, and, again, although Staff is unable to
13 render an opinion on the likelihood of achieving those ambitious
14 projections given the uncertainty and the volatility of the market.

15 Staff suggests, again, that using the TROF formula
16 should be the most equitable and preferred approach for
17 calculating performance-based support for hemp processing
18 based on each project's employment and investment parameters.
19 In this case, the Commission's TROF team has calculated a
20 \$25,000 grant, plus \$25,000 loan, which we're recommending
21 the combined amount in the form of a grant, with accompanying
22 performance agreements.

23 So, Staff's recommendation is a performance-based
24 incentive grant of \$50,000, subject to a standard TROF
25 agreement, including clawback provisions.

1 MR. SPIERS: Thank you, Tim. Do we have questions,
2 comments from Committee members on Project Grow? Sounds
3 like we answered a lot of the questions about hemp on the first-
4 go-around. That's good. No other questions on this one? If not,
5 we'll go to Project 3604, Regional Hemp Fiber Processing Facility
6 in Wythe County.

7 MR. TAYLOR: Mr. Chairman, this is Jeff Taylor with
8 Clinch River Hemp. If I may speak just a moment, if that's all
9 right with you?

10 MR. SPIERS: Yes.

11 MR. TAYLOR: Okay. Appreciate you all's
12 consideration and the help you're offering there. But just to fill
13 you in a little bit.

14 We have spent about five-and-a-half-million dollars
15 there, and I appreciate the Virginia Coalfield Economic
16 Development Authority, but that's only a minor part of what we
17 have spent and are spending. And we are up and running.
18 We've got 110,000 square feet of greenhouse working right now
19 and we're propagating clones, raising seedlings for the farmers
20 this year.

21 So, it's, this is not something that is going to happen,
22 this is something that is already happening. And \$50,000, again,
23 I appreciate that, but that's a minute amount there. Some of the
24 equipment that we were looking at there, actually what we found
25 from the farmer's fields this past year is heavy metals. And so

1 you don't want a farmer having to destroy their crop and not get
2 anything from it due to heavy metals. There's heavy metal
3 remediation equipment in there, as well.

4 We bought a lot of equipment, so I'm very familiar
5 with the costs. And those weren't just costs that we threw out
6 there on a whim. Those were actual costs that we know from
7 being in the industry and what we've spent so far and what we've
8 been doing. And, again, we actually have started our processing
9 facility up about two weeks ago. We were thinking this round
10 was actually going to occur in February, is what was said at the
11 last meeting. If I'm not mistaken, and here we are in May and
12 farmers are getting ready to grow, so we went out on a limb
13 ourselves and have spent a lot of money in hopes of the Tobacco
14 Commission being able to support a project for more than
15 \$50,000.

16 We're employing a lot of people currently, and we'll be
17 increasing that number almost on a weekly basis. The
18 greenhouses are full right now with people taking care of, we've
19 got a million seedlings planted and we're in the process of
20 propagating about three to four hundred thousand CBG clones,
21 as well. So, again, that's not something that's going to happen,
22 it's something that's already happening, and we would appreciate
23 your consideration for a few more dollars than \$50,000.

24 MR. SPIERS: Thank you for that amplifying
25 information.

1 Evan or Tim, do you all, would you all have any
2 questions for him that might also help the Committee, or are we
3 ready to go to the next one, I guess what he just told us?

4 MR. FEINMAN: Mr. Chairman, you know, I think that I
5 speak for the whole Staff when I say that we're excited to see
6 projects moving forward where they're moving forward. We
7 have the objective metrics that we have related to Capital
8 investments and employment, and the best way to remain
9 consistent across all of these projects is to stick with that.

10 You know, I would also mention that properly
11 structured, You do want your incentive funds to generate good
12 behavior. And, so, again, while we're very excited that that
13 processing is happening in Wythe, you know, and perhaps
14 elsewhere depending on where additional facilities are purchased,
15 you know, I'm not sure of the extent to which we would be
16 changing the applicant's behavior, be worth finding out.

17 Finally, you can only do what you have budgeted to
18 do, and so, you know, it's worth noting that your available
19 balance is \$719,000. So, you know, under no circumstances
20 does this Committee recommend in excess of that amount of
21 money for this funding round.

22 DELEGATE EDMUNDS: Mr. Chairman, Delegate
23 Edmunds here. Question for Evan, I guess. Is that \$50,000,
24 how is that number determined, I mean is that kind of what think
25 it should be or?

1 MR. FEINMAN: What we did is we put each of the
2 proposed projects through the TROF formula, our Tobacco Region
3 Opportunity Fund Formula, which takes a look primarily at
4 proposed taxable capital investment and proposed employment
5 and the proposed salary for that employment.

6 Then what we effectively did was double it to reflect
7 the impact it will have on producers. So, where the TROF
8 formula would have had, you know, for example, for this project,
9 it would have had a \$25,000 grant and a \$25,000 zero interest
10 loan to reflect that systemic improvement that a processor could
11 provide. It was Staff's view that it would be wise to recommend
12 the full incentive be offered with the grant.

13 DELEGATE EDMUNDS: Further question, Mr.
14 Chairman?

15 MR. SPIERS: Yes.

16 DELEGATE EDMUNDS: This is for the Clinch River
17 representative, I can't remember his name. Is this a deal
18 breaker?

19 MR. TAYLOR: If we were looking at numbers in the
20 \$3 million range and we're at \$50,000, it's, you know, it's
21 obviously a bit of a crippling blow there. We weren't expecting
22 \$50,000. And, again, I appreciate anything. But, you know, I'm
23 not trying to compare ourselves to anybody else or any other
24 groups that you're funding right here, but we're very much
25 integrated from production all the way to seedlings to the farmer,

1 contracting with the farmer, and getting the biomass back.

2 So, when you look at that, you know, we touch a lot
3 more people than, and we'll wind up employing a whole lot more
4 than what you will in just a processing facility. We are integrated
5 for sure and, you know, we, again, this round was going to be in
6 February when we left in January. And with everything going on,
7 that kept getting pushed back further and further.

8 We have again spent a lot of capital already, and we'll
9 be spending more. This stuff here is not just focused on us, per
10 se, but the farmer. These things are critical to the farmer. And
11 as Mr. Mills was talking about labs and stuff of that nature, we're
12 building out an in-house lab there to help forego the cost to a lot
13 of farmers, if you will. Also, to where that product can be looked
14 at very routinely to prevent getting above that .3 percent THC.

15 So, all of those things are an integral part of making
16 this project work. If you have the ability to go above the
17 \$50,000, we would certainly appreciate it.

18 MR SPIERS: This is a question for you, Evan. My
19 notes show that we gave them credit for seven-and-a-half-million
20 dollars capital investment. Is that the right number, keeps
21 talking about a lot of investment? Did he get credit for that
22 investment, or did some of it come before Wythe County?

23 MR. FEINMAN: I can't think of whether or not we got
24 everything exactly right. We always endeavor to do that. But,
25 yes, all of the investment of which we were made aware we

1 counted here, and, you know, the, I'll also say the Staff has been
2 clear throughout that not only was it unlikely that there'd be a \$3
3 million Staff recommendation for this, but the \$3 million has
4 always been impossible, that the budget that this Committee had
5 to allocate was at its maximum, \$719,000.

6 And so, assuming you all chose to only fund one
7 project, that would be the most any single project could have
8 received.

9 MR. SPIERS: I was going to remind him that the
10 \$3 million, and should have been aware of that from the
11 beginning.

12 While we digest that, we'll go on to the next project,
13 3607.

14 MR. PFOHL: Thank you, Mr. Chairman. This is a
15 project that the Committee tabled in January, from the Joint IDA
16 of Wythe County, requesting \$250,000, which, again, I would
17 point out is the maximum request for private property of
18 processing facilities. That has been published in the Agribusiness
19 guidelines.

20 This hemp fiber processing project was announced by
21 the Governor and the locality in late October, 2019, with 13 new
22 jobs and an \$894,000 of private investment to be operated by a
23 licensed hemp grower, who partnered with UVA during the hemp
24 research period.

25 It does not appear to meet the \$750,000 taxable

1 capital investment threshold required in the Agribusiness'
2 guidelines to justify a \$250K grant, because per the budget,
3 \$725,000 of the indicated private investment is start-up
4 operating capital for seed purchase and personnel.

5 The proposal states that two buyers are committed to
6 purchase the company's processed hemp fiber, with an additional
7 potential buyer in negotiation at the time this was submitted last
8 fall.

9 A list of 50-plus growers is provided with a majority of
10 more than 40 located within the Tobacco Region.

11 Given the performance requirements of the \$25,000
12 AFID grant, that was provided at the announcement back in
13 October to purchase feedstock from Virginia growers. There is
14 adequate protection through the AFID grant agreement that this
15 project is already committed to benefit Tobacco Region hemp
16 growers.

17 Using the TROF formula, the Commission's TROF team
18 reviewed this proposal and due to employment and taxable
19 investment parameters concluded that a TROF incentive is no
20 longer justified. And Staff further suggests that offering a grant-
21 plus loan incentive for a project that was announced more than a
22 half year ago is not justifiable either.

23 So, Staff is recommending no award.

24 MR. SPIERS: Questions or comments by the
25 Committee members? Is there anyone to speak for that grant

1 that's not on the Committee? Not hearing any, we'll go back and
2 the procedure for the Committee is to look at what the
3 Committee's wishes are. We have the Staff recommendations,
4 and they've been explained. And we've had comments from a
5 couple of the applicants. So, what's the pleasure of the
6 Committee?

7 DELEGATE EDMUNDS: Mr. Chairman, James
8 Edmunds. Regarding the Project FX Number 3651, County of
9 Pittsylvania, I would move that we accept the Staff's
10 recommendations with a caveat that Extension agents approve
11 locating hemp fiber farms, I guess you'd say. And I guess if it's
12 appropriate, I would say it's first come, first serve. So, if Mr.
13 Mills already had acreage under contract, I couldn't come locate
14 right next to him and say, well, I'm going to grow mine now, too.
15 So, I think the only way you could probably do that is use an
16 Extension agent's approval.

17 MR. SPIERS: I'm trying to understand, I guess we'll
18 get a second, and then discuss that, I guess, addition to the
19 recommendation to see what we can do. Do we have a second
20 for approval of that or not?

21 MR. MILLS: Second.

22 MR. SPIERS: We have a second that it be approved
23 with the conditions that Delegate Edmunds outlined. From my
24 point of view, I would like to discuss those to see if they're
25 possible, appropriate, and what the Committee's feelings are on

1 that. I don't want to throw Secretary Ring anything, but what
2 might be your feelings on an amendment concerning trying to
3 control how close the fiber and the CBD growers are apart?

4 SECRETARY RING: Appreciate the question, and it is
5 a tough one. I think we've had some good discussion around
6 that. And, also, our Deputy Secretary, Brad Copenhaver, is on
7 the phone, and he's been very involved in our efforts as we look
8 at the hemp program in the state. So, I'll also ask him to chime
9 in as he feels best and feels the need to.

10 But I think, you know, this is one we have to be
11 cautious of and we need to, you'd think if we are going to ask
12 Extension, Extension plays an extremely important role, but we
13 may want to check in with the college and with Dr. Jones about
14 this and the role that the Extension could play. I think that some
15 of this, too, will rely on farmers communicating with each other.
16 That happens extremely well in our communities, we know that's
17 not always the case perhaps with a neighboring farmer, but I
18 think that that can make a real difference and allow that
19 communication to go on at the local level versus coming through
20 as a recommendation from us just because we have to be a little
21 careful about that.

22 I'd ask Brad if he has anything to add to that as we
23 consider Delegate Edmunds' amendment.

24 MR. KOPPENHAFER: Madam Secretary, I don't have
25 anything really to add other than just to echo what you said, it is

1 a very complex issue, and this is something that, not just Virginia
2 is dealing with, this is a nationwide issue, especially as we
3 continue to learn more about this industry as it becomes more
4 developed and as we continue to learn more about the science
5 behind pollinating and growing these plants.

6 And I think Bettina really touched on a very important
7 part, and something that we already see in communities, is
8 farmer communication, and I would encourage Mr. Mills, if you
9 want to chime in on this. But, you know, farmers generally have
10 a good idea of the lay of the land in local communities, but I do
11 think that this is a really complex issue, and I think a lot of work
12 still to do about what the future landscape is going to look like.

13 MR. MILLS: You don't think we always have to be
14 careful, and I'm always a proponent of right to farm. And
15 Virginia Farm Bureau, that's something we've always carried
16 ourselves with, and myself as a grower. I think growers should
17 have the right to grow what they want to grow on the land that
18 they have. And I agree with that, but it has to be a smart
19 growth, and it has to be smart growth between communities and
20 growers.

21 And I don't know that there's a perfect answer to this,
22 I know they had some issues out there around Wythe last year.
23 As a matter of fact, I got some phone calls on it. They had some
24 CBD growers that actually had their CBD plants pollinated by
25 some fiber hemp that was being grown, and wanting to know

1 what Farm Bureau was going to do about it. Well, there's
2 nothing really we can do about it. And they were talking about
3 county ordinances, and there again, you're going against, you
4 know, kind of what we've always fought for, and that's the right
5 to farm.

6 So, it's a really, really tough situation that we
7 probably never saw ourselves getting into, that we've got to
8 disseminate between one crop and another one. Which one is
9 the most beneficial, which one works the best in the area? And I
10 don't know that there's no one answer for that that I can come
11 up with, that's fair and equitable to all the growers in the area.

12 So, that being said, I think it has to be something
13 that's dealt with between growers. And it also goes back to the
14 companies that are contracted. I think part of the responsibility
15 comes back on them and to make sure that their growers are
16 aware of the potential problems that could be faced and so that
17 they talk to all of those offices, just like we talk here today, to
18 make sure everyone is educated as much as they possibly can be
19 about the various crops and try to work as neighbors to be able
20 to get along, so both can co-exist with both types of hemp
21 industries.

22 MR. SPIERS: Delegate Edmunds, this is Robert
23 Spiers. The reason I asked those people to comment, I
24 understand your motion and I understand your concern. I
25 wanted to make you aware of just how complex your request

1 was.

2 DELEGATE EDMUNDS: Maybe it should be a required
3 approval, maybe require, not require --

4 MR. SPIERS: Recommendation?

5 DELEGATE EDMUNDS: Recommendation from
6 Extension or something, and I don't, I just used Extension
7 because I don't know of anybody else, charged with doing this,
8 you know.

9 MR. SPIERS: I think that could be very appropriate
10 that we signal, that we know that there's going to need to be a
11 lot of education. I know, I say I know Extension will be working
12 on this in trying to educate the growers of the problems and the
13 potential. This is another risk that growers have to realize when
14 they go into this, particularly the growing. So, in my mind, a
15 recommendation as part of this, if you were interested in that, I
16 think that would be a whole lot easier to administer.

17 Evan, do you have any comments on that?

18 MR. FEINMAN: I've been thinking about it. We do
19 have, and I see Matt Rowe asking some questions about this and
20 what the extent of our authority is. I believe that the
21 Commission could place whatever requirements we wanted on a
22 processor for receipt of our funds so we could say, here's some
23 money and you're only allowed to spend it if you only contract
24 with farmers who have even numbered street addresses, right? I
25 don't know that it would be sensible, but as a condition, that the

1 condition could place on the funds. That's distinct from speaking
2 to a farmer directly and saying you can or cannot use X crop or Y
3 crop.

4 I think what Delegate Edmunds was trying to do was
5 empower this producer to, you know, be a good actor and as the
6 processor, try to help be a coordinator among the producers to
7 make the production work better.

8 I think if I might offer a friendly amendment, it might
9 simply be to say we ask that the operators of Project FX and
10 whoever else gets funding under this round work collaboratively
11 with VDACS and whomever they might designate in support of
12 any producer or regulations or recommendations. And so, really
13 all we're asking here is a little bit more free labor, as the
14 Commonwealth does all over the place, working with the
15 Commission, to ask these producers to be part of generating
16 those recommendations as our agricultural regulators produce.

17 MR. SPIERS: What do you think of that, Delegate
18 Edmunds?

19 DELEGATE EDMUNDS: Kind of complicated, but I
20 don't think it's going to be an issue in 90 percent of the cases, I
21 think if I'm growing, if I want to grow fiber next to a field, I'm
22 going to go to him and say, hey, I'd like to, or get something
23 worked out.

24 MR. SHELL: This is Cecil, I've been listening and I'm
25 just trying to figure we really don't need to try to put restrictions

1 on things and we really don't know how the outcome would be,
2 so we really shouldn't try to go too far to do things and then, you
3 know, we might be right and then we could be wrong. So, we
4 just don't need to try to do something that we don't know
5 anything about really.

6 DELEGATE EDMUNDS: I think that's why I prefer the
7 recommendations or consultation with Extension, if that's the
8 best word, not going to tell you what you can and can't do, but at
9 least you're aware that, hey, yeah, I'm close, too close to,
10 potentially too close to someone else's field, maybe there's
11 conflict.

12 MR. SPIERS: From my understanding, the motion will
13 be to go with the recommended amount and we will put, the
14 addition would be that we are asking or requiring the processors
15 to work with VDACS and other appropriate agencies that will be
16 working out procedures for sourcing fiber, which will go into, you
17 know, where we know there'll be CBD. Evan, do you think you
18 can get that motion written something like that, is that close?

19 MR. FEINMAN: The motion I have down is approve
20 3651, approve at Staff recommended level, with the requirement
21 that the processor work with VDACS and other relevant agencies
22 regarding any forthcoming fiber sourcing or hemp sourcing
23 regulations.

24 MR. SPIERS: Okay. Do we still have a second to that
25 motion?

1 MS. MYERS: Mr. Chairman, this is Liz. Would that
2 motion also include that this is subject to a TROF-like grant
3 agreement?

4 MR. FEINMAN: Yes, Liz, that falls under the Staff
5 recommendations with the additional --

6 MS. MYERS : Okay. And just to confirm, that grant
7 agreement would include revenue sharing, I just want to make
8 sure all parties are on the same page there.

9 MR. SPIERS: I was not aware of that.

10 MR. FEINMAN: That revenue sharing would be
11 between us and the locality as we deal with all TROF grants. So,
12 for any TROF grant, it doesn't affect the producer, but the
13 Commission asks for of any tax collected, five cents of every
14 dollar will come back to the Commission up to potentially 105
15 percent of the granted amount. And we do that both to protect
16 the Commission's corpus, and also to, you know, frankly create
17 an alignment of local interests and hours. If a locality doesn't
18 want to support a project or doesn't want a TROF grant if they're
19 going to lose five percent of tax revenue, they probably don't
20 need the TROF grant to make the project happen.

21 MR. SPIERS: Liz, thank you for reminding us of that.

22 MS. MYERS: Thank you, Mr. Chairman.

23 MR. PFOHL: Mr. Chairman, this is Tim, just to clarify
24 this is recommended to go to Pittsylvania County instead of the
25 original applicant, Danville.

1 MR. SPIERS: Okay.

2 SECRETARY RING: This is Bettina, if I may?

3 MR. SPIERS: Yes, ma'am.

4 SECRETARY RING: Raise my hand, so I just don't
5 want to be, polite and make sure the appropriate time for me to
6 speak to this topic.

7 MR. SPIERS: Yes, ma'am, go ahead.

8 SECRETARY RING: Okay. I just wanted to follow up
9 again, and I do appreciate Delegate Edmunds' concerns and all of
10 the concerns we've expressed. It is an issue, and we heard
11 discussions around do we need county ordinances, et cetera, and
12 we have to be careful about the Right to Farm Act and just the
13 way we like to approach things and how we handle agriculture in
14 the State of Virginia and the Commonwealth.

15 So, I'm still a little concerned about moving forward,
16 especially in identifying one particular applicant if we haven't
17 placed these requirements on other applicants, grant applicants,
18 and just to make sure we're being consistent and that we're not
19 setting a precedent moving forward. I think that there are ways
20 that we can address the concerns that have been expressed in
21 working very closely with our Extension partners, with the
22 Department of Agriculture and Consumer Services with others,
23 and with the processors without necessarily making a
24 recommendation from the Tobacco Commission. Because I think
25 we just have to be careful about how we handle that as a

1 committee and as a board. So, just to put that back out for a
2 little more consideration before we take a vote.

3 MR. SPIERS: Thank you.

4 SECRETARY RING: To further complicate things.

5 MR. SPIERS: Nothing is easy.

6 DELEGATE EDMUNDS: Delegate Edmunds here,
7 Madam Secretary, your suggestion would be just to approve it as
8 Staff recommended and not any new language, am I hearing you
9 correctly?

10 SECRETARY RING: That's correct. I think we can
11 again work closely with all the processors and farmers to address
12 this issue and to bring more light to this issue in the state, and
13 we'd be careful with putting that in an actual recommendation as
14 it relates to this one particular grant application.

15 So, yes, Delegate, I think we can get at some of the
16 concerns, but also allow us to be careful in setting a precedent.

17 DELEGATE EDMUNDS: I would tend to agree with you
18 because I really don't think it's going to be a very, very small, if
19 at all, times when farmers are going to be in conflict with each
20 other just because they're smarter than that. So, I would
21 withdraw my caveat after motion just to approve as
22 recommended.

23 MR. SPIERS: Somebody might have to help me with
24 any parliamentary issues here. If we're all good with the straight
25 motion for following the Staff recommendation that would, only

1 amendment would be go to Pittsylvania County, 3651, of
2 \$197,000? Do I have a second?

3 MR. FEINMAN: Mr. Chairman, I think, I suspect what
4 I heard Delegate Edmunds do was withdraw his previous motion
5 and introduce a new motion. But I just want to make sure we
6 are checking all our parliamentary boxes.

7 MR. SPIERS: Okay. That's what I was trying to do, if
8 we get a second to his motion. Do we have to vote the other one
9 down?

10 MR. FEINMAN: Vote the other one down and
11 withdrawn.

12 MR. SPIERS: Okay, wonderful. Looking for a second.

13 MR. MILLS: Second.

14 MR. SPIERS: Okay. Is there any other discussion on
15 the 3651 for following Staff recommendations? The only change
16 is that the recipient would be Pittsylvania County. If not, all in
17 favor, please say aye. (Ayes). Any opposed, say nay. (No
18 response). Okay, that motion passes.

19 The next applicant up would be 3649, that we had
20 discussed earlier, Project Grow.

21 DELEGATE KILGORE: Mr. Chairman, this is Terry
22 Kilgore, how you doing this morning, or this afternoon now.

23 MR. SPIERS: Doing pretty well, welcome. Yes, sir.

24 DELEGATE KILGORE: I've had hard time getting in for
25 a while there, I've been trying to get in for about 20 minutes.

1 Anyway, I just want to say that, you know, this company has
2 invested over \$5.5 million, and it does look like it's going to be
3 very important to our farming community here and we really
4 want to increase the number of farmers who the Commission is
5 helping, I think that this is a good project.

6 So, I just wanted to put my two cents in on that since
7 I was unable to get in earlier. And whatever we can do,
8 whatever the Committee can do to help them, I know that it
9 would be money well spent. Thank you.

10 MR. SPIERS: Thank you for those comments,
11 Delegate Kilgore.

12 UNIDENTIFIED: Mr. Chairman, this is -- Just a
13 question, this is probably for Tim or for Evan, one, but to the
14 best of my memory, this is one of the projects that we tabled in
15 January, is that correct?

16 MR. PFOHL: No, sir. The Russell County application
17 came to us in mid-April.

18 UNIDENTIFIED: Okay, so there was no, I mean the
19 point I was making, Tim, was the gentleman that spoke to said
20 they had moved forward, they were somewhat disappointed it
21 was \$50,000, but where I was going was \$50,000 was not on the
22 table in January, so it should not have been a surprise. So,
23 that's not the case is what you're telling me.

24 MR. PFOHL: We alerted the applicants that there was
25 not \$3 million available, that there was only \$700,000 and

1 change available. We shared our Agribusiness guidelines which
2 limits the private processing grants to \$250,000. The \$50,000
3 calculation is a relatively late developing one just in the last week
4 or so as we completed the review.

5 MR. SPIERS: The only other thing I think happened
6 the Agribusiness Committee was delayed, and we set up this
7 separate hemp round of whether we would have met in February
8 or not, I know we pushed the other one through with the idea
9 that for the growing season, you needed to act on these as
10 quickly as possible. But, again, it is what it is, the timing.

11 Again, I'm open to --

12 DELEGATE KILGORE: Mr. Chairman, this is Terry
13 Kilgore again, I'm sorry to jump back in here, but I don't know
14 how much, we disapproved the \$197,000 for the Pittsylvania, is
15 that the same type project, and I was just wondering why the
16 difference between \$50,000, when there's been over \$5 million
17 already invested in the property versus, I mean I just didn't
18 understand that, but I'm late, I agree I'm late to the, I got in late
19 to the meeting. So, I just don't know.

20 MR. FEINMAN: Chairman, Chairman Kilgore, this is
21 Evan. Those were the calculations that came out of the TROF
22 formula, so the Staff ran each of these projects through that
23 formula. It's also worth noting that the formula counts taxable
24 capital investment, not total amount of capital spent. So, a
25 certain amount of capital can be expended. It doesn't ultimately

1 lead to acquisition of taxable property in a given locality.

2 DELEGATE EDMUNDS: Mr. Chairman, Delegate
3 Edmunds here, if you're ready for a motion, I have one.

4 MR. SPIERS: Yes, sir. Please.

5 DELEGATE EDMUNDS: Mr. Chairman, I recommend
6 approving a grant of \$250,000 rather than the \$50,000
7 suggested by Staff.

8 MR. SPIERS: We have a motion on the floor, do we
9 have a second?

10 UNIDENTIFIED: Second.

11 MR. SPIERS: Okay, we have a motion and a second.
12 The motion made by Delegate Edmunds is that we would approve
13 \$250,000 for Grant 3649. Do we have discussion? Hearing no
14 discussion, all in favor of approving the motion --

15 MR. FEINMAN: If I may, sorry if it took me a second
16 to navigate between my open windows, if I might offer a friendly
17 amendment or at least a clarifying amendment. The motion
18 suggests a deviation from the Staff recommendation as far as the
19 amount of funding. I just want to clarify that they can still be a,
20 quote, unquote, TROF-like agreement, and so we would retain all
21 the clawback provisions and the revenue-sharing provisions.

22 DELEGATE EDMUNDS: If that needs to be restated,
23 I'm okay with that.

24 MR. FEINMAN: Just wanted to make sure.

25 MR. SPIERS: We have clarification on the motion that

1 the clawback and the revenue-sharing would be included and the
2 amount would be raised to \$250,000, which is the maximum that
3 Agribusiness is committed to give to a private investor.

4 Any other discussion or clarifying points? If not, all in
5 favor, say aye. (Ayes). Any opposed, say nay. Not hearing any,
6 the motion is passed.

7 Okay, the next is 3604, and Staff recommendation is
8 no grant due to the fact that it was an announced program
9 earlier and the capital investment was below the threshold. Do
10 we have a motion on 3604? Have a motion on 3604 to follow
11 Staff recommendation or is it any other motion?

12 The motion is made, has been made. I think I heard
13 to follow the Staff recommendation on 3604?

14 MS. BARTS: That's correct.

15 MR. SPIERS: Okay, that's correct. All in favor of that,
16 say aye. (Ayes). Any opposed, say nay. (No response). Okay,
17 that would be the recommendation to the Full Committee then.

18 The way I have it now is 3651, we'll recommend
19 \$197,000 to the Committee, Commission;

20 3649, will have \$250,000 to the Commission;

21 And 3604 will not have any recommendation.

22 We have one additional item to consider, 3593. Tim.

23 MR. PFOHL: Thank you, Mr. Chairman. Institute for
24 Advanced Learning and Research submitted this request in the
25 fall, and it was tabled in January by the Committee. So, in order

1 to reconsider it, the Committee presumably per parliamentary
2 procedure would have to vote to take this off the table.

3 A request for \$134,034 to initiate a project called the
4 Regional Food System Development Through a Value Chain
5 Coordinator. Grant funds are requested to support 57 percent of
6 the direct project costs over three years for a new value chain
7 coordinator position and related costs for travel and supplies.
8 The focus of the position would be connecting institutional food
9 buyers, food hubs, and other potential purchasers of farm
10 products with the agricultural producers in the region for
11 increasing their net farm output and income.

12 The Staff initially had some concerns about the lack of
13 specific economic metrics for tracking Agribusiness results and
14 how the responsibilities of the new coordinator would be secured,
15 and ultimately how the success would be measured that went
16 into the decision of tabling this.

17 We have had quite a bit of dialogue with the Project
18 Leader, Dr. Scott Lowman, who I believe is on the call at the
19 Institute, since this was tabled. And he's provided updates on
20 food distribution and coordination interests in the region, as well
21 as some of our other concerns.

22 The primary metric is tracking sales revenue for
23 Tobacco Region producers and related purchasing by buyers.
24 They have located a software system that will allow them to do
25 that. They have reached out to VDACS and some other food hub

1 and food aggregation sites to gauge their interest, and have
2 gotten generally a strong response looking for collaboration in
3 this system.

4 So, Staff, through the Committee, vote to bring this
5 request off the table, recommends approval of \$117,017 for 50
6 percent of direct project costs in support of a new coordinator
7 position with a disbursement of funding contingent on approval of
8 the proposed system to be used for connecting buyers and
9 sellers, and initially propose physical locations within the region
10 to be served with producer aggregation, for producer
11 aggregation.

12 That was a mouthful and I could re-read that, if you'd
13 like.

14 MR. SPIERS: Okay. Tim, or someone help me with
15 how we get it off the table. Certain people are eligible to bring it
16 back.

17 MR. PFOHL: That would be anyone that voted in favor
18 of the motion to table, I believe.

19 MR. SPIERS: Okay, probably most everybody.
20 What's the wishes, do we wish to bring it off the table and
21 reconsider?

22 MS. BARTS: I make a motion we bring it back for
23 reconsideration.

24 MR. SPIERS: Okay. A motion has been made and
25 seconded to bring it back from the table and reconsider. All in

1 favor, aye. (Ayes). Anybody opposed to bringing it back, say
2 nay. (No response). All right. We've heard Tim go through the
3 additional information they gathered since it was tabled. Are
4 there other questions or concerns on the recommendation that
5 Staff has made with this new information?

6 UNIDENTIFIED: One question, Mr. Chairman. Last
7 spring, Southside Economic Development -- -- project, Old
8 Dominion complex, real estate there part of the matrix of that
9 was that those facilities to be developed as a food hub and
10 aggregation site. My question is, is there any overlap or any
11 potential overlap of the close proximity of that, has that been
12 considered?

13 MR. LOWMAN: Hello, Mr. Chairman, this is Scott
14 Lowman. I'll be happy to address that question. Thank you for
15 giving me a moment to speak about it. Yes, there's going to be
16 a direct overlap with that project, and that's the hope, we've met
17 with a group called -- Hubs out of Charlottesville and
18 Washington, D.C., that'll be participating, as well. So, that's one
19 of the primary hopes of this project is to work with Old Dominion
20 Agriculture Complex to help them, as well, beyond taking it over
21 to Franklin County and Henry County and others, primarily by
22 creating a database of who's selling what and when and what's
23 available where and when. So, yes, the answer to the question
24 is absolutely.

25 MR. SPIERS: So, I take it you're saying it will

1 compliment it, it will not distract from it?

2 MR. LOWMAN: Absolutely. It will compliment it and
3 help it grow.

4 MR. SPIERS: Okay. Does that satisfy the question or
5 answer the question?

6 MR. SHELTON: Yes, sir, it does. And I will go ahead
7 and say since that was the answer, just for the sake of
8 transparency, and I am on that board, I will abstain on the votes,
9 so you can go ahead and call it.

10 Buddy Shelton is abstention. You did answer my
11 question.

12 MR. SPIERS: We'll get to that in a second. Are there
13 other questions or comments on motion to accept the
14 recommendation? Looking for a motion to accept or not to
15 accept the recommendation.

16 MR. MILLS: I move we approve.

17 UNIDENTIFIED: Second.

18 MR. SPIERS: A motion is made and seconded that we
19 do accept the recommendation on 3593 for \$117,017.

20 Tim, is there any contingencies or anything, I think
21 there was something about, something about the location or
22 something, to make sure we've got that in the motion?

23 MR. PFOHL: Sure, Mr. Chairman. It's for 50 percent
24 of direct project costs in support of the new coordinator position
25 with disbursement of funding contingent on approval of the

1 proposed system to be used for connecting buyers and sellers,
2 and the initial proposed physical locations within the region to be
3 served for produce aggregation.

4 MR. SPIERS: That's the motion we'll be voting on. Is
5 the person that made the motion satisfied with that?

6 All in favor of the motion, say aye. (Ayes). Anyone
7 opposed? Nay or if there's an extension, I mean an abstention,
8 let that be known.

9 MR. SHELTON: I abstain, Buddy Shelton.

10 MR. SPIERS: Okay. Anyone opposed. (No response).
11 All right, the motion is approved.

12 Tim, is there any other business for us to take up
13 before we go to public comment?

14 MR. PFOHL: That concludes the business we have for
15 you, Mr. Chairman.

16 MR. SPIERS: Okay. At this time, we'll open the floor
17 for public comment. All right, not hearing any, I want to thank
18 all the members.

19 Yes, someone wanted to speak? I thank the members
20 for participating, and Secretary Ring, thank you for your
21 comments and participation.

22 At this time, I'll declare the meeting adjourned.
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25 **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, May 18, 2020, at 11:15 o'clock a.m., (By Conference Call).

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 June, 2020.

Medford W. Howard
CCR