

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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8 **Executive Committee Meeting**

9 Thursday, May 13, 2021

10 10:00 o'clock a.m.

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14 *(Electronic Conference Call Meeting)*

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1 APPEARANCES:

2 The Honorable Edward Owens, Chair
3 The Honorable Lashrecse D. Aird, Vice Chair
4 Mr. Ed Blevins
5 Ms. Rebecca "Becky" Coleman
6 Dr. Alexis I. Ehrhardt
7 The Honorable Chris L. Hurst
8 The Honorable Terry G. Kilgore
9 The Honorable L. Louise Lucas
10 The Honorable Thomas J. Miles, III
11 Mr. Walter H. "Buddy" Shelton

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14 COMMISSION STAFF:

15 Mr. Evan Feinman, Executive Director
16 Mr. Andy Sorrell, Deputy Executive Director
17 Mr. Michael F. Kaestner, Grants Program Director
18 Ms. Stephanie S. Kim, Finance Director
19 Mr. Jordan Butler, Public Relations Coordinator

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1 May 13, 2021

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3 MR. OWENS: Welcome, everybody, to the Executive
4 Committee Meeting. And before we get started, Andy has some
5 things he wants to go over about the electronic meetings.

6 MR. SORRELL: Certainly, thank you, Mr. Chairman.
7 I'm going to talk a little bit about our needs for the electronic
8 meeting, go over a few ground rules for the electronic meeting
9 like we did in the past.

10 Due to the Governor's declared state of emergency,
11 this meeting is being held electronically without a quorum of the
12 public body physically assembled at one location. The nature of
13 this pandemic does make it impractical and unsafe to assemble a
14 quorum in a single location.

15 In addition, the purpose of this meeting is to discuss
16 or transact business that statutorily requires to continue the
17 operations of the Commission.

18 Public notice of this meeting was provided on both the
19 Commonwealth's calendar and the Commission's website,
20 revitalizeva.org., contemporaneously with the notice provided to
21 the Commission members. The meeting's agenda and all other
22 meeting material will be found on the Commission's website, as
23 well. As with all Commission meetings, there will be an
24 opportunity for public comment at the beginning and end of the
25 meeting. A recording of the meeting will be posted on the

1 Commission's website as soon as practical after the meeting.

2 A few short ground rules for our electronic meeting.

3 Please mute yourself if you are not speaking, that helps cut down
4 on the background noise. If you are participating by phone, you
5 should be able to press Star 6 and mute or unmute yourself. All
6 participants are unmuted at the start of this meeting, but if folks
7 are having a lot of disruptions and background noise, we might
8 need to mute you, so please pay attention to that.

9 If members of the public have questions or comments
10 during the meeting, please reserve them until the public
11 comment portion, which I mentioned starts at the beginning and
12 at the end of the meeting. You can use the raised-hand feature
13 or send a comment in the chat box, and we'll make sure that
14 we're monitoring, that we want to make sure to get those
15 comments read, that are appropriate comments. But if you do
16 have comments, please state your full name, your location, and
17 the organization you might represent, and try to keep your
18 comments to about two minutes each. With that, that's all I
19 have related to the electronic meeting.

20 MR. OWENS: Thank you, Andy.

21 Roll call, Mr. Feinman.

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

23 Ed Owens.

24 MR. OWENS: Here.

25 MR. FEINMAN: Delegate Aird is going to be late.

1 Mr. Blevins.
2 MR. BLEVINS: Here.
3 MR. FEINMAN: Ms. Coleman.
4 MS. COLEMAN: Here.
5 MR. FEINMAN: I can see you.
6 Dr. Ehrhardt.
7 DR. EHRHARDT: Here.
8 MR. FEINMAN: Ms. Hensley.
9 MS. HENSLEY: (No response).
10 MR. FEINMAN: Delegate Hurst.
11 DELEGATE HURST: Here.
12 MR. FEINMAN: Delegate Kilgore.
13 DELEGATE KILGORE: Here.
14 MR. FEINMAN: Senator Lucas.
15 SENATOR LUCAS: Here.
16 MR. FEINMAN: Mr. Miles.
17 MR. MILES: Here.
18 MR. FEINMAN: Mr. Shelton.
19 MR. SHELTON: Here.
20 MR. FEINMAN: You have a quorum, Mr. Chairman.
21 MR. OWENS: Thank you. We have the minutes of the
22 1-8-21 meeting. Do I hear a motion to approve those minutes?
23 UNIDENTIFIED: So moved.
24 DR. EHRHARDT: Second.
25 MR. OWENS: Been moved and properly seconded.

1 Any additions or corrections on them? Hearing none,
2 all those in favor, signify by saying aye. (Ayes). All opposed?
3 (No response). The ayes have it. The minutes are approved.

4 At this point, we're going to have public comments.
5 Anybody from the public have any comments that they want to
6 make at this point?

7 Do you see anybody, Andy?

8 MR. SORRELL: No, Mr. Chairman, we don't have any
9 comments from the chat box and any other, don't see anything.

10 MR. OWENS: Thank you. All right. Next on the
11 agenda is Ms. Kim with the budget.

12 MS. KIM: You should see on this screen the FY-2022
13 budget. On the website, there was posted the proposed FY-22
14 budget, and if you need to pull that up, feel free to do so. Go
15 over to earnings for the past year, when we transfer from the
16 Fund, from the Endowment to the Fund, we use interest from
17 March to February, so that means we transfer it within that fiscal
18 year.

19 In that time period, we earned \$12.25 million on the
20 funds invested with Treasury, and then in the General Account,
21 which is more like a checking account, we've earned \$23,507 to
22 date through March.

23 The current balance of the Endowment is \$169 million,
24 and we are due for a transfer for FY-2021, which would be this
25 coming June. We invade the corpus of the Endowment so that

1 we can fund the following year's budget. The corpus invasion
2 that we're recommending today would be for June, 2021 to fund
3 the FY-22 budget. If we invade what we're recommending, the
4 ending Endowment balance would be \$143.6 million.

5 The proposed FY-22 budget, the sources of funding
6 we're using are the corpus invasion of \$25.3 million, which is the
7 15 percent corpus invasion, the \$12.4 million in investment
8 earnings that I mentioned earlier, and then \$10.3 million on
9 carry-forward, and the consolidated funds where we combine
10 Southern and Southwest Virginia, we're taking those funds, any
11 dollars that were left and distributing them in the FY-22 budget.
12 And then to get to those funds, we have programmed nineteen
13 and a half million for Economic Revitalization programs, \$2.7
14 million for administration, and the remaining balance to be
15 deposited into the Lending Program.

16 For administration is basically a \$2.7 million budget,
17 5.6 percent of the total budget. That covers 12 full-time
18 employees, one wage position, and we have an agreement where
19 we cover 50 percent of the Deputy Secretary position, \$284,000
20 for the Foreign Direct Investment contract, we are required to
21 contribute \$244,000 for the Master Settlement Agreement
22 Enforcement, and that's in the Incorporation Act where they tell
23 us we pay out 50 percent of enforcement. Two hundred
24 thousand this year for Project Development Support, and then
25 \$130,000 for various agency service charges in the Appropriation

1 Act, for basically our fiscal agent, Office of the Attorney General,
2 some of the essential service agency charges, like DFA.

3 As far as the carry-forward balances, some of these
4 balances, we are making award of funding meaning in a couple of
5 weeks, so, while they have large carry-forward balances, they
6 will probably be awarded before the end of the fiscal year. As
7 you can see, we're adding money to TROF, there is a large
8 balance there; however, there are a lot of the funds that have
9 been given estimates, so while they're not completely approved
10 yet or formally approved yet, there are a lot of estimates out
11 there that we have kept or set aside.

12 And then in education, we did not do a competitive
13 run, we still have the funds from FY-21, which we'll carry-forward
14 into next year, that they'll be awarding, I believe, in the fall. We
15 have money allocated for Southern and Southwest Virginia
16 Economic Development projects. No new funding from the
17 Megasite Prospect Incentive Fund, but there is a balance that will
18 carry forward. Then the remaining funds will go into the Lending
19 Program.

20 So, I don't know if there are any questions, the
21 presentation is a little short today. I'll be happy to answer any
22 questions that you have.

23 DELEGATE KILGORE: Mr. Chairman, I have a
24 question.

25 MR. OWENS: Yes, sir.

1 DELEGATE KILGORE: Stephanie, can you go back to
2 the previous slide, that one, yes. What is our total budget, I was
3 trying to scroll over there?

4 MS. KIM: The total FY-22 proposed budget would be
5 \$47.98 million.

6 DELEGATE KILGORE: Okay, okay, I see it now, I'm
7 sorry, thank you.

8 DR. EHRHARDT: Mr. Chairman, I have a question,
9 also.

10 MR. OWENS: Okay.

11 DR. EHRHARDT: Stephanie, forgive me, I may not
12 have heard you, we're going to draw down that 15 percent,
13 which is \$15 million or so?

14 MS. KIM: Actually, 15 percent would come from the
15 corpus invasion, which is actually \$25.3 million, and those funds
16 remain invested in Treasury. So, it's really just an accounting
17 entry, and the funds from Endowment to Fund, it really doesn't
18 get drawn down out of investment until we actually disburse it.
19 Even though the award you make this month may not actually
20 come out of investments until the projects get going and they
21 request reimbursement.

22 DR. EHRHARDT: Okay. I know that you said the
23 earnings were a little over \$12 million, so is it typical that we're
24 drawing down more than we've earned? I should probably know
25 that.

1 MS. KIM: There are a couple of ideas about invading
2 the corpus. I thought about invading the corpus the maximum
3 amount, which is 15 percent, except once you get the funds out
4 of the Endowment to the Fund, they are, it gets us some more
5 flexibility to be able to spend, if there's a big project coming
6 along or if we want to reallocate funds for a certain area, we can
7 do that. If they are tied up in the Endowment, we basically can't
8 touch it until the following fiscal year. They transfer funds once a
9 year in June.

10 DR. EHRHARDT: Okay, that sounds right, thank you.

11 MR. FEINMAN: The key distinction, Mr. Chairman and
12 Dr. Ehrhardt, is that we have long had a problem with the
13 earnings that we get with the funds in the Treasury, by moving,
14 by doing the maximum invasion and moving funds into the Fund
15 as opposed to the Endowment, we have the ability to, yes, spend
16 it on programs, and so that's the piece where we try to reduce
17 the amount or the percentage of corpus invasion that we spend
18 on programs. So, that money is gone.

19 But simply by moving it to the Fund, we can then, if
20 we do nothing with it, it stays in the Treasury exactly as if it had
21 stayed in the Endowment. But we also have the ability to lend it
22 out at a higher rate than our earnings from Treasury, and so
23 what we have focused on has been steadily moving the funds out
24 of the Endowment and into the Fund and in keeping a very close
25 eye on where our program budget is. You'll note this year, we're

1 actually at, carry-forwards, and we're at zero percent of our
2 corpus invasion being used to fund the programmatic budget.
3 It's three percent for this year, two percent for next year, one
4 percent for the year after, and then we should be at a true fiscal
5 sustainability the year after that. That assumes increased
6 earnings from lending. Our lending program has gotten a slow
7 start. There was a global pandemic, but we are in dialogue right
8 now with a lot of potential lenders, and I think we're going to see
9 that step up dramatically as we lend into this recovery.

10 DR. EHRHARDT: Thank you for your help.

11 MR. MILES: Mr. Chairman, in the past, have we
12 always done the maximum invasion of the corpus, or is this
13 something that the full 15 percent or has it ebbed and flowed a
14 little bit?

15 MS. KIM: We have for most years done a full 15
16 percent, there was a period of time when we reduced the corpus
17 invasion. I think our strategy, especially with the lending, was to
18 maximize the corpus invasion so that we have that flexibility.

19 MR. MILES: Thank you.

20 MR. OWENS: Any other questions?

21 MR. MILES: Mr. Chairman, a quick question. The
22 unobligated funds left from the old formula of Southside
23 Economic Development, is there any thought of ever putting a
24 sunset on that, or is that open-ended, or however long the
25 counties want or localities want to let that open?

1 MR. FEINMAN: Mr. Chairman and Mr. Miles, the way
2 that we have approached is to say that when the Southern
3 Virginia Committee funds projects that are in a county that has
4 an allocation, we use the allocation dollars first. That will
5 eventually lead to the retirement of the allocation and will go to a
6 centralized pot, which I think is fairer and wiser. Setting a
7 sunset date on it, I think might encourage it. Any time you turn
8 funds to use it or lose it funds, it encourages people to use it for
9 perhaps not the highest and best purpose. So, I think the wise
10 course, while it does complicate the accounting work that
11 Stephanie has to do, I think the wise course of action is to wait
12 until there is a project that is truly meritorious that the Southern
13 Virginia Committee wants to spend those allocation dollars on in
14 each community prior to drawing them down. Of course, we
15 serve at the pleasure of the Commission.

16 MR. SHELTON: Thank you, Evan. This is Buddy, by
17 the way. I think as long as, I think you answered my question, if
18 a county's request is always drawn first from anything, before
19 they're able to get into the community pot, so to speak, I think
20 probably that's self-corrected in itself, so thank you for the
21 answer.

22 MR. OWENS: Any other questions?

23 MS. COLEMAN: Mr. Chairman, I just want to place a
24 marker for the Executive Committee on the Education funding.
25 The Work Force Financial Aid Program, which, as you know,

1 funds the community college scholarships, appears to have been
2 cut significantly, we've been level-funding it year after year. And
3 I chatted with Evan about this, but the reason for the loss or
4 start of the funding is really the state's G-3 Program, which
5 replicates much of what our program does and our program is
6 the last dollars. So, we have yet to speak really what the impact
7 of the G3 is on this program, and we may need to revisit this to
8 put more dollars in, or we may not spend as many dollars as
9 we've got depending on how that program works.

10 MR. OWENS: We do have the ability to do that.

11 MS. KIM: We can always amend the budget at any
12 time.

13 MR. FEINMAN: Mr. Chairman, there is one other piece
14 of the budget that I want flagged for you all, and that is the
15 additional funds that we are requesting for the administrative
16 budget. There was an attached memo in your packet, your
17 digital packet entitled PRRT, Project Development Support
18 Funding Proposal. This is a new delegation of authority by the
19 Committee, so I want to flag it for you all and insure that you
20 agree with the process as we've laid it out.

21 One of the things that has been a challenge for us has
22 been the way our funding cycles line up with Project Lifeline. If
23 you'll recall in the last Strategic Plan, we carved out a specific
24 portion of each of our Regional Director's time to work on Project
25 Development, and that has been really positive, there's already

1 been benefits from that.

2 A challenge though is that often a project needs a
3 relatively small but perhaps, you know, somewhat urgent
4 amount of money to take the next step forward prior to being
5 ready for Commission support. The way that that could wind up
6 being a challenge is, let's say a project needs a feasibility study,
7 a \$10,000 feasibility study in Southwest Virginia, and, you know,
8 it's June of this year? Well, they can apply for the September
9 meeting and they can get approved in September, get in a
10 contract with us via a Performance Agreement to do that in, you
11 know, let's say October or November. They then perform the
12 feasibility study, perhaps the study is completed ahead of our
13 January meeting, perhaps not. If it is not, then by the time the
14 feasibility study is completed and ready to take the next step,
15 and apply to the Southwest Committee for full funding of the
16 project, it's now May, nearly a year ahead of that June need for
17 feasibility, for a \$10,000 feasibility study.

18 That's a frustrating thing for our regional directors and
19 especially for us because it slows down the projects that we think
20 may be quite meritorious. So, what we are proposing is a
21 program that we're going to try to put as many controls on as we
22 can, but still be able to act in a timely fashion that would allow
23 each of our regional directors to recommend support for critical
24 planning activity, things like feasibility studies, market
25 assessment, architectural and engineering support, professional

1 project management support, not to exceed \$30,000 for any one
2 project. The way it would have to work is that it would have to
3 meet every single one of the eligibility criteria that is in the
4 memo, and to run quickly through those.

5 They've got to be able to administer the planning
6 phase, got to have confidence that it's going to be able to be
7 successful, got to have dollar-for-dollar matching funds, the
8 scope of the project has to be within our priorities, there has to
9 be evidence that the project is likely to proceed or it will miss the
10 market opportunity, if they have, if they can't through our grant
11 cycle. And there has to be a high likelihood that an application to
12 one or more of our grant alone programs will be forthcoming
13 after this project works.

14 The way it will work is the Regional Director will
15 recommend to the Grants Program Director that the project
16 receives -- The Grants Program Director, if he agrees, will
17 recommend to me, if I agree, I will then seek out the relevant
18 Committee Chair, and if that Committee Chair agrees, then we
19 will move forward with the funding. And if the Committee Chair
20 doesn't agree or has any hesitancy, then we'll put it back into the
21 standard process, and they will apply in the next round of that
22 Committee's funding. We think this will be pretty effective for
23 putting \$200,000 in, a \$100,000 for each region, and I don't
24 anticipate spending \$100,000 this year in each region. I think
25 that's fairly unlikely, but it should last for a couple of years.

1 There may be a bit of a run on it right at first with the
2 new program, and there's probably some pent-up demand, but I
3 still think this will not be something that we'll need to develop
4 annually, but it will make us a lot more flexible and will allows us
5 to move projects forward when they're meritorious projects, and
6 we think we've got, you know, with eight independent eyeballs
7 on each one of these, we think there's a pretty good level of
8 control. I did want to cover that.

9 MR. OWENS: Does anybody have any questions of
10 Evan about that?

11 MR. BLEVINS: Mr. Chairman, Ed Blevins, I just have
12 one question. So, if a \$200,000 PBSF addition, it includes the
13 areas that are actually a net decrease in the proposed budget for
14 salaries, expenses and per diem.

15 MS. KIM: Our budget is actually going up about nine
16 percent, and that includes the statewide pay raises, something to
17 bring down, something to bring a little bit up, but that is being
18 absorbed into the proposed budget.

19 MR. FEINMAN: The General Assembly passed a state
20 employee's pay raise this year, so we matched that. And then
21 we are going to see an increase hopefully in our meeting and
22 travel expenses as we resume normal operations relative to last
23 year. We don't think it's going to be a lot different from previous
24 years when we had what we considered normal operations in
25 terms of travel and meetings, and that's going to be a little

1 lighter because we're not going to have our May meeting in
2 person. All things being equal and things proceeding as we
3 hoped, we will have our September meeting in person.

4 MS. KIM: I think there is a little bit reduction in travel
5 just because there's fewer visits and things like that, it's just not
6 as much as maybe a full regular year.

7 MR. OWENS: Any other questions?

8 MR. MILES: Yes, sir. Mr. Chairman, just to clarify
9 what Evan said, what Mr. Feinman said is that at the end of the
10 process or towards the end of the process, if the prospective
11 committee chair has an issue, questions, or objection, it would
12 then kind of hit the reset button and then would go through the
13 normal channel?

14 MR. OWENS: Exactly. Any other questions? All right,
15 is that it, Mr. Feinman, for the budget?

16 MR. FEINMAN: Yes, Mr. Chairman. I think probably
17 two motions are appropriate. We need to approve the transfer,
18 and then we need to do the corpus invasion, then we need to
19 adopt this budget. And for my comfort, I would also appreciate a
20 motion to approve the Project Development Fund, Funding, as
21 outlined in the memo. I think we can call that a part of the
22 budget. I'd rather have you all exclusively do it just so
23 everything clears.

24 MR. OWENS: First, we need to approve the budget
25 transfer of \$9.1 million for consolidation of Special Projects, --

1 Megasite to be distributed on the FY-22 budget. Do I hear a
2 motion to approve that?

3 MS. AIRD: I so move, Mr. Chairman.

4 DELEGATE KILGORE: Second.

5 MR. OWENS: It's been moved and properly seconded.

6 Any other discussion on it? Hearing none, all those in favor,
7 signify by saying aye. (Ayes). Opposed? (No response). The
8 ayes have it, that motion is approved.

9 The second motion to approve 15 percent corpus
10 invasion for FY-21 to fund the FY-22 budget Lending Program.
11 Do I hear a motion to approve that?

12 MS. AIRD: I move the motion.

13 DELEGATE KILGORE: Second.

14 MR. OWENS: It's been moved and properly seconded.

15 Any other discussion? Hearing none, all those in favor signify by
16 saying aye. (Ayes). Opposed? (No response). The ayes have
17 it. That motion is approved.

18 Now, we need to approve the proposed FY-22 budget.
19 Now, Evan, this is just a recommendation to the Full
20 Commission, correct?

21 MS. KIM: Correct, yes.

22 MR. FEINMAN: Correct.

23 MR. OWENS: Okay, then we need a motion that we
24 adopt the FY-22 budget.

25 MS. EHRHARDT: So moved.

1 UNIDENTIFIED: Second.

2 MR. OWENS: It's been moved and properly seconded.
3 Any other discussion? Hearing none, all those in favor, signify by
4 saying aye. (Ayes). Opposed? (No response). We'll bring that
5 before the Full Commission.

6 The fourth item, Mr. Feinman, you say you wanted a
7 motion to approve the Project Development Support Funding, is
8 that correct?

9 MR. FEINMAN: Yes, Mr. Chairman, I think that puts
10 us on the firmest footing.

11 MR. OWENS: Do I hear a motion to approve it?

12 MS. COLEMAN: I move to approve that, Mr.
13 Chairman, Becky Coleman.

14 UNIDENTIFIED: Second.

15 MR. OWENS: It's been properly moved and seconded.
16 Any other questions or discussion on it? Hearing none, all those
17 in favor, signify by saying aye. (Ayes). Opposed? (No
18 response). The ayes have it.

19 Thank you, Mr. Feinman, go forth and do good.

20 Any other business?

21 MR. FEINMAN: No, Mr. Chairman, I don't believe we
22 have any other business for you today.

23 The one thing I do want to flag for you all though is
24 for the legislative members of the Executive Committee who are
25 joining us, you all received an email from me a couple of weeks

1 ago reminding you and we're trying to get ahead of it this year,
2 that we are obliged, only legislative members unfortunately,
3 because the way the code is written, but we are obliged to
4 provide the Governor a slate from which he can choose folks to
5 appoint or reappoint to this body by June 30. We will resend that
6 email as soon as we're able.

7 We have a number of members who are eligible for
8 reappointment, who are seeking reappointment. You are also
9 more than welcome to add other folks to that slate, have to have
10 at least seven members, and can have more, and then we need
11 to get that to the Secretary of the Commonwealth, and she will
12 advise the Governor, and he will make his selection. I can't tell
13 you even if we get it done ahead of time that that selection
14 process will happen on July 1st, and there are appointments to
15 make every year, and folks in these seats will serve until they
16 are replaced. In years past, this has been a fairly tortuous
17 process. So, I would appreciate it if our legislative members
18 would provide that slate in a timely fashion.

19 MR. OWENS: Thank you, Evan. At this point, we
20 have another opportunity for anybody in the public to come
21 forward and make comments, public comments.

22 Do you see anybody, Andy?

23 MR. SORRELL: No, I don't believe we have anybody
24 that has raised their hand for public comment.

25 MR. OWENS: All right, this has been very efficient. At

1 this time, we're adjourned.

2 MR. FEINMAN: Thank you very much, everyone.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, Executive Committee Meeting**, when held on Thursday, May 13, 2021, at 10:00 o'clock a.m., (By Electronic 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 May, 2021.

Medford W. Howard
CCR