

TOBACCO REGION REVITALIZATION COMMISSION

EXECUTIVE COMMITTEE MEETING

Friday, January 7, 2022

10:00 A.M.

LOCATION

Richmond Marriott

500 East Broad Street

Richmond, Virginia 23219

1 APPEARANCES: (Some appearances masked)
2
3 Edward Owens, Chair
4 Edward Blevins
5 Dr. Alexis Ehrhardt
6 Delegate Terry Kilgore
7 Senator Louise Lucas
8 T. Jordan Miles
9 Evan Feinman
10 (Commission Staff Members)
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1 ROLL CALL ATTENDANCE

2 CHAIR OWENS: Executive Committee

3 Meeting called to order.

4 We have the minutes from the 5/13/21.

5 They were published on the website. You should have

6 reviewed them.

7 Do I have a motion to approve?

8 UNIDENTIFIED SPEAKER: So move.

9 UNIDENTIFIED SPEAKER: Second.

10 CHAIR OWENS: Opposed?

11 Hearing none.

12 All those in favor, say aye.

13 (Affirmative response.)

14 CHAIR OWENS: Opposed?

15 (No response.)

16 CHAIR OWENS: Minutes are approved.

17 Does anybody from the public have any

18 comments at this time?

19 (No response.)

20 CHAIR OWENS: Being none,

21 Mr. Feinman, find the report.

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

23 Thank the members of the committee for being here.

24 We've got two items to discuss today

25 for the executive committee's considering.

1 The first is the commission's
2 ownership interest in the CCAM facility, Commonwealth
3 Center for Advanced Manufacturing that sits slightly
4 outside of our footprint, in Varina. The commission
5 helped build that facility. That's been a great asset
6 for the Commonwealth. Most recently, the commission,
7 as a part of the broad team that was put together,
8 helped save that organization by extending bridge
9 loans and helping to deem, the executive branch deemed
10 the restructured CCAM, and ultimately, pulled it into
11 the new agency that consists of CCAM and CCAL, the
12 Commonwealth Center for Advanced Logistics, as well as
13 CIP, which is now under the umbrella of VIPA, Virginia
14 Investment Partnership Authority.

15 That is all really great progress the
16 for the Commonwealth's investment ecosystem and for
17 those three entities, all of which have their own
18 struggles, and together are stronger.

19 A change has happened though. CCAM
20 was previously a public entity, but the Commonwealth
21 did not own the building and the property on which
22 CCAM resides.

23 As part of this restructuring, the
24 Department of General Service Division, and the are
25 now part of a maine line state agency. They are fully

1 governmental.

2 The Department of General Services
3 for the Commonwealth, the agency that owns real
4 estate, owns Capital Square, owns any agency building,
5 any property, state police buildings across the
6 Commonwealth, etc., has taken possession of this
7 building that we are part owners of. They did that
8 absent of purchase. It was just part of the total
9 restructuring. They assumed ownership of the
10 building. So no capital change.

11 In general, the Commission has had a
12 principle that we keep our ownership interest in real
13 property and valuable tangible property to prevent
14 what are effectively state taxpayer dollar assets from
15 being converted to private assets or local assets.
16 The best example of that would be an industrial park.
17 If we simply gave it, a complete title, to the local
18 government, they could decide after we bought an
19 industrial park, for state taxpayer goals, they could
20 simply sell it, thereby converting our investment into
21 local dollars. So to prevent that, we keep the
22 security interest.

23 In this instance, for state taxpayer
24 goals, they can simply sell it. Thereby, converting
25 our investment into local dollars. So to prevent

1 that, we keep the security interest.

2 In this instance, the ownership is
3 transferred, not to a local government or to a private
4 entity, but to what is effectively a sister state
5 agency.

6 The question before y'all is, you
7 know, we need to approve that transfer. We, as owners
8 of the building, partial owners of the building, have
9 to agree. We can do that and retain our security
10 interest, which will require that we continue to
11 monitor the activity and the use of the building, or
12 we can forgo our security interest, recognizing that
13 our concerns about conversion are non-relevant, and we
14 are a state agency, and they are a state agency.

15 My view is, this was always a kind of
16 funny project, out of our footprint, our value in the
17 building has diminished tremendously over the years of
18 the continued investments that other entities have
19 made. So our actual value is only pro rata of the
20 total investment over the course of the life of an
21 asset.

22 The thing that we are here to guard
23 against through our security interest, in this
24 instance, is mooted by the fact that this is a state
25 agency. The things we are trying to guard against is

1 conversion of asset to local or private hands is not
2 going to happen because the state owns it.

3 What we need to do is make a decision
4 about whether we do that or not.

5 I think the cleanest thing to do is
6 to say, good luck and Godspeed to our sister agency
7 VIPA, withdraw our security interest, and let them
8 move forward without any financial entanglement from
9 another state agency. I think that is the right
10 thing.

11 The other option would to maintain
12 and then record our security interest. Liz and her
13 colleagues have been working with us to protect our
14 interests in property across the footprint. We could
15 certainly do that. I just don't think it is
16 necessary. I think it add work without value.

17 Either way, I strongly believe that
18 we should agree to let our sister agency take
19 possession of the building. I don't think that should
20 be controversial. That is the question that is before
21 this committee. Do we agree to let the new use occur,
22 and then, yes, straightforwardly good, and then
23 second, do we relinquish or not relinquish our partial
24 security interest in the building?

25 CHAIR OWENS: You heard Mr. Feinman's

1 report. Do we have any questions or comments?

2 SENATOR LUCAS: I just have one
3 question. Does it had have an adverse effect
4 fiscally?

5 MR. FEINMAN: It does not, Senator.
6 Because we are only partial owners of the building and
7 our security interest is undefiled, and the fact that
8 there is no way for us to gain any value from this
9 building, unless something were to happen, such that a
10 private party were to buy the building from the state,
11 which isn't going to happen.

12 SENATOR LUCAS: Okay. Thank you.

13 DR. EHRHARDT: Mr. Chair, forgive me.
14 I don't recall the connection to UVA. Can you
15 describe that?

16 MR. FEINMAN: Sure. The UVA
17 Foundation was the original primary owner of the
18 building. The UVA Foundation was the landlord, and
19 did quite well collecting rent from CCAM over the
20 first several years of its operation. As part of the
21 restructuring, the UVA Foundation also forwent its
22 interest in the property.

23 DR. EHRHARDT: Thank you.

24 MR. MILES: Mr. Chairman, two
25 questions. Senator Lucas answered the first one. Her

1 question with regard to the Commission's interest in
2 that building.

3 Second question is, is this process
4 typical when a situation like this occurs?

5 MR. FEINMAN: No, because this is the
6 only time in my memory of property that the Commission
7 invested in became a state government asset.

8 In general, what happens is, we
9 invest in a building, and then the county sells to the
10 company, and we get our value back. That is fairly
11 routine. We do that regularly.

12 In general, new state agencies aren't
13 formed often, and they don't generally sit in, you
14 know, building with these investments. It is just a
15 funny circumstance.

16 MR. MILES: Thank you.

17 CHAIR OWENS: Any other discussion?

18 (No response.)

19 CHAIR OWENS: Do I hear a motion?

20 MR. FEINMAN: We do. Motion to
21 either approve the transfer and retain our security
22 interest, or approve the transfer and forgo our
23 security interest.

24 SENATOR LUCAS: I move to forgo.

25 CHAIR OWENS: To forgo?

1 SENATOR LUCAS: Yes.

2 MR. MILES: Second.

3 CHAIR OWENS: Any other questions,
4 discussions?

5 (No response.)

6 Any those in favor of the motion,
7 please say aye.

8 (Affirmative response.)

9 CHAIR OWENS: Opposed?

10 (No response.)

11 CHAIR OWENS: That will be the
12 recommendation to the full commission.

13 MR. FEINMAN: Thank you, Members of
14 the Committee.

15 Next thing I want to talk about is
16 the upcoming legislative session. Y'all have been
17 briefed on some of this before. We do not yet have
18 final patrons for commission reform legislation. I
19 say that, knowing there are a couple legislators in
20 the room.

21 There are four things that are really
22 important for the continue to invest operation of the
23 Commission. Of those, two should be entirely
24 non-controversial. One will be somewhat
25 controversial, and one will not be the favorite of

1 some members. That is okay. Y'all will, of course,
2 negotiate it out over the course of the legislative
3 session.

4 The bill that has been drafted, and
5 that is very likely to be carried by multiple members
6 of the Senate and House, will, one, give the
7 Commission the ability to lend 100 percent of its
8 assets. That is really, really important for us.
9 Right now, we can only lend those assets we've been
10 able to transfer out of the treasury. All the rest of
11 our money sits locked up in the treasury earning only
12 half a percent and 1.5 percent per year, looking
13 backward. We can lend a much higher interest rate
14 than that, and that will give us more money for the
15 grants later.

16 The second thing that we would like
17 to do legislatively is get permission to create an
18 outside foundation similar to our sister agency the
19 Community Foundation for Health and Youth.

20 Much of what we do is eminently grant
21 funded by other entities, federal government,
22 charitable foundations. We could accept large gifts
23 and requests. We know that there are many people
24 across the region who believe in our efforts and would
25 consider us when they are doing their end-of-life

1 planning. That is something that we could do that
2 would then further support our work. Give us more
3 resources to grow the pot. Get more done for our
4 folks. We need that.

5 It is not the same thing to give the
6 state government. It is easier to get a grant if you
7 have an outside foundation.

8 This committee would you ultimately
9 control that foundation. No danger.

10 The third thing, and this, you know,
11 with all due respect to the Commissioner. One of the
12 things that we have contemplated in the legislation is
13 to transition the Commission from what is effectively
14 a management board to an oversight board and a policy
15 board. The idea there being we would bring much more
16 detailed program guidelines and exceptions to those
17 guidelines for specific projects to the Commission.
18 By enlarge, y'all would approve, weigh programs and
19 structure, and then the staff would make awards
20 dispassionately based on applying those standards
21 without y'all having to go project, to project, to
22 project.

23 And the final, and I recognize the
24 most controversial, and may not make it to those bills
25 that are introduced, would be to, what I'd say,

1 rationalize our footprint to make it based on actual
2 underlying economics, as opposed to what was frankly a
3 political compromise in 1999, as to the footprint that
4 exists now, we could serve to all those communities
5 that are distressed or doubly distressed. That would
6 continue to include every eligible footprint community
7 today. It would just also include some other
8 impoverished communities that would benefit from our
9 support.

10 I often get questions, our Deputy
11 Director Andy says Fluvanna. What's different about
12 Fluvanna than Nottoway? Not a heck of a lot, except
13 that Nottoway seemed to have much better delegator in
14 1999 than Fluvanna did. That is something we could
15 fix.

16 I listed those four priorities for
17 you in order of priority from my perspective and staff
18 perspective. If the only thing that happened when the
19 bill was put into law to and lending and create the
20 foundation, which I believe are both thoroughly
21 uncontroversial, that would be extraordinarily good.
22 We adamantly believe that.

23 I have been pushing hard for years to
24 get this done. I really hope to see that bill
25 introduced and passed this year.

1 I'm less interested in fighting over
2 the management versus policy board. I think you guys
3 do a good job picking projects.

4 The footprint piece, it makes more
5 sense to me to base it on actual economic data than
6 that an on a decision made 20 years ago. That is not
7 a hill that I think anybody needs to fight on. It's
8 not necessary.

9 Anyway, that is the bill draft that
10 is being shopped around right now by myself and other
11 folks in the governor's office and the congress. I
12 wanted you guys to be aware of this. I am happy to
13 answer any questions you have got.

14 DR. EHRHARDT: Can you define
15 distressed?

16 MR. FEINMAN: I believe it is
17 community with either median wage, below the Virginia
18 median wage or, can't recall the other --

19 DR. EHRHARDT: Poverty.

20 MR. FEINMAN: Yes. Either a high
21 rate of poverty or a lower median wage than the
22 Virginia average. Some communities are doubly
23 distressed, meaning they check both boxes.

24 DR. EHRHARDT: Okay.

25 MR. FEINMAN: Anybody have any

1 question? You done need to take any action on that.

2 I do hope our legislative members take action on that
3 in the coming legislative session.

4 DELEGATE KILGORE: Who has the bills?
5 Do you have them drafted?

6 MR. FEINMAN: Yes. I'll send them to
7 everybody, and y'all can do what you will.

8 DELEGATE KILGORE: Okay. That's what
9 I was going to say.

10 MR. FEINMAN: Otherwise, that is all
11 the business I have before for the Executive Committee
12 today, unless there is any public comment.

13 CHAIR OWENS: I was going to ask, is
14 there any public comment?

15 (No response.)

16 CHAIR OWENS: Being none.

17 Is there a motion to adjourn?

18 MR. MILES: So move.

19 SENATOR LUCAS: Second.

20 CHAIR OWENS: All those in favor, say
21 aye.

22 (Affirmative response.)

23 CHAIR OWENS: Opposed?

24 (No response.)

25 CHAIR OWENS: Meeting adjourned.

CONCLUDED at 10:40 a.m.

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CERTIFICATE OF COURT REPORTER

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I, Sheryl S. Rainey, hereby certify that I, Sheryl Rainey, was the Court Reporter and Notary Public for the State of Virginia, at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the Tobacco Region Revitalization Commission, Executive Committee Meeting, when held on Friday, January 7, 2022, at 10:00 a.m.

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

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Given under my hand this 3rd day of February, 2022.

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Sheryl S. Rainey
Court Reporter

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My Commission Expires: April 30, 2022
#260655

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