

The seal is circular with a dotted border. Inside the border, the words "VIRGINIA TOBACCO REGION" are written in a circular path at the top, and "REVITALIZATION COMMISSION" is written at the bottom. In the center of the seal is a map of Virginia. Overlaid on the map is the text of the meeting.

**Virginia Tobacco Region
Revitalization Commission**

Fall 2022 Full Commission Meeting

October 4 - 5, 2022

**The Berry Hill Resort
and Conference Center**

**3105 River Road
South Boston, VA**



TABLE OF CONTENTS
Virginia Tobacco Region Revitalization Commission
Fall 2022 Committee & Commission Meetings
The Berry Hill Resort & Conference Center
South Boston, Virginia

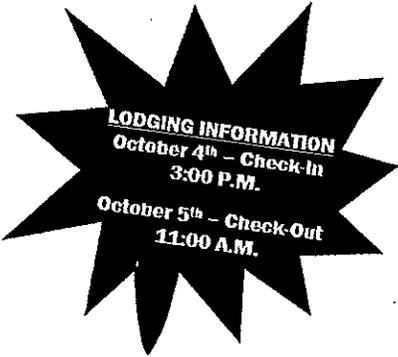
October 4 - 5, 2022

MEETING LOGISTICS	
Itinerary	2
STRATEGIC PLANNING COMMITTEE	3
Agenda	4
Staff Memorandum	5
2023-2025 Strategic Plan Draft	15
EDUCATION COMMITTEE	35
Agenda	36
FY23 Competitive Education Applications	37
INCENTIVES AND LOANS COMMITTEE	51
Agenda	52
Extensions & Modifications	53
SOUTHERN VIRGINIA COMMITTEE	66
Agenda	67
Extensions & Modifications	68
SOUTHWEST VIRGINIA COMMITTEE	73
Agenda	74
Extensions and Modifications	75
EXECUTIVE COMMITTEE	78
Agenda	79
Invest Southern Virginia Discussion	80
Electronic Meeting Policy Revisions	87
FULL COMMISSION	94
Agenda	95
Financial Summary	96
Statement of Revenues, Expenditures & Changes	97
TROF & CBL Loan Update	98
Current Committee Membership	106



ITINERARY

Virginia Tobacco Region Revitalization Commission
2022 Fall Full Tobacco Commission Two-Day Meeting
Berry Hill Resort and Conference Center
3105 River Road, South Boston, VA
October 4 - 5, 2022



TUESDAY, OCTOBER 4, 2022

- 1:00 - 2:30 PM STRATEGIC PLANNING COMMITTEE MEETING
- 2:30 - 2:45 PM - BREAK TIME
- 2:45 - 4:30 PM EDUCATION COMMITTEE MEETING
- 4:30 - 5:30 PM INCENTIVES AND LOANS COMMITTEE MEETING
- 6:30 - 8:30 PM - RECEPTION @ FACTORY STREET BREWING



- 6:00 P.M. - Transportation pick-up @ The Berry Hill Resort and Conference Center to the Factory Street Brewing (ALL OCCASION TRANSPORTATION)
- 6:20 P.M. - Transportation pick-up @ The Berry Hill Resort and Conference Center to the Factory Street Brewing (ALL OCCASION TRANSPORTATION)
- 8:00 P.M. - Transportation pick-up @ Factory Street Brewing to Hotel (ALL OCCASION TRANSPORTATION)
- 8:20 P.M. - Transportation pick-up @ Factory Street Brewing to Hotel (ALL OCCASION TRANSPORTATION)

WEDNESDAY, OCTOBER 5, 2022

- 7:30 - 8:45 AM - BREAKFAST BUFFET
- 9:00 - 10:00 AM SOUTHERN VIRGINIA COMMITTEE MEETING
- 10:00 - 10:45 AM SOUTHWEST VIRGINIA COMMITTEE MEETING
- 10:45 - 11:30 AM EXECUTIVE COMMITTEE MEETING
- 11:30 - 12:30 PM COMMISSION MEETING
- 12:15 - LUNCH WILL BE SERVED

SAFE TRAVEL HOME

STRATEGIC PLANNING COMMITTEE



AGENDA
STRATEGIC PLANNING COMMITTEE

Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Tuesday, October 4, 2022
1:00 P.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: **2630 930 3163** and the password is: **73973989**. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>Mr. Ed Blevins, Vice Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>5/12/20</u> Minutes	<i>(published on website)</i>
Public Comments	
2023-25 Strategic Plan Review	<i>Andy Sorrell, Acting Director</i>
Other Business	<i>Andy Sorrell, Acting Director</i>
Public Comments	
Adjournment	

MEMO

TO: TRRC Strategic Planning Committee
FROM: Andy Sorrell, Acting Director **AVS**
DATE: September 23, 2022
RE: 2023-25 Update to Commission's Strategic Plan

Overview

§ 3.2-3103, *Code of Virginia* requires the Commission to prepare a strategic plan every two years. The Commission last updated its Strategic plan in May 2020 and therefore is required to prepare a new strategic plan in 2022.

Attachment 1 is a summary of changes between the existing and draft strategic plan. Attachment 2 is the draft 2023-25 Strategic Plan prepared by staff. If a clean copy of the existing 2020 Strategic Plan is desired, a copy can be found on the Commission's website here: <https://www.revitalizeva.org/publications/>

Additionally if earlier copies of the Strategic Plan is desired for review (2016 & 2018) they can also be found on the above website.

Anticipated Timing

§ 3.2-3103; *Code of Virginia* also mandates that in developing the strategic plan, the Commission shall solicit input from local and regional economic developers, the Va. Dept. of Agriculture & Consumer Services (VDACS), the Va. Economic Development Partnership (VEDP), the Va. Dept. of Housing & Community Development (DHCD), the Va. Tourism Authority, the Va. Resources Authority (VRA) and the Center for Rural Virginia. Staff anticipates opening a 30-day partner input period on the draft after receiving feedback from the Commission at the fall meeting.

At the conclusion of the input period, staff will compile and review all feedback with the Committee and Commission leadership and prepare a final draft for review with the committee at a to-be-scheduled meeting in November or December 2022. It is likely this meeting will be an all-virtual meeting if the Commission adopts revisions to its electronic meeting policies. With the Committee recommendation, staff will complete the final draft for review and adoption at the Commission early January 2023 meeting. The update to the strategic plan would cover the period of 2023 – 2025 and need to be updated again in 2'years.

If partner feedback suggests more major revisions may be need than initially anticipated, at the discretion of Committee Chairman Blevins, the Committee may need to convene prior to the winter 2023 meeting. Additionally, it may be the desire of Committee Chair Blevins to have a committee meeting to review the final plan with staff and the Committee. Staff will keep the Committee abreast of any meetings or feedback needed this fall.

Attachment 1
Comparison Document
2020-2022 and 2023-2025 Strategic Plans

Edit	Section & Page	Changes	Purpose of Change
A	Overview p. 3	Minor formatting changes of Service Area Map	Add clarity to footprint map. Does not make any changes to footprint.
B	Mission p. 4	No changes	n/a
C	Vision p. 4	No changes	n/a
D	Priorities p. 4	Section was previously called "A New Approach."	Minor editing to verbiage.
E	Funding & Strategic Priorities p.5	No changes	n/a
F	Funding Priorities p. 5	No changes	n/a
G	1. Business & Community Lending p. 5	Minor editing to verbiage and moved edit R "Improved Fiscal Management" to this location	To clearly reflect the Commission's intent with CBL loans.
H	2. Education & Workforce Development p. 6	No changes	n/a
I	3. Agribusiness p. 6	No changes	n/a
J	4. TROF p. 6	Eliminated reference to "Community Business Launch" program	Just list primary programs that have matched TROF.
K	5. Industrial & Business Infrastructure p. 7	Replaced: "The Commission will continue to make grants and loans to support the creation and improvement of industrial sites, business locations, shell buildings, telecommunications, natural gas, and electrical infrastructure to close this gap and ensure that localities within the Commission footprint can compete successfully for projects." With: "The Commission will continue to make grants and loans to support the creation and improvement of industrial sites, business locations, and shell buildings to close this gap and ensure that localities within the Commission footprint can compete successfully for projects. Priority will be given to projects that improve the readiness of sites already	Removed telecommunications (i.e. broadband) as a primary focus moving forward since other state and federal partners are much more involved in this arena then they had previously been. Does not prevent broadband applications from being requested.

		<p>under development within the region as opposed to the acquisition and development of new sites.”</p> <p>NEW ADDITION TO 2023 PLAN: “The rural towns in the Tobacco Region serve as important community focal points and economic centers. Due to changing transportation and economic patterns, these rural communities have faced acute challenges that are often reflected in extremely low-to-medium household incomes, lack of well-paying job opportunities, high rates of out-commuting by the workforce and high building vacancy rates. The Commission will make grants and loans to support capital investments in downtown properties and entrepreneurial and business support strategies, with the goal of encouraging the occupancy of vacant, underutilized private buildings and creation/expansion of technology and business service sector jobs.”</p>	<p>This initiative was first proposed in 2018 and did not get traction at the time. Given the improvement of broadband and other economic factors coming out from the pandemic, staff felt this initiative should be re-considered for inclusion in the plan.</p>
<p>L</p> <p>6. Small Towns Initiatives p. 7</p>			
		<p>NEW ADDITION TO 2023 PLAN: “Many rural areas in the Tobacco Region are fortunate to have local natural resources and cultural assets with the potential to develop into tourist destinations. The Commission will make grants and loans to cultural projects and tourism opportunities that will create jobs, stimulate local business development, and bring significant numbers of residents from outside the footprint into the region.”</p>	<p>This was in prior versions of the strategic plan in prior years and was removed from the current plan. Staff felt it was appropriate to include in the plan again since it remains important to our footprint communities and because the CBL loan program now exists for additional low-interest loan opportunities.</p>
<p>M</p> <p>7. Community Assets and Opportunities p. 8</p>			

N	8. Economic factors affecting regional competitiveness p. 8	<p>NEW ADDITION TO 2023 PLAN: "The Commission acknowledges that the rising cost of childcare and housing has created barriers to attracting an adequate workforce for rural communities seeking to attract economic development opportunities. These quality-of-life challenges require a creative approach to generate a favorable climate for business growth and human capital expansion in the region. The Commission will consider supporting regional efforts that address these issues and have significant funding support from other public and private partners."</p>	<p>Coming out of the pandemic, Commission partners have repeatedly informed staff of the importance of workforce housing and childcare to attracting and retaining industries to the footprint. The Commission has not historically funded such projects as they have been seen a more local provision of services vs. ones that have a larger economic benefit to the region. Staff includes this to initiate a discussion with the Commission & its partners to determine if this projects that support regional efforts for workforce housing and childcare with significant "skin in the game" from other partners should be included in the plan.</p>
O	Strategic Priorities p. 9	No changes.	n/a
P	Programmatic, capacity-building, and project development Streamlined Committees p. 9	Removed.	Priority has been implemented.
		<p>Heading replaced with "Committee Structure." <u>Replaced:</u> "In a period of reduced budgets, dividing resources among too many committees leads to small grant rounds with correspondingly small outcomes. As a result, the Commission will match narrowed funding priorities with a reduction in the number of committees. The Commission will create a single committee for each region that manages all non-education grant-making and lending while eliminating redundant committees including R&D, Special Projects, Agribusiness, and Business Support committees, and rolling their work into the new regional committees. These two regional committees are not continuations of the existing Southside and Southwest Economic Development</p>	Changes reflect that this has already been implemented.

	<p><i>committees – they will hear projects that would, previously, have come before some of the eliminated committees, at the discretion of the chairs. Additionally, the executive committee will be slimmed down to one that mirrors executive committees of other organizations: it will consist of the chairs of our committees and the officers of the full Commission. Each committee’s work is broken out into one or more logic models, which can be seen at the end of this document, that display the specific outputs supporting each programmatic goal. It is the goal of Commission staff to evaluate projects, both before awards are given and in follow-up, on how well they meet the clear metrics laid out in project outputs when grants or loans are awarded. For more detail on specific metrics, please contact Commission staff.” With: “The Commission has five standing committees, with the option to create new committees on an ad-hoc basis for special purposes. All committees meet at the call of their respective committee chairpersons. Most committees evaluate grant and loan proposals from eligible applicants, as specified by each Request for Proposal. These committees make recommendations to the overall Commission as to what projects should be funded, in what amounts, and whether said funding should be in the form of a grant or loan. Some committees are operational in nature and recommend policy or process changes to the Commission. The overall purpose and objectives of each committee is described below.”</i></p>	<p>Strategy has been implemented and by reference is included in Sustainability” section</p>
Q	Improved Fiscal Management p. 10	<p>Removed the following: “Focus on lending. In the past the Commission has relied on grants as the</p>

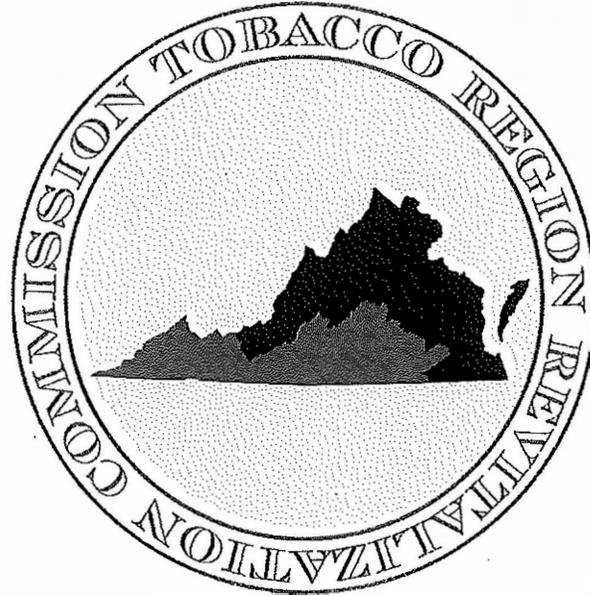
		<p><i>primary means of supporting and incentivizing projects across the region. While this has resulted in positive impacts for the localities we serve, it has also resulted in the slow drawdown of Commission funds to the point that the Commission risks not being a financially viable entity within a short number of years. That said, the Commission still retains a significant amount of capital. It is critical that the Commission use this capital in the most efficient manner possible, and that will largely mean lending. The Commission has the authority to invade its corpus for more than \$20 million annually for the next several years – rather than use these funds to make further grants, which would dramatically deplete the corpus, the funds will be set aside for making low, fixed-rate loans. At 4% return, each year's corpus invasion would yield at least \$800,000 new dollars per year, meaning millions of new dollars coming into the Commission per-year by year four. At the same time the Commission will expand lending activity beyond its current stakeholders to include business lending, when that business or its principals have sufficient assets to guarantee a loan or the business's locality or IDA/EDA will guarantee the loan. In the past year, multiple businesses have approached the Commission with purchase orders in hand, but without access to capital sufficient to fill those purchase orders. These businesses will be ideal candidates for lending, and will make the business climate in the Commission's footprint even more competitive relative to the rest of the Commonwealth.</i></p> <p>Moved: When offering loans, preference will be given to shorter-term loans, and in all instances loan</p>	<p>(p. 9) to ensure fiscal management remains a key aspect of Commission operations.</p>
R	Improved Fiscal Management		This portion was previously in the Improved Fiscal management section. It had been

	<p>rates will be fixed at the outset so financial projections can be done in a stable fashion. The rate will be set by Commission staff, in consultation with partners at VRA, but will aim to be lower than commercial lenders while still ensuring a return for the Commission that exceeds inflation. Initially, loans will be made through VRA or via other expert servicers rather than directly by the Commission. After an initial period of time, staff and Commissioners will evaluate the efficiency of this arrangement for potential cost savings with the option of moving loan making operations in-house either by hiring additional staff or by contract. It should be noted that under no circumstance will the Commission take significant- or even moderate- risk as a lender. All loans will be guaranteed by a unit of local government, fully-secured by attached assets of the borrower, or some other arrangement that ensures taxpayer funds are adequately protected.</p>	<p>edited and added the second paragraph of "1. Business & Community Lending" under funding priorities on page 5. See Edit G.</p>
S	<p>Commission Foundation p. 11</p>	<p>n/a</p>
T	<p>Investing in the Regions p. 12</p>	<p>Strategy has been implemented.</p>

		<p>activity on an ad-hoc basis, but making these efforts a stated job duty – and allocating a specific percentage of field office directors’ time for it – will bring them more closely into alignment with local and regional economic development staff and yield greater results. Along with this new focus on project development, field staff will continue to evaluate projects as they arrive and during performance periods. This core mission of the grants team will continue with an increased emphasis on thorough tracking of project metrics throughout the life of the grants and ensuring that all relevant data are not just recorded, but entered into the database in a manner that permits more-detailed analysis. Field staff will also directly monitor Commission assets in the field. The Commission possesses millions in physical assets throughout the footprint and with an increased concentration on cataloguing and potentially leveraging these assets good stewardship will be even more important than it has been previously. Field staff will serve as conduits to other state programs (VEDP, Port, DHCD, etc.) or federal programs (EDA, ARC, SBIR, etc.) that may be beneficial to projects, but this has been ad-hoc. By training field staff in other programmatic offerings, and setting aside staff time for advising partner organizations, communities, and business prospects, we can leverage our field staff expertise to bring more resources into the region without expending Commission funds.”</p>	
U	Investing in the Regions p. 12	<p><u>Replaced:</u> “Regional Marketing and Development Efforts. The Commission’s regional marketing efforts, Invest Southern Virginia and Invest Southwest Virginia, while distinct in character, are</p>	<p>Revised to remove specific project details and reflect a more general approach ensuring performance metrics adequately address expected return on investment.</p>

		<p>both producing significant return for the Commission. Moving forward, the Commission will continue to support these efforts, and will ensure continuity by transitioning from a grantor/grantee relationship to a contract relationship. This has already been approved as relates to Anwyll Consulting and Invest Southern Virginia, and will be reflected in the FY21 budget. The three-year grant period for the team managing Invest Southwest Virginia will be regarded as a trial period, after which that effort could also be transitioned to a renewable contract with the Commission. The Commission will continue to seek partners to support funding of these efforts."</p> <p><u>With:</u> "Regional Marketing and Development Efforts. The Commission will implement measures to assess the value and productivity of its regional marketing efforts, Invest Southern Virginia and Invest Southwest Virginia. The Commission will also continue to seek partners to support funding of these efforts to expand promotion of economic development opportunities in its geographical footprint."</p>	
V	Program Outcomes and Goals p. 12	<p>Eliminated previous "all-inclusive" logic models and replaced with logic models and outcomes specific to investment strategies.</p> <p>Minor changes to "Program Design" section to bring to current procedures.</p> <p><u>NEW ADDITION to "Meeting Schedule:"</u> Provisions in the Code of Virginia have expanded the Commission's ability to utilize remote participation for members and for the Commission to conduct all-virtual meetings. It is the Commission's intent that in-person member attendance be preferred for the</p>	
W	Operations p. 16		<p>Added new provisions relating to electronic meeting policies that went into effect September 1, 2022.</p>

		<p>three regular meetings per year. However, because Commission membership covers a wide distance, there are certain times when other commitments may make travel not possible. Additionally, there are times when Commission meetings are required to convene outside of the regular meeting schedule. In these instances, the Commission and its members may utilize the remote participation and all-virtual meeting policies and procedures as found in their Electronic Meeting Policy.</p> <p>Minor changes to "Revolving Loan Program" to bring to current policies and procedures.</p> <p>No changes to "Data Strategy."</p>	
X	Organizational Chart – Appendix A p. 20	Updated.	to reflect current structure and positions, and to eliminate staff names
Y	Funding Policies Appendix B	Removed.	Removed from Strategic Plan so that Strategic Plan does not need to be amended to make minor revisions to the funding policies. Funding policies document remains valid and in use with changes reviewed by Commission.



A Strategic Plan for the
Tobacco Region Revitalization Commission
2023-2025

January 2023

Table of Contents

About the Commission	
• Overview	3
• Mission	4
• Vision	4
Funding & Strategic Priorities	
• Overview	4
• Key Funding Priorities	5
• Strategic Priorities	8
• Committee Structure	8
• Fiscal Management	9
• Commission Foundation	10
• Investing in the Regions	11
• Program Outcomes and Goals	11
Operations	
• Program Design	15
• Meeting Schedule	17
• Loan Fund – Operational Description	17
• Data Strategy	18
Appendices	
• Appendix A: Organizational Chart	19

About the Commission

In 1998, the Attorneys General of 46 states signed the Master Settlement Agreement (MSA) with the four largest tobacco companies in the United States to settle state suits and recover billions of dollars in costs associated with treating smoking-related illnesses. Four states - Florida, Minnesota, Mississippi, and Texas - settled their tobacco cases separately from the MSA states. A portion of the MSA proceeds funded the creation of the Tobacco Region Revitalization Commission.

Chapters 31 and 31.1 of Title 3.2 of the Code of Virginia contain statutes governing various aspects of the Commission.¹ Broadly, those serving the Commission may be split into two groups - members (or commissioners) and staff.

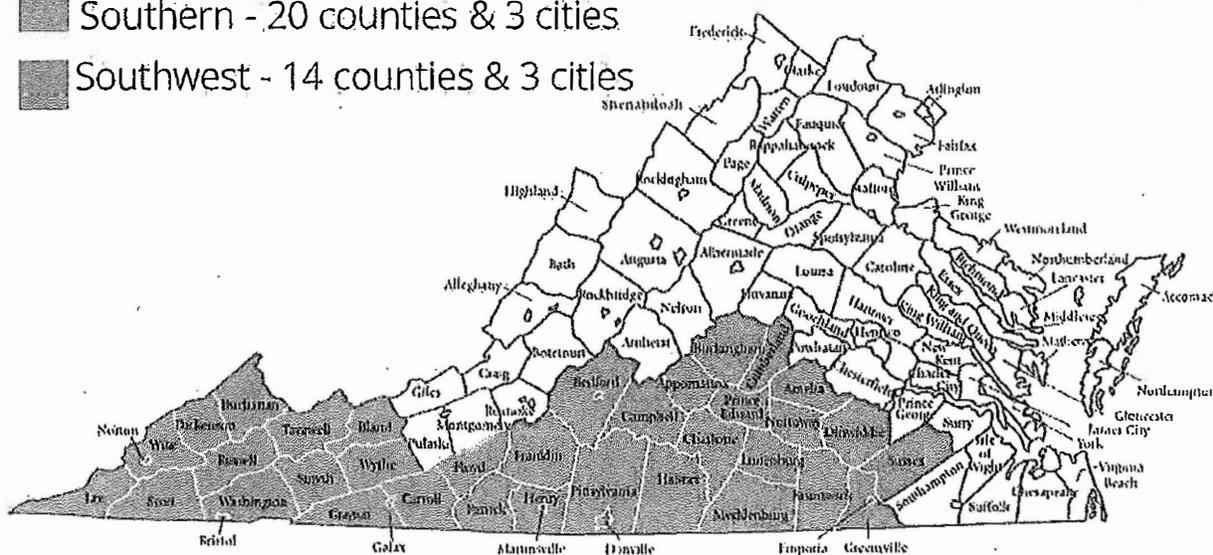
The Commission is composed of 28 members and appoints from its membership a chairperson and vice-chairperson. These and other details on membership are described in §3.2-3102. Members are appointed to one or more committees. Each committee is assigned a chairperson by the Commission chair. Some committees have a vice-chairperson or are structured to have co-chairs.

A current organizational chart of staff may be found on page 18.



Tobacco Region Revitalization Commission *footprint localities*

-  Southern - 20 counties & 3 cities
-  Southwest - 14 counties & 3 cities



¹ During the 2015 legislative session, section §62.1-203 of the Code of Virginia was amended to include reference to the Virginia Tobacco Region Revolving Loan Fund (§3.2-3117). This section describes the powers of the Virginia Resources Authority.

Mission

The Tobacco Region Revitalization Commission is created as a body corporate and a political subdivision of the Commonwealth and as such shall have, and is vested with, all of the political and corporate powers as are set forth in this chapter. The Commission is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund and causing distribution of such moneys for the purposes provided in this chapter, including using moneys in the Fund to ... revitalize tobacco-dependent communities.²

*Section 3.2-3101, Code of Virginia*³

Vision

In today's environment – where markets are largely global and employment is increasingly knowledge-based – the Commission seeks to accelerate regional transformation, giving citizens expansive opportunities for education and employment, and providing communities the benefits of economic stability, diversification, and enhanced prosperity. In particular, the Commission seeks to meet the region's specific challenges related to a historic dependence on tobacco production, textile and furniture manufacturing, and coal production.⁴

As a result, the Commission also recognizes that investments should reflect and directly advance local, regional and state priorities as established by elected and appointed officials, representatives from institutions of higher education, and other community leaders. The Commission views economic development as a partnership and will - as often as practicable - seek input from regional stakeholders to ensure its priorities align with those of the region.

The Commission's work is grounded in an objective and quantifiable economic base analysis. In general, directly productive industries, and the workforce training and development which supports them, do more to further this goal and should be favored over an increase in service industries primarily serving local markets.

Finally, the Commission must focus on ensuring the maximum impact of its expenditures, both as they relate to creating economic growth and as they relate to maintaining the Commission's fiscal sustainability as a critical source of capital to the region the Commission serves.

Priorities

The Commission must continue to adapt to meet the challenges of reduced budgets and a changing economic landscape over the next decade and beyond, if it is to continue being a catalyst for growth and increased prosperity across Southern and Southwest Virginia.

² The statute also contains a section referring to the Commission's mission to indemnify tobacco farmers through direct payments. That portion of the mission was deemed completed and is omitted here for clarity.

³ The full section of the code can be accessed at: <http://law.lis.virginia.gov/vacode/title3.2/chapter31/section3.2-3101/>

⁴ The most updated survey economic data (and links to regional and MSA data) are available from the Bureau of Labor Statistics, accessible at: <http://www.bls.gov/eag/eag.va.htm>

Specifically, this means that the Commission will continue to prioritize lending activities over grantmaking, be more efficient in the way it conducts business, seek to create new funding avenues through the creation of an outside nonprofit, and make the best use of staff expertise and regional marketing initiatives.

Ultimately, the Commission will transition into an organization engaged in significant business and community lending, increasing access to capital and continuing its workforce and infrastructure missions through targeted grants made from interest on the corpus, earnings on lending, and other development activities such as receipt of grants and donations.

Funding & Strategic Priorities

The Commission receives hundreds of grant and loan applications each year and must determine how to allocate its limited annual budgets to best serve the needs of the Tobacco Region. This will become even more important as the Commission enters its third decade with a diminished corpus and reduced earnings on that corpus. While the Commission will retain the ability to fund large scale, regionally transformative projects at a high level, individual grant awards will be lower than in prior years and the bar that must be cleared to acquire funding will be higher.

Further, the Commission will continue to transition away from grants as the primary mechanism for funding projects and towards low or no interest loans.

The three mechanisms that inform staff recommendations and Commission decisions regarding which projects to fund, whether by loan or grant, are: 1) our Key Funding Priorities, which describe the sorts of project categories that will receive preference over all others, even those that follow our General Funding Policies; 2) our Committee Structure and Program Outcomes and Goals metrics; and 3) our General Funding Policies, which describe specific policies related to uses of funds and preferred overall project finance rules.

Funding Priorities

The Commission has narrowed its focus to areas in which it can make the highest impact while remaining a strong steward of its resources. This includes a continuation of business and community lending, while preserving some traditional areas of effort for the Commission like traditional economic development, agribusiness support, and education/workforce development. In no particular order of preference, the Commission's funding priorities shall include:

- 1. Business and community lending:** The Commission's largest budget line is directed toward community and business lending. This approach increases access to capital in the region while also contributing to the Commission's financial sustainability. This program is funded via a full annual corpus invasion of 15%, less any budgeted funds for grant making and administration. This invasion improves the Commission's fiscal position rather than harm it, as loans are usually made at interest rates greater than the yield on the Commission's assets within the State Treasury. This increased lending activity will, in many cases, result in awards consisting solely of loans whereas past guidelines may have resulted in a grant award.

When offering loans, preference will be given to shorter-term loans, and in all instances loan rates will be fixed at the outset so financial projections can be done in a stable fashion. The rate will be set by Commission staff, in consultation with partners at VRA, but will aim to be lower than commercial lenders while still ensuring a return for the Commission that exceeds inflation. Loans will be made through VRA or via other expert servicers rather than directly by the Commission. In 2025, staff and Commissioners will evaluate the efficiency of this arrangement for potential cost savings with the option of moving loan making operations in-house either by hiring additional staff or by contract. It should be noted that under no circumstance will the Commission take significant – or even moderate – risk as a lender. All loans will be guaranteed by a unit of local government, fully-secured by attached assets of the borrower, or some other arrangement that ensures taxpayer funds are adequately protected.

2. **Education and workforce development:** As the national and global economies increase focus on human capital, the Commission must continue to support the region's efforts to ensure employers within or interested in the footprint can hire top-flight talent. This will remain a focus for the Commission as we believe it presents opportunity for high return on investment and supports long-term economic growth.

The program will continue to be broken out into three categories:

- a. Competitive education grant-making, in which the Commission provides capital to post-secondary institutions for the creation of new programs or to expand existing, in-demand programs.
 - b. The Talent Attraction Program (TAP), in which the Commission offers to pay student loans for people who have specific, desired credentials, contribute meaningfully to their communities, and work in occupations for which there is currently a workforce shortage with the goal of incentivizing people to change their career plan and locate in the Tobacco Region.
 - c. Workforce financial aid, in which the Commission reduces the cost of credential or degree attainment at the region's community colleges and higher education centers.
3. **Agribusiness:** The purpose of the Commission's Agribusiness funding strategy is to promote agricultural and agribusiness growth, development and diversification, as well as reducing dependence on tobacco and tobacco-related business. Even with the transition away from tobacco, agriculture remains the largest economic sector in the Commonwealth and the largest economic sector – by far – in the footprint. The Commission will continue to make support for the agribusiness sector a priority. However, in keeping with the renewed focus on high-impact investments, emphasis will be given to value-added, aggregation, and systemic improvements, rather than research or programs for individual producers.
 4. **TROF:** The purpose of the Tobacco Region Opportunity Fund (TROF) is to provide performance-based monetary grants and loans to localities in the footprint to assist

in the creation of new jobs and investments, whether through new business attraction or existing business expansion. Grants and loans, awarded at the Commission's discretion, are evaluated in a manner consistent with the goals of the Commission and amounts are awarded commensurate with the project's impact on the community and/or region in which the project is located. Evaluation of award amounts are consistent throughout the region and based on the following criteria: prevailing wage rates, number of new jobs, taxable capital investment, industry type, and the possibility of related economic multiplier effect. While the TROF program has been successful in drawing new businesses to the region and creating tens of thousands of jobs, the region remains at a disadvantage relative to more-populous regions with deeper reservoirs of medium and high skill workers. As a result, the added competitive advantage the TROF offers remains important to landing transformative projects.

Incremental improvements to the TROF program have been made over time and these should continue. The program should remain discretionary, reserved for projects the staff are persuaded are truly competitive, and which might not develop absent TROF funds. Projects eligible for TROF funding must enjoy the support of economic development staff in the locality and region, and the Commission's regional marketing team (when they've been involved). TROF will be reserved for projects in traded sectors that promise to increase the locality's prevailing wage and significant preference should be given to projects that enjoy the support of sister state agency programs like the Commonwealth Opportunity Fund, Agriculture and Forestry Industries Development (AFID) grants, or similar programs.

5. **Industrial and business infrastructure:** Footprint localities (and the Commonwealth as a whole) continue to have a shortage of available and desirable locations in which to place industrial and business facilities. This shortage of both building stock and infrastructure assets puts the region at a competitive disadvantage when competing with other states to attract top employers along with the jobs and investment they bring. The Commission will continue to make grants and loans to support the creation and improvement of industrial sites, business locations, and shell buildings to close this gap and ensure that localities within the Commission footprint can compete successfully for projects. Priority will be given to projects that improve the readiness of sites already under development within the region as opposed to the acquisition and development of new sites.
6. **Small Towns Initiative:** The rural towns in the Tobacco Region serve as important community focal points and economic centers. Due to changing transportation and economic patterns, these rural communities have faced acute challenges that are often reflected in extremely low-to-medium household incomes, lack of well-paying job opportunities, high rates of out-commuting by the workforce and high building vacancy rates. The Commission will make grants and loans to support capital investments in downtown properties and entrepreneurial and business support strategies, with the goal of encouraging the occupancy of vacant, underutilized private buildings and creation/expansion of technology and business service sector jobs.

7. **Community Assets and Opportunities:** Many rural areas in the Tobacco Region are fortunate to have local natural resources and cultural assets with the potential to develop into tourist destinations. The Commission will make grants and loans to cultural projects and tourism opportunities that will create jobs, stimulate local business development, and bring significant numbers of residents from outside the footprint into the region.

8. **Economic factors affecting regional competitiveness:** The Commission acknowledges that the rising cost of childcare and housing has created barriers to attracting an adequate workforce for rural communities seeking to attract economic development opportunities. These quality-of-life challenges require a creative approach to generate a favorable climate for business growth and human capital expansion in the region. The Commission will consider supporting regional efforts that address these issues and have significant funding support from other public and private partners.

Strategic Priorities

Along with changes in funding priorities it is necessary to make changes to the way in which the Commission conducts business and seek out ways to utilize existing resources more effectively.

Committee Structure

The Commission has five standing committees, with the option to create new committees on an ad-hoc basis for special purposes. All committees meet at the call of their respective committee chairpersons.

Most committees evaluate grant and loan proposals from eligible applicants, as specified by each Request for Proposal. These committees make recommendations to the overall Commission as to what projects should be funded, in what amounts, and whether said funding should be in the form of a grant or loan. Some committees are operational in nature and recommend policy or process changes to the Commission. The overall purpose and objectives of each committee is described below.

1. Executive - The Executive Committee is the Commission's rulemaking and administrative committee. The chair and vice-chair of the Commission serve as the chair and vice-chair of this committee.
2. Southern Virginia Committee - The Southern Virginia Committee hears proposals from applicants for grants or loans to support economic development in Southern Virginia. Previously allocated funds will continue to be assigned to specific counties, but future program funds will be available to all southern counties, cities, towns and nonprofits within the region.
3. Southwest Virginia Committee - The Southwest Virginia Committee hears proposals from applicants for grants or loans to support economic development in Southwest Virginia. Program funds are available to all southwest counties, cities, towns and nonprofits within the region, without regard to any specific tobacco-related local data, historic or current.
4. Education - The Education Committee oversees the Commission's Talent Attraction Program (TAP) and hears proposals for grants or loans for competitive education funding as well as financial aid support at community colleges and higher education centers throughout the footprint.
5. Incentives and Loans - This committee will oversee both TROF and Community and Business lending policy and awards.
6. Such ad-hoc committees as may be necessary to accomplish specific tasks. A good example is the strategic planning committee tasked with the production of this report.

Improved Fiscal Management

The Commission's efforts toward sustainability have slowed the decline in Commission finances, but they have not stopped it. It is imperative that the Commission take further steps to reduce and reverse the decline in Commission assets and ensure that the Commission will remain a viable and impactful entity for change until the communities the Commission serves are at least as economically successful as the Commonwealth as a whole.

Sustainability: During, and upon completion of the transition to sustainability, the Commission will only reduce its overall financial position in instances of truly game-changing economic development opportunities, meaning facilities with many hundreds or thousands of jobs at or above the prevailing wage and investment in excess of \$250 million. Otherwise, the Commission's focus on sustainability will require that, moving forward, the Commission only grant from earnings on the Commission's corpus, interest on loans, and assets created by the new development team. With this approach, by 2025 the lending portfolio should be generating significant returns, as should the development team, meaning that there is the potential for maintenance and eventual slow expansion of grant-making efforts in the second half of the 2020s. In the next iteration of the Commission's strategic planning process, this fiscal transition will be evaluated, and the Strategic Planning Committee will recommend continuing, pausing, or reversing this transition based on documented financial changes.

Asset management. The Commission's grant agreements require that any grantee deliver, to the Commission, a security interest in any real, tangible, or intellectual property that is purchased with non-TROF grant funds. For many years these assets existed and would occasionally be transferred to the private sector and trigger a clawback, but there has only recently been a systematic approach to cataloguing our property and recording our interest in that property. This means that the Commission is the partial owner of millions of dollars of land, buildings, and high-value equipment across the footprint. Moving forward, the Commission will complete the cataloguing of this portfolio of equipment and real property that has already begun in the field offices and record right to reimbursement notices against all assets over a specific value. Once properly catalogued and right to reimbursement notices have been recorded, the Commission will also explore potential uses of this portfolio and determine if it represents something that could be leveraged to support future activities.

Fund development. (See: Commission Foundation) A transition to better fiscal management, coupled with increased lending and decreased grant activity, means that the Commission has the potential to grow in the years ahead and improve its financial position. However, the Commission also does work – especially in education and workforce development – that could be supported by charitable contributions and grants from other entities, which would take further pressure off of the current corpus. This entity would not be a recipient of Commission funds, rather it would be a new vehicle for bringing funding to support Commission projects.

To facilitate this move to outside funding, the Commission plans to create a non-governmental nonprofit to oversee the acquisition and allocation of funds for the purpose of grant making. This will require the hiring of development staff who will seek grants

from the government and charitable foundations as well as individual contributions from donors that care about the success of Commission-supported communities.

Commission Foundation

Much of the work the Commission undertakes in its largest budget area, education, which includes workforce development and talent attraction, is eminently eligible for funding via other grant-makers and donors. It makes good fiscal sense for the Commission to pursue the creation of an outside nonprofit, which should, once it has built up a portfolio of donors and grants, be able to fund the Commission's education and talent attraction work without requiring significant inputs from the Commission's corpus.

Bring in outside funds. By creating a foundation or nonprofit that resembles those operated by the Foundation for Healthy Youth or any Virginia public university, the Commission will have a vehicle to receive funds from other organizations and individuals. This Commission foundation will seek both private and public sector grants as a means of continuing to fund Commission programs, particularly in education and workforce development.

Management. This outside entity will be managed by a board composed of current and former members and staff of the Commission in an effort to prevent any divide between the two organizations, and the Commission's Executive Director will also be director of the nonprofit. The Executive Committee will appoint the membership of the board of the nonprofit, and those members will serve short terms with the opportunity for multiple reappointments.

Initial funding and staff. The Commission will make the initial investment in this nonprofit for the purposes of hiring a development staffer who will work out of the Richmond office and report to the Executive Director. It will be the job of this staffer to seek grant and donation opportunities that align with the goals of the Commission's education and workforce development programs and, in consultation with the Executive Director, pursue those opportunities. This staffer will also be responsible for overseeing the day-to-day operations of the fund.

Legislation. Creation of this nonprofit will require legislation. A bill has been drafted and requires a sponsor in the General Assembly. Members of the Commission should engage in outreach to the General Assembly in favor of this plan's strategic direction, generally, and a change in the Commission's enabling statute to permit the creation of the foundation, specifically.

Investing in the Regions

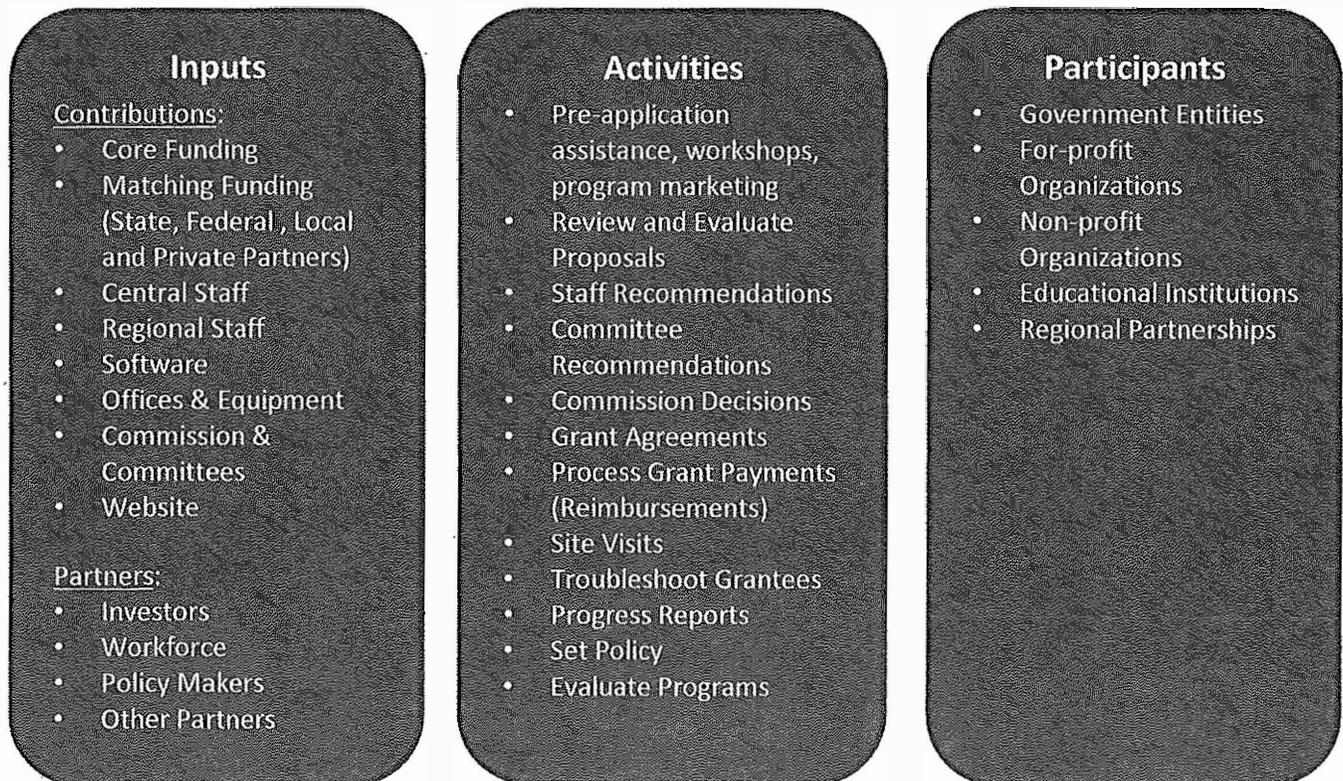
Regional Marketing and Development Efforts. The Commission will implement measures to assess the value and productivity of its regional marketing efforts, Invest Southern Virginia and Invest Southwest Virginia. The Commission will also continue to seek partners to support funding of these efforts to expand promotion of economic development opportunities in its geographical footprint.

Program Outcomes and Goals

Each programmatic committee of the Commission does its work in pursuit of specific “project outputs,” each of which supports one or more of the “targeted outcomes,” the long-term goals of the program. Below, each committee’s work is broken out into one or more logic models that display the specific outputs supporting each programmatic goal. It is the goal of Commission staff to evaluate projects, both before awards are given and in follow-up, on how well they meet the clear metrics laid out in project outputs when grants or loans are awarded. For more detail on specific metrics, please contact Commission staff.

Inputs, Activities and Participants

Broadly, TRRC has five different programs, each with one or more investment strategies. Each program and strategy has specific outputs, or deliverables from the project, which target specific outcomes in the region. Below is a comprehensive representation of the Inputs, Activities and Participants, though some may vary by program.



Investment Strategies, Project Outputs, and Targeted Outcomes

Investment Strategies

- Investment Strategies are the "tracks" selected by the grant applicant.
- Each investment strategy has a specific set of associated outputs and outcome(s).

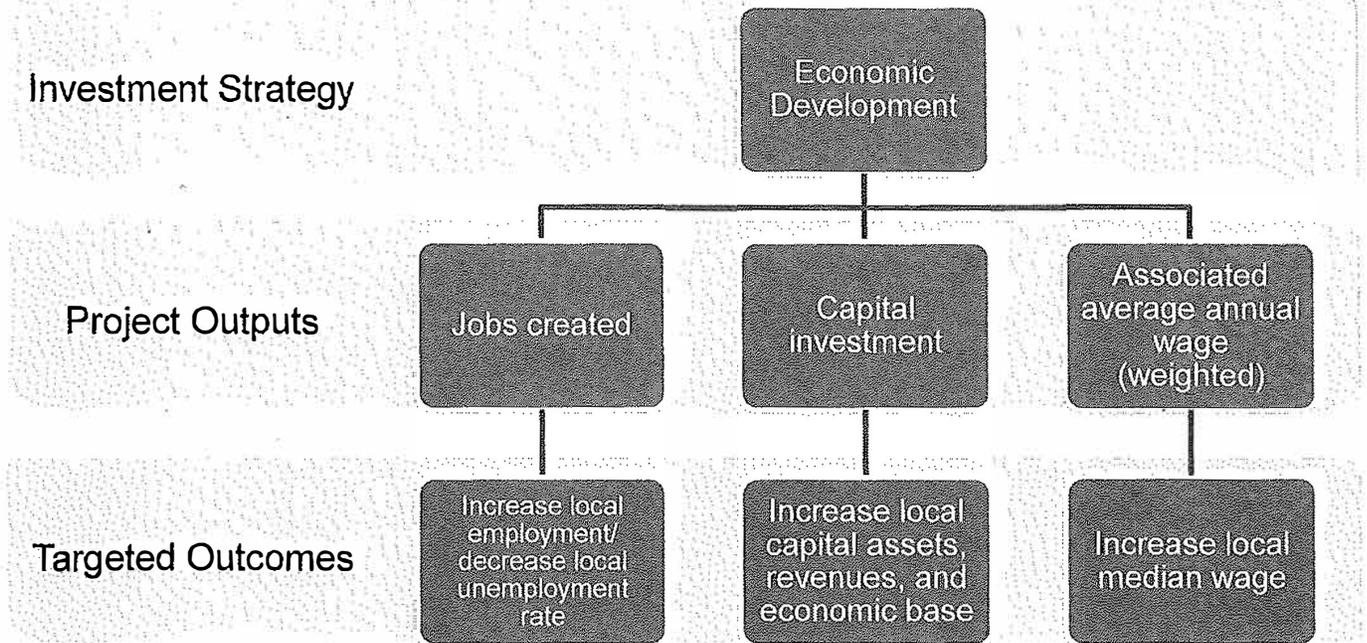
Project Outputs

- Outputs are the legally binding, contractual obligations specified in the grant agreement.
- Outputs may vary by program, by investment strategy, or they may be the same.
- Outputs are synonymous with "deliverables."
- *Outputs are projected, anticipated, or estimated in the application, and updated with actuals during and at the close of the project*
- For a more intuitive reference, TRRC refers to outputs as "project outputs."

Targeted Outcomes

- Outcomes are the measures being targeted by the program.
- Outcomes are difficult to directly target on a project basis
 - For example, it is unreasonable to put as an output in the grant agreement that a project must decrease the unemployment rate in the locality which it is based.
 - Instead, the output is to create new jobs, which should have a positive effect on decreasing the unemployment rate.
- For a more intuitive reference, TRRC refers to outcomes as "targeted outcomes."

TOBACCO REGION OPPORTUNITY FUND (TROF) LOGIC MODEL

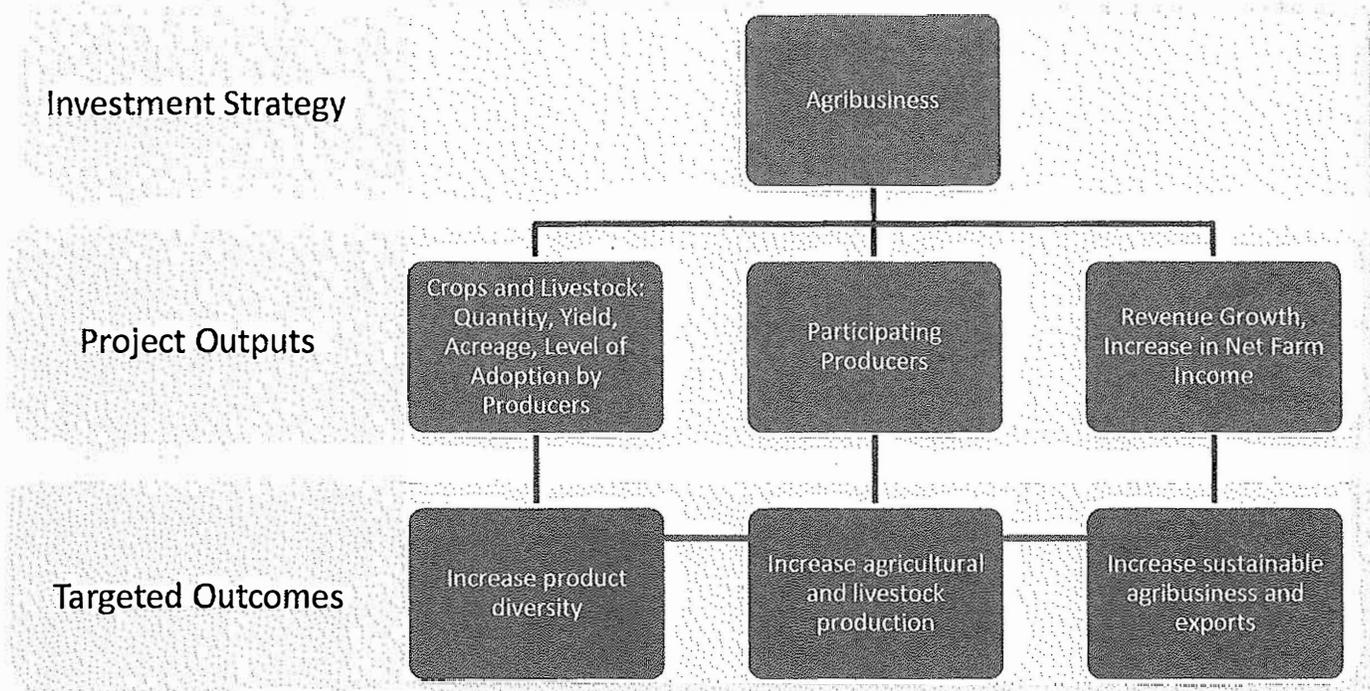


SOUTHERN & SOUTHWEST VIRGINIA ECONOMIC DEVELOPMENT PROGRAM LOGIC MODEL

Agribusiness

Agriculture is the dominant industry in the Commission footprint. The Commission strives to grow and diversify agribusiness in the region through investment in the following types of projects:

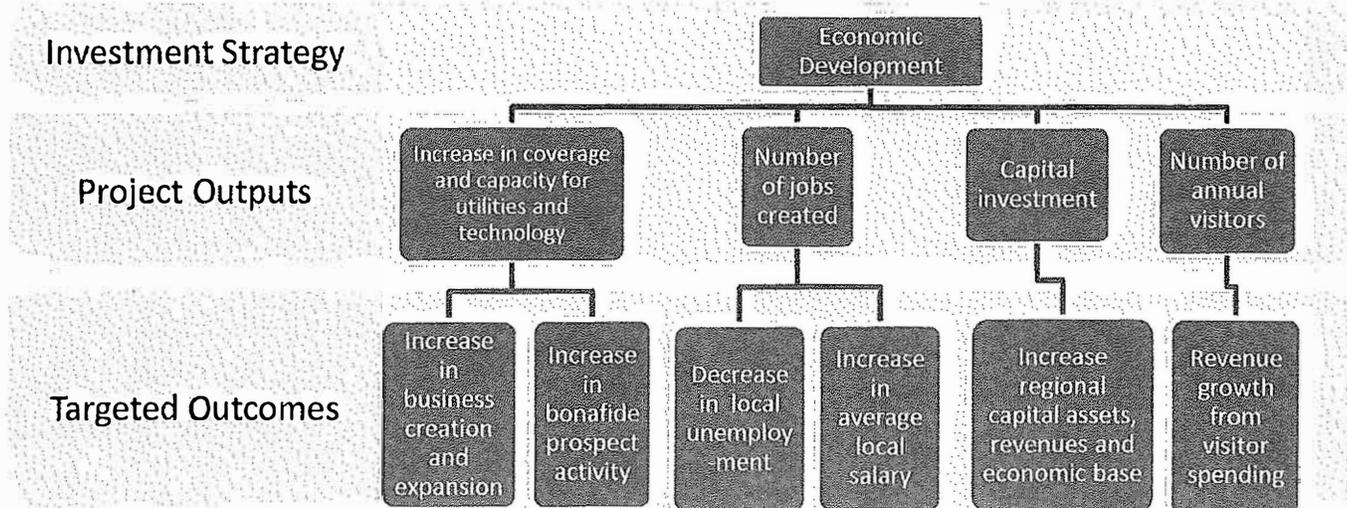
- Commercial Agriculture Product and Food Processing Facilities
- Cost Share Programs
- Crop and Livestock Demonstration
- Local Farmers Markets
- Multipurpose Agriculture Centers
- Wholesale & Retail Cooperative Marketing



Economic Development

The Commission supports investment to increase capacity for economic development opportunities within the region through the following types of projects:

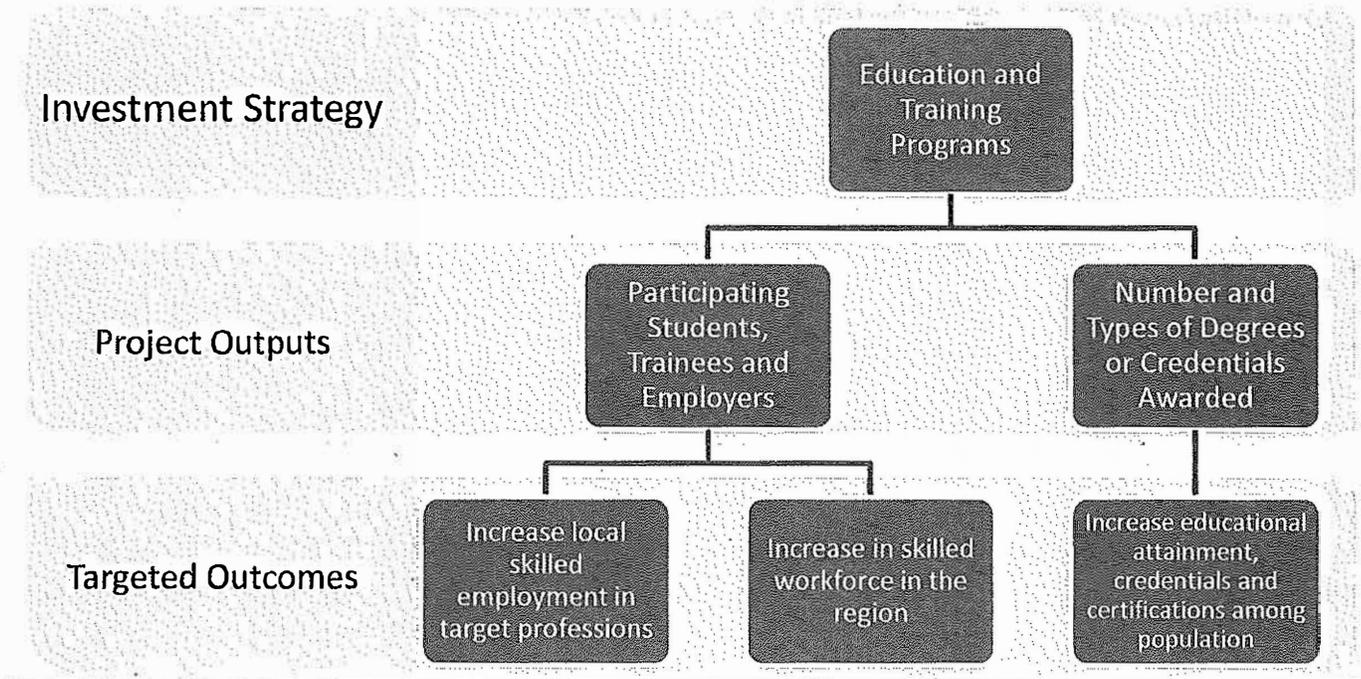
- Physical infrastructure improvements (industrial site development, shell buildings, water/sewer)
- Tourism creation and expansion
- Technology infrastructure and connectivity improvements



EDUCATION PROGRAM LOGIC MODEL

Through its education programs, the Commission seeks to prepare citizens for new-economy employment opportunities through workforce development, higher education scholarship and loan programs for the two regions and competitive grants to community colleges and other post-secondary educational entities. These types of projects include:

- Advanced Manufacturing Workforce Training Programs
- High School Equivalency (GED) Programs
- Post-Secondary Programs, with a focus on STEM-H
- Workforce Training Programs
- Community College Financial Aid
- Four-year scholarships to attract graduates to the Tobacco Region



Operations

This section describes the internal operations of the Commission. Five areas are covered: Program Design, Meeting Schedule, Loan Fund Operational Description, Data Strategy, and Organization Chart.

Program Design. Each program has specific outputs and outcomes that are directly tied to the goals of each program. The duration of these goals can vary between programs.

- Outputs are specific deliverables required from a project by an awarded applicant (or grantee) to satisfy the obligations of the grant agreement.
- Outcomes are the measures a program targets for effecting change.

A small but important distinction is that unlike outputs, outcomes cannot be targeted directly. Program specific outputs vary because program-specific outcomes vary. Project success is judged on delivered outputs, while program success is judged on effected

outcomes.¹

Every applicant to a program must clearly articulate and demonstrate how the specific project relates to the goals of the program, what outputs shall be delivered, when such outputs are delivered, and the anticipated effect of these outputs on the outcomes targeted by the program.

Commission staff review and score submitted applications. The criteria used to score an application are pre-established and program-specific, and have remained consistent over the life of the Commission.

Commission staff prepare a report containing background information, an evaluation of the financial viability of the proposed projects, and recommendations on each application in the current pool and distribute the report to the appropriate committee for review in advance of the next committee meeting. Although staff are neither members of the Commission nor members of any committee, they are available before, during, and after committee meetings to answer questions from applicants or members or the public.

If an applicant is awarded a grant, a grant agreement must be signed between the Commission as the grantor, the awarded applicant as the grantee, and the final recipient of the grant funds. Depending on the outputs of a project, the deliverables in the grant agreement may vary within or between programs. Grant agreements are legally enforceable contractual obligations between the signed parties. **Every grant agreement contains clauses that provide legal remedies, including in certain cases a clawback provision, which may be exercised in the event of any unapproved use or misuse of Commission funds, and/or outputs specified in the signed grant agreement not being met by a specified point in time.**

The grantee responds to interim assessments (surveys) on progress made toward achieving the obligated outputs. Interim assessments are program specific. The assessments are intended to provide the Commission with useful quantitative data on the progress of the project toward completion. The Commission or Commission staff may, at any time, request additional information from grantees.

A final assessment is done once a project is completed within the duration specified in the grant agreement. A project is considered complete when the obligated outputs are met or exceeded, or when the obligated outputs either have not or will not be met. In the event of the latter, a clawback may be initiated by the Commission. **Under no circumstances will a final disbursement of funds be made to any grantee before Commission staff have received, reviewed, and validated the final assessment from the grantee.**

A project is closed once all documentation is received by the Commission and all obligations are considered satisfied.

Meeting Schedule. The Commission meets regularly three times each year, with various

¹ In practice, it is often difficult to judge a program's success on effected outcomes because of other exogenous effects on that same outcome (e.g. lowering the unemployment rate). Examining the realized outputs of a program over time is another way to judge program success. However, this approach provides no information on the outcomes the program was intentionally and specifically designed to effect.

committees having met in the weeks leading up to a full Commission meeting:

1. The Commission's winter meeting shall be held in January, prior to the convening of the General Assembly.
2. The Commission's spring meeting shall be held in May or early June.
3. The Commission's fall meeting shall be held in September or early October.

Any additional meetings may be called at the request of the chair, but the Commission has a goal of accomplishing all of its annual business in its three regular meetings. Should an unforeseen event like a global pandemic occur, meetings may be rescheduled at the discretion of the Commission's chair.

Provisions in the Code of Virginia have expanded the Commission's ability to utilize remote participation for members and for the Commission to conduct all-virtual meetings. It is the Commission's intent that in-person member attendance be preferred for the three regular meetings per year. However, because Commission membership covers a wide distance, there are certain times when other commitments may make travel not possible. Additionally, there are times when Commission meetings are required to convene outside of the regular meeting schedule. In these instances, the Commission and its members may utilize the remote participation and all-virtual meeting policies and procedures as found in their Electronic Meeting Policy.

Revolving Loan Fund - Operational Description. The Tobacco Commission was authorized during the 2015 session of the General Assembly to set up a revolving loan fund in partnership with the Virginia Resources Authority (VRA).² This loan fund is the preferred funding option for any grant applications in support of projects that are likely to generate sufficient recurring revenue to service loans. This fund is distinct from the Commission's business and community lending portfolio.

When grant or loan requests are made by localities, they are routed to the relevant committee, and evaluated by Commission staff. Commission staff recommend to the committee that the applicant receive no award, receive a grant in some amount, or be reviewed for a loan up to some amount. Should the relevant committee, and then the full Commission, choose to extend a loan, the applicant will be directed to VRA for a creditworthiness evaluation. Upon completion of that evaluation, a loan will be extended from the revolving loan fund in an amount equal to the lesser of the applicants' creditworthiness or their loan offer from the Commission. Upon notice from VRA that a loan will be extended, the amount of the loan will be deducted from the relevant committee budget and transferred to VRA. In future years, when the revolving loan fund has adequate resources from repayments, its funds will be allocated for the use of various committees during the budget process.

When loan requests are made directly by businesses, Commission staff, in partnership with VRA, shall determine the eligibility of the applicant business for a loan. If the applicant is eligible and Commission staff support the making of a loan, VRA staff shall extend a loan directly to the relevant business, and Commission staff shall take any measures necessary

² The full statute and details can be found in the Virginia Code at § 3.2-3112 et seq.

to secure pledged collateral or other security necessary to protect the taxpayers.

Data strategy. Data are an integral part of the Commission's work. The Commission shall view and treat data as an asset, and data are leveraged to create value for all stakeholders. Through the collection of detailed grant and loan applications and ongoing grant and loan assessments, the Commission acquires tremendous amounts of data about projects, the region, and grantees within the region.

By making use of modern data analytics, the Commission can ensure strong ROI on its activities while gaining and disseminating new insights into best practices and solutions to region-specific challenges. As the Commission gains better insight into those investments that yield the most return for the region, it will revise grant and loan funding policies to reflect a preference for higher return projects.

The Commission shall create a clear, consistent, and objective set of criteria for what constitutes successful projects in any funding area and apply these concepts throughout the life of each grant or loan: application, management, and closeout.

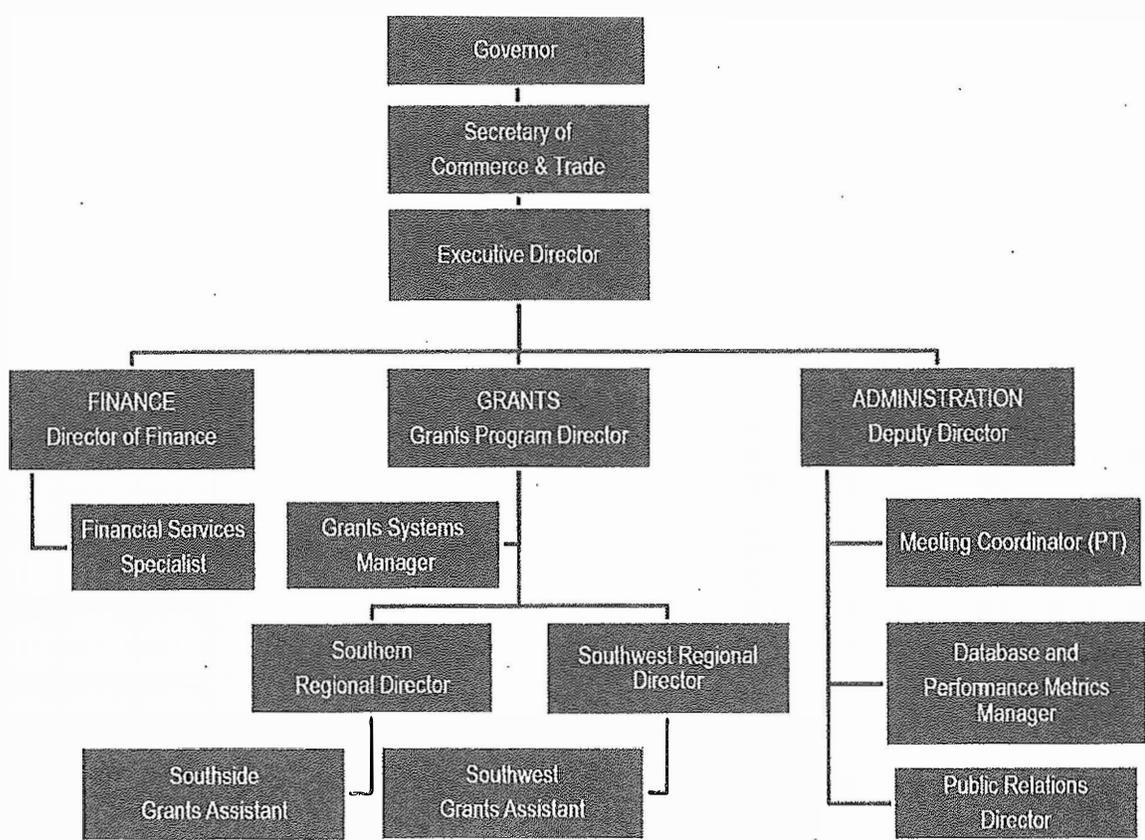
The Commission is committed to objective metrics that are consistently recorded throughout the life of any grant or loan.

The Commission shall document comprehensive data management processes and policies. The Commission shall establish a recurring review of these policies for accuracy and workflow improvements.

Appendix A:

Tobacco Region Revitalization Commission

Organizational Chart



EDUCATION COMMITTEE



AGENDA
EDUCATION COMMITTEE
Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Tuesday, October 4, 2022
2:45 P.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: 2630 930 3163 and the password is: 73973989. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>The Honorable L. Louise Lucas, Vice Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>3/28/22</u> Minutes	<i>(published on website)</i>
Public Comments	
FY 23 Competitive Education Applications	<i>Vicki Humphreys, Grants Program Director</i>
FY 23 TAP Funding & Update	<i>Stephanie Kim, Finance Director</i>
Other Business	<i>Andy Sorrell, Acting Director</i>
Public Comments	
Adjournment	

**FY23 Competitive Education
Staff Summaries and Recommendations**

Request #	Organization	Project Title	Requested Amount	Staff Recommended Amount
Advanced Manufacturing Workforce Training				
4084	Mountain Empire Community College	CWIA Expansion II	\$ 419,732	\$ 419,732
4086	Patrick & Henry Community College Foundation	Career and Technical Education (CTE) Credentialing	\$ 40,425	\$ 40,250
4085	Southern Virginia Higher Education Center	Welding Program Expansion	\$ 264,802	\$ 236,222.50
4091	Virginia Technical Institute	Advanced Industrial Maintenance Mechanics Laboratory	\$ 32,250	\$ 25,285
High School Equivalency Programs				
4087	Southside Virginia Community College - Adult Education	Southside Race to GED/NEDP	\$ 70,000	\$ 70,000
Healthcare / Post-Secondary Programs				
4089	Southwest Virginia Higher Education Center Foundation	Southwest Virginia Higher Education Center Virtual Cadaver Lab	\$ 100,000	\$ 100,000
4092	Wytheville Community College	Advancing Wytheville Community College's Health Programs	\$ 100,324	\$ 100,324
Workforce Training Programs				
4082	Institute for Advanced Learning and Research	ExTRA: Expanding Talent through Registered Apprenticeships	\$ 646,690	\$ 497,890
4083	Mount Rogers Development Partnership	Virtual Reality Career and Technical Education Workforce Training	\$ 50,000	No award
4088	Southside Virginia Community College Foundation	Fiber Technician Training Program	\$ 478,253	\$ 478,253
4090	United Way of Southwest Virginia	Increasing the childcare workforce in Southwest Virginia	\$ 121,175	WITHDRAWN
Requested Amount / Staff Recommendation			\$2,323,651	\$ 1,967,956.50

Mountain Empire Community College
CWIA Expansion II (#4084)
\$419,732.00 Requested

Project Summary:

Commission funds are requested to continue the development of MECC's Center for Workforce and Innovation in Appalachia, VA. This facility, a former public school building, houses several of MECC's training programs and provides an opportunity to expand capacity and programming beyond the space constraints of the college's main campus. The current proposal will utilize TRRC support to develop a machining laboratory resulting in the creation of a Precision Machining program required to meet the demands of local industries. Grant funds will be used for required building renovations and for equipment purchases. The request also supports the expansion of the CDL program. Funding will be used to transition a part time instructor to full time and to purchase an additional commercial vehicle for the program. The expansion will allow MECC to offer four additional cohorts classes each year.

Matching Funds:

Matching funds will be provided from MECC for adjunct faculty support (\$90,000), Komatsu (\$15,000 adjunct faculty support and \$50,000 donated consumables), and from a pending DoE AMLER application (\$264,732).

Project Outputs:

An additional 30 CDL credentials will be awarded each year. The precision machining degree program will graduate 8 participants each year.

Staff Comments:

The Commission has provided two previous grants to support the development of the CWIA and its associated programs. These grants (\$425,905 in 2018 and \$253,593 in 2020) assisted with building upgrades and equipment needs for MECC's Lineman, CDL, and Dental Assistant Program. The current request will expand the CDL Program to meet the growing demand for the credential. Over the past 12 months there were 394 active job advertisements for CDL drivers in MECC's service region. The ability to add four additional cohorts each year, likely offered on nights and weekends, will help to fill these positions.

Additionally, a new Precision Machining program will be established. The college will partner with a local manufacturer, Komatsu, to establish the machining program. Komatsu and others have documented substantial demand for precision machinists and cited the lack of qualified employees as an issue impacting their ability to grow operations. Komatsu's commitment to provide faculty support and donated equipment is a strong indicator of the need for this program. A large portion of Komatsu's contribution to the project is in the form of in kind support representing donated supplies and materials. Only a vague description of these materials has been provided. Care will be needed during the administration of the grant to document these donations and to determine appropriate values.

Financial Viability Assessment:

This new degree program for Precision Machining will strengthen the region's ability to retain existing industry and attract new ones by filling a documented need for qualified candidates in this field. Modest renovation to the current CWIA facility will allow MECC to accommodate an existing inventory of large machinery, along with requested new equipment, necessary for the establishment of this new lab. By expanding the capacity of the CDL program, MECC will alleviate months-long waiting lists and increase the rate at which qualified licensees

become available for employment. MECC is positioned financially to sustain the ongoing programs through tuition and other state revenue.

Staff Recommendation:

Staff recommends the approval of a \$419,732 grant award contingent upon the receipt and documentation of all required matching funds necessary to complete the project as described.

**Patrick & Henry Community College Foundation
Career and Technical Education (CTE) Credentialing (#4086)
\$40,425.00 Requested**

Project Summary:

Patrick & Henry Community College Foundation seeks funding to cover student certification costs within the high-demand fields of advanced manufacturing. Despite the value of industry recognized credentials in validating and confirming student skills to future employers, current state policy prohibits P&HCC from embedding student certification costs into tuition, which eliminates the ability to use most scholarship funds to cover these costs. While most certification testing fees are \$150 or less, these fees represent a significant financial burden for students and limits their ability to earn certifications that would assist them in the job market. P&HCC Foundation requests funding to cover certification testing fees within the advanced manufacturing field, which will increase the number of certifications earned and improve student success upon entering the job market.

Matching Funds:

A total of \$79,426 in Match is committed. P&HCC is providing \$20,000 to support annual dues to both Festo-NC2 and Siemens. Federal funding commitments from two sources, \$15,000 from Postsecondary Perkins Fund and \$34,320 from Defense Manufacturing Community Support will be used for staff professional development.

Project Outputs:

- An estimated 100 students per year will receive nationally recognized industry certifications; with an estimated 537 certifications anticipated to be awarded annually from the following organizations:
 - American Welding Society (AWS) – 180 certifications
 - American Society of Mechanical Engineers (ASME) – 20 certifications
 - Siemens – 32 certifications
 - National Institute for Metalworking Skills (NIMS) – 15 certifications in year 1 (30 in year 2)
 - Festo Didactic-National Coalition for Certification Centers (Festo-NC3) - 290 certifications

Staff Comments:

The Commission has supported advanced manufacturing industry certification costs at P&HCC through the two grants awarded to the New College Institute for the Advanced Manufacturing Center of Excellence. This funding request continues this initiative and reflects the success P&HCC has maintained in delivering this training to provide a qualified workforce for the regional employers. Virginia's FastForward program provides support for certification costs for non-credit short term workforce programs. Whereas, this funding request is to support students in for-credit programs in obtaining industry recognized certifications that are embedded in multiple Career Studies Certificates and Associate degree programs. Employer letters with hiring estimates for companies benefiting from P&HCC's site in Patrick County were provided by Ten Oaks, LLC, Thomas Industrial Fabrication, and Mechanical Designs of Virginia. The college's People Soft Oracle program will be used to track all data regarding student completion rates. This project provides direct Education program outcomes within the Advanced Manufacturing priority area and staff is recommending full funding.

Financial Viability Assessment:

There is likely demand for this kind of support at all educational institutions in the footprint. Recognizing the need for this type of support and the direct outcomes that result, and to provide similar funding opportunity to other colleges in the Tobacco Region footprint, staff is recommending a change to the guidelines for the FY23 Workforce Financial Aid program to allow certification costs to be budgeted under for-credit scholarship priorities in addition to the current allowance for use of funding to support tuition and fees.

Staff Recommendation:

Staff recommends approval of a \$40,425 grant award.

Southern Virginia Higher Education Center

Welding Program Expansion (#4085)

\$264,802.00 Requested

Project Summary:

The Southern Virginia Higher Education Center (SVHEC) will expand the Welding@SVHEC Training Program to include 1) new and enhanced curricular components focused on planning and executing a metal fabrication project (these components will be embedded in the currently-offered Welding Levels 1 through 3 courses); and 2) the addition of Welding Level 4 curriculum for aluminum and stainless steel welding. This expansion is a direct response to employer-specified needs for advanced skill sets and abilities. Welding@SVHEC is a highly successful workforce training program that has prepared almost 100 individuals for welding jobs since 2014. Requested funding will be used toward the support of an additional full-time instructor and part-time lab assistant, long lived supplies and equipment, and recruitment marketing materials, and a small scale renovation to the welding lab.

Matching Funds:

A total of \$236,222.50 in Match is committed. The SVHEC and the Southern Virginia Higher Education Foundation (SVHEF) will provide \$211,296.50 in cash match for partial support of new staff, recruitment marketing materials, equipment, supplies and materials for the new program, and renovations for the welding lab. In-Kind Match valued at \$24,926 is for current existing support of the Welding Program Lead Instructor.

Project Outputs:

- Creation of new NCCER Welding Level 4 instructional program within the SVHEC, focused on aluminum and stainless steel welding.
- Attainment of NCCER Welding Level 4 Certifications by 8 participants annually.
- Development of expanded curriculum components for Welding Levels 1-3, to incorporate enhanced blueprint reading, project layout and planning, and GMAW spray transfer and pulse welding techniques for 10 participants annually. Students can earn up to seven industry-recognized credentials from the Welding@SVHEC program.

Staff Comments:

Demand continues to climb for qualified welders, as the application forecasts the need to hire ~22 new welders annually over the next decade within the service area. The funding requested in this proposal will add critical new elements to the Welding@SVHEC Training Program, focused on the stated requirements of existing and potential employers. Letters of support for the proposal were submitted by Hitachi Energy, Old Dominion Machine and Fabrication, Lewis Metal Works, and Comfort Systems USA Mid-Atlantic. Of particular note, Hitachi Energy generates 35% of its revenue through stainless steel and aluminum welding. The addition of the Welding Level 4 training component and the potential to earn up to seven industry-recognized credentials will

help generate qualified candidates for the anticipated 70 welding positions this manufacturer will hire within the next three to five years. Starting salaries for welders at this firm are in the range of \$19-\$25/hour.

Staff notes that \$41,890 of the proposed in-kind matching funds in the original proposal were tied to oversight positions not directly involved in the creation and delivery of the new program. TRRC funding guidelines do not permit the acceptance of these indirect costs as match. In addition, \$49,852 of the \$65,138 in supplies proposed as cash match were deemed to be directly related to the offering of the Welding Level 4 program. As such, the total cost of the program drops to \$472,445, of which the TRRC proposes to fund \$236,222.50. SVHEC submitted a revised project budget to reflect the additional \$28,578.50 required for the remaining match through rebudgeting some of the requested TRRC expenses to the SVHEC.

Financial Viability Assessment:

The Welding@SVHEC program is proposing a way to make higher and better use of existing space and tailor programs to meet both current and future employer demand, thereby supporting business retention and recruitment to the region. The Welding Level 4 program will be open to the public, including previous completers, based on their interest and availability. The staff expansion creates the capacity to add expanded and evening cohorts, while maintaining compliance with safety requirements. The current space only needs minor renovations to accommodate equipment for the Welding Level 4 program. SVHEC projects sufficient revenue through tuition and state funding to continue to support the program after the project period is complete.

Staff Recommendation:

Staff recommends approval of a \$236,222.50 grant award.

Virginia Technical Institute

Advanced Industrial Maintenance Mechanics Laboratory (#4091)

\$32,250.00 Requested

Project Summary:

Virginia Technical Institute is a nonprofit workforce training center for construction trades and technical occupations, located in the Town of Altavista on the southern border of Campbell County. The goal of the Advanced Industrial Maintenance Mechanics Laboratory project is to create an interactive laboratory incorporating local methods/practices most commonly found in local manufacturing industry. Requested funding will be used toward the purchase of interactive trainers in pneumatic, hydraulic, electro-hydraulic, and electrical disciplines; as well as initial fees with Smart Automation Certification Alliance offering specialist certifications for Industry 4.0 technical skills. A \$31,952 estimated from Amtek Company for the Portable Pneumatic and Portable Basic Hydraulic Learning Systems was provided. The interactive trainers will show the core concepts of each process in a hands on manner but more importantly can incorporate troubleshooting faults which industry has repeatedly stated is a weakness in their workforce. These trainers will replicate many issues found in manufacturing shut downs and require the students to employ critical thinking skills in a controlled environment resulting in a higher skilled workforce.

Matching Funds:

Cash Match for the project includes \$12,000 from the Greater Lynchburg Trust already secured for purchase of lathe and mill; and a second request of \$7,000 to be submitted to the Trust. In-Kind Match valued at \$20,250 is for the market value of new equipment donations by Fluke Incorporated.

Project Outputs:

- Creation of the Advanced Industrial Maintenance Mechanics laboratory within the Industrial Maintenance program at VTI.
- Industrial Maintenance enrollment increased by + 10 annually, from 5 to 15 students; and an increase in NCCER Industrial Maintenance Mechanic Certifications by + 6 annually, from 5 to 11 certifications.
- Addition of the SACA Certified Industry 4.0 Mechanical Systems Specialist Certifications for 11 annually.

Staff Comments:

Virginia Technical Institute has a solid track record for meeting the needs of manufacturing companies in the region. VTI first discussed this project with grants staff in July 2021. This project is a modest request to enhance VTI's Industrial Maintenance program to address a critical need of manufacturing companies in the region. The application lists seven companies with current opening for industrial maintenance positions, and an employer letter was provided by Goodyear-Danville supporting the request. Completion of the laboratory set-up with utilization of the interactive trainers is targeted for May 2023. As a result of this project VTI students will be qualified for an additional industry recognizing credential from SACA for Industry 4.0 specialist certifications. Staff notes that the mill and lathe equipment purchases from the \$12,000 match occurred in April 2022, and staff recommends this be allowed toward as cash match for this award. The Commission is limited to only accepting 25% In-Kind Match toward the 1:1 match requirement. With this limitation the total amount of grant funding that can be recommended to \$25,285, and an additional \$7,000 cash Match is needed toward the total project costs. VTI has indicated a plan to submit an application to the Greater Lynchburg Trust for this amount.

Financial Viability Assessment:

VTI has a good relationship with area employers and connecting graduates to open positions. This modest request will provide the capacity for VTI to enhance its current programs and expand the pool of qualified industrial maintenance technicians, a position in high demand in this region of the Commonwealth.

Staff Recommendation:

Staff recommends approval of a \$25,285 grant award, contingent on VTI securing the remaining required matching funds prior to disbursement of grant funding.

High School Equivalency Program

Southside Virginia Community College - Adult Education
Southside Race to GED/NEDP (#4087)
\$70,000.00 Requested

Project Summary:

Southside Virginia Community College's Regional Adult Education program leads a partnership with the four regional adult education and literacy programs that serve Southern Virginia (Regions 11, 12, 13 and 14). The program provides an incentive to cover credentialing testing fees for individuals pursuing a high school equivalency diploma. To receive a GED individuals must receive a passing score in four subjects- Math, Science, Social Studies, and Reasoning through Language Arts. The objective of the Southside Race to GED/NEDP program is to increase basic education attainment levels in order to help families move out of poverty, into jobs, and towards self-sufficiency. The majority of the requested funding, \$60,000 is to support scholarships for the GED test fees which ranges from \$10 for a retake test and \$30 for each subject, for up to a total of \$160 per

person depending on the number of retakes. Another \$10,000 of grant funding is requested to support marketing and promotional efforts to reach participants. To be eligible individuals must be a resident of the Tobacco Region, 18 years or older, enrolled in an adult education program and they must pass an official practice test with a score of 145 or better. Students are also required to attend class to remediate any deficient skills before taking a retest in a subject in which they did not meet minimum passing requirements.

Matching Funds:

Match of \$74,529.66 will be provided from Virginia Department of Education grants to Regions 13 and 14, to support the Pearson Vue Test Center administrator costs shared by the two regions, testing proctors, and the regional program manager for test administration and grant oversight.

Project Outputs:

- Implementation of marketing plan to promote Southside Race to GED Program.
- Baseline enrollment in the adult education programs for the four regions of 1,311 individuals is projected to increase by 13% to 1,481 participants enrolled.
- Individuals receiving their GED is estimated to increase 25% from 80 students annually to 100 students.

Staff Comments:

The Commission has supported GED attainment programs in both the Southern and Southwest areas of the region for more than a decade. Four past grant awards for the Southside Race to GED program total ~ \$289K. Unfortunately, Southern Virginia has some of the lowest education attainment levels in the Commonwealth, with significantly higher than average populations without a high school diploma. The Commission's most recent grant #3413 awarded in May 2018 for \$80,000, has a balance of \$26,822 as is estimated to cover testing fees through the end of December 2022. Grant funds are requested to continue covering testing fees over the next two years. The applicant requests \$10,000 for marketing, and staff is recommending a marketing and promotional plan for these funds be approved in advance of spending.

Financial Viability Assessment:

Southside Virginia Community College cites a U.S. Census Bureau figure of 67,000 individuals without a high school credential in its service area, which is a contributor to 5% unemployment in some areas and the highest levels of poverty in the Commonwealth. This ongoing partnership project has demonstrated its effectiveness in removing financial barriers to GED attainment for many unemployed and underemployed individuals, and put them on the path to better employment opportunities. The sustainability of this program is dependent on continuing grant support.

Staff Recommendation:

Staff recommends approval of a \$70,000 grant award, contingent on a Marketing Plan being approved by staff in advance of disbursement of grant funds approved for marketing.

Healthcare / Post-Secondary Programs

Southwest Virginia Higher Education Center Foundation *Southwest Virginia Higher Education Center Virtual Cadaver Lab (#4089)* \$100,000.00 Requested

Project Summary:

Commission funds are requested to support the development of a Virtual Cadaver Lab at the Southwest Virginia Higher Education Center. The Lab will provide opportunities for interprofessional training across five programs including Doctor of Pharmacy, Doctor of Nurse Anesthesia, Family Nurse Practitioner, and RN & RN to BSN. Governor's School students will also utilize the lab in their programs. Two Anatomize Virtual Cadaver Tables will outfit the lab and feature numerous support task trainers (skeletal system, brain, joints, heart, respiratory system, reproductive system, etc.). The total cost for the tables and related task trainers is \$211,754. Commission funds will be used for the purchase of one table (\$100,000).

Matching Funds:

The Southwest Virginia Higher Education Center will provide \$61,754 toward the purchase of an Anatomize Virtual Cadaver Table and the related training equipment required for the tables. The A. Linwood Holton Governor's School will provide \$50,000 for the table and related equipment.

Project Outputs:

- The lab will provide 5,000+ training hours to approximately 350 students enrolled in 5 programs. Each program will achieve minor increases in enrollment:
 - College Transfer Credit +35
 - Doctor of Pharmacy +3
 - Doctor of Nurse Anesthesia +2
 - Family Nurse Practitioner +4
 - RN & RN to BSN +3

Staff Comments:

This project provides a valuable enhancement for the healthcare programs located at the Southwest Virginia Higher Education Center. Currently no similar lab exists in the region and the creation of this space, as well as the future development of a regional simulation laboratory, will allow the SWHEC to attract and grow multiple healthcare programs with varying levels of credentials. Interprofessional Education (IPE) is an emerging trend for healthcare education programs. IPE requires that students, in a variety of healthcare programs, learn together in a collaborative environment. The Virtual Cadaver Lab will provide a space where this team learning model can be implemented.

Only modest increases in credential attainment are expected as a result of this project. This is not unusual for program enhancement projects considered in the Competitive Education Program. The potential for the Lab to have a positive effect for existing students is also important. Research has shown that IPE learning opportunities result in better educational outcomes for medical profession students as well as better health outcomes for patients. Southwest Virginia region is notoriously "medically underserved" by all types of healthcare providers. This project presents an opportunity to provide state of the art training to produce a better trained workforce needed to meet the region's critical workforce demand.

Financial Viability Assessment:

This project presents a creative and versatile solution for the delivery of education to healthcare providers, community college students, and dually-enrolled high school students. The application was accompanied by strong letters of support from the Appalachian College of Pharmacy, Virginia Highlands Community College, VCU College of Health Professions, A. Linwood Holton Governor's School, and King University School of Nursing. It is solidly matched by private and local contributions. This request is for equipment only, and the Southwest Virginia Higher Education Center will provide ongoing support for operating expenses. This lab has the potential to be a model for medical education in other underserved regions.

Staff Recommendation:

Staff recommends the approval of a \$100,000 grant award.

Wytheville Community College

Advancing Wytheville Community College's Health Programs (#4092)

\$100,324.00 Requested

Project Summary:

This request supports enhancement of several of WCC's healthcare programs. Simulated training opportunities will be expanded through the use of virtual reality technology. Additionally, the Pharmacy Technician program will be expanded through the creation of a simulated pharmacy lab space. The simulated lab space will create the capacity for the Pharmacy Tech program to offer an advanced credential.

Matching Funds:

Matching funds will be provided from Wytheville Community College utilizing Perkins Grant funding (\$50,000) and Equipment Trust Funds (\$10,524). An additional \$39,800 has been provided by WCC for the recent purchase of a MedDispense Cabinet.

Project Outputs:

- Modest increases (65 total) in credential attainment are expected from several of WCC's healthcare programs:
 - Nursing - + 2
 - Practical Nursing - + 2
 - Nurse Aid - + 40 (program relaunch)
 - Pharmacy Tech - Basic - + 1
 - Pharmacy Tech Advanced - + 15 (new program)
 - Physical Therapy Assistant - +1
 - Physical Therapy Assistant - +1
 - Medical Laboratory Technology - +1
 - Phlebotomy - +1
 - Dental Hygiene - +1
 - Dental Assisting - +1

Staff Comments:

This request supports enhancements benefiting several of WCC's existing healthcare programs. Virtual reality is a newer option for traditional healthcare simulation training which has been a familiar investment for the Commission over the past two decades. Numerous Manikin simulation labs have been established at higher

education facilities across the TRRC region. Virtual reality technology will allow these simulations to become even more lifelike and to provide hands on, real world, training opportunities for WCC's students. The College's existing healthcare programs will realize only modest increase in enrollment as a result of the project. The primary benefit will be realized through student retention and graduation rates. WCC anticipates that more students will complete the programs and pass the required certification examinations. The largest increases in enrollment are the result of the restart of the Certified Nursing Assistant Program which has been dormant during recent years as a result of the COVID pandemic.

The second component of the application, the development of a dedicated lab space for the WCC's Pharmacy Tech Career Studies Certificate Program, will provide WCC with the space necessary to offer an Advanced level CRC option. Currently only the Basic certification is offered at WCC. The lab space will allow students to simulate a real world pharmacy environment.

While outcomes are modest for this proposal there is a clear and documented need for healthcare professionals in the TRRC region. The application provided excellent documentation of job demand in WCC's immediate service region for graduates of all healthcare programs. Clinical opportunities are limited for students who rely on simulated training to prepare them to enter the workforce.

Financial Viability Assessment:

This well detailed application is representative of WCC's track record of commitment to outstanding learning environments in its health care programs. These enhancements will bring expanded capabilities to their facilities. WCC has committed to sustain the ongoing maintenance of the equipment and software beyond the grant period.

Staff Recommendation:

Staff recommends the approval of a \$100,324 grant award.

Workforce Training Programs

Institute for Advanced Learning and Research
ExTRA: Expanding Talent through Registered Apprenticeships (#4082)
~~\$646,690.00 Requested~~ \$497,890 Reduced Request

Project Summary:

Grant funds are requested to support development of a regional work-based learning program for the creation of new apprenticeship opportunities by employers within the 15 localities of Southern Virginia that are included in Go Virginia Region 3. Virginia's Registered Apprenticeship program is an occupation specific training model designed to produce highly skilled workers to meet the demands of employers, through a combination of on-the-job training and related technical instruction with a paid job experience for the employees.

IALR is proposing to focus on expansion of apprenticeships for occupations in construction, healthcare, early childhood education, manufacturing, and information technology. Three critical areas of funding support are identified: 1) continuation support for a dedicated Apprenticeship Coordinator to provide technical assistance to employers in designing apprenticeship opportunities; 2) incentives to employers to cover the direct costs of the required Related Technical Instruction (anticipated at 144 hours per year per apprenticeship), and limited to ≤ \$2,700 per year per apprentice; and 3) development of a regional Apprenticeship Consortium with a website and marketing materials to support recruitment. IALR plans to provide assistance for thirty-six new apprentices each

year for three years, for a total of 108 apprentices (recognizing that depending on the selected occupation apprenticeship terms can run one, two, three or four years); and with employers providing wages and fringe benefits averaging \$16 per hour for more than \$7 million of Match contributions. New apprenticeships will be registered through the Virginia Department of Labor and Industry. Apprentices who succeed in this program will receive their Journeyworker credential, a nationally recognized certificate demonstrating an individual has completed an apprenticeship and has the ability to perform all tasks of the trade in the area certified.

Matching Funds:

- \$116,940 Match committed from Danville Regional Foundation to support 50% of Apprenticeship Coordinator, travel and office supplies, as well as training support for eight employers.
- \$497,890 to be paid by employers for apprenticeship wages and benefits will documented for the required Match. (Total estimated contribution from employers is over \$7 million.)

Project Outputs:

- New apprenticeships will be created and registered through the Virginia Registered Apprenticeship Program, with 35 apprentices placed over each of three years for a total of 108 apprentices.
- An estimated 61 apprentices will receive their Journeyworker credential during the grant period.
- A regional Apprenticeship Consortium will be created with a supporting website and marketing materials.

Staff Comments:

This proposal is a follow-up to the 2021 Education application from IALR approved in September 2021 (#3907), at \$64,800 for 50% of the Apprenticeship Coordinator position over two years. This grant required development of an implementation plan with a list of employers, by sector, who were interested in establishing an apprenticeship program; and details on the credentials for the different apprenticeship programs and associated training needs. IALR has identified the content in this new application, results of a Go Virginia Region 3 survey, as well as a detailed spreadsheet with current job openings in the targeted sectors, with examples of program providers and the duration of apprenticeship along with cost estimates for training, to satisfy the implementation plan requirement.

In 2018 IALR completed an Apprenticeship Analysis for Go Virginia Region 3, to assess apprenticeship efforts and best practices and including a survey of businesses. Over 100 companies' responded and 87 employers expressed interest in considering offering apprenticeships in the near future (within three years). These employers indicated that their highest needs were for information and technical assistance, and funding for the related technical instruction, both of which are addressed as critical elements of this proposal.

For several years, IALR has been a leader in the region for educating employers and workforce professionals on the value of the apprenticeships model for addressing workforce needs. This proposal provides the necessary support and incentives for implementation of a regional apprenticeship program. IALR is the only Intermediary Sponsor recognized by DOLI within the targeted project area, which is a formal role whereby IALR directs employers to the registered apprenticeship model and works with them to develop a work plan and to identify options for the related technical training. A letter of support from DOLI was included with the application; and IALR plans to use DOLI's Registered Apprenticeship Partners Information Database System to register apprenticeships for case management and to be used to qualify project outcomes.

During the review process staff worked with IALR to scale down this request to under \$500K, to serve as a demonstration grant in order to get a better idea of the actual demand by employers. *Target numbers and output projections included in this staff report are based on the reduction for the \$497,890 grant request.*

There are some companies in the region within the targeted sectors who already employ apprentices, and IALR clarified their primary focus will be on employers that are starting new apprenticeship programs; and secondarily, on providing assistance to employers willing to scale existing programs by adding apprentices/employees. IALR also clarified their intentions to leverage other available funding to support the related technical instruction, including encouraging employers to apply for the Commonwealth's CRAFT Grant (up to \$3,000 per apprentice, and up to \$36,000 per employer in certain sectors available through June 30, 2023); as well as utilizing Virginia's Fast Forward and G3 funding when apprentices are eligible. The Commission's Workforce Financial Aid program currently provides annual grants to community colleges to support scholarships to students in workforce and two year programs. Staff notes that the apprenticeship program funding will need to allow flexibility for employer to select the training providers and curriculums (which may or may not be through VCCS), and the need for multi-year commitments of incentives to employers for occupation specific related training instruction. However, in keeping with the Commission's long standing policy under the WFA program for being last dollar, and in recognizing the availability of state funding for the Fast Forward and G3 programs, it is important that the parameters for IALR's apprenticeship program make certain that when apprentices are eligible for these other financial assistance programs, that those funds are committed first, prior to TRRC funding and this is recommended as a condition for approval of this grant request.

Financial Viability Assessment:

The IALR has made significant strides in developing partnerships in support of implementation of this apprenticeship program. The concept's popularity is evidenced by enthusiastic letters of support from local employers, such as Axxor, Daniel Builders, Global Center for Automotive Performance Simulation (GCAPS), SOVAH Health, Blair Construction, Comfort Systems USA, Nucor Building Group, Haymes Brothers, Southside Mechanical Services, and Hitachi Energy. The Virginia Department of Labor and Industry's (DOLI) Division of Registered Apprenticeship has established IALR as a regional intermediary sponsor, and is dedicated to working with them to identify state and federal resources to support the expansion of registered apprenticeships. The IALR has committed to working with all of its partners to identify ongoing alternative funding sources for related technical instruction expenses.

Staff Recommendation:

Staff recommends approval of a \$497,890 grant award, conditioned on IALR's program design including parameters to make certain that when apprentices who are eligible for federal Pell grants or state Fast Forward and G3 Funding, to support the employers selected related technical instruction, that these other sources of financial assistance be utilized prior to TRRC funding being committed.

Mount Rogers Development Partnership

Virtual Reality Career and Technical Education Workforce Training (#4083)

\$50,000.00 Requested

Project Summary:

Commission support is requested to provide virtual reality career exploration and job training technology equipment to CTE programs in Bland and Wythe Counties. The Transfer VR technology will allow students to explore several career pathways and to participate in training simulations in their program of study. The Wythe CTE program will focus on nursing, machining, and welding while the Bland CTE program will focus on auto service technology, certified nurse aid, and business information systems.

Matching Funds:

Bland County Public Schools and Wythe County Public Schools will each utilize Perkins funding to contribute \$25,000 (\$50,000 total) for the purchase of the Transfer VR platform. The systems will also commit in-kind support of \$6,250 each (\$12,500 total) for related staff support.

Project Outputs:

The application anticipates that 46 additional credentials will be awarded as a result of this project.

Staff Comments:

This project is similar to the proposal under consideration from Wytheville Community College due to the use of virtual reality simulation to enhance training in a variety of CTE programs. Unlike the WCC proposal, this project appears to be more aligned with career exploration opportunities for students in high school CTE programs. TRRC requires that all projects submitted to Competitive Education result in a nationally recognized workforce credential or degree. While students enrolled in these programs may obtain workforce certifications and credentials, the proposal lacked sufficient evidence to document it will be the primary benefit of the program.

The 46 new credentials awarded as a result of this project appear to be the result of additional program enrollment due to the career exploration opportunities available using the platform. Assuming these programs can accommodate additional enrollment, this is a worthy result of the project however, once again, no direct link with completion and job placement was provided. While this is an interesting addition to CTE programs, it does not appear to be the highest use of TRRC funding and could set a precedent for similar requests from high school CTE programs across the region.

Financial Viability Assessment:

While the proposal appears to meet matching funds requirements, it does not address how ongoing equipment and software maintenance and replacement will be supported into the future.

Staff Recommendation:

Staff recommends no award.

Southside Virginia Community College Foundation

Fiber Technician Training Program (#4088)

\$478,253.00 Requested

Project Summary:

This project provides for the creation of a two-pronged Fiber Technician Training Program to address critical workforce demand for fiber technicians. This program will support needed workforce for broadband fiber installation in the region, and information technology workers to support fiber industry installations and services for data center operations. The offerings will take advantage of two existing facilities. Southside Virginia Community College's Occupational Technical Center at Pickett Park, the location of the accomplished Power Line Worker Training School, will be expanded to offer the OpTIC fiber technician certification training through the Fiber Broadband Association. The second location at the Center for Information Technology Excellence at the Lake Country Knowledge Center in South Hill will provide a BICSI Authorized Training Facility. Project costs include a full time faculty member, an adjunct faculty member, program administration support, substantial equipment and materials purchases, and the initial marketing of the program during the start-up phase.

Matching Funds:

Matching funds total \$547,500. This includes \$345,300 committed by Southside Virginia Community College for instruction and marketing; and private contributions from Microsoft of \$190,000 toward equipment (\$140K) and supplies (\$50K), and \$12,200 from S&N Communications toward supplies and materials.

Project Outputs:

- Establish the new Fiber Technician Training Program with a BICSI Authorized Training Facility at the Lake County Advanced Knowledge Center; and equipping of the new program for Fiber Broadband Association OpTIC Training at the Occupational Technical Center.
- 132 students served annually beginning in January 2023; with 116 students earning credentials, and 121 workforce certifications awarded annually based on the following estimates:
 - OpTIC, certification through Fiber Broadband Association – 60 students (55 completers)
 - BICSI Installer I – 40 students (35 completers)
 - BICSI Installer 2, Copper – 15 students (13 completers)
 - BICSI Installer 2, Optical Fiber – 15 student (13 completers)
 - BICSI Technician – 5 students (5 completers)

Staff Comments: This projects provides a comprehensive fiber workforce training program to address immediate workforce needs for the region’s electronic cooperatives, Microsoft, and other construction contractors and information technology and communications businesses serving the region. Grant funds will primarily support Personnel Costs (\$318,550) during the 3-year start up period including support for the BICSI Instructor, an Adjunct Instructor during the first year, and a portion of an Administrative Assistance’s position to support the program over the three year period. Other funds from the Commission would be used toward the Supplies & Materials (\$36,112) for long-lived supply purchases for start-up of both the BICSI Lab and for the FBA Op TIC classes; as well as Contractual Services (\$25,000) funding to be used toward 50% of the initial marketing campaign to launch the new program. Detail budget information were provided and strong Match commitments have been made by private sector employers and by the College. Microsoft has provided a verbal commitment to assist with getting \$140K of donated new equipment for start-up of the BICSI program as well as \$50K of grant assistance for purchase of supplies and materials. S&N has committed to assisting with getting new equipment/materials donated for the FBA OpTIC training.

Compelling letters were provided from employers including ComNet Communications indicating a need for 30 persons with BICSI certifications to be hired for the Southern Virginia market over next two years; and from S&N Fiber Optic Services with a need to fill 100-200 jobs to meet projected demand; as well as support letters from Mecklenburg Electric Cooperative’s EMPOWER Broadband, and from IES Communications verifying their role in doing fiber contract work in the region for Microsoft. The 1:1 Match requirement on this grant is satisfied with \$395,300 cash contributions, and \$152,200 In-Kind for equipment and supplies/materials.

Financial Viability Assessment:

This project will establish the only BICSI Authorized Training Facility outside of the Northern Virginia, Richmond, and Charlotte, NC metropolitan areas. This project aligns favorably with Virginia’s economic development and workforce goals, based on the labor demand figures, continued high-speed fiber network expansion, and efforts to attract more data centers to the Commonwealth.

Staff Recommendation:

Staff recommends approval of a \$478,253 grant award.

INCENTIVES AND LOANS COMMITTEE



AGENDA
INCENTIVES & LOANS COMMITTEE

Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Tuesday, October 4, 2022
4:30 P.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: **2630 930 3163** and the password is: **73973989**. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>The Honorable Danny Marshall, Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>5/12/22</u> Minutes	<i>(published on website)</i>
Public Comments	
Into Closed Session	<i>The Honorable Danny Marshall, Chair</i>
Confidential Project Discussion	
Return from Closed Session	<i>The Honorable Danny Marshall, Chair</i>
Project Recommendations	<i>The Honorable Danny Marshall, Chair</i>
TROF Policy Revisions	<i>Andy Sorrell, Acting Director</i>
Other Business	<i>Andy Sorrell, Acting Director</i>
Public Comments	
Adjournment	

Incentives & Loans Committee

October 4, 2022

The Incentives and Loans Committee is meeting on October 4, 2022 at 4:30pm to consider one confidential proposed loan project in closed session and five requests for performance extension or other project modifications of existing projects in open session. All committee recommendations to the Commission will occur in open session. The following provide staff overview and comment on all the projects mentioned above.

Confidential Project Discussion

Material to be distributed in closed session.

Extensions and Modifications

1. Henry County IDA

Press Glass, Inc (#3456)

Request for a Performance Extension through June 30, 2023

Staff Overview and Comment: This is a Tobacco Region Opportunity Fund (TROF) grant for \$835,000 that was awarded to the Henry County IDA (the "IDA") and Press Glass Inc. (the "Company"). The performance period was June 2018 to June 2021. An administrative extension was granted through June 30, 2022. The performance agreement required the Company to employ 212 persons with an average annual salary of \$37,736 and provide new private taxable assets of \$43,550,000. The grant was disbursed prior to performance.

The Company has fully met the private taxable capital investment obligation, fully earning the portion of the grant devoted to capital investment (\$417,500). 200 of the 212 jobs have been provided which is 94% of the employment obligation.

As noted in the attached letter from the Company (Attachment A) and as supported by the IDA (Attachment B), the Company has fully met the capital investment obligation and are nearly meeting the employment obligation. The Company is still actively hiring and expects to fully achieve the employment obligation. Given the active hiring and their performance to date, the Company requests an additional performance extension through June 30, 2023.

Staff recommends a 5th year performance extension through June 30, 2023.

2. Smyth County Economic Development Authority

Smyth County Machine and Fabrication LLC (#3485)

Request for a Performance Extension through September 30, 2023

Staff Overview and Comment: This is a Tobacco Region Opportunity Fund (TROF) grant for \$200,000 that was awarded to Smyth County Economic Development Authority (the "EDA") and Smyth County Machine and Fabrication LLC (the "Company"). The performance period was September 30, 2018 to September 30, 2021. An administrative extension was granted through

September 30, 2022. The performance agreement required the Company to employ 53 persons with an average annual salary of \$35,883 and provide new private taxable assets of \$4,000,000. The grant was disbursed prior to performance.

The Company has met 63% of the private taxable capital investment obligation, earning \$63,436.03 of the grant. 32 of the 53 jobs have been provided which is 47% of the employment obligation (which includes a slight employment reduction since the Company did not meet the wage requirement).

As noted in the attached letter from the Company (Attachment C) and as supported by the EDA (Attachment D), the Company is still actively hiring, has increased wage level to attract more applicants, and is participating in job fairs to help to fully achieve the employment obligation. Given the active hiring, their performance to date, and their current investment in the locality, the Company has requested an additional performance extension through September 30, 2023.

Staff recommends a 5th year performance extension through September 30, 2023.

3. Franklin County

McAirlaids, Inc (#3502)

Request for a Performance Extension through September 30, 2023

Staff Overview and Comment: This is a Tobacco Region Opportunity Fund (TROF) grant for \$60,000 that was awarded to Franklin County (the "County") and McAirlaids Inc. (the "Company"). The performance period was September 30, 2018 to September 30, 2021. An administrative extension was granted through September 30, 2022. The performance agreement required the Company to employ 25 persons with an average annual salary of \$31,200 and provide new private taxable assets of \$7,800,000. The grant is to be disbursed after performance.

The Company has met 89% of the private taxable capital investment obligation, earning \$ 26,647.84 of the grant. 13 of the 25 jobs have been provided which is 52% of the employment obligation (which includes a slight employment reduction since the Company did not meet the wage requirement).

As noted in the attached letter from the Company (Attachment E) and as supported by the County, the Company is still actively hiring, increasing pay and benefits, and has the demand for product and equipment already on site to handle more employees.

Staff recommends a 5th year performance extension through September 30, 2023.

4. City of Danville

Essel Propack (#3501)

Request to Accept Report Value vs. Assessed Value of Capital Investments

Staff Overview and Comment: This is a Tobacco Region Opportunity Fund (TROF) grant for \$330,000 that was awarded to the City of Danville (the "City") and Essel Propack Inc. (the "Company"). The performance period was September 30, 2018 to September 30, 2021. The performance agreement required the Company to employ 45 persons with an average annual salary

of \$47,319 and provide new private taxable assets of \$31,197,395. The grant is to be disbursed after performance.

As noted in the executed performance agreement, the Commission requires "The Company's achievement toward meeting its taxable asset obligation *shall be based on asset values assessed the COR for the Locality...*" (*emphasis added*).

Using the above methodology, the Company has met 14% of the private taxable capital investment obligation by providing capital investment assessed at approximately \$4.3 million. Additionally, staff has confirmed from the Virginia Employment Commission that the Company and has provided 28 employees. The performance agreement requires the Company to fulfill at least 50% of its taxable asset obligation (or \$15,598,697.50) in order to earn any portion of the grant. Using the assessed value of the capital investment as required by the performance agreement does not allow the Company to earn the grant.

As noted in the attached letter (Attachment F), the City has requested the Commission consider using the original reported costs of Machinery & Tools (M&T) and Personal Property (PP) rather than the assessed values as the City applies an assessment ratio that significantly reduces the assessed value. As noted above, the performance agreement requires the Commission to utilize assessed values of capital investment as reported by the Commissioner of Revenue in writing. If the Commission were to consider utilizing the original reported costs of the M&T and PP, the Company's total capital investment would be \$28,935,744 (93% of promised) as evidenced by the Company's letter (Attachment G). Using reported cost would significantly increase the capital investment delivered from 14% to 93% and allow the Company the ability to earn portions of the grant based on their performance.

In this case, the reported value of capital investment are higher than the assessed value however, the executed performance agreement clearly states that the determination of performance for capital investment is based upon assessed value of taxable assets, and this should have been considered before the performance agreement was executed by the City in 2018. By executing the performance agreement, the City and Company agreed to the terms of the existing performance agreement with the wording related to utilizing the assessed value of assets. If the original incentive amount had been based upon the City's assessed value of capital assets, it would have likely been less than was provided. The City's reduced assessment values has the unintended consequence of reducing the Company's capital investment performance which in turn reduces the TROF incentive earned. While staff understands the City's position, Staff feels the terms of the performance agreement are clear and does not recommend accepting the reported costs as requested by the City.

Should the Commission desire to accept the reported costs of capital investment, the Company will be permitted to earn the portions of the grant they have performed to (upon submittal of appropriate paperwork needed to verify reported capital expenditures).

Staff recommends no action.

5. City of Danville

Litehouse Inc. (#3550)

Request to Accept Report Value vs. Assessed Value of Capital Investments

Staff Overview and Comment: This is a Tobacco Region Opportunity Fund (TROF) grant for \$340,000 that was awarded to the City of Danville (the "City") and Litehouse Inc. (the "Company"). The performance period was March 30, 2019 to March 30, 2022. The performance agreement required the Company to employ 160 persons with an average annual salary of \$36,157 and provide new private taxable assets of \$40,240,000. The grant is to be disbursed after performance.

As noted in the executed performance agreement, the Commission requires "The Company's achievement toward meeting its taxable asset obligation *shall be based on asset values assessed the COR for the Locality...*" (*emphasis added*).

Using the above methodology, the Company has met 28% of the private taxable capital investment obligation by providing capital investment assessed at approximately \$11.2 million. Additionally, staff has confirmed from the Virginia Employment Commission that the Company and has provided 124 employees. The performance agreement requires the Company to provide at least \$1 million of its taxable asset obligation in order to earn any portion of the grant.

As noted in the attached letter (Attachment H), the City has requested the Commission consider using the original reported costs of Machinery & Tools (M&T) and Personal Property (PP) rather than the assessed values the County uses. For M&T and PP assessed values, the City applies an assessment ratio that significantly reduces the assessed value. The executed performance agreement requires the Commission to utilize assessed values of capital investment as reported by the Commissioner of Revenue in writing. If the Commission were to consider utilizing the original reported costs of the M&T and PP, the Company's total capital investment would be \$18,002,569, as evidenced by the Company's letter (Attachment I).

In this case, the reported value of capital investment are higher than the assessed value however, the executed performance agreement clearly states that the determination of performance for capital investment is based upon assessed value of taxable assets, and this should have been considered before the performance agreement was executed by the City in 2019. By executing the performance agreement, the City and Company agreed to the terms of the existing performance agreement with the wording related to utilizing the assessed value of assets. If the original incentive amount had been based upon the City's assessed value of capital assets, it would have likely been less than was provided. The City's reduced assessment values has the unintended consequence of reducing the Company's capital investment performance which in turn reduces the TROF incentive earned. While staff understands the City's position, Staff feels the terms of the performance agreement are clear and does not recommend accepting the reported costs as requested by the City.

Should the Commission desire to accept the reported costs of capital investment, the Company will be permitted to earn a great portion of the grant then they are currently permitted (upon submittal of appropriate paperwork needed to verify reported capital expenditures).

Staff recommends no action.



PRESSGLASS

August 18, 2022

David Bringman
Tobacco Region Revitalization Commission
701 East Franklin Street, Suite 501
Richmond, VA 23219

Dear Mr. Bringman:

Press Glass submits this letter requesting a fifteen month extension of our TROF Performance Agreement dated July 15, 2018, with an initial performance date of June 30th 2022. That agreement pledged 212 jobs and \$43.55M in capital investment.

Through the month ending November 30th, 2021 Press Glass, Inc has invested \$58.5M into its Virginia location's Property, Plant & Equipment. With this it would seem that we have surpassed the initial \$43.5M capital investment target and are continuing to invest further to increase our capacity.

Within the past 26 months from starting the investment, we've been fortunate to hire 196 great employees. We've started fabricate glass for our customers in June 2020, right after the COVID-19 pandemic hit. The pandemic and the uncertainty, has hindered our hiring plans. We've started operations with only one day shift and gradually have been opening and creating new shifts and teams. Currently PRESS GLASS fully operates on 2 shifts and we are under big recruitment activities to employ around 80 employees in 2022. We will be adding two new machines to our new facility by the mid 2022. We have started marketing jobs in neighboring communities like Rockingham County, Henry County, Danville, Rocky Mount, etc. and we are using different local resource to meet the goals and expectations in terms of employment (we work with local colleges – P&HCC, RCC, and VEC). The required employment should be reached by the end of the year

We have been fortunate to find great employees and hope this pattern continues. We are moving in the right direction as people hear and learn about the opportunities, benefits and work atmosphere offered by Press Glass.

We respectfully ask that the Agreement be extended for 12 months until June 2023. We appreciate any consideration given to our request.

Respectfully,

PRESS GLASS, Inc.

P.O. Box 979
4901 US Hwy 720
Steasdc, VA 27012
USA
phone 336 573 2533
fax 336 573 1400

FEIN 59-1435559

www.pressglass.us

County of Henry

P.O BOX 7
KINGS MOUNTAIN ROAD
COLLINSVILLE, VIRGINIA 24078-0007
www.henrycountyva.gov



DALE WAGONER
County Administrator

VIRGIL "JR" POWELL
Deputy County Administrator

Board of Supervisors

JIM ADAMS
CHAIRPERSON
Blackberry District

RYAN ZEHR
Ridgeway District

T.J. "TOMMY" SLAUGHTER
Reed Creek District

Telephone (276) 634-4601

Board of Supervisors

JOSEPH A. BRYANT
VICE-CHAIRPERSON
Collinsville District

DEBRA PARSONS BUCHANAN
Horsepasture District

GARRETT DILLARD
Irlswood District

Fax (276) 634-4781

August 24, 2022

David Bringman
Tobacco Region Revitalization Commission
701 East Franklin Street, Suite 501
Richmond, VA 23219

Mr. Bringman:

Henry County respectfully requests an extension of the August 2018 performance agreement for Press Glass.

The performance agreement stipulates the hiring of 212 employees and a capital investment of \$43.55M. The County is confident that the company has exceeded the capital investment obligation. The company's records also indicate that they have met the employment target. However, additional time is needed for the VEC system to capture the latest numbers and meet the requirement.

As the first tenant of Commonwealth Crossing Business Centre, Press Glass was eager to begin operation. Construction of their 280Ksf facility started almost immediately. Once completed, the capital investment easily surpassed the investment promised as the company currently reports over \$58M.

As their 280Ksf facility was being built, the company quickly began hiring and training employees at their North Carolina facility so that work could immediately begin once the new facility was complete. The Ridgeway, Virginia location became operational in Spring 2020, and they have continued ramping up production and hiring ever since. They are running first and second shifts and actively hiring for a third shift.

We are hopeful that TROF officials will agree to extend the performance agreement date to allow for the lag in the VEC reporting system.

Please feel free to contact me with questions.

Sincerely,

Dale Wagoner
County Administrator



Smyth County Machine
260 Gordondale Road
Atkins, VA 24311
276 783-4582 (fax) 276-783-5742
www.smythcountymachine.com

September 7, 2022

Kendra Hayden
Smyth County Economic Development
121 Bagley Circle, Suite 100
Marion, VA 24354

Dear Kendra,

Pursuant to your email of August 6, Smyth County Machine and Fabrication, LLC respectfully requests an extension of our Tobacco Region Opportunity Fund grant until September 30, 2023.

We exceeded our target for capital investment but need additional time to meet our target for job creation due to an unforeseen shortage of suitably qualified candidates and unusually high turnover in the last two years. As with most businesses, we could not anticipate the consequences of the Covid-19 pandemic on job creation; however, we continue to work diligently to meet our target. Since our last report, we have

- participated in three in-person and two virtual job fairs
- engaged area community colleges to establish apprenticeship programs
- expanded on-the-job training opportunities for lower skill level positions
- increased wage levels to attract a broader range of candidates

We currently have 37 employees - 35 FT and 2 PT- who were not reflected on our 3-31-22 VEC submission.

We are expanding into new customer markets as well as pursuing AS9100 and ASME pressure vessel certifications to allow for increased business with current customers, so we certainly have the business to support our job creation target.

I appreciate your consideration in this matter and am happy to answer any questions you might have.

Respectfully,

A handwritten signature in black ink, appearing to read "Greg Sanders".

Greg Sanders,
President/CEO
Smyth County Machine and Fabrication, LLC





Smyth County, Virginia
121 Bagley Circle, Suite 100
Marion, Virginia 24354

Atkins District
Chilhowie District
North Fork District
Park District
Royal Oak District
Rye Valley District
Saltville District

Charles E. Atkins
Michael L. Sturgill
Charles P. Stevenson
Kristopher S. Ratliff, DPH
Courtney Widener
Lori H. Deel
Roscoe D. Call

County Administrator
Asst. County Administrator - Operations
Asst. County Administrator - Development

Shawn M. Utt
Lisa Richardson
Clegg Williams

May 4, 2022

Attachment D

David Bringman
Database and Performance Metrics Manager
Tobacco Region Revitalization Commission
701 East Franklin Street, Suite 501
Richmond, VA 23219

RE: Project 3485 Smyth County Machine and Fabrication LLC TROF Extension Request

Dear Mr. Bringman,

Please use this letter as Smyth County's support of Smyth County Machine and Fabrication's request an extension on the Tobacco Region Opportunity Fund performance agreement through 9/30/2023. Along with the downturn in employment due to COVID-19, finding qualified individuals that can adhere to the restrictive requirements due to government contracts has been an additional challenge for the company. Smyth County Machine and Fabrication continues to work diligently to meet their targets including, job fairs, engaging with Community Colleges to establish apprenticeship programs, expanded on-the-job training opportunities and increased wage levels.

Smyth County Machine continues to grow, expanding into new markets and growing their customer base. With an approved extension, Smyth County Machine & Fabrication is confident they will meet the employment requirement by the subsequent performance date.

Should you have any additional questions, please don't hesitate to contact our office at 276-706-8304.

Respectfully,

Kendra Hayden
Economic Development Project Manager



Smyth County Board of Supervisors
Ph. (276) 783-3298 | Fax (276) 603-9314 | www.smythcounty.org



Attachment E

September 7, 2022

Franklin County
1255 Franklin Street
Rocky Mount, VA 24151

Attn: Michael Burnette – Assistant County Administrator

McAirlaid's, Inc.
180 Corporate Drive
Rocky Mount, VA 24151

phone: 540 352 5050
fax: 540 352 5766

sales@mcairlaids.com
www.mcairlaids.com

Dear Mike,

Performance Agreement – Tobacco Region Opportunity Fund dated December 12, 2018

In the abovementioned Agreement, McAirlaid's Inc. committed to invest \$7,800,000 in taxable assets and employ an additional 25 personnel within 36 months of the Base Quarter in exchange for a Grant of \$60,000.

In terms of assets, we have met our commitment and have invested \$8,922,127 in taxable assets as of August 31, 2021.

However, in terms of employment, we have been unable to meet our commitment so far. The reason is quite simple: we are finding it virtually impossible to retain employees in our immediate vicinity despite strenuous efforts by the Company and outside agencies. It should be noted that the Rocky Mount area labor force is down 2.4% since the start of the pandemic. We continue to increase hourly pay and offer generous benefits; however, this has had no positive effect.

We continue to have an immediate requirement for additional personnel and have machines that cannot run due to the lack of people. This acute shortage has been getting worse.

This situation is prevalent across the region and will take some time to normalize as we look at it from today's standpoint. Our problem is that it coincides with the timing of the performance measurement.

Therefore, we would request that measurement of our performance under the employment portion of the Agreement be postponed by 12 months until September 30, 2023 to give us additional time to employ the needed personnel. We will continue to aggressively recruit and retain employees to meet the requirements of this grant.

I appreciate your consideration and look forward to your approval of the 12 month extension.

Yours Sincerely

Alana Young, CPA



City of Danville
Office of Economic Development & Tourism

Attachment F

September 11, 2022

Virginia Tobacco Region Revitalization Commission
Attn: David Bringman
701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Re: Tobacco Region Opportunity Fund – Essel Propack and Lighthouse

Dear Mr. Bringman,

Thank you for the opportunity to present requests from Essel Propack (now EPL America) and Lighthouse regarding each company's Tobacco Region Opportunity Fund (TROF) grant. This letter is to show the City's support of each request for the Commission to reconsider how capital investment, specifically related to machinery and tools, is calculated at the end of a performance period.

Both businesses have made significant investments in our community over the past three years, and it has come to our attention that the actual amount of the TROF grant would be significantly lower than what was outlined in each performance agreement. Through conversations with staff, we understand that the amount of credit for machinery and tools was determined by using the method in which our Commissioner of Revenue's Office calculates taxes paid – rather than providing credit for the original value of the asset. Since the City of Danville places all equipment on a depreciation schedule when calculating the taxes owed (ranging from 20% to 2%), this portion of both grants were calculated based on 20% of the original value of the company's investment.

This letter is to support both requests for the Tobacco Commission to reevaluate how machinery and tools investment is calculated for grant programs and would further request that the original value of the asset be considered instead. This method would provide the company full credit for its investment in our community, as well as align with grant programs provided by the locality and state. In looking at the Commission's broader footprint, adjusting this model will also equalize the value of the TROF grant amongst each locality within the Tobacco Region.

We are thankful for our continued partnership and appreciate your consideration of this request.

Sincerely,

Corrie Teague Bobe
Director



Attachment G

August 31, 2022

Virginia Tobacco Region Revitalization Commission
Attn: David Bringman
701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Re: Tobacco Region Opportunity Fund Project 3501

Dear Mr. Bringman,

On December 12, 2018, Essel Propack (now EPL America) entered into a performance agreement with the Tobacco Commission committing that the company would "construct or locate taxable assets and employ persons in the city of Danville" by a specified date. Our commitment to the Commission was that EPL would invest \$31,197,395 and hire 45 new full-time employees, which, if met, would total \$330,000 in grant funds through the Tobacco Region Opportunity Fund.

In closing this performance agreement, we have been made aware that the Commission is calculating our investment in Machinery and Tools based on how the Commissioner of Revenue's Office calculates the tax paid on equipment rather than the original value of the asset. The City of Danville places all equipment on a depreciation schedule when calculating the taxes owed, which ranges from 20% to 2%. During the term of our performance period (2017-2021) with the Tobacco Commission, EPL has invested \$28,935,744 in new equipment and has paid taxes to the City of Danville based on this original value. EPL has also invested \$7,328,819 in real estate and other assets during the same period. However, the Commission has indicated that it will apply a 20% modifier to our total investment. This means that we are only given credit for \$4,325,076.20 of our total investment made in the city of Danville, which significantly reduces the value of the TROF grant that was committed to our company.

This letter is to formally request that Tobacco Commission staff and members of its board reevaluate how they calculate the value of Machinery and Tools through this program. As it currently stands, companies are being penalized based on the method in which taxes are calculated within our respective localities instead of acknowledging the significant investment that the companies have made within the Tobacco Commission footprint.

We sincerely appreciate your consideration of this request and would be happy to answer any questions about our investment within the city of Danville.

Sincerely,

Anindya Bagchi
Senior Director of Finance
EPL America, LLC



City of Danville
Office of Economic Development & Tourism

Attachment H

September 11, 2022

Virginia Tobacco Region Revitalization Commission
Attn: David Bringman
701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Re: Tobacco Region Opportunity Fund – Essel Propack and Litehouse

Dear Mr. Bringman,

Thank you for the opportunity to present requests from Essel Propack (now EPL America) and Litehouse regarding each company's Tobacco Region Opportunity Fund (TROF) grant. This letter is to show the City's support of each request for the Commission to reconsider how capital investment, specifically related to machinery and tools, is calculated at the end of a performance period.

Both businesses have made significant investments in our community over the past three years, and it has come to our attention that the actual amount of the TROF grant would be significantly lower than what was outlined in each performance agreement. Through conversations with staff, we understand that the amount of credit for machinery and tools was determined by using the method in which our Commissioner of Revenue's Office calculates taxes paid – rather than providing credit for the original value of the asset. Since the City of Danville places all equipment on a depreciation schedule when calculating the taxes owed (ranging from 20% to 2%), this portion of both grants were calculated based on 20% of the original value of the company's investment.

This letter is to support both requests for the Tobacco Commission to reevaluate how machinery and tools investment is calculated for grant programs and would further request that the original value of the asset be considered instead. This method would provide the company full credit for its investment in our community, as well as align with grant programs provided by the locality and state. In looking at the Commission's broader footprint, adjusting this model will also equalize the value of the TROF grant amongst each locality within the Tobacco Region.

We are thankful for our continued partnership and appreciate your consideration of this request.

Sincerely,

Corrie Teague Bobe
Director

Attachment I

August 31, 2022

Virginia Tobacco Region Revitalization Commission
Attn: David Bringman
701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Re: Tobacco Region Opportunity Fund Project 3550

Dear Mr. Bringman,

On June 12, 2019, Litehouse entered into a performance agreement with the Tobacco Commission committing that the company would "construct or locate taxable assets and employ persons in the city of Danville" by a specified date. Our commitment to the Commission was that Litehouse would invest \$31,720,00 and hire 96 new full-time employees, which, if met, would total \$220,000 in grant funds through the Tobacco Region Opportunity Fund.

In closing this performance agreement, we have been made aware that the Commission is calculating our investment in Machinery and Tools based on how the Commissioner of Revenue's Office calculates the tax paid on equipment rather than the original value of the asset. The City of Danville places all equipment on a depreciation schedule when calculating the taxes owed, which ranges from 20% to 2%. During the term of our performance period with the Tobacco Commission, Litehouse has invested \$18,002,569 in new equipment and has paid taxes to the City of Danville based on this original value. However, the Commission has indicated that it will apply a 20% modifier to our total investment. This means that we are only given credit for \$3,600,513.80 of our total investment made in the city of Danville, which significantly reduces the value of the TROF grant that was committed to our company.

This letter is to formally request that Tobacco Commission staff and members of its board reevaluate how they calculate the value of Machinery and Tools through this program. As it currently stands, companies are being penalized based on the method in which taxes are calculated within our respective localities instead of acknowledging the significant investment that the companies have made within the Tobacco Commission footprint.

We sincerely appreciate your consideration of this request and would be happy to answer any questions about our investment within the city of Danville.

Sincerely,


Matthew Burrows

VP of Finance and Accounting

Litehouse, Inc.

SOUTHERN VIRGINIA COMMITTEE



AGENDA
SOUTHERN VIRGINIA COMMITTEE

Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Wednesday, October 5, 2022
9:00 A.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: **2630 930 3163** and the password is: **73973989**. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>Mr. Buddy Shelton, Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>5/11/22</u> Minutes	<i>(published on website)</i>
Public Comments	
Reallocation of Prior Broadband Grants	<i>Sarah Capps, Southern Regional Director</i>
Extensions and Modifications	<i>Sarah Capps, Southern Regional Director</i>
Public Comments	
Adjournment	

Virginia Tobacco Region Revitalization Commission

FY22 Southern Virginia Program – October 3, 2022 Staff Summaries and Recommendations

Two localities have requested the Commission's approval for repurposing of previously awarded grant funds. These localities were invited to submit revised applications for approval consideration by the Southern Virginia Committee. Two other grants are on the agenda for extension approvals.

Broadband

The Commission's Research and Development Committee approved last mile broadband grants during two grant cycles in March 2018, and June 2019. Several projects approved as wireless solutions were delayed in implementation and grant funds remain available. In fall 2021, the Commission's Executive Director committed to allow for the repurposing of these grant awards to be used towards fiber to the home, or wireless solutions as part of a universal coverage plan.

Halifax County

Halifax County Universal Broadband Support 2022 (#4096)

\$540,598 Requested

Project Summary:

Halifax County is requesting the reallocation of \$540,598, to be used towards the local Match on a \$27.5 million VATI project, for which contract finalized in summer 2022. Mecklenburg Electric Cooperative's ISP subsidiary Empower will deliver broadband fiber to serve 4,007 premises. This project will utilize the foundational fiber backbone deployed on MEC's electric infrastructure, and will utilize the facilities of Dominion Energy, Southside Electric Cooperative and Mid-Atlantic Broadband where needed to expand broadband coverage outside of MEC's territory.

The Tobacco Commission's two previous broadband grant awards were from March 2018 for \$334,396 (#3534); and June 2019 for \$206,202 (#3385) for the \$540,598 total requested. The larger VATI project which will be supported by this request has a \$61.2 million total project cost and includes a \$20.2 million contribution from Dominion Energy for fiber constructed along their distribution lines. The dark fiber will be leased to Emporia for a portion of the middle mile constructed in order to serve the project area. Empower is committing \$10.7 million towards design and construction of the fiber broadband network. Halifax County is contributing \$2,139,887, for design, construction and other costs for customer connections.

Matching Funds:

- \$27,569,035 DHCD Virginia Telecommunications Initiative
- \$20,293,058 Dominion Energy
- \$10,721,943 Empower
- \$2,139,887 Halifax County

Project Outputs:

- 2,090 linear miles of fiber network will be constructed in Halifax County, of which 1,756 miles will be middle mile backbone fiber, and 334 miles will be last-mile distribution.
- 3,993 locations/4,007 premises will be served with Fiber broadband service.
- An estimated 1,603 premises will subscribe to the broadband service.

Staff Comments:

This project will provide universal broadband coverage for all areas of Halifax County considered underserved and unserved residents, where internet access was insufficient to meet the minimum requirements of 25/3 Mbps for the VATI program. The Halifax County \$27 million portion of the VATI award is part of larger project involving MEC's Empower that is providing broadband access to premises in Halifax, Brunswick and Mecklenburg Counties. A Map was provided to staff identifying the 3,993 locations targeted for fiber connections in Halifax County within three Phases. The Tobacco Commission funding will be used towards the local Match contribution for Phase 1 construction, allowing for grant funds to be expended within the first or second year of the project.

Financial Viability Assessment:

The initial fiber network installation is supported by 45% grant funds, 45% Empower/private partners, and 10% local funding. The main infrastructure cost is the fiber optic cable which has an almost infinite useful life. Therefore, operationally, Empower expects customer billings to be adequate to cover operational costs and debt services for their portion of the ISP investment.

Staff Recommendation:

Staff recommends approval of a \$540,598 grant award, conditioned on the closeout of grants #3385 and #3534 allowing for these funds to be repurposed for this award.

Dinwiddie County
Dinwiddie County's Universal Broadband Project (#4095)
\$1,024,854 Requested

Project Summary:

In March 2018 the Commission's approved a \$1,708,090 Research and Development grant (#3384), to support a wireless broadband network in Dinwiddie and Amelia Counties. The internet service provider in the original grant agreement was StraightUpNet, LLC. A revised grant agreement was executed in November 2019, with Wilkes Telephone Membership Cooperative and their subsidiary RiverStreet Communications of Virginia as the beneficiary. Amelia County is proceeding with their partnership with RiverStreet without requesting funding from the Commission. In January 2022, Dinwiddie County notified the Commission of the termination of their contract with RiverStreet. In November 2021, the Commission's then executive director committed that the Commission would consider a request to repurpose funding originally approved for the wireless network, to be used toward a wired solution that was part of a universal coverage plan project for the county. Staff requested a revised scope and budget for the reallocation of funding be provided, in January 2022 and again in March 2022, with the intension of including on Commission agenda in May 2022.

Dinwiddie County provided an update related to the requested revised scope to Commission staff in July 2022, indicating that they were awaiting determination from VATI on final funding to the county. DHCD had announced a \$7.5 million VATI award to Dinwiddie in December 2021. Meanwhile the county had requested \$10.5 million from the VATI program, and were waiting for a determination to increase the award amount. Leveraged funding on the \$7.5 million VATI award was identified as being provided by the Cameron Foundation and through the Commonwealth Connect Fund. A letter of support from Dinwiddie County submitted with the \$10.5 million application to VATI identified a \$781,820 match commitment from the county. Following a meeting with both Amelia and Dinwiddie Counties, in July 2022 Commission staff invited a new broadband application to be submitted for consideration at the October 2022 meetings.

Dinwiddie County is requesting their \$1,024,854 share of the \$1.7 million Tobacco Commission grant to be reallocated towards the \$3 million costs for the project areas that VATI was not able to support. These areas were excluded from the VATI award because they are being supported by federal RDOF grant funds that were awarded to RiverStreet Networks. DHCD's position is that public funds, whether state and federal funds, should not be used to overbuild fiber networks and instead focus are intended to be directed to areas that are unserved, and underserved. Dinwiddie challenged the DHCD award requesting that the \$3 million be added to their VATI award; and this was declined, unless RiverStreet defaults on a pending MOU.

Matching Funds:

- \$7,532,055 - DHCD Virginia Telecommunications Initiative
- \$781,820 - RuralBand
- \$650,000 - The Cameron Foundation

Project Outputs:

- Fiber construction in areas of Dinwiddie County without existing broadband access. This does not include census blocks awarded to an outside vendor through the RDOF auction.

Staff Comments:

When the revised broadband application was invited to be submitted, staff did not anticipate that this would be for the \$3 million portion of the unfunded VATI award which was challenged. DHCD is considered the lead agency for the Commonwealth of Virginia in evaluating distribution of state funding, and managing universal broadband coverage projects. Recognizing this role, it would not be appropriate for Tobacco Commission staff to make a funding recommendation that is contrary to VATT's decisions. Therefore, staff is not able to support the application submitted by Dinwiddie County. As an alternative, staff suggests a more appropriate approval for use of a portion of the available \$1 million in funding, would be to support the county's match contribution on the \$7.5 million VATI award. An April 22, 2022 letter from Dinwiddie County to DHCD's Office of Broadband confirmed a minimum match of \$781,820 by Dinwiddie County.

Financial Viability Assessment:

Prince George Electric Cooperative's broadband subsidiary, Rural Band would be responsible for operations of the constructed fiber network. The financial viability of the project is not an issue. Instead, the concern is that federal RDOF funds for broadband have already been awarded to serve this same area. Dinwiddie County requested \$3 million from VATI to support the projects costs which were declined due to concerns for public funds being used to overbuild an area.

Staff Recommendation:

Dinwiddie County is requesting \$1,024,854 for project costs that were declined to be supported by VATI, due to federal funding already committed to these areas. DHCD has been in negotiations with the ISP, RiverStreet, who won the RDOF funding and has entered into a Memorandum of Agreement regarding their responsibilities. If RiverStreet were to default on the MOU, then DHCD's position is that they would award the additional \$3 million to Dinwiddie County.

Staff is not able to recommend the \$1,024,854 grant request.

Commission staff has offered to Dinwiddie County to support a recommendation to approve a grant award of up to \$781,820 to support local match committed by Dinwiddie County, on the \$7.5 million VATI award, or on a \$10.5 million VATI award if the increased amount were approved. Staff is only able to support approval of a project approved for VATI funding. There is \$13,125,530 non-VATI matching funds included in the Derivation of Cost for the \$7,532,055 VATI award for Dinwiddie County. An April 22, 2022 letter from Dinwiddie County to DHCD's Office of Broadband identified a commitment to provide a minimum of \$781,820 matching funds.

Alternative: Staff recommends approval of a \$781,820 grant award, contingent on grant funds being limited to Dinwiddie County local match toward the approved VATI award during the eligible grant period; and contingent on grant #3384 being closed and deobligated.

OTHER BUSINESS

City of Emporia

Engineering for Norwood Site Utilities and Sitework (#3454)

\$130,000 Grant (Current Project Period: 9/19/2018 – 9/30/2022)

Project Summary:

The Commission's Special Projects committee approved a \$130,000 grant in September 2018 toward the \$260,000 cost to support engineering of utilities to provide water and sewer to the Norwood Property, and engineering for sitework. This 38 acre site is located adjacent to the Virginia 58 West within the City of Emporia, and is targeted for advanced manufacturing. The site is estimated to result in ~ 100 high paying jobs to improve the income levels in this area of the Tobacco Region. The industrial park is located in one of the state's designated Enterprise Zones and in an Opportunity Zone. A fourth year extension for the project was approved previously. A total of \$71,320 of grant funds have been paid and a balance of \$58,679 remains in the project account. The engineering for utilities portion of the project is completed; and 82% of engineering for the sitework is completed. The remaining work for the sitework is associated with DEQ and Corps of Engineers approval process, and changing requirements in legislation at the federal level. A fifth year extension is requested to allow time for completion of the sitework engineering.

Staff Recommendation:

Staff recommends approval of a fifth year extension to September 30, 2023.

Virginia Museum of Natural History Foundation

Outdoor Education Pavilion (#3457)

\$75,000 Grant (Current Project Period: 9/19/2018 – 9/30/2022)

Project Summary:

The Commission's Special Projects committee approved a \$75,000 grant in September 2018 toward the \$150,000 estimated cost for construction of the VMNH Outdoor Education Pavilion. The Pavilion is an extension of the museum and will include an open-air roof, flexible-use outdoor seating and exhibit materials interpreting the nature features of the adjacent J. Frank Wilson Park. A total of \$25K of grant funds have been drawn down to support A&E costs and the \$50K balance remains to support construction costs. A fourth year extension for the project was previously approved. The project is currently in the final approval process with the Virginia Department of General Services, which has oversight for construction on state owned properties. The contract bidding and selection process will be initiated as soon as DGS signs off on the final design. The project has taken longer than anticipated due to initial funding needing to be secured for match, followed by significant delays in the stages of approvals during the pandemic. The VMNH Foundation is requesting a fifth year extension to allow time for construction to be completed.

Staff Recommendation:

Staff recommends approval of a fifth year extension to September 30, 2023.

SOUTHWEST VIRGINIA COMMITTEE



AGENDA
SOUTHWEST VIRGINIA COMMITTEE

Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Wednesday, October 5, 2022
10:00 A.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: **2630 930 3163** and the password is: **73973989**. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>The Honorable Will Morefield, Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>5/11/22</u> Minutes	<i>(published on website)</i>
Public Comments	
Extensions and Modifications	<i>Sara Williams, Southwest Regional Director</i>
Public Comments	
Adjournment	

Southwest Virginia Committee October 5, 2022

The Southwest Virginia Committee will meet on Wednesday, October 5, 2022 at 10:00 a.m. to consider extensions of six existing grants.

Heart of Appalachia Tourism Authority

Coalfield Regional Tourism Destination Project (#3464)

Approved for \$483,220 in September 2018 (\$401,598.27 balance)

Request for one year extension

Staff Overview & Comments: This balance of this grant is allocated for the design and site development of the now named Three Rivers Destination Center. The facility will serve as a visitor's center for the Clinch River State Park area. Design of the Center is now complete and the construction phase is fully funded. Contract negotiations with DHCD are scheduled to be completed by mid-October with the project going to bid soon after. The current construction timeline indicates that the project is not likely to be completed during this one year extension period and will require another extension next year.

Staff recommends the approval of a one year extension through September 30, 2023.

Virginia Highlands Community College Educational Foundation

Advanced Technology and Workforce Development Center (#3465)

Approved for \$1,000,000 in September 2018 (\$1,000,000 balance)

Request for one-year extension

Staff Overview & Comments: This grant was awarded to assist with the construction of a new workforce development building located on VHCC's campus. A groundbreaking was held in November 2021 and construction began soon after. Due to rising construction costs, VHCC made the decision to begin construction while continuing fundraising to raise support to complete the facility. The initial phases of construction were completed in February 2022 (site grading, road construction, water-sewer-electric infrastructure installation, and steel package purchase and erection). VHCC did not provide TRRC with updated information about the current estimated construction cost, or the remaining balance of funding required to complete construction.

The decision to begin construction despite a deficit of sufficient funding to complete the project is problematic. Commission staff would not have supported the use of grant funds for a project that does not appear to be on a certain path to completion. It is best to take a conservative approach to the administration of these funds by adding a requirement that the grant be disbursed only after construction is completed. This requirement will ensure that the TRRC grant results in the output, a new workforce development building, expected at the time of approval.

Staff recommends a one year extension through September 30, 2023 conditioned upon the use of TRRC funding to support “last dollar” construction expenses after all fundraising, required to complete the project, is available and spent.

Mount Rogers Development Partnership
Regional Marketing Organizations (RMO's) Support Project (#3458)
Approved for \$750,000 in September 2018 (\$219,291 balance)
Request for one-year extension

Staff Overview & Comments: This grant was awarded to provide support to the eight regional marketing organizations serving TRRC region localities. The project was intended to support industrial recruitment activities for three fiscal years using a formula based allocation for each RMO. The formula, which awarded \$3,000 per locality and .15 cents per capita input, determined the annual award for each organization. The first project year began on July 1, 2019 to coincide with the beginning of the fiscal year. The Covid19 pandemic caused tremendous disruptions to industrial recruitment activities during most of the second and third years of this project. Many of the organizations reached the end of the third fiscal year (June 30, 2022) with significant balances. The extension will allow the grant to provide a fourth, and final, fiscal year of support for these organizations using carryforward balances from previous years.

Staff recommends an extension through June 30, 2023.

Friends of Southwest Virginia
Building Appalachian Spring: Growing the Economy of Southwest Virginia through Developing Outdoor Recreation Destinations (#3198)
Approved for \$500,000 in September 2016 (\$206,053 balance)
Request for one-year extension

Staff Overview & Comments: The balance of this grant is allocated for three construction projects. The first, construction of the Appalachia Trail Center, has been completed and a grant opening was held in late August. The second project, the High Knob Destination Center, is proceeding on schedule. The construction contract was awarded in August with construction to begin in spring/ summer 2023. Finally, the Haysi to Breaks trail construction project is also underway. This project, which would have resulted in the construction of a Riverwalk in Haysi, was amended last year to shift focus to the creation of a handicap access trail to the river for motorized tourists. Bids for the project came in approximately \$150,000 over budget. The Town approached DCR for additional funding and it appears these funds will be awarded. Construction will begin this fall with completion in spring 2023.

These are positive updates for three separate and complex projects involving numerous partners and funding sources. Based on the information provided it appears that at least one additional extension will be needed to see the projects to completion.

Staff recommends approval of an extension through September 30, 2023.

Floyd County EDA

Floyd Regional Commerce Center Phase II Development (#3191)

Approved for \$420,696 in September 2017. (\$406,273.75 balance)

Request for one-year extension

Staff Overview & Comments: The balance of this grant will be used for construction of utilities to serve the additional building pads that are under development at the Commerce Center. Phase II activities also include the construction of an access road that is funded through the ARC Access Road Program. Currently, VDOT's schedule shows completion during winter of 2023/2024. Under this timeline, TRRC should expect an additional extension request next year. Nevertheless, the project team is diligently pursuing the project and keeping Staff informed.

Staff recommends approval of a one-year extension through September 30, 2023.

Scott County Economic Development Authority

Riverside Development Phase III – Site Development (# 3200)

Approved for \$500,000 in September 2017 (\$500,000 balance)

Request for one-year extension

Staff Overview & Comments: This project involves the development of an additional site at the Riverside Development. The project has been bid multiple times, however, the bids came in substantially over the engineer's estimate. The increased cost required the EDA to seek additional funding for the project. In September 2021 an extension was granted to allow the grantee to submit an application to U.S. EDA for the additional funding required to complete the project. The extension required that all matching funds be in place by the end of the grant period or no further extension would be considered. Unfortunately that application was not successful however a new funding opportunity became available over the past year. Previously, the requirements for VEDP's Virginia Business Ready Sites Program (VBRSP) required a 100 acre minimum to qualify for the program. The Riverside site is just under this threshold and, as a result, did not qualify. The program's acreage requirement was reduced for GO Virginia Region 1 & 2 and now require only 50 acres for sites in these localities. Scott EDA submitted an application to VBRSP on September 13. Staff feels it is reasonable to allow the grant to remain open pending the decision of the VBRSP application.

Staff recommends approval of a one-year extension through September 30, 2023 contingent upon a positive decision for the pending VBRSP application. If the VBRSP application is unsuccessful the TRRC grant will be immediately closed.

EXECUTIVE COMMITTEE



AGENDA
EXECUTIVE COMMITTEE
Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Wednesday, October 5, 2022
10:45 A.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: 2630 930 3163 and the password is: 73973989. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

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Welcome and Call to Order	<i>The Honorable Will Morefield, Vice Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>5/3/22</u> Minutes	<i>(published on website)</i>
Public Comments	
Chairman Election	<i>The Honorable Will Morefield, Vice Chair</i>
Invest Southern Virginia Discussion	<i>Andy Sorrell, Acting Director</i>
Electronic Meeting Policy Revisions	<i>Andy Sorrell, Acting Director</i>
Other Business	<i>Andy Sorrell, Acting Director</i>
Public Comments	
Adjournment	

MEMO

TO: TRRC Executive Committee
FROM: Andy Sorrell, Acting Director
DATE: September 16, 2022
RE: Anwyl Economic Development Consulting Contract – a.k.a. Invest Southern Virginia

Overview

On July 1, 2020, the Virginia Tobacco Region Revitalization Commission (TRRC) entered into an independent contractor agreement with Anwyl Economic Development, Ltd. (“AED”) to provide consulting and development services to secure manufacturing, supply chain, telecommunications, technology, IT, and related jobs and capital investments in the Southern Virginia region. The project is also known as Invest Southern Virginia. The term is for one year with automatic renewals unless terminated by a Party to the agreement.

AED is charged with the following duties on an annual basis in accordance with the contract:

- Identifying 10 qualified advanced manufacturing or other companies for investment and job creation within the TRRC footprint;
- Engaging in 8 face-to-face meetings with decision makers of qualified large companies;
- Facilitating and arranging 5 qualified target company decision maker visits to the TRRC footprint with meetings with Economic Development Organizations;
- Facilitating 3 qualified target companies in identifying the TRRC footprint as one of the finalists (meaning reaching a short list of no more than two competitor states) for the target company’s investment in the United States;
- Facilitating a minimum of one and a half (3 over any two-year period) executed Performance Agreements between a qualified target company and TRRC.

For these services, AED is compensated at \$21,600 per month. The compensation is inclusive of any travel, supplies, meeting costs or other expenses incurred by AED. This level of compensation amounts to \$259,200 per year.

Previously, AED was funded through two grants to the Commonwealth Center for Advanced Manufacturing (CCAM) from 2012-2017 (#2275 & 3085), and then from 2017-2020 through Grant #3322 to Mid-Atlantic Broadband.

A like business development group led by Mr. Will Payne called Invest Southwest Virginia, was launched in 2019 and is funded through Grant #3748 of \$400,000 to the Lenowisco Planning District Commission, and leveraged by \$700,000 in regional corporate funding. Comparison to both projects can be found in [Attachment 1](#).

Performance to Date:

Commission staff has a project update call with AED every two weeks to discuss latest information on prospect development. AED has provided a current listing ([Attachment 2](#)) of business prospects as of September 2022 noting the potential for over 1,800 new jobs and \$224 million in capital investment should all of the projects occur.

AED is generally meeting the terms of the current contract with the Commission. AED identifies and engages with advanced manufacturing and other qualified companies having meetings with decision makers and arranges for such companies to make site visits and consider TRRC locations for a Company's U.S. investment. AED has also helped facilitate a number of Companies that over the last 10 years have executed performance agreements for jobs and investments in the footprint, however only one has executed a performance agreement under the current contract which does not meet the metric of 3 performance agreements being executed in a 2 year period, though this is likely due to the economic downturn during the global pandemic.

While the terms of the contract are being generally being met, the goal of the Invest Southern Virginia project is ultimately to have prospects in the targeted industries locate to the Commission's Southern Virginia footprint communities bringing new high-paying jobs and making capital investments that benefit the localities they are locating within as evidenced by executed performance agreements with TRRC. Therefore, it is important to compare the total number of AED-supported and announced projects against the jobs and capital investment that were delivered from executed performance agreements. Since the Commission began the contractual relationship with Anwyl Economic Development, Ltd. in 2013, AED has noted they have brought 56 companies to review the region, had 11 announced projects (9 with executed performance agreements) that were to locate in the Commission's footprint. Of those announcements, 545 total new jobs were promised along with over \$83 million in private taxable investment. The number of jobs delivered from these 11 projects is 46 with three newer projects remaining active (though only 1 of the 3 active projects has an executed performance agreement with TRRC). The amount of delivered capital investment has been \$14 million. Details on these projects can be found in **Attachment 3**.

As the data shows, after nearly 10 years, most of the announced projects with executed performance agreements did not ultimately result in on-the-ground jobs or capital investment in spite of the concentrated business development efforts of AED to bring them to Southern Virginia. While past activity does not guarantee the outcomes of current prospects as found in **Attachment 2**, it does indicate that the past and existing deliverables may not be adequate in ensuring targeted industries companies locate to the footprint and hire new employees and make capital investments. Reasons for this could include that companies engaged are not yet ready to fully commit to a US expansion, and/or they have high expectations for incentives without a significant outcome in return.

As noted by AED, in 2013, AED was tasked with facilitating the creation of a new aerospace machining industry in the region. In addition to delivering several new members for CCAM a new aerospace industry cluster was initiated. Jobs and investment from the aerospace industry are very competitive in the global market as they pay high wages and deliver large amounts of capital investment. AED's business attraction efforts in the aerospace industry have and continue to provide opportunities for graduates of Southern Virginia's world class aerospace machining workforce development programs to continue to live and work in the footprint.

The Commission must evaluate the results of Anwyl Economic Development's business attraction efforts, and make a decision regarding the future direction of this business relationship and the strategy for attracting investment to Southern Virginia.

Decision Options:

- 1) Continue current contract with current terms of performance; OR
- 2) Provide the contractually required 120 termination notice to conclude the contract and take no further action; OR

- 3) Provide the contractually required 120 termination notice to conclude the contract and seek a new business development consultant to serve Southern Virginia; OR
- 4) Provide the contractually required 120 termination notice to conclude the contract and encourage AED to apply to the fall 2022 Southern Virginia competitive grant round that among other things will require dollar for dollar match, funding via reimbursable expenses and be competitive among other Southern Virginia funding projects; OR
- 5) Provide a notice period greater than the contractually required 120 day termination notice to conclude the contract to permit greater time for AED to secure matching funds, deliver a spring 2023 planned aerospace "fam tour" and close out more existing prospects than the notice period would period.

As noted above, the current contract terms require 120 days-notice of termination.

Attachment 1: Comparative View of Invest Southern Virginia and Invest Southwest Virginia Programs

	Invest Southern Virginia (Anwyl Economic Development, Ltd)	Invest Southwest Virginia (Coalfield Strategies LLC)
Description	Led by Anwyl Economic Development Ltd, based in Great Britain, Invest Southern Virginia provides consulting and development services to secure manufacturing, supply chain, telecommunications, technology, IT and related jobs and capital investments in the region with emphasis on foreign direct investment from companies based in the United Kingdom and Europe.	InvestSWVA, a public-private business attraction and marketing campaign for Southwest Virginia, launched in 2019. This organization, based in Bristol, pursues investment opportunities from high-tech companies, data centers, energy innovators, advanced manufacturers, and the agriculture industry.
Current Contract Method	Sole-source contract directly with TRRC.	Grant-based through TRRC Grant #3748 with LENOWISCO PDC.
Current Project Period	7/1/2020 – present; Annual auto-renewing contract	7/1/2021-6/30/2023
Average annual funding by TRRC	\$259,200	\$192,000
Matching Funds	\$0	\$700,000 from PDC matches with \$400,000 of TRRC funds, for a total budget of \$1.1MM covering two years.
Funding History with TRRC	Previously funded from 2013-2018 through Grants #2275 and #3085 through Commonwealth Center for Advanced Manufacturing; From 2017-2020 through Grant #3322 through Mid-Atlantic Broadband. Matching funds were provided by grantee for all TRRC funding.	Phase I previously funded through TRRC Grant #3301 of \$400K (total budget of \$800K including matching funds) from May 2017-May 2021.
Goals	Over the course of the contract, Anwyl aspires to: <ul style="list-style-type: none"> Identifying 10 qualified advanced manufacturing or other companies as prospects Direct, one-on-one meetings with 8 prospects Region/site visits by 5 prospects 3 prospects identifying the TRRC footprint as finalist location Facilitating a minimum of 1.5 (3 over any two-year period) executed Performance Agreements with prospects These figures include ongoing, multi-year efforts.	For Grant #3748, InvestSWVA aspires to: <ul style="list-style-type: none"> Direct, one-on-one communication with 45 new prospects Provide data requested by 35 prospects Region/Site visits by 20 prospects Commitments to locate by 8 prospects These numbers did not include existing efforts, but those anticipated for the current 2-year project period.
Results	Since 2013, Anwyl's efforts have resulted in ten announced projects in the Commission's footprint. Of those 10 announcements, 375 total new jobs were promised along with over \$56 Million in private taxable investment. The number of jobs actually delivered from these 10 projects so far is 46, and only three newer projects remain active. The amount of delivered capital investment has been \$14 Million.	Reported as of 6/30/2022 to be working with 6 active new prospects, not including previously committed prospects. Phase I results, from 2019-2021, included 2 location commitments, with 273 jobs and 8.275MM capital investment.

INVEST SOUTHERN VIRGINIA

September 2022 Prospect Briefing Update

September 15th, 2022

STRONG INTEREST FROM LARGER AND BETTER CAPITALIZED FIRMS

Invest Southern Virginia's prospects list has never been better with 20 confirm strong prospects with a total potential pipeline of 1,803 jobs and \$224m of capital investment. Listed below are the seven strongest larger prospects all of whom have or are close to making an investment decision.

Project Wear – 350 jobs, \$70m capex, 150k sq. ft. factory, \$80k mean salary

Wear is a UK based, US VC backed manufacturer of electric vehicle components who have selected Cane Creek as the location for their build-to-suit 150,000 sq. ft. factory. This investment is likely to progress in Q1 2023 when VC funds are received.

Project Silver – 200 jobs, \$50+ capex, 250k sq. ft. factory, \$70k mean salary

Silver is a well-funded electric truck manufacturer. They have 300,000 sq. ft. under roof in the UK and have selected Cane Creek for their first US expansion. It is likely that this deal will be confirmed in Q2 or Q3 2023 with construction to start later in 2023.

Project Main – 40 jobs, \$5m capex, 30k sq. ft. factory, \$70k mean salary

This aerospace firm have confirmed with Invest Southern Virginia (ISV) that they will take a sales office in Richmond for four people in Q4 2022 and open a factory in Martinsville or Danville in 2023. They are visiting again in October.

Project Calder – 200 jobs, \$25m capex, 90k sq. ft. factory, \$60k mean salary

Calder manufactures electronic components. They informed ISV of their intention to build a 90k sq. ft. factory in or near Danville. The owner visited in late 2021 and agreed to a temporary trans-shipment deal with a Danville-based company. Calder is pleased with this company's work but due to visa issues senior leaders have not been able to enter the US delaying the investment decision. A 'go' decision is expected in early 2023.

Project Rutland – 40 jobs, \$10m capex, 40k sq. ft. factory, \$80k mean salary

This aerospace machining company will take a sales office in Danville in Q4 2022 and intend to open a factory there in Q3 2023.

Project Chelmer – 75 jobs, \$5m capex, 40k sq. ft. factory \$80k mean salary

Pre-selected Campbell County for a factory that will construct electric vehicles. There is a 60% likelihood of expansion in Q2 2023.

Project Mill – 200 jobs, \$2m, 10k sq. ft. office, \$100K mean salary

Mill needs to invest in the US as they hold contracts with a Virginia firm to supply hundreds of subcontract service technicians. This is an excellent project but currently has a 50% chance of investing in Southern Virginia. However, it has more than a 75% chance of locating in Virginia and will inevitably bring benefits to the wider area.

Attachment 3:

Anwyl Economic Development Ltd. Announced Projects Performance Data - 2013- Present

#	Date	Executed Performance Agreement with TRRC?	Project Name	Location	New Jobs Promised	Capital Investment Promised (millions)	New Jobs Delivered	Capital Investment Delivered (millions)	Active Until?
1	2014	Yes	Kilgour Industries Ltd. (#2844)	Martinsville / Henry	155	27	0	0	Closed
2	2014	Yes	Nulife Glass (#2997)	Bristol	46	6	2	0	Closed
3	2014	Yes	Hardide (#2990)	Henry	29	7.5	11	3.5	Closed
4	2016	Yes	Overfinch (#3181)	Danville	41	4	4	.084	Closed
5	2016	Yes	SGS Kyocera (#3178)	Danville	35	9.5	16	7.24	Closed
6	2017	Yes	Unison Tube (#3341)	Danville	55	3.81	6	2.2	Closed
7	2018	Yes	Harlow-Fastech (#3482)	Danville	49	8	7	1	Closed
8	2018	No	Advanced Revert	Martinsville / Henry	32	4.5	?	?	No TROF
9	2019	Yes	Gefertec (#3549)	Danville	8	1.9	0	0	Closed
10	2021	Yes	MEP (#3556)	Danville	45	6.445	TBD	TBD	2025
11	2021	No	Radical	Martinsville / Henry	50	5	?	?	No TROF
				Subtotals	545	83.655 M	46	14.024M	

MEMO

TO: TRRC Executive Committee
FROM: Andy Sorrell, Acting Director *AVS*
DATE: September 23, 2022
RE: Updates to Electronic Meeting Policy

Overview

The Commission adopted an Electronic Meeting Policy in May 2018. Since that time, multiple changes in state code (Virginia Code § 2.2-3708.3.) have been adopted regarding when how individual Commission members can utilize remote meetings in certain instances and how the Commission can be permitted to have occasional all-virtual meetings.

Attachment 1 is the draft revised Commission electronic meeting policy. The policy has 3 parts. Part A discusses the Commission's general preferences when members should utilize remote meeting options and when all-virtual meetings should be used. Part B, *Remote Participation of Members*, enumerates the specific policy and process for remote participation of Commission members in official Commission meetings. Part C, *All-Virtual Meetings*, enumerates the specific policy on official Commission meetings that occur virtually.

As described in Part A, *In General*, staff recommends that the Commission's policy be that in-person attendance at Commission meetings be the strongly preferred preference for the three regularly scheduled Commission meetings a year held in winter, spring and fall - including the committee meetings scheduled the day before and the day of the regular full Commission meeting.

However, staff also realizes that Commission membership covers a wide ranging distance from eastern to western Virginia and there are certain times when personal/ family commitments, illness, or inclement weather may not make travel possible. It is in these instances that the Commission's preference is to allow for members to utilize remote participation policy as described in Part B.

Additionally, there are certain times committee or full Commission meetings may be required to convene outside of the regular Commission meeting schedule. It is in these instances that the Commission's preference is to utilize the all-virtual meeting policy as described in Part C.

If Attachment 1 is adopted by the Commission at their fall meeting, it would take effect immediately as the code provisions referenced went into effect September 1, 2022.

Tobacco Region Revitalization Commission Electronic Meeting Policies¹

October 5, 2022

A. IN GENERAL

The Tobacco Region Revitalization Commission (the "Commission") has a two-part policy relating to electronic meetings. Part B, *Remote Participation of Members*, enumerates the policy and process for remote participation of Commission members in official Commission meetings. Part C, *All-Virtual Meetings*, enumerates the policy on official Commission meetings that occur virtually. Both Parts B and C follow § 2.2-3708, *Code of Virginia*.

1. It shall be the Commission's policy that in-person attendance at Commission meetings is strongly preferred for the three regularly scheduled Commission meetings a year held in winter, spring and fall - including the committee meetings scheduled the day before and the day of the regular full Commission meeting.

However, the Commission realizes that its membership covers a wide ranging distance from eastern to western Virginia and there are certain times when personal/ family commitments, illness, or inclement weather may not make travel possible. It is in these instances that the Commission's preference is to allow for members to utilize remote participation policy as described in Part B.

Additionally, there are certain times committee or full Commission meetings may be required to convene outside of the regular Commission meeting schedule. It is in these instances that the Commission's preference is to utilize the all-virtual meeting policy as described in Part C.

2. It shall also be the Commission's policy that the remote participation policy and all-virtual meeting policy listed in Parts B and C, respectively, apply individually to each committee and the full Commission therefore allowing each committee and the full Commission to meet up to two times all-virtually per calendar year.

¹ This policy was originally adopted by the Commission on May 22, 2018. This policy was revised to reflect changes in the law effective September 1, 2022, and was adopted by the TRRC at its meeting on TBD.

B. POLICY FOR THE REMOTE PARTICIPATION OF MEMBERS

1. AUTHORITY AND SCOPE

- a. This policy is adopted pursuant to the authorization of § 2.2-3708.3, *Code of Virginia* and is to be strictly construed in conformance with the Virginia Freedom of Information Act (VFOIA), §§ 2.2-3700—3715, *Code of Virginia*.
- b. This policy shall not govern an electronic meeting conducted to address a state of emergency declared by the Governor. Any meeting conducted by electronic communication means under such circumstances shall be governed by the provisions of § 2.2-3708.2, *Code of Virginia*. This policy also does not apply to an all-virtual public meeting.

2. DEFINITIONS

- a. "Commission" means the Tobacco Region Revitalization Commission or a committee of the Commission.
- b. "Member" means any member of the Commission.
- c. "Remote participation" means participation by an individual member of the Commission by electronic communication means in a public meeting where a quorum of the Commission is physically assembled, as defined by Va. Code § 2.2-3701.
- d. "Meeting" means a meeting as defined by § 2.2-3701, *Code of Virginia*.
- e. "Notify" or "notifies," for purposes of this policy, means written notice, such as email or letter. Notice does not include text messages or communications via social media.

3. MANDATORY REQUIREMENTS

Regardless of the reasons why the member is participating in a meeting from a remote location by electronic communication means, the following conditions must be met for the member to participate remotely:

- a. A quorum of the Commission must be physically assembled at the primary or central meeting location; and
- b. Arrangements have been made for the voice of the remotely participating member to be heard by all persons at the primary or central meeting location. If at any point during the meeting the voice of the remotely participating member is no longer able to be heard by all persons at the meeting location, the remotely participating member shall no longer be permitted to participate remotely.

4. PROCESS TO REQUEST REMOTE PARTICIPATION

- a. On or before the day of the meeting, and at any point before the meeting begins, the requesting member must notify the Commission Chair (or the Vice-Chair if the requesting member is the Chair) that they are unable to physically attend a meeting due to:
 - i. a temporary or permanent disability or other medical condition that prevents the member's physical attendance,
 - ii. a family member's medical condition that requires the member to provide care for such family member, thereby preventing the member's physical attendance,
 - iii. their principal residence location more than 60 miles from the meeting location, or
 - iv. a personal matter and identifies with specificity the nature of the personal matter.
- b. The requesting member shall also notify the Commission's Executive Director of their request, but their failure to do so shall not affect their ability to remotely participate.
- c. If the requesting member is unable to physically attend the meeting due to a personal matter, the requesting member must state with specificity the nature of the personal matter. Remote participation due to a personal matter is limited each calendar year to two meetings or 25 percent of the meetings held per calendar year rounded up to the next whole number, whichever is greater. There is no limit to the number of times that a member may participate remotely for the other authorized purposes listed in (i)—(iii) above.
- d. The requesting member is not obligated to provide independent verification regarding the reason for their nonattendance, including the temporary or permanent disability or other medical condition or the family member's medical condition that prevents their physical attendance at the meeting.
- e. The Chair (or the Vice-Chair if the requesting member is the Chair) shall promptly notify the requesting member whether their request is in conformance with this policy, and therefore approved or disapproved.

5. PROCESS TO CONFIRM APPROVAL OR DISAPPROVAL OF PARTICIPATION FROM A REMOTE LOCATION

When a quorum of the Commission has assembled for the meeting, the Commission shall vote to determine whether:

- a. The Chair's decision to approve or disapprove the requesting member's request to participate from a remote location was in conformance with this policy; and
- b. The voice of the remotely participating member can be heard by all persons at the primary or central meeting location.

6. RECORDING IN MINUTES:

- a. If the member is allowed to participate remotely due to a temporary or permanent disability or other medical condition, a family member's medical condition that requires the member to provide care to the family member, or because their principal residence is located more than 60 miles from the meeting location, the Commission shall record in its minutes (1) the Commission's approval of the member's remote participation; and (2) a general description of the remote location from which the member participated.
- b. If the member is allowed to participate remotely due to a personal matter, such matter shall be cited in the minutes with specificity, as well as how many times the member has attended remotely due to a personal matter, and a general description of the remote location from which the member participated.
- c. If a member's request to participate remotely is disapproved, the disapproval, including the grounds upon which the requested participation violates this policy or VFOIA, shall be recorded in the minutes with specificity.

7. CLOSED SESSION

If the Commission goes into closed session, the member participating remotely shall ensure that no third party is able to hear or otherwise observe the closed meeting.

8. STRICT AND UNIFORM APPLICATION OF THIS POLICY

This Policy shall be applied strictly and uniformly, without exception, to the entire membership, and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

The Chair (or Vice-Chair) shall maintain the member's written request to participate remotely and the written response for a period of one year, or other such time required by records retention laws, regulations, and policies.

C. POLICY FOR ALL-VIRTUAL PUBLIC MEETING

1. AUTHORITY AND SCOPE

- a. This policy is adopted pursuant to the authorization of § 2.2-3708.3, *Code of Virginia* and is to be strictly construed in conformance with the Virginia Freedom of Information Act (VFOIA), §§ 2.2-3700—3715, *Code of Virginia*.
- b. This policy shall not govern an electronic meeting conducted to address a state of emergency declared by the Governor. Any meeting conducted by electronic communication means under such circumstances shall be governed by the provisions of § 2.2-3708.2, *Code of Virginia*.

2. DEFINITIONS

- a. "**Commission**" means the Tobacco Region Revitalization Commission or a committee of the Commission.
- b. "**Member**" means any member of the Commission.
- c. "**All-virtual public meeting**" means a public meeting conducted by the Commission using electronic communication means during which all members of the public body who participate do so remotely rather than being assembled in one physical location, and to which public access is provided through electronic communication means, as defined by § 2.2-3701, *Code of Virginia*.
- d. "**Meeting**" means a meeting as defined by § 2.2-3701, *Code of Virginia*.
- e. "**Notify**" or "**notifies**," for purposes of this policy, means written notice, including, but not limited to, email or letter, but does not include text messages or messages exchanged on social media.

3. WHEN AN ALL-VIRTUAL PUBLIC MEETING MAY BE AUTHORIZED

An all-virtual public meeting may be held under the following circumstances:

- a. It is impracticable or unsafe to assemble a quorum of the Commission in a single location, but a state of emergency has not been declared by the Governor; or
- b. Other circumstances warrant the holding of an all-virtual public meeting, including, but not limited to, the convenience of an all-virtual meeting; and
- c. The Commission has not had more than two all-virtual public meetings, or more than 25 percent of its meetings rounded up to the next whole number, whichever is greater, during the calendar year; and
- d. The Commission's last meeting was not an all-virtual public meeting.

4. PROCESS TO AUTHORIZE AN ALL-VIRTUAL PUBLIC MEETING

- a. The Commission may schedule its all-virtual public meetings at the same time and using the same procedures used by the Commission to set its meetings calendar for the calendar year; or
- b. If the Commission wishes to have an all-virtual public meeting on a date not

scheduled in advance on its meetings calendar, and an all-virtual public meeting is authorized under Section 3 above, the Commission Chair may schedule an all-virtual public meeting provided that any such meeting comports with VFOIA notice requirements.

5. ALL-VIRTUAL PUBLIC MEETING REQUIREMENTS

The following applies to any all-virtual public meeting of the Commission that is scheduled in conformance with this Policy:

- a. The meeting notice indicates that the public meeting will be all-virtual and the Commission will not change the method by which the Commission chooses to meet without providing a new meeting notice that comports with VFOIA;
- b. Public access is provided by electronic communication means that allows the public to hear all participating members of the Commission;
- c. Audio-visual technology, if available, is used to allow the public to see the members of the Commission;
- d. A phone number, email address, or other live contact information is provided to the public to alert the Commission if electronic transmission of the meeting fails for the public, and if such transmission fails, the Commission takes a recess until public access is restored;
- e. A copy of the proposed agenda and all agenda packets (unless exempt) are made available to the public electronically at the same time such materials are provided to the Commission;
- f. The public is afforded the opportunity to comment through electronic means, including written comments, at meetings where public comment is customarily received; and
- g. There are no more than two members of the Commission together in one physical location.

6. RECORDING IN MINUTES:

Minutes are taken as required by VFOIA and must include the fact that the meeting was held by electronic communication means and the type of electronic communication means used.

7. CLOSED SESSION

If the Commission goes into closed session, transmission of the meeting will be suspended until the public body resumes to certify the closed meeting in open session.

8. STRICT AND UNIFORM APPLICATION OF THIS POLICY

This Policy shall be applied strictly and uniformly, without exception, to the entire membership, and without regard to the matters that will be considered or voted on at the meeting.

FULL COMMISSION



AGENDA

FULL COMMISSION

Berry Hill Resort & Conference Center
3105 River Road, South Boston, VA 24592
Wednesday, October 5, 2022
11:30 A.M.

In accordance with §2.2-3708.2.D.2 of the Code of Virginia, the public may witness and participate in this meeting remotely (only audio participation will be utilized). The meeting number is: **2630 930 3163** and the password is: **73973989**. If participating via phone, dial: 1-408-418-9388 (toll) utilizing the above meeting number and passcode. If joining remotely, utilize the following link:

<https://virginiatobaccocommission.my.webex.com/virginiatobaccocommission.my/j.php?MTID=m7d9f09223b2fcf0ba9b58371b1a8205a>

If you experience problems calling in or transmission, please call: 804-894-9652 or email at JButler@revitalizeva.org. Any person needing accommodations in order to participate in the meeting should contact Ms. Joyce Knight, at 804-894-9651 at least (5) five days prior to the meeting, so that suitable arrangements can be made. In accordance with §30-179 of the Code of Virginia, the public may provide comment on their experience with this electronic meeting format. A copy of the comment form may be found here: http://foiacouncil.dls.virginia.gov/sample%20letters/reporting_reqs.htm.

Welcome and Call to Order	<i>The Honorable Will Morefield, Vice Chair</i>
Call of the Roll	<i>Andy Sorrell, Acting Director</i>
Approval of the <u>5/12/22</u> Minutes	<i>(published on website)</i>
Public Comments	
Executive Committee	<i>The Honorable Will Morefield, Vice Chair</i>
Education Committee	<i>The Honorable L. Louise Lucas, Vice Chair</i>
Southern Virginia Committee	<i>Mr. Walter "Buddy" Shelton, Chair</i>
Southwest Virginia Committee	<i>The Honorable Will Morefield, Chair</i>
Incentives & Loans Committee	<i>The Honorable Danny Marshall, Chair</i>
TROF & CBL Loan Updates	<i>Andy Sorrell, Deputy Director</i>
Talent Attraction Program Update	<i>Stephanie Kim, Finance Director</i>
Other Business	<i>Andy Sorrell, Acting Director</i>
Public Comments	
Adjournment	

Tobacco Region Revitalization Commission

Financial Summary
As of August 31, 2022

TICR Fund Balance	\$ 240,089,882
Restricted Endowment Balance	\$ 75,976,441
Unrestricted Endowment Balance	\$ 46,109,311
Restricted Endowment Accum Interest	\$ 1,647,407
Unrestricted Endowment Accum Interest	\$ (41,900)
Total Cash & Investments	\$ 363,781,140

Cash Disbursements - this month	\$ 828,764
Cash Disbursements - FYTD	\$ 3,316,532

Fund	Unobligated Balances
Education	\$ 3,571,296
Education-Workforce Training	\$ 2,397,326
Education-TAP	\$ 3,600,000
TROF (Deal Closing)	\$ 20,456,289
Southside Economic Development	\$ 15,757,423
Southern Va Committee	\$ 16,161,863
Southwest Va Committee	\$ 7,278,736
Agribusiness	\$ 192,893
R&D/Broadband	\$ 413,244
Megasite Prospect Incentive	\$ 17,375,889
Lending Program	\$ 80,388,458
Administration	\$ 2,382,364
TICRC General Account	\$ 2,698,886
FY2023 Budget Balance	\$ 172,674,668

Tobacco Region Revitalization Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance (Cash Basis)
As of August 31, 2022

	FY23 Budget	YTD Actual	YTD Actual as % of Budget	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Other Revenue (all cost codes)	\$ -	\$ 424,085.67		424,085.67
Total Revenues	\$ -	\$ 424,085.67		\$ 424,085.67
<u>EXPENDITURES</u>				
Administration				
Salaries, Fringe Benefits, Per Diems	\$ 1,523,050	\$ 206,844.01	13.6%	\$ 1,316,205.99
Contractual Services	514,900	83,564.32	16.2%	431,335.68
Supplies and Materials	4,500	31.16	0.7%	4,468.84
Transfer Payments	416,680		0.0%	416,680.00
Rent, Insurance, Agency Svc Charges	208,300	26,824.86	12.9%	181,475.14
Furniture and Equipment	10,500	890.76	8.5%	9,609.24
Subtotal - Administration	\$ 2,677,930	\$ 318,155.11	11.9%	\$ 2,359,774.89
Community Revitalization	33,075,889	2,998,376.86		
Total Expenditures	\$ 35,753,819	\$ 3,316,531.97		
Revenues Over (Under) Expenditures	\$ (35,753,819)	\$ (2,892,446.30)		
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (endowment and earnings)	\$ 37,699,350	\$ -		
CASH BALANCE, June 30, 2022	\$ 242,982,328	\$ 242,982,328.28		
CASH BALANCE, August 31, 2022	\$ 244,927,859	\$ 240,089,881.98		

**TROF Awards
FY 2019 - FY 2023 to date**

Project #	Date Approved	Status	Organization	Project Title	Jobs Promised	Capital Investment Promised	Approved Grant Amount	Approved Loan Amount	Total Approved Amount
4078	09/24/22	Approved - Pending Award Documents	Halifax County IDA	Project Titanium	108	\$ 82,135,431.00	\$ 573,000.00	\$ -	\$ 573,000.00
3965	09/19/22	Approved - Pending Award Documents	Halifax County IDA	Project Skip	24	\$ 8,900,000.00	\$ 32,500.00	\$ -	\$ 32,500.00
3976	08/11/22	Approved - Pending Award Documents	Dinwiddie County	DroneUp, LLC	145	\$ 18,850.00	\$ 111,000.00	\$ -	\$ 111,000.00
3943	07/18/22	Approved - Pending Award Documents	Halifax County IDA	Project Ellerson	165	\$ 37,000,000.00	\$ 220,000.00	\$ -	\$ 220,000.00
	FY 2023 (to date)		# of Projects	4	442	\$128,054,281	\$936,500	\$0	\$936,500
3769	6/15/2022	Approved - pending award documents	Patrick County EDA	Project Save	165	\$4,265,000	\$40,500	\$40,500	\$81,000
3892	9/22/2021	Approved - pending award documents	Wythe County Joint IDA	Blue Star LLC	1,044	\$446,074,578	\$1,044,000	\$0	\$1,044,000
3912	9/22/2021	Approved - active	Danville-Pittsylvania Regional Industrial Facility Authority	Tyson Foods, Inc.	376	\$295,452,718	\$707,500	\$821,500	\$1,529,000
3734	7/28/2021	Approved - pending award documents	City of Danville	Kegerreis Digital Marketing, LLC	62	\$1,500,000	\$45,500	\$45,500	\$91,000
	FY 2022		# of Projects	4	1,647	\$747,292,296	\$1,837,500	\$907,500	\$2,745,000
	FY 2021		# of Projects	11	892	\$174,242,825	\$1,146,000	\$450,000	\$1,596,000
	FY 2020		# of Projects	9	1,809	\$245,184,219	\$4,106,000	\$2,516,000	\$6,622,000
	FY 2019		# of Projects	20	1,334	\$215,915,399	\$4,490,000	\$2,665,000	\$7,155,000

TROF Loans Oct. 2022

Project #	Date Approved	Organization	Project Title	Status	Loan Amount Approved	Remaining Loan Amount to be Repaid
3769	6/15/2022	Patrick County EDA	Project Save	To be disbursed	\$ 40,500	\$ 40,500
3917	9/9/2021	Norton, City of	EarthLink, LLC	To be disbursed	\$ 62,500	\$ 62,500
3754	4/30/2021	Danville-Pittsylvania Regional Industrial Facility Authority	Walraven, Inc.	To be disbursed	\$ 48,000	\$ 48,000
3734	7/28/2021	Danville, City of	Kegerreis Digital Marketing, LLC	To be disbursed	\$ 45,500	\$ 45,500
3674	5/3/2021	Blackstone, Town of	Blackstone Hotel Partners, LLC	Disbursed - 8/27/21	\$ 44,500	\$ 35,600
3654	6/15/2020	Grayson County	Metalworx, Inc.	loan deobligated.	\$ 265,500	\$ 265,500
3556	8/6/2019	Danville-Pittsylvania Regional Industrial Facility Authority	MEP, Ltd.	Disbursed - 9/28/21	\$ 270,000	\$ 270,000
3545	4/30/2019	Carroll County	Blue Ridge Designs, LLC	Disbursed - 7/10/19	\$ 50,000	\$ 20,000
3544	4/30/2019	Joint IDA of Wythe County, VA	Seven Sisters Brewery, LLC	Disbursed - 4/1/20	\$ 15,000	\$ 9,000
3507	6/6/2019	Russell County Industrial Development Authority	Polycap LLC	Disbursed - 8/30/19	\$ 140,000	\$ 98,000
3501	12/12/2018	Danville, City of	Essel Propack	To be deobligated.	\$ 330,000	\$ -
3482	10/15/2018	Danville-Pittsylvania Regional Industrial Facility Authority	Harlow Fastech LLC	To be disbursed	\$ 630,000	\$ 630,000
3481	10/9/2018	Franklin County	Empire Bakery Commissary	Disbursed - 6/18/19	\$ 140,000	\$ 56,000
3448	6/6/2018	Nottoway County	UAV Pro, Inc.	To be disbursed	\$ 159,900	\$ 144,000

TROF Loans Oct. 2022

Project #	Date Approved	Organization	Project Title	Status	Loan Amount Approved	Remaining Loan Amount to be Repaid
3393	12/7/2017	Buchanan County Industrial Development Authority	Trina Health of Pounding Mill, LLC DBA Trina Health Town Center	Disbursed - 6/27/18	\$ 27,500	\$ 5,500
3300	5/31/2017	Town of Tazewell Industrial/Economic Development Authority	Sunset Digital Communications Incorporated	Disbursed - 4/10/18	\$ 680,000	\$ 136,000
3297	4/27/2017	Russell County Industrial Development Authority	Jennchem, LLC	Disbursed - 8/17/17	\$ 107,500	\$ -
3296	4/27/2017	Tazewell County Industrial Development Authority	Trina Health of Pounding Mill, LLC	Disbursed - 9/22/17	\$ 45,000	\$ 4,500
3295	6/8/2017	Greenville County	Oran Safety Glass, Inc. (OSG)	Disbursed - 9/25/17	\$ 117,500	\$ -
TOTALS					\$ 3,218,900	\$ 1,870,600

Community Business Lending Program Loans May 2022

Project #	Approved On	Primary Applicant/ Beneficiary	Project Sector	Requested Loan Amount	Project Term /Interest Rate	Status	Approved Loan Award	Available Balance	Notes (as of 5/20/22)
4093	8/23/2022	Local gov't/ private company	Infrastructure	\$280,000	TBD	Approved - Pending Award Documents	\$280,000	\$280,000	Underwriting in process by VRA
4079	Pending	Local gov't/ private company	Hospitality	\$5,985,000	TBD	Submitted - Under Review	TBD	TBD	To be considered for approval at Oct 2022 Commission meeting - CBL Policy requires all CBL loan requests over 5 M receive full Commission approval.
3933	11/1/2021	private company/ private company/	Automotive	\$500,000	TBD	Approved - Pending Award Documents	\$500,000	\$500,000	Underwriting in process - Draft loan terms under development by VRA
3913	08/02/2021	Local gov't/ private company	Telecommunications	\$4,000,000	10 years/ 4.24%	Approved - Pending Award Documents	\$4,000,000	\$0	Loan disbursed to VRA Feb 2022. VRA disbursed to local Gov't when closing occurred in May 2022.
TOTALS				\$10,765,000			\$4,780,000	\$780,000	

Active TROFs with Concluded Performance Periods Oct. 2022

Project Number	Date Approved	Start Date	End Date	Organization	Project Title	Performance Period Status	Status 1	Status 2	Clawback Amount	Clawback Repaid	Clawback Remaining
2724	8/23/2013	6/30/2013	6/30/2018	Danville	North American Mold Technology, LLC	Performance Period Ended	Full performance not met	Repayment plan executed	\$130,000.00	\$86,667.00	\$43,333.00
2845	1/14/2014	12/31/2013	12/31/2017	Scott	Secure Mountain LLC.	Performance Period Ended	Full performance not met	Negotiating repayment terms	\$460,000.00	\$412,408.00	\$47,592.00
2850	2/25/2014	12/31/2013	12/31/2021	Bristol	CBH Bristol, LLC (aka Creative Boutique Hotels/The Sessions Hotel)	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		
2882	5/5/2014	3/31/2014	3/31/2018	Lunenburg	Coast 2 Coast Trucking, Inc. (This is a sister company to ABC Recycling)	Performance Period Ended	Full performance not met	Repayment plan executed	\$100,000.00	\$50,000.00	\$50,000.00
2941	8/1/2014	6/30/2014	6/30/2017	Russell	APPALACHIAN BIOFUELS, LLC	Performance Period Ended	Full performance not met	Negotiated repayment plan - monitoring performance of negotiated revised performance terms	TBD		
2994	12/19/2014	9/30/2014	9/30/2017	Martinsville	Integrative Centers for Science and Medicine & College of Henricopolis School of Medicine	Performance Period Ended	Repayment Plan Executed	Repayment Plan Executed	\$780,000.00	\$624,000.00	\$156,000.00
2999	1/15/2015	12/31/2014	6/30/2022	Grayson County Economic Development Authority	Oak Hall Industries (Oak Hall Cap & Gown)	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		
3002	2/6/2015	12/31/2014	12/31/2017	Grayson	McAllister Mills, Inc.	Performance Period Ended	Reviewing Performance Data	Repayment Plan Execution in process	\$35,893.36	\$0.00	\$35,893.36
3044	5/26/2015	3/31/2015	12/31/2021	Bedford County	Innerspec Technologies Inc.	Performance Period Ended	Full performance not met	Repayment due	\$13,843.49	\$13,843.49	\$0.00
3049	7/16/2015	6/30/2015	6/30/2018	Wise	NorrisBuilt Fabrication, LLC.	Performance Period Ended	Full performance not met	Repayment due	\$9,237.50	\$9,237.50	\$0.00
3101	10/8/2015	9/30/2015	9/30/2022	Tazewell County Industrial Development Authority	Blue Wolf Sales and Service Starsprings	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		
3138	2/8/2016	9/30/2015	12/31/2021	Henry	RTI Martinsville, inc. (Project LID)	Performance Period Ended	Full performance not met	Repayment due	\$62,778.57	\$62,778.57	\$0.00
3177	5/4/2016	3/31/2016	3/31/2021	Henry		Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		
3178	5/26/2016	3/31/2016	5/30/2021	Danville	KYCCERA SGS TECH HUB, LLC	Performance Period Ended	Full performance not met	final disbursement processed.	\$0.00	\$0.00	\$0.00

Active TROFs with Concluded Performance Periods Oct. 2022

Project Number	Date Approved	Start Date	End Date	Organization	Project Title	Performance Period Status	Status 1	Status 2	Clawback Amount	Clawback Repaid	Clawback Remaining
3214	8/30/2016	6/30/2016	6/30/2019	Prince Edward	Hotel Weyanoke, LLC	Performance Period Ended	Full performance not met	Repayment plan executed	\$16,778.50	\$5,592.90	\$11,186.00
3245	12/7/2015	9/30/2016	12/31/2021	Henry	Novatech USA Inc.	Performance Period Ended	Full performance not met	umpump payment	\$37,017.29		\$37,017.29
3266	3/6/2017	12/31/2016	12/31/2019	Wise	DP Facilities, Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		
3292	4/24/2017	3/31/2017	3/31/2020	Boones Mill (Town of)	Liquid Performance of America, Inc.	Performance Period Ended	Repayment plan executed.	Repayment plan executed.	\$10,000.00	\$6,666.68	\$3,333.32
3296	4/27/2017	3/31/2017	3/31/2020	Tazewell	Trina Health of Pounding Mill, LLC	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		
3300	5/31/2017	3/31/2017	3/31/2020	Tazewell	Sunset Digital Communications Incorporated	Performance Period Ended	Reviewing Performance Data	Confirmed full performance	\$0.00	\$0.00	\$0.00
3340	9/12/2017	6/30/2017	6/30/2020	Appomattox	Innovatio Sealing Technologies, LLC	Performance Period Ended	Full performance not met	Repayment due	\$92,000.00	\$2,555.50	\$89,444.50
3341	8/25/2017	9/30/2017	9/30/2022	Danville-Pittsylvania Regional Industrial Facility Authority	Unison Tube L.L.C.	Performance Period Ended	Full performance met	working on post-performance payout	\$	\$	\$
3375	12/7/2017	9/30/2017	9/30/2022	St. Paul, Town of Buchanan	Willis LLC c/o St. Paul IDA Trina Health of Pounding Mill, LLC DBA Trina Health Town Center	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		
3393	12/7/2017	9/30/2017	9/30/2020	St. Paul, Town of Buchanan	Willis LLC c/o St. Paul IDA Trina Health of Pounding Mill, LLC DBA Trina Health Town Center	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		
3394	12/28/2017	9/30/2017	9/30/2022	Pittsylvania County	Amthor International, Inc.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	TBD		
3395	1/29/2018	12/31/2017	12/31/2021	Bedford, County of	KMR Aviation Services Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		
3405	2/21/2018	12/31/2017	12/31/2020	Franklin County	DuPont Credit Union	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		
3406	2/22/2018	12/31/2017	12/31/2021	Floyd County	Daley Acquisitions, LLC	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		
3428	3/27/2018	12/31/2017	12/31/2020	Scott	Mountain Top Timber Products, LLC	Performance Period Ended	Repayment Plan Executed	Default - bankruptcy	\$250,000.00	\$125,000.00	\$125,000.00
3447	5/29/2018	3/31/2018	3/31/2021	Carroll IDA	New River Polymers	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		

Active TROFs with Concluded Performance Periods Oct. 2022

Project Number	Date Approved	Start Date	End Date	Organization	Project Title	Performance Period Status	Status 1	Status 2	Clawback Amount	Clawback Repaid	Clawback Remaining
3451	7/17/2018	6/30/2018	6/30/2022	Smyth County Economic Development Authority	Speyside Bourbon Cooperaage, Inc.	Performance Period Ended	Gathering Performance Data	Gathering Performance Data	\$ -	\$ -	\$ -
3452	7/17/2018	6/30/2018	6/30/2021	Smyth-Washington Regional Industrial Facilities Authority (SWIFA)		Performance Period Ended	Full performance met		\$0.00	\$0.00	\$0.00
3455	7/25/2018	12/31/2017	12/31/2020	Halifax IDA	Speyside Bourbon Cooperaage, Inc. Aquatic	Performance Period Ended	Processing disbursement.	Revenue Sharing Only	\$0.00	\$0.00	\$0.00
3456	7/25/2018	6/30/2018	6/30/2021	Henry	Press Glass, Inc.	Performance Period Ended	Gathering Performance Data	Reviewing Performance Data	TBD		

**VIRGINIA TOBACCO
COMMISSION**

STANDING COMMITTEES

VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION

Commission Standing Committees

(rev. 09/2022)

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rev. 7/22

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Mr. Gary D. Walker	Charlotte Court House, Virginia
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Ms. Sarah L. Wilson	Abingdon, Virginia