

VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501

Richmond, Virginia 23219

STRATEGIC PLANNING COMMITTEE MEETING

Thursday, January 5, 2023

9:53 a.m.

Homewood Suites by Hilton Richmond Downtown

Richmond, Virginia

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2 APPEARANCES:

3 Edward Blevins, Chairman

4 Delegate Leslie Adams, Vice Chair

5 Delegate Kathy Byron

6 Gretchen Clark

7 Julie Hensley

8 Honorable Matthew Lohr, Secretary of Agriculture
9 and Forestry

10 T. Jordan Miles, III (by phone)

11 Delegate Will Wampler, III

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13 Staff:

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15 Mr. Andy Sorrell, Acting Director

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17 The Honorable Stephen Cummings, Secretary of
18 Finance

19 Others present:

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21 The Honorable James E. Campos, Deputy Secretary of
22 Commerce & Trade and Acting Executive Director

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24 Ms. Stephanie Kim, Finance Director

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Ms. Sara Williams, Southwest Regional Director

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Ms. Liz Myers, OAG Counsel

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Mr. Jordan Butler, Public Relations Director

28

Ms. Suzette Patter, Grants System Administrator

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Ms. Joyce Knight, Meeting Coordinator

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Ms. Adrian Counts, Grant Assistant

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Ms. Emily Van Pelts, Grant Assistant

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1 CHAIRMAN BLEVINS: Call to order.

2 Good morning, and welcome to the
3 Strategic Planning Committee Meeting. At this time,
4 we'll call the meeting to order, and ask Andy to call
5 the roll please.

6 MR. SORRELL: Thank you,
7 Mr. Chairman.

8 Mr. Blevins. Delegate Adams.
9 Delegate Byron. Ms. Clark. Ms. Hensley. Secretary
10 Lohr. Mr. Miles, participating remotely. Delegate
11 Wampler.

12 You have a quorum, Mr. Chairman.

13 CHAIRMAN BLEVINS: Thank you. Now,
14 we'll entertain a motion to confirm approval or
15 disapproval of participation from a remote location.

16 SECRETARY LOHR: Mr. Chairman, I move
17 that Chairmans Blevin's approval of Mr. Miles'
18 request to participate remotely for this meeting is
19 in conformance with the Commission's adopted
20 electronic meeting policy, and that the voices of
21 the remotely participating members can be heard by
22 all persons at the primary meeting location.

23 CHAIRMAN BLEVINS: Thank you. We
24 have a motion. Do we now have a second?

25 UNIDENTIFIED SPEAKER: Second.

1 CHAIRMAN BLEVINS: We have a motion
2 and a second.

3 All in approval, signify by saying
4 aye.

5 (Response.)

6 CHAIRMAN BLEVINS: Disapproval?

7 (No response.)

8 CHAIRMAN BLEVINS: Motion carries.

9 We have the minutes from the October
10 22 meeting on the website. At this time, we will
11 entertain a motion for approval of those minutes.

12 UNIDENTIFIED SPEAKER: Motion.

13 CHAIRMAN BLEVINS: We have a motion.
14 Do we have a second?

15 SECRETARY LOHR: Second.

16 CHAIRMAN BLEVINS: We have a motion
17 and a second.

18 All in favor, signify by saying aye.

19 (Response.)

20 CHAIRMAN BLEVINS: Those not in
21 approval, signify by saying no.

22 (No response.)

23 CHAIRMAN BLEVINS: That motion
24 carries.

25 Andy, we'll open up for public

1 comment at this time.

2 Do we have any public comment?

3 (No response.)

4 CHAIRMAN BLEVINS: Hearing none,
5 we'll move on to Andy to review the feedback on our
6 are strategic plan.

7 MR. SORRELL: Thank you,
8 Mr. Chairman.

9 In your packets, on Page 99, you'll
10 notice a memo that staff prepared to sort of review
11 the process of where we are with our Strategic Plan.

12 Just for a general overview, the
13 Commission, State code requires the Commission update
14 or revise the Strategic Plan every two years, and 2022
15 was that second year.

16 We started that process in the
17 summer, and of course, part of that process is
18 reviewing what you have, and then seeing how you were
19 accomplishing what your existing plan was and what
20 might need to be changed.

21 So you'll find we are on Draft 2 of a
22 Strategic Plan. You'll find that as Attachment 1 in
23 your, beginning on Page 100 of your packet.

24 This plan is the one that reflects
25 the comments and feedback of the Commission and the

1 Committee gave to staff at our October meeting.

2 From that meeting, we then revised
3 the draft that you see on Page 100, and sent that back
4 to the Committee for comment, and then to the full
5 Commission for comment in mid-November.

6 After we did that, we then solicited
7 feedback from over 100 partners via email. We sent it
8 to the Regional Economic Development groups,
9 localities, state parkers, everybody in code, that the
10 State code requires us to consult on our plan, VEDP,
11 DACD, and others.

12 That feedback period ended December
13 9th. We received about two dozen responses, and
14 fairly detailed good responses.

15 From that, if you recall when we last
16 discussed, the plan was, if we didn't have too much
17 feedback on the existing draft, we might be ready for
18 the Commission or Committee to consider adopting a
19 plan at this meeting.

20 However, we got some pretty
21 significant feedback. In order to be responsive to
22 that feedback, it is going to be more appropriate, for
23 staff recommendation, that is, to just review the
24 feedback, and see how you might want to incorporated
25 that into the revised draft, so that you could then

1 have a plan that incorporates the feedback of our
2 partners, and any additional comments that might have.
3 And also with having a new executive director to come
4 onboard, that's an opportunity for him to be involved
5 in that process and provide feedback.

6 So it seems like it is a good
7 opportunity to review the feedback that we got from
8 our partners, review any additional feedback, such as
9 some feedback that Delegate Marshall had as we
10 previously discussed, and then prepare a draft and
11 present it to the Committee for further comment.
12 Ideally to have a final plan ready to approve for our
13 May meeting.

14 So at this point, I was going to
15 start the conversation start. Start with attachment
16 3, which was the listing of feedback that we got from
17 our partners on our existing plan. And I tried to
18 figure out the best way to get you all of the
19 feedback, and that's sort of a way that was easy to
20 read and understand. This was the best thing I could
21 come up with, in terms of following along with the
22 sections and the existing pages.

23 If it is good with the Chairman, I
24 will jump into that, and I would, you know, as we have
25 feedback on it, or if there are particular sections

1 that, you know, we didn't have comments, or that you
2 have a comment on, please feel free to stop me so we
3 can discuss it.

4 SENATOR RUFF: Mr. Chairman, are you
5 on Page 121?

6 MR. SORRELL: Attachment 3 begins on
7 Page 127.

8 SENATOR RUFF: 128.

9 MR. SORRELL: Okay 128 in your
10 packets. I might have an earlier version. Thank you
11 for the correction.

12 So this is on that second draft that
13 I mentioned. We didn't have any feedback or comments
14 on the Commission's overall mission and vision. Of
15 course, that is set by code.

16 We did have some good feedback from
17 our partners on Funding and Strategic Priorities. The
18 Southern Virginia Region Alliance had a lot of good
19 feedback for the Commission on this topic. One of the
20 comments that was made was, is the Commission's role
21 as laid out in State code to sustain itself, or is it
22 to get its funds into the footprint? That was the
23 question that she was asking.

24 The feedback that was provided was
25 that the Commission could consider whether loans

1 should really be serving as the Commission's main
2 means of sustainability. If the metric of getting
3 more loans out the door compared to grants, if that
4 was a metric that was appropriate.

5 It was also commented that
6 alternative revenue streams from grants and other
7 funding sources could really help the Commission
8 leverage funding projects, versus using existing
9 Commission funds.

10 The Secretary's office, Secretary of
11 Commerce also indicated that considering all different
12 options for financial sustainability is a good idea,
13 and you know, focus on, not just a heavy focus on
14 lending.

15 So from a staff perspective, you
16 know, we'll get into this a little bit more. But I
17 think with our current Strategic Plan, it was never
18 the intent for a plan for sustaining the Commission
19 for the future for the benefit of our communities was
20 to be just focused on lending.

21 You know, if you look at the plan
22 from 2020, it talks about the creation of a
23 foundation. It talks about potentially reinvesting
24 funds in a different way that gives the Commission a
25 better rate of return. Those are all options that

1 could be considered, and would part of a multiprong
2 approach to that, if that was something that the
3 Commission desired.

4 I think the key to this piece of
5 feedback on our priorities is that loans perhaps,
6 complete focus on loans for our sustainability, for
7 the Commission's sustainability is something that it
8 should be a multiprong approach.

9 When it comes to the Community and
10 Business Lending Program, which was a new addition to
11 our --

12 DELEGATE BYRON: Question. Just so
13 we understand. Are we just in listening mode, or do
14 you want us to give feedback, or how are we handing
15 all of this?

16 MR. SORRELL: I think that feedback
17 would be helpful. What I was going to do is go
18 through each of these sections.

19 If you have feedback or comments on
20 these particular sections, now would be an appropriate
21 time, if the Chair --

22 CHAIRMAN BLEVINS: You know, we do
23 encourage feedback. But if you want to do your
24 feedback by sections, or if you want to wait, either
25 is fine.

1 DELEGATE BYRON: Either section or
2 page, because there is an awful lot of things here.
3 We want to jump back, and some may not require it.

4 CHAIRMAN BLEVINS: If you want to
5 provide feedback now --

6 DELEGATE BYRON: It may just be
7 agreement. I just wanted to lend my voice to the fact
8 that I think that that, never felt like the Tobacco
9 Commission should be a lending group or in the banking
10 business, other than the grants that we are doing, and
11 that I agree with the Secretary of Commerce and Trade
12 remarks, what came in --

13 MR. SORRELL: Yes, ma'am.

14 DELEGATE BYRON: That while we may
15 consider you know leaving it somewhat open, that a
16 good focus should be on grant making and making sure
17 that we are doing those things to revitalizing and
18 focus on economic develop.

19 SENATOR RUFF: Mr. Chairman, if I could
20 weigh in. Andy, since we began loaning or offering
21 loans, have any of the local developers given you any
22 feedback on an individual basis on projects?

23 MR. SORRELL: I mean, yes. We have
24 feedback from some community members, and this was
25 part of the discussion at our last meeting of, hey, a

1 renewed focus on our, heavier focus on lending, such
2 as with our Community Business Lending Program, is
3 this replacing competing with local banks or community
4 banks and things of that nature.

5 So that question has come up from
6 community members.

7 On specific projects, yes. We have
8 heard from folks that everybody would like the process
9 to go more quickly. The Commission staff on staff
10 doesn't do the underwriting ourselves. We partner
11 with Virginia Resources Authority that does the
12 underwriting. There is a process for that. That
13 takes a couple months. Timing is always a situation
14 that folks wish it would always go more quickly. But
15 they also have to have enough information to make an
16 analysis of risk.

17 SENATOR RUFF: Mr. Chairman, I guess the
18 reason I raise that is one economic developer told me
19 that no prospect that they or bigger operation is
20 interest in loaning money. They have the assets.
21 They want a grant or they want to go somewhere else.

22 MS. HENSLEY: Mr. Chairman, I have a
23 question for Andy. The last section where says TRRC
24 staff has excellent expertise to seek other
25 alternative funding that could be leveraged. Could

1 you be specific by what you mean by that?

2 MR. SORRELL: Yes. I think that that
3 means that we have staff, particularly our regional
4 staff are pretty good at understanding what are the
5 options around for additional funding sources, whether
6 it be federal government sources or other private
7 foundations that could, you know -- If we were to have
8 perhaps even a -- If the Commission was to consider
9 having or pursuing a foundation would require state
10 amendments to the code, then that could then be
11 leveraged into actually going after some of those
12 products. Particularly for workforce development.
13 There are a lot of private foundations that match
14 Commission funds that could take some of the pressure
15 off of some of our projects that there are not as many
16 opportunities for additional funds from outside
17 members.

18 MS. HENSLEY: And then the follow-up.
19 How much issue has the Commission had historically, or
20 maybe just recently, in grant recipients ending up not
21 using the grants as the Commission had intended, as
22 the application had been framed?

23 MR. SORRELL: Well, there is always a
24 little bit of give and take. If a grant or a loan is
25 something that an applicant who is changing course on

1 what they are doing, then that needs to come back to
2 the Commission for a review of change of scope. But
3 if it is something minor, that is something that is
4 often handled by staff.

5 When it comes to things like Tobacco
6 Region Opportunity Funds, in the past a lot of those
7 dollars went out prior to performance, which then
8 meant that the Commission had to come back for those
9 funds that they didn't perform to.

10 In recent years, most localities,
11 many localities have been choosing to do
12 post-performance. Meaning that we only disburse the
13 funds that they earn. Therefore, we don't have to
14 deal with the fallback situation as much, and the
15 Commission holds those funds until performance is
16 achieved. We only give out what is achieved.
17 Therefore, we are able to earn the interest on that
18 money in our account versus disbursing in advance and
19 somebody else earning interest.

20 DELEGATE BYRON: Mr. Chairman, so if
21 we are going in our -- Frank, you might be able to
22 help me with this -- 23rd or 24th year -- How many
23 years now?

24 SENATOR Ruff: Twenty-four.

25 DELEGATE BYRON: Twenty-four. So I

1 think, you know, we ought to have a little bit of
2 pride in the fact that we have, compared to other
3 states and what they've done with the Tobacco
4 Settlements, that we have invested a lot of funds in
5 our Tobacco Region over 24 years, and been able to
6 manage those funds. If anything, as we look at those
7 funds diminishing, and we knew that they weren't going
8 to last forever, that maybe perhaps the Committee, in
9 our next meeting, will come out with some things that
10 are really setting priorities on return on investment
11 from we've learned over 24 years and what the next so
12 many years looks like, and take the next decade and
13 hope that things continue on that long, and where
14 those priorities will be, and really streamline some
15 of our grant-making things that will be better than
16 concentrating on loans to make our money go longer.

17 SENATOR RUFF: Follow up on that. I
18 would refer back to the meeting yesterday. We had
19 practically 100 percent agreement that the staff had
20 worked diligently with the communities. Communities
21 better understand what we are looking for and guide
22 the people, applicants the right way. This process,
23 we have streamlined it quite a bit.

24 SECRETARY CUMMINGS: Mr. Chairman,
25 I'm the newcomer here. Just reading this segment, I

1 do feel like an objective that is driven by the desire
2 for sustainability in and of itself is probably not
3 consistent with what we are trying to be doing. It is
4 using the funds in away that cannot be met by other
5 sources, private or public.

6 My thought on this is, if we are
7 going to lend money, it is because we are doing
8 something that may not be commercial. Can't do it
9 from another source. To somebody who has a cash flow
10 generating operation standing up that has the ability
11 to repay it. I think there could be circumstances
12 where you say that is an appropriate way to handle it,
13 or somebody use the money to do something we should
14 get repaid for. Sustainability is making sure we
15 don't spend it on things that other people would fill
16 the hole on. We are trying to find the things that we
17 uniquely could do because of the flexibility we have.

18 CHAIRMAN BLEVINS: Thank you for
19 those comments. In addition to those comments, as
20 Andy and I talked about the feedback that we received,
21 you know, I, at least, increasingly became less
22 comfortable with recommending a vote on the first
23 draft of the Strategic Plan, because I felt like that
24 our partners were not happy, at least on some level,
25 with where they thought we were going, and maybe we

1 should step back and take another look at our
2 sustainability approach.

3 You know, I have heard comments, and
4 I agree, that most of the needs that are brought to us
5 are grant needs. I, personally, don't see that
6 changing. I think lending, there are circumstances
7 where a loan would be appropriate.

8 If we are going to go in that
9 direction, to whatever extent, I think we should have
10 a fairly clear vision, or model, or projection to show
11 the funding ability for that from earnings on loans
12 outstanding that the Commission has made.

13 I just wanted to express my thoughts
14 as we talk through this feedback.

15 MR. SORRELL: Mr. Chairman, if I may.
16 I think you make a very good point. I know and I will
17 note Genedge Alliance and their comments were similar
18 comments to that of the Commission, Page 130, in the
19 general comments: The Commission may be better served
20 by concentrating its core mission, rather than
21 continuing to expand services which could result in a
22 diminished set of returns.

23 The plan should show the historical
24 and projected return on investing activities as th
25 plan outlined, and it is important to analyze this

1 return on investment and market potential and consider
2 a plan that is focused on where the greatest
3 opportunities for return on investment are, and
4 concentrate there.

5 I thought that was a good comment and
6 to address Delegate Byron's note about the
7 Commission's history and how we just completed our
8 Annual Report for 2022. That is on our website. I
9 will send out a link after the meeting, and we'll also
10 have hard copies available that describe the things we
11 have done over the year and our impact.

12 If there is no other comments, I can
13 continue on down the line to facilitate conversation.

14 As mentioned, I think we talked a
15 little bit about the Community Business Lending
16 Program, the need to focus on expanding access to
17 capital, not crowding out private market sources.
18 That was a comment from the Secretary of Commerce and
19 Trade's Office.

20 Also, the Scott County EDA had noted
21 that our lending program is often seen as competing
22 with local banks. That, again, another comment that I
23 think we should take to heart.

24 Moving to the Education and Workforce
25 Development of the Strategic Plan. We had a good

1 number of comments here that were really helpful, and
2 I think the committee was happy to get the Secretary
3 of Ag and Forestry. And VDACS noted that farmers,
4 they often hear from farmers that livestock farmers
5 have find there to be a shortage of ambulatory
6 veterinarians for large livestock.

7 If Commission was to consider
8 continuing, as it considers revising Talent Attraction
9 Program, that could be something that should be
10 considered to attract vets to our rural areas. That
11 is a point.

12 We also have some comments from
13 several groups that noted that, if the Commission does
14 choose or desire to talk about child care, it needs to
15 be more clear in the plan. We stepped back from that,
16 if you recall, in our last meeting, because we wanted
17 to have more ability to be flexible on that. I think
18 that the point is that folks really want to know, if
19 that is the direction we want to go in as the
20 Commission, we need to be clear on what that direction
21 is.

22 I'll note that VEDP has noted that
23 local and regional partners find that local and
24 regional partners find that the Workforce Development
25 and Education Program, the Commission is very helpful.

1 They did want to also note that the
2 ability for the Commission to inject capital as a
3 postsecondary institution is really a critical
4 component and allows flexibility that is not possible
5 through other state grants.

6 You see that a lot through our
7 programs. We allow flexibility that other program
8 just are not able to provide for all kinds of
9 different reasons. That was an important thing to
10 call out.

11 Then we had another comment about
12 that TAP Program the Secretary's Office. Incentivized
13 growth and attraction of a qualified labor force.

14 As Education Chair Byron mentioned
15 during the full Commission meeting, I think the
16 Education Committee is going to propose revising or
17 pausing things with the TAP Program to give us an
18 opportunity to reflect on it and see how that is going
19 to work out.

20 Related to Agribusiness, we also had
21 some good feedback from the Secretary of Ag &
22 Forestry's office and VDAC. The brunt of that comment
23 is on Page 129, when it talks about logic models. So
24 if you look in your plan, it's basically, if we do
25 spend money on this, then we should have these

1 outcomes and this is what it should be about.

2 So we have an Agribusiness Logic
3 Model. One of the, a really good comment that we
4 received was that we should consider utilizing
5 Virginia grown agricultural produces when we consider
6 agribusiness projects.

7 I believe the AFID project goes that
8 route. That is a good because we want to encourage
9 the use of our Virginia grown products when we can.

10 Provided value-added processing to
11 agricultural products is a good investment, but even
12 more worthwhile, when there are Virginia products.

13 Another key point that the Secretary
14 made was controlled environmental agricultures, an
15 important priority for the administration. That is
16 something that adding a bullet or a point about those
17 types of facilities would be something the Commission
18 should consider in its agribusiness model.

19 If you recall the Arrow Farms project
20 in Danville, where you grow things indoors for
21 consumption. That is a good thing that communities
22 are liking to see, as is the administration. That was
23 one of the key points there that we had related to
24 agribusiness.

25 I think perhaps now may be a good

1 time to pause and see if there is any feedback on
2 those sections. If not, we will keep going.

3 CHAIRMAN BLEVINS: Do we have any
4 feedback or comments on the sections Andy just
5 covered?

6 (No response.)

7 MR. SORRELL: Even if it's just
8 concurrence at this time, it would be helpful.

9 CHAIRMAN BLEVINS: You just don't
10 have to disagree. If you agree, you can let us know
11 also.

12 (No response.)

13 MR. SORRELL: So as related to our
14 opportunity funds, you know, this is our program that
15 provides incentives for performance. So if you are
16 coming to a locality, and you are bringing jobs,
17 capital investments, and a wage above the prevailing
18 average, then the Commission has the opportunity, and
19 you're in a traded sector, then there is an
20 opportunity for a grant and a zero interest loan as
21 part of that as well. It is very similar to the
22 Commonwealth Opportunity Fund. It is the Commission's
23 version of that. Often times it is used as local
24 match towards other projects.

25 Some of the comments that we received

1 on our TROF Program, one comment from Scott County EDA
2 noted that while TROF does remain important to our
3 rural localities, they find again the grant portion is
4 helpful, but the loan portion is not as helpful and is
5 not being utilized as much. I will say that is true,
6 just looking at our project that we received over the
7 last couple of years.

8 When the TROF incentive is offered
9 for a project, the way the policy reads, we pop in the
10 numbers for the job's capital investment and the
11 wages, and our TROF estimator provides us with a TROF
12 incentive. Say it is \$100,000. 50 percent is offered
13 in a grant. 50 percent is offered with zero interest
14 five year repayable loan. The Commission manages that
15 loan, because we are not doing a credit check or risk
16 analysis. We're just insuring that, the loan money
17 has to get out the door prior to performance, so that
18 does requires security for that. So whatever that
19 amount is for the loan, since the money goes out
20 before performance, we have to insure that it is fully
21 secured for the amount we are giving out; security,
22 and building, and equipment, etc.

23 With the grant portion, that can be
24 disbursed pre performance or postperformance. Like I
25 mentioned earlier, many are not going with

1 preperformance because of the potential for fallback,
2 if performance is not fully achieved. Most are going
3 to postperformance nowadays.

4 Anyhow, the comment, not many folks
5 using the loan portion is something I wanted to call
6 to your attention.

7 There is also a comment from the
8 Southern Virginia Regional Alliance that notes there
9 needs to be some clarification, or evaluation, or the
10 Commission should have a better process for evaluating
11 capital assets, like real estate, machinery, tools,
12 tangible personal property. That is relying more on
13 different things than just the Commissioner of
14 Revenue's final valuation.

15 That point is taken because those are
16 elected positions, and those values can vary. The
17 Commission has to be able to, when we are giving a
18 performance incentive to a company, and they are
19 saying in return for these funds, we'll build
20 something that is taxable. There will be a local tax
21 benefit for the community. That is what we rely on
22 the Commissioner of Revenue's data to confirm what
23 those numbers. Sometimes that data is lower than what
24 they actually spend on it. I think that is the point
25 that the Alliance was trying to make.

1 We need to make sure that we are
2 doing similar things that our partner doing, in terms
3 of giving flexibility there. I will note that our
4 updated TROF policy, performance agreement, has opened
5 that up a lot more in recent years.

6 It has been in past that we could
7 only reply upon the Commission of Revenue values.
8 That was all the Commission allowed.

9 But we have, since our new
10 performance agreement was updated in 2020, brought it
11 up to the times to make more it more reflective of the
12 opportunity funds performance agreement that VEDP uses
13 because that is what they do. So I think we are
14 getting in a much better shape for that now. That
15 point is well taken.

16 Moving into the Industrial and
17 Business Infrastructure. There are some key points
18 here that I wanted to call to your attention. VEDP
19 and the Southern Virginia folks had some very good
20 feedback on it.

21 Basically, the VEDP noted that
22 they're playing a larger roll in funding big sites,
23 mega-sites, over 100 acres, things like that.

24 And TRCC should consider focusing on
25 smaller sites. If you know in Southwest Virginia,

1 there are not as many of the really big sites of 00
2 plus acres. A lot of the industrial parks are 25
3 acres, 10 acres, 20 acres with the lots in them, under
4 50 acres.

5 The VEDP's comments were the
6 Commission should consider focusing on the smaller
7 ones, where there is more need, but that could then
8 compliment the VEDP's focus on investing in larger
9 sites.

10 They also noted that the Commission
11 could collaborate with them on co-investing in larger
12 high potential sites, mega-sites, if that was
13 something the Commission wanted to focus on to help
14 maximize that impact. That was an important point.
15 Again, the Commission can focus and should focus on
16 areas where there is a gap to fill. That has always
17 been a good role for the Commission.

18 The Regional Alliance also noted that
19 industrial sites in their region are really starting
20 to be depleted, and that is going to limit future
21 industry attraction. There needs to be funds for
22 assessing new sites as a funding mechanism or
23 priority.

24 I think Danville noted that as well.
25 Key points that our partners wanted to let us know.

1 I'll stop there to see if there is
2 any feedback.

3 DELEGATE BYRON: Mr. Chairman, are
4 you working with the local economic developments as
5 well, when we are discussing the industrial sites? I
6 know when I have talked to my area, they were
7 referring to -- Some of their bigger issues were
8 having sites ready with natural gas available.
9 Without that, and without some kind of policy change
10 in Richmond, which we will certainly, as legislators,
11 look into further. You can't do a perspective client.
12 That want it there. We don't have it. And some of
13 them are not coming for that reason.

14 I think it is important as well when
15 we work on some of these sites that we have everything
16 in order before we invest in them. So they are not
17 just sitting there, and see what else we can do to
18 knock down the barriers that are keeping that from
19 taking place, so we can all work together. I just
20 want to make sure we are all working with those
21 localities.

22 MR. SORRELL: That is a good point.
23 It is not just about funding small sites. It is
24 funding the infrastructure for all of those sites that
25 they might need, whether it be gas, electric, or roads

1 or things of that nature.

2 CHAIRMAN BLEVINS: I agree with that.
3 I think it is important for our strategy to
4 collaborative with VEDP, and basically use the best
5 strategy so we can -- And I think that would help to
6 resolve part of the questions and feedback we are
7 getting about, are we using our funds appropriately.
8 If we really focus on that strategy, that would help
9 with that.

10 MS. COX: Mr. Chairman, are we also,
11 the governor's put a really generous pot of money for
12 site development. I think we are collaborating and
13 working with them every step of the way on those
14 issues that Delegate Byron spoke about to fill the
15 gaps between that, ARC, VEDP, so that we truly are, I
16 guess, the last option. There are so any partnerships
17 out there. I assume we are at the table on those.

18 SECRETARY CUMMINGS: Mr. Chairman, on
19 things like this, the consistency from the comments
20 from the partners, there seems more collaboration.
21 That is a good sign. Leveraging their expertise, like
22 site development process is becoming much more
23 sophisticated and metric drive to make sure investing
24 in winning sites, and making sure that, as you get
25 more into that, Virginia does this well in smaller

1 sites, is that it is really collaborative to make sure
2 that the money does go to places where you know it is
3 truly going to take a Tier 3 to a Tier 1 and Tier 2.
4 Collaboration is paramount.

5 MR. SORRELL: Mr. Chairman, I'll note
6 that our regional directors do a lot of this
7 collaboration as your applications are being reviewed.
8 When they get applications in, it is like a technical
9 review COMMITTEE. They review it, but then they're
10 talking to the offices that deal with all of the
11 different types of sites out there, tier levels, how
12 VEDP is involved, but also the Go Virginia on how
13 things have been funded, and where our funds can be
14 leveraged.

15 So I think that attention and more
16 direct attention to that in the Strategic Plan on how
17 that is done would be important to show our partners,
18 hey, we already do a lot of this, but we can do a
19 better job of showing you and telling you how that is
20 done, so that they can have a better understanding and
21 comfort level with how these dollars are funded. We
22 can always do better at telling our story.

23 Moving along on the Small Towns
24 Initiatives. If you recall, this was something we had
25 in past -- I don't know, Sarah Capps, did we have this

1 in the prior Strategic Plan? I'm trying to remember.
2 We had something where we were considering this. We
3 felt it important to put it into our plan. We had
4 some wording in there that, as part of a focus area,
5 we should also try to focus on trying to acquire
6 outside capital investment.

7 Some of the comments about that was,
8 that might not always be applicable to projects in
9 small time environments require an outside capital
10 investment or dollars from somewhere else.

11 We had two folks comment on that.
12 But DHCD noted that it is a great compliment the VA
13 Main Street program. This really could be something
14 that could partner well with what they're doing there,
15 be another value for VA Main Street within the
16 Commission's footprint.

17 VEDP also noted that small town
18 revitalization is critical to enhancing the quality of
19 life in the Commission's rural footprint. That is
20 really important for, and those long-term investments
21 are really important for improving our region and are
22 essential for attracting development projects. They
23 want to see that quality of life for their employees
24 is, it's good and better than somewhere else and
25 unique.

1 When the Commission can focus on
2 improving small towns in a way that others aren't,
3 everybody wins.

4 Sort of related to that. When we're
5 talking about community assets and opportunities, this
6 was something we added back into the plan that had
7 been removed in the past. But again showing that
8 center, Southern Virginia center had noted again,
9 trying to have any wording in there about attracting
10 outside investments, and they to bring in outside
11 capital is good, a good idea, but not something you
12 should necessarily limit yourself to.

13 VEDP noted that focusing on natural
14 and cultural resources was really good, really a good
15 thing to that quality of life, and that it, again, is
16 essential for attracting large scale development
17 projects. These are projects that are improving
18 trails, regional access for spirit trails, and things
19 of that nature. That was the comment that related to
20 that.

21 Again, we have a section that relates
22 to economic factors that attract regional
23 competitiveness. This is similar comments that we've
24 already had. But if we're going to address child care
25 and workforce housing, we need to be more direct and

1 clear about that.

2 New this time, we have never sent a
3 copy of our plan or solicited feedback from Virginia
4 Housing. This time we did. You know what their
5 comment was? Your plan doesn't address workforce at
6 all.

7 Susan Dewey noted that economic
8 transformation cannot occur without places to live,
9 and adding housing is a necessary component to the
10 Commission's mission and strategy seems to be what
11 other state entities might be doing. I think that is
12 a key point to consider.

13 We had some other comment about
14 making it clear on Committee structure and the plan.
15 I think we are doing a decent job on that.

16 Again, when it comes to improve
17 fiscal management, we had a comment, again, including
18 more wording for ongoing data collection and analysis
19 and impact of that implementation over the next couple
20 of years. That is important. I think we do a lot of
21 this, but we should be more direct and clear of our
22 plan on how we do it, and why we do it, and what our
23 return on investment is for that. That is a good
24 comment.

25 Again, on sustainability, I think we

1 already addressed that at the beginning of the
2 session.

3 Fund Development and Commission
4 Foundation, comment received from the Secretary of
5 Commerce and Trade's Office, again, options for
6 bringing in other funding, outside funding is a good
7 thing. Exploring those and making sure that these
8 dollars are going the farthest they can is a good
9 idea.

10 When it comes to the section on
11 Investing in the Region, Regional Marketing
12 Development Efforts, it is important that we consider
13 our regional economic development offices, like the
14 Southern Virginia Regional Alliance. That comment
15 came from them. When we are considering these things.
16 I think we are doing a pretty good job of this, and we
17 are evaluating how things are going in those regards.

18 Remember at our October meeting, we
19 needed to take in action towards Southern Virginia to
20 include that based upon the performance.

21 Always evaluating things is
22 important, and I think that is what that is saying.
23 Continue to evaluate and continue to make sure your
24 Regional Economic Development groups are included.

25 We talked a little about the

1 Agribusiness Logic Model, and trying to do the high
2 level things here.

3 Moving to the final page, comments
4 from general comments. Lunenburg County wanted to
5 make sure the Commission knew it was important for
6 them that the Commission knew it was important for
7 them that the Commission retain the previously
8 allocated Southern Virginia allocation amounts. And
9 that was something that, you know, the Commission
10 hasn't been re-upping those allocation amounts, but
11 the amounts still remain for ones that had those.
12 That was something that related to prior plans.

13 We had comment from USDA Rural
14 Development folks that having an orientation would be
15 helpful for partners. We are going to have that
16 orientation for you guys today, and we're recording
17 it. We will make sure that we put this on our
18 website. We will continue this. Senator Ruff noted
19 to reach out to our communities. We continue to do
20 that because it is important.

21 The other thing, another comment that
22 Scott County EDA made was that dollar for dollar
23 match, which is what we pretty much require for all
24 off our grants, and that is required by State code
25 going back to 2015, wanted to note that that can

1 sometimes be burdensome for most rural localities,
2 having a dollar for dollar match.

3 The Commission should really consider
4 a look at what other funding agencies do as relates to
5 this, for requirements for rural places. I think that
6 is a point well taken. I think it is important to
7 have skin in the game. We all know that. What should
8 that skin in the game level be? Should it always be
9 dollar for dollar. If we were to advocate, that would
10 require a code change. If the Commission felt that
11 was something that should be addressed, the Strategic
12 Plan is the place to say we want to do this, and then
13 it would be up to our legislative members to determine
14 if that was something they would be willing to do.

15 Final comment that I'll note is from
16 VEDP. They indicated that they really want to
17 continue to collaborate more with the Commission,
18 understanding how our programs on other state partners
19 work, and noted there is a lot of overlap in the
20 things that VDAC does, Small Development Group does,
21 Virginia Economic Development Partnership does. And
22 we can always tighten that collaboration up, just so
23 we can maximize how state dollars are being funded.
24 Commission dollars are state dollars. They're
25 taxpayer dollars that the General Assembly said this

1 is how we want these things spent. So it is important
2 to continue to look at that.

3 I think that is all the general
4 comments that had. Happy to take any feedback and
5 comments from the Committed.

6 CHAIRMAN BLEVINS: Any feedback on
7 any of the comments or areas that Andy covered?

8 MS. CLARK: On the dollar for dollar
9 match, and it kind of goes hand in hand with the small
10 town initiatives, I know that small towns in some of
11 those rural counties don't have the staff and
12 horsepower to seek other grants or projects that they
13 might dream about. So th just don't even come to us.

14 As we reach out to them, you guys are
15 going to do some reach out to the smaller localities,
16 maybe we need to share with them the other funding
17 agencies that could help them with their projects and
18 the horsepower. You know, who could be a project
19 manager for them, whether it is Local Planning
20 Commission or just help them put those pieces
21 together.

22 MR. SORRELL: That's good feedback.
23 I'll note that, when an application is submitted for
24 our program, that is precisely what Sarah and Sara are
25 doing. But people have to come to us to ask us for

1 funding for us to be able to help with that. We
2 continue to do that. I think you're right. Knowing
3 that we are an option, but there are other options too
4 just makes the dollar go further.

5 SENATOR RUFF: Mr. Chairman, Andy, would it
6 require a code change if we came up with a formula
7 that the match could be met over a period of several
8 years from the resources of the --

9 MS. CAPP: It's a three quarter vote
10 can approve a project with less than 50 percent match
11 in it.

12 MR. SORRELL: That's in the bylaws.
13 That's a good point.

14 SENATOR RUFF: That takes care of part of that.
15 But can we consider, if it is an economic development
16 project in a town or community that does not have the
17 resources available today, could we offer them a five
18 year deal where some of the proceeds of that economic
19 development come in a period of five years or something
20 like that, rather than all cash up
21 front?

22 MR. SORRELL: I think we can consider
23 that. Liz will let us know if that is something our
24 code currently permits.

25 Again, the Commission is the group

1 that has the flexibility that others often don't. If
2 the code is pretty clear that we have something that
3 requires a change, we need to keep a running list of
4 things that might need to be amended. We also don't
5 want to open the code up willy nilly, because you
6 never know what could be popped in there if you open
7 it up to one thing. So I think that is something the
8 Committee could definitely consider.

9 MS. COX: Question. As listened to
10 Delegate Byron and Senator Ruff talking about the loan
11 portion, I agree that that is a tough game to be in,
12 but are there opportunities maybe on a small, smaller
13 business scale with those that are having difficulty
14 gaining access to capital? And Sarah and Sara, before
15 you put me on your dart board, I don't mean everybody
16 send in applications to the Commission for funding.
17 But if they actually came through the economic
18 development offices, maybe those that are having
19 trouble gaining that access to get a business in
20 target industries that make sense, but maybe are not
21 of the huge industrial site caliber, or am I or
22 just --

23 MR. SORRELL: That's a good question.
24 I think that is part of the issue with lending and
25 things like that, is we're providing loans to groups

1 that private banks or private lenders are not able or
2 willing to provide funding to it. It is often because
3 of the risk. So if it is risky for a private bank, it
4 is also going to risky for the Commission.

5 One of the policies that we have is
6 that it needs to be fully secured before our funds go
7 out the door. That security can always take all kinds
8 of different methods. It is easy to potentially, if a
9 project goes south, and you need to go after the
10 collateral for a piece of property, it is much harder
11 if that piece of collateral is mineral rights, or
12 something different that is just harder to actually go
13 out and sell on ebay. Not to say it like that. But
14 you know what I mean.

15 MS. COX: We are talking about small
16 towns initiatives and things like that, in a lot of
17 places the small businesses are the backbone of the
18 economy. I'm just throwing out maybe some options
19 where we can be a part of the solution. I don't know.
20 It is up to you guys to figure out what those risks
21 are. That may be a place for us to fit instead of the
22 larger loan space, as some of the comments have talked
23 about competition with banks and things like that.

24 MR. SORRELL: I think that tying a
25 lot of our programing into small towns initiative is a

1 really great way to add some focus to that. Whether
2 it is lower interest loans for projects that are
3 occurring in identified small towns in the
4 Commission's footprint, we are encouraging -- Virginia
5 does great with providing incentives to encourage
6 action. The Commission can say, hey, you locate in
7 Blackstone or another small town, this package of
8 incentives that the Commission has funding for could
9 potentially be open to you, as an encouragement to do
10 that. Maybe there's a scale or a rang in criteria
11 that include workforce housing as part of that, or if
12 you have some element of child care. It might not be
13 something that we would fund directly, but you base it
14 upon you receive a higher range if you are able to
15 provide certain options. I think that is a really
16 good idea.

17 I do think that our small town
18 initiative and focus is a great way to show how the
19 Commission can provide funding for things that really
20 have a great need for our community, clearly have a
21 need that everybody rides through, everybody sees,
22 everybody sees there's a need clearly. Small towns,
23 or place, or small communities or place that
24 investments have not happened in the past, and there's
25 part of thing that brings in those big projects and

1 those big companies are small towns that make Virginia
2 unique and a special place to live. That's why most
3 all of us live there.

4 DELEGATE MARSHALL: Mr. Chair, I'm
5 not a member, but I'd like to offer something.

6 One of my assignments, I'm a member
7 of the Virginia Housing Commission. One of the issues
8 we deal with is housing. One of the things that the
9 City Manager of Danville and I have talked about is,
10 what happens when Barry Hill lands that whale? If you
11 look back to Ikea, it was 8000 jobs in Pittsylvania
12 County and another 9000 jobs within a 30 mile radius.
13 17,000 jobs was going to come to that area.

14 So today, Danville and Pittsylvania
15 County has a deficit of 1000 houses, jobs that have
16 already been announced; 1350 at the casino, etc., etc.
17 So there is 1000 jobs, houses that need to be built
18 today.

19 We don't have the developers to do
20 that in our part of the state.

21 On the Housing Commission, we had an
22 economist from the realtors speak to us last summer,
23 and they talked about housing all over the state. It
24 is so different. Average house sale in Northern
25 Virginia is \$750,999. Think about that. In Danville,

1 it is \$150,000.

2 The real thing that hit me is that
3 the realtor said, at the time, back in August, there
4 was only a 9 month supply of residential building lots
5 in the state. That is not a lot of building lots.

6 I talked to the head of the IDA in
7 Danville. I have a bill that I'm going to introduce
8 to allow IDA's to do residential development.

9 They will have -- Just like we do
10 development for commercial sites, the IDAs would be
11 able to develop, could be multifamily, could be single
12 family, for first time home buyers, etc., etc.

13 I talked to four different lawyers
14 and said, can IDAs do that? Two said, no, they can't.
15 Two said, yes, they can. That is why I'm having a
16 bill just to make sure.

17 I am just bringing that up. Part of
18 economic development is to attract these small
19 companies or big companies, no matter what size,
20 locality you're in, you've got to have housing.

21 Other states are already looking at
22 this. I know Georgia is. I want to put that out
23 there.

24 SECRETARY CUMMINGS: Mr. Chairman, on
25 that part of the strategic planning around economic

1 development is starting to tag housing incentives
2 with, plus trail the targeting zones, getting in from
3 the beginning, as opposed to just focus on getting the
4 customer in and then figure out the growth. That
5 chicken and egg doesn't work. Hopefully, we can solve
6 that with an aligned strategic.

7 DELEGATE MARSHALL: So the IDA, for
8 example, Danville, what they're looking at is to look
9 at locations that would have public transportation,
10 water, sewer, fiber, that it'd be close to schools,
11 etc., etc. So we are not just sticking them
12 everywhere.

13 The other issue, I talked to the City
14 Manager -- I'm not a property rights person. I don't
15 know want to see Danville out building houses or
16 either selling lots if realtors need to do that, the
17 housing contracts. The way that I think this is going
18 to work, lots would be sold. Could go back into a pot
19 of money, so that they could do the next development.

20 SECRETARY CUMMINGS: One other thing
21 I just wanted to comment on the lending business
22 because I've seen a number of these meat processing
23 transactions come through from. That seems to be an
24 example of a business, public good for the community.
25 That may be the case where bank terms would make it

1 difficult, but maybe appropriate if we could do a 10
2 year loan. Something a bank wouldn't do, to soften
3 the financing requirements. That, to me, would be a s
4 strategic use of capital, rather than giving private
5 enterprise a flat out grant. I feel like we should be
6 thinking of how to construct parameters to say these
7 are the circumstances we can fill a need that is
8 there.

9 MR. SORRELL: As the Commission has
10 flexibility. Our ability to, you know, using VRA,
11 Virginia Resource Authority, our underwriters and risk
12 analysis. They provide us with a term sheet that
13 says, based upon this project, this is where we feel
14 it should be.

15 The Commission then needs to
16 determine, is this right for this project, or does it
17 need to be adjusted to make it a project according to
18 the parameters and the needs, and according to the
19 Strategic Plan is. That is why this plan is so
20 important.

21 CHAIRMAN BLEVINS: Thank you. All
22 really great comments. I'm very happy to hear those
23 comments. I think, as far as lending is concerned, I
24 definitely personally see a role for the Commission
25 going forward with that.

1 The majority of the cases, if there
2 are issues with conventional lending, like, for
3 example, meat processing piece that we have talked
4 about, it will either be a leverage issue or cash flow
5 issue, or one of the two most of the time for a
6 conventional lender.

7 We are in a position where we can
8 take a little more risk from a leverage standpoint,
9 collateral and value, and probably take a little more
10 risk on the debt recovery. I think those are cases
11 where we can look at that.

12 I'm really happy to hear the comments
13 on trying to really fine tune our strategy, and
14 collaborate, and maybe realign some of our grant
15 approach. I think we can find common ground. I
16 really want to encourage other members of the
17 Strategic Planning Committee to get involved and help
18 us.

19 After we reviewed this feedback and
20 drafts, I think what we have done today was much
21 needed. And I think if we can get involvement and
22 participation from the Committee members, I think we
23 can get to a place where we'll be ready to move
24 forward with the Strategic Plan. Thank you.

25 MR. SORRELL: I agree, Mr. Chairman.

1 I'll note that another aspect of the Strategic Plan
2 that I want to make sure we include is, as Delegate
3 Marshall mentioned, potential, and the motion that had
4 been made to consider agribusiness or some version of
5 a regional collaborative committee to make sure those
6 projects are addressed.

7 DELEGATE BYRON: Mr. Chairman, just a
8 couple comments at the end here. I think it would be
9 helpful, unless you don't want to open up this box, to
10 maybe have a workshop of some sort that we can use
11 effectively in other areas where you have more Tobacco
12 Commission members discussing what they felt where we
13 come, where we're going, and more importantly, where
14 we're going. And then the Strategic Planning
15 Committee could always take that discussion and try to
16 refine into a report. And that way we get more
17 feedback from the other members that have a lot of
18 expertise and experience from being on the Commission
19 for many, many years.

20 The other is to maybe have Secretary
21 of Finance have a small group to look at the funding
22 issue. Make sure that we are meeting the needs, or
23 that we are able to do what -- What are we able to do
24 in that regard? I know we had an R&D project that the
25 Tobacco Commission funded that has been successful in

1 my district. They had a big problem getting capital
2 in order to take on some wonderful grants that they
3 got from the Department, but we couldn't get funding
4 for them. They reached out everywhere. I think we
5 need to look at things like that. It was one of our
6 very own projects. Find out what those issues are,
7 and if there's something we can do, can't, or
8 shouldn't, then at least we have the information
9 there. Thank you.

10 MR. SORRELL: I welcome all that
11 opportunity to collaborate and further refine our
12 plan. The worst place we could be in is adopting a
13 plan that is not meeting the needs of our footprint.

14 The more thought and effort we put
15 into refining the plan to be the right fit for right
16 now, the better we will be, and the better we'll serve
17 our community.

18 MR. FOSTER: Mr. Chairman, if I could
19 remark on Danny's remarks about housing. I'm in
20 Campbell County. Knowing the growth of our norther
21 part of the county, Liberty University, the place is
22 just exploding. Housing and lots are nonexistent.
23 Without the expansion of water and sewer, that problem
24 will continue to be a huge issue in our county.

25 If you have a lot, you'll sell it

1 tomorrow. That is how bad it is. I'm in that
2 business, and it is just a lot of opportunity. These
3 people need places to live. They just don't have
4 them. Apartments are all full. No lots to buy. No
5 water and sewer. The IDA, it is important to get
6 involved in that.

7 CHAIRMAN BLEVINS: Thank you. Those
8 are good comments. Are there any other comments?

9 (No response.)

10 CHAIRMAN BLEVINS: Is there any
11 public comment?

12 (No response.)

13 CHAIRMAN BLEVINS: Any other business
14 that the Strategic planning Committee needs to
15 discuss?

16 MR. SORRELL: No, Mr. Chairman. I'd
17 just say it would be helpful for staff to know the
18 Committee is in concurrence with the discussion we had
19 and the feedback we received from our partners, in
20 terms of proceeding with revising the draft. I think
21 I've gotten some really great feedback. I'm going to
22 go listen to our minutes to see that I get it exactly
23 right. But I just want to confirm it is the right
24 direction to go based on the feedback and discussion
25 today.

1 CHAIRMAN BLEVINS: I agree. Is there
2 any comments or suggestions, or is there concurrence
3 that we proceed with Andy reviewing the feedback and
4 fine tuning the Strategic Plan?

5 (No response.)

6 CHAIRMAN BLEVINS: I don't think this
7 requires a vote. If there is any disagreement, let us
8 know.

9 (No response.)

10 CHAIRMAN BLEVINS: Hearing none --

11 DELEGATE ADAMS: Not in disagreement.
12 Just clarification. Seems to me sort of the biggest
13 issue is the initial paragraph setting out is the
14 ultimate direction and sustainability.

15 MR. SORRELL: I think it is also that
16 the Commission needs to be more direct in describing
17 why we exist. It is not to sustain ourselves, but it
18 is to provide a beneficial opportunity for the
19 communities that we serve. That might -- There could
20 be ways in which that could lead to a Commission that
21 is going to be more resourceful on how it spends its
22 money. I think that just by saying sustainability,
23 people might think, oh, they're just trying to keep
24 themselves around versus trying to be more beneficial
25 to the community.

1 DELEGATE ADAM: I guess, do you feel
2 comfortable that you have enough from these
3 discussions now to incorporate language?

4 MR. SORRELL: I think I do, but you
5 guys are the final determining factor in that. I will
6 make sure that I get a draft to you that you guys can
7 review and make sure it is the right wording for you.

8 CHAIRMAN BLEVINS: I agree with you.
9 I think addressing the sustainability of the plan is
10 going to be one of the primary focuses for clarifying.

11 We'll accept that as confirmation to
12 move forward.

13 Any other items we need to address?

14 (No response.)

15 CHAIRMAN BLEVINS: If not, the
16 meeting is adjourned.

17 CONCLUDED

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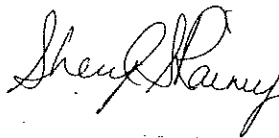
1 CERTIFICATE OF THE COURT REPORTER

2

3 I, Sheryl Rainey, Certified Court Reporter and
4 Notary Public for the State of Virginia at Large, do
5 hereby certify that I was the Court Reporter who took
6 down and transcribed the proceedings of the Strategic
7 Planning Committee, when held on Thursday, January 5,
8 2023, at 9:45 a.m., at Hampton Inn & Suites, Richmond,
9 Virginia.

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

13 Given under my hand this 30th day of January,
14 2023.

15 

16

17

Sheryl Rainey

18

Certified Court Reporter

19

Notary Public

20

for the State of Virginia at Large

21

22 My Commission expires: April 30, 2026

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