

VIRGINIA TOBACCO REGION REVITALIZATION COMMISSION
701 East Franklin Street, Suite 501,
Richmond, Virginia 23219

FULL COMMISSION MEETING
Thursday, January 5, 2023
11:10 a.m.

Homewood Suites by Hilton Richmond Downtown
Richmond, Virginia

1 APPEARANCES:

2 Senator Frank Ruff, Jr., Chair
3 Delegate James "Will" Morefield, Vice Chair
4 Chairman Delegate Leslie Adams
5 Edward Blevins
6 Delegate Kathy Byron
7 Gretchen Clark
8 Amanda Cox
9 Honorable Stephen Cummings, Secretary of
10 Finance
11 Joel Cunningham
12 Coley Drinkwater
13 Watt Foster
14 Julie Hensley
15 Richard Hite, Jr.
16 Jay Jennings
17 Delegate Terry Kilgore
18 Honorable Matthew Lohr, Secretary of
19 Agriculture & Forestry
20 Delegate Danny Marshall
21 Honorable Caren Merrick, Secretary of Commerce
22 and Trade
23 T. Jordan Miles, III (by phone)
24 Delegate James Morefield
25 Senator Joseph Morrissey
26 William Pace
27 Sandy Ratliff (by phone)
28 Walter Shelton, Jr.
29 Gary Walker
30 Delegate William Wampler, III
31 Sarah Wilson

32 Staff:
33 Andy Sorrell, Deputy Director
34 Vicki Humphreys, Grants Director

35 Other Present:
36 Stephanie Kim, Director of Finance
37 Jordan Butler, Public Relations Director
38 Suzette Patterson, Grants System Administrator
39 Sarah Capps, Southern Regional Director,
40 Sara Williams, Southwest Regional Director
41 Adrian Counts, Grants Assistant
42 Emily Van Pelt, Grants Assistant
43 Joyce Knight, Meeting Coordinator

1 CHAIRMAN RUFF: Welcome to the Full
2 Commission. I guess everybody's seen each other for
3 that last day and a half. We appreciate the fact
4 that a lot of y'all have heard things, and sometimes
5 you can hear things twice because one committee deals
6 with it, then the Full Commission has to deal with it.
7 So bear with us in those cases.

8 Andy, will you call the roll, please?

9 MR. SORRELL: Yes, sir, Mr Chairman.
10 Delegate Adams. Mr. Blevins.
11 Delegate Byron. Ms. Clark. Ms. Cox. Secretary
12 Cummings. Mr. Cunningham. Ms. Drinkwater. Senator
13 Edwards(Not Present). Mr. Foster. Ms. Hensley. Mr.
14 Hite. Mr. Jennings. Delegate Kilgore. Secretary
15 Lohr. Senator Lucas(Not Present). Delegate Marshall.
16 Secretary Merrick. Mr. Miles(by phone). Delegate
17 Morefield. Senator Morrissey(Not Present). Mr. Pace.
18 Ms. Ratliff (by phone). Senator Ruff. Mr. Shelton.
19 Mr. Walker. Delegate Wampler. Ms. Wilson.

20 You have a quorum, Mr. Chairman.

21 (ROLL CALL).

22 CHAIRMAN RUFF: Thank you, Andy.

23 The first order of business is
24 approval of the minutes published on the website for
25 October 5th. Were there any changes to those? If

1 not, is there a motion to approve them?

2 UNIDENTIFIED SPEAKER: So moved.

3 DELEGATE KILGORE: Second.

4 CHAIRMAN RUFF: Properly moved and
5 second. All in favor, say aye.

6 (Response.)

7 CHAIRMAN RUFF: All right.

8 We have a public comment period.

9 Does anyone want to be so brave to walk up?

10 (No response.)

11 CHAIRMAN RUFF: Seeing no one.

12 Andy wants to make an announcement.

13 MR. SORRELL: Thank you,

14 Mr. Chairman. I have a brief announcement about your
15 box lunches. After I do this, then I think we have a
16 motion about the remote participation as well. Box
17 lunches for commissioners and staff will be a
18 available by 11:00 or 11:30. They will be on the back
19 table. If you need coffee that is warmer than what is
20 back here, there is some in the lobby.

21 Make sure you get in your travel
22 vouchers. Joyce wanted me to remind. The plan is,
23 while the presentation is going on, get your box lunch
24 and eat, because it will be a presentation for a
25 little bit. Feel free to do that. It will have your

1 name on it.

2 I believe there is a motion related to
3 the remote participation.

4 SECRETARY LOHR: Mr. Chairman, I move
5 that your approval of the Commissioners Miles and
6 Ratliff request to participate remotely in this
7 meeting is in conformance with the Commission's
8 adopted electronic policy, and the voices of the
9 remotely participating members can be heard by all
10 persons at the primary meeting location.

11 CHAIRMAN RUFF: Is there is a second?

12 MR. BLEVINS: Second.

13 CHAIRMAN RUFF: Properly moved and
14 second that we accept that.

15 All in favor, say aye.

16 (Response.)

17 CHAIRMAN RUFF: Opposed?

18 (No response.)

19 CHAIRMAN RUFF: I was starting to
20 worry because I was going to introduce James Campos,
21 and he wasn't in here when I looked over there.
22 Luckily, he is now.

23 James will be -- I think all of y'all
24 got in front of you his resume. I'm not going to go
25 through that completely. He will be the acting

1 director.

2 I would just point out several
3 things. He has been involved in the University of
4 Maryland, University of Glasgow, Scotland, Stanford,
5 Cornell and Georgetown. Don't see any good Virginia
6 schools. We'll accept your apology for that.

7 He serves a number of boards that
8 bring him a wealth of experience. He served in the
9 Department of Energy in Washington. He created the
10 first Economic Development Office. He head the
11 Workforce and Economic Development Initiatives at the
12 state and federal level, and worked on higher
13 education as the Director of President's cabinet on
14 energy development, economic development, and
15 government affairs. All of those issues match up well
16 with what we are trying to accomplish.

17 Do you want to say anything at this
18 time?

19 MR. CAMPOS: I want to thank the
20 Commission for this tremendous opportunity, and the
21 administration for allowing me to be here today. I
22 really look forward -- So don't take my quietness, in
23 a sense, as part of my overall character. I'm jus
24 soaking it in. It is my second day on the job. It
25 has been a bit of a flush of information. It is

1 definitely something that I'm familiar with, and I'm
2 looking forward to working with each and every one of
3 you. Just excited about starting. So please don't
4 take my shyness as an indication of my character. I
5 plan to be very involved and work with each and every
6 one of you. I think you, and it's an honor.

7 CHAIRMAN RUFF: Thank you, James. I
8 appreciate that.

9 Over the course of last 12 months we
10 have not had an executive director. Andy has done a
11 great job as acting director. That it is only
12 possible because the staff we have, all of which have
13 done their jobs loyally, faithfully, and we very much
14 appreciate that, and I would accept a motion to offer
15 them a round of applause and commendations.

16 (Applause.)

17 CHAIRMAN HUFF: Certainly, they have
18 done their job, as the issues have arisen during the
19 course of the year, and as y'all have heard of the
20 various committee meetings, a lot of issues have
21 revised. Thank y'all for all of that.

22 Our next order of business is the
23 Governor's Economic Plan. We ready for that.

24 SECRETARY MERRICK: Thank you,
25 Mr. Chairman. I would like to say that we have many

1 shared goals. In fact, all the goals you have, we
2 have in this administration.

3 You may know that in the first year
4 of a new Governor's administration, he is required by
5 statute to deliver an Economic Development Plan. We
6 would have done that anyway.

7 This play, we are very excited about
8 because it is bold. It's ambitious. As you can see,
9 the title is Compete to Win. We have inherited an
10 economy that was recovering from Covid and from Covid
11 lockdowns. We have all inherited an economy where
12 there hasn't been as much focus on growth as there
13 needs to be.

14 We are proposing all of government
15 approach. I want to thank Mr. Chairman for allowing
16 us to put this on the agenda. It is very important
17 that we all understand what we are working towards
18 together. The Tobacco Commission is a vital partner
19 in all of our economic development. So thank you.

20 With that, I'd like to introduce
21 Deputy Secretary of Commerce and Trade, Nicole Riley,
22 who led the development of the plan, and who can
23 outline some of the methodology that we used to
24 develop the plan, and also the goals that we share.

25 CHAIRMAN RUFF: Nicole?

1 DEPUTY SECRETARY RILEY: Good morning,
2 Mr. Commission and members of the Committee. I'm
3 Nicole Riley, Deputy Secretary. I want to ask Tyler
4 Carroll from VEDP to join me. Tyler was lead from
5 VEDP who helped us put this together. We are going to
6 be tag-teaming this. I need to apologize in advance
7 that I have to be in Short Pump for the Virginia
8 Technology Council Legislative Panel. So I will be
9 handing it off as well, probably during the Q&A
10 portion of it. We did want to provide you guys just a
11 highlight of some of the assets of the plan, and how
12 it is vital to the Tobacco Commission and our rural
13 areas are a part of this plan.

14 As the Secretary mentioned, it is
15 required by statute. Also, the statute requires that
16 it be cross-secretarial. There were at least six
17 secretaries and their agencies that we had as part of
18 a steering committee, that we met with and discussed a
19 lot of issues we could address in our Economic
20 Development Plan. One of those key partners was the
21 Tobacco Commission. So we really appreciate Andy's
22 work on this with us and everyone else that we had.

23 We also had stakeholders from numerous
24 business groups, as well as information that we
25 gathered from the regional, Secretary Merrick, I know

1 she met many of your while she was on the road this
2 summer. This plan is pretty comprehensive on that.

3 Basically, we wanted to really focus
4 on growth, outlook, strategy, strategic focus
5 areas. That is what we are going to get into here
6 briefly. Those go everything from accelerating our
7 target industries, looking at making Virginia
8 affordable, looking at a talented workforce, and
9 looking at site and infrastructure development, as
10 well as, you know, breaking down barriers and driving
11 innovation.

12 I'll let Tyler talk about kind of
13 our landscape, set the stage for the reason why we
14 felt those would be the six strategic areas that we
15 wanted to hit on.

16 MR. CARROLL: Thank you very much,
17 Nicole. Good morning. Mr. Chairman and members of
18 the Commission, thank you for having me here to speak
19 today.

20 As Nicole said, and you heard from
21 Secretary Merrick, the name of the plan is Compete to
22 Win. Much of this plan was developed through a
23 competitive standpoint. Again, Tyler Carroll. We
24 provided support from analytical and research
25 perspective to develop this plan. So I wanted to is

1 man talk to you a moment about the competitive piece
2 to set the stage for you.

3 So here, you see in dark blue what we
4 have defined as competitors for purposes of this plan.
5 The reason we have done this is really looking at our
6 backyard, in terms of states that are top states to do
7 business alongside Virginia, and also, ones that are
8 concentrated in the Southeast Region, as well.

9 Many of these cities are winning
10 major transformational investments in economic
11 development projects. More importantly, many of these
12 states, you'll see with the numbers overlaid on each
13 state here, are projected to be high growth job states
14 over the next 10 years. This is according to Moody's
15 Analytical Projections.

16 So you will see many of these states
17 fall into the top 10. All of our competitor states
18 fall in the top 15. Virginia is in the middle of the
19 pack as Number 19 there over the next 10 years. So
20 identifying this as an area for potential growth,
21 which we'll talk about later in the presentation as
22 well.

23 Another reason we have outlined these
24 competitor states as peers to evaluate for this plan
25 is, these are states that are seeing gains in net

1 So really, through this plan, it is
2 really just looking to redefine how bucket certain
3 industries. Sort of looking at industries as whether
4 they're high growth opportunities that might require
5 more competitive resources that need to be delivered,
6 but have really high rewards, in terms of capital
7 investment and job growth.

8 In looking at, you know, where
9 Virginia holds competitive advantages, and we need to
10 maintain our ground and deploy more of a traditional
11 economic development tool kit, and maybe catering to
12 unique industries as well, where Virginia has unique
13 competitive advantages. Even though they may not be
14 projected to grow nationwide, Virginia has a really
15 high value proposition for these industries.

16 This is just an illustrative example
17 of sort of the approach of targeting industries. You
18 can see it is a 3 phase approach that's starting with
19 leveraging Virginia's strategic assets. So then to
20 just really looking at what allows Virginia to play in
21 a given industry. What are key decision factors in
22 that industry that play to Virginia's strengths.

23 The next piece is building a
24 customized ecosystem for these industries. So that is
25 looking at anything where we may be deficient in

1 specific areas, and my require additional attention,
2 where it is site development, or cost of doing
3 business, or workforce development efforts. And then
4 sort of taking all of these, sort of, letters that
5 could be pulled in those competitiveness areas and
6 rolling them into an all of government approach to
7 bring customized business solutions.

8 Yes ma'am, Ms. Secretary.

9 SECRETARY MERRICK: Thank you, Tyler.
10 I don't know -- You will probably all recognize that a
11 number of these issues are being proposed by the
12 Governor in working with you this next legislative
13 session. So this economic development plan forms a
14 large part of the Governor's agenda during this
15 session.

16 MR. CARROLL: Yes, ma'am. That is
17 exactly right. You will see many of these ideas
18 publicly stated by the Governor. This is really just
19 a 3 phase approach to sort of re-imagining how we
20 engage target industries.

21 Let's go ahead, and I'll turn it back
22 over to Deputy Secretary Riley, who will talk about
23 workforce development, which is another key piece of
24 this plan.

25 DEPUTY SECRETARY RILEY: As you can imagine,

1 everywhere that we've gone across the state and
2 everyone that we typically talk to, workforce is
3 obviously the number one concern of a lot of
4 resistance regardless. Talented workforce is looking
5 to see where Virginia has competitiveness, advantages,
6 and leveraging those, but also looking long-term, how
7 we can create that pipeline of workers that meet
8 business demands and needs. So that is kind of a
9 focus area here, where we are seeing things discussed
10 for possible session.

11 One of those is specifically looking
12 at Virginia's workforce development structure, and how
13 widespread it is. Here, this just kind of gives you
14 an idea of how massive workforce development is, but
15 also how spread out it is. It is over 12 agencies
16 over 6 secretariates. What that means is that sometimes
17 it can kind of dilute the power that we have. We also
18 don't have standardized measures to look at the
19 outcomes of the trending and programs that we have.
20 So we're looking at, Secretary Slater and his team
21 have put together a proposal that will come before the
22 general assembly about consolidating the workforce
23 development into a strategic agency, and really
24 leverage a lot of the programs that we have now to
25 make sure that we are getting the right outcomes, and

1 that we're getting, not just people trained, but
2 actually placed in a job. A good analogy is kind of,
3 you can be a great real state agent and have a lot of
4 showings, but if you don't sell the house, it doesn't
5 make a difference. Here, we really want to focus on
6 job placement and getting skilled workers into those
7 jobs that employers need.

8 This also just kind of shows you
9 where we are coming out of the pandemic where the
10 employment growth has been. It is probably a little
11 flippant that it has been the rural areas who have
12 really led Virginia out of the pandemic in regards to
13 recover, and those are the areas shaded in green, more
14 workforce growth, as opposed to other areas of the
15 state.

16 Tyler is going to touch a little bit
17 on our Site and Infrastructure Development.

18 MR. CARROLL: Thank you, Nicole.

19 Another key piece of this plan and
20 building a business ready Virginia is Site and
21 Infrastructure Development. For the sake of time, I'm
22 are primarily going to focus on site development,
23 which is sort of one of the key areas where Virginia
24 needs to really hit the accelerator and close the gap
25 with competitors.

1 I also see we have energy listed
2 here. This is largely pointing to the Governor's
3 energy plan that was released in October, that really
4 just is promoting affordability, flexibility, and
5 reliability for Virginia's energy generation sources.

6 As we look as site development, you
7 know, Virginia has sort of a longstanding need for
8 building inventory of large business ready sites.
9 Lack of business ready sites since 2016, you can see
10 on this slide, for projects that are looking for sites
11 that are greater than 250 acres, Virginia has lost out
12 on more than 55,000 direct jobs, and also forgone more
13 than \$120 billion of capital investments through
14 missed opportunities.

15 This is done from a VEDP analysis
16 internally that we did earlier in late 2022. You can
17 see it has led to massive missed opportunity costs for
18 Virginia with other states who have been investing
19 heavily in site development for years, and investing
20 hundreds of millions of dollars.

21 The initiatives that are outlined in
22 the plan really speak to transformational investments
23 and site development as well. So building, funding
24 for grants to localities through the Virginia Business
25 Sites Program to deliver prepared large sites to make

1 Virginia more competitive for these transformational
2 projects. Because when you look at these large
3 projects, looking for sites over 250 acres, there are
4 often the projects that are going to be really the
5 home runs, creating more than a thousand jobs
6 typically, more than a billion dollars in capital
7 investment. This is an area that Virginia has not
8 seen as much as compared to other states.

9 One other initiative I'll point out
10 that's included for site development in this section
11 relates to an all government approach and streamlining
12 permitting. So you're probably familiar with the
13 Governor's Office of Regulatory Management, which has
14 made a lot of great progress, in terms of streamlining
15 permitting here in Virginia. But this is also just
16 promoting speed to market bringing certainty to
17 businesses looking at Virginia for a location
18 decision.

19 They're really the two things making
20 transformational investment, insight, and then
21 promoting streamline permitting processes to allow
22 these companies to gain speed to market here in
23 Virginia, get up and running as soon as possible.

24 Nicole, how are you on time? I can
25 probably hand it over to you.

1 MS. RILEY: So making Virginia more
2 affordable, this was an area we had seen how they're
3 definitely areas, in regards to cost of living,
4 housing, that we really wanted to take a good look at.
5 Again, looking at competitor states for how those
6 areas have worked.

7 For housing, we area definitely --
8 One of the biggest assets of our housing plan is tying
9 it to economic development, and really working and
10 encouraging local governments to really look at how we
11 can add key elements when looking at whether it is
12 their comprehensive plan, looking at their own
13 economic development efforts, and making sure we have
14 affordable and accessible workforce housing when we're
15 talking about -- It's usually about some of these
16 transformational projects.

17 It didn't matter what area of the
18 state we were talking about. Housing certainly put us
19 at the top of the list, whether it was urban, metro,
20 suburban, rural. So looking at where we can really
21 leverage some of our assets that we already have at
22 Virginia Housing, Department of Housing and Community
23 Development, and ways to encourage that economic
24 development be a key aspect when looking at housing.

25 Also, looking at personal income

1 rates, the cost of living for Virginians. You can see
2 here in this chart, looking again at our competitor
3 states, all of them have been taking action in
4 reducing their taxes. Here, specifically, personal
5 income level rates. As you may know, that is one of
6 the key elements of the Governor's budget. The budget
7 is building on \$4 billion in tax relief that was done
8 in last year's budget and continue with another
9 billion dollars in cuts this year, of which it will
10 include personal income, and also looking at
11 increasing the standard deductions to reduce that cost
12 of living for Virginia families.

13 I will hand this over to Tyler. I
14 apologize again that I must run. I really appreciate
15 being here and look forward to continuing to work with
16 you on a number of these issues. Thank you.

17 MR. CARROLL: Thank so much, Nicole.
18 I will bring us home here the rest of the way with the
19 last couple of focus areas that we built out for this
20 plan.

21 So when we look at breaking down
22 barriers, this is really looking at cost needed for
23 doing business in Virginia.

24 One of the key pieces, similar to
25 what Nicole just referenced in the last focus area, is

1 tax competitiveness, specifically corporate income
2 taxes.

3 Many of the competitor states, as
4 you've seen outlined at the onset of this
5 presentation, some have no corporate income tax, where
6 others offer lower rates or are reducing rates
7 compared to Virginia, while Virginia has maintained a
8 steady rate for several years now.

9 From a Virginia sort of nuanced tax
10 competitiveness access as well. So we have
11 unemployment insurance tax charging methods that are
12 not quite as employer friendly as some of our
13 southeastern peer states.

14 Also, there's certainly, as we talked
15 about earlier, perception issues as it relates to
16 permitting processes and streamlining that, ease of
17 business in the Commonwealth as well.

18 A couple of recommendations from this
19 plan deal with reforming corporate tax burdens to
20 align with peer states who are aggressively cutting
21 these rates to attract more business to their states.

22 Marketing Virginia, sort of, momentum
23 and regulatory improvements to improve Virginia's
24 perception as a great place to do business.

25 Similar to what you saw Nicole

1 reference a few slides ago, here's a look at
2 Virginia's corporate income tax compared to peer
3 states. By the way, you'll be receiving a copy of
4 this presentation as well. I believe Andy posted it
5 to the meeting materials this morning.

6 MR. SORRELL: Yes. It is on the
7 website. So you can download a copy of his plan
8 directly from our website.

9 MR. CARROLL: Thank you, Andy. I
10 know we have covered a lot of ground here. This will
11 be something that you can certainly reference later.

12 If you look at these corporate income
13 tax rates, you can see one of our key competitors,
14 North Carolina, has aggressively reduced corporate
15 income tax rates and will continue to do so leading up
16 to 2030.

17 The key take away here, Virginia is
18 somewhat middle of the pack when it relates to
19 corporate income taxes. But many of these other
20 states are making aggressive moves to bring business
21 to the states. We saw this as an area for potential
22 improvement as well.

23 As Secretary Merrick said, the
24 Governor outlined many of these priorities as well to
25 reform taxes in Virginia.

1 Our last, and we'll wrap up here.
2 Driving innovations. This focuses on entrepreneurship
3 and small businesses in a high level. We all know
4 that Virginia is a great place to do business, and has
5 been for quite some time.

6 When we look at specific indicators
7 of entrepreneurship, in 2021, Virginia is lagging many
8 peer states. Really ranking in the bottom 10 in a lot
9 of the key entrepreneurship metrics.

10 This plan identifies to pull through
11 expanding incubators, accelerator networks across
12 Virginia to drive more start-ups and business
13 formation, and also looking at increasing university
14 commercialization. So leveraging key resources
15 existing within the Virginia Innovation Partnership
16 Corporation and others.

17 Also you see an initiative to expand
18 access to capital, which was frequently in our state
19 engagement outlive as sort of a hurdle for small
20 businesses as well.

21 This is a quick look at those
22 entrepreneurship rates we talked about. You see
23 Virginia ranks 41st in new entrepreneurs. We think
24 with the initiatives outlined in the plan, we can
25 certainly accelerate that in see growth in this area,

1 with the Governor's commitment to focusing on
2 start-ups and new businesses.

3 All right. That was a whirlwind. We
4 covered a lot of ground. We are happy to open it up
5 for any questions.

6 Again, as Andy said, you'll have a
7 copy of this that you can reference for your reading
8 pleasure.

9 CHAIRMAN RUFF: We appreciate your
10 presentation.

11 Does anybody have any questions?

12 (No response.)

13 CHAIRMAN RUFF: You're off the hook.
14 Thank you. I'm sure that somebody will get back with
15 you.

16 MR. SORRELL: Now, we are going to do
17 a brief staff orientation on just general Commission,
18 important things to know, and then Stephanie Kim is
19 going to give a more detailed financial orientation on
20 where our money comes from and how it has been
21 invested and some of the details that a lot of the
22 folks who are new to the Commission might want to just
23 understand a little better. I know from a staff
24 perspective, it was really helpful for me to learn
25 this as well.

1 A good meeting for James to attend
2 because he's going to get a one-on-one about the
3 Commission.

4 MS. KNIGHT: I think this is a point
5 we take a little break and get your boxed lunch.

6 MR. SORRELL: Yes. Box lunches have
7 been delivered. If folks would like to get their
8 lunch, go ahead and do that, and then we'll get
9 started once everyone has their lunch.

10 (Break in meeting.)

11 (Resume.)

12 MR. SORRELL: Members, I am going to
13 give you a quick overview of some important feedback
14 that you'll need to know. Stephanie will do a
15 financial overview of the Commission to give you some
16 more details.

17 So just for background, most
18 everybody already knows, and Stephanie will mention
19 the details on it, but we were formed back -- The
20 reason that we were formed was the Master Settlement
21 Agreement between 46 states and 4 major tobacco
22 companies in 1999. The general assembly created the
23 Commission to determine how recipients of settlement
24 funds should be disbursed in the footprint.

25 In the early 2000s, we used the

1 settlement proceeds that we occurred as bonds, the
2 securitization, you've heard that before, and
3 established the fixed endowment.

4 Again, Stephanie, our Finance
5 Director, will go over a little more detail than that
6 in a few minutes.

7 The original purposes of our
8 commission was to compensate tobacco farmers for
9 losses, and revitalization of the tobacco in affected
10 communities.

11 We completed this indemnification
12 portion in the 2012 timeframe, making available nearly
13 \$500 million dollars to indemnify former tobacco.

14 In 2015, we had some fairly
15 substantial legislation change. We, our name was
16 changed from the Tobacco -- The indemnification part
17 to our prolonged title. Now, we're are just the
18 Tobacco Region Revitalization Commission. Still a
19 long name, but not quite as long.

20 It also changed membership to its
21 current number of 28. It used to be 31.

22 Also, back to the time when the
23 financial viability, if you notice through staff
24 reports, you see a line about financial viability.
25 That was when that portion was added to the state code

1 required to do that. It also required the match
2 requirements to change to dollar for dollar like we
3 mentioned a little bit in the Strategic Plan Meeting.

4 We also created -- The code mandated
5 that revolving loan funds be created. So that is when
6 the Commission got involved.

7 Here is your 2022 Virginia Tobacco
8 Commission membership. As noted, 28 members and
9 legislators, secretaries, five active farmers, one
10 Farm Bureau rep, and 9 citizen members. This is why I
11 wanted to take your photo back in October, so that we
12 could something when we have presentations to put you
13 on.

14 Our footprint is determined by the
15 Commission. It is not defined by code. However, the
16 Commission has established that the footprint is what
17 you see there on the background on the map.

18 Our head offices are in Richmond, and
19 we have a field office in Rocky Mount, Southern
20 Virginia, and Abingdon for Southwest Virginia. We
21 have the (inaudible) of the Commission is implemented
22 by the 13 professional staff. As I noted, we have got
23 some folks at head offices in Richmond. And then we
24 also have the regional offices.

25 Sarah Capps heads up the Regional

1 Office in Southern Virginia, and Sara Williams in
2 Southwest Virginia. In a moment, you'll see those
3 folks.

4 Again, this whole presentation is
5 going to be online for you to look at it later. I
6 thought it would be helpful to have pictures next to
7 that faces and the names.

8 The Governor is at the top. And so
9 that executive direct works the Governor through the
10 Secretary of Commerce and Trade, and for the 28 member
11 Commission. From the executive directive director,
12 there is the rest of the staff so you see. Vicki
13 manages the Grant Program in the regional office.
14 Stephanie, who you'll hear from in a minute, is our
15 Finance Director and does HR things. I'm the Deputy.
16 So I am usually doing the operations, making sure you
17 have food on the table, there's a place to meet, and
18 all of that kind of stuff. Then we have Suzette
19 Patterson over here. She helps manage our database.
20 And we have Sarah Capps, I mentioned, does the
21 Southern Regional Office. And Emily Van Pelt's
22 picture is up there. She is the assistant in that
23 office over here. I don't have a picture for Adrian
24 yet, because she wasn't at that meeting. She started
25 recently. She helps Sara Williams out in Southside

1 region. I don't have a picture Sarah Goodwin there,
2 but she also is helpful with Stephanie in processing
3 reimbursements, and making sure things are available
4 for our Southwest members, and things of that nature.
5 As you know, Joyce here handles the meeting prep,
6 making sure that all the Is are dotted and Ts are
7 crossed with everything you see before you today. We
8 recently had a departure of a database person. So
9 that position is vacant. We will see what we'll do
10 about filling that in talking with the executive
11 director. We have Jordan Butler, who is our
12 Communications Director, and he manages
13 communications, but he's also taken on the
14 responsibility with the departure of that database
15 position, the day-to-day management of our Tobacco
16 Region Opportunity Fund.

17 The Tobacco Region Opportunity Fund
18 is under my house of things. I'm the manager of that
19 program, and Jordan is going to help make sure that
20 the day-to-day operations runs smoothly.

21 So our board structure, members serve
22 on committees, and that's what you guys all have been
23 doing over the last few days, that make
24 recommendations on policies and project funds. So
25 your Executive Committee makes policy, any other ad

1 hoc committees, like your Strategic Planning Committee
2 and the Rural Outreach Committee. All of those things
3 are policy based.

4 So your funding ones are your
5 Southern Virginia Committee, the Southwest Virginia
6 Committee, Education Committee, and Incentives and
7 Loans Committee. So the committees discuss in detail
8 the projects, and then the Full Commission, which
9 we'll have after this orientation does the actual
10 official approval of those projects.

11 Staff provides you with the
12 recommendations to these committees base on what your
13 straight plan is that you adopt. That strategic plan
14 provides you the big picture, provides big picture
15 guidance, what your priorities are, and then the
16 funding policies that you request for proposals that
17 you have in your packet after the Southern and
18 Southwest staff recommendations fill in the details.
19 The reason that that's in your packet at this time is
20 because those details come up, and are important, and
21 explain why the staff recommendations are what they
22 have.

23 Just as you all already know, we are
24 heavily focused on economic diversification through
25 performance based grants, workforce development,

1 education program, competitive education, workforce
2 talent and attraction programs.

3 We also are heavily involved in
4 infrastructure projects. Making sure that your
5 industrial sites in our footprint have the necessary
6 infrastructure to attract businesses and are prepared
7 at all tier levels, and just make sure our communities
8 can attract growth they desire.

9 Also, agribusiness, as we've heard
10 agribusiness, has always been a part of the
11 Commission's fund priorities, and making sure that our
12 farmers can diversify their crops, diversify their
13 projects, value-added programs, and opportunities has
14 always been and always will a part of the Commission's
15 core focus.

16 This is all, and you can look at on
17 our annual report. These are just some examples of
18 projects that we've funded in Southern and Southwest
19 last year, and our findings of our annual report.

20 Nearly 20 projects in Southern
21 Virginia, and 20 really good projects in Southwest
22 Virginia. We really do god work in our community.

23 I just wanted to take a few minutes
24 just to go over some of the meeting stuff that you
25 sort of learn as you go, but it is also nice to have

1 it on paper sometimes.

2 The Full Commission meets 3 times a
3 year; January, here in Richmond, in May in Southwest
4 Virginia, and in September in Southern Virginia.

5 The Committee meetings are, as we saw
6 this time, the day before and the day of the meetings,
7 and the last meeting is the Full Commission meeting.
8 So that is how everything is included.

9 Our annual budget is adopted in May.
10 So you're next meeting, the Full Commission will
11 consider the budget. But what we typically do is, we
12 will present that to the Executive Committee several
13 weeks prior to the Full Commission meeting. So what a
14 staff recommended budget is, and then the Executive
15 Committee will discuss it, and then that will be the
16 one that is presented to the Full Commission.

17 So there are other meetings that can
18 be called by the Commission Chairman as needed.
19 Sometimes really big projects happen. Other things
20 are needed. There might be a special call meeting.
21 That is at the prerogative of Chairman Ruff.

22 And if you ever have any questions on
23 the details of how the Commission operates, that is in
24 our bylaws, and Commission, in terms of management of
25 its meetings and leadership and all that kind of stuff

1 is in that.

2 It is probably a good time for me to
3 note that we have a briefing book. This briefing
4 book, I'm going to make sure it is online, but give
5 you hard copies. The briefing book has all that
6 detail, adopted strategic plan, adopted bylaws, our
7 code, committee contacts for all staff, and all that
8 kind of good stuff. Everything you might need to know
9 on the Commission is in the briefing book. We just
10 recently updated that this year for the first time in
11 probably 10 years to keep it up to date. It is good
12 to go.

13 Now, we have been sort of learning as
14 we go with virtual meetings. It is all brand new to
15 us. As you know, we adopted that in October,
16 electronic meeting policy. That allows us a little
17 bit more flexibility. That keeps the general assembly
18 looking at it after we came out of the pandemic and
19 saying there needs to be better options for remote and
20 virtual meetings when it is not a pandemic or declared
21 emergency. So thank you general assembly for that
22 option.

23 As I mentioned, we have these three
24 meetings a year. Those three primary meetings a year,
25 the Commission's strong preference is for them to be

1 in-person meetings, because there is just a lot more
2 that you can get done meeting in person and having
3 that social interaction in a room like this. So that
4 is our strong preference. However, we also know that
5 there are times when that is just not possible. As
6 long as we have a physical quorum assembled in the
7 meeting room, we are able to have remote participation
8 of members.

9 As you have heard as we've had in our
10 committee meetings this time, that we have to read off
11 some wording that you can hear them, and that they're
12 conforming to the Commission's policy on how that
13 should be done.

14 You've gotten a couple of emails from
15 us over the course of the last couple of weeks on how
16 to do that. Again, this will be online and you will
17 be able to attach the submission, if you want to do
18 it. The bottom line is that for the 4 options that
19 you have, if you, yourself, are sick, caring for a
20 sick relative, more than 60 miles away from the
21 central meeting location, there is no limit on the
22 number of times that you can use that remote
23 participation option, provided that we have a quorum
24 physically assembled here at the meeting location,
25 wherever that might be. So that is a flexibility that

1 we never had in the past. For a commission whose
2 membership is in far Southwest Virginia and Eastern
3 Virginia, that is a big deal and helpful.

4 The Committee's and the Commission
5 are committed to have up to 2 all virtual meetings a
6 year. So you can have two virtual meetings, and they
7 can't be consecutive. For example, we had an
8 Education Committee Meeting back in December. Since
9 we had that in December, we can't have our next
10 meeting of the Education Committee be all virtual.
11 But you can have another one, once you have an
12 in-person before that.

13 Again, the all-virtual meetings, we
14 are set up now in the Commission offices to do that
15 pretty simply. I think it worked out pretty great
16 back in December when we had our Education Committee
17 Meeting. Everybody was able to participate and hear
18 each other really well.

19 Three other really important things.
20 FOIA and FOIA and economic interest. These are
21 important things for the Commission members to
22 understand. Basically, Freedom of Information Act,
23 important stuff for you. No more than two
24 commissioners can discuss Commission business without
25 it being called a public meeting. Meaning without a

1 public notice and all that kind of stuff.

2 If you have to discuss Commission
3 business, whether it be via e-mail, text, phone, in
4 person, no more than two. That is something the staff
5 keeps in mind whenever we are doing emails to you
6 related on projects. Like if you're on the Incentives
7 and Loans Committee, for example, you will notice I'm
8 always using blind carbon copy, BCC, because that way
9 nobody can hit reply all and then it become a meeting.
10 So that type of thing is important because being
11 public about how we do and how these funds are
12 allocate is important so that we are transparent, and
13 folks know that we are utilizing these funds according
14 to the terms that you set up.

15 Again, this is for email, every mode
16 of discussion that you do. Texting is included. Make
17 sure you keep that in mind.

18 Generally, all Commission business is
19 public and available to the public upon request.

20 Of course, there are exceptions to
21 that; when he have our closed session to discuss
22 certain limited topics, like a confidential project or
23 some type of personnel matter, or contract, there are
24 allowances and exemptions for that. There are
25 particular things that have to be read into the record

1 for that. We are aware of those and use those as
2 needed.

3 As far as, if you a FOIA request, or
4 members of public, or somebody contacts you with a
5 request for information, send them to staff because we
6 can help them with that.

7 Generally, anytime anybody asks you
8 for information, we are going to treat it like a FOIA
9 Request. That does have basically a five day response
10 time. Time is of the essence, when people ask for
11 information. So Jordan Butler serves as our FOIA
12 person.

13 So if you have any questions from
14 reporters or members of the public that you may not
15 have the answer to or you may not feel comfortable
16 answering, just send them to us, we'll be glad to work
17 with them. We do that all the time. Frequently, I
18 have FOIA requests, and we are prepared to do that.

19 Economic Interest Statement. You
20 guys should have gotten an e-mail in the last couple
21 of days stating that you needed to file an Economic
22 Interest Statement by February 1st. That is really
23 important. You need to do that. It is one of the
24 terms of service on the Commission. You have to fill
25 out one of these forms. It can all done online. I

1 think FOIA council can answer any questions you have
2 on how that needs to be done. Most staff does it.
3 Commissioners need to it. There is a \$250 fine, if
4 you don't do it or if it is late. Just keep that in
5 mind, and do complete that. You should have gotten
6 the message. If you didn't get the message, talk to
7 Stephanie. She can help you make sure you get that.

8 As far as conflict of interest, this
9 is common sense things. But every two years, the
10 Commissioners and staff need to take some online
11 training that refreshes on what that means. So if
12 you've got any interest in a project, financial
13 interest, personal interest or something like that
14 where there is some type of conflict, you should
15 recuse yourself or abstain from the vote. If you ever
16 have any question on that, staff is here. We are
17 represented by the Office of the Attorney General,
18 through Ms. Meyers up there in blue. So we've got
19 people for you, if you ever have any questions on
20 that.

21 I think Stephanie is up next. I'd be
22 happy to answer any questions on this general stuff,
23 if we have anything. Otherwise, we'll jump into
24 orientation as relates to financial aspects of the
25 Commission.

1 CHAIRMAN RUFF: Before any questions,
2 I would ask, is there anywhere in our bylaws that
3 require a certain percentage of our staff to be named
4 Sarah?

5 Any questions that anybody wants to
6 ask publically? If not, get with Andy and ask him
7 directly.

8 Stephanie, welcome. I want you to go
9 slower than Andy did because so much of what we've
10 done that he talked about is we have done it over, and
11 over, and over. But there has not been a good
12 understanding of where we are on the finances. Why we
13 are where we are, and should we make any changes. So
14 welcome.

15 MS. KIM: Andy already went over the
16 Master Settlement Agreement. I did want to note that
17 to date, Virginia has received over \$3 billion from
18 the Master Settlement Agreement. Half of that was
19 allocated to the Tobacco Commission.

20 Since inception in 1999 to 2022, we
21 have received over \$3 billion. We did receive 50
22 percent. 41 and 1/2 percent goes to the Virginia
23 Healthcare Fund, and 8 and 1/2 percent goes to the
24 Virginia Foundation for Healthy Youth. We work on
25 youth substance prevention and other things.

1 The Commission's purposes, mentioned
2 indemnification and revitalization tobacco in the
3 communities. We did compensate tobacco farmers and
4 quota holders, making available over \$479 million in
5 compensation for their losses.

6 There was a federal tobacco buyout in
7 2014, which took care of the rest the indemnification.

8 The legislative changes he mentioned
9 in 2015 changed how we did things and also changed our
10 name.

11 In 2002, we created the Tobacco
12 Indemnification and Community Revitalization
13 Endowment. That, basically, was to receive
14 securitization proceeds, which we attempted shortly
15 after that legislation passed, and it failed the day
16 before the closing because of, I think it was Philip
17 Morris wasn't sure they were going to make their
18 Master Settlement Agreement. So that deal actually
19 failed, and we did not securitize until 2005 when the
20 market had recovered. We sold half of our future
21 after-settlement payments for a \$390 million lump sum.

22 There were tax exempt bonds that were
23 issued through the Tobacco Settlement Financing
24 Corporation, which is the entity backed by the
25 Department of Treasury. They actually sell the bonds.

1 And now, half of our allocations went to them to pay
2 the bond holders.

3 In 2007, we sold the remaining half,
4 and refinanced the 2005 bonds netting \$634 million.

5 At one point, we had more that \$1
6 million in the endowment from securitization proceeds.
7 The date of maturity of these bonds is 2047, and it
8 will likely take longer than that to pay them off
9 based on the actual securitization proceeds that we
10 received.

11 The reason for securitizing was
12 multiple reasons. One is, in case there was any
13 threat to the Master Settlement Agreement being
14 nullified by the courts, we would have already have
15 our money.

16 The other part of that is, there is
17 always risk in the general assembly taking the money.
18 There is still that risk, but it is a little bit
19 harder when securitized, because you have to conform
20 to the bond agreement and things like that. It was
21 also to make it a little bit harder, and also that it
22 might not have been what they were projected to be,
23 which is actually what has happened, is the payments
24 have not been what they were projected to be.

25 UNIDENTIFIED SPEAKER: Stephanie, can

1 you explain the difference between tax exempt bonds
2 and tax bonds?

3 MS. KIM: Absolutely. So the
4 securitization proceeds from the sale of tax exempt
5 bonds, which was the first securitization that we did,
6 are generally restricted for capital expenditures to
7 non-state entities.

8 So when a community college or
9 another doesn't have a project, we cannot use tax
10 exempt proceeds.

11 When we securitized in 2007, those
12 were unrestricted. So we can use those funds for
13 other state entities, and also for operating costs,
14 thing that are not capital.

15 Grants for capital expenditures, when
16 they are approved for restricted funds, they have to
17 be reviewed by bond council to ensure eligibility of
18 use of restricted funds. There are all kinds of
19 requirements for useful life of those capital assets
20 that we have to maintain.

21 Any loans that we do must come from
22 unrestricted funds.

23 Staff manages whether a grant comes
24 from restricted or unrestricted funds.

25 At one point, the Commission had to

1 make that determination during the meeting. It is
2 much easier for staff to just manage that internally.

3 The securitization proceeds are
4 deposited into the endowment. The annual investment
5 earnings from the endowment and the invasion corpus,
6 that's approved by the Commission for that particular
7 year are transferred each June, June of every year.
8 It is used to fund the next fiscal year budget. So
9 when you approve the budget in May, and we direct
10 Treasury to invade the corpus by whatever percentage
11 you approve, then Treasury does that in June, and that
12 will be the funding for the next fiscal year's budget.

13 Quarterly transfers are done from the
14 fund treasury to the general account, which is like a
15 checking account. It is where we disburse funds for
16 the grants and for administration, out of that general
17 account.

18 So we request reimbursements
19 quarterly because we like to keep the funds in
20 investment for as long as we can.

21 Grants are disbursed on a
22 reimbursement basis. So just because you make a grant
23 for \$3 million, the \$3 million does not go out the
24 door until it presents vouchers with receipts and
25 things showing that they've already disbursed those

1 funds, and then we reimburse them.

2 Just to give you a visual of things
3 we are tracking. On the first two columns are the
4 endowment, where you have restricted endowments and
5 unrestricted funds in the endowment. We have to make
6 sure we maintain what those balances are.

7 Each year when you decide on the
8 corpus invasion, that money is transferred to
9 restricted and unrestricted funds. Those funds are
10 also treasury, and they're still invested. It is
11 really just an accounting entry moving from one
12 account to another, from endowment to funds within
13 treasury.

14 Quarterly, we move the money from the
15 funds to the general account, which is also the fund.
16 Technically, there is one fund in code. Four bars to
17 the right, it says the Fund. So when you see a fund
18 balance, that is what you are looking at. Some is
19 invested in treasure. Some is in the general account
20 for disbursement.

21 You can see that assets over time
22 about endowment and fund, and how the endowment has
23 shrunk over the last number of years. Every year that
24 we invade corpus, the endowment goes down. It doesn't
25 necessarily go out the door. As I said, it goes to

1 the fund and remains there until awards are made and
2 funds are expensed and disbursed.

3 There is a small amount of loans
4 receivable. We do have a small amount that is an
5 asset of receivables.

6 Just so you can see historically what
7 we have granted and loaned in the past, I think prior
8 to 2014, there were a pretty large budget and pretty
9 large awards that were made. But since our endowment
10 continues to shrink and we continue to make awards,
11 our annual awards have decreased.

12 You can see by program area, the
13 emphasis that we had in prior years and then most
14 presently, as we restructured to the new Committee
15 structure of trying to focus more on the regional
16 piece and then also on education, you'll see that
17 education is still a large portion of our funding.

18 Our disbursements for grant awards
19 are generally on a reimbursement basis. There are
20 provisions that they can receive an advance, if they
21 don't have the case to make a disbursement and then
22 seek reimbursement. For example, if they're a person
23 putting a large piece of equipment or making a land
24 purchase, often times, we will advance that money to
25 them, and then they can document that after the

1 purchase is complete.

2 For TROF awards, disbursed
3 post-performance now. Previously, we would use
4 pre-performance, and then issue a fallback provision
5 if they did not fulfill their performance agreement.
6 Now, I think most are disbursed post-performance.

7 In your financial summary, you will
8 see un-obligated balance, which is very different than
9 the cash balance.

10 So we have a cash balance, which I
11 have to maintain and make sure that each pot of money
12 has cash in it. More often, the Commission is more
13 focused on how much can I spend.

14 In the financial summary, you will
15 see the un-obligated, which is how much you have
16 available.

17 MR. SORRELL: That is on Page 140,
18 for your reference.

19 MS. KIM: So our current revenues are
20 investment earnings on the endowment and a portion of
21 the funds at that the treasury. The general account
22 does receive a small amount of interest. And then the
23 loan repayments are not really revenue, but some of
24 them do have low interest rates.

25 The revolving fund, those funds do

1 not come back to us. Once we issue money to the
2 revolving fund that money stays, and it is revolving.
3 They keep it.

4 We have implemented revenue-sharing
5 in the last few years. We also look at, when assets
6 that we help fund are sold, the plan agreement
7 requirements is that they pay back our proportional
8 share of whatever we purchased when they sell it.

9 We always look for any unused funds
10 or funds where they ended up not using it for what the
11 project intended. There is not a whole lot of this
12 because, generally speaking, we are reimbursing and
13 not advancing funds.

14 Our investment earnings at treasury
15 are invested very conservatively and short-term. So
16 there is not a great return. We did look in the past
17 at possibly taking part of our fund balance and
18 partnering with another agency or another entity to
19 try to increase our earnings on that. We were not
20 successful with that in prior years.

21 It could require legislation. It
22 could also be structured in such away, especially with
23 another state entity looking at things like VRS or
24 VHDA. They are a lot entities like Virginia Community
25 Capital. There are a lot of foundations that invest.

1 Possibly taking a portion of funds that are in that
2 fund, treasury, and transferring for if greater
3 investment earnings.

4 That is one of the things we look at,
5 partnering with another entity where we can get
6 greater investment returns.

7 We are doing business in community
8 lending with interest. That may not keep up with
9 inflation, but it would be more than we are getting
10 back from grants.

11 We mentioned about creating a
12 nonprofit foundation to apply for grants. It is
13 mostly applicable in the education field. That would
14 require legislation, and request assets to recover
15 funds from any Commission grant-funded sales.

16 As I mentioned, we will be doing the
17 budget in May. In your packet, each time we have a
18 meeting, we have financial summaries in the back. I
19 do these monthly. So if you ever want them in between
20 meetings, feel free to e-me mail or call me, and I'll
21 be glad sent you the most recent month.

22 If you have any questions on those
23 statements, you can see the administrative budget,
24 what is an available balance for spending.

25 If you have any questions, feel free

1 to contact me also.

2 Any questions?

3 (No response.)

4 CHAIRMAN RUFF: I would point out
5 that education has been the biggest percentage over
6 the course of the Commission.

7 Part of that increase in percentage
8 in the last several years has been because of Covid,
9 and we didn't have as many economic development
10 projects coming forward. Some.

11 The fact that the biggest draw has
12 been because, like it or not, we in Tobacco Region,
13 whether Southside or Southwest, did not consider
14 education the highest priority when we started
15 pressure on the community colleges to come up with
16 better workforce programs and plans, that required us
17 to put some money into their programs. That might
18 explain some of that.

19 It seemed like, to me, that several
20 years ago we talked about moving money from the
21 Treasury, and we got some pushback from the State
22 Treasurer. Is that correct, or am I dreaming?

23 MS. WILLIAMS: Yes. We were looking
24 at partnering with another state entity such as VRS or
25 VHDA, and the Secretary of Finance and Treasury at the

1 time were not supportive of that.

2 SECRETARY CUMMINGS: I'll ask about
3 that since it wasn't me. You were not happy with what
4 you saw in returns?

5 MS. KIM: Correct. They invest very
6 conservatively, and they invest, assuming that we will
7 spend the maximum allowable by code, despite telling
8 them that the money is not going out the door
9 tomorrow. We have been sitting on this money for a
10 while. And we are not talking about moving all of our
11 funds over. It is more like diversifying our
12 portfolio. This portion of our funds could be over
13 here earning more investment earnings. Just one tool
14 of being able to have more revenue.

15 SECRETARY CUMMINGS: Can you go back
16 to the slide that had some of the other ideas?

17 General question is, to what extent
18 do you look at other Tobacco Commissions and compare
19 notes, and are these ideas that others have done, or
20 these are just independent ideas from you and your
21 team?

22 MS. KIM: Most of the states have not
23 used their endowment settlement money the way that
24 Virginia has.

25 A lot of them used them to plug

1 budget holes . Like general funds, revenues. North
2 Carolina may be the closest that created a foundation.
3 I'm not sure what they have done to generate more
4 revenue.

5 SECRETARY CUMMINGS: I think the top
6 one is interesting to me, should it become an
7 investment company, as part of the question, doing
8 equity-like investments for a greater return, I think
9 that gets back to what we were talking about earlier
10 of what's the real mission, and what's the hole we're
11 plugging. Seems to me when you give money to a
12 private entity, there is a upside. That would
13 probably be an appropriate ask, if they benefit.

14 MS. KIM: I don't think we can
15 directly invest in private entities, such as
16 purchasing stocks. It was more of, while the funds
17 sitting there waiting to be disbursed, they can be
18 earning more money. This would only be the
19 unrestricted portion. The tax exempt proceeds, they
20 are very limited on how they can be invested, because
21 we can't earn too much on tax exempt proceeds. This
22 is just a taxable piece. It is really meant to be for
23 the funds that are just sitting and waiting to be
24 disbursed that we would invest them a little more
25 aggressively to have greater return.

1 SECRETARY CUMMINGS: The restricted
2 and unrestricted, those were conditions at the
3 securitization, or those were just restrictions put on
4 it by legislature?

5 MS. KIM: No. Restrictions, IRS,
6 taxable bonds, proceeds versus tax exempt bond
7 proceeds.

8 CHAIRMAN RUFF: Any other questions?
9 (No response.)

10 CHAIRMAN RUFF: Stephanie, we've been
11 drawing the restricted and unrestricted funds on an
12 equal basis. How is that decision made?

13 MS. KIM: We look at the obligated --
14 Basically, the awards that we have made, and we look
15 at how much is drawn down.

16 In recent years, we have only drawn
17 down the investment earnings from restricted and
18 unrestricted as required annually, and then the corpus
19 invasion has only been from unrestricted funds for the
20 last few years.

21 Since I watch the balances and what's
22 obligated, and making sure we can fulfill our
23 obligations for previous grants.

24 MR. SORRELL: What staff does after
25 the Commission meeting is, we look at all the projects

1 that you approved, and we identify or flag ones that
2 might be beneficial for restricted funds, that are
3 capital projects that have a long life.

4 From there, we craft the Performance
5 Agreement specifically for that. We have bond counsel
6 review it.

7 MS. KIM: At one point in time, we
8 were heavily emphasizing spending restricted funds.
9 And that was to allow us more flexibility in the
10 future. However, one could argue that perhaps we
11 spend unrestricted funds so that the restricted funds
12 can't easily be swiped for medicaid or other state
13 funding issues.

14 CHAIRMAN RUFF: Mr. Secretary, I hope
15 that you will look at this, using your experience and
16 get some guidance.

17 MS. KIM: If we were to put \$50
18 million or \$100 million invested somewhere along
19 return, that could be a pretty good return on
20 investment that could then be used for more grants.

21 SECRETARY CUMMINGS: So I gather this
22 is under the oversight of Optimal Group?

23 MS. KIM: The treasury basically
24 controls investments. So they contract with whoever.

25 SECRETARY CUMMINGS: So we are doing

1 an assessment of our investment advisors right now
2 because I want to find out where this is.

3 MS. KIM: It may be included in the
4 RFP.

5 SECRETARY CUMMINGS: We are just
6 getting going on that. Hadn't not much payoff, I'll
7 say for some time now. That is the question, what is
8 the vehicle used right now. Like to follow up on
9 that.

10 CHAIRMAN RUFF: Mr. Morrissey?

11 SENATOR MORRISSEY: Thank you,
12 Mr. Chairman.

13 Stephanie, the Clerk's Office and the
14 House of Delegates, the Clerk's Office and the State
15 Senate, the legislative bodies themselves will often
16 meet with sister states to find best practices. Does
17 the Tobacco Commission -- You said they do it
18 differently than most of the other 46 states that
19 participate in this.

20 Do you though meet with other Tobacco
21 Commissions in other sister states to try to determine
22 best practices?

23 CHAIRMAN RUFF: Andy?

24 MR. SORRELL: We haven't done that in
25 a very long time, but we should definitely do it with

1 North Carolina. They have the closest thing to a
2 commission like we have. Best practices are always
3 something you can learn from. And I'm sure North
4 Carolina does things a little bit different. I think
5 their's might even apply to the whole state. This is
6 a portion of it.

7 I have actually printed off the
8 Golden Leaf Foundation. I printed off their whole
9 strategic plan for the last three years, and I have it
10 on my desk to review. It is important to do that.
11 And with the new director coming on, that might be a
12 good opportunity to meet with his counterpart in North
13 Carolina as time permits.

14 MS. KIM: Of the 46 states in the
15 Master Settlement Agreement, if you think about how
16 many were heavily dependent on tobacco, Virginia,
17 North Carolina, many states have no relation to
18 tobacco. So they wouldn't have created a commission
19 for economic revitalization of tobacco regions.

20 SENATOR MORRISSEY: I'm not actually
21 that concerned about the tobacco portion, but how the
22 money is used, the return on the investments that we
23 make. That's what I'm focused on.

24 MS. KIM: That's for annual budgets
25 for their states. Some of them use it. For

1 healthcare, because the original Master Settlement
2 Agreement was based on healthcare costs of the state.
3 A lot using it to help pay for healthcare costs in the
4 state, or to just plug budget holes.

5 I don't think they're investing it
6 like we are, or sitting on a pot of money like we are.
7 Because we securitize, we have that pot of money.
8 Whereas we would normally just be receiving annual
9 Master Settlement Agreement payments, which is what
10 most of the states are doing. They're just receiving
11 their Master Settlement Agreement payments and -- I'm
12 not saying it's designed to be in perpetuity. So it
13 doesn't particularly end at a certain date.

14 Our bonds go through at least 2047.
15 Once our bonds are paid off, that money will come back
16 to the Commission, assuming we're still here.

17 CHAIRMAN RUFF: No further questions.
18 Stephanie, thank for that update.

19 Andy?

20 CHAIRMAN RUFF: Is there anyone in
21 the audience that you I don't think wants to make a
22 statement, but you're welcome to at this time.

23 (No response.)

24 CHAIRMAN RUFF: Thank you.
25 Appreciate that.

1 Delegate Byron, you have the
2 Education Committee.

3 DELEGATE BYRON: Thank you.

4 The Education Committee met twice
5 actually. We met in the fall. We had discussion on
6 the TAP Program, (inaudible) program. Some of us that
7 were reappointed to the Commission were catching up to
8 activities that had taken place while we were not on
9 the Commission. So we were looking at a lot of data
10 and trying to determine if we were in the place that
11 we felt was the appropriate place for what the
12 originally intended program to be.

13 With that being said, we thought it
14 might be good to have a pause or to put in place an
15 opportunity to evaluate that further.

16 Staff went back, and came back with
17 some recommendations for us. We had a further
18 meeting, and that was in December when we were all
19 very busy, so it was virtual. We had discussion on
20 those recommendations from staff. The decision was
21 made to pause the non-healthcare profession direction
22 program 2023 applications, rather than started a whole
23 new round while we were evaluating. There's a lot
24 going on, as you heard in the last couple discussions
25 and committees with changes, with the Governor's

1 Economic Development Plan, workforce, a lot of things
2 that could possibly affect our thoughts on that.

3 The following recommendations
4 regarding the programs that we felt were necessary to
5 make with ones ongoing with the healthcare area was in
6 the Non-Healthcare Professions Program, I move that
7 the Commission accept the Education Committee's
8 recommendation to allocate \$500,000 for renewals of
9 the previously approved Non-Healthcare Profession
10 Talent Attraction Program award from prior years.

11 DELEGATE MARSHALL: Second.

12 CHAIRMAN RUFF: Properly moved and
13 second. Any questions or discussions?

14 (No response.)

15 CHAIRMAN RUFF: All in favor, say
16 aye.

17 (Response.)

18 CHAIRMAN RUFF: Opposed?

19 (No response.)

20 CHAIRMAN RUFF: Okay.

21 DELEGATE BYRON: The next motion was
22 the healthcare professions by the Virginia Department
23 of Health. I move that the Commission accept the
24 Committee's recommendation to cap the individual award
25 amount for the healthcare professional TAP Program at

1 \$40 per award.

2 DELEGATE KILGORE: Second.

3 CHAIRMAN RUFF: Properly moved and
4 second. Any further discussion?

5 (No response.)

6 CHAIRMAN RUFF: Hearing none, all in
7 favor, say aye.

8 (Response.)

9 CHAIRMAN RUFF: Opposed?

10 (No response.)

11 CHAIRMAN RUFF: Thank you.

12 DELEGATE BYRON: That ends our
13 report.

14 CHAIRMAN RUFF: Thank you.

15 Mr. Blevins, Strategic Planning.

16 MR. BLEVINS: Thank you,

17 Mr. Chairman.

18 The basic focus of the Strategic
19 Planning Committee meeting was to update the status of
20 the current strategic plan. We sent our first draft
21 out. We met on that in October, and then we solicited
22 feedback.

23 If I get this chronologically out of
24 order, Andy, please correct me.

25 We solicited feedback. That window

1 became so narrow after we got feedback, which Andy and
2 staff did a great job providing kind of a breakdown of
3 feedback in Attachment 3 in the booklet. We basically
4 covered those. And we plan to move forward with
5 changes and fine-tuning to that.

6
7 We didn't have any actions that
8 required a vote in the committee, but we did ask for
9 confirmation to allow us to move forward with that
10 process. That basically was what we did.

11 CHAIRMAN RUFF: Does anybody have any
12 questions of Mr. Blevins?
(No response.)

13 CHAIRMAN RUFF: If not, we will to
14 the Southern Virginia report from Mr. Shelton.

15 MR. SHELTON: Thank you,
16 Mr. Chairman. The Southern Virginia Committee met
17 yesterday afternoon. We had quite a full bill of work
18 before us. We had a tremendous amount of
19 participation from the public. I would like to thank
20 Sarah and the rest of her staff. As we mentioned
21 before, it is very obvious the work has been done
22 beforehand, the interaction with the applicants to get
23 these applications where they need to be, where
24 they're appropriate. For the most part, our day was
25 full, but we had very smooth sailing.

1 I am going to try to present the
2 Committee's recommendation as much as possible in a
3 block.

4 Your 17 applications are listed on
5 Page 5-29 to see if there are any that need to be
6 pulled out. I've already had a request to pull #4118
7 out due to several Commissioner's membership with
8 Virginia Cattleman's Association. That one will come
9 out. Are there any others of that are group of 17
10 that need to be pulled out?

11 DELEGATE MARSHALL: Yes, #4124.

12 MR. SHELTON: #4107. As of now, I
13 have #4118, #4124 and #4107. Are there any more?

14 (No response.)

15 MR. SHELTON: There are no others.
16 Mr. Chairman, I would like to move that the Commission
17 accept the Southern Virginia Committee recommendations
18 taking the actions recommended by staff as listed in
19 Pages 5 through 29 of the Commission Book.

20 With respect to the following would
21 be 14 projects: #4119, #4114, #4121, #4126, #4105,
22 #4122, #4104, #4123, #4111, #4112, #4108, #4113,
23 #4106, and #4099.

24 DELEGATE MARSHALL: Second.

25 CHAIRMAN RUFF: Is there any need to

1 pull out any others from the block?

2 (No response.)

3 CHAIRMAN RUFF: Properly motioned and
4 second that they be approved in a block.

5 Any further discussion?

6 (No response.)

7 CHAIRMAN RUFF: Hearing none, all in
8 favor say aye.

9 (Response.)

10 CHAIRMAN RUFF: Opposed?

11 (No response.)

12 MR. SHELTON: Mr. Chairman, I would
13 further like to move that the Commission accept
14 Southern Virginia Committee recommendations taking the
15 actions recommended by staff as listed on Pages 5
16 through 29 in the Commission Book with respect to the
17 following project, #4107.

18 DELEGATE MARSHALL: Second.

19 CHAIRMAN RUFF: Properly moved and
20 second. All those in favor, say aye.

21 (Response.)

22 CHAIRMAN RUFF: Opposed?

23 (No response.)

24 CHAIRMAN RUFF: Motion approved.

25 MR. HITE: I abstained.

1 CHAIRMAN RUFF: I'm sorry. One
2 abstention.

3 MR. SHELTON: I move that the
4 Commission accept the Southern Virginia Committee
5 recommendations taking actions recommended by staff,
6 as listed in Pages 5 through 29 of the Commission Book
7 with respect to the following project, #4118.

8 DELEGATE MARSHALL: Second.

9 CHAIRMAN RUFF: Properly moved and
10 second.

11 Any further discussion?

12 (No response.)

13 CHAIRMAN RUFF: All those in favor,
14 say aye.

15 (Response.)

16 CHAIRMAN RUFF: Opposed?

17 (No response.)

18 CHAIRMAN RUFF: Abstentions?

19 Ed Blevins, Sarah Wilson, Shelton.

20 MR. SHELTON: Mr. Chairman, lastly, I
21 would move that the Commission accept the Southern
22 Virginia Committee recommendations and taking the
23 actions as recommended by staff as listed in Pages 5
24 through 29 of the Commission Book with respect to
25 Project #4124.

1 DELEGATE KILGORE: Second.

2 CHAIRMAN RUFF: Properly moved and
3 second. Any further discussion?

4 (No response.)

5 CHAIRMAN RUFF: All those in favor,
6 say aye.

7 (Response.)

8 CHAIRMAN RUFF: Opposed?

9 (No response.)

10 CHAIRMAN RUFF: Abstentions?

11 One abstention. (Delegate Marshall)

12 MR. SHELTON: Mr. Chairman, we had a
13 few requests for extensions. Therefore, I moved that
14 the Commission accept the Southern Virginia
15 Committee's recommendation for approval of a one year
16 extension to January 31, 2024 for Project #3504.

17 CHAIRMAN RUFF: Properly moved.

18 DELEGATE MARSHALL: Second.

19 CHAIRMAN RUFF: Seconded that we
20 extend that for one year.

21 Any discussion?

22 (No response.)

23 CHAIRMAN RUFF: Hearing none, all
24 those in favor, say aye.

25 (Response.)

1 CHAIRMAN RUFF: Opposed?

2 (No response.)

3 CHAIRMAN RUFF: That passes.

4 MR. SHELTON: Mr. Chairman, I would
5 move that the Commission accept the Souther Virginia
6 Committee's recommendation for approval of done year
7 extension to January 31, 2024 for Project #3360.

8 DELEGATE MARSHALL: Second.

9 CHAIRMAN RUFF: Properly moved and
10 seconded. Any further discussion?

11 (No response.)

12 CHAIRMAN RUFF: Hearing none, all in
13 favor say aye.

14 (Response.)

15 CHAIRMAN RUFF: Opposed?

16 (No response.)

17 CHAIRMAN RUFF: That passes.

18 MS. CLARK: I need to abstain from
19 that.

20 CHAIRMAN RUFF: One abstention.

21 MR. SHELTON: Finally, Mr. Chairman,
22 I move that the Commission accept the Southern
23 Virginia Committee's recommendation for approval of a
24 6 year extension to January 31, 2024 for Project
25 #3358.

1 DELEGATE MARSHALL: Second.

2 CHAIRMAN RUFF: Any further
3 discussion?

4 (No response.)

5 CHAIRMAN RUFF: Hearing none, all in
6 favor, say aye.

7 (Response.)

8 CHAIRMAN RUFF: Opposed?

9 (No response.)

10 CHAIRMAN RUFF: Abstentions?

11 (No response.)

12 CHAIRMAN RUFF: That one passes.

13 MR. SHELTON: Thank you,
14 Mr. Chairman. That concludes the business of Southern
15 Virginia.

16 CHAIRMAN RUFF: Thank you.

17 DELEGATE Morefield?

18 DELEGATE MOREFIELD: Thank you,
19 Mr. Chairman.

20 The Southwest Virginia Committee
21 recommended 13 projects. I'd like to take the
22 majority of these up in a block.

23 First, if you would refer to
24 application # 4110, Blue Ridge Public Television.
25 That would be on Page 55.

1 After having conversation a
2 conversation with the applicant and Tobacco Commission
3 staff, I felt like it was in the best interest of the
4 applicant and the Commission that we accept the
5 original staff recommendation of \$400,000, and we
6 postpone what the subcommittee recommended for the
7 additional \$130,000 until the next meeting to give
8 staff proper time to fully vet the new funding
9 request.

10 Mr. Chairman, with that being said, I
11 would entertain a motion adopt that request.

12 DELEGATE KILGORE: Second.

13 Properly moved and seconded. That
14 project number again was #4110.

15 Any discussion on that?

16 (No response.)

17 CHAIRMAN RUFF: Hearing none, all in
18 favor, say aye.

19 (Response.)

20 CHAIRMAN RUFF: All opposed?

21 (No response.)

22 CHAIRMAN RUFF: Motion passes.

23 DELEGATE MOREFIELD: Thank you,
24 Mr. Chairman.

25 Please refer to application #4110,

1 LENOWISCO Planning District Commission. We do have
2 one abstention. I move to accept the Committee's
3 recommendations.

4 DELEGATE KILGORE: Second.

5 CHAIRMAN RUFF: Properly moved and
6 seconded on Project #4120.

7 Any discussion?

8 (No response.)

9 CHAIRMAN RUFF: No discussion. All
10 in favor, say aye.

11 (Response?

12 CHAIRMAN RUFF: All opposed?

13 (No response.)

14 CHAIRMAN RUFF: That one passes. One
15 abstention.

16 DELEGATE MOREFIELD: Mr. Chairman and
17 members of the Commission, I move the Commission
18 accept the Southwest Virginia Committee
19 recommendations, taking the actions recommended by
20 staff for applications #4098, #4128, #4109, #4127,
21 #4100, #4103, #4101, #4116, #3975, #4117 and #4097. I
22 so move.

23 DELEGATE KILGORE: Second.

24 CHAIRMAN RUFF: Properly moved and
25 seconded.

1 Any further discussion on those?

2 MR. BLEVINS: Mr. Chairman, I would
3 like to ask that request #4098 be pulled from that
4 block. I'll need to abstain.

5 CHAIRMAN: So we have now amended
6 that motion to pass the block without #4098.

7 Any further discussion?

8 (No response.)

9 CHAIRMAN RUFF: Hearing none, all in
10 favor, say aye.

11 (Response.)

12 CHAIRMAN RUFF: All opposed?

13 (No response.)

14 CHAIRMAN RUFF: All right. Returning
15 to #4098. Delegate Morefield moved it to be passed.

16 DELEGATE MOREFIELD: I move to accept
17 the Committee recommendation.

18 MR. BLEVINS: Second.

19 CHAIRMAN RUFF: Properly moved and
20 seconded.

21 Any further discussion?

22 (No response.)

23 CHAIRMAN RUFF: Hearing none, all in
24 favor, say aye.

25 (Response.)

1 CHAIRMAN RUFF: All opposed?

2 (No response.)

3 CHAIRMAN RUFF: Any abstentions?

4 MR. BLEVINS: I abstain on #4098.

5 DELEGATE MOREFIELD: Thank you,

6 Mr. Chairman. That concludes our report.

7 CHAIRMAN RUFF: Thank you.

8 Appreciate that.

9 Next comes the Executive Committee.

10 We have only one item that we needed to take action

11 on.

12 DELEGATE MOREFIELD: Mr. Chairman and

13 members of the Committee, I move that the Commission

14 authorize the director of finance to enter into an MOU

15 with the Secretary of Commerce and Trade to reimburse

16 1/3 of the acting executive director's salary

17 currently \$58,333.33, subject to the Governor's

18 approval effective January 4th, 2023. I so move.

19 DELEGATE KILGORE: Second.

20 CHAIRMAN RUFF: Properly moved and

21 seconded. Clarification, that is one third. That is

22 not 1/3 of that figure.

23 Any discussion on that?

24 (No response.)

25 CHAIRMAN RUFF: Hearing none, all in

1 favor, say aye.

2 (Response?

3 CHAIRMAN RUFF: All opposed?

4 (No response.)

5 CHAIRMAN RUFF: Any abstentions?

6 (No response.)

7 CHAIRMAN RUFF: That motion passes.

8 Delegate Marshall, do you want to do

9 Incentives and Loans at this point?

10 DELEGATE MARSHALL: Yes, sir.

11 The Incentives and Loans Committee
12 met yesterday about Project Raven that hopefully will
13 go through our footprint. The reason we are doing
14 this now is so we don't have to have a special meeting
15 some time in January or February.

16 I move that the Commission accept the
17 Incentives and Loans Committee recommendations that
18 the Tobacco Region Opportunity Fund grant incentive
19 for a TROF grant in the amount of \$ 10 million from
20 the Perspective (Inaudible) fund, the offer to Project
21 Raven, subject to the local revenue sharing of 5
22 percent of the new taxes generated by the project, and
23 show a performance metrics received and discussed by
24 staff. Revenue sharing shall be limited to no more
25 than 105 percent of the grant amount, at which

1 security covering the full amount of the grant shall
2 be approved by the executive director before any
3 disbursements prior to the reports.

4 UNIDENTIFIED SPEAKER: Second.

5 CHAIRMAN RUFF: Properly moved and
6 seconded. Any discussion on this proposal?

7 (No response.)

8 CHAIRMAN RUFF: Hearing none, all in
9 favor, say aye.

10 (Response.)

11 CHAIRMAN RUFF: All opposed?

12 (No response.)

13 CHAIRMAN RUFF: Any abstentions?

14 (No response.)

15 CHAIRMAN RUFF: Okay. That passes.

16 Andy before I turn it over to you, I
17 want to let you know I created an ad hoc committee.
18 My concern over the last several years is that some of
19 our smaller communities have not been involved in the
20 Tobacco Commission as much as I believe they ought to
21 be. We need to make sure that we are doing the right
22 things for them. We look at things through our
23 perspective.

24 I have asked Jordan Miles, Will Pace
25 and Sara Wilson to try to have conversations with

1 these counties to make sure that we are looking at,
2 getting input from those smaller communities to make
3 sure that we are talking the same language, and we are
4 working with them as much as we can.

5 We have tried. Our staff has done
6 that. At the same time, some of our communities that
7 are smaller do not have the economic development teams
8 that they really need to have. So we just want to get
9 some input. I have asked them to come back to us by
10 the May meeting to see if we need to make any
11 adjustments.

12 All right, Andy.

13 MR. SORRELL: Thank you,
14 Mr. Chairman.

15 I will very briefly review, in your
16 packet starting on Page 133, we have our listing of
17 our TROF awards. As you can see here, there has not
18 been a lot of activity over the last year. Things
19 have sort of gotten slow. But projects that we have
20 had have been really good projects; Hitachi Energy,
21 DroneUp, Skip Barber Racing School, IperionX
22 Technology in Halifax.

23 Most of the ones we have had this
24 year have been Southern Virginia. We could use some
25 in Southwest Virginia.

1 Last year, last fiscal year, we had
2 project Blue Star, Wythe County. That was part of our
3 TROF.

4 We've had four so far this year.
5 That has promised just under 450 jobs, 128 going to
6 Cab X. We have offered just over \$1 million in TROF
7 grant incentives.

8 Beginning on Page 134, you'll notice
9 just a listing of TROF loans. This just shows you,
10 for the folks, the applicants that have taken zero
11 interest on TROF loans, what the remaining balance is
12 to be repaid. This is for transparency, so folks know
13 where we are with these loans, as well as the general
14 public.

15 Moving along. Page 137 --

16 DELEGATE MARSHALL: Andy, if you
17 could, especially for the new members, explain the
18 TROF agreement, and how that works.

19 UNIDENTIFIED SPEAKER: And define all
20 of the acronyms.

21 MR. SORRELL: TROF means Tobacco
22 Region Opportunity Fund. That is the comparable fund
23 to the Commonwealth Opportunity Fund managed by VEDP.
24 This is the Tobacco Region version of it --

25 DELEGATE MARSHALL: And the reason we

1 have that is so that we don't have to have a board
2 meeting. If a project comes before us next month, we
3 can handle that.

4 MR. SORRELL: Yes. So the TROF
5 program, administratively, Commission, Tobacco Region
6 Opportunity Fund policy has granted staff the ability
7 to approve TROF incentives up to \$1 million, provided
8 they are meeting the Commission's police and terms
9 that the TROF policy sets up. Between \$1 and \$3
10 million, the Committee has to approve, and then over
11 \$3 million in incentives, the whole Commission has to
12 approve. That is the policy that has been set up.

13 The TROF, Tobacco Region Opportunity
14 Fund Program is performance based incentive. 0.

15 If you are providing new jobs or save
16 jobs at a wage that is higher than the prevailing
17 average for the community, and providing taxable
18 capital investments, then what we do is we put those
19 numbers into an estimator, and then that provides us
20 with a possible incentive amount.

21 The way Commission's TROF policy
22 stands today is that possible incentive amount is half
23 grant and half loan. The loan portion is a zero
24 interest five year repayable loan, just managed by the
25 Commission. That moves pretty quickly.

1 There are two separate performance
2 agreements that govern. There is a performance that
3 would govern the grant terms and one for the loan.
4 That also says that, if things don't happen like they
5 said, these are the next steps that we take.

6 As Stephanie and I mentioned earlier,
7 in our earlier years, we had a lot of projects that
8 were done prior to performance. So the funds went out
9 the door before they performed the level they said
10 they would do. And when they didn't meet the terms of
11 that performance agreement, as often was the case --
12 not often, but sometimes the case, then the Commission
13 had to request the funds be returned. That's never a
14 great situation to be in.

15 However, the Commission has always
16 secured itself against loss by requiring security.
17 Even when money goes out before performance. So
18 sometimes we would have to go back to the TROF
19 Agreement. Tobacco Region Opportunity Fund Agreements
20 are three party agreements. So typically, three party
21 agreements. The Commission, the company, and the
22 locality.

23 So in an instance where a company
24 goes bankrupt, or is unable or unwilling to repay a
25 TROF grant and funds have gone out prior to

1 performance, then the Commission has the go to the
2 locality and say the commitment has been made by you,
3 and this is one that the Commission needs repayment
4 on.

5 All of the time so far, localities in
6 that situation have worked with the Commission, and we
7 worked generously with them, I believe, from the
8 Commission standpoint, to develop a repayment
9 agreement that is workable to them, to the locality,
10 and to the company.

11 The thing about a Commission is, we
12 have flexibility on time, as long as a company and the
13 locality say, yeah, this is a commitment we made. We
14 are unable to complete it. We will work with them
15 according to the terms of our policy on repayment
16 terms.

17 So again, a repayment plan from a
18 fallback is only required when performance isn't met.
19 So the projects that are distributed post-performance,
20 we don't have to worry about that, because we only
21 send funds out the door that actually they performed.

22 In instances where they are unable to
23 perform or meet the basic requirements, then the funds
24 at the end of the performance, which are typically 3
25 years, they go back into the TROF Fund.

1 For the loan portion, those always go
2 out pre-performance. Sometimes localities are not
3 interested in having to secure even a zero interest
4 loan for whatever the amount is. So I think that was
5 in the Strategy Planning Committee, you have noted
6 that some localities said yeah, localities are not
7 interested in the TROF loans as they may have been in
8 the past.

9 That reason is we require full
10 security of the loan amount prior to it going out.
11 That is protecting the Commission's interest, but
12 also, it is something the community feels.

13 DELEGATE MARSHALL: So I have a
14 question. Andy, before I was off that. I'm back on.
15 So before, if a company, for example, said they were
16 going to employ 100 people and invest \$10 million, and
17 after 3 years, they only employed 50 employees, and
18 only invested \$5 million. So what we would do is go
19 back and ask for that funding back from that company.

20 MR. SORRELL: If the funds had gone
21 out the door prior to funding, yes. If not, then we
22 would only be disbursing the pertinent portion.

23 DELEGATE MARSHALL: We have also done
24 is to allow the company or the locality to come and
25 ask for an extension.

1 MR. SORRELL: Yes. So our
2 performance agreements are typically 3 years. The way
3 the Commission's Performance Agreements read since
4 2020, basically say that administrative extension can
5 be approved by the staff for the fourth year. And
6 staff and then the Commission would consider
7 extensions when there is a good reason to; if
8 something has happened, change in circumstances, but
9 they're still getting close there.

10 We are not trying to say, at 3 years
11 we are just going yank the plug. We just want to see
12 performance. We want to see things happening.

13 If it is a situation where clearly
14 the project is dead and not happening, then we can, we
15 would end it. We would call the money back, if we
16 must, de-obligate the funds.

17 I think that is a longer way of
18 saying that we manage that pretty closely to make sure
19 we get, keep an eye on it.

20 DELEGATE MARSHALL: The locality now,
21 that I can go out and bond that money so that they
22 don't have to come out of the general fund. Is that
23 available now?

24 MR. SORRELL: Can you give me a
25 little more clarification on that?

1 DELEGATE MARSHALL: So I think that
2 they were able, in the early days of TROF,
3 communities, City of Danville, had to basically dig
4 into their general fund to pay for some projects that
5 didn't happen.

6 What I understand that happened right
7 when I was going off is they could go out and
8 securitize the money -- Maybe securitize is the wrong
9 word. -- so that they didn't have to take it out of
10 the general fund.

11 MR. SORRELL: I'm tracking with you
12 now.

13 That is referring to when funds going
14 out the door prior to performance, then security that
15 we require -- What we require is that the locality
16 sign on the dotted line that they have security enough
17 to cover that commitment. We don't, in the past
18 haven't necessarily said what exactly that commitment
19 must be, just that you have it, and you will abide by
20 it, if we have to go back to it.

21 There's various methods that you can
22 secure it. Letters of credit are one way, buildings,
23 equipment, first lien position. All those different
24 things.

25 Being specific about is probably

1 important. In the past, localities were not very
2 specific. So they may have to go into the general
3 fund. If they had a commitment, if they were specific
4 on how that was to be funded, and they didn't have a
5 letter of credit or a bond, or something like that to
6 cover that expense.

7 DELEGATE MARSHALL: Thank you.

8 MR. SORRELL: I think Liz may have
9 had a comment.

10 MS. MEYERS: I just wanted to clarify
11 that when you think the clawback is made in the event
12 of pre-performance distribution, that is a
13 proportional clawback. So if 50 percent of the
14 performance metrics are made, only 50 percent is going
15 to go back.

16 SENATOR MORRISSEY: Mr. Chairman?

17 CHAIRMAN RUFF: Senator Morrissey?

18 SENATOR MORRISSEY: Andy, if a
19 locality, particularly a smaller jurisdiction,
20 approaches the Commission and says this is a project
21 that we would like, and it is less than \$1 million,
22 and it meets to protocol of the TROF Program, does
23 staff have authority to fund that program without the
24 full Commission's approval?

25 MR. SORRELL: Thank you, Senator

1 Morrissey. That is a good god question.

2 So the Commission has given authority
3 to staff to administratively approve TROF awards that
4 are \$1 million and under. The process would be, say
5 it is a project that added 25 jobs and \$5 million in
6 capital investment, and say an award, just pulling it
7 off the top of my head, like \$50,000. In that
8 instance what we would do, and we do this for all
9 applications, we would send, an application would be
10 submitted. We would then make sure that application
11 was complete, and the application was a qualifying
12 project. Provided it was, we would then send it to
13 all the members of the Incentives and Loans Committee
14 for feedback.

15 We would typically give you about 48
16 hours to review it and say, hey, this looks good, or
17 hey, I have more questions on this. And then if we
18 don't have any feedback, we go ahead and approve it,
19 and it is approved. Then we start working up the
20 performance agreement and get those over. If things
21 are moving quickly, that could be just a matter of
22 just weeks.

23 The Committee, no matter how small a
24 project, has the opportunity to weigh in and provide
25 comment and feedback on it.

1 Honestly, if members of the Committee
2 said I'm not comfortable with this project or we need
3 to consider this more, we would pause that project and
4 put it on the agenda for a meeting for a discussion.

5 SENATOR MORRISSEY: A moment ago,
6 Senator Ruff said that he is appointing a committee, a
7 staff of 3 people, to reach out to the smaller
8 jurisdictions to get them more involved in the doing
9 of the Tobacco Commission.

10 Accordingly, is it appropriate when
11 that happens, if a commissioner reach es out to one of
12 the folks in his jurisdiction and says, listen, we
13 want you to become more involved in the Tobacco
14 Commission's doings, are there any projects that you
15 would like to fund and allow me to help facilitate
16 that? Am I thinking correctly with that, with,
17 Senator Ruff, with what you want to do? And am I
18 thinking correctly, Andy, on the approach to the staff
19 for the administrative of the TROF program?

20 CHAIRMAN RUFF: Senator Morrissey,
21 every situation is different. I'd encourage if they
22 reach out to you or you reach out to them, that you
23 then in turn reach out to Sarah Capps, and get her
24 involved in how they proceed. She knows what Is need
25 to be dotted and Ts need to be crossed. It moves more

1 smoothly that way.

2 MR. SORRELL: And she can also refer
3 it over to me, if it is a project outside of the
4 Southern Virginia Program or a TROF project. There is
5 an estimate process. So if you want to know a
6 roundabout number as to what a project that may or may
7 not be located in a particular community could be,
8 then the estimate process is where you say, okay, this
9 is how many jobs, this is how much capital investment
10 at that wage, if this project was to locate in this
11 particular locality, Dinwiddie for example, then this
12 would be an incentive based upon those numbers.

13 That incentive estimate stays good
14 for about 60 days. It can be renewed. And then if it
15 is not utilized, they can ask again. If they do
16 locate at the facility in the locality, that is when
17 they then use that as the application for the next
18 step. That application is what I send to the
19 Committee.

20 The estimate stage is where I do the
21 checking to make sure it is eligible, to make sure it
22 is a project that is bringing in outside capital. You
23 know, the qualifications that the Commission set.

24 DELEGATE MARSHALL: One other thing.
25 Andy the TROF agreements -- Looks like NASA came up

1 with the formula. If you at the number of jobs, the
2 payment of the jobs, how much capital investment --
3 Because the first thing we want to do is people. We
4 want to get people jobs. We want to get people jobs
5 above the prevailing wage. And then the capital
6 investment is how much tax base is helping the
7 locality. First of all, it is the number of jobs, and
8 second is pay.

9 MR. SORRELL: I'll also just note
10 that in recent years, it wasn't always that the
11 Commission required it to be providing wages above the
12 prevailing wage. It used to be just whatever the wage
13 was.

14 However, a couple years ago, I think
15 when Delegate Marshall was on the Commission, we
16 amended it so that it was for only providing wages
17 above the prevailing average so that we can help and
18 incent and encourage those jobs to have higher wages
19 than what might be average for the community.

20 Only other thing I'll note is, you
21 know, we always have a running list of existing
22 projects, TROF, Tobacco Region Opportunity Region
23 Funds projects that are running.

24 You will see that list in the packet
25 as to where they are, in terms of performance. This

1 list has been the size of hundreds, in terms of
2 projects that are approved, that we're still managing
3 performance with. But I think we're down to some4thing
4 like 60 or so now. So there's always a lot of
5 projects moving along.

6 I did fail to mention that our
7 Community Business Lending Program, you'll note there
8 the particular projects that have applied. Again,
9 there hasn't been too many that have utilized that
10 yet. We foresee that from our community members, as
11 discussed in our Strategic Plan.

12 You can see, so far, we have approved
13 and disbursed one loan for a telecommunications
14 project, and that was for \$4 million.

15 We also had one more that was
16 discussed at our October meeting for Project Delta.
17 Those loan terms have been offered, term sheet has
18 been offered to the company, and that is something
19 that they're still considering.

20 SECRETARY CUMMINGS: Mr. Chairman,
21 may I ask.

22 CHAIRMAN RUFF: Yes.

23 SECRETARY CUMMINGS: Why is the
24 number down so much, from 100 to 60? Is that Covid
25 outcome, or just the pipeline that it is that much

1 less?

2 MR. SORRELL: Are we talking about
3 the --

4 SECRETARY CUMMINGS: You said it used
5 to be a 100, and it is now 60. Is that a change in
6 how you are approaching?

7 MR. SORRELL: That was actually the
8 TROF projects that were approved, say, 4, 3 years ago
9 that are now still open, but we are continuing to
10 review their performance. Once we are able to confirm
11 that they met their jobs or met their capital
12 investment, we are able to job or investment, then
13 we're able to close.

14 It was high as 100, because our staff
15 turnover was not able to keep up with the number of
16 projects that we had. Once we had staff to be really
17 able to jump in and review the metrics, which is
18 complicated. You have to get a very complicated
19 program from VEC that's related to employment and
20 review these records. You've got to chase down
21 Commissioner of Revenue records from that locality
22 where you have a project in, and then you have to
23 review those and see how they compare to what the
24 company is taking in. It takes time, and that is
25 where, if you don't have the staff capacity, it

1 doesn't add up.

2 SECRETARY CUMMINGS: You must have a
3 tracker where you show the volume coming in and --

4 MR. SORRELL: We do.

5 SECRETARY CUMMINGS. -- and would
6 that show a pretty steady pace?

7 MR. SORRELL: I would say that the
8 pace of applications coming in for new applications
9 and new estimates has slowed down. Back before the
10 pandemic, we were getting seemed like an estimate
11 request every day sometimes. But several months, and
12 we were doing I think probably about 12 to 15 actual
13 approved TROFs in any given year. And as you can see
14 here, we are down to 3 or 4. I can't exactly why
15 that's gone down, but it might be that portions aren't
16 being used. Again, might to be time to reevaluate.

17 DELEGATE MARSHALL: Andy, along those
18 lines, one of the differences post-performance versus
19 we give the money up front, I suppose, do you think
20 that makes any difference?

21 MR. SORRELL: We are one of the only
22 ones left that still provide funds up front, that can
23 provide funds up front. Because of the complications
24 of giving funds out prior to performance and the need
25 to insure your security is adequate, a lot of folks

1 don't prefer to do funds prior to performance.

2 We considered that in the past, going
3 just to post-performance, but we still saw that there
4 was a need in instances for pre-performance funds.
5 Provided that security is appropriate, we can still do
6 that.

7 But whenever a locality is
8 considering partnering with us for a pre-performance
9 disbursement of funds, I make sure that they are fully
10 aware of the commitment that they are agreeing to
11 because that is where I'd say, if you sign this line
12 right here, this means that you are on the hook if
13 this company can't perform. You should probably get a
14 letter of credit or a security bond, or something that
15 guarantees that there is something that is not your
16 general funds that is going to guarantee this project,
17 if you take it prior to performance.

18 When I talk to them, then they say,
19 okay. Well perhaps we'll consider post-performance.

20 If they do take it prior to
21 performance, I make sure that they're fully aware,
22 particularly small localities because some of them had
23 a situation like that, where they took something
24 pre-performance, and didn't quite -- There's a
25 changeover in staff or something, and they didn't know

1 that that commitment was something that they were
2 going to be on the hook for.

3 DELEGATE MARSHALL: Has staff looked
4 at the TROFs from day one all the way? This is my
5 assumption. Don't know if I'm right. That smaller
6 companies probably need that money up front, more so
7 than Fortune 500 companies. Have you looked at that,
8 to see about the amount of money that goes to the
9 smaller companies? Small, is that \$10 million? That
10 is just a number pulled out of the air.

11 MR. SORRELL: I think that a lot of
12 our projects with smaller numbers, smaller job
13 numbers, capital investment, are interested in it up
14 front, but also there is the fact that they need to
15 secure it. Sometimes that's an issue. Because they
16 to find a way that fully backs up what is going out
17 the door.

18 Yes. Capital up front is important
19 to our smaller companies, because that is often going
20 to increase inventory for projects, or car
21 manufacturer. Maybe if they're modifying vehicles,
22 then they need to buy inventory from somewhere else
23 and bring it in.

24 Sometimes, if it is not a great fit
25 for a TROF, that's what we then recommend, Community

1 Lending Program. That is taking up a opportunity that
2 we had not had in the past for projects.

3 SECRETARY CUMMINGS: May I follow up
4 on that? I think it would be good idea to kind of
5 look at the origination close and understanding, if it
6 has changed that much, what are the true drivers of
7 that. Is it change in what we're doing
8 origination-wise, criteria, or is it the real change
9 in the marketplace? You said it is only 4 that have
10 been done here.

11 MR. SORRELL: Yes.

12 SECRETARY CUMMINGS: Probably not
13 much impact.

14 MR. SORRELL: Yes. I agree. Every
15 couple of years, or even sooner, this program should
16 being evaluated to ensure it is working right. You
17 see only 3 or 4 takers of projects, that might mean it
18 is something to change. It could be, you know, we
19 have an estimator that spits out how much the
20 incentive might be based on the project parameters.
21 Perhaps that also needs to be something that could
22 potentially be tweaked.

23 In the past, it was based on
24 unemployment and based on all kinds of different
25 things. That changes. This needs change. It could

1 be that the needs have changed, and we need to better
2 reflect that in our estimator.

3 The estimator is confidential, and
4 not something we share with our partners because we
5 don't want them to provide us with numbers that give
6 us the highest thing. It is something within this
7 Committee, that the Incentives and Loan Committee
8 could continue to review and continue to meet our
9 needs.

10 DELEGATE MARSHALL: This is my last
11 statement. My first last statement. So one of the
12 things we have done, is to try to push employment.
13 The problem is that there is nobody out there to hire
14 any more. We may need to rethink that. Some
15 companies can automate, which would help their bottom
16 line. Maybe we need to look at that also. So we are
17 not just looking at the pure numbers.

18 CHAIRMAN RUFF: As chairman of that
19 committee, I think you can guide that discussion.

20 MR. SORRELL: That is all the TROF
21 you need.

22 CHAIRMAN RUFF: Now, to get to the
23 Community Business Lending Program Loans. I raise
24 that because there are 4 listed. There are dates when
25 they were approached, which does not mean that's when

1 they started. And the top one, I know it started a
2 year before that, in 2021. They are still sitting in
3 underwriting and process by VRA.

4 Each one of those is being held up,
5 and timing is everything in business. This particular
6 business called me during our meeting yesterday, and
7 he was just so frustrated with the timing.

8 I would say that we are going to have
9 to come up with a different plan. If we can't deal
10 with something and get off the table, then we
11 shouldn't be doing it.

12 MR. SORRELL: I agree, Mr. Chairman.
13 I think that if the Commission is interested in
14 continuing to offer loans and those same methods that
15 we have, then we really need to look at potentially
16 hiring an in-house person that can expedite that
17 process, that can be the underwriter.

18 Right now, as the program is being
19 stood up, we contracted out with VRA. They have
20 underwriters, and they also have other things that do
21 well.

22 I hear you. That is something that
23 perhaps could be considered as part of the budget.

24 CHAIRMAN RUFF: Thank you.

25 That completes your report.

1 MR. SORRELL: Yes, sir.

2 CHAIRMAN RUFF: Is there any further
3 public comment?

4 (No response.)

5 CHAIRMAN RUFF: Thank you.

6 Unless some Commission member has
7 something that they wanted to add at this point, I
8 think we are almost at time to adjourn.

9 MR. SORRELL: Only other thing that I
10 mention in other business is that it would be helpful
11 to hear when the spring meeting might be. I think we
12 are looking at the third week of May. It would be in
13 Southwest Virginia. We still need to figure out where
14 that would be. If you could check your calendars to
15 confirm if the third week of May is no go or a yes go.
16 That would be very helpful, because the sooner we get
17 plans on this, particularly before general assembly
18 starts the better that we can prepare for it.

19 SENATOR MORRISSEY: Mr. Chairman, can
20 I suggest something that I'd like the Tobacco
21 Commission to look into. Is this the appropriate time
22 to do that?

23 CHAIRMAN RUFF: This would be a good
24 time.

25 SENATOR MORRISSEY: In this upcoming

1 general assembly session, one of the things that we
2 are going to be considering, more so than we ever have
3 before, is workforce development. Workforce
4 development, in looking at it from the perspective of
5 utilizing high school students to train them to go
6 into the workforce without the traditional 2 or 4 year
7 education. I think we are getting away from that
8 model that the only way you have a great life is if
9 you go to college, get a 4 year degree, incur \$100,000
10 worth of debt and then move on.

11 Internships, apprenticeships, work
12 study, I think is the future. When I listen to the
13 parameters that you have to meet to get loans in the
14 Tobacco Commission, I always hear about jobs. They
15 tend to be professional jobs. I think there needs be
16 a re-evaluation of that. And there is something very
17 noble about people in high school that are trained
18 whilst in high school for apprenticeship, journeyman
19 electrician positions, healthcare industry, and not
20 somebody that just goes to 2 or 4 year college, and
21 then gets the job. I think that is the model we are
22 moving towards. I know we are going to be discussing
23 it in this year's general assembly, and I would like,
24 Mr. Chairman, for the Commission to evaluate when we
25 decide who is getting loans and who is getting grants,

1 what type of workforce development for high school
2 students they are utilizing. Just a thought.

3 CHAIRMAN RUFF: Senator Morrissey,
4 that's a good thought. I would ask you to Google, Go
5 Tech, which is the Go Virginia effort in Region 3 that
6 covers from Martinsville to Brunswick County, and
7 every middle school in that region has agreed to go
8 into that. They have a mobile unit that goes from
9 school to school. If the school does not own the
10 equipment, they have a 3-D printer. They have a
11 simulated welding. Get those young people to
12 understand that there is a future no matter where they
13 are right now.

14 Mecklenburg County was so sold on the
15 concept that when they built the new high school and
16 middle school, they began a six year program, and six
17 major categories that could lead to 54 careers in the
18 County of Mecklenburg when you go through that. They
19 are tied in with the community college on the back end
20 of that, so that they'll have a certification. If
21 they say that want to go to certification in machine,
22 or welding, or whatever. And I think you are exactly
23 right. That is the way the state is going to go.

24 The several localities in Southwest
25 Virginia and Tidewater have bought into the Go Tech

1 concept. It will be spread across the state.

2 SENATOR MORRISSEY: I remember the
3 Senate Finance Commission meeting, there was a panel
4 discussion, and one of the panels was with Go
5 Virginia, and I was impressed with what they had to
6 say. I won't Google it. I already did send them a
7 letter. I was very impressed with they have already
8 done.

9 CHAIRMAN RUFF: This is not Go
10 Virginia. This is something different. It is Go
11 Tech. That's not Virginia Tech.

12 Is Julie Brown still here?

13 Julie, come up and talk a little bit
14 about Go Tech.

15 MS. BROWN: Good afternoon. My name
16 is Julie Brown. I'm the Vice President of Advanced
17 Learning at the Institute for Advanced Learning
18 Research.

19 Go TEC stands as an acronym, Great
20 Opportunities in Technology and Engineering Careers.
21 There is a talent model that starts in middle school
22 where we are trying to expose students through
23 technology to careers in the trade sectors where we're
24 interested in.

25 In all the regions where we have a

1 presence that leans really to advance manufacturing,
2 robotic automation, which you talked about here today,
3 advanced materials, we are looking at biotech, energy.
4 In all of our regions we are working in Southwest
5 Virginia, that energy is going to be very standardized
6 across the state, but then we are looking at ways we
7 can make it more relevant to that region.

8 Again, with energy, what Southwest
9 Virginia may be interested in, and we've had
10 conversations about micro-reactors, may be very
11 different than the Hampton Roads region that may want
12 to dig a little deeper into wind energy versus solar
13 versus micro-reactors, coal, etc.

14 Right now, we are in 19 school
15 divisions, 25 middle schools across the state. Our
16 goal by 2025 is to be in 50 middle schools. That will
17 put us at a 20 percent saturation rate in the
18 Commonwealth of Virginia to make sure we are exposing
19 young people.

20 I did want to mention, based on your
21 comments at the October meeting, this Commission did
22 approve almost half a million dollar grant for us to
23 really fill capacity for registered apprenticeships,
24 particularly with high school students. We have
25 states that neighbor us that are doing a much better

1 job of getting high school students into manufacturing
2 companies before they are 18. That is something that
3 we need to work towards as a Commonwealth. Because if
4 we wait until after they are 18 to even talk to them
5 about manufacturing careers, they have already picked
6 something else.

7 Again, I do want to applaud and thank
8 the Commission for that grant application. We are
9 developing a consortium model similar to what we have
10 seen in South Carolina and North Carolina.

11 We are also looking at some careers
12 that traditionally you don't think about
13 apprenticeships. We have established a stenography
14 apprenticeship program in partnership with SOVO
15 Health. It is the second healthcare apprenticeship in
16 the state.

17 Sometimes it is just language.
18 Healthcare, many of those occupations require
19 clinicals. It is no different than the apprenticeship
20 model, which is on-the-job training and in-classroom
21 training at the same time.

22 So thank you. I will give you my
23 card. Happy to share with information with anyone
24 that is interested. Thank you for the opportunity.

25 CHAIRMAN RUFF: Julie, thank you so

1 much.

2 Any further issues that anybody would
3 like to talk about?

4 (No response.)

5 CHAIRMAN RUFF: Thank you all for
6 participating today, and we look forward to seeing you
7 at the next meeting in May.

8 CONCLUDED

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CERTIFICATE OF THE COURT REPORTER

I, Sheryl Rainey, Certified Court Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the Full Commission Committee, when held on Thursday, January 5, 2023, at 12:15 p.m., at Hampton Inn & Suites, Richmond, Virginia.

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

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



Sheryl Rainey

Certified Court Reporter

Notary Public

for the State of Virginia at Large

My Commission expires: April 30, 2026
#260655



The following tables summarize the actions of the Full Commission made at its January 5, 2023 meeting regarding recommendations from the Education Committee, Strategic Planning Committee, Southern Virginia Committee, Southwest Virginia Committee, Incentives & Loans Committee and Executive Committee. These tables are attached to and made part of the minutes of the meeting.

Commission Action on Education Committee Recommendations:

The Commission took the following actions on the Talent Attraction Program as noted below:

Item	Commission Approved Action Applicable Conditions	Staff Notes (as needed)
Talent Attraction Program	<p><i>Non-healthcare professions TAP</i></p> <p>a. Approval to allocate \$500,000 for renewals of previously approved non-healthcare profession Talent Attraction Program awards from prior years.</p> <p><i>Healthcare professions TAP (administered by Va. Dept. of Health)</i></p> <p>b. Approval to cap the individual award amount for the Healthcare professions TAP (VDH – SLRP) at \$40,000 per award.</p>	<p>Committee held an all-virtual meeting on December 14, 2022 and decided it was best to forego (pause) the non-healthcare professions talent attraction program (TAP) 2023 application round for 2023. No motion was needed to forego the 2023 application round.</p>

Commission Action on Strategic Planning Committee Recommendations:

The Commission took the following actions on the draft 2023 strategic plan as noted below:

Item	Commission Approved Action Applicable Conditions	Staff Notes (as needed)
2023 Strategic Plan	No committee recommendation or action required at this time. The Committee requested staff revise the draft strategic plan incorporating the feedback received from partners in preparation for their review later this winter/ early spring.	Staff made revisions to draft plan as requested by Committee at fall 2022 meeting. Prior to the sharing with partners, staff circulated the revised draft to the Committee and then full Commission in November 2022. Staff shared the revised draft with over 100 partners and requested feedback by mid-December 2022. The purpose on the Strategic Planning Committee meeting on January 5, 2023 was to review the feedback from the partners with the Committee and then get direction on next steps. Staff will revise the plan based upon partner and committee feedback and have it ready for review in late winter/ early spring 2023 with the goal of having it ready for the full Commission’s adoption at the May 2023 meeting.

Commission Action on Southern Virginia Committee Recommendations:

The Commission took the following actions on the Southern Virginia program fall 2022 funding applications as noted below:

Req #	Organization	Project Title	Requested	Grant Amt. Awarded	Loan Amt. Awarded	Total Amt. Awarded	Commission Approved Conditions
4107	Brunswick County Industrial Development Authority	Brunswick County Produce Project	\$500,000	\$500,000	\$0	\$500,000	Contingent on executive director's approval of final lease agreement with Southern Virginia Vegetable Packing LLC.
4119	Mecklenburg County	Southside Virginia Beef Producers Increase Efficiency and Their Bottom Line Through Use of Certifiable Livestock Scales	\$7,500	\$7,500	\$0	\$7,500	For 50% of the equipment purchases, and third-party certification and maintenance costs during the three-year grant period.
4114	Prince Edward County	Project Clementine	\$75,000	\$75,000	\$0	\$75,000	To support up to 25% of approved equipment costs; contingent on executive director's approval of final performance agreement.
4118	Virginia Cattleman's Association	Inventory Advance Incentive and Cattle Processing Initiative Fund	\$330,000	\$330,000	\$0	\$330,000	Contingent on the executive director's approval of the final contract to be used for the incentive program; and recognizing that required match will cover participants from across the Commonwealth in order for VCA to offer the program statewide.

4121	Brunswick County Industrial Development Authority	Sledge and Barkley	\$437,000	\$437,000	\$0	\$437,000	Allowing for release of up to \$150,000 for stabilization of the lower floor; and contingent on the balance of grant funding being released following completion of the Market and Feasibility Study and securing all funding required for building renovations.
4126	Patrick County Economic Development Authority	Cockram Mill/ Freehouse Brewery	\$30,000	\$30,000	\$0	\$30,000	To support up to 25% of approved equipment costs; contingent on executive director's approval of final performance agreement.
4105	SOVA Innovation Hub Corporation	SOVA Innovation Campus Construction	\$400,000	\$400,000	\$0	\$400,000	Contingent upon acquisition of matching funds to support the project
4122	City of Emporia	Extensions of Water and Sewer to Norwood Property	\$840,000	\$0	\$1,680,000	\$1,680,000	Project be referred to the Commission's Community Business and Lending Program for consideration of a \$1,680,000 Loan.
4124	Halifax County	Virginia International Raceway Water Supply Interconnection - Halifax County	\$745,259	\$546,029	\$0	\$546,029	For 50% of the \$1,092,058 Phase 1 estimated costs.
4104	Mecklenburg County	Virginia's Growth Alliance Site Development Project	\$602,210	\$602,210	\$0	\$602,210	For up to 50% of the engineering due-diligences and studies for each of the eight industrial sites.

4123	Patrick County Economic Development Authority	Rich Creek Corporate Park Shell Building	\$95,850	\$95,850	\$0	\$95,850	For 50% of the construction renovations
4111	Sussex County	Megasite - Master Planning, Conceptual Engineering, & Water Line Extension	\$250,000	\$250,000	\$0	\$250,000	Contingent on the final amount being limited to 50% of the required match for the VEDP VBRSP award.
4112	Brunswick County	Herman Road Lake Gaston Day Use Park - Kayak and Canoe Launch	\$230,400	\$230,400	\$0	\$230,400	To support construction costs for the kayak and Canoe Launch, and other Phase 1 development costs for establishing the park.
4108	Cumberland County	Operation Connect-The-Dots	\$218,667	\$218,667	\$0	\$218,000	Contingent upon approval of disbursement of grant funds for up to 50% of the \$436,000 approved project costs.
4113	National D-DAY Memorial Foundation LTD	National D-Day Memorial Motor Pool Museum and Courtyard	\$350,000	\$350,000	\$0	\$350,000	Towards site work, contingent on disbursement of grant funds being limited to no more than 50% of documented project expenses (including design services and construction to be paid from match).

4106	Town of Blackstone	Operation Swedish Chef	\$581,000	\$581,000	\$0	\$581,000	Contingent on a hospitality education training plan for the Armory Hospitality Training Institute, with details on certifications and credentials that will be offered by the education partners, to be approved by the Commission's Executive Director prior to disbursement of grant funds.
4099	West Piedmont Planning District Commission	Southern Virginia Regional Branding and Marketing Plan	\$50,000	\$50,000	\$0	\$50,000	For 50% of consultant fees.
		TOTAL (17 requests):	\$5,742,886			\$4,702,989	

The Commission took the following actions on project extensions and modifications from the Southern Virginia Committee:

Req #	Organization	Project Title	Project Request	Commission Approved Conditions	Staff Notes (as needed)
3504	Sussex County	Three Brothers Access Road	Extension	Approval of a one year extension to January 31, 2024.	
3360	City of Danville	Industrial Shell Building	Extension	Approval of a one year extension to January 31, 2024.	
3358	Danville-Pittsylvania Regional Industrial Facility Authority	Berry Hill Industrial Park – Site Improvements	Extension	Approval of a one year extension to January 31, 2024.	

Commission Action on Southwest Virginia Committee Recommendations:

The Commission took the following actions on the Southwest Virginia program fall 2022 funding applications as noted below:

Req #	Organization	Project Title	Requested	Grant Amt. Awarded	Loan Amt. Awarded	Total Amt. Awarded	Commission Approved Conditions
4098	Abingdon Feeder Cattle Association	Improving Genetics, Health, and Management of Small Ruminants in SWVA	\$299,880	\$299,880	\$0	\$299,880	To support a second, and final, round of this cost share program.
4128	Carroll County	Vacuum Cooler-Value Added Project	\$96,000	\$96,000	\$0	\$96,000	Contingent upon the following conditions: 1) The approval of the pending AFID application and 2) The execution of a performance agreement with performance measures to be set by the Executive Director.
4109	Blue Ridge Crossroads Economic Development Authority	Wildwood Commerce Park Site 1 Due Diligence and Design Services	\$188,750	\$188,750	\$0	\$188,750	For 50% of due diligence and design activities required for Site 1.
4127	Washington County	Oak Park, Lot 8 Railway Extension	\$500,000	\$500,000	\$0	\$500,000	For 50% of remaining costs after the following conditions have been met: 1) The identification of a prospect for the site and 2) A successful application to the Virginia Rail Industrial Access Program.

4120	LENOWISCO Planning District Commission	LENOWISCO InvestSWVA 3.0 (RMI)	\$400,000	\$400,000	\$0	\$400,000	Contingent upon the following conditions to encourage equitable marketing efforts across the region: (1) the Executive Director's approval of the terms of the renewed contract between the applicant and its consultant, and (2) Staff's continued participation in InvestSWVA's leadership and strategy development.
4100	The Barter Foundation, Inc.	Barter Theatre Regional Marketing Campaign	\$105,000	\$105,000	\$0	\$105,000	n/a
4103	Birthplace of Country Music	Birthplace of Country Music Museum Expansion	\$500,000	\$500,000	\$0	\$500,000	For last dollar construction costs associated with the redevelopment of the Annex property.
4101	Town of Haysi	Haysi Trails Center	\$650,206	\$650,206	\$0	\$650,206	n/a
4116	Song of the Mountains	Song of the Mountains Revitalization	\$120,000	\$120,000	\$0	\$120,000	To reimburse 50% of booking fees.

3975	Sunset Holler, Inc.	Southern Gap Amphitheater Project: Construction Documents & Construction	\$500,000	\$500,000	\$0	\$500,000	Contingent upon the successful reapplication to EDA and/ or the achievement of full project funding within 12 months.
4110	Blue Ridge Public Television, Inc.	PBS Appalachia Virginia	\$530,000	\$400,000	\$0	\$400,000	\$400,000 grant to support 50% of direct new costs for establishing the PBS Appalachia Virginia station. TABLE \$130,000 grant (remainder of request) until the spring 2023 Commission meeting to give staff time to fully vet the tabled portion of the funding request.
4117	Mendota Community Association	Revitalization of Former Mendota School Building and Grounds	\$38,485	\$0	\$0	TABLED.	To allow additional time to work with the applicant to refine the scope of the project and to identify appropriate matching funds.
4097	Virginia Coalfield Coalition	Virginia Coalfields Cell Coverage Assessment Planning Grant	\$40,000	\$40,000	\$0	\$40,000	n/a
		TOTAL (13 requests):	\$3,968,321	\$3,799,836	\$0	\$3,799,836	

The Commission took the following actions on project extensions and modifications from the Southwest Virginia Committee:

Req #	Organization	Project Title	Project Request	Commission Approved Conditions	Staff Notes (as needed)
3368	Blue Ridge Plateau Initiative	Meat Processing Facility	Extension	No action taken.	Project term ended 1/6/2023. Project closed and grant balance of \$500,000 deobligated.

Commission Action on Incentives & Loans Committee Recommendations:

The Commission took the following action on a confidential project:

Item	Organization	Project Title	Requested	Grant Amt. Approved	Loan Amt. Approved	Total Amt. Approved	Commission Approved Conditions
1	Confidential	Project Raven	\$10,000,000	\$10,000,000	\$0	\$10,000,000	A Tobacco Region Opportunity Fund grant incentive for a TROF Grant in the amount of <u>\$10,000,000</u> from the Prospect Incentive Fund be offered to <u>Project Raven</u> subject to local revenue sharing of 5% of net new taxes generated by the project and the performance metrics as reviewed and discussed by staff. Revenue sharing shall be limited to no more than 105% of the grant amount. Adequate security covering the full amount of the grant shall be approved by the Executive Director for any disbursement prior to performance.

Commission Action on Executive Committee Recommendations:

The Commission took the following action on Executive Director compensation:

Item	Commission Approved Action Applicable Conditions	Staff Notes (as needed)
Executive Director Compensation	The Commission authorized the Director of Finance to enter into a Memorandum of Understanding (MOU) with the Secretary of Commerce and Trade to reimburse one third of the acting Executive Director’s salary currently \$58,333.33, subject to the Governor’s approval, effective January 4, 2023.	The Governor appointed the Honorable James E. Campos Acting Executive Director effective January 4, 2023. Director Campos was also appointed Deputy Secretary of Commerce and Trade as of the same date.