

16 Years of Revitalizing Virginia's Tobacco Region

\$61.9M
4-Year
Scholarship
Funding

\$18.3M
Community College
Financial Aid
(since 2009)

12,299
4-Year
Scholarships

720
GEDs

"Investing in Education for a better future."

Sixteenth
ANNUAL REPORT
FISCAL YEAR 2015



VIRGINIA TOBACCO
Region Revitalization
COMMISSION

The Honorable Terry G. Kilgore
Chairman

The Honorable Frank M. Ruff
Vice Chairman



701 East Franklin Street, Suite 501
Richmond, Virginia 23219

804-225-2027 [Phone]
877-807-1086 [Toll Free]
804-786-3210 [Fax]

www.tic.virginia.gov

Virginia Tobacco Region Revitalization Commission

December 15, 2015

To the Governor and Members of the General Assembly of Virginia:

The close of fiscal year 2015 marks the Commission's 16th year of promoting economic growth in the Commonwealth's most challenging economic region. On behalf of the Commission, I am pleased to report our progress to you in this Annual Report and hope you will be impressed by our substantial impact described throughout.

This fiscal year has seen significant change for the Commission – now re-named the Tobacco Region Revitalization Commission. The Commission has embraced a movement toward greater transparency, objective decision-making, and accountability. We have approached those goals by: pursuing a financial viability manager, constructing firm metrics for each grant program, and supporting the new Executive Director's policy of making all non-proprietary grant files fully available to the public and press.

Additionally, the Commission has moved forward aggressively with the creation of a loan program and the creation of a new strategic plan. These, when completed, will represent a significant step toward sustainable fiscal management of the Commission's assets, and will allow it to serve the Tobacco region into perpetuity.

The Commission's efforts to revitalize tobacco communities have taken many forms, as you will see in the pages that follow. Tobacco growers and quota owners in Virginia endured unprecedented losses since the Master Settlement Agreement was reached in 1998. The aggregate loss was determined to be \$479 million and as of 2012, the Commission, together with other sources, has indemnified 100% of that loss. This effort alone has made unparalleled improvements in the economy of Virginia's tobacco region.

In the year ending June 30, 2015, the Commission's 8 grant programs awarded 95 grants, totaling \$71 million. New and existing companies committed to create more than 1,200 new jobs and invest more than \$714 million in taxable assets in the tobacco region. More than 2,700 students residing in the tobacco region received higher education financial aid.

On behalf of the Commission, I am grateful for your continued support of our mission and look forward to another year of partnership with you in bringing renewed prosperity to thousands of households in this area of the Commonwealth that we are privileged to serve.

Sincerely,

Terry G. Kilgore
Chairman

Mission

§ 3.2-3101, *Code of Virginia*

The Tobacco Region Revitalization Commission is created as a body corporate and a political subdivision of the Commonwealth and as such shall have, and is vested with, all of the politic and corporate powers as are set forth in this chapter. The Commission is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund and causing distribution of such moneys for the purposes provided in this chapter, including using moneys in the Fund to: (i) provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota; and (ii) revitalize tobacco dependent communities.

Strategies

(i) Indemnification of Tobacco Farmers

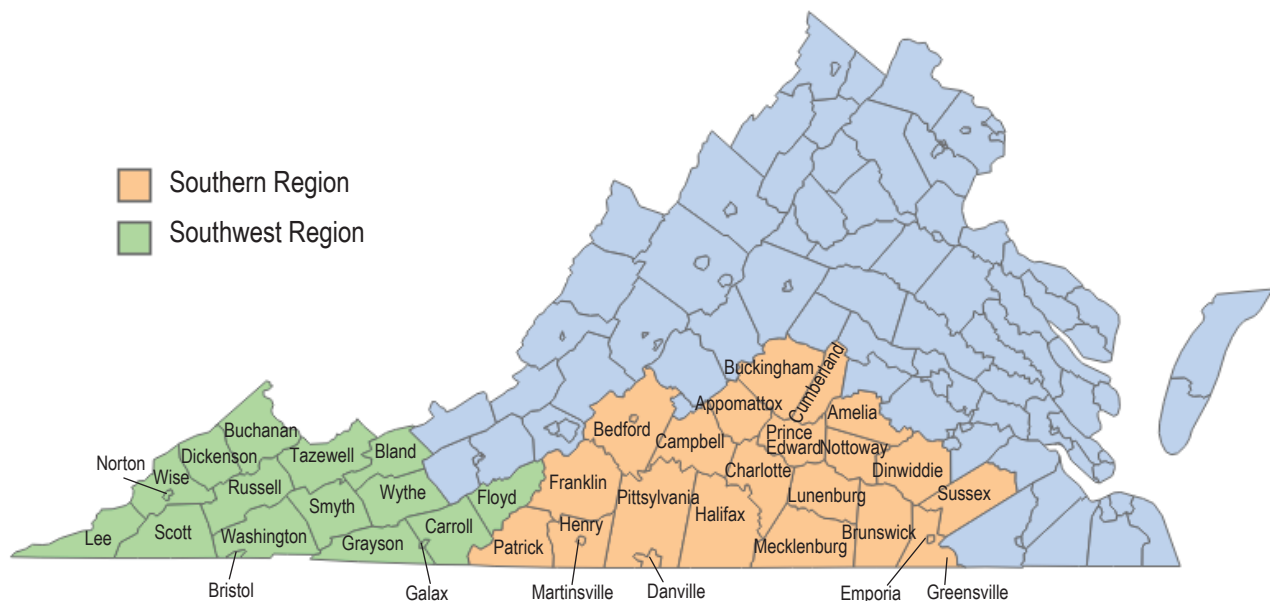
The Commission has satisfied its statutory obligation to indemnify burley and flue-cured producers and quota owners. From its inception through the end of fiscal year 2012, the Commission has made available \$309 million in addition to the \$170 million from other sources for indemnifying losses.

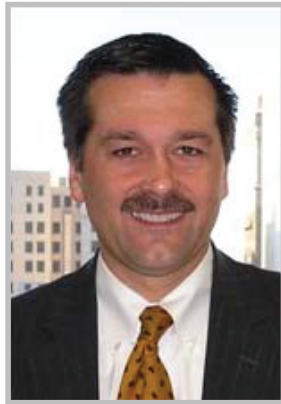
(ii) Revitalization of Tobacco Dependent Communities

Revitalization is accomplished through eight grant programs that make awards to local governments, government entities, and non-profit organizations. The Commission prioritizes projects that maximize leverage from applicants and other partner organizations, and gives preference to projects that have regional participation and generate the most significant economic outcomes—primarily measured in terms of new jobs, income, and taxable private capital investment—for the residents, businesses and localities in the tobacco region.

Service Area

The Commission’s service area includes 40 tobacco-dependent localities in Southern and Southwest Virginia. Local governments and nonprofits serving those localities are eligible to apply to the Commission’s eight grant programs.





Chairman

The Honorable Terry G. Kilgore
 Delegate, Gate City



Vice Chairman

The Honorable Frank M. Ruff
 Senator, Clarksville

House of Delegates Members

The Honorable Kathy J. Byron	Lynchburg
The Honorable James E. Edmunds, II	Halifax
The Honorable Daniel W. Marshall, III	Danville
The Honorable Will Morefield	Tazewell
The Honorable Thomas C. Wright, Jr.	Victoria

Senate Members

The Honorable Charles W. Carrico, Sr.	Galax
The Honorable Ralph K. Smith	Huddleston
The Honorable William Stanley, Jr.	Moneta

Secretary of Commerce and Trade

The Honorable Maurice Jones	Richmond
-----------------------------	----------

Secretary of Finance

The Honorable Richard D. Brown	Richmond
--------------------------------	----------

Secretary of Agriculture and Forestry

The Honorable Todd P. Haymore	Richmond
-------------------------------	----------

Active Flue-Cured Tobacco Producers

Mr. Kenny F. Barnard	Amelia
Mr. Cecil E. Shell	Kenbridge

Active Burley Tobacco Producers

Mr. H. Ronnie Montgomery	Jonesville
Mr. Kenneth O. Reynolds	Abingdon
Mr. Richard L. Sutherland	Elk Creek

Virginia Farm Bureau Federation Representative

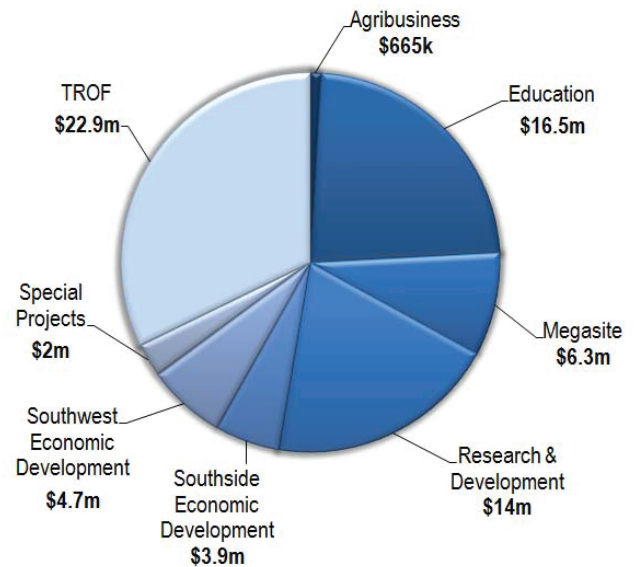
Mr. Robert Spiers	Stony Creek
-------------------	-------------

Citizens

Mr. John R. Cannon	South Boston
Ms. Becky Coleman	Gate City
Ms. Melissa "Missy" Neff Gould	Danville
The Honorable Franklin D. Harris	Amelia
The Honorable Donald Merricks	Chatham
Mr. A. Dale Moore	Altavista
Ms. Sandra Moss	Dillwyn
The Honorable Edward Owens	South Boston

Fiscal Year 2015 Grant Awards

8 Grant Programs
95 Grants
\$71.2 Million Awarded



Agribusiness Grants to assist the tobacco region's agricultural community in diversifying into new production opportunities and developing value-added enterprises.

Organization	Number of Grants	Net Award
Blue Ridge Center For Chinese Medicine Inc.	1	\$152,660
Buckingham Cattlemen's Association	1	\$265,549
Lenowisco Planning District Commission	1	\$10,000
Region 2000 Research Institute	1	\$37,500
Town of Farmville	1	\$200,000
Total Agribusiness	5	\$665,709

Education Grants for various projects that will create a world-class workforce in the tobacco region, including scholarships, community college programs and workforce training.

Organization	Number of Grants	Grant Amount
Bluefield College	1	\$37,500
Central Virginia Community College Educational Foundation, Inc.	2	\$555,408
County of Franklin	1	\$80,000
Danville Community College Educational Foundation, Inc.	2	\$830,155
John Tyler Community College Foundation	1	\$65,282
Mountain Empire Community College Foundation	2	\$810,000
Patrick Henry Community College Foundation	2	\$1,040,000
Southern Virginia Higher Education Center	1	\$440,000
Southside Virginia Community College Foundation	2	\$715,000
Southwest Virginia Alliance for Manufacturing	2	\$2,200,000
Southwest Virginia Community College	2	\$527,890
Southwest Virginia Higher Education Center	2	\$7,186,806
The University of Virginia's College at Wise Foundation	1	\$123,732

Photos courtesy of LMU



Veterinary Skills Center at LMU's DeBusk Veterinary Teaching Center



Veterinary students at work: Lincoln Memorial University-College of Veterinary Medicine



Bovine Teaching Center at LMU's DeBusk Veterinary Teaching Center

Organization	Number of Grants	Grant Amount
Virginia Early Childhood Foundation	1	\$130,000
Virginia Foundation for Community College Education	1	\$490,000
Virginia Highlands Community College Educational Foundation Inc.	1	\$440,000
Virginia Western Community College Educational Foundation Inc.	2	\$309,966
Wytheville Community College Educational Foundation, Inc.	2	\$570,120
Total Education	28	\$16,551,859

Megasite Grants for site development of large-scale industrial properties that are intended to attract significant economic development employers and facilities such as automotive assembly.

Organization	Number of Grants	Grant Amount
Blue Ridge Crossroads Economic Development Authority	1	\$1,746,200
Danville-Pittsylvania Regional Industrial Facility Authority	1	\$2,241,567
Greensville County	1	\$1,480,320
Sussex County	1	\$829,350
Total Megasite	4	\$6,297,437

Research and Development Grants to encourage collaboration between private scientists and investors, tobacco region localities and/or Virginia's educational institutions to conduct research and development that will lead to commercialization in the region.

Organization	Number of Grants	Grant Amount
Dan River Business Development Center	1	\$1,500,000
Halifax County Industrial Development Authority	2	\$2,534,100
Institute for Advanced Learning and Research	1	\$1,997,033
Region 2000 Research Institute	1	\$2,000,000
Southwest Virginia Higher Education Center Foundation	2	\$4,000,000
University of Virginia	1	\$1,995,145
Total Research and Development	8	\$14,026,278

Southside Economic Development Grants to develop industrial sites and business/technology parks, improve water, sewer, broadband and other utility infrastructure that serves employment centers, and develop tourism infrastructure in the southern region.

Organization	Number of Grants	Grant Amount
Greensville County	1	\$42,865
Henry County	1	\$216,573
Lunenburg County	2	\$996,000
Mecklenburg County	1	\$1,152,704
Pittsylvania County	1	\$721,983
Roanoke River Rails to Trails, Inc.	1	\$285,960
Town of Boones Mill	1	\$238,280
Town of Brodnax	1	\$121,030
Town of Farmville	1	\$194,000
Total Southside Economic Development	10	\$3,969,395

Southwest Economic Development Grants to develop industrial sites and business/technology parks, improve water, sewer, broadband and other utility infrastructure that serves employment centers, and develop tourism infrastructure in the southwest region

Organization	Number of Grants	Grant Amount
Friends of Southwest Virginia	1	\$108,000
Lincoln Memorial University	1	\$3,000,000
People Incorporated Financial Services	1	\$24,000
Scott County Economic Development Authority	1	\$304,000
Southwest Regional Recreation Authority	1	\$435,000
Southwest Virginia Cultural Heritage Foundation	1	\$600,000
Virginia Highlands Airport	1	\$300,000
Total Southwest Economic Development	7	\$4,771,000



Left to right: SoVA CME instructor training (photo courtesy of SS TIC staff), VHCC welding student, Travis Cantor (courtesy of SVAM), COE Mechatronics students, and VCU Chemical Laboratory Science Program student (both courtesy of SVHEC)

Special Projects Grants *for projects that expand access to healthcare services for tobacco region residents or regional participation economic development projects that benefit multiple localities or the tobacco region as a whole.*

Organization	Number of Grants	Grant Amount
Piedmont Access To Health Services Inc.	1	\$400,000
The Corporation for Jefferson's Poplar Forest	1	\$132,524
University of Virginia	1	\$560,710
Virginia Commonwealth University	1	\$650,000
Virginia Department of Conservation and Recreation	1	\$260,000
Wellmont Foundation (d/b/a Wellmont Health System)	1	\$43,591
Total Special Projects	6	\$2,046,825



Energy Center (photo courtesy of SVHEC)

Tobacco Region Opportunity Fund (TROF) Grants *Performance-based grants to localities in the tobacco region to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion.*

Organization	Number of Grants	Grant Amount
Appomattox County	2	\$1,245,000
Brunswick County Industrial Development Authority	1	\$10,000,000
Carroll County Industrial Development Authority	3	\$370,000
City of Bristol	2	\$940,000
City of Galax	1	\$125,000
City of Martinsville	1	\$800,000
County of Bedford	1	\$20,000
Grayson County Industrial Development Authority	3	\$1,540,000
Greensville County	1	\$635,000
Henry County	3	\$2,085,000
Mecklenburg County Industrial Development Authority	1	\$2,900,000
Russell County Industrial Development Authority	2	\$640,000
Smyth-Washington Regional Industrial Facilities Authority (SWIFA)	1	\$420,000
Tazewell County Industrial Development Authority	1	\$140,000
Wise County Industrial Development Authority	2	\$740,000
Wythe County	2	\$340,000
Total TROF	27	\$22,940,000

2015 AWARDS GRAND TOTAL	95	\$71,268,503
--------------------------------	-----------	---------------------

Revenues, Expenditures and Net Position

Consolidated Statement of Net Position

	Fiscal Year 2015 (unaudited)	Fiscal Year 2014
Assets:		
Current and other assets	\$532,533,261	\$589,542,408
Capital and intangible assets	-	17,833
Total assets	532,533,261	589,560,241
Liabilities:		
Current and other liabilities	4,407,680	3,180,833
Long-term liabilities	79,320	93,483
Total liabilities ¹	4,487,000	3,274,316
Net position ² :	\$528,046,261	\$586,285,925

¹ In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, total liabilities do not include \$136 million at June 30, 2015, and \$174 million at June 30, 2014, in obligations for grant awards made prior to fiscal year end.

² Total net position includes \$271 million at June 30, 2015, and \$326 million at June 30, 2014, in the Tobacco Indemnification and Community Revitalization Endowment, which is subject to certain restrictions on annual withdrawals by the *Code of Virginia*.

Consolidated Statement of Activities

	Fiscal Year 2015 (unaudited)	Fiscal Year 2014
Revenues:		
Interest, dividends, and other investment income	\$15,154,758	\$16,132,094
Other income	9,192,756	3,107,474
Unrealized gain on investments held by the Treasurer	-	2,977,024
Total revenues	24,347,514	22,216,592
Expenditures:		
Administration	1,973,674	1,960,550
Community revitalization	75,477,418	88,503,917
Unrealized loss on investments held by the Treasurer	5,136,086	-
Depreciation	-	131
Total expenditures	82,587,178	90,464,598
Change in net position	(\$58,239,664)	(\$68,248,006)
Net position, beginning of year	586,285,925	654,533,931
Net position, end of year	\$528,046,261	\$586,285,925

Educating residents for careers in Advanced Manufacturing

In 2012 the Commission, in partnership with the Commonwealth Center for Advanced Manufacturing (CCAM), engaged the Boston Consulting Group to conduct a study of needs and opportunities to attract and expand advanced manufacturing operations in the tobacco region. The targeted industries include but are not limited to aerospace, automotive, and heavy machinery manufacturers. These industries often require large, ready sites (such as the Commission-funded Mega-sites), employ 1,000 or more employees and result in private investments of \$1 billion or more.

The resulting study, issued in January 2013 and available on the TRRC website, recommended the creation of three regional Centers of Excellence (CoEs) to provide mid-skill level workforce training for advanced manufacturing careers. The three regional CoEs that were designated by the Commission in 2014 are based at the New College Institute in Martinsville, Southern Virginia Higher Education Center in South Boston and the Southwest Virginia Alliance for Manufacturing in Abingdon. All three Centers are serving multi-county areas through partnerships with community colleges and other education providers. The Centers have been funded with Commission grants in FY14 and FY15 totaling \$12.75 million to establish and equip facilities, hire and certify instructors, develop curriculum, and promote careers in advanced manufacturing to students and their parents.

The CoEs focus on three main job classifications: machinists, welders, and industrial machinery mechanics. All three CoEs are now providing curriculum and training programs that produce students that achieve industry recognized certifications such as National Institute for Metalworking Skills for machinists, American Welding Society for welding, and Siemens and/or NIMS for industrial mechanics. CoEs are specifically targeted at medium-skilled training (above basic or entry level) for advanced manufacturing jobs.

The industry recognized certifications are third party verifications of skills and will be the most critical measure of success. By the third year of operation, each CoE aims to produce 70 to 80 students per year who achieve an above basic certification in one of the three job classifications (approximately 50% machining professionals, 28% welding professionals and 22% industrial maintenance mechanics).



Certified Machinists Graduates (photo courtesy of SVCC)

The initiative has already attracted unanticipated partners, such as the U.S. Army. In September 2015 the first graduating class of certified machinists trained at the Southern Virginia Education Center in Emporia/Greensville included seven soldiers based at Fort Lee who are transitioning out of military service and directly into full-time employment.

MAIN OFFICE

701 East Franklin St., Suite 501
Richmond, VA 23219
804-225-2027

Evan Feinman

Executive Director

evan.feinman@tic.virginia.gov

Ned Stephenson

Deputy Director

ned.stephenson@tic.virginia.gov

Tim Pfohl

Grants Program Director

tim.pfohl@tic.virginia.gov

Stephanie Kim

Finance Director

stephanie.kim@tic.virginia.gov

Sarah Goodwyn

Financial Services Specialist

sarah.goodwyn@tic.virginia.gov

Suzette Patterson

Grants Office Manager

suzette.patterson@tic.virginia.gov

Stacey Richardson

Executive Assistant

stacey.richardson@tic.virginia.gov



middle: current Executive Director, Evan Feinman May 2015-present
left: former Executive Director, Neal Noyes June 2006-Jan 2014
right: former Executive Director, Carthan Currin May 2000-September 2005
(Photo courtesy of RIC office)

SOUTHERN FIELD OFFICE

615-A South Main Street
Chatham, VA 24531
434-432-7203

Sarah Capps

Grants Program Administrator

sarah.capps@tic.virginia.gov

Benjamin Dawson

Grants Assistant

benjamin.dawson@tic.virginia.gov

SOUTHWEST FIELD OFFICE

One Partnership Circle
P.O. Box 1987
Abingdon, VA 24212
276-619-4325

Sara Williams

Grants Program Administrator

sara.williams@tic.virginia.gov

Jessica Stamper

Grants Assistant

jessica.stamper@tic.virginia.gov

FY'15 Results

1,236

new jobs committed by private employers

\$714M

new capital investment committed by private employers

160

students awarded GED credentials

\$3.75M

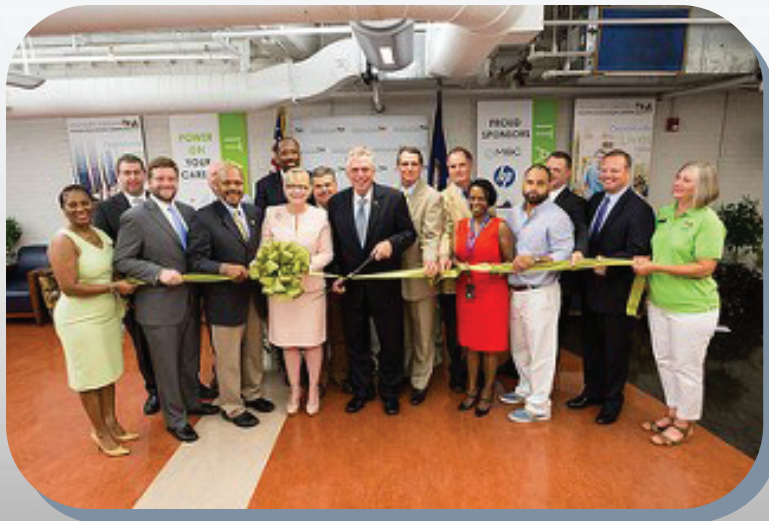
student financial aid provided at local community colleges

2,768

student scholarships given for 4 year post-secondary education

\$7.2M

student scholarship funding provided for 4 year post-secondary education



SVHEC-IT Academy Ribbon Cutting
(photo courtesy of Drew Morris)



Virginia Tobacco Region Revitalization Commission

7th and Franklin Building • 701 East Franklin Street, Suite 501 • Richmond, Virginia 23219
804-225-2027 • 877-807-1086 • Fax: 804-786-3210 • www.tic.virginia.gov