



## Tobacco Region Revitalization Commission

## 2021 ANNUAL REPORT







# **Our Mission**

The Tobacco Region Revitalization Commission's sole mission is the promotion of economic growth and development in tobacco-dependent communities using proceeds of the national tobacco settlement. The Commission seeks to accelerate regional transformation, giving citizens expansive opportunities for education and employment, and providing communities the benefits of economic stability, diversification, and enhanced prosperity.

To date, the Commission has awarded 2,392 grants and loans totaling more than \$1.47 billion that have...

CREATED... more than 27,100 jobs

GENERATED... more than \$4.08 billion in private capital investment

and in the past three years...

#### **INVESTED...**

**\$7.6** million into the Talent Attraction Program to retire student loan debt that...

#### SUPPORTED...

299 recent graduates to live in the Tobacco Region and work in targeted, hard-to-fill occupations such as public school teachers, physical and occupational therapists, and qualified medical, dental, behavioral health and pharmaceutical professionals.

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#### **\*IN MEMORIAM**

The Commission honors the memory of Senator Chafin and his tireless commitment to improving the lives of those in rural Virginia.

## Commission Members

#### LEADERSHIP

Chair, The Honorable Edward Owens, South Boston Vice-Chair, The Honorable Lashrecse D. Aird, Petersburg

#### HOUSE OF DELEGATES MEMBERS

The Honorable Lashrecse D. Aird, Petersburg The Honorable James E. Edmunds, II, Halifax The Honorable Chris L. Hurst, Blacksburg The Honorable Terry G. Kilgore, Gate City The Honorable Sam Rasoul, Roanoke The Honorable Roslyn C. Tyler, Jarrett

#### SENATE MEMBERS

The Honorable A. Benton Chafin, Jr., Lebanon<sup>\*</sup> The Honorable John S. Edwards, Roanoke The Honorable L. Louise Lucas, Portsmouth The Honorable Joseph D. Morrissey, Richmond The Honorable Frank M. Ruff, Jr., Clarksville

#### SECRETARY OF COMMERCE AND TRADE

The Honorable Brian Ball, Richmond

#### SECRETARY OF FINANCE

The Honorable Aubrey L. Layne, Jr., Richmond

#### SECRETARY OF AGRICULTURE AND FORESTRY

The Honorable Bettina Ring, Richmond

#### **ACTIVE FARMERS / TOBACCO PRODUCERS**

Mr. Ed Blevins, Abingdon Ms. Coley Jones Drinkwater, Dinwiddie Mr. Cecil Shell, Kenbridge Mr. Walter H. "Buddy" Shelton, Jr., Gretna Mr. Richard L. Sutherland, Elk Creek

#### VIRGINIA FARM BUREAU FEDERATION REPRESENTATIVE

Mr. Richard T. Hite, Jr., Kenbridge

#### **CITIZEN MEMBERS**

Ms. Gretchen Blair Clark, Gretna Ms. Rebecca Coleman, Gate City Mr. Joel Cunningham, Jr., Halifax Dr. Alexis Ehrhardt, Danville The Honorable Franklin D. Harris, Amelia Ms. Julienne D. Hensley, Gate City The Honorable Thomas Jordan Miles, III, Buckingham The Honorable Edward Owens, South Boston Ms. Sandy J. Ratliff, Abingdon



Strategic investment in site-readiness, like this industrial shell building in Halifax County the Commission supported in 2017, allows localities to compete for top employers that bring jobs and investment to the Tobacco Region.

# Leadership Message

The COVID pandemic has been challenging for all of us in a variety of ways and while the Commission has had to adapt and change so too have our local businesses and economies. The coronavirus outbreak put massive amounts of stress on the economies of Southern and Southwest Virginia, but fortunately, it looks like we have finally turned a corner and brighter days are ahead. This seems like an opportune time to reflect on how the Tobacco Commission has supported the region and how it will continue to do so moving forward.

As the needs of our communities have changed, so too has the Commission and we continue to look for innovative ways to attract top professionals and employers to the region. Most recently with the introduction of our Talent Attraction Program (TAP) and our Community and Business Lending program.

Over the last 20 years the Commission has probably become best known for helping to attract top employers to Southern and Southwest Virginia through our traditional grant programs. These include companies you know well like Microsoft, Tempur/Sealy, Morgan Olson, and Aldi as well as hundreds of other businesses that have brought more than 27,100 jobs and \$4.08 billion of investment to the regions we serve. The Commission has done so through grants which have, over time, partially depleted the funds available to continue attracting new businesses. To counter this, and to ensure that the Commission remains viable well into the future, we are adding a new tool to our toolbox: our Community and Business Lending program.

Many of our local and regional partners have made it clear that access to capital is one of the biggest roadblocks standing in the way of continued economic progress. Increased lending activity will allow the Commission to help remove this roadblock while also providing financial sustainability for the Commission itself. This is a win-win for the region: businesses can get the funds they need to grow and create jobs at rates lower than those offered by commercial lenders while the Commission gains an ongoing source of funds to reinvest in the region as opportunities arise. This is vital because the Commission remains the single largest source of funds available to communities in Southern and Southwest Virginia in terms of economic development incentives. Absent the ongoing support of the Commission many businesses may choose to locate in other states. Localities also may be left without the resources needed to get projects, critical workforce development programs, or needed infrastructure in place.

Education and workforce development has always been a top priority for the Commission and we are adapting to the needs of our communities moving forward. Our Talent Attraction Program, now in just its third year, is designed to encourage



Tobacco Commission Chair, The Honorable Edward "Ed" Owens



Tobacco Commission Vice Chair, The Honorable Lashrecse D. Aird

recent graduates to live in Southern and Southwest Virginia while working in targeted, in-demand fields like teachers, industrial and electrical engineers, IT professionals, physical therapists and more. While it is too soon to know the full scope of the impact this program will have, I can tell you that our communities are already being made stronger by having hundreds of new graduates working, living and raising families in them who might have had to go elsewhere to pay off their debt without this program.

For entirely too long we have heard about the so called "brain drain." Too many of our best and brightest go off to school and then choose to utilize their newly gained skills and knowledge elsewhere instead of returning home. This program is designed to start reversing that trend and close the gap between our need for these professionals in Southern and Southwest Virginia and the number of graduates available to fill them. We hope that once these graduates set down roots in our communities and see all that we have to offer they will remain for decades to come.

The Commission will continue to adapt to meet the needs of our communities. We look forward to working with our regional and local partners to continue to develop innovative ways to bring jobs, investment and growth to Southern and Southwest Virginia and we are always open to new ideas.

## About

The Tobacco Region Revitalization Commission was formed by the General Assembly in 1999 to revitalize Virginia's tobacco region and compensate tobacco farmers for the decline in tobacco production. Funding for these activities comes from the State's share of the 1998 Master Settlement Agreement (MSA) between 46 state attorneys general and large tobacco manufacturers. The Commission was awarded half of the annual payments from Virginia's share of the MSA, and successfully sought bond funding to replace that revenue stream with a single, static fund. Chapters 31 and 31.1 of Title 3.2 of the Code of Virginia contain statutes governing various aspects of the Commission.

The Commission's compensation program to tobacco farmers (indemnification) made payments to Virginia flue-cured and burley tobacco producers and quota holders to compensate them for their losses associated with the decline in federal tobacco quota levels (an aggregate loss of \$479 million). Many producers used the payments to help pay off debt and keep their farm operations running while they transitioned to crops other than tobacco. By 2013, the Commission along with other partners, had indemnified 100% of the aggregate loss satisfying its statutory obligation to indemnify burley and flue-cured tobacco producers and quota owners. From 1999 to 2013, the Commission made available \$309 million together with \$170 million from other sources for indemnifying losses.

With the completion of indemnification, the Commission's sole purpose is the revitalization of tobacco-dependent communities by awarding grants and loans for programs that support that goal. Through FY 2021, the Commission has made more than 2,392 awards totaling more than \$1.47 billion to projects throughout the 40-locality region dedicated to that purpose.

# Organization

Prior to June 2020, the Commission operated ten standing committees. The adoption of the 2020 Strategic Plan streamlined the Commission's standing committees from ten to six. Four committees evaluate grant and loan proposals from eligible applicants and make recommendations to the Commission as to what projects should be funded, in what amounts, and whether funding should be in the form of a loan or a grant.

The committees that consider funding proposals are Southern Virginia, Southwest Virginia, Education and Incentives and Loans. The work of the Agribusiness, Research & Development, Special Projects, Southside and Southwest Economic Development committees continues in the new Southern Virginia and Southwest Virginia committees. The Education Committee continues as it always has and the Tobacco Region Opportunity Fund (TROF) has been restructured as the Incentives and Loans Committee which also now manages the Commission's new Community and Business Lending (CBL) program.

The Commission's non-grantmaking committees are the Executive Committee and Strategic Planning Committee.

More detail on the specific focus of each committee may be found on the Commission's website: www.revitalizeva.org

The Grayson Agricultural and Technical Education Center (GATE Center) in Grayson County has transformed the former County Sheriff's office into offices for Virginia Cooperative Extension, an agribusiness incubator, and a Financial Stability Center serving both the county and the region.

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With the Commission's help, AeroFarms located a new indoor vertical farming operation in Cane Creek Centre located in the Danville-Pittsylvania region.







# Year in Review

This year was difficult for the communities the Commission serves. Covid placed huge burdens on fiscal budgets, disrupted the business environment and forced everyone, including the Commission, to find innovative new ways to get work done. Even in this difficult environment, the Commission was able to continue our mission of bringing jobs and opportunity to Southern and Southwest Virginia.

The Commission's innovative Talent Attraction Program (TAP) entered its third year and the Commission offered student loan debt relief to 78 students which brings the three year total to 299 students who have been offered debt relief to bring their talent and expertise to our communities. As part of the TAP program, these students agreed to live, work and become engaged in a community within the region so these talented new leaders are guaranteed to make a big impact on their communities. In fact, TAP recipients will complete up to 49,400 hours of community service and civic engagement required to access their debt relief. There is no doubt that this program has strengthened the workforce in Southern and Southwest Virginia and we hope many of these award recipients will remain in the region for decades to come.

The Commission began operating under our new strategic plan this year, including our streamlined committee structure and funding priorities. The Commission now operates four funding Committees: Southern Virginia Committee, Southwest Virginia, Education and Incentives and Loans as well as the non-grantmaking Executive and Strategic Planning Committees. This new structure has allowed the Commission to operate more efficiently and ensure that Commission funds are being utilized most effectively to generate maximum impact for the communities we serve. Our Community and Business Lending (CBL) program got off to a good start in 2021. This program is designed to get capital to our region while generating revenue sufficient to support continued grant making. The Commission looks forward to significantly expanding its lending portfolio moving forward, getting capital into businesses that need it and returning lending revenues to the Commission to help fund its mission moving forward.

This year, the Commission supported projects that are expected to bring more than 900 jobs to Southern and Southwest Virginia and more than \$174 million in private taxable capital investment. These projects will help improve the fiscal stability of the localities in which these projects are located. The Commission also continued its support of workforce development investments including programs designed to prepare students for careers in fields such as nursing, cybersecurity/information technology and welding.

While 2021 was challenging, the Commission is now in a better position than ever to continue offering innovative programs, loans and grants designed to help create jobs and opportunity. For more than 20 years the Commission has brought jobs and investment to our Southern and Southwest Virginia communities and we are prepared to do so well into the future. Follow along at revitalizeva.org as we continue our mission to develop a diverse economy in Southern and Southwest Virginia in 2022!



Pg. 6 and Right: A program administrator speaks to a crowd about test plots of malting barley and bread wheat. The Tobacco Commission partnered with Virginia Tech on this project to increase profitability for farmers.

### **TAP is Making an Impact!**



#### Amber Kelly teaching in her Wise County classroom

Amber Kelly was not originally planning to return home to Wise County after graduating from Emory and Henry College in 2018 but the Tobacco Commission's Talent Attraction Program offered her a grant to help pay off her student loan debt and that made her reconsider her next steps. She now says she is "really glad I made that decision." Since returning to Wise County and taking a job at Wise Primary School, Amber has gotten married, bought a house and is expecting her first child. *"I'm close to my family, my kids are gonna know my family, they're gonna know the area, they're gonna know where they came from, and to me, that's really special,"* Kelly said.

Amber's experience is a perfect example of what the Talent Attraction Program is aiming for: bringing talented recent

graduates to Southern and Southwest Virginia to fill in-demand positions in a variety of fields. We hope that many TAP award recipients will do exactly what Amber has done: put down roots and become important members of their community for years to come.

#### Kimberly Archer with a pennant from Liberty University, her alma mater

Kimberly Archer earned her degree in Education from Liberty University and switched from a career in sales to teaching fourth-grade special education at Amelia County Elementary School. As part of the program she also volunteers with the high school cross country team and the county's parks and recreation department. Speaking about the Talent Attraction Program Archer said, *"I think it's a great opportunity to give back to your community to get out there and help to build relationships with your students and their family members. In a small town, it's real close-knit. That's what I like about it. And you want to see your students, and your community excel as well."* 

Finding qualified teachers has been difficult for some communities in Southern and Southwest Virginia. The Talent Attraction Program through the Tobacco Commission is working to bring educators like Kimberly to the region to fill these important roles.



# 2021 Project and Program Highlights



## Fiscal Year 2021 Awards

Program	# of Projects	Award
Education - Workforce Financial Aid	12	\$3,009,000
Education - Talent Attraction Program	2	\$4,183,500
Southern Virginia	15	\$8,736,739
Southwest Virginia	14	\$2,779,325
I&L - Tobacco Region Opportunity Fund	12	\$1,522,500
I&L - Community Business Lending Program	1	\$2,425,000
Grand Total	56	\$22,656,064

## **Project and Program Highlights**

## **Education Awards**

The Education Program aims to prepare residents of the Tobacco Region for new-economy employment through workforce development, higher education scholarship and loan repayment programs and competitive grants and loans to community colleges and post-secondary education entities.

### Workforce Financial Aid Awards

Organization	Project Title	Award
Central Virginia Community College Educational Foundation	Tobacco Region Financial Aid for Workforce and General Education	\$315,000
Danville Community College Educational Foundation	2021 -22 Workforce Financial Aid	\$315,000
John Tyler Community College Foundation	2021-22 Tobacco Region Scholarship Program	\$126,000
Mountain Empire Community College	MECC WORKS Scholarship Program	\$315,000
New College Institute	2021-22 Workforce Financial Aid	\$108,000
New River Community College Educational Foundation	Floyd County - Access to Community College Education (ACCE)	\$100,000
Patrick Henry Community College Foundation	2021-22 Workforce Financial Aid	\$315,000
Southside Virginia Community College Foundation	Investing in Southside Students	\$315,000
Southwest Virginia Community College	2021-22 Workforce Financial Aid	\$315,000
Virginia Highlands Community College Educational Foundation	2021 - 22 Workforce Financial Aid	\$315,000
Virginia Western Community College Educational Foundation	2021 - 22 Workforce Financial Aid and Community College Access for Franklin County	\$155,000
Wytheville Community College	Forging Futures Scholarship Program	\$315,000
TOTAL - WORKFORCE FINANCIA	AL AID AWARDS	\$3,009,000

### Talent Attraction Program (TAP) Awards

Organization	Project Title	Award
Tobacco Region Revitalization Commission	FY 2021 Talent Attraction Program (TAP)	\$1,500,000
Virginia Department of Health - Office of Minority Health and Health Equity	FY 2021 Student Loan Repayment Program for Healthcare Occupations	\$2,683,500

#### TOTAL - TALENT ATTRACTION PROGRAM AWARDS



Workforce development has long been a focus of the Commission. In South Hill, The Center for Information Technology Excellence (CITE) Lab, operated by Southside Virginia Community College (SSVCC), prepares students for a career in the Information Technology sector. \$4,183,500

### **Incentives and Loans**

### **Tobacco Region Opportunity Fund (TROF)**

The TROF Program provides performance-based grants and loans to localities within the Tobacco Region to assist in the creation of high-wage jobs and private taxable capital investment.

Organization	Project Title	Award
Blackstone (Town of)	Blackstone Hotel Partners LLC	\$89,000
Danville-Pittsylvania Regional Industrial Facility Authority	Walraven, Inc.	\$93,000
Joint Industrial Development Authority of Wythe County	Klockner Pentaplast of America, Inc.	\$527,000
Joint Industrial Development Authority of Wythe County	Traeger Pellet Grills, LLC	\$12,000
Pittsylvania County	Intertape Polymer Corporation	\$276,500
Pittsylvania County	Staunton River Plastics, LLC	\$135,000
Pittsylvania County	Ison Furniture Manufacturing, Inc.	\$86,500
Pittsylvania County	J & J Equipment Rentals, Inc.	\$29,000
Pittsylvania County	Dogwood Global, LLC	\$23,500
Scott County Economic Development Authority	eHealth Technologies, Inc.	\$94,000
Smyth County Economic Development Authority	Woodgrain Millwork, Inc.	\$57,500
Washington County	SPIG Industry, LLC	\$99,500
TOTAL - TOBACCO REGION OPPORTUNITY FUND AWARDS		



With the help of the Tobacco Commission, Pittsylvania County was able to bring Staunton River Plastics to the Southern Virginia Multimodal Park.

### COMMUNITY BUSINESS LENDING AWARDS

The Community Business Lending Program provides access to capital in the tobacco region while contributing to the Commission's financial sustainability by providing low-interest loans to qualifying applicants and projects.

Organization	Project Title	Award
Town of Saint Paul Industrial Development Authority	Western Front Hotel Project*	\$2,425,000
TOTAL - COMMUNITY BUSINESS	LENDING AWARDS	\$2,425,000

<sup>\*</sup>This project has been approved and is in the process of being finalized.





The Commission is supporting the construction of the Appalachian Trail Center in Damascus as part of our effort to boost rural Virginia's tourism economy.

## Southern Virginia Program Awards

The Southern Virginia Program provides grants and loans for projects that diversify the economic base of Southern Virginia through creation or improvement of sites, buildings and utility infrastructure, workforce training facilities and tourism infrastructure.

Organization	Project Title	Award
Altavista (Town of)	Altavista Innovation, Accelerator and Coworking Space	\$184,306
Bedford County	Grading Lots 10a and 12a in New London	\$80,000
Buckingham Cattlemen's Associ- ation	BCA BEEF Hub	\$186,000
Danville (City of)	SVMP Site Grading and Improvements - Lot 2	\$742,875
Franklin County	Franklin County Broadband Authority Shentel Net- work Expansion - Mountain Cove	\$42,679
Halifax County	Expanding Marketing-and Sales Opportunities for Livestock Producers in Southside Virginia	\$45,000
Institute for Advanced Learning and Research	Expanding Southern Virginia's Inventory of Shovel Ready Sites	\$454,100
Mecklenburg County	Mecklenburg County/EMPOWER Broadband Fiber Extension	\$880,643
Mecklenburg County	Kinderton Technology Campus Due Diligence	\$28,000
Patrick County Economic Development Authority	Patrick County Business Development Center	\$25,000
Pittsylvania County	AEP loan to relocate transmission line at Southern Virginia Megasite	\$4,500,000
Pittsylvania County	SVMP Site Grading and Improvements - Lot 2	\$1,262,201
Prince Edward County	Prince Edward County Business Park Access Road	\$117,167
SOVA Innovation HUB Corporation	Architectural & Engineering Design for SOVA Innovation Labs	\$85,300
The Corporation for Jefferson's Poplar Forest	Construction of the Poplar Forest Parkway	\$103,468
TOTAL - SOUTHERN VIRGINIA PI	\$8,736,739	

## Southwest Virginia Program Awards

The Southwest Virginia Program provides grants and loans for projects that diversify the economic base of Southwest Virginia through the creation or improvement of sites, buildings and utility infrastructure, workforce training facilities and tourism infrastructure.

Organization	Project Title	Award
Appalachian School Of Law	Serendipity Project	\$100,000
Blue Ridge Discovery Center, Inc.	Blue Ridge Discovery Center Visitor Center	\$175,000
Lee County Livestock Association	Grain Production Initiative for Far Southwest Virginia	\$127,500
Lee County Economic Development Authority	Produce Auction for Lee County Planning Initiative	\$18,000
LENOWISCO Planning District Commission	LENOWISCO InvestSWVA 2.0 (RMI)	\$400,000
Lonesome Pine Regional Industrial Facilities Authority	Project Thoroughbred	\$500,000
Old Dominion University Research Foundation	Internet Access for Rural and Underserved Communities Through Wireless Hotspots	\$38,790
Russell County Industrial Development Authority	Russell Place Project	\$250,000
Russell County Industrial Development Authority	Southwest Virginia Aquaculture Network	\$47,800
Smyth County Economic Development Authority	Pathway Park Infrastructure Improvements	\$600,000
University of Virginia	Regional Entrepreneurship Ecosystem - SWVA StartUp Accelerator and Economic Gardening	\$83,075
Virginia Health Care Foundation	Project Connect: Local Economic Recovery Relief During COVID-19 via Medicaid	\$280,160
Virginia's Heritage Music Trail: The Crooked Road	Connecting The Crooked Road Communities	\$9,000
William King Museum of Art	William King Museum of Art Cultural Campus Phase-II Part-1	\$150,000

#### TOTAL - SOUTHWEST VIRGINIA PROGRAM AWARDS

\$2,779,325

With the Commission's support, the Town of Big Stone Gap was able to renovate the former Mutual Pharmacy property and construct roughly 1,600 square feet of entrepreneurial co-working space in the building's basement level.



# Financials

### **Consolidated Statement of Net Position (unaudited)**

	Fiscal Year 2021	Fiscal Year 2020
Assets:		
Current and other assets	\$400,917,812	\$418,451,521
Total assets	400,917,812	418,451,521
Liabilities:		
Current and other liabilities	5,102,813	6,634,034
Long-term liabilities	106,515	74,541
Total liabilities <sup>1</sup>	5,209,328	6,708,575
Net position <sup>2</sup> :	\$395,708,484	\$411,742,946

1 In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, total liabilities do not include \$97 million at June 30, 2021, and \$103 million at June 30, 2020, in obligations for grant awards made prior to fiscal year end.

2 Total net position includes \$154 million at June 30, 2021, and \$183 million at June 30, 2020, 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 (unaudited)**

	Fiscal Year 2021	Fiscal Year 2020
Revenues:		
Interest, dividends, and other investment income	\$10,122,083	\$13,920,780
Other income	659,357	1,003,777
Unrealized gain on investments held by the Treasurer		1,689,620
Total revenues	10,781,440	16,614,177
Expenditures:		
Administration	2,251,097	2,071,112
Community revitalization	23,750,613	30,119,280
Payments for securities lending transactions	696	5,343
Unrealized loss on investment held by the Treasurer	813,496	
Total expenditures	26,815,902	32,195,735
Change in net position	(\$16,034,462)	(\$15,581,558)
Net position, beginning of year	411,742,946	427,324,504
Net position, end of year	\$395,708,484	\$411,742,946

The Southwest Virginia Community College Automotive Diagnostics and Repair Center prepares students for entry-level automotive diagnostic and repair technician positions and offers industry recognized certifications.



## **Staff and Contact Information**

#### **COMMISSION STAFF**

David Bringman, Database & Performance Metrics Manager Jordan Butler, Public Relations Director Sarah Capps, Southern Regional Director Evan Feinman, Executive Director Sarah Goodwyn, Financial Services Specialist Stephanie Kim, Finance Director Joyce Knight, Meeting Coordinator Suzette Patterson, Grants System Manager Andy Sorrell, Deputy Director Jessica Stamper, Grants Specialist - Southwest Emily Van Pelt, Grants Specialist - Southern Sara Williams, Southwest Regional Director Main Office 701 East Franklin St., Suite 501 Richmond, VA 23219

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