

*Developing a Diverse Economy in
Southern and Southwest Virginia*



2018 ANNUAL REPORT



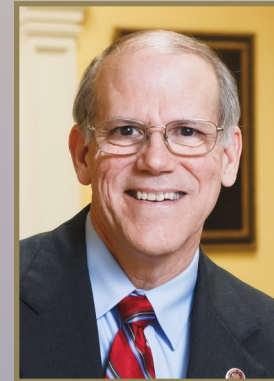


"Since 1999 the Commission has worked hard to develop a diverse economy in Southern and Southwest Virginia. In that time we have helped bring thousands of new jobs and billions of dollars worth of investment to the regions we serve. The Commonwealth can be proud of the Commission's accomplishments, and we look forward to serving Southern and Southwest Virginia for years to come."

Delegate and Tobacco Commission Chairman Terry G. Kilgore

"The Tobacco Commission has made strategic investments over the years in areas such as broadband expansion, healthcare access, education and more to improve the economy and quality of life for the people of Southern and Southwest Virginia. This report shows the progress we have made over the last year, and I think you will agree that the Commission has played, and will continue to play, a significant role in the revitalization of the regions we call home."

Senator and Tobacco Commission Vice-Chairman Frank M. Ruff



House of Delegate Members

The Honorable Kathy J. Byron	Forest
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 A. Benton Chafin, Jr.	Lebanon
The Honorable William Stanley, Jr.	Moneta

Secretary of Commerce and Trade

The Honorable Brian Ball	Richmond
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Secretary of Finance

The Honorable Aubrey Layne	Richmond
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Secretary of Agriculture and Forestry

The Honorable Bettina Ring	Richmond
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Active Farmers/Tobacco Producers

Mr. Ed Blevins	Abingdon
Mr. Robert Mills, Jr.	Callands
Mr. Cecil Shell	Kenbridge
Mr. Walter H. "Buddy" Shelton, Jr.	Gretna
Mr. Richard L. Sutherland	Elk Creek

Virginia Farm Bureau Federation Representative

Mr. Robert Spiers	Stony Creek
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Citizens

Ms. Gayle Barts	Sutherlin
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 Edward Owens	South Boston
Ms. Sandy J. Ratliff	Abingdon

Commission's History

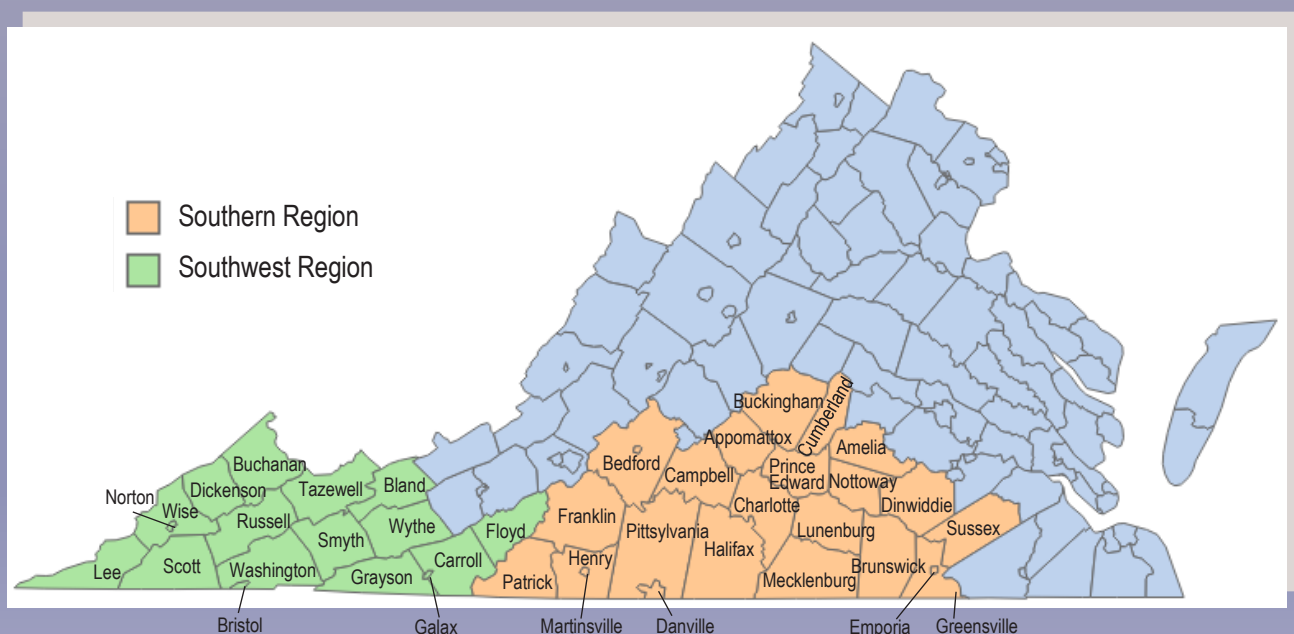
- Over \$196 million invested in education—facilities, program start-ups, expansions and financial aid.
- More than \$130 million invested in broadband networks serving every TRRC locality.
- At least \$126 million invested on 8 megasites.

The Year in Review

- Updated the Tobacco Region Opportunity Fund program by adding a revenue recovery component to assist the Commission's fiscal sustainability.
- Made improvements to the existing Strategic Plan which we believe remains strong.
- Initiated a Last-mile Broadband funding program making 8 awards that will serve 31,500 homes and businesses in 13 Counties.
- In partnership with local community colleges, advanced manufacturing facilities and Centers of Excellence, awarded over 1,100 credentials in machining, welding and mechatronics and trained over 275 students in custom contract training requested by local employers.
- Created 3 new initiatives: Southwest Virginia Foreign Direct Investment; Local Entrepreneurship Support Program; and a talent attraction pilot program.

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 8 grant and loan programs.



Agribusiness grant and loan program makes strategic investments in projects that will diversify the long-term Agribusiness economy of Southern and Southwest Virginia and generate net new income for agricultural producers in those areas.

Organization	Project Title	Net Award
Appalachian Sustainable Development	Out of Woods: Expanding Capacity & Market Access of Forest Botanical Farming	\$90,000
Town of Boones Mill	Construct Year-Round Farmers Market in Boones Mill	\$72,000
Institute for Advanced Learning and Research	Utilizing Naturally Occurring Beneficial Microbes Farm Specific Agriculture Solutions SVA	\$258,020
Olde Dominion Agricultural Foundation, Inc.	Olde Dominion Agricultural Complex Phase II Livestock Expansion	\$438,178
Virginia Polytechnic Institute and State University	Adding Value to Virginia Wheat and Barley	\$267,425
TOTAL AGRIBUSINESS		\$1,125,623

Education program aims to prepare citizens for new-economy employment through GED and workforce development, higher education scholarship and loan programs for both regions, competitive grants to community colleges as well as other post-secondary educational entities.

Organization	Project Title	Loan / Net Award
Southwest Virginia Higher Education Center	2018-2019 Tobacco Loan Forgiveness Program (Southwest)	\$2,000,000
Southwest Virginia Higher Education Center	2018-2019 Tobacco Loan Forgiveness Program (Southern)	\$4,500,000
Averett University	Cyber-UP	\$83,000
Averett University	Advanced Education in Nursing: Building a Pipeline at Averett University	\$214,860
Bluefield College	Science Center Third Floor Addition	\$1,100,000 / \$1,100,000
Central Virginia Community College Educational Foundation, Inc.	Implementing a New Mechatronics Program for the Manufacturing Workforce	\$120,783
Danville Community College	Industry 4.0/Robotics Integration: Training for Modern Manufacturing and Beyond	\$443,712
Patrick Henry Community College Foundation	PHCC Patrick County Advanced Manufacturing Expansion	\$141,478
Southern Virginia Higher Education Center	Workforce Readiness Capacity Building: Curriculum and Technical Trainer Development	\$79,100
Southside Virginia Community College Foundation	Southside Race to GED/NEDP Grant	\$80,000
Southside Virginia Community College Foundation	Elevating SsVCC's Energy Workforce Programs	\$400,000
Southwest Virginia Community College	Automotive Diagnostics and Repair Center	\$195,000
Virginia Highlands Community College Educational Foundation	Regional Advanced Technology and Workforce Development Center	\$300,000
Virginia Tech Transportation Economic Development, Inc. (VTTEDI)	GCAPS Information Technology Apprenticeship Program	\$50,000
William King Museum of Art	Creative Digital Workforce Development at William King Museum of Art	\$56,000
Wytheville Community College	WCC Metrology Education Project	\$72,204
Central Virginia Community College Educational Foundation, Inc.	CVCC Tobacco Region Scholarships for Workforce Preparedness	\$300,000
Danville Community College Educational Foundation, Inc.	Workforce Financial Aid for 2018-2019	\$300,000
John Tyler Community College Foundation	2018-19 Tobacco Region Scholarship Program	\$120,000
Mountain Empire Community College	MECC WORKS Scholarship Program	\$300,000
New River Community College Educational Foundation	Floyd County - Access to Community College Education (ACCE)	\$130,000
Patrick Henry Community College Foundation	PHCC 2018-2019 Student Scholarships	\$300,000
Southside Virginia Community College Foundation	Scholarships for Preparing the Southside Workforce	\$300,000
Southwest Virginia Community College	2018-19 SWCC Tobacco Scholarship Program	\$300,000
Southwest Virginia Higher Education Center Foundation	Workforce Credentials Scholarship Program	\$20,000
Virginia Highlands Community College Educational Foundation	Workforce Financial Aid FY2019	\$300,000
Virginia Western Community College Educational Foundation Inc	Workforce Financial Aid and Community College Access for Franklin County	\$150,000
Wytheville Community College	WCC Forging Futures Scholarship Program	\$300,000
TOTAL EDUCATION		\$12,656,137

Megasite grant and loan program provides funding for site development at large publicly-owned industrial properties that are intended to attract major employment and investment projects such as original equipment manufacturers (OEMs) and is charged by the Special Projects Committee.

Organization	Project Title	Net Award
Blue Ridge Crossroads Economic Development Authority	Wildwood Commerce Park - Phase III	\$514,659
Greensville County	MAMaC RIFA Wetland Mitigation Bank	\$915,139
Henry County	Commonwealth Crossing Broadband & Power Extensions	\$566,052
The Industrial Development Authority of Russell County VA	Project Reclaim	\$2,900,000
TOTAL MEGASITE		\$4,895,850

Research and Development grant and loan program seeks to provide funding to governmental or non-profit entities working with private partners to conduct post-proof of concept research with significant commercialization potential in the tobacco-dependent region. Also funds Last-mile Broadband.

Organization	Project Title	Net Award
Appomattox County	Central Virginia Electric Cooperative Members' Fiber Broadband Project	\$979,850
County of Bedford	Comcast Broadband Project in Southern Bedford County	\$3,500,000
Carroll, Grayson, Galax Regional Industrial Facility	The Wired Road Connector Project	\$300,000
City of Danville	Improved Natural Non-Nutritive Sweetener Research and Development Project	\$1,370,979
Dinwiddie County	Regional Broadband Initiative: Dinwiddie and Amelia Counties	\$1,708,090
Halifax County	Halifax County Broadband Initiative	\$206,202
Mecklenburg County	EMPower Project	\$2,611,391
Pittsylvania County	Pittsylvania County Broadband Initiative	\$491,000
Region 2000 Research Institute	Advanced Coatings to Enable Next Generation Products	\$2,000,000
Sussex County	Sussex County High Speed Broadband Initiative	\$1,250,000
TOTAL R&D		\$14,417,512

Southside Economic Development grant and loan program seeks to diversify the economic base of Southern Virginia through creation or improvement of sites, buildings and utility infrastructure, workforce training facilities, tourism infrastructure, etc. Southside funds are distributed under a formula that allocates the funds based on tobacco employment, warehousing and quota in each locality.

Organization	Project Title	Net Award
City of Danville	Industrial Shell Building	\$1,000,000
Danville-Pittsylvania Regional Industrial Facility Authority	Berry Hill Industrial Park - Site Improvements for Project Lignum	\$2,624,800
Mecklenburg County	Stage Stores Distribution Center Acquisition Project	\$1,300,000
Pittsylvania County	Cane Creek Centre Shell Building	\$1,500,000
South Boston IDA	John Randolph Hotel Redevelopment Project	\$600,000
Southern Virginia Higher Education Center	Southern Virginia Regional Transportation Project	\$317,490
TOTAL SOUTHSIDE ECONOMIC DEVELOPMENT		\$7,342,290

Southwest Economic Development grant and loan program seeks to diversify the economic base of Southwest Virginia through creation or improvement of sites, buildings and utility infrastructure, workforce training facilities, tourism infrastructure, etc. Distribution is not formula based.

Organization	Project Title	Loan / Net Award
Town of Big Stone Gap	Big Stone Gap Recreational Improvements	\$150,000
Floyd County EDA	Floyd Regional Commerce Center Phase II Development	\$420,696
Grayson County	Project Timberwolf	\$150,000
Scott County Economic Development Authority	Riverside Development Phase III - Site Development	\$500,000
Southwest Regional Recreation Authority	Spearhead Trails International Marketing and Trail Sustainability	\$200,000
Town of St. Paul	Willis Building Revitalization	\$540,000 / \$540,000
University of Virginia	UVa-Wise Oxbow Center for Technology & Innovation	\$167,500
William King Museum of Art	Enhancing the Cultural Heritage Gallery to Maximize Visitor Experience	\$26,550
Wythe County	Appalachian Regional Exposition Center - Arena Construction Project	\$250,000
TOTAL SOUTHWEST ECONOMIC DEVELOPMENT		\$2,404,746

Special Projects grant and loan program supports regional economic development projects, as well as those which expand access to healthcare for tobacco region residents.

Organization	Project Title	Loan / Net Award
Commonwealth Center for Advanced Manufacture	CCAM Growth & Capability Development Plan	\$1,500,000 / \$1,500,000
Cumberland County	Cumberland County Business Park Sewer Pump Station & Force Main	\$999,880
Franklin County	Summit View Business Park South Land Bay Infrastructure Project	\$450,000
Mecklenburg County	Developing a Brand for VGA	\$100,000
Mid-Atlantic Broadband Communities Corporation	Business Recruitment and FDI Attraction Activities	\$927,750
Mount Rogers Development Partnership	Project Revival	\$300,000
University of Virginia	Response to the Health Crisis in Tobacco Country	\$499,933
Virginia Commonwealth University	Empowering Southern Virginia to Prevent, Control and Treat Cancer	\$530,000
Virginia's Heritage Music Trail: The Crooked Road	Securing the Future	\$165,000
TOTAL SPECIAL PROJECTS		\$5,472,563

Tobacco Region Opportunity Fund (TROF) grant and loan program provide performance-based monetary grants and loans to tobacco region localities to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion.

Organization	Project Title	Loan / Net Award
Appomattox County EDA	Innovatio Sealing Technologies, LLC	\$40,000 / \$120,000
County of Bedford	KMR Aviation Services Inc.	\$35,000
County of Bedford	Innovairre Communications Inc.	\$65,000
City of Bristol	American Merchant Inc. (formerly Merchant House International Ltd)	\$590,000
Brunswick County	Alternative Energy Sources Technologies, Inc.	\$3,310,000 / \$6,620,000
Buchanan County IDA	Trina Health of Pounding Mill, LLC DBA Trina Health Town Center	\$27,500 / \$82,500
Carroll County Industrial Development Authority	Vanguard Furniture	\$40,000
Carroll County Industrial Development Authority	New River Polymers	\$25,000 / \$50,000
Carroll County Industrial Development Authority	Mohawk Industries	\$95,000
Carroll County Industrial Development Authority	S & S Transporters, Inc.	\$125,000 / \$250,000
City of Martinsville	Virginia Mirror Corp.	\$35,000
Cumberland County	Select Engineering Services LLC	\$470,000
Danville-Pittsylvania Regional Industrial Facility Authority	Unison Tube L.L.C.	\$330,000
Dinwiddie County IDA	Richlands Creamery, Inc.	\$40,000
Floyd County	Daley Acquisitions, LLC	\$50,000 / \$150,000
Franklin County	Martinsville DuPont Credit Union-D/B/A ValleyStar Credit Union	\$40,000
Greensville County	Beach Mold and Tool Virginia, Inc.	\$130,000
Halifax County IDA	Reynolds Presto Products	\$40,000
Lee County IDA	England, Inc.	\$135,000
City of Martinsville	Stateline Heart & Vascular	\$120,000
Nottoway County	UAV Pro, Inc.	\$260,000 / \$520,000
Nottoway County	AirShip Technologies	\$310,000 / \$620,000
Pittsylvania County	Eastern Panel Manufacturing, Inc.	\$30,000
Pittsylvania County	Intertape Polymer Corporation	\$75,000
Pittsylvania County	Piedmont Access to Health Services, Inc.	\$90,000
Pittsylvania County	Amthor International, Inc.	\$255,000
Pittsylvania County	Panacea BioMatx	\$415,000
Scott County Economic Development Authority	Mountain Top Timber Products, LLC	\$125,000 / \$250,000
Town of St. Paul	Willis LLC c/o St. Paul IDA	\$85,000
Tazewell County Industrial Development Authority	Southwest Virginia Community Health Systems, Inc.	\$115,000 / \$230,000
Washington County Industrial Development Authority	Hapco Pole Products (Project Clink)	\$95,000
Washington County Industrial Development Authority	Highlands Automotive Inc.	\$140,000
TOTAL TROF		\$12,242,500

2018 AWARDS GRAND TOTAL **\$60,557,221**

Revenues, Expenditures and Net Position

Consolidated Statement of Net Position (unaudited)

	Fiscal Year 2018	Fiscal Year 2017
Assets:		
Current and other assets	\$438,787,619	\$471,647,698
Total assets	438,787,619	471,647,698
Liabilities:		
Current and other liabilities	4,984,576	4,856,668
Long-term liabilities	78,172	76,117
Total liabilities ¹	5,062,748	4,932,785
Net position²:	\$433,724,871	\$466,714,913

¹ In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, total liabilities do not include \$107 million at June 30, 2018, and \$113 million at June 30, 2017, in obligations for grant awards made prior to fiscal year end.

² Total net position includes \$232 million at June 30, 2018, and \$244 million at June 30, 2017, 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 2018	Fiscal Year 2017
Revenues:		
Interest, dividends, and other investment income	\$8,780,982	\$9,869,213
Other income	2,805,941	5,146,017
Total revenues	11,586,923	15,015,230
Expenditures:		
Administration	2,161,359	2,229,725
Community revitalization	41,553,393	38,431,141
Unrealized loss on investments held by the Treasurer	860,660	10,342,441
Payments for securities lending transactions	1,553	76
Total expenditures	44,576,965	51,003,383
Change in net position	(\$32,990,042)	(\$35,988,153)
Net position, beginning of year	466,714,913	502,703,066
Net position, end of year	\$433,724,871	\$466,714,913



"I am proud to announce that in FY'18, the Commission's eight grant programs awarded over \$60 million. New and existing companies committed to create more than 2000 new jobs and invest more than \$157 million in taxable assets in the tobacco region footprint. Moving into our 20th Anniversary year, these numbers continue to grow."

Executive Director Evan Feinman

SOUTHERN OFFICE

50 Claiborne Avenue, Rocky Mount VA
540-483-0179 x2168

Sarah Capps, *Grants Program Administrator*
scapps@revitalizeva.org

Michele Faircloth, *Grants Assistant*
mfaircloth@revitalizeva.org

SOUTHWEST OFFICE

One Partnership Circle, Abingdon VA
276-619-4325

Sara Williams, *Grants Program Administrator*
swilliams@revitalizeva.org

Jessica Stamper, *Grants Assistant*
jstamper@revitalizeva.org

www.revitalizeva.org

RICHMOND OFFICE

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

Evan Feinman, *Executive Director*
efeinman@revitalizeva.org

Andy Sorrell, *Deputy Director*
asorrell@revitalizeva.org

Michael Gilbert, *Data Scientist*
mgilbert@revitalizeva.org

Stacey Richardson, *Admin Supervisor/Program Coordinator*
srichardson@revitalizeva.org

Jordan Butler, *Public Relations Coordinator*
jbutler@revitalizeva.org

Tim Pfohl, *Grants Program Director*
tpfohl@revitalizeva.org

Suzette Patterson, *Grants Office Manager*
spatterson@revitalizeva.org

Stephanie Kim, *Finance Director*
skim@revitalizeva.org

Sarah Goodwyn, *Financial Services Specialist*
sgoodwyn@revitalizeva.org