

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501

4 Richmond, Virginia 23219

5
6
7
8
9 **Agribusiness Committee Meeting**

10 Wednesday, December 12, 2007

11 3:00 p.m.

12
13
14 Southwest Virginia Higher Education Center

15 Room 240

16 Abingdon, Virginia

1 **APPEARANCES:**

2 The Honorable Joseph P. Johnson, Jr., Chairman

3 Mr. Clarence D. Bryant, III, Vice Chairman

4 Mr. Fred M. Fields

5 Mr. Todd Haymore - Department of Agriculture

6 Mr. Jordon M. Jenkins, Jr.

7 Mr. Buddy Mayhew

8

9

10 COMMISSION STAFF:

11 Mr. Neal Noyes, Executive Director

12 Mr. Ned Stephenson, Deputy Director

13 Mr. Timothy Pfohl, Grants Program Administration Director

14 Ms. Britt Nelson - Grants Program Administrator, Southside Virginia

15 Ms. Sara G. Williams - Grants Program Administrator, Southwest Virginia

16 Ms. Michelle Brady, Executive Assistant

17

18

19

20

21

22

23

24

25

1 DELEGATE JOHNSON: I'm going to call the
2 meeting to order of the Agribusiness Committee, this being December 12th,
3 3:00 p.m. Would you call the roll?

4 MR. NOYES: Mr. Bryant?

5 MR. BRYANT: Here.

6 MR. NOYES: Mr. Fields?

7 MR. FIELDS: Here.

8 MR. NOYES: Mr. Haymore

9 MR. HAYMORE: Here.

10 MR. NOYES: Mr. Jenkins?

11 MR. JENKINS: Here.

12 MR. NOYES: Delegate Johnson?

13 DELEGATE JOHNSON: Here.

14 MR. NOYES: Mr. Mayhew?

15 MR. MAYHEW: Here.

16 MR. NOYES: Mr. West?

17 MR. WEST: (No response.)

18 MR. NOYES: You have a quorum, Mr. Chairman.

19 DELEGATE JOHNSON: Thank you, we have a
20 quorum of the Agribusiness Committee for today. The first item on the
21 Agenda is the approval of the Minutes of the July 25th, 2007 meeting. Do
22 we have a motion to certify the Minutes?

23 MR. BRYANT: I so move.

24 DELEGATE JOHNSON: Has everyone read the
25 Minutes? It's been moved and seconded that we waive the reading of the

1 Minutes. All those in favor? (Ayes.) Opposed? (No response.)

2 All right, the next item on the Agenda is the grant
3 recommendations. Mr. Pfohl.

4 MR. PFOHL: Thank you, Mr. Chairman, and
5 good afternoon, gentlemen. There is a Staff report, and we have extra copies
6 for the benefit of the people in the room, and if there aren't enough copies,
7 we'll make some.

8 The Staff advertised a November 1st application deadline for
9 this year FY08 in the Agribusiness grant competition. In the budget this
10 year is \$1.5 million assigned to your Committee for this process, and there is
11 a small balance carried forward from the previous year. We received 11
12 proposals requesting 2.8 million, so we have nearly two dollars of requests
13 for each dollar that you have to make recommendations on today.

14 Through the good efforts of your two regional field staff, Sara
15 Williams and Britt Nelson, we have recaptured some older grant money
16 from your Committee. To the 1.5 million and change we can add another
17 \$105,000 roughly. Our new balance available is \$1,638,827. That's in the
18 spreadsheet, and as you make recommendations today we can contract the
19 balance that's available.

20 We received some very strong regional proposals this year, and
21 in the recommendations the Staff took a position, as suggested to you today,
22 that we scale back the amount requested for several of the proposals, rather
23 than giving a small request to a small number of proposals and turning away
24 some proposals that arguably were deserving. So, you have a reduced
25 recommendation from the Staff below what was the requested amount for

1 six of the seven recommendations. The seventh recommendation we gave
2 full funding, because the Staff has asked to take on some additional duties.

3 Mr. Chairman, let me know your desires, how much
4 information you want to hear about each one of these or how little, and I'll
5 be happy to share the Staff's comments and recommendations.

6 DELEGATE JOHNSON: I guess the best way to
7 proceed is to explain those that you recommended and see if we have any
8 comments from the audience. Then, the award can be made at the January
9 7th or January 8th Richmond meeting before the full Commission. Our
10 action would be to make recommendations to the full Commission.

11 MR. BRYANT: Mr. Chairman, I'd recommend
12 that we put those in a block, or any projects that the Committee would like to
13 pull out, take that up separately. The ones that have been approved by the
14 Staff, I don't see where we needed to hear any more on those.

15 DELEGATE JOHNSON: Any comments on that?
16 Then let's proceed in that manner.

17 MR. PFOHL: Would you like to hear about the
18 seven recommendations very quickly? All right.

19 1429 - Appalachian Sustainable Development. Their request is
20 \$645,000 for project number 1429. ASD is a 501c3 in their Packing and
21 Grading Facility which was destroyed by fire. The request is primarily to
22 construct a new grading and packing facility in Duffield on land to be
23 purchased in the Duffield Industrial Park.

24 The request was initially submitted to the Southwest Economic
25 Development Committee this fall at a lower amount of \$500,000, while they

1 were considering sites. Subsequently, ASD has settled on the site in
2 Duffield. The request has been increased to reflect the cost of acquiring the
3 three parcels in the Duffield Industrial Park they are proposing to acquire.

4 ASD has been a previous applicant with us several years ago,
5 several grants totaling nearly \$900,000 have been used very successfully.
6 They have a small balance of the grant that your Committee recommended
7 last year in the Agribusiness cycle that will go to two components of the
8 FY07 grant. A portion of that funding remains to construct a millworks
9 operation in Castlewood, which is also part of this proposal.

10 The second piece of the '07 grant which is still available to be
11 combined with this requested amount is for the construction and equipment
12 of the Appalachian Harvest Packing and Grading Facility.

13 The Staff is recommending \$475,000, which will get them
14 about 95 percent of the way towards the proposal they submitted to us
15 originally, the \$500,000 request before the cost of the land was added to the
16 project.

17 There are representatives of ASD here today to address your
18 questions.

19 DELEGATE JOHNSON: Any questions?

20 MR. BRYANT: Is there going to be enough
21 insurance for this facility? We've been through this one time.

22 MR. PFOHL: Yes. Part of the project financing is
23 the proceeds from their insurance settlement when their prior building was
24 destroyed. We can certainly make it a condition of this grant that the
25 building be insured at replacement value. That's probably a good policy for

1 us on all of these.

2 MR. BRYANT: Yes.

3 MR. PFOHL: Presumably, ASD would be
4 agreeable to that, and I would think that's probably in their game plan, in any
5 case.

6 DELEGATE JOHNSON: Next.

7 MR. PFOHL: The Bedford County proposal,
8 number 1477, is a request for \$75,000. That was initially submitted to the
9 Education Committee this fall. The proposal would be to hire a project
10 manager who would initiate the development of an agribusiness curriculum
11 to be offered at Central Virginia Community College's Bedford Center.

12 The Staff reviewed this, and you can see an array of steps that
13 they will take, like researching the curriculum and identifying instructors
14 and partners, developing a list of facility and equipment needs, etc. The
15 Staff looked at this, and we thought Bedford was on to something very
16 important. We felt this was an issue, not only in Bedford, but every county
17 in the tobacco region. Some of you may know Virginia Tech has an on-
18 campus two-year associate's program in agribusiness technology, or
19 agriculture technology. Knowing that at least two of our community
20 colleges have existing horticulture and/or viticulture programs, we suggested
21 a work group be created that would include not only Bedford County but
22 Virginia Highlands and Patrick Henry Community College, as well as the
23 staff of the Virginia Tech on-campus two-year program who are very
24 supportive of this and are very interested in being involved, as well as
25 Virginia State University.

1 Staff is proposing full funding of that award of \$75,000 to
2 establish a planning work group consisting of the parties named in the Staff
3 recommendation.

4 DELEGATE JOHNSON: Any questions on this
5 one? If not, we'll move on to the next one, 1537.

6 MR. PFOHL: Campbell County is the applicant
7 for the second year of the beef initiative expansion project that will serve
8 Appomattox County, Buckingham, Campbell and Cumberland for a second
9 round and add Bedford County, which has not previously participated in any
10 of our beef cattle programs. The program will be administered consistent
11 with the existing program guidelines in their first year of the program, which
12 is a dollar-for-dollar match incentive with a cap of \$3,000 per producer.
13 There is a provision for some actual administrative costs for the project.

14 The proposal is suggesting that nearly 80 percent of request for
15 matching funds be available to Bedford producers, about \$225,000 worth,
16 and then other counties in this project for a second go-around would get
17 \$15,000 each.

18 The Staff is suggesting that, based on the amount of beef cattle
19 incentive money that other counties have received previously, that we drop
20 the amount targeted for Bedford to a ballpark of \$115,000, keep the \$15,000
21 figure for the other four counties and then allow the Disbursement Oversight
22 Committee some flexibility to reallocate money between counties, based on
23 the actual demand demonstrated by applications for the matching grant.
24 Adding those figures together brought us to a figure of \$183,750. That is the
25 Staff's recommendation.

1 DELEGATE JOHNSON: Questions? All right.
2 1554.

3 MR. PFOHL: This is a proposal that Staff did not
4 make a recommendation, a positive recommendation on. Do you want to
5 jump over that for the time being?

6 DELEGATE JOHNSON: Let's go to 1551.

7 MR. PFOHL: This is page 5 of the text document,
8 Regional Industrial Facilities Authority, which covers Carroll, Grayson,
9 Galax, is requesting \$479,650 to purchase coolers and other assorted
10 equipment, including ice machines, tow motors, refrigerated trucks and so
11 forth, for the Southwest Virginia Farmers Market, which is located in
12 Hillsville adjacent to Interstate 77.

13 The two main components of this request to purchase a hydro
14 cooler to cool farm produce and lengthen its shelf life and make it more
15 attractive to the grocery chains that are buying products. There is a second
16 cooler, which is a forced-air cooler. The project stated that in the past
17 summer the Farmers Market used a leased hydro cooler, and they did a pilot
18 demonstration with that and had some success with that.

19 The Staff is suggesting we go ahead and help them in
20 purchasing the hydro cooler, which is about a \$250,000 piece of equipment.
21 We're suggesting if we provide 90 percent of the costs of acquisition that the
22 Regional Authority, which is the applicant, can hopefully come up with the
23 other 10 percent, that we'd know we had some matching funds on the
24 project. The applicant indicated to us that the hydro cooler was their highest
25 priority, and they're here to speak to that project today if you'd like to hear

1 from them.

2 DELEGATE JOHNSON: Any questions? The
3 Farmers Market, the Commonwealth of Virginia built.

4 MR. PFOHL: Yes, sir. It turned out to be a little
5 bit of an impediment, because the USDA grant programs cannot provide
6 grant funding for a state-owned facility. So that has cut into their ability to
7 secure grant funds for projects such as this. That's a question we put to
8 them. There is a possibility of some USDA funding for removable and non-
9 fixed assets that they're asking us for, so we're hopeful that our federal
10 partners can help them out with some of the equipment.

11 DELEGATE JOHNSON: Any questions? All
12 right. The next one.

13 MR. PFOHL: The next one is 1552, the Virginia
14 Aquaculture Association. The Aquafarmers Network Project, which is a
15 \$250,000 request. The applicant is a nonprofit 501c5 statewide trade
16 association. They're applying on behalf of a private limited liability
17 corporation, Virginia Aquafarmers Network. That's been formed and has an
18 initial membership base of 18 founding members. The funds are requested
19 for a two-year period, primarily to contract with a marketing production
20 coordinator, but also to purchase equipment and cover some startup
21 operating expenses for the Aquafarmers Network, as well establish a cost
22 share program for farm improvements for participating members. The
23 Aquafarmers Network has gone through several steps in the formation,
24 including a feasibility study that was funded by USDA, a business/operating
25 marketing plan completed by Virginia Commonwealth University's Business

1 Graduate School. Their surveys have identified an additional 52 potential
2 participants who have expressed interest and have farm ponds and other
3 necessary components to get involved in this network.

4 The cost share incentive program is very much modeled by our
5 Beef Cattle Initiative with the Disbursement Oversight Committee. They
6 did attach proposed guidelines to the application. They're suggesting a cap
7 of \$4,000 per producer on a dollar-for-dollar match basis for capital
8 improvement to on-farm facilities.

9 The Staff is suggesting the equipment that is requested in this,
10 which includes a mobile freezer storage unit, computers and other equipment
11 such as that should be retained by the nonprofit and leased for a nominal fee
12 to the private LLC so that we can keep the Commission funds equipment in
13 the hands of a nonprofit. We're recommending an award of \$200,000.
14 There is not a great deal of magic or science to that number. It is an attempt
15 to give them a sufficient amount of funds to come out of the gate and
16 establish their operation. We have alerted the applicant that is our
17 recommendation. I think they're agreeable to that. Hopefully, they can
18 demonstrate some results and if they have to come back to go to other
19 funding sources for future year funds.

20 DELEGATE JOHNSON: We're talking about
21 Item 1552?

22 MR. PFOHL: Yes.

23 DELEGATE JOHNSON: What kind of track
24 record does the Aquafarmers have, so far as success?

25 MR. PFOHL: I may have to turn that over to Mr.

1 Stephenson. There was a TROF project where we funded, that was Blue
2 Ridge Aquaculture in Saltville, but I'm not really familiar with that.

3 MR. STEPHENSON: Delegate Johnson, we did
4 provide some incentive funds for job creation in that enterprise, but there
5 hasn't been enough time yet for us to know with any conclusiveness if that
6 has worked well or not.

7 DELEGATE JOHNSON: That was in Saltville, I
8 believe. All right. So, let's move on to 1544.

9 MR. PFOHL: We're on page 7 of the document.
10 The applicant is the Virginia State Dairymen's Association, another
11 nonprofit statewide organization 501c5, requesting \$330,000 to facilitate
12 capital improvements to approximately 60 of the 174 dairy farm operations
13 in 10 counties in Southwest and Southside Virginia. The counties are listed
14 here.

15 This is very much modeled on the beef incentive grant program.
16 It's a fifty/fifty cost share requirement. The grant funds would be used for
17 capital improvements and distributed by the Disbursement Oversight
18 Committee. The proposed guidelines are attached to the application, and a
19 dollar-for-dollar match requirement and a cap of \$5,000 per producer has
20 been proposed by the applicant. You can see a wide array of capital
21 improvements that the applicant is suggesting would be eligible for the
22 program. The application is requesting 10 percent of the grant amount for
23 actual administrative costs.

24 In discussing the project with the applicants that are here today,
25 we have noted that approximately two-thirds of the potential participating

1 dairy farms and milk cows, by a count of farm operations as well as a count
2 of milk cows, and two-thirds are in the seven Southside counties and one-
3 third of potential participants in three Southwest counties.

4 Staff is suggesting the funds be awarded by a two-thirds/one-
5 third allocation between Southside and Southwest. We're suggesting we
6 lower the cap to \$4,000 so we could spread the money to more producers.
7 The reimbursement actual project costs would be limited to five percent,
8 which is the level that we used on the beef incentive program and the
9 proposal for the Aquaculture Network. In order to get the project up and
10 going we'd still leave enough funds to assist some other applicants. We're
11 suggesting funds be awarded at the level of \$150,000 for Southside counties
12 and \$75,000 for the Southwest counties, for a total grant recommendation of
13 \$225,000.

14 DELEGATE JOHNSON: Questions? Moving on
15 to 1556.

16 MR. PFOHL: The Wytheville Feeder Cattle
17 Association is a nonprofit applicant requesting \$300,000 to initiate a beef
18 initiative expansion project incentive program serving Wythe, Carroll and
19 Bland Counties, none of which have participated previously in the
20 Southwest beef cattle project. The program would be modeled directly on
21 the existing Southwest beef cattle program. In fact, the same fiscal agent,
22 Smyth County, has agreed to administer this grant if the applicants are
23 successful. The guidelines would be consistent with the existing Southwest
24 beef program, including a dollar-for-dollar match and a \$3,000 cap per
25 producer on incentives. The actual administrative costs are reimbursable up

1 to five percent of the grant.

2 The Staff is suggesting, based on previous funding levels for
3 other counties in the region, we help this program get out of the gate with an
4 allocation of \$50,000 for each of the three counties, with the Disbursement
5 Oversight Committee having authority for authorization to reallocate funds
6 based on the actual volume of applications. The recommendation from Staff
7 is \$150,000.

8 DELEGATE JOHNSON: Questions? These
9 recommendations come to \$1,533,750. Do you have a recommendation as
10 to how to spend that money?

11 MR. NOYES: The new budget will be effective
12 July 1st, and it will be decided on. The next meeting of Agribusiness will be
13 at this time next year.

14 MR. MAYHEW: There are several there that were
15 not recommended, and there may be some incentive to speak to them before
16 we close it out. So, I think we should come back and look at some of these,
17 and we might want to allocate some funds. Let's do it that way.

18 MR. BRYANT: Mr. Chairman, within that block
19 I'd like to pull one of the projects for discussion, the Virginia State
20 Dairymen's Association. I think that's 1544.

21 MR. MAYHEW: Mr. Chairman, I'd like to pull
22 1554, Halifax County Ag Development Office, \$45,000. Also, Mr.
23 Chairman, I'd like to pull 1555.

24 DELEGATE JOHNSON: Those are the three you
25 want to pull. 1554.

1 MR. MAYHEW: I'd like to ask Ms. Linda
2 Wallace very briefly to give her comments, because this is apparently an
3 effective program.

4 MS. WALLACE: Thank you. Despite the fact
5 that I discussed this with Mr. Pfohl, granted, without a doubt, I'm not as
6 happy with the grant as I would like to be. However, without a doubt, the
7 demand for goat meat is here. We're importing about 85 percent of the meat
8 goat products that are being consumed in his country from New Zealand and
9 Australia. Texas and Tennessee are the largest meat goat producers in the
10 states. I don't see why, with organizational skills if someone intended to
11 herd these goats, we could not increase domestic supply for goats, because
12 the demand is there. From talking to people around the state, no one has
13 ever really gotten together with this group and tried to herd these goats.

14 The request was for \$45,000. I would certainly amend that
15 request. I think the group needs some help with organization, need help with
16 health protocols similar to what we did with the beef initiative. I think there
17 are some parallels between beef and this. Eight years ago I heard from
18 people this would never work, but we've done that and we've been there, and
19 it will work. If you gentlemen would possibly consider a smaller award, and
20 I think the Virginia State University and the Ag Development Office and the
21 Meat Goat Association, and I think in 12 to 18 months I think if we could
22 get some organizational skills and possibly do the health protocols, do some
23 collective marketing, that would be very beneficial. I think the Ag
24 marketing center, which the Tobacco Commission funded through Halifax
25 County Economic Development fund, could certainly be a place whereby we

1 could do some marketing. I think an opportunity to have a dialogue with
2 some of the buyers in Pennsylvania. Those gentlemen want the goats, and
3 we've got them. I don't understand why we can't put the two together and
4 possibly do some collective marketing out of Halifax County or with
5 marketing from the region.

6 MR. FIELDS: What figure did you come to on
7 that?

8 MS. WALLACE: Do you want to make me an
9 offer, Mr. Fields?

10 MR. FIELDS: I'm not beyond doing that.

11 MS. WALLACE: We asked for 45. Within the 45
12 there was some money allocated for cost sharing. I would say with that
13 aspect of it, it was about 25,000. If you take 25 off of 45, you'd be down to
14 20. If you take out some other stuff, give me 10 or 15 thousand, and I think
15 we can get something done, or at least I'm hopeful.

16 MR. MAYHEW: Mr. Chairman, in light of the
17 fact she's done such a great job with the beef cattle initiative and she's got a
18 real interest here to see this meat goat project take off and she's willing to do
19 a lot of the work herself with a minimum amount of money, I think we
20 would do well to do a pilot project here and see what we can do.

21 I move that 15,000 be allocated for that purpose.

22 MR. FIELDS: I'll second it.

23 DELEGATE JOHNSON: There's a motion, any
24 further discussion? All in favor let it be known by saying aye? (Ayes.)
25 Opposed, no? (No response.) All right, that passes.

1 The last time I felt that the Committee, or we didn't have
2 enough money, and the projects that went first got their money, and those
3 that were last on the list ended up not getting as much. I know we spent
4 105,000 before we got down to the last two or three, and that's just not fair to
5 those people.

6 MR. FIELDS: What other ones want to be
7 addressed?

8 DELEGATE JOHNSON: I'm just saying that
9 maybe we should go through all of these before we decide. We get down to
10 maybe five and all the money is spent, and the others have no opportunity to
11 present their case. I think they're all entitled to be heard.

12 MR. FIELDS: Do you want to take the 15,000
13 back?

14 DELEGATE JOHNSON: No, we voted for it. I'm
15 saying, there's no problem, other than the fact that we want to be fair to
16 everybody.

17 The next one is 1533, does anyone want to speak to that?
18 Anyone here from the Town of Marion?

19 UNIDENTIFIED: Thank you for listening to us.
20 We come from Smyth County. I'm speaking about the dairy farmers,
21 because I myself live on a small farm of 63 acres. We're trying to find a way
22 to help the small farmer who hasn't got a hundred percent income from
23 farming, what we consider a market farmer. There are a lot of people who
24 have farms, but the cost of equipment and everything that goes with it is just
25 prohibitive. I think Delegate Johnson said it right when he spoke about the

1 farmers and the farmers market, and that would help create an outlet for
2 smaller individuals. I'm not a big proponent of subdivisions.

3 We're proposing to try to create a farmers market to help the
4 major producers, but to help the smaller farmers that have to have a market
5 for their products, small distribution. These farms are critical, along with the
6 tobacco production. We just think that the farmers market, and we want to
7 try to do anything to get this farmers market up and running, and we want to
8 include as many people as we possibly can. So this would be like an asset to
9 try to get some of the smaller farmers to participate in this.

10 MR. FIELDS: What would you do with 45,000 if
11 you needed 300, what would you do with 45?

12 MR. HEATH: I'm Ken Heath. I sit on the Marion
13 Town Council. You asked what would we do with 45 when we're asking for
14 300. The farmers market is for locally owned products to help showcase
15 those. We have other Economic Development projects going. We have
16 people from outside the region as well as local. We can reduce the price by
17 taking from three streets down to one street, using some existing
18 infrastructure. There's some money here for making some improvement.
19 We have to do many things, including signage, but we want the farmers to
20 be able to pull into the downtown parking lots and have a covered area and
21 to have good lighting. We'll have some music out there. We figured about
22 2,000 per stall and 15 stalls on one side of the street. That's where we come
23 up with the 45,000. We think we can do a good job with this pilot project
24 and show you how successful we can make it. If this goes as well as we
25 think it does, it will be easy for you fellows to come and see when we want

1 to come back and ask for more money to help us.

2 UNIDENTIFIED: We didn't have enough money
3 to have a professional group come in and do some painting for us and
4 decorating. We had one person, then 83 volunteers showed up, and we're
5 self-sustaining. We have gone back to the community asking if we could get
6 some volunteer labor. As long as the 45,000 is there that we know about, we
7 can convince our local people that they could donate the labor, and we'll use
8 that labor to build what we need to.

9 MR. FIELDS: Mr. Chairman, do you have a
10 present farmers market there in Marion?

11 UNIDENTIFIED: We don't have one in Smyth
12 County. We do have some people that have volunteered to participate. We
13 have to work out the lighting and the shelters.

14 MR. MAYHEW: Would the Town of Marion be
15 willing to help you?

16 UNIDENTIFIED: They're going to give us the
17 land and some money; whatever money we don't come up with, we'll go to
18 the town and ask for it.

19 MR. MAYHEW: But you'll make the
20 improvements on the town itself?

21 UNIDENTIFIED: Yes, the Downtown
22 Association.

23 DELEGATE JOHNSON: Would you like to state
24 why you made your recommendation?

25 MR. PFOHL: In a nutshell, we're suggesting that

1 they take steps to create a temporary facility to test and demonstrate the
2 market demand before they come back and ask for permanent structure.
3 That's the gist of it.

4 DELEGATE JOHNSON: If they do those things
5 you might look favorably on the project?

6 MR. PFOHL: If there were actual sales figures for
7 producers that we could go take a look at and then make a more educated
8 recommendation about a permanent structure.

9 MR. NOYES: This is the process we went through
10 before in Abingdon before funding it.

11 UNIDENTIFIED: A big cost to this is the electric
12 lighting and some canopies. The biggest pitfall is when farmers try to
13 unload a truck and they need, our town is built on a hill, and there is not a lot
14 of flat space, like you have in Abingdon.

15 DELEGATE JOHNSON: Would it be helpful if
16 we pass this by in this session and let them see if they can come up with
17 something that would work and then pass on the application at a later time?

18 MR. PFOHL: That's the pleasure of the
19 Committee.

20 MR. FIELDS: Let's see what we will have at the
21 end, or what we come up with.

22 MR. MAYHEW: Why don't we run the rest of this
23 and see what the outcome is before we make a decision. If we don't do
24 anything, then it will remain like it is.

25 DELEGATE JOHNSON: All right. Next would

1 be 1555.

2 MR. BRYANT: Mr. Chairman, I'd like to make a
3 motion that we fund Pittsylvania County Farm Bureau Federation. I want a
4 clawback provision added to this. If Phase 2 is not implemented,
5 Pittsylvania Farm Bureau would owe 84,000 back to the Tobacco
6 Commission. My reason is that it's for site preparation, and Phase 2 is a
7 much larger process. If this project does not come onboard if it doesn't
8 materialize, they have received money that improved that land, and if they
9 sell that land I think the proceeds should come back to the Tobacco
10 Commission.

11 DELEGATE JOHNSON: There is no award.
12 What is it?

13 MR. BRYANT: My motion is to fully fund it.

14 MR. FIELDS: I thought we were going to wait
15 until we went through that.

16 MR. MAYHEW: He asked for a motion.

17 MR. BRYANT: We can have discussion on it.

18 DELEGATE JOHNSON: Go ahead and state that.

19 MR. BRYANT: Tim, can you --

20 MR. PFOHL: -- In the Staff's review of this
21 project, we felt like it had a lot of merit from the perspective of it. It would
22 provide a central clearing house for agribusiness development services in
23 Pittsylvania County, and it could positively impact a lot of subsectors of the
24 agribusiness economy in Pittsylvania. There have been conversations by the
25 Pittsylvania County Farm Bureau, they've indicated to us with some

1 neighboring counties, but as it stands today their business plan for the
2 project is not yet complete. It's in the works, but we haven't seen a business
3 plan yet. The neighboring counties haven't committed to the project. So, it
4 remains primarily a local project.

5 In our Southside Economic Development program there is
6 currently an available balance of more than \$2.5 million for Economic
7 Development projects in the current ongoing Southside round. On February
8 1st we will make available another \$3.6 million for Economic Development
9 projects in Pittsylvania. So, Staff was suggesting that if this was sent over to
10 the Southside Economic Development Committee it would allow some time
11 for them to, for the applicants to complete their business plan and present
12 that to us and for it to be acted upon from the Economic Development
13 dollars. That's one of the options in front of you today.

14 MR. FIELDS: Back to Delegate Johnson, I don't
15 think he was asking for a motion. We all agreed we weren't going to do that
16 until we were through. You're right, he can't stop you from making a
17 motion; you're a member of the Committee. Let's wait and see.

18 MR. NOYES: We have a motion and a second at
19 this time, Mr. Chairman.

20 MR. BRYANT: I don't want to do that; I'll
21 withdraw the motion at this time.

22 MR. MAYHEW: I'll withdraw the second to the
23 motion.

24 DELEGATE JOHNSON: The motion is
25 withdrawn. Next is 1539.

1 MR. PFOHL: Virginia Tech, and specifically the
2 Department of Geography, has applied for \$49,160 for this project, which
3 would be the first year cost of a three-year study to get climate data in the
4 tobacco region and to refine a model they currently have at Virginia Tech
5 that predicts the suitability and locations for growing wine grapes.

6 The request was submitted to us three years ago, to this
7 Committee, and it was re-submitted to the Special Projects this past spring.
8 The Staff suggested that if you revise and re-submit it to the Agribusiness
9 Committee and they had reduced the amount of the request to cover the first
10 year cost and to pare the request down to just those project costs that would
11 be incurred to conduct the study within the Southside region. They're asking
12 for a primary investigator and a graduate research assistant. They're asking
13 for our help to purchase and install 50 climate data collectors, as well as
14 some computer equipment and some project-related expenses, like printing
15 and so forth.

16 Contrary to what was said in Staff comments about data not
17 being available for three years, the primary investigator has told us that some
18 data would be available at the end of the first year of the study. They intend
19 to apply to a couple of other sources for assistance in the second and third
20 year for funding of the study. The Staff has suggested we might
21 alternatively take a look at producer incentives that would more directly get
22 us more measurably and get us an understanding of how our money actually
23 helps folks get into the production of wine grapes, as opposed to conducting
24 a study of the climate.

25 DELEGATE JOHNSON: Anyone here that wants

1 to speak on behalf of this project? No one. All right, 1544 was pulled.

2 MR. BRYANT: I wanted to pull this project so it
3 could be voted on, and I'd like to speak about my reason for it. When I read
4 this project, and it is a good project, and it has a lot of merit, and it was
5 copied from our beef initiative. When I look at the tobacco community and
6 look at this Subcommittee, what we're charged to do, we looked at tobacco
7 producers; and number one, they have either elected not to produce tobacco
8 any more, or it's just financially impossible to do it. A lot of them are
9 looking for ways to earn income on their farm to sustain that farm, and most
10 of the time that's the projects we're looking at to fund, or if it's bricks and
11 mortar, we're looking for a facility that will be regional associated with
12 agriculture.

13 When I look at this project, I don't see it meeting that criteria. It
14 helps a small and select group of dairy farmers, and I don't think anyone can
15 tell me tobacco farmers are going to be transitioned into dairy farmers as a
16 means of income. Therefore, I just am going to say that I'll vote against it,
17 and that's why, and I just wanted to say that.

18 MR. FIELDS: Mr. Chairman, I've got a question
19 about the Virginia Dairy Association. How did we come about the formula,
20 two-thirds of that to Southside and one-third to Southwest?

21 MR. PFOHL: We used the agriculture statistics
22 which broke out by county the number of dairy farm operators and a head
23 count on milk cows, and we added them up for the seven Southside counties
24 and the three Southwest counties. In both cases it was 34 or 35 percent in
25 Southwest and the balance in Southside.

1 MR. FIELDS: I don't know if anyone here could
2 speak to it, but I'd venture a guess that in the Southwest probably not one. I
3 think these folks in Southwest, probably every one of them, I'd venture a
4 guess that every single one of them is milking a cow today through burley.

5 MR. SCOTT: My name is Chase Scott, Dairy
6 Extension Specialist in Southwest Virginia. We're representing the Virginia
7 State Dairymen's Association. I'm here to entertain any questions, but I will
8 make one statement in reaction to Mr. Bryant's statement. We don't have
9 any exact statistics of how many dairymen and producers were tobacco
10 producers, but just like what Mr. Fields said, I would venture to say that the
11 majority of producers represented here today were both tobacco and dairy
12 producers. I understand it's a different situation in Southside. With the
13 removal of eggs and tobacco in a lot of those counties, dairy has remained to
14 be a large contributor to the local agribusiness, although the number of
15 operations alone and the amount of money they infuse back into the
16 agricultural structure is pretty significant percentage-wise.

17 MR. BRYANT: I don't disagree with that.

18 MR. SCOTT: I'll be glad to entertain any more
19 questions or thoughts or alterations.

20 MR. FIELDS: In Lee County it's a little bit
21 different. These folks all quit milking before they quit growing burley.

22 MR. JENKINS: Would you ever go back to the
23 milking?

24 MR. FIELDS: I don't know. They better not ask
25 me, I can tell them.

1 MR. BRYANT: Well, how does it create an
2 alternate income, which is what we're trying to do in Southside?

3 MR. MAYHEW: I have a question. Who is going
4 to put together the Oversight Committee aspect of this and the
5 implementation of it?

6 UNIDENTIFIED: The Virginia State Dairymen's
7 Association, this grant applies only to the counties listed by Southwest and
8 Southside, being such a large area, look to form two distributional Oversight
9 Committees. Those committees will be formed from Board members of the
10 Virginia State Dairymen's Association. From that organization they would
11 serve on the Committee, also with the influence from the Virginia Tech
12 Dairy Science Department and Virginia Cooperative Extension.

13 DELEGATE JOHNSON: All right. Let's go to
14 1429. That amount was cut to \$475,00, which is the Staff recommendation.
15 1477, 75,000. 1537, 300,000 requested, and that was cut to 183,750. 1554,
16 we have not decided yet. 1533 was tabled until the applicant can get this
17 information to you and to see whether or not we can do something.

18 MR. FIELDS: Did we do that?

19 DELEGATE JOHNSON: 1551, 479,650
20 requested, the Staff recommended 225,000. 1552, 250,000 requested and
21 200,000 recommended by the Staff. 1556, 300,000 requested, and the Staff
22 recommended 150,000.

23 Are there any applicants here that want to question the amount,
24 or do you agree to take what the Board voted to give you, as far as that
25 amount? In other words, do you want to speak?

1 Appalachian Sustainable Development requested 645,000, and
2 the Staff recommended 475,000. Do you want to say anything as to the cut?

3 UNIDENTIFIED: Under the circumstances, we're
4 willing to work with that, and thank you.

5 DELEGATE JOHNSON: Is there anyone here
6 who wants to make a statement and state their case to increase the amount?
7 If we have some extra money we'll see how we could do it.

8 UNIDENTIFIED: I'd like to speak on behalf of
9 the Pittsylvania County Farm Bureau.

10 MR. BRYANT: I would ask you to wait until I
11 bring the motion back.

12 DELEGATE JOHNSON: So that we can agree on
13 what's in the block and the amounts that are recommended.

14 MR. NOYES: 1429, there is an agreement from
15 the applicant. 1477, they got the full amount, presumably that is agreeable.
16 The next applicant we haven't heard from is 1537, Campbell County, where
17 there has been a reduction.

18 UNIDENTIFIED: We're fine.

19 MR. NOYES: Mr. Chairman, 1554, my notes say
20 that project has been approved as recommended by this Committee at
21 15,000, and it would no longer be in the block, unless you want to keep it in
22 there and do it again. 1533, the Marion project, my note is that the
23 Committee has not taken any action on that application at this time, except to
24 table it, but instead we did say come back after there is approval of the
25 concept. We can vote to table it if you wish, but there is no dollar amount.

1 Mr. Bryant or Mr. Chairman, I think this is the time to hear the
2 motion 1555.

3 MR. BRYANT: Mr. Chairman, I make a motion
4 that we fully fund \$84,000 to the Pittsylvania County Farm Bureau
5 Federation.

6 MR. MAYHEW: I'll second that.

7 MR. BRYANT: I'd ask you to allow Martha
8 Walker to --

9 MR. FIELDS: -- Is there anyone here that doesn't
10 want or let us have a little more?

11 DELEGATE JOHNSON: Anyone opposed to the
12 motion?

13 MR. BRYANT: We have a motion on the floor,
14 and it's being discussed.

15 DELEGATE JOHNSON: If no one is going to
16 vote against it, why listen to the discussion?

17 MR. FIELDS: Good point, quit while you're
18 ahead. I didn't understand what we were doing with the Marion project.

19 DELEGATE JOHNSON: Let's wait and see what
20 we can work with to come up with something. I think we should cooperate
21 with our good friends in Southside and see if they'd be willing to help us a
22 little bit, and when we get another budget we should have more money.
23 That's not buying votes. Each motion will stand on its own.

24 MS. WALKER: I'm Margaret Walker with the
25 Virginia Cooperative Extension, the District Community Viability

1 Specialist. About eight months ago the Pittsylvania County Farm Bureau
2 called and discussed the initial goals. For the last 18 months they've been
3 working on those goals. They've achieved the first two; the second one was
4 to get an Agriculture Development Director. He's here today, Mr. Wagner.

5 The third goal is to pull together a center or complex where
6 various forms of agriculture can come together and can be developed and
7 can truly be a catalyst for the future of agriculture. We have examples of the
8 diagrams that have been drawn for this complex. Phase 1 deals with the land
9 and site development and architectural work. The discussions have related
10 to the fact that the plans aren't yet complete, and the group has worked for
11 the last two weeks with the Virginia Farm Bureau to get the numbers in and
12 make sure that the plans are obtainable. They've worked very hard to attain
13 the goals and that this will take place. They're sustaining this based on rental
14 fees and worked to do additional research. We're working with Virginia
15 Tech to do a feasibility and an economic impact study on this particular
16 project and make sure it has the economic impact we hope for. Tourists in
17 the region would be one thing and have an impact. It will truly be a measure
18 of what agribusiness can be about if we meet these goals as suggested in our
19 outline. We know we can. I'll be glad to answer any questions. We've
20 worked very hard to bring all of this together. Thank you.

21 MR. FIELDS: Mr. Chairman, sounds like a good
22 project, it ought to work fine. It worked good for Southside Economic
23 Development. I might make a suggestion to look at that from the standpoint
24 of Pittsylvania County. It probably will help people a lot.

25 MR. BRYANT: Mr. Chairman, I'd like to amend

1 my motion. The clawback provision that I previously stated, if Phase 2 is
2 not completed, the money we spend on the site preparation will come back
3 to the Commission. That's the clawback provision.

4 MR. MAYHEW: I'll second it.

5 DELEGATE JOHNSON: We have a motion and a
6 second. All those in favor say aye? (Ayes.) Opposed? (No response.) The
7 motion passes.

8 1551, Staff recommended 225,000. 1552, Staff recommends
9 200,000. 1554, 225,000. How much have we spent?

10 MR. NOYES: Mr. Chairman, Mr. Bryant has
11 requested that 1544 be pulled for a vote separate from the block. I
12 recommend we do that ahead of the block, if that's agreeable.

13 DELEGATE JOHNSON: Suppose the 84,000 is
14 not used? Would it be possible to amend the motion that the 84,000 go to, if
15 they can come up with a suitable agreement, and that would go to Marion?
16 There's no reason to leave money on the table if they could use it.

17 MR. PFOHL: The Pittsylvania project has a four
18 to five million dollar fund raiser, they have to raise over the next few years,
19 construction. It may be two or three years before we know whether Phase 2
20 will be built out in Pittsylvania. That's probably the complicating factor.

21 DELEGATE JOHNSON: So it wouldn't be wise.
22 Okay, so we're voting on 1544.

23 MR. NOYES: Do that first. The vote would be to
24 accept the Staff's recommendation at 225,000, you'd ask for a motion to that
25 effect.

1 DELEGATE JOHNSON: If we have no motion,
2 then it dies.

3 MR. NOYES: Somebody would need to make a
4 motion and have a second in order to proceed with the vote on 1544.

5 DELEGATE JOHNSON: Other than 1544 --

6 MR. JENKINS: -- Mr. Chairman, the motion was
7 made and seconded to get the 84,000 for the Pittsylvania County Farm
8 Bureau. We never voted on that?

9 MR. NOYES: It remains in the block at \$84,000,
10 amended with the clawback provision at this time, and it would be adopted
11 as part of the block unless it's withdrawn.

12 MR. JENKINS: Even though we did not vote, it's
13 in the block at 84,000?

14 DELEGATE JOHNSON: We'll be voting on it in
15 the block.

16 MR. FIELDS: We're down to 1544?

17 MR. NOYES: 1544 has been pulled from the
18 block, if there's a motion to vote on it.

19 DELEGATE JOHNSON: There's no motion, it's
20 out of the block. 1544 is not in the block, so we're not voting on 1544.
21 We're voting on all of the others that are in the block.

22 MR. MAYHEW: Mr. Chairman, I move we
23 accept all of the other recommendations as they're listed in the block, other
24 than 1544.

25 DELEGATE JOHNSON: Is there a second to the

1 motion?

2 MR. BRYANT: Second.

3 DELEGATE JOHNSON: We're voting on
4 everything in the block. Any discussion? All those in favor let it be known
5 by saying aye? (Ayes.) Opposed, no? (No response.) The ayes have it, and
6 it is so ordered. No action is being taken on 1544, so we've got 225,000 to
7 spend.

8 MR. NOYES: What's the total out there after the
9 225 is pulled out?

10 MR. PFOHL: 231,077.

11 MR. MAYHEW: Mr. Chairman, I feel like we've
12 resolved most of the issues involved here, and the amounts are reasonable
13 and accepted by most parties. If we're not going to deal with 1544, we
14 remove that and use that money to be designated in our budget for future
15 use.

16 DELEGATE JOHNSON: We can carry it over?

17 MR. NOYES: Absolutely.

18 DELEGATE JOHNSON: We have a motion and a
19 second. Discussion? All those in favor let it be known by saying aye?
20 (Ayes.) Opposed, no? (No response.) The ayes have it, and it is so ordered.

21 MR. FIELDS: Mr. Chairman, what does Marion
22 need to get to you, Tim?

23 MR. PFOHL: Well, you tell me what you'd like to
24 see for Marion. We suggested they take on a temporary operation and using
25 canopies or some sort of removable structure this year so they could

1 demonstrate interest by the growers and report some sales figures. They
2 indicated that for 45,000 they can get that started this year. I think that's
3 where we're at.

4 DELEGATE JOHNSON: Are you sure 45 would
5 take care of it?

6 UNIDENTIFIED: To take a third of our streets
7 and get the temporary canopies that have been suggested and that would
8 allow us to get started. With the 45 we can come back to you with some
9 results.

10 MR. FIELDS: I'd make a motion that the 45,000
11 go to the Town of Marion, Downtown Marion.

12 DELEGATE JOHNSON: Is there a second?

13 MR. MAYHEW: I'll second it.

14 DELEGATE JOHNSON: We have a motion and a
15 second, any discussion? All those in favor let it be known by saying aye?
16 (Ayes.) Opposed, no? (No response.) Motion carries.

17 All right, any public comment? We appreciate you showing up
18 today. Do I have a motion to adjourn? So moved.

19 PROCEEDINGS CONCLUDED.

20 CERTIFICATE OF THE COURT REPORTER

21

22 I, Medford w. Howard, Registered Professional
23 Reporter and Notary Public for the State of Virginia at large, do hereby
24 certify that I was the court reporter who took down and transcribed the
25 proceedings of the **Agribusiness Committee Meeting when held on**

1 **Wednesday, December 12, 2007 at 3:00 p.m. at the Southwest Virginia**
2 **Higher Education Center, Room 240, Abingdon, Virginia.**

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

5 Given under my hand this _____ day of
6 _____, 2008.

7

8

9

10

11

12

Medford W. Howard

13

Registered Professional Reporter

14

Notary Public for the State of Virginia at Large

15

16

17

18

19 My Commission Expires: October 31, 2010