

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

3                                   701 East Franklin Street, Suite 501  
4                                   Richmond, Virginia 23219

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8                                   **JOINT MEETING**  
9                                   **Agribusiness Committee**  
10                                   **and**  
11                                   **Bio-Energy Oversight Committee**

12                                   Wednesday, July 25, 2007  
13                                   3:00 p.m.

14  
15                                   Wygal Music Hall  
16                                   Longwood University  
17                                   Farmville, Virginia

1 **APPEARANCES:**

2 Agribusiness Committee

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

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

5 Secretary Robert Bloxom, Secretary of Department of Agriculture and  
6 Consumer Services

7 Mr. Fred M. Fields

8 Mr. Buddy Mayhew

9 Mr. Thomas E. West

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11 Bio-Energy Oversight Committee

12 Mr. Thomas Arthur

13 Mr. Clarence D. Bryant, III

14 Mr. Buddy Mayhew

15 Mr. Chris Cook

16 Mr. Ken Moss

17 Ms. Martha Walker

18 Mr. Ralph Byers

19 Dr. Jack Lesko

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1 **APPEARANCES: (cont'd)**

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3 COMMISSION STAFF:

4 Mr. Neal Noyes, Executive Director

5 Mr. Ned Stephenson, Deputy Director

6 Mr. Timothy Pfohl, Grants Program Administration Manager

7 Ms. Stephanie Wass, Director of Finance

8 Ms. Britt Nelson - Grants Coordinator, Southside Virginia

9 Ms. Sara Griffith - Grants Coordinator, Southwest Virginia

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11 OFFICE OF THE ATTORNEY GENERAL:

12 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for  
13 the Commission

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1 DELEGATE JOHNSON: I'm going to call the  
2 meeting of the Agribusiness Committee to order. Please call the roll.

3 MR. NOYES: Secretary Bloxom?

4 SECRETARY BLOXOM: Here.

5 MR. NOYES: Mr. Fields?

6 MR. FIELDS: Here.

7 MR. NOYES: Mr. Jenkins?

8 MR. JENKINS: (No response.)

9 MR. NOYES: Mr. Mayhew?

10 MR. MAYHEW: Here.

11 MR. NOYES: Mr. Stallard?

12 MR. STALLARD: (No response.)

13 MR. NOYES: Mr. West?

14 MR. WEST: Here.

15 MR. NOYES: Mr. Bryant?

16 MR. BRYANT: Here.

17 MR. NOYES: Delegate Johnson?

18 DELEGATE JOHNSON: Here.

19 MR. NOYES: We have a quorum, Mr. Chairman.

20 DELEGATE JOHNSON: Would you call the roll  
21 for the Bio-Energy Oversight Committee?

22 MR. NOYES: Mr. Arthur?

23 MR. ARTHUR: Here.

24 MR. NOYES: Mr. Bryant?

25 MR. BRYANT: Here.

1 MR. NOYES: Mr. Mayhew?

2 MR. MAYHEW: Here.

3 MR. NOYES: Mr. Cook?

4 MR. COOK: Here.

5 MR. NOYES: Mr. Blankenship?

6 MR. BLANKENSHIP: (No response.)

7 MR. NOYES: Mr. Nowak is not here.

8 Mr. Moss?

9 MR. MOSS: Here.

10 MR. NOYES: Ms. Walker?

11 MS. WALKER: Here.

12 MR. NOYES: Mr. Byers?

13 MR. BYERS: Here.

14 MR. NOYES: Mr. Smoot is not here.

15 We have a quorum on both committees.

16 DELEGATE JOHNSON: The next item of  
17 business is to approve the Minutes of December 7th of the Agribusiness  
18 Committee Meeting. Do we have a motion? We have a motion and a  
19 second. Any discussion? Any corrections? If not, all those in favor of  
20 approving the Minutes signify by saying aye. (Ayes.) Opposed, no? (No  
21 response.)

22 MR. BRYANT: Dr. Byers, would you like to  
23 introduce Dr. Lesko?

24 DR. BYERS: Yes. Mr. Chairman and members of  
25 the Committee, I'd like to say a word about Dr. Jack Lesko, who is here with

1 us today to present a report on this bio-energy project. Dr. Lesko is a  
2 professor in engineering science at Virginia Tech, and his specialty is  
3 composites. Over the last couple of years he's been working in the Research  
4 Division in the Office of Sponsored Programs, which is where I will be  
5 working on research grants. He has taken a great interest in the field of  
6 energy.

7 I think some of you may have been aware last year we had  
8 something called the Dean's Forum on Energy, and all the faculty and  
9 students that were working on energy across the university, I found there to  
10 be quite a great number of people, both in engineering and agriculture and  
11 natural resources in other colleges and departments. We had a series of  
12 events over the whole year. We had displays of all the research that's going  
13 on at Virginia Tech, all managed by Dr. Lesko on behalf of the Dean. He's  
14 been very successful, and we brought him in, and we brought in a number of  
15 very outstanding speakers from around the world. I think we learned  
16 through that process Virginia Tech is a leader in energy research and  
17 development, coal to nuclear to bio-energy. From the transition, and some  
18 of you may have known our vice-president of research, he's moved on as  
19 vice-president of research at the University of Tennessee. Dr. Lesko is the  
20 new vice-president of research. Dr. Walker asked Dr. Lesko to take a half-  
21 time appointment as a special position for energy. Jack is going to be our  
22 point man in energy. I've worked with him for a number of years on various  
23 projects. We worked together trying to get some funding for composites,  
24 and we did attract some funding. They're apparently doing some research,  
25 and the Institute in Danville has a program for that. Jack said, yes, I know

1 Ron Moffitt, and I've worked with him, and he was happy to work with him.  
2 Ron has been working on that and received some funding for that project. In  
3 the course of my conversation with Jack, he made it clear to me that  
4 although he has done research, his main interest is bringing the discoveries  
5 of what we learn in the lab out in the community and helping economic  
6 development, and is fully committed to that concept. With our land grant  
7 university this comes into bio-energy.

8           We understand Virginia Tech is a large and complicated  
9 organization. It's not always so easy to know who to call when you have a  
10 problem or an issue. We have understood that we need to become a little  
11 more tightly organized in this respect. Dr. Lesko, because he is a very  
12 highly complicated engineer and understands how things work, I can talk  
13 about something, Jack will know how they do it in the lab and why this is so.  
14 He's also in our Research Division, which is the place where all the grants  
15 flow. If there is a snag or some kind of difficulty in processing grants, Jack  
16 is right there, and he knows how that works, and he can help resolve those  
17 issues. I think the important thing is he has both a background in energy,  
18 and I think he has the confidence and respect of the Dean and faculty  
19 members that are working in the research in this area.

20           So, I'm happy to introduce him to you today. From now on if  
21 you have any questions, or if you have an issue, or if you just need some  
22 information, Jack would be the place to start. This is not to say people won't  
23 still be talking with people like Dr. Nowak and Dr. Agblevor and the other  
24 research people who are already trying to help in everything that they can to  
25 keep us moving in the right direction. In terms of having one person who is

1 familiar with the grants, the objectives, to get from A to B and where we are  
2 on that journey from A to B, Jack would be the person who will be working  
3 with faculty members with the research division and with the Commission  
4 members. We have developed an organizational structure to deal with this  
5 process, and Jack might want to tell you a little bit about that.

6 DR. LESKO: The issue again comes down to the  
7 responsibility to have a clear communication between the Tobacco  
8 Commission with regard to energy issues. We had a meeting last week  
9 about setting goals and responsibilities, and put me in a position to be that  
10 communicator part. I'm also a member of Sickle, represented by Bob  
11 Walters, conducting research. I'll be working with them directly in terms of  
12 handling the details associated with energy issues, and also with the Tobacco  
13 Commission. On top of that, I'll also be head of the committee, the  
14 Technical Oversight Committee on energy issues, and that represents a  
15 number of faculty who are technically cognizant in the areas of energy  
16 specifically associated with bio-fuels, nuclear and coal. Those are the areas  
17 that this group will have expertise in, in addition to other fields of expertise  
18 that are available at the university. I'll be the communication between the  
19 Technical Committee and the Stakeholders Committee and the Tobacco  
20 Commission related energy issues at the university.

21 MR. BRYANT: I want to thank the Agribusiness  
22 Committee for meeting with us today. For the benefit of the Agribusiness  
23 Committee members, I'd like to briefly outline some of our projects so that  
24 you'll better understand the reports and understand one project in particular.  
25 The 2006 Special Projects Committee awarded 1.2 million to fund three

1 categories that are classified to be bio-energy related.

2 Our first category was bio-energy generation, and we have two  
3 projects.

4 The second category is bio-products, and we have one project.

5 The third category is high tech plant growing media, we have  
6 one project.

7 I will ask when I call on the representatives to give a status  
8 report to be brief. This meeting is kind of time-sensitive, because we have  
9 back-to-back committee meetings, many of us have to attend. Of course, the  
10 most important issue today that we have on the agenda is our projects. I'll  
11 start off by asking for a report from the representative from Virginia Tech  
12 from the Department of Horticulture. This involves the plant growing  
13 media.

14 MR. RON MOFFITT: I'm Ron Moffitt. We've  
15 been doing some work in Southside. We are using WoodGro. One-  
16 sixteenth inch hammer mill WoodGro media that we would use to  
17 compound with various polymers and additives and nutrients engineered for  
18 horticultural projects like that. I've got a sample here. We have compound  
19 facilities in Southside. We've done some extrusion, and we're making some  
20 of those materials in this particular project, in addition to other material and  
21 additives compounding the polymers to make those components.

22 MR. BRYANT: Thank you. Next, I'll ask for a  
23 report on the production of fortified wood pellets.

24 MR. MOFFITT: The material you're passing  
25 around is what is used to make a fortified wood pellet. You can buy this

1 commercially. These are some of the pellets that we have made and are  
2 using, and the one-sixteenth hammer mill material that's being passed  
3 around. We can get some very long pellets. Moisture is very critical in this  
4 application. It has to be controlled very narrowly to get a good hard quality  
5 pellet.

6           The next step, that will be commencing this week, is to take a  
7 high density polyethylene plug and compound with this material, and then  
8 we'll be cross linking it to a flow. The bulk of this work is to take the wood  
9 feed stock which has BTU or a heating value of about 8,500 BTU's per  
10 pound and link it with the polyethylene, which has a heating value of 19,000  
11 BTU's. A 50/50 mixture, I've already done these blends, and that will give  
12 about 14,000 BTU's per pound. If you compare that to a Pittsburgh coal,  
13 which has about 13,600 BTU's per pound. We've upgraded the wood project  
14 for heating value comparable to coal, and no sulphur and no additional  
15 silicon. Polyethylene, solid gasoline and hydrogen, polyethylene is the most  
16 commonly produced plastic. Commercial WoodGro and fortified pellets  
17 will begin soon.

18           MR. BRYANT: Next is an update on bio-energy  
19 generation project at Virginia Tech under the direction of Dr. Foster  
20 Agblevor concerning the development of the bio-oil production prototype  
21 equipment.

22           DR. AGBLEVOR: We've been working on the  
23 advanced bio-production. We want to go beyond the ordinary by-product,  
24 something that we can use for the refinery. So what we've done now is the  
25 proposal, building a unit, we have a small kiln unit, and we have produced

1 some products in the advanced form. From the advanced form we're  
2 producing the bio-oil product from the existing technology requires  
3 additional chemistry to convert to green diesel. We've developed a novel  
4 catalyst to reformulate the gases in the green diesel and are currently  
5 comparing the new catalyst to standard catalysts.

6 The design is based on experiments conducted with the hybrid  
7 poplar wood chips. I've also brought a sample of the new advanced, these  
8 are unique, and we're using that to produce these products.

9 MR. BRYANT: Are there any questions?

10 Before I call on Ken Moss to give his report on the second  
11 project I would like to speak to all Committee members on certain aspects  
12 about this. This is a pilot project which we are committed to seeing go  
13 forward. I think everyone understands this. When you enter into a pilot  
14 project, there are adversities, and there are questions that are answered every  
15 day, and the flexibility is the key to success. When you try to put your  
16 finger on the cost it's very difficult, especially in the beginning. When you  
17 look at technology all over the world, trying to bring together expertise and  
18 create something that will bring you to that goal, difficulties are going to  
19 arise. We know that certain technology will not meet the application we  
20 originally started out with, that's what we're going to be doing today. That is  
21 why we are going from a two-ton to a five-ton unit. It requires dedication,  
22 expertise.

23 I want to say to the members, Ken Moss' dedication is without  
24 question. This man, from the bottom of his heart, is dedicated, and he wants  
25 it to happen. He's doing everything in his power to partner with us and carry

1 that forward, and we need to do the same, and that's why we're here today. I  
2 want everyone to know that I see the dedication. Buddy has seen it more  
3 than I have, and that is without question. It's a good thing we're partnering  
4 with Ken Moss, but they are needing our help with this project. I personally  
5 feel the team has their feet on the ground and they're doing very well.  
6 Virginia Tech, ROI, Piedmont Bioproducts, Ken Moss and the Tobacco  
7 Commission may create an opportunity here which we won't just talk about,  
8 but we'll do something. If success is obtained, it will create opportunities for  
9 Southwest Virginia also.

10 When I look at the Commission title I see two words that get  
11 me excited, that's "community revitalization." This particular project  
12 exemplifies and gives a definition to that part of our title, "community  
13 revitalization." I say that because I know it.

14 What does this project do, potential, production, renewal fuel  
15 obtained from any source, and it's addressing the crisis in America all over,  
16 and we're having to pay for it. This could create an economic crisis for our  
17 whole country if we don't do something, and we have to address fuel  
18 sources. I think that this Commission is moving forward in that regard. Due  
19 to the process of this particular project, there will be some similar products  
20 that will be created that will be a bonus. The structure of the LLC allows  
21 community participation, and that is a tremendous plus. It also incorporates  
22 a closed-loop system that allows members and investors potential gains in  
23 products and in growth.

24 That being said, I'll call on Ken Moss.

25 MR. MOSS: Thank you, Mr. Chairman. First of

1 all, I'm Ken Moss, an individual working in unison with the members here  
2 of the Tobacco Commission and Virginia Tech to develop some technology  
3 that will promote and develop fuel-related projects. My interest is more than  
4 just, I have a personal interest in this as well, an interest in rural  
5 communities. I have an engineering background and a horticultural  
6 background, kind of a mixture of the two. I do believe in the rural  
7 community, and I believe this project addresses the future prosperity of the  
8 rural community here and the southern United States, as well as anywhere in  
9 the world, really.

10 I do appreciate the opportunity we have in front of us here to  
11 work with the Tobacco Commission and the people we're talking about, and  
12 an unlimited opportunity.

13 Having said that, my role in this is organizational and bringing  
14 together the technology, and some of it is experimenting, some of the  
15 technology is already proven. We're working together to form a  
16 demonstration site located where we live now in Gretna, Virginia. We're  
17 also going to produce the feed stock on a trial basis, which the farmers grow,  
18 and we're going to show we can produce these feed stocks, and we're going  
19 to convert these feed stocks. Through the help of the Tobacco Commission  
20 in funding this, and it's a bit of an unusual situation, and I realize that. I will  
21 say that it is something the way its structured, I don't think it will be  
22 effective any other way.

23 Speaking for myself, I'm dedicated to the project, and I'm living  
24 here with the project. We're having a community interactive demonstration  
25 site located where we are in Gretna, and that's very important. The

1 community excitement about this project has been almost overwhelming.  
2 Buddy and C. D. and others here today understand that. People have called  
3 and asked, what's happening, where are you going, how soon can we see  
4 something. To me, there couldn't be a greater project to have this degree of  
5 community involvement. I think it's because of the way it's structured. The  
6 company we talked about, the LLC, Piedmont Bioproducts, LLC, this is the  
7 next phase, or the demonstration phase, a commercial company and the  
8 demonstration findings. We went ahead and did this in working with the  
9 Center of Innovative Technology in Northern Virginia and received some  
10 money and a lot of guidance from them on a business plan, and other  
11 technical issues will be later. Also had an opportunity to make a  
12 presentation to the Governor, and he's very supportive as well. All of these  
13 things are coming together to put the project in place that can really have  
14 meaning going forward. I do appreciate this opportunity.

15           Where we are right now on the demonstration, we have had  
16 some issues with the direction of the funding for the building; that's  
17 supposed to be reconciled here today, I hope. With that said, we're having a  
18 building built, probably it would be around the middle of September, end of  
19 September, possibly, or possibly October. We are going to try to speed that  
20 up. When the building is in place, we're purchasing what originally would  
21 be a two dry ton per day input pyrolysis machine from Renewable Oil  
22 International, Phil Badger, ROI. We're now going to have to go with a five-  
23 ton unit.

24           Just to tell you about that, the two-ton unit is small in scale, and  
25 we need something bigger. We need to try to do this on a scale that could

1 lead to some commercial, which would reduce the cost of a commercial site  
2 in a big way. Part of the cost overrun we're talking about here today is  
3 related to the standards.

4           The other part of this project, beginning in April of 2006, the  
5 quote given then was based on the quotes at that time, or the cost at that  
6 time; costs have gone up. All these things combined have moved the  
7 original cost up. The original budget was for 170,000 for a two-ton per day  
8 unit, which is in the neighborhood of 500 to 700 gallons per day, depending  
9 on the yield. We've gone up to a five-ton unit, which is directly related to  
10 the input, and we have to factor that in. So, we'll have a much larger unit,  
11 about three times the size; that's going to be another \$104,000. Even those  
12 two amounts of money added up is not an astronomical amount of money.

13           The demonstration site, we can show the value we can add and  
14 add up the feed stock. We will have to introduce the products that Dr.  
15 Agblevor spoke about earlier, as far as the oil is concerned. We call it crude  
16 oil. This will include an advanced catalyst, and it will be ultimately the way  
17 we want to go. We know that, and we know this project is going to be more  
18 expensive. This will help us demonstrate it and commercialize it, especially  
19 in the boiler fuel industry. The boiler fuel industry is very large, around \$25  
20 billion a year. We still can go in with this larger unit to a commercial scale  
21 of this project and produce a product that we can make money with, and  
22 that's what we're trying to do here. We're trying to get something started.  
23 Once we get it started, we know the proof is there to move forward and add  
24 more money to improve the process, plus all the other needs that go with it,  
25 the improvement in the feed stock and all these other things.

1           My involvement is administrator, and I want to do it and  
2 do it as soon as possible, because time is of the essence here. We don't  
3 have ten or fifteen years to wait on things like this in our rural communities.  
4 Buddy and C. D. both are aware of what's happening in the farming  
5 communities. Farmers are losing to development, and we have been  
6 losing farms, either through inheritance or other means. We need to build  
7 some hope for these communities and a reason for people to keep farming,  
8 a reason to bring people in for this project. I think we're close to doing  
9 that. We hope to have this demonstration set up, and then we can show  
10 the public that we've got something here that works, and this is where we're  
11 heading.

12           Producing the feed stocks and adding value to them is not  
13 totally new. It's being done in other places since the early 90's, not using  
14 this technology. They've got a model there that's very similar, some people  
15 have done it for the environmental reasons. From what we were told in  
16 2005, they're moving in the direction of the technology we're talking about  
17 here. Virginia Tech is on the leading edge. The United States is a little bit  
18 behind on the concept of bio-energy; in the technology end we're really not  
19 behind at all. I think with this program we've got a unique opportunity to  
20 bring this project together. It's going to show the public and the rest of  
21 Virginia that we can do business here. I think once you see it you'll be  
22 excited about it.

23           Any questions or comments?

24                           MR. BRYANT: Thank you, Ken. Dr. Lesko.

25                           MR. WEST: I have a question. You mentioned

1 the farmers growing the feed stock. What is the feed stock?

2 MR. MOSS: We're doing an evaluation on  
3 four to six different feed stocks, which involves the grass, switchgrass,  
4 and there are two types of feed stock, either the grass or the woodies.  
5 The one the farmer is growing on the wood side. In Italy when we were  
6 there, they had about 10,000 acres of poplar growing. They have what  
7 they call regrowth every two years. Incidentally, Buddy and C. D. had  
8 a recent conversation with Dr. Volk in Syracuse, New York, and they've  
9 got a project going right now using willow, which is another feed stock  
10 we could use. They're going to do some work up there on November 1st,  
11 and personally I'm going to be there. They've got some equipment that  
12 was manufactured in England, and they're working with a group in  
13 Northern Ireland that is already doing this. So what we're doing is using  
14 that model, kind of blend all the technology together.

15 To address your question specifically, switchgrasses and others.  
16 What we're going to do is have a demonstration, and as Buddy knows, we're  
17 going to grow these and see which ones perform the best and then see how  
18 the conversion is. It's not just necessarily the gallons of fuel per ton, you  
19 have to look at the whole community equation, process it all and see what  
20 the yield is. Then the farmer can come in and see a demonstration and can  
21 really get excited about what we're doing.

22 MR. BRYANT: Any other questions? All right,  
23 Dr. Lesko.

24 DR. LESKO: The application was submitted on  
25 the 17th of July for the cost overrun. The original proposal, Grant No. 1157,

1 I don't know if you all have a copy of it or not, but I do have the justification  
2 for the cost overrun. Ken has basically done about 75 percent of my job  
3 communicating back to you. The changes that were necessary as a result of  
4 the modifications that were needed and that were caught by ROI. The  
5 increased capacity to the five-ton, part of the problem is associated with  
6 components, and they are actually costing more, some of the industrial  
7 components, and then the cost of the stainless steel. It's been submitted for  
8 104, and the original cost was 170, I believe, plus. \$274,000 for cost  
9 overrun.

10 MR. BRYANT: Any questions?

11 DELEGATE JOHNSON: Tim, do you have any  
12 comments?

13 MR. PFOHL: Good afternoon, Mr. Chairman.  
14 The two applications are in your Commission book, in that blue book, under  
15 Tab 2. You've got a copy of the application. Basically, the staff was  
16 apprised of the cost issue from the perspective of constructing the pyrolysis  
17 unit that Dr. Lesko and Ken just spoke to, as well as some issues related to  
18 the actual site, and the demonstration will take place on the Windy Acres  
19 Nursery, which is Ken's private property in Gretna. We have two proposals  
20 that the staff has worked with. Last year the Committee, Agribusiness left  
21 \$300,000 and some change on the table after the grant cycle, and those are  
22 unrestricted funds that are currently available to the Agribusiness  
23 Committee, in addition to your FY08 budget, \$1.5 million, and I'm not  
24 proposing we tap into the budget that's been made in FY08. Agribusiness  
25 round has a November 1 application deadline. What the staff has suggested

1 in the staff report, also Tab 2, would be to fund from that \$300,000  
2 carryforward balance in the Agribusiness Committee both the proposals by  
3 Virginia Tech for 104,000 to cover the ROI pyrolysis construction issues, as  
4 well as the second proposal, which is brought in the name of Concerned  
5 Friends for Tobacco as a request of 162,000 to help us break a log jam in  
6 that cycle. Windy Acres Nursery for having that site adequately served with  
7 electrical power to operate the hammer mill, which you heard referenced in  
8 Dr. Moffitt's presentation. Those two proposals could be funded from that  
9 carryforward balance. If you have any questions, there is more explanation  
10 in the Concerned Friends for Tobacco application or proposal. I think that's  
11 pretty self-explanatory.

12 Mr. Moss has estimates from Mecklenburg Electric  
13 Cooperative to provide power which is necessary to operate the hammer  
14 mill. I believe the nursery has a significant bill to run that enterprise. We've  
15 estimated that to be about \$830 per month. We're recommending the two  
16 proposals be funded from the Agribusiness balance.

17 Any questions, I'll be happy to answer them.

18 MR. MAYHEW: Tim, the shed, was that funded,  
19 or did that come out of the original 300,000?

20 MR. PFOHL: What we had proposed and the  
21 original grantee was to take 60,000 of the original budgeted amount for the  
22 shed and send it back to Special Projects and then in effect re-obligated the  
23 60,000, but that was bumped up to 70,000 and change to reflect the bids that  
24 were received. You have a breakdown on the second page of the staff  
25 report: shed construction, 70,400; and the construction of three-phase power

1 was 64,300; and 18 months operating electrical service, \$830 per month.  
2 Those are the components, Concerned Friends of Tobacco.

3 MR. MOSS: Mr. Chairman, I might add there is  
4 one issue on that. The building, 70,000 including the building less the  
5 electrical interior. The total number reflects that. So, when you do the math  
6 it really doesn't add up there. There is another 12,000 and some odd dollars,  
7 those would go to the electrical interior part of the building. There was quite  
8 a bit of ambiguity about this in the beginning. We, at the nursery, were  
9 going to try to carry the load for this extra expense here. We're not able to  
10 do it. These figures include the total.

11 MR. WEST: Who is going to own the equipment?

12 MR. PFOHL: The staff had suggested that  
13 Virginia Tech be the applicant for the additional 104,000, and they'd be  
14 the grantee, in fact the owner of the equipment. So rather than splitting  
15 ownership in two different entities, we recommended Virginia Tech  
16 apply for the balance of the funding for the pyrolysis unit that ROI is  
17 building.

18 On the second proposal, the Concerned Friends for Tobacco,  
19 you've got the improvements to the privately-owned property. The issue  
20 was raised in the staff report. So, we suggested, and we had some  
21 conversation about the original application. We're intending the shed could  
22 be disassembled and moved from Windy Acres by Virginia Tech. Now  
23 you're talking about constructing the shed and making the power  
24 improvements. All in all, staff is suggesting that the ownership and  
25 improvements on private property, that they are disposed of at some

1 future time to be negotiated with the Commission and have the right  
2 to approve the terms of that negotiation which is purchased by Windy Acres.  
3 The shed could still be disassembled and moved off the site. There's an  
4 issue about publicly funded improvements to private property that will have  
5 to be resolved at a future time.

6 MR. MOSS: This is a bit of an unusual situation.  
7 I want everyone to understand what we're bring to the table is myself and  
8 Windy Acres, and really, my family. What we're doing here is committing  
9 ourselves and our land and our time and effort, all these things at no charge  
10 for the project. Just the same opportunity so other rural communities may  
11 benefit from this project. That having been said, you have to look at  
12 the cost to replace my effort, my technical background, the value of land,  
13 and all these other issues. It's going to be way in excess of the costs we're  
14 talking about here. In the end, if we can come to an agreement, if necessary,  
15 to purchase this property at an appreciated value or an agreed-upon price.  
16 In reality, we hope to achieve a continuing demonstration site here from  
17 time to time and tobacco funds interacted to the point where it's really not  
18 an issue.

19 MR. MAYHEW: Realizing that this ongoing  
20 project is so critical to everyone, I move that the Agribusiness Committee  
21 appropriate these additional funds that have already been explained to move  
22 forward with this project as quickly as possible.

23 DELEGATE JOHNSON: The 104,000 and  
24 162,000. We have a motion that we recommend to the full Commission  
25 from the Agribusiness Committee's money that we approve 104,000

1 unrestricted funds, Virginia Tech, 1157 and the Concerned Friends for  
2 Tobacco, 162,000.

3 Do we have a second?

4 MR. ARTHUR: Second.

5 DELEGATE JOHNSON: Any discussion?

6 SECRETARY BLOXOM: Does any part of the  
7 motion address the buyback?

8 MR. MAYHEW: We went through that earlier,  
9 and the whole thing became so complicated we decided it would be dealt  
10 with at a later time. Is that the understanding?

11 MR. BRYANT: Yes.

12 MR. MAYHEW: I think it's time we do this and  
13 move forward with it, and I believe that's a minor point.

14 DELEGATE JOHNSON: Any more discussion?

15 MR. FIELDS: Tim, what's the balance today?

16 MR. PFOHL: Agribusiness, 300,255 in addition to  
17 the budget for the new year.

18 DELEGATE JOHNSON: Any other questions?

19 Are you ready to vote? We'll vote on the 104,000 first.

20 Would you call the roll?

21 MR. NOYES: Secretary Bloxom?

22 SECRETARY BLOXOM: Aye.

23 MR. FIELDS: Aye.

24 MR. NOYES: Mr. Mayhew?

25 MR. MAYHEW: Aye.

1 MR. NOYES: Mr. West?

2 MR. WEST: Aye.

3 MR. NOYES: Mr. Bryant?

4 MR. BRYANT: Aye.

5 MR. NOYES: Delegate Johnson?

6 DELEGATE JOHNSON: Aye.

7 MR. NOYES: Motion carried.

8 DELEGATE JOHNSON: The next motion that  
9 has been moved and seconded is for the \$162,000.

10 MR. FIELDS: This is the Concerned Friends for  
11 Tobacco?

12 DELEGATE JOHNSON: Yes.

13 MR. FIELDS: Tell me, again, what is this for?

14 MR. NOYES: Installation of the power shed and  
15 18 months of electrical services.

16 MR. FIELDS: Is there 11,000 more dollars?

17 DELEGATE JOHNSON: Originally it was 172,  
18 staff recommended 162.

19 Ready to vote? Call the roll.

20 MR. NOYES: Secretary Bloxom?

21 SECRETARY BLOXOM: Aye.

22 MR. FIELDS: Aye.

23 MR. NOYES: Mr. Mayhew?

24 MR. MAYHEW: Aye.

25 MR. NOYES: Mr. West?

1 MR. WEST: Aye.

2 MR. NOYES: Mr. Bryant?

3 MR. BRYANT: Aye.

4 MR. NOYES: Delegate Johnson?

5 DELEGATE JOHNSON: Aye.

6 MR. NOYES: The motion carries.

7 DELEGATE JOHNSON: We're down to public  
8 comment, anyone care to comment? Do we have anyone that would like to  
9 speak?

10 MR. MAYHEW: I would like an opportunity  
11 just briefly to tell you what I passed out to you. This is the Mission  
12 Statement of Piedmont Bioproducts, LLC. I'm not going to read it,  
13 and I think you all have had an opportunity to read it. If you have any  
14 questions or don't agree with this being a mission statement, I think  
15 this is very important, and it's something that's going to represent  
16 ongoing work of this company that's being formed. We also have a  
17 steering committee, and they'll have a hand in that. If there are any  
18 comments or questions about it, anything about the mission statement  
19 at this time? Do you agree with it, or do we need to vote on that?

20 MR. NOYES: I don't think so.

21 MR. MAYHEW: I think this is really important,  
22 and we're getting a fresh start in this, and Ken had a direct hand in this,  
23 and some of the others. We've agreed with this, and I want to make sure  
24 it's approved by everyone.

25 DELEGATE JOHNSON: Thank you. The floor

1 is now open for public comment, if any. If not, then do we have a motion  
2 to adjourn? It's been moved and seconded that we adjourn.

3 Thank you all for coming.

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5 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Joint Meeting of the Agribusiness Committee and the Bio-Energy Oversight Committee when held on Wednesday, July 25, 2007 at 3:00 p.m. at Wygal Music Hall, Longwood University, Farmville, Virginia.**

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

Given under my hand this \_\_\_\_ day of August, 2007.

\_\_\_\_\_

Medford W. Howard  
Registered Professional Reporter  
Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2010.