

1 **APPEARANCES:**

2 The Honorable Joseph P. Johnson, Chairman

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

4 The Honorable Watkins M. Abbitt, Jr.

5 Mr. Stephen S. Banner

6 Mr. Kenny F. Barnard

7 The Honorable Robert Bloxom - Secretary of Agriculture

8 Mr. Jordon M. Jenkins, Jr.

9 Mr. Buddy Mayhew

10 Dr. David S. Redwine

11 Mr. Kenneth O. Reynolds

12 The Honorable W. Roscoe Reynolds

13 The Honorable Thomas C. Wright, Jr.

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15 COMMISSION STAFF:

16 Mr. Neal Noyes, Executive Director

17 Mr. Ned Stephenson, Deputy Director

18 Mr. Timothy Pfohl, Grants Program Administration Manager

19 Ms. Sarah Capps - Grants Coordinator, Southside Virginia

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21 COMMISSION COUNSEL:

22 Mr. Francis N. Ferguson, Counsel for the Commission

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1 DELEGATE JOHNSON: I welcome you all to the
2 Agribusiness Committee meeting, and we have two matters to come before
3 the Committee this afternoon. I'd ask that we have our roll call first.

4 MR. NOYES: Delegate Abbitt?

5 DELEGATE ABBITT: Here.

6 MR. NOYES: Mr. Banner?

7 MR. BANNER: Here.

8 MR. NOYES: Mr. Barnard?

9 MR. BERNARD: Here.

10 MR. NOYES: Secretary Bloxom?

11 SECRETARY BLOXOM: Here.

12 MR. NOYES: Mr. Bryant?

13 MR. BRYANT: Here.

14 MR. NOYES: Mr. Fields?

15 MR. FIELDS: (No response.)

16 MR. NOYES: Mr. Jenkins?

17 MR. JENKINS: Here.

18 MR. NOYES: Delegate Johnson?

19 DELEGATE JOHNSON: Here.

20 MR. NOYES: Mr. Mayhew?

21 MR. MAYHEW: Here.

22 MR. NOYES: Dr. Redwine?

23 DR. REDWINE: Here.

24 MR. NOYES: Mr. Reynolds?

25 MR. REYNOLDS: Here.

1 MR. NOYES: Senator Reynolds?

2 SENATOR REYNOLDS: Here.

3 MR. NOYES: Delegate Wright?

4 DELEGATE WRIGHT: Here.

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

6 DELEGATE JOHNSON: Thank you. Having a
7 quorum, I declare we are legally constituted to transact business of the
8 Agribusiness Committee and any business that comes before us.

9 We'll now have the approval of the Minutes of December 8th,
10 2009. Any questions about the December 8th Minutes in Roanoke? Do we
11 have a motion to approve the Minutes? It's been moved and seconded. Any
12 discussion about the motion? All in favor say aye? (Ayes.) Opposed, like
13 sign? (No response.) The Minutes are approved.

14 Now we'll have a presentation of the grant proposals.

15 MR. PFOHL: Thank you, Mr. Chairman. I want
16 to compliment the Committee on being the first convened with theme music
17 for an opening score at the Agribusiness Committee. Mr. Chairman and
18 members of the Committee, when your group last met on December 8th
19 there were two proposals in the FY10 Agribusiness round that were tabled
20 for conversation today. The Staff has followed up with both of those
21 applicants, and there are some updates and revisions that were e-mailed to
22 you last week and are in front of you today. One is proposal 1978, The
23 Comprehensive On-farm Energy Efficiency Pilot Program. The second is
24 also a Virginia Tech proposal, which is the Shrimp Culture in Recirculating
25 Aquaculture Systems.

1 Starting with the On-farm Energy Proposal, and we discussed
2 this at some length in December. The Staff would note this is the highest
3 scoring proposal in the FY10 Agribusiness round. The Committee members
4 had concerns that we not invest more in energy improvements to structures
5 than the structures themselves. The applicants inserted wording in their
6 program design that would address that concern. That statement is at the
7 bottom of page one, and we can read that and delve into that to see if that
8 satisfies the Committee's concerns. The Staff recommends, with that change
9 to the program design and the conditions we previously suggested, that the
10 full requested amount of \$248,842 be recommended by your Committee.

11 DELEGATE JOHNSON: Are there any
12 questions?

13 DELEGATE ABBITT: Is this going to be run
14 under the proper Extension?

15 MR. PFOHL: Yes.

16 DELEGATE ABBITT: Don't they have some
17 similar programs for that now?

18 MR. PFOHL: They have run a pilot program in
19 the Shenandoah Valley in 2009 that this would be an expansion of that
20 program.

21 DELEGATE ABBITT: Do you have the results
22 from that program?

23 MR. PFOHL: No, sir. We've asked for those, and
24 the Department of Mines, Minerals and Energy was a participant in that, and
25 the Staff has indicated they don't have the results from that one yet.

1 DELEGATE ABBITT: Who funded that?

2 MR. PFOHL: I'll have to turn to Dr. Walker from
3 Virginia Tech, who is the project leader here. She can tell you more about
4 that.

5 DR. WALKER: Thank you for asking about that
6 project. That was with James Madison University in partnership with the
7 Department of Mines, Minerals and Energy and Extension, and as far as this
8 project served as a support system to this particular project. After talking
9 with the Department of Mines, Minerals and Energy about that particular
10 project, the report from James Madison University has not yet been
11 completed. The Extension doesn't have any data to share, nor does the
12 Department of Mines, Minerals and Energy. However, it's been indicated
13 that with the producers there, especially in poultry, they've been very
14 supportive and want to align themselves with energy efficiency. We used
15 that project last May in Cumberland County with the programs there for
16 energy efficiency operations related to dairy and poultry. That was a
17 precursor for all of the proposals and make sure that there would be more
18 need and interest in this region. We followed up with a third series of
19 workshops related to tobacco production in Southside with on-farm tours
20 and with energy management. That's really the basis for this proposal today.

21 DELEGATE ABBITT: If we don't know the
22 results of one phase that's been done, aren't we getting ahead of ourselves
23 here, and shouldn't we look at the results of that and the Cumberland project
24 before we proceed? Shouldn't we do that before we invest this kind of
25 money?

1 MR. PFOHL: We certainly would be much
2 happier if we had some empirical data that we could point to for the first
3 demonstration. Beyond that, I think it's the will of the Committee. There'll
4 be a second opportunity in the March/April time frame. We may have that
5 report in-hand by then.

6 DELEGATE ABBITT: Again, I'll ask you, if we
7 don't have the report from the pilot project, then we're starting another pilot
8 project before that one is finished or reported back.

9 MR. PFOHL: It depends on the vote of the
10 Committee, sir.

11 DELEGATE ABBITT: It doesn't make sound
12 business sense to me. Thank you.

13 DELEGATE JOHNSON: Any other questions?

14 MR. MAYHEW: Could you elaborate on the
15 score?

16 MR. PFOHL: This is the scoring system we use
17 with the Agribusiness projects and look at the potential to affect farm
18 income and wealth. We look at the ability of a project to reach across the
19 entire tobacco region and impact producers across the region. I'd be happy
20 to share that with the Committee if you'd like.

21 MR. JENKINS: I have a question. I'd like an
22 identification of the EnSave Corporation.

23 DR. WALKER: The EnSave Corporation is a
24 corporation that has built its reputation on its expertise in conducting energy
25 audits for agricultural operations. It's one of the main companies in the

1 nation that does this. At this point Virginia has a vacuum, we have no
2 resources for individuals or companies who understand agricultural
3 operations; that's what this project would correct. Not only will we realign
4 ourselves with a strong company and create data collection for that company
5 and provide services, but we'll also actually create energy auditors who
6 understand farm operations and can do that. Right now Virginia does not
7 have a resource, we have to go out-of-state for it.

8 MR. JENKINS: Is this a for-profit company?

9 DR. WALKER: EnSave is a for-profit company.

10 MR. JENKINS: These people who would be
11 involved, would they be employees of this corporation in the future?

12 DR. WALKER: I don't think so. They would be
13 data collectors, and they would provide the on-site assessment following
14 protocol established by EnSave, and that would be the initial round. But the
15 goal is that Virginia would move away from having to utilize that service
16 and would actually have a group of individuals that are trained and have the
17 credentials to conduct energy auditing in an agriculture setting. We do not
18 have that at this time in Virginia; we don't have that resource, and it wouldn't
19 be associated with EnSave, it would be through other companies and create
20 their own company.

21 MR. JENKINS: Once these people were in place,
22 then who would pay for their services?

23 DR. WALKER: The individual farms.

24 MR. JENKINS: Independent contractors?

25 DR. WALKER: Yes. That's part of the project,

1 that you're actually creating essential jobs for individuals who would be
2 conducting this service. There is a need not only residential, but there is
3 another the farms could use.

4 DELEGATE JOHNSON: Any other questions
5 from the Committee?

6 SECRETARY BLOXOM: As it exists today, do
7 they have a certification system?

8 DR. WALKER: No, sir. They use EnSave.
9 Virginia Tech Extension is not developing certification systems. We're
10 providing opportunities for individuals to be certified through existing
11 systems. There are companies that actually will certify individuals to
12 receive that training to be auditors.

13 MR. MAYHEW: Do you have any idea how
14 expensive it would be for say a tobacco farmer to hire one of these people
15 after the program has expired to come out and do an audit? Is this
16 something that the life of which would extend beyond what we're thinking
17 about granting and that would allow these people to exist out there and do
18 that work as years go by?

19 DR. WALKER: Yes.

20 MR. MAYHEW: What would the cost of that be?

21 DR. WALKER: It's our understanding right now
22 that the median cost of performing an energy audit ranges around 1,200. It
23 ranges between 500 to sometimes 2,000 for an extremely large operation.

24 DELEGATE ABBITT: I beg the question then,
25 how long would it take to do one of these audits, the difference between 500

1 and 1,200 dollars?

2 DR. WALKER: It's my understanding that,
3 depending on the size of the agricultural operation, the audit can take as
4 much as a week if it's a large operation, but they're looking at motors and
5 electrical and lighting, insulation, access to the barns. It's our hope that if
6 this is approved the first training for these data collectors will be in March
7 and through that training individuals will be conducting or assisting in those
8 energy audits to practice those skills, and they do all that within that one
9 week's time with all of the individuals together. It's not just to walk in and
10 check something and walk out. They prepare a report concerning energy
11 use.

12 DELEGATE ABBITT: That's a fairly in-depth
13 report. If I do the math and I'm out as a private contractor, that person is not
14 going to make a very good living if he has to furnish his own equipment to
15 become certified. You've talked about the certification process to get these
16 people qualified, but can somebody do this without certification?

17 DR. WALKER: USDA requires that should you
18 apply for any grants related to energy efficiency that you have an energy
19 audit conducted by a certified individual. There are certain qualifications an
20 individual has to have in order to be certified. So a person without the
21 certification would not meet the criteria set by USDA.

22 DELEGATE ABBITT: Who does the certifying
23 now?

24 DR. WALKER: I can get that information for you.
25 At the tip of my tongue I don't have the name of the company. There are

1 none in Virginia; we have to go outside the state.

2 DELEGATE JOHNSON: Any other questions
3 from the Committee members? Do we have any other comments from the
4 Committee members before we vote?

5 MR. BRYANT: Mr. Chairman, I make a motion
6 we approve this.

7 MR. MAYHEW: Second.

8 DELEGATE JOHNSON: We have a motion and a
9 second, and that is the motion that we award this grant of \$248,842
10 contingent on the cost-shared approach to training certification of inspectors
11 and budgeting of workshops. That's the motion. We also have a second.
12 All in favor let it be known by saying aye? (Ayes.) Opposed, like sign?
13 (Nos.) Let's have a roll call.

14 MR. NOYES: Delegate Abbitt?

15 DELEGATE ABBITT: No.

16 MR. NOYES: Mr. Banner?

17 MR. BANNER: No.

18 MR. NOYES: Mr. Barnard?

19 MR. BERNARD: No.

20 MR. NOYES: Secretary Bloxom?

21 SECRETARY BLOXOM: Yes.

22 MR. NOYES: Mr. Bryant?

23 MR. BRYANT: Yes.

24 MR. NOYES: Mr. Jenkins?

25 MR. JENKINS: No.

1 MR. NOYES: Delegate Johnson?

2 DELEGATE JOHNSON: Yes.

3 MR. NOYES: Mr. Mayhew?

4 MR. MAYHEW: Yes.

5 MR. NOYES: Dr. Redwine?

6 DR. REDWINE: Yes.

7 MR. NOYES: Mr. Reynolds?

8 MR. REYNOLDS: Yes.

9 MR. NOYES: Senator Reynolds?

10 SENATOR REYNOLDS: Yes.

11 MR. NOYES: Delegate Wright?

12 DELEGATE WRIGHT: No.

13 MR. NOYES: The motion carries, Mr. Chairman,
14 seven to five.

15 DELEGATE JOHNSON: So the Committee will
16 recommend that seven to five to the full Commission tomorrow.

17 Next we have Virginia Tech Shrimp Culture in Recirculating
18 Aquaculture Systems, request for \$436,079.

19 MR. PFOHL: Mr. Chairman, this proposal was
20 referred to your Committee from the Research and Development Committee.
21 It was briefly discussed December 8th, and at that point the proposal was
22 requesting just short of 627,000. It has been revised and resubmitted by the
23 applicant now requesting \$436, 079. The proposal would be to conduct
24 Phase 2 research in partnership with Virginia Shrimp Farms LLC in
25 Martinsville. The proposal is for personnel, supplies, equipment and

1 subcontractor fees to continue research on processes and protocols for
2 raising Pacific white shrimp and freshwater prawns in indoor recirculating
3 tanks, and then test market those shrimp to metropolitan markets on the East
4 Coast. The proposal has been clarified to us that Virginia Tech will employ
5 the bulk of the employees and the majority of the equipment and materials.
6 There is a subcontract that has been reduced in the revised proposal to Blue
7 Ridge Aquaculture, which is a parent of Virginia Shrimp Farms. The Staff
8 would note that Blue Ridge Aquaculture is a parent of Virginia Cobia Farms,
9 which is in about 30 days of a due date for approving compliance with a
10 previous TROF from FY07 for a project in Southwest Virginia. The Staff
11 would note that while the project primarily consists of Virginia Tech
12 research, it will initially benefit primarily Blue Ridge Aquaculture and
13 Virginia Shrimp Farms a wholly owned subsidiary.

14 Due to the late transfer of this request from the Research and
15 Development Committee to Agribusiness, Staff has not developed a
16 recommendation for you on this proposal. We've been to Blue Ridge
17 Aquaculture and visited the facilities and met with Virginia Tech staff and
18 the Blue Ridge staff, but we're somewhat more familiar with the proposal
19 now. Your Committee tabled the project in December; the Staff doesn't
20 have a position because of the late arrival at your Committee. Beyond that,
21 there are representatives here to speak to this proposal if Staff feels it's
22 necessary.

23 DELEGATE JOHNSON: The thing that catches
24 my eye, Staff comments and recommendations, that this project will initially
25 benefit a single private enterprise, and in quotes it should be noted that

1 another subsidiary of BRA, Blue Ridge Aquaculture, and that Virginia
2 Cobia Farms is approaching non-compliance on the FY07 TROF award of
3 \$100,000 in Southwest Virginia. What does that mean?

4 MR. PFOHL: Mr. Stephenson is working with the
5 locality and the company on the Cobia Farm project, and he'd be able to
6 address that better than I can.

7 MR. STEPHENSON: Approximately three years
8 ago we made an award for this company in exchange for a promise for a
9 certain number of jobs, and those jobs have not materialized. We negotiated
10 a short extension for them to perform under their promise or refund the
11 money, and that deadline approaches here within 30 days, and we will know
12 then whether they can perform or not.

13 DELEGATE JOHNSON: We'll leave it up to the
14 Committee, but I'm a little concerned if this is a problem now and the Staff
15 has not had an opportunity to fully investigate. Should we go forward with
16 it, then, or wait until the April meeting?

17 MR. NOYES: The meeting will be in April, and
18 the application is due March 2nd.

19 MR. BANNER: Where is this located?

20 MR. STEPHENSON: In Saltville. Mr. Chairman,
21 if I may, I don't want to suggest for a moment that the parent company is in
22 difficulty. The Saltville project has been delayed through extraordinary
23 circumstances due to some property issues, and that's caused the delay.

24 MR. MAYHEW: Is this Saltville project related to
25 something that occurred some years ago with the federal grant that ponds or

1 something didn't materialize?

2 MR. STEPHENSON: The delay related to the fact
3 that when the project was committed the applicant did not have possession
4 or control of a particular piece of real estate that was necessary to make the
5 project work. They have struggled through many issues to get control of the
6 property, and without it their project will not work. They've burned up all
7 their time trying to get the property. We've given them a deadline to gain
8 control of the property and return the project.

9 MR. MAYHEW: Is it inside or outside?

10 MR. STEPHENSON: Indoors.

11 SECRETARY BLOXOM: My concern is that this
12 project is a separate project, money designated for design and consulting
13 confirm that there's some question what the final results of that might be and
14 you want to put additional money in on top of, I have some concern about
15 that if we don't have the results from the first program before we go to the
16 second. That's my comment, rather than a question.

17 DELEGATE WRIGHT: I question.

18 MR. BRYANT: Mr. Chairman, I've got a concern
19 that this is a single private enterprise, and maybe something will pass down
20 to benefit it, but right now I've got a real concern about this.

21 DELEGATE WRIGHT: I have a motion, Mr.
22 Chairman. Based on the fact that Staff has not recommended the project, I
23 make a motion that we do not accept the proposal.

24 DELEGATE JOHNSON: Is there a second?

25 MR. JENKINS: I'll second it.

1 SENATOR REYNOLDS: I have a substitute
2 motion.

3 MR. NOYES: The motion or the second was not
4 to advance this project, is that correct?

5 SENATOR REYNOLDS: I can --

6 MR. FERGUSON: Mr. Chairman, following
7 parliamentary procedure, you normally act on motions in the positive, and
8 the practice of the Commission has been rather than move to reject it, simply
9 not do anything, or if tabled or some other kind of affirmative action as
10 opposed to negative action.

11 DELEGATE JOHNSON: I would observe that's
12 been the practice of the Commission.

13 DELEGATE WRIGHT: Then I'll withdraw my
14 motion, based on that.

15 SENATOR REYNOLDS: Mr. Chairman, I would
16 move that we recommend the award of 436,079.

17 DELEGATE JOHNSON: Is there a second? I will
18 observe that there is no second to that motion.

19 MR. MAYHEW: I would move that we table it
20 until the April meeting.

21 DELEGATE JOHNSON: We have a motion to
22 table it until our second 2010 meeting. Is there a second? Any discussion?
23 All in favor of that motion that we table the request until the meeting on
24 March 2nd, 2010 or whatever date, all in favor let it be known by saying
25 aye? (Ayes.) Opposed, nos? (No.) All right, let's have a roll call.

1 MR. NOYES: Delegate Abbitt?
2 DELEGATE ABBITT: Aye.
3 MR. NOYES: Mr. Banner?
4 MR. BANNER: Aye.
5 MR. NOYES: Mr. Barnard?
6 MR. BERNARD: Aye.
7 MR. NOYES: Secretary Bloxom?
8 SECRETARY BLOXOM: Aye.
9 MR. NOYES: Mr. Bryant?
10 MR. BRYANT: Aye.
11 MR. NOYES: Mr. Jenkins?
12 MR. JENKINS: No.
13 MR. NOYES: Delegate Johnson?
14 DELEGATE JOHNSON: Aye.
15 MR. NOYES: Mr. Mayhew?
16 MR. MAYHEW: Aye.
17 MR. NOYES: Dr. Redwine?
18 DR. REDWINE: Aye.
19 MR. NOYES: Mr. Reynolds?
20 MR. REYNOLDS: Aye.
21 MR. NOYES: Senator Reynolds?
22 SENATOR REYNOLDS: No.
23 MR. NOYES: Delegate Wright?
24 DELEGATE WRIGHT: No.
25 MR. NOYES: The motion carries, table this until

1 our next meeting.

2 DELEGATE JOHNSON: The next meeting date
3 would be March 2nd?

4 MR. NOYES: No, the applications will be due
5 March 2nd for the next round of the Agribusiness Committee. The Staff will
6 advise you and other members of the Committee of the meeting date ahead
7 of the April 29th full Commission meeting.

8 DELEGATE JOHNSON: Do we have any public
9 comments? Is there anyone from the public that would like to speak?

10 MR. MAYHEW: Mr. Chairman, is it possible to
11 have the Staff take a look at this tabled motion and give us their opinion at
12 our next meeting?

13 MR. NOYES: We will do that. The Staff will
14 have a recommendation in advance of the next meeting.

15 DELEGATE JOHNSON: All right. If there is
16 nothing else to come before the Committee, then we will adjourn.

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18 PROCEEDINGS CONCLUDED.

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25 CERTIFICATE OF THE COURT REPORTER

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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 **Virginia Tobacco Indemnification and Community Revitalization Commission Agribusiness Committee when held on Monday, January 11, 2010 at 2:30 p.m. at the Richmond Marriott Hotel (Downtown), Richmond, 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 28th day of January, 2010.

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

My Commission Expires: October 31, 2006.
Notary Registration Number: 224566