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**VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY  
REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501  
Richmond, Virginia 23219

Agribusiness Committee Meeting  
Tuesday, December 6, 2011  
10:30 a.m.

Roanoke Higher Education Center  
Roanoke, Virginia

1    **APPEARANCES**

2

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

4    The Honorable W. Roscoe Reynolds

5    Mr. Kenney F. Barnard

6    Ms. Gayle F. Bartz

7    Mr. David R. Cundiff

8    Mr. Travis Hill

9    The Honorable Donald Merricks

10   Mr. Kenneth O. Reynolds

11   Mr. Robert Spiers

12   The Honorable Thomas C. Wright, Jr.

13

14   **COMMISSION STAFF**

15   Mr. Neal Noyes, Executive Director

16   Mr. Ned Stephenson, Deputy Executive Director

17   Mr. Timothy J. Pfohl, Grants Program Director

18   Ms. Sarah Capps, Grants Program Administrator,

19         Southside, Virginia

20   Sara Williams, Grants Program Administrator,

21         Southwest, Virginia

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1 December 6, 2011

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4 DELEGATE JOHNSON: Good morning  
5 everyone, let me call the Agribusiness Committee meeting to  
6 order. It's now Tuesday, December 6, 2011 at 10:30 a.m. here  
7 at the Roanoke Higher Education Center in Roanoke, Virginia.  
8 I want to welcome everyone here today and this is a business  
9 day of course, for this Committee. We plan to take care of our  
10 business and hear everybody that needs to be heard in order  
11 to conduct the business of this Committee in an orderly  
12 fashion. I'll now ask Neal to call the roll.

13 MR. NOYES: Yes sir Mr. Chairman. Before I  
14 do that, I have a note for the members. For your parking  
15 validations please see Stacy and we'll have lunch outside the  
16 room for the Commissioners and staff at 11:30.

17 MR. NOYES: Mr. Barnard?

18 MR. BARNARD: Here.

19 MR. NOYES: Ms. Bartz?

20 MS. BARTZ: Here.

21 MR. NOYES: Mr. Cundiff?

22 MR. CUNDIFF: Here.

23 MR. NOYES: Secretary Haymore and sitting in  
24 for Mr. Haymore is Mr. Travis Hill.

25 MR. HILL: Travis Hill here for Mr. Haymore.

1 MR. NOYES: His designee, Travis Hill is here.

2 MR. HILL: I'm here.

3 MR. NOYES: Delegate Johnson.

4 DELEGATE JOHNSON: Here.

5 MR. NOYES: Delegate Merricks?

6 DELEGATE MERRICKS: Here.

7 MR. NOYES: Mr. Montgomery is not present.

8 Mr. Reynolds?

9 MR. REYNOLDS: Here.

10 MR. NOYES: Senator Reynolds?

11 SENATOR REYNOLDS: Here.

12 MR. NOYES: Mr. Spiers?

13 MR. SPIERS: Here.

14 MR. NOYES: Mr. Stallard won't be here.

15 Delegate Wright?

16 DELEGATE WRIGHT: Here.

17 MR. NOYES: We have a quorum Mr.

18 Chairman.

19 DELEGATE JOHNSON: Thank you, we have a  
20 quorum. We now have a quorum and we're legally constituted  
21 to conduct business that comes before us. We'll first start  
22 with the approval of the minutes of the 12/14/10 minutes. Is  
23 there a motion that the minutes be approved? We have a  
24 motion and a second, any discussion? All in favor let it be  
25 known by saying aye. (Ayes). Opposed no. (No response).

1 The ayes have it. Next we'll have a presentation of the grant  
2 proposals by Tim Pfohl.

3 MR. PFOHL: Thank you Mr. Chairman. The  
4 staff announced the fiscal year 2012 agribusiness program  
5 earlier this fall and announced an application due date of  
6 October 14<sup>th</sup>. We received 19 applications using our online  
7 application process and I believe this is the first time we've  
8 gone through this online application format and you'll see a  
9 little difference in the quality and quantity of information that  
10 we get from the online applications. I can assure you that the  
11 grant staff, with the executive director and our two field staff  
12 personnel, Sara Williams and Sarah Capps have had  
13 additional dialogue with a number of the applicants so we can  
14 understand fully all of these proposals. We have one project in  
15 addition to the 19 that we have received that was referred over  
16 from the special projects round in September. We have a total  
17 of 20 proposals in front of you with just over \$2.9 million  
18 available. The staff met in this building a few weeks ago to  
19 review and score proposals. We're suggesting funding for a  
20 half dozen of the 20 proposals primarily because of each of  
21 these projects ability to generate additional private capital  
22 investment. We use the principal outcome measures for the  
23 Commission as well as additional farm producer income which  
24 is principally effective of this agribusiness program.

25 We're happy to delve into any of these

1 proposals if you'd like and you have received a summary of  
2 each proposal with a description of the project provided by the  
3 applicant and comments and recommendations by the staff.  
4 With that, I'll turn it back to you Mr. Chairman to see if  
5 anyone has any questions.

6 DELEGATE JOHNSON: Thank you. Let's just  
7 go one by one down the list; 2476 - Abingdon Feeder Cattle  
8 you recommend 700,000; Campbell County - 2453 you  
9 recommend 700,000; 2472 - Carroll County you recommend  
10 197,011; 2460 - Nottoway County, Nottoway Farm to Fuel  
11 Project, \$150,000; 2366 - Olde Dominion Agricultural  
12 Foundation you recommend 500,000; 2475 - Virginia  
13 Cattlemen's Association you recommend 700,000. Those were  
14 the ones that were recommended by the staff.

15 Now, I think our procedure will be that if there  
16 is any Commission member that wants to take any of these  
17 out of the block, please let it be known which one and we'll  
18 discuss that. All the money has been spent, there's no money  
19 available to change anything unless someone wants to take it  
20 out of the block. If there's any Commission member that  
21 wants to come forth or anyone wants to recommend funding  
22 for something that has a zero balance and we need to take it  
23 out of the block and then it will have to be discussed as to who  
24 loses or how it's to be approved. That's the nitty gritty of it.  
25 Generally we don't have enough money to take care of

1 everyone's list. There's a lot of good programs that are left out  
2 because if the money is not there, we can't spend it. Whatever  
3 this Committee does will be subject to the full Commission's  
4 approval when we meet in January. If there's any  
5 Commissioner that wants any of these taken out of the block,  
6 speak up now.

7 SENATOR REYNOLDS: I'd ask that 2479,  
8 2473 and 2366 be taken out of the block. 2366 is Olde  
9 Dominion Agriculture; 2473 – Halifax and 2479 Halifax.

10 DELEGATE JOHNSON: That's 2366, 2479  
11 and 2473 we'll take out of the block. The others that received  
12 a zero balance are recommendations. Any of those people here  
13 that would like to address this?

14 UNIDENTIFIED: 2462 – Southwest Virginia  
15 Agriculture Association.

16 DELEGATE JOHNSON: 2462?

17 UNIDENTIFIED: Yes, expanding markets for  
18 agriculture in Southwest Virginia.

19 DELEGATE JOHNSON: Make any statement  
20 you'd like.

21 UNIDENTIFIED: The Highland Beekeepers  
22 Association partners with the Southwest Virginia Agriculture  
23 Association to produce another grant for the beekeepers  
24 expanding markets for agriculture in Southwest Virginia. We  
25 feel like this is important. We'd like to get a little bit more

1 background information that might help the Commission. Bio  
2 security is one of the factors in this grant proposal in helping  
3 Virginians feed Virginians. Bio security is the buzz word that  
4 is fairly new around but basically quite important for the  
5 preservation of agriculture and our security. The problem is  
6 that the Africanized honey bees now in Northern Georgia and  
7 only a few hundred miles from our border. The problem is  
8 that the Virginia farmers now import about 10,000 hives every  
9 spring to pollinate their crops. They bring them in for about a  
10 month and spend about a million dollars on it and send them  
11 back home. The problem is although they try to inspect these  
12 hives, the hives sometimes have some Africanized bees in it  
13 and we're concerned about that getting into our domestic bee  
14 population. You have to understand that every hive that  
15 comes in has about a thousand drones in it. The drones  
16 purpose is to fertilize the queen so when you bring 10,000  
17 hives in, you bring a million drones who are then flying  
18 around for about a month fertilizing domestic queens with the  
19 Africanized honey bee genes, it's like a Trojan horse. They  
20 bring in pollination hives to pollinate crops and then they'll  
21 leave behind the killer bee genes with parasites and diseases.

22                   The grant is proposing that we find people to  
23 provide pollination hives. If we can create the 10,000 hives  
24 that are currently being imported into Virginia every year, then  
25 agriculture will save a million dollars that will go to our own

1 people instead of going back to another state. There's about  
2 1,500 hives in Southwest Virginia and about 11,000 in the  
3 whole State of Virginia so there seems to be an opportunity  
4 here. Our grant proposal will be 475,000 and should be able  
5 to serve 500 people and we expect to see up to a million dollar  
6 return the first year. On top of that you have to understand  
7 that 500,000 queens are produced annually throughout the  
8 United States. The problem is the southern states below us.  
9 The states west of us are having a problem with Africanized  
10 bee genes in their queens. Virginia has a unique opportunity  
11 to become a hub creating African bee genetics for queen bees.  
12 500,000 queens about \$25 a bee comes out to 10 or 15 million  
13 dollars. There's a potential there if we can get people to breed  
14 queens and Virginia could become the queen bee rearing for  
15 the United States because we have such good bees here.

16 We see three solutions here. We have a  
17 mandatory quality control in our audit for surveys in after  
18 action to verify cost analysis and best practices. We have  
19 mandatory education, we have Dr. Rheingold coming to teach  
20 our queen rearing in January as well as Dr. Fell who teaches  
21 pollination services and we'll need help to get this up and  
22 running.

23 The Highland Beekeepers Association will  
24 continue to promote queen rearing and pollination services  
25 with our members. So we would appreciate funding in order

1 to create a better program. Thank you.

2 DELEGATE JOHNSON: Do you have some  
3 material you'd like to pass out?

4 UNIDENTIFIED: Yes, sir.

5 DELEGATE JOHNSON: For those in  
6 attendance, the cutoff for the grants that are rated seems like  
7 anything 50 and below received no funding. If you had a grant  
8 above 50 then maybe you'd get some funding. 2462  
9 Southwest Virginia Agriculture Association has a score of 48.  
10 It appears to me that maybe with some fine tuning or some  
11 additional information, maybe it would be something accepted.  
12 I think it probably would be appropriate to put it on the table  
13 and see if they can come up with the additional information so  
14 that they can receive some funding. This is a very important  
15 component of agriculture, bees are very important and we got  
16 to keep the bee supply. Do we have a motion that we table  
17 this?

18 SENATOR REYNOLDS: I move that we table  
19 this.

20 DELEGATE JOHNSON: It's been moved and  
21 we have a second. Any discussion? All in favor let it be  
22 known by saying aye. (Ayes). Opposed no. (No response). All  
23 right, any other group, please come up.

24 MR. SCHWARTZ: Thank you, my name is  
25 Michael Schwartz from Virginia Tech. Proposal 2459.

1 DELEGATE JOHNSON: 2459.

2 MR. SCHWARTZ: Yes, sir, advancing marine  
3 shrimp and free water prawn industry for Southwest and  
4 Southside Virginia. I just wanted to briefly mention with  
5 regard to these agriculture products. Aquaculture is the  
6 fastest growing sector of agriculture in the U.S. It has a lot of  
7 potential and is growing rapidly at the rural farm level.  
8 Aquaculture production in Virginia is particularly well suited  
9 in that we have natural resources and a large agriculture  
10 sector and we're located on the mid-Atlantic with access to  
11 large seafood markets from Atlanta north to New York, et  
12 cetera. Briefly also I bring the perspective of the President of  
13 the United States Aquaculture Society is on the board of World  
14 Aquaculture. When I say the activities have been completed to  
15 date, and with regard to this project in 2011, it's globally  
16 leading and provides tremendous technology. With  
17 consideration on the second proposal, it really requires the  
18 fine tuning.

19 I'd like to address briefly the staff comments  
20 and recommendations which are very thorough. There was a  
21 little bit of questioning on what was the optimization that was  
22 required or perhaps things were pretty well addressed already.  
23 What I wanted to bring to light was actually the first step was  
24 actually a proof of concept which was a very difficult challenge  
25 and was very well met with the consistent intense indoor

1 production of the saltwater shrimp that is able to meet these  
2 markets which have just been developed through this process  
3 availability. It's the first product that's ever been moved into  
4 these markets in the Northeast. So really this proposal,  
5 looking at optimizing production systems and the parameters;  
6 one of the risks associated with this type of activity is that  
7 feedstock had to be imported into Virginia. What happens  
8 when you have to rely on outside stock is that you open  
9 yourself up to bio security risks which is what happens. Some  
10 algae came in with some shrimp that created some problems  
11 in the system. These need to be addressed a little bit better  
12 and that's part of this next proposal which also incorporates a  
13 food stock selection program so Virginia could eliminate the  
14 bio security risks. A proof of concept was demonstrated in the  
15 initial phase but not an economic viability and that requires  
16 further streamlining and is mentioned by the optimized. Also  
17 very importantly this demonstration of the live marine shrimp  
18 market provides an opportunity to have a rapidly expanding  
19 freshwater sector in Virginia. One of the liabilities is that it's a  
20 very seasonal product and only available for about three or  
21 four weeks out of the year. Providing these same types of  
22 production technologies opens this animal up to year round  
23 production which can dovetail right into the same markets,  
24 live markets rapidly expanding and markets that can be  
25 developed and that need has been demonstrated.

1 I just wanted to briefly clarify the questioning  
2 of what the optimization was on the system. There's a lot of  
3 work that still needs to be done. I'd ask very quickly the  
4 consideration of the Committee to invite Jim Franklin to  
5 address a couple of points that came up.

6 DELEGATE JOHNSON: Any questions?  
7 Thank you.

8 MR. FRANKLIN: Good morning, Jim Franklin  
9 and I'm with representatives of Blueridge Aquaculture and in  
10 support of Virginia Tech's Marine Shrimp Freshwater Prawn  
11 proposal number 2459. Blueridge participated as a  
12 subcontractor on Phase I of the shrimp project for Virginia  
13 Tech. During Phase I there were multiple successful tests that  
14 we completed. Several of those were the design and  
15 construction of the shallow water production system was  
16 successful and completed. The Virginia Tech staff achieved  
17 that growth rate compared to a lot of the pond production  
18 systems that are currently prevalent in the U.S.  
19 Approximately two month's production to the harvest site, 20  
20 gram shrimp. The test marketing program was very  
21 successful for live marine shrimp. We learned about the  
22 consumer's preference in multiple markets just like New York,  
23 D.C., Raleigh, several other areas that were tested and also  
24 how this compared to or how those products compared to  
25 shipments from producers Mr. Schwartz spoke about in

1 Florida and Texas. This produced about 200 pounds per week  
2 and became the only reliable supplier of live white shrimp in  
3 the test market area so it was very successful. There are  
4 several questions and economic improvements that remain to  
5 be covered such as optimizing the density of improving  
6 survivability, developing a genetics program Mr. Schwartz  
7 mentioned, nutritional improvements for needs and nurturing  
8 of the shrimp continues to be necessary.

9                   One other area the staff noted on their  
10 response was that 37 percent of the funds still remaining from  
11 Phase I of the project were not used. The Virginia Tech  
12 records show that as of November 1<sup>st</sup>, there was only 14  
13 percent left of the Phase I funding still unused. The remaining  
14 balance was used during November and December and  
15 January for salaries of the production staff at the facility. The  
16 difference in the remaining balance would have to be due to  
17 delay in recording from the Virginia Tech staff, administrative  
18 staff. An additional note concerning the proposed one  
19 funding, the Blueridge Committee was to match 41,869 to this  
20 project. During the project, Blueridge has to date committed  
21 \$483,000 toward this project through November 30, 2011.  
22 The amount Blueridge matched actually exceeded the entire  
23 budget for the initial phase of the project.

24                   In conclusion, I'd like to stress the support for  
25 the Virginia Tech shrimp project to ensure that this resource

1 is completed and not abandoned prior to the economic  
2 evaluation. The conclusion of this research would lead to new  
3 industry in the Virginia Tobacco Region and stimulate the  
4 economy and create jobs without competing with the shrimp  
5 catch from the east coast and other producers. A one million  
6 pound shrimp production facility would employ 25 people.  
7 That would be equal to the live market potential. That's just a  
8 tip of the iceberg as far as shrimp production in the U.S. Last  
9 year the United States imported 1.2 billion pounds of shrimp  
10 into the U.S. to support the seafood market. That leaves quite  
11 a bit of production to be done domestically and not be brought  
12 in from Asia and other areas. We appreciate your support.

13 DELEGATE JOHNSON: Thank you.

14 SENATOR REYNOLDS: I move that 2459 be  
15 removed from the block.

16 DELEGATE JOHNSON: Any other group? All  
17 right, 2479, 2473, 2366 and 2459 removed from the block.

18 SENATOR REYNOLDS: On our sheet it's 2480.

19 DELEGATE JOHNSON: We'd better act on  
20 these.

21 SENATOR REYNOLDS: Is there anyone here  
22 that wants to speak to 2479?

23 MS. BROWN: I'm Leah Brown from Halifax.  
24 There are several folks from the county that are ready to  
25 implement the grant. There are several folks that want to help

1 support the winery in the county. We have a few wineries in  
2 the county that are successful. Compared with the rest of the  
3 state, if you look at the rest of the state and how their wineries  
4 and vineyard production are doing. In Southside Virginia  
5 we're not meeting up on that one as far as we can go. We only  
6 produce about five percent of the vineyard's winery in  
7 Southern Virginia. This would open up the door for more of  
8 the vineyards and wineries that's kind of pushed down south  
9 and opened up flood gates for what I think to be a really good  
10 successful industry moved just a little further down. We do  
11 have some that are successful now in the county and I've  
12 spoken with all of them and we're going to be looking for more  
13 people to produce grapes.

14                   What it boils down to is it's a very expensive  
15 process to start with. It's about four or five years before you  
16 see any progress or production off the vines. The initial  
17 investment would be about 10,000 per acre for the initial  
18 investment. A good starting point would be at least two acres  
19 per person so that's a 20,000 investment and waiting four or  
20 five years before you see any return on that. It takes at least  
21 four or five years just taking care of all the vines. This would  
22 be a big help for new people wanting to grow grapes and get  
23 into the winery options. This would be a big assistance just to  
24 help them get going and open up the door for more to come in.  
25 It would help a lot and we would appreciate any support.

1 MR. NOYES: Tobacco Commission funds  
2 would be used or underwritten to provide business operations,  
3 there would be no return on investments for a period of four or  
4 five years.

5 MS. BROWN: At least four years before any  
6 actual grape production.

7 MR. NOYES: No return on investment for  
8 some period of time.

9 MS. BROWN: That is correct.

10 DELEGATE JOHNSON: Thank you ma'am.  
11 These are very technical things. The staff with all their  
12 knowledge and experience and looking at the vision of the  
13 Tobacco Commission made certain recommendations. Unless  
14 there's some compelling reason to change that, I would think  
15 we would want to honor their suggestion. All these requests  
16 are noble and should be funded but the plain simple fact is  
17 that we do not have the money to fund them all so hard  
18 choices have to be made. In our area, hard choices have to be  
19 made if the money isn't there. We have to make some hard  
20 decisions. Any that are taken out of the block, the  
21 Commissioner that wants or wants to make a motion to  
22 change the funding needs to know the amount so that we can  
23 add it up and there are motions made. Otherwise 2479 is  
24 removed from the block because it only received a grade of 33  
25 by those that we rely upon to make these determinations or

1 decisions to help us and then if we approve it, it goes to the  
2 full Commission who would vote on it. That's where we are  
3 now. 2479, do we have a motion? Hearing no motion then the  
4 next one is 2473.

5 MR. ESPY: Mr. Chairman, my name is Carl  
6 Espy. I'm the Halifax County Manager and with me is Dr.  
7 Corrigan of Riverstone Energy Center. We have a very unique  
8 situation in Halifax for an underutilized building which has  
9 been operating for the past three years, 14,400 square feet  
10 right next to the FSA building which houses soil and water,  
11 USDA Rural Development Cooperative Extension. The Town of  
12 Halifax in your grant application received a, you can see the  
13 master planning worked that the Town Commission back in  
14 the spring of this year with a great deal of interaction and  
15 input during last summer on this project and this can have a  
16 very positive impact on the town. The driving force is finding  
17 agricultural businesses in addition to our vendors. We have  
18 an opportunity of having the Riverstone Energy Center and Dr.  
19 Corrigan come forward with an opportunity for not only our  
20 town in the region and the Commonwealth with a particular  
21 tenant period of three to five years. I'm very respectful of the  
22 staff's recommendation. We do have some comments and  
23 written responses to the comments made in the grant  
24 application that the Committee is reviewing. I would like to  
25 introduce Dr. Corrigan. There's private investment that would

1 be put here and the Town of Halifax would be carrying the  
2 debt service on the building and other operational costs during  
3 that period of time. We responded in terms of looking at some  
4 of the questions that were posed by staff.

5 MR. CORRIGAN: I'm Joe Corrigan the Director  
6 of Riverstone Energy Center in South Boston. This project  
7 boils down to two major components; one is the agricultural  
8 incubator which is transforming an old grocery store to a  
9 thriving agriculture incubator. The second part is to bring an  
10 anchor tenant which we're designating as project Moss. You  
11 might ask why is an energy center involved in this kind of  
12 project. I've been following this company for a few years now  
13 and they've been developing a super organic nutrient  
14 supplement to invigorate the soil so that they can produce  
15 fruits and vegetables. We brought this company in to do trials  
16 and the Commission has gone into some funding of the  
17 Piedmont Bio Products and they've been growing a crop called  
18 miscanther which can be converted into energy which can be  
19 converted into other types of material. We want to test if this  
20 fertilizer would also work not only on food crops but on energy  
21 crops. We had a study for over four months and we've seen a  
22 factor of three triple the amount of output per acre. We have  
23 no reason to believe it wouldn't work on switch grass which is  
24 another project the Tobacco Commission funded and this was  
25 in Nottoway County. We see this as an opportunity to bring a

1 company to the region. They have an investment group that's  
2 going to put in \$500,000 and match the Tobacco Commission  
3 funding dollar for dollar. We have a letter from the investment  
4 group that they'll match it dollar for dollar and it will allow  
5 this company to come from North Carolina into the State of  
6 Virginia so the project will be an economic development project  
7 here and start scaling up operations out of the incubator so  
8 there'll be a full use for this grant. We've looked at all the  
9 recommendations from the staff and worked with them so we  
10 can continue that dialogue and answer any comments or  
11 questions they have to make them more confident in the  
12 project. Thank you.

13 DELEGATE JOHNSON: Any questions? Do I  
14 hear a motion? Hearing no motion.

15 MR. CORRIGAN: Thank you Mr. Chairman.

16 DELEGATE JOHNSON: 2380.

17 DELEGATE WRIGHT: Thank you Mr.  
18 Chairman. I just wanted to see if there was anybody here  
19 from Cumberland who would like to address this project?

20 DELEGATE JOHNSON: All right, next would  
21 be 2366, Olde Dominion Agriculture Foundation.

22 UNIDENTIFIED: Yes sir.

23 DELEGATE JOHNSON: You're going to receive  
24 500,000. You're putting your position in jeopardy of losing it.  
25 I'm just kidding.

1 MR. ASHWORTH: Thank you for your time  
2 today Committee members. My name is Paul Ashworth and  
3 I'm Chairman of the Olde Dominion Ag Foundation. We are a  
4 volunteer five county effort in Southside Virginia that has  
5 undertaken a healthy and hearty project and we're well on our  
6 way to complete that project. First I want to say thank you to  
7 the members and the staff for your recommendation of a half  
8 million dollars. I hope you've had the advantage of seeing a  
9 very complete economic impact study done by Jack Foster and  
10 Associates out of Bethesda, Maryland. They've identified that  
11 one dollar in grant funds coming to this project will have an  
12 economic return to Southside Virginia of more than \$6 and we  
13 think that's pretty significant. We also realize from our  
14 standpoint that it's contingent on fully completing these  
15 economic bridges that we have been building so we have got to  
16 get it a little bit further down the road and make that \$6  
17 return happens. We're very well on our way. We have some  
18 outstanding grant applications as well and we believe it will  
19 come together to help finish this project.

20 A couple of points very quickly, agriculture has  
21 been and will continue to be the core of this project and as  
22 this project has evolved, the reach of it has expanded beyond  
23 agriculture. We're seeing impacts beyond the reaches of  
24 agriculture in this 6 county contiguous area. The completion  
25 of the arena is the piece that we're talking about and that's the

1 largest single piece of the building project and that was  
2 envisioned to house livestock and equestrian events. We're  
3 also even thinking about using it for graduations. We're also  
4 thinking about having trade shows there. We also have a  
5 group involving the canines or the dog show folks and learning  
6 about this group is much like horse people. If you provide the  
7 right venue and the right facilities, these folks will travel. So  
8 we're talking about having people come in from, we're talking  
9 about having people come in realistically say as much as 150  
10 mile region.

11                   Having said that, we would respectfully and we  
12 thank you very much for the consideration of the half million  
13 dollars. We would respectfully request your consideration to  
14 refer back to the Special Projects Committee the balance of  
15 this request and we believe the expanding nature of this  
16 project warrants a look at that because we go beyond  
17 agriculture and we realize you've been given limited resources  
18 in which to address the many needs that come before you.

19                   DELEGATE JOHNSON: Sir, the staff has not  
20 had an opportunity to review this and we'll have to wait until a  
21 new round comes up.

22                   MR. ASHWORTH: That's certainly your call  
23 but we very much appreciate the consideration we've been  
24 given because we want to get this project all the way home to  
25 get this economic engine done completely for Southside

1 Virginia. Thank you.

2 DELEGATE JOHNSON: Thank you.

3 UNIDENTIFIED: 2463, a regional processing  
4 facility for production of value added aquaculture and other  
5 farm food products.

6 DELEGATE JOHNSON: Virginia Tech, that  
7 recommendation is zero.

8 MR. KOON: My name is Dave Koon and I'm  
9 one of the people involved in the grant. One thing I noticed in  
10 the staff recommendation that they felt this was heavily geared  
11 toward Blueridge Aquaculture. As it turns it, they're one of  
12 the biggest aquaculture producers in Virginia so they bring a  
13 lot of resources to the table in terms of marketing and  
14 expertise and money as well. I didn't do a very good job in  
15 explaining how intensive aquaculture is in Virginia that  
16 supports the project. For example, the network has 20 farms  
17 that support this project and that includes 14 fish farms and 6  
18 prawn farms. Along the way we've been attracting more users  
19 of wealth. We have one individual that has a start up  
20 company in Southside Virginia and I'll introduce him and give  
21 him the floor to talk about his production and how this facility  
22 processes this.

23 MR. MOORE: My name is Chris Moore and I'm  
24 located outside of Danville, Virginia. We're about two months  
25 away from completing our aquaculture project. We've had a

1 private investment between my partner and I of almost  
2 \$850,000 into our project. We're going to have the capacity to  
3 raise and grow out approximately 160,000 pounds of fish per  
4 year. This facility is important to us and opens up new  
5 markets and expands our outreach in our project. This is a  
6 collaborative effort. Along with Blueridge Aquaculture and  
7 their resources and support and expertise in the marketplace  
8 and they're able to provide products for the processors to  
9 make it productive for the other 20 producers in our  
10 organization where we raise Rainbow Trout, Catfish and  
11 Prawns. By doing this we can increase our production. We're  
12 kind of on edge now where we're getting ready to break out of  
13 the shell and able to produce more product. The great thing  
14 about this is the proximity of our facility and it's centrally  
15 located. We have means already and transportation that we  
16 can work within our network and we can help other people  
17 that want to use the processing facility. We want to see  
18 aquaculture business in general keep growing and keep  
19 producing. Thank you for your time.

20 DELEGATE JOHNSON: Thank you. Any  
21 questions from the Commission? Now, I think we've  
22 considered all that have been taken out of the block so we'll go  
23 down the list. 2476, 2453, 2472, 2460, 2366, 2475 those are  
24 the ones that are still alive so to speak. Do we have a motion  
25 that we approve those?

1 SENATOR REYNOLDS: So moved Mr.  
2 Chairman.

3 DR. REDWINE: Second.

4 DELEGATE JOHNSON: Is there any  
5 discussion?

6 DELEGATE WRIGHT: I'm in favor of all of  
7 these but I have one question just for information. On 2453, I  
8 think these programs help enhance cattle production and so  
9 forth and is an excellent program. I'm glad to see all of those  
10 programs put forth by Campbell County, my county is tickled  
11 to death. I wanted to know how this is going to be  
12 distributed? Will so much be set aside per county or how is it  
13 going to be handled and distributed and whose in charge of  
14 that?

15 MR. DAVIS: Mr. Chairman, I'm Mike Davis,  
16 Director of Economic Development for Campbell County. I'm  
17 the applicant. Delegate Wright, what we have done or what  
18 we're proposing in this program is to follow very similar to  
19 what we have done in administering the regional historic  
20 grants from the allocation per jurisdiction. The counties get X  
21 amount of dollars and go 6 to 7 months into the program. If  
22 they don't have the producers that are needed and I can't  
23 remember off the top of my head but I think each county gets  
24 about, can serve 7 producers and that may not be the right  
25 number. If Campbell County for an example only has 6 users

1 and after 7 months in the program if they don't have a waiting  
2 list that would take that extra position and open it back up so  
3 that if Dinwiddie County or some other county had a user, it  
4 would be able to use it that way. Administratively a certain  
5 amount of the funds are blocked off for administrative  
6 purposes if they aren't used or rolled back into the users. We  
7 open it up after some months period of time so if someone has  
8 a waiting list and used up all of their slots and have a waiting  
9 list, then we're able to serve some producers that are on the  
10 waiting list.

11 DELEGATE WRIGHT: Is there a set up for  
12 each county and is organized and seeks applicants in their  
13 own community? Do you find that in some cases there is a  
14 lack of knowledge of this program that some areas can take  
15 advantage and some don't?

16 MR. DAVIS: All of the counties that are  
17 participants rely heavily on the agriculture extension agent  
18 due to promotion within their county. We advertise region  
19 wide and announce the first project and we rely more on the  
20 press, joint press releases that we do announcing the award  
21 and Tobacco Commission funds and we make sure that that's  
22 distributed in all the localities newspapers so that's one way  
23 we try to get the word out. Extension agents from each county  
24 has mailing lists and newsletters and other things that go out.  
25 That's another way we try to get the message out to the

1 producers. We do realize we don't have funds available to do a  
2 lot of mass advertising and we do realize there's some  
3 producers that may not understand, get mailings from the  
4 agriculture extension agent. We'll work with you anyway we  
5 can to try to find some way that we can within the  
6 administrative funds that we have to get the word out to more  
7 people. We do do the best we can with the funds we have.

8 DELEGATE WRIGHT: This program has been  
9 successful in my area. I've got farmers that are looking for  
10 something like this. I'm not sure they'd know how to get the  
11 money. I'd ask the staff to work with this gentleman to see  
12 that the localities are aware of, I want to make sure they're  
13 made aware of it and they don't miss an opportunity for lack of  
14 knowledge.

15 DELEGATE JOHNSON: All right, we were  
16 speaking about –

17 MR. SPIERS: If I may, you mentioned the  
18 targeted counties but you also mentioned a county that wasn't  
19 targeted.

20 MR. DAVIS: There are counties –

21 MR. SPIERS: Are the counties outside of the  
22 targeted counties mentioned, are they eligible for these funds?  
23 How would the adjoining counties that are not specifically  
24 listed, how would they become eligible?

25 MR. DAVIS: At the moment all the counties

1 that were listed, unless Dinwiddie or someone else takes  
2 action, they're the only ones that are eligible. I need to give  
3 you a little history to understand why we are with the counties  
4 that we are. Campbell County started out with the  
5 Agribusiness Committee about five years ago and we started  
6 with a small program which had five counties in it and we  
7 said, we actually went from 5 to 8. With the beef initiative  
8 program, we went into a commodity storage grant program. In  
9 that program we went from 8 localities to 12. Let me remind  
10 you that I and my staff provide a lot of the administrative  
11 support that is not reimbursed through the administrative  
12 funds that are in there. Campbell County staff is providing  
13 work for a lot of other counties and we're very happy to do that  
14 because we know it's beneficial to Campbell County and we  
15 know that this organization needs to be regional. One problem  
16 we ran into and that we're running into presently is the  
17 Central Virginia Commodity Storage Phase II we went from 12  
18 to 18 and that's difficult to manage and we've had two  
19 counties that haven't had the benefit of some of these  
20 meetings. We rely heavily on the agriculture extension agent  
21 in those counties to do the work. There are site visits that  
22 have to occur to determine the project has been completed in a  
23 manner in which the application came in. Some of the  
24 counties don't have extension agents and we're getting  
25 extension agents to move from county to county. When we

1 started doing this round as far as the selection is concerned,  
2 we need to retract a little bit because 18 counties is too much  
3 for the regional organizations to try to come in to. Some of the  
4 counties that weren't selected weren't participating in the  
5 meetings as what they should have been so we tried to figure  
6 out who were the counties that participated in most and most  
7 interested from the perspective of helping us get the  
8 administrative done that we need to do.

9 DELEGATE JOHNSON: Thank you sir. We  
10 have a motion before us.

11 SENATOR REYNOLDS: Would you refresh us  
12 about the motion?

13 DELEGATE JOHNSON: The motion was to  
14 approve 2476, 2453, 2472, 2460, 2360 and 2475. We have a  
15 motion and a second. All in favor let it be known by saying  
16 aye (Ayes). Opposed no. (No response). The ayes have it.  
17 Now, do we have an agribusiness proposed motion?

18 MR. STEPHENSON: Yes, sir, Mr. Chairman.  
19 When the Commission was formed back in the late 90s and I  
20 think there's a few people still at the table that were there at  
21 the time the Commission decided or agreed upon the amount  
22 of loss due the tobacco farmers and quota owners and arrived  
23 at an amount of money to compensate them for their loss. The  
24 Commission set upon a course of paying the farmers for their  
25 losses and for the last dozen years has made payment to the

1 farmers. The amount agreed upon has almost been paid. The  
2 Commission is poised to make one more payment this coming  
3 spring which will completely discharge the liability to the  
4 tobacco growers and quota owners. I have a proposed motion  
5 before you which is laying on the table and the essence of  
6 which is to cease the indemnification program after the final  
7 payment is made. I bring this to you because I think it's  
8 important to memorialize the end of the program and to send  
9 that message to all interested parties that that is what your  
10 intentions are. For that reason Mr. Chairman, I place this  
11 motion before you for consideration.

12 DELEGATE JOHNSON: Will the unclaimed  
13 payments be forfeited to the state or stay within the Tobacco  
14 Commission?

15 MR. STEPHENSON: It will stay with the  
16 Tobacco Commission after a period of time, during which they  
17 can still be claimed. When that elapses, they return to the  
18 Tobacco Commission and that has happened every year for  
19 earlier unclaimed payments will not go to the state.

20 MR. NOYES: It has been a practice of the  
21 Executive Committee, the full board for those funds to this  
22 committee for use to support the agricultural business.

23 DELEGATE JOHNSON: I wanted to make sure  
24 that might happen. So we have a motion to that effect. Does  
25 the motion, the motion says that economic development

1 purposes, should it say the agribusiness committee purposes;  
2 agribusiness economic development purposes?

3 MR. STEPHENSON: I suppose the motion  
4 could be amended in that fashion. It would seem that  
5 probably the Commission would want to reserve those  
6 decisions for the budgeting process that it does every year  
7 depending on what it needs to do at the time.

8 MR. NOYES: As I indicated, it is the practice  
9 of the Executive Committee based on the recommendations  
10 and the staff moves any balances to the Agribusiness  
11 Committee.

12 DELEGATE JOHNSON: Are there questions, if  
13 not, you all heard the motion.

14 DELEGATE WRIGHT: I have a question for  
15 Ned. Is any motion necessary other than it serves the purpose  
16 of the notification?

17 MR. STEPHENSON: The primary purpose is  
18 notification. Your question Delegate Wright is probably a legal  
19 one and I'm not sure that I am prepared to answer that. It  
20 seems to me to be good housekeeping to announce and  
21 memorialize the end of the program so if there's any doubt  
22 publicly or legally, you have set the end of the program so  
23 people know.

24 DELEGATE WRIGHT: The reason I ask is that  
25 the end has already been set. It seems to me and I made that

1 point at the last meeting, the farmers need to be notified.  
2 According to this motion, you're taking a positive action to do  
3 something that doesn't require positive action in my opinion.  
4 In other words, it seems to me that a letter or a reminder  
5 would be fine but I don't see why it's necessary for this  
6 committee to take a vote on something and really once it's  
7 voted on would have no affect. I submit that point, I don't  
8 have any feelings. We're more or less voting to do something  
9 that has already been set up. It's going to happen whether we  
10 pass this motion or not.

11 MR. NOYES: Our contractor, Troutman  
12 Sanders was out in these meetings with the growers and quota  
13 holders and they've expressed to staff that they would like  
14 some announcement from the Tobacco Commission that they  
15 can take to those meetings. This serves that purpose as well.  
16 It's the Commission's funds that are being used.

17 DELEGATE JOHNSON: If it turns out its not  
18 needed, no harm has been done. Is there a motion to this  
19 effect?

20 SENATOR REYNOLDS: So moved.

21 DELEGATE JOHNSON: We have a motion and  
22 a second, all in favor let it be known by saying aye. (Ayes).  
23 Opposed no. (No response). Will that motion be included?

24 MR. STEPHENSON: The reporter has it.  
25 Thank you Mr. Chairman.

1                   Resolved, that the Commission establish  
2 6/30/12 as the final date by which all 2012 indemnification  
3 Verification for Payment forms and Application for Payment  
4 forms must be submitted to the Commission, and that one  
5 year later, 6/30/13, shall be the final date by which payment  
6 for all timely-filed claims will be disbursed.

7                   Resolved further, that on 7/1/13 the  
8 Commission will cease to operate an indemnification program  
9 and will use all unclaimed indemnification payments for  
10 economic development purposes. Accordingly, as of 6/30/13,  
11 the Commission will have made available \$309 million to the  
12 Commonwealth's flue-cured and burley tobacco quota owners  
13 and producers, thus satisfying its statutory obligation to  
14 compensate tobacco farmers.

15                   DELEGATE JOHNSON: When is the next  
16 meeting?

17                   MR. NOYES: We have not set a date for this  
18 Committee meeting.

19                   DELEGATE JOHNSON: Any public  
20 comments?

21                   DELEGATE WRIGHT: Mr. Chairman, I would  
22 like to record my vote as no on that motion.

23

24                   NOTE: Whereupon Delegate Wright requested  
25 his vote be recorded as no on the previous motion.

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SENATOR REYNOLDS: Mr. Chairman, before we adjourn, do we need to take any action on those staff recommendations that were zero and not approved?

DELEGATE JOHNSON: They weren't approved.

SENATOR REYNOLDS: I'd like the record to reflect that if any monies are available, I'd like to see 2479, 2463 and 2459 be funded. I understand there's no money available right now for those folks but I'd like to make that stand correct in the record that effort was made.

DELEGATE JOHNSON: At this point the record will so reflect that.

DELEGATE WRIGHT: Mr. Chairman, I'd like to add 2480 to that request.

DELEGATE JOHNSON: The record will so reflect that. These recommendations will be taken to the full board at its January meeting for action to be taken at that time before that body. I appreciate everyone coming and thank you for your comments. If there's no further business, we'll be adjourned.

PROCEEDINGS CONCLUDED

