

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

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

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9 **Agribusiness Committee Meeting**

10 Monday, December 9, 2013

11 10:00 A.M.

12
13 Sheraton Roanoke Hotel & Conference Center
14 Roanoke, Virginia

1 **APPEARANCES:**

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

3 Mr. Robert Spiers, Vice Chairman

4 Mr. Kenny F. Barnard

5 Mr. David R. Cundiff

6 The Honorable Donald W. Merricks

7 Mr. H. Ronnie Montgomery

8 Mr. Kenneth O. Reynolds

9 The Honorable William M. Stanley, Jr.

10 The Honorable Thomas C. Wright

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12 COMMISSION STAFF:

13 Mr. Timothy S. Pfohl – Interim Executive Director & Grants
14 Program Administration Director

15 Mr. Ned Stephenson – Deputy Executive Director

16 Ms. Sarah K. Capps – Grants Program Administrator,
17 Southside Virginia

18 Ms. Sara G. Williams – Grants Program Administrator,
19 Southwest Virginia

20 Ms. Jessica Stamper – Grants Assistant, Southwest Virginia

21 Ms. Stacey Richardson – Executive Assistant

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1 DELEGATE JOHNSON: Good morning,
2 I'm going to call the meeting of the Agribusiness Committee to
3 order and I thank everyone for coming. This is December 9th,
4 2013; it's 10:00 a.m. We're at the Sheraton Roanoke Hotel
5 and Conference Center. You all have the agenda, so we'll
6 move through the agenda as quickly as we can. Again, I want
7 to welcome each of you. I now ask Mr. Pfohl to call the roll.

8 MR. PFOHL: Mr. Bernard?

9 MR. BERNARD: Here.

10 MR. PFOHL: Ms. Barts can't be here
11 today. Mr. Cundiff?

12 MR. CUNDIFF: Here.

13 MR. PFOHL: Delegate Johnson?

14 DELEGATE JOHNSON: Here.

15 MR. PFOHL: Mr. Haymore cannot be
16 here. Delegate Merricks?

17 DELEGATE MERRICKS: Here.

18 MR. PFOHL: Mr. Montgomery?

19 MR. MONTGOMERY: Present.

20 MR. PFOHL: Mr. Reynolds?

21 MR. REYNOLDS: Here.

22 MR. PFOHL: Mr. Spiers?

23 MR. SPIERS: Here.

24 MR. PFOHL: Mr. Stallard couldn't be
25 here today. Senator Stanley?

1 SENATOR STANLEY: Here.

2 MR. PFOHL: Delegate Wright?

3 DELEGATE WRIGHT: Here.

4 MR. PFOHL: You have a quorum, Mr.
5 Chairman.

6 DELEGATE JOHNSON: I'll now call for
7 the approval of the January 7, 2013 minutes that are
8 published on your website.

9 DELEGATE WRIGHT: I so move.

10 MR. CUNDIFF: Second.

11 DELEGATE JOHNSON: It's been moved
12 and seconded, any discussion about the minutes? All those in
13 favor say aye. (Ayes.) Opposed? (No response.) All right, the
14 minutes are approved. Next will be the presentation of the
15 current proposals. I'll call on Mr. Pfohl.

16 MR. PFOHL: Thank you, Mr. Chairman.
17 The Commission received twelve requests in fiscal year 2014.
18 They were received by the Commission by the announced due
19 date of October 4th. It includes three proposals that your
20 Committee tabled in last year's cycle. The Committee has a
21 balance from the FY14 budget and carry forward just shy of
22 \$2.9 million available for these grant proposals. The
23 Committee should know that the available balance should
24 also accommodate a \$700,000 Committee recommendation
25 made two years ago, which was tabled at the Commission level

1 in January of 2012. That was for project 2475, the Southwest
2 Virginia Livestock Center.

3 To give you an overview, the staff has
4 recommended six projects for funding, just short of \$2.2
5 million, which leaves that \$700,000 available for that project
6 tabled two years ago. One project was withdrawn by the
7 applicant, 2629 Lunenburg County is one, this is one of the
8 projects tabled last year's cycle, the food processing facility
9 equipment. Lunenburg County has signaled to us that they
10 are to withdraw that proposal and we won't need to discuss
11 that today.

12 That leaves you eleven projects
13 requesting \$2.8 million. We have staff recommendations on
14 six of those, beginning with the Abingdon Feeder Cattle
15 Association Beef Builder Initiative Phase II, request \$600,000,
16 staff recommending \$400,000. I can talk about the details of
17 some of these but right now, I'll just move through the list
18 unless you want me to go through each one individually.

19 Second project recommended for funding,
20 2798 from Campbell County, Central Virginia, Livestock, and
21 Feed Storage Systems Program and that covers several
22 counties across southern Virginia area. Staff is
23 recommending the requested amount \$487,000.

24 The third recommendation is 2799
25 Charlotte County for Regional Processing for Aquacultured

1 Products requesting \$438,500 and recommended \$438,500.

2 The next recommendation is 2609 Town
3 of Glade Spring. This project was tabled in last year's round,
4 Glade Spring's Farmers Market and Performing Arts Center
5 requesting \$150,000 and staff recommending \$150,000.

6 The next recommendation is Lincoln
7 Memorial University 2801 for the Large Animal Clinical Skills
8 of the LMU College of Veterinary Medicine Large Animal
9 Teaching and Research Center in Lee County, Virginia
10 requesting \$607,421, staff is recommending \$337,210.

11 The final recommendation is number
12 2802 Virginia Polytechnic Institute and State University.
13 That's for the Agricultural Energy Efficiency Initiative
14 requesting \$373,500 and the staff is recommending that
15 amount.

16 That brings our total recommendation for
17 six projects at \$2,186,210. We have an available balance after
18 that of \$3,071.

19 Mr. Chairman, I'll be happy to talk about
20 the specifics of any of these.

21 DELEGATE JOHNSON: Does any
22 Commissioner have any question about those?

23 DELEGATE WRIGHT: Mr. Chairman,
24 2798, what counties are included in that?

25 MR. PFOHL: That's the Campbell County

1 proposal, Mike do you have that list handy?

2 MR. DAVIDSON: Campbell County is
3 administering this program and there's fourteen counties
4 included: Amelia, Appomattox, Bedford, Brunswick,
5 Campbell, Charlotte, Cumberland, Halifax, Lunenburg,
6 Mecklenburg, Nottoway, Pittsylvania, and Prince Edward.

7 MR. CUNDIFF: Mr. Chairman, 2802, VPI
8 Energy Efficiency and I've got a couple of questions on that.
9 Which counties have been involved in the energy study and
10 which counties would be receiving the grant?

11 MR. PFOHL: Martha Walker, the project
12 leader is here. She can speak to that. The first phase of this
13 we funded a couple of years ago ultimately nineteen counties
14 were involved, partners with nineteen counties. They're
15 anticipating nine in southern Virginia and one southwest.
16 Would you like to address that?

17 MS. WALKER: Good morning. I'm
18 Martha Walker, Virginia Cooperative Extension. Thank you
19 for asking that. We had in our first round, which was funded
20 in 2010, we had about nineteen counties that were engaged.
21 The majority of the counties were in the southside area of the
22 Tobacco Commission. This proposal we're better equipped to
23 address southwest counties. We have engaged partners
24 across the southwest who will help us announce this program
25 to the farmer and work with the farmers to engage them in it.

1 This particular project at this time involves every county in
2 southside and the southwest area.

3 MR. CUNDIFF: May I ask another
4 question? How has the participating been involved?

5 MS. WALKER: Thank you, the project
6 which ended in 2012 we submitted our report in December
7 and we had a pilot project and we asked for so many farms to
8 test the project and we ended up with 58 farms that were
9 engaged. We had 71 requests and 58 completed the audit
10 process.

11 MR. CUNDIFF: I just wanted to point out
12 this was very important.

13 MS. WALKER: It was very successful and
14 some of the findings from the first project are being addressed
15 in the second request because farmers want this. We also
16 found a partnership that we have with USDA with the Rural
17 Development or NRCA and that's been extremely beneficial
18 from their grant funding. We wanted an agent that could help
19 with the technical report as well as with grant projects. We've
20 been able to tap a lot of partners and resources.

21 MR. CUNDIFF: Thank you, Mr.
22 Chairman.

23 DELEGATE JOHNSON: Thank you. Let
24 the record show that Senator Stanley is now with us. Senator
25 Stanley, we were just going over the six projects. Are there

1 any other questions?

2 DELEGATE WRIGHT: On this grant for
3 2802, what kind of outreach is being made or how are the
4 farmers being educated as to what is available to them as far
5 as these grants and services?

6 MS. WALKER: In the initial grant we
7 work with our agents and we work with the other agencies in
8 each of those counties. I would go and my partner John
9 Ignosh with the Virginia Cooperative Extension would travel
10 and we made presentations for all of our county extension
11 offices and the offices in the Farm Bureau and that helped out
12 a lot. NRCA took it if anyone came to them for funding and
13 the farm services agent also, in essence, we worked through
14 the existing system to announce the project. It's our intent to
15 also do that again this time. We also worked on other
16 activities to get that information out and all of that
17 information was put in the newspaper. Let me back up and
18 say that we sent a news release to the various newspapers
19 and really no guarantees but we set that up.

20 DELEGATE WRIGHT: How would you
21 consider the response that you got from the farmers, was it
22 good?

23 MS. WALKER: Yes, it was a good
24 response and they were very responsive. The project was open
25 to southside and southwest, the entire Tobacco Region, the

1 higher response was from the southside region. One county
2 surpassed all others in that response and that happened to be
3 Mecklenburg County. The reason they surpassed is because
4 the local extension agent went to every farmer encouraging
5 them to participate and we found that that was the right
6 model to use. We have engaged this time a commitment from
7 many of the extension agents in southside and southwest to
8 make sure they're carrying this message to the local farmers.

9 DELEGATE WRIGHT: I hear from
10 farmers in my area say they can't, what can we do to improve
11 our operation and I think it's very critical that we get the
12 message out to the farmers and give them, because they don't
13 know sometimes to make these applications and what's
14 available and other types of grants. At the same time, I would
15 encourage this Committee and the Tobacco Commission and
16 I've asked the staff, I know they've done this but to reach out
17 to the farmers because the ones that have not raised Tobacco
18 as a base of operations, so I think in the end we should
19 encourage this and it's very important part of our mission to
20 increase the economic activity and encourage our farmers and
21 this will be helpful. I thank you for the job you're doing.

22 MS. WALKER: Thank you.

23 DELEGATE JOHNSON: Any other
24 questions? All right. 2795, Mr. Blevins?

25 MR. BLEVINS: Thank you, Delegate

1 Johnson. I'm Phil Blevins and I'm with Washington County
2 and I represent the Abingdon Feeder Cattle Association Beef
3 Builder Initiative grant that we're operating in twelve counties
4 in Southwest Virginia and we've done similar things as this
5 before. One of the conditions that's written or in your papers
6 that no one has ever received Commission funding before
7 being eligible for this grant. The last request we submitted, no
8 one would receive duplicate money. If they received funding
9 for one facility before, they couldn't receive money for that
10 again. We funded several people in the current round that
11 were in when we submitted the application, we had 126
12 applications in line to receive this money and received more
13 since then so there's a lot of demand out there for the money.
14 It's going to complicate things seriously if we restrict people
15 that are in line now. For example, in the past if they wanted
16 to build something and we say the guy ahead of you, you can't
17 do it because of that. We're not asking for anybody to receive
18 duplicate funding but we would like the option to allow people
19 to participate in other aspects of this program.

20 To give you the idea, the one thing that
21 would help us do this in Southwest Virginia, it's helped with
22 the cattle sales and our producers participate. This coming
23 year the first sale if nothing happens, we'll exceed a million
24 dollars in value added. Because of this program and it's
25 helped people work with cattle and they can participate in all

1 this. We want to make sure the money is well spent. So far,
2 the expenditures by the producers is well in excess of half or
3 over half of what they received. So I think the money is being
4 utilized wisely but I think it will complicate things for us as we
5 administer the program and for the Tobacco Commission in
6 answering questions if the guy ahead of them is able to
7 participate but they're not able to. I don't know if that makes
8 sense.

9 DELEGATE JOHNSON: Are there any
10 questions?

11 DELEGATE WRIGHT: Does the staff
12 have any objection to that?

13 MR. PFOHL: A minimum.

14 DELEGATE WRIGHT: I would say that
15 this is the most common sense statement that I've heard since
16 the program has been ongoing and this is a long time. A lot of
17 farmers in southside need to upgrade pastures and improve
18 their fencing. I know this program is a good program. I don't
19 see any reason for not letting people reapply. I understand
20 the person that hasn't participated should be in line first but I
21 think that a person that has participated and gone through all
22 the applications on the table and they've got some previously
23 received money out there, I would think they should be able to
24 reapply. I don't see, it doesn't make any sense to me. But it's
25 a good program and a person that participated one time and

1 everybody else that wants to participate has participated, why
2 would you not go further as he said and allow people that
3 have participated before do it as well?

4 MR. BLEVINS: If I could say one more
5 thing. We haven't had anybody complain that they have not,
6 that someone got money for other practices before. We never
7 had any complaint to my knowledge and I administer the
8 program. As far as I know, there's no objection out there.

9 DELEGATE WRIGHT: I'm the only one
10 talking, maybe other people have some other ideas, too. I
11 think we ought to make a policy here and make it clearer that
12 since this one grant application, I think I would say as a
13 general rule with a program like this that people that have
14 received money or the people that haven't received money go
15 to the front of the line. Because a person has participated,
16 why would you want to forbid them from participating again
17 after those people that have not participated have been
18 satisfied if there's money left on the table?

19 DELEGATE JOHNSON: I think a positive
20 growth by this Committee would be an indication to staff that
21 the Committee, whatever it takes to let them know that we
22 approve it.

23 DELEGATE WRIGHT: Mr. Chairman, I
24 would say this applies to future grants and make a policy
25 change and not just this grant but a policy change.

1 MR. SPIERS: Probably need a little bit of
2 clarification but my understanding is that you suggested that
3 as long as it was not a duplicate, they would be able to
4 participate but my understanding of Delegate Wright is we
5 would have a modified first year, if you had not participated. I
6 think we need some clarification. If we would approve
7 modifying the staff recommendations if it's not a duplicate, it
8 would be okay. It seems to me Mr. Wright is suggesting that if
9 they have participated before, whether duplicate or not,
10 someone that has not participated would be given priority, I
11 guess you would say.

12 MR. BLEVINS: The difficulty I would
13 have is that with that, I'm not opposed to it in general but the
14 difficulty in this situation is we have people that are already in
15 the program that have received funding and their practices it
16 duplicates something they did the first time.

17 MR. SPIERS: What do you mean?

18 MR. BLEVINS: It's going to make it
19 extremely hard to manage the people if we change in the
20 middle of the stream. I hope you understand that.

21 MR. SPIERS: I'm a crop farmer, not a
22 cattleman, I'm not that familiar with the program. Are there
23 enough practices, the applications where you can make sure
24 it's not a redundant practice?

25 MR. BLEVINS: Yes, we have records of

1 what people have done and they have plenty of practices that
2 they participate in all the way from, there's just a lot of
3 practices they can participate in if they have not done it
4 before. So far, we haven't encountered any difficulties with
5 that that I'm aware of.

6 DELEGATE WRIGHT: My main concern
7 in the duplicate practice is the fact that this person has
8 participated before and apply again, maybe not say that a
9 person that's participated before would be eligible but would
10 have to go behind the ones that haven't participated in the
11 program but if they do not respond because they have
12 received money before, that's one thing I think is a flaw in the
13 program.

14 DELEGATE MERRICKS: Just so I
15 understand, you've got a pool of money that you don't really
16 separate the pool by practice, you've just got a pool of money?

17 MR. BLEVINS: We divide it equally
18 among the counties and it's not by the practice.

19 DELEGATE MERRICKS: All things being
20 equal, if John Doe over here does not participate and John
21 Smith over here has participated before, would you give X
22 number of dollars, would you give him first chance other than
23 this guy?

24 MR. BLEVINS: The way it's written in the
25 grant, first come first serve.

1 DELEGATE MERRICKS: So what you've
2 got is you've got people that are lined up almost like the
3 WalMart on Black Friday and they're going to get their name
4 on the list first and then if somebody else doesn't line up first
5 then they lost, is that right?

6 MR. BLEVINS: Well, that's kind of how it
7 is. In some counties we try to be as fair as we possibly can.
8 And some counties like Buchanan County very few people
9 participate so we reallocate that money to another county. In
10 some counties where you have large cattle people, you have a
11 lot of people who are interested in it. We spend money in
12 every county usually maybe except Buchanan in Southwest
13 Virginia but I don't feel that I'm the person that ought to
14 decide if you pull Buchanan County out and say they can't
15 participate and that's how we've operated. We've never tried
16 to make Washington County get more than another county.
17 What I'm saying is we try to operate as clear as we possibly
18 can and we've never been out of order that I know of and we
19 try to do a very good job administrating the money. I don't
20 know if that's a problem for the staff or not.

21 DELEGATE JOHNSON: Are there any
22 other questions. All right. Will you briefly tell us what you
23 want?

24 MR. BLEVINS: The way we would like to
25 see it is to make it simple as possible for us to manage it in

1 the fair way and to minimize problems for the staff of the
2 Tobacco Commission when we move forward on this that we
3 continue operating under the same guidelines in the first
4 phase is all we're asking for, that is that if you're not
5 duplicating a practice, you're eligible to participate. If you
6 participate in the practice you're not eligible to participate
7 again.

8 DELEGATE JOHNSON: Do we have a
9 motion?

10 DELEGATE WRIGHT: Mr. Chairman, I'd
11 like to ask a question. If a person has not participated at all,
12 he wouldn't be in a position of being first in line, he may be
13 someone who has gotten money in the past would get it again,
14 is that a possibility?

15 MR. BLEVINS: That's a possibility. He
16 would be in line; it doesn't mean he won't get funds, in the
17 order the application was received.

18 DELEGATE WRIGHT: I can remember in
19 southside people wanted to get in the program again and there
20 was money left over and people that had participated all
21 signed up but some people couldn't participate because they
22 had previously received money. I think it's only fair that a
23 person that has not received and the other people have
24 against a person that has not should receive some as a
25 remedy.

1 MR. SPIERS: Have you received much
2 feedback from people who have complained about not being
3 able to participate in the program?

4 MR. PFOHL: I have heard zero. Sara,
5 have you heard anything?

6 MS. WILLIAMS: No.

7 MS. CAPPS: No.

8 MR. PFOHL: I would say that this has
9 been exemplary as far as the management of this program.

10 MR. SPIERS: But this project, the staff
11 did recommend that you limit the people that have not
12 participated before. Are there people that have not
13 participated, this is part of the recommendation.

14 MR. PFOHL: I think generally in terms of
15 projects that come back for subsequent funding, if there is a
16 mechanism that we can identify with those first timers in the
17 front of the line they're obliged to try to accomplish it.

18 DELEGATE MERRICKS: Do you have a
19 set enrollment period?

20 MR. BLEVINS: No, it's continuous. We
21 have a date that we begin accepting applications and then we
22 don't cut anyone off after that.

23 DELEGATE MERRICKS: So if you had a
24 set enrollment period and then you had people in that pool by
25 that time some participated before and some did not it would

1 be easier.

2 MR. BLEVINS: It would be easier, yes.
3 We've got 126 in line right now and what we've got allocated
4 here would come close to covering that because the maximum
5 they can get is \$3,000.

6 DELEGATE WRIGHT: Mr. Chairman,
7 would it be possible for this round of grants to say people who
8 have not participated before would have the first opportunity,
9 then the ones in line that have participated before would be
10 served as the money is available?

11 MR. BLEVINS: I understand what you're
12 saying and I want you to understand I don't have a big
13 disagreement with that. I'm trying to figure out how to
14 manage something without creating a lot of problems and
15 making people mad. My only concern in this situation and I
16 fully understand what you're saying and I don't disagree with
17 that concept at all.

18 MR. MONTGOMERY: You have 126
19 people in line? Is that the excess from the first group?

20 MR. BLEVINS: First group, right.

21 MR. MONTGOMERY: So those
22 applications are ready to go?

23 MR. BLEVINS: Yes.

24 MR. MONTGOMERY: Just need the
25 money. I might add a comment about Buchanan, they do

1 Tobacco and very few cattle.

2 MR. BLEVINS: It's not only them but the
3 business is not there.

4 DELEGATE WRIGHT: I'd like to make a
5 motion that this grant as well as future grants that
6 participants that have not received money are eligible and the
7 ones that have previously received money would be eligible
8 after that they would come first, the staff or Tim kind of
9 touched on it before. Would you restate what you said and I'd
10 make that in a form of a motion.

11 MR. PFOHL: The staff recommendation
12 is \$400,000 with first year incentives, limited participants who
13 have not previously received Tobacco Commission feed cost
14 share funds. So what we were trying to accomplish there in
15 the first year or first cycle of taking applications that those
16 first timers would be accommodated and then in the balance
17 of the project period anyone that is coming back for new
18 practices would be eligible to receive their funds. What we're
19 basically trying to do is get first time participants in the front
20 of the line.

21 DELEGATE WRIGHT: I move Mr.
22 Chairman, that we accept the staff recommendation.

23 MR. BLEVINS: So what you all approve
24 or the Commission approved at their meeting, once we fulfill
25 the obligation with first time applicants, we can move on to

1 other people, is that what the motion is?

2 MR. PFOHL: Yes, we said first year
3 incentives. But if the first cycle is three months or six
4 months.

5 MR. BLEVINS: That's what I was trying
6 to get to?

7 DELEGATE JOHNSON: Mr. Blevins, can
8 you live with that?

9 MR. BLEVINS: I can if you do.

10 MR. REYNOLDS: It's still a first come
11 first serve basis?

12 MR. BLEVINS: Well, I suppose we have
13 to do, maybe set a date with a cut off and that's what we have
14 right now. There isn't going to be, in picking the first,
15 particular applicant and see where we are, would that be
16 suitable to you?

17 MR. PFOHL: Yes.

18 MR. BLEVINS: From your standpoint,
19 and then we'll proceed on.

20 MR. REYNOLDS: Those that
21 participated, if six months from now they decide they'd like to
22 participate?

23 MR. BLEVINS: End of the line unless
24 we've got money but they'll be at the end of the line. We've
25 move the first timers and then we'll start down the line and

1 that's the best way I can see to do it, that's what it sounds like
2 you all are asking for.

3 DELEGATE JOHNSON: How will this
4 affect you, Mr. Blevins, the \$400,000?

5 MR. BLEVINS: We'll go back and figure
6 out who's in the pool of first time applicants and they'll get the
7 letter first and then we'll move down the list beyond that. I
8 believe we can make it work. I'll make sure to get these things
9 straight.

10 DELEGATE JOHNSON: How does that
11 change your thoughts?

12 MR. BLEVINS: I guess I misunderstood a
13 little bit of what the recommendation was in there. I thought
14 it excluded anyone that had been –

15 DELEGATE JOHNSON: It does not.

16 MR. BLEVINS: - that had been in the
17 program before. I think we can make this work what we've
18 discussed here because that is probably a misunderstanding
19 on my part.

20 MR. PFOHL: No, we were not aiming to
21 exclude folks that are coming back for a second or third
22 round. But we wanted to suggest a priority coming out of the
23 gate would be to serve the first time participant.

24 MR. SPIERS: I think that's well within
25 the Commission's objective to spread the money around to

1 serve as many folk as possible as we can even though we have
2 limited funds. I think that will help administer it.

3 DELEGATE WRIGHT: I think this policy
4 of what we use in the future of these grants and the person
5 that has participated is not eligible to participate again. I
6 think the staff recommendation would take care of that and
7 people who had not participated give them a fair shot at it and
8 allow the ones that have participated to participate again in
9 the money if it's still there. So I think that's a fair way to do it.

10 DELEGATE JOHNSON: Ms. Williams,
11 have you had any complaints?

12 MS. WILLIAMS: No.

13 DELEGATE JOHNSON: So we have a
14 motion and a second. All those in favor of the motion say aye.
15 (Ayes.) Opposed? (No response.) That takes care of 2795.
16 On 2798, any questions?

17 MR. PFOHL: Campbell County Southside
18 Central Virginia.

19 DELEGATE JOHNSON: 2799, Charlotte,
20 Greenville, any questions? All right. 2609 from Glade Spring
21 and then 2801 Lincoln Memorial University, any comments on
22 that?

23 MR. MONTGOMERY: I think Dr.
24 Johnson might want to say something, have some
25 information. This total project is \$5 million and it's in Lee

1 County and it's a large animal program and veterinary
2 program and teaching and it also involves a state lab and
3 federal lab. I think there's two labs, one's in Pennsylvania and
4 one in New York and this is the only one in the southern part
5 of the Appalachian region. Eventually I believe there will be
6 about 46 jobs for Lee County, it will be at least a hundred in a
7 few years. I understand this is the third largest veterinary
8 school in the country. A lot of people want to go to vet school
9 and that's harder to get into than medical school. They're
10 going to have a hundred seats this fall and the four of them
11 have already received their commitment and they're going to
12 give priority to twenty people from southside and southwest
13 and four applicants have been accepted, two from southside
14 and two from southwest and all in the state of Virginia. I
15 think Dr. Johnson would like to say something.

16 DR. JOHNSON: I'd just want to say to
17 the Commission and Southwest Economic Development is
18 helping us with getting this grant. You have before you some
19 pictures of the construction that is going on right now. As
20 Ronnie has articulated this is a \$5 million project and that will
21 help us deliver what we need to deliver the first year when the
22 curriculum for the large animal research center and we have
23 more buildings and more projects online. The feedback from
24 the Virginia Department of Agriculture has been great and
25 we're very excited about this. We're also getting applications

1 already for this new class and we intend to have these
2 students earn their degrees in Virginia along with the
3 technology program. I think the main thing we want to do
4 with this particular lab is to work on our clinical skills and
5 this is a building which will not only be able to educate
6 students but we'll be able to do ultrasounds and things like
7 that. It will also serve as an outreach to the community. We
8 want to do things we talked about earlier and also this
9 involves some agriculture purposes. So with that, I'll answer
10 any questions.

11 MR. SPIERS: How far is this facility from
12 the main teaching campus, is it in Tennessee?

13 DR. JOHNSON: Yes, go to the typical
14 lectures in one campus, which is about ten miles away and
15 then they'll be out here every week, right now scheduled to be
16 out there three times a week doing laboratories, there's
17 classroom space in that particular building and we're building
18 another wing there.

19 DELEGATE WRIGHT: Do you have any
20 plans in your program to have a place set aside for slots for
21 students from the Tobacco Commission, possibly scholarships
22 and also students who attend?

23 DR. JOHNSON: Yes, that's a great
24 question. The question was do we consider students from the
25 Tobacco Commission area or in the footprint and the answer

1 is yes. We reserve twenty Virginia slots and due to the
2 number of students that get into Virginia and Maryland,
3 there's twenty slots that are reserved to help these students.
4 Mr. Montgomery was trying to articulate. He said we had four
5 from southside and southwest and they'll be in the freshman
6 class. As far as the scholarship part, we're looking into both
7 grassroots and some organic scholarships throughout the
8 LMU system. I look forward to having conversations on ways
9 that we can work together with other foundations and
10 potential agencies such as yourself to do what we can do.
11 Students that come from the area and then go back and
12 they're economic engines from the particular areas they come
13 from. Ten persons and that revenue is about eight hundred in
14 their communities.

15 DELEGATE WRIGHT: How many
16 students do you plan to have total?

17 DR. JOHNSON: 85 the first year.

18 DELEGATE WRIGHT: Do you plan to
19 increase that number of students eligible from the Tobacco
20 Commission?

21 DR. JOHNSON: We'll assess that every
22 year and as enrollment increases, numbers will align.

23 DELEGATE WRIGHT: I see this grant is
24 a dollar for dollar match. Do you have any people out there
25 that you're actually getting money from? Do you have a pretty

1 good assurance of matching funds?

2 DR. JOHNSON: As the staff
3 recommendations are written up the dollar for dollar match as
4 we get operational we're going to do that. As far as a dollar for
5 dollar match, we're going to do the best we can do to reach
6 that and we have to get operational and we'll have to do that.

7 DELEGATE WRIGHT: Mr. Chairman,
8 these funds are released only when there's a match?

9 MR. PFOHL: Yes.

10 MR. MONTGOMERY: As I understand it,
11 the chairman of the board of LMU is about one mile south of
12 Lee County and there's already some buildings on this
13 property and they've got some funding apparently and there's
14 several ways they're going to go about this. There's 2,000
15 undergrads and 4,000 grads that have two more years. A
16 thousand medical students, 250 in each class, the first and
17 second year classes and up to 250 and all basically they have
18 some assistance, they can get a four year nursing degree and
19 so forth. They're really developing this program. They have
20 their own construction company and they can build these
21 facilities a lot cheaper or maybe 40% cheaper than what the
22 state could do it for.

23 DELEGATE JOHNSON: Are there any
24 other questions? Thank you, sir. 2802, now Glade Springs, I
25 think you are in good shape. Do you wish to say anything?

1 MR. MOORE: I want to say thank you to
2 all of you and I want to give you a chance to enjoy your own
3 success in Glade Springs and we wouldn't be where we are if
4 we hadn't received help from the Tobacco Commission. Before
5 these funds were received and it was ever developed, Glade
6 Springs was pretty much a ghost town there. Maybe there
7 were two or three buildings that were occupied and now we
8 have a whole pool of buildings in the retail spaces that we
9 had. Before we had buildings that were closed up and looked
10 like they were going to go away. With your support in the
11 past, every retail space in Glade Spring or available retail
12 space is occupied and that's all in our town square. That's all
13 through development. This has been a very exciting time for
14 us that began with the work of this Tobacco Commission.

15 I want to thank you for the nice support
16 you're giving us today. Because eof our growth, we didn't
17 have enough room in our town square for the growing farmers
18 market and because of your support, we're able to move this
19 farmers market to an area that the Planning Commission had
20 zoned for commercial development. So we're not just meeting
21 a need for our farmers, we're going to take this money and this
22 support and hopefully continue the expansion that we've been
23 enjoying for the last year and a half thanks to your support.

24 DELEGATE JOHNSON: Thank you. I
25 also would have to say that this has been a real success story,

1 a ghost town to a thriving town with just a few dollars from the
2 Tobacco Commission.

3 MR. MOORE: We're enjoying hundreds of
4 thousands of dollars of private investment thanks to the
5 Tobacco Commission and the investment you made. That
6 shows you how public and private partnerships can grow and
7 be profitable. We're very proud of the work that we're doing
8 and we're proud of the work you're doing.

9 DELEGATE WRIGHT: I know that the
10 money that's in the pipeline now and considering some stories
11 we've heard today, I support these kind of projects and hope
12 to see more of them in the future.

13 DELEGATE JOHNSON: Thank you.
14 What is the pleasure of the Commission. Do you want to hear
15 from those that have not been recommended for funding? We
16 still have \$3,071.

17 DELEGATE WRIGHT: If you want a
18 motion, I would move that we vote for the proposals the staff
19 has recommended in a block.

20 DELEGATE JOHNSON: We have a
21 motion that we vote on the six proposals that staff has
22 recommended for funding.

23 MR. CUNDIFF: Second.

24 DELEGATE JOHNSON: We have a
25 motion and a second, any discussion? All those in favor say

1 aye. (Ayes.) Opposed? (No response.) We'll recommend that
2 to the full Commission on January 6.

3 Now, we have \$3,071. Is there anyone
4 out there that feels like they could use this \$3,071?

5 MS. LIEBRECHT: I'm Nancy Liebrecht.
6 Three thousand dollars is not enough. We'll be glad to take
7 anything we can get. I'm here representing Grayson
8 LandCare, #2800.

9 MR. PFOHL: Grayson LandCare is a non-
10 profit that previously received one grant from the Agribusiness
11 program and this request is to purchase wool equipment and
12 a piece of equipment for \$2250 and to pay some expenses and
13 samples of wool, this is a part time project and has an
14 administrator and her travel costs to attend similar operations
15 and trade shows and present some of the products they're
16 proposing.

17 MS. LIEBRECHT: Let me explain a little
18 bit more. The sheep farmer that lives next door to me in
19 Grayson County cannot sell their wool. As approximately
20 3,000 pounds of fiber in storage. This is a resource that's
21 basically going to waste and no one is using it and it will have
22 to be thrown out essentially from storage. I asked the sheep
23 farmer who lives next door to me, ninety pounds of raw fiber,
24 if you could sell that wool, it's not worth it to transport it.

25 DELEGATE JOHNSON: You're going to

1 have to speak up a little bit, ma'am.

2 MS. LIEBRECHT: And there's other
3 farmers in the area. One lady has between 100 and 200
4 pounds of angora fiber. What we need help doing is turning
5 this into value added product we can successfully market and
6 use to construct a mill. The idea is to create a company that
7 is located in Grayson County and producers would have a
8 market for their fiber and we also would ultimately be able to
9 sell value added product.

10 Two things about Grayson County and
11 we're kind of like Glade Springs. We've got close to 10%
12 unemployment and when the national average was around 7%
13 we had a skilled workforce and most of these people don't
14 work anymore. The realtor that sold me my house was a
15 former supervisor of the old mill and these people work at
16 marginal other jobs. We have the raw material and a history
17 of textile production and we have people that are skilled in
18 those things but we don't have any money. I know we have at
19 least ten percent unemployment and property values have
20 dropped. We see this as a first step toward moving forward
21 and we could produce something that is historically that when
22 my brother first moved to Grayson County a few years ago or
23 when the mills operated and there were jobs at that time. As
24 my application said, I used to be a fiber producer myself and I
25 researched this and I think this is a good opportunity for the

1 county and we have many people who don't have money. If
2 we're going to be able to take our raw product and produce it
3 or turn it into something we can test market and develop a
4 product, we need help. I'm going to pass this around so you
5 can see this wool.

6 DELEGATE JOHNSON: Are there any
7 questions?

8 MR. CUNDIFF: Has the county applied
9 for any grants and what's gone on with the 55 that was
10 awarded to you already?

11 MS. LIEBRECHT: I have no idea.

12 MR. PFOHL: The 50,000 grant that was
13 given from the agribusiness program four years ago was to
14 study the feasibility of creating a meat slaughter facility in
15 Grayson County. Grayson LandCare was the applicant on
16 that.

17 MS. LIEBRECHT: This is a totally
18 different project now. I don't have any firsthand knowledge of
19 that. I thought part of that funding was to do that work.

20 DELEGATE WRIGHT: Mr. Chairman,
21 just because we have three thousand doesn't mean we have to
22 spend it. Other applicants may like to speak to us if we're
23 going to do that. And the staff recommendation says staff
24 finds that the request, though certainly modest in this amount
25 does not fully comply with general funding policies. With that

1 being said, I would move that we accept the staff
2 recommendation on this.

3 MR. CUNDIFF: Second.

4 DELEGATE JOHNSON: We have a
5 motion and a second that we accept the staff's
6 recommendation on this one to no award. That means the
7 same thing, so we've accepted that. Anyone else that wants to
8 be heard?

9 MR. GLENN: I'm Rob Glenn, I represent
10 project #2797, Mr. Chairman and members of the
11 Commission, I'm here today to thank you and there's two
12 thoughts I wanted to share. I have to say your question about
13 three thousand dollars kind of got me off guard. If you decide
14 you want to award that money or not and I didn't come today
15 to ask for money. There are two things on my mind I wanted
16 to share. We weren't funded and you'd think I'd be upset
17 about that but I'm not. I've had an opportunity to talk to Tim
18 and Sara. I said to them if I had to write the critique of my
19 project, I would have written what they wrote and I think they
20 did a good job in critiquing the project. Our project has a
21 dollar for dollar match and we have \$250,000. We're going to
22 go ahead and move forward with the project and continue to
23 work with the staff and hopefully see this group sometime in
24 the future.

25 Lastly, let me again thank you for your

1 service to the Commonwealth and Chairmanship to this
2 Committee.

3 DELEGATE JOHNSON: Thank you. Is
4 there anyone else that wishes to speak that received no
5 recommendation?

6 MR. PFOHL: You should have this on the
7 agenda. We have some grants that are approaching their four
8 year anniversary. Under the other business category, the
9 Commission's policy has been that the Grantee's have by right
10 up to three years to use our funds and they can request a
11 fourth year project period and we can approve that
12 administratively. Anything beyond the fourth year approval
13 requires an extension approved by the Committee that made
14 the original funding recommendation. The spreadsheet says
15 stale. Jessie is going to pull up a list in a moment. Seven
16 projects that were approved in January of 2010 that includes
17 that Grayson LandCare facility, the remaining balance is just
18 under 15,000. Number 1907, the Scott Farmers Cooperative
19 is asking for an extension on that grant, almost four years
20 ago. There was a second agribusiness grant that was made to
21 that project last year that's also involved. We have two from
22 Virginia State University that have balances remaining and are
23 approaching their fourth anniversary. We have a school
24 RC&D the Prince Edward project. We would propose we hear
25 from the Scott Farmers Cooperative and those folks are here

1 and the corresponded with staff and they've given us
2 timeframes and they hope to complete their bulk feed facility
3 by 2014 and actually open in 2014. The remaining project
4 staff would recommend that hopefully their extension be
5 provided and the grantees be told that we'll close out their
6 projects in January after a final accounting of their last project
7 funds.

8 DELEGATE JOHNSON: All right, we
9 have a motion the request be granted.

10 MR. MONTGOMERY: I so move.

11 MR. CUNDIFF: Second.

12 DELEGATE JOHNSON: Any further
13 discussion?

14 MR. PFOHL: Just for clarification, we're
15 extending the Scott Farmers Cooperative project for one year?
16 All right.

17 DELEGATE WRIGHT: Scott County did
18 not get an extension. Does this mean in 2014, Scott County
19 will have used all that grant money?

20 MR. PFOHL: They may want to speak to
21 that, we asked them specifically for a revised project time and
22 project financing. They're in discussions with the bank for the
23 balance of the financing over the grants that we provided to
24 them and they expect to be under construction in 2014. You
25 may want to hear from their representative.

1 DELEGATE WRIGHT: Is there a set time
2 for that as well?

3 MR. PFOHL: That's up to Committee, but
4 I'd recommend a one year timeframe.

5 DELEGATE JOHNSON: All in favor of
6 granting Scott County's request for a one year extension, we've
7 got a motion for that?

8 MR. MONTGOMERY: I so move.

9 SENATOR STANLEY: Second.

10 DELEGATE JOHNSON: Any discussion?
11 All in favor let it be known by saying aye. (Ayes.) Opposed?
12 (No response.) A motion that we terminate the list of those
13 that Mr. Pfohl read out would be 1979, 1984, 1982, 1981,
14 1975 and 1974, there be no extension of those.

15 MR. CUNDIFF: So moved.

16 MR. MONTGOMERY: Second.

17 DELEGATE JOHNSON: Any discussion?
18 Anyone here to speak for or against that? If not, all those in
19 favor say aye. (Ayes.) Opposed? (No response.) Now, let's go
20 back to Delegate Wright's motion that he went through earlier
21 that we follow the recommendations of the staff in reference to
22 request 2796, 2797, 2800, 2613, 2803, no funding was
23 recommended.

24 DELEGATE WRIGHT: I so move.

25 MR. CUNDIFF: Second.

1 DELEGATE JOHNSON: We have a
2 motion and a second, discussion? All right. All those in favor
3 say aye. (Ayes.) Opposed? (No response.) All right, do we
4 have any public comment?

5 DELEGATE WRIGHT: I may be taking
6 somebody's thunder at this time but I'd like to take this
7 opportunity to say how much I appreciate you as a person, the
8 job you've done for the Tobacco Commission, representing and
9 advocating for your area. You've done a very good job
10 representing your area and also in the General Assembly. The
11 opportunity that I've head to become friends with you and I
12 count that as one of the privileges of serving in the General
13 Assembly. You're truly a Virginia gentleman. You're the type
14 of person that anyone would be at ease with if you took him
15 home for dinner. You've also shown kindness to my family
16 and you've been supportive of items that I asked you to help
17 me with when you could in the General Assembly. I just want
18 to say we appreciate your service and you'll be greatly missed.
19 (Applause.)

20 DELEGATE JOHNSON: Thank you so
21 very much. I'll admit that a greater group of people cannot be
22 found and I've enjoyed this and it's been a pleasure working
23 with the Tobacco Commission and I appreciate that very
24 much.

25 MR. MONTGOMERY: Mr. Chairman, I'd

1 just like to echo what Delegate Wright has said. I've known
2 you for several years and you're the type of fellow that you
3 practiced law a long time and we're about a hundred miles
4 apart and I've known you since the early '70s and we disagree
5 occasionally and you're certainly a gentleman and a scholar of
6 the law. I want to wish you Godspeed in whatever you plan to
7 do.

8 DELEGATE JOHNSON: Thank you very
9 kindly. I must say that working with the Tobacco Commission
10 has been a real joy and pleasure for me. As I've told other
11 groups, the help that we've given especially the students with
12 the scholarship program in the Tobacco Commission and what
13 it has meant to them. So many of those people have told me
14 that not for Tobacco scholarships they wouldn't have gone to
15 college. It might be a small amount but for those people it
16 meant the difference in their education and getting it and not
17 getting their education. It brings tears to my eyes to listen to
18 them what it meant to them and so many great things have
19 been done. I just want to thank you all so much. I appreciate
20 it and Godspeed to all of you. The Court Reporter, I thank you
21 sir and it's been a great benefit and a great help and I've read
22 some of your work and it's been good. You've probably added
23 a little bit to make me look better.

24 THE COURT REPORTER: A whole lot.

25 DELEGATE JOHNSON: I've enjoyed it so

1 much. So thank you all so much.

2 Now, is there any other public comment?

3 So for the Commissioners lunch is going to be served in
4 Shula's Restaurant. If there's nothing further, we're
5 adjourned.

6

7

PROCEEDINGS CONCLUDED.

8

1 CERTIFICATE OF THE COURT REPORTER

2
3 I, Medford W. Howard, Registered Professional
4 Reporter and Notary Public for the State of Virginia at large,
5 do hereby certify that I was the court reporter who took down
6 and transcribed the proceedings of the **Virginia Tobacco**
7 **Indemnification and Community Revitalization**
8 **Commission, Agribusiness Committee meeting, when held**
9 **on Monday, December 9, 2013 at 10:00 a.m. at the**
10 **Sheraton Roanoke Hotel & Conference Center in Roanoke,**
11 **Virginia.**

12 I further certify this is a true and accurate
13 record, to the best of my ability to hear and understand the
14 proceedings.

15 Given under my hand this 16th day of
16 December, 2013.

17
18 _____
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

22
23 My Commission Expires: October 31, 2014.

24 Notary Registration Number: 224566