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2 **APPEARANCES:**

3 The Honorable Charles R. Hawkins, Chairman

4 The Honorable Terry G. Kilgore, Vice Chairman

5 Mr. Clarence D. Bryant, III

6 The Honorable Kathy J. Byron

7 The Honorable Lynn Hammond, Deputy Secretary of Commerce and Trade

8 The Honorable Clarke N. Hogan

9 The Honorable Joseph P. Johnson

10 The Honorable Phillip P. Puckett

11 The Honorable Edward Owens

12 The Honorable Frank M. Ruff

13 The Honorable William C. Wampler, Jr.

14 Mr. James C. Thompson

15 **COMMISSION STAFF:**

16 Mr. Neal Noyes, Executive Director

17 Mr. Ned Stephenson, Deputy Director

18 Mr. Timothy Pfohl, Grants Program Administration Manager

19 Ms. Stephanie Wass, Director of Finance

20 Ms. Britt E. Nelson, Manager of Program Assessments

21 Ms. Sara Williams, Grants Coordinator Southwest Virginia

22 Ms. Sarah Capps, Grants Coordinator Southside Virginia

23 **OFFICE OF THE ATTORNEY GENERAL:**

24 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the

25 Commission

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SENATOR HAWKINS: I'll call the Executive  
Committee to order. Neal, would you call the roll?

MR. NOYES: Mr. Bryant?

MR. BRYANT: Here.

MR. NOYES: Delegate Byron?

DELEGATE BYRON: Here.

MR. NOYES: Mr. Day?

MR. DAY: (No response.)

MR. NOYES: Deputy Secretary Hammond?

DEPUTY SECRETARY HAMMOND: Here.

MR. NOYES: Delegate Hogan?

DELEGATE HOGAN: Here.

MR. NOYES: Delegate Johnson?

DELEGATE JOHNSON: Here.

MR. NOYES: Mr. Owens?

MR. OWENS: Here.

MR. NOYES: Senator Puckett?

SENATOR PUCKETT: Here.

MR. NOYES: Senator Reynolds?

SENATOR REYNOLDS: (No response.)

MR. NOYES: Senator Ruff?

SENATOR RUFF: Here.

MR. NOYES: Mr. Thompson?

MR. THOMPSON: Here.

1 MR. NOYES: Senator Wampler?

2 SENATOR WAMPLER: Here.

3 MR. NOYES: Delegate Kilgore?

4 DELEGATE KILGORE: Here.

5 MR. NOYES: Senator Hawkins?

6 SENATOR HAWKINS: Here.

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

8 SENATOR HAWKINS: I'd like to have a motion  
9 to approve the Minutes. It's been moved and seconded. Any discussion?  
10 All in favor say aye? (Ayes.) All right.

11 I'm going to change one thing. Mr. Bryant needs to get back  
12 home, so we'll let C. D. give his report first.

13 MR. BRYANT: Thank you, Mr. Chairman. The  
14 BioEnergy Committee, we've had one project that has been very important to  
15 the request that the Commission has been trying to do to develop bio-energy.  
16 On this one project we've had a lot of difficulties. I've taken it upon myself  
17 as Chairman, this will be my last meeting with you as a Committee member,  
18 due to the fact of my tenure on the Commission, and that has come to an  
19 end.

20 SENATOR HAWKINS: Was it something we  
21 said?

22 MR. BRYANT: No, I don't think so. I feel like  
23 this project is important enough, and I want everyone to understand from the  
24 beginning up to the point where we are today. I hope everyone will be  
25 attentive and listen to the facts so that when I do leave, there hopefully will

1 be a better understanding of the importance of this bio-energy project.

2 I'm going to begin in August of 2004. Virginia Tech contacted  
3 Ken Moss and asked him if he would be interested in working as an  
4 industrial partner to develop the ROI project in Southside Virginia and work  
5 in conjunction with the Institute for Advanced Learning and Research on the  
6 feedstock improvement.

7 Windy Acres Nursery, which Ken Moss is the owner, would be  
8 established as the demonstration site for high and low temperature  
9 gasification technologies, as well as a test site for energy crop feedstock  
10 development. That is one part that is so important, the feedstock  
11 development. That was a request for what we were trying to do on this  
12 Commission. So keep that in mind.

13 After several conference calls with Virginia Tech, there was  
14 agreement to proceed with the gasification from Community Power  
15 Cooperation, and I'll refer to that as the Agent as we go along, and a  
16 pyrolysis unit from the design of Virginia Tech and Renewable Oils  
17 International, ROI.

18 In March of 2005 Ken Moss organized the Piedmont  
19 BioProducts LLC for the purpose of commercialization and to allow  
20 community participation.

21 In July of 2005, after much discussion, Tech representatives  
22 and Ken Moss went to Europe to observe the leading bioenergy technology  
23 in the world. This trip created the idea of mini-refineries for Southside  
24 Virginia based on the European model.

25 In January of 2006, Jerzy Nowak from Virginia Tech drafted a

1 grant request for the Tobacco Commission of 2.3 million. Ken Moss  
2 requested from Virginia Tech a legal document that would allow the  
3 commercialization of the pyrolysis technology developed during the grant, if  
4 funded. This became a major consideration for the Special Projects  
5 Committee.

6 In April of 2006 half of the grant was approved for 1.2 million.  
7 Upon approval, the Tobacco Commission set the tone for demonstration of  
8 the pyrolysis technology and not continued research.

9 Senator Hawkins appointed the BioEnergy Oversight  
10 Committee. This Committee voted to pursue the development of two  
11 pyrolysis technologies, Virginia Tech (Fractional Catalytic Pyrolysis),  
12 project leader Dr. Foster Agblevor, and the ROI base pyrolysis, project  
13 leader Ken Moss. It was at this point when Foster decided not to work with  
14 ROI. Remember from the beginning when Tech came to Ken Moss, ROI  
15 was an important part of that, along with Virginia Tech. The Committee and  
16 all parties understood that at the end of the grant, one or both technologies  
17 would be commercialized. Ken Moss secured the license agreement from  
18 ROI to commercialize their technology.

19 In December 2006, the first installment was given to ROI to  
20 begin work on the unit.

21 The entire year of 2007, the shell building was erected at Ken  
22 Moss' nursery, utilities installed, and the purchase and installation of  
23 processing equipment. Also, the planting of the feedstock and the feedstock  
24 trial area was set in place.

25 Moving to April of 2008. Finally, the overdue delivery of ROI

1 equipment comes forward and the installation began. Remember, this  
2 started back in 2006. Ken contacted Virginia Tech to implement his option  
3 to commercialize the Fractional Catalytic Pyrolysis Technology when the  
4 grant was complete. Tech said there was no option or record of the  
5 document. Ken forwarded a copy of the document to Virginia Tech.  
6 Virginia Tech acknowledges the document is legal. Tech, I'm now going to  
7 refer to VTIP, this is the arm of Tech that deals with these types of  
8 documents in this area, informs Ken that Foster Agblevor will not release  
9 any information. He is the project leader for the part that Tech has.

10 In June 2008 many meetings were held with Virginia Tech  
11 representatives to obtain the information, all promised to help, all of them.  
12 Cooperation and information never materialized.

13 In July of 2008 an additional grant was awarded to continue  
14 work, with the demonstration site moving toward commercialization.

15 In August of 2008 ROI is not diligently pursuing completion of  
16 their equipment. Chairman Bryant decides to give ROI until October 30,  
17 2008 to finish the unit. The Oversight Committee, we impressed upon  
18 everyone that speed toward commercialization was of the utmost  
19 importance. We felt ROI was dragging their feet and we needed to move  
20 forward.

21 October of 2008 came, and ROI has not fulfilled their  
22 obligation, and Ken Moss agrees to take control of the completion. The  
23 Hazen unit is now awarded to Virginia Tech.

24 In December of 2008 VTIP gives Ken a draft option agreement  
25 for commercialization of the Fractional Catalytic Pyrolysis technology.

1 Again, Ken requests for the information from Foster, and no information is  
2 given. You must have that part of the information to complete the  
3 agreement that we had. It's imperative. We paid for the technology, and we  
4 should have that information, that's the feeling of the Committee.

5 In January, 2009 Ken Moss fixes most of the problems with  
6 ROI, and the first biocrude oil is produced. Ken finds that the unit will not  
7 reach full capacity, and plans are made to fix the problem. I want you to  
8 understand at this point, Ken Moss is not just a nursery man, he is an  
9 engineer who worked for Goodyear Tire and Rubber Company, and he has a  
10 very good understanding of what is needed in this pyrolysis unit. I have the  
11 utmost confidence in him that that will take place.

12 VTIP gives Ken a fully executed option agreement to  
13 commercialize; still there is no information given to Ken from Foster  
14 regarding the process. Tech then asked for a list of information needed.  
15 That seemed to be in a positive direction.

16 In February of 2009 a meeting with Rod Hall, Greg Hess,  
17 representative of Virginia Tech, C. D. Bryant, Buddy Mayhew, representing  
18 the Tobacco Commission, and Ken Moss to discuss the information needed.  
19 The offer is made to hire Foster as a consultant on the project at Windy  
20 Acres Nursery. The document is drafted for consultant requirements. This  
21 is forwarded for Foster's review.

22 In March of 2009 C. D. Bryant and Ned Stephenson had many  
23 conversations about the ongoing problems and seek a solution. Ned contacts  
24 Virginia Tech and requests a meeting with representatives that are aware of  
25 the problems, and can represent with authority. Tech representatives Rod

1 Hall and Dr. Bob Walters, Commission representatives Ned Stephenson and  
2 C. D. Bryant. At the end of the meeting, Ned and I felt that we had very  
3 good meeting and a very good understanding. To our surprise, at the  
4 beginning of the meeting Dr. Walters handed Ned a large envelope and  
5 explained to him this is the information that had been requested by Ken  
6 Moss. They explained in detail during the meeting the bureaucracy of a  
7 university and the unusual contracts that universities have with their  
8 professors. It was kind of shocking to me to find out the reality of what is in  
9 the realm of the contract in the realm of the business world. This is not  
10 unique to Virginia Tech. This is practically all universities. The bottom line  
11 is that the university cannot force Foster to do anything in regard to Ken's  
12 project. We leave this meeting with the understanding of cooperation on all  
13 matters discussed.

14 To our surprise, Ken informs us that the information that was  
15 given was incomplete. Ned contacts Rod Hall about the deleted information,  
16 and the response was, I am not surprised. Again, another promise to work  
17 on the problem has failed. As we sit here today, we still do not have this  
18 information.

19 In April of 2009 work started on the upgrade of the ROI unit.  
20 This upgrade will take four to six weeks, with the engineering problems that  
21 I talked about that Ken is working on.

22 I bring this to your attention. I'm not here to point fingers at  
23 anyone. I want this project to go forward. When I leave this Commission, I  
24 do not want this to fall through the cracks. I've tried to step back and be fair  
25 and really look at every situation for what it is. Ken has taken a lot of his

1 time and a lot of his capital and taken his own farmland and put these in  
2 place, the feedstock plots, and we're not compensating him for that. He's  
3 doing everything in his power to make this project work. I think the answer  
4 will come soon, whether it will succeed or not. I'm asking you to not let it  
5 fall through the cracks.

6           The issue with Virginia Tech, I really think Dr. Walters and  
7 Rod Hall, their intentions were of the utmost high, and they have tried to do  
8 everything they can. But, obviously, from what they said, Dr. Foster  
9 Agblevor, they can't force him to bring the information, which is what we  
10 need. You need to realize this when you're dealing with a university, and  
11 that's the bottom line. I felt I needed to bring this out to be honest with  
12 everyone, and I thank you.

13                           SENATOR HAWKINS: Thank you, C. D. Any  
14 questions? I think it needs to be noted that Virginia Tech has an important  
15 partnership with this Commission, and we need to make sure that we operate  
16 as smoothly as possible in finding out what we need to do and protect and  
17 build a relationship. Hopefully, this will work out.

18           As for the Commission itself, we all serve at the pleasure of the  
19 Governor, so you may be here for a while. I wouldn't necessarily pack your  
20 suitcase.

21           C. D., it's important to understand that this project is very  
22 important to us and brings a lot of economic opportunity to us, as well as an  
23 alternative energy source, and we all understand the importance of that. I  
24 think the work you've done and your Committee deserves the absolute  
25 applause of this Commission. We have started out with a completely blank

1 slate. When we started out discussing alternative energy sources, we were  
2 the only one in town. Now everybody and his brother wants to deal with  
3 alternative energy. If we can stay a little ahead of the curve, which I think  
4 we can, and we are, primarily through the work you've been able to  
5 accomplish, it gives us an opportunity to put our community in a much more  
6 competitive posture than we would have been without these efforts. No one  
7 knows what is going to happen, but we can't continue to do what we've been  
8 doing as far as foreign oil. We've got to make sure we go forward with this  
9 source of energy for our farmers and the community. It's important for us to  
10 stay with that and not lose focus and make sure that the partnerships we have  
11 developed with Virginia Tech is a smooth ongoing relationship and we're  
12 able to understand all the ins and outs of these projects that we engage in,  
13 and also the investment. Our relationship with Tech is an ongoing  
14 relationship and probably will become even more complicated as we get into  
15 new fields. I think it's important that you brought that for discussion to the  
16 Executive Committee.

17 MR. BRYANT: I don't know if I have enough  
18 copies, but Ken did give to me the current status of that project.

19 SENATOR HAWKINS: Michelle, would you  
20 make copies of this and distribute it?

21 MR. BRYANT: Covering the next step of the  
22 project so everybody understands and has an idea of what's going on.

23 SENATOR HAWKINS: I know you need to get  
24 home, but this is a traditional picture of the original Commission, including  
25 all members. The thing I hate most about losing the first wave of

1 Commission members is that we lose a lot of history it's going to be hard to  
2 maintain as we all age off of the Commission. You have to have an  
3 understanding of all of the things that we've run into.

4 So, C.D., with great appreciation, and great friendship, thank  
5 you for what you've done here. (Applause.)

6 MR. BRYANT: I won't be at the meeting  
7 tomorrow, but I do plan to return, not as a member, but I would like to make  
8 a comment to the full Commission in July if you would allow me.

9 SENATOR HAWKINS: Of course. Thank you  
10 very much, C.D. That's something to keep in mind; the loss of institutional  
11 history makes a big difference, particularly in a Commission like this.

12 All right, let's move on. Britt.

13 MS. NELSON: We want to talk about  
14 accountability with regard to the Commission grant awards and having  
15 ongoing discussions for several years. This concern has been echoed by the  
16 Blue Ribbon Commission in their final report they submitted last July. In an  
17 effort to move forward with the accountability and outcome measures  
18 concerning funding programs, a motion was adopted in the July, 2008  
19 meeting to use JLARC or other appropriate entities to conduct a  
20 performance evaluation of the Commission's investments and to recommend  
21 program measures. In response to this charge, Commission Staff contracted  
22 with Chmura Economic Analysts and Professional Consultants in Richmond,  
23 who is familiar with the work of the Commission.

24 In the back of Tab 7 of the Board's packet, Chmura has  
25 measured the Commission's progress and looked at its statutory measures in

1 order to measure the success of the Tobacco Commission in the tobacco-  
2 dependent communities. Chmura's work is currently still in progress.  
3 However, there are three steps that have been identified as part of the  
4 evaluation of Chmura's contract.

5 The first step is to define revitalization and determine the  
6 economic impact. Without knowing specifically what it is that you wish to  
7 measure, it would be very difficult to come up with a system. The second  
8 step and remaining steps, to identify the methodology to determine the  
9 definition of revitalization.

10 At this time I'd like to share with you the first step that has been  
11 completed, which is the definition of revitalization.

12 SENATOR HAWKINS: Please pay attention to  
13 this, it's very important.

14 MS. NELSON: What's shown on the screen is  
15 what is defined by Chmura, and economic revitalization can be defined for  
16 the tobacco-dependent communities as a more stable and diversified and  
17 growing economy that leads to a higher living standards. Taking the  
18 definition a step forward, more stable is considered to be less fluctuations  
19 during recession, as well as expansion in the business cycle. More  
20 diversified could be less dependent and volatile industries or one or two  
21 more firms. A growing economy represents an increase in employment,  
22 higher living standards reflect increases in annual wages that reduces the gap  
23 between the state and/or the nation. Chmura is currently using this definition  
24 to develop the metrics associated with these four characteristics, as well as  
25 completing some elements of the projects as identified in your packet. We

1 hope to share the findings with you in July, and October being the latest.

2 I'll be happy to entertain any questions you have regarding this  
3 work.

4 SENATOR HAWKINS: It's important to realize  
5 that this is an ongoing self-examination which started back with the Blue  
6 Ribbon Commission and now it's going into this stage. I think it's also  
7 important to note that, because of some comments I heard a few months ago  
8 about our ability to be audited or not. We're audited every year by the state,  
9 and have been since we started. We're the only agency I know of that is  
10 going to this extent trying to find out what we have accomplished.

11 The reason we did it this way and not JLARC is because  
12 JLARC is not set up to do this. JLARC looks at state agencies, and we're  
13 not really a state agency as such. We're economic development, and we  
14 have a little different mission, and to have an outside source not involved in  
15 state government can give us a much clearer picture of the economic  
16 development that has taken place without an oversight of a state agency that  
17 may or may not have agendas coming into the discussion. I think this is the  
18 purest way to find out what we're accomplishing, what we've achieved in  
19 this Commission. I thank you all for the effort you've put into this. I look  
20 forward to the next report. Any other comments?

21 All right, Ned, Tobacco Region Opportunity Fund.

22 MR. STEPHENSON: Thank you, Mr. Chairman.  
23 Members of the Committee, behind Tab 6 in your book you'll see a list of 21  
24 TROF transactions that are in default. By default I mean that you paid  
25 money in exchange for jobs, and you're supposed to get your money back,

1 and that has not occurred for these 21 or so TROF transactions. You may  
2 remember back in October you established a new policy whereby you  
3 instructed Staff to withhold disbursements to any locality that had a TROF  
4 transaction in default. We are doing that. I need to report you today that  
5 this has begun to pinch some of the counties. Many of them have gotten the  
6 message and gotten cured and gotten off the list. Others are very unhappy  
7 with this, and some have pleaded for audiences in front of the Commission.  
8 Back in January you instructed your Staff to negotiate leniently with these  
9 counties, which we have done in many cases and gotten some of them off of  
10 this list. I present this to you for your information only, and I don't need a  
11 decision, but you need to be aware that you Commission members may get  
12 blindsided from some of your communities to have a worthy project that you  
13 have awarded that needs to be funded and can't get their money because the  
14 TROF transactions are in default. I need you to know that so that if you  
15 want to change course and do something different, we can.

16 Mr. Chairman, that's my report. If there are any questions I'll  
17 be glad to answer them.

18 DELEGATE KILGORE: Ned, how many or how  
19 many funds are being held back from these communities right now, if any?

20 MR. STEPHENSON: I don't have that number,  
21 Delegate Kilgore. At this point in time it's not a tremendous amount because  
22 it's taking a little time, but that pipeline is now clogged up and it's going to  
23 begin to back up, and that's when the problem comes.

24 DELEGATE KILGORE: I noticed some of the  
25 counties experiencing high unemployment, and is there something we need

1 to discuss at the meeting tomorrow in case somebody wants to create jobs in  
2 the community that would help these communities, and then we have  
3 somebody over here saying don't give them any money. Is there something  
4 we need to do to fix that?

5 MR. NOYES: Let me make a clarification. That's  
6 a looking-forward question that's up to the Executive Committee to decide.  
7 The projects approved prior to last October, no funds are going to be  
8 withheld from those. It was at the November meeting that you established  
9 this policy; the drop-dead date is the 30th of April, which is next week. So,  
10 in terms of people being put on notice for October and January approval that  
11 the Board's policy, which is voted on by all of you, will begin to have effect.  
12 That's why Ned is making the point here in the Executive Committee today,  
13 but everyone else is grandfathered.

14 DELEGATE JOHNSON: If I may, who is getting  
15 the interest on this money?

16 MR. NOYES: The Commission.

17 MR. STEPHENSON: The money that was used to  
18 fund the TROF plans themselves has been disbursed to the companies, and  
19 we're trying to get it back. The money for the grants that you have made but  
20 not yet disbursed is in our coffers, and we're accruing the interest on this.

21 SENATOR HAWKINS: I think it needs to be said  
22 that we're not trying to be hard-nosed, but we're trying to maintain some sort  
23 of standard that everyone will play by the same rules. We're not going to let  
24 an opportunity for economic development pass us by, by any lack of action  
25 by the Commission, but there are certain requirements if they plan to use our

1 money. We're going to have more and more of this. We have communities  
2 now that want to change the mission for the monies that we had awarded  
3 without going back through the application process, which we can't do. If  
4 they're awarded, that's why we can't allow change without our understanding  
5 what the change is. There are some things we have to go along with and  
6 make sure that at least we have some accountability with these monies.

7 Thank you, sir. Any other questions?

8 Delegate Hogan.

9 DELEGATE HOGAN: We have two motions that  
10 will go tomorrow to the full Commission meeting at your pleasure, Mr.  
11 Chairman. We had a very good meeting and a lot of discussion. We've got  
12 some good ideas. I think we'll have a concrete structure in place ready for  
13 the Commission to approve it in a block.

14 SENATOR HAWKINS: I think we've had  
15 applications from everybody, including Rumpelstiltskin.

16 MR. NOYES: Mr. Chairman and members of the  
17 Committee --

18 SENATOR HAWKINS: -- Oh, excuse me,  
19 Stephanie, how could we pass you by?

20 MS. WASS: I'll make this quick. We have two  
21 budget amendments, and one is based on the Education Committee, which  
22 met this afternoon, that we're recommending a transfer of \$89,271.33 from  
23 unrestricted reserves to the Education fund to cover a grant recommendation  
24 approved by the Education Committee this afternoon.

25 SENATOR HAWKINS: What was that

1 recommendation?

2 SENATOR RUFF: The recommendation, on a  
3 vote of eight to six, was to fund the Emory & Henry proposal that dealt with  
4 the radio station upgrading from a 500 megahertz to a 10,000 on campus.  
5 Delegate Johnson would probably be best to speak to this.

6 SENATOR HAWKINS: This is a fairly major  
7 departure in a lot of ways, for us to start funding radio stations. There has to  
8 be some sort of economic or educational component to this thing.

9 DELEGATE JOHNSON: It includes tourism,  
10 education and economic development, and all three are involved.

11 DELEGATE HOGAN: There are two things, and  
12 I was going to add to the comment the Chair just made about whether or not  
13 we want to do this, and maybe more important than that, I think most of the  
14 Committee's general rules is when you have a budget you have to live with  
15 it, and to make something special like this with funds after we've passed a  
16 budget. It seems to me that the Education funds, and if they want to  
17 prioritize and fit it in there, then come back to us for \$89,000 right now, and  
18 when you consider it's made on a recommendation of eight to six, I just feel  
19 like if we're going to do that, if we don't want to have a budget in place  
20 anymore, and if we're going to keep on letting this happen over and over, we  
21 can always fund projects if we just had a little bit more money for them and  
22 make these adjustments if we're going to keep changing the budget.

23 SENATOR HAWKINS: To my knowledge, this is  
24 one of the first that we've had from Emory & Henry. It's an important  
25 school and does a great deal for the area.

1 DELEGATE JOHNSON: Mr. Chairman, we're  
2 transferring funds all the time. This is not the first time, and we're not  
3 setting a precedent.

4 SENATOR HAWKINS: I'll tell you what we'll do,  
5 why don't we postpone this and let you be able to do some lobbying tonight?  
6 Maybe the sun will shine tomorrow.

7 MS. WASS: The next budget amendment is an  
8 amendment to the FY09 budget to transfer \$125,000 from unreserved and  
9 undesignated funds to the Technology fund to cover a grant that was  
10 approved in October of '07, MBC, for 7,825,000, and that was erroneously  
11 recorded as 7.7 million, 125,000 subsequently spending a grant fund. So  
12 we're asking for 125,000 to cover an already approved grant.

13 SENATOR HAWKINS: Any questions on  
14 anyone's part? We can approve that part, and then tomorrow we can --

15 DELEGATE HOGAN: -- I wasn't aware that there  
16 was a problem. I guess what you're telling us is that you made a paperwork  
17 error and you want to transfer the number.

18 MR. NOYES: That's correct. The Committee  
19 recommended the Commission approve the larger amount; we didn't get it  
20 down in the books correctly. We just booked it wrong.

21 DELEGATE HOGAN: The money is in the  
22 budget, we reallocate it, and then we find out the paperwork transfer wasn't  
23 done, is that correct?

24 MR. NOYES: Yes, sir. It's just a transfer.

25 SENATOR HAWKINS: All those in favor say

1 aye? (Ayes.) Opposed? (No response.) That carries. It's just a transfer.  
2 Thank you, Stephanie.

3 Mr. Noyes.

4 MR. NOYES: Tab 7, ladies and gentlemen, you  
5 will see the approaching term expirations, and you'll notice that two  
6 members of the Commission, Mr. Bryant and Mr. Fields, are not eligible for  
7 reappointment. The other members noted on that page are eligible for  
8 reappointment. Most of the members reappointed, and not in every case,  
9 these are the appointments that the Governor will make from lists prepared  
10 by members of the Legislature. What I'd like to ask is that the legislative  
11 members have those lists to me by the end of May so that I can communicate  
12 them to the Administration.

13 DELEGATE HOGAN: Mr. Chairman, this won't  
14 be my problem. I believe Mr. Owens is off the list, and I don't know about  
15 Mr. Stith. Two of them are.

16 SENATOR HAWKINS: What we need to find out  
17 is if they are planning to seek reappointment.

18 DELEGATE HOGAN: Maybe Delegate Kilgore  
19 can coordinate those lists, since it's a legislative function and not a  
20 Commission function.

21 SENATOR RUFF: Mr. Chairman, I'd suggest that  
22 Neal look at the, you'll find that the Farm Bureau or maybe these two, they  
23 give the Governor a list of, the Legislature has nothing to do with that.

24 MR. NOYES: I think I provided Delegate Kilgore  
25 with a list that actually shows which members are appointed from what lists

1 or free picks by the Governor.

2 DELEGATE KILGORE: I'll get with Neal.

3 DELEGATE HOGAN: This is a Commission  
4 issue and legislative issue.

5 SENATOR HAWKINS: We need to find out from  
6 the Commission members, if they're up for reappointment and if they want  
7 to be reappointed, is the question. Some of them may not want to be.

8 The next meeting date is the 29th of July at the VIR.

9 Now, is there any public comment? Any housekeeping  
10 matters?

11 MR. NOYES: We have the parking validation,  
12 and if you're not staying overnight vouchers are set up for everyone. The  
13 reception is coming up in the Shenandoah Room.

14 SENATOR HAWKINS: Before you depart,  
15 Delegate Hogan's Committee on, and let me make one statement about that.  
16 What we're trying to do is leverage as much money as possible. Those  
17 applications that come in with monies from the feds or other independent  
18 groups certainly will gain our attention much quicker than those that do not.  
19 Those that don't may be lost somewhere along the way, I don't know. But  
20 we need to leverage this money. Please understand that we're not planning  
21 to back off of these five centers in place, it's extremely important.

22 MR. NOYES: Mr. Chairman, Ned has pointed out  
23 that the reserve account, members of the Committee, when we discussed this  
24 in January, and we were also discussing it back in October, we established a  
25 reserve line item in January, and it was for the purpose of providing required

1 non-federal match for people who were successful in applications for federal  
2 stimulus funds. The issue I wish you to consider today is that at point of  
3 application those applicants must have a commitment of the non-federal  
4 match. They cannot apply and then say they're going to come and apply to  
5 us, then we're going to decide. They have to actually have that commitment  
6 in-hand for any application when it comes forward. The dates for different  
7 programs are happening at different times not on a schedule that is  
8 consistent with our quarterly Board meetings. The solution I would like  
9 to propose for you to consider is that the Commission adopt the following  
10 guidelines and these are in Tab Number 2. Any project type consistent with  
11 the Commission's strategic plan would be eligible. Commission funding  
12 would be limited to 50 percent of the total project costs or the minimum  
13 required by the third party, whichever is less. Third party funding must be  
14 evident in writing to the Commission within six months of the Commission's  
15 commitment, otherwise that commitment expires. The project must begin  
16 within 12 months of the Commission's commitment and be completed within  
17 three years of the Commission's commitment date.

18           If this resembles the current TROF process, it is designed that  
19 way. We have that as a precedent, and it functions very smoothly and very  
20 rapidly and can be responsive where we don't have the quarterly constraints  
21 we have with our Board meetings. Upon TROF Committee approval, a  
22 commitment will be issued binding the Commission to disburse those funds  
23 so that the applicant will be successful in getting the third party funding. At  
24 any given time outstanding commitments will be limited to the unobligated  
25 balance in the reserve account, which is currently 1.4 million plus 17.3

1 million dollars come July 1st. This starts tomorrow; if you approve this at  
2 the Board meeting tomorrow, then it starts tomorrow. The TROF process  
3 used for the reserve line item, and we will provide regular reports to the  
4 Board on a quarterly basis. To go forward on this will provide a motion for  
5 you to use the TROF process with regard to the reserve line item so we can  
6 get a fiscal stimulus in the Tobacco Commission region.

7 DELEGATE JOHNSON: How much reserve  
8 money do we have now?

9 MR. NOYES: One point four million, but on July  
10 1st there's another 17.3 million that was approved in January.

11 DELEGATE JOHNSON: What do we use the  
12 reserve money for?

13 MR. NOYES: We use it at the discretion of the  
14 Board, upon recommendation of this Committee for additions to different  
15 line items, economic development. We use it for special initiatives when we  
16 work with the Partnership where there is a major prospect.

17 DELEGATE JOHNSON: So with the Emory &  
18 Henry College project.

19 SENATOR HAWKINS: All those in favor of  
20 funding the Emory & Henry project say aye? (Ayes.) Opposed? All right.  
21 Our recommendation is to fund the station.

22 DELEGATE JOHNSON: The Emory & Henry  
23 project does not change the budget.

24 MR. NOYES: That's correct.

25 DELEGATE JOHNSON: I'll make a motion we

1 approve it, the Emory & Henry project.

2 SENATOR HAWKINS: Is there a second? Any  
3 discussion? All those in favor say aye? (Ayes.) Opposed, no? (No.)  
4 Record your ayes.

5 All those in favor of using the TROF process? Any discussion?  
6 The motion has been made and seconded. All those in favor say aye?  
7 (Ayes.) Opposed? (No response.).

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9 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

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I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission Executive Committee Meeting when held on Wednesday, April 22, 2009 at 5:00 p.m. at The Hotel Roanoke, Roanoke, Virginia.**

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

Given under my hand this 4th day of May, 2009.

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Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2010.