

1 **APPEARANCES:**

2 The Honorable Charles R. Hawkins, Chairman

3 The Honorable Terry G. Kilgore, Vice Chairman

4 The Honorable Patrick Gottschalk, Secretary of Commerce and Trade

5 The Honorable Joseph P. Johnson, Jr.

6 The Honorable Phillip P. Puckett

7 The Honorable Edward Owens

8 The Honorable Frank M. Ruff

9 Mr. James C. Thompson

10 The Honorable William C. Wampler, Jr.

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12 **COMMISSION STAFF:**

13 Mr. Neal Noyes, Executive Director

14 Mr. Ned Stephenson, Deputy Director

15 Mr. Timothy Pfohl, Grants Program Administration Manager

16 Ms. Stephanie Wass, Director of Finance

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1 SENATOR HAWKINS: I'll call the meeting to
2 order.

3 Neal, would you please call the roll?

4 MR. NOYES: Delegate Byron?

5 DELEGATE BRON: (No response.)

6 MR. NOYES: Mr. Day?

7 MR. DAY: (No response.)

8 MR. NOYES: Secretary Gottschalk?

9 SECRETARY GOTTSCHALK: Here.

10 MR. NOYES: Senator Hawkins?

11 SENATOR HAWKINS: Here.

12 MR. NOYES: Delegate Hogan?

13 DELEGATE HOGAN: (No response.)

14 MR. NOYES: Delegate Johnson?

15 DELEGATE JOHNSON: Here.

16 MR. NOYES: Delegate Kilgore?

17 DELEGATE KILGORE: Here.

18 MR. NOYES: Mr. Owens?

19 MR. OWENS: Here.

20 MR. NOYES: Senator Puckett?

21 SENATOR PUCKETT: Here.

22 MR. NOYES: Senator Ruff?

23 SENATOR RUFF: Here.

24 MR. NOYES: Mr. Thompson?

25 MR. THOMPSON: Here.

1 MR. NOYES: Senator Wampler?

2 SENATOR WAMPLER: Here.

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

4 SENATOR HAWKINS: Thank you, sir. Moving
5 right along. We'll call on Ned to go over a couple of items that we have had
6 come up that were brought to our attention recently. The first thing is the
7 Washington County piece, and I'll turn that over to Ned.

8 MR. STEPHENSON: I will stop and answer your
9 questions at any moment, and I'll be glad to answer your questions because I
10 think most of you know about this company, whose name we will not
11 mention here.

12 SENATOR HAWKINS: Should we go into
13 Executive Session or not?

14 MR. STEPHENSON: I don't think it's necessary
15 unless one of the members just wants us to. You have a memorandum on
16 the table in front of you that basically indicates that we have in Abingdon a
17 headquarters of a company that has merged with an out-of-state company
18 and there is competition for that headquarters to remain in Abingdon or go
19 out of state. Naturally, Washington County is trying to do all it can to retain
20 that long-standing headquarters in Washington County.

21 The numbers that the company quoted to us are on the sheet
22 before you. The current job count is before you with 134 people, and the
23 proposed job count, which would be added, is 234 people; that's an
24 additional 100 employees. It is anticipated to have a new 100,000 square
25 foot facility built to accommodate this new growth of employees and

1 facilities. The folks at the Virginia Economic Development Partnership are
2 working hand-in-hand with Washington County to put all of this together.
3 Also listed there you can see this is anticipated to be a total of \$5 million,
4 and that's also listed on the sheet before you. This is really beyond what our
5 normal TROF guidelines provide that we routinely do, and this is why it's
6 before you today because it's more than the guidelines permit. Time is of the
7 essence, and the merger, as I understand it, has occurred and the decision has
8 to be made quickly about the location of the headquarters. So, it's before
9 you today for consideration of an award of 3.4 million.

10 I put some notes at the bottom of the page, which represent the
11 Staff's recommendation in the event you want to fund this. I think it's
12 important that you specify the use of the funds and that they be limited to
13 site development, acquisition and training, and that there be a requirement
14 for a performance agreement setting forth the jobs and the investments that
15 are required, and it's not a refund. The source of the funding I have listed as
16 the TROF fund, and we can get these monies from a couple of places. I'll
17 tell you that last year you had three loans to data centers or offers for a
18 TROF commitment. One of those has gone away for sure, so that money
19 will be coming back. The other one is almost a certainty to go away, and the
20 jury is out on the third one. I will also say that we have money returning to
21 the TROF fund that has been unexpected and sufficient to cover this piece
22 without depleting the current year, and you can get it.

23 DELEGATE KILGORE: If we go through the
24 TROF that means the money is available immediately?

25 MR. STEPHENSON: Yes, the way we're set up is

1 that there are four persons who comprise the TROF fund, and are present
2 here today, who have the authority to issue a commitment assuming those
3 four people today would favor this and take our recommendation. So, yes,
4 we can wrap it up and that can be done without waiting for a vote in
5 October, unless you want to wait until October.

6 SENATOR HAWKINS: I don't think we can wait
7 with something like this on the table.

8 SENATOR WAMPLER: I do not want to wait
9 until October. The only way to execute this, whatever the decision might be,
10 is that we make an allocation and delegate that decision to the TROF
11 members.

12 SENATOR HAWKINS: I would agree, this is too
13 important for us to lay it on the table and wait. We need to maintain that
14 headquarters location if we can, and that's certainly extremely important for
15 this quality kind of company. This might be the best way to do it. Any
16 further discussion around the table with the members of the Committee?
17 Joe.

18 DELEGATE JOHNSON: Mr. Chairman, if I may,
19 just looking at the benefits that come to Southwest Virginia and not only
20 Washington County but the Commonwealth of Virginia, and for Southwest
21 Virginia especially. Having these many good-paying jobs, this is the one
22 way that we can really help all Virginians and especially those in our part of
23 the state. We need to put people back to work, and I just think that when
24 you think of the old farmers who used to till this soil they would be mighty
25 unhappy if we did not approve this.

1 SENATOR HAWKINS: Joe, is that in the way of
2 a motion?

3 DELEGATE JOHNSON: Mr. Chairman, I'll make
4 that as my motion.

5 SENATOR PUCKETT: I'll second the motion.

6 SENATOR HAWKINS: Any discussion? Does
7 everyone understand what we're doing? All those in favor say aye? (Ayes.)
8 Opposed? (No response.) The motion is carried.

9 MR. STEPHENSON: We'll get a letter out
10 confirming that tonight.

11 MR. NOYES: Yes, we'll move on that.

12 SENATOR HAWKINS: This is too important to
13 wait on.

14 Now, we're dealing with another opportunity, and -- oh, Ralph
15 is here. There's a major tire manufacturing --

16 SENATOR WAMPLER: -- Do you want to go
17 into Executive Session to deal with this?

18 MR. NOYES: I don't know how we can deal with
19 it. We have to have an application and the application can be considered by
20 the TROF panel under the reserve line item. It's qualified under the reserve
21 fund line item, and we can leave it to the TROF panel to decide it.

22 SENATOR HAWKINS: I think we can discuss it
23 without going into Executive Session; we won't get into all the details of it.

24 Ralph is here.

25 MR. NOYES: I don't know how you want to deal

1 with it, if we have an application the application can be considered by the
2 TROF panel under the reserve line item. We can discuss it in generic terms,
3 but it's qualified under the reserve line item. I think we can leave it to the
4 TROF panel to decide it.

5 SENATOR HAWKINS: Let's try to do it without
6 going into Executive Session, unless you really want to. We can discuss it
7 without exposing too much.

8 MR. NOYES: This is a major tire manufacturer in
9 the Commonwealth of Virginia that is in discussions about doing major
10 research for developing a next generation tire product, not only in this
11 country but world markets as well. They want to come up with a whole new
12 concept of automotive investment, and thinking about locating within our
13 footprint. This is an investment that is fairly major, but not only that, it
14 would give us not only national exposure but world-wide as well, and this
15 would be the major research and test facility for an extensive investment, not
16 only from the federal government but from the major car manufacturers
17 world-wide and major tire companies. They're requesting a \$3 million
18 investment which would be our part of the overall grant request from the
19 federal government.

20 That's about it, except to say that the federal funding and DEO
21 funding and others, 20 percent non-federal match required, but it is a
22 specific requirement that the reserve line item, which we have ample funds
23 at this time to accommodate the request for the 3 million, and it may be used
24 for that purpose.

25 SENATOR HAWKINS: This is one advantage we

1 have, and we've talked about this many times, having the availability and the
2 flexibility to make a matching grant. We're one of the few that have that
3 much cash and that can act. Is there any discussion?

4 SECRETARY GOTTSCHALK: I don't mind
5 going into a special Executive Session to discuss this. Quite frankly, I'd like
6 to talk about it a little bit more in detail and explore some comments, and I
7 think it's important.

8 SENATOR HAWKINS: All those in favor of
9 going into Executive Session, aye? (Ayes.)

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11 NOTE: At this point the Committee
12 has gone into Executive Session and the court reporter is not present.

13 Whereupon, the Committee is back in session.

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15 SENATOR HAWKINS: We're back in open
16 session.

17 SENATOR WAMPLER: Mr. Chairman, I'd like
18 the record to note that when we went into our Executive Session or closed
19 session, we only discussed those matters that the Executive Session was
20 called for, specifically, that one subject. I'd ask that the Director call the roll
21 to affirm that fact.

22 MR. NOYES: Senator Hawkins?

23 SENATOR HAWKINS: Yes.

24 MR. NOYES: Delegate Kilgore?

25 DELEGATE KILGORE: Yes.

1 (should he be in here?) *MR. NOYES: Secretary Gottschalk?
2 *SECRETARY GOTTSCHALK: Yes.
3 MR. NOYES: Delegate Johnson?
4 DELEGATE JOHNSON: Yes.
5 MR. NOYES: Senator Puckett?
6 SENATOR PUCKETT: Yes.
7 MR. NOYES: Mr. Owens?
8 MR. OWENS: Yes.
9 MR. NOYES: Senator Ruff?
10 SENATOR RUFF: Yes.
11 MR. NOYES: Senator Wampler?
12 SENATOR WAMPLER: Yes.
13 MR. NOYES: Mr. Thompson?
14 MR. THOMPSON: Yes.
15 SENATOR HAWKINS: So it's affirmed, that's
16 what we discussed in the Executive Session.

17 That takes us down to the next meeting date, which will be in
18 Wytheville, Virginia at the Community Center on the 28th of October when
19 the full Commission will meet.

20 Is there any public comment at this time from anybody in the
21 public? If there is no comment, then going once, twice, we're adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission Executive Committee Meeting when held on Tuesday, August 18, 2009 at 5:00 p.m. at 3 East (3rd Floor Conference Room), General Assembly Building, Richmond, Virginia.**

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

Given under my hand this 14th day of August, 2009.

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

My Commission Expires: October 31, 2010.