



- 1 The Honorable Terry G. Kilgore, Chairman
- 2 The Honorable Frank M. Ruff, Vice Chairman
- 3 The Honorable Kathy J. Byron
- 4 The Honorable James S. Cheng, Secretary of the Department
- 5 of Commerce and Trade
- 6 The Honorable Joseph P. Johnson, Jr.
- 7 The Honorable Daniel W. Marshall, III
- 8 The Honorable Edward Owens
- 9 The Honorable Phillip P. Puckett
- 10 The Honorable W. Roscoe Reynolds
- 11 The Honorable William C. Wampler, Jr.
- 12 Ms. Connie L. Nyholm (by phone)

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14 COMMISSION STAFF:

- 15 Mr. Neal Noyes, Executive Director
- 16 Mr. Ned Stephenson, Deputy Director
- 17 Mr. Timothy S. Pfohl, Grants Program Administration Manager
- 18 Ms. Stephanie S. Kim, Director of Finance
- 19 Ms. Stephanie Allman, Program Administrator

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25 DELEGATE KILGORE: Good morning, everyone.

26 It's 8:35, and it's time we get started. Thank you all for

1 coming, I know everybody has a lot of things going on right  
2 now.

3 Neal, would you call the roll?

4 MR. NOYES: Delegate Byron?

5 DELEGATE BYRON: Here.

6 MR. NOYES: Secretary Cheng?

7 SECRETARY CHENG: Here.

8 MR. NOYES: Senator Hawkins isn't here. Delegate  
9 Johnson?

10 DELEGATE JOHNSON: Here.

11 MR. NOYES: Delegate Kilgore?

12 DELEGATE KILGORE: Here.

13 MR. NOYES: Delegate Marshall?

14 DELEGATE MARSHALL: Here.

15 MR. NOYES: Ms. Nyholm is with us by phone.

16 MS. NYHOLM: Here.

17 MR. NOYES: Mr. Owens?

18 MR. OWENS: Here.

19 MR. NOYES: Senator Puckett?

20 SENATOR PUCKETT: Here.

21 MR. NOYES: Senator Reynolds?

22 SENATOR REYNOLDS: Here.

23 MR. NOYES: Senator Ruff?

24 SENATOR RUFF: Here.

25 MR. NOYES: Senator Wampler?

26 SENATOR WAMPLER: Here.

1 MR. NOYES: Delegate Wright? He's not here.  
2 You have a quorum, Mr. Chairman.

3 DELEGATE KILGORE: Thank you. Do I have  
4 approval of the Minutes of January 10, 2011?

5 DELEGATE MARSHALL: So move.

6 DELEGATE KILGORE: It's been moved and  
7 seconded that we accept the Minutes of January 10th, 2011.  
8 All those in favor say aye? (Ayes.) Opposed? (No response.)  
9 The Minutes are approved.

10 I understand we need to go into Executive Session.

11 SENATOR REYNOLDS: I move that we go into  
12 Executive Session in accordance with the provisions of the  
13 Virginia Freedom of Information Act, Section 2.2-3711 A 3 and  
14 5 of the Code of Virginia for purposes of discussing a real  
15 property transaction and prospective business or industry  
16 expansion. I so move.

17 DELEGATE KILGORE: It's been moved and  
18 seconded. All those in favor say aye? (Ayes.) Opposed, no?  
19 (No response.) Those Staff members and people on the  
20 Commission as well can stay; those people from VEDP can  
21 remain in the room, they've been involved in this. Everyone  
22 else needs to leave the room while we're in the Executive  
23 Session.

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25 NOTE: Whereupon at 8:40 a.m. the Executive  
26 Committee goes into Executive Session.

1           Thereupon, at 9:30 the Committee comes out of  
2 Executive Session, viz:

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4           SENATOR REYNOLDS: Whereas, the Executive  
5 Committee of the Virginia Tobacco Commission has convened a  
6 closed meeting on this date pursuant to an affirmative  
7 recorded vote and in accordance with the provisions of the  
8 Virginia Freedom of Information Act and,

9           Whereas Section 2.2-3712 A5 of the Code of Virginia  
10 requires a certification by the Committee that such a meeting  
11 was conducted in conformity with Virginia law,

12           Now, therefore, be it resolved that the Committee hereby  
13 certifies that to the best of each member's knowledge, that only  
14 public business matters lawfully exempt from open meeting  
15 requirements under the Act and only such public business  
16 matters as were identified in the motion by which the closed  
17 meeting was convened were heard, discussed or considered by  
18 the Committee in the meeting.

19           DELEGATE KILGORE: I think we need a roll call.

20           MR. NOYES: Delegate Kilgore?

21           DELEGATE KILGORE: Yes.

22           MR. NOYES: Senator Ruff?

23           SENATOR RUFF: Yes.

24           MR. NOYES: Delegate Byron?

25           DELEGATE BYRON: Yes.

26           MR. NOYES: Secretary Cheng?

1 SECRETARY CHENG: Yes.

2 MR. NOYES: Delegate Johnson?

3 DELEGATE JOHNSON: Yes.

4 MR. NOYES: Delegate Marshall?

5 DELEGATE MARSHALL: Yes.

6 MR. NOYES: Mr. Owens?

7 MR. OWENS: Yes.

8 MR. NOYES: Senator Puckett?

9 SENATOR PUCKETT: Yes.

10 MR. NOYES: Senator Reynolds?

11 SENATOR REYNOLDS: Yes.

12 MR. NOYES: Senator Wampler?

13 SENATOR WAMPLER: Yes.

14 MR. NOYES: Ms. Nyholm is with us by phone.

15 MS. NYHOLM: Yes.

16 DELEGATE KILGORE: All right, that motion passes.

17 Is there anything else to come before the Committee?

18 MR. NOYES: Ned and I have had discussions, and  
19 I've talked to some of the Committee members, to authorize the  
20 Staff to negotiate a good faith effort for purchasing a piece of  
21 property in Washington County, 60 acres in size, including  
22 concessions from the seller, all subject to Commission  
23 approval.

24 DELEGATE JOHNSON: So move.

25 DELEGATE KILGORE: You've heard the motion and  
26 a second. Any more discussion? All those in favor say aye?

1 (Ayes.) Opposed? (No response.) All right.

2 Anything else to come before the Committee?

3 MR. NOYES: Members of the Executive Committee,  
4 a situation is ongoing in Southwest Virginia, and it's very  
5 tense, to say the least. There were two large awards, one to  
6 Powell Valley Co-op and the other to Lenowisco Sunset Digital,  
7 jointly operating as Sunset, financed by our Commission.  
8 There is some dissension between Lenowisco and Sunset. To  
9 date things haven't been going well, and it appears to be likely  
10 we're going to have to really deal with this and it's not going  
11 away, the Full Commission, but first the Executive Committee.  
12 The Powell Valley people have a \$45 million federal fund, and  
13 it's a very significant investment in Southwest Virginia and  
14 East Tennessee. Our assets are involved in Lenowisco; it's  
15 necessary for the entire transaction is what I'm saying, to get  
16 this worked out, smart grid elements and other things. But  
17 what I want to emphasize is it's deteriorating. There seems to  
18 be very little good will among the parties at this point. As I  
19 said, the drop dead date is this Friday. We're not taking any  
20 action, and we have not been requested to take any, but it's  
21 almost certain we'll be contacted and asked to, or you will be  
22 contacted and asked to --

23 DELEGATE KILGORE: -- The question is, under our  
24 grants and our requirements we have an open network, and  
25 the question is whether it's actually an open network or not,  
26 because we have, on the flip side we have a one partner data

1 center there and having problems right now getting what they  
2 need to make sure that they can service their customers. As  
3 the Tobacco Commission, we're probably going to have to  
4 address this soon.

5 MR. NOYES: Powell Valley is not the telecom  
6 operator, electric co-op, and our interest is in economic  
7 development, now that the control of Commission finance  
8 assets could pass under the existing operations agreement to a  
9 third party that we have no relationship with and no historical  
10 relationship with. It's the sort of thing that makes me very  
11 nervous. I think it ought to make the Commission nervous.

12 DELEGATE KILGORE: I guess what you want from  
13 us is, you're going to stay on this, Ned?

14 MR. NOYES: We're watching it very closely. We've  
15 had a series of meetings; I made every effort to keep the  
16 Commission leadership from Southwest Virginia aware of how  
17 things are progressing. This one is going to be a problem.  
18 This is just an FYI.

19 DELEGATE KILGORE: We may be back together  
20 soon, we don't know.

21 MR. NOYES: Our regular meeting is May 12th, a  
22 couple of weeks ahead of the Full Commission meeting. We  
23 believe that meeting will be in Roanoke, we haven't firmed it up  
24 yet, the meeting rooms, yet. The next full Board meeting is  
25 going to be in Lynchburg on May 26th.

26 DELEGATE KILGORE: Is there any public

1 comment from anyone?

2 The Executive Committee is May 12th and the Full  
3 Commission May 26th.

4 All right. Do I have a motion to adjourn? It's been  
5 moved. All in favor say aye? (Ayes.) We're adjourned.

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7 PROCEEDINGS CONCLUDED.

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#### CERTIFICATE OF THE COURT REPORTER

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18 I, Medford W. Howard, Registered Professional  
19 Reporter and Notary Public for the State of Virginia at large, do  
20 hereby certify that I was the court reporter who took down and  
21 transcribed the proceedings of the **Virginia Tobacco**  
22 **Indemnification and Community Revitalization**  
23 **Commission Executive Committee Meeting when held on**  
24 **Wednesday, February 23, 2011 at 8:30 a.m. in the 5th**  
25 **Floor East Conference Room, General Assembly Building,**  
26 **Richmond, Virginia.**

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

4 Given under my hand this 1st day of March, 2011.

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Medford W. Howard

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Registered Professional Reporter

11

Notary Public for the State of Virginia at Large

12

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14 My Commission Expires: October 31, 2014.