

MINUTES
Meeting of the Full Commission
NOVEMBER 3, 2000
SOUTH BOSTON, VA
Brightleaf Forum

Amended and Approved 1-8-01

Meeting opened with a Call of the Roll.

Mr. Anderson
Mr. Arthur (absent)
Delegate Bennett
Mr. Boyd
Mr. Bryant
Byron
Delegate Clement
Mr. Courter
Delegate Dudley
Mr. Fields
Mr. Forbes (absent)
Mr. Grinstead
Mr. Hopkins
Mr. Hurley (absent)
Delegate Johnson (absent)
Delegate Kilgore
Mr. Lawson
Mr. Lief
Mr. Montgomery
Mr. Osborne
Senator Puckett
Delegate Ruff
Mr. Stallard
Mr. Taylor
Ms. Thomas
Mr. Walker
Senator Wampler
Mr. West
Mr. Williams
Senator Hawkins

Senator Hawkins welcomed all to South Boston and asked for a moment of silence for former **Senator Anderson** who passed away the day before. "He was a great friend of the community."

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Also, the Senator asked staff to draft a Resolution to the family of **Senator Holland** who also passed away recently.

There was a motion to ask staff to draft a Resolution in honor of Governor Gilmore for his participation in working with the region and the Commission.

Seconded

*All in favor
Motion adopted*

Senator Hawkins recognized Charlotte (last name not recognizable on tape) and Phyllis Deal from Dickenson County visiting the Commission.

Senator Wampler also thanked them for coming.

Executive Director's Report

The Executive Director updated the Commission on Agenda items and also on particulars staff has been working; Long Term Economic Development Plan, "deal closing funds," etc.

Update from Attorney General's Office

Frank Ferguson spoke to the Commission on suggestions regarding legislative proposals for the next General Assembly Session. Mr. Ferguson handed out draft of legislation and walked the Commission through the handout. (attached)

In the interest of time, **Senator Hawkins** appointed a Legislation Committee to work with the Attorney General's office and address all issues in the legislation. Those appointed to the Legislation Committee are: **Delegate Kilgore, Delegate Bennett, Delegate Clement, Delegate Dudley and Mr. Williams.** Amendments to the bill will be voted on at the January meeting.

Delegate Clement had particular interest in amendments to pages 5,6 and 7.

Mr. Williams had particular interest on page 4 of the draft legislation and suggested that it needed further discussion.

Senator Hawkins having appointed **Delegate Clement and Mr. Williams** to the Committee, reiterated that they could work with the Attorney General's office and the Legislation Committee to make necessary changes to the draft before any deadlines for legislation before the January meeting.

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There was a motion to dispense the reading of the minutes of the last meeting (August 10)

Seconded

Ms. Thomas made a motion that on page 8 the word except should be changed to accept.

Seconded

All were in favor

Motion adopted

Mr. Boyd made a motion that the minutes reflect that at the August meeting he suggested the Commission work with St. Paul's College and other Institutions to work with those who are unable to fill out the paperwork needed to be able to apply for their indemnification payments. Mr. Boyd personally assisted many farmers who have problems with illiteracy. With the Commission working with St. Paul's College and other 1890 Institutes it will be able to help those who can not fill the forms out on their own.

Seconded

All in favor

Motion adopted

Minutes amended and adopted

All in favor

Delegate Kilgore made a Motions To Recess Into a Closed Meeting. Motions read (attached)

Seconded

All in favor

Motion adopted

Meeting went into Closed Session

After Closed Session Certification of Closed Meeting was read (Certification attached) and roll call vote for certification was taken.

Mr. Anderson
Delegate Bennett

Mr. Boyd
Mr. Bryant
Delegate Byron
Delegate Clement
Delegate Dudley
Mr. Fields
Mr. Grinstead
Mr. Hopkins
Delegate Kilgore
Mr. Lawson
Mr. Montgomery
Mr. Osborne
Senator Puckett
Delegate Ruff
Mr. Stallard
Mr. Taylor
Ms. Thomas
Mr. Walker
Senator Wampler
Mr. West
Mr. Williams
Senator Hawkins

Procurement Committee Report

Delegate Kilgore made a motion that the Commission award a contract for Indemnification, Marketing and Database services based on RFP #00-2 to Mays & Valentine for a term of 2 years beginning January 1, 2001 with an Option Provision for the the third year. The first year for the sum of \$370,000; for the second year \$355,000 and \$355,000 for the third year (option) year). Further, the Commission will delegate to the Executive Director the authority to finalize and execute the contract.

*Motion seconded
No discussion
All in favor by Aye
Motion adopted*

Special Projects Committee Report

Delegate Bennett reported that there is a need to revise the terms of commitment that the Commission made to Tobio/CropTech at the South Hill meeting for the \$2 million loan. The contractual arrangements between Tobio and CropTech had not been concluded between each other. The parties have concluded their negotiations and have reached a point of executing a Letter of Intent in that CropTech will guarantee by contract to Tobio that Tobio be the sole source of the tobacco needed by CropTech. Also, Tobio will be granted the right to purchase an equity position in CropTech. With these changes the Special Projects Committee recommends the loan be made specifically and solely to Tobio in the amount of \$2 million. The principle \$2 million will be repaid within 3 years from the date that the loan agreement is signed. The interest payments will be at 4% but will not start accruing until the second year so that the first year will be interest free. Certain conditions must occur precedent to the loan. At the time the "check is written" Tobio will have the right of first established position in CropTech and will be designated as sole source of tobacco needed. The monies may be used to reimburse CropTech for expenses it incurred which it had anticipated that Tobio would have incurred this year. The monies may be used to purchase an equity position in CropTech as well as start up expenses and continue to conduct field research in Southside and Southwest Virginia, to acquire test precision seeding equipment, compile and analyze field research data, design construct and test small scale harvesting equipment, develop harvesting transport and processing methods. **Delegate Bennett** further stated that he believed that by approving this loan the Commission will have a chance to play a substantial part in changing the agriculture scene in Southside and Southwest VA.

Delegate Bennett made a motion to allow the attorneys be authorized to draft a loan document with the above revisions. Also, that the Executive Committee be empowered to make any changes necessary but consistent with the revisions.

Seconded

Discussion:

Senator Wampler asked if he understood that the first year will be 0%.

Senator Hawkins "yes"

Senator Hawkins stated that this has been a very intense negotiation and thanked Delegate Bennett for his work on this.

Senator Hawkins asked anyone that would be perceived to be in conflict voting on this issue to please abstain.

Roll Call Vote

<i>Mr. Anderson</i>	<i>Abstain</i>
<i>Mr. Arthur</i>	<i>Absent</i>
<i>Delegate e Bennett</i>	<i>Aye</i>
<i>Mr. Boyd</i>	<i>Aye</i>
<i>Mr. Bryant</i>	<i>Abstained with statement-- as a producer he did not want any perception at all that he had "an edge" sitting on this Commission and that there has been comments and finger pointing. " I don't own any stock in Tobio or CropTech. The only thing I am guilty of is giving of my free time and helping every producer in the state. I can say the same thing of Don Anderson. We are not up on anything. I will become a participant at the same time as all other producers in the Commonwealth."</i>

<i>Delegate Byron</i>	<i>Aye</i>
<i>Delegate Clement</i>	<i>Aye with statement--I want to thank Delegate Bennett and his Committee for getting this focused for our region.</i>
<i>Delegate Dudley</i>	<i>Aye</i>
<i>Mr. Fields</i>	<i>Abstain</i>
<i>Forbes</i>	<i>Absent</i>
<i>Grinstead</i>	<i>Aye</i>
<i>Mr. Hopkins</i>	<i>Aye</i>
<i>Mr. Hurley</i>	<i>Absent</i>
<i>Mr. Johnson</i>	<i>Absent</i>
<i>Delegate Kilgore</i>	<i>Aye</i>
<i>Mr. Lawson</i>	<i>Aye</i>
<i>Mr. Lief</i>	<i>Aye - with statement that recognized Mr. Courter and Mr. Scruggs and the staff at the VA Department of Agriculture and Consumers Services have worked hard with this project.</i>

<i>Mr. Montgomery</i>	<i>Aye</i>
<i>Mr. Osborne</i>	<i>Abstain</i>
<i>Senator Puckett</i>	<i>Abstain</i>
<i>Delegate Ruff</i>	<i>Aye</i>
<i>Mr. Stallard</i>	<i>Abstain</i>
<i>Mr. Taylor</i>	<i>Abstain</i>

<i>Ms. Thomas</i>	<i>Abstain</i>
<i>Mr. Walker</i>	<i>Aye</i>
<i>Senator Wampler</i>	<i>Aye</i>
<i>Mr. West</i>	<i>Abstain</i>
<i>Mr. Williams</i>	<i>Abstain</i>
<i>Senator Hawkins</i>	<i>Aye</i>
<i>Mr. Courter</i>	<i>Aye</i>

16 Ayes
10 Abstentions
Motion Adopted

Senator Hawkins noted that abstentions were made due to perceived conflicts and not with anything dealing with the project itself.

Report from Mays & Valentine

Clark Lewis reported to the Commission that July 24th was the deadline for those growers and quota holders to submit their application forms and verification forms. This was extended beyond the June deadline. Since that time, Mays & Valentine have received approximately 200-250 verification forms from people that did not get their forms in on time. We continue to receive 3-4 a day.

Senator Hawkins stated that the Commission does not want to deprive anyone of what is "rightfully theirs".

Mr. Lewis suggests that the Commission set another deadline to December 1.

There was a motion to extend the deadline to December 1.
Seconded
All in favor by aye
Motion adopted

Flue Cured Subcommittee

Delegate Clement reported to the Commission that **Mr. Duffer** had presented to the Committee information that could possibly effect indemnification outcomes and that the Committee decided to wait until the next meeting to make any decisions on splits for the Southside region.

Mr. Lief spoke to the Commission regarding "set aside money" to close particular deals on special projects. **Mr. Lief** gave the American Online expansion in Prince William County as an example of a project that the Commission could support with these monies. Senator Hawkins set up a special committee to address this issue and report at January's meeting. **Mr. Lief, Senator Wampler and Delegate Clement** were asked to be part of this Committee.

Burley Subcommittee

Senator Puckett reported that the Committee met in Bristol on October 25. **Mr. Duffer** spoke to the Committee about indemnification outcomes. The Committee decided to wait until January's meeting to make any decisions on splits for 2001.

Delegate Clement suggested that it would be appropriate to vote on the splits between revitalization and indemnification in the Soutside region and made a motion to adopt a 50/50 split. 50% for economic development and 50% to grower/quota holders.

Seconded

Discussion:

Delegate Kilgore spoke that he felt "uneasy" deciding on a split for the burly region until it was known what the quota cuts were for next year.

Senator Hawkins stated that the Commission's primary mission was economic stability in tobacco dependent communities. The next monies to be distributed would be in January. The last split was essential to stabilize the farm. The economic piece is the most long-term improvements we can make and that it is appropriate to consider the split at this time.

Delegate Clement asked when the deadline was to make a decision on distributing economic development money. After discussion it was decided that the deadline was February. He suggested that flue cured region vote on their split and burly region vote when comfortable.

Senator Hawkins concurred.

The motion was repeated to vote on a 50/50 split for flue-cured region only. This is a change from an 80/20 split

Seconded

Discussion:

Mr. Anderson asked if this split was for "total money available".

Senator Hawkins responded from "the Master Settlement Agreement. Not TLAP monies.

Mr. Anderson -Prior commitments made by this Commission?

Hawkins-This is money coming in January and April of 2001. All letters of intent will be honored at the appropriate time of the applications being approved.

Mr. Currin clarified to Delegate Clement regarding earlier discussion that the applications are due October 31st with funding announcements in early February. Also, a second round of applications deadline in May which will be announced in September.

Vote on motion for 50/50 split for flue cured region only.

All in favor by aye vote

Motion adopted

Senator Wampler stated that an extension of the burly region application deadline to November 30th would be acceptable.

Mr. Currin spoke that there was some feeling on the Commission that since this is the first year of applications that there should be some flexibility, however, after this year "we should stick to deadlines".

Mr. Lief asked where we stand on actually paying out to jurisdictions we have committed money to, i.e. Charlotte County.

Mr. Currin responded that based on our funding streams there would not be money available until January. January payments are the smaller of the two. Most of the money would come from the April installment.

Delegate Dudley asked that since the deadline has been extended for the funding applications shouldn't the jurisdictions that put together their applications "hurriedly" be able to file an addendum to their applications.

Mr. Lief asked that to the extent we have obligated ourselves aren't we throwing more projects at this money.

Senator Hawkins replied that it is his understanding that the projects we have obligated ourselves to are based on the formularies that are in place on the monies that are made available to those communities.

Motion to extend the application deadline and deadline to file an addendum to applications already sent in for this year only to December 1, 2000.

Seconded

All in favor

Aye vote

Motion adopted

Mr. Ralph Byers, Director of Government Relations at VA Tech spoke to the Commission regarding a request in a change in expenditure categories within monies already appropriated by the Tobacco Commission for Bioinformatics at Virginia Tech. Specifically, VA Tech would like to redirect \$1.9 million designated for greenhouse construction to address more pressing needs for purchase of biotechnology robotic instrumentation, environmental chambers and advanced computer systems.

There was a motion to approve the change in expenditure categories for \$1.9 million from greenhouse construction to biotechnology robotic instrumentation, environment chambers and advanced computer systems.

Motion Seconded

All were in favor by aye vote

None opposed

Motion Adopted

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Brenda Atkins, Director of Legislative Affairs for Longwood College spoke to the Commission on outreach activities in the South Boston area.

Senator Hawkins spoke to the importance of higher education in the tobacco regions.

Delegate Bennett responded that in 1986 South Boston probably had no more than 200-300 enrollments in Community Colleges in the region. This has grown to 6000 and the infrastructure needs to continue to move forward to handle these enrollments.

Mr. Currin thanked Mr. Confroy for his hospitality.

The next meeting was set for January 17, 2001 in Richmond.

There were no public comments.

Meeting adjourned approximately 1:00 P.M.

Respectfully Submitted
Carthan F. Currin, III
Secretary for the Commission _____