

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                                   **Full Commission Meeting**

10                                  Thursday, October 25, 2007

11

10:00 a.m.

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13                                  Mountain Empire Community College

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Big Stone Gap, Virginia

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1 **APPEARANCES:**

2 The Honorable Charles R. Hawkins, Chairman

3 The Honorable Terry G. Kilgore, Vice Chairman

4 Mr. Thomas W. Arthur

5 Mr. Stephen S. Banner

6 The Honorable Robert Bloxom, Secretary of the Department of  
7 Agriculture and Consumer Services and Forestry

8 Mr. Bernie K. Day

9 The Honorable Allen W. Dudley

10 Mr. Fred M. Fields

11 The Honorable Patrick O. Gottschalk, Secretary of the Department  
12 of Commerce and Trade

13 Mr. Scott M. Harwood, Sr.

14 Mr. L. Jackson Hite (By phone)

15 Mr. Jordon M. Jenkins, Jr.

16 The Honorable Joseph P. Johnson, Jr.

17 Mr. Buddy Mayhew

18 The Honorable Harrison A. Moody

19 Ms. Connie G. Nyholm

20 The Honorable Edward Owens

21 The Honorable Phillip P. Puckett

22 The Honorable William C. Wampler, Jr.

23 Mr. Thomas E. West

24 The Honorable Frank M. Ruff

25 Mr. Bryant L. Stith

1 The Honorable Jody Wagner

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3 COMMISSION STAFF:

4 Mr. Neal Noyes, Executive Director

5 Mr. Ned Stephenson, Deputy Director

6 Mr. Timothy F. Pfohl, Grants Program Administration Manager

7 Ms. Britt Nelson – Grants Coordinator, Southside Virginia

8 Ms. Sara Williams – Grants Coordinator, Southwest Virginia

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10 OFFICE OF THE ATTORNEY GENERAL:

11 Mr. Francis N. Ferguson, Deputy Attorney General,

12 Counsel for the Commission

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1                   SENATOR HAWKINS: Good morning everyone,  
2 I want to thank everyone for coming. We've got a pretty full agenda, so lets  
3 get started. Neal, would you call the roll?  
4                   MR. NOYES: Mr. Arthur?  
5                   MR. ARTHUR: Here.  
6                   MR. NOYES: Mr. Banner?  
7                   MR. BANNER: Here.  
8                   MR. NOYES: Secretary Bloxom?  
9                   SECRETARY BLOXOM: Here.  
10                  MR. NOYES: Mr. Bryant?  
11                  MR. BRYANT: (No response.)  
12                  MR. NOYES: Delegate Byron?  
13                  DELEGATE BYRON: (No response.)  
14                  MR. NOYES: Mr. Day?  
15                  MR. DAY: Here.  
16                  MR. NOYES: Delegate Dudley?  
17                  DELEGATE DUDLEY: Here.  
18                  MR. NOYES: Mr. Fields?  
19                  MR. FIELDS: Here.  
20                  MR. NOYES: Secretary Gottschalk?  
21                  SECRETARY GOTTSCHALK: Here.  
22                  MR. NOYES: Mr. Harwood?  
23                  MR. HARWOOD: Here.  
24                  MR. NOYES: Mr. Hite, he's here by phone.  
25 Delegate Hogan?

1 DELEGATE HOGAN: (No response.)  
2 MR. NOYES: Mr. Jenkins?  
3 MR. JENKINS: Here.  
4 MR. NOYES: Delegate Johnson?  
5 DELEGATE JOHNSON: Here.  
6 MR. NOYES: Mr. Mayhew?  
7 MR. MAYHEW: Here.  
8 MR. NOYES: Mr. Moody?  
9 MR. MOODY: Here  
10 MR. NOYES: Mr. Montgomery?  
11 MR. MONTGOMERY: (No response.)  
12 MR. NOYES: Ms. Nyholm?  
13 MS. NYHOLM: Here.  
14 MR. NOYES: Mr. Owens?  
15 MR. OWENS: Here.  
16 MR. NOYES: Senator Puckett?  
17 SENATOR PUCKETT: Here.  
18 MR. NOYES: Senator Ruff?  
19 SENATOR RUFF: Here.  
20 MR. NOYES: Mr. Stallard?  
21 MR. STALLARD: (No response.)  
22 MR. NOYES: Mr. Stith?  
23 MR. STITH: Here.  
24 MR. NOYES: Mr. Thompson?  
25 MR. THOMPSON: (No response.)

1 MR. NOYES: Secretary Wagner?  
2 SECRETARY WAGNER: Here.  
3 MR. NOYES: Senator Wampler?  
4 SENATOR WAMPLER: Here.  
5 MR. NOYES: Mr. West?  
6 MR. WEST: Here.  
7 MR. NOYES: Delegate Wright?  
8 DELEGATE WRIGHT: (No response.)  
9 MR. NOYES: Vice Chairman Kilgore?  
10 VICE CHAIRMAN KILGORE: Here.  
11 MR. NOYES: Chairman Hawkins?  
12 SENATOR HAWKINS: Here.  
13 SENATOR HAWKINS: Thank you all for  
14 coming again. Last night's reception was very nice and we thank everyone.  
15 Before we get into the agenda, we have several individuals that we will be  
16 losing on the Commission this year, and the membership this year will  
17 change because the eight-year limitation has run. I think we talked about  
18 that earlier at one of our meetings. Allen Dudley has decided to leave, and if  
19 I didn't recognize Allen, I apologize. We talked about it last night. We'd  
20 also like to remind people that as of last week, Delegate Danny Marshall  
21 was appointed to fill a spot that's being vacated by Delegate Dudley. Danny  
22 will probably join us at the next meeting. Having said that, I'd like to say  
23 that we have with us this morning Paul Goldman. He would like to make a  
24 brief presentation. Paul.

1 MR. GOLDMAN: Thank you Mr. Chairman, can  
2 everyone hear me?

3 SENATOR HAWKINS: Paul has been very active  
4 in Senator Wilder's campaign some years back.

5 MR. GOLDMAN: I want to make a brief  
6 presentation to you this morning and I'm going to tell a story, but I'd like to  
7 come back here and make a presentation. It's important for a lot of reasons.  
8 I want to tell you how the Southside and Southwest and the inner cities of  
9 this state build the best schools, the best public schools in the country in the  
10 wealthiest communities. I'm going to show you how to do it for two-thirds  
11 less than the wealthiest communities have to pay. There is a glitch in the  
12 Federal tax law and we can change it, and I have talked to Congressman  
13 Scott and the National Educational Association and the Virginia Education  
14 Association and I could go down the list. This works folks. You know it  
15 works because Governor Kaine, when he was the Mayor, used the same  
16 basic financing strategy to build the Governor's School. Unfortunately,  
17 99.9% of every other locality, it doesn't work because of a glitch in the  
18 Federal tax law. First, let me tell you what's important because I knew that  
19 Doug Wilder was going to get elected and not that far from here in Scott  
20 County, a coal mine, I'd never been in a coal mine. I was so new to it that  
21 when we got down there, I kept asking the folks that were taking us to turn  
22 off their lights to see how dark it was, and they were laughing at me. I made  
23 him do it because I had never seen that. When we got into it, they were  
24 mining coal and I was looking for guys with certain equipment like pick  
25 axes because that's what I read about when I went to school, and that's not

1 the way it was done. As I was about to leave, one of them came up and said,  
2 “Somebody wants to see Doug Wilder work underneath the machine.” So  
3 we’re very close together, Wilder and this gentlemen and me. My hair was  
4 longer then. I looked a little more 60’s than I did, so he talked to Wilder and  
5 had a conversation. I said, “I hear you served in the military.” He said,  
6 “Yes,” and he said, “I heard you won a metal.” The guy also said he served.  
7 He was talking about Vietnam, I’m sure. He looked at me and knew my  
8 name and said, “I bet he didn’t serve. The Goldman family has been serving  
9 for a long time since Jack Pershing.” It didn’t bother me one bit. When I  
10 walked out of there, you know, with the election coming, because he  
11 identified with a military veteran, I knew right then and I knew when we got  
12 out of Scott County and went to the rest of the state, they’d have the same  
13 feeling. For me, that was a defining moment that day; that’s the way it’s  
14 going to work.

15 I’m coming back here to give something back because I was  
16 given something, and I’m going to give it back today. We’re going to get all  
17 the children in this area a new school. You’ve got to be 50 years or older,  
18 that’s the way the law worked. It’s called the Federal Rehabilitation Tax  
19 Credit. Some of you probably know about it, and it’s used in some localities  
20 and it’s been modernized. The way the law works is this. If you have an old  
21 school and the locality has an old school and if you want to sell it, you want  
22 to sell it to me, the federal government will give me 20% of the  
23 rehabilitation cost and the state will give me 25%. I don’t do this; it’s not  
24 my business. I’m a lawyer and we write these things, and it’s not a bad deal  
25 to get 45% back guaranteed and you still have the building, but in the

1 localities, you can do the numbers. Why shouldn't the locality get the high  
2 school? You may want to turn it into a modern school. The federal  
3 government says, they sell it to me and I don't get the tax credit and not part  
4 of that, and that doesn't make any sense. That's not what the rehabilitation  
5 tax credit law says and that's true. There is another part of the tax code that  
6 applies which involves the locality. That says they have a prior use rule  
7 which is, that if you were a tenant prior to the sale, you want to lease it back  
8 for the same thing and the 20% is not available for that arrangement. That's  
9 the reason. What happened with Governor Kaine was the Mayor of the City  
10 of Richmond and the Governor School of Central Virginia was looking for a  
11 new locality. We had the old Maggie Walker building in Richmond, an  
12 historic building, a local Richmond high school. What we did was, they sold  
13 the building and fixed it up. That building was on lease back to the  
14 Governor's School. The Governor's School is a regional school so you had  
15 a regional entity, a tax exempt by a locality. After the sale, the tax exempt  
16 means by a regional entity not the same tenant, and that's something the  
17 lawyers can appreciate. That's why we have so many of them in this  
18 country, but it's legal and it's not complicated. I need a law that says K  
19 through 12, a modernization project. If you want to pick up a public school,  
20 the same exact rules that we know are being used by private enterprise for  
21 21 years, from 1986 when Reagan signed it and the Democrats passed it.  
22 For 21 years, they loved it. You can't find a private developer that doesn't  
23 love it. They love everything about it. It's untapped, no competition, not  
24 competing against anybody, whoever wants to do it as long as they qualify.

1 What happens if he did a project and they didn't allow it, you've still got the  
2 building. Investors lose an asset, and they'll sue the CPA.

3 How do you save the money? Number one, at the federal level,  
4 there is a bill in and it's not going anywhere yet. They want to raise the 20%  
5 to 26%, the qualified census track, all of Southside and all of Southwest, the  
6 City of Richmond, Hampton, Newport News. You can see what I'm trying  
7 to create, rural, conservative, Republican, inner city, Democrats; yes, some  
8 progressives. You don't see that kind of combination. How often do you  
9 see that combination? The same interest and that's education. That's the  
10 '65 and '64 Civil Rights Act, you remember that. So that's 26%. At the  
11 state level, they have a policy of conforming to the federal tax. I'm  
12 convinced after talking to people that we can get a 25% state tax credit, the  
13 32.5 considering the census track. It doesn't matter what you do with the  
14 building as long as you put in certain architecture. There is no reason why  
15 with the Feds, giving nothing to the schools, a backdoor way to get the, and  
16 you can go to Washington to figure it out. There is no construction money  
17 in SOQ, and this a way to get some construction money for localities. You  
18 can turn these schools into educational and technology centers, economic  
19 centers in your communities. You can put all the stuff you need into these  
20 and bring in the community to teach what technology you want. So that's  
21 58.5% for the Tobacco Commission, it takes 11.5% for all the schools, and  
22 70% off for the locality. You can save 70% for the local tax payer.  
23 Anybody that follows state politics knows what kind of a vote is going on  
24 with real estate taxes and property taxes. You had all that argument in 1985,  
25 and it's still going on. These are the people right now with the 100%. If you

1 don't want to do that, there is no reason why you couldn't take the 11.5%  
2 and get a loan and no interest, and they'll pay you back. On a 30 year, on  
3 bond financing, you're really saving 5 to 6 percent, two-thirds. It's not  
4 magic, it's just doing it. There are all kinds of things that you can do.  
5 That's before you get any money from anybody else. A locality with the  
6 most modern school, two-thirds off is what it amounts to. Think of the  
7 wealthiest communities and the best private schools you can think of. New  
8 York City costs \$50,000 to send their kid to fourth grade. Some have better  
9 schools than your kids can get by getting two-thirds off.

10                   What would I like the Tobacco Commission to do? I would  
11 just like them to publicly endorse the idea of public education. We're  
12 willing to do our job; the federal government and state government will do  
13 their part because that allows someone like me to put together a coalition.  
14 The beauty of this under state law, you don't have to go through the process  
15 of a bond issue. When somebody comes to your community and says,  
16 "Great city and I've got a plan to fix up the high school," you can bypass  
17 that. You can say, "I've got a better way to do it." You can do that and  
18 that's in the law now. There was a law passed in 2001 and 2002 trying to  
19 get public and private partnerships on schools. It didn't work because the  
20 economics didn't work. The economics is working now. One thing, I saw a  
21 quote from Thomas Jefferson out there, and I asked myself, "If I was  
22 Jefferson and all the things he did like the Declaration of Independence, the  
23 founding of the University of Virginia, and the statute we rely on freedom,  
24 why did he pick those three?" When you think of it, could you pick  
25 anything more important? The thing I'm most proud of is, what I do when I

1 give the people a chance to be what they can be and expand their mind. You  
2 don't have to leave money or give them jobs, but what I do, when you give  
3 someone a chance to expand their mind when they're growing up, then you  
4 are giving them everything you can give them because then you're giving  
5 them a chance for life, liberty, and the pursuit of happiness. Just giving  
6 somebody something isn't enough. When you give them an opportunity and  
7 the options to learn and expand their mind, that's what is really important.  
8 Thank you very much, does anyone have any questions?

9                                   SENATOR HAWKINS: Well, I thank you for  
10 presenting some very interesting information, and we probably need to look  
11 at these things, I'm sure. The Tobacco Commission can take a look at the  
12 localities and be made aware of these things. In the Executive Committee,  
13 we have an opportunity to discuss this in terms of what role we can play. I  
14 really appreciate your putting forth a lot of information for people to think  
15 about. As I said, we probably need to take a look at this position and see  
16 what our position would be on the Tobacco Commission. Making localities  
17 aware of this is very important, so thank you very much.

18                               I want to thank Mountain Empire Community College for your  
19 hospitality here.

20                                   MS. STANLEY: I'd like to say something too.

21                                   SENATOR HAWKINS: Please.

22                                   MS. STANLEY: I'm Donna Stanley and welcome  
23 to Mountain Empire Community College. I know you have a very busy  
24 agenda and much important business to do today. I did want to take this  
25 opportunity on behalf of my president to welcome you to Mountain Empire

1 Community College. Thank you for the wonderful support our community  
2 college has received, the other Southwest and Southside community colleges  
3 what they have received since the inception of the Tobacco Commission.  
4 Up until this point, we were constantly showing up at each of your meetings  
5 and asking for continuation of our grant funds, and we're here to do that  
6 again today. I did want to share with you some of the benefits that we have  
7 derived for the people of this community have derived as a result of the  
8 investments you have made. Here in this college alone, over 2,500 students  
9 have thus far received scholarships from the Tobacco Commission. That  
10 was our numbers as of May. That's a pretty significant number when you  
11 look at a population of 100,000 people that we serve. We've also received  
12 investment in a number of important programs that we have in Southwest  
13 Virginia. I want to highlight three and the role that you serve, the  
14 investment that you've stimulated as a result of what you've done through  
15 the Tobacco Commission. I want to mention the Fast Track Program, which  
16 is one of your more recent grants. We have important investments which  
17 CGI Northrop Grumman has made over in Lebanon, and we've been trying  
18 to prepare the local workforce for jobs that are there. The Fast Track  
19 Program is designed to help local residents who already have some training,  
20 although it might be in another field, to get prepared for CGI, particularly, in  
21 Northrop Grumman. Essentially, we've already had two Fast Track students  
22 to graduate and of that, 79% of the graduates have been hired. I think that's  
23 pretty impressive. We've also got four more in the program that will be  
24 graduating in the upcoming months. We're expecting to be very successful  
25 with this program over time. A number of years ago, you invested in the

1 part-time and weekend nursing program which is conducted by the  
2 Appalachian Nursing Program, and you basically paid for helping us getting  
3 that program established with some scholarship assistance. We've gotten  
4 the students enrolled in that program and, recently, the private sector stepped  
5 up and helped us with our needs to attract more people in the nursing  
6 workforce. We have been providing scholarship assistance to students  
7 enrolling in that program. We're at the stage where we're doing clinicals  
8 and providing full tuition. For those that sign up and agree to work for a  
9 company after they have completed their training, there is a thousand dollars  
10 stipend in the first semester. All that is possible because of the investment  
11 that you have made. We also have another scholarship program that the  
12 Tobacco Commission funded and that is allowing more students to basically  
13 get funding for an associate degree with the condition they enter the  
14 community college with more rigorous courses than are required to graduate  
15 from high school. They have to provide some community service and not be  
16 suspended from school, but once they arrive at the community college, they  
17 have their tuition and fees paid for until they complete 72 credit hours. The  
18 beauty of that program and other people have taken notice of it, we just  
19 signed an agreement with UVA Wise this year to allow students to come out  
20 of our program and graduate and be currently enrolled at UVA Wise and try  
21 to get to a bachelor's degree. That's a pretty impressive development to  
22 help more students in our region succeed and go on to a four-year degree.  
23 So my grateful thanks to the Tobacco Commission to get all these wonderful  
24 programs moving and helping the community colleges across the state to do  
25 this wonderful work. Thank you.

1                                   SENATOR HAWKINS: Thank you, I think this  
2 partnership is working very well to make sure that there are opportunities for  
3 young people to receive their education and it just works well for everyone.  
4 So thank you.

5                                   Now, next, Ralph Byers wants to talk to us about some of the  
6 work that they've been doing.

7                                   MR. BYERS: Thank you very much, Mr.  
8 Chairman, I appreciate the opportunity to take a minute or two to address the  
9 Tobacco Commission. As most of you know, there is a little football game  
10 in Blacksburg tonight and I hope the rain is good only to slow down Boston  
11 College's offense a little bit. We were talking among ourselves a few  
12 months ago about all the things that we have done and are doing with the  
13 Tobacco Commission, and we thought it would be a good time to put all this  
14 into a summary or one document, sort of a way of saying thank you and a  
15 way of saying to people outside the region these are the kinds of things that  
16 the Tobacco Commission has been investing in and what we're working on.  
17 I'd be very interested in any follow-up comments or suggestions that you  
18 might have. I think we've covered the waterfront from the internet access to  
19 scholarship programs and the institute, motor sports, and there has just been  
20 a lot going on, and there will be a lot more as we look to the future. A  
21 couple of days ago, we were talking about the Governor's energy plan. With  
22 an energy plan, they emphasize three areas of research. One was coastal  
23 energy, one was nuclear energy, and one was coal. Of course, we don't have  
24 much coast around here, but we do have the nuclear industry in Lynchburg  
25 in which Virginia Tech is working closely with right now. As many of you

1 know, we have a major Carbon Sequestration Program underway with the  
2 Department of Energy; the plans are for that to be done over here in  
3 Dickinson County. Then the bioenergy that we're working very hard on,  
4 and many fronts from identifying potential sources of biomass through the  
5 technology itself. I think when this becomes a reality, this will be a big  
6 source of energy for this region too. We look forward to working with you  
7 on that.

8                   Please take a look at this and let us know what you think and  
9 it's kind of a way of saying, "Thank you for the support that we've received,  
10 and we look forward to working with you folks in the future and for many  
11 years to come."

12                   SENATOR HAWKINS: Do you have any more of  
13 these?

14                   MR. BYERS: Yes, I've got more.

15                   SENATOR HAWKINS: When you look through  
16 this, this is excellent, and a lot of the things we've accomplished, and this  
17 wouldn't have taken place without the Tobacco Commission and working  
18 with Virginia Tech and that cooperation.

19                   MR. BYERS: Thank you very much.

20                   SENATOR HAWKINS: All right, thank you.

21 Now, I think we'll go back to the agenda. Do we have a motion to approve  
22 the minutes? A motion is made and seconded. All those in favor say aye?  
23 (Ayes.) Opposed? (No response.) The motion carries. Next is the  
24 Executive Committee, Delegate Kilgore.

25

1 DELEGATE KILGORE: Thank you, Mr.  
2 Chairman. The Executive Committee met last Thursday on the 18<sup>th</sup> in  
3 Roanoke. The first recommendation is that the Executive Committee  
4 recommends a \$2,350,000 grant be awarded to Virginia Advanced Study  
5 Strategy, Inc., \$150,000 already awarded, bringing the total to \$2.5 million.  
6 Advanced Study Strategy, Inc., is a South Boston company that will be  
7 training 300 teachers. A former member, Ted Bennett, appeared before the  
8 Executive Committee to answer questions.

9 SENATOR HAWKINS: Thank you for your  
10 report. The money won't be released at one time; it will be released when  
11 needed but it will be in place. Certain benchmarks will have to be met.  
12 We're holding the money until certain benchmark requirements are met.  
13 The Staff will monitor this in the future.

14 DELEGATE KILGORE: Mr. Chairman, there is  
15 also a certain amount of leverage that they can do in connection with Exxon  
16 Mobil.

17 SENATOR HAWKINS: What he's talking about  
18 is Exxon has awarded \$13 million and each community competes for a  
19 percentage of that money; it's a matching funds pipeline. This money will  
20 allow this school to operate in this manner, and without Exxon or without  
21 putting in that money, there wouldn't be this opportunity. This money will  
22 be leveraged to a high degree.

23 DELEGATE KILGORE: So I would move and  
24 the Executive Committee recommends this award.

1                   SENATOR HAWKINS: It's been moved and  
2 seconded, any discussion? Everyone understand what we're doing? All  
3 those in favor say aye? (Ayes.) Opposed? (No response.) Mr. Hite is on  
4 the phone.

5                   DELEGATE KILGORE: The next item we have  
6 is the Commission authorized our Director to transfer \$300,000 to the  
7 Virginia Tourism to fund a movie production here in Wise County based on  
8 Big Stone Gap right here and provided our contribution is made. This  
9 authorization expires on June 30, 2007, and we'll recommend the deadline  
10 be extended to March 30, 2008. They requested we extend our authorization  
11 until March 30 of '08. I so move.

12                  SENATOR HAWKINS: Motion made and  
13 seconded; does everyone understand the request? All those in favor say  
14 aye? (Ayes.) Opposed? (No response.)

15                  DELEGATE KILGORE: In tab 2 of your book, it  
16 shows eight budget amendments recommended by the Executive Committee.  
17 There are a couple of slots here for purposes of any restricted dollars first,  
18 Item 6 releases reserve to the Southside committee and the Southside  
19 committee can make a determination at some later date, when and how to  
20 make it available. Those are the eight budget amendments and we can take  
21 them in a block or--

22                  SENATOR HAWKINS: --As a point of  
23 explanation for Southside, these are monies that have been set aside some  
24 time ago and came out of the Southwest allocation and they are put back,  
25 there is nothing different with that.

1 DELEGATE KILGORE: It's just going back.

2 SENATOR HAWKINS: Any discussion, any  
3 questions?

4 DELEGATE KILGORE: I so move we adopt  
5 budget amendments.

6 SENATOR HAWKINS: It's been moved and  
7 seconded, we'll take them up in a block, any discussion, any questions? All  
8 in favor signify by saying aye. (Ayes.) Opposed? (No response.) The  
9 motion carries.

10 DELEGATE KILGORE: That concludes the  
11 report of the Executive Committee.

12 SENATOR HAWKINS: Thank you very much.  
13 Any questions about the report? All right, before we move to Southside,  
14 Tim Franklin who headed up and worked with us at the institute, and I'd like  
15 to recognize him and he's here today and thank him for the work with the  
16 institute and working with us. He left a good legacy and we're all proud of  
17 the work you did. The best of luck to you in your new endeavor.

18 MR. FRANKLIN: Mr. Chairman, thank you very  
19 much. It's been a pleasure working with the Tobacco Commission and at  
20 the institute, and I appreciate all of the support the Commission has given us.  
21 Thank you very much and I wish you all well. I'll be looking for great  
22 things.

23 SENATOR HAWKINS: All right. Southside  
24 Economic Development Committee. Tom.

1 MR. ARTHUR: The Southside Economic  
2 Development Committee had a meeting earlier; they addressed two issues.  
3 One of them was the reserve of the \$14,150,943 which has been held in  
4 reserve. The committee would like to recommend that that money be moved  
5 back into the allocation and made available for the different counties as part  
6 of their allocation. The second issue was that Pittsylvania County had an  
7 economic recommendation and that recommendation was by the Staff and  
8 we tabled it at the last meeting, but there was some concern with the access  
9 to the property and it's all been cleared up now. It's part of the allocation  
10 and we have the funds to cover it, \$1.5 million for the Gretna Industrial Park  
11 and that will come out of the carry forward. So, I'd make the motion that we  
12 accept that recommendation.

13 SENATOR HAWKINS: It's my understanding  
14 that that money will put back into the Southside formula and be distributed  
15 based on that and that was the normal process, the Gretna Industrial Park  
16 and that will be up and running.

17 MR. ARTHUR: Yes.

18 SENATOR HAWKINS: Any discussion? It's  
19 been moved and there is a second, are there any questions? All those in  
20 favor say aye? (Ayes.) Opposed? (No response.) All right, moving on to  
21 Southwest Economic Development Committee.

22 DELEGATE KILGORE: Thank you Mr.  
23 Chairman. The Southwest Economic Development Committee report. We  
24 met on the 4<sup>th</sup> of October and had a long meeting. If you look at tab 3, we  
25 made some investments and good projects. One was working with the

1 Governor's office on the Southwest Virginia Artisan Center, the Scott  
2 County Economic Development Authority, and Building and Technology  
3 Center in Duffield, Tazewell County, the Blue Stone Project. The Chairman  
4 and I and Senator Puckett and others that were there, it was an impressive  
5 project. We went to Tazewell and heard the presentations, and we basically  
6 funded dollars for three to four big projects that will create jobs. We had  
7 some others but we totaled 14.873 million as shown in tab 3. We also met  
8 this morning so I don't know if you want to take these in a block and do the  
9 other three.

10 SENATOR HAWKINS: Is there a motion?

11 DELEGATE KILGORE: I'd so move.

12 SENATOR HAWKINS: It's been moved and  
13 seconded that the recommendations of the Southwest, page 1 of 1, tab 3, to  
14 be taken as a block. Any discussion on the recommendations? Everyone  
15 understand these recommendations? Any questions? All in favor say aye?  
16 (Ayes.) Opposed? (No response.) The motion carries.

17 DELEGATE KILGORE: Next, we had a meeting  
18 this morning down the hall, and we had more recommendations from the  
19 Southwest Economic Development Committee and at this time, I'd like to  
20 recognize Senator Wampler.

21 SENATOR WAMPLER: Mr. Chairman and  
22 members of the committee, I would bring to the attention of the Commission  
23 a recommendation from the Southwest Economic Development Committee  
24 that is probably one that we spent a lot of time on trying to find the best  
25 work product that we believe that the Staff generated, minimizing a lot of

1 concerns that people had at the first meeting and has to do with a drought  
2 assistance grant. Mr. Chairman, I'm 48 years old and I've never seen it as  
3 dry and as much of a drought condition as we are experiencing this growing  
4 season. We've had some rain in the past several days, but even with that,  
5 we're way below what we ought to be. The farmers don't know where  
6 they're going to be through the winter months. Having said that Mr.  
7 Chairman, I would ask the Commission to indulge me for a moment as I  
8 read a motion that I would like to present to the Commission for  
9 consideration. That \$500,000 from the Southwest Economic Development  
10 Committee's escrow balance be transferred to the Farm Service  
11 Administration to assist with economic stabilization to maintain economic  
12 viability due to the severe drought conditions. This will further the  
13 transition from tobacco dependency to other forms of farm income and that  
14 the counties within the Burley tobacco region that are designated as  
15 experiencing severe drought by the federal and/or state government be  
16 eligible to participate. Furthermore, that the Staff be authorized to have  
17 broad authority to implement consistent with the Farm Services  
18 Administration guidelines of said program. Mr. Chairman, that was a  
19 unanimous recommendation of the Southwest Committee which would be  
20 funded from Southwest Economic Development dollars. That's the motion I  
21 offer to this Commission this morning.

22 SENATOR PUCKETT: I'll second the motion.

23 SENATOR HAWKINS: The motion is before the  
24 Commission and has been moved and seconded. Any discussion? I think  
25 we need to pause for a moment and reflect on what we're going through a

1 change in climate everyone recognizes and is a stress upon communities.  
2 This is a major departure. I don't know exactly what the answer is, but we  
3 have to deal with what we have to deal with. This is something that  
4 probably can be used as a model, and if we're going to do this type of  
5 arrangement. I've got some reservations and it's a state problem and how  
6 we facilitate this problem for the Southside as well. I'm concerned about  
7 economic development money being spent in other areas. That's something  
8 we need to be aware of and problems that we have to address if the drought  
9 continues. This is not the last opportunity we will have to address this  
10 problem. Also, I think at some point, it will be to our advantage to talk to  
11 Tech and use their research program and facilities. I'm speaking of some  
12 sort of drought crops that could be used for this type of thing. It's something  
13 we need to be looking into and maybe making some changes. Our climate is  
14 changing and there is no doubt about that. This is almost November and no  
15 rain. So with that, is there any other discussion?

16 MR. DAY: Mr. Chairman, I think a number of us  
17 have a problem with anything that resembles the hay subsidy. I don't see  
18 how we can oppose a drought, perhaps a--

19 SENATOR HAWKINS: --Being raised in retail, it  
20 all happens.

21 SENATOR RUFF: The money that would go to  
22 the Farm Services, would they give it to individual farmers?

23 SENATOR WAMPLER: Mr. Chairman, there are  
24 guidelines that are already in place by the federal government through the  
25 Farm Services Administration. It would require someone who has livestock

1 for commercial use on the property intended for commercial use. There is a  
2 formula that's driven by the applicant that Farm Services uses to determine.  
3 I would say in response, not only to your question but others, you can't wait  
4 on the federal government, and we can't wait on the state government. We  
5 think we have the ability to impact it now. We can go through a process that  
6 we can help capitalize a small amount, and we can use the guidelines of the  
7 Federal Farm Services Administration.

8 SENATOR RUFF: I would ask, does this fall  
9 within the guidelines of the legislation that we have?

10 SENATOR HAWKINS: Senator Wampler.

11 SENATOR WAMPLER: I would respond that it  
12 falls within the guidelines as much as any other grant that we do. The fact  
13 that the dollars are going to another entity to determine who is eligible and  
14 for how much is not entirely inconsistent but probably pretty close to what  
15 we do with the industrial development authorities and what we do to  
16 promote jobs and other economic benefits. To the extent that we have  
17 moved the farming community away from tobacco income and alternative  
18 forms of income on the farm, this is all about keeping the family farm for  
19 another generation. I believe that was the consensus of the Southwest  
20 Committee in forming their recommendation.

21 SENATOR RUFF: Does the Attorney General's  
22 office agree with that?

23 SENATOR HAWKINS: Are you asking for an  
24 opinion?

25 SENATOR RUFF: Yes.

1                   SENATOR HAWKINS: I think that requires the  
2 Executive Committee to go into an executive session.

3                   MR. DAY: Is the Attorney General's  
4 representative here?

5                   SENATOR HAWKINS: Frank is here.

6                   SENATOR RUFF: If it requires an Executive  
7 Committee, I'll withdraw the motion since we have a representative here so  
8 we aren't doing anything that's not in keeping--

9                   SENATOR HAWKINS: --Then we might have to  
10 ask advice of counsel, and it's my understanding that would require--

11                  MR. FERGUSON: --Mr. Chairman, it doesn't  
12 require, anything can be done that the group, my recommendation normally  
13 in a case specific, legal advice is provided. It can be provided in a closed  
14 session. As a general practice, our recommendations would be done that  
15 way.

16                  DELEGATE KIGORE: Mr. Chairman, I can  
17 advise Senator Ruff Southwest did go into executive session. We discussed  
18 with our attorney and did make a recommendation.

19                  SENATOR RUFF: Well, that's fine.

20                  SENATOR HAWKINS: Any other questions?  
21 Yes, sir.

22                  SECRETARY BLOXOM: Is that a regional  
23 program or a request?

1                   SENATOR WAMPLER: Mr. Chairman, I would  
2 defer to Mr. Secretary or to Mr. Stephenson in as much as he might have the  
3 proper words. My understanding is yes, but I would defer to Staff.

4                   MR. STEPHENSON: The Staff has had informal  
5 conversations on several occasions with FSA. The indication is, up to this  
6 point, that they can do that, Secretary Bloxom. They have not made any  
7 commitment to do this at this point, but they indicated they can administer  
8 the program thorough the county offices using our funds.

9                   MR. WEST: What was the question Mr. Secretary  
10 asked?

11                  SECRETARY BLOXOM: Is money available to  
12 the state or is the authority to be able to do that or move that money into the  
13 same--

14                  SENATOR WAMPLER: --I'm not sure I heard  
15 your question correctly, Secretary Bloxom. The reason we took the  
16 approach with Burley, the Burley growing counties, I believe we have the  
17 statutory guidance from the General Assembly, but we tried to move the  
18 tobacco dependent farmers to other sources of income. I think that's the  
19 reason why we captured using the Burley growing region to further  
20 provision those that have been severely impacted.

21                  DELGATE KILGORE: I think the drought  
22 designation gives the federal FSA, that they are asked to look at it, but I  
23 think with the Burley tobacco region, those areas designated as drought.

24                  SENATOR HAWKINS: Neal.

1 MR. NOYES: The state director for the FSA  
2 contacted Washington and it's clear that they're doing this with counsel and  
3 that was two weeks ago.

4 MR. STEPHENSON: Yes.

5 MR. NOYES: We received email confirmation  
6 that they could do this.

7 SENATOR HAWKINS: Does that answer your  
8 question?

9 SECRETARY BLOXOM: Yes.

10 SENATOR HAWKINS: Any other discussion?

11 MR. JENKINS: Mr. Chairman, I've got a question  
12 on the distribution of funds. You said it would be limited to the Burley  
13 growing region. Who will define that?

14 SENATOR HAWKINS: Delegate Kilgore.

15 DELEGATE KILGORE: I believe that's defined  
16 by statute in our code.

17 MR. JENKINS: By our code and not the FSA's  
18 determination?

19 DELEGATE KILGORE: Yes.

20 SENATOR HAWKINS: Any other discussion  
21 before we vote? I would like to ask the agribusiness subcommittee to  
22 monitor this and see if it's working and doing what it's intended to do, and  
23 if, in fact, they feel like it's something we would be asked to do in the future  
24 to figure out ways that other monies or economic development monies could  
25 be used for these types of projects in a much broader scale. I think we might

1 have to try to find new ways to stabilize our economy, and there will be a lot  
2 of discussion about that, I'm sure.

3 SENATOR WAMPLER: Mr. Chairman, I have  
4 been advised by my friendly counsel, Delegate Johnson, that we need  
5 probably an amendment, we need a friendly amendment that says and that is  
6 that we strike the word counties and insert counties and cities. There may be  
7 a set of circumstances that that would be appropriate.

8 SENATOR HAWKINS: Does everyone  
9 understand the amendment that's being offered? Is there a second? It's  
10 been moved and seconded to add the word cities and livestock. Does  
11 everyone understand the amendment? All those in favor say aye? (Ayes.)  
12 Opposed? (No response.) We have before us a motion from the Southwest  
13 Economic Development Committee dealing with drought relief as amended,  
14 and we have a motion and a second. Any further discussion?

15 MR. ARTHUR: Am I to understand that the  
16 Economic Development money is going into this?

17 SENATOR HAWKINS: Southwest money that  
18 they set aside.

19 MR. ARTHUR: My appreciation for Southwest is  
20 in no way lessen, but I have a great deal of heartburn on Economic  
21 Development money going for this type of program because it will benefit  
22 so few.

23 SENATOR HAWKINS: I think we all share that.

24 MR. ARTHUR: I don't want to be inconsistent,  
25 but I do have to abstain from that.

1 SENATOR HAWKINS: Any other statements?  
2 The question is before us, call the roll.  
3 MR. NOYES: Mr. Arthur?  
4 MR. ARTHUR: No.  
5 MR. NOYES: Mr. Banner?  
6 MR. BANNER: Yes.  
7 MR. NOYES: Secretary Bloxom?  
8 SECRETARY BLOXOM: No.  
9 MR. NOYES: Mr. Bryant?  
10 MR. BRYANT: (No response.)  
11 MR. NOYES: Delegate Bryon?  
12 DELEGATE BYRON: (No response.)  
13 MR. NOYES: Mr. Day?  
14 MR. DAY: Yes.  
15 MR. NOYES: Delegate Dudley?  
16 DELEGATE DUDLEY: No.  
17 MR. NOYES: Mr. Fields?  
18 MR. FIELDS: Yes.  
19 MR. NOYES: Secretary Gottschalk?  
20 SECRETARY GOTTSCHALK: Yes.  
21 MR. NOYES: Mr. Harwood?  
22 MR. HARWOOD: No.  
23 MR. NOYES: Mr. Jenkins?  
24 MR. JENKINS: Yes.  
25 MR. NOYES: Delegate Johnson?

1 DELEGATE JOHNSON: Yes.  
2 MR. NOYES: Mr. Mayhew?  
3 MR. MAYHEW: No.  
4 MR. NOYES: Mr. Moody?  
5 MR. MOODY: No.  
6 MR. NOYES: Ms. Nyholm?  
7 MS. NYHOLM: No.  
8 MR. NOYES: Mr. Owens?  
9 MR. OWENS: Yes.  
10 MR. NOYES: Senator Puckett?  
11 SENATOR PUCKETT: Yes.  
12 MR. NOYES: Senator Ruff?  
13 SENATOR RUFF: No.  
14 MR. NOYES: Mr. Stith?  
15 MR. STITH: Yes.  
16 MR. NOYES: Secretary Wagner?  
17 SECRETARY WAGNER: Yes.  
18 MR. NOYES: Senator Wampler?  
19 SENATOR WAMPLER: Yes.  
20 MR. NOYES: Mr. West?  
21 MR. WEST: Yes.  
22 MR. NOYES: Delegate Kilgore?  
23 DELEGATE KILGORE: Yes.  
24 MR. NOYES: Senator Hawkins?  
25 SENATOR HAWKINS: Abstain.

1 MR. NOYES: The motion carries, Mr. Chairman.

2 SENATOR HAWKINS: Thank you all and I

3 appreciate the discussion. That's a very important matter. Delegate Kilgore.

4 DELEGATE KILGORE: Mr. Chairman, at the

5 Southwest Economic Development Committee on October 4<sup>th</sup>, we discussed

6 a grant for the Performing Arts Center. We did not approve it, and after the

7 meeting, it was determined that we should address it. We addressed it this

8 morning and we gave \$50,000. Also, the Scott County EDA, \$70,000 for a

9 generator. That was Application 1406. Fifty-five new jobs located in the

10 center of Duffield, so it's our motion for \$50,000 and \$70,000 to be in

11 addition, and I direct you to tab 3.

12 SENATOR HAWKINS: Do you make that in the

13 form of a motion?

14 DELEGATE KILGORE: Yes.

15 SENATOR HAWKINS: It's been moved and

16 seconded, any discussion? Does everyone understand the motion? All those

17 in favor say aye? (Ayes.) Opposed? (No response.) That motion carries.

18 Senator Wampler.

19 SENATOR WAMPLER: Mr. Chairman, if I could

20 ask the Commission to turn to tab 4, Special Projects. It was the

21 recommendation of the Committee for funding eleven projects for a total of

22 \$5.5 million, 3 million of which would be restricted funds and 2.5 million

23 unrestricted funds. We funded three research facilities in Southwest and

24 Southside Virginia, two tourisms, one regional water project in

25 Independence creating 400 jobs, and a couple of technology center

1 investments. Mr. Chairman, that's a very high level view of what the  
2 Special Projects Committee recommended to you. I would defer to Staff if  
3 there is any discussion on issues that perhaps the Chair cannot entertain now  
4 or develop it further if the Commission wants any further explanation on the  
5 recommendations. Mr. Chairman, I so move.

6 SENATOR HAWKINS: It's been moved and  
7 seconded. Any discussion on the projects?

8 MR. DAY: Mr. Chairman, I don't mind this North  
9 Carolina Regional Water Authority, but what's that all about?

10 SENATOR WAMPLER: Mr. Chairman, I will try  
11 to explain that, but I think I would defer to Tim.

12 SENATOR HAWKINS: Tim.

13 MR. PFOHL: Good morning. A couple of years  
14 ago, the Commission decided to help create a regional water authority to  
15 serve the town of Independence, Grayson County, as well as the town of  
16 Sparta, North Carolina, and Alleghany County in North Carolina with one  
17 water treatment plant drawing water from the New River. Currently, the  
18 systems that are well-based water systems are starting to fail, and this is in  
19 Grayson County. This new treatment plant would, in addition, serve  
20 existing customers in Grayson County. This is a big construction project.  
21 Grayson County would create something like 350 new jobs for its future  
22 water using customers, Grayson County Industrial Park. The grant is in the  
23 amount of \$2.5 million and will assist in the development of the water  
24 treatment distribution system in Grayson.

1 MR. DAY: Mr. Chairman, what impact would this  
2 have downstream?

3 MR. PFOHL: The New River has been a source of  
4 water and has had some impact downstream, upstream. Certainly, some of  
5 the water, there's some incremental loss.

6 MR. DAY: Can they pump the New River dry?

7 SENATOR WAMPLER: Mr. Chairman.

8 SENATOR HAWKINS: Senator Wampler.

9 SENATOR WAMPLER: I would say that  
10 regardless, there are federal requirements and the intake from the New  
11 River, for using federal dollars with this program, but I would say the main  
12 thing is that this is only about 20% of the total project cost with the balance  
13 federal, this is determined from the federal application. The law and  
14 regulations are very tight. They're tightly administered in this particular  
15 matter.

16 MR. DAY: Is there any implied further claim  
17 from the existing downstream users?

18 MR. PFOHL: There is federal EPA money  
19 involved. I assume that's part of their review process. It was not discussed  
20 in the Commission's deliberations.

21 SENATOR HAWKINS: Any other discussion?

22 SENATOR WAMPLER: I would ask the  
23 Southwest Committee to transfer a half million dollars to help support this  
24 project. If anyone is concerned or wondering how this money is used or any  
25 other questions about any projects, I would ask that the record reflect that

1 Ms. Nyholm has asked to be noted as an abstention on the application  
2 #1463, which is the Martinsville/Henry County Economic Development  
3 Corporation.

4 SENATOR HAWKINS: So noted. Any other  
5 discussion on the recommendation of special projects? It's been moved and  
6 seconded. All in favor say aye? (Ayes.) Opposed? (No response.)  
7 Technology, Clarke Hogan isn't with us today; Tom Arthur, do you have  
8 any comments?

9 MR. ARTHUR: We met this morning and I'd like  
10 the Executive Director to tell you what we did.

11 MR. NOYES: I refer you in your packet to tab 5.  
12 At the meeting on the 11<sup>th</sup> of this month, the Technology Committee met  
13 and voted to recommend the five projects that you see there. I would ask  
14 that we have a motion to consider these as a block.

15 DELEGATE KILGORE: So moved.

16 SENATOR HAWKINS: It's been moved and  
17 seconded that we consider the projects in the packet on page 1 of 1, tab 5, in  
18 a block. Any discussion of these projects? Is there a motion?

19 DELEGATE KILGORE: So moved.

20 SENATOR HAWKINS: It's been moved and  
21 seconded the block be adopted, page 1 of 1 of tab 5. Any discussion of these  
22 projects? All those in favor say aye? (Ayes.) Opposed? (No response.)

23 MR. NOYES: Mr. Chairman, this morning the  
24 Technology Committee met. It wasn't a quorum so we don't have a formal  
25 recommendation, but it was the sense of the members present that a grant in

1 the amount of \$63,360 be awarded to Lenowisco for work that was reviewed  
2 but not acted on at the meeting earlier this month. That work would be done  
3 with Grant 1439. It would involve the telecom equipment.

4 SENATOR HAWKINS: Without a  
5 recommendation from the Committee because of the lack of a quorum, this  
6 could be taken by the Full Commission if there is no objection. It's been  
7 moved and seconded some funds be awarded to Lenowisco, \$63,360. Any  
8 discussion on that project? Everyone understand? All those in favor say  
9 aye? (Ayes.) Opposed? (No response.) The motion carries.

10 MR. NOYES: Mr. Chairman, Ted Deriso made a  
11 request to the members of the Technology Commission that were present,  
12 and this is a non-dollar request that would add or change the scope of the  
13 Grant #1247. The first Staff recommendation details an email from  
14 Michelle Brady to the Technology Committee. Members of the Technology  
15 Committee are aware of this. It simply adds to the location for a pilot  
16 program, but we do not have any further dollars.

17 SENATOR HAWKINS: Does everyone  
18 understand we're adding another location and no money is involved? It's  
19 been moved and seconded, any discussion? All in favor say aye? (Ayes.)  
20 Opposed? (No response.)

21 MR. NOYES: The final matter, Mr. Chairman,  
22 two activities taken together. The members present this morning would  
23 wish the Full Commission to consider an award of \$900,000 to Scott County  
24 Telephone. This will involve a transfer in reserves to the Technology  
25 Committee \$650,000. This is a project that was reviewed and was not

1 approved at the meeting on the 11<sup>th</sup>. It was the sense of the committee this  
2 morning that we should bring this request to be considered for approval.

3 SENATOR HAWKINS: Without a  
4 recommendation because the lack of a quorum at the meeting this morning,  
5 it's the recommendation of the Technology Subcommittee. Is there a motion  
6 on this recommendation? It's been moved and seconded. Any discussion?  
7 All those in favor.

8 SECRETARY WAGNER: What was the  
9 description prior to the meeting and now? What's changed?

10 SENATOR WAMPLER: I would say Madam  
11 Secretary, basically, a lack of cash, nothing wrong technically with the  
12 application, and Scott County Coop is still drawing down dollars from a  
13 previous grant. To answer the questions specifically, we failed to  
14 appropriate the proper amount of money before we were able to come back.  
15 Basically, there is nothing wrong, it's consistent with what we want to do.  
16 We didn't have enough capital to go forward.

17 SENATOR HAWKINS: Does that answer your  
18 question?

19 SECRETARY WAGNER: Yes.

20 SENATOR HAWKINS: A motion has been made  
21 and seconded. Any more discussion? All those in favor say aye? (Ayes.)  
22 All those oppose? (No response.) Thank you, Mr. Noyes, that concludes the  
23 Technology Committee.

24 SENATOR HAWKINS: Education  
25 Subcommittee, Senator Ruff.

1                   SENATOR RUFF: Education, turn to tab 6 and,  
2 specifically, the last page, tobacco scholarship. I would point out that we  
3 have awarded a four-year program, up to 6,500 people over the last several  
4 years, and we're getting more. On the last page, the committee  
5 recommended and I would so move that we follow the tobacco scholarship  
6 rules shown on this page, which are the ones we're operating under today.

7                   SENATOR HAWKINS: My understanding, this is  
8 the same program we had in place. Any discussion from the Education  
9 Committee on the scholarship program?

10                  MR. MOODY: Mr. Chairman, I would like to  
11 note that I would abstain from voting on the Tobacco Scholarship Program.

12                  SENATOR HAWKINS: So noted. Any other  
13 discussion? Is there a motion?

14                  SENATOR RUFF: I moved it and it's been  
15 seconded.

16                  SENATOR HAWKINS: It's been moved and  
17 seconded. Any discussion? All in favor say aye? (Ayes.) Opposed? (No  
18 response.) That motion carries.

19                  SENATOR RUFF: The committee recommended  
20 that we set the rate of interest for the forgivable loans at 6% per annum  
21 retroactively. I would so move. In the past we have tied that interest rate to  
22 a prime rate, and that's been going up and down so we'll try to administer  
23 that at 6% and make it standard. It will make it much simpler to take care of  
24 that.

1 SENATOR HAWKINS: Everyone understand the  
2 recommendation? It's been moved and seconded.

3 DELEGATE DUDLEY: What is the rate? Have  
4 you cut it in half?

5 MR. FERGUSON: Mr. Chairman, I would say the  
6 request came from the Attorney General's office and 6% is the standard state  
7 rate.

8 SENATOR HAWKINS: Any other discussion?  
9 Setting the interest rate at 6%. It's been moved and seconded. All in favor  
10 say aye? (Ayes.) Opposed? (No response.) The motion carries.

11 SENATOR RUFF: Mr. Chairman, we would  
12 recommend that the administrative fees for the Southwest Higher Ed Center  
13 rate not to exceed 5%, and I so move.

14 SENATOR HAWKINS: It's been moved and  
15 seconded, does everyone understand the motion? Any discussion? All in  
16 favor say aye? (Ayes.) Opposed? (No response.)

17 SENATOR RUFF: I'd ask you to turn now to  
18 page 1, tab 6. That's the list of 29 grants totaling \$11,676,825 of  
19 unrestricted funds. I'd be glad to read those individually, or I'd make a  
20 motion that we pass them in a block.

21 SENATOR HAWKINS: Is there any discussion?

22 MR. OWENS: I'm going to abstain from 1466.

23 SENATOR HAWKINS: So noted. Motion is to  
24 approve these in a block. We have before us page 101, tab 6, to take them in

1 a block starting from 1483 through 1514. Any discussion? All in favor say  
2 aye? (Ayes.) Opposed? (No response.) That motion carries.

3 SENATOR RUFF: Mr. Chairman, that completes  
4 the committee's report.

5 SENATOR HAWKINS: Thank you for that  
6 report.

7 MR. NOYES: Mr. Chairman, we have four  
8 matters quickly. On the indemnification, I'll read from the communications  
9 received from Troutman Saunders. The checks for the second round of 2007  
10 payments will be made from the treasury on October 19<sup>th</sup>. This round of  
11 payments include 1,705 claims, totaling \$297,000, bringing the 2007  
12 payments to 45,633 claims, totaling \$14,317,743. That's 95% of the total  
13 available indemnification funding for 2007. The second matter, I encourage  
14 everyone to log on and have a look at the new Commission's website. The  
15 Staff invested a lot of time rethinking it and improving it, and we also  
16 welcome any suggestions that anyone may have. Third, the annual report  
17 should go to print within the next 30 days which will be available in 6 weeks  
18 or 8 weeks. Finally, I'm pleased to announce the Blue Ridge Ribbon  
19 Commission, and there have been some questions about it, and we expect  
20 along about the first meeting in November. The Honorable Gerald Baliles  
21 indicated a willingness to chair this Blue Ribbon Commission. Other  
22 members are Charles King, Mr. Hugh Keogh, Jack Reasor, Mr. Robert Bray,  
23 and Mr. Sid Dewberry. We're still working on the logistics, but we hope to  
24 get that underway in November and the wrap up time will be the April  
25 Board Meeting.

1                   SENATOR HAWKINS: We may add one other  
2 member. As you know, we're transitioning in my mind from a commission  
3 to a foundation. All right, thank you sir. Next, is the January 8<sup>th</sup> meeting in  
4 Richmond.

5                   MR. NOYES: That's correct and the reception on  
6 the 7<sup>th</sup> and we'll get that information to you in ample time.

7                   SENATOR HAWKINS: I'm sure there will be  
8 some members of the General Assembly included.

9                   DELEGATE KILGORE: And we'll miss you,  
10 Charles.

11                  SENATOR HAWKINS: Thank you all. This has  
12 been a productive meeting. I think we have accomplished a lot. Before we  
13 adjourn, is there any public comment, anyone from the audience that would  
14 like to say anything?

15                  MR. McCLANAHAN: Yes, sir. Thank you, Mr.  
16 Chairman. Welcome to Big Store Gap and Mountain Empire Community  
17 College. I know you're busy and I won't take much of your time. My name  
18 is Jack McClanahan. I'm here today to seek your support for the  
19 development of the trails as far as the economic strategy. The success of the  
20 Creeper Trail is well known. More trails for hiking and biking will have a  
21 similar success. Last weekend, I conducted a survey, and in that survey,  
22 70% of the people indicated that water trails for fishing was the number one  
23 priority. This is a brochure of a former tobacco farm in the Greenville,  
24 Tennessee area. In 2002, was the last year of farming the 35 acres of  
25 tobacco. The following year, they started renting four horses to be used on

1 trails in the national forest adjacent to them. Today, they have a lodge and  
2 stables and they hold over 80 horses, and they're hoping to have 1,200  
3 cabins. They have 18 full-time employees. If a horse person from Wise  
4 County travels to a place such as this, they will send \$575 on a two-day trip.  
5 This place also caters to mountain bicycles that cost about \$300 for a two-  
6 day trip. To a lot of people, ATV is a four letter word. If ATV's or four  
7 wheelers were given their own area and a system of trails to ride on, it would  
8 eliminate a lot of the environmental pressures on our public land. Such a  
9 trail system now exists in West Virginia and soon it will generate a hundred  
10 million dollars a year. A man in Harland County, Kentucky recently earned  
11 \$700 riding 14 ATV riders in one day. I can't think of many legal hobbies  
12 that will earn you \$700 a day, but I encourage you to support this. Thank  
13 you very much.

14 SENATOR HAWKINS: Thank you for your  
15 presentation.

16 MR. DAY: I move that we adjourn and show the  
17 appreciation and acknowledgement of the good services of Allen Dudley.

18 SENATOR HAWKINS: I will second that and I'll  
19 add one other thing to it. Would those Commission members that are  
20 rotating out this cycle, would you please stand to be recognized one last  
21 time? (Applause.) Thank you, you'll be missed. Now do we have a motion  
22 to adjourn if there is nothing else? All those in favor? (Ayes.)

23 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 Full Commission Meeting when held on Thursday, October 25, 2007, at 10:00 a.m. at the Mountain Empire Community College, Big Stone Gap, 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 1<sup>st</sup> day of November, 2007.

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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.  
Court Reporter #224566

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