

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, July 26, 2007

11 10:00 a.m.

12
13 Nance Room, Dorrill Dining Hall
14 Longwood University
15 Farmville, Virginia

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1 **APPEARANCES:**

2 The Honorable Charles R. Hawkins, Chairman

3 Mr. Thomas W. Arthur

4 Mr. Stephen S. Banner

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

7 Mr. Clarence D. Bryant, III

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 of
12 Commerce and Trade

13 Mr. Scott M. Harwood, Sr.

14 Mr. L. Jackson Hite

15 Mr. Jordan 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 Thomas C. Wright, Jr.

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1 **APPEARANCES: (cont'd)**

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3 COMMISSION STAFF:

4 Mr. Neal Noyes, Executive Director

5 Mr. Ned Stephenson, Deputy Director

6 Mr. Timothy Pfohl, Grants Program Administration Manager

7 Ms. Stephanie Wass, Director of Finance

8 Ms. Britt Nelson - Grants Coordinator, Southside Virginia

9 Ms. Sara Williams - Grants Coordinator, Southwest Virginia

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11 OFFICE OF THE ATTORNEY GENERAL:

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

13 Counsel for the Commission

14 Ms. Stephanie Hamlett, Assistant Attorney General, Bond Counsel

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1 SENATOR HAWKINS: Good morning,
2 everyone. I'd like to get started. Would everybody please take their seat?
3 Will the meeting come to order?

4 Neal, would you call the roll?

5 MR. NOYES: Mr. Arthur?

6 MR. ARTHUR: Here.

7 MR. NOYES: Mr. Banner?

8 MR. BANNER: Here.

9 MR. NOYES: Secretary Bloxom?

10 SECRETARY BLOXOM: Here.

11 MR. NOYES: Mr. Bryant?

12 MR. BRYANT: Here.

13 MR. NOYES: Delegate Byron?

14 DELEGATE BYRON: (No response.)

15 MR. NOYES: Mr. Day?

16 MR. DAY: Here.

17 MR. NOYES: Delegate Dudley?

18 DELEGATE DUDLEY: Here.

19 MR. NOYES: Mr. Fields?

20 MR. FIELDS: Here.

21 MR. NOYES: Secretary Gottschalk?

22 SECRETARY GOTTSCHALK: Here.

23 MR. NOYES: Mr. Harwood?

24 MR. HARWOOD: Here.

25 MR. NOYES: Mr. Hite?

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

1 MR. NOYES: Mr. Thompson?

2 MR. THOMPSON: (No response.)

3 MR. NOYES: Secretary Wagner?

4 SECRETARY WAGNER: (No response.)

5 MR. NOYES: Senator Wampler?

6 SENATOR WAMPLER: Here.

7 MR. NOYES: Mr. West?

8 MR. WEST: Here.

9 MR. NOYES: Delegate Wright?

10 DELEGATE WRIGHT: Here.

11 MR. NOYES: Delegate Kilgore?

12 DELEGATE KILGORE: (No response.)

13 MR. NOYES: Senator Hawkins?

14 SENATOR HAWKINS: Here.

15 MR. NOYES: Mr. Chairman, we have a quorum.

16 SENATOR HAWKINS: Thank you. I'd like to
17 have a motion to approve the Minutes of the meeting on April 26th.

18 We have a motion and a second that the Minutes be approved.
19 All those in favor say aye? (Ayes.) Opposed? (No response.)

20 Next on the Agenda, I'd like to stop for a minute and welcome
21 the President of Longwood University. She has been very gracious, as
22 usual, to have us here. This is about our third time we've been here on the
23 campus. When we first started out, this was a college; now it's a fantastic
24 university. It's amazing what's going on in this area. Dr. Cormier.

25 DR. CORMIER: Thank you. Good morning,

1 everybody. It's a great pleasure for us to welcome the Commission back,
2 and we consider, actually, the Tobacco Commission part of us. So, it's a
3 great pleasure for me to say "Welcome," and I had that opportunity last
4 night. I do believe you've seen a transformation on this campus, and that's
5 due to the good work of the General Assembly and the Office of the
6 Governor, and certainly not the least, the Tobacco Commission.

7 In addition to that, we've been pretty aggressive about private
8 fund raising, and we're among a number of public institutions doing that.
9 We're also getting ready to launch a new campaign, which I won't give you
10 the number for this morning. We haven't quite decided on that, yet.

11 The campus has been transformed in multiple ways. If you
12 walk around the campus you'll see the restoration after the fire, and there's a
13 great deal going on here. Many of you know something about Longwood,
14 so I won't spend much time on that, but, indeed, we are in the *U. S. News*
15 *and World Report*. If you are in that magazine, you love that magazine. If
16 you are not in that magazine, you hate it. We've been in that magazine for
17 11 straight years, and we are number 11 among all public institutions in the
18 South, and we're 36 among all private and public institutions in the South.
19 In case people have forgotten what the South is, it's not just Virginia. It
20 encompasses Virginia, North and South Carolina, Mississippi, Alabama,
21 Florida, Texas. So, when you're number 36 in that, we think that's a good
22 fit.

23 In addition to that, what I am telling you is that we're also in the
24 *Princeton Review*. There are only 146 institutions in that Review, and we're
25 one of the 146. That's the second year in a row.

1 I think one of the greatest achievements of Longwood over the
2 last seven years, I know all of you are going to be excited about this number.
3 We place 96 percent of our graduates within the first three months of
4 graduation. That's the highest number in the Commonwealth, as far as we
5 know.

6 Now, let me tell you what I tell parents when they come here.
7 Our goal is to make sure your son or daughter graduates in four years, and
8 it's not our fault if they don't. The second goal we have is making sure they
9 have a job and earn enough money to take care of you in a style to which
10 you'd like to become accustomed, and we get a lot of cheers about that.
11 We're expecting a record enrollment this fall of 4,500 students. That will be
12 one of the highest numbers for the institution.

13 I want to spend one minute on what the Tobacco Commission
14 has done for Longwood. Frankly, we would not be in the position that we're
15 in with some of this, if it wasn't for your help. Since 2002 and 2003,
16 Longwood has 571 students who have received \$1,869,030 in Tobacco
17 scholarships, and that is tremendous. Last year we had 112 students who
18 received over \$368,000. I'm going to admit to you today I was at the Harry
19 Potter movie recently, even though I was not with children, I was at the
20 movie. When I got into the movie theater I sat next to a person who
21 happened to be a Longwood student. I said, "Tell me something about
22 yourself." She said she was majoring to be a teacher. She said, "I'm the
23 recipient of a Tobacco Commission scholarship." I said, "I'll sure tell the
24 people that when they come to the campus." But, she also said, "I would not
25 be in college without that scholarship. I would not be able to give back to

1 the Southside community in terms of a teaching profession without that
2 scholarship." So, thank you, very much for the work you're doing. Would
3 the audience please applaud them for all the work they're doing?

4 (Applause.)

5 This is the best return on your investment that you could
6 possibly make for the Commonwealth. This is an investment for the future,
7 teachers, nurses, the best contribution you could make. There is a shortage
8 of teachers and also a shortage of nurses. I'm here to tell you that Longwood
9 will be launching in the next two years a DSN program. We feel very
10 strongly we ought to be educating nurses. We say that because many of the
11 students that come to Longwood come because they want to give back to
12 their community. You'll see something from us very soon. We think
13 bringing nurses to these rural communities is vital to our future. I'll keep
14 you posted on this.

15 Thank you very much for your support of education. Thank
16 you for everything you're doing for the community. I don't think we can
17 thank you enough for the kind of work that you've been doing. Thank you,
18 again, for coming to Longwood. Please note you are always welcome to
19 come back. What do they say in the South, "Y'all come back and see us, you
20 hear?"

21 SENATOR HAWKINS: Thank you for the work
22 your school is doing, and you are a major economic engine in this area. One
23 only has to drive around the community of Farmville to see what the school
24 has done in the last few years. Everyone benefits. Thank you very much.
25 (Applause.)

1 Now, back to the Agenda. Clark Lewis, update on
2 indemnification.

3 MR. LEWIS: Mr. Chairman and members of the
4 Commission, I'll let you know we've completed the first round of payments
5 for the Phase I Tobacco Indemnification Program. We did this in June, with
6 a total of approximately \$14 million. We paid out about 44,000 claims,
7 which represented about 95 percent of the funds available to be distributed.
8 We had tremendous cooperation from the Department of Agriculture and
9 members of the Farm Service Agency. Right now we have five to six
10 hundred claims that are late from our previously announced deadline. We
11 have talked with staff, and at this time we would like to request this one
12 extension to the date of August 17th, 2007.

13 SENATOR HAWKINS: This is nothing out of the
14 ordinary; we've done this before to make sure that people that are entitled to
15 the money have an opportunity to receive the money. I'll entertain a motion.
16 It's been moved and seconded to extend the date. Any discussion? All
17 those in favor say aye? (Ayes.) Opposed? (No response.)

18 MR. LEWIS: In case any of your local citizens
19 ask, we will make a second payment in early October on the catch-up
20 payments and late claims, and then we will process those.

21 SENATOR HAWKINS: All right, thank you very
22 much. We appreciate the work you do. You've done an outstanding job
23 during this whole program.

24 Going on down the list, C. D., want to give us an update?

25 MR. BRYANT: The Bio-Energy Oversight

1 Committee, together with the Agribusiness Committee, we had a joint
2 meeting yesterday afternoon at three o'clock. We reviewed and received a
3 status report from all our bio-energy related projects. The Commission has
4 four projects in the categories and two involving bio-generation and one
5 involving wood pellets, one project involving plant growing media. All
6 projects are moving forward in a progressive manner. The meeting we had
7 yesterday, or the reason why it was a joint meeting with the two committees
8 is because there were some cost overruns unknown that have evolved, due to
9 many variables. This particular project is in the category of bio-energy
10 generation. It is a pilot project that we are committed to see go forward.
11 This pilot project has been very hard to tack down the cost when you're
12 trying to get it up and running. The technology we're looking at is being
13 accomplished all over the world to put a unit together, which is the pyrolysis
14 unit. Many times we set a goal for a two-ton unit, and we find out that the
15 components that you need does not make a very good application for that
16 small size unit. So we had to upgrade and go to a five-ton unit. This has
17 caused a cost overrun, and we have found a need for three-phase power to be
18 brought into that area for a hammer mill. We found there is a little bit of
19 cost overrun on our shed which needs to contain the components for this
20 project that we're putting together. In this meeting we asked Agribusiness to
21 fund these cost overruns, and the outcome from that vote was positive.
22 You'll hear that report from Chairman Johnson on the Agribusiness
23 Committee. I encourage everyone to support that.

24 SENATOR HAWKINS: When do you think you'll
25 be up and operating?

1 MR. BRYANT: I'll have to be honest with you,
2 we moved some of this money through the 501C to expedite the building of
3 the shed. Some of the money we talked about yesterday for the cost overrun
4 is still in Virginia Tech's portfolio. I understand the procurement rules
5 might cause some delay, and I hope it will not be. I think August, Buddy, is
6 August when the unit is supposed to be delivered?

7 MR. MAYHEW: As you said, the holdup of the
8 movement of money is a critical factor. If the money could have moved as
9 fast as we would have hoped, we would have the shed and the unit up right
10 now.

11 MR. BRYANT: Everything is in place if the
12 money will move forward.

13 MR. MAYHEW: To answer your question and to
14 be realistic, I spoke with some of the staff, and it may take as much as three
15 weeks or longer to get the money passed through from the Tobacco
16 Commission to the state and out to where it's going. That's three more
17 weeks right there. To answer your question, it'll probably be this fall, mid-
18 fall or late.

19 SENATOR HAWKINS: Better than it was,
20 anyway.

21 MR. MAYHEW: Yes.

22 SENATOR HAWKINS: Seventy-seven dollars a
23 barrel this morning, so we need to move. Thank you, C. D., appreciate that.

24 Joe Johnson.

25 DELEGATE JOHNSON: Mr. Chairman,

1 yesterday the Agribusiness Committee met with the Bio-Energy Oversight
2 Committee. The Committee unanimously voted to recommend to the full
3 Commission the makeup of the shortage. I'll read two motions that we need
4 to pass, and if there are any questions, we can get an explanation.

5 SENATOR HAWKINS: Can we do them in a
6 block, Joe?

7 DELEGATE JOHNSON: The Agribusiness
8 Committee moved that Grant Number 1157 in favor of Virginia Tech be
9 increased from \$1,140,000 to \$1,244,000, meaning an increase of \$104,000
10 to come from unrestricted funds.

11 The second motion would be that we move a grant of \$162,000
12 be approved from unrestricted funds in favor of the Concerned Friends of
13 Tobacco for the Bio-Energy Demonstration Facility Construction. That
14 would make up the difference that is needed.

15 If there are any questions, Tim will be more than happy to
16 explain.

17 SENATOR HAWKINS: It's my understanding we
18 can vote on these in a block, since they are connected.

19 DELEGATE JOHNSON: Yes, sir.

20 SENATOR HAWKINS: Any discussion of this
21 proposal of this motion? Does everybody understand what we're doing?
22 We're making up a shortfall on a project that we're committed to.

23 DELEGATE DUDLEY: Mr. Chairman, I spoke to
24 C. D. about this last night. I had a question about the Concerned Friends for
25 Tobacco Grant, not because it's them, but I have accepted political

1 contributions from that organization. I don't know if we should vote on that
2 in a block, or if I should abstain.

3 SENATOR HAWKINS: Since you're not
4 benefiting directly from them, I don't think there's a conflict. I'll go on
5 record saying that, and if there is a conflict, you can come and lock me up.

6 DELEGATE DUDLEY: And I'll come and visit
7 you, Mr. Chairman.

8 DELEGATE JOHNSON: Mr. Chairman, I would
9 move that the two motions be moved and voted on in a block.

10 SENATOR HAWKINS: Is there a second? We
11 have a motion and a second. Any discussion on the motion? All those in
12 favor say aye? (Ayes.) Opposed? (No response.) Motion carries. Thank
13 you, Joe. This is a major investment by us, and also a major initiative on our
14 part. I'd like to see this roll on as quickly as possible. Thank both of you all
15 for the good work.

16 Senator Puckett.

17 SENATOR PUCKETT: Thank you, Mr.
18 Chairman. Yesterday afternoon the Southwest Economic Development
19 Committee met, and we considered two requests that we have motions for
20 today. The first request came from the Scott County Economic
21 Development Authority. It centers around some renovations at the Pioneer
22 Center, the technology renovations there. This is in response to a grant that
23 we actually approved in April, Grant Number 1355.

24 I'm prepared to make the motion and answer any questions. I
25 would move that the Scott County Economic Development Authority be

1 awarded \$200,000 of restricted funds for the Pioneer Center tenant
2 renovation.

3 DELEGATE JOHNSON: Second.

4 SENATOR HAWKINS: It's been moved and
5 seconded, any discussion on the motion? All those in favor say aye?
6 (Ayes.) Opposed? (No response.) Motion carries.

7 SENATOR PUCKETT: Thank you, Mr.
8 Chairman.

9 The second issue that we considered yesterday is really just a
10 change in some terms of the original grant that was approved. The changes,
11 actually, allowing not only for building improvements but for computer
12 hardware, software and supplies, and changes the job commitment from 53
13 retained to 48 retained, and from five new to zero new jobs. We're prepared
14 to recommend that the grant request, 1355, that was approved in April, 2007,
15 be amended to permit the use of funds for computer hardware and software
16 acquisitions, and that the job commitments required from the grantee be
17 changed to 48 jobs retained.

18 SENATOR HAWKINS: Is that in the way of a
19 motion?

20 SENATOR PUCKETT: So move.

21 DELEGATE JOHNSON: Second.

22 SENATOR HAWKINS: It's been moved and
23 seconded that be adopted, any discussion? All those in favor say aye?
24 (Ayes.) Opposed? (No response.) Motion carries.

25 SENATOR PUCKETT: That completes our

1 report.

2 SENATOR HAWKINS: Thank you, sir, and I see
3 we're going to be visiting you for the next meeting.

4 SENATOR PUCKETT: We look forward to that.

5 SENATOR HAWKINS: Next up, we have the
6 Southside Economic Development Committee report, Mr. Tom Arthur.
7 There are some people here today that are interested in certain aspects of
8 this. I'm going to make a statement, and I hope you all understand my
9 statement. During the public comment period, I'd like to have one person
10 that wants to speak on each side. This has been heard in sub-committee, and
11 it is not our process to go back and re-listen to the testimony that's already
12 been given in subcommittee. Out of courtesy, I'll take testimony from one
13 person on each side for about two minutes, and then we'll vote on this in a
14 block. We'll pull it out of the block and put it back in for purposes of the
15 vote. It's not being discourteous to anyone; it's just a policy that we put into
16 play to make things flow as easy as possible. The sub-committees are the
17 ones that are charged with going through this in detail and making a
18 recommendation. Their recommendation is the one that we listen to
19 primarily, unless there is an overwhelming problem that pops up between
20 the time the sub-committee meets and the full Commission meeting.

21 Having said that, Mr. Arthur.

22 MR. ARTHUR: Thank you, Mr. Chairman. On
23 July 11th the Sub-Committee met in Danville at the Institute. We addressed
24 and approved 11 grants, totaling \$6,072,978, all within everyone's
25 allocation. We had a request for 13 million, 900 and some thousand dollars.

1 We certainly took a good look at some projects. I wanted to submit as a
2 block the Southside Economic Development Committee recommendation, as
3 you'll find in Section 4 of your handout or booklet. We're going to hold that
4 block vote until the Chairman here allows people to speak, mainly on project
5 1389.

6 Mr. Chairman, before I move to accept that motion, I'll turn the
7 floor back to you.

8 SENATOR HAWKINS: For purposes of
9 discussion, we'll pull out 1389, the Mecklenburg Project, OSAGE, for
10 purposes of comment. Would anyone like to speak in opposition to this
11 particular proposal? Please state your name, and you'll be allowed two
12 minutes.

13 MS. MOBILE: Good morning, my name is Ms.
14 Mobile, and I've lived in Chase City for 16 years, and I have a short
15 statement I'd like to make.

16 There is a lot of concern in Chase City and the surrounding
17 counties that the confirmation of the grant to build the water line from
18 Boydton to Skipwith will contribute to the rezoning of agricultural land to
19 heavy industrial so close to the residential community. The industry that this
20 water line will help facilitate is an ethanol plant, but the fact that ethanol is
21 being produced is not the issue. It doesn't matter what product is being
22 produced, but what matters the most is the environmental effect, the
23 increased traffic and the increased need for safety measures and the fact that
24 the least amount of economic benefit will be going to those who are carrying
25 all the risks. Our concern is that the risks outweigh the benefits. It's a very

1 real possibility that if water is available, the future of that acreage is that it
2 will be rezoned totally as heavy industrial. It appears that the stewardship of
3 grant funding when there are currently unoccupied industrial parks created
4 with great expense with all the necessary water available.

5 Chase City has had its share of economic difficulties with the
6 changes in the tobacco industry, textile plants have closed, even new
7 facilities not lasting. The residents of Chase City and Mecklenburg County
8 want economic prosperity, but prosperity that's lasting and widespread, not
9 servicing the agenda of just a few. We want to maintain a quality of life that
10 is hard to find in today's world.

11 I've been a business owner for 36 years, and I know that there
12 are business decisions made that are business focused and politically
13 focused. The 875 voting members of the Town and County that have signed
14 a petition against the construction of an ethanol plant and the rezoning of
15 agricultural land to heavy industrial is in close proximity to their farms, their
16 schools and homes, and we appeal to you to make a sound and proper
17 decision that will have a positive effect on the future of our community.

18 I appreciate your time.

19 SENATOR HAWKINS: Thank you for taking the
20 time to speak.

21 Is there anyone that would like to stand in support of her
22 position? (Residents stand.) Thank you all for coming and sharing your
23 comments.

24 Would anyone like to speak in favor of this proposal?

25 MR. CARTER: Thank you, Mr. Chairman. I'm

1 Wayne Carter, County Administrator for Mecklenburg. This has been
2 before the sub-committee, and this project will create 65 jobs for the
3 community, and approximately 20 to 25 of those require a college education.
4 We'll have \$150,000,000 worth of investment into Mecklenburg County for
5 this facility. Once we use the wood laps, which is something I think the
6 Commission has been very interested in, trying to come up with a use for
7 that, Virginia Tech is also going to be allowed to use this facility for some of
8 their research. This facility will be using the water; the pipe line will come
9 within four-tenths of a mile from the Town of Chase City, which is currently
10 on wells. Right now the water authority gets their water from a seven
11 million gallon permit that will not require any additional permitting for that,
12 operating less or approximately what this is running and using. Also, there
13 are no parks in Mecklenburg County that have rail and natural gas, so we
14 don't have another site that we could put this in. Finally, we also have
15 resolutions from Mecklenburg County Farm Bureau, the Water and Soil
16 Conservation District, and the County Agricultural and Development
17 Committee in favor of this to help our local farmers, tobacco farmers that
18 switched over.

19 Finally, Chase City, about the trucking, there are numerous
20 trucking firms located in and out of there, and we have heavy industrial
21 facilities that have come into the Town of Chase City and right outside of it,
22 and it's never been an issue before.

23 If you have any questions I'll be glad to answer them.

24 SENATOR HAWKINS: Thank you, appreciate
25 you coming down.

1 SENATOR HAWKINS: That we vote on that out
2 of the block?

3 MR. DAY: Yes, sir.

4 SENATOR HAWKINS: Any objection? All
5 right, it's out of the block.

6 Mr. Arthur.

7 MR. ARTHUR: Thank you, very much, Mr.
8 Chairman.

9 With this project being pulled out of the block, I move that we
10 submit the rest of the block for a vote, Mr. Chairman.

11 SENATOR HAWKINS: It's my understanding,
12 then, we're voting from items 1378 through 1395, with the exception of
13 1389, which has been pulled out of the block.

14 MR. HARWOOD: Are we also voting on the --

15 MR. ARTHUR: -- No, that's a separate issue, a
16 separate motion.

17 SENATOR HAWKINS: Once again, we're voting
18 on items 1378 down to 1395, with the exception of 1389 that is being pulled
19 out of the block. Any discussion on the remaining recommendations? All
20 those in favor say aye? (Ayes.) Opposed? (No response.) The motions
21 carried.

22 Now, we're back to 1389. Is there a motion?

23 MR. ARTHUR: Mr. Chairman, I'd like to
24 comment that this particular project took up considerable time in the sub-
25 committee. We had three separate votes, and it was not approved

1 unanimously. The Committee, after the other votes, voted to accept the
2 staff's recommendation, and that's why it was in here. That's the comments
3 on it, and we have a motion.

4 SENATOR HAWKINS: Is there a second? It's
5 been moved and seconded that item 1389 be approved. Any discussion? All
6 those in favor say aye? (Ayes.) Opposed?

7 MR. DAY: Aye.

8 SENATOR HAWKINS: Aye or -- okay, that's a
9 no vote. We've recorded your no vote, then.

10 Mr. Arthur, does that complete your report?

11 MR. ARTHUR: No, sir. Yesterday we met to
12 address an issue that was tabled at the July 11th meeting, that being the
13 Town of Farmville and Prince Edward County which were both going for
14 the same amount of money. However, after yesterday's vote we moved to
15 accept the staff's recommendation, which was for \$151,670. I move we
16 accept staff's recommendation and the motion of the sub-committee.

17 SENATOR HAWKINS: Is there a second? It's
18 been moved and seconded. Does everyone understand? Is there any
19 discussion on the motion? All those in favor say aye? (Ayes.) Opposed?
20 (No response.) Motion carries.

21 MR. ARTHUR: One more, Mr. Chairman. The
22 Greensville County Southside Workforce Development Center, we had
23 tabled that, and we were going to move it to the Education Committee.
24 However, additional information came in from bond counsel, who said we
25 were allowed to do it, and therefore we addressed that issue again yesterday,

1 and we move to accept staff's recommendation for \$189,404 to Greenville
2 County. I so move.

3 SENATOR HAWKINS: Is there a second? It's
4 been moved and seconded for the request for \$189,404. Any discussion of
5 that recommendation? All those in favor say aye? (Ayes.) Opposed? (No
6 response.) Motion carries.

7 MR. ARTHUR: That completes my report, Mr.
8 Chairman, but if you would allow me a moment of personal pleasure, sir.

9 SENATOR HAWKINS: Certainly.

10 MR. ARTHUR: I would like to say to this board it
11 has been a distinct honor and pleasure to have served with all of you for the
12 past eight years. This more than likely is my last meeting with this group,
13 and I am thoroughly convinced that this is being put in the hands of good
14 and responsible people, and it is for sure the engine that has driven
15 Southside and Southwest Virginia, in my opinion. I think that this
16 Commission has done an excellent job with what it was charged with, led by
17 our Chairman. I thank all of you for being able to work with such fine
18 people, and I certainly have gained a new respect for some of our elected
19 officials, that's for sure. So, I thank you very much.

20 SENATOR HAWKINS: I want to say, Tom, I
21 hope this is not your last meeting. We don't know yet. We all serve at the
22 pleasure of the Governor. Until your appointment comes up you will be
23 with us, and hopefully that will go on for a while, because you have been
24 with us from the start, and one of the founding members of this Commission.
25 Without your guidance and leadership on many, many items we would have

1 found ourselves in a swamp that we would have never gotten out of. We
2 were very blessed when we first started with people that understood the real
3 vision of what we were about, and you certainly were one of those
4 individuals, and no question about that. If you happen not to be with us at
5 the next meeting, I'd like to stand now and thank you for your service.

6 MR. ARTHUR: Thank you. (Applause.) Thank
7 you, thank you very much.

8 SENATOR HAWKINS: Yes, sir.

9 SENATOR WAMPLER: Mr. Chairman, without
10 trespassing on the Commission's time, I would only observed that having
11 served in the Senate of Virginia for 20 years, I have seen a lot, and I've been
12 part of a lot of things, and the Tobacco Commission is probably one of the
13 greatest distinctions I have seen in terms of trying to transform an economy.
14 The point I want to get to is my service in the Senate of Virginia has
15 allowed me to meet many people that I otherwise perhaps would not have
16 met. Mr. Tom Arthur is one of those folks that has made service in the
17 Senate of Virginia worthwhile. Tom, your leadership is one that I've never
18 wanted to be on the other side of a vote of you, Mr. Arthur. And when I
19 have, I have driven back to Bristol and wondered why in the heck I did that.
20 I appreciate your guidance and your wisdom and your personality that you
21 have given to this Commission. Also, the foundations that you have set will
22 live on for many years to come. The graveyard is full of people that you
23 can't get along without, but you're not one of them, Tom. We know that
24 you'll be with us for a long time. I, too, want to thank you on behalf of
25 everyone in Southwest Virginia for what you have done to make this

1 Commission a great Commission. Thank you, sir.

2 MR. ARTHUR: Thank you very much, Senator
3 Wampler.

4 SENATOR HAWKINS: Once again, not to toot
5 the Commission's horn more than it needs to be; although, I've been told that
6 if one does not toot one's own horn occasionally, it will not get tooted.
7 Without the efforts of people like Tom Arthur and other members of this
8 Commission who have devoted untold hours to make sure that every citizen
9 in this area had an opportunity at some future and our children had an
10 opportunity to stay home and develop a type infrastructure and future that's
11 needed, and able to develop historically what we've been doing, which is
12 creating wealth, creating jobs, creating those things that make the
13 communities worth living in. This Commission and the people on it have
14 added a lot to that. Each one of you has a charge that goes beyond anything
15 I've ever seen in my life. That is to change the way we do business from the
16 start, and we've had a great run, and I hope we will continue. Tom, you will
17 be missed.

18 MR. ARTHUR: Thank you, sir.

19 SENATOR HAWKINS: Senator Wampler.

20 SENATOR WAMPLER: Mr. Chairman, I'm to
21 give the Executive Committee report. The Executive Committee met
22 yesterday, and we met for about 45 minutes and discussed a number of
23 items, only one of which will require action on behalf of the full
24 Commission. I would say the majority of the time was spent on updates
25 from staff as to what activities are still pending. I would advise the full

1 Commission that the Executive Committee will perform certain studies and
2 further analyses on various projects that we have going, and we expect to
3 report back at our October meeting with regard to certain actions we may
4 take. The biggest part of the discussion centered around how we try to
5 improve internal controls and manage all of the projects that we have going.

6 Mr. Chairman, that's probably the subjective part of the
7 meeting. I would draw your attention to your tab in the book, Executive
8 Committee. There is one motion that I would bring to the full Commission
9 for a recommendation. That deals with an Enterprise Zone allocation. The
10 Enterprise Zone Allocation being a state program that is capped by a certain
11 amount of funding, and when that program is over subscribed, not all of the
12 grantees receive the full funding they could. There was a request from
13 various tobacco growing counties that received Enterprise Zone designation
14 grants to ask the Tobacco Commission to come up with the balance of those.
15 We think that's a good idea. Secretary Gottschalk commented on those.
16 The amount you saw in the request was \$2 million, and what we bring to
17 you today in the form of the motion is that we move that the fiscal year '08
18 budget be amended by transferring \$900,000 from the reserve account,
19 unrestricted, to the TROF fund.

20 Mr. Chairman, that would accomplish the task of what the
21 Executive Committee recommended. I would make that motion and
22 concurrence from the Commission.

23 SENATOR HAWKINS: Is there a second?

24 MR. ARTHUR: Second.

25 SENATOR HAWKINS: It's been moved and

1 seconded. Any discussion? Does everyone understand what we're doing?
2 All those in favor say aye? (Ayes.) Opposed? (No response.) The motion
3 carries.

4 SENATOR WAMPLER: Mr. Chairman, as a
5 follow-up I would just say that there were other motions considered but
6 needed to be modified somewhat, and we will consider those in the October
7 meeting, sir.

8 That completes the report of the Executive Committee.

9 MS. NYHOLM: Mr. Chairman, I think I need to
10 abstain from that.

11 SENATOR HAWKINS: If you would, record the
12 abstention by Ms. Nyholm.

13 All right, any further discussion? All those in favor say aye?
14 (Ayes.) Opposed? (No response.) Please note one abstention. Thank you.

15 The Executive Director's Report.

16 MR. NOYES: Thank you, Mr. Chairman. For all
17 the members of the Commission, the auditors have come and gone and no
18 official report has yet been received, and no issues were raised during their
19 visits.

20 The Tobacco Commission is now a participant on the Virginia
21 Performs web site, per your agreement with Governor Kaine's
22 recommendations. The Executive Director has not been advised of any new
23 appointments.

24 Grant applications for Special Projects and Southwest
25 Economic Development are due for staff review and recommendations on

1 August 15th. These committees are scheduled to meet October 4.

2 Grant applications for Education and Technology are due for
3 staff review and recommendations on August 31st. These committees are
4 scheduled to meet on October 11.

5 Grant applications for Agribusiness and Southside Economic
6 Development are due for staff review and recommendations on November
7 1st. These committees will meet December 11th.

8 Our next full Commission meeting at Big Stone Gap October
9 25.

10 Mr. Chairman, I would like to introduce Suzette Patterson. She
11 is a new member of the Commission staff working with Tim in Grants
12 Management.

13 That concludes my report, Mr. Chairman.

14 SENATOR HAWKINS: That takes us down to
15 the public comment period. Would anyone from the public like to make a
16 comment at this time?

17 Yes, sir?

18 MR. SHEALY: Mr. Chairman, I'm Craig Shealy,
19 and I'm the President of OSAGE Bio Energy. On behalf of my company,
20 we'd like to thank you for our support, and we look forward to bringing
21 economic and agricultural prosperity to Southside.

22 MS. SARAH TERRY: Mr. Chairman, I want to
23 thank you on behalf of Congressman Virgil Goode for all the support you've
24 gotten for the congressional district, and I know it's very much appreciated
25 by all concerned. I know that impacts our area greatly.

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I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission Full Commission Meeting when held on Thursday, July 26, 2007 at 10:00 a.m. in the Nance Room, Dorrill Dining Hall Longwood University, Farmville, 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 7th day of August, 2007.

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

My Commission Expires: October 31, 2010.