

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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8 **Full Commission Meeting**

9 Thursday, July 29, 2010

10 10:00 a.m.

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13 Hemlock Haven Conference Center
14 Marion, Virginia

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CRANE-SNEAD & ASSOCIATES, INC.
4914 Fitzhugh Avenue, Suite 203
Henrico, Virginia 23230
Tel. No. (804) 355-4335

1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable Frank M. Ruff, Vice Chairman

4 The Honorable Charles R. Hawkins, Chairman Emeritus

5 Mr. Kenny F. Barnard

6 Ms. Gayle F. Barts

7 The Honorable Kathy J. Byron

8 Mr. John Cannon

9 The Honorable James S. Cheng, Secretary of the Department
10 of Commerce and Trade

11 Mr. David Cundiff

12 Ms. Linda P. DiYorio

13 Mr. Butch Hamlet

14 Mr. Scott M. Harwood

15 The Honorable Joseph P. Johnson, Jr.

16 The Honorable Daniel W. Marshall, III

17 Mr. Ronnie Montgomery

18 The Honorable Harrison A. Moody

19 Ms. Connie Lee Greene Nyholm

20 Mr. Israel O'Quinn

21 The Honorable Phillip P. Puckett

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

2 Mr. David S. Redwine, DVM

3 Mr. Kenneth O. Reynolds

4 The Honorable W. Roscoe Reynolds

5 Mr. John Stallard

6 Ms. Cindy M. Thomas

7 The Honorable Thomas C. Wright, Jr.

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9 COMMISSION STAFF:

10 Mr. Neal Noyes, Executive Director

11 Mr. Ned Stephenson, Deputy Director

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

13 Ms. Stephanie S. Kim, Director of Finance

14 Ms. Sara Williams - Grants Coordinator, Southwest Virginia

15 Ms. Sarah Capps - Grants Coordinator, Southside Virginia

16 Ms. Stephanie Allman, Program Administrator

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18 COUNSEL FOR THE COMMISSION:

19 Mr. Francis N. Ferguson, Esq.

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1 DELEGATE KILGORE: I welcome
2 everyone to our meeting, and I'll call the Commission meeting
3 to order at this time. I'll call on our Executive Director to call
4 the roll.

5 MR. NOYES: Delegate Abbitt?

6 DELEGATE ABBITT: (No response.)

7 MR. NOYES: Mr. Barnard?

8 MR. BARNARD: Here.

9 MR. NOYES: Ms. Barts?

10 MS. BARTS: Here.

11 MR. NOYES: Secretary Brown?

12 SECRETARY BROWN: (No response.)

13 MR. NOYES: Delegate Byron?

14 DELEGATE BYRON: Here.

15 MR. NOYES: Mr. Cannon?

16 MR. CANNON: Here.

17 MR. NOYES: Secretary Cheng?

18 SECRETARY CHENG: Here.

19 MR. NOYES: Mr. Cundiff?

20 MR. CUNDIFF: Here.

21 MR. NOYES: Ms. DiYorio?

22 MS. DIYORIO: Here.

23 MR. NOYES: Mr. Hamlet?

24 MR. HAMLET: Here.

25 MR. NOYES: Mr. Harwood?

1 MR. HARWOOD: Here.
2 MR. NOYES: Senator Hawkins?
3 SENATOR HAWKINS: Here.
4 MR. NOYES: Secretary Haymore?
5 SECRETARY HAYMORE: (No response.)
6 MR. NOYES: Mr. Jenkins?
7 MR. JENKINS: (No response.)
8 MR. NOYES: Delegate Johnson?
9 DELEGATE JOHNSON: Here.
10 MR. NOYES: Delegate Kilgore?
11 DELEGATE KILGORE: Here.
12 MR. NOYES: Delegate Marshall?
13 DELEGATE MARSHALL: Here.
14 MR. NOYES: Mr. Montgomery?
15 MR. MONTGOMERY: Present.
16 MR. NOYES: Mr. Moody?
17 MR. MOODY: Here.
18 MR. NOYES: Ms. Nyholm?
19 MS. NYHOLM: Here.
20 MR. NOYES: Mr. O'Quinn?
21 MR. O'QUINN: Here.
22 MR. NOYES: Mr. Owens?
23 MR. OWENS: (No response.)
24 MR. NOYES: Senator Puckett?
25 SENATOR PUCKETT: Here.

1 MR. NOYES: Mr. Redwine?
2 MR. REDWINE: Here.
3 MR. NOYES: Mr. Kenneth Reynolds?
4 MR. REYNOLDS: Here.
5 MR. NOYES: Senator Reynolds?
6 SENATOR REYNOLDS: Here
7 MR. NOYES: Senator Ruff?
8 SENATOR RUFF: Here.
9 MR. NOYES: Mr. Stallard?
10 MR. STALLARD: Here.
11 MR. NOYES: Ms. Thomas?
12 MS. THOMAS: Here.
13 MR. NOYES: Senator Wampler?
14 SENATOR WAMPLER: (No response.)
15 MR. NOYES: Delegate Wright?
16 DELEGATE WRIGHT: Here.
17 MR. NOYES: Mr. Chairman, you have a
18 quorum.
19 DELEGATE KILGORE: I welcome you all,
20 and glad to be here. At this time we have eight new or
21 returning members. I would ask you all each to give a brief
22 bio, but I'm not going to do that. I would like for you to
23 introduce yourselves, because some members of the public
24 don't know who you are. Tell us where you're from, starting
25 with Ms. Barts.

1 MS. BARTS: I'm Gayle Barts, and I'm
2 from Pittsylvania County.

3 MR. CUNDIFF: David Cundiff, Franklin
4 County.

5 MR. HAMLET: Butch Hamlet from
6 Martinsville and Henry County.

7 MR. HARWOOD: Scott Harwood, Prince
8 Edward County. Glad to be back.

9 MS. NYHOLM: Connie Nyholm, Halifax
10 County.

11 MR. O'QUINN: Israel O'Quinn,
12 Washington County.

13 MR. STALLARD: John Stallard, returning
14 member, Scott County.

15 MS. THOMAS: Cindy Thomas, South Hill
16 and Mecklenburg County, returning member.

17 MR. MONTGOMERY: Ronnie
18 Montgomery, Lee County, Jonesville, good to see you.

19 DELEGATE KILGORE: Thank you all.
20 Let's take up the Minutes of 4-29-2010. Do I have a motion?
21 I've got a motion and a second. All in favor of approving the
22 Minutes from 4-29-10 say aye? (Ayes.) Any opposed? (No
23 response.) The ayes have it. The Minutes are approved.

24 Clarke Lewis.

25 MR. LEWIS: Mr. Chairman and members

1 of the Commission, good morning. I have a very brief update
2 of the Phase I Tobacco Indemnification Program. As you know,
3 we mailed out the first round and processed the first Phase I
4 payment in June. The checks were actually mailed on June
5 15th through June 17th and totaled approximately \$19.2
6 million, and this included over 45,000 claims. As we have in
7 past years, we have experienced some late claims which total
8 about 1600 claims, and this represents about \$260,000 which
9 we would propose, as we've done in prior years, to extend the
10 due date, the extension date to three weeks from now, which
11 would be August 20th, 2010. That is consistent, Mr.
12 Chairman, as we've done in years past. If you were to approve
13 the extension, we would notify the appropriate Farm Service
14 agencies and distribute press releases throughout the tobacco
15 region and notify all claimants.

16 DELEGATE KILGORE: What's the
17 extension date?

18 MR. LEWIS: We would extend it to
19 August 20th, 2010.

20 DELEGATE KILGORE: Do we have a
21 motion to approve that?

22 SENATOR HAWKINS: So moved.

23 DELEGATE JOHNSON: Second.

24 DELEGATE KILGORE: I have a motion
25 and a second. All those in favor say aye? (Ayes.) Opposed,

1 like sign? (No response.)

2 MR. LEWIS: As we discussed in the last
3 meeting, we are continuously notifying all claimants that the
4 program extends to the year 2012, and we're including that, as
5 directed, in all press releases and information on the form.

6 DELEGATE KILGORE: That will make
7 how many years total?

8 MR. LEWIS: That will be 12 years. If
9 there are no other questions, thank you very much.

10 DELEGATE JOHNSON: Mr. Chairman, I
11 think we should thank Clarke Lewis for the continuous work
12 that he does and especially Southwest Virginia in answering
13 questions from farmers clarifying any questions or problems
14 they might have. We thank you very much.

15 MR. LEWIS: We appreciate that very
16 much. Thank you.

17 DELEGATE KILGORE: All right. Next on
18 the Agenda is the Education Committee, and I'll turn it over to
19 Senator Ruff.

20 SENATOR RUFF: Thank you, Mr.
21 Chairman. Earlier this summer the Southern Growth Policy
22 Board recognized the work that the Tobacco Commission has
23 done with the forgivable loans and scholarship programs and
24 awarded us the 2010 Innovator Award, and I want to thank all
25 the people involved in this process.

1 (Applause.)

2 DELEGATE KILGORE: Can we keep this
3 for a while and then change it around to different offices? So I
4 think I'll give it to Neil and put it in the Tobacco Commission
5 office in Richmond. That's a great award. We've never
6 received it before.

7 SENATOR RUFF: Mr. Chairman, the
8 Education Committee met yesterday afternoon, and there are
9 four actions that we need the full Commission to vote on. The
10 first is the approval of the revised four-year scholarship rules,
11 and you'll find that on page six, with the exception of the first
12 few amounts awarded. We are increasing approximately 10
13 percent the total amount for the two programs for the '11-'12
14 school year. We'll ask you to ignore the dollar amount per
15 student at this point. That number will be determined at the
16 October meeting. The reason is we want to see how this
17 current year finishes out before we make the decision whether
18 we need a deeper pool or a broader pool. And I so move.

19 DELEGATE KILGORE: It's been moved.

20 MR. MOODY: I'll second it.

21 DELEGATE KILGORE: The pots of money
22 would be the total dollars available on page six, Southside and
23 Southwest.

24 SENATOR RUFF: I have a separate
25 motion on the dollar amount, but that's the structure. The

1 only other difference is that we're changing the term from
2 permanent resident of Southside or Southwest to legal
3 resident of U.S. and twelve months in Southside or Southwest,
4 Virginia.

5 DELEGATE KILGORE: We have a motion
6 and a second on the common scholarship rules. Any more
7 discussion? All those in favor of adopting those, say aye?
8 (Ayes.) Opposed, like sign? (No response.)

9 SENATOR RUFF: Mr. Chairman, I'll ask
10 for a separate action on the dollar amounts for Southwest and
11 Southside Virginia. The grant program is \$1.375 million for
12 Southwest and for Southside, 3.850 million, and I would so
13 move.

14 DELEGATE KILGORE: There's a motion
15 and a second for the respective scholarship programs for their
16 respective year.

17 SENATOR RUFF: That's correct.

18 DELEGATE KILGORE: Any more
19 discussion or any questions that anyone has as it relates to
20 Southwest and Southside amounts? All right. I've got a
21 motion and a second. All those in favor say aye? (Ayes.)
22 Opposed? (No response.)

23 SENATOR RUFF: Mr. Chairman, I'd ask
24 the Commission to turn to page eight, which deals with the
25 two-year scholarship rules and defines tobacco families. It

1 shows what the terms are. We have been operating with each
2 school using a different set of rules of what they consider
3 tobacco families. We're just going to have one standard rule,
4 but I would ask that you accept that. That came from the
5 Education Committee.

6 DELEGATE KILGORE: Are you also
7 referring to asking to approve the application process, the
8 award or renewal, that whole page, page eight?

9 SENATOR RUFF: Yes.

10 DELEGATE KILGORE: And you so move?

11 SENATOR RUFF: Yes.

12 DELEGATE KILGORE: Do I have a
13 second?

14 MR. HARWOOD: Second.

15 DELEGATE KILGORE: I have a motion
16 and a second. Any questions concerning the information on
17 page eight? All those in favor say aye? (Ayes.) Opposed, no?
18 (No response.)

19 SENATOR RUFF: Mr. Chairman, the final
20 approval is for the increase of the Grant 1757 Southside
21 Students Loan Forgiveness Program in an amount equal to the
22 amount of unused funds from the previous two years of that
23 same program. During those two years we had excess money
24 not used, and we want to move that forward to forgivable loan
25 students that we can, if you'll allow us to do that.

1 DELEGATE KILGORE: Do we have a
2 motion and a second? You're just rolling that over?

3 SENATOR RUFF: That's correct.

4 DELEGATE KILGORE: Any discussion on
5 that, for Southside? Any more discussion? All those in favor
6 say aye? (Ayes.) Opposed? (No response.)

7 SENATOR RUFF: Mr. Chairman, that
8 completes my report.

9 DELEGATE KILGORE: Thank you.

10 SENATOR PUCKETT: Mr. Chairman,
11 could I speak to that?

12 DELEGATE KILGORE: Yes.

13 SENATOR PUCKETT: We had an issue in
14 the Education Committee, which I opposed, that dealt with the
15 two-year college and funding the community colleges. We
16 actually approved a maximum limit of scholarship money of
17 \$350,000. It's been more than that for some colleges,
18 particularly those in my Senate district. The reason I spoke
19 against that is that I think we all had pretty significant
20 discussions, and the pressure on the community colleges is
21 going to increase significantly; because of the tuition increases
22 at four-year schools, students won't be able to go. We just
23 indicated and approved that we gave a little more money to the
24 four-year schools because of the tuition increase. It makes no
25 sense to me that we turn around and cut the community

1 colleges, who also have tuition increases, and they're going to
2 have a whole lot more students than they've had in the past.
3 I'd like for the record to show that I oppose that. I hope I am
4 wrong and that it's not going to create a problem for our kids
5 who come to the community colleges. Either one of two things
6 is going to happen, they're going to get less money or they're
7 going to get no money. So I'm opposed to that, and I don't
8 think it's the right thing to do. I'll remind you again we left
9 money on the table for grant programs that you can write a
10 grant for and request more money, but you can't use that
11 money for tuition. I'll submit to you that the program is not
12 very good, we don't have students in the programs you
13 submitted a grant for. That's my reason for opposition. I just
14 wanted that to be part of the record.

15 DELEGATE KILGORE: Thank you,
16 Senator Puckett. Any more comments?

17 SENATOR REYNOLDS: Mr. Chairman,
18 could we at some future meeting follow up on what the
19 consequences are?

20 DELEGATE KILGORE: Yes, I think we'll
21 have the Staff to do that.

22 SENATOR PUCKETT: Mr. Chairman, I
23 think we'll get that in October when we see what these figures
24 are and what the enrollment is, and we'll have those figures.

25 SENATOR REYNOLDS: Thank you.

1 SENATOR PUCKETT: My concern is that
2 it will be too late then.

3 DELEGATE KILGORE: Let's put that
4 back on and make sure it gets on the Agenda for the October
5 meeting.

6 MR. NOYES: We certainly will, yes.

7 DELEGATE KILGORE: That brings us
8 back to Senator Puckett, Southwest Economic Development.

9 SENATOR PUCKETT: Thank you, Mr.
10 Chairman. The Southwest Economic Development Committee
11 met on July 15th, and we approved eight grants totaling \$2.3
12 million. Those are shown on page 10 of your packet. There's a
13 correction, and I don't think it's been made on anyone's copy.
14 Grant Request 2116. We show there a Committee
15 recommendation of \$340,190. That should read 610,190.

16 DELEGATE KILGORE: Six ten one-
17 ninety?

18 SENATOR PUCKETT: Yes, that's 2116,
19 Scott County Telephone Cooperative. It's really just a
20 misprint.

21 DELEGATE KILGORE: Did you approve
22 that?

23 SENATOR PUCKETT: Yes, we did. If
24 you'll look a little bit further in the explanation, Mr. Chairman,
25 you'll see the figure reads 610,190, simply a misprint.

1 DELEGATE WRIGHT: The total at the
2 bottom is correct.

3 SENATOR PUCKETT: I think the figure I
4 mentioned, 2.3 million, is around that figure. The bottom
5 number is there. I would submit these in a block, 2105, 2122,
6 2118, 1810, 2116, 2121, 2111, and 2119.

7 DELEGATE KILGORE: There is a motion
8 and a second. Any discussion? Anyone want to take any out
9 of the block?

10 SENATOR RUFF: I'm a little confused
11 about the grant total. Those numbers seem to be greater than
12 2.3.

13 MR. PFOHL: It does, you're correct. We
14 need to add the 610.

15 SENATOR RUFF: Even with that it
16 doesn't appear to be correct.

17 MR. PFOHL: We can adjust it.

18 SENATOR PUCKETT: I'd ask Tim or
19 someone, that's the information I was given, and that's the
20 total.

21 MR. PFOHL: We'll get that right.

22 SENATOR PUCKETT: It looks like 3.3.

23 DELEGATE KILGORE: The numbers that
24 your Committee made with the recommendation are on the
25 right-hand side of the page, page 10, with the exception of

1 2116, that's 610,190. Whatever that total is, that's what
2 you're asking the Commission to approve?

3 SENATOR PUCKETT: Yes, sir.

4 DELEGATE KILGORE: All right, any
5 discussion? Anyone want to take anything out of the block?
6 All those in favor of the recommendations in the block, say
7 aye? (Ayes.) Opposed? (No response.)

8 SENATOR PUCKETT: Thank you, Mr.
9 Chairman. That concludes my report.

10 MR. PFOHL: We'll get that taken care of.

11 DELEGATE KILGORE: The next item on
12 the Agenda is Special Projects.

13 MS. NYHOLM: The Special Projects
14 Committee met on July 15th, and that is reflected in page 16
15 of your packet. You'll see we recommended a proposal of eight
16 grants totaling \$4.5 million. That's 2138, 2142, 2148, 2143,
17 2144, 2147 and 2155, and I so move you accept that in a
18 block.

19 DELEGATE MARSHALL: Second.

20 DELEGATE KILGORE: I have a motion
21 and a second. All those in favor of moving those in a block,
22 say aye? (Ayes.) Opposed? (No response.) I also note that
23 you have referred some to certain committees. Do you make
24 that motion?

25 MS. NYHOLM: Yes. We have referred

1 three projects to the Education Committee.

2 DELEGATE KILGORE: There are five
3 referred to other committees. It's the Special Projects
4 recommendation that you refer those to those committees that
5 the Committee made a recommendation to on page 16?

6 MS. NYHOLM: Yes, sir. So moved.

7 DELEGATE KILGORE: I have a motion
8 and a second. Any further discussion? All those in favor of
9 referring those in accordance with the Special Projects
10 recommendation, say aye? (Ayes.) Opposed?

11 DELEGATE WRIGHT: No. I have a no
12 vote because serving on those two committees I know there's
13 no extra money there for other projects; unless the money
14 comes with it, I don't think it's proper.

15 MS. NYHOLM: There's one other item on
16 page 24. The Commission approved \$5 million for the mega
17 site project, and the guidelines from VEDP are found on page
18 24.

19 DELEGATE KILGORE: We don't need to
20 act on those. The Staff is continuing to work on that. Is that
21 correct?

22 MR. NOYES: That is correct. This
23 describes the work that VEDP is doing, beginning to
24 undertake, using \$5 million of Commission funds per the
25 budget negotiations agreement. This is for FYI, no action

1 required.

2 DELEGATE KILGORE: As far as our
3 monthly report, we will be given, or is there a need, Neal, or
4 Ned, whenever something happens on the mega site to include
5 that in the monthly report to the members?

6 MR. NOYES: As soon as the decisions
7 are announced by the Governor and they're published, we will
8 do so.

9 SENATOR RUFF: Mr. Chairman, in the
10 Special Projects Committee wasn't the Granite Falls proposal
11 reported? Was that not tabled? I don't see any report on that.

12 DELEGATE KILGORE: I think that was
13 tabled and will come back with Special Projects at the next
14 meeting. It will be before this Committee. It's still included in
15 Special Projects Committee and what they heard. It will be
16 heard sometime before our next meeting.

17 MR. NOYES: Along with other tabled
18 applications with Special Projects. It's more than one.

19 DELEGATE KILGORE: It is more than
20 one?

21 MR. NOYES: Yes.

22 DELEGATE KILGORE: All right, thank
23 you. Now we have R&D, Delegate Byron.

24 DELEGATE BYRON: Thank you, Mr.
25 Chairman. The R&D Committee met on July 28th, and that's

1 on page 33 in your book. You can see that there were three
2 applications that were vetted through the Partnership. They
3 are applications 2047, 2050 and 2054 that the Committee
4 voted to approve, \$10.6 million subject to Staff and counsel,
5 and I would so move.

6 DELEGATE KILGORE: Delegate Byron,
7 these were already vetted by VEDP and the scores were
8 brought back to the R&D Committee?

9 DELEGATE BYRON: Yes. For some of
10 the new members, the applicants came through the Committee
11 prior to that. Some may have been before the Committee
12 twice. In the process of R&D they come to the Committee and
13 we have Staff recommendations that we review and make a
14 determination whether or not the applications will go to the
15 Partnership for further vetting of the scientific and
16 commercialization and other things that we ask them to look
17 at. Then they come back before us again with a rating and we
18 then take another look at them. Sometimes they have to go
19 back a third time for additional information. So they are the
20 ones that made it through that process that the Committee
21 feels are a good project.

22 DELEGATE KILGORE: And you have the
23 scoring system that was established by VEDP, made it through
24 the review process, and through the review process they have
25 not only recommendations from the colleges and universities

1 but also from private entities. Is that correct?

2 DELEGATE BYRON: That is correct. If
3 you need to go through the recommendations further, we can.

4 DELEGATE KILGORE: I was just trying
5 to familiarize the new members. I just want the newer
6 members to be comfortable with what we're doing.

7 DELEGATE BYRON: That's correct. I
8 would say we've had a great round of applications this time. I
9 believe we have 12 new applications that we looked at. Some
10 of the applications just keep getting better and better. We
11 have a great opportunity to make a real impact. Some of these
12 are actually in my district, and I would like to have the
13 Committee have a presentation from the Research Center and
14 the work that they're doing on nuclear research. There have
15 been recent press releases that have come out that I think the
16 Committee would be very interested in to know where they're
17 at and what they're doing, but it's looking very good.

18 DELEGATE KILGORE: You're asking the
19 Commission to approve what?

20 DELEGATE BYRON: Right now I'm
21 asking the Commission to approve the three applications I just
22 mentioned, which is 2047, 2050 and 2054, which amounts to
23 \$10.6 million.

24 DELEGATE KILGORE: These are all in
25 Danville.

1 DELEGATE MARSHALL: I'll second that.

2 DELEGATE KILGORE: We have a
3 motion and a second. Any more discussion? All those in
4 favor say aye? (Ayes.) Opposed? (No response.)

5 DELEGATE BYRON: Going to page 34,
6 we have approval of two grants that I mentioned briefly, and
7 that would be grant number 2126 and grant number 2128.
8 We approved \$5.9 million without further review, because
9 these projects are part of the ongoing research that was
10 already vetted through the Partnership and continue with that
11 research being done.

12 DELEGATE KILGORE: You're
13 recommending \$5 million for 2126?

14 DELEGATE BYRON: Five point 9 million.

15 DELEGATE KILGORE: Five point 9
16 million for 2126 and 2128.

17 DELEGATE BYRON: Yes, that is correct.

18 DELEGATE KILGORE: So that's moved
19 and seconded? Any discussion? All those in favor say aye?
20 (Ayes.) Opposed? (No response.)

21 DELEGATE BYRON: Mr. Chairman, for
22 information only we had five applications out of the remaining
23 applications that were sent to the Partnership for further
24 review, and those will be coming back to us for our September
25 meeting. Is that correct?

1 MR. NOYES: That is correct. They will
2 be back to us for our October meeting, the full Commission
3 meeting, applications for new R&D.

4 DELEGATE KILGORE: Is there any way
5 we could get the scoring sheet to the members quicker?

6 DELEGATE BYRON: Mr. Chairman, I've
7 already started a memo to the Executive Director to direct both
8 the applicants and the members prior to the meeting, about a
9 week prior to the meeting.

10 DELEGATE KILGORE: Can we do that?

11 MR. NOYES: Certainly. It depends on
12 the VEDP providing a report. We can turn it around, and the
13 individual scores for a particular application, that discussion
14 is not available. The aggregate without identifying that
15 particular applicant can certainly be provided.

16 DELEGATE BYRON: Mr. Chairman, I'll
17 say the Committee, we've gone through a process that we hope
18 to keep improving upon so that as we look at some of these
19 and get more knowledgeable as far as what's before us that we
20 can become quicker and more efficient. The Staff is doing an
21 excellent job, and I want to thank them, and it's making our
22 job easier. That's the end of my report.

23 DELEGATE KILGORE: Thank you,
24 Delegate Byron, you've got a tough job, and I appreciate the
25 hard work you're doing in that area.

1 SENATOR REYNOLDS: Mr. Chairman,
2 before we leave that, would it, in order to accomplish what
3 Delegate Byron suggested, could we ask the VEDP to try to get
4 this information to the Staff a little bit sooner, the reports that
5 Delegate Byron spoke to, so that we could get them circulated
6 to us.

7 MR. NOYES: Yes, we'll work with VEDP
8 and do it as quickly as is reasonable.

9 DELEGATE KILGORE: Senator Ruff.

10 SENATOR RUFF: Thank you, Mr.
11 Chairman. The Executive Committee met this morning. There
12 are several things we need to take action on. The first is as we
13 have grown and we're dealing with more complex issues, the
14 software program we've been using is not up to what it needs
15 to be, and the Staff is recommending and the Executive
16 Committee approved buying web-based software, and the Staff
17 can at least make changes on their work, and that would
18 require a contract of \$97,000 for a five-year period of time. I
19 so move.

20 DELEGATE KILGORE: You're making the
21 motion, is there a second?

22 SENATOR PUCKETT: Second.

23 DELEGATE KILGORE: Any discussion?
24 All in favor say aye? (Ayes.) Opposed, no? (No response.)

25 SENATOR RUFF: The second one is on a

1 much brighter note. Staff has renegotiated the lease on the
2 space and it went down \$1.80 per square foot, \$12 per square
3 foot for that period. So, I would move that.

4 DELEGATE KILGORE: We've got a
5 motion and a second. Any discussion? All those in favor say
6 aye? (Ayes.) Opposed? (No response.)

7 SENATOR RUFF: The third one that I
8 would make is that there was discussion about whether we
9 needed to continue to have four meetings a year. The vote was
10 to change to three meetings a year, which would be one in
11 January and one around the May time frame and one in the
12 September time frame. The cost for each of these meetings is
13 not cheap, and it seems that we probably can accomplish the
14 same things by meeting just three times a year. We can try it,
15 and if doesn't work we can go back to four. So I move we go
16 to three meetings a year.

17 DELEGATE KILGORE: Any discussion?
18 Do I have a second?

19 SENATOR PUCKETT: Second.

20 DELEGATE KILGORE: I have a motion
21 and a second. I know there was some discussion and it
22 passed on a vote of six to three. Is there any discussion?

23 SENATOR HAWKINS: We need to make
24 sure that we discuss this fully. We're a 31-member
25 Commission, and access to information needs to be flowing

1 both ways and with the best possible measure so that
2 everyone will be involved. By going to three meetings we're
3 cutting out one part of what we're trying to accomplish, and
4 that's bringing everyone to the tent. Things have happened
5 over the last couple of years that some members of the
6 Commission have felt left out of the decision-making process
7 and that they're not part of the Commission. If we eliminate
8 one meeting, it will probably isolate more of the decision-
9 making process, if we're not careful about that.

10 The other thing is to make sure we fully understand
11 that by doing this that we're not moving forward with a Staff-
12 driven Commission instead of a Commission driven by the
13 membership of the Commission. We need to make sure that
14 everyone fully understands that and the perception is
15 something that we need to deal with and that the
16 Commission's members are the ones that drive the
17 Commission itself and not Staff. Ongoing discussions is
18 something we need to continue to do. There are obstacles that
19 could cause a problem for us down the road if they're not
20 handled properly.

21 DELEGATE KILGORE: In response to
22 that, during the Executive Committee meeting I did direct Staff
23 to give a monthly report to all members, and we'll do that. The
24 other thing I encourage the members is that if you have a
25 question, call the Staff and they'll be more than willing to

1 discuss it with you, be as involved as you want to be. It's not
2 my goal or anyone else's goal on the Commission to cut
3 anyone out of any discussion or making decisions. So be as
4 involved as you want to be. Hopefully, if we go to three
5 meetings, which I suggest we do that, if it doesn't work out we
6 can always go back to four meetings. I think it's worth a try
7 and see what happens.

8 DELEGATE BYRON: Mr. Chairman, I'm
9 opposed to this, and I appreciate the concerns, and we really
10 haven't had a discussion on what the purpose of that concern
11 is. Is it financial, or is there a different alternative, or if it is
12 workload, there's all different kinds of alternatives that could
13 be looked at as well. The Staff definitely has more applications
14 before them, and that takes a lot of time, but I'm also
15 concerned with a different perception, and JLARC is now
16 looking at the Commission, at its work, and we want to make
17 sure that the system and the statutory requirements that we
18 put into setting up this Commission are all being met through
19 three of these meetings. We don't want to delay things. Every
20 time I get out I get complimented on some of the things we do
21 and the R&D grant approvals. The other states that haven't
22 invested their money the same way we have in Virginia and
23 also the great things that are taking place in the investments
24 we're making and what we're seeing and the results of those
25 investments at this point. None of those I don't think is

1 intentional, and none of us wants to slow down that process or
2 see any of that be hindered. With that said, my question to
3 you is I know in looking at the legislation, are we required to
4 meet four times a year?

5 MR. NOYES: It's in the bylaws, but it's a
6 matter of discretion, discretionary on the part of how many
7 meetings.

8 SENATOR HAWKINS: The General
9 Assembly was kind enough to give us carte blanche. May I
10 add to the comment that Delegate Byron made?

11 DELEGATE KILGORE: You may.

12 SENATOR HAWKINS: If you look at the
13 structure of the committee system that we have in place, this
14 is a 31-member Commission, and you have to have some
15 structure. Unless we have a flow of information from the
16 committees to the general membership, there may be an
17 attempt to lose track of what's going on in the overall
18 Commission, and that troubles me. We need to make sure
19 that we put more emphasis on the information that flows from
20 the sub-committees to the full Commission by e-mail or some
21 other way. We want to make sure that no one is left out of the
22 discussion, because it's very important to maintain dialogue
23 with all members. That's my main concern.

24 DELEGATE KILGORE: I think that could
25 be included and that could be made clearer in these monthly

1 reports. If there's a meeting of a particular committee in that
2 particular month, I think that should by all means be included
3 in that monthly report from the Staff. My suggestion is we go
4 to three meetings, and then if it's not working we can always
5 go back.

6 DELEGATE WRIGHT: Mr. Chairman, let
7 me just add that I was also opposed to it originally --

8 DELEGATE KILGORE: -- Are you
9 warming up to it now?

10 DELEGATE WRIGHT: Not much. I would
11 agree that if it's a matter of finances and you have four
12 meetings, I'd ask the Staff to find ways to keep the costs of
13 meetings down, and that's all I'm saying.

14 SENATOR RUFF: Mr. Chairman, I
15 understand, and I appreciate the fact that people feel left out;
16 whether it's three meetings or four meetings, it's irrelevant as
17 far as that's concerned. We need better dialogue, and that
18 should happen, and no question about that. The number of
19 meetings, I don't think, is really the point.

20 DELEGATE KILGORE: You made a
21 motion and there was a second. Any more discussion on the
22 motion?

23 MR. CANNON: Mr. Chairman, I'm
24 worried about the monthly reports that you're asking the Staff
25 to participate in. What level of detail are they going to have to

1 go through? Are you going to do this once a month? Will it be
2 like an executive summary?

3 DELEGATE KILGORE: It won't be a
4 report like that. It's going to be a basic report, and if you have
5 questions and comments or issues with the report you can call
6 the Staff. You can always call one of us.

7 MR. CANNON: I don't think that'll be a
8 problem.

9 DELEGATE KILGORE: All right. Are you
10 prepared to vote? All those in favor say aye? (Ayes.)
11 Opposed? (No.)

12 DELEGATE KILGORE: Neal, Let's have a
13 roll call.

14 MR. NOYES: Mr. Barnard?

15 MR. BARNARD: Aye.

16 MR. NOYES: Ms. Barts?

17 MS. BARTS: Aye.

18 MR. NOYES: Delegate Byron?

19 DELEGATE BYRON: No.

20 MR. NOYES: Mr. Cannon?

21 MR. CANNON: No.

22 MR. NOYES: Secretary Cheng?

23 SECRETARY CHENG: Yes.

24 MR. NOYES: Mr. Cundiff?

25 MR. CUNDIFF: No.

1 MR. NOYES: Ms. DiYorio?
2 MS. DIYORIO: Yes.
3 MR. NOYES: Mr. Hamlet?
4 MR. HAMLET: Yes.
5 MR. NOYES: Mr. Harwood?
6 MR. HARWOOD: Yes.
7 MR. NOYES: Senator Hawkins?
8 SENATOR HAWKINS: No.
9 MR. NOYES: Mr. Jenkins?
10 MR. JENKINS: (No response.)
11 MR. NOYES: Delegate Johnson?
12 DELEGATE JOHNSON: Yes.
13 MR. NOYES: Delegate Kilgore?
14 DELEGATE KILGORE: Yes.
15 MR. NOYES: Delegate Marshall?
16 DELEGATE MARSHALL: No.
17 MR. NOYES: Mr. Montgomery?
18 MR. MONTGOMERY: No.
19 MR. NOYES: Mr. Moody?
20 MR. MOODY: Yes.
21 MR. NOYES: Ms. Nyholm?
22 MS. NYHOLM: No.
23 MR. NOYES: Mr. O'Quinn?
24 MR. O'QUINN: Yes.
25 MR. NOYES: Senator Puckett?

1 SENATOR PUCKETT: Yes.
2 MR. NOYES: Mr. Redwine?
3 MR. REDWINE: No.
4 MR. NOYES: Mr. Kenneth Reynolds?
5 MR. REYNOLDS: Yes.
6 MR. NOYES: Senator Reynolds?
7 SENATOR REYNOLDS: Yes.
8 MR. NOYES: Senator Ruff?
9 SENATOR RUFF: Yes.
10 MR. NOYES: Mr. Stallard?
11 MR. STALLARD: Yes.
12 MR. NOYES: Ms. Thomas?
13 MS. THOMAS: No.
14 MR. NOYES: Delegate Wright?
15 DELEGATE WRIGHT: No.
16 MR. NOYES: Fifteen in favor, fifteen to
17 ten.
18 DELEGATE KILGORE: It passed.
19 SENATOR HAWKINS: I would say this to
20 the new members in particular, get involved and ask
21 questions, because if you don't get involved in this you're going
22 to be left out. No one is going to write to you, and you'll have
23 to invite yourself, and you always have a place at the table
24 because you're a member. You have access to all this
25 information you need, so find out what's happening. It's up to

1 you to do that.

2 DELEGATE KILGORE: Delegate
3 Marshall.

4 DELEGATE MARSHALL: Mr. Chairman,
5 I'd like to ask the Staff, Southside Sara and Southwest Sarah,
6 to talk to the new members to get them up to speed. You have
7 great resources with these two ladies right there, and you new
8 members make sure that you avail yourselves of their services.

9 MR. NOYES: We'll be happy to do that
10 and happy to have them write the monthly report.

11 DELEGATE KILGORE: I want to remind
12 everyone that before the next Commission meeting in October
13 there is going to be orientation for ethics, that's a requirement
14 we have to do. You'll be getting some training on that ahead of
15 the next meeting. I just want to remind you you'll be getting a
16 separate notice on that, and that'll take place the day before
17 the meeting, maybe October 27th.

18 DELEGATE KILGORE: What part of the
19 state are we in?

20 MR. NOYES: We'll have to let you know,
21 we haven't decided yet.

22 SENATOR RUFF: Mr. Chairman, we had
23 one more action in the Executive Committee, and that deals
24 with the Hazen Unit that is currently housed at Virginia Tech.
25 Several years ago there was a grant made; the parties involved

1 were Windy Acres Nursery in Pittsylvania County, and there
2 was a Virginia Tech professor who was from Virginia Tech.
3 The Hazen Unit which sits at Virginia Tech is not currently
4 being used to extend the testing of the bio-fuels that they need
5 at Windy Acres. The resolution is as follows: Resolved, that
6 the Commission is the beneficial owner of the Hazen Unit and
7 hereby requests and directs VPI State University to transfer
8 legal title to the Hazen Unit to the Institute for Advanced
9 Learning and Research and that physical possession of the
10 Hazen Unit to Windy Acres Nursery not later than September
11 30th of this year.

12 That's the motion.

13 SENATOR PUCKETT: Second.

14 DELEGATE KILGORE: Frank, that was
15 the unit at --

16 MR. NOYES: -- Renewable fuels.

17 SENATOR RUFF: Windy Acres Nursery
18 was testing various feedstocks to determine what product
19 would produce the most energy, and the unit was built I think
20 in Alabama, or it was out-of-state. Some research was done
21 and providing Windy Acres with the information they needed.

22 DELEGATE KILGORE: I think our
23 Executive Director came out that he did make a trip to
24 Blacksburg and that he did have a discussion with the
25 Virginia Tech people.

1 MR. NOYES: Yes, the people in
2 Blacksburg are aware that the matter was coming before the
3 Commission today.

4 DELEGATE KILGORE: I have a motion
5 and a second. Any further discussion? All in favor of the
6 motion signify by saying aye? (Ayes.) Opposed? (No
7 response.)

8 SENATOR RUFF: That completes the
9 report.

10 MR. NOYES: Mr. Chairman, I have three
11 matters. The commissioners noted that Ed Owens was not
12 with us today. His mother-in-law passed away earlier this
13 week, the funeral is today, and that's why he is not here. The
14 Commission sent some flowers to Ed and his wife.

15 JLARC is conducting a program for performance
16 audits for the Tobacco Commission, and that work is under
17 way. They have met with Staff and outlined their process,
18 what they'll be looking for. Staff will be provided with the
19 information that they request. They are also meeting with
20 other state agencies. They have made arrangements and have
21 already met with VEDP, VHCD, they're meeting with
22 contractors where we had contractors do evaluations of
23 different programs, and that's ongoing. I believe the report
24 from JLARC is due early next summer to the legislature.

25 SENATOR HAWKINS: In the process the

1 question is raised do we have discussions with local governing
2 bodies.

3 MR. NOYES: Talking about IDAs, but,
4 yes, they're meeting with political subdivisions with
5 representatives. We're providing contact information and
6 project information to the different locations.

7 DELEGATE KILGORE: Have they talked
8 to members of the Commission?

9 MR. NOYES: I don't believe, they said
10 they would talk to the Commission.

11 The final matter is the three of us took a trip,
12 including Senator Ruff and Delegate Kilgore and myself, made
13 that trip to England to talk to the Rolls Royce people. They're
14 building a factory in Prince George County, which is just
15 outside the footprint. We would participate in a significant
16 supply chain to help companies. We are working with Rolls
17 Royce and some other folks to determine the extent to which
18 the Tobacco Commission may be involved in supporting
19 activities in Prince George, and there are supply chain
20 companies that would locate within the Tobacco Commission
21 footprint. In general terms, we would be following the TROF
22 formula where there are clawback performance related. It's
23 clear to me, and I believe clear to the Chairman and Vice
24 Chairman, that there is a significant opportunity for political
25 subdivisions within the footprint to capture supply trade for

1 this initiative. I'm simply informing you there are some
2 differences in the supply train for Rolls Royce; it extends out
3 longer where our standard TROF agreement was only 36
4 months to determine whether the performance will happen or
5 not happen. That's where we are. It's early in this matter,
6 and we expect to be working on this in August, and it will
7 certainly be part of the monthly report.

8 SENATOR RUFF: I'll tell you that the
9 automotive industry that has been in Michigan has moved
10 south in Kentucky and North Carolina and South Carolina.
11 The air industry and aviation industry is moving away from
12 the west coast to the east coast and to this region. Rolls Royce
13 with their jet engines. It shows that the Virginias and the
14 Carolinas will be involved, and Boeing is down here in South
15 Carolina where they'll be building the 787 plant. GE Aviation
16 and BMW, and these are all centered in North Carolina, and
17 they've got the research located there. There are a lot of things
18 that will be going on as we go forward, and great opportunity
19 for the tobacco region.

20 MR. NOYES: That concludes the report.

21 SENATOR REYNOLDS: I know we talked
22 about this in the Executive session, but there might be a few
23 things to talk about at this point. It's my understanding what
24 we're talking about doing is kind of two things we've done in
25 the past. Number one, this would be an investment outside

1 the footprint, and number two, the time frame would be
2 longer. I think it would be important for us at some point in
3 time to have information from the Staff in some fashion to try
4 to come up with a way that the Staff and the clawback and the
5 Commission could come up with.

6 Thank you, Mr. Chairman.

7 DELEGATE KILGORE: That's a good
8 point. At this point is there any public comment?

9 MR. NOYES: I think I covered earlier the
10 fact that box lunches will be here and you should have your
11 voucher forms.

12 MR. STEPHENSON: I'd ask Michelle
13 Brady to please brief those folks traveling on the airplane as to
14 who is going to go on what plane before we adjourn.

15 MS. BRADY: Those going to Danville, the
16 shuttle will leave very shortly. If you're traveling to Southside
17 and Richmond, you will stay here until the bus comes back.

18 MR. NOYES: One other announcement.
19 Brent Dicker is here for those folks who might have to wait
20 around. If you're not on the plane to Danville and you want to
21 take a ride in his electric vehicle, see Brent, and he'll be happy
22 to do that for you.

23 DELEGATE KILGORE: Our next
24 Commission meeting is October 28, 2010, the place to be
25 disclosed later. I believe we'll be somewhere in Southside

1 Virginia.

2 With that, thank you all for coming, and have a safe
3 trip home.

4 Do I have a motion to adjourn? It's so moved, we're
5 adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

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I, Medford W. Howard, Registered

1 Professional Reporter and Notary Public for the State of
2 Virginia at large, do hereby certify that I was the court reporter
3 who took down and transcribed the proceedings of the
4 **Virginia Tobacco Indemnification and Community**
5 **Revitalization Commission Full Commission Meeting when**
6 **held on Thursday, July 29, 2010 at 10:00 a.m. at the**
7 **Hemlock Haven Conference Center, 2854 Park Boulevard,**
8 **Marion, Virginia.**

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

12 Given under my hand this 3rd day of
13 August, 2010.

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21 My Commission Expires: October 31, 2010.

22 Notary Registration Number: 224566