

1

2 **APPEARANCES:**

3 The Honorable Charles R. Hawkins, Chairman

4 The Honorable Terry G. Kilgore, Vice Chairman

5 The Honorable Watkins M. Abbitt, Jr.

6 Mr. Stephen S. Banner

7 Mr. Kenny F. Barnard

8 The Honorable Robert S. Bloxom, Secretary of the Department of
9 Agriculture and Forestry

10 Mr. Clarence D. Bryant, III

11 The Honorable Kathy J. Byron

12 Mr. John Cannon

13 Ms. Linda P. DiYorio

14 The Honorable Patrick O. Gottschalk, Secretary of the Department of
15 Commerce and Trade

16 Mr. L. Jackson Hite

17 Mr. Jordon M. Jenkins, Jr.

18 The Honorable Joseph P. Johnson, Jr.

19 The Honorable Daniel W. Marshall, III

20 Mr. Buddy Mayhew

21 The Honorable Harrison A. Moody

22 Ms. Connie Lee Greene Nyholm

23 The Honorable Edward Owens

24 The Honorable Phillip P. Puckett

25 Mr. David S. Redwine, DVM

1 Mr. Kenneth O. Reynolds

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

3 The Honorable W. Roscoe Reynolds

4 The Honorable Frank M. Ruff

5 The Honorable William C. Wampler, Jr.

6 The Honorable Thomas C. Wright, Jr.

7

8

9 COMMISSION STAFF:

10 Mr. Neal Noyes, Executive Director

11 Mr. Ned Stephenson, Deputy Director

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

13 Ms. Stephanie S. Wass, Director of Finance

14 Ms. Sara Williams - Grants Coordinator, Southwest Virginia

15 Ms. Sarah Capps - Grants Coordinator, Southside Virginia

16

17 COUNSEL

18 Mr. Francis N. Ferguson, Counsel for the Commission

19

20

21

22

23

24

25

SENATOR HAWKINS: It's now 10:00. I'll call

1 the meeting to order and ask our Executive Director to call the roll.

2 MR. NOYES: Delegate Abbitt?

3 DELEGATE ABBITT: Here.

4 MR. NOYES: Mr. Banner?

5 MR. BANNER: Here.

6 MR. NOYES: Mr. Barnard?

7 MR. BARNARD: Here.

8 MR. NOYES: Secretary Bloxom?

9 SECRETARY BLOXOM: Here.

10 MR. NOYES: Secretary Brown?

11 SECRETARY BROWN: (No response.)

12 MR. NOYES: Mr. Bryant?

13 MR. BRYANT: Here.

14 MR. NOYES: Delegate Byron?

15 DELEGATE BYRON: Here.

16 MR. NOYES: Mr. Cannon?

17 MR. CANNON: Here.

18 MR. NOYES: Mr. Day?

19 MR. DAY: (No response.)

20 MR. NOYES: Ms. DiYorio?

21 MS. DIYORIO: Here.

22 MR. NOYES: Mr. Fields?

23 MR. FIELDS: (No response.)

24 SECRETARY GOTTSCHALK: Here.

25 MR. NOYES: Mr. Hite?

1 MR. HITE: Here.
2 MR. NOYES: Mr. Jenkins?
3 MR. JENKINS: Here.
4 MR. NOYES: Delegate Johnson?
5 DELEGATE JOHNSON: Here, sir.
6 MR. NOYES: Delegate Kilgore?
7 DELEGATE KILGORE: Here.
8 MR. NOYES: Delegate Marshall?
9 DELEGATE MARSHALL: Here.
10 MR. NOYES: Mr. Mayhew?
11 MR. MAYHEW: Here.
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: Mr. Redwine?
21 MR. REDWINE: Here.
22 MR. NOYES: Mr. Kenneth Reynolds?
23 MR. REYNOLDS: Here.
24 MR. NOYES: Senator Reynolds?
25 SENATOR REYNOLDS: Here.

1 MR. NOYES: Senator Ruff?
2 SENATOR RUFF: Here.
3 MR. NOYES: Mr. Thompson?
4 MR. THOMPSON: (No response.)
5 MR. NOYES: Senator Wampler?
6 SENATOR WAMPLER: Here.
7 MR. NOYES: Delegate Wright?
8 DELEGATE WRIGHT: Here.
9 MR. NOYES: Senator Hawkins?
10 SENATOR HAWKINS: Here.
11 MR. NOYES: Mr. Chairman, we have a quorum.
12 SENATOR HAWKINS: Before we get to the
13 Agenda, I'd like to welcome John Cannon from the Halifax/South Boston
14 area as a new member of the Commission. Welcome, sir.
15 MR. CANNON: Thank you very much.
16 SENATOR HAWKINS: Would you like to say
17 some words of wisdom?
18 MR. CANNON: Mr. Chairman, it's a pleasure to
19 be here, sir.
20 SENATOR HAWKINS: Thank you, sir.
21 I'd entertain a motion to approve the Minutes of October 29,
22 2009. It's been moved and seconded. All those in favor say aye? (Ayes.)
23 Opposed, like sign? (No response.) All right.
24 Clarke Lewis for an update.
25 MR. LEWIS: I'll be very brief, Mr. Chairman.

1 We are preparing for the 2010 indemnification program. As in years past,
2 we'd like your approval of the following schedule, which is consistent with
3 our prior years. April 21st to the 23rd, 2010, we'll mail verification forms to
4 all eligible growers and producers. May 10th through 13th, we would have
5 our work sessions, Halifax, Pittsylvania, Brunswick, Scott County,
6 Washington County and Lee County, which is again consistent with our
7 prior year's schedule. Most importantly, May 19th, 2010 would be our
8 deadline for submission of verification forms. We would hope to have the
9 first round of payments during the week of June 1st through the 5th of 2010.

10 Mr. Chairman, at this time we would request the Commission's
11 approval of the May 19th deadline for the verification.

12 SENATOR HAWKINS: Do I hear a motion? It's
13 been moved and seconded. Does everyone understand the schedule? Any
14 questions? All those in favor say aye? (Ayes.) Opposed, like sign? (No
15 response.)

16 Thank you, Clarke.

17 The next up is the Honorable Joe Johnson.

18 DELEGATE JOHNSON: Thank you, Mr.
19 Chairman. I'm going to call on Tim Pfohl to present the Agribusiness
20 recommendations. Of course, we have been here, and in the booklet it
21 shows the requests and the Committee recommendations. I would
22 respectfully request that they be approved. If there are any questions, I'll ask
23 Tim to tell us and go over the requests.

24 SENATOR HAWKINS: I understand it's your
25 recommendation to take them in a block after they're explained?

1 DELEGATE JOHNSON: Yes.

2 MR. PFOHL: Mr. Chairman, with one addition
3 from yesterday afternoon. Page 7 in your Commission booklet, Proposal
4 1978 from Virginia Tech, Increasing Farm Profitability; A Comprehensive
5 On-farm Energy Efficiency Pilot Program. The Committee yesterday voted
6 to fully fund that request at \$248,842. The projects listed on Page 7 and 8
7 constitute the Committee recommendation.

8 SENATOR HAWKINS: Since the projects are
9 listed for us, do you want to take them in a block, Joe?

10 DELEGATE JOHNSON: Yes.

11 SENATOR HAWKINS: It's been moved that the
12 recommendations of the Agribusiness Committee be taken up in a block, and
13 that is the schedule on Pages 7 and 8 dealing with 1980 over to 1984,
14 Virginia State University. Any questions?

15 SENATOR REYNOLDS: Including 1978.

16 SENATOR HAWKINS: Yes. It's been moved
17 and seconded. All in favor say aye? (Ayes.) Opposed, like sign? (No
18 response.) Thank you, Joe, for a good job.

19 Mr. Owens.

20 MR. OWENS: Thank you, Mr. Chairman. This
21 morning the Southside Economic Development Committee met, and we had
22 one piece of business, on Page 20 of your booklet, and that included an
23 application from Franklin County that was referred to this Committee from
24 Education. The Committee reviewed it and recommended it for approval,
25 and I so move.

1 SENATOR REYNOLDS: Second.

2 SENATOR HAWKINS: It's been moved and
3 seconded, County of Franklin, application 1932. Any questions? It's been
4 moved and seconded. All those in favor say aye? (Ayes.) Opposed, like
5 sign? (No response.) That is approved.

6 MR. OWENS: That is my report, Mr. Chairman.

7 SENATOR HAWKINS: All right. Senator
8 Puckett.

9 SENATOR PUCKETT: The R&D Committee met
10 yesterday, and we looked at three tabled applications, and one of those was
11 withdrawn, and that was 2004, Halifax IDA. Then 1991, City of Danville,
12 and that's an application we sent to the vetting process with VEDP. And
13 then number 2000, and the application was moved to the Reserve Fund and I
14 assume there will be a report from the Reserve Fund on that grant request
15 before this meeting is over. Then 2022, then I move it, and that would
16 conclude the report.

17 MR. NOYES: Mr. Chairman, the Reserve Panel
18 met to consider application 2000, the CAER application. We unanimously
19 approved the requested amount. That's \$2,437,461.

20 SENATOR HAWKINS: So we can move that in a
21 block. So we have before us recommendations from the R&D Committee
22 starting on Page 22, Items 1991, 2004, 2022 in a block. There is a motion
23 and a second. Are there any questions? Does everyone understand the vote?
24 All those in favor say aye? (Ayes.) Opposed, like sign? (No response.)
25 The motion carries.

1 All right. Delegate Kilgore.

2 DELEGATE KILGORE: Mr. Chairman, the
3 Executive Committee met yesterday, and we have one issue that the full
4 Commission needs to act upon, and that concerns a legal bill for arbitration
5 associated with the Attorney General which involves a challenge to the
6 Master Settlement Agreement right now which could cost the Commission
7 \$23 million, and we're talking about 118 million. What the Attorney
8 General's Office asked us to do, and they have expended their funds that
9 they had set aside for this, and it looks like it could cost us up to a million
10 dollars more. They've asked us to assist them with that. After a discussion
11 yesterday, the Executive Committee unanimously approved the following
12 motion:

13 Be it Resolved that the Executive Director is authorized to pay
14 legal bills for arbitration expenses associated with the Attorney General's
15 defense against challenges to the Master Settlement Agreement, as described
16 on Page 27 of your booklet.

17 This authorization is limited to \$1 million and expires on 12-
18 31-2011; and that \$1 million be transferred from the Reserve Account to the
19 Administrative Account.

20 That the FY10 Budget be increased to \$250,000 for this
21 purpose.

22 I so move.

23 SENATOR HAWKINS: Does everyone
24 understand the motion? Any questions? It's been moved and seconded. All
25 those in favor say aye? (Ayes.) Opposed, like sign? (No response.) The

1 motion is carried. All right.

2 Now, according to our by-laws every two years there is an
3 election of officers, and I approach this with mixed emotions. We're
4 approaching 12 years of this Commission, and I've had the wonderful
5 pleasure of serving as your Chairman for 11 years. We have a new
6 administration and new people being appointed to the Commission, and
7 maybe it's time to start thinking about the election of a new chairman. The
8 reason I say that is that 11 years is enough for any one person to serve as
9 chairman of this Commission. I think that after a while everything becomes
10 stale, including the Chairman, and you need a new infusion of experience
11 and vitality. I'm also of the opinion that after serving both in the legislature
12 and as a citizen member, I think it's incumbent upon this Commission to
13 have a Commission Chairman that is a member of the General Assembly,
14 because you are part of the legislative process. You have easy access to the
15 Governor and the Attorney General and the Staff, which makes a big
16 difference in dealing with problems this Commission is dealing with. It's not
17 an easy thing to do, but there again, it's your Commission, and how this is
18 being guided in the next two years is up to you.

19 I wanted to explain my feelings of where we are at this juncture.
20 I think we need to open up any discussion that anyone might have at this
21 point. Is there any nomination for the office?

22 MR. MAYHEW: Mr. Chairman, I'd like to place
23 Delegate Terry Kilgore's name in the nomination for Chairman.

24 SENATOR HAWKINS: It's been moved that
25 Delegate Kilgore be nominated to serve as Chairman. Is there a second to

1 that? There is a second. It's been moved and seconded. Any discussion?

2 DELEGATE WRIGHT: Mr. Chairman, I
3 nominate Senator Frank Ruff.

4 SENATOR HAWKINS: You nominate Senator
5 Frank Ruff.
6 Senator Ruff?

7 SENATOR RUFF: I decline.

8 SENATOR HAWKINS: Senator Ruff declines the
9 nomination, but he thanks you most sincerely. There is a motion on the
10 floor, and it's been seconded. Any other discussion?

11 DELEGATE WRIGHT: Mr. Chairman, I would
12 say that motion does not lack for Delegate Kilgore, it was just in support of
13 Southside Virginia.

14 SENATOR HAWKINS: I can fully understand
15 that. All right. All in favor of the motion say aye? (Ayes.) Opposed? (No
16 response.) Welcome, Mr. Chairman.

17 DELEGATE KILGORE: Thank you, Mr.
18 Chairman. I accept this with some trepidation, following in your footsteps.
19 Charlie has been the Chairman of this Commission since its inception in
20 1999. He was there during the negotiations, and they were tough
21 negotiations, even ones dealing with your own party, they can be very tough
22 negotiations. Charlie has guided us through some good times and bad times,
23 but I think if you look at the sense of this Commission in awarding over
24 \$640 million in grants and creating thousands of jobs, indemnifying the
25 farmers, I think we've really succeeded and we've done a lot of good for our

1 Commonwealth. A lot of other states don't do what we do; they take the
2 money and do other things with it. I think coming up with the idea of the
3 Commission, Charlie, was a great idea. I think you've done a great job for
4 the Commission and the citizens of Virginia, and I know your heart is with
5 Southside and you just love the Commonwealth of Virginia.

6 Charlie, I would like you to continue serving as Chairman
7 Emeritus to this Commission. I think you would honor us by doing so. I
8 would ask that this Commission elect Charlie as Chairman Emeritus. It's
9 been moved and seconded. All those in favor of Senator Hawkins as our
10 Chairman Emeritus say aye? (Ayes.) (Applause.)

11 SENATOR HAWKINS: Thank you all, and I
12 appreciate that. I'd like to make a couple of comments, and we sort of
13 rushed through the Agenda, and I apologize for that. I think this
14 Commission is headed in the right direction, and we've got some problems
15 we need to deal with as things pop up. We need to be very careful we don't
16 pit one area against the other, so we need to work together; we're the only
17 friends we've got when it comes to economic development. We cannot
18 afford to allow anything to come between our working together to make sure
19 that all of our people benefit with economic development. That's one of the
20 things we've always tried to do, and I hope that will continue. We need to
21 make sure that we can work hand-in-glove with all the people throughout
22 this area to continue those things that we've started.

23 Having said that, the Chair will recognize a motion for Vice
24 Chairman.

25 DELEGATE KILGORE: Mr. Chairman, I think

1 it's very important that we have Senator Frank Ruff as Vice Chairman.

2 SENATOR HAWKINS: Delegate Wright.

3 DELEGATE WRIGHT: I'd nominate Senator
4 Frank Ruff as Vice Chairman.

5 SENATOR HAWKINS: Senator Frank Ruff has
6 been nominated as Vice Chairman. Do I have a second? All right. It's been
7 moved and seconded. Is there any discussion? Are you willing to accept
8 this responsibility? All those in favor say aye? (Ayes.) Opposed, like sign?
9 (No response.) Thank you. Senator Ruff is Vice Chairman.

10 Remember that it is not so much putting term limits on people
11 who serve, but after a while we need to get fresh ideas and fresh faces. I
12 think that's good for everyone. I appreciate all the kindness you all have
13 extended to me, and hopefully Neal will speak to me now on occasion.

14 MR. NOYES: Yes, sir.

15 SENATOR HAWKINS: All right, the Executive
16 Director's report.

17 MR. NOYES: Michelle has reported that
18 arrangements are being made with the Department of Aviation to take the
19 Southwest group home. You'll have to go into the Tri-Cities Airport, but
20 Danville is open.

21 The next matter is we have permission from the administration
22 to replace Britt Nelson, and advertisement has gone out. We hope to have a
23 new person on board in the next month or six weeks.

24 Also, Sara Williams will be taking some time off to add to her
25 family, and we're recruiting for an intern during her absence in Southwest

1 Virginia, and we'll be going forward with that, per your instructions.

2 You have copies of this year's annual report. Thanks for that
3 goes to Stephanie and Tim and both Sarahs and Ned, and I had nothing
4 much to do with that.

5 Two matters in terms of publicizing work that you have done.
6 *Virginia Business* is featuring the Tobacco Commission in its May edition.
7 They're doing an article right now, and we've had one meeting with them. It
8 appears they're going to focus on your work to support healthcare activities
9 in Southwest and Southside Virginia. Also, Chmura Economics and
10 Analytics in its publication, *Friends*, is working on an article that will focus
11 on the accomplishments of the Commission supporting education initiatives
12 in Southwest and Southside, emphasizing the role of the Higher Education
13 Center.

14 Mr. Chairman, that concludes my report.

15 SENATOR HAWKINS: The next meeting date is
16 April 29th in Roanoke, and hopefully the General Assembly will not still be
17 in session.

18 Are there any public comments?

19 DR. SUAREZ: I'm Terry Suarez, President of
20 Mountain Empire Community College, and I'll ask for your quick
21 indulgence. Mountain Empire Community College has long appreciated the
22 values of the Commission and the very positive projects that the
23 Commission has supported on behalf of the region and of the college. The
24 special projects of the college include the education, the Fast Track program
25 we did for CGI, Northrop Grumman, the training for the Shaw Group, for

1 the construction of the power plant, the alternative energy training, for all
2 the scholarships that have provided access to higher education for our
3 individuals in our region who might not otherwise have had that opportunity.

4 One of the most successful of those has been the AIMS scholarships that
5 provide full tuition scholarships for two years for students who qualify in
6 certain categories and who then have been able to transfer to the University
7 of Virginia College at Wise.

8 With your indulgence, I would like to express our appreciation
9 a little bit more formally in the following resolution:

10 Whereas the Virginia Tobacco Indemnification
11 and Community Revitalization Commission was created to
12 promote economic growth and development to the tobacco-
13 dependent communities using proceeds of the National
14 Tobacco Settlement, and

15 Whereas to-date the Commission has awarded
16 1,068 grants totaling more than \$518 million across the tobacco
17 region of this Commonwealth, including grants for education,
18 and

19 Whereas the Virginia Tobacco Indemnification and
20 Community Revitalization Commission has awarded over \$4.7
21 million of grants to Mountain Empire Community College to
22 support scholarships, and more than 3,200 members of the
23 tobacco families are AIMS scholars who receive assistance, and

24 Whereas Mountain Empire Community College
25 has received support for instructional equipment for faculty,

1 nurses and information technology and energy training, and

2 Whereas these grants have helped to place higher
3 education within the reach of citizens who have used these
4 opportunities to gain self-sufficiency and to increase family
5 income, and

6 Whereas the cumulative value of these grants
7 makes the Virginia Tobacco Indemnification and Community
8 Revitalization Commission the largest contributor to the
9 Mountain Empire Community College over the last nine years,

10 Therefore, now be it resolved that the Mountain
11 Empire College Foundation Board and local boards hereby
12 extend their sincere gratitude and appreciation to the
13 Commission and the Board and Staff.

14 Be it further resolved, that the Mountain Empire
15 College Foundation and local boards are hereby directed that
16 this resolution be inscribed into the official minutes of the
17 Foundation Board and the local board and a copy presented to
18 the Virginia Tobacco Indemnification and Community
19 Revitalization Commission.

20 Unanimously approved the 17th day of November,
21 2009.

22 Signed by Dan Ruford, Chairman of our local
23 board and Gary McCann, Chair of our Foundation Board.

24 With your permission, I'd like to present this to
25 you. Thank you.

1 (Applause.)

2 SENATOR HAWKINS: Delegate Kilgore.

3 DELEGATE KILGORE: What I'd like to do is
4 direct Neal to meet with all the committee chairs and report back any
5 changes you'd like to make concerning the committee makeup. I'm not sure
6 if there will be any, but now is the time to move or request movement if you
7 wish. So, Neal, if you would do that between now and the next meeting, I
8 would appreciate it.

9 SENATOR HAWKINS: My last act as Chairman,
10 I'd like to direct Staff to write a letter to Scott Harwood thanking him for his
11 services on the Commission and wishing him well, and put it under my
12 signature, if you don't mind.

13 MR. NOYES: Yes, sir.

14 SENATOR HAWKINS: Is there a motion to
15 adjourn? We're adjourned.

16

17 PROCEEDINGS CONCLUDED.

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 Tuesday, January 12, 2010 at 10:00 a.m. at the Richmond Marriott Hotel (Downtown), Richmond, 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 19th day of January, 2010.

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

My Commission Expires: October 31, 2010.