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**VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY
REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Full Commission Meeting
Thursday, September 29, 2011
10:00 a.m.

Southwest Virginia Higher Education Center
Abingdon, Virginia 24210

1 **APPEARANCES**

2

3 The Honorable Terry G. Kilgore, Chairman

4 The Honorable Frank M. Ruff, Vice Chairman

5 Mr. Kenney F. Barnard

6 Ms. Gayle F. Barts

7 The Honorable Kathy J. Byron

8 Mr. John R. Cannon

9 The Honorable Mary Rae Carter

10 Deputy Secretary of Commerce & Trade

11 Ms. Linda P. DiYorio

12 Mr. Burgess “Butch” H. Hamlet, III

13 Mr. Scott Harwood, Sr.

14 The Honorable Travis Hill, Deputy Secretary of the

15 Department of Agriculture and Consumer Services

16 The Honorable Joseph P. Johnson, Jr.

17 The Honorable Daniel W. Marshall, III

18 The Honorable Donald Merricks

19 Mr. H. Ronnie Montgomery

20 Ms. Sandra F. Moss

21 Ms. Connie Greene Nyholm

22 Mr. Israel O’Quinn

23 The Honorable Edward Owens

24 The Honorable Philip P. Puckett

25 Dr. David S. Redwine, DVM

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

2

3 Mr. Kenneth O. Reynolds

4 The Honorable W. Roscoe Reynolds

5 Mr. Robert Spiers

6 Mr. John Stallard

7 Ms. Cindy M. Thomas

8 Mr. Gary D. Walker

9 The Honorable William C. Wampler, Jr.

10 The Honorable Thomas C. Wright

11

12 **COMMISSION STAFF**

13 Mr. Neal Noyes, Executive Director

14 Mr. Ned Stephenson, Deputy Director

15 Mr. Timothy J. Pfohl, Grants Program Administration Director

16 Ms. Stephanie S. Kim, Director of Finance

17 Ms. Sara G. Williams, Grants Coordinator, Southwest Virginia

18 Ms. Sarah K. Capps, Grants Coordinator, Southside Virginia

19 Ms. Suzette Patterson, Grants Office Manager

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1 September 29, 2011

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4 DELEGATE KILGORE: I welcome everyone to
5 our meeting. Nice to see all of you and welcome to the
6 Commission. Neal would you call roll?

7 MR. NOYES: Mr. Barnard?

8 MR. BARNARD: Here.

9 MR. NOYES: Ms. Barts?

10 MS. BARTS: Here.

11 MR. NOYES: Secretary Brown is not able to be
12 here. Delegate Byron?

13 DELEGATE BYRON: Here.

14 MR. NOYES: Mr. Cannon?

15 MR. CANNON: Here.

16 MR. NOYES: Deputy Secretary Carter?

17 DEPUTY SECRETARY CARTER: Here.

18 MR. NOYES: Mr. Cundiff is not able to be here
19 today. Ms. DiYorio?

20 MS. DIYORIO: Here.

21 MR. NOYES: Mr. Hamlet?

22 MR. HAMLET: Here.

23 MR. NOYES: Mr. Harwood?

24 MR. HARWOOD: Here.

25 MR. NOYES: Deputy Secretary Hill?

1 DEPUTY SECRETARY HILL: Here.
2 MR. NOYES: Delegate Johnson?
3 DELEGATE JOHNSON: Here.
4 MR. NOYES: Delegate Kilgore?
5 DELEGATE KILGORE: Here.
6 MR. NOYES: Delegate Marshall?
7 DELEGATE MARSHALL: Here.
8 MR. NOYES: Delegate Merricks.
9 DELEGATE MERRICKS: Here.
10 MR. NOYES: Mr. Montgomery?
11 MR. MONTGOMERY: Present.
12 MR. NOYES: Ms. Moss?
13 MS. MOSS: Here.
14 MR. NOYES: Ms. Nyholm?
15 MS. NYHOLM: Here.
16 MR. NOYES: Mr. O'Quinn?
17 MR. O'QUINN: Here.
18 MR. NOYES: Mr. Owens?
19 MR. OWENS: Here.
20 MR. NOYES: Senator Puckett?
21 SENATOR PUCKETT: Here.
22 MR. NOYES: Dr. Redwine?
23 DR. REDWINE: Here.
24 MR. NOYES: Mr. Reynolds?
25 MR. REYNOLDS: Here.

1 MR. NOYES: Senator Reynolds?

2 SENATOR REYNOLDS: Here.

3 MR. NOYES: Senator Ruff?

4 SENATOR RUFF: Here.

5 MR. NOYES: Mr. Spiers?

6 MR. SPIERS: Here.

7 MR. NOYES: Mr. Stallard?

8 MR. STALLARD: Here.

9 MR. NOYES: Ms. Thomas?

10 MS. THOMAS: Here.

11 MR. NOYES: Mr. Walker?

12 MR. WALKER: Here.

13 MR. NOYES: Senator Wampler?

14 SENATOR WAMPLER: Here.

15 MR. NOYES: Delegate Wright?

16 DELEGATE WRIGHT: Here.

17 MR. NOYES: Mr. Chairman, you have a
18 quorum.

19 DELEGATE KILGORE: Now I'd ask for a
20 motion to approve the minutes of 5-26-11.

21 SENATOR PUCKETT: So moved.

22 DELEGATE KILGORE: We have a motion and
23 a second. All those in favor of approving the minutes say aye.
24 (Ayes). Opposed. (No response). The minutes are approved.
25 Our first order of business is we're going to hear a

1 presentation about the EB5 Project, the EB5 Regional Center
2 and the Tobacco Commission is involved in this and we'll hear
3 an update on this from Mr. Daniel Robinson with the Virginia
4 Innovation and Development Center.

5 MR. ROBINSON: Good morning, I'm Daniel
6 Robinson. I'm the managing director of the EB5 Program.
7 Also with me this morning is Bradley Reese whose a managing
8 director. If at anytime anybody has any questions just stop
9 me and we'll take them right then. I don't know if anybody
10 really knows what the EB5 Center is. We're titled an EB5
11 designated regional center. What is a designated regional
12 center? The designated regional center is, as I said, feel free to
13 ask any questions at anytime. According to the USCIS a
14 designated regional center is an entity, organization or agency
15 that has been approved as such by the USCIS. It's to focus on
16 a specific geographic area within the United States which is
17 the Tobacco Commission in this case. We're seeking to
18 promote economic growth through increased export sales,
19 improve regional productivity, creation of new jobs and
20 increase domestic capital investment. What's important to
21 remember is that all individuals that participate in the
22 program who are people that qualified with a green card. We
23 have a handful of projects throughout the tobacco region right
24 now and we hope to have other projects shortly.

25 The investments will be located specifically

1 within the boundaries of the tobacco region per the contract.
2 We will be applying for a geographic territory larger than just
3 the Tobacco Commission to be able to account for the areas
4 outside the tobacco region. We're going to try to capture the
5 full impact of job creation. From both an investment and
6 promotional perspective we will be working in lock step with
7 the activities and compliment and supplement existing efforts
8 throughout the region.

9 The Virginia Innovation and Development
10 Center will apply for the USCIS approval at the same time we
11 submit our first project. Now, in terms of where we're at in the
12 process with the USCIS right now and the direction we're
13 headed and the application process. This EB5 legislation will
14 sunset in September of 2012. We've never had an issue
15 getting a legislation and we're pushing to make this EB5
16 program permanent. We're hopeful Congress will enact and
17 announce shortly this legislation to create permanency to the
18 EB5 program. The California Service Center is currently and
19 admittedly understaffed and even in Virginia so we're seeing a
20 backlog of applications and that is very important in trying to
21 bring projects to market.

22 We're trying to expedite this to bring it before
23 the USCIS pilot program and we're hopeful we're going to see
24 some changes in the next few months. Also an important
25 point is when applications are applied for either at the regional

1 level or the private level and communication has been lacking
2 in this but we are making progress. We're making some
3 changes to stop that. If you have questions about projects,
4 some might seem like it's a delay but we're working on that.

5 What are the investments that are eligible? I
6 think most of you have seen something similar to this. We're
7 working almost exclusively to target high unemployment areas
8 and we're trying to reduce some of the backlog and that would
9 make the regional center more attractive. As I mentioned
10 earlier, the primary objective is to create full time employment
11 and we're working very hard for that. Another area is what
12 criteria do we have? From our perspective we're never going to
13 represent more than 50 percent of the capital in a project.
14 You have to come to market with that and must have some
15 evidence that would impact the creation of 150 percent of
16 USCIS's job requirements. We want to see job creation in
17 excess of what we need. We have to have some upgrades that
18 take place from time to time. An important point is we don't
19 go for any type of specific environment and we're really open to
20 all industries. You won't see a preference for projects, rural
21 versus more compact areas. What we're looking for is meeting
22 the requirements of the program and creating jobs throughout
23 the geographic area. We know there's a triple down effect from
24 the present economy. An ideal project might be like a light
25 manufacturing facility, maybe solar panels, things like that.

1 We're particularly interested if we see a broad based impact
2 across the area. We're looking for projects or industries that
3 have a broader appeal or indirect impact.

4 Now, how do we help, the ability to lower
5 overall weighted average cost of capital to project across
6 industry and across the region. EBI Capital is traditionally
7 very inexpensive capital when you look at a comparison to
8 traditional resources. We try to use some regional and state
9 economic development officials to enhance the regional
10 business climate. We'll sit down and talk to officials from time
11 to time that handle this sort of thing. One thing to remember
12 is that we're here as a resource to help. If there's financial
13 incentives for a location, the timeframe for the program is now
14 kind of slow moving. It's usually about 14 months from time
15 of identifying projects and getting all the capital. It's probably
16 about 14 months right now. The EB5 Capital can only flow as
17 quickly as regulations allow. Also EB5 is not an entitlement
18 program and the regional centers are independent, for profit
19 enterprises making their own investment decisions based on
20 their own due diligence process and that due diligence process
21 is very rigorous. VIDC's fiduciary responsibility is to the
22 individual investor. We work very closely with our private
23 partners and there's all sorts of capital reporting
24 requirements. That's pretty straightforward at this time and
25 we're in the process of including applications. It is our hope

1 that shortly we'll be able to report and it is our hope that
2 maybe by the time the next meeting takes place we'll be able to
3 report we'll have a regional center up and running and we'll
4 have some successful applications and a regional center. You
5 can see up there that our investment overview about the
6 eligible regional center projects and those that require an
7 investment and I can go down that list but you can see that
8 there is some flexibility there. So, are there any questions?

9 DELEGATE KILGORE: Thank you for the
10 presentation and we look forward to your update. Do any
11 Commissioner's have any questions?

12 DELEGATE MARSHALL: Could the staff email
13 us that presentation?

14 MR. ROBINSON: You can just pull it off of our
15 web.

16 DELEGATE KILGORE: All right, thank you.
17 Next we'll hear the indemnification update by Clarke Lewis.

18 MR. LEWIS: Mr. Chairman and members of
19 the Commission since we last met on the Tobacco Program
20 Troutman Sanders has made a second round of payments to
21 verified claimants that was mailed on September 13, 2011 and
22 this round totaled over \$109,500 and there were about 981
23 claims. As of today, as far as 2011 we have made available
24 47,046 claims totaling close to \$9.7 million. This represents
25 94 percent of the total available in 2011 indemnification

1 budget very consistent with prior years.

2 As far as the future a third round of payments
3 will be a very small round and that will be made in early
4 December and that will be less than 250 claims and each of
5 the claims will be touch up claims where we have received a
6 completed application form where the Commission's already
7 approved them. As far as the program itself, as of today if we
8 include the Phase I program has paid out \$302.7 million. If
9 you include next year's 2012 budget it's a total of
10 approximately \$309 million. We are continuing per the
11 instructions of the Commission to notify all eligible applicants
12 that the Phase I program may end in 2012 and that's put on
13 all press releases and all notices from the Phase I program.

14 DELEGATE KILGORE: Thank you Clarke, you
15 all have done this and been with us since the inception of the
16 program as far as getting money back to the farmers and we
17 appreciate the hard work that you and your firm has done and
18 you've handled this indemnification program very well. By the
19 end of the program we have paid out about \$309 million going
20 back to the farmers and farm family. That's money that's
21 actually available or close to that amount.

22 DELEGATE WRIGHT: You mentioned that
23 payments made to tobacco farmers, they've been notified the
24 program will end, didn't you say may end?

25 MR. LEWIS: Yes.

1 DELEGATE WRIGHT: Is there an
2 understanding this program will come to an end.

3 MR. LEWIS: We have let them know that the
4 Tobacco Commission indicated that available funds may end
5 in 2012. It would take a formal vote of the Commission as I
6 understand it, to end the program.

7 DELEGATE WRIGHT: Have you had any
8 communications or questions about that from these
9 claimants?

10 MR. LEWIS: Yes, we have. Obviously a great
11 majority has been pleased with the amount of money they've
12 received the last several years. Obviously with today's
13 economy there's some concern over the end of the program
14 and that concern is also, this is the way I understand it, that
15 concern is also heightened by the fact that the federal program
16 payout will end in approximately two or three years from now.
17 They're concerned that these tobacco programs are coming to
18 an end.

19 DELEGATE KILGORE: How many years have
20 we done this, 11 or 12 years?

21 MR. LEWIS: We're in year 11.

22 DELEGATE WRIGHT: Mr. Chairman, have
23 there been any inquiries or media announcements or any
24 questions about this?

25 MR. LEWIS: Not to me or not to my knowledge.

1 Any inquiries we get regarding the program we forward them
2 to the Tobacco Commission. I will say that to answer your
3 question about concerns, I think those concerns are not by the
4 vast majority of people rather a minority of people. The
5 overwhelming majority realize it's coming to an end at some
6 point. Their question more is when so they can properly plan.
7 I think that's what we've been striving to do in this last year
8 because in everything we communicate to the claimants to let
9 them know that they, in all likelihood the program will come to
10 an end in 2012.

11 DELEGATE WRIGHT: One question about the
12 staff, just to follow up, has there been any communication or
13 questions to the staff about the program?

14 MR. STEPHENSON: What is the question?

15 DELEGATE WRIGHT: To follow up what I was
16 asking before, has there been any questions or complaints
17 from the claimants regarding the correspondence they've
18 received being that the program is going to end?

19 MS. KIM: All these referrals to the Tobacco
20 Commission, they handle the direct communications.

21 DELEGATE WRIGHT: He just said that when
22 he receive calls he refers them to you.

23 MR. LEWIS: If we get any concerns we report
24 it over to the Commission. If there's any conversation or if I
25 get them myself I refer them to the language or the Tobacco

1 Commission and the answer is the program may come to an
2 end in 2012.

3 MR. STEPHENSON: Calls to the Commission
4 are rare.

5 MR. LEWIS: I would agree. We're talking a
6 very small number.

7 DELEGATE KILGORE: Thank you.

8 SENATOR REYNOLDS: Thank you Mr.
9 Chairman. I hope my recollection is correct. I stand to be
10 corrected if it is not, hasn't what we have done in Virginia by
11 making these payments directly to the producers, former
12 producers, that's something that's very unusual and no other
13 states have taken this action?

14 DELEGATE KILGORE: That is correct.

15 MR. LEWIS: That's true.

16 DELEGATE JOHNSON: Mr. Chairman and
17 members of the Commission, I want to again thank Mr. Clarke
18 Lewis and Troutman Sanders for the outstanding job they've
19 done in administering this program from the very beginning,
20 getting the money to the farmers and their families in a timely
21 basis and I think they've done an outstanding job.

22 MR. LEWIS: Thank you Delegate Johnson.

23 DELEGATE KILGORE: Thank you Delegate
24 Johnson. Next item on the agenda is a report from the
25 Executive Committee. We've got Senator Ruff here to explain

1 this.

2 SENATOR RUFF: Thank you Mr. Chairman.
3 Directing your attention to page 8, the Executive Committee
4 met yesterday and these are some action items we'll have to
5 take today. First is some adjustments to the budget for fiscal
6 year 12. There is a series of five of them. One is to increase
7 the special projects budget by \$12 million; the second is to
8 transfer \$1,287,182 from special projects to Southside
9 Economic Development allocating \$845,000 to Halifax County
10 and \$442,182 to Henry County. Number three, transfer
11 \$1,065,588 from unclaimed 2010 indemnification to
12 agribusiness. The next one transfer \$2,510 from Technology
13 to the general account. Number five transfer \$147,500 from
14 agribusiness to Southwest Economic Development. I so move
15 these.

16 SENATOR WAMPLER: Second.

17 DELEGATE KILGORE: There's a motion and a
18 second, anyone need to have any of these items removed from
19 the block and we vote on them as a block. All right. A motion
20 and a second. More discussion, everyone understand? All
21 those in favor of transferring those recommendations from the
22 Executive Committee indicate by saying aye. (Ayes). Opposed.
23 (No response).

24 SENATOR RUFF: Mr. Chairman, the next
25 motion is to approve an increase in the previously approved

1 five year contract with Micro Edge by \$8,000 per year for five
2 years to accommodate improvements to our online grants
3 management system.

4 DELEGATE KILGORE: That was
5 recommended by staff. I've got a motion.

6 MR. OWENS: Second.

7 DELEGATE KILGORE: I've got a motion and a
8 second, all in favor say aye. (Ayes). Opposed. (No response).

9 SENATOR RUFF: Mr. Chairman, finally I move
10 that the Executive Director may amend grant number 2275
11 approved 1-11-11 dealing with CCAM, to add funding for
12 analysis and feasibility determinations concerning advanced
13 manufacturing curricula, program development activities,
14 equipment requirements. The source of the funds will be a
15 transfer to special projects from the general account, subject
16 to the approval of the chairman and vice chairman. The
17 amount at this time is not known because we're still trying to
18 negotiate an agreement. I would so move.

19 MR. OWENS: Second.

20 DELEGATE KILGORE: It's been moved and
21 seconded, any discussion on this? All those in favor say aye.
22 (Ayes). Opposed no. (No response).

23 SENATOR RUFF: That's my report.

24 DELEGATE KILGORE: We did have a long
25 meeting in the Executive Committee yesterday. All right.

1 Now, next item is the Education Committee and that will begin
2 on page 9.

3 SENATOR RUFF: Mr. Chairman, there are two
4 sections and the first one I think is on page 34 and that deals
5 with the revised Scholarship Program. You are aware that in
6 the past we operated Southern Virginia and the Southwest
7 system was different. We're now changing the program
8 somewhat. The students in Southside would get a grant of
9 \$2,750 a year instead of a loan, instead of a forgivable loan.
10 They could then still qualify for \$2,000 a year until they
11 graduated and come back to one of the tobacco areas. We also
12 changed the Southwest Program so it would also give them, if
13 they came back or an incentive to come back to Southwest
14 Virginia also. The first motion I would make is that we accept
15 the revised Scholarship Program for beginning year 2012-
16 2013.

17 DELEGATE KILGORE: I have a motion and a
18 second, any discussion on that recommendation?

19 SENATOR REYNOLDS: Mr. Chairman, I want
20 to make sure I understood. Where it says grant, after grad
21 and work, that talks about post Bachelor's Degree.

22 DELEGATE KILGORE: Right or they come
23 back to work in the region.

24 SENATOR REYNOLDS: Thank you.

25 DELEGATE KILGORE: Anybody that comes to

1 Southwest or Southside, if you live in Southside and move to
2 Southwest or vice versa you still get the \$2,000.

3 SENATOR RUFF: They can get one degree
4 using the program. Somebody that already has a Bachelor's
5 Degree and wants to get a Master's Degree they can still use
6 these rules.

7 SENATOR REYNOLDS: Mr. Chairman, does
8 that mean if you had your Bachelor's Degree you're not able to
9 go for Master's work under it. If you didn't do it under your
10 Bachelor's Degree you can't do it with the Master's. It's
11 encouraged, it encourages those that live in the region who
12 have moved in to pursue their higher education.

13 SENATOR RUFF: Correct.

14 DELEGATE KILGORE: I have a motion and a
15 second, any questions or anymore discussion? All those ready
16 to vote on this motion say aye. (Ayes). Opposed. (No
17 response).

18 SENATOR RUFF: Mr. Chairman, the rest of
19 our actions from last week when the Education Committee
20 met which is on page 9, there were 42 requests totaling almost
21 \$22 million and 33 recommendations and that was \$14
22 million and that's listed on pages 9 and 10 in your book.

23 DELEGATE KILGORE: Has the Committee
24 members had a chance to go through these recommendations
25 of the Education Committee? Are there any that anyone

1 wants to pull out or can we vote on these in a block?

2 MR. O'QUINN: Mr. Chairman, I'd like to pull
3 2370.

4 DELEGATE KILGORE: Emory and Henry.

5 MR. O'QUINN: At the appropriate time there
6 are people here that would like to speak to that.

7 SENATOR RUFF: Mr. Chairman, I'd move that
8 the rest of them be approved in a block.

9 DELEGATE KILGORE: I have a motion and a
10 second that the remaining, other than 2370 be voted on. Any
11 discussion? All those in favor of the remainder of the block
12 say aye. (Ayes). Opposed. (No response). That motion
13 passes.

14 MR. O'QUINN: There are people here from
15 Emory and Henry College that would like to speak on 2370 if
16 now is the appropriate time.

17 DELEGATE KILGORE: Now would be the
18 appropriate time. Now would be the appropriate time.

19 SENATOR RUFF: Mr. Chairman, as they come
20 forward I would tell you that we had a fair amount of
21 discussion on this in the Committee some of it we may not be
22 comfortable with. We're trying to establish doctoral programs,
23 we tried to be as fair as we could and we also wanted to save
24 some money for a couple of colleges and the staff wanted to
25 continue to look at those.

1 DELEGATE KILGORE: Please come forward.

2 DR. REICHARD: Thank you Mr. Chairman
3 and Committee members for providing me the support to, a lot
4 of organizations including the college and I'll be very brief this
5 morning. I've been asked to speak regarding our proposal but
6 I just wanted to say that we appreciate very much the support
7 of the staff who recommended funding and also the Education
8 Committee and the Commission. The proposal itself which is
9 before you is a proposal for a physical therapy program in
10 Marion, Smyth County. It's a program that really is more than
11 a course in education for an education proposal. This is an
12 economic development proposal. Smyth County is a county
13 that's certainly struggling and those of you familiar with
14 Smyth County know that in terms of the high unemployment
15 rate. We've been very fortunate to have a wonderful
16 partnership not only Smyth County and the Town of Marion
17 but also with Mountain States Health Lines. The original
18 proposal we submitted to you, the Virginia Tobacco
19 Commission a year ago, we've been working on it for a year
20 was for \$1.7 million to start that program up. It's a physical
21 therapy program and it's a three year program. Starting funds
22 will go for renovation, the renovation of the education building
23 in Smyth County as well as equipment and as well as
24 beginning the funding for some of the personnel to start up
25 the program. We were very fortunate in the winter and spring

1 to be able to raise funds from the Smyth County Community
2 Foundation and we received about \$500,000 from them,
3 \$50,000 from Smyth County, \$50,000 from the Town of
4 Marion and we were able to reduce our proposal to a \$1.1
5 million so we could go forward with that proposal. Again,
6 thank you to the staff for their recommendation and the
7 Education Committee. We now have \$620,000 that was
8 recommended by the Education Committee and we appreciate
9 that very much. Again, \$1.1 million was the request. We find
10 it probably will be difficult for us to start the program up next
11 fall without additional funding. I've been asked to come
12 forward and ask you to consider additional funding
13 recognizing the tremendous pressures you have for funding
14 overall. Again, I certainly congratulate the Tobacco
15 Commission, King College and Abingdon and Washington
16 County and the medical school you're supporting. I will see
17 that this initiative in Marion and Smyth County would be very
18 much aligned with that direction and we'd certainly like to
19 start that program in the fall so I'd ask you to consider
20 additional funding if you can find that in your budget. So with
21 that, I will thank you.

22 DELEGATE KILGORE: There might be some
23 questions? Are there any questions of the President of Emory
24 and Henry? All right, thank you.

25 SENATOR RUFF: Mr. Chairman, as I said

1 before, we had good discussion about this in the Committee.
2 The staff recommendations have been pretty, \$370,000 in the
3 committee which we bumped that up for a total of \$620,000.

4 DELEGATE KILGORE: This does not stop you
5 from coming forward next year and talk about it.

6 SENATOR RUFF: Mr. Chairman, I think
7 everyone knows they can keep coming back as much as they'd
8 like.

9 DELEGATE KILGORE: Senator Ruff, I do want
10 to thank you for all the time you spent in the Education
11 Committee working on this. It was a long day. Any
12 questions?

13 SENATOR WAMPLER: Mr. Chairman, I make
14 a motion that we approve, I'd move that application 2370,
15 \$620,000 be approved.

16 DELEGATE KILGORE: We have a motion and
17 a second. Anymore discussion? All in favor say aye. (Aye).
18 Opposed. (No response). Thank you very much and thank
19 you Dr. Reichard.

20 SENATOR RUFF: Mr. Chairman, that
21 concludes my report on the Education Committee.

22 DELEGATE KILGORE: Now we move to
23 Research and Development, Delegate Byron.

24 DELEGATE BYRON: Pages 36 and 37. Mr.
25 Chairman and members of the Committee we met a week ago

1 in Roanoke. We actually had three meetings; one on the 22nd
2 and I want the Commission to know that. Our committee has
3 been charged with the responsibility of a large sum of money
4 and the basic information I believe we received so far over
5 \$128 million in applications. This Commission has approved
6 over \$39 million in research and development projects. A lot
7 of it's gone to our R&D center which we established across the
8 tobacco region. We continue to get applications but this
9 Committee or some of the members went to the VEDP vetting
10 process September 1 where we actually could see the work of
11 the experts that are paid big dollars to evaluate the science
12 and the commercialization side of the projects. We then
13 followed up with a meeting directly after that to have a
14 discussion on the process and whether or not we needed to
15 make changes to the application and review process. We then
16 followed that with our regular meeting a week ago in Roanoke.
17 We also had a meeting this morning for an hour and a half so
18 we have invested quite a few hours in discussions. I would
19 like to say and I'd like to thank the members of the
20 Committee. We had some great ideas and great discussion. I
21 think everyone on the Committee is very satisfied with the
22 meaningful discussions we've had and where we're planning to
23 go forward with all these projects in the process and the
24 changes that we're looking for. We're also going through the
25 process to announce that we are going to postpone the

1 November 18th deadline for new applications, we'll do that on
2 the new applications until March. The Committee is going to
3 meet once again between now and the end of the year based
4 on our discussions this morning and make some firm changes
5 in the applications and in the rating of the different
6 applications and the requirements we have going forward. I
7 believe all those are very positive recommendations that will
8 promote more commercialization, ultimately jobs for our area
9 and benefits in that regard. So Mr. Chairman, the actions that
10 we took a week ago were to approve two applications on page
11 36, totaling \$5,079,222. That's grant numbers 2323 and
12 2428; grants 2323 which is the Southwest Virginia Higher Ed
13 Center and 2428 Center for Advanced Engineering. That's
14 based on or subject to documentation satisfactory to the staff
15 and counsel. Therefore I so move.

16 MR. OWENS: Second.

17 DELEGATE KILGORE: We have a motion and
18 a second, any other questions or discussion? Anyone want to
19 remove any from the block? Any questions? All those vote in
20 favor say aye. (Ayes). Opposed. (No response).

21 DELEGATE BYRON: For information
22 purposes, we don't need to vote on it I don't think but we have
23 two applications that were brought back to us from the vetting
24 process and based on our discussion those applications were
25 tabled with instructions to the applicants to do a little work on

1 the commercialization side of it and bring their information
2 back to the staff for the January meeting. We also had three
3 applications that the Committee approved to send to the
4 partnership for review. That completed the work in that
5 particular committee. We also authorized payment up to
6 \$400,000 to VEDP which we have approved in the past
7 annually to renew that contract for services related to the
8 review, the R&D grant applications and this is paid from the
9 R&D budget and I so move.

10 DELEGATE KILGORE: Is there a second? It's
11 been moved and seconded, anymore discussion? All those in
12 favor say aye (Ayes). Opposed. (No response).

13 DELEGATE BYRON: I think it's important to
14 know that the staff is going to let the applicants know that are
15 in the process right now in front of the partnership and
16 actively being evaluated that they need to bring their
17 applications up to speed based on decisions that were made
18 regarding business plans. I wanted to mention that for
19 information purposes. That will complete my report Mr.
20 Chairman.

21 DELEGATE KILGORE: Thank you Delegate
22 Byron. I meant to earlier recognize some new members. We
23 have Sandra Moss, tell us where you're from?

24 MS. MOSS: I'm Sandra Moss. I'm from
25 Dillwyn, Virginia, Buckingham County.

1 DELEGATE KILGORE: Thank you. We also
2 have Mr. Spiers here.

3 MR. SPIERS: I'm Robert Spiers and I'm a
4 farmer and representing the Virginia Farm Bureau.

5 DELEGATE KILGORE: We also have Gary
6 Walker back on the Tobacco Commission. He's from Charlotte
7 County and welcome Gary. I want to welcome all the new
8 members and I know you've already been at work in the
9 Committee meetings and I appreciate that. We want to get you
10 in early. Now, the next item on the agenda is Ed Owens,
11 Southside Economic Development Committee, page 60.

12 MR. OWENS: The Southside Economic
13 Development Committee met in Roanoke and reviewed four
14 applications. My motion would be to approve all four of the
15 grants for a total of \$5,419,535. That information is on page
16 60. I so move.

17 DELEGATE WRIGHT: Second.

18 DELEGATE KILGORE: We have a motion and
19 a second to approve in a block page 60 through 63. Does
20 anyone need any of these removed from the block? All those
21 in favor say aye. (Ayes). Opposed no. (No response).

22 MR. OWENS: That's my report Mr. Chairman.

23 DELEGATE KILGORE: Thank you.
24 Sometimes you'll notice we go through these very quickly. The
25 subcommittees spend a lot of time considering these and going

1 through them and it involves much debate and discussion.

2 The next one is the Southwest Economic
3 Development Committee report and that will be Senator
4 Puckett.

5 SENATOR PUCKETT: Thank you Mr.
6 Chairman. Pages 50 and 51. The Southwest Committee met
7 and approved 12 grants totaling \$10,045,850. Those are all
8 listed on page 50 and 51. You'll notice that the list also has
9 some projects that were tabled and I'll address those in just a
10 moment. I would move that all of the and there's a
11 contingency on one of the grants. I'll address those in just a
12 moment but all of the, and there is a contingency on all rights
13 held by the Commission and assets purchased, constructed or
14 acquired with Commission funds under the following grant
15 agreement, the letters of agreement, transferred to Powell
16 Valley Electric Cooperative PGPC subject to an agreement
17 prepared by counsel to the Commission and executed by
18 Powell Valley Electric Cooperative for this purchase. All those
19 certain 10 grants made to Lenowisco, Incorporated for
20 Lenowisco Planning District Commission from 4-11-02 to 1-
21 13-09 totaling \$10,441,011 and numbered as follows; number
22 1765, 1482, 1294, 1241, 966, 502, 440, 375, 376, and 383.
23 Just a brief word on that. That's changes that are being made
24 who will administer those grants and how that will follow to
25 Powell Valley Electric Coop. This has to do with the

1 broadband.

2 DELEGATE KILGORE: That's only the motion,
3 we're not going to approve, address that motion and then we'll
4 address the block motion.

5 SENATOR PUCKETT: That's correct.

6 MR. MONTGOMERY: Mr. Chairman, as I
7 previously advised the Commission and other folks I have a
8 conflict because I represent Powell Valley so I'll abstain from
9 all of this, from all discussion and the vote in this matter.

10 SENATOR PUCKETT: Mr. Chairman, I would
11 move unless someone wants to move something from the
12 block, block of 12, we approve the 12 grants totaling –

13 DELEGATE KILGORE: Let's vote on the first
14 one because I think Ronnie would like to vote on the other
15 two. Let's vote on the transfer, how did you phrase that
16 motion?

17 SENATOR PUCKETT: I would move that all
18 rights held by the Commission only to the assets purchased
19 and constructed, acquired Commission funds under the
20 following grant agreement, the letters of agreement be
21 transferred to Powell Valley Electric Coop subject to an
22 agreement prepared by counsel to the Commission and
23 executed by Powell Valley Electric Coop and that will refer to
24 the 10 grants that I just read through and read the numbers.

25 MR. OWENS: I'll second it.

1 DELEGATE KILGORE: I have a motion and a
2 second, any discussion?

3 DELEGATE WRIGHT: I'd like to have a legal
4 opinion from the staff or an explanation of how or what the
5 recommendation is. We're recommending this project go
6 forward as described in the budget. This is part of the
7 Telecom portfolio that you already approved and it's the
8 management of that portfolio that is changing, not affecting
9 the project.

10 DELEGATE KILGORE: It's the broadband
11 that's been put in the ground already and this serves UVA,
12 Wise and the hospital and some of those areas transferred
13 from Lenowisco to Powell Valley.

14 DELEGATE WRIGHT: Transfer of assets
15 belonging to the Tobacco Commission? What is the reason for
16 that or what is the effect on the Tobacco Commission no
17 longer having these assets?

18 MR. NOYES: At the request of the Board or
19 the grantee, Lenowisco.

20 DELEGATE KILGORE: We're just transferring
21 it to the manager of that project and we still own –

22 MR. NOYES: It's in trust, they're held in trust.

23 DELEGATE WRIGHT: Maybe everybody
24 understands but I didn't understand. I just wanted an
25 explanation of it. Is there anything further you can tell me

1 that would make me feel more comfortable. I would appreciate
2 it.

3 MR. NOYES: The Lenowisco Board asked us
4 to do that and the staff believes this is consistent with the
5 Commission's interest.

6 DELEGATE KILGORE: Lenowisco no longer
7 exists and they went out of the broadband business and
8 Powell Valley stepped up and will manage that, that's the long
9 and short of it. Any other questions or comments?

10 MR. NOYES: This happens in other programs
11 from time to time. This is not an isolated example. It's not
12 something that happens a lot but it does happen. It's
13 happened in the past and that was the recommendation to go
14 forward.

15 DELEGATE KILGORE: If there's no further
16 discussion, all those in favor say aye. (Ayes). Opposed no.

17 DELEGATE WRIGHT: No.

18 DELEGATE KILGORE: Let the record note
19 there was one abstention.

20 SENATOR PUCKETT: I'd move for approval of
21 the 12 grants, if anyone wants to move one out of the block we
22 can do that or if not, then move the block.

23 DELEGATE JOHNSON: Second.

24 DELEGATE KILGORE: We have a motion and
25 a second. All in favor say aye. (Ayes). Opposed. (No

1 response).

2 SENATOR PUCKETT: Thank you Mr.
3 Chairman. You'll notice in your book there was about a half a
4 dozen projects that were tabled and to those that are here that
5 have an interest in those, those are grant requests that will be
6 discussed by the Strategic Planning Committee sometime
7 before our next meeting in January, probably toward the end
8 of this year in December. We'll make a recommendation as to
9 the direction that we believe that we will be taking toward
10 those particular projects. They deal with parks, trails,
11 healthcare issues. It was the feeling of the Committee that
12 these were projects that we had not really addressed
13 specifically before and not part of the strategic plan. These
14 will be discussed and the Commission will determine if they fit
15 into the strategic plan or if they needed to be added to and I
16 think we'll hear more about that at the January meeting when
17 the Strategic Planning Committee has an opportunity to review
18 these.

19 DELEGATE KILGORE: Thank you Senator
20 Puckett, does that complete your report?

21 SENATOR PUCKETT: Yes Mr. Chairman, that
22 completes my report.

23 DELEGATE KILGORE: Next we go to Senator
24 Wampler, Special Projects Committee.

25 SENATOR WAMPLER: Thank you Mr.

1 Chairman. Members of the Commission I'll draw your
2 attention to pages 38 through 49 in your Commission
3 handbook. The Special Projects Committee was
4 oversubscribed by \$20.5 million. If you look at the
5 recommendations from the staff and what the Commission
6 offered, we paired down some projects and then we had a
7 balancing exercise where we transferred from Special Projects
8 to Southside. On two projects, those two projects were the
9 Halifax IDA and Martinsville-Henry County I believe that's in
10 the block. That will be included in the block that I'll make a
11 motion that we adopt. I would also observe that within the
12 block that your committee recommends to you is an amount of
13 \$12 million that we have previously this morning authorized to
14 fully fund the Liberty University proposal, fund the medical
15 school. Mr. Chairman I would say and I would draw your
16 attention to pages 38 and 39, the staff's recommendation for
17 those projects. We deferred three of the projects to various
18 committees so with that explanation, if there's any questions
19 we'll be happy to try to answer to the best of our ability. I'd
20 make a motion that we adopt the Committee's
21 recommendations.

22 SENATOR REYNOLDS: Could I have a recap
23 please, 2350, what you said Senator Wampler.

24 SENATOR WAMPLER: I'll be happy to answer
25 that. Instead of transferring from other funds to special

1 projects it's actually the reverse here. I'm advised by staff
2 that, for that proposal number 2350 by action of this
3 committee we will adopt the Martinsville Henry County
4 Economic Development Corporation in the amount of
5 \$442,182, I hope that answers your question.

6 SENATOR REYNOLDS: It does, thank you.

7 DELEGATE KILGORE: Senator Wampler's
8 made a motion to approve these in a block, does anybody need
9 items from special projects from the block removed? We have
10 a motion and a second, anymore discussion? All in favor say
11 aye. (Ayes). Opposed. (No response).

12 SENATOR WAMPLER: That completes my
13 report.

14 DELEGATE KILGORE: Now if you'll turn with
15 me and I'll lead the next discussion on page 64 of the Policy
16 Review Committee. The Policy Review Committee met and we
17 met in Danville and we met to discuss the JLARC report and
18 we adopted the JLARC report so we could move forward. The
19 first item we discussed and voted out, I believe all of these
20 were unanimous by the Committee. If anybody was there and
21 had a different recollection, I don't think so. The first was to
22 move that the Commission Bylaws be amended to limit annual
23 budgets to (a) endowment income plus 10 percent of the
24 endowment corpus plus any budget amounts carried forward
25 and to require a two-thirds majority vote for any budget

1 increase above the amount described above. And the reason
2 for that is one of the JLARC reports said that we should have
3 supermajority to go in if we wanted to and invade more than
4 10 percent. So that's the reason for that. The endowment
5 income, 10 percent of the corpus and the budget amount
6 carried forward and we'd be operating on that annually but
7 we'd need a supermajority or two-thirds. Any discussion on
8 that one? Do I have a motion to adopt that and the Bylaws
9 could be amended to reflect that. All right, it's so moved.

10 DELEGATE WRIGHT: I have a question. On
11 number C budget amounts carried forward or the limit on
12 annual budgets, how does C apply for –

13 DELEGATE KILGORE: That would be the
14 budget from the previous year Delegate Wright what we didn't
15 spend and that we carried forward. We would already have
16 invaded the corpus for the income already in our committee
17 that would be moving forward.

18 DELEGATE WRIGHT: I'm a little concerned we
19 have the end of the year or end of the session we have money
20 left in our committees. Does that in anyway penalize the
21 Committee by not spending all of the money?

22 DELEGATE KILGORE: No, they do not go in
23 and take our money, we're not one of those agencies that
24 would do that.

25 DELEGATE BYRON: Mr. Chairman, unless

1 you have a reason that you haven't told us about, is there a
2 reason why we can't go through these together?

3 DELEGATE KILGORE: We'll withdraw that
4 motion. The second one is we move that the Commission
5 Bylaws be amended to require biennial revisions to its
6 strategic plan. The third one is move that effective 7-1-12, the
7 Commission shall require all applicants to submit a
8 preliminary engineering report with each grant request seeking
9 construction or renovation funding.

10 Four, move that the Commission should
11 develop and implement a means to track, systematically and
12 reliably, it's overall awards to and spending on each project
13 and locality. A lot of these we're already doing, is that correct?

14 MR. STEPHENSON: Yes.

15 DELEGATE KILGORE: Number 5, move that
16 the Commission should develop a publicly available online
17 database of all its awards.

18 Number 6, move that the staff be instructed to
19 study issues relating to tracking grant funded assets and
20 report their findings to the Executive Committee at its January
21 2012 meeting.

22 Number 7, move that the Commission's
23 strategic planning process include expanded consideration of
24 education and training in healthcare services.

25 Number 8, move that the Commission shall

1 biennially collect input on the economic development priorities
2 of the tobacco region from a broad base of its institutional
3 leadership and use the findings to revise its strategic plan.

4 Number 9, move that the healthcare services
5 shall be added to the scope of the special projects committee
6 duties.

7 DELEGATE MARSHALL: Mr. Chairman, could
8 we get Neal and let's talk about number three. I know Neal's
9 done his homework on what that report calls for.

10 MR. NOYES: Yes Delegate Marshall. The
11 reason we're considering this is that we had discovered over
12 the past several years that the requests for grant funds capital
13 projects often far exceeded the amount the project went to bid
14 that was necessary to complete the work. Then we get into all
15 kinds of change of scope issues. We think doing it this way
16 and having a solid preliminary engineering report will cut
17 down on that. That the requested amounts are going to be
18 aligned better with the requirements to accomplish the
19 projects which you all consider and ultimately approve. I was
20 asked to talk to some engineering firms to determine
21 approximately how much is required for PERs. Of course, the
22 answer comes back a pittance and that's not terribly helpful
23 for the members of the committee. It does depend on how
24 much geotech work needs to be done, for example, if we're
25 doing an industrial park site, some parts are in the footprint

1 and there can be wetlands issues where you have to go to DEQ
2 and this sort of thing. The Corp of Engineers might have to be
3 involved. In general there is agreement with both of these two
4 firms that I talked with that you're looking into between 12
5 and 25 thousand dollars to get good, solid information and
6 you can judge the cost of this. Some will be less and some will
7 be more. What the Committee requested was that as the
8 budget is crafted and presented to you next May, that there be
9 a line item in that budget that would allow the Commission
10 staff to reimburse cost for that PER. It would be part of the
11 local match and be reimbursed and we haven't figured out
12 exactly how we're going to do that yet. Does that answer your
13 question?

14 DELEGATE MARSHALL: Yes Neal, but that
15 poses another question. Reimbursement, would we reimburse
16 the applications that were approved and the applications that
17 were not approved?

18 MR. NOYES: Those decisions haven't been
19 made yet at this point and we'll deal with that during the
20 budget process which takes place the end of May.

21 DELEGATE JOHNSON: Mr. Chairman, I
22 would like to ask a question. What is the purpose of study
23 issues?

24 MR. NOYES: You can track assets and which
25 way is the best suited for the purposes of the Commission.

1 DELEGATE JOHNSON: Why do you need to
2 study it, don't you need to make a recommendation to the –

3 MR. NOYES: - Well, we would make a
4 recommendation on this particular JLARC request after we
5 studied what the issues are. This is what the subcommittee
6 agreed to ask us to do. Once we've done that we'll be coming
7 back to the Commission with findings and ask you to take
8 action on this. We don't know what ways, do we put tags on
9 things or -

10 DELEGATE BYRON: Mr. Chairman, weren't
11 we referring in this statement about the process more than
12 anything with regard to the process, tracking things? We're
13 not studying, we're coming back with a process they use to
14 track.

15 DELEGATE JOHNSON: Another question,
16 what is the in house study going to seek?

17 MR. NOYES: I met with one of the
18 universities. It's a very sophisticated program to track capital
19 assets, tables, chairs, cars, microscopes, things like that. We
20 don't have anything like that at this time or in place. JLARC's
21 position was that we need to do that. We're spending money
22 on expensive equipment. You ought to be able to track it
23 down and know where it is.

24 DELEGATE BYRON: Mr. Chairman, I think
25 what Delegate Johnson is getting at, when we use the word

1 study as elected officials, I don't think we're talking about a
2 big elaborate study but we're talking about staff going out and
3 bringing back some ideas or processes to be able to track
4 things.

5 DELEGATE JOHNSON: Isn't that putting the
6 fox in the hen house to guard the chickens?

7 MR. NOYES: I don't know.

8 DELEGATE KILGORE: Anymore discussion?

9 MS. NYHOLM: Number three, would the
10 Commission consider including as built to be included with
11 the application?

12 DELEGATE KILGORE: Are you saying to
13 amend number three?

14 MS. NYHOLM: Yes.

15 DELEGATE MARSHALL: I'd second that
16 motion.

17 UNIDENTIFIED: We did not hear that motion
18 Mr. Chairman.

19 MS. NYHOLM: I move number three in
20 addition to including the PER that we also include an
21 application to fund the final step which would be an as built
22 and production, documentation, that would vary from the plan
23 funded to what was actually –

24 MR. NOYES: We can do that with a
25 modification to the grant agreement or the grantee can do it

1 but, that's a separate pot of money.

2 MS. NYHOLM: I'll withdraw it then.

3 MR. NOYES: It's a good idea though.

4 DELEGATE JOHNSON: Mr. Chairman, just so
5 everyone understands, I don't question what the staff does
6 because I think the director of our staff has done an
7 outstanding job.

8 DELEGATE KILGORE: You're not saying he's
9 the fox?

10 DELEGATE JOHNSON: No.

11 MR. NOYES: Thank you for the clarification.

12 DELEGATE JOHNSON: I want to commend
13 them for the outstanding work they do and sometimes I
14 wonder if they have enough resources, enough employees to
15 do what they want to do. The event yesterday, all the bumps
16 and the problems they had to work through to get that project
17 solution that they got for a job well done.

18 SENATOR RUFF: Neal, was the issue of cost of
19 the construction and those problems, did that occur during
20 the whole period of the Commission or was that the last two or
21 three years, I think some of the contractors reduced costs to
22 get the bid.

23 MR. NOYES: It's a continuing problem,
24 perhaps some fewer now than what it was five years ago but
25 it's a continuing problem.

1 SENATOR RUFF: In our discussion is there
2 any minimum amount of projects that would require this?

3 MR. NOYES: That was part of the discussion,
4 that was not part of the agreement that the subcommittee
5 presented, you can always amend it.

6 DELEGATE MARSHALL: Mr. Chairman, back
7 to number three. It says the Commission shall require all
8 applicants. I assume that means all applicants to all
9 Committees so this isn't just Southside and Southwest
10 Economic Development.

11 DELEGATE KILGORE: It says construction or
12 renovation.

13 DELEGATE MARSHALL: All committees.

14 DELEGATE KILGORE: All committees,
15 anywhere where you seek construction or renovation.

16 SENATOR REYNOLDS: Mr. Chairman,
17 paragraph 8 talks about institutional leadership and I'm
18 assuming included in that definition would be our local
19 government planning and economic development authorities?

20 MR. NOYES: That was specifically mentioned
21 in JLARC's report.

22 SENATOR REYNOLDS: It includes the
23 economic development authorities that the localities have?

24 MR. NOYES: Yes, sir.

25 DELEGATE KILGORE: Yes. Delegate Byron?

1 DELEGATE BYRON: Mr. Chairman, I move
2 that we accept the Committee recommendations 1 through 9.

3 DELEGATE KILGORE: We have a motion and
4 a second, do we have a second, all right. We got a motion and
5 a second. Anybody wish anymore discussion on the motion?

6 DELEGATE MARSHALL: I have a substitute
7 motion. I move we table this until our January meeting. The
8 localities are going to be affected by this and I think maybe we
9 should get some input from these localities. We're not under
10 any time pressure to approve this.

11 DELEGATE KILGORE: Actually Delegate
12 Marshall we are and we're kind of under the gun to approve
13 this. We need to get something out, if you want to remove
14 number three to discuss it further that might be okay. I have
15 to give a report when I appear before JLARC. I was hoping to
16 give a report back to the JLARC community before the session
17 starts this year. As far as the report I was hoping maybe to
18 encourage some folks on the subject and if you want to remove
19 that, I think a lot of these are pretty straightforward. We need
20 to go forward with it.

21 DELEGATE BYRON: Well we can remind
22 everyone that the Committee met at length at least a month
23 ago and the localities are aware of this action and these have
24 been sitting out there for a whole month and we need
25 preliminary approval so I would think they could have come

1 back in that time.

2 DELEGATE MARSHALL: I didn't get a second
3 anyway.

4 DELEGATE KILGORE: I have a motion and a
5 second we approve all 9 of these in a block.

6 MR. OWENS: I'm in favor of the motion. I just
7 wanted to know if there's any consideration for the
8 administrative costs?

9 MR. NOYES: We talked about it, there's some
10 cost with this, I don't know what. At the meeting in Danville
11 or one of the findings of JLARC was that a staff person or
12 another staff person and they felt we needed somebody to look
13 at these and we're going to address that as we go forward. I'm
14 trying to get this out the door so that we can make a report to
15 JLARC in January.

16 DELEGATE KILGORE: There's a motion and a
17 second, anymore discussion? I'll be happy to discuss it some
18 more.

19 SENATOR RUFF: I'd make a motion we pull
20 three out of the block.

21 DELEGATE MARSHALL: I'll second it.

22 DELEGATE KILGORE: All those in favor of
23 pulling number three out of the block say aye. (Ayes).
24 Opposed no. (No). We'll pull it out of the block. All those in
25 favor of 1, 2, 4, 5, 6, 7, 8 and 9 say aye. (Ayes). Opposed.

1 (No.)

2 DELEGATE KILGORE: All right, that passes.
3 Now, do I have a motion that we approve number three?

4 SENATOR REYNOLDS: So moved.

5 DELEGATE KILGORE: Do I have a second?

6 SENATOR RUFF: I think it's good policy but
7 I'm afraid some small project is going to get caught in this for
8 no reason and I'm wondering if we changed it from shall
9 require to may require it would give the staff strength to take
10 care of the requirement 90 percent to 10 percent.

11 DELEGATE KILGORE: Do I have a motion?

12 MS. NYHOLM: If you have a small project,
13 small problem, not requiring much of a PER.

14 SENATOR REYNOLDS: Mr. Chairman, I may
15 be wrong but I think that shall is already made because if the
16 staff were to say you've got to come up with this and that in
17 the grant application, the applicants thought it was unfair,
18 that grant applicant would have avenues to address that issue
19 to us.

20 MR. CANNON: This puts the problem back to
21 me as a small contractor and coming up with the engineering
22 costs. Are we saying that we're going to, regardless of whether
23 the application is approved or disapproved, we're going to have
24 to pay that cost?

25 DELEGATE KILGORE: I didn't say that.

1 MR. NOYES: That's not implied.

2 MR. CANNON: That's not implied?

3 DELEGATE KILGORE: I hope I didn't imply
4 that.

5 MR. NOYES: What I said was that if we, if the
6 recommendation from the staff to the subcommittee is that it
7 would be considered as eligible for the Commission share of
8 the project. There's been no decision on what to do with
9 projects that the PER or if applications are ultimately not
10 approved by the Commission. Not saying that you won't be.

11 DELEGATE KILGORE: When you talk about
12 small projects or most of your big projects, your EDA folks
13 that are going to be dealing with it, they're going to have
14 preliminary engineering and other costs before they get into, I
15 think a lot about what we're talking about is the smaller
16 projects.

17 DELEGATE MERRICK: Mr. Chairman, it
18 appears that this may limit some of the people that want to
19 put in a request if they do their work up front. I'm in the
20 construction business and I visited a couple of VDOT projects
21 in our district and budgeted less than what it's going to cost.
22 They always cost more. VDOT seems to cost less and end up
23 costing more. I think it's going to require people to really take
24 a hard look at what their doing. For us to take like the locality
25 or anyone else, we shouldn't be in the business of paying

1 someone's fees because they come to us for the money. If they
2 want a project they ought to pay the fee. I don't have a
3 problem with this myself.

4 DELEGATE KILGORE: All right, anymore
5 discussion? We'll spend as much time as you want. We have
6 a motion and a second. Are you prepared to vote on number
7 three? All in favor say aye. (Ayes). Opposed. (No response).
8 All right, now we have the executive director's report.

9 MR. NOYES: I have three items. Staff will be
10 advertising and we expect to have two new hires by the middle
11 of November or the next six weeks. You have to give us
12 authority for two additional staff people and expect to have
13 those people in the next six weeks or so. One if replacing
14 Stephanie Allman.

15 Secondly, Commissioners are reminded to turn
16 in your vouchers. Please sign them.

17 DELEGATE KILGORE: Our next Commission
18 meeting date is January 10, 2012 in Richmond. Between then
19 there will be some subcommittee meetings, strategic planning
20 subcommittee. We're going to have to have about a whole day
21 to go through what we need to go through. We'll probably set
22 the meeting in Roanoke sometime in November and I
23 anticipate that will be a long meeting.

24 DELEGATE WRIGHT: Mr. Chairman, I want to
25 follow up on a comment I made earlier about indemnification

1 and I might not have made myself clear on that. My question
2 wasn't about the performance of the attorney or the staff or
3 the program. I've already started receiving some
4 communications from farmers who have an interest in the
5 indemnification program. It's my understanding we don't take
6 a vote to extend it. I know there's no plans to do so, the
7 program really will end. I think we need to be prepared for
8 phone calls and being asked questions about it. I think the
9 staff might and I know the staff's involved in answering
10 questions about it. I think we should be prepared for that.

11 DELEGATE KILGORE: I think we're going to
12 get questions and phone calls but what we decided to do in the
13 Executive Committee, Delegate Wright is to address that issue
14 at the January meeting. How we're going to respond and deal
15 with that and getting a letter out to the farmers and we've
16 asked them to send a draft back to us or any communication
17 so that's what we're working on.

18 DELEGATE WRIGHT: I understand that but
19 we all know the Farm Bureau and that's coming up and
20 membership and there are meetings so we may be questioned
21 before then.

22 SENATOR PUCKETT: Maybe that's not the
23 place to talk about it, the Farm Bureau, but we've operated on
24 the formula that was put in place in 1999. We didn't set that
25 formula up, that came from Virginia Tech based on what it

1 took to indemnify the farmers. The Farm Bureau was part of
2 that and every farm related group was part of that. There is a
3 reason for why it's ending. If we're just going to hand out
4 money which this Commission can do, if it wants to, I think
5 we have to have some basis for doing that. I don't mind telling
6 the Farm Bureau or the farmers because it's not our formula;
7 it's one that was put together by a lot of people from Virginia
8 Tech. That's the issue if somebody wants to change that;
9 they'll have to tell us how it's to be changed and why.

10 DELEGATE WRIGHT: Mr. Chairman, those
11 are all good comments but it really wasn't what I was talking
12 about. I was discussing whether we should extend the
13 program or not. You've got farmers out there that have been
14 depending on this money and it might help to have somebody
15 that can talk about it.

16 SENATOR PUCKETT: Mr. Chairman, the
17 farmers have been involved in this from the beginning and
18 they knew this was going to come to an end and we didn't
19 know the timeframe. We've been talking about this for a
20 couple of years already. I think what Delegate Wright is
21 saying, let's let the people know as best as we can about 2012
22 and that's when this is said to expire.

23 DELEGATE KILGORE: Any further
24 comments?

25 SENATOR REYNOLDS: Mr. Chairman, there's

1 somebody that wants to talk. Mr. Chairman, this gentleman
2 would like to speak.

3 MR. WALKER: Mr. Chairman, members of the
4 Committee, I'm Mr. Walker, Southwest Virginia Recreational
5 Authority. Outside in the hallway we would like to take your
6 photograph and I'd appreciate it if you could possibly join us.

7 DELEGATE KILGORE: Thank you very much.
8 Anyone else, any public comments?

9 MR. SWIGER: I'll speak from here and I'll
10 speak loudly to save time. I want to thank the Commission for
11 your consideration of the outdoor park and you've heard all
12 the reasons why we need recreation so I won't go into that.
13 One of the things I would wish to add is that there's been
14 much written on and on television about the Crooked Road.
15 The Crooked Road is an entity in Virginia now promoting
16 country music, olde time country music. The Hilton's Park is
17 directly on the Crooked Road and it's within about two miles of
18 the Carter Fold. From there on to the southwest there are
19 many more operations that have music on weekends and
20 Friday nights and special weekends like the 4th of July. We
21 appreciate being carried over to the January 10th meeting and
22 we appreciate your consideration for this particular project as
23 well as all other recreation projects. If you're going to invite
24 the tourists in and after they go to the Carter Fold, there
25 would be nothing else for them to do and they leave and go

1 back to Kingsport or back home and that's all, they haven't
2 stayed in Scott County and enjoying other things that may be
3 available the same day in Gate City so I'd like to make one
4 more plea. This is very vital and thank you very much.

5 DELEGATE KILGORE: Thank you Mr. Swiger.
6 If there's no further comments, do I have a motion to adjourn?
7 We have a motion and a second to adjourn. Thank you all for
8 coming and we're adjourned.

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10 PROCEEDINGS CONCLUDED

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