

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
10 Tuesday, January 10, 2012

11 1:00 p.m.

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13 Omni Richmond Hotel
14 Richmond, Virginia

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1 **APPEARANCES:**

- 2 The Honorable Terry G. Kilgore, Chairman
3 The Honorable Frank M. Ruff, Vice Chairman
4 Mr. Kenny F. Barnard
5 Ms. Gayle F. Barts
6 The Honorable Kathy J. Byron
7 Mr. John R. Cannon
8 Ms. Mary Rae Carter, Deputy Secretary of the Department of
9 Commerce and Trade for Rural Development
10 Mr. David R. Cundiff
11 Ms. Linda P. DiYorio
12 Mr. Burgess Hamlet
13 Mr. Scott M. Harwood
14 Mr. Travis Hill, Deputy Secretary of the Virginia Department of
15 Agriculture & Consumer Services
16 The Honorable Joseph P. Johnson, Jr.
17 The Honorable Daniel W. Marshall, III
18 Mr. H. Ronnie Montgomery
19 Ms. Sandra F. Moss
20 Ms. Connie Greene Nyholm
21 The Honorable Israel O'Quinn
22 The Honorable Edward Owens
23 The Honorable Phillip P. Puckett
24 Dr. David S. Redwine, DVM
25 Mr. Kenneth O. Reynolds

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

2 Mr. Robert Spiers

3 Mr. John Stallard

4 Ms. Cindy M. Thomas

5 Mr. Gary D. Walker

6 The Honorable William C. Wampler, Jr.

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 S. Pfohl, Grants Program Administration Manager

13 Ms. Stephanie S. Kim, Director of Finance

14 Ms. Sarah K. Capps - Grants Program Administrator, Southside
15 Virginia

16 Ms. Sara G. Williams - Grants Program Administrator,
17 Southwest Virginia

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1 DELEGATE KILGORE: Good afternoon, everyone.
2 I'm going to call the meeting of the full Commission of the
3 Tobacco Commission to order. But, before we get started, I'd
4 like to ask for a moment of silence because our good friend,
5 Frank Ferguson, who served this Commission so ably for so
6 many years as a special person for us passed away, as most of
7 you know, so I'd like to take a moment and remember our good
8 friend Frank Ferguson.

9 (A moment of silence.)

10 Thank you all.

11 Mr. Noyes, if you would, please call the roll.

12 MR. NOYES: Mr. Barnard?

13 MR. BARNARD: Here.

14 MR. NOYES: Ms. Barts?

15 MS. BARTS: Here.

16 MR. NOYES: Secretary Brown?

17 SECRETARY BROWN: (No response.)

18 MR. NOYES: Delegate Byron?

19 DELEGATE BYRON: Here.

20 MR. NOYES: Mr. Cannon?

21 MR. CANNON: Here.

22 MR. NOYES: Deputy Secretary Carter?

23 DEPUTY SECRETARY CARTER: Here.

24 MR. NOYES: Mr. Cundiff?

25 MR. CUNDIFF: Here.

1 MR. NOYES: Ms. DiYorio?

2 MS. DIYORIO: Here.

3 MR. NOYES: Mr. Hamlet?

4 MR. HAMLET: Here.

5 MR. NOYES: Mr. Harwood?

6 MR. HARWOOD: Here.

7 MR. NOYES: Deputy Secretary Hill for Secretary
8 Haymore?

9 DEPUTY SECRETARY Hill: Here.

10 MR. NOYES: Delegate Johnson?

11 DELEGATE JOHNSON: Here.

12 MR. NOYES: Delegate Kilgore?

13 DELEGATE KILGORE: Here.

14 MR. NOYES: Delegate Marshall?

15 DELEGATE MARSHALL: Here.

16 MR. NOYES: Delegate Merricks?

17 MR. MERRICKS: (No response.)

18 MR. NOYES: Mr. Montgomery?

19 MR. MONTGOMERY: Here.

20 MR. NOYES: Ms. Moss?

21 MS. MOSS: Here.

22 MR. NOYES: Ms. Nyholm?

23 MS. NYHOLM: Here.

24 MR. NOYES: Delegate O'Quinn?

25 DELEGATE O'QUINN: Here.

1 MR. NOYES: Mr. Owens?
2 MR. OWENS: Here.
3 MR. NOYES: Senator Puckett?
4 SENATOR PUCKETT: Here.
5 MR. NOYES: Dr. Redwine?
6 DR. REDWINE: Here.
7 MR. NOYES: Mr. Kenneth Reynolds?
8 MR. REYNOLDS: Here.
9 MR. NOYES: Senator Reynolds?
10 SENATOR REYNOLDS: (No response.)
11 MR. NOYES: Senator Ruff?
12 SENATOR RUFF: Here.
13 MR. NOYES: Mr. Spiers?
14 MR. SPIERS: Here.
15 MR. NOYES: Mr. Stallard?
16 MR. STALLARD: Here.
17 MR. NOYES: Ms. Thomas?
18 MS. THOMAS: Here.
19 MR. NOYES: Mr. Walker
20 MR. WALKER: Here.
21 MR. NOYES: Senator Wampler?
22 SENATOR WAMPLER: Here.
23 MR. NOYES: Delegate Wright?
24 DELEGATE WRIGHT: Here.
25 MR. NOYES: We have a quorum, Mr. Chairman.

1 DELEGATE KILGORE: Thank you very much.
2 Now I'd like to have approval of the September 29, 2011
3 Minutes. Do I have a motion for the Minutes?

4 MR. OWENS: So moved.

5 DELEGATE JOHNSON: Second.

6 DELEGATE KILGORE: I have a motion and a
7 second to approve the Minutes. All those in favor say aye?
8 (Ayes.) Opposed, no? (No response.) The Minutes are
9 approved.

10 Now is the time to have the election.

11 MR. NOYES: Mr. Chairman, our bylaws say that
12 every two years we must have an election of the Chairman and
13 Vice Chairman. Staff would accept nominations.

14 DELEGATE BYRON: I want to nominate Terry
15 Kilgore to be the Chair.

16 MR. OWENS: I'll second it.

17 MR. NOYES: There is a motion and a second. All
18 in favor say aye? (Ayes.) Opposed? (No response.)
19 Congratulations, Mr. Chairman.

20 DELEGATE KILGORE: Thank you.

21 MR. NOYES: I'll now accept a nomination for the
22 Vice Chair.

23 MR. OWENS: Mr. Chairman, I want to nominate
24 Senator Frank Ruff to be the Vice Chair.

25 DELEGATE WRIGHT: I'll second the motion.

1 MR. NOYES: We have a motion and a second. Any
2 discussion? All those in favor say aye? (Ayes.) Opposed, no?
3 (No response.) Congratulations, Senator Ruff.

4 DELEGATE KILGORE: Thank you, and thank you
5 all for the confidence as a result of the election. We're going to
6 try to work continuously as hard as we can, and I thank you for
7 all the work you are doing. I know sometimes with all the
8 committees that we have going on back and forth it takes a lot
9 out of your lives, and we appreciate all that everyone does
10 making sure that we have ample representation at our
11 meetings. Anything we can do to help you all, just let us know.

12 I'd also say that without our Staff we just couldn't do this
13 job. We have such a great Staff; I think you all know that and
14 recognize that. They do things beyond what we ask them to do,
15 making sure that we're ready for these meetings and everything
16 else that is associated with our Tobacco Commission.

17 I think now we're going to hear from Andrew Powell, the
18 Audit Director of Public Accounts. Thank you for coming.

19 MR. POWELL: Thank you, Mr. Chairman, for
20 having me. I'm here to give you some report on the audit. As
21 you know, the audit of the Tobacco Commission is done each
22 year and financial statements are prepared for the Commission.
23 We're involved in creating this financial statement. We have
24 presented this to you.

25 DELEGATE KILGORE: If you'd all look on Page 76.

1 MS. KIM: You all have a handout.

2 MR. POWELL: Yes, on Page 76, that starts our
3 report. You'll see on the Financial Statement, and that means
4 that this Financial Statement was prepared and free of any
5 mistakes or misstatements within the scope of our control. We
6 have the auditors' opinion that we have issued an unqualified
7 opinion on the Commission's Financial Statements for the year
8 ending June 30, 2011. The scope of the internal control work,
9 we obtained a sufficient understanding of internal control to
10 plan our audit and to determine the nature, timing and extent of
11 the testing performed. We found no instances of
12 non-compliance that are required to be reported, and we found
13 no indications of fraud transactions or illegal acts. There are
14 no material changes to accounting and reporting policies and
15 standards during the year except for those required by GASB
16 54. There were no material alternative accounting treatments
17 identified as a result of the 2011 audit. We do concur with
18 management's application of accounting principles.

19 You may notice one thing on the Financial Statement;
20 there was a slight change in the modification of the balances for
21 this year, and that's an accounting standard change. At the
22 bottom of Page 7 of the Financial Statement, you'll see the
23 balance having to do with the amount of resources available,
24 and there were three classifications. The Restricted Fund
25 balance related to the IRS tax on the secured bond proceeds

1 where those funds are spent on capital projects. You're
2 committed to essentially what you have committed to the
3 grantees and the assigned balances, what you have. As I said,
4 there were no material alternative accounting treatments
5 identified as a result of 2011.

6 We concur with management's application of accounting
7 principles. There were no unusual transactions of a significant
8 accounting policy in controversial or emerging issues. There
9 were no unusual transactions for the year. All the other
10 adjustments were reviewed with management and recorded in
11 the audited Financial Statement. There was only one minor
12 audit adjustment as a result of a calculation error, and that
13 information was provided by the Department of Treasury with
14 the Tobacco Commission Financial Statement that was posted,
15 and that was done immediately. \$1.9 million exclusion in the
16 Financial Statement did not have an impact on actual cash in
17 the Financial Statement. Again, we had no issues with
18 management.

19 So, I would like to thank management, and Stephanie in
20 particular, for your cooperation. Ms. Kim has been very
21 helpful in conducting the audit, and we look forward to
22 continuing with you all. Thank you.

23 DELEGATE KILGORE: Thank you, very much.
24 This is the second year we've had no issues. I also want to
25 thank Stephanie for the great job that you're doing, for your

1 hard work, and I think we should give her a hand.

2 (Applause.)

3 So, are there any questions? All right. Thank you.

4 Next we have Clark Lewis, Indemnification Update.

5 MR. LEWIS: Mr. Chairman and members of the
6 Commission, we have successfully completed the 2011
7 Indemnification Program. We've processed and handled
8 47,180 claims totaling \$9,697,332 in the 2011 Phase 1
9 program. As in years past, that's about 94.5 percent of the
10 total Indemnification Budget for 2011, which was
11 approximately \$10.26 million. This past week we were able to
12 send out miscellaneous 1099 tax forms, and that pretty much
13 wraps up the 2011 program.

14 Mr. Chairman, since this will be the final year of the
15 Indemnification Program, Troutman Sanders will continue to
16 make every effort to make sure that the claimants are aware
17 that this is the end of the program by including it in all of the
18 verification forms and all claimant correspondence as well as
19 our Phase 1 website. We've been doing this for the past several
20 years.

21 For the 2012 program schedule I'd like to move at this
22 time, Mr. Chairman, for your consideration the proposed
23 schedule, which is as follows: April 11th through the 13th we
24 will mail the 2012 verification forms. April 23rd to 26th we will
25 have working sessions, which we will continue to hold in

1 Halifax, Pittsylvania County, Brunswick County, Scott County,
2 Washington County and Lee County for all interested growers,
3 producers and those seeking information.

4 We would set May 18th as the initial deadline for
5 submission of verification forms, and we would hope to expect
6 payment to go out the week of June 11th to the 15th from the
7 Treasury Department. This schedule is very similar to past
8 years, and we hope that would give, or we believe the experience
9 with claimants, sufficient time to respond and get the
10 verification forms in.

11 At this time, Mr. Chairman, I would like to respectfully
12 request the Commission to approve the schedule that is
13 outlined above and also the May 18th deadline for submission
14 of verification forms. Are there any questions?

15 DELEGATE KILGORE: I don't think we need a
16 motion, so without objection, we'd ask that you proceed with
17 that schedule.

18 MR. LEWIS: Yes, sir, thank you very much.

19 DELEGATE KILGORE: And we thank you for the
20 hard work you have done in the past and are still doing. Thank
21 you.

22 Now we're going to hear a presentation. At each meeting
23 we usually have a presentation, and this will be from the
24 University of Virginia. It'll be Shannon Blevins, Director of
25 Economic Development for the University of Virginia-Wise.

1 MS. BLEVINS: Thank you and good afternoon.
2 Innovation has long been a part of economic prosperity in
3 Southwest Virginia. That involves small business, the
4 introduction of new technology. It's the pier of innovation
5 that's been a vital part of the economy. However, we know that
6 the economy in Southwest Virginia has continuously lagged
7 behind that of the nation and that of the Commonwealth.
8 Although there has been vast improvement in our area, our
9 relative position stays constant. We struggle from a lower level
10 of educational attainment, limited access to healthcare, low
11 wages, a declining population and slower growth. Our current
12 situation and teacher situation is also paramount. And
13 fostering economic vitality requires a bold and carefully
14 coordinated broad effort that would advance entrepreneurship,
15 educational opportunities, improved health and others.

16 I'm Shannon Blevins, the Director of Economic
17 Development and Entrepreneurship at the University of Virginia
18 College of Wise. I really want to thank you for the opportunity
19 to be here today and be able to talk to you about one of those
20 subjects, and that's the Appalachian Prosperity Project. The
21 Appalachian Prosperity Project is a partnership between three
22 organizations. The Virginia Coalfield Coalition, Phases 1 and
23 2, University of Virginia and the University of Virginia College at
24 Wise. Our mission is to engage a system-based model that will
25 advance education, health and economic prosperity.

1 I'm joined today by members of our project team. With
2 me today is Pace Lochte, University of Virginia, and Skip
3 Skinner with the Virginia Coalfield Coalition. We're here today
4 to do three things. Number one is share information about our
5 baseline system model, number two and number three to
6 engage the Tobacco Commission as a new board. We, along
7 with other project partners, Marcia Quesenberry is a co-director
8 and Paige Pullen from the University of Virginia who is involved
9 with our education initiative, together we'll be able to answer
10 any questions you may have after our presentation.

11 The mission of the Tobacco Commission is to boost the
12 economy and to revitalize the communities. We know the
13 Commission has made key strategic initiatives in our region,
14 such as Broadband, and you have actually laid a great
15 foundation for us to build upon for job creation. We know
16 there are many forces that shape our economy. If you look at
17 the chart, there's one of those areas that creates jobs in our
18 region. We're very excited about how our region is coming
19 together to address the opportunities that are created by some
20 of the challenges we are facing. Understanding how these
21 forces are reshaping our economy really requires us to have a
22 broad perspective of economic development. We recognize the
23 need for capital to fuel what we're trying to do, and we're trying
24 to capitalize on health, education inducements as a system.
25 We're seeing more and more public and private partnerships,

1 we're leveraging assets-based initiatives in our region, and we
2 recognize that what we're doing is a transformational change.
3 So we have a long range view and goals for our region.

4 In our model everyone plays a vital role in economic
5 development. Industry and the community provide leadership
6 and knowledge. The University provides innovative ideas,
7 independent research and evaluation; and government
8 contributes resources and guidance in helping us to align our
9 priorities that will stay in our region. Bringing all of those
10 entities to the table is being able to create a great foundation for
11 job creation.

12 Our model is working, and since 2007 we have worked
13 very hard to identify opportunities for Southwest Virginia. This
14 visual provides some insight into some of the initiatives
15 currently underway. You'll find issues touching all three
16 aspects of the economy, like health, business and education.
17 Our model is one of partnership. This chart provides a few
18 samples of our organizations and businesses that have engaged
19 with us as partners in this initiative. My colleague Pace Lochte
20 will speak about some of these initiatives and talk about some of
21 the steps we've taken today.

22 MS. LOCHTE: Thank you, Shannon. We've only
23 been at this for a few years, but already we've made great
24 progress. We have built alliances with important partners in
25 industry, government and education. We have convened

1 community-wide planning sessions in all three phases,
2 including health, entrepreneurship, and we'll do the same for
3 education. We have developed a focus on our systems
4 approach understanding that health, education and economic
5 development are interrelated with each other. We've developed
6 methods so we can track what's going on, and we know we have
7 to be very rigorous about examining that. We've also leveraged
8 some funding from some pilot projects that we would like to
9 expand. So we have done well.

10 Just as an example, just last year we secured \$3.9 million
11 in programs and new funding and services in the region. Over
12 the last three years we've had a total of 9.4 million. In just the
13 last year we have had more than 1600 in-person patient
14 encounters and an additional 5,000 patients via tele-medicine.
15 In just the last year we've been monitoring 9300 students. So
16 we have been very busy, and there is a whole lot more to be
17 done, and we want to do it. We are working with leading
18 authorities on health, education and entrepreneurship are the
19 structural pillars for economic development. We believe this,
20 and we say they're interrelated. Employers want workers that
21 are educated. We know workers that are chronically ill are less
22 productive and their absenteeism is a problem. We know lack
23 of education puts constraints on business development.
24 They're operating at low capacity, and they're not going to be
25 able to do the job that we want, and they're not going to be

1 available for jobs.

2 I don't have time to talk about everything; I'll just try to
3 highlight these. Appalachian Ventures is the name we've given
4 to the effort that we're undertaking and putting forth what we
5 want to do to build the economy. One of the things we're doing
6 there is business training, starting with the Darden Business
7 School and bringing faculty to the region at the request of
8 employers to work with senior level management in building
9 management skills and executive training. Darden is in the
10 top five of business schools, and this kind of training is
11 available now in Southwest Virginia. We believe the people in
12 Southwest Virginia deserve the very best.

13 We recognize that the Clinch River is one of the most
14 vibrant rivers in the world, and we want to treat this river as a
15 very important initiative. We're working with the Clinch
16 Strategy Initiative to leverage the natural resources. We're
17 hoping through funding to bring together a business plan
18 competition and a venture summit to encourage future
19 entrepreneurship.

20 Appalachians Building Capacity, or ABC, is our education
21 effort. We're partnering with Early Headstart, Headstart, and
22 focusing on families, infants, and young children to generate
23 early language and literacy skills. We know that by the time a
24 child is four that if he or she is raised in a language-rich
25 environment they will have heard 30 million more words than a

1 child who has not, thirty million more words by the time they're
2 four. We need to start in kindergarten to teach students skills.
3 Not doing so virtually guarantees that these students will never
4 catch up to their peers when it comes to reading and
5 comprehension. That means that when they reach high school
6 they aren't prepared to take the courses that lead to skilled jobs.
7 We must reverse this trend, and that's what the Appalachians
8 Building Capacity is striving to do.

9 Healthy Appalachia brings together health providers,
10 employers, higher education and government to build a healthy
11 workforce. We're doing many innovative things and we're
12 bringing resources for cancer prevention centers for people in
13 Southwest Virginia. With the help of the Tobacco Commission
14 we are also doing some workforce training and also working for
15 the prevention of breast and cervical cancer. We're working
16 with families to develop healthy lifestyles and prevention of
17 diabetes and obesity, because that adds costs to employers in
18 meeting educational attainment.

19 All of these areas are coming together under the
20 Appalachian Prosperity Project. We believe all this is in
21 conjunction with the recent JLARC report, which is to
22 implement strategic initiatives, to increase education and
23 training and to improve access to health care services. That's
24 exactly what we're doing and we'd love to work with you in order
25 to reach those goals.

1 Next up is Skip Skinner, who will be talking about how
2 we're working with people in different life stages.

3 MR. SKINNER: We have been remarkably
4 successful to date in establishing what I prefer to think of as a
5 beautiful Appalachian quilt in each stage of a person's life and
6 also in reference to career and beyond in the areas of health,
7 education and business. To practice what we preach, we have
8 integrated research and developed metrics to meet our
9 short-term and long-term projects. We want to build on the
10 success of our pilot projects and expand and continue the
11 process and integrate the process and develop catalytic
12 leadership. We believe this will be replicated in the Tobacco
13 Commission footprint and the Commonwealth. The
14 consequences of this if we don't do it means the Commonwealth
15 will lag behind and our kids will leave for other higher-paying
16 jobs somewhere else and innovation will go elsewhere. We will
17 only succeed by being bold. Success means that we've got the
18 proper education in our region. Health has to be sustained to
19 have these programs work. Success means that all of these
20 initiatives have to come together. Success is creating a place
21 where our children can stay and find jobs and live and have a
22 wonderful life. The Appalachian Prosperity Project is bold, and
23 this situation requires us to be bold. To move forward we need
24 to identify additional resources to take the Appalachian
25 Prosperity Project to the next level. We hope to engage the

1 Tobacco Commission in our efforts. We have some
2 extraordinary programs, and the long-term success involves
3 catalytic leadership. It takes the injection of catalytic
4 leadership to move us forward. We also want to hear your
5 ideas on how we can do that. We all know that people come to
6 you for funding all the time, and we've done that, too, and we
7 hope we can do that in the future, but we want to also help in
8 how we can support the Tobacco Commission in achieving your
9 goals and thus our goals. Please consider using us as a
10 resource in your strategic planning, and we've done this
11 successfully. Please turn to us for some new ideas; we have a
12 lot to give. Working with universities enables us to access
13 research. Working with universities and communities, names
14 will come up where success will be imminent. When we
15 develop these metrics because you have made huge investments
16 in our region, we want to build upon that.

17 We'd love to talk to you more about the Appalachian
18 Prosperity Project, and it's designed to take action, impact
19 policy, foster regional networks, promote diversity and build
20 upon assets. This project is in line with our innovative spirit
21 that runs deep. We've got to embrace these challenges and
22 these ideas, and we want to work with you to advance
23 education, and the Appalachian Prosperity Project wants to
24 work with you in Southwest Virginia. We'll be happy to answer
25 any questions you may have.

1 DELEGATE KILGORE: Thank you all, and I'll say
2 that being from Southwest Virginia I want to thank you all for
3 what you've been doing to improve the quality of life in
4 Southwest Virginia and involving UVA-Wise and all our
5 partners, and I want to thank you for what you're doing. Are
6 there any questions? We look forward to working with you and
7 seeing what we can do together. Thank you all for coming.

8 Next is Frank Ruff, Executive Committee Report.

9 SENATOR RUFF: Thank you, Mr. Chairman. The
10 Executive Committee met yesterday afternoon, and there are
11 several actions that we need to approve today. First is, I move
12 to approve the revision to the Commission's bylaws as
13 presented on Page 8. There are six pages in your book from
14 Page 7 to 13 that involve the bylaws that we operate on.

15 DELEGATE KILGORE: Some of these were in
16 response to some of the JLARC requests and some of their
17 recommendations that they looked at. Is that correct?

18 SENATOR RUFF: Yes. I'd move that in as a
19 motion.

20 DELEGATE KILGORE: We have a motion and a
21 second. Any discussion on the bylaws? I know we had a
22 discussion, and we decided to go forward with these changes to
23 the bylaws. Any more discussion? We have a motion and a
24 second. All those in favor say aye? (Ayes.) Opposed? (No
25 response.)

1 SENATOR RUFF: Mr. Chairman, the next action is
2 that all grant applications for funding access to healthcare shall
3 be considered only by the Special Projects Committee and not
4 by any other sub-committee of the Commission. That will
5 enable us to allow Staff to focus on those healthcare issues that
6 affect our footprint and make sure the same group of people are
7 making comparisons and not be jumping around.

8 DELEGATE KILGORE: We discussed this at the
9 Executive Committee meeting yesterday. That this would get
10 everything in one area and then set up the criteria, Special
11 Projects could set up this criteria in Southside or Southwest, or
12 Agriculture, or I think that's a good idea. You're making that
13 motion?

14 SENATOR RUFF: Yes.

15 DELEGATE KILGORE: We have a motion and a
16 second that all healthcare should be placed in the Special
17 Projects Committee.

18 MR. OWENS: After today?

19 DELEGATE KILGORE: Yes, after today. All those
20 in favor say aye? (Ayes.) Opposed? (No response.)

21 SENATOR RUFF: Mr. Chairman, my third motion
22 would be to continue funding salary, fringe benefits and
23 expenses for the Deputy Secretary of Commerce and Trade for
24 Rural Development from January 10, 2012 through January
25 10, 2014, not to exceed a total of 300,000.

1 DELEGATE KILGORE: I have a motion and a
2 second. Any discussion? All those in favor say aye? (Ayes.)
3 Opposed, no? (No response.)

4 SENATOR RUFF: Mr. Chairman, I move to instruct
5 the Staff to diligently enforce all TROF contracts, and in the
6 event of default the same are to be submitted to the Attorney
7 General for collection not less than 30 days after written
8 demand has been made and notice of the right to cure has been
9 sent to the obligor. Further, that the right to appeal to the
10 Commission shall run concurrently with the Office of the
11 Attorney General's collection efforts. Specifically included in
12 this motion are certain grants identified by the Executive
13 Committee yesterday in Patrick County, Scott County and the
14 Town of Saltville.

15 DELEGATE KILGORE: I have a motion and a
16 second. Any further discussion? This subject came up
17 through Ned that we need to set up some guidelines that some
18 of the TROF grants be paid back if they're not complied with,
19 and we have to start a collection process and not have to wait so
20 long. I appreciate Ned's work on this. All those in favor say
21 aye? (Ayes.) Opposed? (No response.) Motion passes.

22 SENATOR RUFF: Mr. Chairman, the next motion
23 deals with a natural gas pipeline that would run from
24 Pittsylvania County through Halifax, Charlotte, Mecklenburg
25 and Brunswick. This would be one more element to make nine

1 or ten of our counties more valuable assets they would have to
2 market to various industrial sites. So, I would move that the
3 Commission's budgets for FY13, FY14 and FY15 each include
4 an allocation of \$10 million to be used for the purpose of
5 inducing a major utility company to select southern Virginia as
6 its preferred location for significant capital investment, subject
7 to approval by the Commission at the time of application. I so
8 move.

9 DELEGATE KILGORE: Any discussion?

10 DELEGATE BYRON: Mr. Chairman, part of this
11 discussion was undertaken in the Executive Committee, and it
12 was actually the first I've heard about the discussion, and I have
13 some concerns. And one of those concerns is that we're
14 binding our future budget, and we're talking a large sum of
15 money. And this may be a very worthy project; my concern is
16 that we haven't seen how this affects our future budget and not
17 even the next one coming up, so we're going to be seeing a
18 budget after the fact and not know what that does to our budget
19 in the next two years or have an idea about how we feel about it
20 and how that budget will be shaped together. I think we need
21 more information before we commit to a future budget.

22 SENATOR RUFF: Mr. Chairman, in response to
23 that, exactly what we did was make a site project, and with the
24 Research and Development projects we set aside a set amount
25 of money for mega parks, which is \$100 million, and we made

1 that effort, and we didn't know exactly how we're going to do
2 that. We did it because we knew that we had to take some
3 actions that would change the way we are interested in going
4 forward.

5 DELEGATE BYRON: I don't know if that came from
6 the corporate before we were told that or whether that included
7 Economic Development, or whether it included all the various
8 committees. I don't recall what that is. Again, I'm not saying
9 that it's not a worthwhile project, but I also, is this money that's
10 available from the corpus, or where is it coming from? Where
11 are we getting it?

12 MR. NOYES: We're required by statute to spend the
13 earnings from the Endowment, and we've put in 10 percent and
14 up to certain circumstances up to 15 percent. The bylaws you
15 just approved call for you to present a budget at the 10-percent
16 level. So that's going to involve using all the interest and an
17 invasion fully of 10 percent of the corpus, and that will be
18 through this year and next year and the following year in order
19 to continue operating the way we have been.

20 DELEGATE KILGORE: It's also my understanding
21 in listening to Senator Ruff's motion, that the application would
22 have to be filed with the Commission for approval? Is that
23 correct?

24 MR. NOYES: Yes, there would have to be an
25 application annually for three years, and the responsibility of

1 the Staff is to present it. That's a \$10 million line item; that
2 line item is part of the process.

3 MR. OWENS: I'm in support of the project, but I
4 have a question how it is to be funded. If that adversely affects
5 the Committee structure we have now I'd be adamantly against
6 it, not just partially.

7 MR. NOYES: At our May meeting there will be time
8 we can do this and the recommended budget. At the Executive
9 Committee meeting members can ask for changes or adoption
10 for that budget, or in a modified form, or in recommendations to
11 the full board. We won't be doing that until May. I'd point out
12 that the time frame for making a decision for a meeting location
13 is the first quarter.

14 DELEGATE KILGORE: We should have a better
15 understanding of where we are then.

16 MR. NOYES: We'll know the \$10 million line items
17 necessary.

18 DELEGATE BYRON: Once again I appreciate the
19 fact it's subject to approval, and I still think that, subject to
20 approval, maybe we need some negotiation of the figures that
21 have been presented to us, because that wasn't addressed in
22 the comments that were before the Committee. I'm still
23 concerned because I don't know this 10 percent. What does
24 the 10 percent equate out to?

25 DELEGATE KILGORE: Stephanie can probably

1 answer that one.

2 DELEGATE BYRON: While she's looking, Mr.
3 Chairman, we also have some mega sites that we are making
4 some investments in, and I assume looking at what's going to be
5 coming before us in that regard will require some future
6 attention. So, I think we want to be cautious in our budget
7 that we have something to look at. I just think we need to be
8 looking down the road at these figures.

9 SENATOR RUFF: Mr. Chairman, I would say that
10 most of the companies that would be looking at a mega site will
11 be high-energy users. They'll be looking for natural gas, and if
12 they can't do that or that isn't available, they're not going to be
13 interested.

14 MS. KIM: Mr. Chairman, roughly a 10 percent
15 corpus invasion would be about 40 million. You have interest
16 earnings, and it depends on how much investments are or how
17 much the investments earn in a given year. Then with a super
18 majority you can go up to 15 percent.

19 MR. WALKER: Mr. Chairman, will that go to the
20 Executive Committee or Economic Development?

21 DELEGATE KILGORE: It'll go to probably the
22 Executive Committee. It has to be approved by the full
23 Commission.

24 MR. NOYES: Yes, all of it. Yesterday the
25 Committee did not make a specific decision on where that

1 application will land. My recommendation would be that it go
2 to Special Projects.

3 MR. OWENS: Mr. Chairman, my concern, I would
4 support this, but the fact is we've spent money at that level and
5 it hasn't adversely affected the Committee.

6 MR. NOYES: I said yesterday that the budget for the
7 next fiscal year would be 10 percent, that the 10-percent
8 invasion level would be considerably more austere than what it
9 has been in the past. Yesterday I shared a preliminary draft of
10 what that budget might look like. We don't know yet what the
11 total interest earnings would be. I can't tell anybody where the
12 budget is going to be. It'll be across the board and affect all
13 committees and affect some committees probably more than
14 others. There is no way I can propose a budget today, because
15 we don't know how much money will be available. We don't
16 know what the carryforward is going to be. What we do know is
17 there is no capacity for natural gas in southern Virginia. It's
18 like the Broadband and the mega sites, and it's a strategic
19 initiative that businesses or looking for, natural gas, and if we
20 don't do this I think we're dealing ourselves a hand that they
21 won't look here for many types of businesses.

22 DELEGATE KILGORE: Whatever happens it means
23 the full Commission will have to approve the budget, approve
24 the application.

25 MS. CARTER: Neal, if they came to you with this, is

1 Staff able to work on where the money would come from to be
2 able to give us an idea as far as being able to do that?

3 MR. NOYES: Yes, very preliminary, on a very
4 preliminary basis.

5 MS. CARTER: Would you be able to share that, just
6 to give us an idea?

7 MR. CANNON: Mr. Chairman, while you're thinking
8 about that, from what I understand you're looking at a large gas
9 line across Southern Virginia from point A to point B, and this is
10 going to be a process of pumping this gas. Is there any chance
11 we could recoup the price of this gas line from the gas
12 companies, since we're putting in their infrastructure for their
13 project?

14 MR. NOYES: No, I'd say that's a no. The way that I
15 would ask members of the Commission to look at this is the
16 same way you look at any TROF project, the Regional
17 Opportunity Fund. The monies that the Commission may
18 provide effectively induce investment that will total
19 approximately \$1.5 million, and it will be a significant source of
20 tax revenue for many southern Virginia jurisdictions. Jobs are
21 limited for this type of project, but I think it's strategically
22 necessary in terms of marketing southern Virginia, and
23 payback comes in the form of tax revenue to the political
24 subdivisions affected.

25 Now, getting back to Mary Rae's question. I typically

1 during the legislative session meet with the leadership of the
2 Tobacco Commission and work with those individuals in setting
3 up that budget process, and I haven't had an opportunity to
4 work with any Chairs, and I don't know the total amount of the
5 budget. I'm exceedingly reluctant to share information that is
6 so preliminary. I will say that in southern Virginia \$10 million
7 is being used for Economic Development purposes, that the
8 amount of money payable for regional Economic Development
9 programs in southern Virginia will be much less than has been
10 the case in the past. In the second year some of those funds
11 come back; the second year is the last year of the \$100 million
12 mega-site program. So by the third year we're back onto a
13 normal course, but that's the 30 million for the gas.

14 DELEGATE WRIGHT: I'm in favor of this proposed
15 motion, but I'm concerned about the effective allocation coming
16 back to Southside for Economic Development. I think it's
17 important that the smaller areas be represented just like our
18 formulary. I think I've made it clear I'm against the allocation.

19 DELEGATE KILGORE: Any more discussion?

20 SENATOR RUFF: Mr. Chairman, in the course of
21 the Tobacco Commission we've spent about \$140 million on
22 Broadband, and there are roughly 35 counties involved. If you
23 look at just Mecklenburg County, private investment is
24 something close to a billion dollars of that \$140 million
25 investment. So, yes, it's big money, but when you take that 30

1 million versus .5 billion or multiples of that, this is a small
2 amount.

3 SENATOR PUCKETT: Mr. Chairman, that's a long
4 way from Southwest Virginia, but I want to echo what Frank
5 just said. We've made significant investments all over
6 Southwest and Southside Virginia in Broadband and spent a lot
7 of money and much more than what we're talking about here.
8 We've had the advantage of looking at a map in the Executive
9 Committee. There are four mega sites along this pipeline area
10 or pretty close to it. If you don't provide something or access
11 for this gas that these companies coming to these mega sites
12 want and need, then we've wasted a lot of money on the mega
13 site projects. You've got to invest here, and if you don't want to
14 vote for it down the road, we can stop or stop it today, or you can
15 stop it, and we'll be dead in the water on mega sites down the
16 road. We have an opportunity here to move forward. Yes, it's
17 a lot of money, but in relationship to what we spent on
18 Broadband, and you look at the return on that. I would say to
19 you the return with these mega site projects and we can fuel
20 this natural gas and maybe or whatever it is or whatever it
21 takes, but Southside needs this, and you need this to make
22 these mega sites go. I'm going to support the project because I
23 think it's worthy. If you want to call it working the gas, I
24 believe it'll work. I know it's not going to work if you don't put
25 something close to those mega sites that fuels those mega sites.

1 DELEGATE BYRON: I want to say a final thing, and
2 just to be clear, I'm not opposed to the infrastructure being -- in
3 the Executive Committee, and I understand that. I was on the
4 Technology Committee when we talked about building this
5 Broadband, and we had a committee process. I think the only
6 thing that's given a little bit of indigestion to this is the fact we
7 don't have the application before us, so we are not looking at
8 some of the things we normally review when we're going through
9 this process. Whether we're approving it or not approving it,
10 it's kind of a catch 22 as far as budgeting. I just want to be
11 clear I would not be against it. It's not something I'm opposed
12 to, but I think we should have more information before us when
13 we talk about \$30 million.

14 DELEGATE KILGORE: All right. Any more
15 discussion? We have a motion and a second. All those in
16 favor say aye? (Ayes.) Opposed, no? (No response.)

17 SENATOR RUFF: Mr. Chairman, one of the things
18 that we had heard from industry as we've tried to prepare for the
19 future is do we have all the elements necessary for companies to
20 be attracted to our area. We know that we have to have sites
21 available, and we know we have to have the proper
22 infrastructure, and we've just dealt with one. We also know
23 that one that comes up all the time is do we have a trained
24 workforce. A number of us in the General Assembly have
25 worked on that issue in various ways for a dozen years or

1 longer. We still have some of the same problems we had a
2 decade ago. Therefore, the next motion is an effort to see if we
3 can't move this forward. So I would move that grant number
4 2275 in favor of the Commonwealth Center for Advanced
5 Manufacturing, CCAM, be increased from \$4 million to
6 \$4,983,250, an increase of \$983,250, to provide funding for
7 consulting services anticipated by CCAM for workforce analysis,
8 with the provision that the final contract award and each phase
9 be subject to approval by the Commission's Executive Director.

10 DELEGATE KILGORE: We have a motion and a
11 second. We've asked a couple of our members to assist the
12 Executive Director with that.

13 DELEGATE BYRON: My last objection for the day, I
14 would like to bring up the fact that I would much prefer to see
15 the money go into workforce training, identify workforce
16 training and some of the gaps that have already been identified
17 than using a consulting service that's going to identify some of
18 the things we already know. I want to make sure of the fact
19 that if we do go forward with this today, with the
20 recommendation that we're looking at here, that our Executive
21 Director will take into consideration the other members that
22 he's going to be working with on this project.

23 MR. NOYES: Those other members include Senator
24 Ruff, Delegate Byron, Delegate Marshall and Mary Rae Carter.

25 SENATOR RUFF: Mr. Chairman, I would say we will

1 not fund \$5 million for what we already know. What's
2 important is how do we develop a plan, a strategic plan and
3 goals for how we train our workforce for jobs that are going to be
4 available in the future, in the coming decades. I don't think we
5 should inch forward but we should be serious about this, and
6 we'll be involved with this every step of the way and handle
7 these steps in an orderly fashion. When you talk about
8 workforce training, you cannot talk about not doing the
9 training, and we must move forward.

10 MR. NOYES: This study will look at advanced
11 manufacturing, the types of business that need advanced
12 manufacturing production workers. That's our goal. That's
13 where the skill cluster will be identified, and to the best of my
14 knowledge that's never been done.

15 MR. OWENS: Just for the record, I'm not against
16 this project, but I'm not sure without giving some other firms an
17 opportunity to bid that you're going to get the best bang for your
18 dollar. A million or nine hundred thousand is a lot of money,
19 but what are we going to get for it? If this is called a study
20 because a firm that, how are we going to be able to compare this
21 firm with another firm?

22 MR. NOYES: The study and implementation will be
23 used for marketing, and you're correct.

24 DELEGATE KILGORE: Some of these companies
25 we're trying to attract look at this and look at this study, and if

1 they're attracted to the region because of this study our money
2 will have been well spent.

3 All right, any more discussion?

4 DELEGATE BYRON: I just want to be sure about
5 this, when we go together, and I have the same goals, and I've
6 served with Senator Ruff on the workforce training, and I've
7 worked with Gary Walker on workforce training and certainly
8 understand advanced manufacturing skills and other industry
9 skills from the advanced manufacturing point of view and those
10 skills that can be identified. I personally am not going to sit by
11 and have the things that have already been identified, spend
12 money on things that have already been done.

13 DELEGATE KILGORE: That's why you're on the
14 committee. All right, has everybody had their say on this? We
15 have a motion and a second. All those in favor say aye?
16 (Ayes.) Opposed, no? (No.)

17 Those who voted no, would you raise your hand? I think
18 there are three noes. Then the motion passes.

19 SENATOR RUFF: I have one more motion. This
20 motion is to amend the FY12 budget. The first is transferring
21 \$500,000 from Southside Economic Development, Halifax
22 allocation, to TROF to cover a portion of grant number 2484
23 already made in favor of Dominion Virginia Power at Riverstone.
24 The second is transferring \$10,223,900 from Reserve to TROF.
25 The next one is transferring \$3,143,560 from Special Projects to

1 the Megapark account. The next one is transferring \$983,250
2 from the General Account to Special Projects.

3 DELEGATE KILGORE: I do not want to separate
4 these, because I know we have four members that voted against
5 the last one. So, let's take the first three. I have a motion on
6 the first three budget items. I have a motion and a second. All
7 those in favor say aye? (Ayes.) Opposed? (No response.)

8 SENATOR RUFF: Then we have a motion on the last
9 one.

10 DELEGATE KILGORE: We have a motion and a
11 second.

12 MR. OWENS: What is the motion?

13 DELEGATE KILGORE: The motion on the last one,
14 transferring \$983,250 from the General Account to Special
15 Projects. We have a motion and a second. All those in favor
16 say aye? (Ayes.) Opposed? (No.) We have the same four
17 members voting no. The motion passes.

18 SENATOR RUFF: Mr. Chairman, that completes my
19 report from the Executive Committee.

20 DELEGATE KILGORE: All right, thank you, Senator
21 Ruff, for your hard work on the Executive Committee. Next is
22 the Agribusiness Committee. Delegate Joe Johnson.

23 DELEGATE JOHNSON: The members of the
24 Agribusiness Committee met on December 6, 2011 in Roanoke
25 at the Education Center, and we considered 20 proposals. We

1 had \$2,947,011 that the Committee recommended. After
2 much discussion six of those grants were approved or
3 recommended to the full Commission, \$2,947,011.

4 I'll direct your attention to page 14 in your book. Number
5 2476 Abingdon Feeder Cattle Association was recommended
6 \$700,000. Number 2453 Campbell County \$700,000
7 recommended. 2472 Carroll County, \$197,011 recommended.
8 2460 Nottoway County, \$150,000 recommended. 2366 Olde
9 Dominion Agricultural Foundation, \$500,000, and 2475,
10 \$700,000. Those were heard, discussed and approved and
11 recommended to the full Commission.

12 Does anyone have an objection to any of those that I read
13 off? Is there any objection?

14 DELEGATE KILGORE: Unless there is an objection
15 we'll take them in a block.

16 SENATOR PUCKETT: Mr. Chairman, 2475, since
17 that has been approved you will notice on your page 14 that
18 Virginia Cattlemen's Association/Southwest Livestock
19 Cooperative, we did receive a letter from the Virginia
20 Cattlemen's Association withdrawing their association from
21 that. And in view of that, I'm going to ask that be withdrawn
22 from the block and lay it on the table.

23 DELEGATE JOHNSON: Mr. Chairman, it was
24 clearly understood at the time that any recommendations that
25 the Committee made would have to be approved by the full

1 Commission. I think it's proper and in order that 2475 be
2 removed from the block.

3 DELEGATE KILGORE: We're going to remove that
4 one from the block. Is there a motion on the remainders, on
5 those five?

6 DELEGATE JOHNSON: Mr. Chairman, I move that
7 2476, 2453, 2472, 2460 and 2366 be approved by the full
8 Commission.

9 DELEGATE KILGORE: Any discussion on those
10 five? They're in the block. Anyone want to take anything out
11 of the block? If not, all those in favor say aye? (Ayes.)
12 Opposed? (No response.)

13 All right, now 2475.

14 SENATOR PUCKETT: Mr. Chairman, there might be
15 some folks who want to speak to that. The Commission has
16 actually received a letter saying that the Cattlemen's
17 Association has pulled their Association project and as a result
18 is not a sponsoring agent.

19 DELEGATE KILGORE: So you're asking that it be
20 tabled?

21 SENATOR PUCKETT: Tabled.

22 DELEGATE KILGORE: So it can be brought back.
23 Encouraging everybody to try to, those folks interested trying to
24 get together and work something out.

25 SENATOR PUCKETT: Yes, sir.

1 DELEGATE JOHNSON: Mr. Chairman, the amount,
2 I assume that will stay in the Agribusiness Committee, 700,000.

3 DELEGATE KILGORE: It's tabled; it stays in the
4 Agriculture budget with the Agribusiness Committee.

5 DELEGATE JOHNSON: Mr. Chairman, I have one
6 other motion, and I direct you to page 20. The Agribusiness
7 Committee proposes the following motion. As I said, I can read
8 the entire motion, it's on Page 20, and I'll give this motion to the
9 reporter and he can put it in the record, and that's verbatim, or
10 I can read it. So I move that we adopt the proposed motion.
11 That involves the final indemnification program on July 1,
12 2013. I so move.

13 DELEGATE KILGORE: We have a motion and a
14 second.

15 DELEGATE WRIGHT: I also think we approved a
16 draft letter. Are we going to vote on that?

17 DELEGATE KILGORE: I don't think we have to vote
18 on that. That's the one that we advised Troutman Sanders
19 earlier and they indicated they were going to notify everybody
20 last year, so I don't think we have to adopt that by vote.

21 DELEGATE WRIGHT: I voted against the motion for
22 the proposed motion. I thought there was a draft that was
23 going to address the public and inform them and actually states
24 the motion is redundant for us, and I would be in favor of that
25 one.

1 DELEGATE KILGORE: Okay. Did you make a
2 motion on the resolution?

3 DELEGATE JOHNSON: Yes. I might say, Mr.
4 Chairman, to Delegate Wright, that in Roanoke we voted on
5 that. We did make a motion.

6 DELEGATE KILGORE: Let's vote on that. All those
7 in favor say aye? (Ayes.) Opposed? (No response.)

8

9 Agri-business Committee

10 Proposed Motion

11 12/6/11

12

13 Resolved, that the Commission establish 6/30/12 as
14 the final date by which all 2012 indemnification
15 Verification for Payment forms and Application for
16 Payment forms must be submitted to the Commission,
17 and that one year later, 6/30/13, shall be the final date by
18 which payment for all timely-filed claims will be disbursed.

19

20 Resolved further, that on 7/1/13 the
21 Commission will cease to operate an indemnification
22 program and will use all unclaimed indemnification
23 payments for economic development purposes.

24 Accordingly, as of 6/30/13, the Commission will have
25 made available \$309 million to the Commonwealth's

1 flue-cured and burley tobacco quota owners and
2 producers, thus satisfying its statutory obligation to
3 compensate tobacco farmers.

4
5 DELEGATE KILGORE: Moving on, Education.
6 Senator Ruff.

7 SENATOR RUFF: Thank you, Mr. Chairman. The
8 Committee met on December 6th to finalize the Scholarship
9 Rules, and they're on Page 24. It calls for \$4,312,500 for total
10 award for Southside and \$1,937,500 for Southwest
11 scholarships.

12 DELEGATE KILGORE: What are those figures?

13 SENATOR RUFF: Southwest is \$1,937,500,
14 Southside is \$4,312,500. That would put each region on the
15 same footing for the scholarships, which is 2750. It would
16 change what we've done in Southside from scholarship loans to
17 mirror what's done in Southwest Virginia, at the same time
18 offering an incentive to both groups that they could receive
19 money if they came back to the region, not only in Southside but
20 in Southwest. We think this will work.

21 There is a stipulation of an additional \$250 for the third
22 and fourth year transfers from the community colleges,
23 because we don't know how the dollars will be affected in
24 Southside. We know there'll be more demand in scholarships
25 alone, priority be given to juniors and seniors and especially for

1 the STEM majors going from there to the other juniors and
2 seniors and then to other juniors and seniors by GPA, grade
3 point average, then to sophomores by grade point average and
4 then to freshmen by grade point average. After graduation for
5 each semester in which a student received a scholarship, six
6 months of employment in the region entitles a graduate to
7 receive an additional \$1,000.

8 DELEGATE KILGORE: This is one of those
9 programs, and folks are very appreciative of this, especially
10 farm families, helping fund education. I appreciate what you
11 all have done in the Education Committee, and the hard work.
12 I move we accept those guidelines for the Scholarship Program.

13 DELEGATE JOHNSON: Second.

14 DELEGATE KILGORE: We have a motion and a
15 second. All those in favor say aye? (Ayes.) Opposed? (No
16 response.) The motion passes.

17 Next we have R&D, Kathy Byron.

18 DELEGATE BYRON: Thank you, Mr. Chairman.
19 Our Committee had six grants in front of us. One was
20 withdrawn, leaving us with five, and the Committee
21 recommended STEM, and that was number 2282, and those
22 were grant numbers 2282, 2320, 2437, 2429 and 2497, totaling
23 \$11.7 million dollars, subject to documentation satisfactory to
24 the Staff and counsel. I move we approve those grants.

25 MR. OWENS: Second.

1 DELEGATE KILGORE: Any discussion on these? I
2 appreciate all the work you've done in the R&D Committee, and
3 I know there has been a lot of discussion. I know this has been
4 a rather long process. Any further discussion? I have a
5 motion and a second. All those in favor say aye? (Ayes.)
6 Opposed? (No response.)

7 All right, next is Special Projects, Senator William
8 Wampler.

9 SENATOR WAMPLER: Thank you, Mr. Chairman.
10 Special Projects Committee met, and we bring a unanimous
11 recommendation to the full Commission. I draw your attention
12 to Page 33 in your book. We bring seven applications totaling
13 \$28.4 million. That is a continuation of our efforts in
14 developing mega sites throughout Southwest and Southside
15 Virginia. I'll read the grant numbers to you in the form of a
16 motion. Obviously, if anyone has any questions, either Tim
17 and/or myself will try to answer them to your satisfaction.

18 Mr. Chairman and members of the Commission, I would
19 move that seven applications totaling \$28.4 million on Page 33
20 of your booklet, those are grants numbers 2487, 2491, 2488,
21 2486, 2489, 2492 and 2493, be approved by the Tobacco
22 Commission, subject to documentation satisfactory to Staff and
23 counsel.

24 DELEGATE JOHNSON: Second.

25 DELEGATE KILGORE: These involve the mega

1 sites?

2 SENATOR WAMPLER: Yes, Mr. Chairman.

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

6 SENATOR WAMPLER: One more action item, Mr.
7 Chairman. There was an application that had been tabled
8 from a previous meeting. I would move that we approve 2434
9 in the amount of \$2,050,000. What is different in this
10 application compared to what was introduced is a series of
11 modifications the Committee felt were important.

12 DELEGATE KILGORE: I have a motion and a
13 second. All those in favor say aye? (Ayes.) Opposed? (No
14 response.)

15 SENATOR WAMPLER: Mr. Chairman, that
16 concludes my report.

17 DELEGATE KILGORE: Thank you, Senator
18 Wampler. Let me just say how much we appreciate the hard
19 work that the Special Projects Committee has done and
20 yourself. I know as Chairman of the Special Projects and a
21 member of this Commission, now that you're leaving and going
22 into another job, we appreciate all you've done for us. That
23 reminds me of a country song, we're going to miss you when
24 you're gone. William is taking a new job. I'll just tell you that
25 we are going to miss you, and you've done all this work for the

1 Commission over these years, but your new job with the
2 College of Virginia you're going to be a great servant to that
3 community and to the school, not only for Southwest Virginians
4 but for all Virginians. I'd ask you to join me in thanking
5 Senator Wampler.

6 (At this point the Commission rose and applauded Senator
7 Wampler.)

8 Next we have Ed Owens.

9 MR. OWENS: Mr. Chairman, Southside Economic
10 Development Committee met on December 6th. We met and
11 reviewed applications. I'd ask you to look on Pages 34 and 35
12 for those recommendations. We had one group, I think it was
13 2456, that was tabled. I'd like to make a motion initially to put
14 that back in the block for consideration, 2456.

15 DELEGATE KILGORE: I have a motion and a
16 second to put the Halifax, 2456, Halifax Regional Hospital, to
17 put it back in the block. So we have a motion and a second.
18 All those in favor say aye? (Ayes.) Opposed? (No response.)

19 MR. OWENS: I make a motion we consider all of
20 these for approval in the block.

21 DELEGATE KILGORE: So we're starting with 2468
22 all the way down to 2467. They're all in the block?

23 MR. OWENS: Yes, sir.

24 DELEGATE KILGORE: All those in favor say aye?
25 (Ayes.) Opposed? (No response.) Thank you.

1 Next is the Executive Director's Report.

2 MR. NOYES: Thank you, Mr. Chairman. I'd ask
3 that Carolyn Bringman please stand so I can introduce you.
4 Welcome. She's going to be the performance data analyst.
5 She follows her predecessor that you all met and work with.
6 She will be in touch.

7 A few other matters, briefly. At some point I hope this will
8 be an action item at our January, 2013 meeting. The
9 Commission will need to make a decision on how to go forward
10 with the Southern Virginia Loan Portfolio. The Loan Portfolio is
11 currently managed at the Southwest Higher Education Center,
12 and there are a number of alternatives. That's something that
13 will be on your radar screen.

14 The second item, records for indemnification. At some
15 point I hope we'll be able to have some recommendations for you
16 at your September, 2012 meeting, and we'll need to be making
17 decisions on what to do with hundreds of thousands of records
18 about indemnification payments. We'll find out what the
19 requirements are, do that, and have recommendations for you
20 to wind down this program.

21 That's it, Mr. Chairman.

22 DELEGATE KILGORE: Also, between now and our
23 next meeting, are we going to have a strategic planning session?

24 MR. NOYES: Yes. The Executive Committee will
25 meet after the session and before our May meeting, and at that

1 point we hope to complete the revisions to the strategic plan.

2 DELEGATE KILGORE: Thank you.

3 MR. NOYES: Stephanie just reminded me, those of
4 you who have not filed your financial disclosure forms, we need
5 to get that information. That drop-dead date is January 15th.
6 She has the forms.

7 DELEGATE KILGORE: Thank you. Any public
8 comment?

9 MR. MONTGOMERY: Mr. Chairman, I would like to
10 know if any relatives are found. Frank Ruff and Neal Noyes
11 found what they thought was one of my relatives.

12 DELEGATE KILGORE: All right. Thank you. If
13 there is no public comment, then I'll entertain a motion to
14 adjourn. Thank you all for coming.

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16 PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

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I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission Full Commission Meeting when held on Tuesday, January 10, 2012 at 1:00 p.m. at the Omni Richmond Hotel, 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 day of January, 2012.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2014.

Notary Registration Number: 224566