

**VIRGINIA TOBACCO INDEMNIFICATION  
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501  
Richmond, Virginia 23219

**Full Commission Meeting**

Thursday, May 23, 2013

10:45 a.m.

R. T. Arnold Library  
South Hill, Virginia

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

1    **APPEARANCES:**

2    The Honorable Terry G. Kilgore, Chairman  
3    Mr. Kenny F. Barnard  
4    Ms. Gayle F. Barts  
5    The Honorable Kathy J. Byron  
6    Mr. John R. Cannon  
7    The Honorable Charles W. Carrico, Sr.  
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 "Butch" H. Hamlett, III  
13   Mr. Scott M. Harwood  
14   The Honorable Joseph P. Johnson, Jr.  
15   The Honorable Daniel W. Marshall, III  
16   The Honorable Donald W. Merricks  
17   Ms. Sandra F. Moss  
18   Ms. Connie Greene Nyholm  
19   The Honorable Edward Owens  
20   Dr. David S. Redwine, DVM  
21   Mr. Kenneth O. Reynolds  
22   Ms. Beth D. Rhinehart  
23   The Honorable Ralph K. Smith  
24   Mr. Robert Spiers  
25

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

2 Ms. Cindy M. Thomas

3 Mr. Gary D. Walker

4

5 COMMISSION STAFF:

6 Mr. Neal Noyes, Executive Director

7 Mr. Ned Stephenson, Deputy Executive Director

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

9 Ms. Stephanie S. Kim, Director of Finance

10 Ms. Sara G. Williams - Grants Program Administrator,

11 Southwest Virginia

12 Ms. Sarah K. Capps - Grants Program Administrator,

13 Southside Virginia

14 Ms. Carolyn Bringman - Performance Data Analyst

15 Mr. Benjamin Doss - Grants Assistant, Southside Virginia

16 Ms. Stacey Richardson - Executive Assistant

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1 DELEGATE KILGORE: Good morning, everyone.  
2 I'll call the meeting to order at this time, and I'll ask Neal if he  
3 will please call the roll for the Full Commission Meeting.

4 MR. NOYES: Mr. Barnard?

5 MR. BARNARD: Here.

6 MR. NOYES: Ms. Barts?

7 MS. BARTS: Here.

8 MR. NOYES: Secretary Brown is not here.

9 Delegate Byron?

10 DELEGATE BYRON: Here.

11 MR. NOYES: Mr. Cannon?

12 MR. CANNON: Here.

13 MR. NOYES: Senator Carrico?

14 SENATOR CARRICO: Here.

15 MR. NOYES: Deputy Secretary Carter?

16 DEPUTY SECRETARY CARTER: Here.

17 MR. NOYES: Mr. Cundiff?

18 MR. CUNDIFF: Here.

19 MR. NOYES: Ms. DiYorio?

20 MS. DIYORIO: Here.

21 MR. NOYES: Mr. Hamlett?

22 MR. HAMLETT: Here.

23 MR. NOYES: Mr. Harwood?

24 MR. HARWOOD: Here.

25 MR. NOYES: Deputy Secretary Hill?

1 DEPUTY SECRETARY HILL: (No response.)  
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 MR. MERRICKS: Here.  
10 MR. NOYES: Mr. Montgomery is not with us.  
11 Ms. Moss?  
12 MS. MOSS: Here.  
13 MR. NOYES: Ms. Nyholm?  
14 MS. NYHOLM: Here.  
15 MR. NOYES: Mr. Owens?  
16 MR. OWENS: Here.  
17 MR. NOYES: Dr. Redwine?  
18 DR. REDWINE: Here.  
19 MR. NOYES: Mr. Kenneth Reynolds?  
20 MR. REYNOLDS: Here.  
21 MR. NOYES: Ms. Rhinehart?  
22 MS. RHINEHART: Here.  
23 MR. NOYES: Senator Ruff isn't with us today.  
24 Senator Smith?  
25 SENATOR SMITH: Here.

1 MR. NOYES: Mr. Spiers?

2 MR. SPIERS: Here.

3 MR. NOYES: Mr. Stallard is not with us.

4 Senator Stanley?

5 SENATOR STANLEY: (No response.)

6 MR. NOYES: Ms. Thomas?

7 MS. THOMAS: Here.

8 MR. NOYES: Mr. Walker?

9 MR. WALKER: Here.

10 MR. NOYES: Delegate Wright is not with us.

11 MR. NOYES: You have a quorum, Mr. Chairman.

12 DELEGATE KILGORE: Thank you, Neal. Do I have  
13 a motion that we approve the Minutes of January 8, 2013?

14 DELEGATE JOHNSON: So moved.

15 DELEGATE KILGORE: I have a motion and a  
16 second. All those in favor say aye? (Ayes.) Opposed? (No  
17 response.) All right, the Minutes are approved.

18 At this time I'm going to change the Agenda a little bit,  
19 and Joe Anwyl will be speaking to us later on. At this time I'd  
20 like to call on Russell Harper and Jerry Spates about the  
21 Immigration Centers of America.

22 MR. SPATES: Thank you, Mr. Chairman and  
23 members of the Commission. My name is Jerry Spates, I'm  
24 town manager of Farmville, and this is our private partner,  
25 Russell Harper. The only reason we're here today is to thank

1 the Commission for their past financial support. Several years  
2 ago we had an idea of building an immigration detention  
3 facility that would house illegal immigrants. If you'll look at  
4 the nature of illegal immigrants, most of these people have  
5 committed a crime, and the only crime they've committed as  
6 that they want to be in this country. Prior to us building this  
7 facility, they were put in regional jails and some were put in  
8 state prisons until their disposition was taken care of.

9 The project we developed with Russell was a \$14.8  
10 million private investment. The money that Russell and those  
11 folks put up, we put up 50 acres of land and the Tobacco  
12 Commission gave us two grants. One was for \$151,000.00 for  
13 sewer extension, and the other one was \$430,000.00 for site  
14 development. The net result of this project was 223 full-time  
15 jobs, annual taxes to the town and the county of \$158,000.00  
16 a year, as well as the Town of Farmville gets an additional one  
17 dollar per detainee per day, which amounts to about  
18 \$180,000.00 a year. All the money for the day-to-day  
19 operations of this facility comes from the federal government.  
20 We take in about \$1.7 million a month. That's a big  
21 investment in our community, and we couldn't have done it  
22 without the help of the Tobacco Commission. So we want you  
23 all to know how much we appreciate what you all have done.

24 Russell will mention a little bit about the employment  
25 and the breakdown of the employment and where all these

1 people came from that we hired.

2 So, again, thank you, very much.

3 DELEGATE KILGORE: Thank you, Jerry.

4 MR. HARPER: As Jerry said, in 2004 we started  
5 talking about this concept, and in August of this year we'll  
6 celebrate our third year. We didn't know anything about this,  
7 and today we have been accredited by the American  
8 Corrections Association. We have been asked by ICE to  
9 become part of a best-practice program and create a pilot  
10 program to prepare a manual to teach detention centers how  
11 to run detention, which we're really proud of.

12 Our success is from our staff. Jerry mentioned we  
13 employ 223 people, and we have an average salary of  
14 \$43,000.00 with an additional \$7,500.00 a year in benefits,  
15 and our annual payroll is \$9.5 million. Seventy percent of our  
16 staff was unemployed when we started. Twenty percent live in  
17 Farmville, seventy-two percent live in the surrounding  
18 counties, forty-eight percent are female, forty-two percent are  
19 minorities, ten percent are single parents, and sixty-five  
20 percent of our staff had no prior experience in detention or  
21 corrections. Ninety-eight percent of our management has  
22 grown internally. We've trained our folks and have elevated  
23 them, not having to go from outside our organization to bring  
24 in our management. New employees get 240 to 320 hours of  
25 training before they start working. Each detention officer has

1 54 hours of training annually. This program enables them, if  
2 they decide to leave us, to go anywhere in the state or outside  
3 the state to qualify to become a detention or correctional  
4 officer.

5 Community input, we participate with many local  
6 organizations. We use many of the local vendors, and we  
7 spend over \$740,000.00 a year in the community.

8 In 2008 the financing market was extremely challenging,  
9 but your grant enabled us to close the gap for this project, and  
10 for that we will forever be grateful.

11 MR. HARWOOD: I'd just like to say that I live in  
12 Farmville, and I think this is an outstanding example of the  
13 public and private partnership and how this Tobacco  
14 Commission money was used. So I'd like to congratulate them  
15 in creating 223 jobs and all the money they spend in the town  
16 with local businesses, and I'd want to thank the Commission,  
17 too, for awarding this grant. This is just an outstanding  
18 example of what can be done.

19 MR. SPATES: We'd like to invite the Commission,  
20 and if you wanted to have a meeting in Farmville we'd be glad  
21 to host it. We'd also be glad to give you a tour of the facility.

22 DELEGATE KILGORE: We appreciate that, and too  
23 often we're trying to get through our Agenda and we don't hear  
24 some of the good things that are out there about some of our  
25 work that we have done and some of the grants that we have

1 given. This is truly a good news story. As you know, I'm all  
2 about corrections facilities, and I know how they create jobs,  
3 having three in my district, two state prisons and one federal  
4 prison, and it's all about jobs. That \$9.5 million being put  
5 back in the economy each year is a big plus. For our  
6 investment, less than 650,000, in a project and being able to  
7 turn it over like this with your foresight, that's just great, great  
8 news. We thank you all very much.

9 MR. SPATES: We thank you all for your support,  
10 again.

11 Neal, it's always good to see you.

12 DELEGATE KILGORE: We'll send Neal down  
13 there for a few days.

14 MR. SPATES: I think he was down there when he  
15 was with EDA. Thank you all very much.

16 DELEGATE KILGORE: Next, Lacy Ward with the  
17 Robert Russa Moton Museum.

18 MR. WARD: Thank you, Mr. Chairman. I won't be  
19 long. I'm also from Farmville, and I guess it's Farmville day. I  
20 will say that because of your initial investment and you've also  
21 heard from two of our donors to the museum, so thank you for  
22 being the catalyst for that.

23 I'm here to say the Tobacco Commission really can be a  
24 catalyst for a new organization. I know in 2009 we wrote our  
25 first grant and I was sitting next to a space heater, and the

1 grant was for storm windows and a furnace. In four years  
2 we've gone from a building that needed a furnace to one that  
3 houses a world-class museum and received funding from one  
4 of the most prestigious organizations, the National  
5 Endowment for the Humanities.

6         These have been left at your desk on the break. I would  
7 just say go to Page 3. Once the Tobacco Commission money  
8 went in first, you'll see the logos of the other donors at quite  
9 significant levels who helped us put this project together. This  
10 is from our Dedication Program. You'll also see as you scan  
11 through the people who came to speak with us to celebrate the  
12 opening and an assistant to the Secretary of the Interior, U. S.  
13 Secretary of the Interior, and also the President of the National  
14 Education Association, three million teachers, members  
15 across the country have sent remarks. So folks have joined in  
16 who recognized what we're doing.

17         I am most appreciative of that. We thought Mr. Harwood  
18 was going to be there to accept this award that's going to the  
19 Commission, but I think, Chairman Kilgore, it's probably  
20 coming to you instead.

21                 DELEGATE KILGORE: Thank you.

22                 (Applause.)

23                 MR. WARD: Thank you for letting us share this  
24 good news, and you're all invited.

25                 DELEGATE KILGORE: Thank you, and thank you

1 for the work that you do, and we're glad the Tobacco  
2 Commission could be the catalyst to help you on your way.  
3 You had a lot of support from the Commission on your project,  
4 and we appreciate the hard work that you all are doing, and  
5 this will be displayed in the Tobacco Commission Office.  
6 Thank you.

7 All right, we'll now have Sonja Ingram from Preservation  
8 Virginia.

9 MS. INGRAM: Hello, my name is Sonja Ingram, and  
10 I'm the Virginia and field representative for Preservation  
11 Virginia. Preservation Virginia is a statewide preservation  
12 non-profit. We were established in 1889 to save historic  
13 Jamestown, and including Jamestown we also are associated  
14 with 20 other historic properties in Virginia.

15 I'm here to provide you with a letter, and this letter was  
16 written by Ann Evans. Ann could not be here today. This  
17 letter concerns a historic site in Danville, Virginia. The site is  
18 in jeopardy of being demolished for industrial development  
19 which has been partially funded by the Tobacco Commission  
20 funds. Unfortunately, I didn't make enough copies, but we'll  
21 give this letter out. What I'll do later on this afternoon, I'll e-  
22 mail everyone a letter or a copy of the letter.

23 DELEGATE KILGORE: Thank you.

24 MS. INGRAM: I also have some other information  
25 on Preservation Virginia that I'd like to hand out.

1           MR. NOYES: If you'll leave it at the end of the table  
2 we'll make sure that it gets distributed.

3           DELEGATE KILGORE: Thank you, very much.

4           MS. INGRAM: If anybody has any questions I'll be  
5 glad to try to answer them.

6           DELEGATE KILGORE: I think Delegate Marshall  
7 has a question.

8           DELEGATE MARSHALL: I think you're referring to  
9 the GOK project that's going to the Cane Creek. Tobacco  
10 Commission funds have gone to help GOK at Cane Creek. I  
11 think this project is not with Cane Creek. I don't think the  
12 Tobacco Commission has a nickel in that project, yet. I don't  
13 believe the Tobacco Commission has put any money into that  
14 project as of today.

15          MS. INGRAM: That was one of the questions Ms.  
16 Evans had. It's been confusing.

17          DELEGATE MARSHALL: She called me, and I made  
18 her aware of that.

19          MS. INGRAM: It's been a confusing project from the  
20 start, and Preservation Virginia did list the site on our  
21 endangered sites list this year, and it is a site we're concerned  
22 about. There is a cemetery associated with that site, and it's  
23 related to tobacco history. That's one reason why Ms. Evans  
24 was concerned. You'll see in the packet that there is a petition  
25 and several other letters.

1 DELEGATE MARSHALL: As of today the City of  
2 Danville has not spent any money for this site.

3 DELEGATE KILGORE: Thank you for coming.

4 Now, we're going to get back into the Agenda. First we're  
5 going to take up the Executive Committee meeting, and I'll  
6 make that report. When I make this report I'll turn over the  
7 Chair to Delegate Marshall.

8 The Executive Committee met on May 2<sup>nd</sup> in Roanoke,  
9 and we had a long meeting and we took up the following  
10 motions. The first motion will be the 2014 Budget, and that  
11 will be on Page 153 in your book. This budget would include  
12 this year a 10 percent corpus invasion, which we'll have to  
13 vote on next, but we in the Executive Committee had decided  
14 we would do that, and that that was the avenue for us to take.  
15 In the past we have gone up as high as 15 percent, but we felt  
16 10 percent would be the better way to go.

17 So, Mr. Chairman, I would move that we approve the FY  
18 2014 Budget that appears on Page 153 in your books.

19 DELEGATE MARSHALL: Do we have a second?

20 MR. OWENS: Second.

21 DELEGATE MARSHALL: We have a motion and a  
22 second. Any discussion? Call the roll.

23 MR. NOYES: Mr. Barnard?

24 MR. BARNARD: Yes.

25 MR. NOYES: Ms. Barts?

1 MS. BARTS: Yes.  
2 MR. NOYES: Delegate Byron?  
3 DELEGATE BYRON: Yes.  
4 MR. NOYES: Mr. Cannon?  
5 MR. CANNON: Yes.  
6 MR. NOYES: Senator Carrico?  
7 SENATOR CARRICO: Yes.  
8 MR. NOYES: Deputy Secretary Carter?  
9 DEPUTY SECRETARY CARTER: Yes.  
10 MR. NOYES: Mr. Cundiff?  
11 MR. CUNDIFF: Yes.  
12 MR. NOYES: Ms. DiYorio?  
13 MS. DIYORIO: Yes.  
14 MR. NOYES: Mr. Hamlett?  
15 MR. HAMLETT: Yes.  
16 MR. NOYES: Mr. Harwood?  
17 MR. HARWOOD: Yes.  
18 MR. NOYES: Delegate Johnson?  
19 DELEGATE JOHNSON: Yes.  
20 MR. NOYES: Delegate Kilgore?  
21 DELEGATE KILGORE: Yes.  
22 MR. NOYES: Delegate Marshall?  
23 DELEGATE MARSHALL: Yes.  
24 MR. NOYES: Delegate Merricks?  
25 MR. MERRICKS: Yes.

1 MR. NOYES: Ms. Moss?

2 MS. MOSS: Yes.

3 MR. NOYES: Ms. Nyholm?

4 MS. NYHOLM: Yes.

5 MR. NOYES: Mr. Owens?

6 MR. OWENS: Yes.

7 MR. NOYES: Dr. Redwine?

8 DR. REDWINE: Yes.

9 MR. NOYES: Mr. Reynolds?

10 MR. REYNOLDS: Yes.

11 MR. NOYES: Ms. Rhinehart?

12 MS. RHINEHART: Yes.

13 MR. NOYES: Senator Smith?

14 SENATOR SMITH: Yes.

15 MR. NOYES: Mr. Spiers?

16 MR. SPIERS: Yes.

17 MR. NOYES: Ms. Thomas?

18 MS. THOMAS: Yes.

19 MR. NOYES: Mr. Walker?

20 MR. WALKER: Yes.

21 MR. NOYES: The motion is carried.

22 DELEGATE KILGORE: Next, if you'll turn to Page  
23 157, that's about the Resolution of the Virginia Tobacco  
24 Commission, and the Resolution is on Page 157. I would  
25 make a motion that would allow us to make a 10 percent

1 invasion of the corpus for fiscal year ending June 30, 2014.

2 DELEGATE MARSHALL: Do we have a second?

3 SENATOR CARRICO: Second.

4 DELEGATE KILGORE: I would incorporate Page  
5 157 in my motion.

6 DELEGATE MARSHALL: Do we have a second?

7 DELEGATE MERRICKS: Yes. The Resolution has a  
8 date of June 30, 2013.

9 DELEGATE MARSHALL: Well, that's a typo, we'll  
10 make that correction. That's in Paragraph Number 4.

11 DELEGATE KILGORE: That's a typo.

12 MR. NOYES: That will be changed to June 30,  
13 2014.

14 DELEGATE MARSHALL: Any other discussion? We  
15 have a motion and a second. All those in favor say aye?  
16 (Ayes.) Opposed? (No response.)

17 DELEGATE KILGORE: Mr. Chairman, the next  
18 motion the Executive Committee made was to transfer \$5  
19 million from the TROF back to R&D, and that was returned  
20 money not used for a deal in Martinsville. So, I'd make that  
21 motion.

22 MR. OWENS: Second.

23 DELEGATE MARSHALL: Any discussion? All those  
24 in favor say aye? (Ayes.) Opposed? (No response.)

25 DELEGATE KILGORE: Mr. Chairman, I would also

1 move to transfer 281,000 from the General Account to Special  
2 Projects to cover a recently approved grant which you  
3 authorized from Special Projects which was in excess of your  
4 available balance. That's the motion.

5 DELEGATE MARSHALL: That's a motion, and I  
6 have a second. Any further discussion?

7 SENATOR CARRICO: Second.

8 DELEGATE MARSHALL: Any discussion? All those  
9 in favor say aye? (Ayes.) Opposed? (No response.)

10 DELEGATE KILGORE: The next one I have is to  
11 move \$2,612.00 from Technology and \$4,972.00 from Reserve  
12 to the General Account. That would be basically closing out  
13 those accounts because we no longer use those accounts. So  
14 that's the motion.

15 DELEGATE MARSHALL: I have a second. Any  
16 discussion? All those in favor say aye? (Ayes.) Opposed? (No  
17 response.)

18 DELEGATE KILGORE: The next one is the TROF  
19 award, and if you recall, we started a TROF award to  
20 Brunswick County for VEPCO, which was the gas pipeline  
21 construction. So I would ask that we approve a \$10 million  
22 TROF award, which is our second of three grants  
23 contemplated for that gas pipeline construction, and I would  
24 ask that we approve that. I make that as a motion; that's for  
25 Brunswick County for that project.

1 MR. OWENS: Second.

2 DELEGATE MARSHALL: Just for the interest of the  
3 parties in the audience, we're not just throwing this money  
4 away, because all of this has been talked about in committee  
5 meetings.

6 DELEGATE KILGORE: Yes, we had numerous  
7 discussions on this, and we discussed this Brunswick County  
8 project at length last year.

9 DELEGATE MARSHALL: Any discussion? All those  
10 in favor say aye? (Ayes.) Opposed? (No response.)

11 DELEGATE KILGORE: The next motion would be to  
12 approve 1.125 million TROF to Danville for a pharmaceutical  
13 manufacturer. The reason we have to approve it here,  
14 normally you don't have to bring the TROF awards to the Full  
15 Commission, but we have a limit of three TROF awards for a  
16 jurisdiction in a year. This is their fourth TROF award, and  
17 it's an important TROF award for this manufacturer, and this  
18 will be a big job creator, but we have to bring it to you. So, I'd  
19 make a motion that we approve 1.125 million TROF for  
20 Danville for this pharmaceutical manufacturer, and that's a  
21 requirement for job creation and investment, but you all have  
22 to approve that this year, which is good for Danville. I so  
23 move.

24 DEPUTY SECRETARY CARTER: Second.

25 DELEGATE MARSHALL: Any discussion? All those

1 in favor say aye? (Ayes.) Opposed? (No response.)

2 DELEGATE KILGORE: The next Executive  
3 Committee action that we're taking, and we had a big  
4 discussion, as you recall, about the LENOWISCO, LLC fiber  
5 network in Southwest Virginia, and it's going to be taken over  
6 by Scott Kelco. This motion would be to certain grants  
7 previously made by the Tobacco Commission to LENOWISCO  
8 Planning District Commission, none of the Commission assets  
9 now that are formerly owned by LENOWISCO, LLC may be  
10 used by Scott County Kelco or any of its affiliates for any  
11 purpose other than those described in the Commission's  
12 Executive Committee on May 2, 2013, and it's further  
13 described as certain fiber optic network lease agreement  
14 between Southwest Virginia Fiber Network LLC and Sunset  
15 Communications, Inc. It has a January 1, 2013 and related  
16 settlement agreements.

17 That's the motion, and the reason for that motion is we  
18 want to make sure the Commission, working with our  
19 attorney, that we're protecting these assets and that they are  
20 used for the purpose that we originally had granted, granted  
21 those dollars for, and that's fiber optic lines in the ground.  
22 That's why we need that motion, and that's from Counsel.

23 DELEGATE MARSHALL: Do we have a second? All  
24 right, we have a second. Any further discussion? All those in  
25 favor say aye? (Ayes.) Opposed? (No response.)

1           DELEGATE KILGORE: Finally, this is to clear up  
2 any issues, and this is from Counsel, to move that the  
3 Commission affirm its prior delegation of authority to the  
4 TROF panel currently consisting of Chairman Kilgore, Vice  
5 Chairman Ruff, Commissioner Owens and Mr. Noyes to act on  
6 behalf of the Commission with respect to TROF grants  
7 between meetings of the Commission. That's the motion.

8           DELEGATE MARSHALL: That's the motion, and we  
9 have a second. Any discussion? All those in favor say aye?  
10 (Ayes.) Opposed? (No response.)

11           DELEGATE KILGORE: That's my report. Thank  
12 you, Delegate Marshall, for stepping in.

13           All right, the next on the Agenda is Education, Linda.

14           MS. DIYORIO: The Education Committee met  
15 yesterday and we approved 13 applications in the amount  
16 \$1,000,951.30. You have these recommendations in front of  
17 you. I move these recommendations be approved.

18           DELEGATE KILGORE: We have a motion and a  
19 second. Does anyone need anything taken out of the block?

20           DELEGATE BYRON: First of all, Mr. Chairman, I  
21 know that we talked about a lot of things in the Education  
22 meeting, and it's pretty difficult when you have a committee  
23 meeting the day before and the commissioners don't really get  
24 an opportunity to review what's in here, since we're getting  
25 ready to vote right now. I hope in the future we can try to

1 schedule these meetings so we could at least have time to  
2 evaluate what these proposals are before we have to vote on  
3 them. So every one of these recommendations --

4 MS. DIYORIO: -- No, we actually had 19  
5 applications. This is just the ones that were approved.

6 DELEGATE BYRON: Twenty-six seventy, and I  
7 really don't know any of the details of these.

8 DELEGATE KILGORE: That is a conduit. They're  
9 running the Race to GED Program for all of Southwest  
10 Virginia. That's the conduit they're using to run that through.

11 DELEGATE BYRON: By not having an application  
12 it's kind of hard to figure out what some of these are, having  
13 no details.

14 DELEGATE KILGORE: That covers all of Southwest  
15 Virginia, if I'm not mistaken.

16 DELEGATE BYRON: Mr. Chairman, on some of  
17 these, because some are other activities, and workforce  
18 counseling, and maybe the Education Committee has this  
19 information on where we're at. GED will always be something  
20 that will have to be dealt with in the future too, but I'd like to  
21 know where we're at as far as funding for the GED programs.  
22 A lot of money has been spent over the years, and we continue  
23 to see a great need for it apparently or it wouldn't be on the  
24 table.

25 DELEGATE KILGORE: Maybe we could have the

1 folks from the GED projects across the Tobacco Commission  
2 make a presentation at our September meeting and they can  
3 tell us where we are on these projects and the progress that  
4 we've made.

5 DELEGATE BYRON: Looks like we've spent some  
6 700 thousand in the program, and I don't have any details.

7 DELEGATE KILGORE: Does anyone want to take  
8 any of these out of the block? We've got a motion and a  
9 second. Does anybody want any out of the block? All those in  
10 favor of the block on the Education Committee Report say  
11 aye? (Ayes.) Opposed? (No response.)

12 MS. DIYORIO: We have a request from the New  
13 College Institute to grant them an extension of an earlier  
14 grant, and the extension would be through December 31,  
15 2014. And I so move.

16 MR. HAMLETT: Second.

17 DELEGATE KILGORE: Any more discussion? All  
18 those in favor say aye? (Ayes.) Opposed? (No response.)  
19 Thank you.

20 Delegate Byron, R&D.

21 DELEGATE BYRON: We had six new applications  
22 that came before the R&D Committee, and of those six I  
23 believe we sent five of them to TROF for further vetting by the  
24 partnership who does the vetting of the applications for R&D.  
25 The ones that came back to us, we had two of the four grants

1 made high scores that we felt were eligible to go forward with  
2 funding. One of the applications is 2639, which was Floyd  
3 County BC Genesis, LLC, the second phase now, and my  
4 understanding is that maybe by the end of next year that  
5 project will go to commercialization, \$837,286.00.

6 Then another application, 2637, which was for the  
7 Southwest Virginia Higher Ed Center, and that's a coal  
8 recovery facility, \$2 million for the Alpha Joint Venture.

9 Both of those I mentioned had very good scores, not only  
10 in the commercialization but in the scientific and other vetting  
11 that was done on that one. I'd move we approve both of those  
12 grants.

13 DELEGATE KILGORE: It's been moved, and we  
14 have a second.

15 DELEGATE BYRON: Those have come back.

16 DELEGATE KILGORE: Any questions on the two  
17 grants that have been approved by the R&D Committee? All  
18 right. We have a motion and a second. Any more discussion?  
19 All those in favor say aye? (Ayes.) Opposed? (No response.)

20 DELEGATE BYRON: That concludes my report.

21 DELEGATE KILGORE: Mr. Ed Owens.

22 MR. OWENS: I'd like to draw your attention to Page  
23 105. On May the 2<sup>nd</sup> Southside Economic Development  
24 Committee met and we recommended 10 grants totaling  
25 \$3,408,925.00. I move we accept those in a block.

1 DELEGATE KILGORE: I have a motion and a  
2 second to vote these in a block. Does anyone need to take any  
3 out of the block? All right. Any discussion? All those in favor  
4 say aye? (Ayes.) Opposed? (No response.)

5 MR. OWENS: A couple of pieces of other business.  
6 Dinwiddie County a plant warehouse and logistics park with  
7 intermodal facility, Number 1791.

8 DELEGATE KILGORE: How long is the extension?

9 MR. OWENS: They've asked for an extension of one  
10 year.

11 DELEGATE KILGORE: An extension of one year on  
12 that grant. All those in favor say aye? (Ayes.) Opposed? (No  
13 response.)

14 MR. OWENS: Also, Mecklenburg County Kinderton  
15 Technology Campus, 1779, requesting an extension for fifth  
16 year. A fourth extension was approved administratively per  
17 Commission policy to allow contract work to continue through  
18 April of 2013. The County IDA now seeks approval for a fifth  
19 year to complete the work for Phase II pump station and  
20 gravity sewer system upgrade.

21 DELEGATE KILGORE: I've got a motion and a  
22 second. Any further discussion? All those in favor say aye?  
23 (Ayes.) Opposed? (No response.)

24 MR. OWENS: The next one is the Roanoke River  
25 Rails to Trails requesting an extension for the fifth year. They

1 indicate the project should be completed by April of 2014.  
2 That's the recommendation.

3 DELEGATE KILGORE: To extend the Roanoke  
4 River Rails to Trails. We have a motion and a second. All  
5 those in favor say aye? (Ayes.) Opposed? (No response.)

6 MR. OWENS: Lastly, Halifax Regional Health  
7 Systems, Inc. and Clarksville Senior Care, LLC requesting  
8 approval of change of ownership. This is a little difficult to  
9 explain. They had three grants we gave them. The ownership  
10 was changed to Sentara. We're recommending we approve the  
11 change in ownership. The jobs are still there and the building  
12 is still there, and it's a good project and has created some  
13 jobs.

14 DELEGATE KILGORE: It's just a change of  
15 ownership, and we have to get the correct ownership name?

16 MR. OWENS: We recommend to approve it.

17 DEPUTY SECRETARY CARTER: Second.

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

21 Dr. Redwine.

22 DR. REDWINE: Thank you, Mr. Chairman. The  
23 Southwest Economic Development Committee met yesterday,  
24 and I have three items for you today, two of which will require  
25 further action. First, the Committee heard an update

1 yesterday from King School of Medicine, and it appears they've  
2 made some progress since the last meeting, and we're pleased  
3 with that. As a Committee we reached a consent to delay any  
4 action on that grant until the September Commission meeting,  
5 and we'll get another update from them. That requires no  
6 action.

7       Next, we had a request from Carroll/Grayson/Galax  
8 Regional Industrial Facilities Authority on The Wired Road  
9 Expansion Project. This was a grant that was approved in  
10 January of 2009 for \$951,297.00, Grant Number 1763.  
11 They've asked for an extension through August 31, 2014.  
12 There is activity going on currently. The Committee approved  
13 the extension, and I would submit it to the Full Commission  
14 for approval. I so move.

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

18               DR. REDWINE: The last one is a request from the  
19 Southwest Virginia Community Foundation for the Bush Mill  
20 Heritage Tourism Project, Number 2549, for an amount of  
21 \$100,000.00 approved in September of 2012. When the grant  
22 was first approved it was approved with a contingency that  
23 they would receive VDOT money to aid in that. This  
24 Foundation has received a significant amount of VDOT money,  
25 three hundred and some odd thousand dollars before, prior to

1 this particular grant. Since the grant was approved VDOT has  
2 changed their policy so they no longer consider money for  
3 projects of this type. So, the Foundation came to us asking us  
4 for nothing in addition, other than to remove the contingency  
5 for VDOT funds. We discussed it, and I so move that we  
6 remove that contingency to allow them to use the money.

7 DELEGATE KILGORE: Do I have a second? All  
8 right, I have a second, a motion and a second. All those in  
9 favor say aye? (Ayes.) Opposed? (No response.)

10 DR. REDWINE: That concludes my report.

11 DELEGATE KILGORE: Special Projects.

12 DELEGATE MARSHALL: Mr. Chairman, on Page  
13 142 we have three grants totaling 7,108,240. Are there any  
14 questions? Then I so move.

15 MR. OWENS: Second.

16 DELEGATE KILGORE: It's been moved and  
17 seconded. Two are under healthcare and economic  
18 development and one is the megasite proposal.

19 DEPUTY SECRETARY CARTER: I'd like to pull  
20 2708 out.

21 DELEGATE KILGORE: 2708 is out of the block.  
22 That leaves one in the block. Let's just vote on them one at a  
23 time.

24 The first one is 2705, MidAtlantic Broadband  
25 Cooperative. You're making a motion individually?

1 DELEGATE MARSHALL: Yes.

2 DELEGATE KILGORE: All those in favor say aye?  
3 (Ayes.) Opposed? (No response.) We have one abstention,  
4 Mr. Walker.

5 All right, 2708. I have a motion and a second to approve  
6 this. All those in favor say aye? (Ayes.) Opposed? (No  
7 response.). One abstention, Deputy Secretary Carter.

8 Now, we have 2641. I have a motion and a second. All  
9 those in favor say aye? (Ayes.) Opposed? (No response.)

10 All right, at this time we need to go into the Executive  
11 Session for a report on CCAM. We have to do this because it  
12 contains proprietary information in the report.

13 MR. PFOHL: I think Page 146, Other Business.

14 DELEGATE KILGORE: Page 146, Other Business.

15 MR. PFOHL: This requires Commission action.

16 Two items from the Blue Ridge Crossroads Economic  
17 Development Authority. The first is the megasite grant for \$6  
18 million, 2598. It was approved last fall with a condition that  
19 the stated prospect that was looking at that site at that time  
20 committed to the site for BRCEDA, and that was a \$6 million  
21 grant. The applicant is asking that that condition be removed,  
22 and the Committee recommended approval of the condition of  
23 award of this \$6 million grant that was required the stated  
24 prospect to commit to the Wildwood site. This specific  
25 prospect has not announced; the megapark site is on track.

1 I make a motion that we approve that, 2598.

2 DELEGATE KILGORE: Any discussion? All those  
3 in favor say aye? (Ayes) Opposed? (No response.)

4 MR. PFOHL: The second item is also from  
5 BRCEDA, and that's regarding the Wildwood Commerce Park,  
6 and this is grant 2266. Through competitive bidding BRCEDA  
7 secured engineering services for substantially less than was  
8 originally estimated, and that's reduced by some \$900,000.00.  
9 They're asking that the 900 thousand be re-budgeted for  
10 access road improvements and water and sewer utilities to  
11 serve the site.

12 The Committee recommends approval of the requested  
13 budget revision, and I so move.

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

17 Now, we'll go into Executive Session.

18 DELEGATE MERRICKS: Pursuant to Virginia Code  
19 Section 2.2-3711(A)(7) I move that we go into a closed meeting  
20 for the purpose of discussing a particular economic  
21 development opportunity which involves proprietary  
22 information. No announcement has been made of this  
23 previously.

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

1 response.)

2

3 NOTE: Whereas the Full Commission is in  
4 Executive Session at 11:40 a.m.

5

6 NOTE: Thereupon, the Full Commission  
7 reconvenes in open session at 12:15 p.m., viz:

8

9 DELEGATE MERRICKS: Whereas, the Full  
10 Commission of the Virginia Tobacco Commission has  
11 convened a closed meeting on this date pursuant to an  
12 affirmative recorded vote and in accordance with the  
13 provisions of the Virginia Freedom of Information Act; and  
14 whereas, the Code of Virginia requires a certification by the  
15 Commission that such a meeting was conducted in conformity  
16 with Virginia law.

17 Now, therefore, be it resolved, that the Commission  
18 hereby certifies that to the best of each member's knowledge,  
19 that only public business matters lawfully exempt from open  
20 meeting requirements under the Act and only such public  
21 business matters as were identified in the motion by which  
22 the closed meeting was convened were heard, discussed or  
23 considered by the Committee in that meeting.

24 DELEGATE KILGORE: We'll need a roll call.

25 MR. NOYES: Mr. Barnard?

1 MR. BARNARD: Yes.  
2 MR. NOYES: Ms. Barts?  
3 MS. BARTS: Yes.  
4 MR. NOYES: Delegate Byron?  
5 DELEGATE BYRON: Yes.  
6 MR. NOYES: Mr. Cannon?  
7 MR. CANNON: Yes.  
8 MR. NOYES: Senator Carrico?  
9 SENATOR CARRICO: Yes.  
10 MR. NOYES: Deputy Secretary Carter?  
11 DEPUTY SECRETARY CARTER: Yes.  
12 MR. NOYES: Mr. Cundiff?  
13 MR. CUNDIFF: Yes.  
14 MR. NOYES: Ms. DiYorio?  
15 MS. DIYORIO: Yes.  
16 MR. NOYES: Mr. Hamlett?  
17 MR. HAMLETT: Yes.  
18 MR. NOYES: Mr. Harwood?  
19 MR. HARWOOD: Yes.  
20 MR. NOYES: Delegate Johnson?  
21 DELEGATE JOHNSON: Yes.  
22 MR. NOYES: Delegate Kilgore?  
23 DELEGATE KILGORE: Yes.  
24 MR. NOYES: Delegate Marshall?  
25 DELEGATE MARSHALL: Yes.

1 MR. NOYES: Delegate Merricks?

2 MR. MERRICKS: Yes.

3 MR. NOYES: Ms. Moss?

4 MS. MOSS: Yes.

5 MR. NOYES: Ms. Nyholm?

6 MS. NYHOLM: Yes.

7 MR. NOYES: Mr. Owens?

8 MR. OWENS: Yes.

9 MR. NOYES: Dr. Redwine?

10 DR. REDWINE: Yes.

11 MR. NOYES: Mr. Reynolds?

12 MR. REYNOLDS: Yes.

13 MR. NOYES: Ms. Rhinehart?

14 MS. RHINEHART: Yes.

15 MR. NOYES: Senator Smith?

16 SENATOR SMITH: Yes.

17 MR. NOYES: Mr. Spiers?

18 MR. SPIERS: Yes.

19 MR. NOYES: Ms. Thomas?

20 MS. THOMAS: Yes.

21 MR. NOYES: Mr. Walker

22 MR. WALKER: Yes.

23 MR. NOYES: So certified by members of the  
24 Commission.

25 DELEGATE KILGORE: All right. Mr. Hamlett.

1 MR. HAMLETT: The workforce, as you know, we're  
2 working hard on workforce issues. I know we have a better  
3 chance to attract companies if we have a workforce ready.  
4 How did those discussions go today?

5 MR. ANWYL: Actually, Virginia has some very good  
6 resources, and we're at the very early stage of developing a  
7 workforce that can work with these companies coming into the  
8 Commonwealth. With qualified people we could employ as  
9 many engineers as we could find that were qualified. That  
10 also will affect the supply chain. As I said, the number of  
11 engineers is just a growing number, and anybody that's  
12 involved in the skilled workforce is in great demand, too.  
13 Actually, that's really a good thing. All of this is in the early  
14 stages, but we certainly have a need as we go forward. I'm  
15 very appreciative of the work you're doing and the goals you  
16 have set.

17 MR. HAMLETT: I'm happy to hear what you've said  
18 today. It certainly is enlightening to all of us who are  
19 interested in this. We have to make sure we back it up.

20 MR. ANWYL: As I said, just in engineering in the  
21 next seven years we look forward to this with great  
22 anticipation. We appreciate everything that the Tobacco  
23 Commission is trying to accomplish, and we look forward to  
24 working with you all very much.

25 DELEGATE KILGORE: Thank you. Next, Executive

1 Director's Report.

2 MR. NOYES: We have in the audience today from  
3 the Office of the IG Staff, and we do not at this point have any  
4 time frame on the report, and I have asked for some more  
5 specifics almost every week. We're certainly cooperating in  
6 any report that is needed.

7 I also have a request from JLARC, an update. Our  
8 response to their report was issued some time ago. This is a  
9 routine matter which is something I'll take care of between  
10 now and the end of the month.

11 On the matter discussed in Executive Session, the  
12 Executive Committee on the compensation for Commission  
13 Staff, I will take no action on that matter. I wanted to  
14 announce that so members of the Executive Committee and  
15 we won't discuss any of the particulars, because those matters  
16 were considered in the Executive Session.

17 One more thing, I want you to know, and it's no big  
18 secret, to announce to you today my decision to step down as  
19 Executive Director in August of this year. I want to thank the  
20 Commission and leadership of the Commission for seven  
21 wonderful years. Nancy and I both thank you. I want to say  
22 to the Staff, you have been a joy to work with. I would like the  
23 Staff of the Commission to please stand up now so that I can  
24 recognize them. It's the greatest joy I've had working with  
25 these folks.

1 (Applause.)

2 It's been an honor and a privilege, but I'll remain in  
3 touch for some period of time, and we'll talk about that.  
4 Nancy and I are very grateful.

5 DELEGATE KILGORE: Neal, I want to say, as  
6 Chairman and as Vice chairman it's been a pleasure to work  
7 with you. Neal has agreed to stay on in some capacity as we  
8 get through a process of choosing his replacement. The choice  
9 of his replacement is not our choice, it is the Governor's  
10 choice. We'll wait on that process, and I have advised and  
11 Neal has advised Secretary Chang who has advised the  
12 Governor and Chief of Staff of his decision.

13 Neal, I'm going to miss talking to you every day. I guess  
14 you can play a little more golf. Neal has not only done a great  
15 job here, he's a friend. He's done a tremendous job in trying  
16 to make things work. He's assembled a great Staff for us. I  
17 guess Nancy will be glad to have you home more often.

18 Neal, you have been a friend, and balancing the wishes,  
19 desires and needs of 31 commissioners is an accomplishment.  
20 I want to say on behalf of the Commission we appreciate your  
21 hard work and dedication to our Commission. Thank you,  
22 very much.

23 (Applause.)

24 Linda, we know this is your last meeting, and we  
25 appreciate all your hard work and your passion and

1 dedication in attending all these meetings and making sure  
2 Southwest Virginia's voice is heard, and especially your  
3 participation on the Education Committee, making sure we  
4 make the right choices, and we really appreciate that. Thank  
5 you for your service.

6 MS. DIYORIO: Thank you, and it's been a great  
7 pleasure.

8 DELEGATE BYRON: I'm not announcing my  
9 retirement, but I'd like to make a motion and ask that you  
10 consider for our next meeting discussion and action on  
11 considering going back to four meetings a year. For a long  
12 time the Commission met four times a year, and because we're  
13 so many years down the road now and we've had so many  
14 grant applications that are out in the community that I'd like  
15 to see some time where we could meet, maybe not as a  
16 workshop, but have a meeting focused on committees  
17 evaluating grants that we already have out there.

18 DELEGATE KILGORE: If we do that, I think we  
19 have to have a by-law change. I think that's how we got back  
20 at three commission meetings. We'll have to address that at a  
21 Full Commission meeting. I don't know if it will be at the next  
22 meeting.

23 DELEGATE BYRON: That's fine, but I just wanted  
24 to bring that up to have that discussion. We can do it at a  
25 workshop. We need to start to look at where we are at and

1 what we've accomplished and have time for discussion.

2 DELEGATE KILGORE: Maybe a longer meeting  
3 where we update on grants.

4 DELEGATE BYRON: To me it's more of a workshop  
5 or round table, one where we could look at outcomes on the  
6 applications we've already approved and see where some of  
7 those are and look at economic development and all of the  
8 above. Maybe all coming together and sharing these reports.

9 DELEGATE KILGORE: I think we can do that, and  
10 I've been advised by Counsel and Ned that we can probably do  
11 that without a by-law change. We may meet formally. We can  
12 discuss that in September and address that then.

13 SENATOR SMITH: I'd like to make a comment of  
14 this meeting. I thought I'd visited every village, city, county,  
15 town in the Commonwealth, but when I pulled into town  
16 yesterday I realized that I don't think I've ever visited the Town  
17 of South Hill. First impressions are very positive. Most of you  
18 on the Commission have been to South Hill before frequently,  
19 but I don't recall being here before. This is a charming  
20 community. We have the manager here, and thank you for  
21 your hospitality. A great first impression, I'm sure it's a solid  
22 community. Thank you for your hospitality.

23 MR. JONES: Thank you for being here, and I didn't  
24 pay him to say that. We're very honored to have you and look  
25 forward to having you here again. We'd be more than happy

1 to host this meeting again. We hope you enjoyed your stay.  
2 Thank you very much.

3 DELEGATE KILGORE: Thank you.

4 Now, does anyone have a comment from the public?

5 DELEGATE JOHNSON: Mr. Chairman, I think we  
6 should say thank you to Stacey for all the wonderful work she  
7 does setting up these meetings and serving us.

8 DELEGATE KILGORE: She does do a great job.

9 (Applause.)

10 If there's nothing further, then we'll be adjourned.

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12 NOTE: Whereupon the Full Commission  
13 meeting is adjourned.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission, Full Commission Meeting, when held on Thursday, May 23, 2013 at 10:45 a.m. at the R. T. Arnold Library, South Hill, 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 31<sup>st</sup> day of May, 2013.

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

My Commission Expires: October 31, 2014.