

**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Full Commission Meeting

Thursday, September 26, 2013

11:20 a.m.

Holiday Inn Bristol Hotel & Conference Center
Bristol, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
4914 Fitzhugh Avenue, Suite 203
Henrico, Virginia 23230
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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 The Honorable Charles W. Carrico, Sr.

9 Mr. David R. Cundiff

10 Ms. Linda P. DiYorio

11 Mr. Burgess "Butch" H. Hamlett, III

12 Mr. Scott M. Harwood, Sr.

13 The Honorable Joseph P. Johnson, Jr.

14 The Honorable Daniel W. Marshall, III

15 The Honorable Donald W. Merricks

16 Mr. H. Ronnie Montgomery

17 Ms. Sandra F. Moss

18 The Honorable Edward Owens

19 Dr. David S. Redwine, DDV

20 Mr. Kenneth O. Reynolds

21 Ms. Beth D. Rhinehart

22 The Honorable Ralph K. Smith

23 Mr. John M. Stallard

24 The Honorable William M. Stanley, Jr.

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

2 Ms. Cindy M. Thomas

3 The Honorable Thomas C. Wright, Jr.

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6 COMMISSION STAFF:

7 Mr. Timothy S. Pfohl, Interim Executive Director and
8 Grants Program Administration Manager

9 Mr. Ned Stephenson, Deputy Executive Director

10 Ms. Stephanie S. Kim, Director of Finance

11 Ms. Sara G. Williams - Grants Program Administrator,
12 Southwest Virginia

13 Ms. Jessie Stamper

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

16 Ms. Carolyn Bringman - Performance Data Analyst

17 Ms. Stacey Richardson - Executive Assistant

18

19 COUNSEL FOR THE COMMISSION:

20 Eric E. Ballou, Esq.

21 CHRISTIAN & BARTON, LLP

22 909 East Main Street, Suite 1200

23 Richmond, Virginia 23219

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1 DELEGATE KILGORE: Good morning, everyone,
2 welcome. Thank you all for your patience this morning, and I
3 know it's been a long morning and I apologize for the Southwest
4 Committee going a little bit over. It's just something we had to
5 do. At this time I'll ask Mr. Pfohl to call the roll.

6 MR. PFOHL: Mr. Barnard?

7 MR. BARNARD: Here.

8 MR. PFOHL: Ms. Barts?

9 MS. BARTS: Here.

10 MR. PFOHL: Secretary Brown is not able to be here.
11 Delegate Byron?

12 DELEGATE BYRON: Here.

13 MR. PFOHL: Mr. Cannon?

14 MR. CANNON: Here.

15 MR. PFOHL: Senator Carrico?

16 SENATOR CARRICO: Here.

17 MR. PFOHL: Secretary Cheng couldn't be here, and
18 Secretary Carter is not able to be with us.

19 MR. PFOHL: Mr. Cundiff?

20 MR. CUNDIFF: Here.

21 MR. PFOHL: Ms. DiYorio?

22 MS. DIYORIO: Here.

23 MR. PFOHL: Mr. Hamlett?

24 MR. HAMLETT: Here.

25 MR. PFOHL: Mr. Harwood?

1 MR. HARWOOD: Here.

2 MR. PFOHL: Secretary Haymore and Secretary Hill
3 are not with us.

4 Delegate Johnson?

5 DELEGATE JOHNSON: Here.

6 MR. PFOHL: Delegate Kilgore?

7 DELEGATE KILGORE: Here.

8 MR. PFOHL: Delegate Marshall?

9 DELEGATE MARSHALL: Here.

10 MR. PFOHL: Delegate Merricks?

11 MR. MERRICKS: Here.

12 MR. PFOHL: Mr. Montgomery?

13 MR. MONTGOMERY: Present.

14 MR. PFOHL: Ms. Moss?

15 MS. MOSS: Here.

16 MR. PFOHL: Ms. Nyholm isn't with us today.

17 Mr. Owens?

18 MR. OWENS: Here.

19 MR. PFOHL: Dr. Redwine?

20 DR. REDWINE: Here.

21 MR. PFOHL: Mr. Reynolds?

22 MR. REYNOLDS: Here.

23 MR. PFOHL: Ms. Rhinehart?

24 MS. RHINEHART: Here.

25 MR. PFOHL: Senator Ruff?

1 SENATOR RUFF: Here.

2 MR. PFOHL: Senator Smith?

3 MR. SMITH: Here.

4 MR. PFOHL: Mr. Spiers is not able to be with us.
5 Mr. Stallard?

6 MR. STALLARD: Here.

7 MR. PFOHL: Senator Stanley?

8 SENATOR STANLEY: Here.

9 MR. PFOHL: Ms. Thomas?

10 MS. THOMAS: Here.

11 MR. PFOHL: Mr. Walker isn't able to be with us.
12 Delegate Wright?

13 DELEGATE WRIGHT: Here.

14 MR. PFOHL: You have a quorum, Mr. Chairman.

15 DELEGATE KILGORE: Thank you. We'll try to get
16 through these pretty quick.

17 Frank, I'll call on you to do the Education Committee and
18 tell us what page in our book.

19 SENATOR RUFF: Mr. Chairman, I'll be glad to do
20 that, but I think we have the Minutes next.

21 DELEGATE KILGORE: Do I have a motion to
22 approve the Minutes of August 13, 2013?

23 DELEGATE JOHNSON: So moved.

24 DELEGATE KILGORE: I have a motion and a
25 second to approve the Minutes. All those in favor say aye?

1 (Ayes.) Opposed? (No response.) The Minutes are approved.
2 Now, the Education Committee.

3 SENATOR RUFF: Mr. Chairman, I'll ask you to turn
4 to Page 6, and that includes a total of nine grants for community
5 college financial aid.

6 DELEGATE KILGORE: This is for the scholarships.

7 SENATOR RUFF: I would move that we approve
8 approximately 3.3 million.

9 MS. DIYORIO: Second.

10 DELEGATE KILGORE: I have a motion and a
11 second. Does anyone need any of them taken out of the block?
12 All right. That motion includes all of them. All those in favor
13 say aye? (Ayes.) Opposed? (No response.)

14 SENATOR RUFF: Mr. Chairman, next turn to Page
15 16. These are the competitive grants. We met on the 17th and
16 yesterday and we approved a total of 11 grants, and the sheet
17 shows 10 grants, and one was tabled, No. 2710 Southwest
18 Virginia Higher Ed Center. That was approved yesterday,
19 500,000, so the bottom line on that is roughly 2.3 million. I
20 move those be approved in the block.

21 DELEGATE MARSHALL: Second.

22 DELEGATE KILGORE: We have a motion and a
23 second. Do any of these need to be taken out of the block? All
24 those in favor say aye? (Ayes.) Opposed? (No response.)

25 SENATOR RUFF: Mr. Chairman, the next is Page

1 30. This deals with the four-year scholarships, and this
2 includes two changes in addition to the dollars that make up for
3 the change in the tuition expenses. I think the average was
4 four or five percent. It adjusts the numbers from last year.
5 So, my motion would be that we approve roughly 6.8 million to
6 scholarships and the rules in a block.

7 DELEGATE MARSHALL: I'll second it.

8 DELEGATE KILGORE: Any questions on that one,
9 Page 30? All those in favor say aye? (Ayes.) Opposed? (No
10 response.)

11 SENATOR RUFF: Mr. Chairman, the last motion
12 deals with some unused balances from Grants 2447 and 2448
13 to fund Grant No. 2789 for 1.78 million in favor of the
14 Southwest Virginia Higher Education Center, the Work
15 Incentive Fund. I so move.

16 DELEGATE MARSHALL: I'll second it.

17 DELEGATE KILGORE: I have a motion and a
18 second. Any further discussion? All those in favor say aye?
19 (Ayes.) Opposed? (No response.)

20 SENATOR RUFF: Mr. Chairman, that completes my
21 report.

22 DELEGATE KILGORE: All right, thank you, Senator
23 Ruff.

24 We'll now move on to the Executive Committee's
25 recommendations, Senator Ruff.

1 SENATOR RUFF: Thank you, Mr. Chairman. The
2 first motion deals with the unclaimed indemnification funds to
3 close out those folks, and that motion transfer \$574,515.00 to
4 the general account. And I so move.

5 DELEGATE KILGORE: We have a motion.

6 DELEGATE MARSHALL: Second.

7 DELEGATE KILGORE: We have a motion and a
8 second, and that deals with the unclaimed funds from the
9 indemnification to transfer that to the general fund. All those
10 in favor say aye? (Ayes.) Opposed? (No response.)

11 SENATOR RUFF: Mr. Chairman, the next motion is
12 to transfer \$15,000.00 from the unobligated funds in the
13 general account to administration to continue funding the
14 salary, fringe benefits and expenses for the Deputy Secretary of
15 Commerce and Trade through January 10, 2014. And I so
16 move.

17 DELEGATE MARSHALL: Second.

18 DELEGATE KILGORE: I have a motion and a
19 second to move those funds to administration, 15,000. All
20 those in favor say aye? (Ayes.) Opposed? (No response.)

21 SENATOR RUFF: Mr. Chairman, the final motion is
22 to authorize the Staff to administer certain TROF contracts as
23 approved by the Executive Committee, including the extensions
24 of time to perform substitution of beneficiaries all within the
25 established TROF guidelines and to reduce Washington

1 County's payment obligation of 157,000 to 65,000 under Grant
2 No. 1854. I so move.

3 DELEGATE MARSHALL: Second.

4 DELEGATE WRIGHT: Having voted no on some of
5 those yesterday and the first two dealt with repurposing or
6 tabling.

7 DELEGATE KILGORE: All right, so you want --

8 SENATOR RUFF: The motion then would be to
9 authorize Staff certain contracts as approved by the Executive
10 Committee including the extension of time to conform with the
11 substitution of beneficiaries.

12 DELEGATE KILGORE: Do we have a second on the
13 motion? All right. All those in favor of that motion say aye?
14 (Ayes.) Opposed? (No response.)

15 SENATOR RUFF: The next motion would be to
16 reduce the Washington County repayment obligation from
17 157,000 to 65,000 under Grant No. 1854.

18 DELEGATE KILGORE: That's Columbus
19 McKinnon?

20 SENATOR RUFF: That is correct, and I so move.

21 DELEGATE MARSHALL: Second.

22 DELEGATE KILGORE: I have a motion and a
23 second. All those in favor of that one say aye? (Ayes.)
24 Opposed? (Delegate Wright, no; Ms. Thomas, no.)

25 SENATOR RUFF: Mr. Chairman, that completes my

1 report.

2 DELEGATE KILGORE: Thank you, Senator Ruff.
3 Next we have Delegate Byron, R&D Committee.

4 DELEGATE BYRON: Thank you, Mr. Chairman. I
5 think we should focus our attention on Page 37.

6 The Committee had a meeting in September and looked at
7 four grants that were vetted through the Economic
8 Development Partnership, and I have two recommendations
9 that we can take in a block.

10 The first one is that we recommended approval of three
11 grants, which you'll see at the top of the page, totaling \$4.1
12 million. Then the Committee met yesterday and we considered
13 a grant that did not go through the vetting process, and it was a
14 continuation of a project that we invested in, the mPower Site in
15 Bedford County and the next page for the Hot Flow Testing
16 Facility. The Committee recommended approval of 2792 for
17 the \$2 million as well yesterday.

18 So, we have a total of four grants for a total of \$6.5 million,
19 excuse me, we have a total of four grants for a total \$6.1 million,
20 and I so move.

21 MR. OWENS: Second.

22 DELEGATE KILGORE: I have a motion and a
23 second. Any discussion? These grants are listed on Page 37
24 of your book. Does anyone want to take any out of the block?

25 DELEGATE WRIGHT: This is 2792?

1 DELEGATE KILGORE: We're voting on grants 2697,
2 2698 and 2699 and 2792.

3 DELEGATE WRIGHT: I'd move that Number 2792
4 be taken out of the block.

5 DELEGATE KILGORE: Kathy, I have a motion on
6 2697, 2698 and 2699.

7 DELEGATE BYRON: Yes, we can take that one out
8 of the block. So we're voting on those three you just mentioned
9 in the block.

10 SENATOR CARRICO: I'll second that.

11 DELEGATE KILGORE: All those in favor of those
12 three in the block for R&D grants, say aye? (Ayes.) Opposed?
13 (Delegate Wright, no.) All right.

14 To folks in the audience, these are grants that have been
15 vetted by VEDP, and the people from the Committee in their
16 long meeting they've been going through these, so we're not
17 spending money willy-nilly here.

18 DELEGATE BYRON: In that process they actually
19 come before our Committee during the initial application
20 process and we determine whether they should go to vetting or
21 move forward, and the Economic Development Partnership has
22 a team of folks with expertise in their particular areas that
23 comes back to us and they give us a score.

24 The second one I recommend, 2792 be approved for \$2
25 million.

1 DELEGATE KILGORE: I have a motion and a
2 second. That's the one you had the hearing on yesterday?

3 DELEGATE BYRON: Yes.

4 DELEGATE KILGORE: Any more discussion? All
5 those in favor of 2792 in the amount of \$2 million say aye?
6 (Ayes.) Opposed? (No response.)

7 DELEGATE WRIGHT: Mr. Chairman, let me just
8 state my opposition to most all R&D projects is because I
9 consider some of them to be speculative in nature. It's not
10 because of any particular one. As a general rule I oppose them.

11 DELEGATE KILGORE: All right. Thank you.

12 DELEGATE BYRON: Mr. Chairman, that concludes
13 my report.

14 DELEGATE KILGORE: Thank you. We now have
15 Southside Economic Development Committee, Mr. Ed Owens.

16 MR. OWENS: The Southside Economic
17 Development Committee met and we're dealing with Franklin
18 County Commerce Center Infrastructure Relocation, and we've
19 been working on this project for a couple of years. Staff
20 recommended that we award \$298,093.00 from the allocation
21 and the money that was already awarded, Grant Number 2627.
22 This project came up at Special Projects and contingent upon a
23 prospect, and that's been announced, and that was one of the
24 contingencies of the project in this application. So, I move that
25 we approve this.

1 MR. CUNDIFF: Second.

2 DELEGATE KILGORE: I have a motion and a
3 second to approve Grant Number 2760 in the amount of
4 \$298,093.00.

5 MR. PFOHL: The Committee's recommendation
6 yesterday was \$298,093.00 for the repurposing of Grant 2627
7 that was awarded earlier to accomplish this project. The Staff
8 recommended an award of \$298,093.00 from the currently
9 available allocation and the repurposing of Grant 2627 to
10 accomplish this project budget contingent on the prospect's
11 commitment to the site.

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

15 MR. OWENS: That completes my report.

16 DELEGATE KILGORE: Thank you. Now we'll turn
17 to the Honorable Dr. David Redwine.

18 DR. REDWINE: Two Tylenols later, I'm here. Page
19 68 in your book, please.

20 Mr. Chairman, the Southwest Virginia Committee,
21 Economic Development Committee, reviewed several grants for
22 approval. In the end we approved 11 grants for a total of
23 \$2,717,784.00 leaving a balance of \$1,819,788.00 for future
24 projects.

25 Mr. Stephenson, I'll read these into the record briefly; I'll

1 do it as quickly as possible.

2 Grant 2732 for \$255,250; Grant 2561 for \$200,000; Grant
3 2737 for \$700,000; Grant 2735 for \$125,000; Grant 2729 for
4 \$60,000; Grant 2736 for \$537,000; Grant 2731 for \$49,534;
5 Grant 2738 for \$83,000; Grant 2733 for \$300,000; Grant 2739
6 for \$208,000; and Grant 2750 for \$200,000.

7 DELEGATE KILGORE: I think the last one, 2750,
8 the motion was that the \$200,000 be disbursed as an advance,
9 just so it's clear in the record.

10 DR. REDWINE: Yes. That would be an advance.

11 DELEGATE KILGORE: Subject to the same
12 conditions that we adopted in August, we spoke about other
13 conditions then.

14 MR. STEPHENSON: On the first grant.

15 DELEGATE KILGORE: Yes.

16 DR. REDWINE: Yes.

17 DELEGATE KILGORE: So I'll entertain a motion to
18 approve those.

19 DELEGATE JOHNSON: Second.

20 DELEGATE KILGORE: You made the motion and
21 Delegate Johnson seconded it. Does anyone want to take any
22 of those grants out of the block? All right. All those in favor of
23 the grants that Chairman Redwine went through say aye?
24 (Ayes.) Opposed? (No response.)

25 What we tabled in the sub-committee we don't have to

1 address those.

2 DR. REDWINE: One other item of business. We
3 heard a report from the Southwest School of Medicine grant,
4 and after some discussion we approved a motion in committee
5 that they receive an extension on that grant until our January
6 meeting, with the stipulation that no other expenses be
7 incurred after today and paid unless progress has been shown
8 on the project and that reports be submitted to Staff by
9 December 15, 2013 to show the progress on that particular
10 grant.

11 I would make that motion and ask for a second.

12 DELEGATE MARSHALL: Second.

13 DELEGATE JOHNSON: Mr. Chairman, I have a
14 question. Based upon progress, who is going to determine
15 what progress?

16 DELEGATE KILGORE: That would be up to the
17 Staff.

18 MR. PFOHL: The motion that the Committee
19 approved was that the Commission could reimburse for
20 expenses incurred on the project through today if progress was
21 not made. Progress was not part of the motion.

22 DELEGATE KILGORE: Pull that out, if it was not
23 progress. I don't remember that being in there. So would you
24 restate the motion?

25 DR. REDWINE: The motion would be that the

1 Southwest Virginia School of Medicine grant be extended until
2 our January meeting with stipulations that no other expenses
3 incurred after today be paid and that reports be submitted to
4 Staff by December 15, 2013.

5 DELEGATE MARSHALL: Second.

6 DELEGATE KILGORE: I have a motion and a
7 second. Any more comments?

8 DELEGATE JOHNSON: Mr. Chairman, may I make
9 a comment?

10 DELEGATE KILGORE: Sure.

11 DELEGATE JOHNSON: Mr. Chairman, I'm going to
12 vote for the motion, but I think that it's wrong not to pay
13 expenses that are accumulated up to \$1 million that we already
14 approved. Yesterday we talked about contracts and we made
15 some difficult votes because we had entered a contract, the
16 other party entered into a contract. Today what we're doing,
17 we made a contract with a certain group that if they provide
18 service that we would pay up to \$1 million. Now, I feel until we
19 hit that \$1 million that we are morally obligated to pay that and
20 pay those expenses because we, in good faith, entered into an
21 agreement or contract that we would put up a million dollars
22 and now we're backing out of that. That's not fair, it's not
23 right, and I just want it to be known that I don't approve of it. I
24 guess I can't have my way.

25 DELEGATE KILGORE: Well, I can't either, Joe.

1 DELEGATE JOHNSON: You're doing a pretty good
2 job. I feel like the integrity of this Committee and that is that
3 we live up to our contracts and we expect those people that we
4 contracted with, that they live up to theirs; and if we don't, then
5 we come down and we're reversing that and we're saying that we
6 can get out of contracts. I just feel that we're obligated for \$1
7 million and once that is spent then that's the end of it, period.

8 Thank you, sir.

9 DELEGATE KILGORE: Thank you. Any other
10 comments?

11 SENATOR CARRICO: Since it was my motion and I
12 do understand Delegate Johnson's concerns, but I also feel that
13 we haven't had enough evidence that under this \$1 million
14 contract that there is any progress being made to justify
15 spending up to that \$1 million, and I believe once that occurs
16 that we as a Commission have to take a stand and say we're
17 going to freeze this money until we see some progress that's
18 going to be made in the future, and we've given the extension
19 until January 8th to show us what the \$800,000.00 has gone
20 for to make it work.

21 DELEGATE KILGORE: All right. We have a motion
22 and a second. All those in favor say aye? (Ayes.) Opposed?
23 (No response.) Thank you.

24 DR. REDWINE: That concludes my report.

25 DELEGATE KILGORE: Thank you for the time you

1 spent this morning, we appreciate it.

2 DELEGATE JOHNSON: You've done a great job.

3 DR. REDWINE: Thank you, sir.

4 DELEGATE KILGORE: Now we'll go to Special
5 Projects.

6 DELEGATE MARSHALL: Thank you, Mr.
7 Chairman. Let's go to Page 71 in your book. The Special
8 Projects Committee met up in Roanoke last week, and we have
9 three different blocks we want to look at. The first block is for
10 Economic Development, and there are four proposals under
11 Economic Development. I'll make a motion we approve those,
12 which is one million fifty thousand dollars. Those are Grants
13 2790, 2760, 2748 and 2758.

14 DELEGATE KILGORE: I have a motion and a
15 second to approve a million fifty thousand dollars and that's the
16 four grants. All those in favor say aye? (Ayes.) Opposed?
17 (No response.)

18 DELEGATE MARSHALL: Now we'll look at health
19 care, and we'll take this in two bites. The first bite is to approve
20 Applications 2656, 2754 and 2746.

21 DELEGATE KILGORE: That number should be for
22 2656, 2754 and 2749. You met again because 2746 was
23 tabled.

24 DELEGATE MARSHALL: That's correct, Mr.
25 Chairman. Yesterday everything is good.

1 DELEGATE KILGORE: Take 2746 out of the block.
2 That's 2656 and 2754.

3 DELEGATE MARSHALL: I so move.

4 MR. OWENS: Second.

5 DELEGATE KILGORE: I have a motion and a
6 second on those two. All those in favor say aye? (Ayes.)
7 Opposed? (No response.)

8 DELEGATE MARSHALL: Then I move we accept
9 2746.

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

13 MS. RHINEHART: I'll abstain.

14 DELEGATE KILGORE: And one abstention.

15 DELEGATE MARSHALL: Then we have 2749, the
16 Committee recommends approval of VCU for \$3 million and all
17 funds to be transferred via interagency transfer and not subject
18 to the Commission's reimbursement policy for a one-year period
19 to be used by VCU Massey Cancer Center only within the
20 tobacco region with all unspent funds to be returned to the
21 Commission at the conclusion of the project period.

22 So, I move 2749.

23 MR. OWENS: Second.

24 DELEGATE KILGORE: I have a motion and a
25 second. Any discussion?

1 MR. OWENS: Mr. Chairman, I'm going to move that
2 we accept the amendment to that. There are a couple of
3 questions.

4 DELEGATE KILGORE: Do you want to ask your
5 question?

6 MR. OWENS: Let me ask the question first. What's
7 the standard for doing the reimbursement? Is that maximum
8 25 percent?

9 MR. PFOHL: In 2002 the Commission adopted a
10 policy that all grants would be handled on a reimbursement
11 basis with the provision that up to 25 percent of the project cost
12 could be advanced.

13 MR. OWENS: Up to 25?

14 MR. PFOHL: Yes, up to 25 percent.

15 MR. OWENS: Does the motion say that we're going
16 to advance all the money up front?

17 MR. PFOHL: That's the intent of the motion.

18 MR. OWENS: With respect to Grant Number 2749,
19 the \$3 million to the Massey Cancer Center, I would ask that the
20 Executive Director be directed to negotiate an MOU with VCU,
21 the grantee, that describes the responsibility of the grantee in
22 accordance with Virginia Code 3.2-3108 and that the MOU be
23 approved by the Commission prior to the disbursement of funds
24 and that the funds be disbursed on the basis of being consistent
25 with our policy of 25 percent maximum up-front.

1 SENATOR RUFF: Second.

2 DELEGATE KILGORE: Maybe our attorney can tell
3 us what the policy is.

4 MR. BALLOU: Mr. Chairman, that is, or that
5 reflects the amendment of the Tobacco Indemnification
6 Commission's Act in 2012 to allow scientific research to be
7 performed at Massey or UVA, National Cancer Institute
8 Research Institution funds, different types of cancer research.

9 DELEGATE MARSHALL: Could I ask the Massey
10 Cancer representatives to come up and answer a few questions,
11 please? If you would recognize yourself, please?

12 DR. ROBERT HOULIHAN: I'm Robert Houlihan, and
13 this is Kate Webster, and we're here on behalf of VCU Massey
14 Cancer Center. The director, Dr. Ginzer, sends his regrets that
15 he is unable to attend today, but he's actually seeing patients in
16 the clinic. I'll be happy to answer any questions the
17 Commission may have in regard to this particular proposal and
18 the motion on the floor.

19 MS. THOMAS: As I look at the proposal here, am I
20 correct in understanding that only 25 percent of the funds will
21 be spent, including trials, in the footprint?

22 DR. HOULIHAN: Well, no, it's not just 25 percent of
23 the clinical trial. It's roughly, or we've redone the budget three
24 times now pulling things out that the Committee itself had
25 questions on. We've come up with roughly anywhere between

1 17 to 20 percent of the funds will go directly down into the
2 footprint itself by employing staff and having resources
3 available there, down there. One of the issues that we have, as
4 has been pointed out in the Committee meeting, is that the
5 hospital in Lynchburg serves a number of residents within the
6 tobacco community and actually outside of the footprint. It's
7 impractical to move the hospital and the cancer center and the
8 research infrastructure to Southside or Southwest locations.
9 The majority of the work will be done in Richmond and then
10 dispersed out into the communities.

11 MS. THOMAS: There are centers in Southside?

12 DR. HOULIHAN: Yes, we're actually collaborating
13 with a number of them. We have Southside Regional Memorial
14 and we have Danville, and we're actually reaching out in an
15 aggressive fashion to bring on board other practices in our
16 statewide initiative. We hope to actually increase the
17 percentage.

18 MS. THOMAS: There is a center that has just
19 opened up in South Hill, Virginia?

20 DR. HOULIHAN: Yes, that's Community Memorial
21 Healthcare. We are there, and we actually opened two clinical
22 trials now, and we have two more that are in the process right
23 now of opening.

24 There is a radiology oncology facility that VCU just recently
25 partnered with Community Memorial Healthcare. We're

1 hoping to expand our presence in the region and the resources
2 to meet the needs of the residents in these communities.

3 MS. THOMAS: Did I hear you say not 25 percent
4 but 17 to 20 percent, less than what the proposal is?

5 DR. HOULIHAN: What we have right now in the
6 budget and what we intend on doing actually is we will be
7 matching one for one. So for every dollar that is spent in the
8 footprint the match is actually going to spend a dollar of its
9 money as well, and that's the multiplier effect. So that 17
10 percent of the three million is provided, or it's actually 34
11 percent of the total fund available. We will dramatically
12 outspend more than the one for one match, and we've done that
13 historically on our previous grants, because we are committed
14 to solving and serving the communities of Virginia.

15 DELEGATE KILGORE: Ed, would you repeat the
16 amendment so we can get it right?

17 MR. OWENS: With respect to Grant 2749 for the
18 Massey Cancer Center, \$3 million, that the Executive Director
19 be directed to negotiate an MOU with VCU and IT to describe the
20 responsibilities of the grantee according to Virginia Code
21 3.2-3108 and that the MOU be approved by the Commission
22 prior to the disbursement of funds and that we use the same
23 disbursement which would be consistent with the
24 Commission's disbursements.

25 MR. PFOHL: Could I clarify that? You're talking

1 about the advance policy targeting the 25 percent advance
2 maximum?

3 MR. OWENS: Yes.

4 MS. THOMAS: Mr. Chairman, may I add to that that
5 we ask that 50 percent of the funds --

6 DELEGATE KILGORE: -- You need to see if that's a
7 friendly amendment to him.

8 MR. OWENS: You're talking about 50 percent of the
9 money that we put in, not 50 percent of the total project, 50
10 percent of the money that we would put in. I think the total
11 project is six million?

12 DR. HOULIHAN: Yes.

13 MR. OWENS: We're talking a million and a half of
14 the six million.

15 DR. HOULIHAN: Three million of the Tobacco
16 Commission and a match.

17 MR. OWENS: That's what I'm saying, half of the
18 three million --

19 DELEGATE KILGORE: -- She is saying 1.5 of the
20 three in the tobacco region. Is that your motion or your
21 amendment to his amendment?

22 MS. THOMAS: Yes.

23 DELEGATE KILGORE: I guess the question is, is
24 that legal?

25 MR. BALLOU: Mr. Chairman, a point of order. The

1 statute doesn't speak quite in terms of that. The statute says
2 that the Commission is authorized to fund scientific research at
3 one of the National Cancer Institutes, research institutions,
4 designed to advance the three-point prevention of cancer. So it
5 really doesn't have that geographic dependent element. The
6 geographic element is that the cancers directly impact citizens
7 in the tobacco region. That's a little bit different focus on that.

8 MR. OWENS: Mr. Chairman, my amendment is
9 speaking to, or the Code specifically mentions when it comes to
10 our practice of disbursement and the MOU has to be agreeable
11 to everyone on the Commission and approved by the majority of
12 the Commission itself.

13 SENATOR RUFF: Mr. Chairman, I think it's
14 important at this point for our attorney to weigh in to this and
15 the reason for the concern about the MOU. Last week we
16 heard a figure of 25 to 30 percent, today we're talking about a
17 figure between 17 and 34 percent, and I think there needs to be
18 a better understanding, and I think that's what the attorney can
19 probably tell us about.

20 MR. BALLOU: For a grant to be statutorily
21 authorized under this element of the statute you need four
22 things. You need scientific research, this is what the dollars
23 would be spent on, scientific research performed at an actual
24 cancer institute designated institute in Virginia, and if I'm not
25 mistaken Massey Cancer Center qualifies. The research is

1 designed to advance the treatment and prevention of cancer,
2 which cancers directly impact the citizens of the tobacco region.
3 So the focus of the statute is to authorize the Commission to
4 fund grants aimed at cancer research and the particular
5 cancers that are being researched directly affect citizens in the
6 tobacco region.

7 MR. STEPHENSON: Just a point of clarification. I
8 heard Delegate Marshall's original motion. It included the
9 phrase that the grant would not be subject to the
10 reimbursement policy, and I'm hearing Mr. Owens' amendment
11 to say it will be. Is that your intent, Mr. Owens?

12 MR. OWENS: Yes.

13 DELEGATE KILGORE: We've got a motion, and
14 Cindy would not be able to amend Ed Owens' motion. He's
15 putting a substitute amendment in. You can't substitute the
16 substitute, and that would be out of order. I forgot that
17 motion. So would the substitute motion that Mr. Owens had
18 presented and Massey meet that substitute motion is where I'm
19 at.

20 DR. HOULIHAN: Just so I understand, we will
21 continue with the current reimbursement practices?

22 DELEGATE KILGORE: But you would be able to, as
23 Counsel stated, do scientific research performed at a --

24 MR. BALLOU: -- Cancer research performed at
25 Massey Cancer Center.

1 DR. HOULIHAN: And working with the Executive
2 Director and crafting an MOU, and I'm sure the reimbursement
3 that is submitted, if the Commission approves the grant under
4 review right now, we will not have delays in receiving
5 reimbursement. One of the things the Cancer Center strives to
6 do is to make the community members that we partner with
7 whole immediately. So the Cancer Center carries the
8 successes for sometimes up to close to a year. So we would
9 want to have a rapid response.

10 SENATOR SMITH: Mr. Chairman, the way I
11 understand it, there are two goals here, and they've sort of
12 gotten convoluted from the substitute motion and then an
13 attempt to substitute that. It seems to me that if we could back
14 up to the original motion and substitute, I think the goal here is
15 that, yes, the expectation is 50 percent of the \$3 million will be
16 spent in the footprint and the money would be expended
17 according to terms as has been the tradition of this Commission
18 and somewhat counter to what the ask is. But I think the
19 reimbursement is in sync with the money expended, but I'm
20 puzzled by how we would have to advance if I understand the
21 funds being expended or our share as the money is spent. How
22 we get to that motion if we withdrew the --

23 DELEGATE KILGORE: -- The only problem with the
24 motion is that of requiring the Full Commission to come back
25 together, and we can't do that in January, and therefore the

1 money would not be expended until we come back in January.
2 I prefer, and I don't know how you get there, I would prefer that
3 the attorney and Staff approve the Memorandum of
4 Understanding that meets whatever motion we pass here and
5 we delegate that to Staff and the attorney so we can move
6 forward.

7 MR. STEPHENSON: Mr. Chairman, it seems that
8 Counsel can guide Staff and make sure the MOU is within the
9 law; however, that same MOU may not be satisfactory to this
10 Commission and Staff probably, Mr. Director, would not want to
11 bear the burden of calling the shots because of the sensitivity of
12 this, and I believe this Commission needs to be satisfied.

13 MR. PFOHL: To give the members of the
14 Commission that are not members of the Special Projects
15 Committee a little bit of background here, some of the
16 conversation had in the Special Projects Committee was Massey
17 has been complying with our reimbursement process on grants
18 that they've been awarded by the Commission to date. It's a
19 lengthy very paper-intensive, very elaborate project,
20 multifaceted and so forth. Part of what Massey is asking here
21 is that they be allowed to obtain \$3 million by an interagency
22 transfer process which has been used in other cases by the
23 Commission transferring funds to VEDP and used by other
24 state agencies. In effect, what Massey is asking for is
25 somewhat similar to a General Fund appropriation that they get

1 from the General Assembly. The conversation in the
2 Committee was should we disburse these funds up-front as a
3 \$3 million appropriation and then have Massey report back to
4 us. So the recommendation that came out of the Committee
5 was to make an exception to our long-standing reimbursement
6 process, transfer funds to Massey as an interagency transfer
7 subject to the Memorandum of Understanding and report the
8 metric deliverables and so forth. So that's the issue we're
9 grappling with here, are we going to exempt Massey from our
10 long-standing reimbursement process and transfer funds by
11 interagency transfer. They would get a check for three million
12 or however many draws of the three million and then report
13 back to us.

14 DELEGATE KILGORE: Memorandum of
15 Understanding for what?

16 MR. PFOHL: According to an MOU that outlines
17 reporting metrics and deliverables. I'm not sure I fully
18 understand Mr. Owens' motion myself, and that gives me
19 pause, just because we wanted to clarify what Staff is doing and
20 what it empowers us to do here.

21 DELEGATE MERRICKS: Will the Memorandum of
22 Understanding show a dollar-per-dollar match? Is that going
23 to be in the memorandum? We do three million and the
24 Memorandum of Understanding 20 percent, that's two million
25 four, which is more than a million and a half or three, which is

1 more than 50 percent.

2 DELEGATE KILGORE: He's a banker.

3 DELEGATE MERRICKS: To move it along, if we had
4 Staff and Counsel say the Memorandum of Understanding, as
5 long as it dictates 20 percent dollar-for-dollar and we'll get the
6 two million four invested in the footprint, they're getting what
7 they need and they report back to us on what they're doing, and
8 that's what the Memorandum of Understanding will say.
9 That's just my two cents worth.

10 SENATOR RUFF: Mr. Chairman, I won't try to
11 understand what Delegate Merricks just said; it sounds pretty
12 interesting. The reason we need the MOU is that we need every
13 party to understand exactly what is happening. I don't believe
14 we should lay that responsibility on the Executive Director. I
15 think this Commission has a fiduciary responsibility for the \$3
16 million. We came up with that plan of not advancing more
17 than 25 percent because of problems previous to this. I don't
18 want to see the Commission in the headline on the front page for
19 any particular reasons. I think if we step away from what is
20 tradition, proven fiscally responsible, we could make a major
21 mistake. So I think the MOU can work that out and the
22 commitment that we want to help Massey today, the MOU that
23 gives everybody the satisfaction that is approved in January.
24 Being fiscally and fiduciarily responsible and not advancing
25 more than 25 percent is what I believe Mr. Owens' motion is.

1 DELEGATE KILGORE: Good faith in January --

2 DR. HOULIHAN: -- As far as the number of
3 individuals, the grant is not active, we couldn't apply --

4 DELEGATE KILGORE: -- Sort of stop for a time.

5 DR. HOULIHAN: Correct. The delay is not
6 irreparable, and we would have the ability to craft an MOU that
7 is acceptable. Some of the concerns from the Cancer Center
8 perspective is that it is a little impractical to expect up to 50
9 percent of the 2.4 million to be spent in the tobacco footprint or
10 we can hire the staff and bring down the trials, but the
11 important, or where the expenses originate are in Richmond
12 and by recruiting physicians and recruiting scientists so they
13 can make those discoveries. That's what the letter of the law,
14 or at least the spirit, is trying to imply, that the discovery that
15 is made at the Cancer Center is available for those who are
16 suffering or have potential to suffer of cancer. We're not
17 exclusionary, and we want to help every resident within the
18 Commonwealth. There is incredible disparity of cancer
19 incidences and mortalities that occur in the footprint, and we're
20 well aware of that, and we're making every stride we can to bring
21 trials there. The very first grant we built the infrastructure
22 relationships. The second grant we had expanded upon those,
23 bringing them to the community members. We have task
24 forces set up, we have cancer research and resource centers,
25 and we want to expand those. We want to make it available,

1 what's going on in Richmond, available to every resident within
2 the Commonwealth and especially those and their families. At
3 the end of the day diagnosis of cancer is not a death sentence.
4 If we can prevent cancer and if we can provide effective
5 treatments and get people back to work and being productive,
6 they are important citizens in helping the tax base in those
7 communities. I think we're all trying to do the same thing, and
8 we're actually the round peg trying to get in the square hole or
9 vice-versa, and that's one of the difficulties that the Executive
10 Director alluded to in the sense that we have multiple projects
11 all working together in unison on this one particular grant. So
12 that's why it was proposed to try an alternative solution,
13 because the grant is approved by the Commission and then
14 running into difficulties on the back end, the reimbursement.

15 So the Cancer Center will continue, and we strive to be
16 comprehensive, and we will be comprehensive and the first in
17 the Commonwealth, and we owe the Commission much
18 gratitude and thanks for its support. We go back in 2016 for a
19 competitive review, and the work we've been doing with your
20 resources and your funding will be evident and prominently
21 displayed so that way you know that we are making an impact.
22 Cancer centers get graded on impact of those community
23 members that they actually treat.

24 MR. STEPHENSON: Mr. Chairman, the only point I
25 wish to make is that the MOU is the key to what we do here, and

1 whatever device we use we've got to get to the point that the
2 MOU describes what the relationship is, and it's hard to do that
3 here today in this room.

4 DR. HOULIHAN: We negotiate MOUs all the time
5 and are in the process right now of negotiating one for the
6 radiology service in Arizona for patients that are being seen on
7 clinical trials at the Cancer Center. So we have the knowledge
8 base and put this together and make it manageable for both
9 parties in the entire community, make it amenable for all
10 parties and the Commission, and we could have it worthwhile in
11 structure and make it work.

12 DELEGATE KILGORE: Could there be a paper that
13 we could agree on that the Staff and the Attorney can allow to be
14 spent between now and January so we don't hold up everything
15 and get the MOU done and have a bigger discussion in
16 January? I think maybe that's what we need to do, if we could
17 come up with something.

18 SENATOR RUFF: Mr. Chairman, I would ask on
19 Page 78 the Staff indicated that there is a balance of nearly 1.5
20 remaining from the previous grant. Any reason that money
21 couldn't be used for this?

22 DR. HOULIHAN: I can actually point out while it's
23 on paper right now, we're awaiting reimbursement on a number
24 of the grants themselves. We're in the process right now of
25 going back and forth. When we submit for reimbursement it's

1 the cost of paper, so that's quite labor intensive, and I
2 appreciate all the work and working with all the Cancer Center
3 staffs. So while it is listed right now as a balance, it's actually
4 encumbered and we're hoping we'll have full reimbursement.

5 SENATOR RUFF: Does the Staff agree a hundred
6 percent of 1.5 million is encumbered?

7 DR. HOULIHAN: It may be 300,000. The voucher
8 requests are 300,000, and then there is a quarter. We're just
9 about to submit the request for the quarter ending September
10 30th. So we haven't received that yet, that reimbursement yet.
11 We currently have two active grants, and both of them are
12 balances that appear on paper, and that work is ongoing and we
13 haven't requested reimbursement yet; this work has been
14 taking place over the last quarter, and this work will go on
15 through April of next year. So that balance is not really a
16 balance, because those grants are ongoing.

17 MR. HAMLETT: This grant, there is three million in
18 Massey's funds from VCU?

19 DR. HOULIHAN: Correct.

20 MR. HAMLETT: That money is out there and
21 available in an account somewhere, I assume?

22 DR. HOULIHAN: Yes.

23 MR. HAMLETT: Would it be agreeable if the
24 Commission today were to approve the grant contingent upon a
25 mutually agreeable Memorandum of Understanding in the three

1 or two months we have between now and the January meeting
2 that you spend your own money knowing that we are going to
3 get to an agreeable Memorandum of Understanding in January?

4 DR. HOULIHAN: Would the Commission be
5 agreeable --

6 DELEGATE KILGORE: -- Normally we don't allow
7 that, but I think under this situation I think we could track
8 what they spend, and that would get us out of this situation
9 we're in right now. Get that Memorandum of Understanding
10 that Ed, and move along.

11 MR. PFOHL: The suggestion is that any funds you
12 spend between now and January would be credited to you as
13 your match under this?

14 DR. HOULIHAN: Correct.

15 DELEGATE KILGORE: I think that what we're going
16 to do is, or I would entertain a motion to table this until the
17 January meeting with the agreement or with the provision that
18 any money they spent would be counted toward a match.

19 SENATOR RUFF: Mr. Chairman, you have a
20 motion. I think we have to deal with the motion before you can
21 do that.

22 DELEGATE MARSHALL: I'll withdraw my motion.

23 DELEGATE KILGORE: You withdraw your motion.

24 MR. OWENS: I'll withdraw my motion.

25 SENATOR RUFF: Mr. Chairman, I'm not sure that's

1 going to give VCU/Massey the comfort level they'd like to walk
2 away from here with.

3 DELEGATE KILGORE: Are you going to give us
4 another motion, then?

5 SENATOR RUFF: I think Mr. Owens' motion does
6 what you're trying to get at.

7 MR. STEPHENSON: I think the essence of that
8 motion or that amendment, approve the grant today and delay
9 the disbursement until the MOU, until we get an MOU.

10 DELEGATE KILGORE: That's fine. Your motion is
11 back on the table. We have a motion and a second.

12 DELEGATE MERRICKS: Would the money that
13 they spend be credited toward what they --

14 DELEGATE KILGORE: -- He's going to amend his
15 motion to allow credit.

16 SENATOR RUFF: Just to clarify, Mr. Chairman. It
17 has to go back to the Full Commission for approval.

18 DELEGATE KILGORE: Yes, coming back with the
19 MOU.

20 DELEGATE WRIGHT: Mr. Chairman, there's been a
21 lot of discussion. Could we read the previous motion?

22 MR. STEPHENSON: I have the motion that I believe
23 came out of Delegate Marshall's committee, and I can read it to
24 you as I understood it as it came out of his committee.

25 DELEGATE KILGORE: Ed Owens' motion.

1 MR. STEPHENSON: I also have Mr. Owens' motion
2 as amended.

3 DELEGATE KILGORE: That's the one before us.
4 Delegate Marshall withdrew his motion.

5 MR. STEPHENSON: Delegate Marshall's motion
6 was to approve the grant, and that's been withdrawn.

7 DELEGATE KILGORE: Right, he made his motion
8 and he withdrew and remade the motion.

9 MR. STEPHENSON: Approve the grant and delay
10 disbursement and make the grant subject to reimbursement
11 procedures.

12 DELEGATE KILGORE: With the MOU.

13 MR. STEPHENSON: And reimbursement
14 procedures.

15 DELEGATE KILGORE: And allow under 3.2,
16 whatever the Code Section was.

17 MR. OWENS: 3.2-3108.

18 DELEGATE MARSHALL: Credit any funds they
19 spend between now and the January meeting.

20 DELEGATE KILGORE: Towards the match.

21 MR. STEPHENSON: That's true. We would do that
22 anyway and recognize anything after the approval date. That
23 includes the MOU coming back to the Full Commission.

24 DELEGATE KILGORE: Yes. Does that answer
25 your question, Tommy?

1 DELEGATE WRIGHT: Can he read it?

2 DELEGATE KILGORE: Ed, can you read it?

3 MR. OWENS: I move that we approve Grant Number
4 2749 for \$3.0 million to the VCU Massey Cancer Center and the
5 Executive Director be directed to negotiate an MOU to VCU
6 grantee and describe the responsibility of the grantee in
7 accordance with the Virginia Code 3.2-3108 and that the MOU
8 be approved by the Commission prior to the disbursement of
9 any funds.

10 DR. HOULIHAN: Members of the Commission, I
11 apologize for my interruption, but it was brought to my
12 attention that if the grant itself is approved today, we can't
13 spend any of the Commission's funds until after January.
14 That's a three-month hiatus which would be required so we
15 would not fully expend three million potentially unless you
16 move this from a one-year grant to at least one and a half to two
17 year grant. Can we do it in the MOU?

18 DELEGATE KILGORE: Yes, I think so.

19 MS. THOMAS: Mr. Chairman, I'd like that motion to
20 include no less than 50 percent of the grant be spent in the
21 footprint.

22 DELEGATE KILGORE: Is there a second?

23 MR. SMITH: Second.

24 DELEGATE KILGORE: I see what you're trying to
25 do, but I don't think we need to do that at this point in time until

1 we, I think we need to work on the Memorandum of
2 Understanding and that may flesh out a little bit more of what
3 we're going to vote on in January. I'm not going to be
4 supportive. I'll support the original motion of Ed's, but until I
5 see the Memorandum of Understanding I think it's a little bit
6 premature.

7 DELEGATE MARSHALL: Also, if you look at, or
8 actually if you take this motion that's on the floor now, we
9 actually would be limiting ourselves to less money, and I think
10 that we'd be back with this if we pass it.

11 Mr. Owens, can we make it part of the motion that the
12 Staff negotiate up to --

13 DELEGATE KILGORE: -- That would be in the
14 MOU; we'll have it in the MOU when we come back.

15 MR. OWENS: That's fine.

16 MS. THOMAS: We can negotiate that?

17 DELEGATE KILGORE: That's up to the Staff and
18 the MOU, and we'll have to vote on that when we come back.

19 MR. STEPHENSON: Noted.

20 MS. THOMAS: I'll withdraw.

21 DELEGATE KILGORE: We have a motion and a
22 second. Any more discussion?

23 SENATOR RUFF: I'd remind you that Cindy's
24 motion --

25 DELEGATE KILGORE: -- The motion is that we

1 approve the grant subject to a Memorandum of Understanding
2 between Massey Cancer Center and the Tobacco Commission
3 that will be brought back before this Full Commission at its
4 January meeting for an up-or-down vote on the Memorandum
5 of Understanding at our January meeting, whatever date that
6 is, and that we allow any money spent by Massey Cancer Center
7 between now and that time be included as part of a match.

8 MR. OWENS: Mr. Chairman, you caught the
9 essence of my motion.

10 DELEGATE KILGORE: After four times. I have a
11 motion and a second. All those in favor say aye? (Ayes.)
12 Opposed? (No response.) Thank you.

13 All right. Any public comment?

14 MS. MARTIN: Mr. Chairman and members of the
15 Commission, my name is Nancy Martin, resident of the City of
16 Bristol, Virginia, and I am a property owner. I grew up in
17 Bristol, Virginia, and I have ended up back in Bristol, Virginia
18 after living various periods of time in five other states. I'm a
19 very active participant in the Bristol, Virginia City Council
20 Meetings, having gone for the better part of 40 years. I'm a very
21 solid citizen, that to the detriment of some people. I tend to
22 know far more than some people think I know.

23 I have learned unfortunately that sometimes the news
24 media does not give us the information in Bristol that appears
25 in the Richmond newspapers. I learned that in the last few

1 months. I've known that, but I've really learned it in the last
2 few months. As a result of that there tends to be a gap in the
3 knowledge of what has happened, will happen or should
4 happen, and I finally decided that it was time for me to assume
5 the initiative and find out for myself what was going on, because
6 unfortunately there are times when it's very obvious that
7 information has been withheld for whatever reason.

8 Now, this leads me to ask perhaps two questions and
9 maybe three of this Commission. In addition to the questions I
10 would like to ask and have answered I would also like to make a
11 few comments. I do not know what you all know. I don't know
12 whether you know everything or just what someone wants you
13 to know. Now, I could stand here for a very long time and
14 converse with you about this issue and many others. I know
15 that's not going to happen, but I'm telling you I can do that.

16 DELEGATE KILGORE: What is the issue?

17 MS. MARTIN: The issue is this. It is focused on the
18 development in Bristol, Virginia called the Falls. This is my
19 question, and then I will get to my comments. What has the
20 Virginia Tobacco Commission agreed to do for the City of
21 Bristol, Virginia with regard to the development called The
22 Falls? What is your agreement? I have no clue. What has
23 the City of Bristol, Virginia asked you to do?

24 Now, I can tell you this, and I have read the Minutes of the
25 July meeting where Mr. Curcio and Mr. Trivette appeared, and I

1 have read those Minutes and I have a copy and I have them with
2 me now, and I've read them several times, and it's a very
3 complex complicated situation, and there's no doubt about
4 that. Now, I didn't even know there had been a meeting on
5 August the 13th, and this is when I decided I had had enough
6 and I didn't know anything about the meeting. Now, what I'm
7 asking you is what has the City asked of the Tobacco
8 Commission and what has the Tobacco Commission agreed to
9 do for the City with regard to the development of The Falls?

10 DELEGATE KILGORE: This is a public comment
11 period, and I guess it still would be in order to allow answers.

12 Ned, can you answer that?

13 MR. STEPHENSON: I can if you want me to.

14 DELEGATE KILGORE: Yes, I just didn't want to be
15 out of order. I know we're in public comments, which is
16 usually reserved for comments.

17 MR. STEPHENSON: In abbreviated terms, the City
18 has requested a limited guarantee from the Commission. The
19 Commission has approved a term sheet describing that limited
20 guarantee subject to documentation of the full guarantee.
21 That is the current status. The term sheet is the only item that
22 has been approved by the Commission. We are awaiting the
23 City's word.

24 DELEGATE KILGORE: And I would suggest that
25 this is the gentleman you need to talk to about the term sheet,

1 Mr. Stephenson, because he's been representing the Tobacco
2 Commission in this particular transaction.

3 MS. MARTIN: Let me ask a question, Mr.
4 Stephenson. What do you mean you are awaiting the City's
5 word? I don't understand that.

6 MR. STEPHENSON: The term sheet was approved,
7 and we have begun the drafting process to work that into a
8 contract. We are awaiting the City's comments on that draft.

9 MS. MARTIN: I have not seen the term sheet.

10 MR. STEPHENSON: That is available to you.

11 DELEGATE KILGORE: He can provide a copy to
12 you.

13 MS. MARTIN: Let me make a couple of comments
14 here.

15 DELEGATE KILGORE: Very quickly.

16 MS. MARTIN: I'll try. You all have had hours and
17 days to do this, and now I'm supposed to do it in three minutes,
18 so I'll do it if I can.

19 One thing, and I don't know whether you know this or not,
20 there is a lot of opposition to this development you are
21 considering giving money to, a lot of opposition. There has
22 been opposition to this project from the very beginning. It is
23 never, it is greater and greater as time goes, and this is a fact, it
24 is a fact. There is great opposition to this project. The project
25 is based on too many assumptions. It's not a worded thought

1 process with wisdom and analytical processes and
2 considerations. That isn't fair. But there is great opposition
3 from people who have already been very successful. They're
4 serious, they're knowledgeable, they're intelligent, they're good
5 citizens, community leaders. They know how to do things, and
6 they know what not to get into. They were never even
7 consulted or listened to, and because there is a chosen few that
8 have been involved in this and it was done in secrecy for nine
9 months and it could have been prevented.

10 Now, with that said, Bristol, Virginia is literally strangled
11 with debt; we have been strangled with debt for years. I can go
12 back 20 years, I'd be safe in saying 20 years, but in the last 8 to
13 10 years we are literally strangled with debt to the point where
14 recently, and if my information is correct, people, you can check
15 it out any way you want to. Two nights ago I can confirm
16 everything I tell you right now. I confirmed it with the Bristol
17 City Council, and you may check the record. We are still as I
18 speak borrowing money to pay the City's monthly operating
19 expenses. This is coming from a fund, and we are doing that
20 every month to pay the City's operating expenses.

21 Now, while we're doing this, and this has gone on for years,
22 and Davenport and Company came down here, I know and was
23 sitting there, they tried for years to get the City on the right
24 track and finally they asked why haven't you done - and
25 somebody on the council said, well, why haven't we been told

1 this before, why did it work. And Davenport said because you
2 won't do what we told you, and this is two or three years ago.

3 Now, the City is strangled with debt and the debt
4 continues to worsen and the situation is worse. As of two
5 weeks ago the City of Bristol, Virginia has a combined debt
6 total, meaning bonded debt and others, in excess of \$100
7 million.

8 DELEGATE KILGORE: Ma'am, I'm going to have to
9 interrupt you right now. I need to allow some of our members
10 to leave, to release them because they have a plane to catch --

11 MS. MARTIN: -- Okay, may I end with a statement?

12 DELEGATE KILGORE: Sure.

13 MS. MARTIN: Would you give me one minute?

14 DELEGATE KILGORE: Oh, sure.

15 MS. MARTIN: I understand, I understand. But I
16 think you should know this. This is information, and I don't
17 know whether you know it or not, but you should know this,
18 while things go bad and bad. Now, it all comes back to a point,
19 and I'll make this point and I will end with this statement.
20 We've almost got to the point of whose back is going to carry the
21 load, whose back is going to carry the load, and we're a
22 low-income city, a little city, trying to be something we are not
23 capable of, will not be.

24 Now, I will end with this. Two weeks ago I heard a
25 remark, for whatever it's worth, a remark made by a very

1 prominent lawyer somewhere, and this is what the lawyer said.
2 The biggest enemy that Bristol, Virginia has is Washington
3 County and Steve Johnson. I do not agree with that, I do not
4 agree with that statement. In my opinion I think the biggest
5 enemy the City of Bristol, Virginia has is the people who are or
6 who have been making these decisions in Bristol, Virginia.

7 DELEGATE KILGORE: Thank you very much,
8 ma'am. All right. Anyone else, any public comments?

9 DR. FOWLKES: Yes.

10 DELEGATE KILGORE: Please make it very fast.

11 DR. FOWLKES: I recognize today is probably the
12 last meeting for several of our elected officials and members of
13 the Commission like Delegate Johnson and Delegate Merricks,
14 and I know there are several citizen members whose terms have
15 expired, Mr. Canon and Ms. DiYorio, you may be back. I would
16 like for those of us in the audience to rise and give you a hand of
17 applause for all you've done.

18 (Applause.)

19 DELEGATE KILGORE: Thank you, Rachel.

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21 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

CRANE-SNEAD & ASSOCIATES, INC.

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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 Thursday, September 26, 2013 at 11:15 a.m. at the Holiday Inn Bristol Hotel and Conference Center, Bristol, 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 1st day of October, 2013.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2014.