

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219
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9 **Full Commission Meeting**
10 Thursday, September 25, 2014
11 10:00 A.M.

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13 Holiday Inn Hotel & Suites
14 Bristol, Virginia
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- 1 **APPEARANCES:**
- 2 The Honorable Terry G. Kilgore, Chairman
- 3 The Honorable Frank M. Ruff, Vice Chairman
- 4 Mr. Kenny F. Barnard
- 5 Ms. Gayle F. Barts
- 6 The Honorable Kathy J. Byron
- 7 The Honorable Charles W. Carrico, Sr.
- 8 Ms. Rebecca Coleman
- 9 Ms. Missy N. Gould
- 10 Mr. Frank Harris
- 11 Ms. Carrie Chenery for Secretary Haymore
- 12 The Honorable Maurice Jones,
- 13 Secretary of Commerce & Trade
- 14 The Honorable Daniel W. Marshall, III
- 15 Mr. Donald W. Merricks
- 16 Mr. H. Ronnie Montgomery
- 17 Mr. Dale Moore
- 18 The Honorable James W. (Will) Morefield
- 19 Ms. Sandra F. Moss
- 20 Mr. Edward Owens
- 21 Dr. Todd Pillion
- 22 Dr. David S. Redwine, DVM
- 23 Mr. Kenneth O. Reynolds
- 24 The Honorable Ralph K. Smith
- 25 Mr. Robert Spiers

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

2 Mr. John M. Stallard

3 The Honorable William M. Stanley, Jr.

4 The Honorable Gary D. Walker

5 The Honorable Thomas C. Wright, Jr.

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7 COMMISSION STAFF:

8 Mr. Timothy S. Pfohl – Interim Executive Director & Grants
9 Program Administration Director

10 Mr. Ned Stephenson – Deputy Executive Director

11 Ms. Stephanie S. Kim – Director of Finance

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

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

16 Mr. Benjamin Dawson – Assistant, Southside Virginia

17 Ms. Carolyn Bringman – Performance Data Analyst

18 Ms. Stacey Richardson – Executive Assistant

19

20 COUNSEL FOR THE COMMISSION:

21 Ms. Heather Lockerman, Esq. – Senior Assistant Attorney
22 General

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1 DELEGATE KILGORE: Good morning
2 everyone, welcome to the Full Commission meeting here in
3 Bristol. And I also want to thank everyone involved in the
4 wonderful reception last night that we had, thank you all. If
5 you'd now turn to page four in your book, that's our agenda. I
6 want to thank everyone for coming out this morning.

7 MR. PFOHL: Mr. Barnard?

8 MR. BARNARD: Here.

9 MR. PFOHL: Ms. Barts?

10 MS. BARTS: Here.

11 MR. PFOHL: Secretary Brown is
12 unavailable. Delegate Byron?

13 DELEGATE BYRON: Here.

14 MR. PFOHL: Mr. Cannon is not
15 available. Senator Carrico?

16 SENATOR CARRICO: Here.

17 MR. PFOHL: Ms. Coleman?

18 MS. COLEMAN: Here.

19 MR. PFOHL: Mr. Cundiff unfortunately is
20 in the intensive care unit in Roanoke.

21 DELEGATE KILGORE: Please say your
22 prayers. I hear he's not doing very well.

23 MR. PFOHL: Delegate Edmunds
24 apparently won't be with us today. Ms. Gould?

25 MS. GOULD: Here.

1 MR. PFOHL: Mr. Harris?
2 MR. HARRIS: Here.
3 MR. PFOHL: Assistant Secretary
4 Chenery?
5 ASSISTANT SECRETARY CHENERY:
6 Here.
7 MR. PFOHL: On behalf of Secretary
8 Haymore. Secretary Jones?
9 SECRETARY JONES: Here.
10 MR. PFOHL: Delegate Kilgore?
11 DELEGATE KILGORE: Here.
12 MR. PFOHL: Delegate Marshall?
13 DELEGATE MARSHALL: Here.
14 MR. PFOHL: Mr. Merricks?
15 MR. MERRICKS: Here.
16 MR. PFOHL: Mr. Montgomery?
17 MR. MONTGOMERY: Present.
18 MR. PFOHL: Mr. Moore?
19 MR. MOORE: Here.
20 MR. PFOHL: Delegate Morefield?
21 DELEGATE MOREFIELD: Here.
22 MR. PFOHL: Ms. Moss?
23 MS. MOSS: Here.
24 MR. PFOHL: Mr. Owens?
25 MR. OWENS: Here.

1 MR. PFOHL: Dr. Pillion?

2 DR. PILLION: Here.

3 MR. PFOHL: Dr. Redwine?

4 DR. REDWINE: Here.

5 MR. PFOHL: Mr. Reynolds?

6 MR. REYNOLDS: Here.

7 MR. PFOHL: Senator Ruff?

8 SENATOR RUFF: Here.

9 MR. PFOHL: Senator Smith?

10 SENATOR SMITH: Here.

11 MR. PFOHL: Mr. Spiers?

12 MR. SPIERS: Here.

13 MR. PFOHL: Mr. Stallard?

14 MR. STALLARD: Here.

15 MR. PFOHL: Senator Stanley?

16 SENATOR STANLEY: Here.

17 MR. PFOHL: Mr. Walker?

18 MR. WALKER: Here.

19 MR. PFOHL: Delegate Wright?

20 DELEGATE WRIGHT: Here.

21 MR. PFOHL: You have a quorum, Mr.

22 Chairman.

23 DELEGATE KILGORE: Thank you, Tim.

24 Do I have a motion to approve the 5/22/14 minutes? It's

25 moved. Do I have a second? All right, I have a second. It's

1 been moved and seconded to approve the minutes. All those
2 in favor say aye. (Ayes.) Opposed? (No response.) The
3 minutes are approved.

4 All right, we have the Education
5 Committee Report Senator Ruff and that will be beginning on
6 page five.

7 SENATOR RUFF: Beginning on page five
8 continuing on to page ten. And you'll see the discussion of
9 what we had in the Committee. And I'll give a series of
10 motions. For the four year school of Tobacco Region
11 scholarships, I would move the amount this year be
12 \$7,186,806. That reflects what we did last year plus it
13 calculates an amount of 5.2% which was the average figure for
14 the four year scholarship program.

15 DELEGATE KILGORE: Senator Ruff, you
16 might want to tell the new members, those that are here today
17 what those dollars do.

18 SENATOR RUFF: The four year
19 scholarship program evolved over the years a little bit but
20 what it does is allows our young people to go to school, four
21 year schools. This assists them with their tuition. The goal is
22 to raise our standards. On page ten there are the rules of the
23 scholarship program and they require you go at least fifteen
24 hours per semester, the breakdown is \$2,227,910 for
25 Southwest and \$4,958,896 for Southside. This is roughly

1 divided 1:2 and it's for Southwest and Southside. There's no
2 requirement for repayment. This is administered by the
3 Southwest Higher Education Center. There's going to be one
4 change that we will deal with in the second part of that.

5 DELEGATE KILGORE: To buy down the
6 cost of the four year colleges. As Vice Chairman Ruff said, it
7 allows us to raise the educational standards in the Tobacco
8 Region areas. I've heard many comments over the years about
9 the success of the program, so that's your motion?

10 SENATOR RUFF: Yes.

11 DELEGATE MARSHALL: Second.

12 DELEGATE KILGORE: We have a motion
13 and a second, any discussion on the scholarship program?

14 SECRETARY JONES: Do we track the
15 performance or do we know how these students have done at
16 the time we have provided the scholarships?

17 DELEGATE KILGORE: Rachel Fowlkes is
18 here with the Southwest Higher Education Center and she
19 administers the grants and I think they do try to track it.

20 SENATOR RUFF: Once a year, I believe
21 we get a recap of what's happened. Rachel, do you want to
22 expand on that?

23 DR. FOWLKES: Good morning. I'm
24 Rachel Fowlkes, Director of the Southwest Virginia Higher
25 Education Center. We've managed this scholarship program

1 for Southside and Southwest students. The students who are
2 applicants for the scholarships are awarded these grants
3 based on their GPA. The best students who are successful in
4 colleges are the ones that receive the awards. We have to have
5 a transcript from the college every semester so we're able to
6 track what their GPA is, what their majors are and where
7 they're attending school. The scholarship program awards
8 what's called a back end payment to the graduates that come
9 back to the Tobacco Region and work in that region. So there
10 is an incentive again for them to do well in college and
11 graduate and come back and that back end payment after
12 they are successful in their work in Southside or the
13 Southwest Region. It's to incentivize them to stay in the
14 region after a college degree.

15 SECRETARY JONES: How long have we
16 been doing this?

17 DR. FOWLKES: Gosh, ten or twelve
18 years.

19 SECRETARY JONES: Do we have the
20 numbers on graduates and how many have returned?

21 DR. FOWLKES: Yes.

22 DELEGATE KILGORE: Can you provide
23 that to us?

24 DR. FOWLKES: Yes, we have all the
25 information and annually as Senator Ruff said we provide that

1 information to the Commission but we can provide it to you.

2 SECRETARY JONES: Thank you.

3 DR. FOWLKES: There have been
4 thousands of students that have graduated and many of the
5 students continue to live in the Tobacco Region and those who
6 do not live in the Tobacco Region are either repaying their loan
7 to the Southside program. If they leave the Region they have
8 to repay that loan. Now we've changed it from a loan to an
9 incentive payment to get them to come back.

10 SECRETARY JONES: Can we get double
11 credit for Lunenburg County?

12 DELEGATE MARSHALL: Rachel, over the
13 years just roughly, how many men and women have gotten
14 scholarships?

15 DR. FOWLKES: Well, Nancy has all those
16 numbers.

17 MR. PFOHL: Carolyn, you've tracked
18 this, is it eight thousand or so?

19 MS. BRINGMAN: It's a little over eight
20 thousand unduplicated for both regions to date.

21 DR. FOWLKES: Several thousand a year
22 are participating in the program. The interesting thing is that
23 they attend colleges all over the United States and they're not
24 just restricted to Virginia institutions although Virginia
25 students are the largest recipients.

1 One other thing for the new members of
2 the Commission, the money doesn't go directly to the
3 students. The money goes directly to the colleges. So our
4 reimbursement process starts with the colleges. Now that the
5 students get a back end payment, they do receive the back
6 end payment individually but the tuition payments go directly
7 to the college.

8 MR. REYNOLDS: The tobacco farm
9 students get priority on the applications, is that right?

10 DR. FOWLKES: Currently in Southwest
11 a student must have some affiliation with a tobacco farm for a
12 grower or they have a quota and maybe they didn't farm the
13 land or leased it to somebody who has a quota. The
14 recommendation of the Chairman and he's going to present
15 that today, I believe, is that we eliminate that requirement
16 from Southside eligibility. The reason we're recommending
17 that and Southwest tuition dollars were left on the table
18 because they've been such a long time tobacco growing in
19 Southwest Virginia and there are scholarships that could be
20 awarded that are not being used or awarded. So that's why
21 we recommended that we eliminate the criteria that one has to
22 work on a tobacco farm. Did I answer your question?

23 SENATOR RUFF: Just to follow up with
24 what Rachel said. Mr. Secretary, we wanted these funds to be
25 focused on the young person rather than the colleges, that's

1 why we did not say just, the young person can decide what's
2 best for them.

3 SECRETARY JONES: Thank you.

4 DELEGATE KILGORE: We have a motion
5 and a second. Any other discussion? All those in favor of that
6 motion say aye. (Ayes.) Opposed? (No response.)

7 SENATOR RUFF: Mr. Chairman, the
8 next motion is recommend that the Southwest requirement of
9 tobacco family be eliminated as previously spoken to by
10 Rachel. The Southside has always been based on the student
11 and the Southwest restricted that to a family or people that
12 were involved in tobacco. As there are fewer and fewer
13 growers in Southwest that was becoming difficult and they
14 were not able to spend all the money. So this will open it up
15 to those families that need it. I so move.

16 DELEGATE KILGORE: It's been moved.
17 Any further discussion? I have a second, all those in favor say
18 aye. (Ayes.) Opposed? (No response.)

19 SENATOR RUFF: The next motion deals
20 with the nine community colleges starting at the bottom of
21 page six. Each of the community colleges involved went
22 through the process of deciding how they were going to deal
23 with the two year scholarships. The staff is satisfied they had
24 a game plan that would not duplicate federal money that
25 could be drawn down so the recommendation is going to be

1 that we commit \$3.7 million to that program and that also
2 reflects that five percent increase that staff said the
3 community college tuition was going up this year and I so
4 move.

5 MS. GOULD: Quickly, I'd like to ask that
6 we remove item 2924 from the block. I'm a member of the
7 DCC education foundation board and I'd like to be able to
8 abstain on the vote.

9 DELEGATE KILGORE: 2924. We have a
10 motion first on all community colleges with the exception of
11 2924 as the first vote. All those in favor of awarding the
12 dollars reflected on page six and the top of page seven with the
13 exception of 2924 say aye. (Ayes.) Opposed? (No response.)
14 All right, that motion passes. Now as it relates to 2924, do I
15 have a motion?

16 SENATOR RUFF: The motion is for the
17 Danville Community College, \$440,000.

18 MR. OWEN: Second.

19 DELEGATE KILGORE: I have a motion
20 and a second. All those in favor say aye. (Ayes.) Opposed?
21 (No response.)

22 SENATOR RUFF: Mr. Chairman, the
23 next motion deals with the Centers of Excellence. You
24 remember at our last meeting we awarded \$2 million each to
25 the proposals from South Boston and Henry County. This

1 motion is for the Southwest Alliance and awards them under
2 grant 2881 \$2 million and I so move.

3 SENATOR STANLEY: Second.

4 DELEGATE KILGORE: I have a motion
5 and a second for the Southwest Alliance for Manufacturing.

6 SENATOR RUFF: To explain that a little
7 bit more, there were two competing proposals from Southwest,
8 we couldn't do both. So staff worked diligently for a couple of
9 months to make sure that all parties concerned felt like they
10 had a chance to be part of the process and try to make some
11 adjustments to the entire Southwest region so no community
12 got left out.

13 DELEGATE KILGORE: Any more
14 discussion on that one? I have a motion and a second, all
15 those in favor say aye. (Ayes.) Opposed? (No response.)

16 SENATOR RUFF: Mr. Chairman, the
17 next motion authorizes the executive director to approve the
18 Centers of Excellence budgets and revisions as they go
19 forward. The technical decisions really don't need to be dealt
20 with by the full Commission so we believe the best way to deal
21 with that is for the executive director to be able to have the
22 flexibility in deciding to make those changes. I so move.

23 DELEGATE KILGORE: Your motion is to
24 recommend that the executive director be authorized to
25 approve the Center of Excellence budget and revisions thereto.

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SENATOR RUFF: Yes.

DELEGATE KILGORE: Do I have a second?

MR. OWENS: Second.

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

SENATOR RUFF: Mr. Chairman, the next motion deals with grant number 2944 for an amount of \$440,000 for the Southern Virginia Higher Education Center, actually the IT Academy, which came in through the Committee process. There's a contingency added that there needs to be a letter of support from Microsoft and for the suppliers or the subcontractors for Microsoft and HP and we now have those. Therefore, I would move that this money \$440,000 be awarded.

DELEGATE WRIGHT: Second.

DELEGATE KILGORE: We have a motion and a second, any discussion on 2944?

SENATOR RUFF: Further to explain that with Microsoft to expand in Mecklenburg and HP. Our goal and MBC's goal is to bring in at least one more data center to the entire region. We have found we do not have the people that have the skills to do a lot of the wiring and that type of work because that's pretty specialized. This will allow one

1 center where those people that are interested in those jobs can
2 learn the skills that are needed or the hands on skills that are
3 needed.

4 DELEGATE KILGORE: We have a motion
5 and a second, all those in favor say aye. (Ayes.) Opposed?
6 (No response.) One abstention.

7 SENATOR RUFF: The last motion Mr.
8 Chairman is an extension of project completion grant number
9 2411 which is continued advanced studies strategies and we
10 want to extend that deadline to December 31st, 2016.

11 MR. OWENS: Second.

12 DELEGATE KILGORE: All those in favor
13 say aye. (Ayes.) Opposed?

14 DELEGATE BYRON: I have question
15 about that. Could you briefly summarize, I understand the
16 extension but it started in 2013. Can you quickly summarize
17 what that is?

18 SENATOR RUFF: The project first began
19 six years ago. It was Dell Computer, Exxon and a few other
20 corporations offered a grant to five or six states to increase the
21 number of AP courses that were passed in the state. The
22 Tobacco Commission made the decision that we would be the
23 leading organization in Virginia. That process has continued
24 through the years.

25 MR. PFOHL: This grant was awarded

1 initially to add some continuation funding to the teacher
2 training incentive program and it's the title you see here.
3 Subsequently, PATHS was successful in receiving a federal
4 grant of \$2.7 million from the U.S. Department of Education's
5 investing in an innovation program. They're using these funds
6 now to support their rural math excel partnership project,
7 which targets seven high schools and seven middle schools in
8 Southside Virginia. The scope of the project has changed
9 somewhat since the original application was focused on AP
10 teacher training and specifically the math teacher training in
11 high schools.

12 DELEGATE BYRON: Are they actually
13 training teachers or are the teachers getting certified?

14 SENATOR RUFF: Mr. Chairman, the
15 teachers are already certified and they have found that a little
16 bit of work during the summer, they're able to extend the
17 value of their education in math and science. As the process
18 works through, if you're a teacher and you're teaching or
19 planning to teach elementary school, you're required to take a
20 level or maybe only able to teach the math up to sixth grade.
21 What they have found is that if they teach the teacher out
22 further so the teacher better understands more advanced
23 math she's better able to explain, he or she, better able to
24 explain the math at a lower level. That's been very successful
25 not only in helping with the AP but it means that the same AP

1 teacher may be teaching one or two AP classes and teaching
2 algebra two or whatever. But the teacher is advancing all
3 students she has.

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

7 SENATOR RUFF: That completes the
8 Education Committee report.

9 DELEGATE KILGORE: Thank you,
10 Senator Ruff. Next is the R&D Committee, Delegate Byron.

11 DELEGATE BYRON: Thank you, Mr.
12 Chairman. We had seven applications that went to the
13 partnership for vetting and of the seven we approved five of
14 those. The Committee recommends approval of the following
15 grants that you will see identified on page twelve of your book.
16 TMI Auto Tech number 2868 in the amount of \$838,786 and
17 that's for new high performance vehicle, 2870, which is
18 Regenerative Heat Retaining Element for natural gas pipeline
19 compression engines. That was \$2 million contingent upon a
20 \$2.3 million match.

21 Application 2872, which received the
22 highest of the scores. They've already relocated and it's an
23 advanced water treatment system. Their grant is \$1,995,145.

24 The next one is VTT, LLC grant number
25 2865 in the amount of \$1 million.

1 The remaining and last one is EFM
2 Electric Field Motors, which is electric field technology,
3 application 2869. That one is a \$2 million, has a contingency
4 upon a \$5 million match in 180 days and positive test results
5 on the products before October 15th, 2014.

6 Mr. Chairman, I'd mention on the last
7 one that was a rather unusual contingency but a long time in
8 the Committee and understand that the prototype testing is
9 really valid information for the success of the project. So the
10 contingency and within two weeks we will know if that is
11 successful and that will determine if the project goes forward.
12 The Committee recommends approval of those that I've
13 stated.

14 DELEGATE MARSHALL: Mr. Chairman,
15 I'd like to pull 2865 and I will abstain.

16 DELEGATE KILGORE: All right, we have
17 a motion. Give me those numbers.

18 DELEGATE BYRON: My motion is to
19 approve 2868, 2870, 2872, and 2869.

20 DELEGATE KILGORE: Included in that
21 motion are the requirements that you stated.

22 DELEGATE BYRON: That I stated
23 previously. Do you want me to restate all that?

24 DELEGATE KILGORE: No.

25 SENATOR SMITH: Mr. Chairman, are

1 you proposing these in a block?

2 DELEGATE KILGORE: Yes, that's the
3 block. 2865 is removed. Let me state for those of you that are
4 new and those in the audience, these projects have been
5 vetted by a committee of experts that work with VEDP,
6 Virginia Economic Development Partnership. They spent a
7 day or two in Richmond evaluating and they vet all these
8 projects to look at commercialization and marketability et
9 cetera. And then they bring back a report to the R&D
10 Committee. I don't want folks to think that we're rushing
11 through a lot of these things but the R&D Committee has
12 already spent a lot of time on these and also that includes the
13 vetting process.

14 SENATOR RUFF: Mr. Chairman, the
15 process actually begins before the vetting and if there are
16 applications that we do not believe deserve going through
17 vetting and only those that we believe they are proper to go to
18 vetting go there.

19 DELEGATE KILGORE: Then let's vote on
20 these one at a time.

21 DELEGATE BYRON: Then I'll withdraw
22 my motion.

23 DELEGATE KILGORE: Withdraw your
24 motion, then you make a motion to –

25 DELEGATE BYRON: To go through each

1 one individually. And I apologize because there was a lot of
2 discussion probably from the two different committees over
3 five hours spent on these different applications and there were
4 some no votes. The first one would be TMI high performance
5 vehicle, 2868, \$838,786.

6 DELEGATE KILGORE: Do I have a
7 second?

8 MR. OWENS: Second.

9 DELEGATE KILGORE: Any more
10 discussion? All those in favor of 2868 say aye. (Ayes.)
11 Opposed? (Nos.) Two nos.

12 DELEGATE BYRON: The next motion is
13 for approval of 2870, RCT regenerative heat retaining element
14 for natural gas compression. That's \$2 million contingent
15 upon a \$2.3 million match, which was over and above what
16 the match needs to be.

17 DELEGATE KILGORE: Do I have a
18 second for that?

19 MR. OWENS: Second.

20 DELEGATE KILGORE: All those in favor
21 of 2870, say aye. (Ayes.) Opposed? (Nos.) Two no votes.

22 DELEGATE BYRON: The next
23 application is 2872 Micronic advanced water purification
24 system in the amount of \$1,995,145. So moved.

25 DELEGATE KILGORE: I have a motion

1 and a second.

2 MR. OWENS: Second.

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

5 UNIDENTIFIED: Mr. Chairman, I'm
6 going to abstain on that one.

7 DELEGATE KILGORE: All right.

8 DELEGATE BYRON: The next one is
9 application 2865, VTT, which is the vehicle modeling and
10 simulation \$1 million.

11 DELEGATE KILGORE: I have a motion;
12 it's been moved and seconded. All those in favor of 2865 say
13 aye. (Ayes.) Opposed? (No response.) One abstention.

14 DELEGATE BYRON: Application 2869,
15 electric field technology of \$2 million contingent upon a \$5
16 million match in 180 days, contingent on positive test results
17 prior or before October 15th, 2014.

18 DELEGATE KILGORE: Do I have a
19 second?

20 SENATOR RUFF: Second.

21 DELEGATE KILGORE: I have a motion
22 and a second. All those in favor say aye. (Ayes.) Opposed?
23 (Nos.) Two no votes.

24 DELEGATE BYRON: That's all the
25 motions. Our next application deadline is October 17th, I

1 believe.

2 DELEGATE KILGORE: October 17th is
3 the next application deadline for R&D. Does that conclude
4 your report?

5 DELEGATE BYRON: Yes.

6 DELEGATE KILGORE: Thank you,
7 Delegate Byron. Next is Delegate Wright, Southside Economic
8 Development Committee.

9 DELEGATE WRIGHT: Please turn to
10 page 33. The Southside Economic Development Committee
11 met this morning and took up two items. The first one is the
12 rescission of grant number 2810 Charlotte County IDA. In
13 place of that we increased grant number 2851, \$2,029,728,
14 \$2,145,130, an increase of \$348,324 in favor of Charlotte
15 County. If it's all right with the Committee, we'll do this in a
16 block.

17 DELEGATE KILGORE: That was 2851.

18 DELEGATE WRIGHT: Yes. Grant 2695,
19 the Committee recommended approval of Pittsylvania County's
20 repurposing of grant 2695 as described at the bottom of page
21 34. This is all the action the Committee took this morning
22 and I'll make a motion we approve the staff's
23 recommendations.

24 MR. WALKER: Second.

25 MR. STEPHENSON: Mr. Chairman, the

1 total amount of that grant will actually be \$2,358,052, which
2 reflects the increase that occurred in this morning's meeting.

3 DELEGATE KILGORE: Grant number
4 2851.

5 MR. STEPHENSON: Yes. \$2,378,052.

6 DELEGATE KILGORE: You're talking
7 about Charlotte County?

8 MR. STEPHENSON: That's correct.

9 DELEGATE KILGORE: Then the other
10 one for Pittsylvania County was a repurpose. Is that it?

11 DELEGATE WRIGHT: Yes, sir.

12 DELEGATE KILGORE: We have a motion
13 and a second. Any discussion? All those in favor say aye.
14 (Ayes.) Opposed? (No response.) Thank you Delegate Wright.
15 Next Southwest, Dr. Redwine.

16 DR. REDWINE: Southwest Economic
17 Development, page 35. Mr. Chairman, the Southwest
18 Economic Development Committee met earlier this month and
19 had quite a bit of business before them and several items they
20 acted upon. On page 35, you will see the Committee
21 recommended approval of three grants totaling \$567,000 that
22 is listed. The first item, I would make the motion that we
23 approve those as listed.

24 DELEGATE KILGORE: That would be
25 2913, 2912 and 2904. Does anybody need anything removed

1 from the block? I have a motion. Do I have a second?

2 MR. MONTGOMERY: I'll second it.

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

5 DR. REDWINE: I would say we have
6 many, many others, I think I set a new record. We had \$63
7 million worth of requests with \$2 million and some amount of
8 money so that's the kind of Committee meeting we had. We
9 had several applications that were excellent and I would
10 encourage those people to take the recommendations of staff
11 and revise and work on those, it's not that we don't think
12 they're valuable. They have a few things that need to be done.
13 So for the applicants, I think if you take the
14 recommendations of the staff and work with the staff, they're
15 here to work with you and resubmit those the Committee
16 would be glad to listen and hear them later in the year or a
17 later date.

18 The second item is listed on page 39.
19 The Committee listened to several stale or older aging
20 applications that had requests for an extension and we acted
21 on those and they were listed on page 39 and there's five of
22 those grants. I would make a motion that the full Commission
23 approve the extensions as listed on page 39, that's my motion.

24 DELEGATE KILGORE: We have a motion
25 and a second. Any discussion on those items listed on page

1 39? At the meeting, I take it you heard from staff as to why
2 these were not moved accordingly?

3 DR. REDWINE: Yes. There's a variety of
4 reasons why some of these grants are a little bit slower but all
5 of them do have activity and it's taking longer than the
6 amount of time in the approval. So we recommend extending
7 the time and it won't cost us any more money just giving them
8 time to get everything in line.

9 DELEGATE KILGORE: All right, we have
10 a motion and a second. All those in favor of extensions listed
11 on page 39 say aye. (Ayes.) Opposed? (No.) One no vote.

12 DR. REDWINE: I have one item I want to
13 discuss before the full Commission. Our Committee heard
14 grant application number 2846, which was the Wise County
15 delegation that had an application for new business in Wise
16 County. The application indicated it would create eighty jobs
17 and up to \$6 million in investment. At the time of our
18 Committee meeting, the Committee discussed this, thought it
19 was a good deal and felt like it would fit into TROF. The
20 applicant also had a pending or approval from the Virginia
21 Coalfield Economic Development Authority for a large sum of
22 funding but required a match in order for them to receive that
23 grant. The applicant did come before the TROF Committee
24 and after that was discussed the TROF Committee approved
25 \$345,000 for grant 2846. This left the applicant \$300,000

1 short in meeting their match for the large VCEDA grant. As a
2 personal note, I'd say eighty jobs and \$6 million worth of
3 investment is fairly rare and we're glad to have that. There is
4 a balance in Southwest Economic Development Committee.
5 So I'd make the motion today that we approve a transfer of
6 \$300,000 from Southwest Economic Development Committee
7 to TROF to be combined with TROF 345, to make a total of
8 \$645,000. All the money would come under the stipulations
9 of TROF, which means the applicant would have to meet the
10 goals of job creation and investment.

11 DELEGATE KILGORE: VCEDA approved
12 \$2 million for that project.

13 DR. REDWINE: That's correct. The
14 amount of the VCEDA grant that's pending that needs a
15 match is \$2 million.

16 SENATOR CARRICO: I'll second that.

17 MR. PFOHL: Ned, I know we were not
18 prepared to talk about the TROF but we have one grant
19 application number for the Southwest application and they
20 have a different grant number for the TROF application. Do
21 you know what the TROF application number is?

22 MR. STEPHENSON: I didn't bring that
23 file with me but we'll straighten that out on the books and
24 make sure there's only one grant number.

25 DELEGATE KILGORE: And that the

1 Southwest grant will be included in the TROF requirements?

2 MR. STEPHENSON: Yes, and the funds
3 transferred accordingly.

4 DR. REDWINE: So I make that motion.

5 DELEGATE KILGORE: Do I have a
6 second?

7 SENATOR CARRICO: I'll second it.

8 SECRETARY JONES: Let me make sure I
9 understand it. Was the reason the TROF grant was the
10 amount it was and not the additional 300 was purely the
11 amount of money that TROF had to work with?

12 DELEGATE KILGORE: No, it's a formula
13 that we have that Ned uses and Tim uses, \$345 is what the
14 formula came out to be and it's \$300 short.

15 DR. REDWINE: For those in the
16 audience that are unfamiliar with TROF, all TROF grants have
17 to meet goals of jobs and investment and based on the
18 number of jobs that you say you will create and the amount of
19 investment you say you will invest that the county can tax, we
20 have a formula that tells the Commission or the TROF
21 Committee, that tells them what they're eligible to grant you.
22 This is the only fund that if you do not meet those
23 requirements there is a claw back and the locality or the EDA
24 or IDA or the company or county, someone has to pay that
25 money back if you don't meet those goals. That's why it's

1 secure and that's why I would recommend that ours be
2 transferred to TROF to meet those guidelines as well because
3 that secures our money and if they don't produce the jobs
4 they say then we'll get that back.

5 SECRETARY JONES: This transfer
6 would then lower return on investment, I assume that was
7 part of the assumptions for the approval of the TROF grant?

8 DELEGATE KILGORE: Yes.

9 SECRETARY JONES: We're going to get a
10 lower ROI or return on investment, I don't know what it means
11 but it means that the ROI, TROF was approved for this has
12 now been impacted and almost doubling the grant, right?
13 Would that still make this investment worthy by TROF?

14 DELEGATE KILGORE: I think Mr.
15 Secretary we were looking at and talking about TROF as eighty
16 jobs in the area of Wise County, they've lost thousands of jobs
17 over the years, over last year and that's why we thought that
18 was worthy of consideration. I think these jobs were about
19 36,000 and some change. They're not coal mining jobs but
20 they are jobs.

21 SECRETARY JONES: I'm with you on
22 that. The question I'm asking is shouldn't TROF see what the
23 ROI is now in transferring three hundred and more dollars
24 and make sure that they would still be in the affirmative?

25 DELEGATE KILGORE: We were able to

1 do Mr. Secretary, we were able to do \$345 and the TROF panel
2 met yesterday and we kicked it back to Southwest and you
3 come up with \$300 because we didn't want to go above what
4 we normally do in our formula. We didn't want to go above
5 that so we thought that it was important that Southwest step
6 up with the additional \$300,000.

7 DR. REDWINE: The purpose of the
8 Southwest Committee is to create jobs and try to invest money
9 that will help revitalize the area. We as a Committee could
10 vote to grant this money straight out of Southwest Economic
11 Development Committee as a second grant and the total
12 would still be \$645,000. The difference is we would not have
13 the claw back on the \$300,000. We could go straight but the
14 reason that I felt the best route is to combine it with TROF is
15 should there be a problem with them creating the jobs and
16 investment, we have a claw back on the entire amount instead
17 of just half.

18 SECRETARY JONES: I've got it. Thank
19 you.

20 DELEGATE KILGORE: Thank you, Mr.
21 Secretary. Any further discussion? I have a motion and a
22 second. All those in favor say aye. (Ayes.) Opposed? (No
23 response.)

24 DR. REDWINE: That concludes my
25 report, sir.

1 DELEGATE KILGORE: Next is Special
2 Projects Committee, Delegate Marshall.

3 DELEGATE MARSHALL: Mr. Chairman,
4 ladies and gentlemen, the Special Projects Committee met in
5 Roanoke last month for two and a half hours and we met
6 thirty minutes today and we spent a lot of time on these
7 applications. Mr. Chairman, page number 41. Maybe we
8 should take these individually. There might be some
9 questions.

10 The first request is 2938, City of Bristol
11 for \$750,000. I so move.

12 DELEGATE KILGORE: I have 2938, City
13 of Bristol. I have a motion and a second, any discussion? All
14 those in favor of 2938 City of Bristol Hotel Bristol at Reynolds
15 Park say aye. (Ayes.) Opposed? (No response.)

16 DELEGATE MARSHALL: The next one is
17 2928, Greenville County Project Lunchbox, a recommendation
18 for \$250,000 and I so move.

19 MR. OWENS: Second.

20 DELEGATE KILGORE: We have a motion
21 and a second on 2928, any discussion? All those in favor say
22 aye. (Ayes.) Opposed? (No response.)

23 DELEGATE MARSHALL: Number 2937,
24 Russell County IDA, \$355,000 and I so move.

25 MR. WALKER: Second.

1 DELEGATE KILGORE: We have a motion
2 and a second for 2937, any discussion? All those in favor say
3 aye. (Ayes.) Opposed? (No response.)

4 DELEGATE MARSHALL: The next one is
5 2933, The Corporation for Jefferson's Poplar Forest, \$132,524
6 and I so move.

7 DELEGATE BYRON: Second.

8 DELEGATE KILGORE: We have a motion
9 and a second, any discussion? All those in favor of 2933 say
10 aye. (Ayes.) Opposed?

11 MR. BARNARD: No.

12 DELEGATE MARSHALL: The next one is
13 2942, Department of Conservation and Recreation and this is
14 for the threatened and endangered species screening tool for
15 Virginia's Tobacco Region in the amount of \$260,000 and I so
16 move.

17 DELEGATE KILGORE: We have a motion
18 and a second. All right, this was tabled and you brought it off
19 the table this morning?

20 DELEGATE MARSHALL: Yes, we did.
21 There was a question brought up at the meeting do we give
22 funds to state agencies and we do it all the time and we got a
23 ruling from the attorney general's office and this is good so
24 that's why we brought it off the table and brought it up again.

25 DELEGATE KILGORE: Any other

1 discussions? All right, all those in favor of 2942 for \$260,000
2 say aye. (Ayes.) Opposed? (Nos.) Six no votes.

3 DELEGATE MARSHALL: The next is
4 2931 from the University of Virginia, A Cancer Center Without
5 Walls. The Committee recommended \$560,710 and I so move.

6 DELEGATE KILGORE: Do I have a
7 second for 2931?

8 MR. OWENS: Second.

9 DELEGATE KILGORE: All those in favor
10 of 2931 say aye. (Ayes.) Opposed? (No response.)

11 DELEGATE MARSHALL: The next one is
12 2930, Virginia Commonwealth University Continuing to Work
13 to Achieve Cancer-free Virginia and the recommendation from
14 the Committee was \$650,000 and I so move.

15 DELEGATE KILGORE: The book says \$1
16 million but you all changed it \$560,000?

17 DELEGATE MARSHALL: We actually had
18 somebody come to us and said they would take less money.

19 DELEGATE KILGORE: I've never heard
20 that before. All right, 2930 for \$650,000.

21 MR. OWENS: Second.

22 DELEGATE KILGORE: A motion and a
23 second, any more discussion? All those in favor say aye.
24 (Ayes.) Opposed? (No response.)

25 DELEGATE MARSHALL: The next is

1 request number 2916 Wellmont Foundation and there's a
2 recommendation for the Committee for \$43,591 and I so
3 move.

4 MS. GOULD: Second.

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

8 DELEGATE MARSHALL: Mr. Chairman,
9 on page 53 of the hymnal we have some other business to
10 grant numbers 1665, 1667, 2150, 2268, 2275 and 2486.
11 These are extensions so I so move.

12 MR. OWENS: I'd like to take 1667 out of
13 the block.

14 DELEGATE KILGORE: 1667 out of the
15 block and do we have a second.

16 MS. GOULD: Second.

17 DELEGATE KILGORE: All those in favor
18 of the block excluding 1667 say aye. (Ayes.) Opposed? (No
19 response.) Do I have a motion on 1667?

20 DELEGATE MARSHALL: So moved.

21 DELEGATE KILGORE: I have a motion
22 and a second on grant 1667 to be extended until December of
23 2015. All those in favor say aye. (Ayes.) Opposed? (No
24 response.)

25 DELEGATE MARSHALL: That's it for

1 Special Projects. Now, we have the TROF Committee, which
2 met yesterday afternoon and the Committee recommended an
3 increase in the TROF grant number 2875 from \$2.3 million to
4 \$2.9 million to Mecklenburg County.

5 DELEGATE KILGORE: That met the
6 formula?

7 DELEGATE MARSHALL: Yes.

8 DELEGATE KILGORE: So it would go
9 from \$2.3 to \$2.9 and that's grant number 2875.

10 DELEGATE MARSHALL: 2875, yes, sir.

11 MR. STEPHENSON: Specifically, it
12 exceeds the formula by a tiny bit.

13 DELEGATE KILGORE: Do I have a
14 second?

15 MR. OWENS: Second.

16 DELEGATE KILGORE: All those in favor
17 of the revision of 2875 to \$2.9 million say aye. (Ayes.)
18 Opposed? (No response.) All right, Senator Ruff?

19 SENATOR RUFF: Thank you, Mr.
20 Chairman. The Executive Committee met yesterday
21 afternoon; there are two action items involved. The first is the
22 recommended budget transfer \$1.355 million from Special
23 Projects to TROF and recommended by the Special Projects
24 Committee subject to the TROF contract terms. I so move.

25 MR. OWENS: Can you restate that?

1 SENATOR RUFF: The recommendation is
2 that budget transfer of \$1,355,000 from Special Projects to
3 TROF to be used as recommended by the Special Projects
4 Committee to make awards subject to the TROF contract
5 terms.

6 DELEGATE KILGORE: It will make it fall
7 under the TROF contract, under those guidelines with the
8 claw back. I have a motion and a second, all those in favor
9 say aye. (Ayes.) Opposed? (No response.)

10 SENATOR RUFF: Mr. Chairman, the
11 other motion is transfer from general account to TROF \$3
12 million. We've had several good announcements and
13 anticipate more and we believe we're going to need those extra
14 dollars sometime during the course of the year. So I move we
15 transfer from the general account to TROF.

16 MR. OWENS: Second.

17 DELEGATE KILGORE: That is a good
18 problem to have and you'll have funds to close deals on and
19 needing more money in TROF is always good to help create
20 jobs. We have a motion and a second, any more discussion?
21 All those in favor say aye. (Ayes.) Opposed? (No response.)

22 SENATOR RUFF: Mr. Chairman, that
23 completes the action at the Executive Committee meeting.

24 DELEGATE KILGORE: Before we get into
25 public comments, on your table you'll find the handout

1 Tobacco Commission Technology Infrastructure Project
2 Summary. As many of you know, one focus of the Tobacco
3 Commission is our commitment to bring broadband to all our
4 areas within our region. I saw something in the newspaper
5 recently that some counties got more and I wanted to make
6 sure that everybody knew that every jurisdiction within our
7 footprint has received grants. Long before I was Chairman, we
8 partnered with then Governor Warner to make sure that
9 broadband got to every part of Southside and Southwest. We
10 also partnered with our Congressional delegation and Becky
11 Coleman is now on the Commission and she and her former
12 boss Congressman Boucher have done a lot in Southwest to
13 make sure that we got those dollars to maximize what we were
14 spending.

15 I thought it would be good for you all to
16 see what we've done and what's been spent. We spent
17 \$139,096,287 getting broadband to our areas. I think that's
18 something we should be proud of and talking about what
19 we've done. This is just what we've put in. I would say with
20 federal dollars it would probably triple this amount. I wanted
21 you to have that if somebody were to ask you do you know
22 how much money was put into each of the particular areas.

23 SECRETARY JONES: The Commission
24 should be congratulated on broadband because it's one of the
25 biggest challenges we've had. Do we have data on the actual

1 penetration rates in the Tobacco Region that's up-to-date with
2 respect to broadband?

3 MR. PFOHL: Penetration rates. The
4 broadband advisory council is in charge of mapping the served
5 and underserved areas. We rely on the broadband advisory
6 council for mapping.

7 DELEGATE KILGORE: I think we've
8 done a great job here and another thing I'd like to see happen
9 as we go through the strategic plan, I want Tim and Ned and
10 others to or I'd like for us to try to get on our website where
11 you could draw down a particular person in a county and say
12 my county doesn't see a lot of grants or a lot of awards in the
13 Tobacco Commission and I'd like for those in the public be
14 able to go to a map and see how much does Scott County or
15 Wise County or Patrick, Pittsylvania, how much do they get so
16 we can bring that up. We hope to be able to do that. I know
17 with the number of grants we go through, I think that would
18 be helpful to the community and public as a whole to see that.
19 During the strategic planning, I would like to do that.

20 Stephanie, if you could come forward and
21 I'd like you all to know our financial balances. It would be
22 good to know what we have. If you could give us our bank
23 balance and I think that's on page 61 and 62.

24 MS. KIM: The financial report, if you look
25 at each of the board books and I'll give you a brief overview of

1 what it says. On 61 if you look at the top, you have basically
2 a fund and an endowment. The endowment is where the
3 securitization fund is positive. Each year during the budget
4 process we decide what percentage of the endowment to
5 invade and transfer the funds to you for budget purposes. On
6 page 61, you'll see the fund balance is currently at \$241
7 million. Of that amount, about \$171 million is obligated,
8 which means that the funds have not gone out yet for projects.
9 Those are obligated funds, not yet disbursed. The rest of the
10 \$241 million is part of the budget and you see down below the
11 unobligated balances.

12 You will see restricted endowment,
13 unrestricted endowment balance, accumulated interest for
14 each of those. Even though you technically have one
15 endowment, we have to segregate the funds into restricted and
16 unrestricted. The restricted is basically a reserve, reserve for
17 capital projects unrestricted is for everything else. We show
18 them separately but staff is delegated to decide how much
19 comes out of restricted and unrestricted and you don't have to
20 worry about that. The balances are there so total cash and
21 investments, \$563,841,227.

22 DELEGATE KILGORE: Some of those
23 dollars you're talking about may be, they may not come to
24 fruition and some with TROF and some there are no deals
25 with yet. Some of that we may not actually spend those

1 dollars.

2 MS. KIM: Yes. This is updated
3 periodically. The unobligated balances and basically the
4 amounts in the budget are available for grants.

5 DELEGATE KILGORE: We've spent a lot
6 of that this morning.

7 MS. KIM: On the next page, page 62,
8 you'll see where we are in year to date as far as the
9 administration budget, the cash balances. This page is just
10 for the funds not for the endowment. The endowment
11 balances do not change except annually when transfers are
12 made. You'll also note the cash balances of the fund.

13 DELEGATE KILGORE: Thank you.

14 MS. KIM: We can provide that
15 information to you at any time.

16 DELEGATE KILGORE: Stephanie is
17 always available for any information on what we spent or any
18 financial questions. So I encourage you if you have a
19 question, call Stephanie. Tim?

20 MR. PFOHL: Thank you, Mr. Chairman,
21 just a few remarks for informational purposes for the
22 Commissioners. On the topic of financial, our longtime fiscal
23 technician Patricia Watson has announced she'll be retiring
24 from the Commission at the end of November. Patty's been
25 with the Commission for over a dozen years and with the

1 Commonwealth for nearly a quarter century. Many of you
2 have heard from Patty when something is awry with your
3 travel vouchers or she needs a signature or some mileage or
4 something. She typically doesn't attend meetings but I would
5 like the record to reflect today the Commission's appreciation
6 to Patricia Watson for her service to the Commission over the
7 last plus twelve years and wishing her well in her retirement.

8 Secondly, the Chairman mentioned the
9 Commission's strategic plan. In the Executive Committee
10 yesterday we talked about providing an update on the
11 strategic planning process. Very quickly, the Commission's
12 bylaws call for a strategic plan to be updated every two years
13 and the current plan was adopted in 2012 and that is in need
14 of update. Also, in 2011 and those of you that have been on
15 the Commission for a while remember we received a report
16 from the Joint Legislative Audit and Review Commission at the
17 General Assembly that suggested in its recommendations that
18 the Commission involve an external listening process or a
19 focus group process and to hear from some of the
20 Commission's constituents and that would help inform our
21 strategic planning process.

22 Last year the Commission made a grant
23 to the Center for Rural Virginia to conduct that process on our
24 behalf. I wanted to update you that the Center for Rural
25 Virginia is in the process of meeting with stakeholders in all of

1 the planning district commission service areas that are part of
2 the Tobacco Region. They've gotten very able assistance from
3 the Virginia Department of Housing and Community
4 Development in conducting these facilitated listening sessions
5 or focus groups with the combined array of stakeholders and
6 local governments in addition to educational institutions,
7 economic development organizations, partner agencies and so
8 forth.

9 They have completed two of the planning
10 district listening sessions and have three scheduled in
11 October and plan to cover all the planning districts that serve
12 the Tobacco Region by the end of December and then provide
13 us with a summary report as well as, of course, breaking out
14 the findings in each of those planning districts. We'll have
15 something in hand hopefully by January and we can use that
16 to begin a strategic planning process in the spring of 2015.

17 The last item I'd like to mention as I
18 alerted you to in an email a few days ago, as of September 15th
19 the state office of the attorney general has resumed providing
20 legal counsel to the Commission. Under the state Code, the
21 AG is the counsel to the Commission. For the last two years
22 or so, the AG has contracted with Christian Barton and Eric
23 Ballou and Megan Gilliland, who you've seen at Commission
24 meetings over the last two years have provided that legal
25 counsel to the Commission. The attorney general's office has

1 now resumed providing counsel and here with us today is
2 Senior Assistant Attorney General Heather Lockerman.
3 Heather will be one of our points of contact and the primary
4 point of contact will be Elizabeth, Liz Myers, who
5 unfortunately had a death in the family this week and not able
6 to be with us. The attorney general's office very graciously has
7 extended the contract with Christian Barton through the end
8 of this year so that we can have a smooth transition and we're
9 moving very rapidly through the transition process involving
10 the attorney general's office in supporting the Commission's
11 decisions.

12 Specifically, within that, we have a
13 number of Commissioners who were appointed both in
14 December of last year as well as July of this year that are
15 required to have training in the state's conflict of interest and
16 freedom of information act requirements. So we'll be getting in
17 touch with you if you are relatively newly appointed to the
18 Commission. This training will involve the FOIA information
19 and the Commission processes and you'll be hearing from us
20 very shortly on this.

21 DELEGATE KILGORE: Thank you, Tim.
22 I do want to welcome new members Becky Coleman, Frank
23 Harris, Missy Gould and an old but new member Ed Owens. I
24 think you've still got to go through that training, Ed.
25 Welcome, Will, and Will has been appointed by the Speaker

1 and welcome. You'll be attending all these meetings like we
2 do. I also appreciate all you citizen members. We appreciate
3 you participating in this process and especially the Committee
4 process. That's where a lot of the decisions are made and we
5 appreciate your commitment to the Commission.

6 Now, we have public comments, if you
7 have public comment please come forward and identify
8 yourself.

9 DR. ADAMS: Good morning, Mr.
10 Chairman and members of the Commission, I'm Betty Adams
11 and with me is Patty Nelson here from the Southern Virginia
12 Higher Ed Center. It occurs to me we really do a good job of
13 asking for and receiving from the Tobacco Commission and I
14 wanted to take this opportunity to do a better job of thanking
15 you for all you are doing to help advance the economic
16 potential of Southside and Southwest Virginia.

17 Last year in September you granted the
18 Southern Virginia Higher Education Center \$175,000 to work
19 with our partners and industry to start a credentialed phase
20 welding program in South Boston. Patty Nelson has been the
21 project team leader for this project and I think you would be
22 interested in hearing the progress we have made last year.
23 Patty?

24 MS. NELSON: Thank you. I want you to
25 know that we have finished building out our lab and took an

1 outdoor classroom and repurposed it as you all use that term
2 and repurposed it for a welding lab and that was completed in
3 July. In August, we had two cohorts of welding students
4 begin their training and they have a total of nineteen students
5 and they have both a day class and an evening class. They'll
6 finish one class by November and they'll do another class in
7 the spring and then they will be very highly employable as
8 welders. It's a program that's sponsored by the Virginia
9 Technical Institute and run at the Virginia Higher Ed Center.
10 This is a great opportunity for the young and career changing
11 individuals. I want to thank you very much for your help and
12 opportunity to do that for you and for our region.

13 DELEGATE KILGORE: Thank you all for
14 meeting the needs of our workforce and we appreciate it.

15 DR. ADAMS: Thank you.

16 MR. JAMES: Good morning, I'm Michael
17 James, I'm the director of the industrial development
18 authority in Lee County. First of all, on behalf of the citizens
19 of Lee County, I want to thank the Commission members for
20 all you've done and what you've done for Lee County and for
21 the surrounding counties.

22 Yesterday, some of my board members
23 addressed the TROF committee about a repayment system of
24 some claw back money that we owe. The Committee
25 recommended we continue negotiating with that and come

1 back with a different proposal at the next meeting and that's
2 certainly a fair position. Over the last year we've made several
3 periodic payments in good faith to the Commission even
4 without the formal repayment plan. We've also cooperated
5 and communicated with staff to the full extent and in fact Mr.
6 Stephenson had the option to finance depending on the tax
7 return this year. In light of this, the sanctions that are
8 imposed against us are unnecessary and quite frankly
9 unwarranted. So I respectfully request that these sanctions
10 be lifted so we can continue business as usual with the
11 Commission including funding open grants as well as having
12 the opportunity to apply for new grants. Completely losing the
13 Commission as a funding source makes the already difficult
14 job of economic development in Lee County just short of
15 impossible. The Commission certainly should retain the right
16 at some point in the future to reinstate those sanctions should
17 we cease making periodic payments and should we cease
18 cooperating and communicating with staff as unlikely as that
19 scenario may be.

20 DELEGATE MARSHALL: Mr. Chairman,
21 sir, as a new member of the TROF Committee, if the payment
22 schedule that you have proposed, I appreciate the payment
23 schedule, it will take ten years to pay the balance that you
24 owe now.

25 MR. JAMES: We will continue to make

1 payments. We paid \$300,000 out of \$926 so far. We don't
2 have the resources to continue at that schedule,
3 unfortunately. We're like a lot of American families, we have a
4 lot of money tied up in real estate and those assets aren't very
5 liquid and we don't have cash like a lot of families in that
6 situation currently. We are making payments in good faith
7 and will continue to do so.

8 DELEGATE KILGORE: I think the way
9 that works, Mr. James, is that in the TROF panel we delegate
10 that authority to freeze or unfreeze obligations to the
11 Executive Director. If there is a situation that comes up, the
12 TROF Committee will visit that and the Executive Director will
13 look at that as business or if something comes up. I think we
14 have that as a goal, all right.

15 SENATOR CARRICO: A quick question.
16 When these funds are to be paid back, is there a certain
17 amount that he gets to or the county gets to before they bring
18 in another, in other words the \$900,000, if the county pays
19 back \$600, is that a point to where they're able to reapply or
20 does it have to be paid in full?

21 MR. STEPHENSON: Senator Carrico, the
22 details to answer your question are all laid out in a collection
23 policy that the Commission adopted for TROF recipients that
24 are in default. The specific answer to your question in this
25 case is that the sanctions imposed upon Lee County are to

1 remain in place until such time as the default has been cured
2 and the cure that this Commission instructed staff to put in
3 place for Lee County was a specific repayment agreement last
4 January. That was supplied to Lee County and it has not yet
5 been executed. So we would need that repayment agreement
6 executed and to affect the cure and relieve the sanctions.

7 SENATOR CARRICO: Thank you.

8 MR. JAMES: Thank you.

9 DELEGATE KILGORE: Anyone else
10 public comment?

11 MR. RUTHERFORD: Good morning, Mr.
12 Chairman. I'll be very brief, two things. One on behalf of
13 Russell County, I'd like to thank you for supporting the
14 projects you did today. Number two, on behalf of the
15 Southwest Economic Development Association, which
16 includes Tazewell, Buchanan, Dickenson, Russell, Lee, Scott,
17 Wise and the City of Norton, we'd like to extend a personal
18 invitation to all of you January 22nd at the Omni Hotel in
19 Richmond from 5:30 to 7:30 p.m. We have a pretty good
20 party.

21 DELEGATE KILGORE: All right, anyone
22 else have a comment?

23 UNIDENTIFIED: Mr. Chairman and
24 members of the Commission, I am the project engineer and
25 project manager design for 2886, the St. Paul Wastewater

1 Treatment Expansion and it wasn't acted on at this time. I'd
2 like to speak on behalf of the Town of St. Paul, the Castlewood
3 Water/Sewer Authority and the Wise County Public Service
4 Authority. We have a request for \$370,000, which is a
5 shortfall on the project involving the construction. I'd just like
6 to address briefly and the staff and their review and their
7 recommendation. We're talking about either rebid the project
8 or, rebidding is out of the question due to the fact there was a
9 problem with some funds have to be spent by August of this
10 coming year so that really is out of the question. This project
11 was originally designed and bid to one million gallons per day
12 plant. We had to redesign to a half a million and we did
13 design it for that and then expanded to three-quarters of a
14 million and all of that is already in the project. Without this
15 grant and a loan, which would increase the overall debt
16 service, I'm sure there will be some new increases. With the
17 rapid expansion of the Castlewood system, which is going to
18 submit an economic development. All in all we could be
19 looking at a big expansion in the very near future and with the
20 financial difficulties and additional debt service. The issue of
21 economic development and without reliable water and sewer,
22 there's zero options right now. This project does directly
23 impact the economic development for us.

24 So all in all we would request a
25 reconsideration of your recommendation on this project.

1 DELEGATE KILGORE: What staff is
2 saying that there's some revision needed and they'll be glad to
3 work with you and I don't know what it's going to cost you to
4 put it back on in the spring and to bring it back to the
5 Southwest Committee, I'm told in January.

6 UNIDENTIFIED: The main thing is the
7 project's already under construction and we've got to get our
8 final funding package in place and we're already involved in
9 the loan and grant and all in this project.

10 DELEGATE KILGORE: I think there's
11 some support on the Committee for it and staff will be glad to
12 work with you. I think once those things are addressed, there
13 is support for it and that may be January, but thank you very
14 much.

15 Anyone else? The shuttle will be
16 available 11:45 outside. So let me thank you all for coming
17 and I believe we've had a good meeting. So I have a motion,
18 we're adjourned.

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20 PROCEEDINGS CONCLUDED.

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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, September 24, 2014 at 10:00 A.M. at the Holiday Inn Hotel & Suites, 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 3rd day of October, 2014.

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

My Commission Expires: October 31, 2014.
Notary Registration Number: 224566