

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, May 21, 2015

11 10:00 o'clock a.m.

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15 New College Institute
16 Martinsville, Virginia

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1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman
3 The Honorable Frank M. Ruff, Vice Chairman
4 Mr. John R. Cannon
5 The Honorable Charles W. Carrico, Sr.
6 Ms. Rebecca Coleman
7 The Honorable James Edmunds
8 Ms. Mary Rae Carter
9 Special Advisor for Rural Partnerships
10 The Honorable Frank Harris
11 Ms. Cassidy Rasnick, For Secretary Haymore
12 The Honorable Maurice Jones
13 Secretary of Commerce and Trade
14 The Honorable Daniel W. Marshall, III
15 The Honorable Donald W. Merricks
16 Mr. H. Ronnie Montgomery
17 The Honorable Will Morefield
18 Ms. Sandra F. Moss
19 The Honorable Edward Owens
20 Dr. David S. Redwine, DVM
21 Mr. Kenneth O. Reynolds
22 Mr. Cecil Shell
23 The Honorable Ralph K. Smith
24 Mr. Robert Spiers
25 The Honorable William M. Stanley, Jr.

1 **APPEARANCES (Continued):**

2 Mr. Richard Sutherland

3 Mr. Gary D. Walker

4 The Honorable Thomas C. Wright, Jr.

5

6 **COMMISSION STAFF:**

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

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

15 Ms. Suzette Patterson, Grants Office Manager

16 Ms. Carolyn Bringman, Performance Data Analyst

17 Mr. Benjamin Dawson, Grants Assistant
18 Southside Virginia

19 Ms. Jessica Stamper, Grants Assistant
20 Southwest Virginia

21 Ms. Stacey Richardson, Executive Assistant

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23 **COUNSEL FOR THE COMMISSION:**

24 Ms. Elizabeth Myers, Assistant Attorney General
25 Richmond, Virginia.

1 May 21, 2015

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DELEGATE KILGORE: I'll call the meeting of the Virginia Tobacco Commission at this time to order. I'll say that we appreciate being able to have a meeting here at this new and beautiful New College building.

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At this time, I'm going to call on former Senator Warner, I mean Senator Wampler, to give us some opening remarks. I didn't forget you, William.

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SENATOR WAMPLER: Thank you, Mr. Chairman, and members of the Commission. On behalf of the New College Institute Board and the New College Foundation Board and all of those gathered from Southern Virginia here in attendance today, we thank you for what you all have done. I want to say a special thanks for coming to our new building. I hope for those that have not yet had the opportunity to walk through, we will make ourselves available afterwards.

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And I have to say again, as I said yesterday at the Education Committee, but for the Virginia Tobacco Commission, projects like this would not have happened. You all provided seed capital, you provided that very important seed capital at the beginning, and your seed capital unlocked many other grants. I think this is another great example of how the Virginia Tobacco Commission properly leverages its resources. And I know I speak on many who are gathered here today that we try very

1 hard to be good stewards of the dollars that you give us and we
2 try to align our programs and course offerings and other
3 activities with that of the Tobacco Commission so that we all are
4 working towards hopefully a brighter day in all of Southern
5 Virginia. And I think that's what the statutory charge was a
6 couple of decades ago.

7 With that, Mr. Chairman, and without being called out
8 of order or other, invoke other rules that are not so pleasant,
9 again thank you so very much for coming. And on behalf of all of
10 my colleagues and citizens that are gathered here, we thank you
11 for your attendance. Thank you, sir.

12 DELEGATE KILGORE: And thank you for rolling out
13 the red carpet for us in this great building. You all are doing
14 great work right here in Martinsville in Southside Virginia. So,
15 thank you for all that you all are doing to make this place a great
16 place, and we really appreciate what you're doing.

17 SENATOR WAMPLER: Thank you, Mr. Chairman.

18 DELEGATE KILGORE: Thank you. Tim, if you would
19 call the roll.

20 MR. PFOHL: Mr. Barnard.

21 MS. BARNARD: (No response).

22 MR. PFOHL: Secretary Brown.

23 SECRETARY BROWN: (No response).

24 MR. PFOHL: Delegate Byron.

25 DELEGATE BYRON: (No response).

1 MR. PFOHL: Mr. Cannon.
2 MR. CANNON: Here.
3 MR. PFOHL: Senator Carrico.
4 SENATOR CARRICO: Here.
5 MR. PFOHL: Ms. Coleman.
6 MS. COLEMAN: Here.
7 MR. PFOHL: Delegate Edmunds.
8 DELEGATE EDMUNDS: Here.
9 MR. PFOHL: Ms. Gould.
10 MS. GOULD: (No response).
11 MR. PFOHL: Mr. Harris.
12 MR. HARRIS: Here.
13 MR. PFOHL: Ms. Rasnick.
14 MS. RASNICK: Here.
15 MR. PFOHL: Sitting in for Secretary Haymore.
16 Ms. Carter, for Secretary Jones.
17 MS. CARTER: Yes.
18 SECRETARY JONES: I'm here on the phone.
19 MR. PFOHL: Good morning, Mr. Secretary.
20 MR. PFOHL: Delegate Kilgore.
21 DELEGATE KILGORE: I'm here.
22 MR. PFOHL: Delegate Marshall.
23 DELEGATE MARSHALL: Here.
24 MR. PFOHL: Mr. Merricks.
25 MR. MERRICKS: Here.

1 MR. PFOHL: Mr. Montgomery.
2 MR. MONTGOMERY: Present.
3 MR. PFOHL: Mr. Moore.
4 MR. MOORE: (No response).
5 MR. PFOHL: Delegate Morefield.
6 DELEGATE MOREFIELD: Here.
7 MR. PFOHL: Ms. Moss.
8 MS. MOSS: Here.
9 MR. PFOHL: Mr. Owens.
10 MR. OWENS: Here.
11 MR. PFOHL: Dr. Redwine.
12 DR. REDWINE: Here.
13 MR. PFOHL: Mr. Reynolds.
14 MR. REYNOLDS: Here.
15 MR. PFOHL: Senator Ruff.
16 SENATOR RUFF: Here.
17 MR. PFOHL: Mr. Shell.
18 MR. SHELL: Here.
19 MR. PFOHL: Senator Smith.
20 SENATOR SMITH: Here.
21 MR. PFOHL: Mr. Spiers.
22 MR. SPIERS: Here.
23 MR. PFOHL: Senator Stanley.
24 SENATOR STANLEY: Here.
25 MR. PFOHL: Mr. Sutherland.

1 MR. SUTHERLAND: Here.

2 MR. PFOHL: Mr. Walker.

3 MR. WALKER: Here.

4 MR. PFOHL: Delegate Wright.

5 DELEGATE WRIGHT: Here.

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

7 DELEGATE KILGORE: Thank you. Do I have a motion
8 that we approve the minutes of the 1-13-15 meeting? All right,
9 it's been moved and seconded. All those in factor, say aye.
10 (Ayes). Opposed? (No response). The minutes are approved.

11 At this time, I'm going to make a little, go off the
12 agenda real quick just to make some introductions and make
13 some comments, at this time. I think most of you have met
14 Evan Feinman. Evan is going to be our new Executive Director
15 and appointed by the Governor and starts May the 26th. So, he'll
16 be working next week.

17 When new members come on, I always give them a
18 chance to speak and say what they want on the Committee.
19 Evan, if you would like to speak at this time, we welcome you to
20 do that. Thank you.

21 MR. FEINMAN: Sure, thank you, Mr. Chairman. I'll be
22 brief. I'm really excited to get started with you all, and I spoke
23 to a few of you. I want to speak to everybody as soon as
24 possible. I see the mission of the Commission as being
25 something that's near and dear to my heart. I see the work is

1 exciting and interesting, and I'm looking forward to working with
2 all of you and with the staff and everyone has been incredibly
3 welcoming to me. I'm very impressed with the work that you've
4 been doing. And I'm just looking forward to continuing that
5 tradition and seeing if there are some areas where we can take,
6 go from good and great and otherwise maintain the high level of
7 success that the Commission has enjoyed so far.

8 DELEGATE KILGORE: Thank you. We look forward to
9 working with you. As Chairman Redwine said earlier, we look
10 forward to working with you and look forward to seeing you in
11 Southwest Virginia, and I'm sure Southside, too.

12 But, also, you know, we've lost some folks that, over
13 the past months that suddenly passed away that played a big
14 part in the Commission in the past. The three individuals that
15 I'm talking about are Richard Settle, Randy Arno, and Joe Wilson,
16 all played a big role with the Commission on certain projects and
17 certain issues and we're certainly going to miss all of them. So
18 I'd ask us to take a moment of silence for those, the three
19 individuals before we move forward. All right, thank you.

20 All right, moving along. We have two folks that will be
21 retiring, Rachel Fowlkes and William Wampler are both moving
22 on to great things. Rachel has been with us since the inception
23 and working with us on the Scholarship Program and working
24 with us at the Higher Education Center. And, Rachel, we're
25 certainly going to miss you and we want to thank you for all that

1 you have accomplished and all that you've done for the Tobacco
2 Commission to make it a seamless, and if you'll stand up, we'd
3 like to give you a hand. Thank you, Rachel.

4 And Senator Wampler, did he leave to go back to his
5 office? You know, William has done such a great work here, and
6 we were talking to him this morning, and he's helped with all the
7 opportunities they have here, it's just so impressive, but we look
8 forward to having William back as a resident of far Southwest
9 Virginia, also.

10 DELEGATE MARSHALL: We look forward to him going
11 back.

12 DELEGATE KILGORE: Three of our members are term
13 limited, Mr. Barnard, Mr. Barnard, who's not with us today, Dave
14 Redwine, and Ken Reynolds, both from Southwest, we're going to
15 miss you and we want to thank you for your service. And you
16 both have been very diligent about attending meetings and real
17 great about helping us move forward Southwest Virginia and the
18 Tobacco Commission forward. And I just want to say we really
19 appreciate all that you've done for us and all you've done for the
20 region and all that you've done for the Commonwealth to help us
21 move forward. Let's all give them a hand. Thank you.

22 All right. Moving right along into, and, Ralph, you
23 look a lot more relaxed these days, is there any reason why? So,
24 first up is the Education Committee. Frank.

25 And if you could, when you give your report, can you

1 direct us to what page that you're going off of.

2 SENATOR RUFF: Thank you, Mr. Chairman. The
3 Education Committee met yesterday, and the report is on page
4 67 of your book. We had 20 quality requests totaling almost \$7
5 million, but with a budget of \$3 million, so the staff worked
6 diligently to try to sort through those and come to a fair
7 conclusion. Fifteen were approved as recommended by staff,
8 with the exception of Grant Request 3017, which was re-referred
9 or referred to the Special Projects Committee, and I would move
10 that action.

11 DELEGATE KILGORE: On 3017, there is a motion to
12 move Request Number 3017 to the Special Projects Committee.
13 Do I have a second? All right, I have a second. I have a motion
14 and a second, any more discussion? All those in favor, say aye.
15 (Ayes.) Opposed? (No response).

16 SENATOR RUFF: Mr. Chairman, then I would move
17 that the other 15 projects to be approved as printed in the
18 paperwork.

19 DELEGATE KILGORE: Do I have any member that
20 wishes to remove any of the recommended actions from the
21 block?

22 SENATOR STANLEY: Yes, 3012 will be removed from
23 the block. Anybody else have one to remove from the block?
24 Senator, Chairman Ruff made a motion that we approve other
25 than 3012 in a block. That's so moved, and we have a second.

1 Any more discussion? All those in favor of approving that block,
2 say aye. (Ayes). Opposed? (No response). That block is
3 approved.

4 SENATOR RUFF: Mr. Chairman, I would move that
5 Project Number 3012, Virginia Early Childhood Foundation, be
6 approved. It was not at the level they had requested, but just
7 didn't have enough money to do as much as we would like to.

8 SENATOR STANLEY: Mr. Chairman.

9 DELEGATE KILGORE: I didn't get a second.

10 MR. OWENS: Second.

11 SENATOR STANLEY: Mr. Chairman, with regard to
12 3012, the Virginia Early Childhood Foundation, in speaking with
13 the representatives from that group, and as this Commission
14 knows, what they're trying to do is educate children at a very
15 young age in early childhood education and child care. Certainly
16 what we're seeing right now is children at that age, one out of
17 four is below the poverty level in the Tobacco Region Southside
18 and Southwest Virginia. This provides an excellent opportunity.
19 Sometimes we say things like we want to protect people here in
20 Southside from cradle to the grave. I think what this
21 organization does and which is relevant to the Tobacco
22 Commission is taking care of a child from a cradle to a NIMS
23 Certificate, and this is the cradle part.

24 In speaking with the representatives, we had left over
25 in the Education budget \$21,414. If there is \$20,000 added to

1 that \$110,000, they could fund another position and have a
2 match which would increase exponentially what they did and
3 what they do, even with a small amount, we're giving them at
4 the \$110,000 level.

5 DELEGATE KILGORE: You making a motion?

6 SENATOR STANLEY: I would make that a substitute,
7 a friendly substitute motion, no harm to the amounts allocated,
8 but I think if we have that amount added to this very good
9 program, I think we'll see results that will be quite beneficial.

10 DELEGATE KILGORE: How much are you asking for?

11 SENATOR STANLEY: Twenty thousand.

12 MR. OWENS: Second.

13 SENATOR RUFF: Mr. Chairman, I don't have any
14 objection to that motion, but I would encourage that it be
15 extended to allow the Executive Director to approve whatever
16 that additional \$20,000 and not just a blank check.

17 SENATOR STANLEY: Mr. Chairman, I have no problem
18 with the amendment to my substitute motion.

19 DELEGATE KILGORE: We have a substitute motion on
20 3012, would be \$130,000 appropriation.

21 SENATOR RUFF: With the understanding that the
22 foundation would have to offer a reasonable proposal for that
23 additional amount.

24 DELEGATE WRIGHT: We discussed if that's the best
25 way for the Committee to approach that for Southside --

1 DELEGATE KILGORE: Tommy, if I were you, I would
2 encourage them the best services. All right. I have a motion for
3 3012 for \$130,000 with the stipulations that were read. Any
4 other comments? Prepared to vote? All those in favor, say aye.
5 (Ayes). Opposed? (No response).

6 SENATOR RUFF: Mr. Chairman, that concludes the
7 report for the Education Committee.

8 DELEGAE KILGORE: All right. Now, we'll go to the
9 R&D Committee. If you'll turn to page 43, and Senator Carrico is
10 going to stand in for Chairman Byron.

11 SENATOR CARRICO: Mr. Chairman, I draw your
12 attention to page 43. The Committee met on May 12th in Rocky
13 Mount to review the vetting recommendations and the following
14 five projects that you see there on page 43, was recommended
15 for approval, totaling grants of \$9,192,347. I move we take all
16 five grants in a block.

17 DELEGATE KILGORE: You've heard the motion, does
18 any member require or wish to have any of the grants, the five
19 grants for funding to be removed from the block?

20 MR. MERRICKS: 2984.

21 DELEGATE KILGORE: 2984 is removed from the
22 block. Any others? We have four, 2987, 2981, 2980, and 2982.
23 Did I have a second to those?

24 DELEGATE MARSHALL: I'll second.

25 DELEGATE KILGORE: Delegate Marshall seconds. Any

1 more discussion on those four? All those in favor, say aye.
2 (Ayes). Opposed? (No response). Those are approved.

3 Now, to 2984.

4 SENATOR CARRICO: I move we support 2984.

5 DELGATE KILGORE: I have a motion and a second for
6 2984. All those in favor, say aye. (Ayes). Opposed? (No
7 response). One abstention, two abstentions.

8 All right, Delegate Wright, if you'll turn to page 52, we
9 have the Southside Economic Development Committee.

10 DELEGATE WRIGHT: Mr. Chairman, the Committee
11 met on May 12th in Rocky Mount. The staff recommended seven
12 proposals, and the Committee approved the staff
13 recommendations. My motion this morning is that we approve
14 the seven grant applications in a block.

15 MR. OWENS: Second.

16 DELEGATE KILGORE: I have a motion and a second
17 to approve the request for the Southside Economic Development
18 Committee and the staff recommendations in a block. Does any
19 member require or desire that any of these be removed from the
20 block? All right, I have a motion and a second. Is there any
21 more discussion of the request on page 52? Is everyone
22 prepared to vote? All those in favor, say aye. (Ayes). Opposed?
23 (No response).

24 All those are approved in a block.

25 Delegate Wright, is that your report?

1 DELEGATE WRIGHT: Yes.

2 DELEGATE KILGORE: Thank you, Delegate Wright.
3 Let's go back to Education.

4 SENATOR RUFF: Thank you, Mr. Chairman. I'm
5 sorry, I left out one. We also had a request for an extension,
6 Grant 1276 until October 1st of this year, and I so move.

7 MR. OWENS: I'll second.

8 DELEGATE KILGORE: An extension until October 1st of
9 this year, all those in favor, say aye. (Ayes). Opposed? (No
10 response).

11 Now, if you'll go to the Southwest Economic
12 Development Committee, page 63 and 64.

13 DR. REDWINE: Good morning, Mr. Chairman, page 63
14 or page 64 is where we begin. The Southwest Economic
15 Development Committee met this morning briefly, well, sort of
16 briefly, for us, it was kind of briefly, about an hour and a half.
17 We had an issue come up and we met this morning to consider a
18 request from the Hartwood Foundation, for funding for their
19 project. And there was considerable discussion among the
20 Committee.

21 And at the end, the Committee recommended the
22 approval of Grant 3045, 3-0-4-5, for the amount of \$600,000
23 with the following conditions: That this would be a one-time
24 fund, that Hartwood Foundation would present us with a business
25 plan within six months that would give them direction for the

1 next year, and that they would work with legislators and other
2 groups on improved signage and marketing for the Hartwood
3 Foundation over the next year.

4 So, with those conditions in place, I would make the
5 motion that we approve this grant for \$600,000 for the Hartwood
6 Foundation.

7 DELEGATE KILGORE: Any discussion? We've got a
8 motion and a second, and the members are prepared to vote. All
9 those in favor, say aye. (Ayes). Opposed? (No response).

10 DR. REDWINE: That concludes my report.

11 DELEGATE KILGORE: Thank you, Chairman Redwine.
12 Now, Special Projects Committee on page 97.

13 DELEGATE MARSHALL: Yes, Mr. Chairman, on page
14 97, we also met on May 12th in Rocky Mount, and we had an
15 approval of four grants totaling \$6,297,437, as shown on page
16 97. We had a request of \$14 million-plus, and we have \$6.2
17 million. So, I would move that we approve Request Numbers
18 3008, 3009, 3010, and 3011.

19 DELEGATE KILGORE: All these involve the megasite
20 preparation or megasite work, is that correct?

21 DELEGATE MARSHALL: That's correct. This Special
22 Project is designated just for megasites. This is not adding any
23 new megasites, this is only for the ones that we have funded in
24 the past.

25 DELEGATE KILGORE: Do I have a second?

1 MR. OWENS: Second.

2 DELEGATE KILGORE: I have a second. Anybody have
3 any comments, any member, or does any member wish to
4 remove one of these four from the block? Are you prepared to
5 vote? We have a motion and a second. All those in favor, say
6 aye. (Ayes). Opposed? (No response). The motion passes.

7 DELEGATE MARSHALL: On page 103, there are two
8 extensions shown, Grand Number 2264 and Grant Number 2491.
9 That will be extended until January 10 of 2017, and I so move.

10 DELEGATE KILGORE: Do we have a second? All right,
11 we have a second. All those in favor of extending those projects,
12 say aye. (Ayes). Opposed? (No response). Motion carried.

13 DELEGATE MARSHALL: The next is a change to Grant
14 Number 2264. This is a transfer of the electrical power right of
15 way to Appalachian Power as opposed to the City of Danville for
16 the megasite project, and I so move. That's on page 104.

17 DELEGATE KILGORE: I have a second. Any
18 discussion. All those in favor, say aye. (Ayes). Opposed? (No
19 response). All right, thank you.

20 DELEGATE MARSHALL: Again, at the bottom of page
21 104, this is not a megasite, this would have been our normal
22 Special Projects that we took up last fall. Piedmont Access to
23 Health Services was not quite ready for us to report, so they had
24 brought this back to us. Our Committee heard that and has now
25 made a motion to Grant Number 2936, in the amount of

1 \$400,000. That's on page 104, and I so move.

2 MR. OWENS: Second.

3 DELEGATE KILGORE: I have a motion and a second
4 on Grant Health Care, I guess it's Health Care proposal, on Grant
5 2936, to approve an award of \$400,000 for acquisition of the
6 Boydton facility bypass from USDA, and I have a motion and a
7 second. Any further discussion, comments, or questions? Are
8 you ready to vote? All those in favor, say aye. (Ayes).
9 Opposed? (No response).

10 DELEGATE MARSHALL: That's the Special Projects
11 report.

12 DELGATE KILGORE: If you turn to page 106, you
13 have the TROF.

14 DELEGATE MARSHALL: TROF met the Tobacco Region
15 Opportunity Fund yesterday afternoon, and we have four
16 proposals that we would like to report.

17 One is Halifax County, Project Roy, for \$120,000.
18 Wise County for Energy Enterprises for \$95,000. Bedford County
19 Project X is for \$20,000. And Tazewell County, Project Jonah, for
20 a 21-month extension.

21 DELEGATE KILGORE: Those are on page 106, 107,
22 108, 109, and 110. Anybody wish to remove one from the
23 block?

24 SENATOR STANLEY: I'd like to remove the Tazewell
25 County Project block.

1 DELEGATE KILGORE: That's on page 108. That
2 leaves us with three, Halifax County, Wise, and Bedford. Yes,
3 I've got a second. Anybody wishes, want to remove one of those
4 from the block? All those in favor, say aye. (Ayes). Opposed?
5 (No response).

6 DELEGATE MARSHALL: Mr. Chairman, I move that we
7 accept the Tazewell County project, Jonah.

8 DELEGATE KILGORE: I have a motion and a second.
9 All those in favor, say aye. (Ayes). Opposed?

10 We have one abstention.

11 DELEGATE MARSHALL: Mr. Chairman, on page 107
12 and 108, it shows the worksheet that TROF uses for the staff. I
13 wanted to bring this to your attention and show the new
14 members and some of the people that haven't seen this before.
15 And it's pretty self-explanatory, but it shows how the numbers
16 are derived.

17 MR. STEPHENSON: The TROF policy, pages 39 and
18 40.

19 DELEGATE MARSHALL: That's my report.

20 DELEGATE KILGORE: Now, we have the Executive
21 Committee which met yesterday and back in April. Frank.

22 SENATOR RUFF: Thank you, Mr. Chairman. I have a
23 series of motions to be made. First, the Committee recommends
24 that the Commission pay salary, fringe benefits, and travel
25 expenses in fiscal year 2016 for Mary Rae Carter in her current

1 capacity as Special Advisor for Rural Partnerships at a cost not to
2 exceed \$170,000. And I so move.

3 MR. OWENS: Second.

4 DELEGATE KILGORE: We have a motion and a
5 second. Any other comments. Members prepared to vote. All
6 those in favor, say aye. (Ayes) Opposed? (No response). All
7 right, that passes.

8 SENATOR RUFF: Mr. Chairman, the Committee
9 recommends that the Commission authorize the Executive
10 Director to enter into an MOU with VDAC for fiscal services at a
11 cost of \$55,000 per year. They have been providing a service,
12 this is an increase of what we paid in the past. And I so move.

13 DELEGATE MARSHALL: Second.

14 DELEGATE KILGORE: I have a motion and a second.
15 Any discussion on that issue? All those in favor, say aye.
16 (Ayes). Opposed? (No response). That passes.

17 SENATOR RUFF: Mr. Chairman, the Committee
18 recommends the proposed the 2016 Budget, as shown on the
19 printed version dated --

20 DELEGATE KILGORE: We had some new changes
21 yesterday.

22 SENATOR RUFF: If you review what was sent to you
23 several days ago, and there were some changes made that
24 reflected administrative changes, and we made a decision to
25 corpus invasion of seven percent, holding most of that money in

1 the general account, not when we necessarily need the money,
2 but it makes it available for us if it should be needed in the next
3 12 months.

4 DELEGATE KILGORE: Those dollars are needed and
5 that would require a two-thirds vote of everybody here.

6 SENATOR RUFF: Therefore, I would move that the
7 budget as presented on the second sheet be passed.

8 MR. OWENS: Second.

9 DELEGATE KILGORE: Any discussion on the budget
10 that's before you? Are you prepared to vote? All those in favor
11 of the budget, say aye. (Ayes). Opposed?

12 DELEGATE WRIGHT: No.

13 SENATOR RUFF: Mr. Chairman, as was said before,
14 on the endowment issue, the Committee recommends that the
15 Commission request that for the fiscal year ending June 30,
16 2015, the Treasury Board pay from the endowment to the fund
17 an additional seven percent of the endowment fund as of
18 February 28th, 2015 for a total of 15 percent for fiscal year of
19 2015, that said amount to be made not later than June 30, 2015,
20 and the amount so paid not be subject to restrictions.

21 Mr. Chairman, this will require a two-thirds vote.

22 DELEGATE KILGORE: We'll have to have a roll call
23 vote. Do I have a second?

24 MR. OWENS: Second.

25 DELEGATE KILGORE: Any discussion?

1 MS. CARTER: Abstain.
2 DELEGATE KILGORE: We have to have a roll call vote.
3 MR. PFOHL: Mr. Barnard.
4 MR. BARNARD: (No response).
5 MR. PFOHL: Secretary Brown.
6 SECRETARY BROWN: (No response).
7 MR. PFOHL: Delegate Byron.
8 DELEGATE BYRON: (No response).
9 MR. PFOHL: Mr. Cannon.
10 MR. CANNON: No.
11 MR. PFOHL: Senator Carrico.
12 SENATOR CARRICO: Aye.
13 MR. PFOHL: Ms. Coleman.
14 MS. COLEMAN: Aye.
15 MR. PFOHL: Delegate Edmunds.
16 DELEGATE EDMUNDS: Aye.
17 MR. PFOHL: Ms. Gould.
18 MS. GOULD: (No response).
19 MR. PFOHL: Mr. Harris.
20 MR. HARRIS: Aye.
21 MR PFOHL: Ms. Rasnick.
22 MS. RASNICK: Aye.
23 MR. PFOHL: Ms. Carter.
24 MS. CARTER: Abstain.
25 MR. PFOHL: Delegate Kilgore.

1 DELEGATE KILGORE: Aye.
2 MR. PFOHL: Delegate Marshall.
3 DELEGATE MARSHALL: Aye.
4 MR. PFOHL: Mr. Merricks.
5 MR. MERRICKS: Aye.
6 MR. PFOHL: Mr. Montgomery.
7 MR. MONTGOMERY: Aye.
8 MR. PFOHL: Mr. Moore.
9 MR. MOORE: No response.
10 MR. PFOHL: Delegate Morefield.
11 DELEGATE MOREFIELD: Aye.
12 MR. PFOHL: Ms. Moss.
13 MS. MOSS: Aye.
14 MR. PFOHL: Mr. Owens.
15 MR. OWENS: Aye.
16 MR. PFOHL: Dr. Redwine.
17 DR. REDWINE: Aye.
18 MR. PFOHL: Mr. Reynolds.
19 MR. REYNOLDS: Aye.
20 MR. PFOHL: Senator Ruff.
21 SENATOR RUFF: Aye.
22 MR. PFOHL: Mr. Shell.
23 MR. SHELL: Aye.
24 MR. PFOHL: Senator Smith.
25 SENATOR SMITH: Aye.

1 MR. PFOHL: Mr. Spiers

2 MR. SPIERS: Aye.

3 MR. PFOHL: Senator Stanley.

4 SENATOR STANLEY: Aye.

5 MR. PFOHL: Mr. Sutherland.

6 MR. SUTHERLAND: Aye.

7 MR. PFOHL: Mr. Walker.

8 MR. WALKER: Aye.

9 MR. PFOHL: Delegate Wright.

10 DELEGATE WRIGHT: Aye.

11 DELEGATE KILGORE: The motion passes.

12 SENATOR RUFF: Mr. Chairman, the next motion deals
13 with TROF. On page 39, you will see the new policy. It is not a
14 regular change, but we thought it should come to the Full
15 Commission for approval, therefore, I would move that the policy
16 be approved.

17 DELEGATE MARSHALL: Second.

18 DELEGATE KILGORE: We have a motion and a
19 second. The changes to the TROF policy, but most of it's the
20 same, but a few changes that are there. Is there any discussion
21 on that? Everyone prepared to vote? All those in favor, say aye.
22 (Ayes). Opposed?

23 DELEGATE WRIGHT: No.

24 SENATOR RUFF: Mr. Chairman, the next
25 recommendation is that the new Executive Director, Mr.

1 Feinman’s salary be set at \$120,000 per year, plus benefits,
2 effective beginning 5-26-15. So moved.

3 DELEGATE KILGORE: The reason we have to do that,
4 the Tobacco Commission has to set the salary. That’s why we do
5 that. Any discussion? All those in favor, say aye. (Ayes).
6 Opposed? (No response).

7 SENATOR RUFF: The final motion, Mr. Chairman, the
8 Committee recognizes and affirms that Tim Pfohl’s faithful and
9 continuing service to the Commission as Grants Program
10 Director, and recommends that his salary be set at \$110,000
11 beginning 5-25-2015. So moved.

12 MR. OWENS: Second.

13 DELEGATE KILGORE: Any discussion? For his faithful
14 and continuing service? All those in favor say aye. (Ayes).
15 Opposed? (No response). That motion passes.

16 SENATOR RUFF: Mr. Chairman, there seems to be
17 some question on whether I said \$120,000 or \$125,000 on the
18 previous motion, Executive Director Feinman’s salary.

19 DELEGATE KILGORE: One twenty-five.

20 SENATOR RUFF: I thought that I said that, too.

21 Just to clarify things, I would ask for reconsideration
22 of the 125, that Executive Director Feinman’s salary be set at
23 \$125,000 per annum beginning 5-26-15, and I so move.

24 DELEGATE KILGORE: All right. We’ve got a
25 correction, 125. All those in favor, say aye. (Ayes). Opposed?

1 (No response).

2 SENATOR RUFF: Mr. Chairman, that completes the
3 actions the Executive Committee took.

4 DELEGATE KILGORE: Tim, you have a few things
5 before we get into public comment.

6 MR. PFOHL: Thank you, Mr. Chairman. Just for
7 informational purposes for the Commission, in January of 2014,
8 the Commission received the report from the State Office of the
9 Inspector General after a yearlong study of the Commission. A
10 couple of months ago, the staff was approached by the Inspector
11 General's staff to notify us that they would be conducting a
12 follow-up study to see how the recommendations of the original
13 report were being implemented.

14 The staff were still in our offices going through files
15 and asking a lot of questions of the staff and we've been very
16 responsive and cooperative and hope that we will see a report
17 from them shortly that shows that the majority of their
18 recommendations have been implemented. So, we're awaiting
19 that report and will share that with the Committee and the Full
20 Commission electronically when we receive that.

21 Just a second quick item, you've heard me talk on a
22 few occasions about the Center for Rural Virginia conducting a
23 series of stakeholder input sessions in each of the planning
24 districts in the Tobacco Region. We received that report and the
25 final publication from the Center for Rural Virginia a couple of

1 weeks ago. Last night, they sent us a drop box link, so we will
2 be emailing to the Commission the link to that drop box where
3 you can sign in and read the report. If you want to see a hard
4 copy, we'll make that available for you, as well. So, those are
5 two things that have been in the works to help us inform the
6 strategic plan update that's coming forward and some of the
7 other things that we'll be taking on in the next year or so.

8 DELEGATE KILGORE: And they're back. Are they
9 focusing on last year's report?

10 MR. PFOHL: They have gone pretty step by step
11 through the observations and comments that were made in the
12 initial report, and we're responding to those as they ask for
13 follow-up information.

14 DELEGATE KILGORE: Do you recall, those of us in the
15 legislature, we set that group up for fraud and wastes. Now,
16 they're getting a lot into policy, and that's just my take on it.
17 Does anyone else have any comment? Anyone else have any
18 comments?

19 SENATOR RUFF: Mr. Chairman, I think it would be a
20 good time for us to have an update from Bruce as to where we
21 are with the Centers of Excellence.

22 MR. SOBCZAK: Thank you, Mr. Chairman and
23 members of the Committee. We are meeting with the individual
24 leadership with each of the COEs. We've already met with New
25 College Institute, and we plan to meet with others, and also a

1 meeting in South Boston.

2 So, today, we have equipment in place or being
3 procured now. So, we spec'ed up the equipment, it's not spec'ed
4 up by plan, but by capabilities, so it will be of a nature to teach
5 advanced manufacturing methods and theories. So, facilities are
6 being in place, being upgraded. The collaboration I think in the
7 area is the big part of the story. Certainly, they're reaching out
8 and working really well with the community colleges, each and
9 every one of them.

10 As you recall, part of the mission of the COE is to help
11 increase the capacity and capabilities of the community colleges,
12 to work with them, as well. So, the collaborations are really well,
13 are going very well, and they're strengthening all the time,
14 particularly highlighting South Boston is working with Southern,
15 or Southside Virginia, by a collaborative effort, we're doing the
16 transitioning out there from Fort Lee. So, it's a unique
17 collaboration and that press release will be out next week on that
18 project.

19 It's quite an interesting project. It shows great
20 collaboration, great collaborations here with the New College
21 Institute, with Patrick Henry has a great program going on over
22 there. Certainly, very, very promising, it's strengthened that
23 relationship here and it really increases the capacity to produce
24 these, these high tech advanced manufacturing technicians.

25 In the far west, there is a facility, and they've got

1 great collaboration reaching out to four different community
2 colleges and some satellites that are going to be fully funded.
3 They are looking now, as you know, they are partially funded for
4 the first time, so we are getting a wrap-up on where the first part
5 of the funding stands and what their ask and priority is for the
6 next phase.

7 SENATOR RUFF: Bruce, is the equipment coming in as
8 it should be coming?

9 MR. SOBCHAK: Yes, you see some of the equipment
10 right on the floor here, that equipment is all stacked out here at
11 the New College Institute. The equipment has been identified
12 and I believe being purchased as with South Boston. They're
13 placing equipment at some of the partner organizations with Bill
14 and the satellites and that first, and focusing on welding in their
15 incubators. So, a lot of that is still on purchase and the plans are
16 all ready, spec'ed out, and being executed.

17 MS. CARTER: Mr. Chairman, just to follow up, anyone
18 here that's in charge of the Centers of Excellence to speak about
19 what they're doing, and is there anything that the Commission
20 can do to help you further.

21 DR. ADAMS: I'm Betty Adams, I'm the Executive
22 Director of the Southern Virginia Higher Ed Center, and we're
23 working with the Southside Virginia Community College and the
24 Danville Community College on collaboration that we are calling
25 the SOFA Center for Manufacturing Excellence. Mary Rae, what

1 was your question?

2 MS. CARTER: Is there anything we can do to assist
3 you in the collaborations or anything that you think the
4 Commission can do other than money to help you move your
5 process along?

6 DR. ADAMS: From our perspective, at the SOFA
7 Center, we've gotten great support from Tobacco Commission
8 staff and from the CCAM staff. And I can attest to what Bruce
9 has just said about the collaboration, particularly with our
10 Southside Virginia Community College partners and the Fort Lee
11 project, I think is the tip of the iceberg for us. So, I can't think
12 of anything other than money that I can ask for at this point, but
13 we are very pleased with our progress and we're looking forward
14 to sharing that with Tim and with Sarah this afternoon.

15 MS. CARTER: Please note that we would like to help.

16 DR. ADAMS: Thank you, I'll remember that.

17 MS. STEPHANIE SURRETT: Good morning and thank
18 you so much. My name is Stephanie Surrett, and I'm the
19 Director of the Southwest Virginia Advanced Manufacturing
20 Center of Excellence, our main campus in Abingdon. We were
21 going to have, and currently standing up three satellite centers
22 and seven different learning sites, so we are really covering all
23 across Southwest Virginia. Money take off the table, because
24 that's always number one. Most recently, we've had an issue
25 come up, getting some of our instructors certified through a

1 partner agency, I don't know really how much influence you have
2 with Siemen's, but other than that, everything seems to be on
3 track and on schedule.

4 It's very exciting to see a true collaboration across
5 Southwest. We also have great foundational programs within our
6 community college and our partners. And we are also getting,
7 we have a new, really a new vision of what Southwest to be.
8 Truly developing the top line from middle school, high school, to
9 the community college, to the COE, and potentially onto
10 advanced manufacturing, wants to pursue that. Our
11 manufacturers in Southwest are driving the COE and having their
12 input on a daily basis and all that information has been very
13 valuable.

14 So, as far as what the Commission can do, continue to
15 fund us, I know money, you said don't worry about that, but, and
16 just this work has been tremendous, also from CCAM, and the
17 other COEs have been very wonderful, too, offering information
18 and assistance. Thank you.

19 SENATOR WILLIAM WAMPLER: Mr. Chairman, William
20 Wampler, Executive Director of the New College Institute. Thank
21 you very much for your efforts in helping funding CCAM's
22 Director of Economic Development, Joe Anwyl. Joe brought
23 prospects to the region, not just here, but also throughout
24 Southern Virginia. So, when I sat on your side of the table, I
25 said what does the investment yield, and our Economic

1 Developer in Henry County would say because of CCAM and the
2 investments that the Tobacco Commission has made, Kilgour
3 Industries decided to locate in this region, K-i-l-g-o-u-r, 55 jobs,
4 \$27 million in capital expenditure, a metal coating company.

5 So, your model is working. Your intended result is are
6 we going to drive capital investment and create employment
7 opportunities? Specifically, our equipment replaced six of the
8 seven pieces of equipment. Eastman, a multi-billion dollar
9 company, headquartered in Kingsport, Tennessee, came to this
10 region two years ago, they're now part of what is a very central
11 focus of the COE is, trained over 750 employees in performance
12 film, we are North America's largest concentration of
13 performance-filled manufacturing. Your funding in the COE
14 helped us bring that million dollar piece of equipment to make
15 sure that that company remains profitable and gross market
16 share throughout the world.

17 The biggest weakness or challenge I think that I have
18 and I think the other COEs would say is how do we develop
19 faculty? Bruce Sobczak is helping us there greatly. I think that
20 the partnerships with the community colleges are absolutely
21 working and they are providing the foundational course. The one
22 bit of unsolicited advice I can offer you is make that blank as
23 wide as you can at the bottom level in terms of student
24 enrollment so that you can keep up with the demand for future
25 business opportunities that will become available. That's the

1 advanced equipment supervisor, Bruce is also helping us with
2 that, we're moving forward, and the partnership is working.
3 Thank you.

4 DR. ADAMS: Can I have a second bite at the apple
5 quickly. One thing that I do want to make the Commissioners
6 aware of is that as an enhancement to our COE proposal, we said
7 that we would go after a regional transportation solution for
8 Southern Virginia because our region will cover a lot of counties,
9 and we're using a distributed model to provide foundational and
10 advanced level homes throughout the 11-county region. We
11 realized that looking at the map that transportation was going to
12 be a problem. We also realize that transportation is a challenge
13 for many other reasons other than educational access.

14 So, I want you to know that we have secured a
15 Department of Rail and Public Transportation grant, technical
16 assistance grant, and we will be conducting a feasibility study to
17 see about the possibility of developing a regional transit project
18 in a 12-county area in Southern Virginia. So, I wanted to make
19 you aware of that.

20 DELEGATE KILGORE: Thank you.

21 MR. SOBCZAK: If I could comment further. Certainly
22 what was brought up here with the instructors, that's what keeps
23 me up at night and gives me heartburn. This is a huge project,
24 but we can do the bricks and mortars and we can put together
25 the project, but this all means nothing if we have all these faces,

1 and that if we don't have that core on the ground making that.

2 Now, we have two sources for these instructors.

3 There's one I call the professional expert, the person, the
4 practitioner out there who is making a lot of times six figures,
5 working in industry, and wants to give part-time. We need to
6 develop a way to bring them into the classrooms just for specific
7 targeted areas. We're working with, we're doing a lot of online
8 training and we'll also get into some online training for these
9 professional experts to learn how to teach formally. They all are
10 successful in their field, so they have taught informally, but they
11 need to be taught how to teach in a formal setting.

12 The other part of this equation is the professional
13 instructor out there in community colleges and universities and
14 other centers that need to be brought up on the latest
15 technology. Sometimes, you know, they're out there and they're
16 isolated, they can't be exposed to the very latest things. I think
17 CCAM could be a very great asset to that.

18 As you know, from our membership, sometimes when
19 I'm there in their building, I go down and get a cup of coffee and,
20 oh, who are you, you know, man of major cutting tools, I say
21 cutting tools, and there's one of their top engineers there doing
22 research. If we can bring in instructors together with them, they
23 would be more than willing to share their knowledge in that.
24 Some of the things that Tim and I have talked about in the past
25 is having some resource facilities near CCAM so we can leverage

1 those people and use those, so they can share that knowledge.

2 Certainly, as we look across the geographic
3 challenges, the online training that we're developing is very
4 interactive and very useful and will play a key role in this. This
5 will help us reach these populations that really are the traditional
6 pipeline, so to speak.

7 SENATOR KILGORE: Thank you.

8 DELEGATE MARSHALL: Mr. Chairman, I'd like to ask
9 is Jerry Gwaltney here? I see him in the back row back there.
10 Jerry, can you come forward, please. Jerry is head of the
11 Institute for Advanced Learning and Research. And, Jerry, while
12 you can collect your thoughts by the time you get from there to
13 the podium, what I'm going to ask you is to talk to the group
14 about what happened last Friday, and then I'll make some
15 comments.

16 MR. GWALTNEY: I should have got out when I had a
17 chance, I was getting ready to slip out, and so you put me on the
18 spot. As many of you may know, we did cut the ribbon and the
19 Governor came in and cut the ribbon for the, for our Capstone
20 program and precision machining. That program was put
21 together by industry itself. And we have in the program, we
22 have about \$5 million, and all of that was raised by private
23 industry, because they felt like this is what their needs were.

24 This is the precision machining, which takes the kids
25 from the technical center all the way up through the community

1 college program and then goes through a higher step level where
2 they, we call it Capstone, where they will take an extra year. We
3 already have about 15 students signed up, we have some are
4 coming from other portions of the state.

5 The first cohort students will go through August. It's
6 a flow-cell setup, so basically if you go to a major manufacturer,
7 such as Rolls Royce, you will see where they get the actual
8 experience. Also, there are other things with this, and a learning
9 process of not just the machine, but all of the things that go with
10 that like, the leadership and all of those types of things.

11 You caught me off guard, but I hope that gives you a
12 little idea of what we have. It's a collaborative effort between
13 ILR, the institute and the community college. We did that so
14 there'd be no duplication of effort. I might add that from our
15 perspective, and I understand the staffing, and I understand the,
16 what is needed there, we have been able to staff the center with
17 some people that originally got their education at DCC, and then
18 moved on to Rolls Royce, and have come into, to, come back
19 home, and we found that most of these kids, and I've talked to
20 everyone that went through the DCC Program and moved on to
21 Rolls Royce, really want to come back home and will come back
22 home. We're seeing that happen.

23 We certainly feel that every graduate that comes out
24 of there will be placed at a very, very high salary.

25 DELEGATE MARSHALL: The reason I brought this up,

1 this will be where you go to a community college for two years in
2 the machining program and this would be year three. And I
3 understand that, the reason I'm telling you all this, is that people
4 from, this is not just Danville and Pittsylvania County, but you're
5 attracting people from all over the state. I understand that there
6 were four from Wytheville Community College there just last
7 week looking at this program.

8 So, this is a program that Babcock and Wilcox, they've
9 got 200 machinists on the floor there now, who says that this is a
10 real need, so it's, this is going to set us apart. But it's the only
11 one in the U.S. right now that is set up like this.

12 MR. GWALTNEY: That's great. Yes, I might add I
13 talked to the firm and to the four students, and one of the things
14 that we had committed, that this is not just a Danville,
15 Pittsylvania County situation or whatever. The recruitment will
16 be all over the state. And we have a real estate firm working
17 with those families for the location of those students. Thank you.

18 DELEGATE KILGORE: Thank you. Any other
19 comment?

20 SENATOR CARRICO: Mr. Chairman, before we move
21 on, there is a clarification in the R&D Committee. As temporary
22 chairman, I fumbled the ball. There was other business that we
23 did take up in the R&D Committee, and that was an extension for
24 the Appalachia America Energy Research Center that the
25 Commission approved a grant of \$750,000 in July, 2009. The

1 Committee recommended a one-year extension on that grant to
2 July 31, 2016 for operating costs and of building upgrades. I
3 would move that we adopt that recommendation for the
4 extension.

5 DELEGATE KILGORE: I have a motion and a second
6 to extend Grant Number 1840. All those in favor, say aye.
7 (Ayes). Opposed? (No response).

8 All right, thank you.

9 Any other public comments?

10 MR. PFOHL: Mr. Chairman, I'd like to take a moment
11 of personal privilege here. I just want to take a second to thank
12 everyone for the support that I have enjoyed in the 21 months as
13 Interim Director of the Commission. It's been a tremendous
14 professional challenge and opportunity, and everyone among our
15 grantees and constituents have been very respectful and
16 understanding of the demands placed on the staff, as we were a
17 little bit short-staffed over the last nearly two years. Every
18 single member of the Commission staff has pitched in to help
19 carry the load and taken on additional duties in support of me in
20 this role. And everyone on the Commission has been
21 tremendously supportive. It's been a fantastic experience for
22 me, and I want to just express how appreciative I am of
23 everyone's support and, frankly, how relieved I am.

24 DELEGATE KILGORE: I want to remind everybody
25 that I will be sending out a form to those two committees, the

1 Strategic Planning and the R&D, both, and who would want to be
2 appointed, make sure you let Tim know that. And that Strategic
3 Planning Committee though is going to be a working committee
4 and you're going to start meeting soon because we have to have
5 the strategic plan completed, we set a goal that we want to make
6 sure we have it completed by sometime in October or sometime
7 in that timeframe. So, you all are going to try to meet to step in,
8 there is a plan, I think, that try to get someone to come in and
9 help facilitate a day or two long workshop so you can get some
10 things moving on that. So, if you could, that is anybody that
11 hasn't responded, either respond to myself or Kim about being
12 on the Strategic Planning or the R&D Ad Hoc Committee.

13 The announcements, the tour, Senator Wampler is
14 ready to take you all on a tour. If you want to meet in the lobby
15 after this meeting. They have two other important
16 announcements for lunch.

17 MS. CARTER: Yes, right outside these doors.

18 DELEGATE KILGORE: Right outside, and the shuttle
19 will be out front.

20 MS. CARTER: At 11:45.

21 DELEGATE KILGORE: At 11:45.

22 MS. CARTER: Talked about inviting the members
23 from stakeholders to be a part of the --

24 DELEGATE KILGORE: I think, I think they are, some
25 of those are mandated by statute. We have to make sure we get

1 economic developers and planners.

2 All right. Any other business to come before the
3 Commission? If not, I want to thank you all for your attendance
4 and all of those who won't be back, we just want to thank you for
5 the work you've done and thank you for your service, you've
6 done a great job.

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9 **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, May 21, 2015, at 10:00 o'clock a.m., at the New College Institute, Martinsville, Virginia.

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this _____ day of May, 2015.

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

MY COMMISSION EXPIRES: October 31, 2018.