VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Research and Development Committee Meeting
Wednesday, April 28, 2010
2:00 p.m.

Hotel Roanoke
Roanoke, Virginia

APPEARANCES

The Honorable Philip P. Puckett, Chairman
The Honorable Kathy J. Byron, Vice Chairman
Ms. Linda P. DiYorio
The Honorable Daniel W. Marshall, III
Mr. Buddy Mayhew
Ms. Connie L. Nyholm
The Honorable Edward Owens
Mr. Kenneth O. Reynolds
Mr. James C. Thompson
The Honorable William C. Wampler, Jr.

COMMISSION STAFF

Mr. Neal Noyes, Executive Director
Mr. Ned Stephenson, Deputy Executive Director
Mr. Timothy J. Pfohl, Grants Program Administration Manager
Ms. Sarah Capps, Grants Program Administration Manager
Ms. Stephanie Kim, Director of Finance

COUNSEL FOR THE COMMISSION

Mr. Francis N. Ferguson, Esquire, Counsel for the Commission

April 28, 2010

SENATOR PUCKETT: I'm going to call the meeting of the Research and Development Committee to order and ask that Neal call the roll.

MR. NOYES: Delegate Byron?

DELEGATE BYRON: Here.

MR. NOYES: Ms. DiYorio?

MS. DIYORIO: Here.

MR. NOYES: Delegate Marshall?

DELEGATE MARSHALL: Here.

MR. NOYES: Mr. Mayhew?

MR. MAYHEW: Here.

MR. NOYES: Ms. Nyholm?

MS. NYHOLM: Here.

MR. NOYES: Mr. Owens?

MR. OWENS: Here.

MR. NOYES: Senator Puckett?

SENATOR PUCKETT: Here.

MR. NOYES: Mr. Reynolds?

MR. REYNOLDS: Here.

MR. NOYES: Mr. Thompson?

MR. THOMPSON: Here.

MR. NOYES: Senator Wampler?

SENATOR WAMPLER: Here.

MR. NOYES: We have a quorum Mr. Chairman.

SENATOR PUCKETT: Next item on the agenda is to approve the minutes of the January meeting?

SENATOR WAMPLER: So moved.

SENATOR PUCKETT: It's been moved and seconded we approve the minutes. All those in favor say aye (Ayes). Opposed no. (No response). The minutes are approved. Before we go to the next item on the agenda, the Executive Director has a couple of things he needs some direction on.

MR. NOYES: The first item is indirect costs; the Committee discussed indirect costs last July and did not establish clear policy to guide us. Last July our recommendation was to allow pro rata cost sharing where the third party financing partner had established an allowable rate. Most federal entities engaged in energy related R & Ds do this but it's not clear, however, that the private sector partners are so inclined. I would remind the Committee that the Commission approved $750,000 for each of the five applicants for operational expenses. I continue to believe that this support for three years should be sufficient unless and until there is direct third party participation, financial participation. If in another couple of years this needs to be

revisited, there certainly will be that opportunity. I'm anxious to hear from members of the Committee if that's how you wish us to proceed as staff when we do our recommendation.

SENATOR PUCKETT: Does anyone have an opinion on that? Hearing none, I would suggest that we move forward as we instructed and planned to do unless something changes in that and we have to make a change from what we originally planned to do.

MR. NOYES: Very well.

SENATOR PUCKETT: Do you need a motion?

MR. NOYES: I don't need a motion, I just need there to be a clear understanding because staff will evaluate applications if there is or where the Commission is asked to be the sole funder of indirect costs that will be something noted in the staff recommendation and the staff recommendation probably won't want to go forward with that.

The second matter is that several applications are quite clear that revenues will be generated at the post approval concept state. It seems to me entirely consistent with the intent of the program that there be a stipulation that any such revenues be used by the grantee for purposes consistent with the objectives of the Commission's investment that is ongoing R & D rather than a bottom line contribution to some third party financing partner. What is the sense of the Committee, where revenues are going to be generated at the

demonstration stage?

DELEGATE MARSHALL: How would we know that, would we have to audit them?

MR. NOYES: It would have to be disclosed, that would be part of the agreement. If the applications come in and are clear and in some instances with specific numbers on it and the potential for revenues generated not from a commercial level facility. This is from the demonstration state that which you are funding at this point. I'm not suggesting they come back to the Commission unless that's what this Committee wished but they accrued to our grantee for use on R & D activities rather than go to a private sector partner that could be used for any purpose.

DELEGATE BYRON: That will continue during the commercialization?

MR. NOYES: The Commission hasn't dealt with that next level where we may be asked to fund a $50 million project. That becomes a different matter because that's going to require the partner in that to have significant amounts of financing.

SENATOR PUCKETT: Any other comments? I would think we would want to continue to have control over any funding that is there with the Commission and our applicant but turn that lose to a third party where we have no control I don't think we would want to do that.

MR. NOYES: Our grantee could come back to this Committee at some point and say this is what we'd like to do with these funds, that is to turn it over to whoever for whatever purpose and this Committee could then decide at that point. At the demonstration stage, many of the applications that we get by definition are for demonstration projects but if they're going to generate revenue we ought to know about it and it ought to accrue to our grantee than directly to third parties. That's my view on it.

SENATOR PUCKETT: Is there anyone that would disagree with that? All right.

DELEGATE MARSHALL: Have you talked to any of the applicants about this?

MR. NOYES: No.

DELEGATE MARSHALL: What is the down side?

MR. NOYES: That some applicants, some third parties might be less willing to participate in a project if this policy is adopted, they're not going to earn revenue right away. This program is for research and development and it's not for commercialization. It seems to me that if we're generating revenue, it should be used for ongoing research and development rather than for some other purpose. If there's an applicant that has a 50 percent equity stake for example, in a project and the agreement could be written that

if there are revenues that some portion of that or a pro rata share, the point is that some of these demonstration projects are going to be capable of producing revenue and may never get commercialization and that may not happen. We hope it will but it's possible that it will not. If that's the case, then we've created an income stream where somebody that's not taking us where this Committee hoped they would go.

SENATOR PUCKETT: Any other questions or comments? I would hope or suggest that we maintain control over revenue generated and the way to do that, I think, is to make sure that we abide by the direction that the Executive Director has talked about here. It doesn't mean we can't change that at some time down the road if things do go forward and we have revenues produced toward commercial type projects or whatever direction it might go. In that demonstration stage, I think is the time that we need to maintain as much control over the revenue generated as possible.

That moves us to the next item on the agenda, the economic development partnership findings. Jerry, would you share that with us?

MR. GILES: Good afternoon ladies and gentlemen. I'll stand over here so I don't block the view of those in the audience. Neal asked me to kind of keep this to five minutes. The slides have a lot of information on it but I

think it's important to share this with you. Basically the inaugural view under this new process. The top part of the slide lets you know what we actually went through for the full due diligence venting exercise. As the top slide indicates, our task at VEDP, what we did in this process. For the first review process, I selected the members of the panel and the team and they're listed there. In most cases the team leaders, those individuals review panel's operation, and the VP research at the university level. For us you can see that we did this research at the university level and the same is true for SRI International. This is the first time through this process and we really didn't know exactly how to scale it out in terms of the cadence of the process. I listed here the milestones I have set up for the process and it actually went quite well. There's a lot of activity represented in those milestone activities. One of the things we did in this process that I think is noteworthy is that once the individual teams and their expert reviewers submitted their scores back and then those came in on March 29th, I basically took and decoded those so you wouldn't know whether it was the University of Virginia and names of teams and then posted all of those scores and the team leaders. Simultaneous with that we provided guidance to each of the applicant teams as to precisely what the full review panel would like for them to focus on and they came in for the April 8th face to face meeting presentation. That would be driven by

basically those areas that were not clear or perhaps those areas where we wanted people to get a more robust defense of their particular point of view. On April 19th the final scores were submitted to the Tobacco Commission Executive Director and his team along with not only the numerical scores in these areas but also comments from the overall review panel.

The next slide, a very key element of the whole process is basically the scoring element. You'll see here there are five scoring elements under the scientific tract, the type of evaluations and there happens to be and there's nothing magic about this, five on the commercialization side as well. These are key and I think as I indicated in the very bottom of the slide and I recommend to the Tobacco Commission staff and R & D Committee, now that these are established and kind of public information, you may want to incorporate those more closely in the application that's used or at least post it so teams coming in know exactly how the scoring process is going to operate. In the red ink here I basically suggested there were some things we saw in the process that really applied to the whole population.

The first I've listed refers to competing technologies and we expect folks to understand where their particular science and commercial plan may fit in the competitive landscape. Generally speaking and that's why I said generally, we would encourage teams to elevate their

game in that particular area and in other areas elevate their game to project milestones. To a team, everyone was given instructions to basically give us more detail and clarity and whose going to do it and whose going to pay for it. The review team leaders, if you will, said we need to really focus in on that. That's critically important based on the guidelines that we suggested last July, you need to keep score. If you decide to fund a particular application and people need to be held accountable and we're all held accountable, including this process as well. Another area of weakness, kind of across the board was the compelling business case that says there's a market for this. People are interested and willing and ready and anxious to buy this particular mousetrap as soon as you get it ready for the marketplace. I didn't see a whole lot of compelling external research and encouraging teams in this group of teams that will come after you to develop deeper in that and give us a little bit more information to deal with. My five minutes is probably coming to an end and I'll just mention a couple more things. The very last statement at the bottom here, here's the way the scoring is going to be dealt with in terms of the subject area concentrations and we need to lock down the process if you will, for tracking and elevating milestone performance on those particular grant applications. If you have any questions, I'll be glad to answer.

SENATOR PUCKETT: Any questions?

DELEGATE BYRON: Looking at your milestone date, I understand that you actually advised applicants of your scoring like you just showed us the scoring process. Then before that, would they have an opportunity to come back –

MR. GILES: - They were advised of that before they were asked to submit their best and final.

DELEGATE BYRON: The scores you have before us, some of these are your final after all of the above?

MR. GILES: Yes. Those are the final lockdown scores.

SENATOR PUCKETT: Any other questions in regard to what Jerry has shared with us?

DELEGATE BYRON: Are you doing an application with us? It would make it easier for us to get to those questions might arise after we actually look at one.

MR. GILES: I'm at your service.

SENATOR PUCKETT: Jerry, why don't you run through one with us so we can get an idea? Why don't you go ahead on the first one and take us through actually how you arrived at the scores?

SENATOR WAMPLER: Mr. Chairman, before we get into that, I don't want the members to go to the pages I'm going to reference but on page 50, I find what I think are staff recommendations on the projects that are before us.

MR. NOYES: We have two sets Senator. One is the ones that have been vetted and I think that's what has been referred to and we have some new ones.

SENATOR WAMPLER: Is there one sheet that has the matrix that we can compare all of them to?

MR. NOYES: That's certainly something that can be done in subsequent rounds and that would be easy to do sir.

SENATOR WAMPLER: You just want us to go by each project then and try to recall at the end, is that what you're saying?

SENATOR PUCKETT: I think that's what Delegate Byron wants. Let me also say that I hope those folks that are here, your project is here and application. You will have an opportunity to speak to it. If you want to do that, we don't have all afternoon but we hope to give each one of you a chance to speak.

MR. GILES: Mr. Chairman, the teams that are here representing this group, they have not seen the score cards.

MR. NOYES: These have not been disclosed; the final scores have not been disclosed.

DELEGATE MARSHALL: Jerry, maybe I misunderstood Delegate Byron's question and April 2nd it says all scoring posted for team leaders; grant applicants given

detailed focus on content, April 8th.

MR. GILES: That refers to what they should focus on in 45 minutes allocated to each of the teams on April 8th. They had six days advance notice to say that when you come in for the face to face presentation, please focus on these key areas.

SENATOR PUCKETT: It's been suggested that maybe the way we need to proceed; we take the highest scored applications and hear from those.

DELEGATE MARSHALL: All those folks out there are wondering who was.

SENATOR PUCKETT: Jerry, would you be willing to share the scores? By the way, Commission members have seen this; we saw it a week ago I guess online. Is there any agreement that we take the highest scores and go through that and let Jerry address those and maybe that will help us understand how the scoring came about. If we have particular questions about it or before we start through this process and obviously the process will be ongoing, but our intent, as I said, is to have everyone be given an opportunity to speak to your application. I want to reiterate what I said in the last meeting that because you're not on the top of this list, or you haven't scored as well as you should have, does not mean that you're out of the process because this is an ongoing process. Hopefully you're be able to take the explanations in these

reports which we will make available to you I guess after this meeting. I'm the one that made the choice not to put the scores out because I didn't want political wheels to be turning until we had a chance at least to talk about the process we're going to walk through. Ned has handed to me here the total of the scores. I'm going to say that we take the 2006 application, Dan River is the highest scoring, 2006 Dan River 6.34 if you want to write this down and we'll try to make these available to you. The next is 2022, Martinsville. Then the third highest score on the application is 2010 Wythe County IDA, 5.69 then the fourth one is application 1961, Virginia BioTech Research at 4.48. Then application 1991, Danville, 3.64.

Now, again at the suggestion of committee members, I'm going to ask that Jerry, if he will briefly help us understand how application 2006, the Dan River Project is scored. Am I asking something that's not fair to you Jerry?

MR. GILES: No.

SENATOR PUCKETT: After we go through this process, we'll let each one speak in the same order.

MR. GILES: Mr. Chairman, for the benefit of the audience and it's not on the slide, on the numeric scoring pieces, those 10 elements about commercialization we asked the expert reviewers, and they had from February 22nd until March 29th to do the deep dive into each one of the applications. You had 9 teams and 45 detailed responses that

came back in at the end of March and getting ready for the face to face presentation. The scoring system was four and in the mind of the expert reviewer, four means that you exceed my expectations for what I thought I'd see in terms of those individual 10 elements. A three means you met my expectations solid. A two is defined as falling short of expectations in some aspects. Number one means you don't meet the expectations as a scientist or engineer as an expert in the field for what I expected to see was your argument, so we used the four point scoring system.

In the case of application number 2006 on the science track, the overall average score on the science portion and those five elements was 3.22 relatively strong. With respect to the commercialization track the average score on the application was 3.12. Under each of these scoring sheets there are comments relating to that overall scoring population. Whether it relates to milestones, how your science is, how strong or how weak your valuation process happens to be in terms of commercialization.

I'll go to the next one. 2022. On the scientific track, average score was 3.03. On the commercialization track the average score was 2.93, still pretty soft with some pertinent comments in terms of each of their scoring if you will.

SENATOR PUCKETT: 2010 Jerry.

MR. GILES: On the scientific track the overall scoring process yielded an average score of 2.78, on the commercialization track an average score was 2.91. Also again with suggestions and comments and things that the review panel felt was important and some of which you heard and some of which you may not. The next one is 1961. Average score the science track, 2.32. Average score for a commercialization track, 3.16. The next one is 1991; scientific track average score is 2.00, commercialization track average score 1.64.

SENATOR PUCKETT: Thank you Jerry. Any questions about how the process worked? Delegate Marshall.

DELEGATE MARSHALL: Let's go back to 2006 for example. I'm using this as an example. The purpose of this group is not for R & D sake but for commercialization. What we're trying to do is get jobs. Should we as a committee or a group look at the commercialization track number more so than the scientific track? I guess where I'm headed Jerry is did your group talk about that? From my standpoint, I'm not so worried about science; I'm worried about creating jobs and sustainable jobs in Southside and Southwest.

MR. GILES: I did not discuss it with the entire group of 9 team leaders per se. I will tell you that there is no special weight. Everyone of the 10 scoring elements has an equal weighting in the score I read off to you now. If it is the

view of the Research and Development Committee that you would like to have commercialization scores count for more than one, that's fine but in this particular package they're all equal.

DELEGATE MARSHALL: I'd like to get staff's thoughts about this.

MR. STEPHENSON: I would observe Mr. Chairman that the rank for the total score and the rank for the commercialization score is the same. If commercialization is important to you, the rank is the same.

DELEGATE MARSHALL: Neal, have you all thought about it or do we put more importance on the commercialization side than we do on say the science side?

MR. NOYES: No, we have not come to any conclusion on that. We recognize that commercialization is the ultimate objective. Some of these projects and some of the expert's comments say the fact that we don't see it now doesn't mean that it's not possible in the future or that it will happen because the science is good. That's actually on a note here on one of them as I recall and I read it. Senator Wampler asked me a minute ago did staff have specific recommendations after having seen these. We have not developed any written recommendation. It does seem clear to me that after 9 experts evaluated this and if the aggregate scores exceeded their expectations or at least met their expectations, those are

projects that perhaps the Committee should take very seriously.

MR. GILES: I would also point out if I may, one of the projects; the BioTech Project really is not necessarily pure science. Nobody has done what this project proposes to do anywhere. The approach of that particular team is not necessarily recreating brand new science and some of this has been around a long time. Basically taking the technology and take it to market so it's really almost completely commercialization.

MR. NOYES: It's an endorsement of the science, it's an endorsement of the near term commercialization.

SENATOR PUCKETT: Any other questions or comments?

MR. MAYHEW: Mr. Chairman, I would comment that I spent a fair amount of time reading through these and took several attempts to maybe kind of hopefully get my brain around it. I do think that VEDP did an outstanding job as far as going through it in detail and giving us some very good guidelines to follow. I think the ranking makes a lot of sense. I also think that in addition to the ranking system that some of the comments they made and in some cases even overrode some aspects of the ranking system. You might have a fairly good ranking system and there might be one

commentary that leads you to believe maybe commercialization might not be where you want it to be. I'd simply say that I kind of agree with what the Director said a moment ago that ones that are rated high and one in particular, I feel really good about approving that. Some of the ones that were looked at closely you're going to find some problem areas with, and I don't know whether we need to go through those in detail now and maybe have some of those have another opportunity, maybe they need to take another opportunity and an application and try to improve on it. I feel real good about the infrared application as opposed to the rest of them.

SENATOR PUCKETT: Anyone else? I know you don't have a copy that Ned gave to me but if you look at the total scoring, it's actually three of the projects that stand out clearly above the other two based on the experts looking at it. It seems to me we could probably take those three based on what we've seen up to this point and the score of the Committee that looked at this and maybe do those in a block and say these are the ones we're going to move forward with and the other two that are on there, are ones that in my opinion, based on the score itself and trying to be objective. I like Buddy to spend some time looking through these and I had some trouble trying to get my arms around what actually was out there. I agree with Delegate Marshall too. One of the

things that I was looking at more than anything else was a finished project. Ned has already pointed out that it doesn't change the ranking. We have three projects that are a five or above. One's close to being six and one is over six. I would just say that I think those are the three that we should consider. The other two with the lower score and then the information we were given is probably not exactly what they should be and they have some work that could be done on them. I would suggest that maybe we should allow the applicants to work on those a little bit.

MR. NOYES: June 2nd is the next deadline and they can go back into the queue, back through the process and they'll also have the benefit of the reviewer's comments.

SENATOR PUCKETT: The three I'm referring to would be 2006, the Dan River piece, 2022, Martinsville piece, and 2010 Wythe County piece.

DELEGATE MARSHALL: Mr. Chairman, I make a motion we accept those.

SENATOR PUCKETT: It's been moved that we accept those three in a block.

MR. MAYHEW: Mr. Chairman does that mean that we're not going to discuss these three?

SENATOR PUCKETT: No, we're going to put them out there and talk about them but that's what we're looking at right now. People are here and I believe they want

to speak or I gave an indication they can speak to their applications. I've been told that Ned needs to share something with us that's very important.

MR. STEPHENSON: Mr. Chairman, in contemplation of your approval of one or more of these today, I want to point out that unlike all of the other grant making that you have done, where you recommend and tomorrow the Commission approves and the applicant is off and running and I think these are different. Staff is suggesting that your recommendation today, if you choose, be a recommendation to empower the Executive Director to issue final approval based on appropriate documentation to be worked out with counsel, particularly surrounding the issue of intellectual property. We do not have documents to govern these grants in the manner that we think you want to and we have asked that you give staff time to work that out with counsel before the director signs off and releases it for the applicant to start off.

MR. NOYES: That does not mean that the full Commission will not be asked to act tomorrow on any that you move forward today. Final approval getting ready for disbursement of funds will be subject to an agreement, particularly concerning intellectual property to be worked out with Mr. Ferguson.

SENATOR PUCKETT: Thank you Ned, I think everyone that was at our last meeting would remember that we

talked about that very aspect. I think Frank spoke on that.

SENATOR WAMPLER: Mr. Chairman, before the motion and hopefully a friendly question and I'll probably direct it to Ned, if we were to take those three applications that have been vetted, how much money potentially would we be obligating ourselves to?

SENATOR PUCKETT: $8.25.

MR. STEPHENSON: $8.25 million.

SENATOR PUCKETT: Senator Wampler.

SENATOR WAMPLER: What then would the remaining balance be in our budget for future projects?

MR. STEPHENSON: You started at a hundred and a few less 8, 91 or 2.

MR. NOYES: 750.

MR. STEPHENSON: Standby for a moment and I'll give you the exact number.

MR. NOYES: $87 million. We also have VEDP to be reimbursed for expenses.

SENATOR WAMPLER: Mr. Chairman, maybe we can come back at the appropriate time, I'd like to discuss that.

MR. STEPHENSON: $96 million and change remaining. That's your available balance before you act. $96 million is available before you act.

SENATOR PUCKETT: Does anyone have a

question about what you just heard Ned say which we did talk about at our last meeting and the agreement that we would mutually sign with whoever the applicants would be. What we're doing today is trying to decide what to do and what to move forward to get to that point. I think Buddy was prepared to make a motion that we consider those three.

DELEGATE MARSHALL: I made the motion and we had a second.

SENATOR PUCKETT: We have a motion and a second.

MR. OWENS: I want to know what are we voting on right here.

SENATOR PUCKETT: Based on Ned's statement, we are moving these three forward to approve this subject to the agreement that would be drawn up by counsel that certainly would address key issues of the grants that would be awarded, particularly the IP property.

MR. NOYES: Grants numbered 2006, 2010 and 2022. Those are the three grants in the block.

SENATOR PUCKETT: Does everyone understand the motion? We're going to move those three that we talked about forward in a block with the understanding that I hope everyone heard Ned's explanation. Now, is everyone clear what we're voting on? All those in favor of moving those three forward please say yes (Yes). All those

opposed, no. (No response). All right, those have been moved forward. Motion passes.

Now, the two that are left, let me say this right now. Anyone whose here and I know some of you have come a long way, if you would like to speak to your application, I'll let you do that.

MR. FERGUSON: Mr. Chairman, before we go forward and just to be clear, does that include the provision that the Committee is recommending that there'll be a delegation that the Executive Director has the authority to finalize these pursuant to each of the agreements discussed?

SENATOR PUCKETT: As Ned said, that's correct. Again, going back and I know you're here and you may want to speak to your particular application and if you're here and want to do that, I'll allow you to do that. I'd ask you to keep it as brief as possible. I'd say that grant 1961 and 1991 we did not move forward today, as I said earlier, it doesn't mean you're out of the process. I would encourage you to spend some time with these recommendations when you see those and I assume we'll make them available fairly quickly. Then you may want to talk to staff or with those that actually, Jerry is probably your best contact if you want to talk to him about that. I don't know if he would like me to say that. He knows more about this than we do so that would be my advice to you. At this time, does anyone want to speak on application

2006, the Dan River Project?

MS. GREEN: I'd like to thank Jerry for his evaluation and the team that did it. One of the things that I would say about this project and others, if you do have legal counsel to do a review, please consider this a match for federal dollars that were put on the table. While we want to move forward with this project and if it can be or if the ability can be made to make that retroactive with the date that the full Commission votes with the understanding that the final confirmation wouldn't be approved until the legal work was final and that would be useful because that way we don't hold off on the federal research dollars that we've got. For this project that's about $5.2 million so that would be very significant.

MR. NOYES: With the understanding that we got to get to that point first.

MS. GREEN: Absolutely. I didn't give my name. It's Linda Hutson Green.

SENATOR PUCKETT: Thank you Linda, I think that's a reasonable request. I think Neal has clarified that.

UNIDENTIFIED: I want to thank Jerry and all his staff and the Commission members for your support. I look forward to working with everyone on this project, all of you, thank you.

SENATOR PUCKETT: The second piece of the application 2022, Martinsville Project, anyone want to speak to that?

MR. STEPHENSON: I just want to mention to the Committee that with respect to the remaining two applications, these are the five applications that survived the gauntlet on the first pass and got to this level. In some respects, all five of these are the cream of the crop that you are looking at and I don't want the Committee to be misled and think that just because they are fourth and fifth in ranking that they are at the bottom. They survived the first shakedown that we did earlier and I just wanted to make that point with the Committee.

SENATOR PUCKETT: The third application 2010, Wythe County, anyone want to speak to that?

MR. HAWTHORNE: I'm Alan Hawthorne. I'd like to extend our appreciation for the process that you've gone through. I just want you to know that for our community, this is very, very meaningful and it can have a tremendous impact on what is going to be the final outcome. On a personal level, having worked 15 years in a national laboratory, I been very impressed with the technical rigor we went through in this process. I extend my congratulations to Jerry and his team and that they put together and the Commission's insight in putting the program together. We thank you for the process.

We thank you for the approval as one of the top three.

MR. DICKER: Mr. Chairman, my name is Brent Dicker and I'm a commercial partner on this project. I'd like to express our appreciation to the Commission and to the Committee and to those that have helped put the wheels in progress to get us to this point. We appreciate that this has been a first pass through the process on your behalf and we thank you for everything and for having handled this in the manner that is really appropriate. We appreciate this grant.

SENATOR PUCKETT: The next application is 1961, Virginia BioTech Research. Anyone here to speak to that? I would say that if there's anyone here as Ned said, you're still in the game from our standpoint. You'll have an opportunity to continue to work on that. Then application 1991, Danville, anyone here to speak to that?

MR. DELL: Yes, I'd like to speak to that. I'd like to thank you very much for your consideration of this project proposal. We would very much like to submit additional information in our area of expertise involving technology. I think it's safe to say that over the last six months the world has kind of turned around on electric vehicles and alternative vehicles and a lot has happened during that period of time. I haven't seen the valuation but one of the things that concerns me is the commercialization. We have received letters such as this one. It was a great

pleasure to visit the Virginia AVRC facility and see the efforts that AVRC is pursuing to update the hybrid operation. This letter is in support of the package that AVRC has developed to upgrade the standard F150 as well as other pickups. We've also received other letters of support. We've also received encouragement from Virginia Clean Cities and similar letters from other state agencies and at least five from power and utility companies from New York to Florida. We feel very strongly that the commercial opportunity is significant. We will also resubmit to the Commission.

SENATOR PUCKETT: Thank you Mr. Dell. I think I heard right as I was traveling up 81 today there's actually a new study that attributes cleaner air by the clean air people and they attribute that to the work that's already been done for diesel and the automobile, in particularly the metropolitan areas where they're having a difficult time meeting the attainment goals. They attribute what they've done up to this point and the significant improvement to automobiles, the gasoline engine design and diesel. I think we're headed in the right direction.

MR. DELL: We are. A significant amount has happened over the next six months. Our evaluation in fact or the face to face review we had on April 8th, although there are other people in this market and they're doing similar projects. Five months ago when we submitted the application, it looks

like you've got a good idea why isn't anyone else doing it. That shows you over a period of five months what has happened. It's our interest not to be first in the project.

SENATOR PUCKETT: Anyone else? Does anyone on the Committee have a comment or question about what we've done so far?

MR. REYNOLDS: Have we encouraged the applicants to, those that weren't considered today to submit applications to follow up?

SENATOR PUCKETT: Yes, we're encouraging them and we mentioned the June 2nd date. They'll have an opportunity to work on there; they'll get a copy of what we've seen and have a chance to read through it. They'll be able to look at that information and other grant applications and how they scored just like you and I have seen.

MR. NOYES: Can we get the information that came from VEDP on the website?

MR. GILES: Yes.

MR. NOYES: Suzette, can you get a copy of that for tomorrow?

SUZETTE: Yes, we'll take care of it.

SENATOR PUCKETT: I think what we're asking for and I think every applicant certainly has a vested interest in knowing how they were scored and Jerry's given a pretty good outline. I don't think you have to give the specific

details. What was sent to us I think is fairly detailed and would be adequate to anyone looking at that. I think certainly that much at least could go.

MR. NOYES: Does VEDP have a problem with the materials you sent us in the book being put on the website or would you prefer we send it directly to the applicants?

MR. GILES: If you're asking my recommendation, no and here's the reason for that. These people have all signed non-disclosure agreements and I don't think you want to share with the world necessarily or people thought there were potential weaknesses are really strong in one aspect.

MR. NOYES: That's fair.

SENATOR PUCKETT: Tim, are you clear on that?

MR. PHOFL: Yes.

SENATOR PUCKETT: Let me encourage you all again, if you received this and you have questions, you need to follow up on it and we'll try to be as helpful as we can. Jerry, I want to thank you and your team for what you've done and it obviously has helped us a lot and we're sort of walking through the dark here and you all have turned a few lights on or us and we appreciate that and I hope you'll share that with the folks that work with you. I also want to say to the Committee itself be patient with us as we try to walk through

this and as I said a couple of meetings ago, this is brand new to all of us and we want to do the right thing and do it the right way. I hope we can set the tone for that. Most of you in the audience that have an interest in these applications and projects please be patient with us.

One of the things that's consistent with everything we've done is that we're interested in the final product and I think you've heard me say before research is fine and you have to do some research to know where you're going and how you're going to get there but the finished product as I heard Delegate Marshall say he was very much interested in. The mission of the Tobacco Commission in Southside and Southwest Virginia creating jobs and economic development. Thank you again for your patience as we've gone through this.

MR. GILES: When we started out with this process we wanted to be objective and fair and it was demanding and robust.

SENATOR PUCKETT: Thank you Jerry. The next item on the agenda is intellectual property documentation, Frank do you have anything?

MR. FERGUSON: If you look at page 47 in your book there's a white paper there that talks about the way we might deal with intellectual property that will come up in the negotiation agreements and its there for the Commission

members to read. I'll run through a few points very quickly. I'm just going to ask that if there's some difference of view or some options. I think the staff at one of the last meetings had the opinion that we sort of had a template one size fits all kind of grant agreements was routinely made with economic development projects that are tweaked a little bit here and there and that's not going to work very well on specific and unique projects that we're dealing with here. We anticipate that there will be fundamental requirements that all grant agreements will certainly have but there's going to have to be some individual tailoring of them. In an area that we really haven't dealt with before, intellectual property creation may come out of this. What I've done there is list a number of aspects and suggested how we deal with it in a general way. First, any intellectual property that a grant applications comes in already owning a holding, shall remain their property but we would probably ask or my suggestion is that we ask that they not require a license fee of the project to pay themselves back basically. Similarly, any that they obtained during the course of the project from other means not related to the project itself would have similar requirements if it's something that's used in the course of the project. In some cases, we may also need to get existing patents for example licensed to them for use in research and development efforts and that can be billed as part of the cost of the project and it would be

expected that that would be something that would be accounted for and part of the overall expenditures that were contemplated at the time the grant request was made so they don't have to come back for extra money to pay for a license for example and use that patent.

Getting to the more difficult area though where there is intellectual property and in this case, a patentable process or invention. Who owns it after it's created? I've looked at various other operations where governmental organizations make grants for this kind of thing. In Virginia you have the Commonwealth Research Board for example that does some of this, National Science Foundation obviously does it all the time and we don't necessarily want to follow that model precisely because you have federal law and state law, it's more widespread than the Tobacco Commission specific mandates. As a general matter we can do it either owning it on a proportional basis according to how many dollars are put up by each of the funders or do it on a flat 50/50 basis which is rather simple or the more complex way would be proportional value related to effort and work product and what the grantee puts in. Because of the simplicity and because generally 50/50 match with this, my suggestion or the rule of thumb would be 50/50. If you need to look at something different, that might be more appealable if you do that. Then you have the question if this project becomes successful and

commercial, hopefully this will, is there any repayment to the Commission for its contribution or do you want to stay in it and receive royalties from it and how can that be done? My suggestion is that we don't want to get into a different business. My suggestion is that it be done in other ways, we don't want to get in a different business, or if you want to get into the business of fiber optics or whatever it is, commercialized product. On the other hand I think it's reasonable to expect as a result of contributions the Commission has made and if there are profits to be made out of the market the Commission at least recapture some of its input or contributions so it can be rolled over in future projects. So the suggestion and what I've seen other governmental entities do is require or once their commercialization starts to make a return of revenues on investment that there be a repayment period and included in that repayment period for the contribution of the Commission in this case. Any ownership of the IP would be released or further payments would be foregone in the situation where the commercialization takes place. One of the things that we're concerned about is the extent of staying in the footprint due to commercialization. One of the ways you might have some leverage with that, you might forego any return on your investment if the commercialization process stays in that footprint. Another thing you may want to require is if a patent

for example is useful in another project and you fund it in the footprint that they make available to another project for licensing cost on a reduced basis and that would make it useful again within the footprint. Number five on the list is the restriction for the use of intellectual property generated during the course for projects outside the Tobacco Commission footprint. I think it's very difficult to stop that completely forever. I think what we can do is put a time again through some or keep it there for at least a set period of time and incentive the grantee to remain in the footprint to go for commercialization. That's another aspect of the grant agreement as well. I anticipate there'd be some kind of requirement that we obviously, to the extent of the funding. Then the last part has to do with notification requirements and some reporting. One thing about all the reporting requirements for a period of around five years once the grant is fully disbursed and once the project reached some sort of milestone and that way you could monitor the use of the intellectual property and also some of the things we talked about earlier that needs to be checked on and followed up on. So it's very common at least in the rules that I've seen other kinds of research and development grants funded by government bodies have a reporting requirement several years past the grant. I'd recommend something of that nature. Number 7 is a long term issue. If you get to a point where we

were starting to hold a number of patents at least partially for some period of time, you may actually want to look at some kind of setting up a separate foundation to hold those options for the future. The final thing not on the list has to do with the cost of obtaining the patents. My suggestion as far as the cost of doing that was to have a split.

SENATOR PUCKETT: Frank, you're not asking for any action today?

MR. FERGUSON: Unless you have a problem with some of those things I suggested, you could tell me, otherwise there's no particular action I need. We will see along these lines generally but again, everyone will not look the same.

SENATOR PUCKETT: Anyone on the Committee have any questions with what Frank said? You all have a copy so I suggest you can read that over and familiarize yourself with it. Senator Wampler.

SENATOR WAMPLER: My comment is one not to the structure of how the IP is treated but it is what happens if we're able to monetize or receive a portion of the compensation for that. If memory serves me correctly, we had a general discussion maybe in the Executive Committee before this committee was formed about perhaps endowing scholarships and I do not want to say in perpetuity because that's a long time. I would say that this Commission ought to

think about this Commission eventually being out of business. There may be royalties for payments that survived. I'd ask that we give thought to what a 30 year stream might look like and how we might want to structure that in the action that we take. The first action we take may be long beyond the value of this Commission and that's just a general observation and I don't have an answer to it. I think we should give some thought to that.

SENATOR PUCKETT: Anyone else, very good comment Senator Wampler and I think that's worthy of consideration as we move forward. The next item is review of the new requests. Neal.

MR. NOYES: Thank you Mr. Chairman and members of the Committee. These are in your book on page 50. Seven applications were received by the deadline. One of those numbers 2013 Virginia Tech has been withdrawn by the applicant. If I may, I'll go through quickly with brief discussion on each of them and I'll be happy to take questions. Number 2047, Institute for Advanced Learning and Research proposes a three year applied research initiative designed to take a particular solar technology from an existing working prototype for the initial commercial production of the units and put them in the hands of the customers for testing. The project is envisioned as a technology magnet that will over three years produce 44 high quality engineering technician

jobs and approximately $30 million investment for southern Virginia. The IP developed would be co-owned by the institute for advanced learning and research and private sector partner. There is described in the application the potential for a world scale volume manufacturing facility to be located in southern Virginia. Five million dollars is requested from the Tobacco Commission with a further $5 million funding mentioned. I'll have to talk with the director of the institute because that may not be essential for this project to go forward. The staff recommends this for VEDP venting.

The next one is number 249 Southwest Virginia Higher Education Center Foundation requesting slightly less than $5 million for the initial scale up of a biomass demonstration unit capable of producing ethanol and other value added products. Subsequent requests from the Tobacco Commission funding are anticipated in years two and three and that estimate is an additional $7.8 million and the project total is slightly less than $15 million. This before construction of the full scale facility capable of producing 80 million gallons with direct employment of 80 persons. One argument in favor of the project relates to the potential revenue potential or approximately $25 million annually for biomass suppliers. It's also a formula generated estimate of 1,300 jobs at the commercialization stage. I would point out that the match in this case includes IP rights to the applicant

which are said to be valued at $8.5 million based on the cost to develop that IP if I understood the application. My thought on that is that the rights are not worth anything until there is licensing and royalties, having a right isn't the same as having money. In addition, $1.75 million for specialized services to be procured outside the footprint because they're not available to the application. The principal or private sector party is a French owned company. Staff recommendation is no further action on this one.

The City of Danville, Project 2050 $553,225 of Tobacco Commission funds for the initial year of a multi-year regenerative energy unmanned system development program. Systematically takes a concept to prototype flight testing of military applications, this is something that would be put up in the air solar powered and it can stay up for weeks and transmit intelligence information to combat forces. The proposal does anticipate further Commission investments coupled with DOD support. Principal next generation aeronautics anticipates IP. Tobacco Commission funding to support personnel and equipment. This project is recommended for VEDP venting.

Project 2054, a Virginia Tech sponsored program. The National Tire Research Center and something was left at your places but I haven't looked at it. It is to enable independent testing and research assessments that

compliment research and development performed by tire manufactures. It's focused on green technology. Virginia Tech Transportation Institute, Virginia Tech Department of Mechanical Engineering and the Institute for Advanced Learning and Research in partnership with General Motors Corporation would be the principles. Five million is requested from the Tobacco Commission to be used for equipment. General Motors Corporation has committed $5 million and other funds totally $5 million are anticipated. There is IP potential. The project is recommended for VEDP venting.

2065, Southwest Virginia Higher Education Center Foundation. Phase I funding of $199,650 for design work and permitting ongoing R & D by the private sector principles, and each activity would help guide the engineering and design project process. All financing not from the Tobacco Commission is in kind. The estimate for Phase II funding $2.8 million presumably from the Tobacco Commission with the suggestion that the private sector partner would co-locate equipment and manufacturing headquarters within the Tobacco Commission footprint in Southwest Virginia. The Tobacco Commission policy stipulates that grant awards be no less than $500,000. This project was actually a very interesting project looked at in a larger context. While it does not fit the Southside Policy in terms of what you decided, $500,000 to $5 million, it seems to me this one might come

back by the June 2nd deadline for reconsideration.

Project 2066, Southwest Virginia Higher Education Center Foundation. The request is for $2,016,000 for installation of a proprietary waste to energy gasification system from Innovative Energy, Incorporated from Fenton, Missouri. Syngas produced from multiple feedstocks would be used to generate electric power for Southwest Virginia, clean energy R & D Center and the Higher Education Center. Biochar is the byproduct according to the application and research would focus on fuel optimization for energy production and biochar production. Non-commission funds are in kind from IPI and that's the private sector based on cost versus the retail for the proprietary waste to energy gassification system. There's also a possibility of rights to a certain operation after construction by a third party. My review of this is that this is off the shelf technology and this is equipment available today for anybody that wants to pay for it. One hundred percent of the cash involved in this project is Tobacco Commission funds. The attempt appears mainly to be to generate revenue and reduce costs for the Higher Education Center, that's the main thing. Only $70,000 of this request would be used for research and that's the graduate assistance from Virginia Tech. Staff's recommendation is no further action and that concludes this.

SENATOR PUCKETT: I know there's others

that probably want to speak. Please identify yourself and your application.

TOM DINGUS: My name is Tom Dingus, Director of the Virginia Transportation Institute and I represent a team that's been working on higher research. I'd like to make a few comments. We have a presentation and that should be in front of you and I'd like to make a few points for the record. The objective of this proposal is to develop a world class tire testing facility in Southside Virginia and it would be one of a kind in the world. It would have the unique ability to develop and test tires and safer tires. It would provide jobs in the Tobacco footprint and work with tire companies and tire manufacturers to develop new tires and test existing tires for OM use. The recent advances of the Nanotechnology and material have made it feasible to develop new tires that have less roll resistance and less roll resistance means better fuel economy while advances make improved handling and traction. General Motors who is a main partner in this project is fully committed and will allow them to help revolutionize the tire industry. The development of new technology requires quality data that can only be done in the National Tire Research Center in Southside Virginia. GM as we said, is not only committing $5 million to this project but to use this facility exclusively to test tires in the next 20 years. It will generate revenue but essentially will generate enough

revenue to make this profitable. The request to the Tobacco Commission is $5 million. Given the expected level of usage of this facility, we expect a surplus of $2 million a year which will then be put back in the facility and a non-profit corporation connection with Virginia Tech. Our proposal in addition to the GM proposal make this a no risk. Together with the GM commitment and Virginia Tech we can operate this facility at a no net loss. This facility will be located in Halifax County using an existing building that will be modified for this purpose and in the Virginia Motor sports Technology Park. All research and testing work will be done in the Tobacco Commission footprint. In summary this will be a very high demand facility and with General Motors making a commitment this will be a national laboratory, if you will, in Southside Virginia to be used by many sponsors. Let me have the next slide. This is going to create a significant number of jobs and this will be economic development. We expect the total number of jobs direct and indirect 183 by 2020 and 7 percent of the jobs will be by 2015. We do have a number of team members here today. Frank Della-Pice is here from General Motors. We have a tire expert from General Motors and Mr. John Darab and Mr. Larry Fletcher with General Motors Corporation.

MR. FLETCHER: Ladies and gentleman, thank you for the opportunity to speak to you today. I'm Larry

Fletcher and I'm with General Motors and also a Virginian. I have ancestors that were born and surveyed much of Southwest Virginia. I also have a small farm southwest of here and had a small business in Virginia. My roots have continuously been here. I'd like to talk a minute about this proposed National Tire Research Center and tell you why in my humble opinion this is critical to establish. It has become increasingly important that we rely on simulations to perform engineering that's required to get new vehicles in production. We all are aware of our dependence on foreign oil and a national desire to see if we can improve fuel economy for automotive vehicles. That's why you look at the tire and it's always played as a major contributor if you will to fuel consumption. With new vehicles that have been out the last two or three years, tires consume about 15 percent of the fuel. It takes that much of the fuel to push the tire down the road. The other part of the fuel consumption is the engine and others. On trucks it's as much as 30 percent of a gallon of fuel is burned pushing the tires down the road. So increasing the technology when it comes to producing tires has a huge impact to our national fuel expenditures. The technology that's used to work on tires to try to get another 25 percent out of rolling resistance and at the same time not to reduce the grip of the tire on the road is directly related to highway safety. If we go and reduce the rolling but we'd have to give up

on traction and grip and stopping distances increase and it reflects on safety. We no longer want to make that trade off. Applying the technology at the National Tire Research Center will be critical in developing in the U.S. fully and by short term I'm talking about '14 or '15 and would reduce our oil consumption by 9 billion gallons a year. So there's about a trillion dollars we can move from the consumption side of our national economy to the investment side. We'll also reduce greenhouse gas emissions by 80 million tons a year. We're talking some very significant numbers when you apply this technology to the national fleet. Much of the work that occurs today occurs in various places around the world. There is a real global need in the auto industry for the center for research and testing and engineering development for tires. This proposed center would fill that need. Fifteen years ago in Northern Sweden they started doing full testing and the development of the systems on snow and ice in that area. We started doing it there and in 15 years it's now the world center for that sort of work and there are major suppliers all have significant factory size research centers and all of the world manufacturers are constantly testing. The industry model is to get a research center up and getting a test center established. When that happens, most of the rest of the industry comes along. Therefore, along with Virginia Tech and their proposal for the creation of a National Tire Research

Center located in Southside Virginia will be a cooperation between Virginia Tech and the Commonwealth of Virginia and General Motors and others in the future. This could significantly reduce our nation's dependence on foreign oil and put Virginia in the forefront and in the leadership of this technology. This technology is being developed and it's not technology that's going to happen 20 years from now. Thank you very much.

MR. OWENS: I recommend that we move and accept the staff's recommendation.

DELEGATE MARSHALL: I'll second that.

SENATOR PUCKETT: It's been moved and seconded that we accept the staff recommendation on this new project, new application that is coming. I apologize for moving forward without that. I had a conversation earlier this week about General Motors people coming and I know they wanted to speak and they've come a long ways and I appreciate the information you've given us. We're running a little close on time but anyone else have a question about the motion? You've heard the motion and the staff's recommendation. All those in favor say aye (Ayes). Opposed no. (No response).

MR. THOMPSON: Mr. Chairman, two of the applications 2049 and 2065 I believe that merits further discussion. Both of them have some proprietary information with them so I would recommend that we go into executive

session and we have representatives here today to address them. I would suggest those two be pulled out of the block and we go into executive session and discuss 2049 and 2065.

SENATOR PUCKETT: I'm looking to counsel to make sure that we do that.

MR. FERGUSON: Give me a moment. Mr. Chairman, the motion should be that we go into a closed meeting under the Virginia Freedom of Information Act pursuant to Section 2.2-3711A(5) and A(7) and 834 of the Freedom of Information Act.

SENATOR PUCKETT: Mr. Thompson, you're making that motion now?

MR. THOMPSON: I so move.

MR. OWENS: Second.

SENATOR PUCKETT: It's been moved and seconded that we go into executive session to consider 2049 and 2065 to discuss proprietary information.

NOTE: The Board at this point goes into executive session. Whereupon, the open meeting is reconvened, viz:

SENATOR PUCKETT: We're back on the record.

MR. FERGUSON: Whereas, the Executive

Committee of the Virginia Tobacco Commission has convened a closed meeting on this date pursuant to the Virginia Freedom of Information Act and whereas such 2.2-3712(A)(5) of the Code of Virginia requires a certification by the Committee that such a meeting was conducted in conformity with Virginia law. The Committee hereby certifies that to the best of each members knowledge, that only public business matters lawfully exempt from open meeting requirements under the Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee in that meeting.

SENATOR PUCKETT: Neal, let's have a roll call vote.

MR. NOYES: Delegate Byron?

DELEGATE BYRON: Yes.

MR. NOYES: Ms. DiYorio?

MS. DIYORIO: Yes.

MR. NOYES: Delegate Marshall?

DELEGATE MARSHAL: Yes.

MR. NOYES: Mr. Mayhew?

MR. MAYHEW: Yes.

MR. NOYES: Ms. Nyholm?

MS. NYHOLM: Yes.

MR. NOYES: Mr. Owens?

MR. OWENS: Yes.

MR. NOYES: Senator Puckett?

SENATOR PUCKETT: Yes.

MR. NOYES: Mr. Reynolds?

MR. REYNOLDS: Yes.

MR. NOYES: Mr. Thompson?

MR. THOMPSON: Yes.

MR. NOYES: Senator Wampler?

SENATOR WAMPLER: Yes.

SENATOR PUCKETT: What action do we need to take, anything other than moving forward?

MR. FERGUSON: I think the motion is still pending to accept the vote.

MR. NOYES: There was a vote and Ms. Nyholm recused herself on that.

DELEGATE BYRON: Two things just to clarify. They're going to reapply and submit an application from the Southwest, two projects. Now, the ones we just recommended going to VEDP for further consideration. Do we have some type of timeline that we have set up now for that?

MR. NOYES: I spoke with Jerry Giles and he believes we can have a response from the experts in time for our July Commission meeting and the Committee will meet the day before. Going forward the original thinking, the R & D was to have two rounds a year. That would give you six

months lead time from the point of application until a potential decision by the Commission. It was the sense of the panel of experts that they really couldn't handle and give proper due diligence to requests from this Commission no more often than three times a year. Our discussion back in July was we needed to do this twice a year so there is a six month timeframe between the point of submission and between consideration by this Committee and a decision by the Commission. That's something we might want to try to decide because it's up to this Committee to decide how often. Three looks like tops. They can handle these three by the July meeting.

DELEGATE BYRON: The applicants that did not reach a scoring to capture our attention today. Some of those folks were invited to come back with their application. Is that process going to be that they'll come back, the VEDP will have not only those but others that we'll send to them for the next round.

MR. NOYES: It could, certainly that is, the two that were not advanced for a decision tomorrow but beyond that, we're probably looking certainly no sooner than the October meeting and probably the January meeting.

MR. MAYHEW: I'm a little confused about the three that were advanced. Did we approve them subject to meeting the final stipulations? In other words, is it a done

deal for these three?

MR. NOYES: The Board will have to concur tomorrow.

SENATOR PUCKETT: If the Board concurs tomorrow, the next step would be for each of those three to have an individual agreement drawn up that meets their needs and matches what we're going to do and what is required.

MR. FERGUSON: Are you referring to the ones we discussed on the scoring system as opposed to what we sent to VEDP?

SENATOR PUCKETT: Yes.

MR. STEPHENSON: If they're approved tomorrow and the documentation gets straight, you won't see them again; they're going to be off and running.

SENATOR PUCKETT: Any further discussion or comment on that? Next item on the agenda is application deadline and that will be Wednesday, June 2nd. The next Committee meeting will be Wednesday, July 28th.

MR. NOYES: Unless the chairman calls a meeting before that.

SENATOR PUCKETT: July 28th a Wednesday, we'll have a meeting in Marion, Virginia. For general information there are some changes going on with the Commission. I'll be moving from the Chair of the R & D Committee to the chair of the Southwest Economic

Development Committee. Delegate Byron will be assuming the chairmanship of the R & D Committee. She's very capable. This is a new process for all of us and we're trying to do the right thing and I hope we haven't given you the impression that we weren't prepared as we should have been. Our process has been one much like yours. I think we're off to a pretty good start. The R & D Committee will have it's third chairman here in less than two years and it's a pretty tough spot to be in. A lot of people are interested when you have millions of dollars to give away. Everybody's interested. Kathy will be taking that over. She'll be chairing it at the next meeting that we have. So I'm going to turn it over to her right now.

DELEGATE BYRON: How about a motion to adjourn? Whereupon the meeting is adjourned.

SENATOR PUCKETT: I did not ask if anyone else wanted to speak. All right. Thank you all.

PROCEEDINGS CONCLUDED

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, Research and Development Committee Meeting when held on Wednesday, April 28, 2010, at 2:00 o'clock p.m. at the Hotel Roanoke, in Roanoke, 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 20th day of May, 2010.

_____

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large
MY COMMISSION EXPIRES: October 31, 2010
CERTIFICATE NUMBER: 224566