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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee Meeting

Wednesday, July 11, 2007

Institute for Advanced Learning and Research
Danville, Virginia

1 **APPEARANCES:**

2 Mr. Thomas W. Arthur, Chairman
3 The Honorable Frank M. Ruff, Vice Chairman
4 The Honorable Kathy J. Byron
5 The Honorable Barnie Day
6 The Honorable Clarke N. Hogan
7 The Honorable Edward Owens
8 The Honorable Thomas C. Wright, Jr.
9 Mr. Clarence D. Bryant, III
10 Mr. Scott M. Harwood, Sr.
11 Mr. L. Jackson Hite
12 Ms. Lynette Hammond, Deputy Secretary of Commerce and Trade
13
14

15 COMMISSION STAFF:

16 Mr. Neal Noyes, Executive Director
17 Mr. Timothy J. Pfohl, Grants Program Administration Manager
18 Ms. Britt Nelson, Grants Coordinator, Southside Virginia
19

20 OFFICE OF THE ATTORNEY GENERAL:

21 Mr. Francis N. Ferguson, Senior Assistant Attorney General, Counsel for
22 the Commission
23
24
25

1 MR. ARTHUR: I call the meeting of the
2 Southside Economic Development Committee of the Virginia Tobacco
3 Commission to order.

4 I'll ask Mr. Executive Director to call the roll.

5 MR. NOYES: Mr. Arthur?

6 MR. ARTHUR: Present.

7 MR. NOYES: Senator Ruff?

8 SENATOR RUFF: Here.

9 MR. NOYES: Mr. Bryant?

10 MR. BRYANT: Here.

11 MR. NOYES: Delegate Byron?

12 DELEGATE BYRON: Here.

13 MR. NOYES: Deputy Secretary Hammond?

14 DEPUTY SECRETARY HAMMOND: Here.

15 MR. NOYES: Mr. Day?

16 MR. DAY: Here.

17 MR. NOYES: Mr. Harwood?

18 MR. HARWOOD: Here.

19 MR. NOYES: Mr. Hite?

20 MR. HITE: Here.

21 MR. NOYES: Delegate Hogan?

22 DELEGATE HOGAN: Here.

23 MR. NOYES: Mr. Moody?

24 MR. MOODY: (No response.)

25 MR. NOYES: Ms. Nyholm?

1 MS. NYHOLM: (No response.)

2 MR. NOYES: Mr. Owens?

3 MR. OWENS: Here.

4 MR. NOYES: Delegate Wright?

5 DELEGATE WRIGHT: Present.

6 MR. NOYES: Mr. Chairman, you have a quorum.

7 MR. ARTHUR: Thank you. I'd like to thank all of
8 you for taking time out of your day and for being here today. We have a
9 very important meeting. It's important to our communities. And, we also
10 have a lot of guests, and I thank them for coming. You'll have a chance to
11 have input to the Commission, and I thank you for coming.

12 Let's have a motion to approve the Minutes of the last meeting?

13 The motion has been made, and the motion has been seconded.

14 Any discussion to change anything? All in favor signify by saying aye?

15 (Ayes.) Opposed, like sign? (No response.)

16 MR. ARTHUR: Thank you, again.

17 Next on our Agenda is the presentation of the grant
18 recommendations. Without objection, I have a proposal for the members so
19 we can move this meeting along. There are a group of recommendations or
20 requests that have been approved by staff after their due diligence and
21 research, and I would like to approve those as a block, with the exception
22 and I'd like to pull 1389 from Mecklenburg County for discussion. I'd also
23 like to pull 1385, Pittsylvania County for discussion.

24 Does anyone else have one that they'd like to pull?

25 MR. HARWOOD: I'd like to pull 1387, Prince

1 Edward County, and 1393, Town of Farmville, for discussion.

2 MR. ARTHUR: All right, 1387 and 1393. Any
3 others?

4 DELEGATE WRIGHT: 1384, Blackstone.

5 MR. ARTHUR: 1384, Town of Blackstone?

6 DELEGATE WRIGHT: Yes, sir.

7 MR. ARTHUR: What I had intended to do here,
8 and I think there was no award for that one, I was going to go down the no
9 award projects one at a time after we approved the block. Is that
10 satisfactory?

11 MR. PFOHL: Mr. Chairman, I'd like to point out
12 that on your spreadsheet that was e-mailed and as printed, there is an error
13 with regard to the Town of Blackstone, and that's 1384. It's been pulled out
14 of the block, but I wanted to point out that the staff recommendation is
15 \$50,000 of restricted funding, which is corrected on the spreadsheet.

16 MR. ARTHUR: Any others? Hearing no
17 objection, then we'll proceed. I'll read the list, for the record, that I have
18 approved. That's 1378, 1383, 1380, 1292, 1318, 1383, 1379, 1391, 1395,
19 and 1393. And now with the additional \$50,000 that's been mentioned to be
20 pulled out.

21 Do I hear a motion to approve those as researched and approved
22 by staff?

23 MR. HITE: So moved.

24 DELEGATE BYRON: Second.

25 MR. ARTHUR: Upon motion made and seconded

1 to approve those grants as a block, any discussion?

2 MR. HARWOOD: 1393 is to be pulled out.

3 MR. ARTHUR: 1393 is pulled. Pull 1393 from
4 the approved list that we passed as a block, and now put it in the group to be
5 discussed.

6 Any other discussion? All in favor signify by saying aye?
7 (Ayes.) Opposed, like sign? (No response.) All right, we've passed those as
8 a block.

9 What I propose to do is, we will address the ones that have been
10 pulled from the block first. Because of the nature of this particular one, I'm
11 going to address it first, 1385, Pittsylvania County. Staff had recommended
12 a million five for the Gretna Industrial Park. There are some complications
13 with the land regarding access to the park. I'd like to table that
14 recommendation until the next meeting of this Committee.

15 Does anyone have any comments on that? Do I hear a motion?

16 MR. BRYANT: So moved.

17 MR. ARTHUR: It's been moved and seconded,
18 any further discussion? Thank you, very much; that will be tabled until the
19 next Committee meeting.

20 Now, we have a lot of people here that want to speak on 1389.
21 These people would like to have a discussion on this prior to us taking any
22 action. I would like to offer the floor to the visitors. I would ask the
23 speakers to limit your comments to three minutes apiece per speaker, and
24 there are five speakers.

25 Mr. Pfohl, would you please keep the time?

1 First to speak on 1389 is Ms. Margaret Moss. Would you give
2 your name and where you're from, please?

3 MS. MOSS: My name is Margaret Moss, from
4 Chase City. I appreciate the opportunity to address you today. I'm here with
5 a group of concerned citizens, and we are very much opposed to the location
6 of this project, which is the ethanol plant. In a rural county like
7 Mecklenburg it does not make much sense to us to put something of this
8 nature so very close to our town.

9 In the presentation that OSAGE made to our town on Monday,
10 they talked about their prototype plant, which is right outside of Salamanca
11 in Spain. I would like to bring to you a few facts about this prototype plant.
12 This plant is run by Avongale, one of the larger ethanol producing
13 companies, and they have three plants in the United States and three in
14 Spain, and hope to expand others.

15 The plant outside of Salamanca is the type of plant that they
16 would put in our town. It was closed in March for three and a half months
17 because it became financially unviable for it to continue to operate, due to
18 the fluctuating prices of grain, and particularly barley. What happened is the
19 plant opened using wheat as its feed stock. That they drove the price of food
20 up so much that they switched to barley, and that's the price of bread. Then
21 the price of barley went up, and then they could no longer sustain operations,
22 and they closed for three and a half months. The plant only fired up again
23 this past Friday, which brings me to a point.

24 The ethanol industry sits in the intersection of two rather
25 volatile sections of the market, food and energy. Because of this, it depends

1 on subsidies, government subsidies, to stabilize it and keep it in operation.
2 I'm very concerned that an industry of this nature would take agricultural
3 land right next to our town and try to change it, especially when we don't
4 know that these price supports will be in operation a year from now. We
5 don't know that this is an industry that can stand on its own two feet, because
6 it's highly dependent upon subsidies. Fifty-one cents of every dollar for
7 every gallon of ethanol is paid for by the federal government, and I believe
8 Virginia pays ten cents per gallon on top of that.

9 We're hoping that a better location can be found for this
10 industry, and one that would not change the character of our town and leave
11 us in a heavy industrial zone. OSAGE plans to have about 30 acres, and
12 they will own close to 600 acres, with which they will be able to do as they
13 please. We know OSAGE is not in the business of operating businesses
14 other than ethanol businesses. However, across the country, feedlots --

15 MR. DAY: -- Mr. Chairman, I have a question,
16 can I ask it now?

17 MR. ARTHUR: Yes.

18 MR. DAY: Ma'am, do you object to this project
19 based on the economics, or the fact that you just don't want this plant near
20 you?

21 MS. MOSS: Quite frankly, it started with the
22 location, and we feel it's too close to us. The more I read and the more I
23 look into it, the more I think ethanol in particular is not a viable fuel
24 alternative.

25 MR. DAY: Let's say they're going to manufacture

1 grape juice, would you still have an objection to that in its current location?

2 MS. MOSS: Grape juice, I can't imagine that a
3 grape juice factory would have the effect on the surrounding areas that
4 ethanol plants do. They're terribly smelly. In fact, this prototype plant in
5 Spain, I've been in contact with several people that live around it, and they
6 talk about the unbearable stench, not only around the towns next to that
7 plant, but I think others feel the same way as well. It's not such a simple
8 thing. You have to look at the particular industry, and I think this particular
9 industry would be quite devastating to our town. I'm not opposed to
10 industry.

11 SENATOR RUFF: The plant that you refer to --

12 MS. MOSS: -- The prototype is new, I think it's
13 a little bit over a year old. I have several articles here, and some in the
14 English language and some in Spanish, talking about the impending
15 closure.

16 SENATOR RUFF: The size of that would be
17 similar to this one?

18 MS. MOSS: That's what OSAGE said. They put a
19 slide up showing the footprint.

20 MR. ARTHUR: Thank you, Ms. Moss.

21 The next speaker will be Richie Richards.

22 MR. RICHARDS: Good afternoon. Thank you
23 for the time you've given me to speak. I'm Richie Richards, and I've lived in
24 Chase City all my life. I'm here as a concerned citizen. I'm holding over
25 800 petitions signed by other concerned citizens of our community, and I did

1 not have time to go to the mail this morning before I left to come here. I
2 don't know how many we have at this point.

3 The proposed ethanol plant in Chase City, as I understand it, is
4 going to bring fewer jobs to Chase City than the local Food Lion is.
5 OSAGE has said that of the people that will be employed they will be hired
6 locally. They say a lot of the folks won't qualify for a job that live in that
7 area. Of the 500 acres next to our town that may be converted to industrial
8 covered by industrial development yet to be disclosed if the area is rezoned
9 industrial and the water pipeline approved. The technology for this plant is
10 experimental, and OSAGE industries has no experience in producing ethanol
11 at all. I personally don't like the idea of living next to a test tube.

12 I'm also concerned about the long trains that will have to pass
13 through the middle of our town, blocking all the crossings except for one
14 bridge that we have over the tracks. I want to know what will happen to the
15 traffic flow for people trying to get into town to shop or respond to an
16 emergency. I want to know who is going to pay for rebuilding the roads
17 with 30 or 40 trucks a day in and out of the plant and how many bus and
18 track accidents have to occur on the road to the high school, which is a very
19 curvy and narrow road at this time. They're also going to have to haul 400
20 tons of wood waste daily to fire the plant.

21 As a pharmacist, I'm concerned about our community health
22 and the plant emissions that may aggravate the breathing problems of people
23 that have asthma, emphysema, lung disease, heart problems and allergies.
24 As a businessman, I'm concerned about people choosing to shop elsewhere
25 because Chase City has a smell.

1 As I said, I have close to 800 petitions here signed by
2 concerned citizens who are against the location of the plant, not the plant,
3 but just the location of it. We ask that our public officials at the local and
4 county and state level do their due diligence and find out what the people
5 want and not what one special interest group might want, regardless of the
6 consequences to the ones that live nearby. This money can be spent for a
7 better purpose in our county that may provide more jobs without all the
8 possible problems that this ethanol plant can bring.

9 Thank you for your time.

10 SENATOR RUFF: Can somebody tell us how
11 many trains are involved?

12 MR. RICHARDS: My understanding, the trains,
13 they call it a unit train, 85 cars per train, 500 cars per month. I think the
14 trucks are half-ton, 400 tons of wood waste a day to fire the plant, not to
15 mention the ethanol that has to be carried out, too. As far as the people they
16 are going to employ, they say 25 truck drivers, but they already have their
17 own fleet of trucks, the way I understand it. That's not going to help give
18 jobs to our people. We don't feel like, as far as the jobs they would bring,
19 and the effect it may have on our town, that it's worth the risk putting this
20 place so close to the town. We have no problem with it being located in
21 Mecklenburg County at a reasonable location that satisfies the public interest
22 as well as the company's interest, but we do resent having just the company's
23 interest represented.

24 DELEGATE WRIGHT: Mr. Richards, you
25 mentioned some concern about the use of the entire tract of land, not

1 necessarily what the plant sits on. What are some of your concerns there?

2 MR. RICHARDS: My understanding is that when
3 it comes to an ethanol plant, they have other industries that follow along.
4 Some of our local citizens visited one of the plants in Tennessee after the
5 ethanol plant was put in there, and DuPont came in, and a factory came in to
6 use the by-products of the plant. We were told there may be feed lots
7 located in our area; that's been denied, but I cannot speak on that. One
8 person told me they were going to put a huge greenhouse there and be sure
9 that whatever they grew would not compete with anyone growing any other
10 product in a greenhouse in Mecklenburg County, because they don't want to
11 compete with local people. They're probably either going to grow
12 mushrooms or long-stemmed red roses. I find that hard to believe.

13 MR. ARTHUR: Thank you, Mr. Richards. My
14 first impression is, you've got a problem with the Board of Supervisors.

15 MR. RICHARDS: I didn't want to go there.

16 MR. ARTHUR: That's the issue.

17 The next speaker would be Ms. Ida O'Sullivan.

18 MR. PFOHL: Mr. Chairman, while Ms.
19 O'Sullivan is approaching the microphone, I just want to point out that the
20 county administrator and a representative of the Virginia Department of
21 Agriculture are here to speak to any specifics of the project.

22 MR. ARTHUR: We'll ask them if they wish to
23 speak after we finish with these speakers.

24 MS. O'SULLIVAN: Before you start my clock, I
25 have a couple of questions. Under the Mecklenburg Project OSAGE

1 Location Enhancement, you indicate 300 acres. We believe it's 600 acres.
2 It's on page seven.

3 MR. ARTHUR: Tim, can you address that? I'm
4 not familiar with it.

5 MS. O'SULLIVAN: Are we going to have a
6 chance to rebut anything?

7 MR. ARTHUR: Ma'am, I'm giving you an equal
8 opportunity, and if I feel rebuttal is necessary I'll give you a chance, but
9 probably we're going to move along.

10 MS. O'SULLIVAN: My name is Ida O'Sullivan,
11 and I live on Skipwith Road in Chase City within a quarter of a mile of the
12 proposed plant and will be able to look at the plant. We moved from upstate
13 New York to enjoy this wonderful area. I'm only one individual, and I can
14 speak for three specific people where people will not come to Chase City.
15 Our neighbor across the street's daughter is going to remodel an old family
16 home that's been in their family for generations. They're across the street
17 from us, and they looked at the plant, and they're not going to come here.
18 Our neighbor between us and the plant has a daughter that was going to
19 build a house next to them, but they are not. My daughter was going to
20 build on our land, and they will not. I'm only one, but that's three instances.

21 If you approve this plant, you will forever change the character
22 and the way of life in Chase City and Mecklenburg County. It's growing,
23 and retired people have come here to enjoy the area. Who is going to come
24 to an ethanol plant? The money would be better spent on other projects in
25 Mecklenburg County that will not create the difficulties that this will, and it

1 will provide more jobs and improve the economy of the entire area.

2 When we were at the Supervisors' meeting, OSAGE made a
3 presentation on Monday. The president of OSAGE, and I believe his name
4 was Craig Shelley, referred to we in opposition as "shrill voices". I do not
5 have a shrill voice, and I felt insulted, and we all did. It was demeaning for
6 such an important situation for him to criticize us like that.

7 Thank you, very much, for an opportunity to express my views.
8 I'll be glad to answer any questions.

9 MR. ARTHUR: Thank you.

10 MR. PFOHL: Mr. Chairman, may I point out that
11 there was a professor from Virginia Tech there?

12 MR. ARTHUR: The next speaker will be Mr.
13 Richard Henry.

14 MR. HENRY: Good afternoon. My name is
15 Richard Henry, and I'm a citizen of Chase City and a resident. I would like
16 to add my voice of dissent to this project. I am one of the people that would
17 say, "Not in my backyard," because I live adjacent to this farm. I feel that
18 this plant could have just as much benefit to our county if it was put 20 or 25
19 miles away from where we are. In fact, they have drawn a 75-mile circle
20 that this plant will benefit, and that 75-mile circle will be the same,
21 regardless of where they are. I feel that by stopping the grant for the water
22 pipe, that will give a better, or the money could be used for a better
23 opportunity for Mecklenburg County to use the money in a different way
24 that will supply more jobs to people. Basically, we don't want the water line.

25

1 I'm trying to think of something to say that somebody else
2 hasn't already said, and I guess they have. I've added my voice, and I do not
3 want this in my backyard.

4 MR. ARTHUR: I understand. Anyone have any
5 questions? Thank you.

6 The next speaker will be Diane Ramsey.

7 MS. RAMSEY: My name is Diane Ramsey, and
8 I've lived in Mecklenburg County all my life. I love Mecklenburg County,
9 and I love Chase City. I was born and raised in Chase City. I'm getting
10 ready to retire from the juvenile court system after 30 years of service. That
11 should tell you something about myself and how I love my town and love
12 my community. Chase City is a community of tourism and retirement, a
13 retirement community with clean air and a quiet, peaceful environment, and
14 we don't want to see this destroyed. If you rode down our street in Chase
15 City, we have banners on each side of our street that say, a quality of life
16 community. We don't want to see these banners taken down.

17 Please, listen to what the people have said on both sides and
18 think about this thing very seriously. We're not totally against an ethanol
19 plant being put in our county. We just do not like this particular location,
20 and it's too close to our town.

21 Thank you, very much, and I appreciate the opportunity to
22 come before you.

23 MR. ARTHUR: Thank you, Ms. Ramsey. Any
24 questions of Ms. Ramsey? Thank you, very much, and we thank you all for
25 coming.

1 We have with us today Mr. Bill Scruggs from the Department
2 of Agriculture for the State of Virginia. Mr. Scruggs, would you like to say
3 something or answer questions?

4 MR. SCRUGGS: I'm here to answer questions, if
5 you have any. Thank you, very much, for this opportunity.

6 We've been working with the project for about eight months
7 now, and we've been looking at a number of sites around the state, and the
8 company is also looking at other states as well. In terms of the feed stock,
9 and that's one of our primary interests of the Department of Agriculture, and
10 has shown where they actually can store some feed stock within a 75-mile
11 radius, and that opportunity will be there. Whether all the farmers will take
12 advantage of that, I can't say. Initially it is true that corn will need to be
13 brought into the site, in all likelihood, to begin this process. So it is true that
14 corn will need to be brought into the site, more than likely, for the initial
15 operation. But ultimately their slide will show that they have projections
16 that show as much as a 75-mile radius.

17 We're all working with Virginia Tech and with Dr. Wade
18 Thompson, as well as Dr. Charles Griffy. Dr. Griffy has been involved for a
19 number of years with cauliflowy, and we have a meeting actually set up this
20 week and looking at what may be done in terms of the cauliflowy and small
21 grain and milo production in the Southside region in the southeastern part of
22 the state.

23 I'll speak to a couple of other things that I came across in the
24 past couple of weeks. One person mentioned Avongale, and we heard this
25 the other day. It is true the main reason OSAGE is looking at the Avongale

1 plant, and actually the technology company that designed that plant, and that
2 plant is one of the few that actually, there are only a few companies in the
3 world currently using small grain to manufacture ethanol from pure grain.
4 That's important to know for Virginia, because we cannot grow enough corn
5 to supply an ethanol plant. We can do better on the job, a lot more
6 consistency with yields of small grain, particularly since it's a winter cover
7 crop and traditionally been grown in the tobacco region. Avongale is one of
8 the few companies that received a federal DOE grant for the ethanol plant,
9 and they're also building some plants in Europe. That was the plant that was
10 actually cited in this, and I don't have specific information on that. There
11 was a gentleman that spoke last week about it. Didn't mention anything
12 about, I think there were some slides on that plant, but I can't verify that, one
13 way or the other, as to that. I guess the bottom line for me, a lot of the
14 questions, from the State's standpoint, when we go look at projects, we
15 certainly want to see an ethanol project in the State of Virginia. I know a lot
16 of these questions relate to local issues which we recognize in partnership
17 with the localities and the state. We do not get into the actual site
18 development, and that's something that the locality has to make a decision
19 on.

20 Are there any questions?

21 MR. HITE: You said you were looking at other
22 sites in the state, what other sites?

23 MR. SCRUGGS: There is another site, well, I'll
24 say it because it's public knowledge, but that's Hopewell. The big thing with
25 the ethanol plants, you have to have a certain type of infrastructure. Water is

1 one of the basic requirements as a background, and you need to have natural
2 gas and rail access. When you get down to those types of energy
3 requirements, as well as the infrastructure, that narrows the number of
4 available sites down quite a bit, the possible sites down quite a bit.

5 MR. HITE: What other sites besides Hopewell?

6 MR. SCRUGGS: The other site they looked at is
7 in Charles City and James City, also Louisa, a couple of other sites in the
8 southeastern part of the state. In some of the areas the wetlands issues came
9 up that disqualified the site. In other cases there were issues in terms of rail
10 access. In one case we'd have to put a rail line in about six miles into the
11 site, which would be really cost-prohibitive.

12 MR. HITE: Have you looked at any other sites?

13 MR. HITE: Any other sites in Southside?

14 MR. SCRUGGS: No, not that I'm aware of.

15 MR. HITE: Any other sites?

16 MR. SCRUGGS: There is a site in Halifax, but the
17 development time, I think, is the issue.

18 MR. DAY: Mr. Chairman, I've got two questions.
19 Number one, isn't it true that sugar is a far better base for ethanol production
20 than any known grain, at the moment?

21 MR. SCRUGGS: Sugar cane is the best, yes, no
22 question about that. The issue we have is we can't produce enough sugar
23 cane.

24 MR. DAY: I understand. My second question is,
25 are the stockholders of this company putting any cash into this deal there?

1 Are they assuming any of the risk, or is all coming together from grant
2 money?

3 MR. SCRUGGS: No, there are major investors
4 involved with this project, and the stockholders --

5 MR. DAY: -- I mean the current stockholders, are
6 they current stockholders?

7 MR. SCRUGGS: Yes.

8 MR. DAY: How much money are they putting
9 up?

10 MR. SCRUGGS: I don't have that information.
11 I'm not privy to it. That's confidential, but I know that to be a fact.

12 DELEGATE WRIGHT: I have a question about
13 the use of the by-products. Do you think the projections show that the by-
14 products from the plant could be used by farmers in the areas surrounding
15 the plant, such an amount that would necessitate an intensive livestock
16 operation nearby, or do the projections show that?

17 MR. SCRUGGS: The by-products coming out of
18 the plant, which is Co₂, carbon dioxide, and they call that DDGS, dried
19 distillers grains and solubles. That can be used as livestock feed, primarily
20 for the dairy cattle and for beef cattle. Yes, that product can be moved off-
21 site and actually used by the producers to the dairy producers, as well as the
22 potential beef cattle producers as livestock feed.

23 The other thing that the company is looking at very hard with
24 DDGS is also burning it. It can be burned as a fuel in the facility that
25 actually provides the power to the plant.

1 DELEGATE WRIGHT: Another question I had is
2 the economic benefits to the farmers around the area. Since our area is not
3 conducive to growing corn, what benefit would it be to the farmers?

4 MR. SCRUGGS: That's the specific reason for
5 looking at small grain. In talking to the experts from Virginia Tech and the
6 specialist there, it is recognized that we can do a lot better as a state overall
7 with small grain; we can produce it much more competitively than we can
8 with corn. They give projections that are upward of \$50 million in terms of
9 if the producers, if they're actually able to draw within that 75-mile radius.
10 We have some conservative estimates, and I think the application that you
11 have is the letter, and that indicates 13 million in value in terms of only
12 small grain part of it. When you bring in the DDGS and start looking at the
13 dairy industry in the state, and there are some large dairies in the area that
14 could use that, but a number up in the valley as well, and that number gets
15 quite large statewide.

16 MR. ARTHUR: Any more questions?

17 SENATOR RUFF: Between buying corn or
18 bringing it in from the Midwest, versus how much is it going to cost to do
19 that for the plant?

20 MR. SCRUGGS: Delivering to the plant from the
21 Midwest, on average we'd say it's somewhere between 30 to 35 cents a
22 bushel, is what you're looking at in additional costs for that transportation.

23 SENATOR RUFF: That's the difference?

24 MR. SCRUGGS: In terms of actually running
25 models, I've got to be very careful not to set prices here, but we've been

1 working with some producers to get some idea of what it would take to price
2 that competitively.

3 MR. ARTHUR: Thank you.

4 MR. DAY: I'd like to make one observation. I
5 find it odd that we're being asked for a million dollars on the one hand, but
6 the amount of money the company is proposing to put up is described as
7 "confidential" on the other.

8 MS. FRENCH: The cost is 142 million, and a
9 third came out of, probably 40 percent they put up.

10 MR. DAY: A million dollars, one way or the
11 other, isn't going to connect or break this project.

12 MS. FRENCH: This is for the public utility,
13 infrastructure.

14 MR. ARTHUR: One more question, Senator Ruff,
15 we need to move along.

16 SENATOR RUFF: On this grain issue that was
17 raised, it was pointed out earlier that maybe a possible use could be the
18 wood product for some power generation. Is that your understanding?

19 MR. SCRUGGS: Correct. The wood product
20 could be used, which would actually be generating, it would be generating
21 steam power to the plant. Switch grass is also an option they're looking at,
22 and we don't have a lot of production of that yet.

23 Getting back to the investment, I can't tell you exactly how
24 much the two principals are investing, versus the other capital investors. I
25 did meet with the group the other week, but Ms. French is correct in terms of

1 the overall project. They're looking at 75 percent or better in terms of actual
2 equity going into the project, versus bank loans.

3 MR. ARTHUR: Thank you, sir, appreciate it. No
4 further questions there.

5 I have one more speaker that wants to address this particular
6 project. Charles Duckworth.

7 MR. DUCKWORTH: I'm Charles Duckworth,
8 ladies and gentlemen, and I'd like to thank you for this opportunity to allow
9 me to speak here today. I'm here in support for the proposal for the water
10 line in Chase City to serve the proposed ethanol plant. My name is Charles
11 Duckworth, and I was born and raised on a tobacco farm three miles from
12 Chase City. I spent all my years living in Chase City. I operated my own
13 business as a hardware store and furniture appliance store for 37 years. I
14 served as mayor of Chase City for 20 years in dealing with all aspects of
15 running a town. I served more than 10 years on the Chase City IDA. I,
16 therefore, feel I'm qualified to speak on the needs of our town. Before
17 NAFTA was passed, we enjoyed a thriving business community. We had a
18 shoe factory, apparel business, making shirts and jeans, and many other
19 supporting businesses. In a one-year time frame we lost 1100 jobs, due to
20 NAFTA. I'm grateful to the Tobacco Commission for grants like this to help
21 put opportunities back in the hands of the farmers in Mecklenburg County
22 and the Southside Virginia area. The grain problem that was raised and the
23 byproducts made available to cattlemen can only be a win-win situation.

24 The Chase City water wells are fast becoming obsolete. The
25 proposed water line will be a great asset to the town in the coming years and

1 will serve customers along the routes for growing Chase City if they so
2 choose to access that line. I realize that some people do not clearly
3 understand, and this causes fear among many who are exposed to incomplete
4 and false information, and I emphasize false information. These same
5 concerns have been expressed in years past when the natural gas line came
6 to our town. The citizens protested the coal-fired power generating station
7 in Clarksville. Property values have continued to rise since these occurred,
8 and Mecklenburg County is still a beautiful, serene place to live, work and
9 play.

10 I mentioned earlier that Chase City and Mecklenburg have
11 experienced major losses in job opportunities for the past 15 years. The
12 water line could very well be the key to bringing back industrial jobs and
13 surely enhance the farming community and help attract other work
14 opportunities for local citizens, and that will expand the businesses that are
15 struggling to survive.

16 I respectfully request you approve this plan. Thank you, very
17 much.

18 MR. ARTHUR: Thank you, Mr. Duckworth. Any
19 questions?

20 SENATOR RUFF: Charles, you know the Town
21 of Chase City may have operated on wells for water forever. In your
22 opinion, will they be able to continue to operate on wells forever?

23 MR. DUCKWORTH: Senator Ruff, I'll tell you
24 that when I took office in May of 1976 we were operating 18 wells. From
25 bacteria and wells failing, we're down to either 12 or 13, at my last count.

1 Up until just a few years back, we did not have to add any additives to the
2 water, and now we are. Water is an important issue in Chase City. This
3 water line would really be a great thing for the infrastructure of Chase City.

4 MR. ARTHUR: Thank you, appreciate it.

5 DELEGATE HOGAN: Mr. Chairman, I've got a
6 couple of questions. There are a couple of things I think we ought to take a
7 look at. What use is this water line as a separate issue from this plant? If it
8 meets the water needs Chase City has, regardless of the plant or not the
9 plant, it's worth taking a look at. I think that may be where Senator Ruff is
10 going. I think we should take a more careful look at that.

11 MR. DUCKWORTH: May I answer that? A few
12 years back I mentioned that we were right on the borderline of needing a
13 water system. Jonbil Manufacturing made jeans, and they went out of
14 business, and right now we have a site surplus in Chase City. A water-
15 seeking industry cannot look at Chase City anymore. So with this line, that
16 would open the door to water-using industries. I hope that answers your
17 question.

18 DELEGATE HOGAN: That's one issue. Do you
19 develop infrastructure now or later, and maybe we should talk about that,
20 and that is certainly your prerogative. We're not having a discussion here,
21 I'm just talking to the people on the committee, and the Chairman will call if
22 you will. Some of the people don't need to keep waving, because I can't call
23 on you.

24 MR. ARTHUR: I will call on you if we have
25 rebuttal.

1 DELEGATE HOGAN: The next issue is, I'm a
2 little put out and surprised, and this is the first time I've seen the
3 Commission take up an application that had this kind of community
4 opposition. There are a few people here today, and I've gotten a lot of calls
5 in my office, and Chase City is not in my district, but close enough to home
6 for me to feel the burn. There's a pretty little fire going on there, and that
7 concerns me a good bit, and I know from our experience, there are a lot of
8 places I looked at that it would work, and folks didn't like it, and we kept
9 moving around. I'm just wondering whether we want to inject ourselves into
10 that and say we are not, but we are.

11 The next question I have for you is that some of the numbers
12 that are being thrown out here by Ms. French and the gentleman from
13 Agriculture, I don't want to argue about numbers, but I've seen a different set
14 of numbers than the ones that they were talking about. While that's
15 someone's private business, to the extent that they're asking for a grant from
16 this Commission, it seems maybe like a kind of controversy here. I think we
17 should know about that.

18 The last point is, I'd like to know if this is the only grant we're
19 going to be asked for in relationship to this project, or is this the first of
20 many applications with different incentives? I think the latter is true. So my
21 question is, if we're going to look at a project that has some controversy, and
22 the gentleman from Agriculture spoke about the merits of an ethanol plant or
23 developing an ethanol plant, I don't know if those are all accurate or not,
24 especially when we're looking at this particular issue.

25 Having sort of looked at all that, if we want to piecemeal

1 something, it looks to me like it's going to be pretty controversial, and when
2 we don't have a real good picture of what we're going to, or what we're
3 looking at, or what we're going to be asked to fund over the next cycle or
4 next year, those are my basic concerns, and I'm trying to maybe get some
5 ideas about how maybe we can try to come up and answer those types of
6 questions.

7 MR. ARTHUR: Delegate Hogan, it sounds like
8 you're someone thrashing around in the wilderness.

9 DELEGATE HOGAN: That's a lot of questions
10 for a project.

11 MR. ARTHUR: It truly is. I would point out also
12 that the Board of Supervisors down there voted nine to nothing to pursue
13 this. That's the political implications right there, that the entire county is
14 pursuing it by a nine to nothing vote. It's the charge of this Committee for
15 revitalization and industrial projects and not to get involved in the political
16 aspects, but that's just my opinion, for what it's worth.

17 MR. DAY: Mr. Chairman, did they pursue this
18 water line, or are they on public record as favoring this plant?

19 MR. ARTHUR: There is a letter that we just
20 received stating that they voted nine to nothing to pursue this project, the
21 water line. My intuition says that must be supportive of the plant, but they
22 didn't say that, they didn't say that. I submit that our job is to, our staff has
23 looked into this, and they've done their due diligence and advised us,
24 recommended approval. It's up to us to take it or leave it. I think they've
25 done a wonderful job doing their job. It's up to us, and we can take a vote

1 here to approve it or not.

2 DELEGATE HOGAN: Is this the only grant we're
3 going to be asked to look at to fund this project, or not?

4 MR. ARTHUR: I don't know that we ever know
5 that. I'll let Neal speak to that.

6 MR. NOYES: I met as recently as last Friday, and
7 this project would be eligible for the TROF consideration, with the
8 expectation on the part of the company that there would be additional funds,
9 or additional funding would be needed, not just from the Tobacco
10 Commission but from other partners, for other elements related to the
11 construction of the facility. To answer your question, there will be at least
12 TROF that they could apply for, and very possibly requests for additional
13 funding related to the project.

14 DELEGATE HOGAN: Do you want to give us an
15 idea of what you think the total package might look like?

16 MR. ARTHUR: I don't have the foggiest idea.

17 DELEGATE HOGAN: I'm asking the Executive
18 Director, are we looking at another \$2 million or \$15 million or \$20 million?

19 MR. NOYES: Delegate Hogan, I'll respond the
20 way I responded to the company that if they were expecting the Tobacco
21 Commission to entertain an application for the full amount they believe that
22 would be necessary for this site to be competitive with another site, that they
23 needed to start exploring a relationship with other partners, but the Tobacco
24 Commission would look at other requests in the future. My guess is it's
25 possible as much as an additional \$5 million.

1 MR. ARTHUR: Does that answer your question?

2 MR. NOYES: That's not a firm figure, so don't
3 quote me on that.

4 DELEGATE BYRON: Several things have been
5 said, and we're not here to get into the political nature of these projects. This
6 is probably the first time that I recall having this type of audience with us.
7 Our charge has been to look at economic revitalization. We look at
8 investments in jobs and all the things that are going to be necessary to create
9 economic development. We don't need to get involved with local
10 government. When we start looking at Southside as a region overall, it's
11 generally in our charge, but we have to stay focused. I'm not certain why
12 someone from a locality is able to speak to the project themselves shouldn't
13 be considered. I know the letter was sent out, but we have representatives
14 from the localities that are here, and I think someone might speak to that.

15 MR. ARTHUR: Delegate Byron, we have Mr.
16 Wayne Carter here from the county. I apologize, I deviated from the
17 Agenda and from our normal procedure, because we had so many people to
18 speak I thought it was important enough we needed to discuss this.

19 DELEGATE BYRON: Mr. Chairman, I do agree
20 with you, and I know that politics plays into this sometimes, but I think what
21 the locality has to say is very important, too.

22 MR. CARTER: Yes, sir, ladies and gentlemen. I
23 appreciate the opportunity to speak. I'm the County Administrator for
24 Mecklenburg. The Board of Supervisors voted Monday to pursue this grant
25 nine to zero. The applicant has not determined whether they want to pick

1 Mecklenburg County. There are other sites that they have looked at, and
2 they have stated Monday at the meeting that they looked at 162 sites in
3 North Carolina, South Carolina and Virginia. They are left now with a
4 handful. We are one of two left in the State of Virginia, and that's it.

5 The reason why they picked us is because of the infrastructure.
6 This is the only site in Mecklenburg County that has this infrastructure.
7 That means rail, that means natural gas on the same site, fairly close access
8 to a water line. The water line stops right now in Boydton. One of the
9 things they're looking at is that there are 1.4 million head of cattle within a
10 100-mile radius for them to be able to sell the DDGS to. That's the by-
11 product they're looking for. One of the things they wanted was the wood
12 laps to use in the boiler system. That's something I think the Commission
13 has looked at in the past, ways to improve that wood waste that we left in
14 Southside Virginia, and that's one of the things they looked at. They stated
15 that. With regard to the road upgrading, they'll be responsible for any of
16 that, wherever the plant is located, back out. As far as the rail access
17 upgrades, they're going to apply to the state because there is rail access
18 upgrades short line that serves this site. That's the reason why the state put
19 that money in the short-line system. They've also stated that they're going to
20 put thermal oxidizers on this system, which will basically kill all the odor
21 and smell from it. They're also going to put scrubbers on this system. They
22 have also stated to the Board they're not going to have a feed lot on the site.
23 They, finally, stated they're going to work with the Board of Supervisors
24 regarding hours of trucking, going through the Town of Chase City. Finally,
25 they said they were going to use this facility as a research center for Virginia

1 Tech and others so that they can look at the latest technology, because we'll
2 have a boiler system there, and you'll have an ethanol plant and can see what
3 they can do to try to keep up.

4 So I think what the Commission has said in the past with regard
5 to ethanol production in the state, this is unique, and I know there is some
6 opposition to it. The Board hasn't taken a vote with regard to that, because
7 the company has not decided. So we can't take a vote on this site until the
8 company says we're here. They stated Monday the reason why they came
9 forward with the presentation is because there was so much disinformation
10 going out there that they felt they needed to make a public statement;
11 ordinarily they would not.

12 SENATOR RUFF: You mentioned they would
13 work with the trucking industry?

14 MR. CARTER: That's something they'll have to
15 work out with --

16 SENATOR RUFF: -- Are they going to try to
17 specifically work that out?

18 MR. CARTER: I think they'll try to do it. They
19 said they want to be a good community citizen and industry, just like the
20 power plant has been to us, and I think that's the same thing. They also said
21 they wanted to be a good citizen, so they're looking to help the community.

22 SENATOR RUFF: Mr. Chairman, I don't know
23 how to quantify any of this. How do you compare the co-generation, within
24 a mile or two miles?

25 MR. CARTER: Size-wise, the facility, because of

1 the wood laps it would be larger, because they have to have a place to put
2 that. As far as pollution, tremendous amount less, because of what they're
3 putting in the scrubber. Noise-wise, probably very similar to, they're going
4 to have conveyors and things of that nature. They will not have the crusher
5 the co-generation plant has, but what they stated is that their noise level will
6 be less than what we're used to in the power plant and much less than what
7 Burlington was in Clarksville for 40 years.

8 DELEGATE WRIGHT: Mr. Chairman, a lot of
9 my questions have been answered, as it pertains to possible pollution and
10 transportation. I have really been satisfied as to what the economic benefits
11 will be in real terms for Chase City and Mecklenburg County, as far as jobs
12 and tax base and other industries that may locate because of this plant. What
13 will the actual benefits be?

14 MR. CARTER: What they say is that they will
15 hire 50 percent of their employees locally.

16 MS. MOSS: Excuse me, that was --

17 MR. ARTHUR: -- Please, --

18 MS. MOSS: -- But if they qualify.

19 MR. ARTHUR: Excuse me, one person at a time
20 for rebuttal, and you'll get a chance.

21 MR. CARTER: I was talking to the extension
22 agent, and we have approximately 9,000 acres of beans; no-till, that depletes
23 the soil. Small grain actually improves the soil quality. When they come in,
24 barley, mid-May and they combine that, or the wheat-type is first of July.
25 So there is a difference in the timing. They think this would be a great

1 economic benefit to the agriculture producers. Secondly, the farmers that
2 have cattle will be able to have a fairly cheap feed source for livestock
3 within a hundred-mile radius.

4 DELEGATE WRIGHT: You say 50 percent of the
5 jobs would be hired from the local folks. What is that in numbers?

6 MR. CARTER: I think they said they were
7 looking at 50 jobs or 25 jobs, I believe that was in the application.

8 DELEGATE WRIGHT: What about a possibility
9 for more jobs in the future?

10 MR. CARTER: They said they would look at the
11 facility when it's up and running, about expanding it, and secondly, they'd
12 like to see if there is a possibility of the greenhouses they're talking about
13 because of the by-products, and therefore they're looking at other entities
14 that, or other industries that might, they're not looking at rezoning the entire
15 600 acres. They're looking at the bottom corner adjacent to the town, and
16 that's adjacent to the town sewage treatment plant and back over to Skipwith
17 Road, which is approximately about 250 acres.

18 MR. BRYANT: How close is this plant to the
19 Town of Chase City?

20 MR. CARTER: How close?

21 MR. BRYANT: Miles, feet, how close?

22 MR. CARTER: On the map it showed, depending
23 on the very edge, it looks like the plant will be approximately one mile,
24 probably all the way up to the town limits, but they're looking at the lower
25 one-third of the property, so roughly maybe a half to one mile away.

1 MR. ARTHUR: Do you have another question,
2 Mr. Day?

3 MR. DAY: Mr. Chairman, my last and final
4 question. I assume that the due diligence that the county and perhaps our
5 staff included an examination of this company's financial status. The
6 question I have is, how much money did they make last year?

7 MR. CARTER: This company is a new LLC. The
8 owner of it has five ethanol distribution points in North Carolina, South
9 Carolina and Virginia, based out of Roanoke where Mr. Spruill lives. He
10 has been in the ethanol business, trucking it and putting it into other fuels for
11 20 years, and he has not built a plant. The people that are going to build the
12 plant and design the plant have done over a hundred of those.

13 MR. DAY: Mr. Chairman, I'm not sure the
14 gentleman understands my question.

15 MR. ARTHUR: Would you like to restate it?

16 MR. DAY: Yes. How much money did it make
17 last year?

18 MR. CARTER: None, sir, it was not operational.

19 MR. ARTHUR: One more question, Senator Ruff.

20 SENATOR RUFF: This is not a question but a
21 statement; this was given to me, talking about the discharge comparison with
22 the co-generation plant. The particulate matter would be about 30 percent of
23 what that plant puts out, and the nitrogen oxide would be about four or five
24 percent, and the carbon dioxide would be two to three percent of it, and the
25 carbon monoxide would be a third of one percent. What's put in the air is

1 significant.

2 DELEGATE BYRON: Mr. Chairman, we don't
3 have any confirmation that they have even chosen this site or a contingency.

4 MR. ARTHUR: That is correct. Thank you, very
5 much. We'll have time for one rebuttal.

6 MS. MOSS: There are certain formulas that
7 ethanol has to have, and we've talked about the number of gallons and
8 millions of gallons produced per year, and something like 50 jobs or 25 jobs.
9 I've got some information through the FOI. In essence, we're talking about
10 40 people working at the plant. We looked at some salary surveys from
11 ethanol, and they talk about 72 percent of the jobs in the industry go to
12 people with graduate degrees in a field such as chemistry or engineering and
13 management. Twenty-two percent of the jobs go to people who have a high
14 school diploma and some college training or technical training. Only six
15 percent of the jobs go to people with a high school education or less. I'd ask
16 you to keep in mind Chase City is not a town that has a high educational
17 level, and that concerns me right there. Only 15 percent of jobs in the entire
18 industry go to women, and there's a lot of check-out girls at Food Lion
19 working in plants. I think they're padding the number, to be quite honest
20 about it. When they talk about 60 or 75 jobs, they're including truck-driving
21 jobs. If you're in the ethanol trucking business, people have done that a very
22 long time, and they have their own operators, and they have their truckers. I
23 don't recall those jobs going to local citizens. When they talked Monday,
24 they were very carefully worded in what they said to offer our community of
25 50-such jobs, by having a little clause right there of eligible applicants,

1 qualified applicants. I don't think many people in our community will
2 qualify for jobs. I'm not saying they will not get people to work there, but
3 it's not what they're presenting to the public. I feel like that's sort of
4 manipulating people, but we do need jobs, and there's no question about that.
5 Thank you.

6 MS. HAMMOND: I would like to state that from
7 another perspective, that when a community needs jobs, I think one of the
8 things we're looking to is the community and the economy in general and not
9 just jobs for people, for individuals, but building jobs for the entire
10 community and to bring people back and to bring businesses back, and we
11 want to look at the population here now, but also creating jobs and better
12 jobs for people in the future. Creating jobs is very important.

13 MR. ARTHUR: Thank you. Do I hear somebody
14 that wants to call the question?

15 DELEGATE HOGAN: Mr. Chairman, I don't
16 know if I want to call the question, but I'd like to get a clarification. I might
17 be willing to make a motion. Is that what you had in mind?

18 MR. ARTHUR: I want to move this project along.

19 DELEGATE HOGAN: I'll make a motion to
20 speak to it. I would move that we talk about this, and here is the concern
21 that I have.

22 MR. ARTHUR: That's not part of the motion.

23 MR. OWENS: I'll second it.

24 DELEGATE HOGAN: I would agree with what
25 Delegate Byron said. Let's not get into local zoning issues, that's not our

1 business, and I don't think we should get involved in that, and that's not our
2 role. What concerns me is that it looks to me like we're looking at a tiny bit
3 of the project, and I'm not quite sure, from the Director's comments, and
4 others' knowledge of this project that we're going to be asked sometime in
5 the next year for a substantial amount of cash to fund things. Contrary to the
6 comments expressed by the gentleman from Agriculture, I don't have at this
7 point a comfort level with the company's financials to a degree that some of
8 these other folks have talked about, I've seen and heard a different set of
9 numbers. I see no point in arguing about it, and we'll have to discover these
10 things at the appropriate time. I don't think our staff at this point has access
11 to that information or has looked at it, that I know of. So, I think it's a
12 mistake to look at a piece of the project. At this point, we can't look at what
13 we're looking at. We've had other big projects, and in general an ethanol
14 project at this site and this area is a good idea, and I think we ought to look
15 at it. The rage out there today to promote ethanol, and some people are
16 getting carried away with it, but I think we've got some responsibility to look
17 at this very carefully before we invest millions of dollars of public money
18 into a project. I don't think doing it piecemeal is the way to go. We've got
19 to look at the whole package, and until that's in front of us, then, rather than
20 vote little pieces along, I'm uncomfortable with that.

21 MR. ARTHUR: Don't you think the water line in
22 Chase City is an asset to Chase City, based on the fact they're working on
23 wells?

24 DELEGATE HOGAN: From what we heard from
25 Mr. Duckworth and others, it's an important part of the project, but not

1 otherwise. We don't, generally, build infrastructure to nowhere, or we try
2 not to. I think we have to consider it as part of this project. I'm going back
3 to the project that we did fund for ABB, and that was done from several
4 different chunks of money. I think that everybody here will recollect, but we
5 put all that together and let the Commission look at it. I think in this case we
6 ought to do the same thing.

7 MR. ARTHUR: Mr. Owens, did you second it?

8 MR. OWENS: He made the motion.

9 MR. ARTHUR: I never heard the motion.

10 DELEGATE HOGAN: I move that we table it, we
11 can take a by.

12 MR. ARTHUR: That's a legislative term.

13 SENATOR RUFF: I don't know if I'm speaking
14 specifically to that motion or not, but we're not being asked to approve the
15 project, the OSAGE project, and that's a responsibility of Mecklenburg
16 County, and that will remain their responsibility. What we're being asked to
17 do is remove a potential road block condition. We have no authority to
18 supersede anyone, and specifically the Board of Supervisors. I don't know if
19 that's addressing your point or not.

20 MR. ARTHUR: I would agree.

21 DELEGATE HOGAN: Mr. Chairman, we're not
22 superseding the Board of Supervisors of Mecklenburg County, because they
23 can do what they want to with their own money. When they come here and
24 ask us for money, we have every responsibility to make a judgment we think
25 it is good, or a good project, or whatever the Commission feels is in the best

1 interest, whether to move forward or not. All I'm saying is I don't see how
2 we can do that piecemeal. I'm not trying to take away Mecklenburg
3 County's authority. I'm just saying, if they're going to be coming in here
4 asking us for millions of dollars to bring this industry here, we ought to get
5 the whole package. If you told us or came in here right now and said you're
6 going to get 50 jobs, I don't agree with those comments, I would support
7 what the lady from the Department of Commerce said about job creation.

8 If you tell the Commission we need to put up \$15 million to
9 bring 50 jobs here, I'm not sure the Commission would go for that. That
10 would be the largest per job; even some of the stuff I come up with doesn't
11 rise to that level. I think we ought to look at the whole package before we
12 start looking at pieces of it. It's only with the whole package that we can get
13 a picture of what's going on.

14 MR. HARWOOD: Mr. Chairman, I'd ask for a
15 clarification. I'm a little lost here, because I agree with Delegate Hogan,
16 we're not considering the whole package, but this is just for the water line,
17 and reading the application it says the water line goes from the Town of
18 Boydton to the middle of a farm. How is this going to help Chase City or
19 anyone if this is going out to the middle of a farm?

20 SENATOR RUFF: All this is conditioned on the
21 fact that if the plant is approved, if they select the site and the county
22 approves it, then it's built. It will not be built unless that happens. But if
23 you get within a few miles of Chase City, then the Town of Chase City can
24 more economically run the rest of the line to the town.

25 MR. ARTHUR: Delegate Byron.

1 DELEGATE BYRON: There are a couple of
2 things, and it's an unusual project, but in many ways it doesn't appear to be
3 any more unusual than other projects that we've done. We've done a lot of
4 projects that were contingent on something happening for us to get money
5 out, and there is a lot of contingencies, if you look around. Maybe that's one
6 point, but my question to the staff, who has always done a thorough job for
7 us before, I think we do need a complete package to be presented to us, but I
8 assume it's there, but the time frame, considering the time frame, and they
9 need to know this information, and it's always a question of if we lose
10 opportunities to bring someone to an area, and if they don't come here then
11 the money is not spent anyway. We had the same information before us that
12 I think we always did in the past. I know Delegate Hogan, I can agree, but
13 the fact that the package is not there, we've done many things where we
14 didn't have a complete package.

15 MR. ARTHUR: Thank you. The motion has been
16 made and seconded that we table this.

17 SENATOR RUFF: Can the staff weigh in on this
18 for time frame?

19 MR. ARTHUR: Do you have any information on
20 the timing?

21 MR. NOYES: Yes, we do. There was a meeting
22 last Friday afternoon, and the company looked at the basic infrastructure to
23 set this water line as a major decision as to whether they come to
24 Mecklenburg County or whether they shift their site, the site mentioned in
25 the southeast. Delegate Byron said that none of the Commission funds that

1 are obligated from a recommendation would be spent until the company
2 makes its necessary commitments, and that's absolutely correct. Your action
3 here today may very well decide whether Mecklenburg remains a site or
4 location for them.

5 MR. OWENS: It's hard to believe that
6 Mecklenburg County, for a million dollars and 30 or 40 million in private,
7 it's a hard presentation for Mecklenburg County, and then based on one
8 million that they've already spent, you can go and borrow a million dollars
9 for 20 years. It's not good business.

10 MR. DAY: What strikes me about this is two
11 things. The fact that a company that didn't make a dime last year can build a
12 \$143 million plant and commit to anything.

13 MR. ARTHUR: Call the question. I want to have
14 a vote on whether or not we will table this to the next meeting. Being that
15 there's no further discussion, all in favor signify by saying aye? (Ayes.)
16 Opposed, like sign? (No's.)

17 Roll call.

18 MR. NOYES: Mr. Arthur?

19 MR. ARTHUR: Aye, no.

20 MR. NOYES: Senator Ruff?

21 SENATOR RUFF: No.

22 MR. NOYES: Mr. Bryant?

23 MR. BRYANT: No.

24 MR. NOYES: Delegate Byron?

25 DELEGATE BYRON: No.

1 MR. NOYES: Deputy Secretary Hammond?
2 DEPUTY SECRETARY HAMMOND: No.
3 MR. NOYES: Mr. Harwood?
4 MR. HARWOOD: No.
5 MR. NOYES: Mr. Hite?
6 MR. HITE: Yes.
7 MR. NOYES: Delegate Hogan?
8 DELEGATE HOGAN: Aye.
9 MR. NOYES: Mr. Owens?
10 MR. OWENS: Aye.
11 MR. NOYES: Delegate Wright?
12 DELEGATE WRIGHT: No.
13 MR. DAY: I vote aye.
14 MR. ARTHUR: We missed you.
15 MR. NOYES: Seven no, four yes.
16 MR. ARTHUR: What's the Committee's pleasure?
17 MR. DAY: Mr. Chairman, I move that we refer to
18 the staff recommendation and deny it.
19 MR. ARTHUR: Do I have a second?
20 DELEGATE HOGAN: Second.
21 MR. ARTHUR: We have a motion made, and a
22 second, that we vote to deny it. Any discussion? I think we discussed it
23 enough, and I call for a vote and ask the Executive Director for a roll call.
24 MR. NOYES: Mr. Arthur?
25 MR. ARTHUR: The motion is to deny it, and my

1 vote is no.

2 MR. NOYES: Senator Ruff?

3 SENATOR RUFF: No.

4 MR. NOYES: Mr. Bryant?

5 MR. BRYANT: No .

6 MR. NOYES: Delegate Byron?

7 DELEGATE BYRON: No.

8 MR. NOYES: Mr. Day?

9 MR. DAY: Yes.

10 MR. NOYES: Deputy Secretary Hammond?

11 DEPUTY SECRETARY HAMMOND: No.

12 MR. NOYES: Mr. Harwood?

13 MR. HARWOOD: No.

14 MR. NOYES: Mr. Hite?

15 MR. HITE: Yes.

16 MR. NOYES: Delegate Hogan?

17 DELEGATE HOGAN: Aye.

18 MR. NOYES: Mr. Owens?

19 MR. OWENS: Aye.

20 MR. NOYES: Delegate Wright?

21 DELEGATE WRIGHT: No.

22 MR. NOYES: The motion fails.

23 MR. ARTHUR: By failing, do we vote to accept?

24 MR. NOYES: That's the remaining option.

25 DELEGATE BYRON: I move that we accept the

1 staff's recommendation.

2 MR. NOYES: Based on the company's
3 commitment to purchase the site, and that presupposes Mecklenburg County
4 approves.

5 MR. ARTHUR: The motion has been made to
6 accept the staff's recommendation with the contingencies. Do I hear a
7 second?

8 SENATOR RUFF: Mr. Chairman, I'll second it,
9 but I'd like to add a contingency to that, maybe a substitute motion, or let me
10 amend it. Also conditioned on the fact that the Mecklenburg County Board
11 of Supervisors vote that there will be no intensive livestock operation within
12 five miles of the Town of Chase City.

13 MR. ARTHUR: You've heard the additional
14 contingency.

15 DELEGATE HOGAN: I understand where you're
16 going, Senator Ruff, but I don't see how in the world you can bind future
17 boards by commitment to us. Are you assuming they will adopt an
18 ordinance banning intensive livestock feeding within five miles of Chase
19 City or for the county -- I don't think you can do that.

20 SENATOR RUFF: The county has asked us to do
21 something.

22 DELEGATE HOGAN: If they adopt an ordinance,
23 how will it work?

24 SENATOR RUFF: They can, a future board can --

25 DELEGATE HOGAN: -- I don't know that you

1 can obligate a future board.

2 MR. ARTHUR: You've heard an additional
3 contingency; would you like to readjust your motion and add his
4 contingency?

5 MR. FERGUSON: Mr. Chairman, I think
6 Delegate Hogan's point is well taken. I'm not sure that the contingency as
7 stated is one that would be enforceable, for the reason he points out. Even if
8 this Board of Supervisors agreed to it, they would have no authority, just
9 like this Commission can not bind future Commissions. They can't bind a
10 future board not to permit the placement of that operation within five miles
11 of town.

12 For your consideration, a potential way to get to that point
13 maybe half a loaf, and the contingency might say that, for purposes of
14 permitting this particular project in Mecklenburg County the company might
15 have to agree not to put that kind of facility or support that type of facility
16 within five miles, or whatever.

17 SENATOR RUFF: I couldn't have stated it better.

18 MR. DAY: Frank, can Chase City annex this
19 property?

20 MR. FERGUSON: Right now we have a
21 moratorium on annexation in effect for the last 20 years or so.

22 MR. DAY: I'm sorry, should they adjust the
23 boundaries?

24 MR. FERGUSON: Potentially, I assume, but
25 that's, you're a little bit out of my area of expertise.

1 MR. ARTHUR: Delegate Byron, would you like
2 to restate your motion?

3 DELEGATE BYRON: I'll try. I recommend that
4 we approve the project as the staff; I think we should move forward with the
5 staff recommendation with the contingencies as indicated and an additional
6 contingency that the company not be permitted to have an intensive
7 livestock operation within five miles of the plant.

8 MR. ARTHUR: Is there a second?

9 DELEGATE WRIGHT: Would that mean the
10 adjoining counties, rather than just saying five miles?

11 MR. ARTHUR: All we're saying is that the
12 company cannot get into the intensive livestock operations within five miles
13 of the plant. That doesn't have anything to do with the county; it has to do
14 with the company.

15 Is there a second?

16 MR. OWENS: That's the motion.

17 MR. ARTHUR: Do we have a second?

18 MR. HARWOOD: Second.

19 MR. ARTHUR: We have a motion made and
20 seconded. All in favor signify by saying aye? (Ayes.) Opposed, like sign?
21 (No.)

22 MR. ARTHUR: Roll call.

23 MR. NOYES: Mr. Arthur?

24 MR. ARTHUR: Aye.

25 MR. NOYES: Senator Ruff?

1 SENATOR RUFF: Aye.
2 MR. NOYES: Mr. Bryant?
3 MR. BRYANT: Aye.
4 MR. NOYES: Delegate Byron?
5 DELEGATE BYRON: Aye.
6 MR. NOYES: Mr. Day?
7 MR. DAY: No.
8 MR. NOYES: Deputy Secretary Hammond?
9 DEPUTY SECRETARY HAMMOND: Aye.
10 MR. NOYES: Mr. Harwood?
11 MR. HARWOOD: Aye.
12 MR. NOYES: Mr. Hite?
13 MR. HITE: No.
14 MR. NOYES: Delegate Hogan?
15 DELEGATE HOGAN: No.
16 MR. NOYES: Mr. Owens?
17 MR. OWENS: No.
18 MR. NOYES: Delegate Wright?
19 DELEGATE WRIGHT: Aye.
20 MR. NOYES: The motion carries.
21 MR. ARTHUR: The motion carries. Thank all of
22 you for your input.

23 We have two for discussion. I'd like to recognize Mr. Coy
24 Harville, Chairman of the Board of Supervisors of Pittsylvania County.

25 MR. HARVILLE: Good afternoon. And,

1 speaking for Pittsylvania County, I want to take an opportunity to thank you
2 for coming here, and thank you to the Economic Development Committee
3 and also the fact that you're serving on the Commission, and also the staff
4 and Executive Director, Neal Noyes. We really appreciate all that you do
5 for our Southside area and all the work you do, as we've witnessed today. I
6 know you give a lot of consideration, and we thank you for your service.

7 On behalf of Pittsylvania County and Danville and the Institute,
8 we greet you, and we thank you. Have a good day.

9 MR. ARTHUR: Thank you. We'll take up Prince
10 Edward, 1387 and 1393.

11 MR. HARWOOD: Let me say, first of all, I'm
12 certainly not against either one of these projects. They're both good
13 economic development projects. I have been approached by the county, and
14 they wanted an opportunity to speak. Ms. Sharon Carney.

15 MS. CARNEY: Good evening, folks. Prince
16 Edward County recently put in a request for \$151,760 on behalf of the
17 county to build out the industrial park. The park currently has no ready-to-
18 go sites. It's a little hard to sell 150 acres of corn. An analysis was done of
19 the park. It needs to be upgraded, and due to the topography of the land,
20 there needed to be a lot of leveling done. When I went to my board
21 chairman and told him the price tag of \$1.7 million, he said, "Good luck,
22 Sharon, go find the money."

23 We've worked hard to try to find the money, and we sacrificed a
24 piece of land in front of the property and sold it to Lowe's. We netted 1.3
25 million, which makes us a minimum of four to five hundred thousand short

1 in development of the project. As I read through the analysis of the projects,
2 we come to you today with a project that is ready to go, and a capability of
3 funding it with your assistance. We don't have a pipe dream; I'd like to build
4 out the industrial park in the next 12 to 16 months. It's heartbreaking when
5 VEC brings potential clients to your community and you don't have a site
6 ready to go. They come and look at the town and look at the amenities you
7 have to offer, but you don't have a site ready. That's the situation we're in
8 right now.

9 It's true we have money available to start the building of the
10 industrial site and do the engineering, but not enough to complete it. The
11 schedule of construction that we're looking at is faster than your grant,
12 unless you come back later. I want to make a comment, and I don't want you
13 to consider it in a negative way, but if we do not get this money we would
14 come up somewhere with the money, it's that important to Prince Edward
15 County Board of Supervisors to be in the economic development game.
16 Without your assistance it's going to make it very difficult for us to do that.
17 \$1.3 million out of 1.7 plus, that's not enough to complete it.

18 MR. ARTHUR: Any questions?

19 MR. HARWOOD: I would like to make a
20 comment about the project. I was a little bit taken back by the staff's
21 recommendation. It would seem to me more logical to go ahead with the
22 county, since they're in place and have funding ready to go. It's my
23 understanding that the Town of Farmville, they have to be awarded a
24 contract by the INS; that could be a year down the road, or whatever. It
25 would seem to me more appropriate that we help the county out, since

1 they've got this stuff in place where they can go ahead and help the town out
2 as they get closer to their contract, or at least that's my way of thinking.

3 MS. CARNEY: Many times someone asks for a
4 project, and it's really pie in the sky. It may come, and it may never come,
5 but this is an opportunity to work on a project and partner with the county
6 and help make the project come to life.

7 MR. ARTHUR: Any comments?

8 DELEGATE HOGAN: I've got a confession to
9 make, and that's painful, and I was talking to Scott about this earlier. I
10 remember I got a call from the Town of Farmville saying, you need to come,
11 you need to come yesterday. And, I said, or someone said the staff
12 recommended it, and that was fine, and I forgot about this, told him not to
13 come. I find myself in somewhat of an awkward position. Maybe we could
14 get up with Jerry and Scott and Ms. Carney and some people between now
15 and the full Commission meeting and see if we can figure something out a
16 little bit, and then we'd ask the Chairman.

17 MR. ARTHUR: It's only 151,000.

18 SENATOR RUFF: Could we ask the staff to tell
19 us what were the deciding factors, or what they were?

20 MR. PFOHL: The staff looked at these two
21 proposals and noted that in the case of the Prince Edward County Industrial
22 Park that a substantial amount of funds have been received by the local
23 government from the sale of land in the park. There are two statements in
24 the application by the county. The projected costs are very preliminary, and
25 do not include engineering and other undefined or unforeseen costs, which

1 will be formulated once an engineering firm has been hired. There are some
2 wetland and topography challenges on this site indicated in the application
3 that need to be addressed. There are some funds that the county has
4 accumulated from the sale of commercial land. Once that happens, the
5 Commission could then see a more defined plan for development of the
6 county industrial park for a subsequent funding round. The project in
7 Farmville, which has some commitment issues that we heard about with
8 OSAGE, still not a commitment by the project developer to do the project in
9 Farmville, but it would be for immediate job creation and actually a parallel
10 situation for the infrastructure for that site. We made a recommendation in
11 the Farmville application contingent on commitment by the company to
12 fulfill a federal contract to operate the facility and acquire the site from the
13 town. We recommended the Commission support the Farmville application.

14 SENATOR RUFF: Do we know the federal
15 contract time frame?

16 MR. PFOHL: No, sir. If the Farmville people
17 were here, they might be able to address that.

18 MS. CARNEY: The trees are down, and the
19 timber people told me to keep those fancy engineers out of there until the
20 trees were down, and the trees are down. Now I've got to get some
21 engineers in there to start the work. As Tim alluded to, the 1.7 million, the
22 beginning of the costs, it'll cost more than 1.7 to the deficit to get it shorter.
23 I don't want to imply that we're being penalized, because we have done the
24 forethought to get a great deal of money up front. We're ready to go.

25 MR. ARTHUR: Do I hear a motion?

1 MR. HARWOOD: I'd like to make a motion that
2 we defer this until the day or the morning of the full Commission meeting
3 and give Delegate Hogan and I an opportunity to meet with the local people.

4 MR. ARTHUR: Neal, can you arrange a short
5 meeting?

6 MR. NOYES: Yes, sir.

7 DELEGATE HOGAN: Mr. Chairman, given one
8 item, we may not have to meet. We can do it with a quorum before the full
9 Commission meeting.

10 MR. ARTHUR: Would you stay in touch with
11 them?

12 DELEGATE HOGAN: Be happy to.

13 MR. ARTHUR: A motion has been made and
14 seconded that we table this till the full Commission meeting. Any further
15 discussion? All in favor signify by saying aye? (Ayes.) Opposed, like
16 sign? (No response.)

17 Those two are tabled until the full Commission.

18 I have one more to pull for a discussion before we address the
19 ones that are not recommended, and that's 1384, the Town of Blackstone for
20 Broadband. Keeping in mind that it was funded for \$50,000.

21 MR. PALMER: Thank you, and good afternoon. I
22 thank you on behalf of Nottoway County, and our county administrator
23 couldn't be here today; something came up, and he couldn't make it. I'd like
24 to thank the staff and you all for your hard work.

25 Why I'm here is that with the funding for the Town of

1 Blackstone, and just this morning in our application we said that the
2 Broadband has created probably four new jobs. This afternoon in the
3 paperwork that's being signed for 30 new jobs. In our little business park
4 downtown we had a major fire in Blackstone several years ago, and it left a
5 hole. We're going to do major construction downtown from Dinwiddie
6 Avenue to Church Street making major improvements, a traffic signal, and it
7 will be asphalted. We've got grants running out of our ears, and that
8 involves a lot of people. I do not want to have to go in and put in new
9 asphalt and then come along six months later and put in fiber cables for the
10 fiber.

11 It's very important that we receive the grant for the medical
12 center. The Town of Blackstone is willing to go into approximately \$10
13 million worth of debt to put the medical center there. I grant you the debt
14 will be paid back over a ten-year period by Bon Secours. The town has had
15 to make that step forward. We have obligated the town to provide, and we
16 also have a grant to provide some technology in telemedicine into that
17 medical center to tie directly into the University of Virginia. This fiber is
18 most important to us. I think the 50,000, I believe we need to raise that to at
19 least 150 or 200 thousand. If I have to, I'll take the backhoe, and I'll lay the
20 cable and let somebody else, I don't know how to turn on the computers, but
21 I do know how to lay the conduit. It's just that important to us. We want to
22 run it to every building, and when a new building goes up, the conduit will
23 be in that building. That is the future of the town. It's just like the railroad
24 at the turn of the century. Towns that had it prospered, and ones that didn't,
25 died. We're just a small town, and we've just got to have it.

1 DELEGATE BYRON: We went ahead and
2 approved this telemedicine network. How is that working?

3 MR. PFOHL: The UVA director of telemedicine,
4 she said they already had conversations about working with this clinic in
5 downtown Blackstone, and it'll be Bon Secours operation. It'll be integrated
6 with the Virginia Tele-medicine Network, a project that the Commission
7 approved recently.

8 DELEGATE BYRON: The money that we
9 approved for the CIT Network, will they be able to tap into that, or will they
10 be approved for that?

11 MR. PFOHL: The money we approved in April
12 for the Tele- medicine Project would actually equip the facilities with the
13 two-way interactive equipment that would allow them to send diagnostic
14 tests. This is actually to construct the fiber that would be run through the
15 town, or downtown Blackstone, from two MBC nodes that currently exist in
16 the community. What was approved in April is a project across the entire
17 tobacco region to assist clinics and hospitals. This clinic hasn't been built,
18 so they weren't on the radar screen at that time.

19 MR. ARTHUR: Delegate Wright.

20 DELEGATE WRIGHT: Mr. Chairman, the Town
21 of Blackstone has come back from that terrible fire that they had, and they've
22 had revitalization to the downtown area. I found out some new information
23 today about this, and so I'd like to make a motion that we fully fund this
24 project.

25 MR. OWENS: Second.

1 MR. ARTHUR: A motion is made and seconded.
2 Tim, how is that allocation?

3 MR. PFOHL: They have a substantial balance to
4 the tune of about one million dollars.

5 MR. ARTHUR: A motion has been made and
6 seconded that we fully fund this project, including the 50,000. Any more
7 discussion?

8 MR. NOYES: Who will operate and maintain this
9 fiber in the Town of Blackstone?

10 MR. PALMER: We would like, and that's some
11 negotiations that we'll come to; right now my answer would be MidAtlantic
12 Broadband to tie into what's there and already existing. We don't want to get
13 into the fiber business.

14 MR. NOYES: But you will own this fiber?

15 MR. PALMER: We'll own the cables and the
16 conduit, but we'd be willing to work out an agreement with any company to
17 provide service, the cheapest for the downtown people of Blackstone. We
18 want to take it from there and provide it out.

19 MR. OWENS: If we fund this, can they pull it
20 out? What happens after it's funded out?

21 MR. PALMER: I think that's already been done
22 with the fiber that's coming to northwest Virginia through the entire state.

23 MR. ARTHUR: Frank, if we fund this, and the
24 town owns the cable, can they convey it to someone else? If they purchase
25 the fiber, they own it, and we have no say otherwise?

1 DELEGATE HOGAN: Could we accomplish the
2 same thing by awarding this grant to build this particular fiber run, award the
3 grant to MBC and have them do it? Wouldn't that solve the problem?

4 MR. ARTHUR: I think that's the approach to take.

5 DELEGATE HOGAN: It would have the same
6 effect if you had the fiber, and you wouldn't have to go through all this.

7 MR. PALMER: That's wonderful, I don't care who
8 puts it in. I just want the little town of Blackstone to have it.

9 MR. NOYES: That was the staff's view. We
10 would support the conduit, and then at the appropriate time provide funds
11 through MBC or a private vendor, if appropriate.

12 DELEGATE WRIGHT: Mr. Chairman, I'll amend
13 my motion.

14 MR. ARTHUR: Delegate Wright.

15 DELEGATE WRIGHT: This would be to go
16 through MBC, the only thing would be can it be done in a timely manner?

17 MR. PALMER: I feel like we can, and as I said
18 earlier, if I have to move it forward with the construction, then we're going
19 to have to, we can put the conduit in and work with them as we go along, if
20 we have to.

21 DELEGATE WRIGHT: Mr. Chairman, I make a
22 motion that we go through MBC, and they'll be the ones that could do it.

23 MR. ARTHUR: That's the motion. Is there a
24 second?

25 DELEGATE HOGAN: I can make another motion

1 that you might like better. I would move that we award the \$266,000
2 request, excuse me, the \$366,000 request, that we award this grant to MBC
3 to build the fiber run that was laid out in the grant application.

4 MR. ARTHUR: That's the motion, is there a
5 second?

6 MR. HARWOOD: Second.

7 MR. ARTHUR: The motion is made and
8 seconded. Further discussion? MBC will do the fiber run.

9 DELEGATE HOGAN: The only thing we need to
10 do is check with MBC, and if they hem and haw, then we can amend that
11 motion at the Commission meeting. I don't think that will be a problem. If
12 they say they can't do it, that will give us an out, and we can do it another
13 way.

14 MR. PALMER: I'm the happiest person in
15 America.

16 MR. ARTHUR: You've all heard the motion and
17 the second to the motion. Any further discussion? All in favor signify by
18 saying aye? (Ayes.) Opposed, like sign? (No response.)
19 Motion carries.

20 MR. PALMER: Mr. Chairman, I'd like to thank
21 the staff, thank you all very much, and you've done an outstanding job.

22 MR. ARTHUR: Where we're at now are the ones
23 that the staff recommended not be approved, and/or funds are withdrawn,
24 some have been resubmitted to other committees.

25 DELEGATE HOGAN: Mr. Chairman, I'd ask that

1 application be sent to Technology for further consideration. I heard the
2 staff, but there may be another way to accomplish this.

3 MR. ARTHUR: That's 1392.

4 DELEGATE HOGAN: Nine hundred twenty
5 thousand for DSL. I think it should go to Technology.

6 MR. ARTHUR: Do I hear a motion to do that?

7 DELEGATE WRIGHT: So moved.

8 MR. ARTHUR: A motion is made that Patrick
9 County, 1392 be put in the Technology Committee.

10 DELEGATE WRIGHT: That's the motion.

11 MR. ARTHUR: We have a motion and a second.
12 All in favor signify by saying aye? (Ayes.) All opposed?

13 DELEGATE BYRON: No.

14 MR. ARTHUR: Let the record indicate we had
15 one no.

16 I've just been informed that we have a visitor that wants to
17 address 1292, Dinwiddie County, Virginia Motorsports Coalition. The staff
18 recommended a \$50,000 award, and the request was for \$400,000.

19 MR. COLEMAN: I apologize for the confusion,
20 but Mr. Moody, who is our representative, I talked to him yesterday, and he
21 planned on being here today, and I don't know what happened to him, and I
22 was not familiar enough with the procedures to understand what is
23 happening.

24 This is Mrs. Moody, who is a member of the Dinwiddie County
25 Board of Supervisors. Luckily, the incumbent had no opposition in the

1 upcoming election.

2 A few years ago there was a country singer that sang a song,
3 "Oh, Lord, Would You Give Me Mercy," and I'll tell you I'm not going to
4 sing for you today, but I've been asking a lot lately for help. When the
5 county supported the grant request, and the reason is for the tax revenue and
6 what it has generated and will continue to generate in years to come. The
7 county officials sent two elegant letters requesting approval of the full
8 amount. The answer is that the county depends on tourism, and this has no
9 infrastructure costs, and we have the largest tourist attraction in Southside
10 Virginia.

11 The request for a quality ATV park started in 2004 when
12 Governor Warner encouraged tourism and enjoyed this Motorsports Park.
13 We went ahead and rebuilt this facility to meet the requirements for a quality
14 facility. An easy way to describe what is a destination quality facility, as far
15 as the ATV's go; this is a major tourist attraction.

16 Dinwiddie County is not the wealthiest county in the
17 Commonwealth, and we do have a very forward-thinking Board. Prior to
18 granting a conditional use permit, they passed several revenue enhancing
19 ordinances. This included a four percent food sales tax and a four percent
20 admissions tax and a four percent beverage tax and an overnight tax. These
21 taxes are unusual for a rural county, and in those cases it required approval
22 by the General Assembly. All of this is in addition to the Commonwealth's
23 retail sales and use tax. The county may be rural in nature, but the Board
24 does have a knack for raising revenue without raising taxes.

25 Mr. Pfohl came to the county and met at a public meeting with

1 all members of the Board, planning commission, and all interested public
2 citizens. He explained everything the Tobacco Commission does and how it
3 works to the people that were there, plus answering all the questions. The
4 county had made a decision on recommending the full funding, and this was
5 in the best interest of the county and the Commonwealth to support this
6 request for the \$400,000. If we can build a destination quality ATV facility
7 for the Commonwealth in the county, we can have the money back in three
8 years. The county has over \$1,800,000 in grant funds available and already
9 granted, and we're going to spend an additional \$1 million. The county
10 supervisors are very aware the \$400,000 request will come from their
11 allocation and support that request.

12 The ATV Board will assist the county to build a commercial
13 park which is on the opposite side of the airport from the ATV park. The
14 ATV Board will provide employment, and the ATV Board can provide a
15 steady stream of tourist dollars. The recommendation translates to the
16 funding of the track. The bank will not likely provide the 200,000 if we do
17 not get a precise amount of money from this Tobacco Commission. The
18 way the structure is right now, the track, 200,000 is the bank loan which
19 would be used with the 400,000 to build the park.

20 The shortfall does not necessarily mean the track will not be
21 built. It certainly wouldn't be built like it was originally intended. Without
22 the project as originally intended, it will not have the ability to draw the
23 amount of tourism that we had hoped to initially.

24 I would thank you for your time you have afforded me to speak
25 out of order, and I'd like Mrs. Moody to say something.

1 MR. ARTHUR: Thank you.

2 MRS. MOODY: Good afternoon, thank you for
3 this opportunity to speak to you today. I was Chairman of the Board of
4 Supervisors and remained a member when this proposal first was brought
5 forward in early 2006. I felt this was a good thing for the county, as was
6 originally proposed. I do not understand why the Commission staff stated
7 that the property request for a grant for Economic Development and then it
8 was switched to Special Projects and then to Southside Economic
9 Development. Now, they're stating the TROF amount of funds, \$50,000
10 should be the guidelines for funding the project. Then, more than a year
11 later, they make this recommendation. If the \$50,000 limit was known in the
12 beginning we would not be here today. County personnel and Virginia
13 Motorsports staff have spent countless hours on preparing the application.
14 The county has struggled to maintain a reasonable tax rate and activities in
15 the park. Virginia Motorsports Park has been an employment asset for this
16 calculation. When looking at the request, I would think that a 50 percent
17 contribution would be significant reason to approve this. More than half the
18 citizens in Dinwiddie have to leave the county to go to work every day,
19 according to the Chmura Report. More than a one-time grant is involved
20 here. A long-term revenue stream from the various taxes is very important
21 to the county. The Virginia Motorsports Park has been in the county since
22 1988, almost 20 years, and started operations in 1994.

23 When reviewing applications of this nature, past performance is
24 important. That's one of the benefits to Dinwiddie. Therefore, I respectfully
25 request that you grant our requested amount as requested and approve the

1 funds today to build for the future of Dinwiddie County.

2 Thank you.

3 MR. ARTHUR: Thank you. Any questions?

4 DELEGATE HOGAN: I think the staff has done a
5 fine job, and I recommend the 50,000.

6 MR. ARTHUR: A motion is made and seconded
7 that we support the staff's recommendation. Any further discussion?
8 Hearing none, all in favor signify by saying aye? (Ayes.) Opposed, like
9 sign? (No response.) The motion carries.

10 We have one more. Number 1382, the Town of Lawrenceville.
11 Mr. Dean would like to speak to that.

12 MR. DEAN: Thank you all, I know it's been a
13 long afternoon. We would like the Commission to reconsider the project for
14 the storm water pipe for the college. They are the largest employer in the
15 Town of Lawrenceville. They are expanding and putting in a building in the
16 area where this is at. They employ 125 people, and they think they'll expand
17 in the next five years and they'll have a thousand students. This is a college
18 town, and in an effort to do that, we need this project as a gateway so we can
19 welcome students in the downtown area. We want the students to come
20 downtown and spend their money.

21 That's all I have, and thank you for your time.

22 MR. ARTHUR: Are there any comments or
23 questions? Is there a recommendation to approve the staff's
24 recommendation? I just want to emphasize that I, I think we've done it. All
25 in favor signify by saying aye? (Ayes.) Opposed, like sign? (No response.)

1 We'll recommend staff's recommendation.

2 Now, do we want to not approve them in a block?

3 DELEGATE BYRON: I move that we approve, or
4 that we not approve in a block the recommendations, the grants, as staff has
5 presented them.

6 MR. HARWOOD: Second.

7 MR. ARTHUR: The motion is made and
8 seconded. Any discussion? Hearing none, all in favor signify by saying
9 aye? (Ayes.) Opposed, like sign? (No response.)

10 Thank you, very much. Ladies and gentlemen, I'm sorry we
11 had to deviate from the planned Agenda, but I felt it was necessary,
12 considering the opposition that we had here. I think staff has done a
13 wonderful job. I think we ought to commend them, because it takes a lot of
14 effort to do what they've done, and everything that they do. I think we
15 should support them whenever we can.

16 Any other comments? Anyone? All right.

17

18 PROCEEDINGS CONCLUDED.

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23 CERTIFICATE OF THE COURT REPORTER

24

25

1 I, Medford W. Howard, Registered Professional
2 Reporter and Notary Public for the State of Virginia at large, do hereby
3 certify that I was the court reporter who took down and transcribed the
4 proceedings of the **Virginia Tobacco Indemnification and Community**
5 **Revitalization Commission Southside Economic Development**
6 **Committee Meeting when held on Wednesday, July 11, 2007 at 1:00**
7 **p.m. at the Institute for Advanced Learning and Research, Danville,**
8 **Virginia.**

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

11 Given under my hand this 20th day of July, 2007.

12

13

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15

16

Medford W. Howard

17

Registered Professional Reporter

18

Notary Public for the State of Virginia at Large

19

20

21

22 My Commission Expires: October 31, 2010.