

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

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219
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9 Southside Economic Development Committee Meeting

10 Thursday, April 29, 2010

11 9:00 a.m.
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13 Hotel Roanoke
14 Roanoke, Virginia
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1 **APPEARANCES**

2 The Honorable Edward Owens, Chairman
3 The Honorable Bonnie K. Day, Vice Chairman
4 The Honorable Watkins M. Abbitt, Jr.
5 The Honorable Kathy J. Byron
6 Mr. John Cannon
7 The Honorable James S. Cheng
8 Secretary of Commerce & Trade
9 Mr. L. Jackson Hite
10 The Honorable Daniel W. Marshall, III
11 The Honorable Harrison A. Moody
12 Ms. Connie L. Nyholm
13 The Honorable W. Roscoe Reynolds
14 The Honorable Frank M. Ruff
15 The Honorable Thomas C. Wright, Jr.

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17 **COMMISSION STAFF**

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

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24 **COUNSEL FOR THE COMMISSION**

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

1 April 29, 2010

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4 MR. OWENS: I'm going to call the meeting of
5 the Southside Economic Development Committee to order and
6 ask Mr. Noyes to call the roll.

7 MR. NOYES: Delegate Abbitt?

8 DELEGATE ABBITT: Present.

9 MR. NOYES: Delegate Byron?

10 DELEGATE BYRON: Here.

11 MR. NOYES: Mr. Cannon?

12 MR. CANNON: Here.

13 MR. NOYES: Secretary Cheng?

14 SECRETARY CHENG: Here.

15 MR. NOYES: Mr. Day?

16 MR. DAY: Here.

17 MR. NOYES: Mr. Hite?

18 MR. HITE: Here.

19 MR. NOYES: Delegate Marshall?

20 DELEGATE MARSHALL: Here.

21 MR. NOYES: Mr. Moody?

22 MR. MOODY: Here.

23 MR. NOYES: Ms. Nyholm?

24 MS. NYHOLM: Here.

25 MR. NOYES: Senator Reynolds?

1 SENATOR REYNOLDS: Here.

2 MR. NOYES: Mr. Owens?

3 MR. OWENS: Here.

4 MR. NOYES: Senator Ruff.

5 SENATOR RUFF: Here.

6 MR. NOYES: Delegate Wright?

7 DELEGATE WRIGHT: Here.

8 MR. NOYES: You have a quorum Mr.

9 Chairman.

10 MR. OWENS: Thank you Mr. Noyes. In your
11 packet you have minutes of the April 15th meeting. Is there a
12 motion to approve those? It's been moved and seconded. All
13 those in favor say aye (Ayes). Opposed (No response). The
14 minutes are approved. We have one piece of business we need
15 to take care of involving the Charlotte County Renewable
16 Energy and Sustainability Project.

17 MR. NOYES: Mr. Chairman, we have a request
18 from the County to de-obligate a certain amount of money
19 from a previous award. Just for the record Tim or Sarah, do
20 you have the amount of the request?

21 MS. CAPPs: For the de-obligation?

22 MR. NOYES: Yes.

23 MS. CAPPs: We received a letter regarding the
24 de-obligation of \$1,016,389. There are also two other grants
25 that are related to this same project. All three of the grants

1 are for the proposed project.

2 MR. NOYES: The request from our grantees is
3 for \$1,016,000.

4 MS. CAPPs: Yes, sir.

5 MR. NOYES: That's the matter that needs to
6 be on the record today. Thank you Mr. Chairman.

7 MR. OWENS: No vote is required. Did we
8 receive a late application?

9 MS. CAPPs: We received a late application
10 from Charlotte County for the Renewable Energy, Energy
11 Efficient Project. This was to support the Morgan Lumber
12 Company and they're planning to expand to double their
13 production and they're requesting support for Phase II which
14 includes a new continuous dry kiln and the company plans to
15 create 40 new jobs averaging \$31,000 plus health insurance
16 and retirement benefits. The request before the Commission
17 does represent use of Commission funds on private property,
18 private property improvements. We have awarded a TROF
19 grant to benefit the same company for the same project over
20 \$125,000. We did want to point out that if this request is
21 approved, it will bring the per job cost of \$15,000 per job.
22 Morgan Lumber did indicate that they are currently buying
23 lumber from 48 loggers so this project is expected to benefit
24 the logging industry.

25 SENATOR RUFF: Mr. Chairman, in the

1 Executive Committee there was some discussion about private
2 entities from our attorney's comment. There's been a
3 consideration and a request that we make a change in this
4 and I'd ask if you'd hear from Charlotte County and they can
5 lay out their proposal.

6 MR. CLARK: Mr. Chairman, thank you, good
7 morning and thank you for allowing me to speak with you. I'm
8 glad to see my friends again and thank you so much for this
9 opportunity. I'll be as brief as possible at this late hour. What
10 we want to suggest to you is that this business and the
11 President of the Company is here with me today and it's
12 actually increasing employment numbers in Charlotte County
13 and investing hard cash and that's kind of hard to come by
14 these days. This is a rural regional project because
15 Mecklenburg and Lunenburg are right on the line of this
16 business. It does a lot for the former tobacco producing
17 counties of Southside Virginia.

18 What we're going to do is ask you to think
19 about this, there's a biofuel, gas fired diesel equipment and
20 that goes with this operation. It burns sawdust and creates
21 heat and aids in the operation of the business. There are
22 people here today that can explain that in great detail if you
23 want to hear it. This piece of equipment is going to cost to
24 install approximately \$900,000. What we'd like to do is take
25 the local allocation which we're going to have freed up today

1 because of a change in the number of the project and apply it
2 to this project in a public/private partnership with Charlotte
3 County IDA and Morgan Lumber Company whereas we'll lease
4 this equipment back to them over the life of the asset which is
5 15 years and then recoup the Tobacco Commission's money
6 during that period for other opportunities in our region. Are
7 there any questions?

8 DELEGATE MARSHALL: Sir, in your
9 application it says there's going to be 40 new jobs in the next
10 six months. Who is Morgan Lumber's market, is it home
11 construction or what?

12 MR. CLARK: I'm going to call on somebody
13 else to answer these questions. This is Mr. Ken Morgan who is
14 President of Morgan Lumber and he can answer that better
15 than I can.

16 MR. MORGAN: Our main product is radius
17 edge decking, primarily northeastern U.S.

18 DELEGATE MARSHALL: So you're not tied to
19 new home construction then?

20 MR. MORGAN: Very much so. New home
21 construction like remodeling as well.

22 MR. OWENS: Any other questions?

23 DELEGATE ABBITT: Mr. Chairman, I do.
24 Just so I understand your application that we have before us
25 as being withdrawn, is that right, and there's a new request

1 you're bringing to us for this wood fired boiler, is that correct?

2 MR. NOYES: It's generating heat.

3 DELEGATE ABBITT: Is that what it's going to
4 do?

5 MR. CLARK: It's not going to generate
6 electricity.

7 DELEGATE ABBITT: Are you going to use the
8 heat then to dry wood or are you going to sell the heat or what
9 are you going to do?

10 MR. CLARK: Use the heat to dry the wood.

11 DELEGATE ABBITT: So you are withdrawing
12 this application as it is presented to us right here, is that
13 right?

14 MR. CLARK: In the event that you would allow
15 us to do that or amend it if we withdraw it, it's quite an
16 amendment, I'll admit that Delegate Abbitt. What we're trying
17 to do is help these folks and that's our job. What we want to
18 do is apply this capital to a lease and the Commission will
19 recoup their investment. The big difference here ladies and
20 gentlemen is that there will be no cash contribution to Morgan
21 Lumber for purchase of this asset in this amended version of
22 this application. If you had enough time I could go on and tell
23 you how important it is to this business and I know you all
24 have so much time in your meeting. I know you all know me
25 and trust me.

1 MS. CAPP: Mr. Chairman, I just want to
2 point out that the equipment that they're referencing was a
3 portion of the original equipment that would go to support this
4 equipment.

5 SENATOR RUFF: Mr. Chairman, there's
6 certainly a benefit here for Morgan Lumber and there's no
7 question about that. There's also a significant impact in the
8 timberland throughout the region and to the loggers and to the
9 truckers that haul that and therefore, I would move that we
10 accept the amended request.

11 DELEGATE WRIGHT: Second.

12 MR. OWENS: It's been moved and properly
13 seconded, anymore discussion?

14 DELEGATE WRIGHT: I'd like to ask Mr.
15 Morgan a question if I could.

16 MR. OWENS: Yes, sir.

17 DELEGATE WRIGHT: Mr. Morgan, I was
18 talking to some people in the lumber business the other day
19 and I understand there were a lot of loads of lumber that you
20 could have sold if you had built this to dry the wood. Can you
21 expand on that a little bit or give us some idea of how
22 important this is?

23 MR. MORGAN: Delegate Wright, the lumber
24 market has started, the lumber business is sicklecal. We're
25 certainly tied to housing but right now there is not enough

1 lumber available, there's more demand than we can supply.
2 We normally sell around 10 truckloads of decking per day. A
3 week ago we could have sold 200 a day so going forward, I
4 suppose all of you are very well aware that they closed the
5 International Papermill in Franklin and that was at one time
6 the largest sawmill in the State. They manufactured 130
7 million board feet annually and that's a large volume of timber
8 but if it's not managed, we'll eventually burn. Some of this
9 has happened in California when it's not managed. We need
10 to find a market for the timber that is mature and will be
11 coming mature and I'm digressing here more than I should
12 probably from the question. Yes, today there is more of a
13 demand than a supply for lumber. How long that's going to
14 last, I don't know.

15 DELEGATE WRIGHT: Will getting this
16 equipment help you increase your capacity and turn out more
17 loads?

18 MR. MORGAN: Yes, it will allow us to basically
19 double our production on one shift. It will take us about 60
20 million board feet a year one shift. With two shifts, we could
21 be where International Paper is in Franklin and I believe they
22 were running two shifts.

23 MR. HITE: Mr. Morgan, how many employees
24 do you have now?

25 MR. MORGAN: We employ 74 presently and

1 this would take us well over 100. The main point I'd like to
2 make here is in this project, there's a whole other operation
3 that we haven't made public that we at Morgan Lumber are
4 committed to if we can beat our competition to that. Who
5 knows what our competition is going to be over in North
6 Carolina. It's very important we keep that type of lift until
7 we're ready to commence with that project. That would
8 probably give us another 15 to 20 jobs, external involving
9 truckers and trucking companies if we can start that
10 operation.

11 DELEGATE MARSHALL: I've been told that in
12 those six statewide, we had about 50,000 home built starts
13 and I think in '09 the number was about 16,000 homebuilding
14 starts. You're saying there is a demand but not enough
15 supply. Has this caused companies to go out of business, is
16 that the problem?

17 MR. MORGAN: Using International Paper as
18 an example and Georgia Pacific has an operation and that's
19 been sitting idle for four or five years over near Oxford, North
20 Carolina. They've gone back to one shift. There wasn't
21 enough demand for the product but as the demand grows,
22 people start putting on second shifts. I'm not aware at this
23 time of any plant reopening but that's what happened, people
24 have adjusted to the demand, companies have adjusted to the
25 demand and because of the earthquakes, there's more demand

1 for material which was imported into this country, shipping
2 primarily to Chile.

3 DELEGATE ABBITT: If I might, you mentioned
4 there's not enough lumber, are you sawing pine or hardwood
5 or both? What is it you said there's not enough lumber? You
6 said it wasn't available and is that hardwood or pine?

7 MR. MORGAN: Pine, 100 percent selling out of
8 pine.

9 DELEGATE ABBITT: What are you paying per
10 thousand –

11 MR. MORGAN: I don't know if I can answer
12 that -, I've got to be competitive –

13 DELEGATE ABBITT: - The reason I'm asking
14 is the pine market for the last five years has been horrible.
15 Part of my living is made by managing timberland and we have
16 a lot of mature pine sitting on the ground and we can't sell it.
17 That's what made me curious.

18 MR. MORGAN: The best way for a landowner
19 to receive more for his or her timber, competition. If we double
20 the operation there's going to be more competition from us to
21 other pine mills in the state and North Carolina and presently
22 a lot of us are crossing the state line and going into North
23 Carolina. I know for a fact, I believe some of those mills are
24 not paying the tax, the reforestation and that's hurting the
25 entire Commonwealth.

1 MS. NYHOLM: I just point out that I think
2 that a lot of your products goes to remodeling which has not
3 dropped off like new construction.

4 MR. CLARK: I just wanted to follow up with
5 Delegate Abbitt's question. A lot of logs are going to North
6 Carolina now and your problem would be better solved if we
7 could create ways to buy lumber that you want to sell, that's
8 what we're trying to do, we're trying to help you because we
9 want to make a demand for your product. We're trying to help
10 Virginia's economy in my county and Southside Virginia. This
11 is where tobacco used to be raised and we're trying to put this
12 and trying to use this money with somebody whose got a
13 proven record and many, many years of success is relevant to
14 this. I see a big difference in that than putting it into
15 something that doesn't produce anything, I'm not going to
16 bring that up.

17 MR. OWENS: How much money exactly are
18 you asking for?

19 MR. CLARK: Well, I was just talking to the
20 staff about that. Our estimate on the cost of that piece of
21 equipment that we intend to lease back is somewhere between
22 8 to 9 hundred thousand dollars.

23 DELEGATE MARSHALL: Is that the request
24 that's before us that we're getting ready to vote on?

25 MR. NOYES: Yes, but we really need a number

1 for the committee.

2 MR. CLARK: 900,000.

3 MR. OWENS: The proceeds from this, where
4 are they going to go?

5 MR. CLARK: The IDA proponent, the IDA
6 leases it to Morgan and the lease payments will come back to
7 the IDA for future economic development. We will recoup the
8 total amount over the life of the asset, we'll recoup the total
9 amount of monies being committed to this project by the
10 Commission.

11 MR. OWENS: Is that standard?

12 MR. NOYES: Yes, the ownership resides with
13 our grantee, we have allowed lease arrangements in the past
14 as long as they fully amortize the investment, yes, we have
15 done that.

16 DELEGATE BYRON: My question is about the
17 original grant, the request for \$500,000 was in that, has it
18 been changed to increase to 8 or 9 hundred thousand?

19 MR. NOYES: Delegate Byron, the scope of the
20 project is dramatically altered from what you see in terms of
21 the application or what's being proposed here today. The
22 previous one was to make certain improvements to the
23 property owned by Morgan Lumber like a drainage pond,
24 entrance way improvements that are identified I believe in
25 what you have there and that has changed at this point. Five

1 hundred thousand is going to be used for that. Now the need
2 is 900,000 for a particular piece of equipment to produce
3 these that will be used to dry lumber and that just happened
4 within the last half hour.

5 DELEGATE MARSHALL: Assuming that
6 Charlotte County has an allocation, is –

7 MR. NOYES: - We just noted on the record
8 that we're de-obligating the existing project \$1,016,000 and
9 now it's for \$900,000 of that.

10 MR. FERGUSON: Mr. Chairman.

11 MR. OWENS: Mr. Ferguson.

12 MR. FERGUSON: Mr. Chairman, I'm
13 constrained I think to at least to make an observation and
14 something for the record. Obviously I was concerned about
15 the original application that arose partially from discussion in
16 the Executive Committee meeting yesterday and my comments
17 about the constitutional implications providing public funds
18 for private interests and I have a great deal of concern about
19 that relative to the application as it was submitted originally. I
20 have to just state for the record at this point, I have not had
21 an opportunity to review this new proposal and think through
22 it and do some research on it so I cannot make any warranty
23 one way or the other at this point whether this substantially
24 mitigates that concern or not. I think it helps but I can't tell
25 you sitting here now that I'm fully comfortable with it, I may

1 get there but I think at least in my own concern, I need to
2 rethink that, I think I need to rethink that.

3 SENATOR RUFF: Mr. Chairman, is this not
4 similar to things we've done in the past, loaning to IDA or a
5 government entity and they in turn lease the property back to
6 private interests?

7 MR. NOYES: Senator Ruff, we have not
8 loaned, we have a note and this is sort of unusual. We have
9 made grants to acquire telephones and computers and
10 furniture and things like that where the ownership is retained
11 by our eligible applicant and then that equipment has been
12 leased to the private sector and we have done that. I can
13 think right off the top of my head a couple of times.

14 DELEGATE BYRON: I was going to ask staff is
15 there an urgent need to try to do this right now or what's your
16 recommendation?

17 MR. PHOFL: Neal, do you want to handle
18 that?

19 MR. NOYES: Delegate Abbitt asked pretty
20 much the same question. I don't think this project that is
21 being proposed now or I'd have no reason to believe that it will
22 change between now and July when we have the next
23 Commission meeting which is the next time the Commission
24 would meet to offer an approval. As to the emergency, Mr.
25 Morgan has just indicated that they're trying to go to another

1 phase and I can't answer the question as to whether this
2 particular piece of equipment is necessary for them to get to
3 market ahead of some competitors, I haven't had that
4 discussion.

5 MR. OWENS: Mr. Morgan, do you want to
6 answer that?

7 MR. MORGAN: I just want to first say that we
8 at Morgan Lumber have already invested \$3 million of our own
9 money toward this project. The continuous dry kiln is the
10 second phase of the project, we have one more phase to
11 complete this entire project. Then following that will be the
12 new operation and obviously as our economy starts to
13 rebound, that's going to come to fruition. Someone will be
14 doing what we have in mind and we're pretty convinced of
15 that. Did I answer your question?

16 MR. NOYES: Does it matter to Morgan
17 Lumber whether the decision by the full Commission on this
18 project is made today or whether it's made July 29th? That's
19 the question that the Committee wants answered. That would
20 provide time for a new application that faithfully describes the
21 elements and the staff review. Thirty minutes is not much
22 time, does it make a difference to Morgan? Like 90 days?

23 MR. MORGAN: If we could complete this
24 project within a week, it would be much better than
25 completing it in six months from now and to allow us to move

1 to this new, completely new operation which will also
2 strengthen the sustainability and insurance of survival of
3 Morgan Lumber and would compliment and strengthen
4 Morgan Lumber.

5 MR. NOYES: That's the closest we're going to
6 get to an answer of the question.

7 MR. MORGAN: I wish I could be more specific.
8 Our general manager is here and he's the lead person on this
9 dry kiln project as well as the first phase. Maybe he can
10 answer your question.

11 MR. BRIGHT: I entered an engineering
12 contract on this project last Monday in anticipation and hope
13 that we would be able to move forward on this. Ted mentioned
14 that we basically spent \$3 million on the first phase of this
15 which is the largest phase of this expansion and that's a large
16 amount of money for our company. It's important for us to
17 recoup that cost. This is just a way we're going to generate
18 capital here for the company to pay back some of the debt that
19 we incur so time is of the essence for us. Right now today if I
20 was to place the order and the project was ready to go right
21 now and placed the order today, it would be the first week of
22 October before it was operational so that can give you an idea.

23 MR. OWENS: We have a motion, if there's no
24 other discussion –

25 SENATOR REYNOLDS: Mr. Chairman, if I

1 could ask Mr. Ferguson a question. How long do you think it
2 will take you with all the uncertainties that you have to come
3 up with an answer?

4 MR. FERGUSON: Mr. Chairman and Senator
5 Reynolds, I can come up with my best analysis in fairly short
6 order, within a few days. Understanding as I said in the
7 Executive Committee meeting yesterday, whatever I say is my
8 best judgment on the key issues. In the courts there's no
9 bright line rule and no tipping point where this is okay and
10 this is not okay that I have been able to identify. So my
11 analysis will be my best judgment about it whether the
12 constitution impediments are moved by concerns specifically
13 by the changes and the posture of the application. I can reach
14 that point and I'm not starting from scratch.

15 SENATOR REYNOLDS: Is there a possibility of
16 us dealing with this a day earlier than the scheduled date?

17 MR. NOYES: You mean before the July Board
18 meeting?

19 SENATOR REYNOLDS: Yes.

20 MR. NOYES: Not unless the chairman were to
21 call a special meeting of the Commission because it requires a
22 majority vote of the Commission to approve their
23 recommendations.

24 SENATOR REYNOLDS: Does the staff have
25 any idea how long it would take to and I think I heard staff say

1 that they'd like for a new application to be submitted, a new
2 proposal being submitted, did I understand that correctly or
3 am I reading too much into this?

4 DELEGATE MARSHALL: Mr. Chairman, I have
5 a substitute motion. I move we lay this on the table and I'd
6 like to speak to the motion.

7 DELEGATE BYRON: I'll second it.

8 MR. OWENS: It's been moved and properly
9 seconded as a substitute motion and lay it on the table.

10 DELEGATE MARSHALL: We understand what
11 you're trying to do but what we have to consider as caretakers
12 of this money is that we have nothing before us to tell us what
13 is going to happen. If I read the application that was
14 submitted to us, it's a half million dollars and now it's
15 900,000. We certainly as you well know, this Committee has
16 worked hard for economic development but I think we also
17 have a responsibility to this Commission and as caretakers of
18 this money. I almost feel like Congress here. We're getting
19 ready to vote to do something and haven't read it. That's why I
20 think it should be tabled and come back and we'll take it up at
21 the next meeting.

22 MR. OWENS: Any other discussion?

23 SENATOR RUFF: Mr. Chairman, I certainly
24 understand Delegate Marshall's concern but the goal of this
25 committee and this Commission is to create jobs and increase

1 wealth in the tobacco growing region. To delay unnecessarily I
2 think would be a mistake. Now, will it change the world, we
3 don't know but we do know that it is best to strike when the
4 iron's hot. The issue is they see an opening in the economy
5 and they're willing to invest big bucks into it, we should do
6 everything we can to make that process work. The fact that
7 you're talking about a different dollar amount is also the
8 difference between going to one particular item. I guess the
9 question is or I guess they could have said we'll buy half of it,
10 buy half the piece but it would be far wiser to own the entire
11 piece of equipment than it would be to say we own part of it. I
12 think we need to go ahead and act on this.

13 MR. CLARK: Mr. Chairman, the county and to
14 clear the air and speaking to Delegate Marshall's motion, we
15 will not be coming before the Commission in July with this
16 same proposal because time is of the essence in the market
17 and we'll have to do this another way. There's no way we can
18 wait and he's not going to be able to do that, we'll have to
19 borrow the money somewhere else.

20 MR. OWENS: If there's no other comments,
21 we'll have to vote on the substitute motion. Would you restate
22 the motion?

23 DELEGATE MARSHALL: My motion is to table
24 this application.

25 MR. OWENS: All those in favor signify by

1 saying aye (Ayes). Opposed (No). I think we need a roll call
2 vote.

3 MR. NOYES: Delegate Abbitt?

4 DELEGATE ABBITT: Aye.

5 MR. NOYES: Delegate Byron?

6 DELEGATE BYRON: Aye.

7 MR. NOYES: Mr. Cannon?

8 MR. CANNON: Aye.

9 MR. NOYES: Mr. Day?

10 MR. DAY: No.

11 MR. NOYES: Mr. Hite?

12 MR. HITE: No.

13 MR. NOYES: Delegate Marshall?

14 DELEGATE MARSHALL: Aye.

15 MR. NOYES: Mr. Moody?

16 MR. MOODY: No.

17 MR. NOYES: Ms. Nyholm?

18 MS. NYHOLM: No.

19 MR. NOYES: Mr. Owens?

20 MR. OWENS: No.

21 MR. NOYES: Senator Reynolds?

22 SENATOR REYNOLDS: No.

23 MR. NOYES: Senator Ruff?

24 SENATOR RUFF: No.

25 MR. NOYES: Delegate Wright?

1 DELEGATE WRIGHT: No.

2 MR. NOYES: Eight nay and four yea. So the
3 motion to lay this on the table is defeated.

4 SENATOR RUFF: I would renew my motion.

5 DELEGATE WRIGHT: I'll second it.

6 MR. OWENS: Delegate Byron.

7 DELEGATE BYRON: The only thing I'd like to
8 say is that is there an amendment that we can consider to the
9 motion that would allow for our attorney to give us an opinion
10 on that question concerning the private interests?

11 SENATOR RUFF: Mr. Chairman, I would
12 consider a friendly amendment to the motion if Delegate Byron
13 would feel comfortable if we give counsel a week to review this
14 and if he comes back with a favorable opinion that we move
15 forward.

16 MR. OWENS: Does everyone understand the
17 amendment to the motion?

18 SENATOR RUFF: I'd ask Delegate Byron to
19 state it since I made the original motion.

20 DELEGATE BYRON: I make a motion that we
21 approve this contingent on our staff attorney coming back with
22 a favorable opinion in regard to this grant.

23 MR. FERGUSON: Just so I understand the
24 motion, it is to approve the grant request subject to within a
25 week, an opinion from counsel that it is not constitutionally

1 prohibited by the laws of the Commonwealth.

2 DELEGATE BYRON: Thank you, that's what I
3 was going to say.

4 MR. OWENS: Are you ready for the question?

5 DELEGATE WRIGHT: I'll second it.

6 MR. OWENS: It's been moved and seconded,
7 all those in favor signify by saying aye (Ayes). Opposed like
8 sign.

9 DELEGATE MARSHALL: No.

10 MR. OWENS: The ayes have it.

11 DELEGATE WRIGHT: I have a question after
12 the vote. Just out of curiosity, wouldn't every grant
13 application really be subject to the same scrutiny, that if the
14 attorney finds something is illegal about it or not right that it
15 wouldn't go through, that really holds for other applications
16 similar to this one I would think.

17 MR. DAY: Mr. Chairman, it seems to me that
18 if you really think about it, everything we do here, that if it
19 goes far enough down the food chain eventually winds up in a
20 private benefactors pocket. All this money we vote on, sooner
21 or later down the food chain far enough, amounts to a private
22 benefit and I don't see where that's much of an issue on this.
23 Frank, am I wrong on that?

24 MR. FERGUSON: Mr. Chairman, I would
25 respond this way. While that is true and I would describe it

1 on a sliding scale approaching the question. Obviously the
2 whole point of government is to serve individuals who are the
3 citizens, so yes, at some point public or responsible public
4 activities does benefit individuals but I think the constitutional
5 issue is whether it favors one specific individual over the
6 public at large.

7 MR. OWENS: Our next meeting we'll get an
8 answer to this application process.

9 MR. NOYES: We haven't decided on a date for
10 the fall round yet. As soon as that is set, we'll move forward.

11 MR. OWENS: At this time we'll have public
12 comment, would anyone like to speak.

13 MS. WHITEHEAD: My name is Katie
14 Whitehead and I am a citizen of Pittsylvania County and I live
15 outside of Chatham, Virginia. I'd like to comment on the
16 request for funding for a Uranium Socio-Economic Study. I
17 understand based on the decision made yesterday that we will
18 have an opportunity to - -

19 MR. OWENS: - - Ma'am, this is the Southside
20 Economic Development Committee and this is something that
21 would go before the full Commission.

22 MS. WHITEHEAD: This is an opportunity to
23 comment before the Commission.

24 MR. OWENS: On what subject?

25 MS. WHITEHEAD: I think it's relevant to your

1 committee and I did not have an opportunity to discuss it or
2 comment in your committee or on your agenda. I have some
3 very precise things to say and it won't take me long.

4 MR. OWENS: Go ahead.

5 MS. WHITEHEAD: I welcome the Tobacco
6 Commission's interest in funding or helping to fund a social
7 economic study of the implications of allowing uranium
8 mining and milling in Virginia. It's appropriate that the state
9 contribute to a study.

10 Please ensure that there are adequate funds
11 for a worthwhile study. A realistic budget cannot proceed an
12 approved scope of study and proposals from qualified
13 researchers.

14 There is no rush for the Tobacco Commission
15 to fund the whole study this week.

16 The uranium mining subcommittee plans to
17 hold public hearings soon to solicit public comment,
18 presumably on the draft scope made available last year, as
19 well as who might do the social economic study.

20 The National Academy's plan for the technical
21 study calls for "extensive public outreach that will include
22 public meetings in Virginia to disseminate the report's
23 findings" well into 2012 in the months after the release of their
24 report is due December 1, 2011. You have the option of
25 considering a reality based budget request at a future meeting.

1 Thank you.

2 UNIDENTIFIED: I live in Gretna, Virginia in
3 Pittsylvania County. On this issue and what Katie is talking
4 about, I feel like all this pertains to the Tobacco Commission
5 on this issue. This study and if I don't get to comment now
6 before you all get involved with this issue about the social
7 economic policy on this uranium mining, we kind of got the
8 cart before the horse with these studies. We've taken on the
9 technical part and now you want to take on the socio-
10 economic part. The report that I've gotten from J. P. Gannon,
11 the hydrologist, he has stated in a 288 page report that a
12 hydrologist report needs to be done site specific on this
13 operation that you all consider. He states that the hydrology
14 needs to be a lot more before mining is considered in the State
15 of Virginia. I wish you all would take the time to get the site
16 specific study done before you follow through with the
17 technical part and the socio economic part, I think you're
18 getting the cart before the horse. We need to do a site specific
19 in the Commonwealth of Virginia and especially Coles Hill, the
20 hydrology before we consider the socio-economic part of this
21 study. He stated it needs to be studied a whole lot more
22 before you consider this mining operation. I've got some
23 literature I'd like to give all of you all before I leave here today
24 so you can read it and study this. You need to please consider
25 site specific Coles Hill in Pittsylvania County. Thank you.

1 MR. NOYES: Sir, the Commission addresses
2 written requests for grant funds and that we have a written
3 request for up to \$200,000 which will be considered for socio-
4 economic study, it's not the hydrology that you're referring to.
5 We haven't received one and until we receive one, the
6 Commission is unlikely to act. So the entire point to remind
7 us that there's something else out there is not germane to
8 what's being considered by the Commission today. When we
9 get a different request, a written request, it will be considered
10 by the Commission but this is just rhetoric that has nothing to
11 do with what the Commission has been asked to consider
12 today.

13 UNIDENTIFIED: Well my point is sir that, I
14 understand what you're saying. My point is that this money
15 was put in place, I thought and all I'm asking you to do is
16 consider a site specific over this before you all dig into a socio-
17 economic. That's the main key and thank you sir.

18 MR. OWENS: Anyone else? Anyone else, then
19 we're adjourned.

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21 PROCEEDINGS CONCLUDED

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION, Southside Economic Development Committee Meeting when held on Thursday, April 29, 2010, at 9:00 o'clock a.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 5th 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