

1 Dr. David S. Redwine, Chairman
2 The Honorable Charles W. Carrico, Sr., Vice Chairman
3 Ms. Mary Rae Carter
4 Ms. Linda DiYorio
5 Mr. H. Ronnie Montgomery
6 Ms. Beth D. Rhinehart
7 Mr. John M. Stallard
8 The Honorable Joseph P. Johnson, Jr.
9 The Honorable Ralph K. Smith

10

11 COMMISSION STAFF:

12 Mr. Neal E. Noyes – Executive Director
13 Mr. Ned Stephenson – Deputy Executive Director
14 Mr. Timothy Pfohl – Grants Program Administration Director
15 Ms. Sara Williams - Grants Program Administrator,
16 Southwest Virginia
17 Ms. Jessica Stamper – Grants Program Assistant Administrator,
18 Southwest Virginia

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DR. REDWINE: Good morning, at this time I'll

1 time I'll call to order the Southwest Economic Development
2 Committee meeting. I appreciate you all being early this morning
3 and go ahead and get this done and then we have to ratify these
4 changes before the full Commission. If we could begin Mr. Noyes
5 with a roll call.

6 MR. NOYES: Thank you, Mr. Chairman.
7 Senator Carrico?

8 SENATOR CARRICO: Here.

9 MR. NOYES: Deputy Secretary Carter?

10 DEPUTY SECRETARY CARTER: Here.

11 MR. NOYES: Ms. DiYorio?

12 MS. DIYORIO: Here.

13 MR. NOYES: Delegate Johnson?

14 DELEGATE JOHNSON: Here.

15 MR. NOYES: Mr. Montgomery?

16 MR. MONTGOMERY: Present.

17 MR. NOYES: Dr. Redwine?

18 DR. REDWINE: Here.

19 MR. NOYES: Ms. Rhinehart?

20 MS. RHINEHART: Here.

21 MR. NOYES: Senator Smith?

22 SENATOR SMITH: Here.

23 MR. NOYES: Mr. Stallard?

24 MR. STALLARD: Here.

25 MR. NOYES: One hundred percent.

26 DR. REDWINE: Thank you very much. You've

1 You've been supplied with copies of the minutes from the last
2 meeting and they're on the website, do I have a motion to approve
3 the minutes?

4 DELEGATE JOHNSON: So moved.

5 DR. REDWINE: It's been moved and seconded
6 to approve the minutes. All in favor of approving the minutes say
7 aye? (Ayes.) Opposed? (No response.) The minutes are approved.
8 We have two major items today. One of those that we have to take
9 care of before we leave that's not listed on the agenda but we'll
10 begin with the issue of Scott County Telephone Co-op and I'll turn
11 the mike over to Mr. Noyes to tell us what the situation is.

13 MR. NOYES: Grant number 2355 is for a
14 million dollars and was to provide broadband services to the Sandy
15 Ridge. Subsequent to our award, Scott County Telephone Co-op
16 received some additional funding through the U.S. Department of
17 Agriculture and requests \$500,000 of the one million dollars you
18 provided be eligible to provide fiber to the premises in Lee County
19 and perhaps some in Wise County. The project is consistent in all
20 respects with what you recommended to the full Commission and
21 the full Commission approved. The work is being done in
22 conjunction with work Scott County is doing with the Coalfield
23 Coalition. You recall this Committee recommended the Commission
24 approve the grant to do that. It's a repurposing not in terms of the
25 intent of the project. The staff recommends that this Committee

1 recommend to the full Commission that the repurposing for
2 \$500,000 of Grant Number 2355 be approved.

3 DR. REDWINE: Thank you. Any questions or
4 discussion or comments? I want to commend Scott County
5 Telephone Co-op for going out and acquiring other funding as well
6 as bringing this project in under budget. And as a result, we have
7 some money we can let them have to serve more people. I think
8 this is a very good situation for them, good for us to be in and I
9 appreciate that and I'm sure that will serve Lee County and Wise
10 County as well. So I'd like to have a motion to repurpose these
11 funds.

12 MR. STALLARD: I so move.

13 SENATOR CARRICO: Second.

14 DR. REDWINE: Mr. Stallard makes a motion
15 and Senator Carrico seconded. Grant number 2355 for \$500,000 to
16 repurpose Lee and Wise County. All in favor say aye. (Ayes.)
17 Opposed? (No response.) The motion carries. The next item this
18 morning, we're looking forward to a progress report from the King
19 School of Medicine. We have some folks with us today and I'll turn
20 it over to Mr. Noyes.

21 MR. NOYES: Thank you, Mr. Chairman.
22 Members of the Committee, each of you received and I believe had
23 had an opportunity to review the progress report dated December
24 29, 2012, submitted by the King School of Medicine. Some other
25 information has also been provided for you and that's laying on the
26 table this morning. The December 29th report currently indicates

1 report currently indicates that there have been some significant
2 steps for implementation. Neither the IRS designation regarding
3 non-profit status nor full commitments for matching funds have
4 been secured. The Commission has dispersed approximately
5 \$445,000 to the King College, not to King School of Medicine, for
6 work done prior to the assignment ahead of the November 2013
7 assignment grant 1958 to KSOM. KSOM has submitted a request
8 for disbursement that remains pending until satisfactory
9 documentation of the required dollar-for-dollar match is provided.

11 At this time, the Southwest Virginia Economic
12 Development Committee is charged to make a recommendation to
13 the full Commission concerning how best to proceed with Project
14 number 1958, and there appears to be two options. First,
15 additional time may be granted in order that the next steps listed in
16 the progress report can be undertaken by Mr. Zaidi and the KSOM
17 Board. Given that the assignment for Grant number 1958 to KSOM
18 did not occur until very recently, this may be your preferred course
19 of action. If so, please stipulate that by a date certain, for example
20 June 30, 2013, KSOM must provide evidence of IRS designation
21 and demonstrate that all matching funds required to complete
22 construction and provide for operational expenses are committed
23 and available. A receipt of value proposition, for example number of
24 students, faculty, economic impact, third party relationships et
25 cetera, requesting any revisions to the original King College

1 original King College application must be provided for your review.
2 KSOM must make no further financial commitments and reliance
3 upon Commission reimbursement without a written request or
4 written agreement of the Executive Director. It is important that
5 members of the Committee recognize that there will be further
6 disbursements on Grant number 1958 to support KSOM's efforts to
7 advance the project should the Committee opt to allow additional
8 time and given the fact that the Executive Director has authority to
9 provide an immediate extension, no motion is indicated but rather a
10 report by Chairman Redwine to the full Commission would be in
11 order.

12 The alternative is a motion to rescind Grant
13 number 1958 based upon insufficient progress. Please note the
14 original award was made in October of 2009. Such a motion might
15 encourage KSOM to make application at such time as the IRS
16 designation for matching fund commitments have been secured.
17 Should the Southwest Committee elect to recommend rescission at
18 this time, the remaining funds after full consideration,
19 reimbursement request by KSOM pending and maybe some others
20 would become available for Commission investments based upon
21 the Executive Committee's annual budget recommendations at the
22 May 2013 Commission meeting. Those are the issues before you.
23 Mr. Chairman, if you'd invite Mr. Zaidi to come up and entertain
24 questions you may have about the December 29th progress report.

1 DR. REDWINE: Good morning, sir. We
2 welcome you here. Our members have already been supplied with a
3 copy of the written report and updates but you may have some
4 information so if you could briefly go through the high points of
5 that, I'm sure that there'll be some questions.

6 MR. ZAIDI: Thank you, sir and Commission
7 members. When I appeared here last May, there's been a change in
8 leadership and a change in structure. This project has been around
9 for a number of years, no question about that. I'm sure you are
10 aware about the status of the project once I report it to you. I had
11 questions about the viability and sustainability of the project. As I
12 stand here today, most of those questions have been answered. I
13 think what we've embarked upon in taking a look at this project has
14 over the last eight months is that this project is real and viable,
15 there's a path for it. I think the path that we're taking is a very
16 different path than had been previously embarked upon by King
17 College. What that means is that we are going to build a four year
18 medical school in Abingdon, Virginia. We're going to improve the
19 quality of healthcare in the region. We're going to have a significant
20 economic impact in the region.

22 What it doesn't mean and I've heard a number
23 of things about this project that and when I roll out exactly how
24 we're going to do it, this is an abbreviated medical school, it might
25 be a two year project, it might be a residency. It might be anything
26 other than a four year medical school. So the path has changed

1 the path has changed and the scope is the same.

2 Now, how did that change and why are we
3 changing and I firmly believe this will happen. That's because
4 under the previous plan, the medical authority or medical school,
5 an independent medical school and built from the ground up and
6 start everything from scratch. After we investigated and talked to
7 the community and talked to leadership and talked to healthcare
8 leaders, we talked to everyone. They do believe in the vision. It's
9 hard to argue with the vision that addresses healthcare and
10 economic needs of the community. It matters to our region and it's
11 the right program. You have to have a sound strategy and you have
12 to have support and without either of those the best ideas will never
13 come to fruition. What we did is we brought in Dr. --- and you've
14 seen his CV. He's been involved in medical education for his entire
15 career. He's from Norton and he understands the region. He's
16 assisted us with the planning strategy or partnership strategy. That
17 partnership strategy means we partner from the foundation of
18 building a medical school, four years with another school that also
19 has the established status and credibility in medical education and
20 accreditation. How that differs then going to how that helps us is
21 that it removes the risk of going through the full accreditation
22 process because you fall under the umbrella of someone else's
23 accreditation. It also removes one of the biggest entry barriers
24 which exists and which I believe probably is one of the big problems

1 probably is one of the big problems in having to raise a hundred
2 million dollars. If you have to start this independent school on your
3 own, what's required is about a hundred million dollars or
4 somewhere in that neighborhood into an endowment. We all know
5 the endowment does nothing to generate jobs, it does nothing to
6 build, it's just sitting there as an insurance policy. It's not an
7 economic development tool. Once you remove that as being a
8 partnership, the cost of establishing the school goes down
9 significantly. It doesn't change the impact and it doesn't change the
10 scope. If you partner, you're then able to, you can utilize already
11 existing pieces of medical school, medical practice and that's
12 already established and you can expand upon them with
13 relationships that have been there for years and you can leverage
14 those relationships. So that's the strategy that we want to embark
15 upon. Once we started talking to the community and talking to
16 people about what we were trying to do and how we were going to do
17 it, this has helped us expand this strategy. ETSU liked the idea
18 once we started talking about these things, it helped a lot.
19 Beginning this year, we signed an MOU to join a collaborative on
20 building a medical school. Our goal is to develop a regional campus
21 school, referred to as branch campus, which will offer the full four
22 year allopathic medical education program. It's really unchanged.

25 MR. NOYES: You say the school is
26 unchanged? What's the problem with providing a side-by-side

1 comparison of how many students, how many faculty under the
2 original application and how many here? It's not clear to me and it
3 cannot possibly be clear to the members of the Committee to say
4 there will be a four-year affiliated campus is not the same thing as
5 the scope of the project the Commission approved in 2009. We
6 don't know what these relationships are, we don't know what the
7 MOU says. We don't know what a proposed budget is likely to be.
8 So when you say nothing has changed, there is absolutely to this
9 point, no documentation of that that can be reviewed by members of
10 this Committee.

11 MR. ZAIDI: Your point is well-taken. It's
12 taken us up until now to establish this relationship and as we go
13 through, we'll be able to provide the Commission a comparison of
14 what this school is going to be like and show the impacts of this.
15 For example, in 2008 we received a contribution of \$178 million and
16 it impacted 3,800 jobs and increased salaries 165 million. I'm not
17 saying that's what we're going to be able to do on a dollar-for-dollar
18 basis with our school, however we will continue to provide a
19 significant economic impact and we'll be able to come back and
20 show you in more concrete terms how that's going to work. We do
21 need time because this project has an impact and it will have a
22 significant impact, which you've all invested in. And we have to be
23 able to deliver that and be able to show you in terms of what we've
24 done to get to this point. It's a process of building relationships and
25 entering into partnerships and it's taken us until this time.

1 until this time.

2 DR. REDWINE: Thank you, sir. There is a
3 concrete agreement with the other medical schools?

4 MR. ZAIDI: Yes, I have a copy of this to
5 provide to you.

6 DR. REDWINE: All right. We'll open the floor
7 for questions and discussion.

8 DELEGATE KILGORE: Mr. Chairman, I'll say
9 that they have talked to some medical folks and they're making
10 progress from that end and this project is going to move forward
11 and they've contacted other medical schools but they've been
12 building relationships off of that. Of course, it's going to take a long
13 time but others are in line to help them, too, as I understand it.
14 One door opens and another one opens as far as the medical
15 schools.

16 DELEGATE JOHNSON: I just want to say that
17 I'm in support of the concept completely and this certainly will have
18 an impact and help the region. It was my motion. My question is I
19 understand four hundred thousand that was paid, what has
20 happened to that money?

21 MR. NOYES: Relating to engineering expenses
22 during the time, King College was the grantee of record and we
23 honored those based on a dollar-for-dollar match. The project as
24 originally envisioned was for construction only, there is no
25 construction. There is no final design at this point. Now, final
26 design that is construction related activity, you have to have it in

1 related activity, you have to have it in order to go forward. The
2 original charge to King College and what this Committee heard left
3 you all and went to the full Commission. This is a construction
4 project, not ongoing administrative costs prior to getting something
5 underway. What I talked about a few moments ago, I want to make
6 it very clear to the members of this Committee that the non-
7 construction expenses would be continuing for some period of time.
8 I suggested a fiscal year date but other dates are just as good but I
9 don't want you to be under the impression that we're getting
10 something built at this point. We're developing relationships, we're
11 developing MOUs, none of which we've been briefed on at this point.
12 And that's going to cost money for some period of time.

14 DELEGATE JOHNSON: The \$400,000 is that
15 in salaries or travel expenses?

16 MR. NOYES: All of those things. This is prior
17 to the King School of Medicine, the assignment to King School of
18 Medicine. There is a pending request with the school of medicine at
19 this time.

20 DELEGATE JOHNSON: We have nothing to
21 show for it?

22 MR. NOYES: We had the assignment to the
23 King School of Medicine and the progress that and –

24 DELEGATE JOHNSON: But that's nothing.

26 MR. NOYES: No bricks or mortar, that's

1 correct.

2 DELEGATE JOHNSON: Mr. Chairman, I'll say
3 again I fully support it but what's going on doesn't please me at all.
4 I think we should and I won't say it here but well, get off the pot.

6 MS. RHINEHART: A couple of questions. Will
7 we have an agreement and what would that entail? Number two,
8 looking if a motion is made to continue this project, how much
9 money are we looking at?

10 MR. NOYES: The request is for 350,000 and
11 that's in addition to the 445,000 but we're approaching a million
12 dollars pretty quickly.

13 MS. RHINEHART: Is that the amount going
14 forward? Is there some deadline that will be incurred?

15 MR. NOYES: The 350,000 that's pending is
16 claims for already incurred expenses. There will be additional
17 expenses between now and whatever date this Committee sets for a
18 decision on whether to go forward or not go forward.

20 MS. DIYORIO: So none of the money is
21 construction?

22 MR. NOYES: There's been preliminary
23 engineering and legal work, all of which is normally affiliated with
24 some of the salaries, people have to get paid to do something to get
25 ready to build. This amount disbursed, we have dollar-for-dollar,
26 satisfactory evidence of dollar-for-dollar match from King College.

1 match from King College. On the next portion that remains
2 pending, we have dollar-for-dollar evidence satisfactory but where
3 the conversation is going here is that there is going to be more
4 funds necessary prior to construction and I want to make sure that
5 you're aware of that because what this Committee heard is that this
6 was going to be just construction.

7 MS. RHINEHART: In all fairness, Mr.
8 Chairman, would those monies have been spent in the manner that
9 they're being spent regardless of the timeline? Are these monies
10 that would have been necessitated moving forward?

11 MR. NOYES: There are expenses that are not
12 brick and mortar expenses that are associated with any
13 construction project like engineering, legal and administrative and
14 those types of expenses. I'm not suggesting any of this is wrong.
15 I'm just making sure you're aware of that and make sure we get a
16 decision this morning is informed by that fact.

17 DR. REDWINE: On this entire project, we
18 really won't know specifics until it reaches its final form. What
19 we're probably talking about is certainly in excess of \$50 million or
20 maybe \$75 million total when we get through. I think it's
21 reasonable to expect some front end expenses. I understand what
22 Delegate Johnson is saying, saying that it is a lot of money and it is
23 but relative to the size of the entire project. It's reasonable to think
24 that there would be several hundred thousand dollars worth of
25 preliminary expenses. The difference is we just talked about
26 construction on the original and it's going to take a considerable

1 and it's going to take a considerable amount of money to lay the
2 groundwork before we get started.

3 MR. ZAIDI: We don't expect to rely on the
4 Tobacco Commission for that. We're going to have a transition
5 period, of course, King was ongoing and when you consider taking
6 all of this into consideration, but considering a transition and
7 partnership, we feel now that we have or we're at a point and a
8 letter of support, we're talking about building relationships, clinical
9 relationships, ETSU. A number of the other supporters that we now
10 have have built the foundation blocks that can now go out and it's
11 in our plans to raise private money for this project. This project
12 must be a community effort and must be built through partnerships
13 and must be built in great part by the community involved in terms
14 of money and we recognize that. We've always known that.

16 SENATOR SMITH: Mr. Chairman?

17 DR. REDWINE: Senator Smith?

18 SENATOR SMITH: I was not part of the
19 Commission in 2009 when apparently this first went forward. I
20 take it the Commission is not building the medical school. So I'd
21 like to know what other funds have been spent? Are you totally
22 relying on disbursement from the Tobacco Commission?

23 MR. ZAIDI: Some matching funds we're
24 putting together, matching the monies that we're going to try to
25 raise and we're going to be raising private funds. We're working
26 with the ARC to have a matching grant in the neighborhood of

1 neighborhood of \$500,000. There's some other sources we're
2 working on right now and a number of different resources. To date,
3 given that we started as an entity last year, we've been relying and
4 very grateful for the support from the staff.

5 SENATOR SMITH: Can you tell me what funds
6 you have received to date since this entity was formed?

7 MR. ZAIDI: We have not, no private money
8 yet. The grant was assigned November 28, just a short time ago,
9 and there was a question about whether or not the grant and until
10 we were truly an independent entity and going forward with the
11 project. People wanted to make sure all that happened, so we've
12 had about a month or a little over a month and we now have several
13 ties with the previous administration that we're able to go forward.

15 SENATOR SMITH: Thank you.

16 MR. NOYES: For the record, the General
17 Assembly has provided some funds but there's been no draw
18 against those funds. Department of Housing and Community
19 Development has made an award. Our funds are not the only ones
20 committed for this effort but other funds have not been released for
21 whatever reasons. It may be because of the transition or for the
22 assignment. But we're not the only ones that have made a financial
23 commitment, we're just not seeing any money from other sources be
24 expended for the purposes of the grant.

26 MR. ZAIDI: Washington County, we're going to

1 going to start supporting ourselves.

2 DELEGATE JOHNSON: At one time Dr.
3 Fowlkes from the Higher Education Center was involved and the
4 reason she requested the Higher Education Center and what
5 happened there and knowing what's going on in Washington, it
6 looks to me like there's been too many chiefs and not enough
7 Indians and just spinning our wheels and doing nothing. I know
8 this is important to Southwest Virginia and Washington County and
9 I hope we can get this going. It appears to me maybe there's been
10 too many turf battles on this project, maybe there's no leadership. I
11 know Dr. Fowlkes is doing a great job and things were moving and
12 then I guess maybe because of turf battles nothing is complete yet,
13 nothing's been accomplished yet. That's my observation living in
14 the area. I think we might need some leadership and put the cards
15 on the table.

17 DEPUTY SECRETARY CARTER: Mr.
18 Chairman, I was not here in 2009 when the project started and I'm
19 aware of some of the things and I understand what has been said
20 about the project. Would it be possible for them to put in a new
21 application and show us what things are being done now or what it
22 is that is planned as far as going forward? Maybe have them
23 reapply with this new concept that they have?

25 DR. REDWINE: I believe we had some
26 discussion here not too long ago along the lines you're talking

1 about. My comment to Chairman Kilgore and Mr. Noyes was that if
2 we extend, we need to have a definite date for another report. As a
3 Committee, we need to decide and require some specific details, we
4 have to see at that time, we need to know something definite and
5 lay out some guidelines and that needs to come with the answers
6 for our consideration at that point in time and just not keep
7 dragging this project on and on. I think Delegate Johnson might be
8 pushing the accelerator a little bit and that might be fine but we've
9 listened to this for a long time. Mr. Noyes suggested a side-by-side
10 comparison of the original plan and what currently is on the table.
11 That we we could see what has changed and what's definite and
12 what money is in place and where it's designated, where it's from
13 and what the projected costs are going to be. Then we can reach
14 some concrete decisions and have specific details. Now it's been
15 suggested the May meeting.

17 DELEGATE KILGORE: Maybe May 15th
18 because we have the meeting later.

19 DR. REDWINE: Then we can either say yes or
20 no.

21 MR. MONTGOMERY: Mr. Chairman, I've got
22 some questions. There seems to be some confusion. Has Dr.
23 Quillen passed on?

24 MR. ZAIDI: She has.

25 MR. MONTGOMERY: Are there any officers
26 associated with this?

1 MR. ZAIDI: There's a contingent request.

2 MR. MONTGOMERY: When will you receive
3 the \$11 million.

4 MR. ZAIDI: Well, the will is held for us, \$11
5 million in cash. There is some mineral producing rights and some
6 royalties.

7 MR. MONTGOMERY: Is it cash? \$11 million
8 cash? Or, I understand that was the largest private co-owners or
9 mineral owners in Dickenson County. I haven't seen any terms of
10 the will and the bequest. How long do you have to satisfy the
11 bequest?

12 MR. ZAIDI: We're working with the executor.

14 MR. MONTGOMERY: I understand that. The
15 executor of the will?

16 MR. ZAIDI: Bill Turner.

17 MR. MONTGOMERY: What money, if any, has
18 Quillen committed?

19 MR. ZAIDI: We just got an agreement to work
20 together signed this past week. We're working on the details of
21 what that arrangement is in terms of details.

22 MR. MONTGOMERY: Would you be willing to
23 share a copy of that with the Committee?

24 MR. ZAIDI: Yes, I'll get a copy.

25 MR. MONTGOMERY: What about the 501(c)3
26 designation?

1 MR. ZAIDI: We expect to have that this year
2 within a few months.

3 MR. MONTGOMERY: I understand you
4 received strong support from potential clinical partners Lockpoint
5 and that's a possibility but to me that doesn't sound like there's a
6 commitment. If you're talking about probability or possibility.

8 MR. ZAIDI: That's true and –

9 MR. MONTGOMERY: - talking about
10 possibility and probability, that's two different things. Quillen, has
11 anyone put any money in it in other words?

12 MR. ZAIDI: I know it sounds like doubletalk,
13 probability and possibility and commitment. This is a matching
14 process and it has problems and it has taken a transition period to
15 get this going. I'm a person that likes to see things go forward and
16 it's been frustrating for me to not be able to point to you bricks and
17 mortars. There are certain things in a project of this type that takes
18 a while and this is a long process and as far as results, we have to
19 start building relationships first and somewhere. I wish I was
20 prepared to give a report with this project to proceed but just want
21 to say I believe that the progress we have made is significant. We
22 have established a medical school and some were against this
23 project and now we have a team that supports it. We have some
24 hospitals in the system that are willing to get involved and talk
25 about this and have a discussion and all that has to be put in place

1 be put in place before we can do certain things. Let me just say
2 that we believe we can give you the results that you're looking for
3 but it's not a half a million dollar project that you can do in a short
4 period of time. I understand we're talking about three or four years
5 here but what we've been able to do in terms of relationship
6 building has gone on now for about three months. I take all of your
7 points with a great deal of concern.

9 MR. MONTGOMERY: How many students will
10 actually be in each class?

11 MR. ZAIDI: We don't have a firm number right
12 now. That depends on our curriculum. I think originally we were
13 talking maybe seventy. I think seventy was the original total first
14 year.

15 MR. MONTGOMERY: Per class?

16 MR. ZAIDI: Yes.

17 MR. MONTGOMERY: As I understand Dr.
18 Kanto or my friends in the medical situation say that it appears
19 residents would be committed or would be built up by 2012 or '13
20 and that's now been moved up to 2015 as I understand it. After '15
21 there will be no more available resident slots and be limited only to
22 medical students that graduated from United States medical
23 colleges. So my point is, if you're talking about, I don't see that
24 commitment there, a possibility.

26 MR. ZAIDI: I think what she was talking

1 about, number one there are 28,000 available residency slots in the
2 U.S. There are 18,000 U.S. medical students filling slots. There's
3 still a gap of 10,000 available residences for U.S. graduates. The
4 fact that there are about 28,000 to be filled, there are a number of
5 U.S. available slots and we're filling the slots with ex-U.S. medical
6 students or training them from other countries. There's a residency
7 spot for U.S. medical students and are available and we intend to
8 utilize those and there are methods of actually increasing residency
9 slots. There are some that are federally qualified. We understand
10 the numbers are real. We have a strategy to resolve that.

12 MR. MONTGOMERY: As I understand it,
13 Quillen College, and they only have seventy students per class now.

15 MR. ZAIDI: I believe they have 72.

16 MR. MONTGOMERY: Are you saying you have
17 another seventy per class in Abingdon?

18 MR. ZAIDI: I think we'll have, I can't tell you
19 the exact number today. We'll have the right number for this
20 community.

21 MR. MONTGOMERY: Who's going to be
22 controlling the management of the medical school or your facility,
23 we're talking about a partnership. Who's going to be those partners
24 that are the, if one partner is more equal than the other, you've got
25 some from Quillen coming in, is there any agreement here?

1 MR. ZAIDI: We're working through the
2 structure and all that's very important to us.

3 MR. NOYES: We don't need a motion here but
4 if the consensus is here that we set a period of time we would need
5 a motion otherwise. We have our full Board meeting in eight
6 minutes so we need to move on.

7 DELEGATE KILGORE: We'll have the main
8 meeting.

9 MR. NOYES: I think what's necessary, any
10 agreements that are being drafted, we would like a report back to us
11 by May 15 as we described here with information we asked for. We
12 will continue the dollar-for-dollar requirements for disbursements.
13 We absolutely have to have hard proof other funds are committed
14 and available. If there are conditions, members of this Committee
15 need to know what those conditions are. The full Board will have to
16 hear a recommendation from the Committee at its May meeting
17 going forward with the project if that's the will of the Committee.

19 DELEGATE JOHNSON: Mr. Chairman, one
20 last question. Is Chairman Kilgore a Board of Director, are you?

22 DELEGATE KILGORE: No.

23 DELEGATE JOHNSON: Would it be
24 unreasonable to suggest that the Chairman of the Tobacco
25 Commission be on the Board of Directors or at least a member of
26 the Tobacco Commission keep up with what's going on?

1 DELEGATE KILGORE: I'll try to continue to go
2 to the meetings. I'll commit time to do that.

3 MS. CARTER: I think we need a business plan
4 from them.

5 DR. ZAIDI: We're working on all those things
6 and I guess in talking about the scope, the overall scope, just
7 because we're under an LLC application if somebody else reduces
8 the barriers, I don't think it really changes the scope significantly.

10 DR. REDWINE: Is there any objection to
11 extension to May 15th with specific and concrete details of where the
12 project is moving so we can make a decision at that time?

14 DELEGATE JOHNSON: I move we continue
15 this and do that.

16 DR. REDWINE: Thank you. We don't
17 necessarily need this in the form of a motion but if there is a
18 consensus that's what we'll be looking for. We will look forward to
19 this and consider this before our May meeting. All right, thank you
20 very much.

21 Mr. Pfohl, do you have a brief presentation?

23 MR. PFOHL: Last week, the Commission
24 received a request from Lee County to shift some funds from a
25 completed project that had a specific grant to another completed
26 project that had a separate project intent in that grant. The

1 grant. The amount in question is \$18,000. We emailed a letter
2 Friday afternoon. The staff has no issue with the amount being
3 shifted or the merits of the project but more so with moving funds
4 from one completed project where there's a remaining balance due
5 and another completed project that in effect reimburses the locality
6 for matching funds that it put into the project. Staff is
7 recommending that the County's request not be approved to shift
8 the \$18,000 between those two projects. But that's up to the will of
9 the Committee here today.

11 MR. MONTGOMERY: I'm from Lee County and
12 we have a new economic development director. The previous one,
13 bottom line is this is something that's beneficial for us and we've
14 really gotten good leadership now with the IDA. I'd certainly make a
15 motion that we approve this.

17 MS. CARTER: Second.

18 DR. REDWINE: Mr. Montgomery made a
19 motion to approve the transfer of \$18,000 from, if you could list
20 those two projects.

21 MR. PFOHL: The balance remaining,
22 \$18,009.95 for Grant 1904. The County is requesting that amount
23 be available to complete the Constitution Oaks Project Grant 903.
24 For bookkeeping purposes if we could just approve 18,000
25 remaining in 1904 be allowed to be used on the Constitution Oaks
26 Project that would accomplish what the County is seeking.

1 County is seeking.

2 MR. NOYES: Members of the Committee, I
3 would just emphasize what Tim said. It's not an issue of the funds
4 or the merits of the project. A decision to allow this today will
5 establish precedent that will have grantees shifting money between
6 projects at every opportunity. As a policy matter, I would advise
7 you not to do this. Funds can be approved to the Committee. Lee
8 County can come back and make a request at the next application
9 date to use funds on the Constitution Oaks Project and the
10 Committee can decide that at that time. Shifting money around
11 rather than returning it to the Committee is a fundamental policy
12 shift for the Tobacco Commission. And if you do it, of course, you
13 can do it but you will have this happening all the time.

15 DR. REDWINE: We have a motion and a
16 second.

17 MR. PFOHL: The project is completed so they
18 could be reimbursed for the project once it's completed and that's
19 contrary to our policies.

20 SENATOR CARRICO: Basically if they give you
21 the eighteen thousand back, this would be outside the scope.

23 MR. PFOHL: If this came in in the form of a
24 new application, it would not meet our guidelines. They're talking
25 about expenses for a project that we previously funded and would
26 be reimbursable and that money would still be available in the

1 available in the grant. They adopted the grant in Constitutional
2 Oaks. Now they're asking for a completely separate project, the
3 bottom line is it's not in our policy that Neal was talking about.

5 DR. REDWINE: Any other questions or
6 discussion? All right. All those in favor of transferring, allowing the
7 transfer of Grant 1904 to Grant 903 in the amount of \$18,009.95,
8 all in favor please raise your hand. All right. All opposed?

10 MR. NOYES: The motion carries.

11 DR. REDWINE: Thank you. Our meeting will
12 be concluded.

13 UNIDENTIFIED: I move that we adjourn.
14

15 PROCEEDINGS CONCLUDED.

16 CERTIFICATE OF THE COURT REPORTER
17

18 I, Medford W. Howard, Registered Professional
19 Reporter and Notary Public for the State of Virginia at large, do
20 hereby certify that I was the court reporter who took down and
21 transcribed the proceedings of the **Virginia Tobacco**
22 **Indemnification and Community Revitalization Commission**
23 **Southwest Economic Development Committee meeting when**
24 **held on Tuesday, January 8, 2013 at 8:00 a.m. at the Hilton**
25 **Garden Inn – Downtown in Richmond, Virginia.**

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

4 Given under my hand this 21st day of January, 2013.

6

7

8

Medford W. Howard

9

Registered Professional Reporter

10

Notary Public for the State of Virginia at Large

11

12 My Commission Expires: October 31, 2014.

13 Notary Registration Number: 224566