

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

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

10                                   Wednesday, May 21, 2014

11                                   3:00 P.M.  
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14                                   Golden Leaf Commons Community Facility  
15                                   Emporia, Virginia  
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1 **APPEARANCES:**

2 Dr. David S. Redwine, DVM, Committee Chairman

3 The Honorable Charles W. Carrico, Sr., Vice Chairman

4 The Honorable A. Benton Chafin, Jr.

5 The Honorable Maurice Jones, Secretary of Commerce &

6 Trade (by phone)

7 Mr. H. Ronnie Montgomery

8 Dr. Todd Pillion

9 Ms. Beth D. Rhinehart

10 The Honorable Ralph K. Smith

11 Mr. John Stallard

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1 **APPEARANCES (cont'd):**

2 COMMISSION STAFF:

3 Mr. Timothy S. Pfohl – Interim Executive Director & Grants  
4 Program Administration Director

5 Mr. Ned Stephenson – Deputy Executive Director

6 Ms. Stephanie S. Kim – Budget Director

7 Ms. Sara G. Williams – Grants Program Administrator,  
8 Southwest Virginia

9 Ms. Jessica Stampler – Grants Assistant, Southwest Virginia

10 Ms. Caroline Bringman – Performance Data Analyst

11 Ms. Suzette Patterson – Grants Office Manager

12 Ms. Stacey Richardson – Executive Assistant

13

14 COUNSEL FOR THE COMMISSION

15 Eric E. Ballou, Esq.

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1 DR. REDWINE: Good afternoon. I'm  
2 going to call the meeting of the Southwest Economic  
3 Development Committee to order. We've got a lot to do today  
4 and I think we have about an hour so we'll do the best we can  
5 within the time limits. I'll ask Mr. Pfohl to call the roll.

6 MR. PFOHL: Senator Carrico?

7 SENATOR CARRICO: Here.

8 MR. PFOHL: Delegate Chafin?

9 DELEGATE CHAFIN: Here.

10 MR. PFOHL: Secretary Jones?

11 SECRETARY JONES: Here. (by phone)

12 MR. PFOHL: Mr. Montgomery?

13 MR. MONTGOMERY: Here.

14 MR. PFOHL: Dr. Pillion?

15 DR. PILLION: Here.

16 MR. PFOHL: Dr. Redwine?

17 DR. REDWINE: Here.

18 MR. PFOHL: Ms. Rhinehart?

19 MS. RHINEHART: Here.

20 MR. PFOHL: Senator Smith?

21 SENATOR SMITH: Here.

22 MR. PFOHL: Mr. Stallard?

23 MR. STALLARD: Here.

24 MR. PFOHL: You have a quorum, Mr.

25 Chairman.

1 DR. REDWINE: It's time to approve the  
2 minutes. It's been moved and properly seconded, all those in  
3 favor of approval of the minutes of 1/6/14 say aye. (Ayes.)  
4 Opposed? (No response.) The minutes are approved.

5 MR. PFOHL: Before we start, I'm advised  
6 by our attorney that we should consider a motion allowing  
7 Secretary Jones to participate by telephone due to other state  
8 business that required his presence in Richmond. I'd ask for  
9 such a motion.

10 SENATOR SMITH: So moved.

11 SENATOR CARRICO: Second.

12 DR. REDWINE: All those in favor say  
13 aye. (Ayes.) All right. The motion is carried. Now, the next  
14 item on our agenda or our listed item today or the main  
15 reason for being here concerns the updated report on the  
16 Southwest Virginia School of Medicine and we have  
17 representatives from that here with us today. I'll ask them to  
18 come up and gentlemen, if you could, we will begin by going  
19 through your report and giving us the highlights of the report  
20 as you wish and then we'll open the floor for questions and  
21 comments from our Committee.

22 MR. ZAIDI: Mr. Chairman, and members  
23 of the Commission, it's our pleasure to be here. My name is  
24 Tariq Zaidi with the Southwest Virginia School of Medicine.  
25 I'd like to introduce Mr. Greg Kelly, the town administrator for

1 Abingdon, Mayor Morgan from Abingdon, President Jake  
2 Schrum from Emory & Henry College. Dr. David Haney, Chief  
3 Academic Officer for Emory & Henry and Jeff Mitchell, our  
4 counsel. It's our pleasure to be here. We're very excited to be  
5 able to report that over the last ninety to 120 days, we've  
6 made significant progress and it starts with being able to  
7 stand up here and tell you we met the match with \$17.6  
8 million worth of assets that are being contributed to this  
9 project by Emory & Henry and we'll let them talk a little bit  
10 about that. I do think that's a significant milestone. You'll  
11 remember when we started this project the first day when I  
12 came in we were \$10 million in the hole from where we were  
13 and now we've gotten to the point where we have over \$25  
14 million worth of assets to match your \$25 million and that's  
15 very exciting to be able to say that and stand up here before  
16 you.

17 In addition to that, we've worked very  
18 hard with the University of Virginia and Emory & Henry  
19 College about this project. As you also know, when we took  
20 over this it was an independent entity with no assets, no staff  
21 outside myself and so we had to focus on certain aspects of  
22 the project. By bringing Emory & Henry to the table, we're  
23 able now to expand the project and showing the original  
24 purpose of this grant. If you all are familiar with the grant,  
25 we've gone back and spent time looking at it as you can



1 a very short period of time and that's since October when  
2 Emory & Henry committed to this project and we started  
3 working with them and in December with UVA and now being  
4 here we've been able to move pretty quickly in a short time  
5 and we're excited about what we're doing with this project  
6 today.

7 I'd like to ask Mayor Morgan to say a  
8 couple of words. He's a very strong supporter with the Town  
9 of Abingdon.

10 MR. MORGAN: Thank you. And it's a  
11 pleasure to be here today and I wish to tell you how pleased  
12 the Town of Abingdon is in terms of how this project has  
13 evolved over the last little bit. We have been involved in this  
14 project since literally the day after the Tobacco Commission  
15 meeting or after the Tobacco Commission indicated they  
16 wanted to see medical education taking place in Southwest  
17 Virginia and we supported that from day one. We committed  
18 \$7.5 million in resources both cash and property assets to  
19 make this come to fruition. We're satisfied this project is at a  
20 very good place at this point and it has evolved very nicely and  
21 it's much more of a coalition than what we started with. We  
22 feel not only the medical education for physicians that will be  
23 taking place but also the allied health sciences will be  
24 represented here and are very important in terms of taking  
25 care of the health needs in southwestern Virginia and improve





1 students in Southwest Virginia who come to Southwest  
2 Virginia and will have already expressed their interest in  
3 becoming a primary care physician in rural Appalachia,  
4 specifically Southwest Virginia, then I think we have more of a  
5 chance of keeping those students in that part of the  
6 Commonwealth than we would with creating a medical school  
7 in Southwest Virginia where people can go anywhere they  
8 want to go.

9 I think this is a much better idea and I  
10 think it makes sense for the University of Virginia and for  
11 Emory & Henry and all Southwest Virginia in providing better  
12 medical care for all of us in that part of the Commonwealth.

13 I'll be glad to answer any questions you  
14 might have but that's what I would say on behalf of Emory &  
15 Henry.

16 MR. MITCHELL: Thank you, Dr.  
17 Schrum, and just to bring the presentation to a close, I would  
18 say that the project request that the Committee acknowledge  
19 that the grant has been met so we can get about the business  
20 of implementing the grant, the working group that's been  
21 established with the University of Virginia, with Emory &  
22 Henry and the medical school have met once and is getting  
23 ready the second week of June to deploy and develop their  
24 plan and complete this grant and complete this project.

25 I can tell you and I'm not sure if you

1 want to go into Executive Session for this, but I can tell you  
2 the conversations we've had with the private donors have  
3 always been a concern for this Committee, have been very  
4 clear they're willing to support this project. As late as a week  
5 ago, one of those conversations from a significant  
6 philanthropist in the region, I'm not sure all of you would  
7 note, and his great concern was are we signing up for a project  
8 that this Committee would pull the plug on before it could get  
9 going. I think the project finds itself now and I can say it as  
10 someone who was there on the day the ground was broken on  
11 the first one, then went away and came back, I can tell you  
12 that it is poised now more to be successful than it ever has  
13 been in its existence to accomplish the goal that I think this  
14 Committee adopted when it adopted that grant. That was to  
15 deliver a higher quality of access to medical care in Southwest  
16 Virginia through medical education, primarily through  
17 recruiting physicians into the region and by using that access  
18 to healthcare to improve healthcare as an economic stimulant  
19 for the region. I think this project, the way it's come together  
20 accomplishes those goals that were first to pass in grant  
21 #1958.

22 DR. REDWINE: Thank you gentlemen.  
23 We appreciate your comments and different angles on this  
24 particular project and your partnership. I know as you spoke  
25 and maybe before the Committee members have gone through

1 their notes and information they put down on a list of  
2 questions, so if we could I'd like the Committee and the  
3 questions concise and the answers to be direct and concise if  
4 we could so we can do efficient business and then have the  
5 Board go over questions from any of these gentlemen and  
6 questions from members of the Committee. Delegate Kilgore?

7 DELEGATE KILGORE: You said  
8 something about a private donor that everybody's asking  
9 about. I know we didn't go in Executive Session and I'm not  
10 asking for a name but how confident are you on that private  
11 donor?

12 MR. MITCHELL: There are some private  
13 donors that have made it very clear that they're in the project  
14 and they're going to say in the project. We had one private  
15 donor even offer to use their plane to fly people to a fundraiser  
16 at one of the golf courses in the region that you all would be  
17 familiar with if that's what it took to get people to understand  
18 that they were going to do everything they could do to make  
19 this happen. There are some that still need to be convinced, I  
20 think you all could imagine that but we've been gratified with  
21 the support we've gotten.

22 I think what's happening right now just  
23 having watched this project really catch fire since October  
24 when Emory & Henry entered on that basis and citizens in  
25 Southwest Virginia are watching to see if the project has time

1 to complete.

2 DR. SCHRUM: May I just add to that I  
3 did send a letter stating this, Emory & Henry is also  
4 committed to raising \$25 million in a permanent endowment  
5 for Emory & Henry College in the first ten years the income  
6 from that endowment, the entire income and a five percent  
7 spending rate would go to the University of Virginia for the  
8 operating budget whatever they do in Southwest Virginia.  
9 Then in the next five years, it would reduce by a quarter of a  
10 million dollars for the next five years until all the income then  
11 would go back to Emory & Henry College for the first time. In  
12 a way, if the Tobacco Commission provides the bricks and  
13 mortar to help them establish a place to do their business in  
14 Southwest Virginia and we give \$1,250,000 a year for the  
15 operating budget, that's quite an incentive for them to be there  
16 and stay there for a long time.

17 SENATOR CARRICO: Mr. Chairman?

18 DR. REDWINE: Senator Carrico?

19 SENATOR CARRICO: I just keep  
20 bringing up the bricks and mortar and I know you were  
21 talking about \$25 million and using that for bricks and mortar  
22 from the Tobacco Commission for third and fourth year  
23 students. Have you looked at or do you have any estimates on  
24 the, or is the \$25 million going to be adequate to do what  
25 you're talking about?

1 DR. SCHRUM: The \$25 million would be  
2 ample to do what the University of Virginia needs to do for  
3 retrofitting the space in Marion and the rest of it would be  
4 ample to do what needs to be done in Abingdon, with  
5 Abingdon's match.

6 DR. REDWINE: What dollar value, and I  
7 don't mean to pin you down, but what dollar value of this \$25  
8 million grant do you have earmarked for the Marion facility to  
9 redo the hospital property there roughly?

10 DR. SCHRUM: We don't have that  
11 number pinned down because we're still in the working group  
12 with University of Virginia in terms of what they want to do.  
13 We do have an estimate for the overall renovation of the  
14 former hospital, which is \$18-20 million. That's without  
15 upfitting it for a particular purpose, but that's just for the  
16 renovations that would be needed.

17 MR. MITCHELL: What I was asking him  
18 to make sure since he's commented on it for the portion of the  
19 funds coming from the Tobacco Commission, a portion of that  
20 will go to Abingdon and that facility has been talked about all  
21 along and then only that portion that supports this program  
22 will be used in the Smyth County Hospital facility with what  
23 we're talking about with the University of Virginia. The rest of  
24 those funds will come from other sources. We've also talked  
25 to East Tennessee State.

1 DR. REDWINE: As a matter of business,  
2 gentlemen, I know you've all been introduced but for purposes  
3 of the minutes, if you'd briefly state your name as you speak  
4 so he can keep up with who says what. Thank you. My other  
5 question is for the Mayor of Abingdon. I know you say you've  
6 been deeply involved in the transformation of this grant but on  
7 behalf of the Town of Abingdon of what you know and what  
8 you see from the project, what do you see standing on that  
9 stone mill property five years from now or what do you think  
10 Abingdon is getting out of this grant?

11 MR. MORGAN: I'm Ed Morgan, Mayor of  
12 Abingdon. What I see the primary thing standing on that  
13 property will be a basic education building that we will have  
14 there and also a simulation facility where you can utilize it for  
15 training and primarily the third and fourth year physicians  
16 but also a group of allied healthcare students from various  
17 disciplines that would come through there and I would see  
18 that being primarily a classroom facility used primarily for  
19 education. Our primary focus will be the physicians but we  
20 also think that it's very important to have that space available.  
21 The items offered there will be useful to other disciplines as  
22 well. I'm satisfied that will be a good outcome for Abingdon,  
23 certainly having those students in the channel will be good for  
24 us but also having the instructors and staff and so forth there  
25 that will be helpful to stimulate the local economy.

1 DR. REDWINE: Thank you, sir.

2 MR. MONTGOMERY: I would like to ask  
3 a few questions, please. As I recall, this original grant was for  
4 medical, a medical school and now I'm hearing it's not going to  
5 be the first or second year students but it's going to be  
6 bringing in students from UVA their third and fourth year, is  
7 that right?

8 MR. ZAIDI: As we studied that original  
9 grant, we talked about training MDs, we feel like this still  
10 serves that purpose. Now, the students and University of  
11 Virginia would be in a partnership, that's the same plan that  
12 we rolled out, the same concept. But at this juncture, the  
13 working group starting off with the third and fourth year  
14 students and the working group is also making its  
15 recommendation about the University of Virginia students.

16 MR. MONTGOMERY: Where will the, you  
17 mentioned physician assistants and nurse practitioners,  
18 occupational therapy, physical therapy, where will they be  
19 educated?

20 MR. ZAIDI: Part of that is still the  
21 working group, UVA and Emory & Henry and us but we see  
22 activity going on with education, primary education being in  
23 Marion and Abingdon with clinical training throughout  
24 Southwest Virginia.

25 MR. MONTGOMERY: In your letter, Mr.

1 Zaidi, you referenced several letters to follow and I believe we  
2 have one from the Town of Marion and I don't see one from  
3 UVA.

4 MR. PFOHL: Mr. Montgomery, that was  
5 sent out by email that had additional information, sent out  
6 Thursday afternoon.

7 MR. MONTGOMERY: I've been gone  
8 since Thursday. This other feature, matching grant, private  
9 funds Emory & Henry, \$17.6 million and that consists of the  
10 assessed value of the former Smyth County Community  
11 Hospital, is that the tax assessment?

12 DR. HANEY: No, that was a private  
13 assessment that was done and I can't remember the name of  
14 the firm that did it. It's the actual assessment.

15 MR. MONTGOMERY: Was that an  
16 appraiser?

17 MR. MITCHELL: Yes.

18 MR. PFOHL: We have a copy of that  
19 appraiser's report.

20 MR. MONTGOMERY: My understanding  
21 is the medical hospital facility, I know we're dealing with one  
22 in Lee County and we're hoping to get it elevated for nothing.  
23 As I understand it, you really don't have a medical college,  
24 originally it started out as osteopathic and now it's switched to  
25 MD, you won't have a four year medical college at either

1 location?

2 MR. MITCHELL: Mr. Montgomery, I  
3 think if you're asking if this project involves a building with  
4 four walls where students walk in for an education and walk  
5 out four years later with a degree, that could be the evolution  
6 of this project but that's not currently what we're talking  
7 about. In many other conversations that have been had since  
8 we've been involved trying to work on this, it's clear that that  
9 level of the project is a significant undertaking. We believe  
10 this proposal with the University of Virginia accomplishes the  
11 same goal because we will have a medical education facility  
12 there in Abingdon initially with third and fourth year and  
13 growing from that, that accomplishes the goal. There will be  
14 medical education students from the University of Virginia in  
15 Abingdon but it will not be the freestanding independent  
16 medical school that was original contemplated and promoted  
17 by King even though that's not necessarily what the grant  
18 says.

19 DR. REDWINE: Any other questions?

20 DELEGATE KILGORE: You mentioned  
21 East Tennessee State, are you going to continue to talk to East  
22 Tennessee State?

23 MR. MITCHELL: We are still in  
24 conversations with ETSU. I think as most of the Committee  
25 members know the president of East Tennessee State had a

1 significant accident in the fall and he was our primary contact  
2 and we stepped back from him. The conversations regarding  
3 the University of Virginia obviously took fire at the end of the  
4 year as we tried to figure out what role the University of  
5 Virginia would play and what role ETSU would play. We've  
6 been in contact with ETSU and look forward to continue to  
7 having involvement but that's been delayed because we want  
8 to work with the president.

9 DR. REDWINE: Senator Smith?

10 SENATOR SMITH: I have a question. I  
11 don't know who wants to answer it. The hospital, how long  
12 has it been closed?

13 DR. HANEY: I'm Dr. David Haney, vice  
14 president for academic affairs Emory & Henry College. We  
15 took it over on January 1<sup>st</sup> of this year and it's been closed as  
16 a hospital since 2011, I believe and it's now completely closed  
17 and it's enough to maintain it so when we're ready to move on  
18 to remodel it we can get started. Completely closed down  
19 then.

20 SENATOR SMITH: It ceased to be a  
21 hospital in 2011?

22 DR. HANEY: Yes, I'm pretty sure.

23 SENATOR SMITH: How many patients  
24 did it have or what was the patient load say ten years ago?

25 DR. HANEY: I'm not sure. It's 140,000

1 square feet, much bigger than the current hospital, I think it's  
2 got 45 beds but don't quote me on that; I'm not sure what the  
3 total patient load was.

4 SENATOR SMITH: Can you share with  
5 us what you paid for it?

6 DR. HANEY: We paid nothing for it.

7 SENATOR SMITH: It was a gift from?

8 DR. HANEY: It was from Smyth County  
9 Community Hospital and the health alliance. I don't know  
10 what value they put on it.

11 SENATOR SMITH: Was that a nonprofit  
12 organization?

13 DR. HANEY: Yes, Mountain State  
14 nonprofit and Smyth County Community Hospital is nonprofit.

15 SENATOR SMITH: It was originally built  
16 as a nonprofit?

17 DR. HANEY: It was built in 1964 and I'm  
18 not sure when Smyth County Community Hospital has been a  
19 nonprofit.

20 SENATOR CARRICO: I could probably  
21 answer that. I spent some time there. Smyth County had a  
22 foundation, hospital foundation nonprofit.

23 SENATOR SMITH: It seems  
24 extraordinary \$17 million for a closed hospital building.

25 DR. HANEY: 12.5, also a 12.5 acre

1 campus and that's associated with it included is the former  
2 education building, which is RDPT which has been remodeled,  
3 at least through the generosity of the Tobacco Commission  
4 and that's not part of the, the rest of the campus which  
5 includes a couple of other buildings.

6 SENATOR SMITH: The next question is  
7 for the mayor and referring to the seven and a half million that  
8 you say are assets, could you explain those assets that you'll  
9 be contributing to the project?

10 MR. MORGAN: About half of our  
11 commitment is in cash and Mr. Kelly can correct me and give  
12 you the exact dollar figure. Essentially, we're looking at about  
13 \$3.5 million cash and the balance would be in property. The  
14 proposed facility would be located in our business and  
15 technology park that's located in the Town of Abingdon. It's a  
16 facility that is level and shell ready for construction with all of  
17 the infrastructure in place.

18 SENATOR SMITH: That is adjoining the  
19 current hospital building?

20 MR. MORGAN: No, sir, you're talking  
21 about several different hospitals, one of which or the one I'm  
22 referencing is in Marion, Virginia. Our facility is located in the  
23 Town of Abingdon in our business and technology park very  
24 near the Southwestern Virginia Higher Education Center and  
25 Virginia Highlands Community College.

1                   SENATOR SMITH: This three and a half  
2 million in cash, it's there and your board has approved that?

3                   MR. MORGAN: Yes, we made a  
4 commitment and we keep our commitments. I think Dr.  
5 Schrum, I think you commented and there's also a cash  
6 investment from Emory & Henry College and we're bringing  
7 more than just property assets to the table on this.

8                   SENATOR SMITH: Is the property  
9 investment and you say you're talking to people, so has  
10 anyone signed an agreement saying we will do this?

11                  MR. MORGAN: No, no one has signed an  
12 agreement. I think they're basically waiting to or they're  
13 waiting to see if we're serious about this and are we going to  
14 do it. I'm quite confident that if the Tobacco Commission  
15 makes its commitment and the Town of Abingdon has made  
16 its commitment, Emory & Henry College has made its  
17 commitment and we have everybody in agreement that we're  
18 going to do this and move forward, I'm confident that  
19 additional private capital will come forward. Emory & Henry  
20 has made it clear that they will also and they have a  
21 substantial development staff available as part of their  
22 institution and they're going to be working on this as well in  
23 addition to the other assets and actions that Dr. Schrum  
24 presented. As a town, we are responsible for good  
25 stewardship of the public's assets as your Commission is as

1 well and I'm satisfied we have a realistic plan that we've put  
2 together and private dollars are something that we can  
3 realistically be expected to come together.

4 SENATOR SMITH: Thank you.

5 MR. MORGAN: Thank you.

6 DR. REDWINE: Dr. Pillion?

7 DR. PILLION: When a student graduates  
8 from the school, they're going to be from the University of  
9 Virginia or will the diploma say Southwestern School of  
10 Medicine?

11 DR. SCHRUM: University of Virginia.

12 DR. REDWINE: Gentlemen, I'm going to  
13 ask for some brief comments from counsel plus or minus staff  
14 so whoever can answer the question. One of my jobs as  
15 Chairman is to ensure that the business done before this  
16 Committee is according to our bylaws and legal within our  
17 authority and that the agreements are handled according to  
18 the rules of the Commission. Over the last five years, this  
19 particular grant still numbered 1958, which was the original  
20 grant five years ago, which was the King College School of  
21 Medicine at that time has changed significantly. I'm not going  
22 to go through the number of partners and the number of  
23 names and the number of towns we've been through and I  
24 appreciate the fact that we're still trying to do medical  
25 education. My question for counsel is the original grant and

1 the amount of money set aside for that particular grant and  
2 with these changes that have been done and that this  
3 particular project now does not resemble the initial project, so  
4 I'm asking for advice on how our ability to deal with this  
5 particular grant as it stands or are there changes that need to  
6 be made before we could deal with it?

7 MR. BALLOU: Dr. Redwine, an  
8 interesting question in that that 2009 grant agreement was  
9 made at the time in 2009 has not to my knowledge ever been  
10 amended in writing but certainly has been discussed at  
11 numerous meetings of the Commission and this Committee.  
12 During that timeframe, the grantee or beneficiary has been  
13 changed and certainly the times for performance have been  
14 changed, although it's unclear when the Commission has  
15 taken action exactly what times of performance have actually  
16 been changed. Is it the time for actual satisfaction of grant  
17 conditions? Is it the time for completion of grant performance  
18 and things of that nature? If you go back to the 2009 grant  
19 agreement, it was made for specific purposes as described in  
20 the 2009 application and at certain grant conditions relating  
21 to construction only and that Commission funds pay for only  
22 one-half of the construction costs. There is also a requirement  
23 that title to the real estate be somehow adjusted so that if  
24 there is a change in purpose of the project funded by  
25 Commission funds for ten years after the initial disbursement

1 then it would refer to the Commission. So I think that in all of  
2 the submissions by the King School and Southwest Virginia  
3 School of Medicine through the years that as well as the  
4 changes in time that if you really wanted to have an effective  
5 and clearly understandable grant agreement today for going  
6 forward, you would need to substantially amend this 2009  
7 document or to start all over again and write a new and  
8 amended one because I'm not sure it really works that much  
9 anymore given where we are today.

10 I'd be happy to answer any other  
11 questions and hear from staff in terms of how they would  
12 actually propose to administer I think what is actually on the  
13 table before the Committee right now.

14 DR. REDWINE: Thank you, sir. Do you  
15 have anything to add, Mr. Stephenson?

16 MR. STEPHENSON: No, I think that's  
17 where we are.

18 DR. REDWINE: Thank you, sir. Another  
19 question?

20 MR. MITCHELL: Mr. Chairman, if I  
21 might address that, I would agree with the assessment that  
22 the funds were designated for bricks and mortar and to be  
23 matched and those conditions have not changed. And I would  
24 agree with the assessment that over the life of this grant,  
25 including over the past few months as the project did come

1 back every ninety days and reported on where we are, there  
2 has been at least an acquiescence that we were moving in a  
3 direction and the efforts that were being expended and  
4 considerable resources that were being identified in  
5 furtherance of the grant. I would suggest or believe that the  
6 grantee is proposing to have a working group and have time to  
7 finish the project and finish the planning then at that time it  
8 might be appropriate as counsel has suggested to amend the  
9 grant once and for all and identify exactly what the project is  
10 and what the matching is. I do believe that from the meetings  
11 every ninety days and a switch to a partnership school that we  
12 began to talk about almost a year ago, I think that's consistent  
13 with what he said.

14 DR. REDWINE: All right, other  
15 comments quick. Yes, Ms. Rhinehart?

16 MS. RHINEHART: With all due respect to  
17 the amount of or the integrity of the folks that are  
18 representing the project and the amount of work that's been  
19 done over the last five years, I fully respect that. I do have I  
20 won't say concern but I'm not sure I fully understand and fully  
21 satisfied that the original purpose of providing the services  
22 that the grant was intended to provide for Southwest Virginia.  
23 If you look at things such as having third and fourth year  
24 medical school rotations in Southwest and really will fulfill  
25 that end, fulfill that grow your own and they will stay that's

1 the ultimate goal of that project. I do have concerns about  
2 whether or not this approach will satisfy that and going back  
3 to the purpose of the grant and how it was intended from day  
4 one. I feel like and even though it has a lot of value, I'm not  
5 sure that we're fulfilling the intent of the original grant what it  
6 was and are we on the same path or are we on a different path  
7 at this point.

8 DR. REDWINE: Dr. Rhinehart, thank  
9 you. Other comments or questions?

10 SENATOR SMITH: Mr. Chairman, we've  
11 had some of this discussion previously. A four year medical  
12 school started in Blacksburg a few years back and I'm pretty  
13 sure it was done with all private funds. I know the startup  
14 funds are \$20 million and that was a gift from one individual.  
15 And that has come out and it's proven to be a sufficient four  
16 year university. I've seen their annual report and it's  
17 outstanding and they've gone on to expand in other states.  
18 They did it all with private funds. I don't have the numbers  
19 for the medical school that was recently started in Roanoke  
20 and it was more than \$20 million but it was substantially less.  
21 These were all started not with government funds but private  
22 donations for nonprofit universities. I just feel like this would  
23 be government funds and putting in private and nonprofit, it  
24 seems like maybe the appropriate way. You have this quite  
25 expensive facility and you have a commitment and you already

1 have more funds than the one in Blacksburg when it started  
2 out at ground zero.

3 MR. MITCHELL: Thank you, Senator  
4 Smith for pointing that out. I believe the school in Blacksburg  
5 is VCOM that you're referring to, it's an osteopathic school  
6 and there's a significant difference. There's a significant  
7 difference among the hospitals that we have talked to I believe  
8 they're in place and a need in our region for osteopathic  
9 doctors to work with the D.O.s that are graduated from VCOM  
10 and other schools, it is different.

11 DELEGATE KILGORE: What exactly are  
12 you asking for today?

13 MR. MITCHELL: At a minimum what we  
14 would like is time to let the working group run its course and  
15 come back to you with a proposal that we believe will solidify  
16 the perception and agreement that we are operating under,  
17 ninety days, ninety days, ninety days in that cycle and allow  
18 the project and grantee to come back and present that  
19 proposal, give it more time than ninety days. The problem is  
20 as you might imagine, the project spends its time getting  
21 ready for the next meeting, Tobacco Commission meeting,  
22 with private donors and others they're really afraid to jump  
23 out and commit until they know that the project will be there  
24 that they can support. So at a minimum we're requesting the  
25 time to put that report together. We'd also like recognition

1 that we have met the match.

2 DR. REDWINE: Thank you.

3 MR. MORGAN: Yes, I just wanted to say  
4 I understand where Senator Smith is coming from but at this  
5 point in time there's an awful lot of effort made by the state of  
6 Virginia and by various localities to make private entities  
7 happen in our communities when we think it will be  
8 benefitting the local economy. And it's very common for the  
9 government to make an investment in infrastructure. Again,  
10 just to point out the situation we have, we have one school  
11 that has received and able to do it all entirely from private  
12 dollars and it's very common to have these public/private  
13 partnerships these days and that I believe is what we're  
14 involved with here.

15 We got involved with this because this  
16 Commission early indicated they wished to see medical  
17 education take place in Southwest Virginia and we're trying to  
18 support your efforts and goals and move in that direction.  
19 Thank you.

20 DR. REDWINE: Yes, Senator Carrico?

21 SENATOR CARRICO: Mr. Mitchell, you  
22 talk about time needed in order to go forward. You didn't  
23 mention how much time would be required.

24 MR. MITCHELL: Thank you Senator, as  
25 politely as I can say this in dealing with institutions of higher

1 learning, what I would suggest is the project needs a year so  
2 freeze the funds if not six months, I think we can get it done  
3 but I think it's a question to see what's accomplished at the  
4 end of that period. What we desperately need is more than  
5 ninety days. We've been on this ninety day cycle for this past  
6 year and it made it almost impossible to achieve anything  
7 other than nibbits of progress along the way. So I say at least  
8 six months but a year I think you'd get a firm project then but  
9 you'd have clear vision on and I think private support and the  
10 University of Virginia's role would be more clearly defined.

11                   The issue you raised, Mr. Montgomery, of  
12 only having the fourth year, I think that would give us an  
13 opportunity to assess that about making that more than just a  
14 fourth year to give the project time to get these things done  
15 and it would give us time to work with the Commission  
16 counsel and staff on the wording of the grant.

17                   DR. REDWINE: Thank you, sir. I'm  
18 going to finish up next June, eight years on this Commission,  
19 I'm going to step down. It looks as if this grant is going to  
20 outlive me. I know you guys are looking for another year but  
21 we're five years into this now and with all due respect, you  
22 talk about ninety days at a time and during our last meeting  
23 the discussion on this was the 15<sup>th</sup> of December and we're five  
24 months up and we've asked for reports by May 1<sup>st</sup> and we  
25 didn't get them until the 10<sup>th</sup> or the 9<sup>th</sup> and that didn't give us

1 enough time to do a lot of vetting on it. All we've asked for is  
2 some progress reports and it's been sort of difficult to keep  
3 those things going and I hope you appreciate that patience is  
4 a virtue but we're five years into this project and it seems to  
5 change like a chameleon for a lot of us.

6 I don't doubt that this is educational and  
7 a good project and you're trying to provide medical services to  
8 Southwest Virginia. I guess to put it in a nutshell for myself  
9 personally, it's just so different now than it was when it began  
10 that I have a little bit of problem with that and I want to make  
11 sure we deal with that accordingly.

12 Now, any other comments or questions?

13 DELEGATE KILGORE: Mr. Chairman,  
14 when you look at the project, I know it has changed quite a bit  
15 but with an opportunity to partner with an institution like  
16 Emory & Henry, who I think anybody knows this institution  
17 has a great ability to raise money and it's shown that when  
18 you look at this foundation and what it's raised big  
19 compliments to the staff. Emory & Henry with the possibility  
20 of coming in and providing actual doctors in their third and  
21 fourth year to the region is something that a lot of us have  
22 tried to work on and UVA in Southwest Virginia on project  
23 that would be a great asset to the quality of life. If all they're  
24 asking for is time and not spending a lot of our money, if we're  
25 just losing time, we're not losing money.

1 MR. PFOHL: The Committee previously  
2 approved up to \$1 million on the original \$25 million grant for  
3 project development expenses. The project has reached that  
4 limit and they're operating on other funds at this point.

5 SENATOR CARRICO: Mr. Chairman, if  
6 there's no more –

7 SENATOR SMITH: Mr. Chairman?

8 DR. REDWINE: I have two senators and  
9 also Ms. Rhinehart.

10 MS. RHINEHART: I do have great  
11 concerns that we're investing money in clinical rotations for  
12 third and fourth year students who are temporarily  
13 transplanted into our community in Southwest Virginia. Any  
14 evidence that they're going to stay and the purpose of this is to  
15 fund the medical education so that they would stay and work  
16 in our community. Being in healthcare, we see this all the  
17 time and there are proven methods of how you do that and  
18 also I'm concerned about the outcomes and what the original  
19 goals have been and will they be staying here. As I said, this  
20 plan now is different than what the original grant was.

21 DR. HANEY: We're talking about primary  
22 care physicians in rural Appalachia so the third and fourth  
23 year students will have spent two years in Charlottesville and  
24 still be interested in coming to do their third and fourth year  
25 rotations. It seems to me and I'm not an expert on medical

1 education or medicine or healthcare that we would have a  
2 much better chance of those third and fourth year medical  
3 students who have expressed interest early on and that  
4 interest continued in the first two years and then they're  
5 coming to where they want to work and that they would stay, I  
6 may be wrong.

7 DR. PILLION: Mr. Chairman, when they  
8 go into the medical school, if you get into med school, will they  
9 practice in Appalachia and when you get into medical school,  
10 just the logistics of it if you did that work if this works out,  
11 what's going to keep these doctors or students in Southwest  
12 Virginia when they're finished?

13 DR. HANEY: Let me respond if I may, I'm  
14 vice president of academic affairs at Emory & Henry. We have  
15 a very good record of getting our students into medical school  
16 and very often they come back. I've been here for two years  
17 and I've said I've never been wrong on any group of four or five  
18 successful people that I've met in or around Southwest  
19 Virginia or other places in Virginia talking about Southwest.  
20 There's at least two or three of them Emory & Henry grads and  
21 that's proven today. Emory & Henry grads will get into a  
22 school like UVA and they're going to choose a school like UVA  
23 over a brand new four year medical school in Southwest  
24 Virginia. I see Emory & Henry students and undergraduates  
25 from other colleges in Southwest Virginia jumping at this

1 chance. The University of Virginia at UVA is not going to lower  
2 their standards. There will be great doctors come out of the  
3 University of Virginia and spend three years essentially back  
4 home at least that's what the hope is and we'll give an  
5 incentive hopefully for many of them to practice in Southwest  
6 Virginia. That's our goal and we could be wrong but that's our  
7 goal.

8 DR. REDWINE: Thank you. I have a  
9 senator on either side of me both with requests for action.  
10 Senator Carrico was first.

11 SENATOR CARRICO: I'll defer to Senator  
12 Smith.

13 DR. REDWINE: Thank you, Senator  
14 Carrico. Senator Carrico has deferred to Senator Smith for his  
15 comments and any action.

16 SENATOR SMITH: Mr. Chairman, we  
17 discussed this and this was old news when I came on here two  
18 and a half years ago. I think it's quite appropriate with these  
19 distinguished individuals here to look for a plan and look for  
20 the investment for Southwest Virginia that's much needed.

21 This plan has changed so much from the  
22 outset, I think it's only fair to the citizens of our  
23 Commonwealth considering these funds we have to disburse  
24 that you come back with your plan and you say you need time  
25 to put that plan together and revisit and possibly go forward.

1 There's concern because of the fact that it has changed so  
2 many times, each time it was the best idea possible; it's such  
3 a different idea today from what it was last year and different  
4 from the year before. I think it's only fair with we being  
5 trustees of these funds that we invite you back, we deny what  
6 was originally King College's idea and I make that motion, Mr.  
7 Chairman.

8 DR. REDWINE: Senator Smith makes a  
9 motion that we deny grant #1958 and invite the applicants to  
10 reapply under a separate grant that defines the project as it  
11 stands now, is that correct?

12 SENATOR SMITH: That is correct.

13 DR. REDWINE: Do I have a second?

14 MR. MONTGOMERY: I'll second it.

15 DR. REDWINE: Mr. Montgomery seconds  
16 that motion. I want to be very clear, this is an extremely  
17 important vote for this Committee. I want to be very clear  
18 about this. The motion is to deny.

19 MR. MITCHELL: Mr. Chairman, could I  
20 have a brief conversation with counsel before you vote so I can  
21 understand. I've just got a question for counsel.

22 DR. REDWINE: Yes, sir.

23 MR. BALLOU: I think what Mr. Mitchell  
24 is requesting to address the Committee briefly for fifteen  
25 seconds in the form of the motion that Senator Smith made.

1 MR. MITCHELL: Thank you, Mr.  
2 Chairman, I'll be brief. We came to this Committee today in  
3 essence to declare a victory because we thought we had met  
4 the grant match. We thought we had aligned the parties to  
5 make this grant within the four corners of the grant.  
6 Respectfully, I would request that the grant be frozen because  
7 we're really not prepared to deal with the motion on the table  
8 and we would request a brief amount of time and request that  
9 it not be rescinded that it be frozen.

10 DR. REDWINE: We've heard the  
11 comments and we've heard the request.

12 MR. PFOHL: Mr. Chairman, for clarity on  
13 Senator Smith's motion and Jeff uses the term rescind, if we  
14 can be clear the Senator's wording in denying the grant  
15 effectively means termination, rescission or something like  
16 that, end of the grant.

17 SENATOR SMITH: Mr. Chairman, I need  
18 to make that clear, that wording would be clearer for you as  
19 my words invite them back had nothing to do with this, simply  
20 in the future. If I could rescind my original motion and if you  
21 will rescind your second and then we'll make a proper motion  
22 with the proper terminology to make sure we're clear.

23 DR. REDWINE: All right.

24 SENATOR SMITH: And change the word  
25 to –

1 MR. PFOHL: Cancel, terminate or  
2 rescission?

3 MR. STEPHENSON: I think I might be  
4 able to help a little bit or Senator Smith's articulation a little  
5 bit. I think there's one or two options that appear to be before  
6 us. The first is a rescission of the grant and that means it's  
7 over. Now, they can come back later and go through the  
8 process, whatever the process yields that's fine but rescission  
9 ends this grant. The second option, which I believe Mr.  
10 Mitchell is seeking, is that this grant remain an approved  
11 grant but that disbursements thereunder are frozen until a  
12 certain time as they can bring forth something that would  
13 encourage you to unfreeze disbursement. The distinction is  
14 that the money approved for the grant remains on our books  
15 for that grant. I would urge Senator Smith if there is to be  
16 some freezing of disbursements it be until a date certain so  
17 that we don't have an open-ended grant commitment.

18 SENATOR SMITH: Thank you, Ned. I  
19 think the word we're looking for is rescission.

20 DELEGATE KILGORE: This would be  
21 just a recommendation for the full Commission to the  
22 Committee and the Committee actually approves this grant.

23 MR. STEPHENSON: That's true. The full  
24 Commission.

25 DELEGATE KILGORE: Yes, the full

1 Commission.

2 MR. STEPHENSON: Correct.

3 DR. REDWINE: Whatever decision is  
4 reached in this Committee today would only be a  
5 recommendation to the full Commission for permanent action,  
6 which I would assume would be tomorrow. Now, to be clear,  
7 we have a motion and a second for a rescission and  
8 termination of this particular grant with an invitation to  
9 reapply. We also have a request to have this grant frozen until  
10 they can put together a satisfactory amendment or amended  
11 application. Senator Smith, you have your motion on the  
12 floor, do you wish to leave it on the floor?

13 SENATOR SMITH: Yes, I do.

14 DR. REDWINE: Mr. Montgomery, you  
15 have a second?

16 MR. MONTGOMERY: Yes.

17 DR. REDWINE: All right. Ladies and  
18 gentlemen, we have a motion and a second we need to act on.  
19 Should that fail we can take up any other action as far as the  
20 Committee. What I want to be clear about is and the motion  
21 is to terminate and if you vote yes, you're voting to end this  
22 grant and if you vote no, you're voting to allow it to continue  
23 or other action. So I want to make that clear what you're  
24 voting on.

25 DELEGATE KILGORE: Mr. Chairman, I

1 would hope that this request, if they request we freeze the  
2 grant it would give them a lot of time to deal with this. In my  
3 opinion, that's our best shot. Right now, no money is going  
4 out the door. Actually there hasn't been money going out the  
5 door for quite some time and give some time to come up with a  
6 plan.

7                                   SENATOR CARRICO: I would agree,  
8 Delegate Kilgore and I was probably very critical of them but I  
9 think at this point in time rescind the grant is way beyond  
10 what we need to be doing. They're working on getting third  
11 and fourth year students and trying to get them into the  
12 University and then work in Southwest Virginia. They need  
13 some time now with the new group coming together. As you  
14 said in your statement, they've been working on it for five  
15 years and I think with King School of Medicine we gave them a  
16 little over four years to work this out. Now, we're thinking  
17 about ending it when you're now having positive input. I just  
18 think their request is reasonable. I would hope that we would  
19 take the position of letting them have some more time and this  
20 is also something to consider in the future and with all these  
21 medical students.

22                                   DELEGATE CHAFIN: Mr. Chairman, I'd  
23 ask the Committee to be mindful in Southwest Virginia we're  
24 not in a situation where our economy is improving. We're in a  
25 situation where our economy is falling apart. This project and

1 other projects before this Committee and other Committees  
2 are only to work for the betterment of Southwest Virginia and  
3 restoring our economy and improving our economy. I'd like  
4 everyone to be mindful of that, where we stand and where we  
5 could be standing in Southwest Virginia.

6 SENATOR SMITH: I think the answer is  
7 obvious, this is \$25 million and putting it on hold somewhere  
8 is still the same \$25 million available, is that correct? It's still  
9 funds that the Commission has and has control over. If you  
10 get a new plan and then you have that prepared, come back  
11 we'll do it and we'll have a clean sheet of paper and we won't  
12 have this history. I'm not sure how it would be any different  
13 to start with a clean sheet of paper in the form of a new  
14 application than simply freezing this and money still in the  
15 pot. Obviously you would want to put it to where it will do the  
16 most good for the citizens of the Commonwealth. I see that if  
17 we start over with this, the same money is available.

18 DR. REDWINE: Thank you, sir.

19 SENATOR CARRICO: Mr. Chairman, if I  
20 could just add a comment. I understand Senator Smith's  
21 remarks and in listening to the testimony the one thing I am  
22 concerned about is the investors and the private dollar  
23 investments and to rescind this request, I think we send, we  
24 put these private donors in a position that it's going to be very  
25 difficult to raise private funds and move forward on the

1 project. I just think they should have a little more time.

2 DR. SCHRUM: I have one other comment  
3 and I think that's true. If you rescind it right now we can start  
4 over but not with the power of a potential grant from the  
5 Virginia Tobacco Commission. I've worked with many donors  
6 over the years and I've been a college president 22 years. If  
7 the donor tells me I have the money but I've frozen it until you  
8 can come back and give me a great plan and I feel the money's  
9 been set aside rather than saying it's like you never came to  
10 see me, the money's not there so we've got to start over.  
11 There's a big difference.

12 DELEGATE CHAFIN: Mr. Chairman, I  
13 have a question. Being new to this Commission, I have a  
14 question about how the money is allocated between Southwest  
15 and Southside. Should the money go back to the general  
16 fund, how does that work?

17 DR. REDWINE: Much as I'd like to  
18 answer that, I'm not going there. I'll defer that to Ned.

19 MR. STEPHENSON: Mr. Chairman, I  
20 think the distinction needs to be made here for the Committee  
21 to understand that in the event the grant is frozen those  
22 monies will remain on the Commission's books committed to  
23 this grant and will not be available for other seekers to use  
24 and it will be on our books and committed. In the event the  
25 grant is rescinded, those monies typically are returned to the

1 Committee from which it came and are then in play for  
2 whatever the Commission chooses to do with them. So that's  
3 an important distinction.

4 DR. REDWINE: Thank you, sir.

5 MR. PFOHL: To answer Delegate  
6 Chafin's question, budgeting is a function of the Executive  
7 Committee. Should these funds no longer be obligated to  
8 grant #1958, the Executive Committee would have the  
9 responsibility for determining their future uses.

10 MS. KIM: Still come back to the full  
11 Commission.

12 MR. PFOHL: Subject to the full  
13 Commission.

14 DR. REDWINE: Thank you. We have a  
15 motion and a second on the floor, any other discussion? Mr.  
16 Pfohl, I'd ask for a roll call vote on this.

17 MR. PFOHL: This is on Senator Smith's  
18 motion, seconded by Mr. Montgomery to rescind grant #1958.  
19 Senator Carrico?

20 SENATOR CARRICO: No.

21 MR. PFOHL: Secretary Jones?

22 SECRETARY JONES: Yes. (by phone)

23 MR. PFOHL: Delegate Chafin?

24 DELEGATE CHAFIN: No.

25 MR. PFOHL: Mr. Montgomery?

1 MR. MONTGOMERY: Yes.

2 MR. PFOHL: Dr. Pillion?

3 DR. PILLION: No.

4 MR. PFOHL: Dr. Redwine?

5 DR. REDWINE: Yes.

6 MR. PFOHL: Ms. Rhinehart?

7 MS. RHINEHART: Yes.

8 MR. PFOHL: Senator Smith?

9 SENATOR SMITH: Yes.

10 MR. PFOHL: Mr. Stallard?

11 MR. STALLARD: Yes.

12 MR. PFOHL: The motion carries, six to  
13 three.

14 DR. REDWINE: Thank you, sir. That will  
15 conclude the discussion on grant #1958 at this point in time.  
16 I appreciate the effort and the work from everyone including  
17 the staff, applicants, Committee members.

18 Now, we have two requests and I'll call on  
19 Senator Puckett. I ask for five minutes, please, sir. Welcome  
20 back.

21 SENATOR PUCKETT: Thank you, sir.  
22 Thank you Mr. Chairman and Committee members. Very  
23 briefly, I'm excited to be here and bring you an update on a  
24 project that we think brings a great benefit to Southwest  
25 Virginia and particularly to the Bluestone Park that we have in

1 Tazewell County. This is a project that is coming from  
2 Tazewell County and Bluefield College to propose a new dental  
3 school be built in the Bluestone Park. This is a project that's  
4 been vetted very thoroughly by the Bluefield College Board  
5 and also Tazewell County Board of Supervisors. You'll see  
6 some work behind me that gives you more detail but in the  
7 short time I have I want to make a couple of points, make  
8 something real clear.

9                   First of all, the model that you might be  
10 thinking about is not an MCV dental school model. We can  
11 talk about that later, but I want you to know what is out  
12 there.

13                   The second thing I want to talk to you  
14 about is the money. This project we believe in the end will be  
15 about a \$38 million project to get the school up and running.  
16 Today we have commitments of approximately \$21.85 million.  
17 That's from Tazewell County and from money that's been  
18 raised in hand by Bluefield College. This is a project that is  
19 shovel ready and we have architects standing by to complete  
20 the construction documents. The problem we have is that the  
21 county in their part of the \$13.5 million obligated plan to float  
22 some revenue bonds and they need a commitment of support  
23 from the Commission to do that. It's kind of interesting that  
24 we're here today bringing money to the table and we're not  
25 asking for something that we're not willing to match.

1                   We would propose maybe a three, four or  
2 five year payout on this. Tazewell County is willing to put up  
3 the money for the operation and construction of the project to  
4 start with in Bluefield College where we'll have a lot of the  
5 teaching and a new facility once it's completed.

6                   What do we want today? We're asking  
7 that you consider making at least a verbal commitment to  
8 funding for the school over a three or five year basis. Time is  
9 very important to us and Bluefield College is already prepared  
10 and by September the 15<sup>th</sup> they must have a request in for  
11 their accreditation standards and they're prepared to do that.  
12 We bring today, without the bonds, \$8.3 million cash to the  
13 project and we're asking that the Commission give us a verbal  
14 commitment to support this. I wanted to ask for \$5 million  
15 today but I hear the Commission saying we're probably not  
16 giving any money away. I will be glad to answer any questions  
17 you might have but we're very serious about this and we've  
18 had various individuals and foundations commit \$8.3 million  
19 cash to it. Tazewell County has stepped up and said if we get  
20 a commitment from the Commission, then we believe we can  
21 float \$13.5 million worth of bonds; that's where we are and I'll  
22 be glad to answer any questions.

23                   DR. REDWINE: Thank you, Senator  
24 Puckett. Questions or comments?

25                   MR. MONTGOMERY: How many

1 students are you talking about?

2 SENATOR PUCKETT: I think you're  
3 talking about 65, somebody could correct me, 65.

4 MR. MONTGOMERY: Total cost how  
5 much?

6 SENATOR PUCKETT: \$38.3 million or  
7 something like that total cost.

8 MR. MONTGOMERY: I read the  
9 feasibility studies and I'm also familiar with, looking into  
10 starting a small dental school in Lee County. All of these have  
11 gone to public hearings and because of the expense it's my  
12 understanding that it costs a million dollars a student to  
13 equip these.

14 SENATOR PUCKETT: I'll defer to Dr.  
15 Olive.

16 DR. OLIVE: I'm David Olive, President of  
17 Bluefield College. The total project for building and equipping  
18 a facility is \$38.4 million, 66 students per class, a four year  
19 program, four years full operations 250 students. The cost  
20 per student to equip equates to a million dollars per student.  
21 I'm not a math major and I don't have a calculator. Take 250  
22 and divide that into \$38.4 million. To build and equip this  
23 facility for that first four year group is high and after that the  
24 costs continue to go down.

25 MR. MONTGOMERY: The only problem I

1 have to giving a verbal commitment, staff hasn't showed us  
2 anything or a study.

3 MR. PFOHL: The Commission has four  
4 out of cycle proposals being pulled up on the screen for you  
5 now and requesting \$22 million and your Committee currently  
6 has available \$48,000 or did coming into today. Staff hasn't  
7 vetted any of these proposals. The Bluefield Dental College  
8 proposal to the Southwest Economic Development for \$10  
9 million, City of Bristol, we're trying to determine the currency  
10 of the Bristol request. Lincoln Memorial Veterinary School is  
11 seeking funds and \$5 million and Five County IDAs have a  
12 request for nearly \$1.7 million and the available balance  
13 coming into the meeting today is \$48,000. So we haven't  
14 vetted any of these proposals. There is an announced  
15 application deadline for Southwest Economic Development of  
16 July 10<sup>th</sup> and we expect proposals to come in in July and  
17 come in front of the Committee in September.

18 DR. REDWINE: Senator, proposal absent  
19 an intent to fund, if it didn't happen, tell me again what the  
20 repercussions would be for the future of the project? Let's  
21 just say the Committee in investigating and possibly investing  
22 in it and the staff goes through the process this might take a  
23 little time, tell me where that would be?

24 SENATOR PUCKETT: Chairman, the key  
25 date is September 15<sup>th</sup>, that's the beginning of the

1 accreditation process and if we don't have something before  
2 then, that would put us out another year and that probably  
3 stops the whole project.

4 DR. REDWINE: Questions or comments  
5 from the Committee? Your request is \$10 million over how  
6 many years?

7 SENATOR PUCKETT: We say three, four  
8 or five, we don't have to have \$10 million today. If we got  
9 something from the Committee or staff that is favorable for  
10 support and of course the County of Tazewell would have to  
11 make that decision but we think that clearly would be a good  
12 indication they could move to start the bonding package. As I  
13 said \$8.3 million cash already that Bluefield has raised but we  
14 believe there's more; that's what we have right now.

15 MR. WILDER: Mr. Chairman, I'm Seth  
16 Wilder, Tazewell County Board of Supervisors. What Senator  
17 Puckett is telling you all is that we're ready to build a dental  
18 school now and we could begin classes next year. This is a  
19 project we're ready to begin construction on and what we're  
20 looking for is a commitment and we understand we have to get  
21 interim financing and we're prepared to line that up. I've  
22 heard that the Commission wants to educate doctors in  
23 Southwest Virginia in the heart of Appalachia that's what we  
24 want to do. We're going to educate and graduate dentists  
25 right in Tazewell County right in the heart of Appalachia with

1 the desire to have these folks be all throughout Appalachia  
2 and throughout small towns and counties all over the place  
3 and we're ready and prepared to do it. We'll put our money up  
4 first and we always try to do that in Tazewell County; it's  
5 something we're proud of and we're heavily invested and we  
6 definitely would ask for your support. And if you give your  
7 support, you will see a dental school in Tazewell County.

8 DR. REDWINE: All right, we appreciate  
9 your request and if there's no other questions and Senator  
10 Puckett's well-known and been on the Committee and chaired  
11 this Committee and we've got \$48,000 left in this budget cycle  
12 and no more money in here until July the 1<sup>st</sup>. Without  
13 investigating the total project to have an intent to fund in  
14 another budget cycle or several budget cycles I'm not sure  
15 that's something that this Commission, I'm just not sure, just  
16 to be clear that's the question, the money. I'll open the floor  
17 for any comments or suggestions or discussion.

18 MS. RHINEHART: Are there other  
19 Committees that assist a project like this outside of ours that  
20 you could apply for based on the deadline and the funding we  
21 have?

22 DR. REDWINE: Does this fall under any  
23 other Committee?

24 MR. PFOHL: Actually Bluefield College  
25 has a separate \$9.2 request for education for this same

1 project, there's two requests, \$19.2 million.

2 DELEGATE KILGORE: I think the staff  
3 might work with this if they get their information to us as soon  
4 as they can and then they can decide. You can all request we  
5 have a meeting and we could call a meeting.

6 SENATOR PUCKETT: I think that  
7 information is in, it's here from my understanding. Let me  
8 just say, Mr. Chairman, it's our desire that you would at least  
9 have that vetted before September 15<sup>th</sup> and if you have to have  
10 a meeting before that, I'm sure your scheduled meeting in  
11 September is probably a week later but if you could do that  
12 and look at it and give us a yes or no before the 15<sup>th</sup> because  
13 that's the critical date of the accreditation.

14 DR. REDWINE: Thank you, sir. I think  
15 we're currently working on another Committee to date maybe  
16 around the 1<sup>st</sup> of September, maybe the end of August. I'll  
17 make you this commitment, I could meet anytime and I think  
18 the Committee members realize this is an important project  
19 and at least willing to listen to it but we'll feel more  
20 comfortable after it's gone through vetting. Let me give you  
21 our word as a Committee that the information and  
22 communicate with Delegate Kilgore and myself and if there's  
23 an interest and positive outlook on it and if you want to pull  
24 this Committee together, I'll do that and we'll keep in mind  
25 you have a deadline. I can't tell your board you put together a

1 bond package and it will be before the 10<sup>th</sup> of August and we  
2 don't know when it might be. I guess what we're saying, we're  
3 not denying that we'd like more time to go through the  
4 information and we'll do it before September 15<sup>th</sup>.

5 SENATOR PUCKETT: Thank you, Mr.  
6 Chairman and thank you, members of the Committee.

7 DR. REDWINE: Is that fair enough?

8 SENATOR PUCKETT: Yes, sir.

9 DR. REDWINE: We have one other  
10 request and I'd ask that you please stay within the time limit.

11 MR. DEBUSK: Thank you for meeting  
12 with us today and I'm the Chairman of the Board of LMU and  
13 we're in Lee County, Virginia. I guess what I'd like to do is tell  
14 you where we're at and what we've done with the money you  
15 let us have and a couple of small grants already. When we  
16 first appeared we walked in with a letter and reasonable  
17 assurance from the school of veterinary medicine. That's one  
18 of the toughest schools to start in the country and we're  
19 number three and we managed somehow to get it done. After  
20 we got the letter, the first thing I did is start looking around  
21 and we went and hired someone from the University of Florida  
22 and he brought several people with him and you'll be amazed  
23 where this thing is going. We only had two months to recruit  
24 students, 85 students. We had 85 students in no time. We  
25 got 400 applications just like that. We did take a few extra



1 larger, so we did do that. What we were going to do with  
2 equestrian and bovine and so realizing this as you can see,  
3 we've already shelled in both of those buildings. At the start  
4 of last November, we've either got to get it on or pitch tents so  
5 we're getting it on. You need to come and visit us and we're  
6 down there in Lee County in southern Virginia.

7                   Then another thing happened from  
8 another one of the schools in the islands and asking how  
9 many students will you take from us and it's possible to take a  
10 large number of students, just like osteopathic medicine it has  
11 a distributive model and we're going to three hundred  
12 students by the way per class. So what we're going to do and  
13 one of the most expensive things you get into when you get  
14 into the necropsy, so what are you going to do about it, that's  
15 certainly quite an expense. You've got to be able to get the  
16 animals. The state stepped up and they said not only will we  
17 do the necropsy for you but we'll send professors into Lee  
18 County, Virginia just have a place for them to stay and they'll  
19 teach a lot of medicine.

20                   Well, we don't have research and  
21 research is a big ticket item. The largest research center in  
22 the world equestrian is at the University of Kentucky. They  
23 stepped up and said we'll do the research piece and we'll  
24 affiliate with you on that. And we'll also send you  
25 professionals, just have a place for them to sit down. So this

1 is really coming together and that's a big opportunity for us.  
2 What happened in veterinary medicine is a model that existed  
3 today is not as functional as it needs to be and I'll have Dr.  
4 Johnson tell you because he was on the Committee and he'll  
5 tell you why some of this is happening.

6 DR. JOHNSON: Just a really quick  
7 education model, veterinary education. A group of people got  
8 together, North American Veterinary Medical and Education  
9 Consortium, four years, 400 stakeholders, education, industry  
10 and they said veterinary medicine needs to be three things.  
11 Those are partner leverage, partnerships, which is what we do  
12 with our model with the University of Kentucky, clinical  
13 opportunities in the real world, distributive model is what  
14 we're doing. Lastly, to have adequate facilities and that's  
15 really been the driver. You can see on the balance sheet on  
16 page two, we took the Commission's money and we were good  
17 stewards of it and we spent it with the exception of about  
18 \$40,000 and we put in which is outlined in your packet and  
19 we're continuing to rock forward and continuing to build.  
20 We're going to have needs in order to get fully functional  
21 because of our increase and we weren't expecting this many  
22 students but that's a good thing.

23 MR. DEBUSK: The question is where do  
24 we want to go to in Southwest Virginia, do we want to get  
25 critical mass and we're going to do everything we possibly can

1 in Lee County because we think we'll be able to get some  
2 sewage and U.S. Army Corps of Engineers we're on the list  
3 now, we're looking pretty good out there and we're pulling as  
4 much as we can in there and they call it a bird in hand and  
5 that would really help Southwest Virginia. That whole area is  
6 growing down there, the prettiest place is Lee County,  
7 Virginia. Housing, there's a good chance for business and  
8 housing. We've got a goal and I have a personal goal to make  
9 that area grow and we think we're doing a pretty good job.  
10 Any way you can help us, we appreciate it.

11 DR. REDWINE: Thank you, Dr. Johnson  
12 and Mr. DeBusk, we appreciate it and how well you've used  
13 Commission funds and done with it and the Committee stands  
14 behind you. We've already seen some results, thank you very  
15 much. Ladies and gentlemen, we're 45 minutes over our  
16 allotted time for this Committee meeting and we apologize first  
17 for running over the time and hope that we don't do that to  
18 you again. Now, we have listed public comments and I'd have  
19 to ask for public comments. If you're here to speak for public  
20 comments, please keep it to thirty seconds. Hearing none,  
21 then thank you very much. Any other business before this  
22 Committee? All right, we're hereby adjourned.

23

24

PROCEEDINGS CONCLUDED.

25

## 1 CERTIFICATE OF THE COURT REPORTER

2  
3 I, Medford W. Howard, Registered Professional  
4 Reporter and Notary Public for the State of Virginia at large,  
5 do hereby certify that I was the court reporter who took down  
6 and transcribed the proceedings of the **Virginia Tobacco**  
7 **Indemnification and Community Revitalization**  
8 **Commission, Southwest Economic Development**  
9 **Committee meeting, when held on Wednesday, May 21,**  
10 **2014 at 3:00 P.M. at the Golden Leaf Commons**  
11 **Community Facility in Emporia, Virginia.**

12 I further certify this is a true and accurate  
13 record, to the best of my ability to hear and understand the  
14 proceedings.

15 Given under my hand this 15<sup>th</sup> day of June,  
16 2014.

17  
18 \_\_\_\_\_  
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

22  
23 My Commission Expires: October 31, 2014.

24 Notary Registration Number: 224566