

**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southwest Economic Development Committee Meeting

Monday, January 12, 2015

2:00 o'clock p.m.

CROWNE PLAZA HOTEL - DOWNTOWN

Richmond, 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 Ms. Rebecca Coleman
5 The Honorable Maurice Jones
6 Secretary of Commerce and Trade
7 Mr. H. Ronnie Montgomery
8 Dr. Todd E. Pillion
9 The Honorable Ralph K. Smith
10 Mr. Richard Sutherland

11

12 COMMISSION STAFF:

13 Mr. Timothy S. Pfohl, Interim Executive Director/
14 Grants Program Administration Director
15 Mr. Ned Stephenson, Deputy Executive Director
16 Ms. Stephanie S. Kim, Budget Director
17 Ms. Sara G. Williams, Grants Program Administrator -
18 Southwest Virginia
19 Ms. Jessica Stamper, Grants Assistant
20 Southwest Virginia
21 Ms. Carolyn Bringman, Performance Data Analyst
22 Ms. Suzette Patterson, Grants Office Manager
23 Ms. Stacey Richardson, Executive Assistant

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1 COUNSEL FOR THE COMMISSION:

2 Ms. Heather Lockerman

3 Senior Assistant Attorney General

4 Office of the Attorney General

5 Richmond, Virginia

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1 January 12, 2015

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DR. REDWINE: Good afternoon, everyone. I'm going to call the meeting of the Southwest Economic Development Committee to order, and we appreciate you being here today, and we have several things that will come before us today, and we want to move right in and get some business done.

4

At this time, I'll call on Mr. Pfohl to call the roll.

5

MR. PFOHL: Senator Carrico.

6

SENATOR CARRICO: Present.

7

MR. PFOHL: Ms. Coleman.

8

MS. COLEMAN: Here.

9

MR. PFOHL: Secretary Jones.

10

SECRETARY JONES: Here.

11

MR. PFOHL: Mr. Montgomery.

12

MR. MONTGOMERY: Present.

13

MR. PFOHL: Delegate Morefield could not be with us today. Unfortunately, his father passed away this weekend.

14

Dr. Pillion.

15

DR. PILLION: Here.

16

MR. PFOHL: Dr. Redwine.

17

DR. REDWINE: Here.

18

MR. PFOHL: Senator Smith.

19

SENATOR SMITH: Here.

20

MR. PFOHL: Mr. Sutherland.

1 MR. SUTHERLAND: Here.

2 MR. PFOHL: You have a quorum, sir.

3 DR. REDWINE: Thank you, sir.

4 At this time, I'd like to welcome Richard Sutherland to
5 the Committee, and this may be your first meeting.

6 MR. SUTHERLAND: It is.

7 DR. REDWINE: We welcome you to our nightmare
8 and we'd love to share it with you. We appreciate your
9 willingness to serve, and we welcome you.

10 I believe he's the only member that this is the very
11 first meeting. I told Mr. Sutherland before the meeting, and now
12 I'll speak to all the members, please be open, and if you have
13 questions, we want to hear them. We can educate you or
14 someone on the staff can educate you. Please ask your
15 questions because we want to run this meeting very efficiently
16 and businesslike, we don't want to hold anybody back. We don't
17 want a gag order, but we want you to if you're a new member,
18 and there's a lot to know about the history of this Committee and
19 some of the projects. So feel free to ask, and we'll try to bring
20 you up to date.

21 You have been supplied with the minutes from the last
22 meeting on September 12th, 2014, and those were published on
23 the website. If you've gone over those, are there any changes or
24 amendments to the minutes as written?

25 MR. MONTGOMERY: I so move.

1 DR. REDWINE: We have a motion to approve the
2 minutes and a second. Any discussion? All in favor, signify by
3 saying aye. (Ayes). Opposed? (No response). The minutes will
4 approved.

5 The first item on our agenda today concerns the
6 collaborative Health Science Center of Southwest Virginia. This is
7 an ongoing grant application we've dealt with in the past. Mr.
8 Pfohl, do you want to comment on this before we begin?

9 MR. PFOHL: Yes. The introduction to our topic for
10 today, on page 35 and 36, you have a summary of the project as
11 it was originally proposed five years ago. The current conceptual
12 plan was provided to you in November, and some staff
13 comments. I won't go into those at this point unless you'd like
14 me to. The purpose is to hear from the project leaders. Behind
15 those two pages, you have a timeline, and the staff put together
16 about three pages tracing the entire history of the project, its
17 origins with King College and School of Medicine and Health
18 Science in the current reiteration, the Alliance for Rural Health.

19 Then you have nearly 150 pages. The report that
20 your Committee last discussed this project in May required
21 information to be submitted by November 15th, so you have a
22 very large document in your packet. I believe the Committee
23 also received some email from project leaders yesterday with
24 some additional material. I'll defer to them to describe the
25 information.

1 With that, Mr. Chairman, unless anybody has
2 questions for staff, we'll move to the presentation by the project
3 leaders.

4 DR. REDWINE: Thank you, sir. We may have a fairly
5 large delegation today on this project, and that's fine. We
6 welcome you to come up as you wish all together. We ask you to
7 introduce yourself for the record. We have an hour and a half
8 today, and we have quite a bit of business. I'm going to ask you
9 if you can make your initial presentation in about 15 minutes,
10 and I would like you to highlight where the project stands at this
11 point and changes or anything that has changed since we met
12 last time.

13 MR. SCHRUM: Good afternoon, Mr. Chairman. Thank
14 you for having us here. And, ladies and gentlemen, on the
15 Commission, we appreciate the opportunity to be here today. My
16 name is Jake Schrum, and I'm the president of Emory and Henry
17 College, and the chairman of this new Alliance for Rural Health.
18 We're here to talk about the implementation of Grant 1958, and
19 we hope to give you our final report so that at the end you'll
20 want to move forward with implementation.

21 To get us started, I'd like to introduce the Honorable
22 Edward Morgan, the mayor of the Town of Abingdon.

23 MR. MORGAN: Good afternoon. It's a pleasure to be
24 here with you in Richmond today to talk about the Southwest
25 Virginia Alliance for Rural Health. I realized this afternoon this is

1 about my fourth time to come to Richmond to talk about his
2 project. The Town of Abingdon first became involved with this
3 effort in October, 2009 when the Tobacco Commission
4 announced it wished to see development of the Medical Education
5 Program in our particular region. The Town of Abingdon bought
6 into that project, and we recognized the need, we recognized the
7 opportunity, and toward that end, we pledged \$7.5 million in
8 assets both in land and cash to move it forward.

9 This project has gone through a number of changes
10 over the years, but our commitment to this remains steadfast
11 again because we recognize there was a commitment and
12 because each time we came to this particular Committee, the
13 group continued to express their support for the effort. I will
14 note every time we've come, there's been a request that we want
15 to see some progress. We thought by golly you meant it, we
16 took it seriously.

17 As a result of that, our organization has closely
18 examined what our plan was, what the opportunity was, and
19 we've taken a series of steps to implement the program. Our
20 basic goal is to increase the number of physicians you have in
21 the region, to increase the residency programs, both for
22 physicians and training programs for Allied Health Professionals,
23 and to conduct research and development for the basic core
24 health problems we have in Southwest Virginia. That would be
25 obesity and prescription drug abuse. And further to produce

1 some positive economic development. Our overall goal is to help
2 the healthy and prosper Southwest Virginia.

3 Each time we've been here you've asked to see
4 progress, and we have made progress. We believe at this point
5 in time we have arrived with a program that is cost effective, it is
6 realistic, and we have a very good operational plan, so we hope
7 to ask for your support for the effort that has been made and we
8 would ask your endorsement that would permit us to construct
9 the buildings that are necessary for the program to get
10 underway. We're ready, and we thank you for your continued
11 support and interest.

12 At this point in time, I'd like to introduce Mr. Sean
13 McMurray, who is the vice president of our organization and vice
14 president with Mountain States Health Alliance, who is our clinical
15 partner in this endeavor.

16 MR. McMURRAY: Thank you, Mr. Mayor, and
17 members of the Committee, as Mayor Morgan indicated, my
18 name is Sean McMurray, I'm the CEO of Johnson Memorial
19 Hospital, and in my role as vice president of Mountain States
20 Health Alliance, I'm also responsible for the hospitals in Smyth
21 County and Russell County.

22 Mountain States is very pleased to be part of this
23 project and a clinical partner for the Alliance for Rural Health.
24 We feel like we've got the right partners around the table to
25 move this initiative forward at this time. We've assembled a

1 team that includes not only health care providers, but academic
2 institutions and local governments.

3 One of the principal goals of this project is increase
4 the number of health care professionals in the region, and we
5 need more physicians, especially primary care physicians in
6 Southwest Virginia. This project will accomplish that. We also
7 need more Allied Health Professionals, as well. This coalition
8 would address these and our other needs.

9 Next slide. Any way you look at it, Southwest Virginia
10 has some unique challenges related to the population, of our
11 health, our health status, and by any measure whether it would
12 be outcome or health factor, we rank near the bottom compared
13 to other parts of the state.

14 Next slide. This group understands that we live in an
15 economically distressed area, and we've got a high rate of
16 poverty and we have higher employment rates than the rest of
17 the state, we have very low average income, and it's a medically
18 underserved area. So, our strategy is to work together as a
19 coalition to produce a collaborative health science center.

20 We're looking at several key things with this, and one
21 of the things is we want to educate doctors, and it's not just like
22 a medical school. We're looking to train medical students. We're
23 also looking at residents and their training, and ultimately even
24 fellows that serve selected specialties.

25 We're also looking to build a physical structure that

1 will allow us to house medical education, clinical care for
2 patients, and research and administration for this coalition.
3 We're looking at this project to be both comprehensive, but also
4 distributive and collaborative, and we want to impact the entire
5 region and ultimately having parts of this project in different
6 places. For example, Smyth County, the wonderful program with
7 Emory and Henry to have physical therapists, occupational
8 therapists, physician assistants, et cetera. We want to work with
9 the community college and with ETSU on other Allied Health
10 Programs, et cetera.

11 Phase 1 is only our starting place, but we're focused
12 on being very flexible as we go forward. Initially, we're going to
13 focus on health professional education, clinical care, ancillary
14 programs, workforce and business development.

15 If you look at what our long-range goals are, I think
16 these are very close to the original intent, the grant project
17 proposal when it was initiated. Among our goals is that we want
18 to increase the supply of physicians and other health
19 professionals within the region. We want to develop continuing
20 medical education programs and their state of the art. We want
21 to apply the things that we learn so we can do population health
22 research to actual clinical practice in our region to improve the
23 health of our population. We intend to assess needs for potential
24 future expansion and various professional training programs,
25 including nursing, in the region. We would consider the

1 exploration with School of Dentistry although more likely some
2 type of alternative program that would creatively meet that need
3 in our region of dental care. We want to develop additional Allied
4 Health Professional Programs.

5 What will the benefits be to the region first and
6 foremost, improvement of our health status as a region.
7 Secondly, economic growth, and part of that is that it will make
8 us all more competitive as we try to attract new business and
9 industry in Southwest Virginia.

10 Next slide. The Alliance Board we've assembled you
11 can see the diverse energized engaged group of people with a
12 common focus on health and prosperity in our region.

13 Next slide. This is the actual proposed board for the
14 Alliance for Rural Health. As you look and see at these various
15 organizations, we have leaders that can really make things
16 happen within their respective organizations.

17 Next slide. The advisory board that we're assembling
18 to provide the board with guidance will be a diverse group, as
19 well, and we're well on our way of inviting a number of people to
20 participate in the venture. Sue Cantrell, as many of you know,
21 will actually be the chair of this advisory board and will thereby
22 be a member of our Alliance Board.

23 Next. One of the things we're asking you to do is to
24 make an advisable financial investment in far Southwest Virginia,
25 and we want to assure you it will be a good investment. Just a

1 couple of highlights, and I know these numbers are small and
2 hard to read. We're talking about in terms of the Abingdon
3 portion of this project and the building in particular, taking
4 \$13 million of Tobacco Commission money and adding to that
5 another \$6.5 million of new market tax credit, which I will point
6 out is private money introduced into Southwest Virginia. With
7 that investment, we're going to leverage another \$46 million
8 worth of assets. We've also been very careful to try to keep
9 within the 50 percent Tobacco Commission requirement for
10 construction costs.

11 With that, I'm now going to hand it off to Lou Fincher.

12 MS. FINCHER: I'm Lou Fincher from Emory and Henry
13 College, and the Dean of the School of Health Sciences at Emory
14 and Henry College. The building is the critical aspect of this
15 project and provides the foundation for the center location for all
16 of the aspects of this project that have been introduced thus far.
17 It provides a site for medical education, not only for medical
18 students, but for that inter-professional education with the Allied
19 Health Professionals.

20 Medical care in the future will be very different from
21 what we see now and delivered in teams. This facility allows the
22 opportunity for building future health care professionals that
23 actually train in a team approach for health care. It has not only
24 a clinic for patient care, continuity care, but which allows medical
25 students and Allied Health students to see patients from their

1 entry into a physician's office all the way through to resolution of
2 their condition. Working as a team and also from an assessment
3 perspective, standardized patients' rooms and simulation rooms,
4 which are essential for really developing student's clinical
5 decision-making abilities.

6 Next slide. It will also hold research space for public
7 health, as well as other research areas, particularly will be
8 focusing on prevention, wellness, and as mentioned earlier, we
9 have obesity issues and prescription drug use issues. One phase
10 of this will be particularly dedicated to an obesity reduction
11 project and center for obesity. We'll also have administrative
12 offices for a very small core set of staff that would be able to run
13 the building in terms of general day-to-day operations.

14 I'll turn it back over to Jake.

15 MR. SCHRUM: To stay within your time constraints,
16 let me conclude, Mr. Chairman, by saying we believe in the
17 Alliance.

18 DR. REDWINE: If you need a few more minutes,
19 that's fine, I don't want to cut you off in the middle of a
20 sentence.

21 MR. SCHRUM: They do that in Congress all the time.
22 The Alliance not only meets what we think surpasses the spirit of
23 Grant Number 1958. Today, we're asking you to release the
24 funds and to adopt our implementation plan. We think this is a
25 unique moment for Southwest Virginia. Thank you for staying

1 with us for so long with this project and we hope you will not let
2 this time pass and that you will support this Alliance for Rural
3 Health in Southwest Virginia. We're glad to answer any
4 questions you might have or try to answer.

5 DR. REDWINE: Thank you, ladies and gentlemen. We
6 appreciate your presentation and the update from the project
7 you're working on. I know many of you have gotten information
8 and information in your packets and have been through some of
9 the history of this project. I'm sure there are questions for this
10 group today. At this point in time in the meeting, I would like to
11 start with the members as you wish and in no particular order to
12 address questions to the group, and as they ask them, you all
13 can decide among yourselves who needs to answer. We've got
14 minutes that are being recorded, and if you step up to answer a
15 question, you might mention who you are just for the record.

16 At this time, I'll open the floor.

17 MR. MONTGOMERY: Mr. Chairman, I have a couple of
18 questions. I saw in the *Virginia Business Magazine*, Washington
19 County, Virginia had sued, wanting their \$50,000 back, and sued
20 this group. Is that true?

21 MR. MORGAN: I'm Ed Morgan, Mayor of Abingdon.
22 That is true. We don't think actually that there's a legal basis for
23 their request. We were hoping at some point we might be able
24 to return their \$50,000 and allow them to move on to other
25 things. It's regrettable the relationship we've had with

1 Washington County, but I can assure you as Mayor of the Town
2 of Abingdon there have been difficulties over the years. I can
3 say as a representative of Abingdon and steward of the
4 taxpayer's resources, we feel that it's important to support this
5 project and to carry forward so to be a transformative decision
6 for Southwestern Virginia.

7 MR. MONTGOMERY: I heard also, and I'm not sure if
8 this is for Emory and Henry or who, but the physical therapy
9 request has been denied again.

10 MS. FINCHER: We're in the process of seeking
11 candidacy, which is the first phase for accreditation. We did have
12 a client that next stage, but we're also having a site visit again in
13 February and visited by the Commission and have the
14 opportunity to get candidacy at that time.

15 MR. MONTGOMERY: How many times have you been
16 turned down on this?

17 MS. FINCHER: We just had one site visit.

18 MR. MONTGOMERY: Thank you.

19 DR. REDWINE: Thank you, Mr. Montgomery.

20 Are there any others?

21 This application was submitted in 2009 originally, and
22 it's common knowledge it's gone through a series of amendments
23 and changes. Is there anyone with the delegation today in 2015
24 that was with the group or with the coalition in 2009 when the
25 application was initially presented?

1 MR. MORGAN: Again, Ed Morgan, Mayor of the Town
2 of Abingdon. I was not involved in all the ins and outs of the
3 initial submission, but I can say our town has been committed to
4 this since 2009, and our commitment has remained solid during
5 that time. It has been a difficult period of transition, and it's one
6 of these things, if I can use a Biblical term, in the fullness of
7 time, the right folks have been assembled, right concepts have
8 been pulled together, the resources are here, and we're prepared
9 to make an impact on the health and prosperity of Southwest
10 Virginia.

11 DR. REDWINE: Mr. Kelly.

12 MR. KELLY: I'm Greg Kelly, Town Manager for the
13 Town of Abingdon. I would just like to point out to the
14 Committee that this grant was actually assigned to the existing
15 group in 2012, so there has been at least one assignment from
16 the original 1958 grant to this group.

17 DR. REDWINE: Thank you. Secretary Jones, I don't
18 understand the financial budget. What's the total cost of this
19 project?

20 UNIDENTIFIED: The total cost of the project, we've
21 got a facility in Abingdon, about 25-and-a-half million dollars.
22 Total investment in the project will be about \$46 million, and that
23 takes into account the value of or does not take into account the
24 full value of the property in Marion, and that is part of the
25 project. That was a donated hospital, and the appraised value

1 was twelve-and-a-half-million dollars. Actually have taken it
2 down to the information sent last night to about one-and-a-half-
3 million dollars. So the real figure is \$57 million investment in
4 Southwest Virginia total cost.

5 SECRETARY JONES: Does that include the school and
6 the remainder, I'm trying to get, what is the total cost to
7 completion under deliverables under this medical school, it's no
8 longer medical school, but cost of the project?

9 UNIDENTIFIED: Total cost is about \$40 million, the
10 actual investment. If you look at the numbers --

11 SECRETARY JONES: Is this the dentistry school?

12 UNIDENTIFIED: No dentistry school.

13 SECRETARY JONES: I saw School of Dentistry on one
14 of the slides.

15 UNIDENTIFIED: A future phase that we'd be looking
16 at and an alternative, or we could be looking at incorporating
17 dentistry and measures to deliver dental care in Southwest
18 Virginia. That's not on Phase 1.

19 SECRETARY JONES: Fifty-seven million, what do we
20 get?

21 UNIDENTIFIED: The \$57 million includes \$19 million
22 from the Tobacco Commission.

23 SECRETARY JONES: What are we buying with \$57
24 million?

25 UNIDENTIFIED: You're buying a facility in the

1 collaborative Health Science Center in Abingdon, which will be
2 the headquarters for this, as well as --

3 SECRETARY JONES: What does that mean?

4 UNIDENTIFIED: What does the collaborative Health --

5 SECRETARY JONES: Yes. Medical school or dentistry
6 school?

7 UNIDENTIFIED: It's a collaboration, and it's a center
8 that's going to have a -- center. It will have continuity care
9 clinic and residents and all the others will be taught. It will have
10 nursing going on and health training going on and continuous
11 medical education going on. We hope to host conferences there,
12 also health research.

13 SECRETARY JONES: Will patients be seen here in the
14 clinic?

15 UNIDENTIFIED: Patients will be seen in the clinic,
16 that's right. It'll be live patients, as well as standardized patient
17 training going on.

18 SECRETARY JONES: Let me make sure I get the right
19 price tag. What is the price tag for what you've just described?

20 UNIDENTIFIED: The total price or total investment,
21 \$46 million. And the Tobacco piece is \$19 million. And the rest
22 of the funds are leverage funds from other sources, including the
23 \$6.5 million private investment.

24 SECRETARY JONES: Of this almost \$30 million
25 remains, how much of that have you raised?

1 UNIDENTIFIED: Everything else is ready to go. We
2 close on the new market, and we received a letter of intent for
3 the mortgage money last week.

4 SECRETARY JONES: That's new market, \$6 million?

5 UNIDENTIFIED: Six and a half.

6 DR. REDWINE: Thank you, sir. Other questions or
7 comments?

8 SENATOR CARRICO: I want to make a motion if
9 you're ready to do that.

10 DR. REDWINE: One second and we'll do that. I want
11 to touch on a couple of things briefly. I have in front of me some
12 excerpts from the initial agreement that was made between the
13 Commission and the initial applicants when money was set aside,
14 and I highlighted a couple of things. I'm not going to go through
15 it all. And this was signed by Dr. Jordan, who was initially the
16 project leader.

17 Under project and project budget, nature of
18 authorized expenditures, the term or the phrase no material
19 changes shall be made in the scope of the project or to the
20 project budget, and the right of the Commission, if the
21 Commission determines that any part of the grant has been used
22 for purpose other than paid or reimbursed, authorized
23 expenditures with respect to the project, or that the grantee has
24 failed to comply with any material term or condition of this
25 agreement, the Commission may withhold any further payments

1 to the grantee, and that at its sole discretion rescind a grant by
2 written notice to the grantee, in which event the grantee shall be
3 obligated. At the time, the application was for a four-year school
4 and was described specifically within the agreement that was
5 signed, and that is what was signed. I'm sort of stretched a little
6 bit by that sentence in the agreement that says no material
7 changes shall be made within the scope or the budget. So we do
8 have that on file in the Commission between the applicants and
9 the Commission. I'll leave that as it is.

10 MR. MITCHELL: I'll be happy to comment on this. I
11 think that's an accurate reading of the agreement, but this grant
12 has been before this Committee and the Commission several
13 times and really until May received unanimous votes to go
14 forward. Each time, funds have been expended, have been
15 approved by the Commission and approved by the staff, and that
16 was over a year and a half ago, I guess. As this plan has
17 emerged, it's been approved by the Commission every time.

18 So I think what we have in place now is really the final
19 proposal put together and the plan that was started when the
20 independent group took over, but no funds have been extended
21 in violation of the agreement.

22 DR. REDWINE: All right, thank you. And I appreciate
23 your input.

24 Mr. PFOHL: Following up on that topic of the grant
25 agreement that says no material changes in scope of the project

1 budget. In the staff report on page 36, the staff mentions that
2 specific topic. What we attempted to do, as I said earlier in the
3 staff report, talking about what was stated in the original
4 application and in the concept that's been presented to us in
5 November, and I think that that's primarily my opinion, but it is
6 the opinion of staff that there are clearly material changes in the
7 scope of the project and in the budget here. An example being
8 the proposed budget now has spending of over \$5 million of
9 Tobacco Commission money in Marion in the form of a hospital,
10 which will be renovated. I don't think anyone debates
11 necessarily that there are material changes in the scope in the
12 project budget here.

13 The staff has stated in the staff report on page 36, we
14 suggest two possible courses of action. One, that grant be
15 rescinded, and the Alliance be invited to reapply to the
16 Commission Special Projects Program, within which projects are
17 eligible for increased access to health care for Tobacco Region
18 residents; number two, if it is the consensus of the Committee to
19 continue the project, that a new grant agreement with the
20 revised scope budget and conditions that are acceptable to the
21 Commission be executed with the grantee.

22 As Dr. Redwine mentioned, we're working from some
23 very stale legal documents on this project. If it is the will of the
24 Committee and Full Commission to continue to move forward,
25 the staff is suggesting that it needs to be affirmed that this plan

1 that's presented here now is a new scope of budget or new scope
2 of project and new budget and new outcomes and so forth, so
3 we're basically straddling the fence about as well as we can.
4 Those were the two options.

5 DR. REDWINE: Thank you, sir. Any other comments?

6 DELEGATE KILGORE: Mr. Chairman, we've been here
7 in several sessions of this, and it has changed quite a bit, but it's
8 a unique opportunity to address some of the health care
9 concerns for Southwest Virginia. It's not easy to address health
10 care concerns. When we started investing in health care, not
11 only did we do this one, but we invested in Liberty to help that
12 medical school along and put some dollars there.

13 The partners as you see here today have gotten
14 together with UVA and East Tennessee State and everybody
15 that's a player down there. The Committee can do what they
16 want to, but once this money goes back to wherever, there's no
17 guarantee that you're going to get any healthcare concerns
18 addressed in Southwest Virginia. Some of you may be okay with
19 that, but when you look at the whole picture, when you look at
20 everything, we're the last in everything, and something has to be
21 done. And I'm just throwing that out. We don't have a lot of
22 health care options in Southwest, and this is a way to address
23 that issue.

24 DR. REDWINE: Thank you, sir.

25 SENATOR CARRICO: Mr. Chairman, I just want to

1 clarify and answer to number two, what the staff recommended,
2 if we move forward and there's a new contract agreed to or
3 agreed to by the Alliance for Rural Health, are you saying they're
4 not a viable entity on the existing contract since 2009?

5 MR. PFOHL: The original grant agreement was signed
6 with then King College, and its president Greg Jordan. That
7 grant agreement was assigned to the King School of Medicine
8 back about two years ago.

9 MR. MITCHELL: Yes.

10 MR. PFOHL: So there's some concern, some weak
11 connections to the primary legal document that we have that
12 governs this grant.

13 SENATOR CARRICO: As a follow-up and not being an
14 attorney, but did not this Committee recommend this to go
15 forward, did we not vote to allow it be extended?

16 MR. PFOHL: Certainly the Committee and the
17 Commission recommended and approved the original grant,
18 recommended and approved the assignment back in 2012, and
19 we've continued to hear updates since. Just to conclude, I think
20 what we're suggesting if this continues to go forward, we need
21 new agreements, new project scope, new budget with the
22 Alliance for Rural Health and their board of directors.

23 DR. REDWINE: If this coalition were to reapply in
24 special projects, what's the timeline on that or when is the
25 deadline or what's the cycle?

1 MR. PFOHL: Typically, a July application, and late
2 September funding positions.

3 SENATOR CARRICO: I think I'm a little confused here
4 because I know at the meeting in Bristol we asked them, the
5 Southwest or whatever it was called then, to regroup and come
6 up with a plan submitted to us. That's what we voted to do. So
7 if we asked for it and we voted as a committee, they've done it,
8 then where is the issue of having reapplied?

9 MR. PFOHL: What I'm suggesting is that if it's the will
10 of the Committee or Full Commission to not continue with Grant
11 Number 1958, then the Alliance would certainly be eligible to
12 reapply to any Commission program where the project is in
13 alliance with the programs or the project is in alliance with the
14 program objectives.

15 SENATOR CARRICO: Today, we don't move forward,
16 then they can reapply as the new group that they are, but we are
17 operating if we, and if the motion moves forward to apply the
18 money and send them on their way, we're still operating within
19 the legal aspects of what the Committee wanted, is that what
20 you're saying?

21 MR. PFOHL: If you choose to continue with Grant
22 Number 1958, then we're suggesting you get a more solid legal
23 ground and that we have a new grant agreement that identifies
24 their current concept like project scope, budget, and outcomes
25 and so forth, so we're catching up with the legal agreement and

1 concept that they're presenting today.

2 DELEGATE KILGORE: If this Committee choose to not
3 go forward, where does this money go back to?

4 MR. PFOHL: The Commission approved corpus
5 invasion in 2009 to fund this project, and I'd have to do some
6 research of the minutes, but there's been some conversation that
7 the function was if not for this project that money would go back
8 to the Executive Committee to rebudgeting.

9 DR. PILLION: Didn't we release part of the money?

10 MR. PFOHL: Yes.

11 DR. PILLION: Where did that money go?

12 MR. PFOHL: At the May meeting last time this was
13 discussed, \$5 million was rescinded from the original \$25 million
14 grant. That was sent back to the Commission General Fund, and
15 we used \$3 million of that to replenish our TROF Program last
16 May. There's \$2 million of the original grant sitting in the
17 General Fund right now.

18 DR. REDWINE: So it is in the General Fund?

19 MR. PFOHL: Yes. The General Fund is where we park
20 money until the Executive Committee assigns it to another
21 committee or program.

22 MR. MONTGOMERY: Mr. Chairman, if we approve
23 your recommendation one or two, either way it's going to be
24 made before we vote, and if we choose number two, is that
25 true?

1 MR. PFOHL: I'm not following you there.

2 MR. MONTGOMERY: An agreement that is acceptable
3 to the Commission to be executed, it wouldn't be done by
4 tomorrow?

5 MR. PFOHL: Conceivably, it could be done today if
6 you want to keep the same conditions basically on the original
7 grant was that we'd pay 50 percent of construction costs.

8 Ned, do you recall, there were three conditions, I
9 believe?

10 MR STEPHENSON: There were three conditions stated
11 in the original grant agreement. The first was that
12 disbursements would be made only to the extent of half of the
13 construction costs. Second, that the source and use of the grant
14 funds are restricted to capital costs only due to our bond
15 restrictions. Third, that prior to disbursement of any of the grant
16 funds, title to the real estate upon which the asset to be
17 constructed must be documented in a manner satisfactory to the
18 Commission.

19 DR. PILLION: Mr. Chairman, have they agreed to all
20 three of those conditions?

21 MR. PFOHL: They have not started construction.

22 DR. PILLION: They could conceivably credit the
23 money?

24 MR. PFOHL: Yes, I believe so.

25 DR. REDWINE: The real estate, we don't have any

1 attachment to the real estate, is that correct?

2 MR. STEPHENSON: That clause was placed in the
3 grant agreement at the urging of the Committee at that time
4 because it was perceived that the project did not meet, that that
5 real estate may revert to the State of Tennessee or parties
6 outside of the Commission, and they wanted to be sure that the
7 Commission's resources escaped.

8 If it is the will of the Committee to continue to partner
9 and fund the Alliance, I think there are ways to do that even
10 today and tomorrow if you want to. I think what Tim is trying to
11 say is that the current grant agreement was entered into with
12 King College, and it may have been assigned to subsequent
13 entities, but to my knowledge, this entity is not assumed the
14 obligations under this grant agreement. Therefore, it is not
15 bound thereby. To clean that up at a minimum, you look to
16 counsel to help us with this, at a minimum, I would think the
17 Alliance needs to enter into an agreement to be bound by the
18 terms of this 2009 agreement as it is written.

19 Now, if those terms are unsatisfactory, I believe Tim is
20 right, that we need a fresh new grant agreement because staff
21 has the duty to follow that grant agreement after you have
22 approved it. There may well be terms in this current grant
23 agreement that the Alliance simply cannot meet.

24 MR. MITCHELL: Mr. Chairman, just on a legal title of
25 the grant, it started at King College, and it was assigned to a

1 Virginia corporation King College created. It was assigned when
2 that corporation became an independent board. You may
3 remember at the time King College acquiesced to sign it, and
4 they wanted to have substantial participation in that board, and
5 they required a certain number of seats, I think it was 35 percent
6 of the seats on that board. For King College, the rest were
7 people from Washington County and the Town of Abingdon and
8 the region. That board or that entity became the King School of
9 Medicine, Incorporated, which is a Virginia entity, and
10 immediately sought and obtained 501c3 status.

11 It sits there today as a Virginia corporation with 501c3
12 status. The name of that entity has never been changed mainly
13 because it was believed that to trigger that name change with
14 the IRS could bring a lot of questions that we shouldn't get into
15 until final plan. So, for a while, it was called the Southwest
16 Virginia School of Medicine, but still the same entity, and just
17 using a trade name.

18 In December, that board of that Virginia nonprofit met
19 and elected as board members some of the new board members
20 you see behind me. Dr. Schrum was elected as the chairman of
21 that corporation. Mr. McMurtrie was elected as the vice chair.
22 Two or three board members and the list of the other board
23 members and you've seen a nominee that will be elected if this
24 goes forward.

25 The grant is held by that Virginia corporation, and it is

1 the exact same corporation. The only thing that is changed is
2 that instead of now being referred to as the Southwest Virginia
3 School of Medicine, it is referring to itself as Reliance for Rural
4 Health. It is the exact same entity.

5 Our request for the Committee is release the funds,
6 and if the agreement needs to be updated, and it probably does,
7 and refer to King College and signed by King College president,
8 and it talked about 25 million. We request that you amend and
9 restate existing agreement to keep the grant in place so we don't
10 jeopardize the six-and-a-half million of new market tax credits
11 that we've raised.

12 So, the grant is legally in the right place, and it's still
13 being held by that Virginia Corporation, that's a 501c3. The only
14 thing that's changed is the name it goes by. If everything goes
15 well today and tomorrow, we will immediately legally change the
16 name, notify the IRS, and maintain the 501c3 status and move
17 forward. All those depend on the decision being made.

18 The grant is in the right place, and it's held by the
19 same corporation, probably just needs to be cleaned up.

20 DELEGATE KILGORE: If this committee proceeds with
21 the \$19 million, and the only way that money goes back, I mean
22 it doesn't stay in the Southwest Committee.

23 MR. PFOHL: Well, I'm operating as the person who is
24 not the executive director at the time.

25 DR. REDWINE: I understand.

1 MR. PFOHL: But it was my understanding you weren't
2 the chair then either. My understanding is that that corpus
3 invasion from this project was done under the agreement, and
4 whether or not that is stated, I don't know, and I'd have to
5 research. That if the project did not succeed, funds would go
6 back to the General Fund to be assigned by the Executive
7 Committee they saw fit.

8 DR. REDWINE: Any other comments. Any questions?
9 The floor is open for any action.

10 SECRETARY JONES: I have a motion, and I'd like to
11 move --

12 DR. REDWINE: Secretary Jones.

13 SECRETARY JONES: I'd like to move that this grant
14 agreement that we are currently operating under be rescinded
15 and that this very impressive group here be asked to reapply to
16 whatever the appropriate committee is, whether it's us or Special
17 Projects. What you basically have is an impressive new collection
18 of folks with a \$50 million project or \$47 million, depending how
19 you look at it. It's a change in scope from where we were in
20 2009.

21 You've got a lawsuit that's out there, you've got a
22 physical therapy piece that needs to be received accreditation
23 for. We're here in 2015 operating off an original proposal that
24 started in 2009. It would behoove us as good stewards of
25 taxpayer money to take a real good fresh look at this new

1 impressive group and then make our decision.

2 So I would move we rescind the current grant and ask
3 this group to reapply.

4 SENATOR SMITH: Mr. Chairman, I would second that
5 motion.

6 DR. REDWINE: Senator Smith seconds that motion,
7 and Secretary Jones made the motion.

8 SENATOR CARRICO: I would offer a substitute
9 motion.

10 DR. REDWINE: Senator Carrico has a substitute
11 motion.

12 SENATOR CARRICO: Having listened to this group
13 since 2012, which I think Mr. Mitchell has explained in detail that
14 this is the same group that we've entered into an agreement
15 with, just that they're operating with a different name, that we
16 accept their plan in which they have submitted to us in detail,
17 that we've been asking for, and that we release the funding with
18 the agreement that they would enter into the conditions except
19 for executing to the grantee that now we're going to be operating
20 under as the Alliance of Rural Healthcare.

21 DR. REDWINE: Members of the Committee
22 understand the substitute motion? Do I have a second?

23 DR. SUTHERLAND: Second.

24 DR. REDWINE: Mr. Sutherland seconds the substitute
25 motion.

1 Senator Carrico, we want to clarify your motion. Your
2 motion indicates that you are wanting to keep this 1958 grant
3 alive, but enter into a new agreement with this applicant with the
4 revised scope on their budget and conditions, is that correct?

5 SENATOR CARRICO: Correct.

6 DR. REDWINE: All right. We have a motion and a
7 second. Any further discussion?

8 MR. PFOHL: I believe we probably should have a roll
9 call vote of Senator Carrico's substitute motion. I want to make
10 it clear I am no scholar in parliamentary procedure, but I am
11 doing my best to make sure we do it in order, and I look for
12 someone to correct me if I'm wrong. I believe we take the
13 substitute motion first.

14 The motion is to keep it alive and enter into an
15 agreement, so if you vote aye, you would be agreeing to that.
16 And if you vote no, then you do not agree to that, and we move
17 to another motion. Any discussion? All right, roll call, please.

18 MS. RAWLINS: I'm Dixie Rawlins, and I'm the
19 President of the Edward Via College of Osteopathic Medicine. We
20 have medical students training in Southwest Virginia. If I were
21 to go to the Tobacco Commission right now looking for
22 application, there's not an available route on the site right now to
23 do that, and I'd like to hear that that's a possibility even to apply
24 for those funds first. So we'd know I'd like to ask that question.
25 I think you could go there, I'd like to ask Mr. Pfohl, I think if you

1 go there, those are all closed, and there's not a route to do that,
2 and that could be a real obstacle.

3 MR. PFOHL: We will be announcing shortly the Spring
4 2015 rounds that will close out the current fiscal year, and when
5 we adopt the budget in May, we will announce the initial rounds
6 for the new fiscal year that starts July 1, including Special
7 Projects.

8 MS. RAWLINS: But then you would have to designate
9 these funds be moved back to Special Projects and then they
10 would be open for any.

11 MR. PFOHL: The discussion was that if 1958 is closed,
12 those funds would go back to the Commission's General Fund to
13 be rebudgeted by the Executive Committee, potentially a variety
14 of programs.

15 MS. RAWLINS: So they would not necessary be open
16 to do this again.

17 MR. PFOHL: Correct. The vote is on the substitute
18 motion to continue Grant 1958 with the new grant agreement.

19 Senator Carrico.

20 SENATOR CARRICO: Aye.

21 MR. PFOHL: Ms. Coleman.

22 MS. COLEMAN: No.

23 MR. PFOHL: Secretary Jones.

24 SECRETARY JONES: No.

25 MR. PFOHL: Mr. Montgomery.

1 MR. MONTGOMERY: No.

2 MR. PFOHL: Dr. Pillion.

3 DR. PILLION: Aye.

4 MR. PFOHL: Dr. Redwine.

5 DR. REDWINE: No.

6 MR. PFOHL: Senator Smith.

7 SENATOR SMITH: No.

8 MR. PFOHL: Mr. Sutherland.

9 MR. SUTHERLAND: Aye.

10 MR. PFOHL: The motion fails five to three. That
11 returns us to the original motion, Mr. Chairman. Secretary
12 Jones' motion to rescind reapply.

13 DR. REDWINE: Secretary Jones says the original
14 motion, which has a second. Do you wish to restate that, sir?

15 SECRETARY JONES: I'll make sure I get it right. The
16 motion would be rescinding the current grant and inviting
17 reapplication of the Alliance to the appropriate committee Special
18 Projects.

19 SENATOR SMITH: I'm reading rescinding this and
20 inviting Alliance to reapply to the Commission Special Project
21 Committee.

22 SECRETARY JONES: Yes, I'm assuming Special
23 Projects Committee would be the appropriate one. If not, I
24 would not want to limit them, whatever is the appropriate
25 committee would be the one that they would apply to.

1 DR. REDWINE: Do I have a second?
2 MR. PFOHL: Senator Smith seconded it.
3 DR. REDWINE: I have a motion and a second.
4 MR. PFOHL: This is on a motion to rescind Grant
5 1958.
6 Senator Carrico.
7 SENATOR CARRICO: No.
8 MR. PFOHL: Ms. Coleman.
9 MS. COLEMAN: Yes.
10 MR. PFOHL: Secretary Jones.
11 SECRETARY JONES: Yes.
12 MR. PFOHL: Mr. Montgomery.
13 MR. MONTGOMERY: Yes.
14 MR. PFOHL: Dr. Pillion.
15 DR. PILLION: No.
16 MR. PFOHL: Dr. Redwine.
17 DR. REDWINE: Yes.
18 MR. PFOHL: Senator Smith.
19 SENATOR SMITH: Yes.
20 MR. PFOHL: Mr. Sutherland.
21 MR. SUTHERLAND: No.
22 MR. PFOHL: The motion carries five to three.
23 DR. REDWINE: All right. Thank you, ladies and
24 gentlemen, for your attention to the project and the discussion
25 before this Committee.

1 At this time, we have some other business that we
2 need to bring before this Committee. Mr. Stephenson, do we
3 want to move with the Lee County project?

4 MR. STEPHENSON: I'm ready, sir.

5 DR. REDWINE: Let's do that one.

6 MR. STEPHENSON: For the record, members of the
7 Committee, I invite your attention to page 189 in your book
8 where there's a highlighted sentence that I would like you to look
9 at. The essence of what is before you today is whether or not
10 you want to grant more time to Lee County to resolve an
11 obligation to the Commission or whether you want to ask Lee
12 County to repay that indebtedness promptly.

13 I'll give you a little bit of background on this. This is a
14 grant that was made through Lee County in 2011 under a
15 promise for certain jobs and investments. The original grant was
16 \$476,000, and no jobs or investments were found to this time at
17 that particular company. And the Commission has asked on
18 several occasions that be repaid. The folks from Lee County
19 have appeared before the Commission on three occasions asking
20 for consideration for relief. Finally, this past fall, the staff froze
21 disbursements to Lee County to encourage them to settle up. I
22 need to be precise and say that Lee County, it's the IDA that the
23 grant is with.

24 When the disbursements were frozen, the IDA folks
25 pled with us to accept a certain piece of money in exchange for

1 some time until this could get to the Commission today. They
2 did pay to the Commission \$47,000 in exchange for entering into
3 this forbearance agreement whereupon we unfroze the Lee
4 County and IDA to get the matter at least before you today and
5 to decide what disposition you wanted to make of this obligation.

6 To be clear, if you choose today to ratify the
7 agreement that is before you, then Lee County's obligation to
8 repay will be postponed until the end of this fiscal year. If you
9 choose not to ratify that agreement that's before you, then the
10 staff will resume its collection efforts under your policy and ask
11 Lee County to promptly repay the indebtedness.

12 I think there are some folks here today that want to
13 speak to this, but if you have any questions that I can answer,
14 I'll be happy to do that or hear from the Lee County folks.

15 MR. MONTGOMERY: Mr. Stephenson, is that the
16 apparel factory?

17 MR. STEPHENSON: It was Elite Apparel.

18 MR. MONTGOMERY: It's the one I voted against.

19 DR. REDWINE: Questions, Mr. Stephenson?

20 SECRETARY JONES: Have we postponed this
21 obligation already?

22 MR. STEPHENSON: Lee County has appeared before
23 this body three times. And one or two of those occasions, the
24 Commission instructed the staff to, quote, work it out with Lee
25 County, but the Commission did not relieve Lee County of the

1 obligation. It has gone on now for more than a year. We have
2 repeatedly asked that Lee County IDA repay this obligation, and
3 they have repaid a portion of it. The outstanding balance is
4 \$391,000 of the \$476,000, but the IDA has not come forward
5 and repaid the remaining amount, although they're under a
6 demand letter from the Commission to do so.

7 DR. REDWINE: Mr. Sutherland and other new
8 members, for educational purposes, typically grants that come
9 out of Southwest Economic Development, once they are
10 approved, they then go to the applicant, and then they submit or
11 prove that they have used these funds wisely, and the funds go
12 unattached. On occasion, this Committee will attach to the
13 grants conditions, which are identical to TROF Committee where
14 the applicant guarantees jobs and investments in exchange for
15 the money and also agrees that if those jobs and investment are
16 not there, not delivered, the money comes back.

17 MR. PFOHL: Just to put a little fine note on that, that
18 is because in the vast majority of this Committee's grants,
19 they're going to governmental entities for IRS designated
20 nonprofits, but we don't have performance agreements with
21 those. In cases such as this, which are unusual, economic
22 development funds directly benefited a private beneficiary, so
23 that's why we have the performance agreement to make sure we
24 get some public benefits in terms of job creation and taxable
25 investment. So, that's why we did this.

1 DR. REDWINE: Thank you, sir. One final comment
2 attached to that. We've said this before, while it's not the
3 purpose or intent of this Committee to penalize a county
4 anywhere, especially conditions which they could not control, the
5 company moves out in the middle of the night, we also have an
6 obligation to protect the funds of the Commission, and we've got
7 over a hundred of these agreements out there, and it's
8 dangerous ground to set precedence with one of these with a
9 hundred of them out.

10 SECRETARY JONES: I want to make sure I
11 understand the whole scenario. Eighty-four thousand has been
12 paid, and 391 is still outstanding?

13 MR. PFOHL: Yes.

14 SECRETARY JONES: This 476 bill was due originally
15 when?

16 MR. STEPHENSON: The grant was issued January of
17 2011. Typically, those agreements, and this one included, had a
18 three-year clock on it, so that would be until January of 2014.
19 Subsequent to that date, we reviewed the capital investment and
20 jobs and found them to be zero and began to ask the County to
21 make restitution.

22 SECRETARY JONES: Just in the last 12 months.

23 MR. STEPHENSON: Yes, we've been working on this
24 for about 12 months.

25 SECRETARY JONES: Or the ask on the table is give

1 until the end of this fiscal year?

2 MR. STEPHENSON: If that be the will of the
3 Committee to do so, yes, sir.

4 SECRETARY JONES: For the entirety of the 391
5 outstanding?

6 MR. STEPHENSON: Yes, sir, because the forbearance
7 agreement that is before you makes no provision for relief
8 beyond the end of this year. The entire amount would be
9 immediately due December 31st, 2015.

10 SECRETARY JONES: Help me to understand why in
11 the next six months Lee County will be pay almost \$400,000,
12 when in the last 12 months paid \$84,000?

13 MR. STEPHENSON: Mr. Secretary, I would
14 characterize the county's efforts to repay, they can repay or they
15 won't repay?

16 SECRETARY JONES: Which side are you on?

17 MR. STEPHENSON: I've had some third-hand
18 information that makes it evident that the IDA does have the
19 capacity to repay this if it chooses to. So far, it has chosen not
20 to.

21 DR. REDWINE: Thank you, Mr. Stephenson. You may
22 still have another opportunity to ask Mr. Stephenson if you need
23 to after these folks speak.

24 Anyone here that wishes to speak to this topic?

25 MR. JAMES: I'm Mike James, Director of the IDA in

1 Lee County, and I appreciate the opportunity to speak today. I
2 disagree with Mr. Stephenson's last statement about ability to
3 repay versus billing us to repay. We have two substantial
4 obligations to the Commission right now. This is the larger one,
5 and there is a smaller one. We have entered into a repayment
6 agreement on the smaller one, and the payments were worked
7 out forty-seven or forty-six thousand, four years on that round,
8 and we paid that in October, as well. We paid the \$46,875 on
9 this grant.

10 We are working diligently to liquidate assets and raise
11 funds in any way we can. There's some information out there,
12 and the county has, they have \$7 million in the reserve fund, and
13 the county has money in the school fund and the county has
14 money in several funds. None of that is available to the IDA, and
15 unfortunately that would require county disbursement. Every
16 county has money in the reserve fund that the Commission
17 demand and every county repay every loan immediately. Every
18 county has a reserve fund. Lee County is smaller than most, but
19 we tried our best to address the situation in full, and we've been
20 very upfront and have worked with staff as best we can.

21 We're like a lot of American families, we have a lot of
22 money tied up in real estate, we can't sell it right now, and we're
23 cash poor, and money is tied up in assets, which a lot of
24 American families and companies are in the same boat.

25 To answer your question, Mr. Secretary, we'll be

1 attempting with great haste to liquidate all the assets we can
2 liquidate between now and December 31st to pay this in full.
3 Right now or today, we wouldn't have the ability to do that. We
4 have a little under \$200,000 in cash in our account, plus we also
5 have another obligation, I think that's about 150 or 155.

6 MR. STEPHENSON: That's right.

7 MR. JAMES: We paid that one down from 450 to 155
8 or 160, and this one we paid down from 476 to 391, and I
9 consider that substantial progress. We're asking for a little more
10 time. We need that time to liquidate not-so liquid assets. I'll be
11 happy to answer any other questions.

12 DR. REDWINE: You mentioned you have a payment
13 agreement on the other dollar amount?

14 MR. JAMES: Yes, sir.

15 DR. REDWINE: I'm going to throw this out, and I
16 don't know if anybody here agrees with me or not who wants to
17 do this. Would a payment agreement from the Committee if we
18 knew we were getting the full amount help on this particular
19 debt?

20 MR. JAMES: I don't understand the question.

21 DR. REDWINE: Let's say that you owe us 391, and we
22 did it in \$100,000 payments over four years and the board of
23 supervisors put it in the budget and gave it to IDA and the IDA
24 cuts us a check. If we ratified that today, would that be
25 acceptable to the county or would that help them?

1 MR. JAMES: I can't speak for the county. Mr.
2 Stephenson and I discussed working out a payment arrangement
3 on both at the same time. That would be payments of and using
4 round numbers, say \$50,000 a year. Two hundred thousand
5 dollars in the bank at the time. And I was not comfortable
6 signing a repayment arrangement knowing I can't make the
7 second payment at this time. Hopefully, things can change over
8 the next year if we sell some of our assets.

9 If it was a payment arrangement of \$100,000, the
10 first payment is due immediately, that would be very difficult to
11 handle, but whatever the Commission agrees to, we'll do our
12 best to meet that. If it was an agreement and basically starting
13 somewhere several months down the road, maybe that's
14 something we could digest a little more easily.

15 DR. REDWINE: I had the unfortunate experience
16 serving on the board of supervisors for eight years and I
17 understand how county government works. But the IDA gets
18 their money from the board of supervisors in reality, don't they?

19 MR. JAMES: The IDA of Lee County has not had a
20 disbursement from the board of supervisors as far back as I can
21 trace, at least eight or nine years, we haven't received any
22 money from the board of supervisors, other than they pay for the
23 maintenance on my vehicle and things like that. But other than
24 that, there hasn't been any disbursements.

25 DR. REDWINE: But you do go through the budget

1 process every year in March or April, and the IDA goes before the
2 board and gives them their proposed budget, and in the large
3 budget, the county approves your budget?

4 MR. JAMES: No. The only IDA budget is the,
5 whatever my board members, which turns out to be a few
6 thousand a year, but that's the only disbursement that's made
7 from Lee County. We're a small county and we all wear a lot of
8 hats, and I'm also a county employee, community development
9 director. The county pays about 70 to 75 percent of my salary,
10 and the IDA pays about 25 percent or 30 percent of my salary.
11 My work is probably 70 percent IDA and 30 percent county, and
12 you can call that a disbursement, as well. The operating funds
13 we've been generating on our own, at least as far back as I can
14 tell.

15 My predecessor was a fine gentleman, he didn't leave
16 me a lot of really good records. As far back as I can tell, there
17 hasn't been any disbursement.

18 DR. REDWINE: I understand. I want to move on and
19 let the citizens from Lee County speak if they would like to. The
20 reason we have these signed agreements, IDAs and EDAs,
21 instead of that company that moved out in the middle of the
22 night, is because we know you're not going anywhere, and you
23 represent the locality, you signed that as an agent of Lee County.
24 I'm really trying to be fair, but if the board of supervisors or the
25 county has \$7 million in reserve and you signed that agreement

1 guaranteeing if you did not deliver those, and I know you didn't
2 do it, you inherited this, but you signed it saying you were going
3 to either deliver the jobs and the investment or you're going to
4 pay the money back. And somebody's name is on the line
5 representing Lee County. If I were the IDA director, instead of
6 being here, I might be at the board of supervisors meeting, look,
7 we're on the line for \$400,000. Then during budget time, we're
8 going to have to plan for that to pay this thing off because if we
9 don't, it's going to penalize our county with other grants and the
10 Commission.

11 I feel like at the end of the year the county itself and
12 not the IDA, the county itself is on the line for the money, and if
13 they have a reserve, then they could find a way to pay this.

14 I'm saying too much as chairman because I want
15 people here to comment, but I worry about these other 100
16 grants, and as much we'd like to forgive some of these, and
17 you're not responsible that that company moved out in the
18 middle of the night, but we cannot take 20 or 30 or 40 million
19 dollars' worth of grants and forgive them.

20 MR. JAMES: If I may correct you, Mr. Chairman. We
21 have not asked any forgiveness in either of these two grants.
22 We have full intention to repay them both, and we haven't asked
23 for anything to be waived. The company was there a few
24 months, a minimal amount of payroll, and not a material amount
25 of payroll. I'm asking to make the \$391,000. We're not asking

1 for forgiveness, but what I'm asking is to make the \$391,000,
2 asking for an extra year, like one extra year. And, again, if this
3 was the only obligation that we had, certainly it's an
4 unreasonable request to delay payment on it for a year. We
5 made substantial payments on it and substantial payments on
6 the other debt, and we'd like an additional year to liquidate some
7 assets and try to correct the situation.

8 DR. REDWINE: Let me go get these folks that want to
9 speak briefly up here.

10 MR. MONTGOMERY: Mr. Chairman, I'd like to ask a
11 question. Do I understand you all have real estate that you've
12 actually been trying to sell?

13 MR. JAMES: Yes.

14 MR. MONTGOMERY: And if you sell a piece of real
15 estate, you're willing to pay it all to the Commission?

16 MR. JAMES: That was an offer we brought the
17 Commission at the September meeting, and that was rejected.
18 We had a longer payment period, but if there were any assets
19 sold in the interim, all the net proceeds we would immediately
20 forward that, and that proposal was rejected.

21 DR. REDWINE: Ms. Coleman.

22 MS. COLEMAN: Has there been any discussions with
23 the board of supervisors regarding meeting this obligation,
24 repaying them?

25 MR. JAMES: Yes, there have been.

1 DR. REDWINE: I feel obligated to let these people
2 speak. If there's anyone here from Lee County that wishes to
3 speak, let's let them have a moment. I'm going to ask you to
4 identify yourself for the record, and let's keep these really brief
5 and concise.

6 MR. BOST: I'm Robert Bost, and I live in Lee County.
7 Something that hasn't been discussed here is an economic
8 development fund, which was established in 2011, and this was
9 about a \$900,000 fund, and it's a refund from the Duffield
10 Development Authority. The board of supervisors established an
11 economic development fund in conjunction with the IDA at that
12 time. The IDA members said recently that the fund could not be
13 used to pay the Commission debt. This, Mr. Chairman, is in
14 direct contravention to the fact that in 2011 one of the first
15 disbursements from this fund was a \$25,000 payment to the
16 Tobacco Commission. The IDA may argue that the guidelines for
17 disbursements don't allow for large amounts to be used to pay
18 off debt. I should point out that the board of supervisors, not
19 some higher authority, established these guidelines so the board
20 can alter them as needed.

21 Furthermore, the fund, which has long been a part of
22 the IDA's monthly financial report has suddenly been removed.
23 In fact, the IDA director this past November meeting apologized
24 for not having moved it sooner. Now you see it, now you don't.
25 As we talked about, the IDA owes \$391,625 for this elite apparel

1 grant. This is an unpleasant situation for all of us, but the
2 responsibility lies totally and completely with the Lee County IDA,
3 and the IDA should be held accountable for it. Unfortunately, the
4 county is going to be hurt by this, but to let the IDA off with a
5 slap on the wrist would encourage further bad behavior. If the
6 money is there now, then it should be used to pay off this debt.
7 I believe the Commission should demand a full and complete
8 immediate repayment, and I think those three things. One, it
9 could get funds back in the Commission account so that it could
10 be used for other projects. It would send a loud and clear
11 message to the Lee County IDA that this kind of behavior would
12 not be tolerated and it would establish a standard of
13 accountability, which every other agency seeking funds from the
14 Tobacco Commission would have to adhere to. It sends a
15 message to those that establish these agencies that they need to
16 pay attention and provide protective oversight. Thank you, Mr.
17 Chairman.

18 DR. REDWINE: Thank you, sir.

19 MR. MONTGOMERY: You are aware that the board of
20 supervisors control that money that came back from the IDA.
21 They would have to vote to give it to them.

22 MR. BOST: That's right. That fund is there.

23 MR. MONTGOMERY: I agree that it is, but controlled
24 by the board of supervisors and has not been forthcoming to the
25 IDA.

1 DR. REDWINE: Thank you, sir. We're on a tight
2 timeline. Any other questions?

3 MR. SUTHERLAND: I don't understand, and I might
4 have misunderstood, you've got two obligations with us?

5 MR. JAMES: Yes, sir.

6 MR. SUTHERLAND: What would be the total, 391
7 plus --

8 DR. REDWINE: The other one is around 160.

9 MR. JAMES: That's what's remaining, about 550,000
10 roughly. We had a four-year repayment agreement --

11 MR. SUTHERLAND: You already have an agreement
12 on the other?

13 MR. JAMES: Yes, sir. At that time, we made a
14 substantial payment on this one, on the obligation we're
15 discussing today.

16 MR. SUTHERLAND: I just needed clarity on that.

17 SECRETARY JONES: Do we have a policy that covers
18 issues where we have a county with an outstanding obligation to
19 us and they want additional monies from us, do we have a policy
20 that covers that scenario?

21 MR. STEPHENSON: Yes, we do. The Commission
22 some number of months ago set up a policy whereby the staff
23 was empowered to freeze disbursements to any county that had
24 failed on their obligations to the Commission. Lee County was
25 frozen in the fall of this year, which has precipitated most of this

1 conversation, it precipitated this forbearance agreement. We are
2 very reluctant to freeze on these because it's harmful to
3 everybody, neither can we turn a blind eye to contracts.

4 SECRETARY JONES: I'm used to when there's
5 outstanding obligations getting together with the party and
6 figuring out a schedule. Here we're talking about once again
7 when the balloon is due one year from now. It's a little
8 uncomfortable in the year's time, why not schedule the
9 payments?

10 MR. STEPHENSON: The Commission has authorized
11 the staff to enter into an installment repayment agreement at 25
12 percent now and 25 percent each year for three years. I've
13 offered that to Lee County, and that has not been accepted.

14 SECRETARY JONES: Why was it not accepted? Why
15 not some kind of schedule?

16 MR. JAMES: As I mentioned earlier, you take the two
17 accounts, the two obligations together, that would have been
18 about 150,000 a year due in payments. With a checking account
19 balance of \$200,000 at the time, the board wasn't comfortable
20 signing a contract and knowing that they can't make the second
21 payment out of four. You buy a house, you don't have two or
22 three hundred thousand cash, then you get a mortgage from the
23 bank, but you generally have some money in reserve and make a
24 few payments before you would have to change your situation.
25 That's the number one reason we didn't know.

1 We asked for a smaller annual payment nine or ten
2 years of payback with the condition that if any asset was
3 liquidated, the proceeds immediately would be turned over to the
4 Commission, brought that proposal back at the September
5 meeting, and that was not a freeze. Somewhere between here
6 and there, maybe there's an agreement both sides can live with.
7 Even if we just took a red line and suggested on getting in next
8 year's budget, like August or September before, something like
9 that would even be started, or maybe start a payment plan or
10 something that we can live with.

11 MR. STEPHENSON: As a side note, the Commission
12 authorized staff to enter debt obligations into the state's debt
13 setoff system. We're extremely reluctant to do that because it's
14 disruptive and we've done that only on two occasions and in both
15 cases the indebtedness was cured within three days.

16 DR. REDWINE: We need to be creative, I guess. I'm
17 open to suggestions on how to deal with this.

18 SECRETARY JONES: I want to suggest authorizing to
19 work out a schedule of payments that would go through January
20 of next year and you need some upfront time before you start
21 those first payments, then, fine, I'm more comfortable seeing
22 some kind of regular payment of funds over a period of time, and
23 over a period of time that makes sense. Otherwise, we hear
24 nothing until next January, and we're back in the same situation.
25 It's not good management for the project. I don't want to

1 micromanage, but I propose some kind of schedule and authorize
2 the Commission to set up some kind of schedule of payments.

3 DR. REDWINE: Is that a motion?

4 SECRETARY JONES: Yes.

5 DR. PILLION: I'll second that.

6 DR. REDWINE: Secretary Jones makes a motion to
7 authorize staff to enter into a payment agreement with Lee
8 County within an amount of time before the first payment, but in
9 the end to pay the entire amount.

10 SECRETARY JONES: Yes.

11 DR. REDWINE: Dr. Pillion seconds that motion. Any
12 other discussion?

13 MR. STEPHENSON: Would it be accurate, Secretary
14 Jones, for your motion to instruct staff to work out a repayment
15 plan within the existing policy, or repayment plan, which is 25
16 percent now and 25 percent a year for three years?

17 SECRETARY JONES: Yes, I'm more comfortable with
18 that.

19 DR. REDWINE: We have a motion and a second. Any
20 discussion? All in favor, signify by saying aye. (Ayes).
21 Opposed? (No response). That would be the decision.

22 Sir, I'd encourage you to go to the board of
23 supervisors and let them know that not only is the IDA on the
24 hook for this, but the entire county is, and letting this go
25 penalizes the entire county. And it's almost budget time, have

1 them move the money over and get this thing off your plate and
2 move ahead.

3 SECRETARY JONES: Where are the company officials
4 at this point?

5 MR. JAMES: It's a long story, but the original group,
6 and that predates me, but the LLC was sold to another individual.
7 I'm in contact with them occasionally, but he has no assets.
8 We've obtained a judgment. I think he might have paid a couple
9 of thousand. That's probably all we're going to get.

10 DR. REDWINE: We need to finish up rather quickly. In
11 our budget, we have currently \$2.45 million in the fund. We also
12 have an amount of money from a previous grant that did not
13 come to fruition and has been de-obligated and will go back into
14 our fund, which will bring our total to \$3.1 million. We have a
15 list of grants we reviewed in the fall and some were not able to
16 be funded and we asked to be improved and they were tabled at
17 the time. I'll open the floor for any discussion of any grants that
18 we had before.

19 SENATOR CARRICO: I'd like to bring up the subject of
20 the Virginia Highlands Runway Expansion. In light of that, the
21 Committee put off until May the sensitivity of the fund's leverage
22 by the Federal dollars going into that project. I think it's
23 pertinent we discuss that and determine if we can release the
24 funds for that as we move forward. Courtney Nemus would like
25 to speak to that.

1 DR. REDWINE: Yes, please come forward.

2 MS. BEMUS: I'm Courtney Bemus, I'm a Delta
3 consultant here in Richmond, and we're the engineer of record
4 for the Virginia Highlands Airport Authority. Thank you for the
5 opportunity to discuss the project with you today, that's 2917.
6 The authority submitted a request for \$300,000 for consideration
7 at your last meeting, and these funds are requested for the final
8 engineering drawing for a much needed runway extension project
9 at the airport in Washington County.

10 The completion of the final engineering drawings will
11 allow the project to be publicly advertised and construction bids
12 ultimately allowing the project to enter into the construction
13 phase. The Authority and the county administrator of
14 Washington County expressed that the runway extension project
15 is an important cornerstone for continued economic development
16 in the region. A safe and sufficient transportation network is
17 essential to attracting business to Southwest Virginia.

18 The \$300,000 being requested from the Commission
19 will be leveraging significant investments from other sources. In
20 total, the runway extension program is expected to total over
21 \$23 million with much of it funded by the Federal Aviation
22 Administration. Other funding sources include the Virginia
23 Department of Aviation, the Virginia Department of
24 Transportation, Washington County, and the Virginia Highlands
25 Airport Authority. If approved today, the \$300,000 investment

1 by the Commission will help secure funding for the construction
2 phase of the runway.

3 The project is poised and ready to go, and the final
4 planning has been completed and environmental permission has
5 been obtained. The majority of the needed land surrounding the
6 project has been acquired and currently the preliminary
7 engineering efforts are underway to address utility relocations
8 and storm water management. Within the next 60 to 90 days,
9 the FAA will be finalizing the funding program for the next two-
10 year period.

11 Your approval of the \$300,000 for final engineering
12 drawings today will allow the Airport Authority to request any
13 available FAA funds be allocated to construction, and not simply
14 engineering. Based on the FAA's preliminary information, we
15 expect there are funds available to begin the first phase of
16 construction this summer. Accordingly, time is of the essence,
17 and accordingly, the approval of the \$300,000 will turn the
18 faucets on for FAA funding for the project.

19 The Authority has a meeting with the FAA in two
20 weeks' time, and if this request is not approved today, the
21 Authority will not be in a position to request the FAA funds be
22 used for construction. We anticipate this will delay the project by
23 at least a year and quite possibly will put future years' funding in
24 jeopardy because of the way the FAA is administered.

25 On behalf of the Authority, I thank you for your

1 consideration.

2 SENATOR CARRICO: Mr. Chairman, having seen what
3 is leveraged here, \$23 million, you should move forward on this
4 rapidly, the \$300,000. That's my motion.

5 DR. PILLION: I'll second it.

6 DR. REDWINE: Senator Carrico makes a motion that
7 we fund \$300,000 for the extension of Virginia Highlands Airport.
8 We have a second by Dr. Pillion. Any discussion? All in favor,
9 signify by saying aye. (Ayes). Opposed? (No response).

10 Congratulations, thank you.

11 That gets us down to roughly 2.8. Any other
12 comments?

13 MR. MONTGOMERY: I'd like to bring up the LMU
14 matter that we put off, the Veterinary School. Do we need a
15 motion to bring it off the table?

16 DR. REDWINE: Yes.

17 MR. MONTGOMERY: Then I make a motion to.

18 SENATOR CARRICO: Second.

19 DR. REDWINE: Mr. Montgomery makes a motion to
20 bring the LMU project off the table, seconded by Senator Carrico.
21 All in favor, signify by saying aye. (Ayes). Opposed? (No
22 response).

23 MR. MONTGOMERY: This matter has a major of
24 urgencies, and Dr. Jason Johnson, who's in charge of explaining
25 the emergency matter, and we've been working on this for

1 several years. Dr. Johnson and Mr. DeBusk is chairman of the
2 board.

3 MR. DeBUSK: I'd like to take a few moments and talk
4 about the state of the union and where we're at with the School
5 of Veterinary Medicine. We've knocked it out of the ball park at
6 this point really, really well. We've got 96 students, and we've
7 got applications of over 800 already. The second class, I think
8 we'll get a thousand. There's a lot of things happening there,
9 and there's things we can further improve for Southwest Virginia
10 and Lee County, Virginia and things going on right now. And
11 there are some Congressmen we've been working with about the
12 waste treatment system and what have you.

13 Jason, as Ronnie said, is very close to it. He can tell
14 you where we're at.

15 DR. JOHNSON: First of all, I want to say thank you all
16 for your support. I'm so excited, this thing has gone really too
17 well to be honest, the Veterinarian College. I want to let you
18 know I stand before you with a critical need for you to consider,
19 which you have kindly taken off the table. We've got in our large
20 animal facility over 50,000 square feet and 96 students on the
21 ground there learning it. What we need to do next is build our
22 Small Animal Skills Center and will be almost all under roof, and
23 this is a huge center, and bring more and more foot traffic and
24 more and more jobs in Southwest Virginia.

25 The most important thing I want to convey to you

1 right now about that building, and this building is what I truly
2 believe will get us to the next point to get this sewer in western
3 Lee County. We're working closely with Congressman Griffith's
4 office. We've sent two letters through at this point, and the last
5 letter just came through on the email on my phone. A letter
6 went today to Congressman Griffith and from Jimmy Duncan in
7 Tennessee and Hal Rogers in Kentucky.

8 Because of where we are, this will bring significant
9 development opportunities into the region. The challenge right
10 now that stands before you, and if we can't get some help to
11 build this, it just won't happen. And in that case, the sewer
12 extension won't happen either.

13 The money we're looking at is actually from the U.S.
14 Army Corps of Engineers. We've been told we were first in line
15 on the Cincinnati and Nashville with the help of the U.S. Army
16 Corps of Engineers. The second thing and one more thing this
17 will help with our center for animal health in Appalachia, and I
18 have a press release I'll share with you later, and this center will
19 be based out of Virginia and Tennessee, and this will serve to
20 meet the animal public health needs. We're already planning our
21 summer event, but without this building there and classrooms,
22 we can't make it happen.

23 I'm fortunate to having been placed on the steering
24 committee to provide a white paper to the USDA for
25 administering the VSP grant veterinary service provider grants.

1 We believe this center we've created will certainly bring in more
2 funding and traffic in the region. We really stand at the
3 crossroad, and we're seeking your help.

4 DR. REDWINE: Thank you, sir. I have to make a
5 clarification for purposes of the Committee and for the record.
6 The original balance I mentioned was \$2.45 million, already
7 included the money that had been de-obligated, so that was
8 our starting point, not \$3.1, but \$2.45. We have now
9 obligated \$300,000 to the airport project, and we now stand at
10 \$2.15 million before we begin.

11 MR. MONTGOMERY: Mr. Chairman, I would just like
12 to elaborate on what Dr. Johnson said, LENOWISCO Planning
13 District have been working on this sewer project for about ten
14 years, and they stumbled upon a pot of money through the Army
15 Corps of Engineers, and that is for the Clinch and Powell River
16 Water Shed and the Chesapeake Bay Water Shed, and it's \$50
17 million now. Most would go to the Chesapeake Bay, but if we
18 think we can get eight or ten million of it and reasonably think
19 we can do that. Congressman Hal Rogers out of Kentucky is
20 chairman of the Appropriations Committee has signed off.
21 Letters have gone to the Army Corps of Engineers.

22 MR. PFOHL: I'd like to make a point of clarification,
23 Mr. Chairman. I believe the motion brought the two LMU
24 proposals off the table, but the second one you see listed there,
25 Number 2890, is for the Large Animal Skills Center, which is

1 complete and occupied and in use now. To consider funding for
2 something that's already completed and in use would be contrary
3 to our funding policy. The Small Skills Center adjacent, and you
4 said this and I missed it when we were doing our math here, the
5 Small Skills Center has yet to be built in Lee County, and I would
6 suggest that's the focus of what --

7 MR. MONTGOMERY: Yeah, that's what it should have
8 been.

9 DR. REDWINE: We're considering 2906, Small Animal
10 Clinic Skills Center. Any discussion?

11 SECRETARY JONES: Has the staff vetted this and
12 gone through due diligence in making this recommendation?

13 MR. PFOHL: Mr. Secretary, the proposal was
14 submitted last July, 2014 and heard by this Committee in
15 September of 2014. It's in a list of projects asking for more
16 money than the Committee had. Staff's recommendation at that
17 point was that the proposals be revised and submitted at the May
18 meeting, 2015.

19 SECRETARY JONES: When you consider the math, is
20 there any feedback?

21 MR. PFOHL: I'm looking back at the September staff
22 report, and once fully operational, 400 students will be on
23 campus daily.

24 DELEGATE KILGORE: One thing, Mr. Secretary, this
25 would economically help that area, which is the westernmost

1 part, and it would also very much help with allocation at the
2 Army Corps of Engineer as set aside. I believe you worked with
3 Rick Boucher many years ago, maybe getting allocation. The
4 thing they need is a big user around there, and this is going to be
5 a big user. And not only will it create jobs and education, but
6 also a big user of sewers. So you're going to have to develop
7 that whole area. That's probably some of the flattest land we've
8 got in Southwest Virginia that could be developed. It's got a lot
9 of pluses. They've already put a lot of cash in, more than
10 matched.

11 MR. PFOHL: The Commission has about 1.1 million
12 previous grants there.

13 MR. MONTGOMERY: It's more like 1.4.

14 SENATOR CARRICO: The grant request here is 6.6. I
15 think the revised request is one million.

16 DELEGATE KILGORE: We may address that in
17 Executive Committee, help them a little bit from the Executive
18 Committee, which will meet later on.

19 SENATOR CARRICO: Are we looking at one million
20 right now?

21 MR. MONTGOMERY: From this Committee, yes.

22 DR. REDWINE: Discussion?

23 SECRETARY JONES: We're just now talking about the
24 Small Animal, how much additional money do you already have
25 for that project?

1 MR. DeBUSK: Small Animal, I think there's a cover
2 sheet that shows that, and that'll answer a lot of questions.

3 SECRETARY JONES: The total budget for that is six
4 million?

5 MR. DeBUSK: There were two projects and we had to
6 move last year. We did something unusual, and we went and got
7 a letter of reasonable assurance before we came to the board
8 that there was a crediting body that we solicited, and we did it
9 right. With the American Veterinary Medical Association, you
10 either do it or you lose. There's only been three veterinary
11 medical schools in 33 years. You can imagine one of them down
12 there in the mountains, and that's quite an achievement. Down
13 in that area, there's no place to live, and students are living in
14 homes, and this is just beginning. Here we've got another 100
15 rolling in. We also have an agreement working with some
16 foreign medical students and schools offshore where we're going
17 to take some more in, in the summer. We've got it going and
18 have to figure out how to keep it going, and we need your help.
19 I think we've been pretty good stewards.

20 MR. MONTGOMERY: Also, some students from
21 Southside are there in this first class.

22 SECRETARY JONES: What county, Lunenburg?

23 MR. MONTGOMERY: I didn't know that, Mr. Secretary.
24 One thing I found interesting, of the 96 students, 76 are women.

25 MR. DeBUSK: Don't go there.

1 SECRETARY JONES: If I'm reading this right.

2 MS. COLEMAN: The Commission may know this, I'd
3 like to mention, this project is leveraged Broadband, if you didn't
4 have that, the school wouldn't be there.

5 MR. DeBUSK: It wouldn't be there if it wasn't for
6 Broadband. You cannot do what we do, and we're trying to use a
7 distributive model, so we're hooked up with the University of
8 Kentucky and the Web Center and the Diagnostic Center, all
9 that's hooked up with research. And without Broadband, you
10 cannot do that. That's a big plus.

11 SENATOR CARRICO: I move that we approve one
12 million to the Grant 2906.

13 DR. REDWINE: We're down to 2.15, and the motion is
14 for one million, Grant 2906.

15 MR. MONTGOMERY: Second.

16 DR. REDWINE: Mr. Montgomery seconds. Any
17 discussion? All those in favor, say aye. (Ayes). Opposed? (No
18 response).

19 DR. REDWINE: That brings us to 1.15.

20 SENATOR CARRICO: If I could request the
21 Commission to bring Grant Number 2559 that was tabled at the
22 last Committee meeting off the table and up for discussion.

23 DR. REDWINE: We have a motion, Grant Number
24 2559, off the table. Is there a second? We have a second. All in
25 favor, signify by saying aye. (Ayes). Opposed? (No response).

1 2559.

2 SENATOR CARRICO: This is Riverside.

3 MR. PFOHL: That is Riverside, it's the Project Number
4 2730.

5 DR. REDWINE: 2730, Riverside Project. Let's have a
6 motion to bring it off. Do I have a second? All right, we have a
7 second, Ms. Coleman. All in favor signify by saying aye. (Ayes).
8 Opposed? (No response).

9 SENATOR CARRICO: The Riverside Project, Scott
10 County, and the discussion at the last meeting was that they had
11 not appropriated funds that were leveraged for the pad that was
12 being prepared. Now that that is done, there's a request for
13 Scott County, from Scott County of \$304,000 in order to build
14 the access road that goes into Riverside Project in order to
15 develop that region. This request would be for Scott County,
16 which is Project 2730, \$304,000, and I'll make that motion.

17 DR. REDWINE: Senator Carrico, 2730, \$304,000. Do
18 I have a second?

19 MS. COLEMAN: Second.

20 DR. REDWINE: We have a second, Ms. Coleman.
21 Any further discussion?

22 SECRETARY JONES: Any concern from the staff on
23 this project?

24 MR. PFOHL: They've conducted grading on the site,
25 and they have pads that are partially graded, and they have ARC

1 access road money, which we asked them to pursue, and they
2 were successful in getting \$497,000 ARC access road. We think
3 this one is solid.

4 DR. REDWINE: Thank you, sir. Any other questions?

5 We have a motion and a second. All those in favor
6 say aye. (Ayes). Opposed? (No response). That'll be approved.

7 Any others? Let me make sure we don't miss
8 anything here. Briefly, any public comment for Southwest
9 Economic Development? Hearing none, any other business to
10 come before this Committee?

11 We're adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission, Southwest Economic Development Committee Meeting**, when held on Monday, January 12, 2015, at 2:00 o'clock p.m., at the Crowne Plaza Hotel - Downtown, Richmond, Virginia.

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

Given under my hand this _____ day of January, 2015.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.