

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

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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9 Special Projects Committee Meeting

10 Thursday, September 15, 2011

11 11:00 a.m.

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13 Hotel Roanoke & Conference Center

14 Room, Crystal A-C

15 Roanoke, Virginia

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1 **APPEARANCES**

2 The Honorable William C. Wampler, Jr., Chairman

3 Ms. Connie Greene Nyholm, Vice-Chairman

4 Mr. Kenny F. Barnard

5 The Honorable Kathy J. Byron

6 Mr. John Cannon

7 The Honorable James S. Cheng

8 Secretary of Commerce and Trade

9 The Honorable Daniel W. Marshall, III

10 Ms. Sandra F. Moss

11 Mr. Israel O'Quinn

12 David Redwine, DVM

13 The Honorable W. Roscoe Reynolds

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15 **ALSO IN ATTENDANCE**

16 Mary Rae Carter, Deputy Secretary of Commerce and Trade

17 The Honorable Terry G. Kilgore

18 Chairman, Tobacco Commission

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20 **COMMISSION STAFF**

21 Mr. Neal Noyes, Executive Director

22 Mr. Ned Stephenson, Deputy Executive Director

23 Mr. Timothy J. Pfohl, Grants Program Director

24 Ms. Sarah K. Capps, Grants Coordinator, Southside Virginia

25 Ms. Sara G. Williams, Grants Coordinator, Southwest, Virginia

1 September 15, 2011

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3 SENATOR WAMPLER: I'm going to call the
4 meeting of the Special Projects Committee to order. This is the
5 Special Projects Committee of the Virginia Tobacco
6 Commission. Welcome and the meeting will come to order. I'll
7 ask our executive director to call roll.

8 MR. NOYES: Mary Rae Carter?

9 DEPUTY SECRETARY CARTER: Here.

10 MR. NOYES: Delegate Byron?

11 DELEGATE BYRON: Here.

12 MR. NOYES: Mr. Cannon?

13 MR. CANNON: Here.

14 MR. NOYES: Delegate Marshall?

15 DELEGATE MARSHALL: Here.

16 MR. NOYES: Ms. Moss?

17 MS. MOSS: Here.

18 MR. NOYES: Mr. Barnard?

19 MR. BARNARD: Here.

20 MR. NOYES: Ms. Nyholm?

21 MS. NYHOLM: Here.

22 MR. NOYES: Mr. O'Quinn?

23 MR. O'QUINN: Here.

24 MR. NOYES: Dr. Redwine?

25 DR. REDWINE: Here.

1 MR. NOYES: Senator Reynolds?

2 SENATOR REYNOLDS: Here.

3 MR. NOYES: Mr. Spiers?

4 MR. SPIERS: (No response).

5 MR. NOYES: Senator Wampler?

6 SENATOR WAMPLER: Here.

7 MR. NOYES: We have a quorum Mr.

8 Chairman.

9 SENATOR WAMPLER: Thank you. I'll now call
10 for the approval of the minutes.

11 DELEGATE MARSHALL: So moved.

12 SENATOR WAMPLER: It's been moved and
13 seconded approving the minutes of May 26, 2011. All those in
14 favor signify by saying aye. (Ayes). Opposed. (No response).
15 The minutes are approved. Now, it's the intention of the chair
16 to go through the staff's recommendations but I have a couple
17 of announcements prior to that. We do have new members
18 and those new members are Ms. Moss whose present and Mr.
19 Spiers. I'm not sure if he'll make the meeting or not. I'm not
20 sure if the work on Interstate 81 has been completed so we
21 might have another member or two, well now I'm told it's not
22 completed so we may have some members that might be
23 coming in and touch base with us later on. Another
24 announcement is that the staff or director is recommending
25 that we have applications for mega sites due by the 18th of

1 November and we'll schedule a subsequent subcommittee
2 meeting and a time to be determined in December. There will
3 be a total of \$25 million allocated for, sometimes when the
4 director's out there I wonder if I've misspoken but I
5 understand \$25 million for the special projects megasite
6 applications. That deadline is November 18th, megasite
7 applications.

8 MR. PFOHL: Yes, the 18th of November is the
9 deadline. Look for more information from the staff on our
10 website. All right, what I'd like to do now is go through the
11 applications and the staff's recommendations.

12 SENATOR WAMPLER: I think the way we will
13 do this is we'll listen to the staff's recommendations, try to
14 take up the recommendations in a block. If anyone wishes to
15 take one out of the block, discuss them or add to them or
16 modify them accordingly, obviously we will do that. We'll
17 listen to any other concerns that the Committee may have
18 relative to any of the applications. Any questions, discussion
19 or suggestions on how we might modify that? Hearing none
20 and seeing none, Tim, would you move us through the staff
21 recommendations?

22 MR. PFOHL: Thank you Mr. Chairman and
23 good morning members of the Committee. The Commission
24 announced the special projects applications deadline on July
25 15th for the FY12 funds. We received 20 proposals by July 15th

1 and all of them came in online through the new online
2 application process. One of the differences you'll see is that
3 the project description provided by the applicant in the online
4 applications and the staff's comments and evaluations
5 following that report. We received one additional proposal
6 earlier this week that we'll discuss in combination with
7 another proposal toward the end of the list. A couple of
8 significant changes to proposals since we received the copy of
9 the applications a few weeks ago.

10 First, 2368 from Liberty University which was
11 submitted for \$33 million has been revised down to a \$12
12 million request and we will spent some time talking about
13 that.

14 Secondly number 2350 from Martinsville-
15 Henry County, that's looking at another project. Late breaking
16 news and just a few minutes ago number 2367, Moneta Arts
17 Education and Community Center, Inc. Center at the Lake;
18 the applicants notified us a few minutes ago they wish to
19 withdraw that proposal, the Center at the Lake.

20 SENATOR WAMPLER: That's 2367 at the
21 bottom of the first page and the recommendation there is to
22 withdraw or table.

23 MR. PFOHL: Withdrawn by the applicant.

24 SENATOR WAMPLER: Let the record reflect
25 that application has been withdrawn.

1 MR. PFOHL: If you'd like Mr. Chairman, I can
2 read the description of the proposals, jump to any in
3 particular that the Committee is interested in.

4 SENATOR WAMPLER: Without objection, why
5 don't we start at the top and give a very brief description and
6 staff's recommendations. I believe everyone has had a chance
7 to review these projects and if we need any greater discussion
8 on any of them we can do it that way.

9 MR. PFOHL: Breaks Interstate Park, number
10 2352 is requesting over \$1.1 million as a matching grant to
11 secure funds from the Coalfield Economic Development
12 Authority that has been offered in the amount of \$1 million
13 and requiring a dollar for dollar match for construction of an
14 aquatic facility at the Breaks Interstate Park. They're
15 estimating 5,000 new visitors annually as a result of this
16 facility which is a, like I said, water park theme aquatic
17 facility. They're estimating 5,000 new visitors annually as a
18 result of this facility and new park revenues \$300,000 to
19 \$400,000 per year. The staff is recommending an award of
20 \$500,000 partially matched with VACEDA and suggest that
21 the applicant can explore some financing or other grant
22 sources to complete the VACEDA match. The staff is
23 recommending an award of \$500,000.

24 Carroll-Grayson-Galax Solid Waste Authority
25 is asking for \$2.1 million to implement a process that the R&D

1 Committee had actually funded in a demonstration phase in
2 Tazewell County. This is using technology that was developed
3 by an Abingdon based business to extract contaminants from
4 landfills and methane gas and add that to the natural gas
5 pipeline. It's been documented that sources of methane gas
6 would last at least 50 years which would be like over a quarter
7 million dollars per year. Staff is recommending that this is a
8 project that should be financed through the Virginia
9 Resources Authority or other financing sources given the
10 match but the bottom line is that staff recommends no award.

11 SENATOR REYNOLDS: Mr. Chairman, have
12 you communicated or spoken to the applicant about this?

13 MR. PFOHL: I don't think there was questions
14 for the applicants, if we have questions for the applicants, we
15 will email them or communicate some other way.

16 SENATOR REYNOLDS: Is there anyone that
17 wishes to speak to it?

18 SENATOR WAMPLER: I think the chair was
19 going to ask to do that at the end of the block.

20 SENATOR REYNOLDS: That's fine.

21 SENATOR WAMPLER: It's the intent of the
22 chair to ask at the end of the block to do that. We'll go
23 through the entire list and then if you wish to be heard at the
24 end of the presentation and the staff will have an idea of what
25 the effect is.

1 MR. PFOHL: On page four, the Center for
2 Rural Virginia requesting \$200,000 to establish a workforce
3 development program for advanced manufacturing and
4 determining the necessary steps to creating a regional skilled
5 workforce pool and in partnership with industries for
6 educational and public and private partnerships to include
7 private industry and other educational institution providers. A
8 similar effort to partner with educational partners to provide
9 advance manufacturing training has already been funded with
10 CCAM at the special projects board meeting in January that
11 the educational partnerships and curriculum are not yet
12 defined and other aspects you can see described in here. In
13 effect we consider this a project with good objectives that
14 needs more project development. However, at this time we're
15 recommending no award.

16 Community Foundation of the Dan River
17 Region is requesting \$210,898 for the SOVA REAP project to
18 establish a regional energy alliance in southern Virginia.
19 Funds would be used to establish a weatherization program
20 that would help with the assessment of energy uses and
21 weatherization. The pilot would support the weatherization of
22 50 units initially across the region. Half would be small
23 businesses. This is a group that the Commission has
24 previously supported through the reserve program. The staff
25 would point out that the 50 audits and implementation plans

1 cover a significant portion of the southern Virginia footprint.
2 There could be additional requests from this proposal. I'd just
3 like to point out that weatherization of residential is very well
4 understood through existing state programs and the
5 Department of Housing and Community Development is very
6 much involved. This really is not a priority of the Tobacco
7 Commission so the staff recommends no award.

8 Moving onto page five. The GENEDGE Alliance
9 is requesting \$550,000 and this is formerly known as Hilltop
10 Manufacturing. They desire to establish an E-3 type program.
11 E-3 stands for economy, energy and environment which is a
12 federal program that is a model of collaboration between
13 manufacturers, utilities, local government and federal
14 resources. This initiative has been very successful in various
15 states. This will assist employers in lowering their energy uses
16 and increasing profitability and in this case at major industrial
17 sites as well as face materials and so forth and will be very
18 important in environmental matters. The target area is
19 Martinsville, Henry County, Danville City, Pittsylvania County
20 and further expansion potentially beyond the targeted areas.
21 In this phase the request involves money to conduct an
22 assessment. Phase II costs will implement energy savings
23 recommendations and will purportedly be the responsibility of
24 the companies, although future TCR funding requests should
25 not be ruled out. Matching fund applications are going to be

1 with C-CARE. There are support letters from major employers
2 in Lynchburg and Martinsville and Danville and so forth to
3 support the argument for regional impact and thereby special
4 projects eligibility. Staff is suggesting the equipment that will
5 benefit employers and major industries across the tobacco
6 region in the amount of \$845,000 can be funded through
7 special projects with the improvements to the Riverstone
8 building that is owned by the Halifax IDA in the amount of
9 \$621,000 sent over to the Southside Economic Development
10 Committee for discussion regarding the use of the Southside
11 allocation funds. Southside Economic Development
12 Committee will meet next Thursday morning in this building.
13 If your committee chooses to fund part or all of this or if
14 special projects chooses to fund part of it, the Southside
15 Committee could act on the balance of the proposal next week
16 to help this project move forward. So the staff
17 recommendation is using \$845,000 of special project funds to
18 the Southside Economic Development Committee for
19 equipment and contracted services in this proposal, that
20 contingent on Southside Committee's approval of the use of
21 their allocation for the plant and improvements component of
22 this proposal and this could be one consolidated grant award
23 and furthermore contingent on a discounted pricing plan to be
24 approved by the Commission's executive director for tobacco
25 region entities to access the Commission funded equipment

1 and facility.

2 The next one we're going to spend a little bit of
3 time on, Liberty University. They first applied for a \$33 million
4 grant to establish a Center for Medical and Health Sciences.
5 After some conversations with the Commission's leadership,
6 that proposal has been revised to \$12 million for the current
7 year. This would establish Liberty University's School of
8 Osteopathic Medicine, a School of Health Sciences. We're
9 talking about 105,000 square foot center for medical and
10 health sciences on campus property that would include the
11 program such as the Doctor of Osteopathic Medicine, Master's
12 in Nursing, Biomedical Science and Public Health, Bachelor's
13 in Nursing, Chemistry and Clinical Lab Science as well as
14 Family Nurse Practitioner Programs. Enrollment is projected
15 to be 2,400 in the third year and more than 4,000 by year five
16 when all are fully operational. Liberty estimates nearly half of
17 the students will take advantage of a two plus two path
18 through community colleges and then onto Liberty. An
19 economic impact assessment commissioned by the University
20 and they employed Magnum Economic Consultants in
21 Richmond, a well known and respected firm. The annual
22 spending is estimated to be \$19 million a year in the tobacco
23 localities when all proposed programs are fully operational in
24 year five, as well as 219 direct new faculty and staff jobs and
25 \$1.2 million of new state and local tax revenues. As much as

1 one-fourth of those students are expected to be tobacco region
2 residents. The staff feels that the combination of the
3 enrollment as well as the economic impacts which will be cited
4 in Campbell County, we feel it will be one of the most
5 transformative investments that we will present to you. It is
6 somewhat paralleled by the \$25 million grant offered to King
7 College to establish a School of Medicine. In the case of the
8 King College proposal, the Commission's offer was contingent
9 on a dollar for dollar match for capital construction costs to be
10 matched. Liberty's leadership has amended its proposal and
11 they responded positively by amending their proposal which
12 now ask for \$500,000 of legal expenses to plan the project and
13 gain accreditation, \$1.5 million for site development costs, \$10
14 million for building construction and that's the \$12 million
15 proposal in the current request. Liberty has recently sold
16 \$120 million of low interest tax exempt bonds for campus
17 construction projects that would presumably be a committed
18 sources of matching funds. Staff recommends an award of
19 \$12 million for building construction contingent on a dollar for
20 dollar match on capital costs, subject to approval of a budget
21 transfer to the special projects committee that is sufficient to
22 fund this award from unbudgeted corpus funds in the current
23 fiscal year to accomplish that.

24 SENATOR WAMPLER: I'm going to make some
25 observations for discussion at this point on the agenda. The

1 matter that will be before us today is will we approve the
2 application and subsequent staff recommendation of \$12
3 million? I intend to vote for it and should the committee vote
4 for it and it passes, then what will happen is that at our full
5 Commission meeting, prior to the full Commission meeting the
6 Executive Committee will meet and discuss how the transfer of
7 dollars will take place to fund this particular application.
8 Then those two actions will then need to be before the full
9 Commission for affirmation so that we can move forward
10 which is what I think we'll do. I'm just trying to set out the
11 framework of how I think we'll go about it and the director has
12 told me that he thinks that's how we are planning to go about
13 it.

14 DELEGATE MARSHALL: Mr. Chairman, that's
15 not the same procedure that we used in King College?

16 SENATOR WAMPLER: Yes, it is. Clearly any
17 application of this magnitude is beyond what we normally
18 allocate in our budgetary process and it's not unusual for us
19 to do this. That's kind of the framework. Delegate Byron, I
20 didn't mean to step on anything that you were planning on
21 saying. That's what we had talked about and I think that's the
22 message that would work best for this particular project.

23 DELEGATE BYRON: I would agree.

24 SENATOR WAMPLER: Then maybe it would be
25 appropriate to pause just a second and let everyone digest that

1 and if we need to come back and revisit it again, we can. I just
2 wanted the Committee to have time to understand this
3 process. Our vote today and the Executive Committee's
4 recommendation and then we'll go to the full Commission
5 meeting in two weeks.

6 SENATOR REYNOLDS: Would it be proper to
7 ask a question at this point?

8 SENATOR WAMPLER: Of course.

9 SENATOR REYNOLDS: Was there any
10 discussion about the tuition rates and preference for folks
11 accepted, the students from the tobacco region. I guess
12 there's two things I'm asking; one is related to the number of
13 jobs. Was there any discussion about preferences for students
14 from the tobacco region and also at the same time, about
15 financial assistance, special rates regarding tuition for those
16 folks from the tobacco region.

17 MR. PFOHL: Senator Reynolds, I can answer
18 the financial aid question, Liberty has proffered that they
19 would set aside a pool of funds to assist tobacco region
20 residents to attend for some period of time. The Chancellor is
21 here and the staff may want to address that. I'd also point out
22 that our tobacco region scholarship program for southern
23 Virginia is already serving a number of tobacco region
24 residents attending Liberty University. From that maybe we
25 can refer that to someone from the University.

1 MR. NOYES: A further comment. The
2 application from Liberty University was quite remarkable in
3 that there is a commitment of students available to give
4 voluntary service within the Tobacco Commission footprint
5 and it's ongoing. It's part of a larger program that Liberty has
6 and that they expect from all of the students. This is
7 extraordinarily meaningful in my experience and brand new
8 for the Commission activity. We should recognize how
9 important this can be, 5,000 students that are going to be
10 committed to like 20 hours per term. Half of those are from
11 the Tobacco Commission footprint and we're getting a huge,
12 huge benefit within our footprint. This is entirely voluntarily
13 on the part of the University.

14 SENATOR WAMPLER: I do want to recognize
15 folks from Liberty and we'd be delighted to hear from you
16 concerning the question Senator Reynolds raised about the
17 students attending Liberty within the tobacco footprint, would
18 someone like to address that?

19 CHANCELLOR FALWELL: Thank you Senator
20 Wampler. Our plan is to provide five percent discount to
21 residents of the tobacco district per family and also to redirect
22 and you might have a copy with the numbers, to redirect a
23 certain number of our community services, all students are
24 required to do 20 hours of community service every semester.
25 The plan is to redirect much of that service to the tobacco

1 district projects in Campbell County and Lynchburg. Ron, do
2 you have more details about what that percentage is? I know
3 it's 700,000 hours total that students work in community
4 service but I'm not clear on the exact percentage. Dr. Ron
5 Godwin is our Provost.

6 DR. GODWIN: Thank you. The numbers are
7 so large, over a 20 year period we will redirect over 5 million
8 student volunteer hours of community service to the tobacco
9 region itself. We are redirecting our student volunteerism to
10 focus on Virginia's Southside and the tobacco region. We've
11 already assigned the team that's in charge of that volunteer
12 service to come up with a strategic plan to implement that.
13 We've been working with Delegate Kathy Bryon to focus that
14 group. It's not in the application as such. It's a very real and
15 potent course across the tobacco region. We've mentioned
16 that from time to time and it's very real and it's happening
17 already every year at Liberty.

18 CHANCELLOR FALWELL: Our students are
19 mission minded, adding medical services and that's something
20 that will fit so well and this is going to fit right in with our
21 philosophy and our mission. I don't know if that's answered
22 your question.

23 SENATOR REYNOLDS: I think so, yes.

24 SENATOR WAMPLER: Thank you very much.
25 Any other questions or discussion on this particular

1 application? For those in the audience, this is not the first
2 time that we have considered this matter and discussions
3 across the region and detailed discussions. It's not like the
4 first time we've done this before. If there's no other questions
5 or discussion, that's application 2350.

6 MR. PFOHL: Page 9 of your report, the
7 Martinsville-Henry County Economic Development
8 Corporation is requesting \$700,000 for the Patriot Centre, Lot
9 2, site grading. This will produce a 32 acre lot which when
10 graded will yield a 26 acre pad which will be the largest in the
11 Patriot Centre and that's a very successful employment center
12 for Martinsville-Henry. Somewhat parallel to the Halifax IDA
13 proposal. Staff is recommending that the Southside Economic
14 Development Committee, funds that are available for Henry
15 County to use for this project in an amount just under
16 \$258,000. We're suggesting that the balance be funded from
17 special projects which is \$442,182 with the contingency that
18 the Southside Committee approve the balance which is
19 \$258,000 roughly next week and that those funds be
20 combined with the Southside Economic Development funds in
21 one consolidated grant award.

22 SENATOR WAMPLER: What was the amount?

23 MR. PFOHL: \$257,818. The next
24 Mecklenburg County is the applicant on behalf of the
25 Commonwealth TransTech Marketing Alliance and this is to

1 establish a regional multi-functional economic development
2 organization in southern Virginia. This markets to Brunswick,
3 Charlotte, City of Emporia, Greensville County, Lunenburg
4 County and Mecklenburg County. They're requesting
5 \$200,000. This is a proposal that's been encouraged by the
6 Lieutenant Governor's office. The staff recommends an award
7 of \$200,000.

8 Next is the Moneta Arts Education and
9 Community Center and that has been withdrawn. So let's
10 jump over to page 11. The Olde Dominion Agricultural
11 Foundation for the Agriculture Complex \$1 million is
12 requested. This is a project that the Commission has worked
13 previously with a grant totaling \$1.9 million from the
14 AgBusiness Program as well as the Southside grant getting
15 water and sewer to the site. There's a number of interior build
16 out costs here and some of those funds were utilized to
17 completely build out the conference center and to erect the
18 shell of the arena. The case for special projects eligibility by
19 virtue of the Board membership and operational support for
20 multiple counties. Staff would point out that outcomes remain
21 primarily agribusiness in nature and remains a funding
22 decision by agribusiness. Staff recommends this request be
23 referred to the Agribusiness Committee which will allow the
24 applicants to pursue the Danville Regional Foundation for
25 funds to get the results of a new feasibility and economic

1 impact study and still be able to bid the project within a
2 timeframe after the January Agribusiness fund decision. As I
3 said, we're recommending referral to the Agribusiness
4 Committee.

5 Next up is People Incorporated Financial
6 Services, Commonwealth Enterprise Fund requesting
7 \$750,000. People, Inc. has been provided Commission
8 support with a total of \$2 million for small business loan
9 capital since 2003. Funded 74 loans which reportedly created
10 retaining 476 jobs in Southwest Virginia. People, Inc. states
11 that only 40,000 remain available for assisting future loan
12 requests. They've taken about \$2 million in their loan
13 application pipeline. Staff is suggesting an additional award.
14 Some amount would be helpful to get them to a point in a
15 couple of years when the more recent loans began to mature
16 and reach the repayment period. Also suggesting that based
17 on observing the types of businesses that have been funded in
18 the program to date largely local services and retail and
19 convenience type businesses and the staff is suggesting that
20 those type of businesses that do not export goods and services
21 outside the tobacco region don't grow the regional economy.
22 So we're suggesting that an award of \$300,000 for the priority
23 of assisting businesses that export services beyond the
24 tobacco region, thereby import revenues to the tobacco region.

25 Prince Edward County is the applicant for

1 Virginia's retreat overall strategic plan and organizational
2 expansion requesting \$508,500. This involves 14 Southside
3 Virginia communities operating in an unincorporated
4 partnership for 18 years. Their request has two elements to it.
5 One is the development of an overall strategic plan and
6 secondly, the development of a marketing plan. Third monies
7 to hire an executive director to oversee the regions tourism
8 product. The staff would point out this involves more than
9 100 regional tourism attractions across a wide swath of
10 southern Virginia, including Civil War and Civil Rights
11 destinations, outdoor recreation, agritourism and more.
12 Hiring a staff certainly is an approach that has merit to move
13 to the next level of professional marketing and management.
14 The staff here feels the priority ought to be a strategic
15 planning process and part of that planning process is defining
16 the organizational structure for this unincorporated coalition
17 of localities. We're recommending \$125,500 toward strategic
18 planning and contracted project coordination. For the small
19 portion of \$7,500 be used to bring on project coordination to
20 help this 14 locality partnership of the strategic planning
21 process. I believe the staff report was emailed to you and the
22 staff would recommend no award but in fact we're
23 recommending \$125,500 for the strategic planning process.

24 Region 2000 Research Institute, expansion of
25 CAER capability to support development of 4G LTE wireless

1 technology. This request is for \$348,000. This project will
2 provide equipment to the Center for Advanced Engineering
3 and Research to the Tobacco Region R&D Centers that they
4 refer to as Region 2000. The equipment will primarily be used
5 by one Bedford based company catalyst that has a research
6 agreement for push to talk products with Verizon and other
7 significant wireless telecoms in Region 2000 have expressed
8 interest in using this equipment. The staff is suggesting that
9 while commercial outcomes are not particularly known at this
10 time, the request does further the Tobacco Commission's
11 objectives of developing the capacity of the tobacco region's
12 R&D Centers. The Commission has recommended an award
13 of \$348,000.

14 Roanoke River Basin Association upper reach
15 has requested just shy of \$300,000 for a wide array of activity.
16 Capital improvements to Blue Ridge including canoeing and
17 kayaking, marking and commercial activities and so forth.
18 Staff is suggesting the capital projects that include improving
19 access with canoeing and blueway facilities and this
20 investment would have the greatest impact on attracting
21 additional visitors to southern Virginia. We're suggesting an
22 award of \$180,250 for the tobacco region capital
23 improvements and related professional costs, contingent on
24 use of competitive bidding best practices for all procurement
25 and a cost share of the contracted metrics analysis and

1 website enhancements. We've had some conversation
2 additionally this morning and these folks may want to speak
3 to you also.

4 The Roanoke River Service Authority, the
5 RRSA PAC Silo Project. I think PAC is powered activated
6 carbon I believe. They're currently pouring this from bags into
7 the water treatment plant. The applicant reports that several
8 of the communities it serves are under VDH consent orders
9 and the requested funds would improve the quality of the
10 drinking water for 5,000 residents and 700 businesses and
11 allow for far more efficient operations at RRSA. The staff
12 considers the quality of drinking water to be under the
13 purview of other agencies including the Department of Health
14 right now reviewing various applications. We're also
15 suggesting that this is normal operation and should be
16 supported through their revenues. The Commission recently
17 awarded money for the Route 92 waterline and storage tank
18 that will increase RRSA's user base by 25 percent and thereby
19 generating additional annual operating revenues. Staff
20 recommends no award based on the fact that there's no direct
21 identified economic outcome.

22 The Robert Russa Moton Museum requesting
23 \$1.6 million to complete a build out of six galleries in
24 Farmville. The Commission previously provided about
25 \$937,000 for renovations to the Moton building and exhibit

1 design. We asked for some prioritization toward phasing of
2 this project. The applicant saying that they've got to do this
3 all at one time that would increase their costs. The staff feels
4 that this important facility would have an opportunity to raise
5 some additional funds so we're recommending an award of
6 \$400,000 to be matched on a dollar for dollar basis.

7 Southwest Regional Recreation Authority
8 asking for \$1,118,350. In March of 2008 the Virginia General
9 Assembly passed legislation creating the Southwest Regional
10 Recreation Authority. Since that time the Commission has
11 provided grants totaling nearly \$334,000 for a feasibility and
12 implementation planning through the Special Projects
13 Program as well as two Southwest Economic Development
14 grants totaling \$350,000 for trail construction in two counties.
15 The request would fully fund start up operations including
16 trail management, marketing and maintenance for a three
17 year period. Spearhead has received no General Assembly
18 funding since that body created the recreation authority. One
19 of our previous grants is helping them produce a business and
20 operation plan that's due for completion in the next three
21 months. Staff is recommending an award of \$200,000 so a
22 core staff can be hired and when the business plan is
23 produced and hopefully the good folks in the General
24 Assembly will meet and perhaps there will be some additional
25 strategy to help them complete this project in the next two or

1 three years. The staff recommendation is \$200,000.

2 The University of Virginia College at Wise
3 Foundation requesting \$900,000 –

4 SENATOR WAMPLER: On this matter, I'm
5 going to say the chair will sustain and turn it over to the vice
6 chair should there be any discussion on this matter for him to
7 handle that.

8 MR. PHOFL: The UVA College at Wise
9 requesting \$900,000 to establish the Appalachian Community
10 Scholars Program. This will assist 116 students that are
11 entering UVA Wise as freshmen. Based on some conversations
12 with the Commission leadership in the last couple of weeks,
13 UVA Wise reached out to Longwood University to coordinate
14 two proposals. Longwood did submit a proposal for the
15 Southern Virginia Community Scholars this week. Staff is
16 recommending both of those be sent over to the Education
17 Committee which meets next Thursday in this building for
18 consideration in terms of the Education Committee support of
19 the Scholarship Programs across the tobacco region. So our
20 recommendation here is that the UVA Wise and Longwood
21 proposals be referred to the Education Committee. The
22 Chairman of that Committee is aware of this process so the
23 staff recommends these be revised and referred to the
24 Education Committee.

25 Finally the last request is Wilderness Road, a

1 nonprofit applicant that runs from Winchester to the
2 Cumberland Gap and down the Carolina Road, Route 220 to
3 North Carolina. A complete asset inventory, the Wilderness
4 Road is clearly a national migration story. To complete an
5 asset inventory to identify existing premier heritage sides
6 along Wilderness Road, Fincastle Turnpike and Carolina Road
7 and all counties of Southwest Virginia to provide detailed
8 byway heritage information that will provide exhibits for
9 existing museums and create a foundation for new exhibits
10 and projects, develop a byway corridor management plan,
11 provide historical accuracy to create narratives for
12 interpretative panels to display at visitors in all Southwest
13 Virginia, create interpretative panels for each community at
14 the Visitor Centers. The panel will provide historical
15 significance of the community in regards to the pioneer
16 settlement and migration; develop a historical guide that will
17 be printed and added as downloadable documents on the
18 website. All capital funds will be spent in tobacco region
19 localities. This project is already supported by committed
20 awards of Virginia Tourism Corporation marketing and the
21 Appalachian Regional Commission funds. Staff recommends
22 an award of \$101,000 contingent on revised reporting metrics
23 and baselines for assessing net new visitor impacts. That
24 concludes my report.

25 SENATOR WAMPLER: It's the intent of the

1 chair to now see if there's, I'm going to suggest we do this in a
2 block. Hopefully we'll have the proper order to vote upon. I'll
3 ask any committee members if they want to take an item out
4 of the block contrary to the staff's recommendation and
5 modifications thereto.

6 DELEGATE MARSHALL: 2352 I'd like to take
7 out of the block. 2352 Breaks Interstate Park.

8 MS. NYHOLM: 2336 out of the block.

9 SENATOR WAMPLER: 2442 out of the block.
10 We currently have three items out of the block, 2442, 2336
11 and 2352.

12 MS. NYHOLM: So the Committee can vote on
13 2336 and 2342, Wise and Longwood proposal –

14 SENATOR REYNOLDS: I move that we refer
15 those to the Education Committee.

16 DELEGATE MARSHALL: Second.

17 MS. NYHOLM: All those in favor say aye.
18 (Ayes). Those opposed. (No response).

19 SENATOR WAMPLER: One abstention. Those
20 will be referred to Education. We have one remaining outside
21 the block that's 2352, Brakes Interstate Park.

22 DELEGATE MARSHALL: I have a question.
23 Let me just get a sense of where we're going. I think it would
24 be appropriate for us to take up the matters that the
25 Committee has removed from the block and discuss those and

1 if they want to be re-inserted into the block we can do that. I
2 do want to give the audience an opportunity to be heard before
3 we take a final vote on the block.

4 SENATOR WAMPLER: Let's take up what the
5 Committee has removed and see if there's a discussion.

6 DELEGATE MARSHALL: Mr. Chairman,
7 request 2352, is there anyone here that wishes to speak to
8 that, please come forward. I see Senator Puckett here.

9 SENATOR WAMPLER: Delegate Marshall, why
10 don't you ask your questions, maybe that will be helpful.

11 DELEGATE MARSHALL: Senator Puckett,
12 looking at the applications I see that the current pool was built
13 in 1969. My first question is how would we rehab it as
14 opposed to building a new pool?

15 SENATOR PUCKETT: Mr. Chairman, I'd say
16 it's kind of hard to rehab because we've been rehabbing the
17 pool for almost 40 years now. It's been expanded a little bit
18 and been repaired. What we're asking here I think on behalf
19 of the park is that we have something a little bit different than
20 just a swimming pool. This water park could be a state of the
21 art facility that's much more than just a swimming pool. The
22 water park is something very different. Most of you are
23 familiar with what a water park looks like. We think this is a
24 significant economic enhancement for the Breaks. People
25 come into the Breaks and spending a lot of money opening up

1 the Breaks just as an avenue to get there and there's new
2 highway construction there. We think it will be very profitable
3 and with everything we've seen and studied, it would be very
4 significant and have a great impact and a worthwhile draw
5 within our region. You must keep in mind we don't have
6 anything like that in Southwest. You have to go almost out of
7 the state. We have a wonderful facility down there, Breaks
8 Interstate Park. We just think this would be an added
9 attraction.

10 SENATOR WAMPLER: This is an interstate
11 park that the Commonwealth of Kentucky also participates.
12 I'd ask staff to comment if I wonder beyond what was
13 contemplated in the application. The regional economic
14 development significance as far as an investment I'd say is
15 close to a million dollars.

16 MR. PFOHL: A million dollars requires a dollar
17 for dollar match.

18 SENATOR WAMPLER: We also require local
19 government support for this project. It's contemplated while
20 we'd like to direct the Commonwealth of Kentucky to
21 appropriate dollars to Virginia but there is a significant
22 amount of match from various entities where –

23 SENATOR PUCKETT: I was trying to stay
24 within the bounds of the question that Delegate Marshall
25 asked about.

1 DELEGATE MARSHALL: Senator Puckett, it
2 says that of the 339,000 people that visited the place last year,
3 70 percent was tourism. Do you know what geographic area
4 that comes from?

5 SENATOR PUCKETT: I would guess Dan that
6 most of that is regional and local people that come to the park
7 from Kentucky and Southwest Virginia. We always get some
8 West Virginia people. Tourism at the Breaks is certainly on the
9 upswing. We're making a considerable effort along with the
10 folks from the Crooked Road. We're trying to tie a lot of this
11 together and hope that this tourism piece will be something
12 that will be local economy. Of that figure and I could be
13 wrong, I'd say most of it is regional type numbers.

14 SENATOR WAMPLER: The peak time is
15 October?

16 SENATOR PUCKETT: October is a big month
17 and we open and we built things out on the dam and we have
18 people from all over come there. There are four weekends that
19 you can ride the white water rapids. At particular times we
20 reach out to more than just regional people but predominantly
21 it's a regional park and there's cooperation between everyone.
22 It's changed a lot and we're very proud of it. We wish more
23 people would come and it's a beautiful facility.

24 SENATOR WAMPLER: Any further questions?
25 Do you want to put it back in the block or keep it out? Are

1 there any other questions or other matters concerning the
2 block?

3 SENATOR REYNOLDS: Will we have an
4 opportunity to comment on it?

5 SENATOR WAMPLER: Let's proceed with the
6 block and then to the audience.

7 DELEGATE BYRON: I recommend we go
8 ahead with the block.

9 SENATOR WAMPLER: The block would
10 consist of the items, the staff's recommendations with the
11 exclusion of item 2352 to be considered by itself with items
12 2442 and 2336 have been referred to the Education
13 Committee. Now, at this point I'd ask any members of the
14 audience that wishes to be heard. Folks from the audience
15 that wish to be heard come forward and identify yourself.
16 Blessed are those who are brief.

17 MR. ROGERS: I'm Ed Rogers with the Clean
18 Energy R&D Center. I'm here primarily because the project
19 2379, the Carroll-Grayson-Galax Solid Waste Authority. With
20 the staff's recommendation I think it's logical and I'll see if
21 there's any objection to that. I would point out that because
22 it's supported by a grant if it were debt service and cash flow,
23 I'm sure that the authority is willing to accept a lesser amount
24 than the full amount requested. In addition the solid waste
25 authority offers the Tobacco Commission an equity interest if

1 the Tobacco Commission preferred to be an equity owner along
2 with the SWA, that's an option. This would allow Carroll-
3 Grayson and Galax and it's 75,000 decathermes. That
4 probably doesn't mean anything to anybody but 75,000
5 decathermes a year of natural gas and that gas is currently
6 floating off into the wind. To give you an idea of how much
7 that is or if that was used as vehicle fuel, that's the equivalent
8 of approximately 2,000 gallons of gasoline a day that are
9 essentially being put on the ground. Any questions I'll answer
10 them otherwise I'll sit down.

11 SENATOR WAMPLER: Any questions? Thank
12 you very much. Are there others that wish to be heard? If
13 there's no one else that wishes to be heard, then the matter
14 before us is that first we'll take up the block. It's been moved
15 and seconded and that is everything except 2352, 2336 and
16 2442. Any questions on what's before us?

17 SENATOR REYNOLDS: My understanding is
18 that 2434 that that's been tabled?

19 MR. PHOFL: That's offered as an option.

20 SENATOR WAMPLER: It's implied within the
21 motion, tabled items 2434. Without objection then, we'll ask
22 that the record reflect that item 2434, that that
23 recommendation from this Committee is that it be tabled. Any
24 other questions about the block? If not, all in favor of voting
25 for that block signify by saying aye. (Ayes). Opposed no. (No

1 response). The ayes have it and that block is recommended.
2 The remaining item before us is item 2352, Breaks Interstate
3 Park. That staff's recommendation is a half million dollars. Is
4 there a motion?

5 SENATOR REYNOLDS: I move that we
6 approve it.

7 SENATOR WAMPLER: Is there a second?

8 DELEGATE BYRON: Second.

9 SENATOR WAMPLER: It's been moved and
10 seconded that staff recommendation, \$500,000 to Breaks
11 State Park, project 2352 be adopted. Any further discussion?
12 All in favor signify by saying aye. (Ayes) Opposed no. (No
13 response). The ayes have it and that matter is recommended
14 to the full Commission. So the block we just reported and the
15 item of the Breaks Interstate Park and the referrals of 2442
16 and 2336 to the Education Committee completes the work of
17 the Special Projects Committee on the action items before us.

18 I'll remind everyone again that megasite
19 applications are due on 18 November. We will meet sometime
20 in December to consider those. We still have two hurdles to
21 jump through the Liberty University application. That is the
22 Executive Committee transferring the balance sufficient to
23 affirm this Committee's actions and for the Executive
24 Committee to consider that. Our next Committee meeting will
25 be January 10th. We may have to have a December meeting.

1 Some of us might not be there. The Chair is going to invoke a
2 quick moment of prerogative. This is a work in progress and if
3 anyone has a comment they want to share with me or share it
4 later, call me, write me, email me, smoke signal or whatever
5 form of communications you wish. If there's a better way to
6 improve the application process, let us know. Sometimes the
7 staff might not hear it the same way a Commission member
8 might and I say that respectfully. If you can think of a better
9 way for us to try to go through this process let us know or feel
10 free to contact me. It's a work in progress and I'm sure
11 everyone would appreciate it.

12 Is there any public comment, anyone wish to
13 be heard on any matter? Anyone from the public wish to
14 comment? Hearing none than I'll turn it over to Neal.

15 MR. NOYES: For the Commission members,
16 there's a meeting after this meeting. Please sign your travel
17 vouchers.

18 SENATOR WAMPLER: All right, if there's no
19 further comments we'll be adjourned.

20

21 PROCEEDINGS CONCLUDED

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