

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

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

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8                   **Special Projects Committee Meeting**

9                   Wednesday, September 26, 2012

10                  2:30 o'clock p.m.

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14                  Wytheville Meeting Center  
15                  Wytheville, Virginia

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1     APPEARANCES:

2     The Honorable Daniel W. Marshall, III, Chairman

3     Ms. Connie Greene Nyholm, Vice Chairman

4     Mr. Kenny F. Barnard

5     The Honorable Kathy J. Byron

6     Mr. John R. Cannon

7     The Honorable Charles W. Carrico, Sr.

8     Ms. Mary Rae Carter, Deputy Secretary

9         Department of Commerce and Trade

10    The Honorable Terry G. Kilgore

11    Ms. Sandra F. Moss

12    Dr. David Redwine, DVM

13    Ms. Beth D. Rhinehart

14    The Honorable Ralph K. Smith

15    Mr. Robert Spiers

16    Mr. Gary D. Walker

17

18    COMMISSION STAFF:

19    Mr. Neal Noyes, Executive Director

20    Mr. Ned Stephenson, Deputy Executive Director

21    Mr. Timothy J. Pfohl, Grants Program Director

22    Ms. Stephanie S. Kim, Director of Finance

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

24

25

1 September 26, 2012

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DELEGATE MARSHALL: I'll call the meeting of the  
4 Special Projects Committee of the Virginia Tobacco Commission  
5 to order and ask Neal if you would please call the roll.

6

MR. NOYES: Mr. Barnard.

7

MR. BARNARD: Here.

8

MR. NOYES: Delegate Byron.

9

DELEGATE BYRON: Here.

10

MR. NOYES: Mr. Cannon.

11

MR. CANNON: Here.

12

MR. NOYES: Senator Carrico.

13

SENATOR CARRICO: Here.

14

MR. NOYES: Deputy Secretary Carter.

15

DEPUTY SECRETARY CARTER: Here.

16

MR. NOYES: Delegate Marshall.

17

DELEGATE MARSHALL: Here.

18

MR. NOYES: Ms. Moss.

19

MS. MOSS: Here.

20

MR. NOYES: Ms. Nyholm.

21

MS. NYHOLM: Here.

22

MR. NOYES: Dr. Redwine.

23

DR. REDWINE: Here.

24

MR. NOYES: Ms. Rhinehart.

25

MS. RHINEHART: Here.

1 MR. NOYES: Senator Smith.

2 SENATOR SMITH: Here.

3 MR. NOYES: Mr. Spiers.

4 MR. SPIERS: Here.

5 MR. NOYES: Mr. Walker.

6 MR. WALKER: Here.

7 MR. NOYES: Mr. Chairman, we have a quorum.

8 DELEGATE MARSHALL: The minutes of 6-19-12 are  
9 on the website. Do I hear a motion? It's moved and seconded  
10 that the minutes be approved. All in favor, say aye. (Ayes).  
11 Opposed? (No response). The minutes are approved.

12 All right, Ned, if you'd lead us through.

13 MR. STEPHENSON: Mr. Chairman, I think that's in  
14 place for the Executive Committee later on.

15 DELEGATE MARSHALL: All right, I had to drive today.  
16 Then let's go to the grant requests. Mr. Tim Pfohl, can you walk  
17 us through the requests?

18 MR. PFOHL: Yes, sir. We have 18 requests, Special  
19 Project requests for the Fiscal Year 2013 cycle. That includes 11  
20 health care proposals that were submitted in response to your  
21 committee's conversations about serving health care projects and  
22 addressing cancer research and telemedicine in the Tobacco  
23 Region, as well as seven other proposals that fall under Economic  
24 Development. That's traditionally been the purview of the  
25 Special Projects Program to assist in regional participation

1 projects.

2 The staff has posted a recommendation. You should  
3 have received those by email a few days ago or about a week  
4 ago.

5 We're recommending funding primarily for health care  
6 proposals that you see in the spreadsheet. Sarah is holding up  
7 the spreadsheets, and it's on the screen.

8 We're recommending funding for one of the Economic  
9 Development proposals. We're referring two Economic  
10 Development proposals over the Education Committee, which will  
11 have the competitive education grant cycle in the spring. We are  
12 recommending the full use of the balance of \$12,584,113 that's  
13 available to your Committee today.

14 Mr. Chairman, I'll be happy to walk through these and  
15 describe them to the extent that you'd like them here.

16 DELEGATE MARSHALL: Let's walk through them.

17 MR. PFOHL: The first proposal you received by email  
18 in your packet, and just for the benefit of the audience, the  
19 Committee members received copies of all the proposals when  
20 submitted. The first one listed Averett University, and that's  
21 been withdrawn. Averett University has agreed to withdraw its  
22 proposal and resubmit it to the Education Committee. And we  
23 thank them for their efforts on that.

24 I guess since we have Liberty at the top of our list  
25 here on the spreadsheet, let's jump over to page 4 of the staff

1 report. This is the anticipated follow-on proposal to the  
2 construction of the Liberty Center for Medical and Health  
3 Sciences that your Committee funded last year. That was a  
4 \$12 million grant with the understanding Liberty would be back  
5 this year for equipment to operate the building, which would  
6 include their Osteopathic Medicine and also a number of health  
7 care programs under that School of Health Science. They're also  
8 proposing they would build an on-site clinic as part of the  
9 project.

10 The staff notes that this is a combined investment of  
11 over \$20 million and one of the largest in the Commission's  
12 history, and it's one of the largest most multi-faceted returns on  
13 investment when you combine education and employment  
14 opportunities for Tobacco Region students and in the health care  
15 career path and enhanced medical treatment for the Tobacco  
16 Region residents. This addresses the shortage of health care  
17 trained professionals and impacts the educational achievement,  
18 employment, and income statistics for the Tobacco Region.

19 Liberty is committed to provide not only the required  
20 matching funds, as a footnote, all of the health care proposals as  
21 your Committee sets policies are required to provide a dollar-for-  
22 dollar match, and that's not the case with Economic Development  
23 projects. Liberty is committed to the ongoing operational costs  
24 and tuition discounts for Tobacco Region residents. The staff is  
25 recommending the entire award of \$8,500,000.

1 DELEGATE MARSHALL: Do any members of the  
2 Committee have a question or comment? This is part two of  
3 what we did last year.

4 DELEGATE BYRON: I'd like to recognize Dr. Martin,  
5 who is in the room, and he is the dean of the school. Liberty is  
6 very aggressively going forward with this. They've already  
7 worked through some of their initial accreditation issues and  
8 they're getting good results from that. Dr. Martin is here if  
9 anyone has any questions for him.

10 DELEGATE MARSHALL: Does anyone have any  
11 questions for Dr. Martin? We'll be happy to hear what you have  
12 to say, Dr. Martin.

13 DR. MARTIN: Thank you very much. And it's an  
14 honor to be here and to work with the Commission. I just want  
15 to let you know we're committed to doing this and improving  
16 access to health care in Virginia, as well as improve the social  
17 and economic factors that's related to the area, where actually  
18 directly we're committed to the Tobacco area. Thank you very  
19 much.

20 DELEGATE MARSHALL: Has a date for a  
21 groundbreaking been set yet?

22 DELEGATE BYRON: We're hoping the Governor will be  
23 there, and I know he's been invited.

24 DELEGATE MARSHALL: Any questions for Dr. Martin?  
25 All right, thank you.

1 MR. PFOHL: Mr. Chairman, I know the Committee's  
2 budget this year was constructed to assist in this project, as well  
3 as funding the other projects you have in front of you. So let's  
4 move back to page 2 and we'll go through the rest of the health  
5 care proposals.

6 The first one is Brain Injury Services of Southwest  
7 Virginia, has a request of \$136,000 for their project, which would  
8 expand two pilot programs and have been offered to bring injury  
9 survivors. There's a telecommunications or community living  
10 connection and life skills training. These are internet-based  
11 services that connects a group of brain injury survivors in three-  
12 hour sessions two times per week for highly interactive social and  
13 rehabilitative networking. This was previously funded through  
14 other grant sources. That was operated from regional offices in  
15 Abingdon, Wytheville, and Norton for the benefit of brain injury  
16 survivors. This proposal would expand that into southern  
17 Virginia.

18 I would point out that the telemedicine entre as it  
19 came through is open to interpretation, and this is a web-based  
20 system for counseling, and to use their words, rehabilitative  
21 networking and life skills and social behavior rather than having a  
22 telemedicine diagnosis and treatment. It offers relatively lower  
23 numbers of net new Tobacco Region residents served and  
24 appears to focus more so on seeking Tobacco Commission funds  
25 for staffing, legal, IT research and database design to prepare

1 the programs for licensing beyond the Tobacco Region as a  
2 means of generating sustainable funding for the organization.  
3 Staff doesn't feel that was a priority for Commission funding, and  
4 the staff is recommending no award.

5 DELEGATE MARSHALL: Any questions from the  
6 Committee? All right.

7 MR. PFOHL: The next is Community Memorial  
8 Healthcenter, the Radiation Therapy Center Project, requesting  
9 \$1 million. This is Project 2579. They're seeking \$1 million to  
10 fund the construction of a \$5 million radiation therapy facility in  
11 South Hill, I should say under construction in South Hill. It  
12 serves Mecklenburg County, as well as surrounding counties.

13 Currently, patients of CMH and residents in this area  
14 have to drive an hour-plus up to Richmond and spend an entire  
15 day up there for chemotherapy and radiation treatment and then  
16 drive back that night. And that happens on a daily basis for their  
17 treatment or for the length of their treatment. This would allow  
18 them to be treated at this new facility in South Hill.

19 It's being built and operated in conjunction with the  
20 VCU Health System, and that is a joint venture with these  
21 organizations contributing 50 percent to build and operate the  
22 facility, as well as providing an opportunity to expand the Massey  
23 Cancer Center clinical trials in southern Virginia. It's been  
24 granted a Certificate of Public Need by the Commonwealth.  
25 Ground has already been broken.

1           This is somewhat of an opportunity-cost situation,  
2 both for the hospital, as well as the Commission. Clearly, the  
3 hospital has committed funding for this project. CMH has  
4 identified \$19 million of capital expense needs, and a majority of  
5 that \$19 million of construction would be improvement of  
6 facilities like surgical suites and laboratories that are not going to  
7 be a funding priority for us for cancer research and telemed. If  
8 the Commission chooses to assess this cancer treatment and  
9 research project, it will allow CMH to ship some of their other  
10 commitments or pledges to capital expenses that are not a  
11 funding priority for us. This is an opportunity for the Commission  
12 because this could be viewed as an investment for hospital  
13 expansion and equipment purposes.

14           The staff would point out in this case that the  
15 partnership with Massey Cancer Center entails not only treatment  
16 for those patients, but will allow the expansion of the Massey  
17 clinical trials. CMH estimates they treat more than 120 patients  
18 and 3,000 treatments for folks in the service area in the first  
19 year, and rising to 5,750 treatments for 230 patients in year  
20 three. It also has the additional attribute of creating six new  
21 high paying jobs averaging \$78,000 annually.

22           Since construction is underway, the staff is suggesting  
23 that our attention should be focused on the equipment that will  
24 be installed at the end of the construction period later this year.  
25 The staff is recommending an award of \$500,000 for equipment.

1 DELEGATE MARSHALL: Any questions?

2 MR. PFOHL: We've already talked about Liberty  
3 University.

4 Next is Mid-Atlantic Broadband Cooperative, Number  
5 2589, the Genomic Sequencing Center. MBC has partnered with  
6 the Chan Soon-Shiong Institute for Advanced Health to create a  
7 Cancer Knowledge Action Network. Genomic Sequencing can  
8 show the nature of a disease, such as cancer, at the molecular  
9 level. This is getting way over my pay grade here and way over  
10 anything that I'd be knowledgeable about, so bear with me.

11 The facility can be operational located in Danville  
12 adjacent to and relying on the Supercomputer that was funded  
13 by the Commission previously. I think Tad has a video.

14 DELEGATE MARSHALL: We're going to show that later  
15 on to the full Commission. Just explain to us, Tad, from 30,000  
16 feet how this is going to work. Maybe we'll ask you questions.

17 MR. DERISO: Thank you, Mr. Chairman. This is over  
18 my head, too, but it is primarily changing the way that health  
19 care and cancer treatment is delivered. We have partnered with  
20 a West Coast foundation that has a billion dollars of assets, is  
21 looking to and is doing treatment of cancer and identification of  
22 cancers at the molecular level. Because we can't show the video  
23 now, this is a way to treat these. For instance, there are 200  
24 different types of liver cancer.

25 The traditional method is you have the cancer and the

1 oncologist identifies it with chemo and then sees what happens,  
2 and eventually that patient has issues. What we've been able to  
3 do with this foundation is get to the molecular level through this  
4 genetic sequencing, identify the patient's individual DNA  
5 makeup that has caused that mutation, and they did this test on  
6 some cancer patients, and they found that with some cancers,  
7 but when getting down to the genetic profiling, that analysis  
8 found that a better medication is more effective to treat that  
9 individual molecular disease. So they've prescribed a different  
10 medication approved by the FDA, and within six months, that  
11 patient had complete remission. And it's just a new way of  
12 treating cancer.

13           The reason we're involved as a broadband company  
14 is, this foundation is a medical research organization which deals  
15 with matching funds. Because of your investments over the  
16 years, MBC can build this fiberoptic network in southern Virginia  
17 where we're connected to every single hospital and health care  
18 facilities in the footprint, as well as your investment several years  
19 ago in getting the Supercomputer. And that's in Danville,  
20 Virginia. Those two investments, along with the Tobacco  
21 Commission's ability to provide matching funds has enabled this  
22 project to happen.

23           A long story short, this is a \$27 million project that  
24 will create ten jobs, two as the door is open, and those ten jobs,  
25 the average salary about \$95,000 a year up to 15 or 16 jobs

1 over three years.

2 The reason that that is important, this is an operations  
3 facility, so when you're an oncologist, whether you're in  
4 Southside Virginia or Boston, New York, or California, you can  
5 use this device and you use this, and I can't say a whole lot  
6 about these things now, but October 3<sup>rd</sup> will be an  
7 announcement. What I'm saying is all that technology and all  
8 those things that can be done leading to getting that genetic  
9 profile, that will be able to done in Danville, Virginia.

10 It's like a requesting diagnostics where you have local  
11 doctors and oncologist folks around the country coming into  
12 Danville, and the network is tied into a nationwide network, using  
13 the Supercomputer in Danville, which is extremely important  
14 when you get into this level of data. As part of this project, there  
15 are also going to, they're going to take 100 patients in southern  
16 Virginia that already have existing oncologists, already have  
17 some kind of cancer, and put them in a case trial or case study.  
18 Because it is medical research, it'll be part of this project.

19 The deal from our perspective is that if MBC would  
20 own the equipment, the nonprofit foundation, operational costs  
21 like salaries, a lot of the additional costs are included. We do  
22 have a spreadsheet detailing a lot of the details and costs. We  
23 will re-invest so we will be receiving revenues from the institute  
24 to carry this massive amount of data from Danville back into  
25 Nationwide Network. As that continues to grow, we're going to

1 use those funds and re-invest them back into our mission, which  
2 is enabling Broadband employment in southern Virginia with our  
3 continuing economic development efforts.

4 MR. NOYES: This foundation currently operates in  
5 Phoenix and two or three other locations. The foundation owns  
6 the national land grant, major research universities across the  
7 country. This is the final year that we have a, the Commission's  
8 full Board has agreed to set aside an amount of money for  
9 technology purposes. This is going to be heard again in  
10 Economic Development, in the Southside Economic Development  
11 Committee later on.

12 This foundation owns 35 federal research portfolio  
13 companies. Data center opportunities and having these other  
14 small companies support as sort of a supply chain, the  
15 foundation's own supply chain moved in. The foundation wants  
16 an East Coast presence. They selected us because of our  
17 existing investments and because of this Supercomputer and  
18 high capacity broadband. They selected Danville, Virginia as the  
19 place to do this, this build-out, and what we've done for the last  
20 several years.

21 DELEGATE BYRON: I just wanted to add on to some  
22 of those comments Neal already said. I had an opportunity to  
23 meet with and I'm really excited about this project. Just thinking  
24 about going beyond the potential clients and treatment and all  
25 the things that relate to cancer treatment that's going to offer.

1           Economically, it has the potential to do something  
2 tremendous not only for Danville, but for Virginia as a whole  
3 because of the fact that the national recognition, just the  
4 presence of it there, the attraction from all the universities, and  
5 we've already connected Massey Cancer Center through initial  
6 conversations and then UVA and others that the whole  
7 foundation and partnership with the major universities across the  
8 nation and oncologists. They have really some exciting  
9 information that's going to be furthered. This is just a  
10 tremendous opportunity for Southside and the Tobacco  
11 Commission as part of it.

12           DELEGATE MARSHALL: Does anyone have anything  
13 they want to add? What we'll do if we have time we can go  
14 ahead and show it today, but let's move ahead.

15           MR. PFOHL: The next one is the Town of Nickelsville  
16 Community Multi-Use Medical Facility Phase II, Number 2376,  
17 requesting \$430,000. This was submitted to the Southwest  
18 Economic Development Committee more than a year ago, and it  
19 was tabled, and then referred over to the Special Projects  
20 Committee after we updated our strategic plan and identified  
21 your committee as the venue that was hearing health care  
22 proposals. The Commission has a previous investment for a total  
23 of \$270,000 in this project. It's very well leveraged with  
24 \$700,000 community block grant for a community development.

25           This was bid in two parts, one completely built out

1 space which will include a pharmacy and dental suite and  
2 occupational therapy, physical and mental health counseling and  
3 wellness center. A second aspect of the bid was complete the  
4 build-out of the dental space, but that could be left roughed-in.

5 The focus of the request is to complete the dental  
6 space and dental equipment specifically. The bids were open in  
7 early September at \$218,000 to complete the medical space, and  
8 \$367,000 to fully build out the facility with medical and dental  
9 suites. This committee must determine if a project that seeks  
10 more than 600,000 from the Commission but does not meet the  
11 Committee's stated health care focus of cancer research and  
12 telemedicine is a worthy investment.

13 This project raises the issue of how many additional  
14 community clinics might approach the Commission for funding.  
15 When the Committee met earlier and talked about health care  
16 projects, you indicated that, and you said when you met, you  
17 may revisit the eligibility of community clinics a year from now.  
18 This project has already been delayed a year by the planning  
19 process and referral to this Committee. We had a known funding  
20 shortfall and if the project is delayed another year, it could  
21 jeopardize the Department of Housing and Community  
22 Development grant.

23 This is well matched, as we pointed out, by  
24 established regional health care provider Clinch River Health  
25 Services. The number of patients to be served was fairly

1 significant. We estimate a number of patients to be served as  
2 significant, 733. And based on the CDBG grant, we're suggesting  
3 that they reach out to the Virginia Health Care Foundation, who  
4 you heard from and who provides operational support and  
5 funding of this nature and serving the medically underinsured.  
6 They've already made that outreach and received positive  
7 feedback from the Health Care Foundation.

8 The staff therefore recommends an award of  
9 \$305,337 with the condition that the applicant apply for VHCF  
10 support.

11 DELEGATE MARSHALL; Any questions? Next?

12 MR. PFOHL: The Tri-Area Community Health  
13 Telehealth Expansion Project, Number 2582, requesting \$33,819.  
14 This is a federally-funded Community Health Center that has  
15 served Southwest and southern Virginia for more than 30 years.  
16 This operates primarily up around the Blue Ridge, and they have  
17 also a place in Floyd County and Ferrum. They've been affiliated  
18 with the UVA Telemedicine Program for the past eight years.  
19 They are seeking updated telemedicine center equipment.

20 The UVA Telemedicine Program provides access to 24  
21 separate specialties, and they have a sliding fee scale that allows  
22 access for our indigent patients. You can add telepsychiatry  
23 services to that. They're looking to update their telemedicine  
24 equipment at the Laurel Fork Clinic more compatible with UVA.  
25 They're going to install new telemedicine equipment at the Floyd

1 and Ferrum sites. They're also going to plan to install video  
2 conferencing equipment at the two conference rooms at the  
3 corporate office in Laurel Fork.

4 The staff is supportive of serving patients in remote  
5 communities and a partnership with UVA Office of Telemedicine.

6 We are also suggesting that the additional video  
7 conferencing equipment requested for the corporate offices will  
8 primarily be used for education programs and appears to be a  
9 lesser priority than requested equipment that enables medical  
10 diagnostics and treatment.

11 The staff recommends an award of \$19,782 for retina  
12 camera and telemedicine equipment at the Floyd and Ferrum  
13 sites.

14 DELEGATE MARSHALL: Does anyone have any  
15 questions? All right, next.

16 MR. PFOHL: University of Virginia Cancer Center  
17 Without Walls is the first of two proposals that's in response to  
18 the General Assembly's update to our mission. This is to  
19 increase access for the citizens of the Tobacco Region to the  
20 advances in cancer care, including clinical research, that are only  
21 available at National Cancer-designated Cancer Centers, such as  
22 the University of Virginia Cancer Center.

23 The two universities are UVA and VCU. There are two  
24 primary aims in the UVA program and including a number of  
25 elements including screens for breast and cervical cancer, clinical

1 trials, and programs to assess cancer risks. Establishing a  
2 clinical research navigator team to enhance access to clinical  
3 research and advanced cancer. Develop and implement clinical  
4 trials that specifically address needs of the residents of the  
5 Tobacco Region. Train personnel and develop infrastructure and  
6 tools so those people can participate in clinical research. The  
7 majority of the funding seeks money for personnel and  
8 contractual services.

9 A majority of the positions would be located in  
10 Charlottesville. A majority of the requested Commission funds  
11 will for personnel be used for some positions created in the  
12 Tobacco Region, and there'll be a half dozen full and part-time  
13 positions created in the Region for two years. The proposal  
14 estimates that 570 Tobacco Region residents will receive  
15 treatment, screening, patient navigation and other services, and  
16 more than 30 Tobacco Region health professionals will be trained  
17 in clinical research protocols.

18 The staff recommends an award of \$964,390.

19 DELEGATE MARSHALL: Any questions? All right.

20 Next.

21 MR. PFOHL: The second proposal from the University  
22 of Virginia, Southwest Home Telehealth and Care Coordination  
23 for Chronic Disease Management, Number 2364. There's a  
24 \$350,000 request.

25 Specifically, this proposal will establish two satellite

1 patient monitoring centers in the Tobacco Region, one in  
2 Southside and one in Southwest. They would be linked to and  
3 overseen by a primary center at UVA. They would see up to 500  
4 patients with chronic illnesses in the Tobacco Region with home  
5 health monitoring, which would help be developed by the  
6 Veterans Health Administration in a program they've been  
7 operating for a decade.

8 If you're released from the hospital in a certain  
9 amount of time, you'd have some of this equipment in your home  
10 that would be monitored daily and also alerts to patient  
11 monitoring centers. This was referred over to your Committee,  
12 and this was revised substantially, and the amount requested  
13 was reduced substantially primarily and it was reduced because  
14 of a significant amendment.

15 Commission funds will be used to establish that  
16 second patient monitoring center and staffed with registered  
17 nurses. Certified health care providers will assist staff and  
18 patients with installing equipment and training them and getting  
19 it hooked up and instruction on how to use the equipment and so  
20 forth.

21 We should point out the project would be  
22 implemented by UVA's private partner, Broad Axe Technologies,  
23 and their principals are present here today. I think the record  
24 should reflect there's a private partner that's involved in this.  
25 Ultimately, the project will be expanded with additional centers in

1 the future, and this could impact 2,000 Tobacco Region residents  
2 annually by using available technology to reduce hospital  
3 readmissions, time lost from work, and serious injury or death  
4 from chronic diseases.

5 Staff is recommending an award of \$350,000.

6 DELEGATE MARSHALL: Are there any questions?

7 UNIDENTIFIED: Mr. Chairman, with all due respect to  
8 the applicant, just a point of clarification. How many would there  
9 be providers in the partnership or how many partnerships would  
10 there be?

11 MR. CATELL-GORDON: My name is David Catell-  
12 Gordon, and I'm the director of the Office of Telemedicine at the  
13 University. I appreciate the opportunity to be able to talk to you  
14 about this proposal. I also appreciate the Commission's decision  
15 in improving access to health care. Access to this health care in  
16 our region is vitally important. We're also not accepting that  
17 changes are --

18 DELEGATE MARSHALL: What is your question?

19 MR. CATELL-GORDON: Patient monitoring is going to  
20 be a critical concern. I'm with my partner here, Kirby Ferrell,  
21 who can speak to the monitoring and the partnership.

22 DELEGATE MARSHALL: Hopefully we can answer your  
23 question. We have a question from one of our Committee  
24 members.

25 MR. FERRELL: What partnerships we were thinking

1 working with?

2 MS. RHINEHART: Mr. Chairman, how does the  
3 partnership work with the local provider so the follow-up is based  
4 in the community where the people live or the patients live?

5 MR. FERRELL: When you provide the monitoring  
6 services, you do it in conjunction with the primary care provider.  
7 So when a patient needs to be referred back to the primary care  
8 provider or back to the local hospital, that's your question, that  
9 is, in fact, what we would do. We'd be referring them back to  
10 their current provider or whatever their primary care or specialist  
11 that is responsible for them is recommended. The center that  
12 provides the care and coordination, the center does not make  
13 recommendations as to whoever the primary care provider is.

14 DELEGATE MARSHALL: Any other questions?

15 DELEGATE BYRON: If the primary care provider, or  
16 what are you doing now for this Telemed? Do they go back to  
17 them?

18 MR. FERRELL: What happens now, typically for the  
19 focus of this is primarily patient readmission. When you think  
20 about Medicare and their readmission rates, typically what this is  
21 used for is to keep patients who were once discharged and  
22 they're not taking very good care of themselves and are going  
23 downhill as far as taking care of themselves and they end up  
24 back in the hospital. So this is a service that's not replacing  
25 something, but it's a new care and coordination capability that

1 does not exist today and improve patient care and keep them  
2 from going back into the hospitals.

3 DELEGATE BYRON: Tim, you mentioned something  
4 about an application that came before the Southwest Committee?

5 MR. PFOHL: It was submitted to the Southwest  
6 Committee over a year ago.

7 DELEGATE BYRON: Are we doing Telemedicine now?

8 MR. PFOHL: That committee is not, no.

9 DELEGATE BYRON: Have we been approached about  
10 it?

11 MR. NOYES: Yes, we've worked with this grantee  
12 before and we've been impressed with what they've done. It was  
13 a revision to our strategic plan which occasioned the referral over  
14 to this committee.

15 DELEGATE BYRON: Are we spending funds now for  
16 this?

17 MR. PFOHL: The grant I'm talking about from 2007  
18 was never used.

19 MR. NOYES: Never executed.

20 DELEGATE MARSHALL: Anyone else have questions?

21 MR. PFOHL: The second, moving to the second  
22 project by the National Cancer Institute, Virginia Commonwealth  
23 University, Improving the Health and Productivity of the Tobacco  
24 Region Workforce, requesting \$559,004. Again, this is a UVA  
25 Cancer Center proposal and a multi-faceted request, and this

1 involves needs assessments, a comprehensive and integrated  
2 approach to address cancer disparities, has been developed by  
3 researchers at VCU Massey Cancer Center. An improvement of a  
4 literacy program to make patients aware of cancer or early  
5 cancer prevention with detection treatment and survivorship. I  
6 could read all these, but I'll just skip ahead.

7 This is a proposal that responds to the General  
8 Assembly's change in our mission. Massey has received two  
9 Commission grants today, \$3.4 million, to help expand Massey's  
10 presence in Southwest Virginia, which has been well coordinated  
11 with UVA, and they're working together so that they can track  
12 clinical trials across the area. It's been estimated more than  
13 5,900 Tobacco residents have been involved. The majority of the  
14 positions would be in Richmond, but there are some part-time  
15 positions that would be located in the Tobacco Region. And for  
16 ease of administration, Massey proposes to equally cross-share  
17 the funding of the majority of positions that are directly  
18 implemented in the proposed initiatives, regardless of the  
19 employees' location.

20 Staff is recommending an award of \$559,004.

21 DELEGATE MARSHALL: Any questions? Any questions  
22 from the Committee? All right, next.

23 MR. PFOHL: The next proposal is from the Wellmont  
24 Foundation doing business as Wellmont Health System, Level  
25 One Heart Attack Network, Number 2578, requesting \$200,000.

1 This is to continue a program that Wellmont has been doing to  
2 provide an Electrocardiogram Program for emergency  
3 responders, including ambulance operations and so forth, and  
4 serve the Southwest Virginia counties. Specifically, they're  
5 asking for funds, and they would ask for these funds to equip 11  
6 emergency medical providers in those counties with 21  
7 diagnostic-level and transmission-capable electrocardiogram  
8 machines, as well as train their approximately 125 technicians in  
9 advanced heart care.

10 These machines run about \$20,000 per machine.  
11 When patients have a heart attack, as soon as they can get them  
12 in an ambulance, well connected to appropriate machines, you  
13 can use these with wireless internet, and it's cheaper to talk to  
14 the EKG tech and then to the Heart Treatment Center and they  
15 can determine whether you're in full, mild cardio-infraction with  
16 blockage, they can take appropriate action.

17 When the muscles of the heart are blocked, it  
18 immediately starts -- For those patients that have that full  
19 blockage, a determination can be made whether there needs to  
20 be an airlift to the Heart Treatment Center, and if it doesn't  
21 communicate full blockage or heart attack, then they can be sent  
22 to the closest emergency facility or treatment center to save the  
23 cost of transportation and so forth.

24 Matched dollar for dollar, it's estimated that with use  
25 of 20,000 patients a year, over a service life of 20 years for this

1 equipment, they think on an annual basis that will identify 1,800  
2 potential heart attack victims. Staff is recommending a full  
3 award of \$200,000.

4 DELEGATE MARSHALL: Any further questions? All  
5 right. Next.

6 MR. PFOHL: Now, we're moving into the Economic  
7 Development Proposals. The Special Projects Program requires  
8 financial and government participation by at least three localities  
9 for eligibility to come to Special Projects Program. We need  
10 applicants that have regional impact and we've noted current  
11 projects where localities work together and share the benefits  
12 and that has to be applied to Special Projects.

13 The first one is The Barter Foundation, and they're  
14 requesting \$3,700,000. We know that they don't strictly meet  
15 that Special Projects eligibility test specifically that have regional  
16 impact in Washington County's surrounding projects, and it is the  
17 State Theatre of Virginia and certainly enjoys a high community  
18 standing in that regard.

19 The Barter is seeking more than 90 percent of the  
20 funds available after fulfilling the multi-year commitment to  
21 Liberty University, which would effectively prevent the  
22 community from making any significant investments this year in  
23 health care and the stated priorities of cancer research and  
24 telemedicine.

25 We would also point out that the majority of the funds

1 are for a new employee residence hall, \$1.4 million to renovate  
2 and expand the current residence hall, Barter Inn, \$650,000 for  
3 A & E and renovations to the production building, and \$150,000  
4 to build new prop production space. This is a low priority as  
5 stated in the Commission Strategic Plan.

6 We point out there appears there could be other  
7 resources available including historic tax credits, the Appalachian  
8 Regional Commission, and so forth. We're suggesting that Barter  
9 seek funds from those other sources and consider approaching  
10 this Southwest Economic Development Program, where I believe  
11 previously there were four grants provided to The Barter. So the  
12 staff is recommending no award at this time.

13 DELEGATE MARSHALL: Are there any questions?

14 MR. O'QUINN: Thank you, Mr. Chairman and  
15 members of the Committee. I appreciate the opportunity to  
16 speak to you today, and I know that my colleagues and the  
17 House of Delegates know, and hopefully my former colleagues on  
18 the Tobacco Commission know, and remember that I'm not one  
19 of those people that stands out in the hall and hears myself talk,  
20 I don't talk unless I have something to say. This happens to be  
21 one of those days when I have something to say, so I would  
22 appreciate your indulgence for a second.

23 I want to do one of two things here, and one is to  
24 speak about The Barter Theatre and tell you a little bit about  
25 what they are and also a little bit about what they are not.

1           First of all, as Tim points out, they are a top tourism  
2 driver in Southwest Virginia and millions of dollars of economic  
3 impact. Folks go to The Barter Theatre, and they build the rest  
4 of their trip around that. They come from all over the United  
5 States and the world. They're also a proven entity and they  
6 aggressively market all over the world, and they raise their own  
7 money. We're in the middle of a \$8 million fundraising  
8 campaign, a capital campaign, and they're raised about 70  
9 percent of that on their own. Then they don't get a red cent of  
10 state funding.

11           They are also the State Theatre of Virginia, which is a  
12 unique and austere designation, but one that doesn't come with  
13 any dollars attached to it per se. They do recruit and entertain a  
14 number of people performers, many of which are world class,  
15 and you have to have someplace to put them. They employ over  
16 200 employees year round, and it's not a seasonal thing.

17           Frankly, they are a very successful business.  
18 They've been able to continue doing business and make money  
19 in this economy that I know that many businesses would kill for  
20 right now. What they are not is an arts organization, and  
21 sometimes The Barter gets a little muddy on that, but they are  
22 not an arts organization. Arts organizations are in small  
23 communities and they raise a few thousand dollars and produce a  
24 few shows in the community and for the community, and that's a  
25 good thing, but that's not what The Barter Theatre is about.

1 They're not the same for all the reasons I've enumerated  
2 already. In a private business with your own personal financing  
3 or roles in governmental entities. We've all made risky bets  
4 along the way, and it's bound to happen sooner or later. We've  
5 all been caught up in all these various roles and different  
6 initiatives that we hope will pay off. This is not an odd and  
7 different tourism initiative, this is not a risky bet. As a matter of  
8 fact, if Barter Theatre were a public entity, I say this in all  
9 sincerity, if they were a public company, I'd buy as many shares  
10 as I could get my hands on for two reasons. Number one, will  
11 never, ever lose its value, only go up. Number two, it would pay  
12 great dividends.

13 With all that being said, I certainly appreciate  
14 your time, your indulgence, and would appreciate your  
15 consideration, if not reconsideration. Thank you.

16 DELEGATE MARSHALL: Any questions from the  
17 Committee? You realize if we take it and give it to you, we have  
18 to take it from someone else. Let's do like we do in the  
19 Appropriations Committee. Who are you going to take it from?

20 MR. O'QUINN: I'm not on the Appropriations  
21 Committee, that's an unfair question, but should I be, I'll be  
22 happy to ask you that question. Obviously, you've all read the  
23 application and you know how much has been requested.

24 Let me just say this, that any amount going  
25 forward would be a good investment and something that would

1 help and it'll help them raise their goal. Three point seven  
2 million, I understand is 90 percent of your overall allotment, and  
3 I don't think The Barter Theatre wants to take 90 percent of your  
4 overall allotment.

5 MR. NOYES: I just want to point out for the record  
6 that staff is by no means shutting the door on the relationship  
7 with The Barter. The housing piece is something that the  
8 Commission has made as a policy decision, and it is a low  
9 priority. There appears to be opportunities for the staff to work  
10 with The Barter Theatre and other organizations to meet some of  
11 the requested requirements going forward.

12 DELEGATE MARSHALL: Any other comments?

13 MR. SMITH: Mr. Chairman, my name is Steve Smith,  
14 I'm president and CEO of what's known as Food City in our neck  
15 of the woods in Southwest Virginia, and I'll be very brief. I have  
16 an opportunity to serve as co-chairman of the fundraising  
17 committee for The Barter Theatre and The Barter Capital  
18 Campaign, along with Mike Quilley.

19 The reason Mike and I started on this campaign, quite  
20 frankly, is because we love Southwest Virginia and we have a  
21 deep appreciation for what it takes to run an organization like  
22 ours and like Alpha. We're trying to recruit the best and  
23 brightest people and try to bring them to Southwest Virginia.  
24 With an organization like The Barter, we're very fortunate.

25 Barter stands on its own operational-wise, but

1 eventually you have to help by doing a capital campaign to be  
2 able to improve the infrastructure and continue to bring actors  
3 and the shows and what it takes to go forward. I would just tell  
4 you that before Mike and I agreed to do this, we looked at the  
5 numbers, because we don't want to be associated with an  
6 organization that couldn't stand on their own. As Israel said,  
7 once we looked at it, we felt very strongly, very passionately that  
8 this was the right cause.

9           Hopefully, we can look back to the Commission and  
10 get some support. I wouldn't believe what I'd seen until I took  
11 the tour. Once I took the tour, I signed on. It's the right thing  
12 to do for the southwest part of the state and it's the right thing  
13 to do to continue to bring business and jobs and the best and  
14 brightest people to this part of the state. I think that's what we  
15 need to look for and continue to do. Thank you.

16           DELEGATE MARSHALL: Anyone else?

17           MR. ROSE: Just to bring a couple of things to your  
18 attention very quickly. We have looked into the historic tax  
19 credits and at every turn found this wouldn't be possible as an  
20 alternative funding source for us. This was not an alternative for  
21 many.

22           Also, in conjunction with ARC, and we found ARC is  
23 not particularly interested in this project given our location and  
24 some other reasons surrounding that. I beg of you not to look at  
25 housing when you say housing. For us, housing is equivalent as

1 office space. It's part of our employment model both in terms for  
2 local employees and also in terms of bringing in employees.  
3 Without the housing portion, we can no longer manage the  
4 capacity or continue to grow as we have grown.

5 Let me share one other thing regarding economic  
6 impact. This is from a study from Young Strategies out in North  
7 Carolina that was completed in August of this year. Barter was  
8 the number one tourist attraction and as to why tourists visited  
9 Abingdon. Over the past 20 years, The Barter growth and  
10 attendance has spurred lodging, which was increased by 60  
11 percent the number of lodging rooms, having been increased 60  
12 percent, and that's directly related to the year-round attendance  
13 at The Barter Theatre. Barter lodging, over the last three years,  
14 2009 to 2011, are record attendance years at Barter Theatre and  
15 has over-performed the national average of occupancy, up 12.4  
16 percent for the period, and the national average was 10 percent.

17 The Abingdon lodging occupancy was consistently at  
18 or above the critical 60 percent mark, in researching travelers  
19 who are coming to Barter Theatre making up over 60 percent of  
20 that occupancy. The Town of Abingdon's largest single income  
21 sources, the rooms and meal taxes. Since Barter has changed  
22 from performing stock to performing a repertoire, the average  
23 attendance for tourists in Abingdon an average of one day to 2.4  
24 days. The average visitor that stays overnight spends \$789.76.  
25 The average day trip visitor spends \$206.38 in Abingdon and in

1 the region. Visitation in Abingdon is 68 percent return and  
2 Barter's visitation is 70 percent. Tourism in Abingdon, each and  
3 every resident, \$350 per year in real estate taxes.

4 So I think we can prove that history of the economic  
5 impact on the Town of Abingdon is a force in the Region, not only  
6 for tourism, but also for recruiting for businesses relocating to  
7 Washington County. Thank you.

8 DELEGATE MARSHALL: Any questions?

9 MR. ROSE: I just know that looking into this and what  
10 it is creating for the Region and Southwest, I know that funding  
11 is needed, and I hope we can do what we can. There's no doubt  
12 that the statistics they have, that Barter actually creates jobs in  
13 Southwest Virginia. I think that in the future going forward and  
14 to get help from the Tobacco Commission that we in Southwest  
15 just have to do more to try to move forward.

16 DELEGATE MARSHALL: Any more questions? All  
17 right, let's go ahead.

18 Mr. PFOHL: The next proposal on page 16 is The  
19 Corporation for Jefferson's Poplar Forest, Building Infrastructure  
20 to Support Tourism Growth at Thomas Jefferson's Poplar Forest,  
21 Number 2576, and the request is for \$753,960. Primarily for  
22 pre-construction expenses to develop a new entrance road and  
23 develop a year-round multi-use facility for events for a so-called  
24 pavilion.

25 Your Committee has previously supported Poplar

1 Forest with two grants totaling nearly a half million dollars for a  
2 property acquisition site and improvement for marketing. There  
3 are two phases to this request. The first one is \$290,000, and  
4 that would involve a survey and archaeological work, preliminary  
5 design, and so forth. The second phase, over a half million  
6 dollars, would involve construction, drawings and design,  
7 permitting, and so forth for the project. Construction is  
8 estimated at \$4.8 million for these two projects combined.

9 While the Commission has assisted in a number of  
10 projects through the design phase, at this point, that would entail  
11 taking out \$290,000 or up \$750,000 away from the health care  
12 proposal. We're suggesting you support with almost immediate  
13 benefit to Tobacco Region residents versus supporting design  
14 work for a project that is still facing a nearly \$5 million  
15 fundraising hurdle. Based on that and with some regrets, the  
16 staff recommends no award and suggests that Poplar Forest  
17 initiate the archaeological activity that's required before they can  
18 get a final site for the road and pavilion and consider re-  
19 approaching us in the future funding round.

20 DELEGATE MARSHALL: Any questions.

21 MR. PFOHL: Cumberland County Industrial  
22 Development Authority,, Construction of "Road A", access road  
23 into the Cumberland County Industrial Park, requesting  
24 \$185,600. This is the county's industrial park that has been  
25 supported somewhat from the Southside Economic Development

1 Committee and grants. They're in the Special Projects program  
2 due to the fact that Southside Economic Development allocation  
3 for Cumberland County is not anywhere close to adequate to  
4 accomplish this project. We've supported this with grants  
5 totaling \$187,000 from Southside Economic Development.

6 The Commission through a number of committees has  
7 contributed \$1.4 million towards the park's first tenant, which is  
8 under construction. The county does have prospect for a second  
9 lot in the park. We requested a contact VDOT to determine if the  
10 project is eligible for industrial road funds, and that appears to be  
11 the case. However, those funds require repayment in full job  
12 and investments within five years. That places an additional  
13 financial obligation on the County that has a very small  
14 commercial and industrial base and an above-average fiscal  
15 stress according to the Commission on Local Governments.

16 The staff is recommending an award of \$185,600  
17 contingent on the County seeking the available Southside  
18 Economic Development allocation to complete the project. The  
19 County has signaled to us they intend to do that.

20 DELEGATE MARSHALL: Any questions?

21 MR. PFOHL: Danville Community College. We're  
22 suggesting that they refer to Education, requesting 90 percent.  
23 The project appears to go well with advanced manufacturing.  
24 There'll be a competitive round in the spring, needs to be  
25 leveraged a little more.

1 Little League Baseball, Incorporated, Regional Indoor  
2 Diamond Facility, requesting \$270,000, to put up a ClearSpan  
3 Fabric Structure, which would have a third softball infield with  
4 turf inside the building. The applicants are suggesting this would  
5 be a regional tourist attraction. The staff feels that this use  
6 should be by local leagues. This is a low priority for Commission  
7 funding. It would generate additional requests for ball fields and  
8 indoor sports facilities that generate no direct job creation. And  
9 the staff is recommending no award.

10 DELEGATE MARSHALL: Any questions?

11 MR. PFOHL: Southwest Virginia Cultural Heritage  
12 Foundation, Building a Crafts Economy in Southwest Virginia,  
13 requesting \$500,000. This would serve 19-county service areas.  
14 The project supports the ongoing work of 'Round the Mountain:  
15 Southwest Virginia's Artisan Network and Heartwood. They need  
16 funds to service two outreach specialists to develop additional  
17 artisan relationships.

18 The applicant seeks \$290,000 to purchase retail goods  
19 from artisans that will then be sold to Heartwood, effectively  
20 giving the applicant an unrestricted gift of \$290,000 once those  
21 products are sold. The Commission supported this organization  
22 with a million dollars of grants over the last two years for  
23 marketing and program development, and that served as a  
24 match for the ARC grant of \$500,000 and a recently announced  
25 Federal grant of \$815,000. There's a balance of over a half

1 million dollars in the reserve grant.

2 The applicant appears to have considerable grant  
3 resources to carry its operations and marketing efforts until a  
4 future Tobacco Commission cycle and eventual operational  
5 sustainability. Staff recommends no award.

6 DELEGATE MARSHALL: Any questions?

7 MR. PFOHL: The Virginia Foundation for Community  
8 College Education, a \$364,000 request. The staff recommends  
9 this be referred to the Education Committee.

10 DELEGATE MARSHALL: Any questions?

11 MR. CHRISTENSEN: I'm the Director of the Southwest  
12 Virginia Cultural Heritage Foundation, nonprofit. The reason I'm  
13 appearing and asking for this grant, we're trying to work with the  
14 Economic Development, and another is to market the whole  
15 Southwest Virginia region and our natural and cultural assets.  
16 The third is Heartwood and for sales for the artisans and farmers  
17 and business people.

18 Eighty-five cents of every dollar that we generate  
19 stays with us, and in Southwest Virginia, the farm and artisan,  
20 we've had over a million dollars in sales that has gone to 307  
21 artisans at Heartwood. The representation is not uniform  
22 throughout the region. We specialized our efforts to get seven  
23 towns that are more than 30 or 40 miles from Abingdon. We're  
24 requesting this money so that we can have an 18-month effort to  
25 get started, and we want to purchase merchandise from these

1 folks and engage in things like outdoor recreation and home  
2 décor and we had some furniture making.

3 What I'm saying is that we need to reconfigure our  
4 sales base. We don't want to look like a museum. We have a  
5 large area out front that could be used for artisans from around  
6 the Region, arts in the park, and this involves things like crafts  
7 and two-dimensional art. Thank you very much. This grant  
8 would help us show things at Heartwood and to increase sales.  
9 Thank you.

10 DELEGATE MARSHALL: Any question? What is your  
11 pleasure?

12 MS. NYHOLM: I'd like to move that we approve the  
13 following grant numbers put forth by the staff. I'd like to move  
14 that we approve the staff recommendations, Numbers 2580,  
15 2579, 2589, 2376, 2582, 2587, 2595, 2585, 2578, 2590.

16 DELEGATE MARSHALL: Is there a second? We have a  
17 motion and a second. The motion includes the referrals also.  
18 Did I have a second?

19 DELEGATE BYRON: Second. Just to clarify, the  
20 recommendation is for money and --

21 MR. NOYES: Mr. Chairman, Ms. Rhinehart indicated to  
22 me previously that you need to pull 2578 from the block without  
23 objection. It's a friendly amendment.

24 DELEGATE MARSHALL: So we're going to vote on  
25 everything except 2578.

1 MR. NOYES: Vote on that separately.

2 DELEGATE MARSHALL: So we'll pull that one from the  
3 block. Any others? All right. Does everyone understand the  
4 motion? All those in favor, say aye. (Ayes). Opposed? All right.

5 Now, we're going to accept 2578 and the staff  
6 recommendation. All those in favor, say aye. (Ayes). Opposed?

7 MS. RHINEHART: Abstain.

8 MR. NOYES: The record should show that Ms.  
9 Rhinehart abstains.

10 DELEGATE MARSHALL: Just show for the record  
11 opposition is zero.

12 MR. NOYES: And that Ms. Rhinehart abstained.

13 We have a request that's out of cycle for some  
14 Megasite funding. This was brought to the staff's attention. We  
15 consulted with our chairman. Delegate Marshall has agreed to  
16 hear it. There is a prospect that is requiring a decision by the  
17 first half of October. The necessary funds are already  
18 appropriated, and it's already in the budget. Necessary funds  
19 to meet the requirements of this prospect, that amount is  
20 \$6 million, so there's also some additional funds requested  
21 consistent with our program guidelines. I recommend this  
22 project. It came before the TROF panel earlier for some  
23 assistance.

24 Ned, have we heard from all members of the TROF  
25 panel yet?

1 MR. STEPHENSON: Not all of them.

2 MR. NOYES: I hope we'll be able to resolve that  
3 shortly. I do recommend this project. If the prospect does not  
4 execute the agreement, then no funds will be disbursed unless  
5 and until this prospect comes forward with a very substantial  
6 number of jobs, tens of million dollars of investment. I welcome  
7 a motion.

8 DELEGATE KILGORE: This will be a lot of money on  
9 one project, and I do have some concerns about this, that kind of  
10 money on one project. This is TROF dollars, and it is a  
11 substantial amount of money. I'm a little concerned about  
12 spending that kind of money.

13 MR. NOYES: This is a Megasite project, yes, it's a lot  
14 of money.

15 DELEGATE KILGORE: That's a lot of money for land.

16 DELEGATE MARSHALL: Are there any questions? Yes,  
17 would you briefly identify yourself.

18 MR. McFADYEN: Good afternoon. My name is Ken  
19 McFadyen, and I am the Regional Director of Blue Ridge  
20 Crossroads Economic Development Authority.

21 DELEGATE KILGORE: How much does the County  
22 have in this?

23 MR. McFADYEN: The County for this project, initially,  
24 this involved 167 acres and there are three localities, 5.25.  
25 There'll be additional money from the localities put into this

1 project.

2 DELEGATE KILGORE: How much?

3 MR. McFADYEN: Right now, a million, and then we'll  
4 have to curtail a portion of our bank note. We're in negotiations  
5 with the bank now, somewhere between three-and-a-half and  
6 four million dollars.

7 DELEGATE MARSHALL: Any other questions from the  
8 Committee?

9 SENATOR CARRICO: What is the general  
10 unemployment rate in that area?

11 MR. McFADYEN: Eight-and-a-half percent.

12 SENATOR CARRICO: All three localities, they're right  
13 there?

14 MR. McFADYEN: Yes.

15 SENATOR CARRICO: What's the pay rate there?

16 MR. McFADYEN: The average wage that the company  
17 has that was provided to us is \$36,800.

18 SENATOR CARRICO: Would this project have  
19 available --

20 MR. McFADYEN: -- The company visited with us  
21 yesterday and we don't have numbers, they didn't provide it in  
22 the report yet.

23 DELEGATE MARSHALL: Any other questions?

24 DEPUTY SECRETARY CARTER: This is a huge capital  
25 investment, of course, and it certainly would be a major

1 investment.

2 DELEGATE MARSHALL: Any other questions or  
3 comments?

4 MR. McFADYEN: I certainly appreciate the Committee  
5 considering this motion, thank you very much.

6 DELEGATE MARSHALL: We have a motion and a  
7 second. Any other questions?

8 SENATOR SMITH: This is \$6 million.

9 MR. NOYES: Six million dollars to be used for the  
10 property acquisition, in addition to a very substantial prospect.

11 SENATOR SMITH: I've heard that, but I have not  
12 heard the details about this request.

13 MR. NOYES: What details would you like?

14 SENATOR SMITH: You say this company is ready to  
15 make a major investment, and I understand maybe you've got  
16 that information, but I'd like to hear more details.

17 DELEGATE MARSHALL: If we recommend this, this  
18 goes to the full Board tomorrow. It may be, I would suggest that  
19 you, what you might feel like today, maybe you'd like to talk to  
20 your seat mate next door to you tomorrow.

21 All right, any other questions or thoughts?

22 DELEGATE BYRON: I think maybe for new members,  
23 the investment we make for these Megasites is a lot of discussion  
24 in general, those types of investments that we're making.  
25 Sometimes we start our discussions in a very abbreviated form

1 here. Why are we talking about it now? Other Megasites that  
2 we've already done, the type of criteria and whether it's a safe  
3 investment and creating jobs, maybe we should clarify that.  
4 People wondering the amount of dollars we're committing and  
5 then 30 seconds later, we don't have any.

6 DELEGATE MARSHALL: It's coming out of two  
7 different pots. Any other comments or thoughts? All those in  
8 favor, say aye. (Ayes). Opposed or abstain?

9 SENATOR SMITH: No.

10 DELEGATE MARSHALL: All right. The next round of  
11 Megasite application deadline, October 31.

12 MR. PFOHL: Mr. Chairman, we have one piece of  
13 other business, page 20. The William King Museum. Very  
14 quickly. Grant 921 was awarded in 2005 for the William King  
15 Museum. It was a half-million dollar grant, and there's a balance  
16 of 360-some thousand that's been extended. And there has  
17 been a number of changes to the project, the change of site, and  
18 the Committee approved the extension for relocation. As we're  
19 processing reimbursement, they sought the use of grant funds  
20 for the hiring of a fundraising consultant, and that was not part  
21 of the approval originally in the change of budget a couple of  
22 years ago.

23 William King is asking that \$100,000 of the remaining  
24 balance to be used to fulfill a contract for a fundraising consultant  
25 who is developing capital campaign for them. The staff has a

1 number of concerns that have been mentioned in our staff  
2 report, and the museum director is here to speak about that.

3 We recommend no further repurposing of the balance  
4 of Grant 921, that the unapproved expenses incurred for  
5 fundraising not be reimbursed from grant funds and that the  
6 grant be closed as of September 30, 2012, and the balance of  
7 funds be obligated after all eligible architectural and engineering  
8 expenses to date have been reimbursed.

9 MS. MILLER; I'm Marcey Miller, and I'm Executive  
10 Director of the William King Museum in Abingdon. I'd like to  
11 thank you for your decision about a year and a half ago that  
12 allowed us to redirect some funding. About a year and a half ago  
13 when we submitted our request to you for the \$445,000  
14 remaining in planning our relocation project. At that time, we  
15 were asked to delineate each and every item that we wanted  
16 reimbursed, but it's difficult when you start a project and we'd  
17 never done a relocation before, but think of every single bump in  
18 the road that would come along.

19 Mr. Converse has been hired, and we think it's vital  
20 that we get the services of him. And at this point, we cannot  
21 proceed further in our relocation project without him. He is  
22 helping us write a statement for support. He's going to take this  
23 statement along with a five-year business plan that he's helping  
24 us develop with prospective donors to get their feedback on  
25 whether or not they think this is a project that they would

1 consider making a contribution to.

2 We're at the point where we have included the  
3 architectural plan. We have a design in place. We spent  
4 approximately \$66,000 of the money you made available for us  
5 in the conceptual design. We're not ready to go forward without  
6 making sure that this would be feasible right now.

7 Mr. Converse came highly recommended by The  
8 Barter Theatre, and they used him for three other capital  
9 campaigns. I was told by some of the Barter people that without  
10 Mr. Converse the most recent capital campaign would not have  
11 moved forward. We're excited about using him and we're hoping  
12 you would consider allowing us to use, I want to make clear  
13 we're not asking for additional funds, we're just asking to submit  
14 a reimbursement of his fee. As Tim said, those were rejected.

15 DELEGATE MARSHALL: Are there any other questions  
16 of the Committee?

17 MS. MILLER: Mr. Kilgore, correct me, maybe I was  
18 misinformed, we chose Mr. Converse, but we did consider  
19 another consultant who said he'd spoken with you and you  
20 thought that the money might be in the scope of the planning  
21 project, the money for planning and design, and we've done  
22 some of that what we consider as part of the plan.

23 DELEGATE KILGORE: Jeff Mitchell.

24 DELEGATE BYRON: Any questions from the  
25 Committee? All right, thank you. We do have the staff

1 recommendation.

2 MR. NOYES: We need a decision on the staff  
3 recommendation.

4 DELEGATE MARSHALL: Do we have a motion on the  
5 staff's recommendation?

6 MR. WALKER: I move we approve that.

7 MR. CANNON: Second.

8 DELEGATE MARSHALL: Any discussion on that? All  
9 those in favor, say aye. (Ayes). Opposed? (No response).  
10 Thank you.

11 All right, the next Committee meeting will be sent out  
12 to you, and it'll be sometime later this fall. All right. Is there  
13 anything further, any public comments? All right, the meeting is  
14 adjourned.

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17 **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, Special Projects Committee Meeting**, when held on Wednesday, September 26th, 2012, at 2:30 o'clock p.m., at the Wytheville Meeting Center, Wytheville, 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 8<sup>th</sup> day of October, 2012.

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Medford W. Howard  
Registered Professional Reporter  
Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2014.