

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

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

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9 **Special Projects Committee Meeting**

10 Friday, September 12, 2014

11 10:00 A.M.

12
13 Sheraton Roanoke Hotel & Conference Center
14 Roanoke, Virginia

1 **APPEARANCES:**

2 The Honorable Daniel W. Marshall, III, Chairman

3 Mr. Kenney F. Barnard

4 The Honorable Kathy J. Byron

5 Mr. John R. Cannon

6 The Honorable Charles W. Carrico, Sr.

7 Ms. Mary Rae Carter, Special Advisor for Rural Partnership

8 Ms. Missy N. Gould

9 The Honorable Maurice Jones,

10 Secretary of Commerce & Trade (by phone)

11 Ms. Sandra F. Moss

12 Mr. Edward Owens

13 Dr. David S. Redwine, DVM

14 The Honorable Ralph K. Smith

15 Mr. Robert Spiers

16 The Honorable Gary D. Walker

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

2 COMMISSION STAFF:

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

5 Mr. Ned Stephenson – Deputy Executive Director

6 Ms. Sarah K. Capps – Grants Program Administrator,
7 Southside Virginia

8 Ms. Sara G. Williams - Grants Program Administrator,
9 Southwest Virginia

10 Ms. Stacy Richardson – Executive Assistant

11 Ms. Elizabeth Myers – Assistant Attorney General, Counsel for
12 the Commission

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1 DELEGATE MARSHALL: Good morning
2 everyone. I'm going to call the meeting of the Special Projects
3 Committee to order. I want to go around the table before we
4 get started because we have some new members and make
5 sure everybody knows everybody.

6 MS. CAPP: I'm Sarah Capps, I work the
7 Southside Economic Development.

8 MS. WILLIAMS: I'm Sara Williams, I
9 work the Southwest Economic Development.

10 MS. MOSS: I'm Sandra Moss. I'm from
11 Buckingham County.

12 SENATOR SMITH: Ralph Smith, I'm the
13 old guy, Virginia Senate Roanoke and New River Valley.

14 MR. OWENS: I'm Edward Owens, South
15 Boston, Virginia.

16 MS. CARTER: I'm Mary Rae Carter,
17 Special Advisor for Rural Partnership.

18 DR. REDWINE: I'm David Redwine from
19 Scott County, Virginia. Chairman of the Southwest Economic
20 Development Committee.

21 DELEGATE MARSHALL: Danny
22 Marshall, representative of the House and I represent the City
23 of Danville, parts of Pittsylvania and parts of Henry.

24 MR. PFOHL: I'm Tim Pfohl and I'm the
25 Grants Program Director and Interim Executive Director of the

1 Commission.

2 DELEGATE CARRICO: I'm Bill Carrico
3 and I'm late. 40th Senatorial District, senator for Southwest
4 Virginia.

5 MR. WALKER: I'm Gary Walker from
6 Charlotte County.

7 MR. CANNON: John Cannon, Halifax
8 County.

9 MS. GOULD: Missy Neff Gould, Danville,
10 Virginia.

11 MR. BERNARD: Kenney Barnard, Amelia
12 County.

13 MR. SPIERS: Robert Spiers, Dinwiddie
14 County and I'm chairing the Agribusiness Committee.

15 MR. STEPHENSON: Ned Stephenson
16 with the Tobacco Commission.

17 DELEGATE MARSHALL: Welcome to
18 everyone. Let's call the roll, Tim.

19 MR. PFOHL: Mr. Barnard?

20 MR. BARNARD: Here.

21 MR. PFOHL: Delegate Byron?

22 DELEGATE BYRON: Here.

23 MR. PFOHL: Mr. Cannon?

24 MR. CANNON: Here.

25 MR. PFOHL: Senator Carrico?

1 SENATOR CARRICO: Here.

2 MR. PFOHL: Ms. Gould?

3 MS. GOULD: Here.

4 MR. PFOHL: Secretary Jones are you
5 with us on the phone? He isn't there yet but we're expecting
6 him to join us by phone. Special Advisor Ms. Carter?

7 MS. CARTER: Here.

8 MR. PFOHL: Delegate Marshall?

9 DELEGATE MARSHALL: Here.

10 MR. PFOHL: Ms. Moss?

11 MS. MOSS: Here.

12 MR. PFOHL: Mr. Owens?

13 MR. OWENS: Here.

14 MR. PFOHL: Dr. Redwine?

15 DR. REDWINE: Here.

16 MR. PFOHL: Senator Smith?

17 SENATOR SMITH: Here.

18 MR. PFOHL: Mr. Spiers?

19 MR. SPIERS: Here.

20 MR. PFOHL: Mr. Walker?

21 MR. WALKER: Here.

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

23 DELEGATE MARSHALL: Thank you all
24 for coming. Do we have approval of the minutes that are on
25 the website? Are there any changes to the minutes? If not, I'll

1 accept a motion. All right we have a motion and a second. All
2 those in favor say aye. (Ayes.) All right, thank you. Minutes
3 are approved. We have a review of applications. Tim, if you
4 will, let's go through these briefly and then we'll talk about
5 them.

6 MR. PFOHL: To give you the overview of
7 the process here, this is Fiscal Year 15 Special Projects Grant
8 Cycle. The Commission when it adopted the FY15 budget
9 provided \$3 million for the grant cycle and we have some other
10 funds that have been carried forward from grants which we
11 were able to recapture some money. We have a little over \$3.5
12 million available today. We have eighteen requests that the
13 Commission received in July and those requests total \$12
14 million, so we have a significant challenge in front of us today
15 to focus on the most important of the eighteen requests.

16 The staff issued a 22 page staff report a
17 few days ago that has been posted on our website and
18 hopefully everyone is aware of that and aware of the
19 recommendations. You can see now the spreadsheet on the
20 screen and thank you for pulling that up for us.

21 The staff is recommending two projects in
22 the regional economic development category and separate
23 those from the healthcare projects, which you will see further
24 down in the spreadsheet. Just to give you a little bit of
25 background, since the Special Projects program was created,

1 pleasure of the Committee? We can go through all of them.

2 MR. PFOHL: Starting with the regional
3 economic development proposals, the first up is the City of
4 Bristol applicant for Hotel Bristol at Reynolds Park requesting
5 \$1 million. You can see the description of the project. As you
6 see in the staff report, we include the summary that's provided
7 by the applicant in their application and that's a description of
8 the project in the applicant's own terms and then staff
9 comments and recommendations. There has been some
10 dialog with the applicants over the last couple of days and
11 they indicated to us that they feel like staff misinterpreted
12 their request. Staff has been informed that this project or this
13 request is focused on landscaping of less than a quarter acre
14 and publicly owned green space in front of the hotel. This is a
15 hotel renovation project that's being planned in downtown
16 Bristol. The applicants are coming back and telling us no, the
17 request is focused on the hotel redevelopment itself. But staff
18 points out that ultimately this project does not follow the
19 financial governance participation of three or more localities
20 and that longstanding requirement that I just described to
21 qualify for Special Projects and therefore is ineligible for
22 funding consideration. The staff recommended no award.

23 The second project is for the Cumberland
24 IDA, Industrial Development Authority for a Project Gonzales,
25 the request is \$850,000. You're going to have to bear with me

1 for a minute on this one. Those of you on the Committee a
2 few years ago remember that funding was awarded to a project
3 at this same site in Cumberland County industrial park for a
4 poultry methane digester project and unfortunately did not
5 come to pass. That grant got started and some steel was
6 purchased for a building for that digester project and some
7 very large storage tanks were purchased for that project. The
8 steel is still sitting on the site, the propane tanks have resold
9 and money recaptured for the sale of those. So the first
10 element of request is that Cumberland County is asking that
11 the funds from the previous grant #2150 be repurposed for
12 this new prospect at the same site as the poultry digester
13 project.

14 The second piece is a request for an
15 additional \$850,000, which is this proposal to complete the
16 build out of the two buildings totaling 50,000 square feet.
17 Cumberland County is in front of you today because of a
18 decision made out of Committee several years ago that in the
19 Southside Economic Development program we had a number
20 of localities that get a very small award from the Southside
21 Economic Development money. In this case, Cumberland
22 County gets less than a third of a percent of the Southside
23 Economic Development allocation, which really doesn't allow
24 them to accomplish anything significant in terms of economic
25 development projects. So the Committee said several years

1 ago that low allocations for Southside Economic Development
2 and those localities can come to the Special Projects program
3 without meeting the three locality participation rules and
4 that's why Cumberland County is here today.

5 Staff has had much dialog over the past
6 several days with the county and we've received some revised
7 estimates of the building construction that raised the costs of
8 those two buildings. So we're suggesting that further project
9 financing from non-Commission funds are needed to complete
10 the construction of this site and prospect. The staff will
11 recommend under other business that the funds for grant
12 #2150 be authorized to allow the county to start grading that
13 site and use that steel for that project. The staff is
14 recommending that this request be tabled to allow the county
15 to pursue some other funds in addition to the Special Projects
16 funds.

17 The next proposal is from the Virginia
18 Department of Conservation and Recreation, a request for
19 \$290,000 and change for a Threatened and Endangered
20 Species Screening Tool for Virginia's Tobacco Region.
21 Currently, VCR has developed predictive mapping models for
22 twelve of the eighty threatened or endangered species that
23 have to be researched before development permits can be
24 granted by DPR. Their proposal would give the DPR staff
25 grant funded staff to complete the predicted modeling for the

1 remaining 72 or so, 68, sorry, species that have to be
2 examined. This would focus on the entire Tobacco Region and
3 this is not a statewide project at this point. They have to use
4 our funds to serve up to 180 existing Tobacco Region
5 industrial parks as well as any future business that may be
6 developed in the Tobacco Region. Admittedly, this would
7 benefit conservation generally in the Tobacco Region and
8 benefit other development sectors. The staff has viewed this
9 in terms of the ability to shorten the development review time
10 for those 180 Tobacco Region industrial parks as well as other
11 sites under consideration. Staff is recommending an award of
12 \$260,000 not including some of the agency indirect costs that
13 were included in the original proposal.

14 MS. CARTER: Can I ask questions now
15 or later?

16 DELEGATE MARSHALL: If you want to
17 ask them now. Is somebody from DCR here?

18 MS. CARTER: I need to have my memory
19 refreshed. It seems to me that, we said we wouldn't
20 supplement state agencies.

21 MR. PFOHL: That's one of the first
22 questions we asked DCR staff and they said these experts they
23 have on their staff are not state funded positions. They're not
24 coming from general appropriations. The staff is primarily
25 grant funded. Mr. Smith from DCR can address that.

1 MS. CARTER: Do we have legal counsel?

2 MR. PFOHL: Legal counsel has not yet
3 arrived.

4 MS. CARTER: I'd just like to make sure
5 that we're –

6 MR. PFOHL: Well, she is here. Ms. Liz
7 Meyers, come on up to the table. We have a seat for you.

8 MS. MEYERS: Would you mind repeating
9 the question?

10 MS. CARTER: As to the code and rules
11 or whatever it was agreed upon that Tobacco would not
12 supplement state agency positions. My question is are we
13 doing that if we grant this?

14 MS. MEYERS: I'd have to look at the
15 internal policy that you agreed upon years ago regarding
16 supplementing state agencies. I can't answer that question
17 independently right now without looking.

18 MR. PFOHL: Mr. Smith, would you come
19 up to the podium?

20 MR. SMITH: Good morning Committee
21 members. My name is Tom Smith. I'm Natural Heritage
22 Division Director with the Department of Conservation and
23 Recreation. This is one of the first questions staff asked us
24 when we started discussing the proposal with them. The
25 answer is that these funds will not in any way replace or

1 supplant general funds that come to the Department of
2 Conservation and Recreation, they will all be used to support
3 staff that are funded with non-general funds. These are folks
4 that work solely on what's called soft money grants from
5 various sources.

6 MS. CARTER: How did this project come
7 about? What's the emphasis of this project coming or where is
8 it coming from?

9 MR. SMITH: We recognized the Fish and
10 Wildlife Service, which is the entity that anyone is going to do
11 a development project and requires a review. There is an
12 online tool that one has to use and the current mapping data
13 they use for that tool requires in our belief many, many
14 individuals that have to go into consultation with the service
15 because of the way the mapping tool works.

16 We went to the Virginia Economic
17 Development Partnership to talk to them about this particular
18 project and this project will greatly reduce the area covered by
19 that mapping project. So we're going to save lots of people a
20 significant amount of time, effort and money through this. So
21 we talked to VEDP, they suggested we consider coming to this
22 source of funding. I had some conversations with Tobacco
23 Commission staff and that was the start of the project.

24 DELEGATE MARSHALL: Secretary
25 Jones, are you on the line?

1 SECRETARY JONES: (by phone) Yes.

2 DELEGATE MARSHALL: Did you hear
3 what we're talking about? We're talking about project #2942.

4 SECRETARY JONES: (by phone) I don't
5 have them by number, which one is that?

6 MR. PFOHL: Conservation and
7 Recreation Threatened and Endangered Species.

8 SECRETARY JONES: (by phone) Hold
9 on there.

10 MR. PFOHL: While he's looking, Ms.
11 Carter, yes, you're absolutely correct, the Commission.

12 SECRETARY JONES: (by phone) Is it
13 2942?

14 MR. PFOHL: Yes, sir.

15 SECRETARY JONES: (by phone) I've got
16 it. Is there a question for me?

17 DELEGATE MARSHALL: No, I thought I
18 heard you beep in and we wanted to make sure that you're
19 here. If you have a question just raise your hand.

20 SECRETARY JONES: (by phone) Thank
21 you for letting me know what's going on.

22 MR. PFOHL: A couple of quick comments
23 to frame the conversation. Ms. Carter is absolutely right, the
24 Commission general funding policies in the strategic plan say
25 Commission funds should not be used to supplant funding

1 that otherwise would come through state or local government
2 funding. In this case, the staff looked into this right away and
3 knew it was an immediate concern. We viewed this based on
4 the fact that these are soft money or grant funded positions,
5 the equivalent to going out and hiring a contractor to conduct
6 this work.

7 DELEGATE MARSHALL: Delegate Byron,
8 do you have a question?

9 DELEGATE BYRON: Yes. First of all,
10 there's no doubt with any of these things they're helpful and
11 many things are helpful and we've encountered problems and
12 a lot of issues with wetlands and some federal issues relating
13 to those. I have not once heard from anyone in the time I've
14 been on here that there's a problem that exists for businesses
15 that have come to me and said this is a concern of theirs. So
16 is this just something that would be helpful or is there an
17 actual existing problem out there that we need to be aware of?

18 MR. SMITH: Mr. Chairman and
19 Committee members, there's definitely a problem out there in
20 terms of the project having to go through this screening tool
21 with the Fish and Wildlife Service. For example, if there's a
22 location for a federal endangered species, one location and
23 then one county the service current mapping product will kick
24 you out if you're anywhere in that county or any of the
25 surrounding counties you need to start in consultation with

1 the service to document that you do not have a federal listed
2 species in your area. Because of timing for these surveys, that
3 could mean twelve months of delay and you'd have to wait for
4 the appropriate time to do the survey. There have been some
5 projects, we had cited one project in our proposal and I think
6 it may be in your staff summary where this was a significant
7 issue for one of the development projects where they ran into
8 a problem with the state listed frog species well down the road
9 and caused time delays and required litigation all of which
10 could have been avoided if this project and knowing about it
11 right from the very start of consideration.

12 MR. PFOHL: The infamous barking tree
13 frog at our Greenville megasite. I haven't witnessed it yet.

14 DELEGATE BYRON: Have you exhausted
15 all other sources of funding? I know the federal government
16 came out with funding for mapping for broadband and other
17 types of things like that. Have you exhausted all those as
18 well?

19 MR. SMITH: We feel that we have. We
20 have been working on this for a couple of years and we've
21 been searching for funds. We've gotten a commitment as you
22 can see in the proposal, the Department of Transportation has
23 committed \$60,000 of cash match towards this project and
24 that's very helpful with this project. That \$60,000 alone is not
25 enough to initiate this project and bring it anywhere close to

1 fruition.

2 SENATOR SMITH: Mr. Chairman, we all
3 know about the challenges and we are right here in the area of
4 the Roanoke Log Perch, which has cost citizens of the
5 Commonwealth and in particular the Roanoke Valley millions
6 of dollars. It took some research to discover that there was
7 such a tiny little fish and I've never seen one but they're here.
8 My concern is that in your efforts you're going out and finding
9 the next Roanoke Log Perch, which derails another cost. How
10 can you not do that?

11 MR. SMITH: Good question. When we
12 talked to the folks at the economic development partnership,
13 that was one of their initial questions and so it's an excellent
14 question and I would say that the reality of it is that this
15 project will result in the likely finding of fewer endangered
16 species out there. Without this project, if you're in a county
17 where there is no record for endangered species but there's
18 one next door to you and you apparently got a hit through the
19 Fish and Wildlife Service, they would require you throughout
20 the survey of your site and document to them if you don't have
21 that federal listed species on your project. So this project will
22 result in far fewer on the ground surveys for federal listed
23 species because the search area will go from five counties
24 down to a few hundred acres.

25 SENATOR SMITH: Can you describe how

1 this process if you started out today, does someone have to
2 survey every inch?

3 MR. SMITH: No, the way the process
4 works is if something really becomes available to us in the last
5 few years with advances in the geographic information system,
6 the computer modeling. We'll take known locations for
7 federally listed species and then we'll develop a series of sort
8 of environmental based layers of those species and the soils
9 associated with them, what type of habitat are they in,
10 elevation, et cetera, et cetera. We will use that information to
11 predict where else would those species most likely to occur.
12 So it's a computer modeling effort.

13 There was a map example in our
14 proposal and I'm not sure if you all have seen that but visually
15 depicts how under the current system if you're anywhere
16 within a five county region, you're going to be talking to the
17 Fish and Wildlife Service with this project if you're anywhere
18 within a couple of thousand acres, you would have to enter
19 into consultation so it's going to save lots of people time and
20 effort.

21 DELEGATE MARSHALL: Mr. Secretary,
22 do you have a question?

23 SECRETARY JONES: (by phone)
24 Actually, I just wanted to chime in from an economic
25 development perspective with just a couple of points. This is a

1 project I believe will be a helpful tool for us primarily from the
2 standpoint of speed and speed is becoming more and more
3 employed for us to win a project particularly in the rural parts
4 of the state where we're competing against other places. So I
5 certainly would support this tool as another tool that will help
6 us be faster in getting through the hoops you've got to get
7 through to ensure prospects that are looking to the rural part
8 of the state. We've got sites that are ready and we've done the
9 diligence on endangered species and we can do it with speed.
10 I would say highly that this is from my standpoint will be the
11 biggest benefit of this tool, helping us to do something we have
12 to do anyway but it will do it faster. I'd also say I would be
13 pushing to try to get this tool ready probably more quickly
14 than the proposal currently contemplates. This will be a
15 helpful tool for us.

16 DELEGATE MARSHALL: Mr. Smith,
17 what's the shelf-life of the data?

18 MR. SMITH: That's a good question. The
19 shelf-life is, this will be the best available data out there. It's
20 what will continue to be used until something better comes
21 along. Our plan is to look at this through a five year rotation
22 and establish a schedule for eighty or so species and revisiting
23 them on a five year basis. We think we'll be able to do that
24 with enough interest from other sources. It's not going to be a
25 \$300,000 project next time around. We think we'll be able to

1 keep these models current, useful and usable by the
2 community.

3 DELEGATE MARSHALL: Let me clarify.
4 The updates on this, are you coming back to us for funding?

5 MR. SMITH: No, we're not.

6 DELEGATE MARSHALL: We got that in
7 the minutes.

8 SENATOR CARRICO: It's a five year cycle
9 and you've got your mapping in place. Anytime between that
10 five year cycle if the business wants to go to the area where
11 you've identified something, do they still have to go through
12 this process of research again?

13 MR. SMITH: If this project identified this
14 is the most likely location for federally endangered species and
15 the development project intersects with that area, one of the
16 benefits of this project is that people are going to know that on
17 day one and maybe before they've done land acquisition and
18 in the earliest stages of the planning process. The answer is
19 this is not going to mean that you don't have to enter into
20 consultation with Fish and Wildlife Service, you will still have
21 to do that but you will know right away you have to do that.
22 It's not going to give you a safe harbor and be some sort of
23 permission to take federal listed species but it will assure you.

24 SENATOR CARRICO: I guess what I'm
25 asking here is you identify the tree frog and it's three years

1 later, how are we going to know if the tree frog is still there or
2 not?

3 MR. SMITH: U.S. Fish and Wildlife
4 Service has typically like a one year service. If you do a
5 project with them, you get a write off and no listed species
6 with them and and you are good to go for a year, they want
7 you to come back within another year. If you did the survey
8 and you found there are no species there and your project has
9 sort of set idle for three years until you initiate it, you would
10 need to come back through this cycle and check it again and
11 the service would require that sort of no control there. But
12 you're going to have these sort of initial planning work done to
13 assure you that you're free and clear.

14 MR. WALKER: Mr. Chairman, I would
15 like to think that any project that has state government work
16 would be worth consideration and coordinate with other state
17 agencies and that would come before us with other work ---.
18 It's Tobacco Commission funding supplements state funding?

19 THE COURT REPORTER: Could you
20 repeat that?

21 DELEGATE MARSHALL: Any other
22 questions? All right, thank you, sir.

23 SENATOR CARRICO: Mr. Chairman, are
24 we going to ask questions about any of these projects at the
25 end or do it as we go through them. I've got some questions

1 on the first one.

2 DELEGATE MARSHALL: Let's go through
3 them first.

4 MR. PFOHL: Before I go through this, let
5 me take a second to introduce Ms. Liz Meyers to you. The
6 Commission's been informed by the Attorney General that the
7 AG's office is going to resume the role of legal counsel. By
8 state code the AG is counsel to the Commission. So the
9 contract with Christian Barton and Eric Ballou and Megan
10 Gilliland will be winding down and that expires next week. So
11 the Attorney General's office has assigned Liz Meyers to be our
12 primary counsel. So we welcome you to the Commission and
13 you'll meet everybody in the next couple of weeks.

14 MS. MEYERS: Thank you.

15 MR. PFOHL: Let me move back into the
16 list. The next project is Gleaning for the World Incorporated.
17 This is a global humanitarian aid and disaster relief
18 organization. They say they assist by using more than 2,000
19 volunteers. Gleaning for the World is requesting \$1.1 million,
20 which breaks out to \$500,000 for personnel costs and
21 \$600,000 for capital expenses and to support the expansion of
22 a warehouse production facility in Concord in western
23 Appomattox County. The expansion would provide production
24 space for a new soup manufacturing area and the WINGS
25 feminine hygiene product manufacturing area. The average

1 salary is \$52,000 a year and a private capital investment of
2 \$1.9 million. Staff is not clear why Commission funds are
3 needed to support staffing and capital costs for an
4 organization that has clearly demonstrated its ability to raise
5 funds nationally and internationally, and what future funding
6 sources for these positions would be and why the selected
7 costs cannot be accomplished with this robust volunteer base.
8 It is further unclear why products such as described would
9 need to be produced and manufactured at the facility as
10 opposed to receiving donated goods and products as cited on
11 Gleaning for the World website. As a non-profit enterprise
12 that is exempt from local property and sales taxes, local
13 investment return is also not realized in a way that a taxable
14 private property would be making this a lower funding priority
15 for the Commission. Staff therefore is recommending no
16 award.

17 DELEGATE BYRON: I'd just like to say
18 that while I understand the funding is way over the total for
19 Special Projects and what we had available to us. However,
20 there's a couple of comments that I think are worthy. You
21 know, talking about this and to make it very clear and from
22 the comments it's not clear why they're needed for staffing
23 when they have done a great job, which is why they were
24 recognized in the Forbes Magazine for their charitable work
25 and helping in disasters and they did a tremendous job and

1 them to apply to Special Projects. The megasite regional
2 industrial facilities authority is cited throughout the proposal
3 but it should be noted that the county has confirmed this is
4 not a regional revenue sharing project. Two building options
5 were being weighed at the time of application and we
6 understand that one option is being focused on now. A
7 \$300,000 TROF request is anticipated and that may be
8 something we have in hand now.

9 The staff would point out that adding
10 Special Project funds for a TROF eligible project that does not
11 have regional revenue sharing is outside of policy and
12 arguably a precedent that could lead to future requests that
13 would be arbitrary and unpredictable. Staff is recommending
14 no award.

15 MS. SLATE: Good morning, I'm Natalie
16 Slate. I'm the director of economic development for
17 Greenville County and if I could have just a minute of your
18 time to clear up some of the things that have changed since
19 the application.

20 Greenville County has been working on
21 this project for about three months now and we are coming to
22 a closing of the proposal that we feel is a great proposal for the
23 community. There were two possibilities, there were two
24 proposals and now we are going to look at a proposal of
25 leasing a facility from the county and then lease it back to

1 them. We, as many communities in the Tobacco Commission
2 in the last several years we've lost several hundred jobs with
3 the closing of two Georgia Pacific plants and a Corrugated
4 plant. We have not had, we very much want and need this
5 project and we appreciate your consideration towards this
6 project.

7 DELEGATE MARSHALL: Anyone else?

8 MR. BENKA: Matthew Benka. We really
9 appreciate your support on this project and we're very close to
10 making a decision. We received an attractive offer from
11 another state but our preference would be to stay here and
12 we're accustomed to the county and we like where we'd be and
13 we really would like to stay here.

14 DELEGATE BYRON: In light of what they
15 just said and in light of what Tim said, does that change your
16 thoughts or is there anything to come back to the county that
17 should be considered?

18 MR. PFOHL: We want to do everything
19 we can to land this project in Virginia. We feel like the TROF
20 program is the appropriate program and you'll hear another
21 project that's very similar in its request. \$500,000 was
22 expected to be needed initially and now that number has
23 changed. Once we start out on a path of throwing extra
24 Special Projects money on economic development projects, I'm
25 not sure where we begin and end with that.

1 DELEGATE BYRON: I thought that was a
2 big part of Special Projects was all about. Has that changed
3 over time?

4 MR. PFOHL: You'll have the TROF
5 request also.

6 DELEGATE BYRON: What I was hearing
7 and I may be wrong, isn't what they're asking for here to help
8 attract companies or something has to be done to attract
9 companies or are you saying that once they get there that's
10 when they become a TROF, correct?

11 MR. PFOHL: They are eligible for TROF.
12 This is an enhancement to the incentive package, but it's a
13 deal sweetener not based on any hard and fast project
14 numbers like TROF is. It's a deal sweetener, that's an
15 arbitrary amount to try to compete against an incentive
16 package from another state that we're not aware of what that
17 incentive package is, although it's reportedly attractive.

18 DELEGATE MARSHALL: Can you
19 explain that?

20 MR. PFOHL: The Tobacco Region
21 Opportunity Fund amount is calculated based on a formula
22 that takes into account the number of jobs, the amount of
23 private capital investment, the average wages, the
24 unemployment rate in the locality, the prevailing average
25 wages in that locality, so there's a number of factors that are

1 important. Taking a look at the parameters of the proposed
2 project and generate a formula based on that.

3 DELEGATE MARSHALL: The difference
4 is also that TROF is an obligation that the locality will sign
5 and if they say they're going to create X number of jobs and X
6 number of capital expenditure, if they don't do that then the
7 locality is obligated to repay that pro-rata, either one hundred
8 percent, if they don't do anything, we pro-rata the money back
9 to the Commission where Special Projects does not do that.

10 MR. SPIERS: Tim, would you also clarify
11 that typically you need to be three localities involved in
12 revenue sharing before you're eligible for Special Projects?

13 MR. PFOHL: Yes. As we say here,
14 Greenville is the locality that gets a very, very small
15 percentage less than one percent of the Southside Economic
16 Development money in that program budget each year. They
17 basically don't have the capacity to use Southside Economic
18 Development funds on larger projects. Right now Greenville
19 only has \$43,000 available in its Southside allocation. They
20 can apply for those funds for this project in October of this
21 year.

22 MR. SPIERS: If they're eligible, what is
23 the precedent that staff is concerned about if a project like
24 this was funded?

25 DELEGATE MARSHALL: So, what are we

1 talking about? What Committee?

2 MR. PFOHL: The concern is that, Ned,
3 how many TROF projects would you estimate we have on an
4 annual basis, fifty?

5 MR. STEPHENSON: There's probably 75
6 potential applicants for Special Projects money to enhance the
7 TROF offer and to sweeten the deal for companies. We could
8 have up to 75 Special Project requests. With arbitrary
9 amounts of money and they're not based on project
10 parameters but they're based on the ask by the locality. So
11 they can put together a home run type of incentive package
12 together up front for any of those 75. We simply can't budget
13 for it in the TROF in Special Projects.

14 MS. CARTER: That's very enlightening
15 and I'm not even on the Commission for five years now but
16 this is very interesting. It's almost like you're penalized. If
17 you don't in Southside, and if you don't get more than what
18 the formula gives you.

19 MR. PFOHL: That's probably a fair
20 statement.

21 MS. CARTER: Let's be very honest about
22 this. We've got four localities that get the bulk of the money in
23 Southside and there's got to be a way we can enhance job
24 growth for the localities in Southside that get very little. I
25 would hope that the Commission if not in Special Projects

1 would consider perhaps changing the formula for TROF for the
2 folks in Southside. I don't know if that's something that could
3 be done.

4 DELEGATE MARSHALL: We're not
5 talking just about Southside, we're talking about Southwest,
6 the money for TROF goes across everyone.

7 MR. PFOHL: I would point out that
8 according to the new TROF guidelines that have been adopted
9 recently by the Commission, bear with me here a second, the
10 TROF formula I talked about calculates an amount that a
11 certain project deserves so to speak. If the locality that
12 applies for TROF is not satisfied with that amount they can
13 ask the TROF panel for a larger amount of money. I would
14 recommend that that's probably a more reasonable process to
15 go through for an enhanced TROF and that would have to be
16 approved by the Commission than having arbitrary requests
17 coming from up to 75 applicants to Special Projects.

18 MR. WALKER: I just want to clarify
19 something. Are you saying that if this grant were accepted,
20 then you would definitely come?

21 MR. BENKA: Right now the offer we're
22 being given by another state is more than we would get if we
23 got all the money from all the different elements right now.
24 There's a request before the Department of Housing and
25 Community Development that was supposed to be a grant and

1 now is a loan. I can tell you this will make a huge difference.
2 When you talk about a sweetener trying to help make a
3 company come to Virginia, they're very motivated and their
4 timeline is very quick to come over here and it's a very large
5 company. I can tell you flat out it will make a big difference.

6 MR. WALKER: We spent an awful lot
7 more money than \$250,000 for eighty jobs in the past, sounds
8 like a good one to me.

9 DELEGATE MARSHALL: Any other
10 comments or questions? All right, thank you.

11 MR. PFOHL: The next project is the
12 Town of Hillsville Water Treatment Plant Improvements
13 requesting \$375,000. This proposal was submitted in the
14 spring from the then available Special Projects balance but did
15 not involve financial or governance participation of three or
16 more localities, which is a long-standing requirement for
17 Special Projects and therefore is ineligible for funding
18 consideration.

19 The next project is Institute for Advanced
20 Learning and Research their STEM-H Mobile Learning Lab.
21 That's a project that we feel can be accommodated within the
22 education program with the initiative for the Centers for
23 Advanced Manufacturing Training Excellence. A component
24 of those funds will be used for marketing the STEM-H careers
25 for K-12 students and the institute has agreed to withdraw

1 magnitude for capital costs appears premature until
2 accreditation is secured and other significant funding sources
3 have been secured that will allow the build out of the
4 anticipated facilities. The staff is recommending no award.

5 The next request is the Russell County
6 IDA, the project is Haifa, requesting \$355,000. This request is
7 very similar to what you were talking about with Greenville.
8 This project does not involve the financial and governance
9 participation of three or more localities and is therefore
10 ineligible for funding consideration. We have begun the
11 process to disburse a \$210,000 TROF request that has been
12 approved for this project and create 40 new jobs and a \$2.1
13 million private capital investment. Again, staff feels like the
14 Greenville request would note that adding Special Projects
15 funds for a TROF eligible project that does not have regional
16 revenue sharing is outside of policy and arguably a precedent.
17 Staff is recommending no award.

18 MR. LESSIN: Mr. Chairman, my name is
19 Chuck Lessin and currently serving as the vice chairman of
20 the Virginia Israel Advisory Board but I'm here today as the
21 president and CEO of this new project. I'd like to start by
22 telling you that in addressing this particular issue of not
23 having revenue sharing in three counties and therefore our
24 project would be ineligible. We were not aware of such a
25 requirement at application but we are now and we're happy to

1 tell you that, in fact, we do qualify based on those
2 requirements. I have letters from the Town of St. Paul, the
3 County of Russell, and the County of Wise. I have Harry
4 Rutherford here with me who is the chairman of the IDA in
5 Russell County and he would like to say a couple of words
6 also.

7 I did want to start by saying that what
8 would have disqualified us for not having this revenue sharing
9 and in addition to the fact that we'd be buying feed stock from
10 all over Southside Virginia and Southwest Virginia but we do
11 qualify and I want to make that point. I also wanted to clarify
12 something else. We started this project six months ago and
13 we planned to be making biofuel in February. We've come a
14 very long way in a very short period of time. We're using a
15 very unique process in the United States and around the
16 world. We're using an enzymatic process, not the traditional
17 chemical process. We're using these funds should they be
18 awarded, to purchase these enzymes and to build a lab, a
19 laboratory, which is required in order to sell this fuel, we have
20 to meet federal specifications. We came to the Tobacco
21 Commission with a very specific budget and this was not a
22 shot in the dark. We came with a specific number and we
23 made a decision to split it up the way we did, part of it is
24 TROF and part of it is Special Projects and we need the funds
25 to be able to complete our project. We will create forty jobs in

1 Russell County and as you know it's a very depressed area of
2 the state in terms of jobs that have really been lost in the
3 recent years and we're marching forward at a very brisk pace.
4 If we don't receive these funds, it will dramatically slow down
5 the project and I'm not sure of the direction we will take.

6 SENATOR CARRICO: Evidently, is it
7 known that there has to be three revenue sharing localities or
8 they find out until later?

9 MR. PFOHL: That's part of the guidelines
10 that's published on the website.

11 DELEGATE MARSHALL: When you made
12 the initial application, had you planned to apply to TROF? I
13 understand that a ten thousand dollar check is in the mail.

14 MR. LESSIN: We had a very clear
15 package if you will when we met with the folks at the Tobacco
16 Commission, we did intend to split our request among those
17 two committees, the TROF Committee as well as Special
18 Projects Committee and that was our intention from the very
19 beginning. At no time were we hoping for we'll get some here
20 and some there. We had a detailed plan that we went over
21 with the folks at the Tobacco Commission and that plan
22 remains intact.

23 DELEGATE MARSHALL: How many jobs
24 and what's your capital spending?

25 MR. LESSIN: Forty jobs. We started out

1 with a cap of \$3.5 million and we realized now into the project
2 it will be slightly over \$4 million. We have raised additional
3 private equity and we're on target to raise all the moneys we
4 need in the project minus this small piece. I'd like for Harry
5 Rutherford to say a few words.

6 MR. RUTHERFORD: Good morning,
7 ladies and gentlemen. We have been revenue sharing on this
8 property since back in the '80s in Wise County located in the
9 corporate center in the town of St. Paul we get revenue from.
10 It's located in both Russell and Wise County. We share the
11 revenue from this property with Wise County. It's collective
12 with Russell and we send them a check every year. Carl
13 Snodgrass, I'm sure most of you know, he makes sure that we
14 do that. We have been sharing revenue with three different
15 jurisdictions with shared revenue. Therefore, we feel like we
16 meet the qualifications if you all see fit to approve it. This
17 building has been empty for seven years. We'll be taking part
18 of it. The rest of it's on market. We appreciate your
19 reconsideration and I'll clarify we do have the revenue sharing
20 that you require.

21 DELEGATE MARSHALL: Any questions
22 from the Committee?

23 MR. OWENS: Our job on the
24 Commission is to create jobs and expand the tax base,
25 correct?

1 DELEGATE MARSHALL: Yes.

2 MR. OWENS: You're saying it's forty
3 some jobs and \$4 million of capital expenditure and it's all
4 taxable?

5 MR. LESSIN: Yes.

6 MR. RUTHERFORD: It's all taxable.

7 MR. OWENS: Mr. Chairman, with three
8 localities involved, I hope we can give this some consideration.

9 MR. PFOHL: And Liz, I may need some
10 help on this one. We've got constitutionality issues, too, using
11 our funds to build a lab and provide operating supplies for a
12 private entity. If the Commission sees there are adequate
13 public benefits for doing that, we should state that very clearly
14 because that's what they're asking these funds to be used for.
15 To build that lab for a private company and buying enzymes
16 that they're going to use in their process.

17 MS. MEYERS: It seems like what the
18 Commission would have to determine is this and Mr. Owens
19 noted it's to create jobs and revenue in an economically
20 deprived area. That's really the key question that the
21 Commission would have to determine. I don't know now that
22 the revenue sharing issue has been cleared up, whether a
23 second look is merited.

24 MR. STEPHENSON: Mr. Chairman, the
25 Commission has cured this situation in the past, if it chooses

1 to fund this by instructing staff to include this disbursement
2 under the same contract as the TROF so as to cure both the
3 constitutionality issue and make clear the public purpose side
4 of it. So all the dollars go out under the same contract
5 requiring performance or refund.

6 MR. RUTHERFORD: That's no problem.

7 MR. OWENS: I was going to say the
8 performance agreement, that would be the same and the
9 county or the municipality would have to be the grantee.
10 Does this go to TROF then?

11 MR. STEPHENSON: There's a
12 mechanical process internally that it goes out the door under
13 the TROF contract. One piece of money all under the county
14 and the project's signature.

15 DELEGATE MARSHALL: Let me just
16 clarify, if we do that then the locality is not obligated just for
17 \$210,000, they would be obligated on any additional money
18 you put on top of that so that the locality is agreeable.

19 MR. RUTHERFORD: We understand
20 that.

21 DELEGATE MARSHALL: I just wanted to
22 make sure you understand that.

23 MR. RUTHERFORD: To be right honest
24 with you, we have a further performance agreement if there is
25 a claw back, we've got some daddies behind us to pay us.

1 MR. STEPHENSON: Finally, Mr.
2 Chairman, occasionally as Mr. Pfohl has indicated, the
3 Commission occasionally will refer these to the TROF
4 Committee where the TROF Committee can overline the
5 amount awarded out of TROF funds if it chooses to.

6 DELEGATE MARSHALL: Any other
7 comments or questions?

8 MR. RUTHERFORD: Thank you very
9 much.

10 MR. PFOHL: Moving along. Smith River
11 Sports Complex Capital Expansion request for \$500,000. The
12 Smith River Sports Complex in Martinsville/Henry, the staff
13 sees that there are some sort of impacts already in place. The
14 applicant has done a very thorough marketing analysis for
15 sports tourism opportunities. Its own plan indicates that the
16 target events would add only two to five weekends of activity
17 per year from regional tournaments. The applicant indicates
18 that fundraising will continue through all of 2015 with
19 construction planned for 2016 and is requesting a
20 commitment of Commission funds during the current so-
21 called silent phase of fundraising. Staff notes the project does
22 not meet the Special Project's eligibility test of financial
23 participation of three or more local governments and is
24 suggesting that the applicant continue the fundraising process
25 and potentially consider returning to the Commission in 2015

1 if there are some funding gaps and also approaching the
2 Southside Economic Development Committee. Ultimately, the
3 staff knows this is primarily an amenity for local recreational
4 use, which is a low priority in the Commission's strategic plan
5 so the staff recommends no award.

6 MR. MCGARRY: Good morning, my
7 name is Jim McGarry and this is the first time I've been before
8 the Commission. I don't want to waste your time and I do
9 appreciate the Committee and staff time on this. I want to
10 make one thing clear and I appreciate the suggestion we come
11 back next year. This has nothing to do with local recreation
12 use. We are looking to add to our amenities so we can attract
13 regional and national championships that bring out of town
14 and out of state visitors to the area. The project has nothing
15 to do with local events and we'll clarify that when we come
16 back next time. Thank you for your time.

17 DR. REDWINE: I just want to make a
18 brief comment. I understand the staff's comments and the
19 strengths of this and I'm fine with that. I'm intimately
20 involved in sports complexes through a son that I have and
21 almost every weekend we're in a different state and I just want
22 to go on record and say that I've seen locality after locality that
23 the sport complexes singlehandedly bolster the economic
24 situation. There's no end to what families will spend on travel,
25 train, get their kids in competition. It's four, five, six, seven

1 hours from home every weekend for people and that's all over
2 the nation. I know we've probably never been in this game but
3 I do think for our communities and I'll tell you this is a very,
4 very viable economic development tool.

5 MR. MCGARRY: We've got two and a half
6 million dollars economic input and you can see that in that
7 analysis and we want to take it to the next level and compete
8 in areas like Tidewater where they have beach and other
9 things and we need to be able to draw these larger groups and
10 championship level targets and bring people from across the
11 state in bigger numbers and that's what we're aiming for. So
12 that's our project and we want to proceed with it.

13 MR. PFOHL: The next project is from
14 Southwest Virginia Higher Education Center Foundation titled
15 Leveraging Federal Tax Credits for Tobacco Region Growth
16 Investments. And it's a request for \$250,000. Funds would
17 be added to New Market's tax credit and conventional lender
18 funds that are being proposed for this project. We anticipate
19 it will be a five million dollar fund with the use of \$1.5 million
20 of New Market tax credits that have been awarded to People
21 Incorporated, financial services and \$3.5 million of
22 conventional lender funds that have not yet been committed.
23 The staff feels like the concept of this dedicated venture fund
24 using New Market tax credits is intriguing but untested at this
25 point and it's difficult for us to understand how a \$250,000

1 investment would significantly boost what's planned to be a
2 \$5 million fund. Presumably Commission assets would be put
3 in a subordinate second or third commitment to the New
4 Market credit holders and conventional lenders. At this point,
5 this concept is not fully developed enough to warrant a
6 commitment of significant Commission funds and the staff
7 recommends no award.

8 MR. ROGERS: I'm Ed Rogers speaking
9 on this proposal on behalf of the Higher Education Center
10 Foundation. Very briefly, we're aware of the realities in the
11 budgeting process and there's a lot of requests for funding
12 here and you have a limited budget. I will note that the
13 request is on the small side compared to the others. It's one
14 of the smallest and not as small as the one I'll be speaking
15 about in a couple of minutes.

16 To respond to staff comments, you're
17 right, it won't make or break the fund and the fund is going to
18 go forward without Tobacco Commission funding but the
19 Tobacco Commission funding would be helpful of course.
20 Without it, the fund will likely focus on the rural Virginia and
21 maybe even rural Kentucky and Tennessee and North
22 Carolina also and not just the Tobacco Region and that's okay.

23 A couple of other comments. The
24 concept is made possible by People Incorporated, allocation of
25 New Market tax credits through a highly competitive process.

1 Using this type of venture capital fund is untested and we
2 think that may be an appropriate thing for the Tobacco
3 Commission to consider and getting involved and taking that
4 risk.

5 Finally, we do anticipate that the Tobacco
6 Commission would be an investor and not a grantor. The
7 funds would be repaid along with other investors and the
8 Tobacco Commission would not be in a second or third
9 position, it would be in a first position right along with the
10 other investors. So we just submit that this is a type of thing
11 that we think the Commission ought to consider doing more
12 of.

13 DELEGATE MARSHALL: Are there any
14 questions? All right, thank you.

15 MR. PFOHL: Moving on to the next
16 request, the Corporation for Jefferson's Poplar Forest request
17 for \$132,524 for analysis and design of the Poplar Forest
18 Parkway, which would be a new entrance to the historic
19 Jefferson Poplar Forest land that Jefferson owned and farmed
20 in Bedford County. Funds are requested for archeological
21 work so that no historic resources are destroyed, design, siting
22 and construction and a new entrance. A new entrance would
23 be a primary road and close to the current access road, which
24 is circuitous to say the least through several residential
25 neighborhoods. The Poplar Forest staff has projected they

1 could double the annual tourism and visits to Poplar Forest
2 with this new road from the current 27,000 or so up to about
3 60,000. A capital campaign is underway and \$2 million has
4 been raised of the \$6 million and that is a source of the
5 committed matching funds in this request.

6 To step back for a moment, in funding
7 tourism sites, we typically focus on those that have national or
8 international and name recognition and the ability to bring
9 visitors from across North America and Europe. Staff has
10 viewed Poplar Forest as one of several of those sites across
11 southern Virginia that meets that test including the D-day
12 memorial, Appomattox Courthouse, Patrick Henry's Red Hill,
13 and the Molton Civil Rights Museum. Your Committee
14 previously supported this project several years ago with the
15 significant funding that would help Poplar Forest acquire this
16 property where the new access road is going to be. There is a
17 balance of \$67,000 in the Bedford County Southside
18 Economic Development program and staff would suggest that
19 they seek those funds as a portion of this project. The staff is
20 recommending that the balance of the request of \$65,432 be
21 awarded from Special Projects. If you're inclined to do this, we
22 will work with Poplar Forest to pursue its Southside Economic
23 Development proposal and addressed in that meeting any
24 questions.

25 MR. OWENS: How many municipalities

1 are and their allocation is what?

2 MR. PFOHL: Bedford is another one with
3 a low allocation. It's a low allocation Southside locality.

4 MR. NICHOLS: My name is Jeffrey
5 Nichols and I am the present CEO of the Thomas Jefferson
6 Poplar Forest and I want to thank the Committee for
7 considering this request before you and for your help in the
8 past. This parkway project is critical to the developing of
9 Poplar Forest over the last five years. We've had fundraising
10 opportunities and this will help us with critical staffing needs
11 to complete the archeological study that is required as part of
12 this project. I'd like to mention that eighty percent of our
13 visitors do come from outside the state of Virginia and from all
14 over the northeast and from mid-Atlantic as well as from
15 outside the United States. Thank you for your consideration.

16 DELEGATE MARSHALL: Any questions?

17 MR. OWENS: How much money did we
18 give them before?

19 MR. PFOHL: You're testing my memory.
20 \$566,000 over three different allocations.

21 MR. NICHOLS; The one piece mentioned
22 by Mr. Pfohl was for a piece of property called Lower Field by
23 Thomas Jefferson, \$300,000 back in 2010 and the new road
24 would go through that property.

25 MR. OWENS: Was it Special Projects or

1 Southside Economic Development?

2 MR. PFOHL: That was Special Projects.

3 MR. OWENS: If we do this, will you first
4 make an application to Southside Economic Development and
5 secondly if it's funded Southside Economic Development –

6 DELEGATE MARSHALL: You can make
7 the motion contingent upon the application to Southside,
8 contingent to get the money.

9 MR. PFOHL: Defer the balance of this
10 request to Southside.

11 MS. CARTER: I don't understand how
12 you can qualify for Special Projects.

13 DELEGATE MARSHALL: This is a
14 special, special projects. Tim, can you explain? There was
15 five different –

16 MR. PFOHL: There are a number of
17 localities in southern Virginia that get very small percentages
18 of the Southside Economic Development budget. This year
19 there was \$5 million that was budgeted for Southside
20 Economic Development, resulted in all projects in Bedford
21 County having access to a whopping total of \$11,212. So the
22 Committee eight years or so ago said that those localities that
23 have such a small percentage from Southside Economic
24 Development don't have to meet the three locality threshold to
25 qualify for Special Projects.

1 DELEGATE MARSHALL: Part two is that
2 Special Projects only funds a certain number of museums and
3 natural cultural sites and there happens to be one in
4 Appomattox, the project in Farmville, the D-day memorial,
5 birthplace of country music in Bristol.

6 MS. CARTER: Then what is this?

7 DELEGATE MARSHALL: This is an
8 access road, the main entrance road to Poplar Forest off of
9 Enterprise Drive.

10 MR. PFOHL: That's the primary four lane
11 road. This will provide much easier access.

12 DELEGATE MARSHALL: My wife and I
13 went to it a few years ago and you have to go through
14 somebody's backyard to get there and you can easily get lost
15 getting to your site.

16 MR. NICHOLS: We want to open it up.

17 DELEGATE BYRON: Delegate Marshall
18 is exactly correct. I've been in that district and have gotten
19 lost in the neighborhood that winds around there trying to get
20 to the location. The public road that Bedford County has seen
21 in the area beyond have four lanes on route 221 and another
22 area that comes through there that has really shown
23 significant growth and road traffic and this would make it
24 more apparent to people that the attraction is right down the
25 road.

1 MS. CARTER: Have you gone to the state
2 department of transportation for funding to help with this
3 project?

4 MR. NICHOLS: Not at this stage and not
5 at this time but we will be doing that as we go forward. So far,
6 we've done this through individual gifts of \$2.3 or already \$3
7 million that we raised.

8 MR. OWENS: This is for the
9 archeological study?

10 MR. NICHOLS: This is for the
11 archeological work to pay staff and doing some initial
12 investigation of the artifacts.

13 MR. OWENS: So the Economic
14 Development, do you have a projection on that?

15 MR. NICHOLS: We do. We have a study
16 that was done and the economic impact of this once the road
17 is completed. In the short term, we'll have six positions,
18 which are six or seven months long working on this project
19 and it all depends on our variables as far as what is
20 discovered there, Jefferson's primary plantations. There's
21 many outbuildings and roads that Thomas Jefferson designed
22 and some we've already discovered through digital mapping.
23 In the long term and what we hope to do along with the
24 building of the road, there will be three other major
25 components. We'll have a marketing campaign to build the

1 awareness of Poplar Forest and another is an official program
2 for Poplar Forest and additional traffic and then to grow our
3 endowment fund long term for financial stability. We're
4 projecting that through this process if it goes according to
5 plan, we can double our attendance at Poplar Forest and that
6 would make it much easier for people to get there and find the
7 site and have a larger economic impact in general. We own
8 several properties that are in Bedford County and we own a
9 piece of property in the city of Lynchburg, which is taxable.

10 DELEGATE MARSHALL: Talk to us a few
11 minutes about the number of guests now. You said earlier
12 that you think it's doubled? Where are they coming from and
13 how long are they staying or are you tracking that?

14 MR. NICHOLS: Yes. Through a federal
15 grant we received and we're doing a great deal of visitor
16 studies at Poplar Forest and we conducted the survey last
17 year. Over 300 of the visitors and that study and
18 approximately eighty percent of the people were coming from
19 outside the state of Virginia. They're coming to learn about
20 Thomas Jefferson and are visiting other historic presidential
21 sites. They do tend to spend time at the area at hotels and
22 also other places in the state of Virginia. We're actually one
23 piece of their travels. Part of it will be through increased
24 attendance and due to the nature of this project, we're calling
25 it a parkway because we look at this as a park setting with the

1 road running through it. We hope to open up all these
2 wonderful areas of the plantation with historic road traces and
3 touring facilities that are out there and not only tobacco but
4 there's wonderful natural areas on the site as well. We
5 anticipate having additional trail systems that will run
6 through this area, natural areas to walk but also historical
7 and this will tell the Jefferson story and the enslaved
8 population. Between additional programming, increased
9 marketing and making it much easier to find and the biggest
10 complaint we get from visitors is that they get lost coming to
11 Poplar Forest and this will help solve that problem.

12 DELEGATE MARSHALL: The eighty
13 percent that come from outside the state, did you track to see
14 how many days they are in the Commonwealth?

15 MR. NICHOLS: I don't have that specific
16 information but they do come in and spend time within the
17 Commonwealth and they're traveling not only to our state site
18 but places like Monticello and the other national sites. So
19 they do spend time in the Commonwealth.

20 DELEGATE MARSHALL: Any other
21 questions? All right, thank you.

22 MR. PFOHL: Our final economic
23 development proposal is from the University of Virginia
24 Licensing and Ventures Group Launching University
25 Technology-Based Start-up Companies in the Tobacco Region

1 requesting \$45,000 to establish and create an entrepreneur
2 and residents position in Charlottesville that would be tasked
3 with commercializing UVA technology within the Tobacco
4 Region. The applicants are to be commended for receiving a
5 business development network and UVA researchers and
6 Tobacco Region sites. The concern is that supporting this
7 proposal could generate similar requests to fund business
8 developers based outside the region at Virginia's other
9 research institutions including Virginia Tech, Virginia
10 Commonwealth, JMU, ODU and George Mason University.
11 The Commission has established the Research and
12 Development Centers across the Tobacco Region to fulfill this
13 role to collaborate with research universities and therefore the
14 concept of funding positions at the universities to create
15 similar synergies seems duplicative. There are also concerns
16 about future funding sustainability and expectations of
17 annual support from the Commission. Staff is recommending
18 no award. A prospective entrepreneur in residency is here.

19 MR. ROGERS: That's not a guarantee. I
20 have had discussions with UVA on their behalf and speaking
21 now on behalf of UVA, all of their people are at the U.S. Patent
22 Trademark Office as part of a Virginia Ventures program,
23 which is involving commercialized and university technologies
24 across the Commonwealth and they were not able to be here
25 today. I did work with them on this request. I'll make my

1 point and then respond to you. In the recent weeks there's
2 been discussions about innovations and entrepreneurship and
3 the governor's strategic plan and the R&D workshop recently
4 of how we fund these companies. The research universities in
5 the state and they create new technologies all the time but
6 these technologies a lot of times end up dying on the vine and
7 we can call it wealth on the shelf and sitting there with
8 nothing happening. When they do get out of the lab, they tend
9 to cluster around the universities and those communities and
10 in this case a cluster at Virginia and Albemarle County.

11 This proposal is targeted at trying to
12 capture some of those technologies and to plant them in the
13 footprint. The UVA Patent Foundation is opening access to
14 the entire portfolio and it's offering its own cash and asking for
15 a meager amount of \$45,000 for Tobacco Commission
16 support. I know a lot of you are on the R&D Committee and
17 you're used to seeing me and on behalf of the Higher Ed
18 Center Foundation.

19 With respect to the staff comments and
20 this may be duplicative of that effort, there's a big difference
21 between the types of companies that we bring to the R&D
22 Committee process and to the types of ideas that are at
23 universities. It's a difference maybe between a toddler and an
24 embryo.

25 With the companies we bring forth to the

1 R&D Committee, they already have a management team, they
2 already have investors and they're ready to get out there into
3 the marketplace and need a little bit of funding to get further
4 down the road. With these companies, they haven't even
5 begun. Another analogy is an apple tree. With the companies
6 we bring forward to R&D, they are planted, they have sprung
7 up with roots and they've sprung up shoots and they're a
8 sapling and they're not yet bearing fruit but they're actually a
9 real tree. In this case, we're talking about a seed. It's very
10 difficult to take a seed and turn it into a plant and that's very
11 hard work and take an idea from the lab and turn it into a real
12 company and it's not what professors do best. They do a lot of
13 things very well but they do not do that task well. So Michael
14 --- with the UVA Patent Foundation or UVA Patent Foundation
15 has an entrepreneur in residence program and it's in its very
16 beginning and just a couple of years and he's proposing a
17 Tobacco Commission or a Tobacco Region Entrepreneur in
18 Residence Program that would focus on taking these
19 technologies and not only creating the companies but creating
20 them in the Tobacco Region. This would involve accepting the
21 technologies and filtering out the ones that don't make any
22 sense either for the marketplace in general or Tobacco
23 Commission for the Tobacco Region, forming the companies
24 and serving as interim management and recruiting permanent
25 management. This is very time intensive work and goes well

1 beyond what the Higher Education Center and organizations
2 like it can afford to spend the money on and don't have
3 budgets for that type of thing.

4 MS. CARTER: I believe, Ed, this is
5 worthy concept. I know that staff for the R&D centers across
6 the region and the research universities. My question to staff
7 is do we have any MOUs within the universities or research
8 centers that are doing that?

9 MR. PFOHL: I would expect the Institute
10 for Advanced Learning has an MOU with Virginia Tech,
11 beyond that I'm not aware of anything and there certainly may
12 be. I know the Center for Advanced Engineering and Research
13 has some collaboration with Virginia Tech on wireless
14 communications. I don't know if that's in the form of an MOU
15 but there are projects there. Beyond that, I don't know.

16 MS. CARTER: Entrepreneurship is key to
17 what we're doing. I've been doing some research on this in
18 this new administration entrepreneurship is one of the key
19 economic development focuses. One of the things I have
20 learned is that and I can see this with the R&D Committee.
21 We give money to help these companies get set up and do
22 research but we don't have ways to help them and a lot of
23 these entrepreneurs are very good at concepts and what it is
24 they want to do and make but they don't have the support and
25 necessary knowledge to run a business. This is one of the

1 things that Ed is talking about that the entrepreneur and
2 residents would be doing and they would be helping these
3 companies that we fund in R&D and companies and other
4 venture capitalists who want to do.

5 MR. ROGERS: We're talking about
6 actually getting to them before they're ready for the R&D
7 Committee and before they're ready for angel investors or for
8 venture capital. Getting them really early on and taking a
9 professor's idea and turning it into a company. Bringing the
10 entrepreneurial talent in to do that. Doing an initial business
11 plan, all the companies we work with through R&D are ready
12 even though they don't have a full management team and
13 they're not bearing a tremendous amount of fruit yet but
14 they're really close. They're so far away from the ideas that
15 I'm talking about which are just embryo, not even babies yet.

16 DELEGATE MARSHALL: Further
17 comments?

18 MR. SPIERS: I guess my question is why
19 is this company eligible to come before Special Projects and
20 why isn't it more appropriate to be in R&D?

21 MR. PFOHL: The R&D has been funding
22 specific research projects. This is not a specific research
23 project. It is to provide technical assistance for
24 commercialization for any number of technologies in the
25 Tobacco Region. This request doesn't really fit the R&D

1 program objectives.

2 MR. SPIERS: This has no number of
3 employees, no capital investment, it's just a concept that we'll
4 start these companies.

5 MR. PFOHL: There are no known job
6 creation or investment numbers at this point. The proposal
7 talks about landing two or more companies in the Tobacco
8 Region in the next year and what's requested in this funding
9 period, this is a one year funding period.

10 MR. ROGERS: UVA, it's not a specific
11 company coming before you. It's the UVA Patent Foundation.
12 They have a portfolio of probably several hundred different
13 patents and I don't know exactly how they got into it. About
14 fifty or seventy years of large companies throughout the world
15 and they start five or six new companies a year and they're all
16 going to be in the outlying regions. This is to deeply assess all
17 the fifty technologies and looking and saying which ones
18 would make sense for the Tobacco Region.

19 MR. PFOHL: We're running out of time,
20 Ed. Now, we're going to move into the access to healthcare
21 proposals.

22 SENATOR CARRICO: I'd like to speak to
23 the first project that came up and I would like to hear from
24 Bristol and there was some confusion evidently when staff was
25 saying that they had some questions or confusion about the

1 application process. Can we get some idea of what that's all
2 about?

3 MR. TRIVETTE: Thank you, Mr.
4 Chairman, Andrew Trivette, assistant city manager and I
5 appreciate the opportunity to speak. I'm the assistant city
6 manager for Bristol, Virginia. This project is very important to
7 the city of Bristol for a lot of reasons. Several years ago the
8 cultural heritage commission recommended that the towns in
9 Southwest Virginia diversify their economy by growing cultural
10 heritage and tourism. The city of Bristol has done that and
11 has done it as effectively as any in the region. Central to that
12 process for the city of Bristol is the Birthplace of Country
13 Music Museum, which is now open partially thanks to the
14 contributions of the Tobacco Commission and certainly that is
15 a special project if there ever was one. That is located on the
16 Birthplace of Country Music Way, which is a very short street
17 in downtown Bristol. Downtown Bristol is currently
18 experiencing a revival of sorts and apparently because of the
19 number of public/private partnerships afforded by the city of
20 Bristol. The Birthplace of Country Music Museum is one of
21 the partnerships. On that short street, which is Country
22 Music Way are three buildings, two of which are dedicated to
23 the use of the Birthplace of Country Music. The third is
24 directly adjacent and is the downtown's largest building, also
25 the tallest building in downtown Bristol. It has been vacant

1 since I came to Bristol five years ago and it's in a terrible state
2 of distress. It is not safe for habitation inside.

3 The owners of that building and the city
4 of Bristol have been working for a number of years to revitalize
5 it at its intended purpose, which is a boutique hotel and we
6 now have that opportunity.

7 I would say to you today the reason why
8 this project is before you and it's two. The first is that the
9 staff recommended we apply through Special Projects for this
10 project but also because the city believes this is really an
11 extension of the Birthplace of Country Music and without a
12 boutique hotel to support that, the long-term success of the
13 museum is threatened. Certainly the board of the Birthplace
14 of Country Music, which operates the museum and owns the
15 property supports this project wholeheartedly because it will
16 improve the visitors' experience and not only improving the
17 aesthetics of the Birthplace of Country Music Way but by
18 giving people a long-term stay option in downtown Bristol.

19 If I might, Mr. Chairman, I'd like to
20 introduce you to the project's principal, Marcus McCall.

21 SENATOR CARRICO: You said the staff
22 recommended you make application to Special Projects.
23 Having listened to all the requirements for Special Projects,
24 would it not be better now to apply to TROF to see if you could
25 possibly qualify?

1 MR. TRIVETTE: We do intend to apply
2 for TROF. The city of Bristol has extensive experience in
3 downtown. And there's another boutique hotel property that's
4 already received approval. This particular property is unique
5 because of its enormity. But if there was ever a white
6 elephant building in downtown Bristol it's this one. The city of
7 Bristol itself is already committed in a process similar to the
8 Tobacco Commission \$1.2 million to the redevelopment of this
9 property.

10 SENATOR CARRICO: In reading the
11 staff's recommendation, it talks about the green space
12 development, street landscaping and public recreation space.
13 Is that what you're going after or are you going after the
14 redevelopment of that hotel?

15 MR. MCCALL: The redevelopment of the
16 hotel and the neighboring park is a very important part of this
17 overall triangle in downtown. The Commission may remember
18 at last year's session at the end of September, the Commission
19 reception was held in the park adjacent to the Birthplace of
20 Country Music Way. It's hard to argue the adjacent park is
21 not a component of that overall area that is the Birthplace of
22 Country Music. While the park that is proposed, Reynolds
23 Park adjacent to the building and an extension of, now if
24 money is awarded, the Commission's money would go to
25 completing the development of the hotel.

1 SENATOR SMITH: Mr. Chairman, of
2 every proposal we have today this one is the first one on the
3 list and at the time I got to the end I had not found the
4 proposal that I had more confidence in than what is proposed
5 her in Bristol. Some of this Committee intends to be a better
6 project in your legislative district, it's a long way from my
7 legislative district but with that said, I think this is a project
8 that merits our investment and if we have to move some funds
9 around, some of the other funding on projects if not funded
10 today. But it is real bricks and mortar and not a question on
11 is it going to be in the footprint because this is in the footprint.
12 How you transport it from the footprint. As I understand it
13 would be the last money in with a private investment of \$15
14 million plus. A small percentage of the project, last dollars of
15 the project if we get that understanding. I think it's a very
16 wise investment with the museum next door, which is going to
17 have a national interest.

18 DELEGATE MARSHALL: You are making
19 an application to TROF also?

20 MR. TRIVETTE: Yes, sir, we are.

21 DELEGATE MARSHALL: Do we have an
22 estimate yet?

23 MR. TRIVETTE: We got an estimate from
24 the Tobacco Commission staff.

25 DELEGATE MARSHALL: What's the

1 estimate?

2 MR. MCCALL: \$170,000 or 165, I
3 believe.

4 DELEGATE MARSHALL: Yes, briefly,
5 please.

6 MR. MCCALL: Thank you, Marcus
7 McCall, my family owns the building since '85. As was
8 mentioned at one time it was a very well thriving office
9 building and it's now vacant literally adjacent to the
10 Birthplace of Country Music. Specifically, we chose to invest
11 in the project because of the museum. Without the museum,
12 we would not be here today. The point I want to clarify is that
13 we do not have the funds, we're well on the way to getting the
14 funds and we're estimating \$18 million. We think we can get
15 to \$17 million for the hotel. The park is separate and apart.
16 What we're asking today is the hotel will not only bring
17 significant jobs, 86 jobs the first year up to 116 jobs in the
18 fifth year of operations. We're ready to start the project if we
19 can get this million dollar request by the end of this year.
20 We're projecting to start and open operations by April of 2016.
21 This is a building that's expandable and it's connected to the
22 museum and this is a tremendous public/private partnership
23 opportunity, which our marketing group will bring alongside
24 the museum.

25 Furthermore, from a regional perspective,

1 Southwest Virginia needs a game changer and this asset is a
2 game changer to the region alongside the museum. The lady
3 mentioned earlier about entrepreneurship and risk-taking.
4 We're going to take the risk but we're going to do it in a
5 conservative manner and sustainable manner so that this
6 project is a long-term asset that produces benefits long-term
7 for the region.

8 DELEGATE MARSHALL: There's a
9 project in the city of Martinsville that did not come to the
10 Tobacco Commission. They got money through community
11 development it's next door to the New College Institute and the
12 ribbon cutting is now. Are you applying to other state and
13 federal agencies for funding also and if you are, how much?

14 MR. MCCALL: We have applied to the
15 city of Bristol.

16 MR. TRIVETTE: The city has committed
17 \$1.2 million for this project. We also intend to apply for the
18 industrial revitalization fund, which may be the grant you're
19 talking about for Martinsville. We've applied for that grant
20 source before and were not awarded funds.

21 DELEGATE MARSHALL: Thank you.

22 MR. PFOHL: We're now shifting to
23 healthcare. Very quickly, this is our third year of Special
24 Projects being involved with funding projects or considering
25 projects that have access to healthcare for Tobacco Region

1 residents. It's a result of our strategic plan that was put in
2 place a couple of years ago and targeted this Committee to
3 consider these projects. The first one is Piedmont Access to
4 Health Services Incorporated, a request for \$450,000 to
5 purchase a Boydton Facility. It's a facility that USDA helped
6 create and there's a large loan on that. PATHS existed a 2000
7 fund and this week another offer for that property, the USDA
8 and they're awaiting that result and the staff is recommending
9 no award. There might be a motion to table this pending a
10 response from USDA. I can talk more about it if we need to.

11 The second healthcare proposal is St.
12 Marys Health Wagon.

13 DELEGATE MARSHALL: Billy, did you
14 say earlier you wanted to table this?

15 UNIDENTIFIED: I wasn't exactly sure
16 what the protocol was. The project is obviously critical to the
17 community and there is no other access to healthcare. The
18 facility is, of course, directly due to the services we can
19 provide. We are very hopeful the USDA will look favorably
20 upon this and consider the offer that was made this week.
21 Every indication is the answer to that will be yes. So we're
22 hopeful from that indication we'll hear that answer.

23 DELEGATE MARSHALL: Without
24 objection, we will table application 2936.

25 MR. PFOHL: The next project is the St.

1 Marys Health Wagon requesting \$500,000 Building the
2 Cornerstone to Economic Development in Southwest Virginia.
3 This was submitted to the Southwest Economic Development
4 a year ago and referred to Special Projects at that time. The
5 proposal seeks funds to build a 3,000 square foot medical and
6 dental clinic on two acres of land in Dickenson County
7 Industrial Park. No detailed construction estimates are
8 provided and a majority of matching funds are not yet
9 committed. The construction of the local clinic will
10 incrementally expand access to healthcare but does not
11 primarily address the priority issues of cancer research and
12 telemedicine. The Committee assisted Health Wagon last year
13 with funding to purchase a new mobile van, which seems to
14 be a more appropriate solution with regional reach than
15 committing funds to one bricks and mortar site that will be
16 challenging to reach for much of the stated six county service
17 area. Per Committee policy, the Special Projects healthcare
18 project must have dollar for dollar matching funds and as yet,
19 the majority of projected matching funds have not yet been
20 committed. In a previous Commission funded project in
21 Nicklesville in Scott County, the Department of Housing and
22 Community Development and USDA and U.S. Department of
23 Agriculture and Rural Development helped fund a clinic there.
24 So at this point, staff is recommending no award.

25 The next project is University of Virginia

1 Cancer Center Without Walls Survivor Network requesting
2 \$1,121,419.23. The UVA Cancer Center is one of two national
3 Cancer Institutes designated research centers in Virginia. It's
4 received a total of \$3.2 million from the Commission for
5 cancer research and telemedicine and telehealth projects
6 since 2008. This proposal aligns solidly with the cancer
7 research and telehealth and telemedicine priorities of the
8 Special Projects healthcare objectives. Staff has confirmed
9 with the applicant that all of the estimated five hundred
10 survivor network participants will be Tobacco Region residents
11 enrolled in a pilot effort prior to future rollout on a statewide
12 basis. In addition, two hundred Tobacco Region healthcare
13 professionals would receive telehealth coordinator training.
14 While this request for three years of funding seeks marginally
15 more Charlottesville based expenses than in other recent
16 requests from UVA Cancer Center and personnel accounts for
17 \$850,000 of the request, the majority of whom are based on
18 Charlottesville. Staff notes that all efforts proposed herein
19 appear to be directed to an estimated 895 Tobacco Region
20 patients and professionals and this request continues to
21 expand UVA's longstanding focus on Southwest Virginia to
22 enable a greater outreach to Southern Virginia and
23 collaboration on clinical trials with VCU Massey Cancer
24 Center. Staff is recommending the full award of
25 \$1,121,419.23.

1 MR. OWENS: Of the \$1.2 million what
2 percentage would be to, how much is in the footprint?

3 MR. PFOHL: I don't know that we have
4 that percentage specifically and maybe some UVA folks can
5 provide that percentage. The majority of the request is
6 personnel and the majority of those personnel are based in
7 Charlottesville on a daily basis but their effort is focused on
8 the Tobacco Region on the telehealth training and the cancer
9 survivor network and clinical expansion. I don't know if I can
10 give you specifics.

11 MR. OWENS: Do you have any general
12 idea?

13 MR. PFOHL: I wouldn't hazard a guess.
14 Kristi, do you folks, it looks like they're looking for that right
15 now.

16 DELEGATE MARSHALL: Any comments
17 or questions while they're looking for that?

18 MS. CARTER: What is the definition of
19 survivor?

20 DELEGATE MARSHALL: Can someone
21 come up and answer these questions?

22 DR. ANDERSON: My name is Roger
23 Anderson and I'm leading that program, the cancer control
24 program at the University of Virginia. Cancer survivor we
25 refer to anybody who actually has a diagnosis of cancer and at

1 any point past that point they could be under active treatment
2 or they could have finished treatment and are back at home in
3 the community. So it's really a fairly broad definition.

4 MS. CARTER: What are you hoping for in
5 that three years that you have done for these survivors?

6 DR. ANDERSON: There are a couple of
7 things. The primary goal is to better link survivors in the
8 Tobacco footprint with cancer support services. Right now the
9 way healthcare is really structured to align the cancer support
10 services where most of the people live and those are your
11 bigger cities. If you're living in a rural area, you oftentimes
12 have to drive many miles for treatment and for cancer care
13 services. By making a fairly strong telehealth program with
14 local providers in the Tobacco footprint, we're able to help
15 support and supplement services that are available in the
16 Tobacco footprint. What we're aiming to do is provide more
17 locally based cancer support services to the Tobacco footprint
18 and instead of having patients have to come into
19 Charlottesville and other major cities for their care, they can
20 get their care in their locality and locally based, probably more
21 suited for them.

22 I think a good example of that is one of
23 our projects like the bone marrow transplant where patients
24 have to drive long distances many times a week for their care
25 and we can help shift some of that care from UVA to the local

1 communities and it's much easier to support the patient and
2 improve the quality of life.

3 MS. CARTER: So if you get twenty
4 patients with bone marrow –

5 DR. ANDERSON: Yes, it's a starting
6 point.

7 MS. CARTER: I would assume you'd
8 have to have a hospital that's willing to work with you and use
9 the telemedicine?

10 DR. ANDERSON: A hospital and
11 oncology practices.

12 MS. CARTER: Have you done any of that
13 yet?

14 DR. ANDERSON: Yes. The person that
15 was leading that and had established relationships there's a
16 wealth of opportunity there. Maybe Christina knows the
17 actual hospitals that are interested in participating but I know
18 there are those relationships established.

19 MS. CARTER: So you'd have to have
20 these hospitals equipped with telehealth?

21 DR. ANDERSON: That's what we do on
22 this project.

23 MS. CARTER: You'd want to equip the
24 hospital?

25 DR. ANDERSON: Yes. This is project

1 number three, which is a relatively small project but yes and
2 this is an experimental project to see how it works.

3 MS. CARTER: The majority of the funds
4 are going to personnel?

5 DR. ANDERSON: It's personnel that
6 actually provide the services and we're going to split the funds
7 between patient navigators and health workers who live and
8 work in the Tobacco footprint as well as personnel at UVA who
9 are the experts in cancer care. You have to have both of those
10 people involved in this.

11 MS. CARTER: The majority of the
12 personnel time are going to doctors and researchers already at
13 UVA?

14 DR. ANDERSON: That is correct,
15 however the telehealth aspect of this means that those people
16 are actually traveling either via their information and
17 consultations to the Tobacco footprint or getting in their cars
18 and driving to those local clinics. We're talking about where
19 people live and where they're employed. Many of those people
20 are actually employed at UVA but the commitment is to
21 provide health services to the Tobacco footprint.

22 DELEGATE MARSHALL: Mr. Owens has
23 a question, would you repeat that?

24 MR. OWENS: The money will be spent in
25 the footprint?

1 CHRISTY: We can go back and the
2 majority of the funds will be spent in the footprint and the
3 majority of those funds from the Tobacco Commission have
4 been spent in the footprint. And this money is a little bit
5 different because we are hiring researchers or more
6 researches and/or researchers at UVA but we do have
7 outlines in our budget where we're hiring for example a health
8 institute and we're supporting training fully in the footprint,
9 we're supporting telemedicine in the footprint. We have
10 providers that are partnering with Johnson Memorial Hospital
11 and others. They're able to bill for their services as well and
12 it's not just funding at UVA, they'll also be able to pay for
13 visits on site. I don't have the exact numbers but we'll be
14 happy to get that for you.

15 DELEGATE MARSHALL: In 2012 when
16 we first started down this road and we established that we had
17 always been very territorial about the money being spent in
18 the footprint but we understood that the labs and the expense
19 of those labs are already staffed and it didn't make sense to
20 take the dollars we need to get more bang for our buck long-
21 term.

22 CHRISTY: It's very important to
23 remember that this isn't just research in the laboratory, this is
24 for us to be able to do more population based research and we
25 have to meet the needs of the population and understand

1 what those needs are. So this is just as, it's not just looking
2 at survivors but looking at their needs. How many survivors
3 are in Southwest Virginia, what type of cancers do they have?
4 How far out are they? What are the problems that they're
5 having that we don't know about? How are primary care
6 providers following up on that? We connect those primary
7 care providers with our specialists at UVA so the primary care
8 providers can continue to follow patients and not lose that
9 revenue by coming to UVA. That's just some of the types of
10 research projects we're going to be doing.

11 MR. OWENS: How many hospitals and
12 oncology offices do you have, I know you said a few. I didn't
13 hear you say Southside.

14 CHRISTY: We have traditionally worked
15 very closely with Southwest and we're planning to do more
16 with Southside and the Massey Cancer Center with Southside
17 and that was a lot of the direction where patients were going.
18 We want to collaborate much more closely on that. So we've
19 been partnering for telemedicine and we've also been doing a
20 lot of rural poverty this past year in Southside, Martinsville
21 and Danville. We don't have specific relationships with
22 hospitals and that's something we will be working for as part
23 of this grant. This telemedicine is very, very important.

24 MR. SPIERS: Mr. Chairman, did I
25 understand this is a three year project and the follow-up to

1 that would be if this was not fully funded at the rate that they
2 mention how would that impact the project?

3 MR. PFOHL: Let me just say this, I think
4 UVA and Massey are taking different approaches to this. UVA
5 comes to us with a request that would start a three year series
6 of projects typically whereas Massey has been coming to us
7 and you'll hear they'd ask for one year of funding to
8 accomplish certain objectives and you'll hear some more
9 about that.

10 SENATOR CARRICO: That is basically
11 what I see an initial ask for \$3 million and then \$2.5.

12 MR. PFOHL: That's Massey.

13 SENATOR CARRICO: But if it's a three
14 year project, is all this money spent at one time or are they
15 coming back each year?

16 MR. PFOHL: They got funding last year
17 starting on projects X, Y and Z and those are ongoing for three
18 years and this will start projects A, B and C and they'll start
19 those for three years with this funding. So I think that's how
20 they approach this.

21 CHRISTY: We're trying to collaborate our
22 past funding and past resources. For example, last year's
23 request leveraged the fact that with our original grant doing
24 the mammography and our local van had been breaking down
25 and we weren't able to service what we wanted to. So last

1 year's grant we used some of those funds to support for a new
2 mobile van. There's only ten in the country that has the
3 technology for breast cancer detection. That's how we utilized
4 last year's. This year we're going to leverage more than we did
5 and 2015 where we really looked at building out, looked at
6 opportunities for local research nurses and nurses that have a
7 career in something beyond bedside nursing and to help work
8 in clinical trials and be able to do a needs assessment and
9 understanding the opportunities and capacity but we need to
10 do clinical trials in Southwest Virginia. We have to look at
11 what are the needs of cancer patients and prevention services
12 by building a community health worker program where we go
13 and train people in the community to understand what
14 resources are available locally. If we're able to utilize and
15 leverage local resources instead of duplicating and replicating
16 things that are in existence. Taking all these things that we've
17 learned and considering that in applying for this year's grant
18 and we hope to fund projects that are truly going to meet the
19 needs of what we were able to find out in the past.

20 DELEGATE MARSHALL: Any other
21 questions? All right.

22 MR. PFOHL: The next proposal is
23 Virginia Commonwealth University continuing to work to
24 achieve a cancer-free Virginia, originally submitted a request
25 for \$3 million and VCU has revised that to \$2.5 million.

1 proposal was contingent on Commission funds only being
2 used for activities in the Tobacco Region and that Massey's
3 Richmond based. Massey estimates that 24% of the current
4 request will be spent directly in the Tobacco Region and has
5 confirmed verbally with us that no other funds will be used
6 outside the Richmond base and the Tobacco Region.

7 Let me cut to the chase here because we
8 have a lot of verbiage. As the largest recipient of cancer
9 research funds from the Commission and twice the amount
10 granted to the Commonwealth's other NCI designated center
11 at UVA the staff would note that issues of equity with the UVA
12 center must be acknowledged. Furthermore, as the
13 Commission's endowment and annual budget decrease
14 correspondingly in this and future years, Massey must
15 recognize the funding limits of the Commission to help the
16 Center's ongoing efforts to expand its research areas in order
17 to become a comprehensive cancer research center. Staff is
18 recommending an award of \$2 million contingent on further
19 reductions to the proposed budget that show no Commission
20 funds being used outside the Tobacco Region or Massey's
21 Richmond base, and that reduced but adequate
22 reimbursement documentation will be negotiated as to be
23 mutually agreeable to the Commission and Massey. Dr.
24 Houlihan is here from Massey if you'd like to question him.

25 DELEGATE MARSHALL: Any questions

1 or comments from the Committee? Everybody good? Okay,
2 there's no questions.

3 MR. PFOHL: Finally, it is from Wellmont
4 Foundation doing business as Wellmont Health System Level
5 One Heart Attack Network, Southwest Virginia Phase III
6 requesting \$93,591. This is a project your Committee
7 supported with two previous grants totaling \$400,000. The
8 Foundation states this will be their final request from the
9 Commission. This is to equip local emergency responders in
10 Southwest Virginia. These are twelve point ECG machines
11 and it's a faster diagnosis and treatment of patients suspected
12 of having heart attacks. The information is related to a heart
13 attack treatment center where the decision is made whether
14 the patient needs to go to the heart attack treatment center or
15 go to a local hospital. There are balances left in the previous
16 two grants and the applicant is free to use those balances to
17 accomplish some of this work. And the staff is therefore
18 recommending an award of \$43,591.

19 DELEGATE MARSHALL: Any questions
20 on that application? All right, any thoughts from any of the
21 Commission that's popped up in your head before we move to
22 who's going to get the money?

23 MR. BENKA: Mr. Chairman, Matt Benka
24 with Lunchbox, I just wanted to let you know that I spoke to
25 the owner of the company and they are open to making a

1 commitment despite any, unless there's something absolutely
2 major that happens, they will commit full funding to the
3 Tobacco Commission. Again, these are eighty full time jobs
4 and private sector jobs and this company is up and running in
5 January and this will be in Greenville County. Thank you.

6 DELEGATE MARSHALL: Thank you.

7 DELEGATE BYRON: Mr. Chairman, I'd
8 like to pull out of the block –

9 DELEGATE MARSHALL: Do you see the
10 staff recommendations, so what's your pleasure?

11 DELEGATE BYRON: I would like to pull
12 2942, 2928, 2937, 2931 and 2930.

13 DELEGATE MARSHALL: We'll pull them.
14 What do you want to do with them?

15 DELEGATE BYRON: Make a motion and
16 the others are in the block.

17 DELEGATE MARSHALL: I guess the
18 question is we've got to figure out the funding because if you
19 look at the staff recommendations, there's only \$15,000 left.
20 We've got to go a long way.

21 MR. OWENS: If we pull those out of the
22 block, that's basically, you're talking a hundred thousand
23 there and then figure out the rest.

24 DELEGATE MARSHALL: Does everyone
25 understand the motion?

1 SENATOR CARRICO: 2938 to be pulled
2 also.

3 DELEGATE MARSHALL: That's the
4 motion.

5 DELEGATE BYRON: That's correct.

6 DELEGATE MARSHALL: Do we have a
7 second? All right. Let's go over these and make sure. The
8 city of Bristol, which is 2938, 2928, 2942 is DCR's, 2928 is
9 Greenville County, 2937 is Russell County, 2931 UVA and
10 2930 VCU. We have a motion and a second to pull those. All
11 those in favor say aye. (Ayes.) Opposed? (No response.)

12 DELEGATE BYRON: My next motion is
13 to accept the staff recommendations on the remaining ones.

14 MS. MEYERS: That would require a new
15 motion.

16 DR. REDWINE: You've got 2934, which
17 is listed as tabled.

18 DELEGATE BYRON: Mr. Chairman, it
19 only does funding for 2933, 2916, and the rest of them are all
20 recommended for zero or withdrawn.

21 MS. MEYERS: Right now the motion is
22 passed for moving these individually from the block and I
23 think there needs to be a new motion to vote on those that
24 were not removed from the block.

25 DELEGATE BYRON: That's my motion to

1 accept the staff recommendation.

2 MS. MEYERS: I think there needs to be a
3 new motion when you have a block you all can make a
4 motion, too.

5 DELEGATE BYRON: Mr. Chairman, I
6 would move that the staff recommendations for the block that
7 is left which is 2934, 2919, 2873, 2900, 2929, 2935, 2933,
8 2939, 2936, 2734 and 2916 that we accept the staff
9 recommendation for those grants to be funded.

10 MR. OWENS: Second.

11 MR. PFOHL: Delegate Byron, can you
12 clarify the Piedmont Access to Health Services the staff
13 recommendation was zero but there was discussion.

14 MS. MEYERS: I think there was a vote
15 on that.

16 DELEGATE BYRON: I can make a
17 motion again.

18 MS. MEYERS: I think for clarity's sake it
19 would be wise to do that.

20 DELEGATE BYRON: Mr. Chairman, I
21 recommend or I move that we accept the staff
22 recommendations for 2934, 2919, 2873, 2900, 2929, 2935,
23 2933, 2939, 2734 and 2916.

24 MR. OWENS: Second.

25 DELEGATE MARSHALL: We have a

1 second so the recommendation is that is to select 2933 and
2 the staff recommendation is \$65,432, staff recommendation
3 for 2916 is \$43,591 and the rest of them were zero, is that
4 correct? Does everybody understand what we're doing? Any
5 questions or comments?

6 MR. STEPHENSON: Just for an
7 abundance of clarity if I may, this motion approves two grants;
8 that's all this does.

9 DELEGATE MARSHALL: Any other
10 questions? Everybody clear? All those in favor say aye.
11 (Ayes.) Opposed? (No response.)

12 MR. OWENS: I recommend the ones that
13 have money on them already. If we go with the staff
14 recommendation. I recommend grant #2930 approve that for
15 \$1 million.

16 DELEGATE MARSHALL: We have a
17 motion and a second. Do you want to take these individually?
18 All right. We have a motion for VCU #2930 for \$1 million.

19 SENATOR SMITH: Second.

20 DELEGATE MARSHALL: Discussion? All
21 those in favor say aye. (Ayes.) Opposed? (No response.) All
22 right, who has the next motion?

23 MR. WALKER: Mr. Chairman, 2931
24 University of Virginia to grant fifty percent of that.

25 MR. STEPHENSON: That's 560,710.

1 DELEGATE MARSHALL: So the motion
2 for 2931, UVA Mr. Walker let me make sure I understand is to
3 fund them for \$560,710?

4 MR. WALKER: Correct.

5 DELEGATE MARSHALL: Do I have a
6 second?

7 MR. CANNON: Second.

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

11 MR. OWENS: I'd like to move that we
12 2928, which is Greenville County for \$250,000.

13 MS. CARTER: Second.

14 DELEGATE MARSHALL: The motion is
15 to fund #2928 Greenville County for \$250,000 and we have a
16 motion and a second. Any discussion? All those in favor say
17 aye. (Ayes.) Opposed? (No response.)

18 DELEGATE BYRON: Mr. Chairman, I
19 move that we table 2936.

20 MR. OWENS: Second.

21 DELEGATE MARSHALL: We have a
22 motion and a second to table 2936, say aye. (Ayes.)
23 Opposed? (No response.)

24 MR. OWENS: I make a motion that we
25 approve grant #2937 for \$355,000.

1 DELEGATE MARSHALL: 2937 is Russell
2 County.

3 DELEGATE BYRON: I'll second it.

4 MR. OWENS: Contingent, I think that's
5 the one that was going to get a TROF.

6 DELEGATE MARSHALL: \$355,000.

7 MR. PFOHL: Greenville and Russell
8 County get a TROF.

9 MR. OWENS: Make sure that they get
10 the same performance agreement.

11 DELEGATE MARSHALL: You're asking
12 \$355,000 to transfer that to TROF for the same requirement
13 that TROF has?

14 MR. STEPHENSON: It would be helpful
15 internally if it were transferred to TROF to be included under
16 the same contract, one contract.

17 MR. OWENS: So moved.

18 DELEGATE MARSHALL: The motion is
19 that we will fund Russell County request 2937 and we're
20 transferring \$355,000 from Special Projects to TROF and the
21 same requirements for TROF as it is. Any questions?
22 Everybody know what we're doing? So 2937, all those in favor
23 say aye. (Ayes.) Opposed? (No response.) What is our
24 balance?

25 MR. STEPHENSON: An unaudited

1 answer would be \$736,936.

2 MR. WALKER: Mr. Chairman, project
3 2942 the Department of Recreation and Conservation, zero.

4 SENATOR SMITH: Second.

5 DELEGATE MARSHALL: No funding?

6 MR. WALKER: That's correct.

7 DELEGATE MARSHALL: We have a
8 motion and a second for zero funding for 2942. Any
9 questions? All those in favor say aye. (Ayes.) Opposed? (No.)
10 Raise your hand for those. Four nos. What's next?

11 SENATOR CARRICO: I would make a
12 motion that 2938 city of Bristol be funded. I don't know
13 what's left. It would be specified to be used for the hotel.

14 DELEGATE MARSHALL: Ned, with that
15 motion do we want to transfer money for the city of Bristol,
16 whatever that money would be to TROF to handle that the
17 same way also as we did the others?

18 MR. STEPHENSON: I think that's
19 advisable Mr. Chairman.

20 DELEGATE MARSHALL: You
21 understand?

22 SENATOR CARRICO: You're transferring
23 the remaining amount?

24 DELEGATE MARSHALL: Whatever
25 number you propose and we approve that money would be

1 transferred to TROF just like the one in Greenville County we
2 just did that you'd have one document from the Tobacco
3 Commission.

4 SENATOR CARRICO: Yes.

5 DELEGATE MARSHALL: What's the
6 number?

7 SENATOR CARRICO: The one million.

8 DELEGATE MARSHALL: We don't have a
9 million.

10 MS. MEYERS: Before we do that, make
11 certain the amount that we have left.

12 SENATOR SMITH: Mr. Chairman, if the
13 original estimate was right, something like \$996,000.

14 MR. STEPHENSON: I think we need to
15 prove that.

16 SENATOR CARRICO: Mr. Chairman, I'll
17 renew my motion for \$750,000 city of Bristol.

18 SENATOR SMITH: Second.

19 DELEGATE MARSHALL: Request #2938
20 city of Bristol, the motion is for \$750,000 will be transferred to
21 TROF and it will be the same agreement as the TROF
22 agreement.

23 MR. OWENS: I just want to make sure
24 that it has the same stipulations as TROF, same job creation,
25 same capital expenditures.

1 MR. STEPHENSON: It will be the very
2 same contract as the TROF money.

3 DELEGATE MARSHALL: We asked that
4 question before, are they okay with that? Let the record
5 reflect they're shaking their head. Any other questions or
6 comments?

7 MS. CARTER: I just want to make sure I
8 understand the project. The funding has not been solidified
9 for the project yet?

10 MR. MCCALL: That is correct. We're in
11 the process of securing all the capital and this will be the last
12 dollars in so to speak.

13 MS. CARTER: When do you think that
14 you will because this is a lot of money tied up waiting for you?

15 MR. MCCALL: We want to start this year.
16 We're on track through our applications with other agencies
17 to get our permits and the Department of Housing to be in
18 construction by the end of this year. Our building exists and
19 it's not like we're starting from ground zero, we've got our
20 historical property and that gives us a huge advantage to get
21 to the market.

22 MS. CARTER: You've got \$18 million you
23 need to find, is that correct?

24 MR. MCCALL: Correct.

25 MS. CARTER: Have you been to the

1 banks?

2 MR. MCCALL: Talking to banks and
3 we're going to use historical credits, federal and Virginia state
4 historical credits.

5 MR. OWENS: That means no money will
6 be disbursed until you have all your money in place, is that
7 correct?

8 MR. MCCALL: I'm perfectly fine with
9 that.

10 SENATOR CARRICO: Is this the same
11 criteria as the TROF agreement and how they use the money?

12 MR. STEPHENSON: The TROF
13 agreement makes no restrictions on how the money is used
14 only that the jobs and investments promised be delivered
15 within the timeframe called for three years. There's no
16 provisions along the line that Mr. Owens stated.

17 DELEGATE MARSHALL: Ed, does that
18 answer your question?

19 MR. OWENS: Yes.

20 MR. CANNON: Can I make a motion to
21 go back to one?

22 DELEGATE MARSHALL: Let's finish this
23 first. The motion is to approve or actually transfer \$750,000
24 of Special Projects to TROF for 2938 city of Bristol and the
25 requirements will be the same as TROF and the agreement,

1 there'll be one agreement between the Commission and the
2 city of Bristol. Any questions? All those in favor of 2938 for
3 \$750,000 say aye. (Ayes.) Opposition? (No response.) All
4 right, Mr. Cannon, do you have a motion?

5 MR. CANNON: 2942, to reconsider that.

6 DELEGATE MARSHALL: The motion is
7 to reconsider 2942, let's get through that step and see if it
8 passes. Do we have a second for that?

9 MR. WALKER: Second.

10 DELEGATE MARSHALL: Mr. Walker
11 seconds it. So what we're doing is reconsidering 2942, which
12 was voted on for zero funding. Everyone understand. All
13 those in favor say aye. (Ayes.) Opposed? (No.)

14 MR. CANNON: I'd like to make a motion
15 that we fund 2942 for \$260,000.

16 DELEGATE MARSHALL: We have a
17 motion to fund 2942 \$260,000. Do we have a second? We
18 have a second.

19 MS. CARTER: Earlier, I asked legal
20 counsel about whether or not this is permissible under our
21 guidelines and she said she'd have to look into that. I'd still
22 like if we can make this contingent upon her ruling. I think
23 we need to make sure that we are protected.

24 MS. MEYERS: A ruling on any advice I
25 would give you I'm not a court of law but I would have to look

1 deeper into this issue.

2 DELEGATE BYRON: We could also
3 consider, Mr. Chairman, if there's enough interest in this and
4 just go into this at the next meeting.

5 DELEGATE MARSHALL: We have a
6 meeting; these are just recommendations and it goes to the
7 full Board as everyone knows and that's a couple weeks away.
8 Can you let us know and then we can pull this out of the
9 block if we see a problem at that time?

10 MS. MEYERS: Yes, sir.

11 DELEGATE MARSHALL: Is that good?

12 DELEGATE BYRON: Mr. Chairman, if
13 you have something and you still have something hanging out
14 there, if you table it then you really know what's before you
15 and you can pull it off the table and have a discussion.

16 SENATOR SMITH: I'd like to offer a
17 substitute motion.

18 DELEGATE BYRON: The substitute
19 motion would be to table that grant.

20 SENATOR SMITH: Second.

21 DELEGATE MARSHALL: How long would
22 it take to do that?

23 DELEGATE BYRON: I think you can
24 bring it back at the full meeting.

25 MR. STEPHENSON: I think if this

1 Committee tables it on the Committee's table, this Committee
2 would have to come back to that table and this Committee is
3 not scheduled to meet between now and the Commission.

4 DELEGATE BYRON: We could have a
5 notice for a fifteen minute meeting.

6 MR. STEPHENSON: You can if the
7 Chairman wishes to call that meeting.

8 MR. PFOHL: You have to have
9 appropriate public notice.

10 MS. MEYERS: Yes.

11 DELEGATE MARSHALL: We have a
12 substitute motion and a second to table this and the
13 Chairman will ask that we have a meeting before the full
14 Board meeting, is that all right with you Delegate Byron?

15 DELEGATE BYRON: Yes.

16 DELEGATE MARSHALL: Any questions?

17 All those in favor of the substitute motion say aye. (Ayes.)
18 Opposed? (No response.) If you could find that out and get
19 back to staff before the meeting let us know. All right, where
20 are we now?

21 MR. SPIERS: Mr. Chairman, clarification
22 on the 2928 Greenville County, I know we talked about
23 transferring to TROF and getting the requirements but I
24 believe that motion was made before we got into that
25 discussion. Just want to clarify and the assistant attorney

1 general also asked for clarification how that would be handled.

2 DELEGATE MARSHALL: So 2928, you're
3 asking does that go through TROF?

4 MR. SPIERS: I think the motion was
5 made before we began that discussion and more after we
6 talked about the Russell County transfer. I would make that
7 as a motion.

8 DELEGATE MARSHALL: We have a
9 motion that application 2928 for \$250,000 for Greenville
10 County be transferred to TROF and handled as the other
11 applications, do I have a second? All right.

12 SENATOR SMITH: Mr. Chairman, you
13 have to reconsider what you've done before.

14 DELEGATE MARSHALL: Reconsider, we
15 have a substitute motion, a motion to –

16 MS. MEYERS: - essentially a motion
17 amending to or you're adding to your previous, not a
18 reconsider.

19 DELEGATE MARSHALL: Any
20 discussion? All those in favor say aye. (Ayes.) Opposed? (No
21 response.) Anything else?

22 MR. PFOHL: Would you pull up that
23 other chart Ben? These are the extensions and we have a
24 number of them on projects and our policy on these grants is
25 that we have, grants have three years from the date of

1 approval to use their funds. The executive director is
2 authorized to approve a fourth year extension but beyond that
3 period it has to come to the Commission. Staff is
4 recommending no further extension on #1664 Wise County
5 IDA for construction funds for the research and development
6 center and staff is recommending extensions as is shown on
7 the screen for 1665, 1667, 2150, 2268, 2275, 2486. That is
8 all described in the document and I'd ask for a motion to
9 approve those per the staff recommendation.

10 MR. OWENS: So moved.

11 DELEGATE MARSHALL: We have a
12 motion and a second. Any questions or comments about that?
13 All those in favor say aye. (Ayes.) Opposed? (No response.)
14 Anything else? All right, I'm sure there's no one out there that
15 has public comments at this time. If not, we're adjourned.

16

17 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

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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 Friday, September 12, 2014 at 10:00 a.m. at the Sheraton Roanoke Hotel & Conference Center, Roanoke, 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 24th day of September, 2014.

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

My Commission Expires: October 31, 2014.
Notary Registration Number: 224566