

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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7 **Agribusiness Committee Meeting**

8 Monday, December 7, 2015

9 1:30 o'clock p.m.

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13 Institute for Advanced Learning & Research

14 Danville, Virginia

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1 APPEARANCES:

2 Mr. Robert Spiers, Chairman

3 Mr. Kenney Barnard

4 The Honorable James Edmunds

5 The Honorable Frank Harris

6 Ms. Cassidy Rasnick, for Secretary Haymore

7 Mr. Donald W. Merricks

8 Mr. Cecil Shell

9 The Honorable Thomas C. Wright, Jr.

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11 COMMISSION STAFF:

12 Mr. Evan Feinman, Executive Director

13 Mr. Ned Stephenson, Deputy Executive Director

14 Mr. Timothy S. Pfohl, Grants Program Administration Director

15 Ms. Sara G. Williams, Grants Program Administrator

16 Southwest Virginia

17 Ms. Sarah K. Capps, Grants Program Administrator

18 Southside Virginia

19 Mr. Benjamin Dawson, Grants Assistant - Southside Virginia

20 Ms. Stacey Richardson, Executive Assistant

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22 COUNSEL FOR THE COMMISSION:

23 Ms. Elizabeth B. Myers, Assistant Attorney General

24 Richmond, Virginia

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1 December 7, 2015

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MR. SPIERS: Good afternoon, welcome to the Agribusiness Committee Meeting. We are here to consider the applications and make decisions on making recommendations to the Full Commission.

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At this time, I'd ask Evan to call roll, please.

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MR. FEINMAN: Mr. Barnard

9

MR. BARNARD: Here.

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MR. FEINMAN: Delegate Edmunds.

11

DELEGATE EDMUNDS: Here.

12

MR. FEINMAN: Mr. Harris.

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MR. HARRIS: Here.

14

MR. FEINMAN: Ms. Rasnick

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MS. RASNICK: Here.

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MR. FEINMAN: Mr. Merricks.

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MR. MERRICKS: Here.

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MR. FEINMAN: Mr. Montgomery.

19

MR. MONTGOMERY: (No response).

20

MR. FEINMAN: Mr. Shell.

21

MR. SHELL: Here.

22

MR. FEINMAN: Mr. Spiers.

23

MR. SPIERS: Here.

24

MR. FEINMAN: Senator Stanley.

25

SENATOR STANLEY: (No response).

1 MR. FEINMAN: Mr. Sutherland.

2 MR. SUTHERLAND: (No response).

3 MR. FEINMAN: Delegate Wright.

4 DELEGATE WRIGHT: Here.

5 MR. FEINMAN: You have a quorum, Mr. Chairman.

6 MR. SPIERS: Let's go ahead and have a motion to
7 approve the minutes of December 17th, 2014, published on the
8 website. Do you have any additions or corrections to the
9 minutes?

10 MR. HARRIS: I move we approve them, Mr.
11 Chairman.

12 MR. SPIERS: I have a motion and a second for the
13 minutes to be approved. All in favor, say aye. (Ayes). Opposed,
14 no? (No response). The minutes are approved.

15 Now, at this time, Tim, I'll call on you for the
16 presentation of the grant proposals for this round.

17 MR. PFOHL: Thank you, Mr. Chairman. The
18 Commission announced its Fiscal Year 2016 Agribusiness cycle
19 with an October due date, and we received 17 proposals. And
20 the Staff is recommending 11 of those for funding for you today.

21 Before we get into those, I want to express my
22 appreciation for the and recognition of the good work that Sarah
23 Capps and Sara Williams do not only advise the applicants in
24 advance of this process and work with existing grantees.
25 Specifically, just to give you a little bit of background about the

1 budget situation we're in.

2 The Commission carries more than \$1 million forward
3 from last year's cycle due to some proposals that were tabled.
4 Through the efforts of Sarah and Sara, captured another several
5 hundred thousand dollars from grants where the projects didn't
6 move forward. So, a million is budgeted in the current fiscal year
7 for the Agribusiness program. It puts us in a little bit of an
8 unusual situation. \$2.9 million available for the \$5 million of
9 requests that we have here today. So, recognizing the elephant
10 in the room, Staff has recommended some money be carried
11 forward to help grow next year's cycle, a budget for that process.

12 As one of your former colleagues would say, Staff
13 recommends, Commissioners vote. So, the ball is in your court
14 today.

15 With that, I'll start walking through these, Mr.
16 Chairman. We do have several first-time applicants, and the
17 Committee members received copies of your proposals and
18 received the Staff report and information the applicants provided,
19 as well as the Staff provided, comments and recommendations.
20 I'll move quickly through the project. Please note that
21 Committee members are very familiar and have seen the
22 information.

23 The first one up is Abingdon Feeder Cattle Association,
24 Precision Agriculture - Promoting Profit Potential in Southwest
25 Virginia. And this is a request for a half million dollars. This is to

1 provide a 50 percent cost-share up to \$2,000 per producers for
2 sprayers with low drift nozzles, precision guidance systems and
3 aerial application. This will help 245 beef cattle producers in 12
4 Southwest Tobacco Region counties. The Staff inquired about a
5 cost of the equipment that would be eligible for the cost-share
6 program, and the cost ran about \$1,000 for the GPS units,
7 \$3,000 for the Precision Guidance Systems, and so forth.

8 It appears that given the revenue return potential for
9 the producers would be a very quick ROI for producers and the
10 cost of acquiring this equipment without a cost-share and does
11 not seem to be a significant area. Staff is recommending
12 communication from the applicant indicated at a 33 percent
13 reimbursement limit would be acceptable for the program. This
14 is a first request for the Agribusiness program for this type of
15 precision spraying. The applicant indicated a future request
16 would be submitted.

17 Before embarking on this type of cost-share, the
18 Committee must consider the implications of approving funding
19 for control of invasive species. In this case, spraying for weeds is
20 a long-established practice, and the cost of farmers to purchase
21 these devices and services without cost-share assistance do not
22 appear to be a significant barrier to implementing these
23 practices. The Staff recommends no further action on this.

24 MR. SPIERS: Any questions for Committee members?
25 Does anyone have any questions concerning this 3107? If not,

1 we'll go on to the next one.

2 MR. PFOHL: Next up is Blue Ridge Center for Chinese
3 Medicine, Inc., applying for Phase II: Processing Herbs,
4 Appalachian Medicinal Herb Growers Consortium. It's a request
5 for \$196,062. Phase II builds upon the success of Phase I, and
6 the Phase I grant the Committee recommended a couple of years
7 ago to expand the Appalachian Medicinal Herb Growers
8 Consortium, currently 33 farms planted in five counties, and
9 they're growing products with 17 more in the spring of 2016 from
10 Phase I.

11 Phase II would double the plantings. Plantings at
12 existing farms, beginning the first major harvest, add capacity
13 for drying, processing, and packaging herbs using solar power
14 and selling to licensed clinical practitioners. This project received
15 \$152,660 in Fiscal '15, and there's a balance remaining that'll be
16 drawn down over the next quarter or so after 2015 expenses are
17 wrapped up. Matching funds are shown from the Appalachian
18 Regional Commission and an application this coming year for
19 construction purchases. There's also an intent to direct
20 \$100,000 of future revenues from '16 and '17 to the ongoing
21 operational needs of the project.

22 Conversations with the applicant also show an intent
23 to pursue funding from USDA. Seventy-five farms are expected
24 to participate in this phase of the project, with \$3,000 of average
25 net new annual sales per farm. The current request does an

1 outstanding job showing market farms and multiple tobacco
2 region counties and from buyers across the United States. The
3 growth market for these domestically grown products appears
4 robust with significant potential to expand production and attract
5 net new income to the region from distant buyers. Staff
6 recommends an award of \$196,062.

7 MR. SPIERS: Any Commission members have
8 questions regarding 3118?

9 MR. PFOHL: The next one is the Blue Ridge Soil and
10 Water Conservation District, The Greater Appalachian Sheep and
11 Goat Improvement Initiative. This would target existing goat and
12 sheep producers and establish new sheep and goat farmers in
13 Bland, Carroll, Floyd, Franklin, Henry, Grayson, Patrick, and
14 Wythe Counties, five Southwest counties and three Southside.

15 The applicants would be required to complete an
16 online business plan and attend a training program. During the
17 five-year term of the grant agreement, participants will attend a
18 yearly program, education and training in a project that will
19 serve 88 small ruminant producers in eight counties during this
20 initial round. A maximum of \$3,000 of cost-share. The applicant
21 has asked for a 50/50 cost share incentive. Staff has suggested
22 33 percent and which should be an incentive to attract
23 participation.

24 Approximately \$21,000 of the request is sought for
25 reimbursement for actual administrative expenses, like printing,

1 postage, mileage, and so forth, and to conduct educational
2 workshops. There are some revisions for the program guidelines
3 that were submitted, and the applicants have responded
4 positively on a number of issues to our request. Although the
5 applicant is still desirable for a 50/50 cost-share, but the Staff is
6 of the opinion 33 percent would be a good precedent
7 understanding that this could be something to offer to additional
8 producers.

9 Overall, this request, along with the revised Lee
10 livestock proposal, which you'll hear about in a few minutes, is
11 the first significant regional effort to provide Tobacco Commission
12 incentives for small ruminant producers, a field where young and
13 lower income producers have lower costs to entry in terms of
14 purchasing animals and grazing needs, et cetera, yet can realize
15 significant measurable income relatively quickly.

16 Staff suggests an award that would provide \$30,000
17 in each county, and \$15,000 for project administrative costs and
18 educational workshops. As I said, Staff recommends an award of
19 \$255,000 to be distributed per the applicant's revised guidelines,
20 with a cap of 33 percent cost-share.

21 MR. SPIERS: Any questions concerning the change in
22 the recommendation that the Staff has made, changing this from
23 50/50 match to a 33-percent match to make our funds go a little
24 further? Any questions? All right.

25 MR. PFOHL: Campbell County, Central Virginia

1 Producer Support Grant Program, request for \$467,500. There
2 are six or seven cost-share components in this proposal, which
3 are shown in the summary. This project is anticipating serving
4 10 producers and 14 Tobacco Commission counties, and 33-
5 percent cost-share reimbursement, not to exceed \$3,300 per
6 producer.

7 The applicant has worked with us with the Hay
8 Wrappers, Mix Wagons/Grinders/Creep Feeders and Cold Storage
9 Units for fruits and vegetable producers. The applicant has
10 agreed to work with these three practices. Estimated cost for
11 these three practices being recommended for funding, it would
12 cost \$10,000 or more with participants being required to spend
13 at least \$3,000 to be eligible for the 33-percent cost-share
14 reimbursement. The applicant has provided data to support the
15 cost savings and increased income to producers that are
16 expected to result from implementation of the three practices
17 recommended to be supported. Ultimately, a more focused
18 project will still serve a significant number of producers across a
19 broad swath of Southern Virginia and incentivize considerable
20 private investment. Staff recommends an award of \$300,000.

21 MR. SPIERS: We see that Staff has discussed these
22 projects with the applicant and negotiated some changes to
23 make the money go further and consider more producers and
24 stay within the mission of the Tobacco Commission. Are there
25 any questions? All right.

1 MR. PFOHL: Ferrum College is requesting \$49,000 for
2 the Hydroponic System Model for Specialty Lettuce Production.
3 Ferrum offers one of the first agriculture degree programs in the
4 country. And the objective is to offer a vehicle for farmers to
5 examine and weigh the costs, benefits, and returns of a two-
6 tiered scalable income opportunity. High tunnels alone, as well
7 as a high tunnel fitted with a hydroponic system, firsthand.
8 Ferrum requests funds to construct equipment, purchase plants
9 for an on-campus high tunnel and hydroponic facility. Funds are
10 also requested to convert or to cover a portion of a farm
11 manager position that would be created.

12 Staff would note that the project would be
13 demonstrating systems known to work, and this may be a source
14 of food for the college's dining hall, which has minimal direct
15 alignment with measurable ag. program objectives. Staff has
16 asked the college's project leaders if they would be agreeable to
17 a Tobacco Commission funding only the \$25,000 capital cost to
18 establish the high tunnel hydroponic facility, plus a small amount
19 for advertising and conducting workshops on the condition that
20 Ferrum commit to covering annual operating expenses, including
21 the farm manager, and under the condition that Ferrum conduct
22 a specified number of public workshops over the next three years
23 so that the Commission has assurance of our primary interest in
24 educating area farmers about the opportunity for this type of
25 production.

1 Staff recommends an award of \$30,000 to construct and
2 equip the facility, and to conduct public education workshops,
3 contingent on the applicant committing the required matching
4 funds to operate and sustain the facility. Yesterday, we received
5 confirmation from the provost. They are agreeable to those
6 conditions.

7 MR. SPIERS: Any further questions?

8 MR. PFOHL: Greenville County, Greenhouse Heat
9 Transfer Engineering Project, requesting \$50,000. This involves
10 large scale greenhouse project heated with waste heat and CO2
11 emissions from a large scale industrial partner. Commission
12 funds will be used for the front-end loading study, second level
13 engineering feasible study, which would include preliminary
14 equipment, design, preliminary layout, preliminary schedule,
15 preliminary estimate within, and financing, and so forth. The
16 request would fund engineering and other feasibility study tasks
17 for a private enterprise based in neighboring Brunswick County.

18 The application provides very large outcome numbers,
19 500 greenhouse employees and 150 Tobacco Region producers,
20 benefitting directly from the facility. Staff notes that the costs to
21 install heat transfer equipment for the greenhouse being
22 constructed would have to be raised before the greenhouse is
23 funded and built, which is \$10 million. It seems like a significant
24 financial hurdle.

25 Ultimately, this request is akin to providing an early

1 stage venture capital investment, albeit a small amount with high
2 risk the project may never happen. While the concept is
3 intriguing, this stage of feasibility analysis is best funded by
4 private investors, not public funds. Staff recommends no further
5 action.

6 MR. SPIERS: Any questions?

7 MR. PFOHL: Halifax Soil and Water Conservation
8 District, requesting \$161,778.24 for the Southside Virginia
9 Pasture Infrastructure Program. This program utilizes a cost-
10 share incentive to establish new pasture and increase the ability
11 of livestock producers to implement rotational grazing, along with
12 converting endophyte-infected tall fescue pastures into novel-
13 endophyte or warm season grasses. The primary goal is to
14 install practices that increase the ability of producers to graze
15 their livestock more efficiently. This is to increase the number of
16 grazing acres. By implementing these practices, producers will
17 improve utilization of pasture and decrease reliance on
18 supplemental feed, resulting in an increase in net-farm income.

19 This is a well-developed proposal and cost-share
20 program, designed to target new and existing livestock producers
21 for establishing new pastures, rotational grazing systems, and
22 pasture conversion to novel tall fescue or warm season grasses.
23 The project is expected to benefit at least 60 cattle and small
24 ruminant producers in eight Southside counties, resulting in
25 \$5,000 annual increase in net income for program participants

1 from improved weight gain and birthing rates and fewer
2 hay/feed purchases.

3 The agricultural problems can be addressed by this
4 program if implemented correctly. The need for financial
5 incentives using best practices and return on investment
6 calculations. This request provides a 25 percent cost-share
7 investment and reimbursements for up to \$3,000 per participant.
8 The three soil, water, and conservation districts are partners on
9 the project, and initial funding allocations are for four
10 participants from each of the eight counties, with funding ideally
11 targeted to serve two cattle and two small ruminant producers in
12 each locality. A very solid ranking system for awarding of cost-
13 share is presented, and this is not a first-come, first-serve
14 program. The Staff is recommending an award of \$161,778.24.

15 DELEGATE WRIGHT: What are the eight counties?

16 MR. PFOHL: Amelia, Brunswick, Charlotte, Halifax,
17 Lunenburg, Mecklenburg, Nottoway, Prince Edward.

18 DELEGATE WRIGHT: Thank you.

19 MR. PFOHL: Next up is Lake Country Development
20 Corporation, which is part of the Southside Planning District
21 Commission, which is a development arm, and this is with
22 Southern Virginia Food Hub, requesting \$79,776. This is for the
23 development of the Southern Virginia Food Hub that will be
24 owned and operated by the Taylor Wright-Farm Company. This
25 project will directly assist Tobacco Region producers who are

1 exploring value-added food enterprises and market outlets for
2 local foods as potential income replacement options. They will
3 host quarterly open houses, product cooking classes, and
4 business marketing classes through VSU and Virginia Tech and
5 VCE.

6 Currently, there are 14 produce farmers committed to
7 working with the Southern Virginia Food Hub, all of which have
8 expressed interest in creating their own value-added products in
9 the kitchen. There are also five local entrepreneurs ready to use
10 the kitchen to process their wares, as evidenced from the
11 attached document. Southern Virginia Food Hub will serve as a
12 regional receiving station for the purchase of blemished/past
13 prime produce from local farmers, and then it can be processed
14 into value-added product and sold to the consumer, thus
15 assisting in the elimination of food wastes and increasing farm
16 income.

17 This has been one of the biggest challenges for the
18 Agribusiness sector of the Tobacco Region, and that is for the
19 aggregation and processing produce in order to expand market
20 opportunities. The facility will be located in the downtown area
21 of South Hill, and serving as a privately owned, which is an
22 important point, privately owned Food Hub, with a commercial
23 kitchen and retail marketing outlet for the sale of locally grown
24 fresh, frozen, and value-added products.

25 A detailed lined item budget for equipment items to be

1 purchased from the grant was provided and matched is
2 committed from \$326,000 in loans, grants, and private
3 investment for cost to purchase, renovate, and equip the facility.
4 The beneficiary is committed to tracking outcomes of interest to
5 the Commission, including collecting data on the pounds and
6 price paid to producers, pounds of products sold as fresh, raw
7 products, pounds of produce processed and sold as value-added
8 product and a number of local producers that use the commercial
9 kitchen for value-added processing.

10 Lake Country Development Corporation confirmed a
11 plan to own the equipment purchased with grant funds, and will
12 lease it to the Southern Virginia Food Hub under a performance
13 agreement requiring documentation of private investment, job
14 creation, and purchasing from local producers and food
15 entrepreneurs.

16 Staff recommends an award of \$79,776 subject to a
17 satisfactory performance agreement between the private
18 operator and the applicant, which shall be approved by the
19 Executive Director.

20 MR. SPIERS: Is this a private company involved and
21 the equipment belong to the city?

22 MR. PFOHL: Lake Country Development Corporation.
23 Primarily a lending organization with the Southside Planning
24 District Commission funded by the Federal Economic
25 Development Administration.

1 MR. SPIERS: They'd be able to sell produce that they
2 get from the local farmers, as well as their own?

3 MR. PFOHL: Yes.

4 MR. SPIERS: Anyone else have any questions? All
5 right.

6 MR. PFOHL: Next up is the Lee County Livestock
7 Association. Livestock Genetic Improvement Initiative for Far
8 Southwest Virginia. The original request was \$200,000, and I'll
9 tell you how that's been adjusted. The Lee County Livestock
10 Association, with support from the adjoining Cattlemen's
11 Associations, would like to offer cost-share for genetic
12 improvements of livestock herds. This would serve five counties
13 in far Southwest Virginia, Lee, Scott, Wise, Dickenson, and
14 Buchanan Counties. People would be required to attend
15 educational classes on a first-serve, first-come basis. The cost-
16 share would be 50 percent reimbursement to producers up to
17 \$5,000 for breeding stock and artificial insemination equipment
18 for cattle operations and \$3,000 for small ruminants operations,
19 and \$5,000 for mixed operations.

20 The applicant submitted a similar proposal in last
21 year's Agribusiness cycle that would have served only Lee
22 County. The project submitted this year expands that reach to
23 four additional counties and includes participation by several
24 livestock producer organizations serving those counties. The
25 current project proposes incentives for beef cattle and small

1 ruminant producers. However, based on these counties having
2 had access to numerous Commission beef cattle grants since
3 2004, the Commission Staff requested the applicant consider
4 focusing this request on just small ruminants, and the applicant
5 has responded positively to that suggestion.

6 The revised request is \$155,000, and focusing on
7 small ruminants, and \$3,000 cost-share per participant, and
8 serve 50 producers in five counties. That's about \$30,000 per
9 county. Incentives would be used to purchase registered and
10 tested breeding rams, construct barns, sheds, and fencing, and
11 to acquire feeders, feeder bins, and handling equipment. The
12 participants would be required to attend training workshops,
13 insure structures/equipment, and have a herd of at least 25
14 breeding females.

15 The revised request also seeks \$5,000 for
16 reimbursement of actual administrative expenses, printing,
17 postage, mileage, and et cetera, and to conduct educational
18 workshops. The Commission Staff has recommended lowering
19 the cost-sharing to 33 percent of eligible practices in order to be
20 consistent with other recent Commission cost-sharing programs.
21 And the applicant has responded that it is hopeful the Committee
22 will support the requested 50/50 cost-share.

23 Staff remains of the viewpoint that a 33 percent
24 reimbursement should provide ample incentive and would set a
25 precedent for expanding small ruminant cost-sharing incentives

1 to other Tobacco Region counties. We're concerned about setting
2 a precedent and expanding this. Overall, this request, along with
3 the accompanying request from Blue Ridge, is our first significant
4 regional effort to provide incentives of small ruminant producers.
5 So, the Staff recommends an award of \$155,000 to serve small
6 ruminant producers in the five counties with maximum cost-
7 share of 33 percent.

8 MR. SPIERS: Lee County's Livestock Association
9 would administer this?

10 MR. PFOHL: Yes.

11 MR. SPIERS: Any questions concerning this project?
12 All right.

13 MR. PFOHL: New River-Highlands Resource
14 Conservation and Development Council is requesting \$255,000
15 for an Affordable Accessible Poultry Processing Unit in
16 Southwest/Southside Virginia. The goal of this project is to serve
17 small farms processing under 20,000 birds annually by building
18 and maintaining a mobile poultry processing trailer, which may
19 be moved from farm to farm or to a centrally designated location
20 around the region.

21 The request seeks support three years for the
22 equipment, staffing, fuel to establish a mobile poultry processing
23 facility that is intended to serve 250 farms and ten Southwest
24 Virginia Tobacco Region localities and four Southern Virginia
25 counties. This was submitted to last year's Agribusiness

1 Committee, and we didn't see any evidence of demand from
2 potential users to justify the 250 participating farms was shown.
3 The applicant did say that they intended to process less than
4 20,000 birds, but that would be the threshold necessary to avoid
5 VDAC's inspection, the mobile unit.

6 No formal budget documents were provided, and the
7 \$40,000 contribution from VDAC appears to be the only match
8 for the project, which fails to meet the Commission's one-to-one
9 matching fund requirement. Due to the application's failure to
10 meet the one-for-one match requirement, this project is ineligible
11 for funding consideration, and Staff recommends no further
12 action.

13 MR. SPIERS: Are there any questions? All right.

14 MR. PFOHL: Next up is Pittsylvania County, Southern
15 Virginia Vineyard Development and Expansion to Support
16 Virginia's Wine Industry. The request is for \$811,526. This
17 would be a three-year program, consisting of four components.
18 Educational aspects will be administered by the Vineyard experts
19 within Virginia Cooperative Extension. Two, recent cost-share to
20 establish new vineyards of at least five acres. Third, expanding
21 current vineyards will be a cost-share program, as well. The
22 fourth component is research, on-farm research and
23 development to be initiated by Institute for Advanced Learning
24 and Research and will be evaluating new varieties and genetics
25 to improve disease resistance for increasing vineyard yields and

1 reducing chemical costs for the Southern Region. The project will
2 target all Southside counties in the Tobacco Region.

3 An acre of grapes will cost the farmer nearly \$35,000
4 to install and maintain until any marketable tonnage of fruit is
5 harvested or sold. The project proposes a 33-percent cost-share.
6 It's a very sound and developable proposal, and there is well
7 documented evidence of interest or growing interest and strong
8 partnerships with the state Viticulture Association and Virginia
9 Tech. The majority of the project budgeted is over \$700,000 is
10 for cost-share payments directly benefitting new producers and
11 existing vineyards and providing an incentive to establish and
12 expand an estimated 238 acres of grape production in the
13 Southside Region.

14 The balance of the request, \$95,000, is to support
15 essential educational outreach aspect of the project that will be
16 led by the Virginia Tech Viticulture Research Station in
17 Winchester that I just mentioned.

18 A survey by the Virginia Farm Bureau has resulted in
19 an expressed interest for more than 70 individuals interested in
20 establishing vineyards, and the Viticulture Association survey
21 identified nearly all of the 32 vineyards in the Southside area
22 expressing interest in participating. Interested producers are
23 required to participate in a comprehensive training program by
24 the Cooperative Extension and cost-share recipient selection to
25 be handled by the Virginia Viticulture Association, will be based

1 on factors relating to site suitability and potential for success.
2 There are a number of cost-share thresholds that are listed.

3 The Commission's cost-share portion is estimated to
4 be less than ten percent of the total costs to the producer and to
5 the establishment of vineyards in the Commonwealth. The
6 application identifies that it is expected to serve 50 producers in
7 the Southside counties, and the goal for 20 new producers to
8 establish vineyards.

9 Staff recommends a grant award of \$811,526,
10 contingent on program guidelines limiting cost-share at the
11 maximum thresholds identified in the proposal and not to exceed
12 33 percent of eligible costs for establishment of new acreage.

13 DELEGATE WRIGHT: Tim, sounds like an excellent
14 program for all counties in Southside. How does the word
15 spread, not only for this grant, but others, about the availability?

16 MR. PFOHL: Delegate Wright, I think they've already
17 demonstrated they have contact information with all the people
18 they serve that have shown interest. I'm sure they will advertise
19 workshops and advertise through the extension service.

20 DELEGATE WRIGHT: I think that's very important. I
21 know other programs have done very well as far as people
22 participating in these grants, but I'd just like to make sure that
23 we get the word out and that people get to know about it.

24 MR. PFOHL: This has been a multi-organization effort
25 with these applications and the project at this point, a very

1 strong partnership with interested parties. We have a lot of
2 expertise, and there's a lot of thought that this will be very
3 successful.

4 MR. SPIERS: Thank you. Any other questions?

5 MR. PFOHL: Next up is the Providence Multimedia
6 doing business as Providence Farm, seeks funding to construct a
7 Mushroom Farm Incubator for Southern Virginia. The idea is to
8 help the farm generate revenue that will allow the farmers to
9 become self-sustaining in serving veterans and their families
10 suffering from PTSD, Post-Traumatic Stress Syndrome. The vets
11 and local farmers will be able to learn these skills and use them
12 to establish similar operations. Providence Farm will act as a
13 local hub to cooperatively handle marketing, sales, packaging,
14 and shipping for these and other area growers.

15 The goal is four veteran-owned and four non-veteran-
16 owned farms within the region during our 36-month project
17 timeframe and to act as the training and educational
18 demonstrations site and then work with these converted farms to
19 lead the marketing and product collection hub where shipments
20 are sent out to metro markets involved.

21 Funds are requested by this IRS-designated non-profit
22 based in Concord for the purchase of equipment, constructing a
23 production facility, and supporting a starting cost of consumable
24 material needed as part of the start-up cost of production. The
25 facility is referred to as a commercial mushroom production

1 facility, and given the significant surplus of projected revenues
2 over expenditures, it is unclear to what extent, if any, this might
3 become a for-profit operation. The non-profit designation for
4 Providence Multimedia was secured in 2003 when the
5 organization was based in Maine and is operating currently with a
6 wide array of events and programs to assist veterans and their
7 families.

8 The nonprofit's board appears to be largely
9 constituted of family members, which raises concerns about the
10 disposition of publicly-funded assets if the operation ultimately
11 fails or transitions to a for-profit status. The good news is a
12 detailed operating budget is provided, which shows the operation
13 being cash-flow positive in year one, and highly profitable in
14 years two and three, although it doesn't include debt service for
15 an intended USDA loan. They've done a very good job in
16 showing us that they understand the production process and
17 significant market interest in this niche crop. They've reached
18 out to a number of builders and contributors.

19 The focus and outcomes appear to be more on
20 veterans without demonstrating how deep that pool is in the
21 surrounding area, outcomes list 225 veterans trained over three
22 years, with each netting in \$5,000 in new annual income, and
23 whether those students would establish their own operations in
24 the Tobacco Region. Given the thorough feasibility planning, the
25 committed leadership, and a ready market for the mushrooms,

1 this project appears to be a better candidate for funding from
2 socially-conscious individuals and private foundation than from
3 public grant funds. Staff recommends no further action.

4 MR. SPIERS: Questions from any of the
5 Commissioners? I think we have a representative here that
6 would like to state his case. This way, we can give individuals a
7 chance to comment before we vote on the package that we do
8 later on. Any Commissioners have questions on this project? If
9 not, then we'll go on.

10 MR. PFOHL: Next up is the Virginia Cattlemen's
11 Association requesting \$805,300 for Promoting Quality Assured
12 Feeder Cattle Marketing in Virginia's Tobacco Region.
13 Commission funding will enable expanded access to feeder cattle
14 markets for Tobacco Region producers, and they increase the
15 value of an already important Virginia agriculture commodity.
16 This project will directly assist Tobacco Region producers
17 participating in the Virginia Quality Assured Program by providing
18 them resources for obtaining expected cattle performance data
19 through genetic and beef carcass evaluation. Funding would
20 subsidize genetic testing of current program herds to assist in
21 promoting performance predictability of cattle prior to marketing.
22 Follow-up with buyers of these cattle will in turn be offered
23 subsidy of obtaining harvest data of the cattle in return for
24 sharing it with producers in the Tobacco Region.

25 This proposal seems to talk about the same

1 conditions. The first is for a genetics verification program that
2 includes genetic testing, such as blood analysis, that is proposed
3 to be cost-shared with producers, and carcass testing by feeder
4 lots and buyers in the Midwest or elsewhere which would be
5 supported entirely from Commission funds.

6 The second element is for hiring of a staff person in
7 the Southside region to promote the VQA Program. The first
8 element, genetics verification, appears to be a program that
9 would be better suited to be coordinated and administered by a
10 research university, such as Virginia Tech, and better suited for
11 funders that provide support for this type of research.

12 Staff has asked questions about the project's ability to
13 provide data analysis to establish feedback mechanisms to
14 producers for changing the production. While Staff understands
15 where this data would have value to the beef industry and
16 demonstrating the quality of the cattle, it's noted the program
17 would require adding funding support in outgoing years, and it is
18 questionable how well the results of this investment in research
19 directly align to outcome measures of interest to the
20 Commission.

21 In terms of the second aspect of the proposal for
22 hiring of a staff person in Southside to promote VQA, the Staff
23 points out that this program has been in existence for over 18
24 years, and based on the returns to producers presented in the
25 application and the fact that the Commission has provided over

1 \$5 million invested over the years for the beef cattle initiative
2 program that was designed to result in increased participation in
3 the VQA Program, we have some questions about why additional
4 funds would encourage producers to be involved or providing a
5 substantial incentive and not producing the desired result. For
6 whatever reason, producers in Southside seem to be very aware
7 of VQA, but they for some reason elect not to participate. A
8 survey of Southside producers would likely provide more specific
9 reasons for their barriers to participation.

10 The requested amount is \$805,300, although a tally of
11 the line items shown in the detail budget brings this total to
12 \$515,000, and the difference being the totals listed for transfer
13 payments. I don't want to drag this out too long, and we have
14 quite a bit of information, but jumping to the bottom line, based
15 on the suggestion that the research component would be more
16 appropriate to be handled by a research university and supported
17 by research-type funders, recognizing the past investments by
18 the Commission to support beef cattle producers, including
19 grants focused on increasing their participation in VQA, and the
20 expressed concerns that the budget included in this request does
21 not reflect essential project costs, the Staff recommends no
22 award.

23 MR. MERRICKS: Tim, I think the research part that's
24 already done, I think the genetic testing would, I understand the
25 \$59,000 would get them started building a database and the

1 blood testing and considering the end result, and I could speak to
2 that, but I know that's a far cry from \$800,000. Maybe if they
3 explained that to the Committee, it would help, and the reduced
4 amount, is that okay?

5 MR. PFOHL: That's all right with me. I appreciate the
6 break.

7 MR. SPIERS: We'll go ahead and hear you, sir, but
8 would you state your name for the record.

9 MR. CARTER: I am Jason Carter, Executive Director of
10 the Virginia Cattlemen's Association. We appreciate the
11 opportunity to provide a grant proposal and clarification of the
12 questions. The Virginia Quality Assurance Feeder Cattle Program
13 requires the minimum genetic investment since its inception 18
14 years ago. This Commission has provided \$5 million of funding
15 for inputs that raised the genetic potential, as well as the
16 management intensity for producers in the Tobacco Region.

17 In the 18 years since the program has been in
18 existence, the increased numbers that were anticipated and the
19 actual genetic potential that's been invested has never been
20 qualified. We realize that after 18 years, the foundation of
21 genetics in these cattle, as well as in this area of the state, as
22 well as Southwest Virginia, will have value to marketability of the
23 cattle feeders in the Midwest to buy these cattle specifically to
24 sell them on what's known as the yielding grain basis, meaning
25 the reliability that those cattle will finish choice or better,

1 meaning more money they'll be paid for the cattle.

2 To offset that risk, the more they know about the
3 cattle, the better off they are, and that investment made many
4 years ago was never qualified. We want to use this program to
5 add value to marketing the cattle, is what we're most interested
6 in.

7 MR. SPIERS: Have you qualified through this budget?

8 MR. CARTER: Yes, it's two phases. There's a blood
9 test component that takes the DNA sampling of the cattle. The
10 genomic profile of the cattle has been mapped out for a company
11 from the American Angus Association, have proprietary ability to
12 map the genomes of the animal and compare it with the
13 genomes of those individually tested. Comparing the genetic
14 markers for quality, and then you have a very reliable
15 predictability factor for the performance of the cattle's offspring.
16 We would validate those blood tests from the foundation that
17 have been in herds that have been improved over 18 years with
18 actual quality results from the cattle that are fed in the Midwest
19 and then evaluate that harvest. Those two data sets would be
20 compared, and that could be used as a marketing tool, and then
21 could be used to evaluate in the investments that have been
22 made in the region are, in fact, going to increase the
23 predictability of cattle performing profitably.

24 MR. MERRICKS: Having spoken to the Staff, and I
25 hope I'm not speaking out of turn, but they have agreed to

1 \$59,000 as an acceptable award based on the first year to do the
2 genetic testing and whatever you just said. I would recommend,
3 Mr. Chairman, we change this from zero to \$59,000 to allow
4 them to do what you just said.

5 MR. SPIERS: Can we do that?

6 MR. FEINMAN: Yes, sir. Why don't we put a note on
7 this when we come to the block, and we'll pull it out of the block.

8 MR. SPIERS: That will be fine.

9 DELEGATE WRIGHT: And in reading the application,
10 I'd really like to see us do more for the Agribusiness community,
11 and I'd really like to see us look into this more and things like
12 this for our Agribusiness farmers and those involved in that
13 industry.

14 MR. SPIERS: Any other questions or comments? All
15 right, we'll take this up then on the block. Any other questions
16 or comments? Tim.

17 MR. PFOHL: Next up is the Virginia Tech Office of
18 Sponsored Programs, requesting \$360,000, Southwest Virginia
19 Specialty Crops Specialist Position. Virginia Cooperative
20 Extension seeks qualified applicants for a 12-month non-tenure
21 track faculty appointment in the Crop and Soil Science
22 Department. The candidate would be responsible for developing
23 extension and research programs for industrial hemp, hops,
24 burley tobacco, herbs, and other area specialty crops that may
25 offer opportunities for producers in the region. The funding

1 provides support for three years of salary, benefits, and travel.

2 The application indicates that future match will be
3 added when the VCE maintains the position beyond the three-
4 year start-up period. And as it stands right now, the project
5 does not meet the Commission's match requirements and is not
6 eligible for funding consideration. Based on that, Staff
7 recommends no further action.

8 MR. SPIERS: Any questions?

9 MR. PFOHL: The next project is Virginia State
10 University, and there's two of them. Postharvest Processing,
11 Handling, and Marketing of Southside Virginia Edamame. A
12 request for \$164,822. VSU is requesting funding to support at
13 least 25 edamame growers in Southside Region for expanded
14 production and market development. The Commission previously
15 supported development of this small farmer cash crop under two
16 grants totaling \$389,000 in 2010 and '12. The map shows
17 existing growers in 14 localities in the Southside Region, and
18 they're in 14 localities.

19 The University is looking for a grower cooperative to
20 increase opportunities for wholesale markets and with the
21 distributor and opportunity in North Carolina and operations in
22 the Prince Edward County cannery. They're requesting funds to
23 support equipment at \$110,000 and change for purchase of two
24 harvesters, and personnel, \$53,000 for a part-time manager in
25 Southside for six months each year and some smaller costs for

1 VSU salaries and staff.

2 The 2012 grant is currently active, and has a balance,
3 and VSU's principal investigator has agreed that if the
4 Commission is agreeable to use \$50,000 from that balance
5 towards the cost of one of the harvesters, resulting in a reduced
6 request amount of \$114,822, needed under the current request.

7 So, Staff recommends an award of \$114,822, and
8 approval of repurposing of the \$50,000 under Commission
9 Grant of 2617 for the purchase of one of two requested
10 harvesters.

11 MR. SPIERS: Any Commission members have any
12 questions?

13 MR. PFOHL: The second VSU request is for
14 Development of Berry Industry in Southside Virginia, requesting
15 \$333,930. Building upon the Commission's Grant 2261 success,
16 funding is needed to commercialize Southside Virginia's berry
17 production and marketing. Grant Number 2261 resulted in
18 conversion of 20 SV tobacco acres into berry production,
19 garnering \$610,000 in annual sales and creating 117 seasonal
20 part-time jobs.

21 Phase II would double the number of Southside berry
22 growers by 2018, to increase available yields to meet local, Mid-
23 Atlantic, and New England regional sales demand.

24 The second phase to this successful \$300,000 grant
25 from the Commission in January of 2011 focused on expansion of

1 berry production in the Tobacco Region. The first phase funding
2 resulted in 15 Tobacco Region producers establishing 20 acres of
3 berry crops, with aggregate annual sales of \$610,000 in annual
4 sales.

5 The primary goal of Phase II is to expand the number
6 of berry growers from 15 to 30, with targets for adding five
7 growers for one acre each of blackberries and blueberries, three
8 with an acre each of strawberries, and two for raspberries in high
9 tunnel structures.

10 During the second phase, VSU will be working with
11 Richmond area buyers, such as Ellwood Thompson's market,
12 which has a letter of support provided, and Southern Season, to
13 market the fresh and value-added berry products. The
14 relationship with Cole Berry Farm in Halifax County will continue
15 to provide an avenue for growers interested in wholesale
16 marketing of berries, through Cole's partnership with Produce
17 Source Partners of Ashland, and they've also provided a letter of
18 support.

19 The first phase grant is closing out, and we expect to
20 recapture a portion of that and turn it back to the Committee for
21 the next grant cycle. We've asked the investigator to take a look
22 at the budget that could be tightened up, and then came back
23 with a request for \$292,930, including removing some of the
24 relatively high costs for high tunnels for raspberry production.
25 Staff recommends an award of \$292,930.

1 MR. SPIERS: Is de-obligation of the \$50,000?

2 MR. PFOHL: That was from the original grant of
3 \$300,000, we expect the difference would be about \$50,000.

4 MR. SPIERS: Any other questions?

5 MR. PFOHL: The final request is from the Town of
6 Wytheville, Wytheville Farmers' Market Site Development Project,
7 requesting \$185,000. It's to redevelop a vacant warehouse and
8 adjacent parcels in Wytheville for a permanent downtown
9 indoor/outdoor retail location for Wytheville's Farmers' Market.
10 The site includes a 10,000 square foot block building on concrete
11 slab foundation with two out-parcels, totaling 4,000 square feet
12 each. Commission funding will be utilized for the construction of
13 two shelters covering the adjacent out-parcels for use as an
14 outdoor venue for market operations.

15 The other lease expired in the fall, and that was not
16 chosen to continue with that site. The former site included 28
17 vendors per week. The new site would accommodate 40 vendors
18 and an indoor space for year-round marketing for non-seasonal
19 items. The increase in operating season is projected to increase
20 \$4 million of annual sales.

21 The Wythe-Bland Foundation provided a significant
22 grant, made it possible to acquire the building that's being
23 renovated. USDA awarded a \$75,000 rural business
24 development grant to improve their interior space.

25 The town is asking the Commission to fund the

1 construction of these two shelters. We had conversation with the
2 town leaders and asked if one shelter would be sufficient, and
3 they were agreeable with that. Given the town's long track
4 record of operation of the market at its previous location,
5 including the recording of aggregated sales revenue and the
6 commitment of matching funds to gain site control and make
7 improvements for the enclosed structure, this project has a
8 strong likelihood for a long-term support from regional producers
9 and customers.

10 Staff, therefore, recommends an award of \$85,000 to
11 construct one outdoor shelter fronting the Town's Heritage
12 Walkway.

13 MR. SPIERS: Any questions? I've been asked by the
14 applicant from 3119, the Providence Farm proposal to make a
15 comment, and I'll take the comment at this time.

16 MR. McCLOUD: I appreciate the opportunity to appear
17 and comment. My name is James McCloud, we'd like to be
18 considered as part of this funding. I think the explanation and
19 summary that was given is already taken care of, a lot of it. But,
20 specifically, we are about a year into our operation, and our focus
21 is to bring veterans in who are suffering post-traumatic stress,
22 along with their families, into an agricultural setting, which is
23 proven by many, many studies to be a very effective way to treat
24 post-traumatic stress.

25 Our operation receives about 250 visits a month, and

1 we've just completed our first class. We've set ourselves up as a
2 place of public education, and not only are we representing
3 agriculturally treating specific aspect of post-traumatic stress and
4 how agriculture can help with that. We're already well on the
5 way to doing that.

6 I think it was pointed out that this has a potential to
7 be quite profitable for our operation. The intent of this is to
8 make the nonprofit self-funding, so the services providing the
9 veterans and their families are without cost on a sustained basis.
10 That's the goal we're trying to achieve.

11 The secondary goal with that is to be able to convert
12 them and give them an opportunity that would have an economic
13 life-changing situation by getting them into agriculture. So, the
14 design of our mushroom farm is modular with containers
15 connected to a -- in the farm. The veterans can purchase the
16 container themselves and plug it into the system to provide an
17 income for their own family and become an independent
18 producer, highly structured to support that.

19 Just to give you an idea of the opportunities available
20 and the success in doing this, and I actually have with me here if
21 you'd like to read them, and I have testimony letters from three
22 veteran families already working with us who are interested in
23 participating in that project, and I brought with me three other
24 veteran families who would be glad to testify if you want to hear
25 them. I know my time is limited, and they already are

1 interested.

2 We already have six that are wanting to do this
3 program and in activating their own pod, if you will, in our
4 structure, so they are actually part of the agriculture business
5 providing for their families. These people are from our region,
6 including Bedford County, Campbell County, and Appomattox
7 County. I hope I've addressed some of those issues, and I'll be
8 glad to answer any questions.

9 MR. SPIERS: The question of the pool of the
10 applicants, where are they from?

11 MR. McCLOUD: The pool of applicants, we're currently
12 drawing primarily from the greater Lynchburg area, Campbell,
13 Appomattox, Bedford, and the surrounding area. We're actually
14 marketing the program to the entire state. We have interests
15 from, for example, Quantico, and a couple of other locations like
16 Fort Belvoir and Norfolk. As they process service members out
17 for post-traumatic stress and other ailments, these warrior-type
18 issues, where we contact them and be able to bring some of
19 them in, and you'll have some residential long-term stays, as
20 well, but they can come in and support these types of programs.

21 MR. SPIERS: Any other questions? All right, thank
22 you. Are there any other comments from anyone in the audience
23 that would like to make a comment about a specific grant
24 proposal?

25 UNIDENTIFIED: Would you state your name.

1 MR. BICKIE (sp.): My name is Bill Bickie (sp.), and
2 I'm with Providence Farms. Another gentleman, a Vietnam
3 veteran, I'm trying to help him. In looking at the other veterans
4 from Iraq, Afghanistan when they come home. Five or six years
5 ago, Campbell County had five or six thousand veterans, but
6 they've come and they need a helping hand, and I appreciate
7 your time. And I hope you support this project.

8 MR. SPIERS: Thank you. All right. At this time, we'll
9 consider the Staff recommendations.

10 MR. MERRICKS: I'd like to ask Request Number 3102
11 be removed from the block for purposes of discussion.

12 MR. SPIERS: Also, 3113 will be removed from the
13 block.

14 Tim, I think the Staff has done a wonderful job in
15 going through these applications and all the information and
16 done very professionally. We appreciate that. I guess one
17 question I have is that it would be very difficult, we heard
18 something from one applicant, and could we possibly consider
19 some adjustment on 3119? Does the Staff have any change they
20 need to digest concerning 3119, to make any different
21 recommendation?

22 MR. PFOHL: The number of veterans in these facilities
23 probably could have a little more detail on that.

24 MR. FEINMAN: This is worthy, but the question is as
25 the application stands before us, does it align with this program's

1 priorities, and I don't think we're all the way there. That's not to
2 say, but one of the greatest things about the Tobacco
3 Commission is that we meet three times a year, and the
4 applicant could continue to work with Staff and come up with
5 some ways that we might be able to measure outcomes in the
6 Region and might be able to better align at a future date, but I
7 don't think for just the wonderful program, there's much here
8 that the funds available that could change that stratification at
9 this point.

10 MR. SPIERS: Thank you.

11 DELEGATE WRIGHT: Are there any contingencies to
12 be placed on this application?

13 MR. FEINMAN: If you want to come up with it, but I
14 hate to do it on the fly, and if you all make a motion, particularly
15 with the wording, but if it turns out we could work on something
16 in the next couple of months and it turns out better, then that
17 might either hurt or hinder what we've done. While Staff could
18 come up with a sentence or two that might meet the
19 Committee's desire for X, Y, or Z, I don't know that would be
20 proper or beneficial.

21 MR. SPIERS: I discussed this earlier and mentioned
22 there would be opportunities to fine-tune the grant to make an
23 application at a later time.

24 MR. FEINMAN: And I hesitate to say, but we don't
25 want to do things on the fly and not have thoroughly thought all

1 this out.

2 MR. SPIERS: We're addressing a motion on these
3 applications. I've taken motions to remove three grants from the
4 block, being 3102, 3119, and 3113. I'll take a motion to remove
5 those three from the block.

6 I guess the other part of that motion would be to
7 accept the recommendations on the remaining applications in the
8 block.

9 MR. HARRIS: So moved.

10 MR. SPIERS: Is there any other discussion on the
11 grant applications and Staff recommendations? The grants will
12 be accepted, except the three that I mentioned, the rest will be
13 in the block. If not all in favor of that for the block, please say
14 aye. (Ayes). Opposed, no? (No response).

15 Now, for the purpose of abstention?

16 DELEGATE WRIGHT: I'd move we accept the Staff
17 recommendation.

18 MR. SPIERS: On 3102, Delegate Wright's motion and
19 Mr. Harris seconded that. All in favor of accepting the Staff
20 recommendation, please say aye. (Ayes). Opposed like sign?
21 (No response). One abstention.

22 Let's now take up 3113. I believe the intent on that
23 is.

24 MR. MERRICKS: I move we recommend \$59,000 for
25 this grant.

1 DELEGATE WRIGHT: Second.

2 MR. SPIERS: A motion has been made and seconded
3 for Grant Application 3113 to grant \$59,000 to accommodate the
4 blood testing and the genetic tests. Any other discussion on that
5 motion? If not, all in favor, say aye. (Ayes). Opposed like sign?
6 (No response).

7 All right, we previously removed 3119. Any
8 comment?

9 DELEGATE EDMUNDS: Based on some of the
10 testimony we heard today, I'd like to move we carry this over to
11 the next meeting, maybe the applicant can work with the Staff
12 and see if they can come up with something a little more
13 workable.

14 MR. SPIERS: We've got a motion and a second, will
15 we carry it over or table it? I would say the intent is we want to
16 work with them.

17 MR. FEINMAN: I would refer to our legal colleague
18 over there, but my understanding is that if we table it and take
19 no action before the next meeting, we would require affirmative
20 action to have it reinstated, but if we carry it over, we would be
21 taking action.

22 MR. STEPHENSON: I didn't catch the last part. It
23 may be a technicality, I don't see any difference. If it's tabled, it
24 remains on the tabled, it has to be dealt with at the next
25 meeting. Between now and then, it can change and get

1 amended to satisfy the Commission.

2 DELEGATE EDMUNDS: My intention is to make it so
3 that they can work it out.

4 MR. SPIERS: A motion has been made and seconded.
5 We want to receive more information on this grant application in
6 the next session. All in favor of that motion, say aye. (Ayes).
7 Opposed like sign? (No response).

8 Now, we have Other Business.

9 MR. PFOHL: Two projects in the Other Business
10 category. One is an extension for the Abingdon Feeder Cattle
11 Association, Number 2476, extension beyond the fourth year.
12 For the benefit of some of the newer members of the Committee,
13 project periods typically are three years. The Commission policy
14 allows the Executive Director and the approval of a fourth year,
15 but it's actually a fifth-year extension.

16 2476 was approved in January of 2012 for \$700,000
17 to provide a regional feed storage cost-share program across
18 much of Southwest Virginia. The grantee is requesting an
19 extension to July 30th, 2016 to allow participants with already
20 approved applications time to complete their projects.
21 Correspondence with the grantee states that there are 63
22 projects, totaling approximately \$225,000 outstanding and have
23 already been approved.

24 Staff recommends an extension to July 30th, 2016 to
25 allow already approved projects to be completed and the

1 necessary documentation submitted to the Tobacco Commission
2 for reimbursement. The balance of the award will then be de-
3 obligated.

4 MR. SPIERS: The Committee has heard the
5 recommendation from Staff concerning 2476. I have a motion
6 and a second that we do grant the extension in accordance with
7 the Staff recommendation. Any other discussion on that? All
8 those in favor of that motion, say aye. (Ayes). Opposed like
9 sign? (No response).

10 MR. PFOHL: The second item on Other Business,
11 another existing grant made a year ago from the Town of
12 Farmville for the Regional Aquaculture Processing Facility,
13 Number 2973, approving \$200,000, with the condition that by
14 September 1st, 2015, that matching funds for equipment and
15 funds needed to construct the Aquaculture Facility, be committed
16 by the applicant, and the applicants have failed to accomplish
17 that. They made some progress on the Aquaculture Project, but
18 haven't been able to support the financing or the facility and
19 equipment. That's the Virginia Aqua-Farmers Network and an
20 organization the Agribusiness Committee has supported multiple
21 times in the last decade or so.

22 There was a parallel grant in Southside Economic
23 Development Committee this morning for \$194,000 toward
24 construction of the Aquaculture Processing Facility, and it had a
25 similar condition on it, and the Southside Committee decided

1 today not to extend that grant beyond September 1st of this year.
2 The time limit contingency has not been met, and the grant will
3 be rescinded. And Staff recommends no further action.

4 I should note the Town of Farmville are saying they
5 offered strong support for the project. The town has asked that
6 the time limit contingency be removed from the grant and allow
7 a standard three-year project period; however, the Southside
8 grant is no longer available to assist this project. I think our
9 Staff recommendation would be that the applicant be eligible to
10 come back at a future date or a future funding round when their
11 plans are cemented.

12 MR. SPIERS: They'd be able to re-apply at a later
13 date?

14 MR. PFOHL: Yes.

15 MR. SPIERS: If the extension is not granted.

16 MR. PFOHL: Correct.

17 MR. SPIERS: The Commission had supported this,
18 and in keeping the books straight and following business-type
19 agreements and if the time limit contingency is not met, you
20 heard the Staff recommendation.

21 DELEGATE WRIGHT: Someone in the audience might
22 want to make a comment.

23 MR. BANKS: My name is Tony Banks, I'm with the
24 Virginia Farm Bureau Federation. I'm here today speaking on
25 behalf of the Virginia Aqua-Farmers Network. The network has

1 encountered some difficulties in accessing commercial lending
2 and private equity for the balance for some of their match. As a
3 result of all of this, the Aqua-Farmers Network is pursuing and
4 with Virginia Tech to confirm some of their recipes to make sure
5 they are commercially fit and the actual cost of production and
6 trying to fine-tune those numbers. The Aqua-Farmers are in the
7 process of doing that now. Basically, a timing issue and just ran
8 out of time in trying to get everything lined up. We appreciate
9 the Commission's consideration and plan to be back once these
10 items are addressed.

11 MR. SPIERS: Any other questions or comments? All
12 right, thank you.

13 At this time, I'd ask the Committee for a motion. All
14 right. We've got a motion and a second. Any other discussion?
15 You've heard the comments and Staff recommendations. All
16 those in favor of the Staff recommendation, say aye. (Ayes).
17 Opposed like sign? (No response).

18 Any other business to come before the Committee? If
19 not, we'll hear any public comments if anyone in the audience
20 would like to address the Committee? Seeing no one before the
21 mike. All right.

22 I would say that Mr. Kenney Barnard has served his
23 time on the Committee, and if that's so, we do appreciate your
24 time and service on the Commission and particularly the
25 Agribusiness Committee. (Applause). Thank you very much.

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If there's nothing further, then we'll adjourn the
Committee.

PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Region Revitalization Commission, Agribusiness Committee Meeting**, when held on Monday, December 7, 2015, at 1:30 o'clock p.m., at the Institute for Advanced Learning & Research, Danville, Virginia.

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

Given under my hand this ____ day of January, 2016.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.