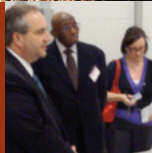


VIRGINIA TOBACCO Indemnification and Community Revitalization COMMISSION



ANNUAL REPORT Fiscal Year 2010





The Honorable Terry G. Kilgore
Chairman

The Honorable Frank M. Ruff
Vice Chairman

Neal E. Noyes
Executive Director



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Virginia Tobacco Indemnification and Community Revitalization Commission

September 10, 2010

To the Governor and Members of the General Assembly of Virginia:

The close of fiscal year 2010 marks the Commission's 11th fiscal year promoting economic revitalization in the Commonwealth's tobacco region. On behalf of the Commission, I am pleased to report our progress to you.

The Virginia Tobacco Indemnification and Community Revitalization Commission will soon conclude the first of its two statutory missions: indemnification of tobacco growers against the adverse effects of a decline in quota. By the end of fiscal year 2010, a total of \$458.5 million has been made available by the Tobacco Commission and other sources and represents 96% of the amount necessary to fully indemnify Virginia's tobacco farmers. In 2010, the Commission voted to extend the indemnification pay-out timeline to 2012, and we are on course to complete our first mission by that date.

The second statutory mission is to revitalize tobacco-dependent communities. In 2010, the Commission approved 170 grants totaling an investment of approximately \$131 million in the core grant programs of Agribusiness, Education, Economic Development infrastructure and incentives, and Special Projects as well as two new grant programs: the Reserve Fund and Research and Development.

The Education grant program has been an important part of the Commission's work since its first meeting. In 2010, the Southwest Burley Scholarship and Southside Loan Forgiveness programs won a Southern Growth Policies Board Innovator Award for boosting educational opportunity. Those two programs have assisted nearly 6,000 people in the region with the cost of attaining a four-year degree. Another program important to the Commission since its inception is the funding of GED programs in the region. In southwest Virginia for example, 9,625 students have received a GED since funding began in 2000.

The Reserve Fund was established in FY 2009 to provide the commitment of funds needed to attract non-Commission funding. In FY 2010, notable uses of the Reserve Fund include a \$3.8 million matching fund grant for the Buggs Island Telephone Cooperative to gain a federal grant of \$18.9 million to expand broadband in Southside Virginia. The Reserve Fund also supplied \$5.7 million in required matching funds so that Bristol Virginia Utilities could be successful in securing \$22.7 million in federal funds to extend the broadband communications network in eight tobacco region communities in southwest Virginia. In Pittsylvania County, the Van Der Hyde Dairy Anaerobic Digester Project used a Tobacco Commission \$383,000 Reserve Fund match to secure 1.15 million federal dollars.

In 2010, the Commission created the Research and Development (R&D) Grant Fund to encourage collaboration between private investors and Virginia's educational institutions to conduct research and development in the tobacco region in an effort to support technology-based economic development. For example, the R&D Committee-approved project titled "Mid-IR (infrared) Fiber Optic Research, Development and Commercialization Facility" involves the following team: IRFlex Corporation, the private partner; Virginia Tech School of Engineering, The Institute for Advanced Learning and Research, Danville Community College, and GenEdge Alliance, the educational partners; and the Dan River Business Development Center, the locality partner.

We look forward to developing future partnerships for revitalization.

Sincerely,

Terry G. Kilgore
Chairman

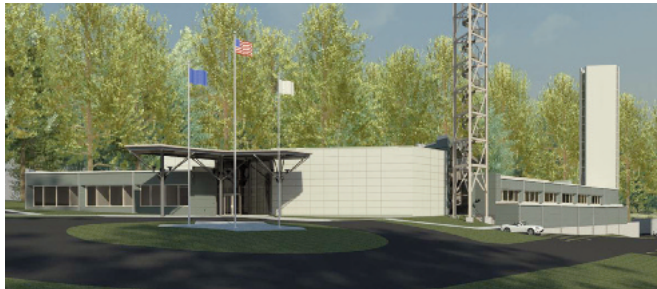
Research and Development Centers



Riverstone Energy Centre in Halifax County has a focus on modeling and simulation to support the energy technology commercialization process. One of the many assets of the center is the Cisco 3000 two-way TelePresence video conference room that can be used to facilitate collaborative meetings for partners scattered across the globe.



The **Appalachia America Energy Research Center (AAERC)** in Wise County has a focus on clean coal technology. The ribbon cutting held on August 25, 2010 was attended by Delegate Terry G. Kilgore, Chairman of the Tobacco Commission, as well as Senator William C. Wampler, Jr., Chairman of the Specials Projects Committee that approved the R&D Center construction grants. *(photo credit: ARC TV)*



Construction of the **Center for Advanced Engineering and Research (CAER)** in Bedford County, which has a focus on nuclear energy technology, will be complete in early 2011. In July 2010, it was announced that the CAER will house the B&W mPower reactor Integrated Test Facility, and the project received a grant from the Reserve Fund.

See other R&D Centers on page 9.

VIRGINIA TOBACCO COMMISSION REGION: Research and Development Centers

- 1 R&D Center for Advanced Manufacturing and Energy Efficiency
- 2 Riverstone Energy Centre
- 3 Center for Advanced Engineering and Research
- 4 Sustainable Energy Technology Center
- 5 Southwest Virginia Clean Energy R&D Center
- 6 Appalachia America Energy Research Center

- Research and Development Center
- ✈ Airport
- Community College
- College/University
- Workforce Development Center
- ✈ Commercial Airport
- Interstate Highway
- Proposed Interstate
- US Highway
- Railroad





Fund Descriptions and Commission Priorities

Mission and Fund Descriptions:

Our Mission – *Section 3.2-3101, Code of Virginia*
“The Commission is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund and causing distribution of such moneys for the purposes provided in this chapter, including using moneys in the Fund to (i) provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota and (ii) revitalize tobacco dependent communities.”

(i) Indemnification Total quota losses for a given year are calculated to be the difference between that year and the average quota for 1995-98. According to the Code of Virginia, the total value of quota in Virginia is estimated to be \$1.2 billion, and the Commission has adopted a rate of \$12 per pound to compensate for those losses (to be divided between producers and quota owners). For fiscal year 2010, the Commission made available \$20.6 million for indemnification of these losses. From its inception through the end of fiscal year 2010, the Commission has made available for indemnification \$288.3 million, leaving a remaining obligation of \$20.5 million for losses through 2002, the effective year of the federal tobacco quota buyout. Actual amounts paid are determined by verification forms submitted to the Commission by producers and quota owners. Approximately 47,285 claims were processed in the fiscal year.

(ii) Revitalization of Tobacco Dependent Communities Using the earnings and corpus from the Tobacco Indemnification and Community Revitalization Endowment established from securitization proceeds, approximately \$131 million was made available for economic revitalization in the tobacco-growing region in fiscal year 2010. Revitalization is accomplished through eight grant programs, described below, that make awards to local governments, government entities (such as Planning District Commissions and Industrial Development Authorities), and non-profit organizations. Awards are recommended by a committee for each program and monitored by Commission staff. The Commission prioritizes projects that maximize leveraging from applicants and other partner organizations, and gives preference to projects that have regional participation and generate the most significant outcomes for the residents, businesses and localities in the tobacco region.

Agribusiness:

These funds are awarded to assist tobacco producers and the tobacco region's agricultural community in diversifying into new production opportunities and developing value-added enterprises.

Education:

These funds are awarded for various projects that will create a world-class workforce in the tobacco region, including scholarships, community college programs, workforce training and vocational and adult education programs.

Research and Development:

In 2010, the Commission began awarding grants to encourage collaboration between private investors and Virginia's educational institutions to conduct research and development in the region. These funds are intended to attract entities who propose to: engage in applied research that is post proof-of-concept; pursue commercialization within 36 months; invent and/or improve products, processes, or services that originate and remain in the region (highest priority); or whose value is substantially increased in the region (lower priority); provide to the Commission, or its designee, intellectual property rights commensurate with the Commission's contribution to the project; conduct research and development in the following areas: Energy (of primary interest to the Commission), Biomedical and Health Care, Information Technology, Chemical and Materials, and Environmental.

Reserve Fund:

Established in 2009, these funds are used to provide the commitment of funds needed to attract non-Commission project funding, including federal ARRA stimulus funds. Projects approved by the Commission include funds to match federal requests for new construction projects in broadband deployment, sustainable energy production, workforce training facilities, and utility/site development for business parks.

Southside and Southwest Economic Development:

These funds are used to develop industrial sites and business/technology parks, improve water, sewer and other utility infrastructure, and develop tourism infrastructure. Economic Development funds are allocated to each county in southside Virginia by a formula that takes into account tobacco production, job losses, economic development impact and warehouse designations. These funds are available to all southwest counties, cities, towns and non-profits without regard to specific tobacco-related criteria.

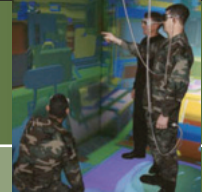
Special Projects:

These funds are awarded for projects that benefit several localities within one region or have the potential to have a significant impact on the economy of the tobacco region as a whole such as research facilities and regional business development that impact multiple localities.

Tobacco Region Opportunity Fund (TROF):

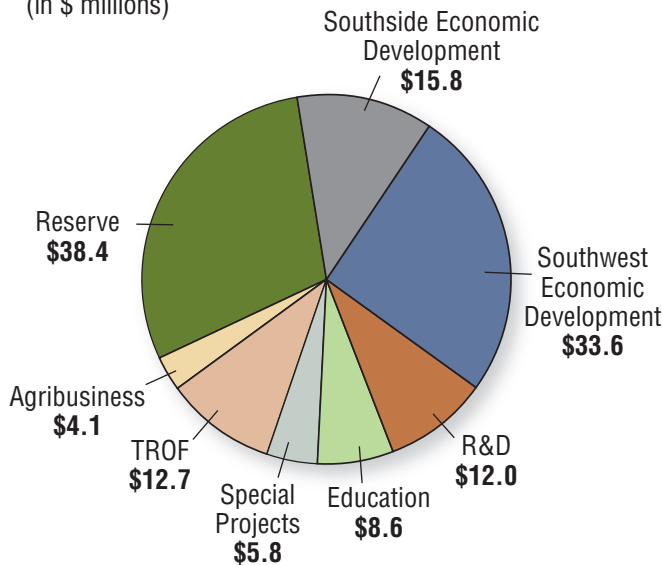
The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary grants to localities in Virginia's tobacco producing regions to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion. Evaluation of award amount is consistent throughout the region and based on the following criteria: local unemployment rates, prevailing wage rates, number of new jobs, capital investment levels, industry type and the possibility of related economic multiplier effect.

Economic Revitalization Grant Awards



Fiscal Year 2010 Grant Awards

(in \$ millions)



Delegate Frank M. Ruff, Vice-Chair of the Commission and Chairman of the Education Committee, accepts the Innovator Award on behalf of the Commission at the Southern Growth Policies Board Chairman's Meeting in Lexington, Kentucky on June 7, 2010. The award recognized the four-year scholarship and loan forgiveness programs for boosting educational opportunity.

Organization	Project Description	Grant Amount
AGRIBUSINESS		
Campbell County	Central Virginia Commodity Storage Initiative	\$500,000
Cumberland County Industrial Development Authority	Cumberland County Regional Anaerobic Digester Project	200,000
Dan River Business Development Center	Piedmont BioProducts Demonstration Site Development Project	400,919
Farmville, Town of	Farmville Area Farmer's Market	102,000
Grayson LandCare	Meat Harvesting Facility for Southwest Virginia	50,000
Halifax County	Study for Mobile Slaughter/Meat Processing Facilities	20,000
Industrial Development Authority of Dickenson County	Coalfield Agriculture Training Facility	83,195
Kenbridge, Town of	Kenbridge Farmer's Market	55,000
Marion Downtown Revitalization Association, Inc.	Marion Regional Farmer's Market	55,000
Prince Edward County	Southern Piedmont Regional Local Food Supply: Growing a Local Food Economy	350,000
Public Policy Virginia	The Municipal Bio-Power Business Plan	50,000
Russell County Industrial Development Authority	Russell County Farmer's Market	85,000
Scott County Regional Horse Association	Scott County Horse Park Camp Ground	115,000
Scott Farmers Cooperative, Inc.	Livestock Feed Facility	250,000
South Centr� Corridors Resource Conservation and Development Council	Buy Fresh, Buy Local Chapter	20,000
Southwest Virginia Agriculture Association	Farmers and Beekeepers in Transition	125,000
Spencer-Penn School Preservation Organization	Establishing and Sustaining a Community Kitchen	100,000
Virginia Polytechnic Institute and State University	Grazing into the Future: Improving Economic Viability of Ruminant Livestock Operations	433,328
Virginia Polytechnic Institute and State University	Increasing Farm Profitability: A Comprehensive On-farm Energy Efficiency Pilot Program	248,842
Virginia Polytechnic Institute and State University	Recirculation Aquaculture Shrimp Production Systems	436,079
Virginia State University	Biodiesel and Legume Feed/Food Crops to Alleviate Loss of Tobacco as a Cash Crop	238,750
Virginia State University	Revitalization of Virginia Tobacco Farms through High Value Edamame Production	226,281
Total Agribusiness (22)		\$4,144,394



Economic Revitalization Grant Awards

Organization	Project Description	Grant Amount
EDUCATION		
Bluefield College	Bluefield College Rural Healthcare Education Program	\$85,000
Central Virginia Community College Educational Foundation, Inc.	Culinary Arts Careers for Virginia's Region 2000	230,000
Crater Regional Partnership	Skill Streams For Success - A Workforce Development Program	35,000
Danville Community College	New and Emerging Technology Education	39,204
Danville Community College	Student Training & Scholarships	364,000
Institute for Advanced Learning and Research	Workforce Training to Improve STEM (Science, Technology, Engineering, & Math) Education Capacity	125,000
Lynchburg College	Central Virginia Regional Health Sciences Simulation and Virtual Learning Center	200,000
Mount Rogers Regional Adult Education Program	Southwest Virginia RACE to GED	75,000
Mountain Empire Community College	Scholarships for Tobacco Families & AIMS (Appalachian Intermountain Scholars) Higher Scholarships	300,000
Mountain Empire Community College	Alternative Energy Training Program Development	110,090
Patrick Henry Community College Foundation	Meeting Regional Workforce Needs	435,410
Southside Virginia Community College Foundation	Southside Workforce Academy Preparation	450,000
Southwest Virginia Community College	Tobacco Outreach Scholarship Program	350,000
Southwest Virginia Higher Education Center	Southside Virginia Loan Forgiveness Program	3,500,000
Southwest Virginia Higher Education Center	Southwest Burley Tobacco Scholarship Program	1,250,000
University of Virginia	Engineers PRODUCED in Virginia	530,000
Virginia Highlands Community College	Scholarships for Tobacco Families & AIMS Higher Scholarships	350,000
Wytheville Community College Educational Foundation, Inc.	Forging Futures Scholarship Program	150,000
Total Education (18)		\$8,578,704
RESEARCH & DEVELOPMENT		
Dan River Business Development Center	Mid-IR (Infrared) Fiber Optic Research, Development & Commercialization Facility	\$2,000,000
Halifax County Industrial Development Authority	Operating Funds for Riverstone Energy Centre	375,000
Institute for Advanced Learning and Research	Operating Funds for Sustainable Energy Technology Center	750,000
Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat	Electric Vehicle Supply Equipment Manufacturing	1,250,000
Martinsville-Henry County Economic Development Corp.	Intrinery Biomass Torrefaction Research, Development & Commercialization	5,000,000
Region 2000 Research Institute	Operating Funds for Center for Advanced Engineering & Research	750,000
Southern Virginia Higher Education Center	Operating Funds for R&D Center for Advanced Manufacturing & Energy Efficiency	375,000
Southwest Virginia Higher Education Center	Operating Funds for Southwest Virginia Clean Energy R&D Center	750,000
Wise County Industrial Development Authority	Operating Funds for Appalachia America Energy Research Center	750,000
Total Research & Development (9)		\$12,000,000

Economic Revitalization Grant Awards



Organization	Project Description	Grant Amount
RESERVE FUND		
Blue Ridge Crossroads Economic Development Authority	Town of Fries Economic Restructuring: Riverfront Redevelopment Initiative	\$193,141
Bristol Virginia Utilities, City of Bristol, and Cumberland Plateau Planning Commission	BVU National Telecommunications & Information Administration Middle Mile Broadband Project	5,659,502
Buchanan County Industrial Development Authority	Southern Gap Regional Business & Technology Center	750,000
Buggs Island Telephone Cooperative	Southside Wireless Broadband Initiative	3,879,087
Charlotte County	Remote Care Pod (MEDcottage) Prototype	50,000
Confederate Memorial Literary Society	Appomattox - Museum of the Confederacy (Phase II)	500,000
Cumberland Plateau Company, Inc.	Southwest Virginia Fiber Optic Backbone (Phase IV Funding Match)	213,000
Henry County	Smith River Trails: Dick and Willie Passage	111,386
Liberty University	Materials Joining & Welding Engineering Building and Equipment	1,100,000
Longwood University Foundation	Clinical Simulation Learning Center	200,000
Mid-Atlantic Broadband Cooperative, Inc.	Middle Mile Expansion for Southern Virginia	4,011,073
People Incorporated Financial Services	Commonwealth Enterprise Fund	500,000
Pittsylvania County	Van Der Hyde Dairy Anaerobic Digester - Organic Manure to Public Power	383,333
Region 2000 Research Institute	Center for Advanced Engineering & Research - B&W mPower Integrated Systems Test Program	2,437,461
Scott County Economic Development Authority	Underground Data Center Feasibility Study	20,000
Southside Virginia Community College Foundation	Virginia Center for Onsite Wastewater Training Demonstration Lab	40,909
Southwest Virginia Community College	Growing Green Collar Jobs in Southwest Virginia	100,000
Southwest Virginia Higher Education Center	Global Clean Energy & STEM Jobs: A New Higher Education Plan for Rural Virginia	174,000
St Paul, Town of	St. Paul Regional Wastewater Treatment Plant Expansion	150,000
Tazewell County Industrial Development Authority	The Bluestone: Workforce Training Center	2,000,000
Virginia Commonwealth University	Saving Lives and Reducing Suffering & Death from Cancer in Virginia	2,391,000
Total Announced Reserve Fund Projects (21)		\$24,863,892
Total Unannounced Reserve Fund Projects (13)		\$13,520,666
Total Reserve Fund Projects (34)		\$38,384,558
SOUTHSIDE ECONOMIC DEVELOPMENT		
Brunswick County Industrial Development Authority	Adaptive Re-Use of Brunswick Correctional Center Facility	\$200,000
Appomattox County	Broadband Solution for Appomattox County	50,000
Appomattox County Industrial Development Authority	Appomattox Center Prospect Upgrades	51,014
Campbell County	Seneca Commerce Park Public Sewer System (Phase I)	572,825
Charlotte County	Renewable Energy / Energy Efficient / Job Creation & Sustainability Project	900,000
Danville-Pittsylvania Regional Industrial Facility Authority	Berry Hill Regional Mega Park (Phase II - Land Financing & Engineering)	6,211,700
Dinwiddie County	Dinwiddie County Site Readiness Costs	1,286,000
Franklin County	The Franklin Center for Advanced Learning & Enterprise Lower Level Completion Project	451,476



Economic Revitalization Grant Awards

Organization	Project Description	Grant Amount
Greensville County	Perdue Feasibility Study	28,000
Greensville County	Skippers Water Supply Expansion	100,595
Halifax County Industrial Development Authority	Riverstone Technology Park - Building Renovation & Power Upgrade Design for Data Centers	471,000
Halifax Educational Foundation	Operating Funds for the Advanced Manufacturing Innovation Center	1,000,000
Halifax Educational Foundation	LEED Certification - Innovation Center	185,000
Lawrenceville, Town of	Town of Lawrenceville Water Plant Disinfection Improvements	75,000
Lawrenceville, Town of	Turntable Park & Outdoor Center	205,920
Lunenburg County	Complete Build-Out of Shell Building	800,000
Mecklenburg County Industrial Development Authority	Industrial Building Acquisition	1,250,000
Patrick County Economic Development Authority	Rich Creek Corporate Park Shell Build-Out (Phase III)	267,219
Pittsylvania County	Ringgold East Industrial Park Site Diversification Program (Phase I)	579,719
Prince Edward County	STEP (Southside Training, Employment & Placement Services): Job Creation & Retention	145,848
Saint Paul's College	Complete Construction of the Fine Arts Building at Saint Paul's College	164,000
South Hill Community Development Association	The Colonial Center Renovation Project (Phase II)	734,750
The Corporation for Jefferson's Poplar Forest	Expansion of the Visitor Services Facility at Thomas Jefferson's Poplar Forest	91,000
Total Southside Economic Development (23)		\$15,821,066

SOUTHWEST ECONOMIC DEVELOPMENT

Birthplace of Country Music Alliance	Birthplace of Country Music Cultural Heritage Center (Phase III)	\$250,000
Boozy Creek Community Center, Inc.	Boozy Creek Community Center, Inc.	30,000
Bristol Virginia Utilities	Southwest Virginia Diverse Route to Mid-Atlantic Broadband	3,500,000
Bristol Virginia Utilities	Highlands Business Park Fiber Installation Project	68,130
Flanary Historical Site, Inc.	Building Restoration	20,000
Hayters Gap Community Center	Walking Track at Hayters Gap Community Center	15,000
Industrial Development Authority of Dickenson County	Dickenson Center for Education & Research	112,500
Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat	Progress Park Lot 24 Rail Site Development Project	2,500,000
King College	King School of Medicine & Health Sciences Center	25,000,000
Konnarock Retreat House	Konnarock Retreat House (Phase I)	180,170
Lee County Industrial Development Authority	Data Center Site Preparation	344,700
Lee County Industrial Development Authority	Wastewater Plant Expansion Design	95,500
Mount Rogers Planning District Commission	Revitalization of Commerce & Business in Glade Spring Town Square - Small Business Incubator	276,600
Nickelsville, Town of	Nickelsville Economic Restructuring & Revitalization Project	20,000
Pennington Gap, Town of	Lee Theater / Learning Center Renovation	232,815
Smyth County	Smyth County / Marion Downtown Development Project	25,000
Southwest Virginia Community Foundation, Inc.	Clinch Mountain Performing Arts Center	500,000
Wellmont Foundation	Cardio-Stroke Tele-Health Network	150,400
Wise County Industrial Development Authority	Wise Inn Restoration & Redevelopment	250,000
Total Southwest Economic Development (19)		\$33,570,815

Economic Revitalization Grant Awards



Organization	Project Description	Grant Amount
SPECIAL PROJECTS		
Bedford County	Agribusiness Curriculum Implementation (Phase III)	\$600,000
Birthplace of Country Music Alliance	Birthplace of Country Music Cultural Heritage Center (Phase III)	1,700,000
Buckingham County	Design New Wastewater Treatment Plant	350,000
Franklin County	Fish Virginia First - Tourism Economic Development Initiative	100,000
Longwood University Foundation	Longwood University's Clinical Simulation Learning Center	325,800
Robert Russa Moton Museum	Moton 2011: The Permanent Exhibition	520,000
Scott County Economic Development Authority	Southwest Virginia Health Department Electronic Medical Records Deployment (Phase I)	1,360,591
Southern Virginia Higher Education Center	USA Top-Solid Institute at SVHEC	257,200
The Crooked Road, Virginia's Heritage Music Trail	Listen to the Music: Visit Virginia's Heritage Music Trail	122,000
Virginia Foundation for Community College Education	Great Expectations Initiative for Foster Youth	300,000
Virginia Maritime Association	Port Trucking & Trade Expansion Project (Phase II)	185,735
Total Special Projects (11)		\$5,821,326
TOBACCO REGION OPPORTUNITY FUND		
Bristol, City of	Alpha Natural Resources	\$3,400,000
Campbell County	Intersections, Inc.	100,000
Charlotte County	Morgan Lumber Company	125,000
Danville, City of	Blue Ridge Fiberboard, Inc.	300,000
Danville, City of	Ecomnets	500,000
Danville, City of	JTI Leaf Services (US), LLC	250,000
Franklin County	Trinity Packaging Corporation	100,000
Grayson County	Carolina Profile, Inc.	150,000
Grayson County	Med-Fit Systems, LLC	250,000
Greensville County	The Good Earth Peanut Company, LLC	81,000
Greensville County	WILCOHESS, LLC	140,000
Henry County	Kimball Hospitality	205,000
Henry County	Monogram Meat Snacks, LLC #2	450,000
Lunenburg County	ABC Recycling, Inc.	50,000
Marion, Town of	First Fruits Beverage Company, LLC	170,000
Martinsville, City of	Faneuil, Inc.	590,000
Mecklenburg County Industrial Development Authority	Regitex, Inc.	150,000
Patrick County	Aerial Machine & Tool Corporation #3	80,000
Patrick County	Griffith Lumber Company, Inc.	70,000
Russell County Industrial Development Authority	CGI Technologies and Solutions, Inc.	250,000
Washington County Industrial Development Authority	Innovative Technologies, LLC	60,000
Washington County Industrial Development Authority	Universal Fibers	300,000
Wythe County	Evatran, LLC	235,000
Total Announced Projects (23)		\$8,006,000
Total Unannounced Projects (11)		\$4,730,000
Total Tobacco Region Opportunity Fund Projects (34)		\$12,736,000
GRAND TOTAL (170)		\$131,056,862

Revenues, Expenditures and Changes in Fund Balance

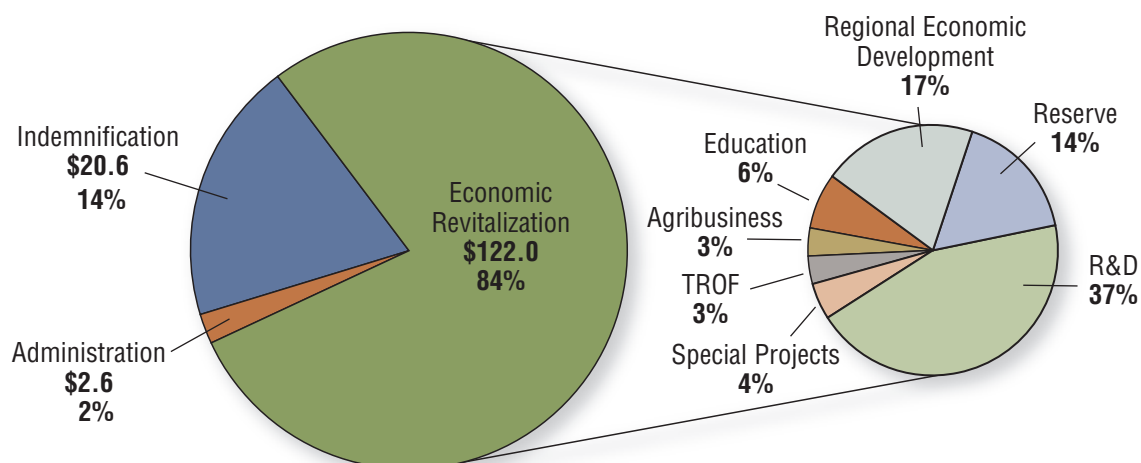
	FY10	FY09
REVENUES:		
Other income	\$293,214	\$791,905
Interest, dividends, and other investment income	90,414	800,254
Total revenues	<u>\$383,628</u>	<u>\$1,592,159</u>
EXPENDITURES:		
Administration	\$2,398,968	\$2,705,797
Indemnification payments	19,746,240	19,353,538
Community revitalization	64,483,701	58,051,686
Payments for securities lending transactions	3,210	111,591
Total expenditures	<u>\$86,632,119</u>	<u>\$80,222,612</u>
Revenues over (under) expenditures	(86,248,491)	(78,630,453)
OTHER FINANCING SOURCES (USES):		
Transfers in from TICR Endowment	120,325,710	151,030,328
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	<u>34,077,219</u>	<u>72,399,875</u>
Fund balance, July 1	<u>313,906,049</u>	<u>241,506,174</u>
Fund balance, June 30	<u>\$347,983,268*</u>	<u>\$313,906,049</u>

The Tobacco Indemnification and Community Revitalization Endowment has a June 30, 2010, balance of \$576 million from which withdrawals are limited to 15 percent annually by the Code of Virginia.

* In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, this fund balance does not reflect \$200 million in obligations for grant awards made prior to June 30, 2010. The Commission awarded an additional \$36.5 million in grants in July and August 2010 that are not reflected in this statement.

Fiscal Year 2010 Budget

(in \$ millions)





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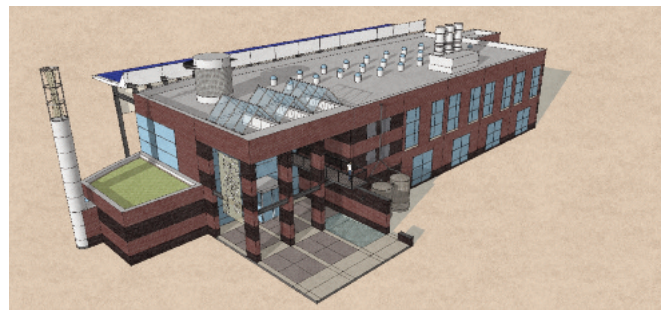
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The **Sustainable Energy Technology Center (SEnTeC)** to be located at IALR in Danville, will focus on renewable energy and support the bio-products industry in Southern Virginia.



The R&D Center for Advanced Manufacturing and Energy Efficiency will be housed in a renovated historic tobacco facility located at the **Southern Virginia Higher Education Center** in Halifax County and will focus on advanced manufacturing techniques and a “Smart Factory” approach to demonstrate how emerging trends in industry can be adopted.



The **Clean Energy R&D Center (CERD)** in Washington County has a focus on projects like waste-to-energy research for upgrading methane-containing landfill gas to pipeline quality natural gas.

