

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

3                                   701 East Franklin Street, Suite 501

4                                   Richmond, Virginia 23219

5  
6  
7  
8                                   **Commission Retreat**

9                                   Wednesday, July 30, 2008

10                                   3:00 p.m.

11  
12                                   Holiday Inn

13                                   Bristol, Virginia

- 1    **APPEARANCES:**
- 2    The Honorable Charles R. Hawkins, Chairman
- 3    The Honorable Terry G. Kilgore, Vice Chairman
- 4    Mr. Stephen S. Banner
- 5    Mr. Kenny F. Barnard
- 6    The Honorable Robert S. Bloxom, Secretary of Agriculture and Forestry
- 7    Mr. Clarence D. Bryant, III
- 8    The Honorable Kathy J. Byron
- 9    The Honorable Barnie K. Day
- 10   Ms. Linda P. DiYorio
- 11   Mr. Fred M. Fields
- 12   Mr. Patrick Gottschalk, Secretary of the Department of
- 13                            Commerce and Trade
- 14   Mr. Scott M. Harwood, Sr.
- 15   Mr. L. Jackson Hite
- 16   The Honorable Clarke N. Hogan
- 17   Mr. Jordon M. Jenkins, Jr.
- 18   The Honorable Joseph P. Johnson, Jr.
- 19   The Honorable Daniel W. Marshall, III
- 20   Mr. Buddy Mayhew
- 21   The Honorable Harrison A. Moody
- 22   Ms. Connie L. Nyholm
- 23   The Honorable Edward Owens
- 24   Mr. David S. Redwine, DVM
- 25   Mr. Kenneth O. Reynolds

1    **APPEARANCES: (cont'd)**

2

3    The Honorable W. Roscoe Reynolds

4    The Honorable Frank M. Ruff

5    Mr. Bryant L. Stith

6    Mr. James C. Thompson

7    The Honorable Jody M. Wagner, Secretary of Finance

8    The Honorable William C. Wampler, Jr.

9    The Honorable Thomas C. Wright

10

11    COMMISSION STAFF:

12    Mr. Neal Noyes, Executive Director

13    Mr. Ned Stephenson, Deputy Director

14    Mr. Timothy Pfohl, Grants Program Administration Manager

15    Ms. Stephanie Wass, Director of Finance

16    Ms. Britt Nelson, Grants Coordinator Southside Virginia

17    Ms. Sara Williams, Grants Coordinator Southwest Virginia

18

19    OFFICE OF THE ATTORNEY GENERAL:

20    Mr. Francis N. Ferguson, Deputy Attorney General, Counsel to the

21                   Commission

22

23

24

25

1                                    SENATOR HAWKINS: Delegate Byron, I want  
2 to compliment you and your Committee for a lot of hard work, and this is a  
3 compilation of many hours of hard work. I think we also want to thank  
4 former Governor Baliles. He has done an outstanding job, and I can't say  
5 enough good things about the work they have accomplished. I think it also  
6 speaks well of the Commission itself, to ask an outside group to look at our  
7 entire structure; and hopefully, in future years, whether it's five years or ten  
8 years from now, this will be an ongoing event where periodically we would  
9 invite people to look at our structure and make sure we are doing those  
10 things that need to be done to maintain the integrity of the investment we  
11 make.

12                                    Much of what they looked at, I think, we have discussed at one  
13 time in the Commission itself and made recommendations I think all of us  
14 would agree to. They made some that some of us agree with, and they made  
15 others that none of us agree with, and that will open up our discussion. Let  
16 me emphasize again, this is an extremely important exercise. We have a  
17 tremendous responsibility that few Commissions in this country have.

18                                    We were given the fiduciary responsibility of taking an entire  
19 region of this state, including Southwest and Southside, and trying to  
20 reinvent an economy that was collapsing by investing monies short-term and  
21 long-term. Some of our short-term investments have caused conversation,  
22 but it was necessary in order to get where we are today. I think if you'll look  
23 at where we were and where we are, that without the infusion of these  
24 monies and these investments made by this Tobacco Commission, the job  
25 losses we have incurred in Southside and Southwest, we would still be

1 hemorrhaging. At least we've stopped the bleeding to some degree. We  
2 haven't reached the point yet where we need to be, but we've stopped the  
3 point where we see double digit employment figures all throughout our  
4 region. We still have problems.

5 Ladies and gentlemen, without this Commission I'm not sure  
6 where we would be. We would have lost an entire region when it comes to  
7 economies in this century. Without our investments in the Broadband  
8 connections that we have invested in, we would not have access to this  
9 century's interstate highway system, which is the Broadband. Without  
10 affordability to have the connections that we have put into place, we would  
11 not be competitive. I know there are samples all through Southwest and  
12 Southside Virginia that have made plant expansions in this area based solely  
13 on the investments we've made in the Broadband.

14 The research part we're looking at as a Commission is looking  
15 at the future that Northern Virginia has looked at and what we can do to  
16 create a new energy source to help us become totally independent of that  
17 foreign spigot and yet give our farming communities another chance to have  
18 access to a wealth source that has all but dried up when it comes to tobacco  
19 and other crops that are down. If we could do that, we could establish  
20 something that has long-term effect, not only for our sections of the state,  
21 but this nation and indeed the world, to have something that is renewable  
22 and something that we can grow and produce profit from.

23 I'm pleased to say that talking to some members of the  
24 Agribusiness Committee, I want to thank Delegate Johnson and Buddy  
25 Mayhew and C. D. Bryant for helping us on this. Looking how we can form

1 co-ops and groups to work across regional boundaries to put in place a  
2 system that will allow us to start looking at a generation plant to be built  
3 every 150 or 200 miles, so our farmers will have access and be able to take  
4 their crops to it to create an energy source that would have a fairly small  
5 footprint and not like the normal refineries that we see, have it scattered  
6 throughout our areas, would be able to take us to a level that we could  
7 produce enough raw material at these plants to make it worthwhile for the  
8 investment that needs to be made. Hopefully, as this co-op starts to develop,  
9 we will bring a new dynamic that would show the entire world that we can  
10 do that which we set out to do and put ourselves in a position to be  
11 financially independent, energy independent from our friends throughout the  
12 world. My mother didn't raise any bright children, I will admit that, but  
13 borrowing money from Saudi Arabia to buy oil from Saudi Arabia. We're  
14 borrowing money from China to buy goods made in China. We can't keep  
15 doing that. We've just got to do something different.

16 C. D., would you like to add anything?

17 MR. BRYANT: I really think that the vision that  
18 the communities are going to benefit from, and we're looking at it for  
19 Southside and Southwest, and at this point the groundwork is in place, and  
20 some of you have seen it. There are a few glitches that we're trying to work  
21 through right now, and I'm speaking of the biomass. I think it's definitely  
22 worth what we're doing. The rounds and funding to come forward to bring  
23 this to full scale, we're doing that, and what we need to learn is the research  
24 of it. It's really a community project, and the support that all of us and the  
25 capital contribution is essential, but I really feel good about this.

1                   SENATOR HAWKINS: The reason I wanted to  
2 start off this discussion about that sort of investment is because that was one  
3 of the things the Blue Ribbon Panel looked at, a long-term investment that  
4 could reach across regional lines, that could offer stability in the out years.  
5 This is the type of thing that we'll be discussing today.

6                   So, what I'd like to do now is yield the floor to Delegate Byron,  
7 who chaired the Long Range project, and they had several meetings of the  
8 Long Range Planning Committee and made recommendations. Depending  
9 on how Delegate Byron would like to handle it, I believe we should start  
10 going through the proposals first that they think we should adopt and adopt  
11 those in a block and then start a discussion on the others and their feelings  
12 on that.

13                   Delegate Byron.

14                   DELEGATE BYRON: Thank you, Mr. Chairman.  
15 You're correct, the Long Range Planning Committee met twice, and when I  
16 say twice we had some rather lengthy discussions, and we actively engaged  
17 in discussions. We also added a few members to the Long Range Planning  
18 Committee from members of the Commission who indicated they would like  
19 to take part in the discussion. We were pleased to see that. We discussed  
20 each of the 22 recommendations.

21                   If you would, turn to tab five, our report is there for your  
22 review. We moved to adopt eight, including modifications. We tabled  
23 three, and we passed by eleven. I'll make a note before we go into these that  
24 of the eight that we adopted we did amend a couple of those, and there are a  
25 couple of corrections to that. Ned will go over those with us. The ones we

1 passed by, we made notations next to those as to some of the rationale and  
2 why we felt those should be clarified. Some of those are things that are  
3 already being done. Some required a Code change.

4 SENATOR HAWKINS: As you go through the  
5 first group, questions being asked with the presentation of each point or at  
6 the end.

7 DELEGATE BYRON: Are you talking about  
8 right now?

9 SENATOR HAWKINS: Yes. Do you want to be  
10 interrupted at each point?

11 DELEGATE BYRON: We can do whatever the  
12 Chair desires.

13 SENATOR HAWKINS: This is important, and  
14 the work has gone into this, and I think we have some understanding of the  
15 ones that are being recommended. Let's take them one-by-one, any  
16 questions about the ones that are brought up, and have a discussion on that  
17 point.

18 DELEGATE KILGORE: I have a question on the  
19 first one.

20 MR. STEPHENSON: Mr. Chairman, the report  
21 that appears before you, behind tab number five, is a distillation of many  
22 hours of discussion and a lot of printed material, and it's been boiled down to  
23 an actionable motion. I would caution the group in that this is the essence of  
24 what we perceive the intent and spirit of the Blue Ribbon Panel and was the  
25 recommendation that came out of the Long Range Planning Committee. I'll

1 note two corrections as we go through, but I will invite you to pay particular  
2 attention to the wording of these motions. If any of you find it's off the  
3 mark, please speak up, and we can adjust the motion before we go forward.

4 As Madam Chairman indicated, there were 22 motions heard,  
5 and eight of them were adopted, a couple with a little amendment, three were  
6 tabled, and 11 were passed by or dismissed. We're going to present these to  
7 you one at a time. The first group is the eight that were adopted. I'll go as  
8 fast or as slow as the Chair or the Commission wishes to go.

9 The first one was that the Commission shall create Tobacco  
10 Commission sponsored foundations for long-term objectives. This was  
11 adopted by the Long Range Planning Committee, almost exactly as it was  
12 presented by the Blue Ribbon Panel.

13 DELEGATE KILGORE: Give me an example of  
14 that, what we're talking about.

15 MR. STEPHENSON: An example of that might  
16 be the Scholarship Program that you have run for a number of years, and that  
17 you could actually take a lump of money and transfer it to an organization  
18 such that earnings from the lump would endow that Scholarship Program in  
19 perpetuity, forever.

20 MR. NOYES: I would expect Staff to be working  
21 with the committee chairs to explore ways that those committees might wish  
22 to recommend to the full Commission to be doing that over the next year.

23 DELEGATE BYRON: Once again, these  
24 adoptions were all initiatives that we felt were positive, but each of them will  
25 carry their own weight as we go through, implementing each of those when

1 that time comes.

2 SENATOR HAWKINS: Any other questions for  
3 number four?

4 MR. STEPHENSON: The next recommendation  
5 is that the Commission shall review the strategic plan at least every two  
6 years, and duly adopted today.

7 Next, and this involves an amendment a little bit. The original  
8 recommendation was for the Secretary of Education to be named as a sitting  
9 member of the Tobacco Commission, which, of course, would require a  
10 Code change. The Long Range Planning Committee amended that to  
11 suggest that the Secretary of Education be routinely invited to participate in  
12 the meetings of the Education Committee. That's the recommendation that  
13 came out of the Long Range Planning Committee.

14 It was next recommended by the Blue Ribbon Panel, right  
15 behind adding the Secretary of Education to the Commission, that the  
16 number on the Commission in total be reduced from its current number of 31  
17 -- I'm sorry, I lost track. This is with respect to the number of committees.  
18 Long Range recommended that the number of committees be reduced and  
19 aligned with the Long Range Plan. I think we have seven standing  
20 committees now, and it was not suggested as to which one would be  
21 eliminated, just that we had more than was necessary.

22 DELEGATE JOHNSON: Does that mean each  
23 time there's a change in the strategic plan we'd have a new committee?

24 MR. STEPHENSON: No, I think the spirit of this  
25 was the fact that we have seven standing committees, and the Blue Ribbon

1 Panel perceived that there was what might be called "forum shopping" for an  
2 applicant. If he couldn't get what he wanted in front of one committee, he  
3 would go to another committee, and they were saying that if the number of  
4 committees were reduced it would reduce "forum shopping". I'm reporting  
5 what the Blue Ribbon said.

6 DELEGATE BYRON: To a degree, and they also  
7 stated the fact that the Chairman of the Commission determined pretty much  
8 at the appropriate time that we needed a change and had done this in the  
9 past, and the committee structure as far as the different committees. But this  
10 was just the intent not to become too bulky in the Commission with too  
11 many committees.

12 MR. STEPHENSON: The Blue Ribbon Panel and  
13 Long Range Planning agreed the Commission should move toward adopting  
14 a corporate board of director governance. It was perceived by the Board and  
15 the Commission that the Commission should be more of a policy setting  
16 organization and entrust the execution of that policy to its management or  
17 staff. That was the recommendation, and that was adopted by Long Range  
18 Planning as a recommendation.

19 SENATOR WAMPLER: Madam Chair, I want to  
20 say for the balance of the folks at the table today, we talked about number 11  
21 and also number 12, which had to do with an RFP approach to asking for a  
22 proposal to implement whatever our strategic plan was. There was  
23 considerable discussion, and I don't necessarily support number 11, but I'll  
24 vote for it, because I think when you put 11 and 12 together maybe it makes  
25 more sense when you say we do need to give more general guidance. The

1 thought is maybe there are better answers in the regions than what our  
2 representatives at this table and folks from Southside and Southwest, they're  
3 not the only ones who think we have a corner on the market. I also say we  
4 still have the fiduciary responsibility to guard the Endowment and the  
5 earnings thereto and how we grant dollars accordingly. So we need to look  
6 and be a little more creative in how we do things and change our mission  
7 statement a bit. I still think there is value in number 11 and 12. I would  
8 observe that if you put the two together, maybe it makes more sense, rather  
9 than doing number 11. That's just one person's opinion.

10 DELEGATE BYRON: We also mentioned in  
11 number 12 that whenever possible that it was something that we did spend  
12 considerable time on. We talked about the more recent grant proposals that  
13 were related to technology and the last mile projects, and there were some  
14 ideas that were brought forward to the Commission to look at, possibly in  
15 the future, as far as RFPs with some of the telecoms that were interested,  
16 expanding some of those areas of the last mile projects. So the concept, I  
17 believe, was maybe a more broad scope of looking at how we approach  
18 funding for some of these.

19 Any other questions on that?

20 MR. STEPHENSON: Number 14 was  
21 recommended to you, that the Commission should invite either JLARC or  
22 another appropriate organization to conduct performance reviews of the  
23 Commission. Secondly, that we use JLARC or another appropriate entity to  
24 help us implement accountability measures. I'll point out that this particular  
25 recommendation was made for the year 2010. That was specific in the Long

1 Range Planning Committee meeting, and that did not make it into your book.  
2 The recommendation is that this occur in 2010.

3 DELEGATE KILGORE: Wouldn't this require  
4 some legislative action to request?

5 DELEGATE BYRON: I will comment on this as  
6 well, that we spent considerable time between two meetings discussing this  
7 initiative. In fact, it was brought back with the intent, I think, to table it, and  
8 we're being kind with the 2010 approach because of the discussion that  
9 surrounded that and the concern whether or not the necessity warranted  
10 JLARC or someone similar to look at this at the appropriate time.

11 DELEGATE KILGORE: I don't know about other  
12 legislators on the panel, but I'm sort of afraid to go to the Legislature with  
13 some of our money hanging out there and folks in Northern Virginia and  
14 Tidewater looking to fix their problems and looking at this big sum of  
15 money or endowment that we have here. So, I'm sort of worried about that  
16 we're going to go back in front of the Legislature. The Legislature giveth,  
17 and they can also take it away.

18 DELEGATE MARSHALL: I feel the same way as  
19 Delegate Kilgore. I don't think we should get Richmond to get JLARC to do  
20 this, and that's why the language is there, so maybe we should go outside to  
21 get someone else to do it.

22 MR. NOYES: Madam Chair, if it's the will of the  
23 Executive Committee that we go outside, then I'll need to seek funds in the  
24 budget process for FY 2010 to go with an RFP.

25 SENATOR HAWKINS: Madam Chair, the thing

1 that has to be considered too is that JLARC, I worked with JLARC before,  
2 and they have a lot on their plate. It's not like we're only the one they're  
3 dealing with, and I'm not sure they have the staff to do all they've been  
4 charged with doing. I think it would be incumbent upon us to have some  
5 sort of outside organization.

6 MR. DAY: The thing I find about JLARC is that  
7 they're independent. It strikes me as a touch far-fetched for us to pay our  
8 firm to tell us how we're doing. I don't know how much of a candid  
9 observation we'd get when we're paying a firm to tell us.

10 SENATOR HAWKINS: Madam Chair, I think  
11 probably that when you pay a firm, the reputation of that firm is on the line  
12 as to giving you a candid assessment of your activities. It's no more to me  
13 than asking JLARC, if you hire someone to have a candid assessment, it's  
14 their job to do that. So if we're just hiring someone to tell us what we want  
15 to hear, that's not in any way keeping with our charge.

16 DELEGATE BYRON: We also had some  
17 discussions that we don't recall any precedent for JLARC reviewing a  
18 Commission in the past.

19 DELEGATE MARSHALL: I would suggest that  
20 we not go to JLARC. They're too much inside the box in Richmond. I think  
21 we ought to go out, and I heard Mr. Day say we want to make sure we spend  
22 this money that's going to change generations in the future. I think it's best  
23 for us to figure out how to do this. There have to be other groups out there  
24 who can give us a report. I don't think JLARC is the way to go.

25 SENATOR HAWKINS: It does say "or other

1 appropriate entity".

2 MR. NOYES: In the advisory panel, or Governor  
3 Baliles' panel, they did mention some national organizations that specialize  
4 in doing these sort of performance audits. They included the language  
5 "JLARC or another entity" in a deliberate way.

6 MR. DAY: It seems to me that if the Legislature is  
7 uncomfortable or untrusting of JLARC, then you all should disband them.

8 DELEGATE KILGORE: It's not that I don't trust  
9 them. It's that I don't trust others looking at this fund of money that sits out  
10 there for Southside and Southwest. It's not that I don't trust them, but it's  
11 other people looking at this money saying this is a way to use this.

12 SENATOR HAWKINS: My understanding is that  
13 JLARC would not have the same love and tender care of those monies for  
14 the reasons that we would. I think by the wording you have put in place it  
15 does give us another option. Anything we do is as transparent as possible  
16 and to make sure everyone understands what we're trying to accomplish, and  
17 the transparency by using some other group still should be the driving force  
18 to make sure everyone knows exactly what we're doing, rather than trying to  
19 hide anything. Although we're not dealing with tax monies, we do have  
20 responsibilities in accordance with our charge.

21 SECRETARY WAGNER: I would say first of all,  
22 I don't think it's a secret that the money is there. I'm sure that everyone is  
23 well aware of this issue. But I think it's really essential to determine and do  
24 a study to make sure that what we're doing with this money and spending it  
25 is the best way possible in order to transform the regions. If it turns out

1 there's a better group to do that than JLARC, so be it. I think it's important  
2 we make sure that we do this.

3 MR. BRYANT: Madam Chairman, what kind of  
4 expenses are we looking at?

5 MR. NOYES: It likely would be on the order of  
6 200 to 250 thousand to get a top professionally recognized firm to come in  
7 and do a thorough job.

8 MR. FIELDS: Madam Chair, is this an ongoing  
9 prospect we're talking about, day-by-day or meeting-by-meeting, or is there  
10 a specific time period?

11 DELEGATE BYRON: In regard to number 14,  
12 we're talking about a performance evaluation, and I suspect you're talking  
13 about from the beginning of the time the Commission was established up  
14 until whenever that performance evaluation is done.

15 MR. FIELDS: Up to the present?

16 DELEGATE BYRON: Yes. I'm sure there are  
17 some revisions that were made.

18 SENATOR HAWKINS: I think what you're  
19 probably looking at is three years or four years and doing it periodically to  
20 make sure there's a window to look at rather than just brief snapshots, but  
21 look at the overall actions of the Commission, not just a one-year period of  
22 time. We need more than a one-year track record in order to hire a firm like  
23 JLARC to look at it so they'll have a better feel. So, I'd say four to five  
24 years, something like that.

25 SENATOR WAMPLER: Madam Chair, I would

1 observe that number one, I encourage the Governor's appointees to this  
2 Commission who served on that Committee to say if anyone in the  
3 Executive Branch wants to examine anything that this Commission has  
4 done, they would be welcome to do so. I'd suggest the Department of  
5 Planning and Budget and Secretary Wagner for various reasons said maybe  
6 they were not the best entity to try to do it. I don't know that we need to get  
7 hung up around whether it's the Executive or Legislative Branch who  
8 examines what we do. I think what is expected is to look at our process. I  
9 would focus not so much on what we have done but where we would go in  
10 the future. Examine what measures we have in place or accountability and  
11 for trying to meet the mission, look and see if we're on the right path and do  
12 we have the right internal controls to make sure that we're accomplishing  
13 what we're charged by statute to do and what our mission ought to be.

14           One quick pass at JLARC, I use to serve on JLARC and driving  
15 326 miles to Richmond to hear a bunch of arguments about the various  
16 processes, and I had enough of it. JLARC can do a thorough analysis. They  
17 are a Legislative entity, but the Joint Rules Committees of the House and  
18 Senate may not deem the Tobacco Commission to be important enough to  
19 put on their work plate. I say that with all due respect. There is a little thing  
20 called the Comprehensive Service Act for Medicaid that involves hundreds  
21 of millions of dollars a year and probably where JLARC is going to spend  
22 the overwhelming amount of time. There is nothing wrong with JLARC  
23 taking a look at it, but I think, and there's no harm and no foul in anyone  
24 taking a look at what we're doing. I don't know that we need to gnash our  
25 teeth around whether JLARC should do it. I would focus on what we've

1 done to change our practices and whoever performs the examination and set  
2 some benchmarks.

3 SECRETARY WAGNER: I think the intent was  
4 not so much to study the Commission's procedure, to look at the way in  
5 which money is being spent, but to determine whether there were other ways  
6 or other things that we could be doing. I don't think anybody questions the  
7 appropriateness of the way the Commission is operating. I think the  
8 questions were more particularly in the area of the investments.

9 SENATOR HAWKINS: Which brings up another  
10 debate, and that's all in the eye of the beholder, the investments, small  
11 amounts of money versus large amounts of money. When you look at some  
12 of the things we've invested in and look at the amount of return on that, there  
13 are community activities and things that we invested in that may not show  
14 immediate long-term gains or look like a massive economic infusion of jobs  
15 and capital. That little bit of money that we may have invested in certain  
16 unique type facilities that would create a dynamic that would not have been  
17 there without these monies, and that dynamic will foster an entirely different  
18 mindset when it comes to investments in the future. We need to look at  
19 things to make judgment calls on what we think is the best way to invest our  
20 money. I would hate for us to put ourselves in a box that we put a line on a  
21 paper and say we won't consider anything below that point. I think we need  
22 to always focus on having a discussion before we make a decision, as  
23 opposed to just drawing a line and saying no.

24 SECRETARY BLOXOM: I think there are a lot  
25 of options available, and there are institutions of higher education that have



1 putting the intent of having a performance evaluation, and I trust that the  
2 Chairman, as we get closer to the time that we would do this, or we can put  
3 all this together.

4 SENATOR HAWKINS: This Commission is  
5 composed of 31 members, and everything we do is based on a majority vote  
6 of this Commission. We're probably as broad a section of the overall  
7 structure of Southside and Southwest Virginia as you can put together, as  
8 well as having the influence of the various Secretaries in Richmond. I think  
9 we have a lot of debate on items that we think are very important. In  
10 essence, what takes place is a pretty broad all-out decision that's been made  
11 in the sub-committees, and then the full vote of this Commission. That to  
12 me shows that we do have some sort of understanding.

13 DELEGATE JOHNSON: I remember when the  
14 Tobacco Commission was formed and the legislation was passed. There was  
15 a great deal of discussion to make sure that the Tobacco Commission  
16 retained control and that the people in Richmond, so to speak, didn't get their  
17 hands on our money. We passed this legislation, and we were opening the  
18 door and making recommendations that can't be taken away from this  
19 Commission.

20 MR. DAY: Madam Chairman, with all due  
21 respect, I think it's just the opposite. I think if we don't pass this resolution,  
22 if we're not willing to take an arm's-length look at how we're doing,  
23 legislators from Northern Virginia and Tidewater are going to take this  
24 money away from us, whether we like it or not.

25 DELEGATE JOHNSON: Madam Chairman, I

1 think we've been operating at arm's-length, and I don't think we need for  
2 someone to tell us what to do.

3 DELEGATE MARSHALL: Madam Chairman, to  
4 move the ball forward, what if we just remove "ask JLARC" and we just put  
5 "the appropriate entity" do an evaluation, and let the Executive Committee  
6 or someone else decide who it's going to be. It seems like we're hung up on  
7 JLARC there, so just remove that.

8 DELEGATE BYRON: Secretary Gottschalk.

9 SECRETARY GOTTSCHALK: I would disagree  
10 with that. I do think it's important to capture what the Blue Ribbon Panel  
11 intended, and clearly they intended to mention JLARC by name and gave the  
12 ability to hire somebody else or other appropriate entity. I agree with former  
13 Delegate Day, there's a message sent by saying we're willing to have JLARC  
14 or another appropriate entity take a look at us, and we invite that kind of  
15 scrutiny. So, I would be against that.

16 MR. DAY: Madam Chairman, that clears that up.

17 DELEGATE BYRON: Any further discussion on  
18 number 14?

19 Let's move on, then.

20 MR. STEPHENSON: The last item for adoption,  
21 it is a recommendation that the Commission shall require a regional match  
22 for projects. I stand corrected; the words of the Long Range Planning  
23 Committee were that the Commission shall give preference to those  
24 applications containing a regional match. That was a recommendation from  
25 Blue Ribbon Panel and was approved by the Long Range Planning

1 Committee.

2 SENATOR HAWKINS: Madam Chair, this one I  
3 have some particular heartburn over, because dealing with some of our  
4 poorer counties it could put them at a competitive disadvantage when it  
5 comes to economic development. If Cumberland County runs up against  
6 Pittsylvania County for a grant, Pittsylvania County is well capable of  
7 funding anything they want because of the tax revenue and sources of, or  
8 access to monies. Cumberland may not be. I hate to see us put ourselves in  
9 a position where we start pitting a richer county against a smaller county for  
10 the same sort of grant and not having the ability for a less affluent county to  
11 be able to compete, and that troubles me.

12 DELEGATE BYRON: Mr. Chairman, I would say  
13 that I was trying to, I remember all the discussions we had, but that one  
14 stood out a little bit too, and I thought maybe we should use the word  
15 encourage rather than require, strictly referring to require and shall, such  
16 contingencies as that. Encouraging investment when possible and matching  
17 when possible.

18 DELEGATE KILGORE: So what do we resolve  
19 that with?

20 MR. STEPHENSON: That the Commission shall  
21 give preference to applications containing a regional match.

22 SENATOR HAWKINS: In my mind, Madam  
23 Chair, that's worse.

24 MR. DAY: Madam Chairman, could I suggest one  
25 language change? It is resolved that the Commission shall consider a

1 regional match in assessing the strengths of an application.

2 DELEGATE KILGORE: Is this only applying to  
3 TROF awards? What is this going to?

4 MR. STEPHENSON: All economic development  
5 applications and TROF awards is the motion.

6 MR. FIELDS: The way it reads now, Madam  
7 Chairman, regional or economic development and local match for TROF. I  
8 don't see how the poorer counties, which I'm a member of one, I don't see  
9 how we can do it the way it is. I'm not sure we can get it done.

10 SENATOR HAWKINS: Madam Chairman, I can  
11 appreciate the thinking behind this because it makes an application, move it  
12 from one level to a more serious level, so it does have some resiliency to it.  
13 Our charge from the beginning is to try to create an economic environment  
14 that was not present before we were formed. To create that, or require our  
15 smaller counties to come up with a matching amount of money, puts them at  
16 a disadvantage when they go up against larger and richer counties. This part  
17 troubles me. There may be some language we can come up with, but I don't  
18 know what it is.

19 MR. FIELDS: Madam Chairman, with that said, I  
20 don't know that we will ever become the Detroit of the South, but I can look  
21 at this right here and say that an industry that's gone into Russell County in  
22 the past year or so would never have happened if we followed this.

23 SECRETARY WAGNER: I don't think that meant  
24 a one-to-one match, it meant the locality needs to make some commitment  
25 so that it's clear that the community, it's not an equal match, it's just a

1 contribution, contributing dollars.

2 SENATOR HAWKINS: Madam Chair, the  
3 percentage would be driven by the ability of the county to pay, or what we  
4 think should be their ability to pay?

5 SECRETARY WAGNER: I don't have the answer  
6 to that. The recommendation was meant to make sure that if we fund the  
7 project that it's clear that the locality will participate in putting up some  
8 money.

9 MS. NYHOLM: Why not substitute "matching  
10 contribution"? They are making a contribution.

11 SENATOR RUFF: Madam Chairman, the  
12 discussion we had, it included in-kind contribution. I don't think we've done  
13 many things where there was not some sort of local money. I don't think  
14 that you should be putting communities in competition, and I think the Staff  
15 should rate each of these things on the merits of it and then come back to the  
16 Committee to make the decision.

17 SENATOR HAWKINS: What if we include in-  
18 kind, such as land or infrastructure or things of that type, and make it so it's a  
19 more level playing field. The way it's worded now I have some heartburn.

20 DELEGATE KILGORE: Why don't you say,  
21 where it says "match", "local match including all in-kind contributions"?  
22 That would facilitate Lee County if it's land, or Scott County including land.

23 MS. DIYORIO: I think "matching" is the problem  
24 word. Something like commitment or something other than match, that's  
25 what's holding it up.

1 SENATOR HAWKINS: "Regional commitment"  
2 works.

3 SENATOR WAMPLER: Madam Chair, without  
4 trespassing, I think we're moving forward. The Blue Ribbon Panel's  
5 recommendation was to require a cash match, which many of us are  
6 violently opposed to. As long as there is some type of participation from the  
7 region or locality, that's acceptable, but I would vote against this measure if  
8 it gave direction to Staff to weigh that participation over a more affluent  
9 locality or region. To say there ought to be some type of additional effort  
10 from the locality and/or the region, that's my understanding of what I believe  
11 we're trying to do.

12 SENATOR HAWKINS: Madam Chair, why don't  
13 we just strike "matching contribution"?

14 DELEGATE BYRON: We're going to amend it to  
15 say "required regional contribution".

16 SENATOR HAWKINS: This is just a discussion.

17 DELEGATE BYRON: So is there consensus to  
18 make that contribution? Does everyone feel comfortable with that?

19 SENATOR RUFF: I think it ought to say it could  
20 be in cash or in-kind.

21 DELEGATE BYRON: Do you have that, Ned?

22 MR. STEPHENSON: I do. Do you want me to try  
23 to read this to you, Madam Chairman? "Resolved that the Commission shall  
24 consider regional contributions, including in-kind in assessing grant  
25 applications for all economic development grants", which is really not

1 different from what we do now, but it sounds better.

2 That wraps up all of those that were recommended for adoption,  
3 Madam Chairman.

4 The next three were items that the Long Range Planning  
5 Committee asked to be tabled for later discussion at some other time. The  
6 first, and I'll go quickly through these three, the first one was to accelerate  
7 the final indemnification payment into the '09 budget and pay out  
8 completely. The next was to add measurable outcome goals to the strategic  
9 plan, and the third one was to increase the budget for the Commission on  
10 educational matters, place greater emphasis on education.

11 Those three were tabled for later discussion. Do you want to  
12 take them up now, or take them up at some later time?

13 DELEGATE BYRON: Let's take them up at some  
14 later time. Hearing no discussion, let's move on.

15 MR. JENKINS: I have a question, Madam  
16 Chairman. You're saying tabling, are you talking about indefinitely or what?

17 DELEGATE BYRON: That would be the intent.  
18 Which one would you like to discuss?

19 MR. JENKINS: Accelerating the indemnification.

20 DELEGATE BYRON: When we say table, maybe  
21 I need to explain our terminology. Ned.

22 MR. STEPHENSON: I think the Committee chose  
23 three actions on each one of these. They either adopted it to put before the  
24 Commission for approval, or they tabled it, which means they did not adopt  
25 it, but neither did they dismiss it or get rid of it, it's for later discussion at

1 some unknown time. The third was to pass it by, in other words, dismiss the  
2 recommendation, not to be talked about ever again. This one is sort of in the  
3 middle, neither adopted nor thrown away, but will remain on the table for  
4 discussion. The Committee did not prescribe a time frame by which they  
5 would take these back up.

6 MR. MAYHEW: Madam Chairman, isn't it true  
7 they are on schedule for two more payments?

8 DELEGATE BYRON: Yes, and that was part of  
9 the discussion on this particular one. Because in order to spend time and  
10 implement something like this, we would be at that point, that was number  
11 one. The second one they're going to report it on the current outcomes  
12 before considering additions and new measurables, so we had to do  
13 something else before we got to the point on the discussion. The Staff was  
14 going to assess the workforce program and identify gaps on the third one and  
15 bring it back for future discussion.

16 DELEGATE KILGORE: As far as the  
17 indemnification, we seem to discuss it every year at budget time. It comes  
18 up every year, whether to accelerate.

19 DELEGATE BYRON: We discussed it pretty  
20 thoroughly and reviewed it at our meeting as well, as to how those members  
21 that were tobacco growers felt about not getting regular payments in the two  
22 years that are left.

23 MR. DAY: How much would we save in legal  
24 fees to do it all at one time instead of spreading it out?

25 MS. WASS: Approximately 800 thousand.

1 MR. DAY: An 800 thousand proposition.

2 SENATOR HAWKINS: There is another side to  
3 that.

4 MR. NOYES: How much would we lose in  
5 interest over the same period?

6 MS. WASS: If the money was to stay in the  
7 account, we would earn an --

8 MR. DAY: -- How much, what is it in round  
9 figures?

10 MS. WASS: Probably four percent on the  
11 remaining 40 million left to pay out.

12 MR. DAY: I'm slow with numbers, but we're  
13 talking still 600 thousand as the differential that we would save.

14 SENATOR HAWKINS: I know my friend the  
15 banker would understand this, but if you rearrange your budget, and I should  
16 preface this by saying the Blue Ribbon Panel got after us for not having a  
17 long-range plan. We set an indemnification schedule, and now they're  
18 asking us to do away with that and accelerate it, and then we would  
19 obliterate, or there would be no more applications for economic  
20 development, and we'd be closed. We'd have every dollar going to  
21 indemnification. I don't know that that is necessarily in the best interest of  
22 the other half of our statutory charge.

23 MR. DAY: I'd just point out to the good Senator  
24 that in this case we don't employ expensive outside counsel.

25 SENATOR HAWKINS: Madam Chairman, a few

1 years ago we had no end time for the payout of these allotments to the  
2 tobacco farmers. A couple of years ago we adopted a ten-year payout  
3 window, and that was what the federal government was doing with their  
4 payout, so it would all end at approximately the same time. It's an approach  
5 that we've been able to manage within our budget and still give us enough  
6 monies to use for economic development without having to raid what funds  
7 we have for this one-time payout. We can do this, and I think it's up to the  
8 decision of the Commission periodically, but it comes before the  
9 Commission every year. If we want to do it, we can. We're on a payout  
10 schedule for ten years.

11 MS. WASS: After '09, two more years.

12 SENATOR HAWKINS: We're almost at the end  
13 of the payout, anyway. We have a structure that has worked, and I think it's  
14 working very well. My feelings on this, and some of my friends are for it  
15 and some are against it, and I'll stay with my friends, but we do have a  
16 structure that works.

17 MS. WASS: The interest on that would be roughly  
18 one and a half million earned. It depends on the timing when the money  
19 went out, it may be less than that. Financially, there is not an argument for  
20 paying out early. Financially, probably it's better to drag it out.

21 MR. JENKINS: Madam Chairman, I'd like to  
22 make one more comment on it, but there is another issue here. By  
23 definition, indemnity means to give somebody something for what they lost.  
24 We've got a lot of these people who are in their 90's, and why, if we can  
25 afford to do it and actually save money by doing it, deny people the chance

1 to get their indemnity in their lifetime? And then when they die, they're  
2 liable to have seven or eight heirs, some in California and some in Hong  
3 Kong, and then we have to send penny-ante checks all over the world. It's  
4 very simple to speed it up and get it off the books.

5 SENATOR HAWKINS: Madam Chair, before we  
6 enter into that sort of discussion, I'd like to know what would that do for our  
7 economic development policy for the next two years?

8 MR. JENKINS: I just wanted to make that point,  
9 there's more than one thing to consider here.

10 SENATOR HAWKINS: We'd find ourselves  
11 zeroing out anything we do for our investments and any economic  
12 development opportunities. We'd be in an awkward position when it comes  
13 to obligations ongoing.

14 DELEGATE HOGAN: I hate to say this, Madam  
15 Chairman, but I'm going to make a guess that when indemnification ends it's  
16 probably not going to end. If you talk to people who are 58 or 59 years old  
17 or 60 years old, when the indemnification that is presently planned stops, I  
18 expect you're going to see a lot more people in this room. This Commission  
19 was set up to indemnify us for losses. This is where we are, and this is  
20 what's going on. We need to keep the indemnification program running. I  
21 don't want to predict what's going to happen when that request is made, but  
22 I'm sure it's going to be made. I wonder, to the extent you would agree with  
23 that, if it has any validity at all if we would accelerate what we're doing now,  
24 where would that leave us.

25 SENATOR HAWKINS: Madam Chair, it was my

1 understanding, and I certainly stand to be corrected, but it was my  
2 understanding that we had a known amount of indemnification payments for  
3 poundage that was lost, based on a schedule over the years that were put into  
4 play. Our payout schedule was put in to bring that total down to zero in the  
5 next ten years, once this started and a payout schedule was set. In the end of  
6 that we would have indemnified all of the farmers 100 percent for the loss of  
7 poundage of the date we put in the policy in place. Am I correct on that? So  
8 that there would not be any residue left over from tobacco pounds, because  
9 they would no longer exist.

10 DELEGATE HOGAN: Mr. Chairman, I'd respond  
11 to the real chair by saying that I think the numbers that were created to say  
12 what that poundage was worth and what they should be indemnified for was  
13 accomplished by this Commission, based on whatever they based it on,  
14 which was a variety of things. Who is to say what that indemnification  
15 ought to be? All I'm saying is that you're technically right, and I wouldn't  
16 debate anything you said. As I go around talking to folks and how the  
17 Tobacco Commission is doing, I hear pretty regularly from farmers who say  
18 that money was set aside for us. They're getting checks, and they like that,  
19 and when that stops I wonder what's going to happen.

20 SENATOR HAWKINS: The policy that was put  
21 in place was based on a vote of the full Commission, and in order to change  
22 the policies it would require two-thirds vote in order to continue the process,  
23 and I don't think you're going to find two-thirds vote to continue something  
24 that does not exist. We also have two tobacco farmers, and ex-tobacco  
25 farmer I know of, who can tell you about it, too.

1 MR. MAYHEW: Mr. Chairman, I'll just comment  
2 that from my perspective and from farmers whom I'm familiar with, when  
3 you combine what the Phase I and Phase II payment and other payments that  
4 have come down the line all together, I think the tobacco farmers have been  
5 treated very well.

6 MR. BRYANT: Mr. Chairman, I do disagree with  
7 Delegate Hogan. I don't hear that sentiment in the tobacco region, and I  
8 agree with Buddy, I think the farmers have been treated fairly. If you look at  
9 the quota system and the buyouts, from the private buyout, from the  
10 companies, then I feel we have been indemnified with this round.

11 MR. FIELDS: Mr. Chairman, except in  
12 Southwest, they have gotten even -- like other states have done for their  
13 tobacco farmers, and they feel we have been treated pretty doggone good.

14 SENATOR HAWKINS: They don't have to look  
15 at any other state around us.

16 DELEGATE HOGAN: Madam Chairman, I'd like  
17 to get Fred Fields' telephone number and C. D.'s, and I want to send them to  
18 you. I'm just raising a question, and if you don't feel like that's going to be  
19 an issue and pretty sure it's not, it's one thing. I guess, myself, I'm not so  
20 sure.

21 DELEGATE MARSHALL: Maybe what we  
22 should do is just cut the final two payments out.

23 MR. STEPHENSON: The next 11 items in your  
24 book were those that were recommended by the Blue Ribbon Panel.

25 DELEGATE JOHNSON: Madam Chairman,



1 through them one at a time, or if you please, we can just ask or invite  
2 comments on any particular one that may be of interest to the Commission,  
3 as you wish.

4 DELEGATE BYRON: What's the will of the  
5 group here?

6 SENATOR WAMPLER: Madam Chairman, that  
7 we go over all of them, but I think there was general consensus that for the  
8 most part we were already doing those recommendations and something we  
9 could take up and take a pass at later on. That's not an absolute, but for the  
10 most part I think most everyone agreed that in some form or fashion we had  
11 been doing a lot of these.

12 DELEGATE BYRON: If you look at the  
13 comments that are at the end of each one, that most of them have some type  
14 of comment that was a concern of the Committee. Whether it was a Code  
15 change, and that would be required on some of these. The other ones were,  
16 as Senator Wampler said, are already being done. Why don't we just make  
17 sure that everyone has a chance to look over them, or do we need to go  
18 through each one individually?

19 MR. DAY: If we could take up number 17, at a  
20 minimum.

21 DELEGATE BYRON: Seventeen is not a simple  
22 issue, and the Committee felt like that should be deferred to the Southside  
23 Economic Development Committee.

24 SENATOR HAWKINS: This would require a  
25 two-thirds vote of those commissioners who have been appointed to serve.

1 We'd need 21 votes to change anything dealing with the formulary.

2 Let me also add a comment, dealing with the Special Projects  
3 Committee on \$1.6 million for dealing with the project in Henry County.  
4 One of the problems we ran into early on when we first put the formulary  
5 back in the formation of the Commission. We based all of those decisions  
6 on tobacco poundage and reduction at that time. We have indemnified the  
7 tobacco farmer, and we're beginning to reach a different level. What we're  
8 running into is a basic problem, in my mind, in Southside, taking something  
9 like Lawrenceville, they're completely out of the formula because they have  
10 no tobacco poundage or warehouse space. Henry County gets very little.  
11 Without some access that we do with Special Projects, those two Southside  
12 communities are completely cut out of the mix. In order to be able to look at  
13 projects based on the merit of the project is one of the reasons I  
14 recommended we revise the formula and revisit the formulary and do  
15 basically what Southwest is doing, look at the merits of the project and fund  
16 that. It's a very emotional subject, because a lot of people have a lot  
17 invested. We have large counties who get a large amount of money.  
18 Although they receive large amounts of money, some are not spending up  
19 what they're entitled to by the formulary, and it ties up money that we could  
20 use for other projects.

21 DELEGATE BYRON: Mr. Chairman, part of the  
22 discussion in the Committee, and we had representatives from Southside and  
23 Southwest, and we had a gentlemen's agreement that Southside would make  
24 decisions relating to their economic projects, and Southwest would do what  
25 they felt was best in their area. That's why we deferred to discuss the merits

1 of number 17.

2 SENATOR HAWKINS: The action in the  
3 Committee has been what, in Southside?

4 DELEGATE BYRON: I would refer to the chair  
5 of the committee on that.

6 MR. OWENS: The action taken was to maintain  
7 the formulary at this point.

8 SENATOR HAWKINS: As I said earlier, I've got  
9 some real heartburn over the way we're tying up funds, but that's a  
10 discussion for another day, and Southside can debate that. I would strongly  
11 suggest that we have a meeting of Southside to look at some possibilities or  
12 modifications, or at least a two-year trial period to see if we can achieve this  
13 flexibility.

14 DELEGATE BYRON: Mr. Chairman, I would say  
15 that the Committee, I thought, had agreed to do a two-year project and there  
16 were some contingencies that could not be agreed upon. That's where the  
17 Committee got held up, and that may be a discussion for a different  
18 committee.

19 SENATOR HAWKINS: Let me as a question of  
20 Staff, if you don't mind, Madam Chairman. Allocation for this year's monies  
21 have already been passed by the budget we adopted. Would it be the next  
22 allocation cycle that this would apply to if we did make a change?

23 MR. STEPHENSON: The Staff's view is that,  
24 absent any action by the Commission to the contrary, the new year's budget  
25 money was allocated on the first day of the year and is now allocated until

1 such time as you change that.

2 SENATOR HAWKINS: It would be at least a  
3 year off before we can make a change, anyway.

4 MR. STEPHENSON: It was \$12 million that was  
5 allocated, none of which has yet been applied for or awarded. So, you have  
6 a window to change it if you wish.

7 MR. OWENS: At our Southside Economic  
8 Development meeting, we will be meeting in the future, and we will be  
9 discussing that this round, about the formulary.

10 DELEGATE BYRON: Any other questions on  
11 any other recommendations?

12 SECRETARY WAGNER: Madam Chairman,  
13 when the Long Range Planning Committee decided to pass this by, the  
14 reason I thought we were passing it by was we thought it was the formulary  
15 that was going to be changed for a two-year basis. So, at a minimum, I think  
16 it's going to be tabled, actually, rather than bypassing. I personally think the  
17 recommendation of the Blue Ribbon Panel was correct, so passing it by  
18 forever and never bringing it up again seemed inappropriate.

19 SECRETARY GOTTSCHALK: I want to agree  
20 with Secretary Wagner. My understanding, and I think everyone present,  
21 Long Range Planning was really kind of relying on the fact that Southside  
22 acted to get rid of the formulary and try a trial basis for two years, subject to  
23 some conditions ; now that is different. So, I agree with Secretary Wagner,  
24 at least table it, because we relied on something that is not true now.

25 SENATOR HAWKINS: Madam Chairman, let's

1 make a motion this be tabled for further discussion. I'd like to have a  
2 discussion, and that will take place with the Southside Committee, and be  
3 one that's frank and open and try to reach some kind of consensus. The  
4 thing that's troubling to all of us trying to avoid this subject, it requires two-  
5 thirds vote to change it. We made an agreement that Southwest would take  
6 care of Southwest and Southside for Southside. To change this formulary is  
7 going to require a vote of Southwest Virginia, and it's going to put a lot of  
8 people in a bind unless there is unanimity or at least some sort of majority  
9 feeling from Southside Virginia. If we bring something like this before the  
10 entire Commission, we'll find Southside by majority voting one way and  
11 Southwest and some of the rest of us another way. We could have a problem  
12 we'd have to deal with. I'd like to see some unanimity in this before we went  
13 before the full Commission for a vote. It's too important, and the  
14 Commission works too well together, to be bringing this sort of thing before  
15 the full body before there's some sort of understanding from Southside, but  
16 this is very important, and it's got to be dealt with, and the sooner the better,  
17 in my mind.

18 MR. DAY: We'll die of old age waiting on  
19 unanimity dealing with this one.

20 DELEGATE BYRON: Delegate Hogan.

21 DELEGATE HOGAN: We had a long discussion  
22 about this in Southside two meetings ago. I guess I'd come back to the full  
23 Commission, and in response to Chairman Hawkins say this. You do away  
24 with the formula, and we have these other committees, like Special Projects  
25 and Technology, which in effect circumvents the formula, if you want to

1 look at how it functions and how it's worked over the years to accommodate  
2 the goals that are being advocated, and some reasons why we ought to do  
3 away with the formula. To look at the formula in isolation without looking  
4 at the overall Commission budget, I don't think we're going to make a lot of  
5 progress. If the Commission wants to look at the overall decisions and talk  
6 about it, it is probably worth doing, and that was the motion that Southside, I  
7 think two meetings ago, approved unanimously. I was told that was not  
8 something that was probably going to be well received by the Commission  
9 in general along the lines of what you just referred to in terms of maintaining  
10 some consensus. So we decided Tuesday to table that motion. The issue is  
11 going to come back to that. As the formula moves forward, you're going to  
12 run into that every single time. I don't think you can separate the two. If  
13 you want to do something with the formula, it's going to come across to  
14 something other than eight to seven vote. We're going to have to try to deal  
15 with this.

16 SENATOR HAWKINS: Let me try to separate  
17 that. Special Projects and Technology are unique parts of the Commission.  
18 If we start down the road of trying to finish out the telecommunication piece,  
19 and thank goodness Broadband is starting to turn a profit now at  
20 MidAtlantic, they'll start reinvesting back into the system. We made a  
21 pledge some time back that we would put in place a seamless system from  
22 Southwest to Southside allowing all of our people access to this generation  
23 of technology, using wireless to get there. We haven't completed that issue  
24 yet, and we need to do it, because we made a pledge to do it.

25 As for Special Projects, and if you look at the things we're

1 working on now, dealing particularly with bio-energy, medical investment  
2 without schools for research along the lines of what we're doing today,  
3 Special Projects plays a key role because it's the only committee in place that  
4 can bring together all areas of our region to focus on those things we're  
5 trying to accomplish, particularly with bio-energy and working with co-ops,  
6 people already working across regional lines. Special Projects is the only  
7 place to do that. Southside or Southwest is not. No matter what we think  
8 we're trying to accomplish, there is a place in the structure of this  
9 Commission with the committees that are in place. We've got 31 members  
10 of this Commission, and we can't meet as a body as a whole, we'd never  
11 accomplish anything, and that's the reason we have a subcommittee for  
12 things like Special Projects, which I think has worked very well. We may  
13 pare back some of their responsibilities of the various committees. Long-  
14 term these committees play an important role in the overall structure and  
15 future of what we're trying to accomplish.

16                   Having said that, Madam Chairman, I'll be quiet for the rest of  
17 the day.

18                   DELEGATE BYRON: Delegate Hogan.

19                   DELEGATE HOGAN: Madam Chairman, I don't  
20 want to belabor this issue, I'll just make an observation. I haven't seen a  
21 technology project in the last couple of years that couldn't have been funded  
22 through Southside or Southwest just as well, and in looking at what's going  
23 through Special Projects, at least today, I don't see a single one of them that  
24 couldn't be funded by Southside or Southwest just as well. In terms of not  
25 being able to function, and in terms of projects we're looking at the majority



1 and place. The time and place has changed, and we need to go back and  
2 revisit what we do. Without some sort of flexibility we'll have larger  
3 counties having money allocated to them that they're not able to spend  
4 because they don't have a project on line. We have other counties that are  
5 withering for the lack of investment because they get small amounts of  
6 money. One of the criticisms that has been leveled at us is that we funded  
7 small projects in counties that we should not have done. For example,  
8 Appomattox has such a small allocation that the only way they could spend  
9 their money was put up a welcome sign, because they had no other money.  
10 That's not right, and I'm sorry, it's not. We need to make decisions based on  
11 a consensus of 31 members who are here to represent both regions. We're  
12 not here to represent a particular county. We're here to represent the entire  
13 region for economic stability for all of the people. If we're going to sit here  
14 and say I want mine and I want some of yours, ladies and gentlemen, this  
15 Commission will not last and shouldn't, I'm sorry.

16 DELEGATE WRIGHT: We've had this discussion  
17 it seems like forever, and it keeps coming down to the same issue, when it's  
18 brought before Southside Economic Development it's always voted down. It  
19 may not please some people, but that's the way it is. One of the reasons  
20 that's the way it is is because of the feedback we get from our localities. We  
21 were told at the inception of this Commission, go back to your localities and  
22 tell them to get up projects and bring forth proposals, and they've been doing  
23 that. I've got resolutions from every locality I represent wanting to keep the  
24 formulary that now exists in Southside. Every time it comes before the  
25 Economic Development Committee we get the same vote. I think after some

1 point in time we have to reach the realization that there's going to have to be  
2 some major change before we make any changes in the formulary. I don't  
3 see support in Southside for doing that.

4 DELEGATE BYRON: I don't think we'll resolve  
5 that today.

6 SENATOR HAWKINS: I'll make a motion that  
7 number 17 of the recommendations be tabled and ongoing discussion be  
8 referred to the Southside Subcommittee for Economic Development for  
9 some sort of resolve on an ongoing basis.

10 DELEGATE BYRON: We haven't reached a  
11 consensus on tabling this; maybe we can table this.

12 MR. STEPHENSON: Any others in this pass-by  
13 group the Commission wishes to address?

14 SENATOR HAWKINS: Tomorrow's meeting, in  
15 order to facilitate the discussions we'll have, I'd like to have it considered in  
16 a block, and also those things we discussed to some degree today will not be  
17 brought back up unless there is strong feeling among the Commission that  
18 we need to rehash that which we have already discussed. One of the things,  
19 we've gone around this, and we've already exchanged our feelings on various  
20 points of view, so we all know where we stand. Unless there is some need to  
21 rehash this tomorrow, I'd like for all of that to end here and all of us have  
22 some fun and make up and have a good time tonight.

23 MR. OWENS: Madam Chairman, we need to  
24 resolve number eight about reducing the standing committees. Are we going  
25 to do that?

1 DELEGATE HOGAN: Madam Chairman, I'll  
2 answer that question. I read that, and it says shall do it, and I looked at all of  
3 these, and this shall do it, and I don't know what number four really means.  
4 If we adopt these things that say shall, what exactly does that mean?

5 SENATOR WAMPLER: Addressing number  
6 eight, we can talk about the others later. I think the idea on the number of  
7 committees was to let's examine where we are, like the Long Range Plan,  
8 and let's adopt it, and let's then have the committees reflect where the  
9 majority of the work is. We talked about that in the Long Range Plan, and  
10 there was no consensus. We said we need to be flexible, and if there's a need  
11 to rearrange, there'd be no push back. We didn't have a better idea on how to  
12 arrange the committee and if we'd have strong guidance from the  
13 Commission if that was our mission.

14 SENATOR HAWKINS: It's an ongoing process,  
15 we've already done that. We rearranged committees, and going back to  
16 reducing the number of committees, we can do that, and probably we need to  
17 do so, but with 31 members, unless we have a fairly active group of  
18 committees that everyone participates in, we're going to have members left  
19 of the perimeter of this whole discussion that are never a part of any  
20 discussion of any subject. The committee structure allows everyone to  
21 become part of the overall decision-making. I'd hate for us to put in place  
22 something that puts some of our junior members of this Commission at a  
23 disadvantage when it comes to discussing economic development. The size  
24 of the subcommittees, I think, are too large now. If we roll any of these  
25 committees into a larger group of subcommittees, that means the number of

1 subcommittee members has to grow. That means it's even more diluted with  
2 the discussion of those things that you'd like to get involved in. What I've  
3 done is try to be fair and open with the selection of committees when we put  
4 in place these committees to give them the charges I think they're interested  
5 in. We can reduce the numbers, but we're going to be overloaded with  
6 people who are constantly being left out of the mix. I want all 31 members  
7 of this Commission to feel like they're part of this Commission and have  
8 input into this Commission and help make decisions for the Commission. If  
9 we're not careful we'll have people sitting here saying, I didn't know about  
10 this.

11 SENATOR WAMPLER: Madam Chairman,  
12 Senator Hawkins moved forward when I was completing my thought. I  
13 think items four and eight, if we were to perhaps insert the words "shall seek  
14 to create", maybe that accomplishes consensus around the table. If you look  
15 at numbers five, seven, eleven, I think we more or less agree that we shall  
16 move toward those points. To Delegate Marshall's point on number eight, I  
17 mean Mr. Owens' point, we shall seek to reduce its numbers, gives us a little  
18 time and flexibility.

19 DELEGATE HOGAN: Can we add number 11 to  
20 the list of "shall seek to"?

21 SENATOR WAMPLER: I'll consider that a  
22 friendly note.

23 DELEGATE BYRON: I'd like to make a  
24 comment. When we start getting a little discussion and add 14. If you look  
25 back a couple of years from now, and we think about this discussion from a

1 group that is engaged in everything that the Tobacco Commission is doing,  
2 you'd better be prepared for what number 14 can create in a future year. It  
3 all sounds good if it's done properly, but when you start having other groups  
4 come in and look without all that history and all the internal knowledge that  
5 when into the decision-making process, it becomes a point of being creative  
6 with all these adoptions. It may end up the same thing with number 14 later  
7 on.

8 DELEGATE HOGAN: Madam Chair, I think  
9 JLARC has the authority to do anything; they certainly have the ability to do  
10 some things that we can't do.

11 SENATOR HAWKINS: I'd just like to say that we  
12 have to make sure that everything we do is transparent, and we have the  
13 ability to recognize our faults, and people at the outside table probably  
14 would agree with what we're doing. I think the intent has been okay.

15 DELEGATE BYRON: Mr. Chairman, we can  
16 resolve this, and the Tobacco Commission shall seek to ask the appropriate  
17 entity.

18 MR. DAY: Mr. Chairman, I move we adjourn this  
19 third-world quarrel.

20 SECRETARY BLOXOM: Madam Chairman, are  
21 we going to insert "seek other appropriate entities"? I think that will  
22 accomplish what we want to do and puts us in a position where if we want to  
23 do it we can, or seek to. I move that we adopt that language.

24 DELEGATE BYRON: You're referring to number  
25 14.

1                                   SENATOR HAWKINS: Does anyone object to  
2 taking JLARC out and say appropriate entity?

3                                   MR. DAY: I object, I'd like to see a vote on that.

4                                   SENATOR HAWKINS: We're not voting, we're  
5 going to leave it in and vote on it tomorrow.

6                                   Before we adjourn, I want to thank Delegate Byron and her  
7 Committee for the work you've done, and I thank the Blue Ribbon Panel for  
8 the work they did. Also, let me tell you, I don't know of any other group in  
9 this Commonwealth who has opened themselves up to this kind of  
10 discussion for this length time. I don't know of nay other Commission or  
11 any government entity that is willing to have the discussion that we have had  
12 around this table, and that's good. I also want to thank former Delegate  
13 Bernie Day for suggesting this, because it has been very helpful. As I said  
14 before, regardless of the outcome of this, this has been very helpful. I hope  
15 we can do this every five or six years.

16                                   Stephanie, what do you have?

17                                   MS. WASS: The Conflict of Interest Meeting  
18 tomorrow morning.

19                                   SENATOR HAWKINS: I'd also like to recognize  
20 someone who just walked in the door, and he is also a former member of the  
21 General Assembly.

22

23

PROCEEDINGS CONCLUDED.

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**CERTIFICATE OF THE COURT REPORTER**

I, Medford W. Howard, Registered Professional  
Reporter and Notary Public for the State of Virginia at large, do hereby

1 certify that I was the court reporter who took down and transcribed the  
2 proceedings of the **Virginia Tobacco Indemnification and Community**  
3 **Revitalization Commission Retreat when held on Wednesday, July 30,**  
4 **2008 at 3:00 p.m. at the Holiday Inn, Bristol, Virginia.**

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

7 Given under my hand this 27th day of  
8 August, 2008.

9

10

11

12

13

14

15

16

17

18

19 My Commission Expires: October 31, 2010.

20

---

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