



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
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

Executive Committee Meeting

Tuesday, May 31, 2005

1:00 p.m.

Hotel Roanoke and Conference Center
Pocahontas Room
Roanoke, Virginia

APPEARANCES:

The Honorable Charles R. Hawkins, Chairman

The Honorable Terry G. Kilgore, Vice Chairman

Mr. Thomas W. Arthur

The Honorable Kathy J. Byron

The Honorable Allen W. Dudley

The Honorable Clarke N. Hogan

The Honorable Joseph P. Johnson

The Honorable Frank M. Ruff

The Honorable Michael J. Schewel

Mr. James C. Thompson

The Honorable Gary D. Walker

The Honorable William C. Wampler, Jr.

COMMISSION STAFF:

Mr. Carthan F. Currin, III, Executive Director

Mr. Ned Stephenson, Manager of Strategic Investments

Ms. Britt Nelson, Grants Coordinator - Southside Virginia

Ms. Sarah Griffith, Grants Coordinator - Southwest Virginia

Ms. Stephanie Wass, Director of Finance

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

2
3 OFFICE OF THE ATTORNEY GENERAL:

4 Mr. Frank N. Ferguson, Deputy Attorney General, Counsel for the
5 Commission (by telephone)

6 Ms. Stephanie Hamlett, Special Counsel, Office of the Attorney General

7 Ms. Anne Marie Cushmac, Senior Assistant Attorney General

8
9
10 Ms. Jody Wagner, Treasurer for the State of Virginia

11 Ms. Pam Currey, Office of the Treasurer, State of Virginia

12
13
14
15 SENATOR HAWKINS: All right, I thank everyone for coming,
16 let's go ahead and get started. Carthan, call the roll.

17 MR. CURRIN: Mr. Arthur?

18 MR. ARTHUR: Here.

19 MR. CURRIN: Mr. Bryant?

20 MR. BRYANT: (No response.)

21 MR. CURRIN: Delegate Byron?

22 DELEGATE BYRON: Here.

23 MR. CURRIN: Delegate Dudley?

24 DELEGATE DUDLEY: Here.

25 MR. CURRIN: Delegate Hogan?

26 DELEGATE HOGAN: Here.

27 MR. CURRIN: Delegate Johnson?

28 DELEGATE JOHNSON: Here.

29 MR. CURRIN: Senator Puckett?

30 SENATOR PUCKETT: (No response.)

31 MR. CURRIN: Senator Ruff?

32 SENATOR RUFF: Here.

33 MR. CURRIN: Secretary Schewel?

34 SECRETARY SCHEWEL: Here.

35 MR. CURRIN: Mr. Thompson?

36 MR. THOMPSON: Here.

37 MR. CURRIN: Mr. Walker?

38 MR. WALKER: Here.

39 MR. CURRIN: Senator Wampler?

40 SENATOR WAMPLER: Here.

41 MR. CURRIN: Mr. Vice Chairman?

42 DELEGATE KILGORE: Here.

43 MR. CURRIN: Mr. Chairman?

44 SENATOR HAWKINS: Here.

1 Frank Ferguson is supposed to call back in a couple of minutes. Motion
2 to approve the Minutes of the last Executive Committee Meeting? It's been moved and seconded
3 that the Minutes be approved. All those in favor say aye? (Ayes.) Opposed? (No response.)

4 While we are waiting for Frank to call in, Jody, you've all done an outstanding
5 job. We waited and waited, but this time we had a great outcome. I don't think anyone expected
6 you to be able to deliver what you did. We're most appreciative for the work you all did on this
7 securitization. It's one of the things that we have been fighting over this and fighting over that,
8 and I'm not sure we all knew why we wanted to do it, other than we did. Now we've done it, and
9 we all thank you very much for your efforts.

10 (Applause.)

11 MR. CURRIN: Would the Treasurer please come forward?

12 Mr. Chairman and members of the Tobacco Commission, it gives me great
13 pleasure to present this to Jody Wagner for an outstanding job. Thank you so very much.

14 MS. WAGNER: Thank you.

15 (Applause.)

16 I'd just say that I couldn't have done this, I had all the help in the world from a
17 wonderful staff, and I'll certainly share this with my staff, they are the ones that did this.

18 SENATOR HAWKINS: You had to run for the roses, but actually
19 it was a triple crown, thank you very much.

20 The reason why we are here today on such short notice, with the help of the
21 Treasurer of Virginia, securitization has taken place. We're happy with the results. We do need
22 to start some discussions about what we plan to do, and with this type of foundation how we
23 handle these monies. I personally feel it takes an extraordinary event to be able to get into the
24 corpus of the securitization money. In order for us to cure that I would like for us to start having
25 some discussions about what we're going to do to put in place some guidelines before we get into
26 the corpus of this money that we're dealing with. That's because at some point after all of us
27 have retired, of course, other people will be coming along with the Tobacco Commission and
28 will be in leadership positions, and there needs to be something in place so that there is not a
29 temptation that this money is squandered. We have to be the trustees of these securitization
30 monies, we've just got to do this sooner or later. There has to be some sort of understanding that
31 these monies have to be held in trust.

32 There are examples we can use to invade the corpus, do things that will have an
33 impact on our area that would be of immediate benefit. Other than that we need to start
34 discussions, probably today is as good a time as any, what we plan to do in order to put
35 safeguards in place, rather than leave the money out there. It could be spent by a simple majority
36 of the Commission. That is something that we have to be very careful of, that would be awfully
37 tempting to have that much money available, do something on a yearly basis, we have to
38 certainly be aware of that.

39 Does anyone have any comments to make or suggestions in that regard before we
40 get into this?

41 MR. ARTHUR: I would agree.

42 SENATOR HAWKINS: All right, thank you.

43 Have we called Frank?

44 MS. WASS: He said he would call back in about 15 minutes.

1 SENATOR HAWKINS: All right, Carthan, do you want to talk
2 about this securitization?

3 MR. CURRIN: Mr. Chairman, at this point in time, 390 million
4 dollars, I believe, the Treasurer would like to lead us in a discussion about these funds in order to
5 take care of both the Southwest projects and Southside projects. After the Treasurer, we will get
6 into the issue today for the Executive Committee meeting. We'll then hear from Southwest and
7 Southside entities that have been working on these broadband projects for the past three or so
8 odd years. Then we'll have a TROF request discussion before the Executive Committee. The
9 Staff felt you should hear this concerning Tazewell County.

10 MS. WAGNER: First, I'd like to take a second and say thank you
11 for the flowers, it was really not just my office that deserves this, but the Attorney General's
12 Office is unbelievable. We put them through a lot of hoops, and Anne Marie and Stephanie were
13 right there with us, and so was Frank Ferguson. Let me give you a sense so you can appreciate
14 what they went through.

15 When we started this, we said we wanted to get this done as quickly as possible,
16 because we're afraid something is going to happen. The underwriters we chose were Bear
17 Stearns, and we were dealing with a woman there who was more intense than anyone I have ever
18 worked with in my entire career. Have you ever worked with anyone that was intense? Her
19 name is Kim Arno, and she is probably a 40-year old single mother with two children; she must
20 have worked a hundred percent of her life. She was on every detail and asking for things
21 continuously. I don't think there was a day that went by that either Anne Marie or Stephanie
22 didn't get a call, tell me about this, what does this mean, how does this work, which was really
23 critical.

24 I didn't understand, but real concerned about how diligent the AG was in
25 enforcing the MSA arrangements and compliance and all that, until we got to the point we went
26 on the road show, and then it became very clear that these investors are so sophisticated that they
27 were asking very detailed questions about whether Virginia is diligently enforcing the
28 regulations and whether we're going after non-participating manufacturers and making sure that
29 they do what they need to do. We must have had five calls with Anne Marie and the rating
30 agencies and/or investors talking about what Virginia is doing to make sure that we are in
31 compliance. If we hadn't been able to answer those appropriately, I don't think we could have
32 gotten the rating we got, and nobody would have bought our bond.

33 I think you need to give Anne Marie and Stephanie a round of applause. They did
34 a great job.

35 (Applause.)

36 We ended up saving a hundred basis points on the long bonds, which is pretty
37 incredible. We thought in 2003 when we were dealing with this we had sold all of it, 80 percent
38 tax exempt and 20 percent taxable. We were raising 646.7 million, and we ended up raising
39 389.8 million, so just 50 percent of the MSA allocation. On a pro rata basis we raised 66.5
40 million more than we would have raised otherwise. It is not really a fair comparison, because
41 someone was doing taxable dollars last time, but that gives you a sense of how much better the
42 deal was for the Commonwealth. So, as my mom said, even though it was pretty tough, and it
43 didn't happen the first time, it all worked out for the best.

44 We raised all the tax-exempt funding, and what that means is that the TICR, the

1 Treasury Board, both heads agreed to certain procedures and representations to make sure that
2 we would not do anything that violated the tax exemption nature of the Funds. When the
3 investors bought it, they bought it based on representations from McGuire Woods that they were
4 tax-exempt, and representations from the Commonwealth and from the Treasury Board that we
5 were going to invest them the proper way and safeguard them so that they never became taxable
6 bonds, and representations from the Tobacco Commission that you would safeguard your use of
7 the money so that it would always be tax-exempt.

8 There were a lot of ways that we could have messed that up. If we invest in
9 projects that are not capital projects but things that are more of an operating nature and not
10 authorized, we could destroy, a bad investment could actually take the whole thing and make all
11 the bonds taxable. I knew it was bad, but I didn't know how bad it was. So this week I said to
12 my staff, give me a sense of what that means. They called the financial advisor and came back
13 and said, well, it means we would have to pay the IRS 33 percent on all the interest that is going
14 to be paid on these bonds through the life of the bonds. We're paying about 148 million dollars
15 worth of interest. If you back that up and give a present value, you're talking about 99 point
16 something million dollars, or like a hundred million dollars, that the Endowment would have to
17 pay over to the IRS to make the issue go away. We certainly don't want to find ourselves in that
18 position, so we have to do everything we can to make sure that we handle these funds
19 appropriately.

20 Now, I'll tell you what I'm worried about, and that is we've got to develop
21 methodologies for spending this money that are going to last well after I'm gone and well after
22 Carthan is gone. We've got to have systems in place that are just part of the arrangement so it
23 doesn't depend on anyone person making sure that they do the right thing, because we could all
24 be hit by a bus tomorrow. So what the tax certificate does is set up certain procedures and
25 criteria. There is a tax certificate that Carthan signed and I signed the Sunday before we closed
26 which contained certain representations meant to protect the Endowment from becoming taxable
27 or the bonds from becoming taxable. These provisions are the same provisions that were in the
28 2003 tax certificate, which we came close to signing but didn't get to sign.

29 Those procedures really start a whole approach to take. In order to spend any of
30 the money, you first have to develop a project list with schedules showing actual expenditures of
31 amounts of transfers or expected soon to be paid. The schedules have to include a description of
32 the proposed expenditure sufficient to establish whether they would qualify as a capital versus
33 working capital expenses, the reasonable expectation of economic life of the assets directly or
34 indirectly financed by the expenditures and specific details about any private business use of the
35 assets or direct or indirect payments from the private business. Each project or each expenditure
36 has to go through that analysis.

37 Then you have to get an opinion from bond counsel that the proposed
38 expenditures will have no adverse effect on the tax-exempt nature of the bonds. What he is
39 going to do is go ahead and look at the stuff you're providing to him. Those are the requirements
40 set out in the tax certificate, and they are there for a reason, which is to protect us from making
41 certain mistakes.

42 The Code also requires that TICR provide annual schedules of anticipated
43 disbursements from the Fund that occur for the current fiscal year. I don't know that we have
44 been doing that, but the Code requires that for securitization. The tax certificate cross references

1 that Code requirement and says March 15th is the date that that report has to be turned over. The
2 tax certificate specifically references schedules that have to be included to consider any
3 disbursements in money transferred to or transferred from the Endowment to the TICR Fund. So
4 very specific procedures have been set up there.

5 There are also a lot of things that have not been set up. When we did this, we did
6 it on a very rushed basis, and we actually closed like on rocket fuel, because we got wind that
7 there was a chance that the Illinois Supreme Court was going to render an opinion on the same
8 case that knocked this out of the box last time, so we closed in three days.

9 SENATOR HAWKINS: Frank, are you with us? All right. Jody
10 has been giving us an update on the securitization and the obligations we face on the non-taxable
11 part of this. We need to make sure that we act according to the letter of the law in this.

12 MS. WAGNER: So we closed, normally it takes two weeks to
13 close on a bond deal. We gave ourselves a week, and then we found out that this case, the rumor
14 was that the Supreme Court of Illinois was going to render the decision, and we were going to
15 close on Wednesday, and they were going to render a decision on Thursday, some analysts had
16 predicted that. So I went there, and there was no way I could explain to the Commission or the
17 Staff if we had gotten hit twice by the same case; that would have been too humiliating.

18 What we did is accelerate the closing, and what they did is when they were going
19 to announce the case on Thursday, they print on Monday on their web site the cases they are
20 going to have decisions on. So our fear was they were going to announce this, and then the
21 rating agencies might not be able to give us the bond rating, so we didn't know what would
22 happen, but it was not, it didn't seem like the prudent thing. So Stephanie Hamlett and all the
23 other lawyers working on this deal worked all weekend. They showed up at McGuire Woods,
24 and Carthan was there on Sunday at McGuire Woods, and we signed the documents and closed
25 before 9:00 on Monday morning.

26 Whatever the Illinois Supreme Court did, they were on Central Time, and they
27 wouldn't do it until after we closed, and we closed. In order to do that, we did disclose to the
28 investors what we were doing and why we were doing it. We weren't pulling anything over
29 anyone's head. We wanted to make very sure that case didn't hit you. In any event, we rushed
30 and got the closing done and then started thinking about what we needed to do next. Up until
31 really the day of the closing or the day of pre-closing, we didn't have any idea that the Tobacco
32 Commission was going to do anything with this money other than leave it invested during fiscal
33 '05, because you had already gotten your MSA payment. This is selling the future MSA
34 payments from '06 forward, and we thought you needed the '05 payments to satisfy your needs.
35 In addition you've got about 120 million in the bank right now, we didn't worry about it.

36 Some of my staff went back to do the things they hadn't done for three weeks
37 because of the securitization. When we understood that there was a concern about wanting to be
38 able to do something now, we got back on it and started looking at what we needed to do. We
39 had many conversations with the lawyers at McGuire Woods. Actually, this is new turf for
40 everybody. We wanted to get to this point in '03, and that didn't happen; nobody thought about it
41 after that. We started trying to figure out what needs to be done from the Treasury Board
42 standpoint, which is the guardian of the money or the custodian of the money, from the
43 Commission standpoint of what you have to do in order to make sure you have the safeguards in
44 place. We sort of put together a list, which I'll have passed out.

1 SENATOR HAWKINS: You've gotten to the point in this meeting,
2 or the discussion about the possible telecommunications piece that we're dealing with.

3 MS. WAGNER: I think that is what you need to have before you.

4 SENATOR HAWKINS: We're in that discussion phase.

5 One thing that I think all of us have to understand from the beginning is that this
6 is one of the flagship investment opportunities that we have, and that is the telecommunications
7 piece, and to accelerate that and give it as much of a profile as possible when it comes to the
8 economic development for these rural communities. It was and still is, I think, of primary
9 importance to try to complete this project as quickly as possible, dealing with the counties that
10 we're dealing with and the unemployment problems there.

11 It was our hope that in the course of the discussion we would figure out some plan
12 to make sure that we had set aside enough money that would be at the disposal of these people
13 when it came online that we'd have that system in place so that we wouldn't have to worry about
14 that discussion again.

15 I'd like to find out what we have to do to pull out the monies that we need from
16 the securitization, not to be spent but to be held in an account for the telecommunication piece
17 throughout the entire plan that we're dealing with from all the counties to complete the project in
18 a timely manner in order to meet some deadlines and in order to probably accelerate some of the
19 things that are ongoing, not to violate the intent of what we're trying to do. It's our
20 understanding from the start that all of this fell under the umbrella of non-taxable.

21 MS. WAGNER: Yes.

22 SENATOR HAWKINS: What we want to do, then, is figure out
23 what we can do to take this to the next level. The reason for our urgency in trying to get the
24 money set aside is because we have been discussing the long-term plan that we need to do in
25 order to finish these projects. Every county I have talked to tells me that the thing that will open
26 up economic opportunities is the availability of broadband, and as quick as we can finish up
27 these projects the quicker the counties can come into play, meeting throughout the east coast to
28 bring in new industry that we need. That is what this is all about.

29 MS. WAGNER: Very well. I'm not going to go through all this
30 with you, but there are the operational issues, we're going to have to, jointly in some cases with
31 the TICR, we'll have to put it in place. If you'll look at the bottom of Page 2 and the top of Page
32 3, that is what the Treasury Board has to do. The Treasury Board is comprised of the
33 Comptroller, the Commissioner of Revenue, Tax Commissioner, Treasurer, me, and four citizen
34 members. We meet monthly, and up until the last meeting last month really hadn't talked too
35 much about securitization money. We got resolutions from them allowing us to look for a money
36 manager, and we had not done anything in terms of very specific how we were going to handle
37 this money.

38 So the first thing we have to do as the Treasury Board is adopt certain policies and
39 procedures so they are going to be comfortable. I'll tell you that this Board is very much like you
40 all, it is not a rubber stamp board. They don't approve everything that is in front of them. Our
41 normal procedure is that you give a draft one month and talk about it and let them think about it
42 and come back the next month and have them approve it. I've done some things I've never done
43 before to get the tobacco deal done, which is that I signed the tax certificate on Monday that was
44 given to us on Wednesday and they then ratified it. We had a brand new board member who is

1 actually from Roanoke, Doug Dinsmore. He looked at me like, is this the way you always
2 operate, and we don't always operate like this. We're dealing with a group of people that do
3 deliberate about these things we're talking about. The Treasury Board will have to put
4 procedures in place, as is the TICR.

5 In terms of being able to spend your money, there are two different things. There
6 is budgeting money and spending money. With the Endowment right now, what we had hoped to
7 do is to invest a good chunk of it in long-term money and invest some of it for short-term. Today
8 it is all sitting in a money market account, because we're going to search for investment advice, a
9 manager right now, to invest it. If you plan to do this rollout over a three-year period of time, I
10 would hate to take the whole chunk of that 39 million dollars and put it in a short-term money
11 market fund when I could be earning more interest on it if I invested it in something for a longer
12 duration.

13 SENATOR HAWKINS: If I could interrupt you, I think there is
14 probably one thing that we need to bring to this discussion, and that is this. These monies are
15 very precious to us, and they are probably the only access to capital we have. They are also very
16 precious to us in being able to start this economic engine that has come to a grinding halt. The
17 more money we can put into an opportunity for these communities and reopen the manufacturing
18 end to be competitive in the market would be money well invested. I don't want to get lost in
19 this discussion on how much money we can make on the interest rate if we lose an opportunity to
20 bring industry and jobs and economic stability to an area that we're entrusted to be able to invest
21 into.

22 MS. WAGNER: I would agree with you, but right now you're
23 sitting on 120 million cash which could be spent on a project.

24 SENATOR HAWKINS: That 120 million, over half of that is
25 already obligated to on-going things that we have obligated ourselves to do. The other half is
26 sitting there with applications being made for that money. These are monies that are anticipated
27 to be spent under our normal process, allocation of monies to our regions based on the formulary.
28 We can't count on 120 million dollars for this particular project.

29 MS. WAGNER: From the Endowment perspective, you will get
30 your money based on a reimbursement basis under any circumstance. You get a project that is
31 approved, and you get a bond lawyer to give the approval, and you advance the money for
32 whatever the project is, and you submit an invoice, just like we do with a construction project,
33 we'll draw it out of the fund and give it back to you. So there is a cashflow issue, and there is the
34 issue of what you're going to budget. Does that make sense?

35 DELEGATE HOGAN: I remember having this discussion not too
36 long ago, and I said there is no way in the world you're going to get 350 million dollars, I knew
37 you wanted to tell me you told me so.

38 MS. WAGNER: I'm pleased to tell you that.

39 DELEGATE HOGAN: I'm glad you resisted the temptation. Let
40 me see if I can understand this. It is the responsibility of not bond counsel but this committee
41 you're talking about --

42 MS. WAGNER: -- The Treasury Board.

43 DELEGATE HOGAN: The Treasury Board. It almost sounds like
44 you're saying the Treasury Board is going to decide if a project meets the criteria or not.

1 MS. WAGNER: No.

2 DELEGATE HOGAN: My understanding is that the Treasury
3 Board says they're available for X project, and that is it.

4 MS. WAGNER: No, the Treasury Board sets the procedure that
5 we will use in disbursing the money and investing the money. The bigger responsibility is
6 figuring out how to invest, what external manager to invest it, how to invest it. The decision on
7 whether or not a project is qualified and tax-exempt is purely the bond counsel's. I do not have
8 the capability with my staff to decide that.

9 DELEGATE HOGAN: The Treasury Board has nothing to do with
10 how we spend this money?

11 MS. WAGNER: As long as it is on a tax-exempt project, a project
12 that is available that qualifies for tax exemption.

13 DELEGATE HOGAN: Do they determine if it is tax-exempt, or
14 does bond counsel determine that?

15 MS. WAGNER: I'm telling you it is bond counsel.

16 DELEGATE HOGAN: The bond counsel works for us, or the
17 Treasury Board?

18 MS. WAGNER: Bond counsel works for the Corporation. It
19 works for the Tobacco Settlement Financing Corporation. You're actually the beneficiary of the
20 money.

21 SENATOR HAWKINS: Would it be to our advantage to hire
22 counsel to advise us on these bond questions as they come up?

23 MS. HAMLETT: I'm not sure I agree a hundred percent with bond
24 counsel representing the Corporation.

25 MS. WAGNER: Who does it represent?

26 MS. HAMLETT: Bond counsel is really protecting, as they do
27 with the issue, they are really protecting the status of the bond and in some sense really look out
28 for the bondholders. Since it is TICR that needs to be sure that their expenditures are tax-
29 exempt, it would be TICR through the AG's Office that retains bond counsel and gets the
30 appropriate opinion and delivers it to the Treasury Board so that the Treasury Board can rely on
31 that opinion.

32 SENATOR HAWKINS: Outside counsel is what I'm hearing?

33 MS. HAMLETT: Yes.

34 SENATOR WAMPLER: I think there needs to be counsel
35 available to the TICR, but I would also respectfully suggest it doesn't have to be someone other
36 than who has done this transaction. Someone that is familiar with it could, in fact, in practice
37 have that person provide that legal opinion.

38 MS. HAMLETT: It is required that it is a nationally known bond
39 firm.

40 SENATOR WAMPLER: If there is an opinion within Treasury
41 that a conflict exists, you could find plenty of bond counsels.

42 MS. WAGNER: It is not an opinion within Treasury that there is a
43 conflict, would never imply that for a minute.

44 SENATOR WAMPLER: We should simply be prepared to retain

1 counsel from time to time to make sure that we do not place in jeopardy or violate this tax-
2 exempt status.

3 SENATOR HAWKINS: Dealing with an obligation that we have
4 to be extremely careful with.

5 SECRETARY SCHEWEL: I think, since you have to get an
6 opinion of bond counsel each time there is a group of expenditures approved, either that opinion
7 would have to come from bond counsel with McGuire Woods, or would have to come from
8 separate bond counsel. What would be proper, to use the bond counsel for the deal to issue an
9 opinion, or do you use separate bond counsel? It would be cheaper and quicker to use the people
10 that have already done the deal to issue the opinion than to have someone have to get up to speed
11 and learn it all, or is that the issue?

12 MS. WAGNER: To me it is not an issue. Stephanie has pointed
13 out why you should have the Tobacco Financing Corporation lawyers, the documents seem to
14 indicate that you guys will provide an opinion to someone that we approve, that the Corporation
15 approves. Actually, the way the Corporation approves counsel is through the AG's Office.
16 Whoever the AG thinks is the right person to render the opinion is the right person. I don't think
17 I have a dog in that fight.

18 SECRETARY SCHEWEL: If the Commission says we're going to
19 hire counsel to make sure that the issuance of this is correct, and even --

20 MS. WAGNER: -- that's right, whoever the AG selects is who we
21 would use. Clearly, right now the most logical choice would be McGuire Woods. If the price
22 becomes unreasonable, you might want to select somebody else, but that is up to the AG.

23 SENATOR HAWKINS: The history of securitization, and we went
24 through this a couple of years ago, are we going to be made aware of any unknown problems or -
25 -

26 MS. WAGNER: -- I haven't heard of any tobacco securitization
27 becoming taxable, no. I am sure I would have heard about it. There are other bond deals that
28 have made mistakes and end up taxable, otherwise there wouldn't be all of this.

29 SENATOR HAWKINS: Let's recap this. My understanding is
30 that, from the discussion around the table, that we can hire outside counsel approved by the
31 Attorney General's Office to give us an opinion about how we manage to exercise our right to
32 spend these monies, if they approve it and it is tax-exempt, and go to the TICR with a
33 recommendation from bond counsel that we meet the standard as far as the tax-exempt status,
34 and therefore the money starts to be put in place.

35 MS. WAGNER: The money will not go out until you spend it.
36 When you spend it, we'll reimburse it.

37 SENATOR HAWKINS: That's the mechanism we're working
38 through?

39 MS. WAGNER: Yes. Basically, what will happen is that when
40 you have an approved project you will be able to provide the elements we have discussed to
41 bond counsel, and then bond counsel will say this is an approved project, and once you start
42 spending money on it we will be able to reimburse money for that project.

43 SECRETARY SCHEWEL: I just want to make sure that I
44 understand this and the role of the Treasury Board, and there may be some confusion on that. It's

1 the Treasury Board basically saying, okay, before we disburse money out of this fund we want to
2 see some sort of disbursement certificate, we're going to see counsel's opinion of the bond, we
3 need the opinion of bond counsel to be certain the procedures are followed. When you get the
4 conditions that are fulfilled that does not allow disbursement, they are not making discretionary
5 kind of judgments.

6 MS. WAGNER: Exactly, keep in mind you're talking about
7 Treasury staff that processes this who are not going to get involved in the details, but they're
8 going to need to know that project XYZ is approved by bond counsel, this disbursement matches
9 the uses they were describing. You will certify that to the TCR, the TCR will have to certify it.

10 SENATOR HAWKINS: I think the only thing that is possibly
11 involving any discretion at all is withdrawal of the money for the telecommunication piece. I
12 don't think any of us have any desire to go any further until we have a base ruling and understand
13 how we plan to withdraw these monies. As far as I'm concerned, in my own mind, our
14 discussion is right now based solely on how to complete the telecommunication project that we
15 have online and the obligation we see directly in front of us and what we can do to facilitate that
16 as quickly as possible.

17 DELEGATE KILGORE: My question is, how do we get there?

18 MS. WAGNER: You need to tell us when you need the money.

19 SENATOR HAWKINS: Tomorrow morning.

20 MS. WAGNER: If you're going to need 39 million dollars in the
21 next six months, then we'll keep the money, or you'll ask us to advance that, and we'll keep it
22 liquid. You'll get bond counsel's approval, and you'll go through the whole process. Staff will
23 start giving us requisitions. If the buildout is really a three-year buildout, then I would urge you
24 not to stick all the money in short-term investments, because I asked my staff in an e-mail this
25 morning how much we would be losing if we didn't have any flexibility to have a long-term
26 investment. It is hard to say, because in this low interest rate environment you're probably
27 talking about somewhere between one percent and two percent that we're going to lose on
28 money. If you put 39 million in interest earning assets that is two percent lower and earning two
29 percent less, it's 780 thousand a year that is not growing. I don't care where you spend your
30 money, and I want you to spend your money and wouldn't have bothered securitizing if I didn't
31 want you to spend your money. What I don't want to do is put a lot of stuff in low earning assets
32 and have it sit there.

33 SENATOR HAWKINS: Our concern is that we've been promising
34 this, and the grand opening take place December 1, or grand opening January 30th, but sooner or
35 later we've got to fulfill this obligation that we made to our constituency, and what we can do to
36 finish that is important. No one wants to start wasting money, but we've got to get this done. I
37 think we need a prudent plan, and it is my understanding that there are two or three approaches
38 that are necessary to meet the guidelines that we talked about earlier dealing with the
39 telecommunication project. I think during the course of the conversation today you may hear
40 some things that will make your mind a little bit more at ease with what we're trying to do.

41 DELEGATE KILGORE: My question is, if we're obligated, or if
42 we believe it is in our best interest to go ahead and commit this funding, we do that before June
43 30th, even though it takes six months or whatever it takes to spend the money to put our fiber in
44 the ground and do what we need to do. Would that count this fiscal year, or would that count the

1 next fiscal year? How would that count against us on the percentage that we're able to draw
2 down?

3 MS. WAGNER: The way I view the law, the Commission has
4 actually invaded 15 percent, and you all approved it. There's a lot of concern about putting
5 money aside, but in the long term you can invade in 2006 by 15 percent if you need it, as long as
6 the whole Commission approves it. In the old deal we invaded 15 percent every year, it's all
7 there, and we didn't have the MSA money coming in. I guess I'm a little confused about why
8 we're worried about putting money aside, and then you could do it that way.

9 SENATOR HAWKINS: I think our concern is that we would like
10 to have in place a known amount of money so we can finish up this project. My concern is that
11 unless we cut this out, or cut this out in a manner that meets the criteria put in place and lay it
12 aside, then we start a discussion as to what we're going to do and put it in a benchmark and a
13 little protection. When we start talking about a withdrawal of 15 percent, I don't want us to be in
14 a position that the next time around it's so easy to withdraw the monies. This should not be part
15 of the discussion as to what we do to protect the other part of the corpus of this securitization.

16 SECRETARY SCHEWEL: I have the same question for Jody,
17 unless I missed something. It seems to me that if you want to commit to move money from the
18 Endowment Fund, the Fund, and that movement is the thing that is the subject of the 10 or 15
19 percent, you would do that. Now, the question is, you do it now, but you thought you didn't have
20 enough money in '06 to do it, what you needed to do, but in '06 the 10 percent, about 39 million
21 available, and 15 percent you have about 55 or something, a big number. I guess what I don't
22 understand is that since you would have the ability and you would have enough money in '06 by
23 moving money to do certainly all of the telecommunication project that I've heard about, I just
24 don't understand the point.

25 DELEGATE KILGORE: My point is that you have other
26 obligations in '06 that may require us to use some of those dollars, whether it is by the formulary
27 or whatever, that we have some obligations. I guess that is why some of us are thinking about
28 going forward with this technology now versus later when we may not have that money. I do
29 agree with the Chairman that we don't want to go to that 15 percent unless it is necessary to do
30 that. I think that is what he said.

31 SENATOR HAWKINS: Yes.

32 SECRETARY SCHEWEL: I have a hard time understanding why
33 10 percent June 30th and 10 percent July 15th, why that corresponds with 15 percent in '06, I
34 don't understand.

35 MR. ARTHUR: I sense what the Secretary is saying, the same
36 thing. I don't want to see us rush, because some of these things are double dipping, and we don't
37 want to do that. If we rush into June and get it in '05 we can do it again on July 1st of '06, that
38 doesn't make sense.

39 SENATOR HAWKINS: I wouldn't be part of that.

40 SENATOR WAMPLER: I'll try to be short, and from my view
41 what it is worth. The market responded to the point where we received 40 million more than we
42 thought we were going to get and that is a function of the market. As you're well aware, any
43 time you're voting on the Commission we have a difficult time trying to decide (a) what we're
44 going to spend money on, and (b) how we're going to allocate among the regions. The internal

1 discussions with the Commission through this fiscal year have been about how do we fund both
2 Southwest and Southside known commitments to deploy a regional backbone structure. The 39
3 million dollar figure comes pretty close to taking care of known work that is being accomplished
4 within 12 to 18, maybe as long as 24 months. The cashflow model that the Staff put together
5 suggested a securitized amount that is 40 million dollars. The reason why I think it makes sense
6 in this fiscal year, and, Jody, I'll explain it this way. The Commission to invade the corpus by 10
7 percent requires a simple majority vote, and with a 30-plus member Commission it is easier to
8 get a majority vote than it is to invade 15 percent, get a two-thirds vote. Very hard for us to gain
9 consensus, we have two regional projects. So one I tried to explain to the Chief of Staff at great
10 length the other evening was, it is true, we can wait until 1 July, wait until 6 July, we can be
11 cash-starved for TROF, Special Projects, Agribusiness, or the two regions' Economic
12 Development. In other words, if we know we have the fiber optic needs, or the 40 million, and
13 we had, or to my knowledge, a bonus more than because of market conditions, that we have this,
14 then it makes sense to pay for this big project, then allow us to continue to do the work. That is
15 because every county in both regions will come to us next year asking for projects to be funded.
16 If we fail to invade corpus until after 1 July, we will have no money or very little money left to
17 do that. I'll ask bond counsel, and this is Senator Wampler's terminology, properly recapitalize
18 our accounts that I just described. So, that's why we do it.

19 I happen to think we have a great opportunity to fund these signature projects of
20 the Commission and complete our fiber optics. We can continue to do that next year if we fail to
21 draw down money this fiscal year, and we won't have any money left over to do anything else. I
22 think this Governor would like to ride out of town next January saying he helped close the deal
23 in both Southwest and Southside. We can accomplish that by completing the fiber optics and
24 having dollars available to recapitalize our funds after 1 July. That's a long explanation, but that
25 is as simple as I could put it.

26 SENATOR HAWKINS: The only correction I would like to make
27 to it is that we only have one backbone initiative that runs from the Tennessee line all the way
28 through the counties we're dealing with. Any of those counties left out of the overall connection
29 in place, counties being overlooked, I don't think this, I don't look at this as a Southwest or
30 Southside project, but this is a total communication project for the tobacco communities to build
31 their futures on, and it has to be completed.

32 We need a system that is clean, that works from the Tennessee line all the way
33 across and everyone has access to the most technology that this society can have. To do that we
34 have to make sure that Charlotte County is connected, Lunenburg connected, all of these
35 counties, that they are all connected, no matter how big or how small they are, they all need the
36 same thing. The quicker we can do this, then the quicker that these counties can compete in the
37 marketplace.

38 SECRETARY SCHEWEL: Mr. Chairman, there is nothing that
39 Senator Wampler said that I disagree with; it makes a whole lot of sense to me, anyway. The
40 question I have about it from the question that the Chairman just said, underlying that is if we, in
41 fact, fund 39 next year alone, then not have enough money to do other things, we'd be under-
42 capitalized in terms of going into other qualified projects. I'm just a little surprised that that is
43 the number the way the numbers showed up. If we are spending the Technology money in the 24
44 months, essentially that would leave about 18 or 19 million to spend, 19 million on the

1 Technology project, 19 million a year to spend on other capital projects. I'm just a little
2 surprised when you add up all the numbers that you don't have enough money.

3 SENATOR HAWKINS: We don't want to draw the 39 million, we
4 don't want to get into, you have a point then that you're diminishing your investment money.
5 We've got to use them at a smaller percentage.

6 SENATOR WAMPLER: A very good example would be
7 Southwest Economic Development Committee. We have 16 million dollars worth of requests
8 and an allocation of 2.9 million and trying to come up with quality projects that meet the
9 regional needs. I'm sure Southside will speak for themselves. But that's the reason why, because
10 if you under capitalize then you end up with 100 or 200 thousand dollar grants, they don't do the
11 things that amount to much, they don't all do the things that really help the region. We have to
12 have the cash to do these things.

13 DELEGATE HOGAN: I support what Senator Wampler said
14 about Southwest. If you look at this Technology project as it moves to Southside, we can do it
15 without this, we can do it, but it will starve everything else that we're trying to do. The money
16 that is required to fund the Technology project over the next two or three years will absorb so
17 much of what is available of securitized funds that we practically won't be able to do anything
18 else, at least I'm not aware of that. There's four or five million dollars of projects in Southside
19 right now. It will starve Southside Economic Development in everything else we're doing.

20 SENATOR HAWKINS: If you look at our structure right now, 50
21 percent of our money is in tax-exempt bonds that are securitized. Fifty percent will be used for
22 other things. We may find ourselves committing all the monies for meaningful things other than
23 tax exempt, or vice versa. If we take the telecommunication piece and set it aside, which meets
24 all the criteria of tax exempt status, we'll put pressure on the 50 percent we've got we can use for
25 other things as well. We've got educational things, we've got all these things we're dealing with.
26 We need to make sure that we don't have a problem there. It is very important that we make sure
27 that we've got flexibility to deal with non-taxable. Tax-exempt investments are not as numerous
28 as those that we have on the other side of the equation. So this is one we have to do and not have
29 to worry about that.

30 SECRETARY SCHEWEL: Let's say this year we do 10 percent,
31 39 million, that money represents capitalization of Technology costs. Then we need to do some
32 portion of the Endowment money next year, or you won't have any money. You've got to invade
33 the corpus, you've got to have the money to do these things that you were worried about getting
34 started.

35 SENATOR HAWKINS: We have interest in building this
36 situation, I think if we sit down and start budgeting our money based on interest that we are
37 accruing and invest those monies, we may not have to do such an invasion of the corpus.

38 DELEGATE HOGAN: When we came up with this budget based
39 on a 350 million Endowment, we had to make some pretty tough choices, Southside Economic
40 Development, half of what it has been. We went ahead and did that, for reasons that everybody
41 is familiar with. If we can move this Technology project off the ledger, the pressure that this
42 budget is built upon will go away quickly, and if it will go away quickly it will be easier to deal
43 with. The idea that we've got 40 million dollars, as the Chairman said, we can solve this big
44 project, I don't think anyone, as long as it meets the tax-exempt status, it will really make our life

1 easier in terms of funding other projects that we were working around. You can make anything
2 work if you want to.

3 SENATOR HAWKINS: Before we continue with this being
4 dominated by yours truly, others, is there anyone that wants to add anything to the discussion,
5 any Commission members?

6 SENATOR RUFF: I don't know that I want to wade in, but I'm a
7 little bit concerned talking about changing rules right from the start. What is going to come up
8 next year, what's going to come up a year after, at what point are we going to put our foot down
9 and say we have to live within a budget. Yes, we can move the telecommunication project faster
10 by doing this and relieve the pressure on some other things, but sometimes that pressure makes
11 us choose between marginal issues, marginal projects in the past.

12 SENATOR HAWKINS: You're right, I think it is incumbent upon
13 us to put some benchmarks in place before we invade the corpus, period. I think this is a
14 situation we all agree is very important to us. We made an obligation to finish up, but next time
15 around, before we take another bite at this apple we need to be very sure that we have some
16 things in place that we guarantee will have some sort of long-term stability, rather than
17 somebody coming up with a sob story, here's a pot of money, go away, we can't do that. You're
18 right.

19 Kathy, do you have anything to say?

20 DELEGATE BYRON: No.

21 SENATOR HAWKINS: Mr. Secretary, I think we all want to do
22 the same thing and make sure it works. I think most of us on the Commission are looking for a
23 comfort zone that we make some obligations and long-term plans based on what we feel is a very
24 important initiative. What I am hearing is that possibly we may be at the same point, but just a
25 question of getting bond counsel to approve the project and get it in place and get bond counsel
26 to approve this payment and get that working and then just move on.

27 SECRETARY SCHEWEL: I'm sure there will be some
28 expenditures that people submit that I don't think 98 percent of them would be, I would agree
29 with you on this that every project is likely to meet whatever the criteria is tax-exempt, almost all
30 of those Technology projects.

31 SENATOR HAWKINS: Between now and the Committee
32 meeting, the things we have heard today in the way of problems and in the way of solutions, can
33 we work out something before the meeting to present to the Full Commission by way of a
34 proposal that makes sense to everyone?

35 DELEGATE HOGAN: Mr. Chairman, I think we should ask Ms.
36 Wagner to go ahead and do what is necessary to move this 40 million before the next
37 Commission meeting. We can vote on it, they've got some work to do, it sounds like to me we've
38 got to get going right now. Is it 12 months?

39 MS. WAGNER: If the Endowment, if you're really going to spend
40 it in the next two or three years and the idea is to set it aside, what if we were to set it aside in a
41 sub-account and give me a draw schedule that you think is reasonable, and I could still invest it
42 in a more appropriate fashion than the money market account. It doesn't change the fact that
43 you're counting it in '05, if that is what your goal is. At least let's not squander the ability to earn
44 interest.

1 DELEGATE HOGAN: We can draw about 10 percent per year,
2 allowed to do that. You don't draw it now.

3 MS. WAGNER: We're not on the same page. You've got the
4 Endowment, 389.8 million. If you say you want to invade '05, if you will, on the books, we can
5 transfer 38.8 into a separate account, you've already invaded the corpus, but you're not really
6 doing it. It is still sitting there, and it is still there until your counsel has opined the project is
7 approved and you've given us the actual, you've paid the money out of some other account and
8 you've got to be reimbursed. We do it the same way we do with the colleges.

9 DELEGATE HOGAN: How long a period of time? Less than 60
10 days?

11 MS. WAGNER: Yes, that assumes that, what my staff will do is,
12 making sure they have everything they need in order to reimburse.

13 DELEGATE KILGORE: That still will not stop Southside or
14 Southwest from invading what they can invade in '06?

15 MS. WAGNER: Yes. But what I don't want to see us do is, I don't
16 want to see any money leaving the Endowment until all the criteria are met. If it takes you ten
17 years to build the project, some of that money will sit there for 10 years until it's built. If it takes
18 you six months, it will be gone in six months. What I need from the Tobacco Commission is a
19 reasonable draw schedule and how you think you're going to spend it.

20 SENATOR HAWKINS: Clarke just asked, I believe, once we
21 drew the money it has to be spent in 12 months?

22 MS. WAGNER: I'm not aware of that, are you aware of that?

23 SENATOR HAWKINS: It is my understanding we probably will
24 request the staff of the AG's Office and the Treasurer to get together and work out a proposal we
25 can present to the Full Commission based on the discussion here today.

26 MS. WAGNER: I guess what I am trying to say is if you're not
27 going to do the change right now, I don't think I can get approval for the policy by --

28 SENATOR HAWKINS: -- We need some direction based on the
29 understanding we have and a comfort zone that we're all looking for.

30 SECRETARY SCHEWEL: If the issue is moving the money from
31 the Endowment Fund into whatever we call it, Technology Fund, and then as soon as we do that,
32 the question of spending the money comes up. Then, am I right, Jody, that the movement of the
33 money from the Endowment Fund to the Technology Fund does not require the same Treasury
34 Board kind of procedure?

35 MS. WAGNER: Right, they don't need to do it by the June 15th
36 Treasury Board meeting.

37 SECRETARY SCHEWEL: That transaction doesn't involve the
38 taxable --

39 SENATOR HAWKINS: -- Mr. Secretary, what this does is sends
40 a strong message to the people that we're dealing with that we're serious about the
41 telecommunication piece and we're trying to get it done.

42 SECRETARY SCHEWEL: What I am saying is that if it is the
43 wisdom of the Commission to commit 10 percent of the monies to the Technology Fund, they
44 don't need to wait for the Treasury Board, and they don't need to wait for a tax opinion; all of

1 those things are triggered when the money is spent, not when there is an internal transfer.

2 SENATOR WAMPLER: What Madam Treasurer needs is a vote
3 from the Commission to say that's our will to allocate those funds, and that must take place
4 before 30 June.

5 MS. WAGNER: Right, you've got it down.

6 SENATOR HAWKINS: We've got a Full Commission meeting.
7 Frank, are you concerned with that? Are you still there?

8 MR. FERGUSON: Would you say that again?

9 SENATOR HAWKINS: Are you up to speed with us?

10 MR. FERGUSON: Yes, as much as I heard, I haven't heard
11 everything.

12 MR. CURRIN: Mr. Chairman, we would have to have that
13 sometime around June 22nd or June 23rd, a Full Commission meeting.

14 SENATOR HAWKINS: Is there any time in June we're going to
15 be in Richmond anyway? Is there any other discussion on this subject? Does everyone agree we
16 need to move ahead? Does anyone object to it?

17 MR. WALKER: The budget we had and the discussion we had
18 with the money, I thought one of the reasons Southwest decided 10 percent and Southside
19 decided 4 percent was that we had a bigger pot of money, so when we throw these percentages
20 out --

21 SENATOR HAWKINS: -- That's not going to change anything,
22 that's an in-house decision.

23 MR. WALKER: Well, they drew 20 million, and we draw down 6,
24 does that affect the pot of money? That's what I thought.

25 SENATOR HAWKINS: You're right, this is a different piece, and
26 it affects everyone involved, all across the county lines. We have to make sure that no counties
27 are left out.

28 SECRETARY SCHEWEL: Gary, I'm not sure I understood the
29 question.

30 MR. WALKER: This summary sheet right here, it shows 21.4
31 Southwest and 7.2 Southside. They draw their 20 million out, and that pot is getting a lot smaller
32 a lot quicker.

33 SENATOR HAWKINS: Telecommunications comes off the top,
34 this is not a regional piece. In my mind, when we got into the discussion of putting in place a
35 backbone on the 58 corridor, it was a project that went across all jurisdictional lines, and that is
36 something we obligated ourselves to complete in a timely fashion, and we're not leaving anyone
37 out. So we've got to make sure that everything is done with a mechanism that is done at the
38 same point in time, Southside or Southside. If we're not approaching it that way, then we'd better
39 get into that discussion now so we know what we're planning on doing. We made a major
40 commitment for this telecommunication piece before, and we've got to complete it, and that's my
41 opinion.

42 DELEGATE DUDLEY: Mr. Chairman, I have a different
43 interpretation of this and from all the discussion we have had about securitization and how the
44 money would be divided and how it would be withdrawn from the corpus and be used by either

1 side, and Technology was to be non-taxable. I have heard the exact opposite from what you're
2 saying.

3 SENATOR HAWKINS: What I am hearing, then, is two different
4 approaches to the pot of money that we divide, Southside and Southwest, that one is being
5 invaded differently from the other. I think that goes against some of the things we talked about
6 earlier, much earlier. Does anyone want to make any comments?

7 DELEGATE HOGAN: Do you want a motion?

8 SENATOR HAWKINS: I don't know if we need a motion, but we
9 need to discuss it. I think we need a recommendation from the Committee on how to withdraw
10 the money, set aside a certain account dealing with telecommunications, the policy, how to
11 handle that. This is going to require a lot of PR work on a lot of people's part.

12 Any other discussion about that particular piece?

13 DELEGATE KILGORE: Mr. Chairman, I thought Southside, most
14 of it went to our way last year.

15 DELEGATE HOGAN: The year before it went to you. I was
16 going to make a motion that we move 40 million dollars to a separate Technology account, and
17 we can disburse it as we need it.

18 SENATOR HAWKINS: Let's make sure we understand what we're
19 doing. We made an obligation to telecommunications long ago. To back off from that is not
20 serving anyone's interest. A motion has been made, is there a second to the motion?

21 DELEGATE KILGORE: This is a recommendation to the Full
22 Commission?

23 SENATOR HAWKINS: Yes. It has been moved and seconded
24 that we recommend to the Full Commission we withdraw 38.9 million to be set aside for
25 Technology to build the telecommunication system as quickly as possible along the 58 backbone,
26 off the top.

27 Any discussion?

28 MR. WALKER: And the Technology Committee will decide
29 which to recommend?

30 SECRETARY SCHEWEL: Would it be better to say withdraw 10
31 percent?

32 SENATOR HAWKINS: I'll amend my motion to strike 38.9 and
33 put in 10 percent. Any other discussion? All those in favor say aye? (Ayes.) Opposed? (No
34 response.) We will make that recommendation.

35 Now, before we adjourn, there are people here on various sides of the
36 telecommunications issue. Tazewell County, they are here.

37 SENATOR WAMPLER: Mr. Chairman, I'd just say that these
38 folks traveled a great distance. I'll just say if there is anything that is inconsistent with us having
39 plans to draw the dollars down for fiber optics, now is the time to speak your piece.

40 DELEGATE HOGAN: Do we need to set a time to talk about that
41 between now and the June 22nd meeting? Do you want recommendations?

42 SENATOR HAWKINS: I think it would be helpful. We just
43 cannot make any mistakes on this. We've got to make sure that what we do is done in a manner
44 that raises no questions, and we've got to make sure that the recommendations we have in place

1 are done as soon as we can, rather than later, and that they are done in the proper manner.

2 Any other discussion?

3 MR. CURRIN: Mr. Chairman, we have a routine TROF request
4 that is before you.

5 MR. STEPHENSON: Mr. Chairman, I have a routine TROF
6 request that is before you today, simply because of the fact that the dollar level of the investment
7 in this particular transaction is below your threshold. We have to have this opportunity to
8 consider it. It is in Tazewell County, and it is to bring three-phase power to a long-standing
9 mining electronics company. The request has merit in every respect, and it is just below your
10 threshold. We have a chance today, if you wish, to approve this and get it done promptly. The
11 amount of the request is 35 thousand.

12 DELEGATE KILGORE: How many jobs will it create?

13 MR. STEPHENSON: It will create 50 and retain 180, a long-time
14 anchor employer. All they need is a little three-phase power.

15 SENATOR HAWKINS: Does anyone object to this? All right, it
16 has been moved and seconded that the three-phase connection for 35 thousand be approved. All
17 those in favor say aye? (Ayes.) Opposed? (No response.)

18 MR. STEPHENSON: Thank you.

19 SENATOR HAWKINS: It is public comment time, thank you all
20 for coming. Does anyone want to make any comments? All right.

21 Prior to the next meeting, keep in mind questions we want to raise and all the
22 discussions. When it comes to telecommunications we're starting down a path to complete this
23 project, so keep that in mind.

24 Thank you all for coming.

25
26 PROCEEDINGS CONCLUDED.

27
28 CERTIFICATE OF THE COURT REPORTER

29
30 I, Medford W. Howard, Registered Professional Reporter and
31 Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter
32 who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and**
33 **Community Revitalization Commission Executive Committee Meeting when held on**
34 **Tuesday, May 31, 2005 at 1:00 p.m. at the Hotel Roanoke and Conference Center,**
35 **Pocahontas Room, Roanoke, Virginia.**

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

38 Given under my hand this 6th day of June, 2005.

39
40
41
42
43
44

Medford W. Howard

Registered Professional Reporter
Notary Public for the State of Virginia at Large

1
2
3
4
5
6
7
8
9

My Commission Expires: October 31, 2006.