

MINUTES
Full Commission

October 26, 2001; 11 am
Torgerson Hall, Virginia Tech

Approved December 20, 2001

Members Present

Mr. Anderson, Mr. Arthur, Delegate Bennett, Mr. Bryant, Delegate Byron, Delegate Clement, Commissioner Courter, Delegate Dudley, Mr. Fields, Secretary Forbes, Mr. Grinstead, Delegate Johnson, Delegate Kilgore, Mr. Lawson, Deputy Secretary Lief, Mr. Montgomery, Mr. Osborne, Senator Puckett, Senator Ruff, Mr. Stallard, Mr. Taylor, Ms. Thomas (arrived late), Mr. Walker, Senator Wampler (arrived late), Mr. Watkins, Mr. West, Mr. Williams, Senator Hawkins

Senator Hawkins called the meeting to order at 11:00 am.

Mr. Currin conducted roll call.

Senator Hawkins addressed the members with regard to the importance of the Commission's charge. He stressed the need to think outside of the box to create, develop and implement programs in the tobacco dependent areas that will bring them into today's economy.

Motion to approve the minutes from the June 8, 2001 meeting of the Commission.

Motion seconded

All in favor by aye vote

None Opposed

Motion approved

Mr. Walker nominated Senator Hawkins for Commission Chairman.

Delegate Dudley nominated Delegate Kilgore for Commission Vice-Chairman.

*Motion was made to reappoint **Senator Hawkins** and **Delegate Kilgore** as Chairman and Vice-Chairman of the Commission.*

Motion seconded

All in favor by Aye Vote

None opposed

Motion adopted

Dr. Charles W. Steger, President of the Virginia Polytechnic Institute and State University, welcomed the Tobacco Commission to Virginia Tech.

Dr. Bruno Sobral, Director of the Virginia Bioinformatics Institute, provided an update on the Bioinformatics Institute. He reminded the Commission that the Grand Opening for the Institute would take place the following morning.

Mr. Clark Lewis of Troutman Sanders Mays & Valentine updated the Commission on the status of the indemnification payments. **Mr. Lewis** stated that of the \$35,796,487 of the 2001 indemnification monies made available, \$34,266,108.32 (approximately 96 percent) has been distributed and \$1,530,379 has not yet been claimed. He only knew of one outstanding claim. In addition, there were approximately 150 late claims received beyond the July 2, 2001 deadline. (Note: Troutman Sanders Mays & Valentine later corrected this late application figure with staff, from 150 to 75 late applications.) These individuals were notified that the Commission made the decision not to further extend the deadline. Fortunately, these numbers of late claims were dramatically less than the 500 late claims submitted last year. The Commission's decision to strictly enforce the deadline had been successfully relayed to the people, and those individuals understood that they needed to get their forms in on time.

Senator Hawkins asked if the Commission had anything in litigation.

Mr. Lewis responded that he was not aware of anything and then added that they would be distributing the 1099 Earning Statements in early December.

Delegate Johnson and **Senator Hawkins** thanked **Mr. Lewis** and commended Troutman Sanders Mays & Valentine on the outstanding job they have done and credited them on their outstanding performance.

Senator Hawkins continued to the next item on the agenda, which was the e58 Project presented by the Chairman of the e58 Task Force, **Mr. Ben Davenport**.

Mr. Davenport presented to the Commission for approval the Task Force's proposed Program Vision and Mission Statement for the e58 Project (Presentation and Vision Statement Attached). This is the same presentation given to Executive Committee in September. Since then, the Task Force has developed a Vision Statement. The Task Force would like to have this Vision Statement published so that the individuals and communities within the region will be aware of the project and the Commission's plan.

Mr. Davenport asked **Mr. Chris McCollum** to further explain the project's vision, business plans and proposals.

Mr. McCollum stated that the slides were to illustrate how this process would move forward. He also stressed the importance of the commercial market place being private

sector driven. If it is not private sector driven, the project wouldn't be successful, or sustainable, and wouldn't generate proposals. He made reference to other funding sources including federal, state, local and private. For instance the USDA has a broadband fund that will be available this year and make available a greater amount of money for these types of projects. He further explained that proposals would be forwarded to the Tobacco Commission for review, allowing members to ensure that applicants met funding criteria, and if they did, the Commission could vote to fund the project. The e58 Project would have to use highly leveraged money to be successful, to build, develop and manage these types of networks, services and applications. They are looking to ensure that everyone understands that the project is ultimately driven by the private sector and cannot be managed by the public sector. **Mr. McCollum** stated that the private sector endings would bring the innovative and creative ideas to the Tobacco Commission, allowing them to obtain help in developing a business case that would hold in those areas in which they currently feel they cannot make their business cases hold.

Mr. Walker asked for an explanation of the project's funding time frame.

Mr. Davenport responded that if the Commission adopted this basic Vision Statement, then it could be published immediately and therefore establish the first set of proposals be submitted by January 1, 2002. After that point, the review panel would meet to discuss proposals and make a recommendation to the Commission at one of their first meetings of the year.

Senator Hawkins inquired if **Mr. Davenport** was requesting for the Commission to adopt the Vision Statement in order to provide some foundation from which to begin working.

Mr. Davenport replied yes.

Senator Hawkins stated that the Commission members did not have a copy of the finalized vision statement because changes were suggested by the Attorney General's office, which needed to be incorporated. The Commission would have to vote on the information provided by **Mr. Davenport** in the PowerPoint presentation.

Mr. Davenport reassured the Commissioners that there would be ample time in the process for them to review the Vision Statement and to make a decision on the aim of the project.

Mr. Watkins asked if the expertise might come from a consulting firm.

Mr. Davenport responded that there are problems with the timing of the Request For Proposals (RFP) as well as the cost of hiring these expert firms. He further explained that they might be able to handle it in a more cost effective way, if approved by the

Commission, by looking at individuals who would be willing to be involved on an honorarium type of basis to help at least through the first year.

Delegate Bennett thanked **Mr. Davenport** for the presentation and his work on the Task Force. He then explained that the basic principles of the project, included in the statement, have been well thought out. The statement will guide the Task Force into action by setting forth parameters and charges.

Delegate Bennett made a motion to adopt the Vision Statement.

Motion seconded

Mr. Ferguson stated that this would be the concept of the Task Force's mission for this project. However, there are some particulars, which need to be addressed and possibly revised. The Commission should vote to adopt the Vision Statement in its concept.

Motion restated to clarify that the Vision Statement would be adopted in concept but be subject to revisions by the Attorney General's Office.

All in favor by aye vote

None opposed

Motion accepted

Mr. Davenport thanked the leadership of Virginia Tech in helping to develop this program.

Senator Hawkins thanked **Mr. Davenport** for his efforts and crucial contribution to the e58 Project. He then stated that the e58 Project is the thread tying together all of the tobacco communities, and is the one piece that is different from anything else being discussed.

Mr. Arthur suggested that the Commission designate \$5 million to the e58 Project, to be set aside from the Special Projects Fund, with disbursements of the funds to be authorized and approved only by the full Commission. This action would demonstrate the Commission's sincere intent to proceed with this project and also add real weight behind the plans.

Senator Hawkins added that the Special Projects Fund currently had a balance of over \$8 million and if they agreed to set the money aside they would still have over \$3 million at their disposal, plus possibly have the funds before the new monies arrive.

Mr. Arthur made the motion to designate \$5 million for the e58 Project to be set aside from the Special Projects Fund with disbursement of those funds to be authorized and approved by the full Commission.

Motion seconded

All in favor by aye vote

None opposed

Motion accepted

Mr. Ferguson explained that as this project moves forward the Attorney General's office will have to further review the use of public funds for private purposes. As a general rule the Virginia Constitution prohibits public funds going to private purposes, so as the Task Force and Commission move forward they will have to be sure that this is considered.

Senator Hawkins thanked Mr. Ferguson for his comments and added that they would be noted.

Delegate Bennett asked if the Attorney General's Office staff had begun to think about how that problem could be addressed.

Mr. Ferguson replied that there are possibilities, for instance the money could go to an Industrial Development Authority. However, there may be a proposal in which the public good that is presented is so significant that the incidental benefit to a particular private entity is constitutionally acceptable.

Senator Hawkins expressed his interest in the Commission supporting this project and being flexible to work out the issues.

Meeting adjourned for lunch.

Senator Hawkins reopened meeting and directed the discussion to the Literary Foundation.

Secretary Forbes stated that it had become evident while working on the e58 Project, that technological infrastructure was not enough to spark economic development. There also needs to be a workforce that is well trained in technology. To that end, at the last Commission meeting they agreed to partner with the Literary Foundation with the intentions of providing financial assistance to the students in Southwest and Southside Virginia who were looking for additional training in computer technology certification programs. Having created that partnership, the Commission is now at the point where it needs to agree on programs eligible for funding. It is the Commission's responsibility to, on an ongoing basis, approve the schools at which the students will be recipients of this financial assistance. (Proposed list attached) Those community colleges in Southside and Southwest Virginia with Microsoft and CISCO Systems Certification, etc., have been deemed eligible for the program. This is a list that can be added to or revised as needed on an ongoing basis. **Secretary Forbes** clarified that the Commission would not be deciding the individuals to be granted the assistance but rather those schools that are eligible to have students receive the funding. Tax laws actually prohibit the Commission from being the donor and also determining the recipients of the scholarships or financial

assistance. The schools determined by the Commission to be eligible will be the ones to facilitate the disbursement of the scholarships and financial assistance to the students. He added that they would like to be able to begin issuing financial assistance in November.

Delegate Kilgore made a motion to approve the initial list of schools (attached), with the ability to expand and revise it on an ongoing basis.

Motion seconded

Senator Hawkins clarified that this list could include public and private schools.

Senator Ruff pointed out that Southside Virginia Community College was not on the list though it has been working on a CISCO certification program.

Secretary Forbes replied that the College may not have responded to the survey, but he was not aware of the details of that particular case. He further stated that they could be added to the list if there was information demonstrating their eligibility.

Delegate Bennett made the motion that the Executive Director be authorized to determine the eligibility of additional schools based on the set criteria.

Secretary Forbes added that the Commission had decided that the recipients of this assistance must be residents of either Southside or Southwest Virginia.

Delegate Clement expressed his concern over the \$5 million given to this program and asked what assurance the Commission would get to ensure that those students we aid will not leave the region once they are certified.

Senator Hawkins responded that it is true that there is no guarantee these people would stay in our region and unless the Commission does the work they are charged with, by putting in place some type of infrastructure to attract the investments for jobs, there will be a continuation of the out-migration.

Mr. Lief reinforced the importance of workforce training to bring industries to our communities and keep them there.

Delegate Bennett restated his motion to approve the initial list and authorize the Executive Director to add to those qualifying programs and schools on the list.

It was clarified that four-year institutions are eligible as well.

Mr. Montgomery voiced his concern that these and other Tobacco Commission monies are not being used for their proper purpose or by the intended individuals.

Senator Hawkins asked **Secretary Forbes** if there was any way they could put in place some criteria to prevent abuse of this assistance.

Secretary Forbes replied that this process does determine need and therefore he does not think there is abuse of the assistance. He explained how the process worked: (1) candidate makes an application through their community college for financial assistance, (2) financial assistance would be a loan application; if they get turned down for that, then they would be eligible for scholarship money and ultimately grant money.

Mr. Watkins also expressed his concern that these monies be used for the intended purpose of the Commission and not be abused.

Secretary Forbes noted that these programs are not leisurely courses but rather quite intensive and career focused.

Senator Ruff mentioned the possibility of implementing conditions of these loans to keep the recipients in the area for a certain length of time.

Secretary Forbes responded that because the program is currently ready to begin, it would be difficult to implement new conditions now. However, it would be possible to revisit these ideas if there were a second round of monies.

Mr. Watkins stated that it concerned him that this program focused solely on technological training, which is likely to lead to the individual leaving rural Virginia. Why should they not also fund vocational programs?

Secretary Forbes responded that the Commission had decided to include vocational programs and he suggested that they be the next schools and programs added to the initial list.

Delegate Clement asked if the Commission had seen what on the program was ready to move forward with, including the scope of the program and criteria for making these grants.

Secretary Forbes stated that the Commission voted to approve this project at the June meeting.

Delegate Clement asked what distinction was made between receiving a grant if you stay in the region rather than a loan if you are to leave the region.

Secretary Forbes replied that it was not a condition that the Commission agreed to.

Delegate Clement asked **Secretary Forbes** if he intended on going forward with this \$5 million as outlined. Also, he asked why it couldn't be changed.

Secretary Forbes responded that lawyers had already drafted the program and have matched funds and the program is ready to go in terms of providing financial assistance. **Secretary Forbes** continued by saying their investment would be \$5 million, but the total financial assistance would be \$15 million. He offered to address these concerns and potential for changes at the next Literary Foundation Board meeting.

Delegate Clement stressed the importance of higher education, but was concerned that \$5 million was a great deal of money on top of the \$6 million already given to the Community Colleges. The Commission needs be sure that the tobacco regions are going to benefit from this and that there would be a significant return on the investment.

Senator Hawkins responded that the Commission had been looking for ways to leverage their monies and the Literary Foundation arose as an opportunity to turn a Commission investment of \$5 million into \$15 million in scholarships and financial assistance.

Secretary Forbes suggested the Commission move forward in agreeing to the initial list of the participating schools to ensure the program would not be delayed. He then stated that he would look into the possibility of putting the discussed conditions in place.

Mr. Taylor spoke to his concern that the monies would not be designated specifically to tobacco producers and their families.

Secretary Forbes responded that at the last meeting the members agreed that eligible students had to be residents of the region and the Commission would approve each school participating in the program. This list includes the initial schools known to have required programs; any school within the region can be added to the list if it offers the specified programs, technical or vocational. If the Commission waits to proceed with the project until there is an exhaustive list of participating schools and programs it will delay getting assistance to those students who are in need.

Senator Ruff asked how technical schools would qualify.

Secretary Forbes replied that the Commission would determine those criteria.

Senator Hawkins asked if the scholarships were set up for January enrollments.

Secretary Forbes stated the scholarships could begin in November.

Senator Hawkins asked if students had already applied for these monies.

Secretary Forbes said no, not until the Commission voted to approve the list of participating schools.

Delegate Bennett stated again that there should be some incentive for the recipients of the assistance to stay in the region and use their knowledge to benefit the Southside and Southwest.

Senator Hawkins commented that the Commission was trying to redefine the economies in these areas by putting in place the needed infrastructure. Training is a crucial aspect of this. We cannot require an individual to stay in an area without jobs to support the training.

Mr. Lief stated that there have been a number of job creation announcements and what many of these jobs are looking for is this type of training, skills and qualifications.

Delegate Kilgore stated that by agreeing to adopt the list of participating schools, it did not mean the Commission agreed to spend the entire \$15 million. It simply meant approving the list, which could be supplemented at a later date. He then suggested allowing the program to move forward.

Senator Ruff inquired as to how the list would be enhanced and who would be responsible for that. Is the Commission going to come back and vote in additional programs as they are proposed or will staff be able to determine the eligibility of additional programs?

Senator Hawkins created a subcommittee to oversee an approval process for additional programs and appointed **Senator Ruff** as chairman with **Secretary Forbes, Mr. Walker,** and **Mr. Montgomery** to serve as well. **Delegate Johnson** later added.

Delegate Kilgore's motion before the Commission is to adopt the initial list of eligible schools and programs. Delegate Bennett's amendment to that motion allows for additions to the list authorized by the Executive Director.

Majority in favor by aye vote

Mr. Montgomery opposed

Secretary Forbes abstained because he is a member of the Literary Foundation Board as well as the Tobacco Commission.

Motion adopted

(Motion is addressed again and further clarified on page 10 of this document.)

Mr. Lawson introduced **Cathleen Smith**, Dean of Patrick Henry Community College, and a video presentation to demonstrate how the money awarded to the Community Colleges had been used thus far.

Dean Smith provided an eight-minute video presentation of the Patrick Henry Community College (PHCC) Educational Program. She explained that PHCC designed this video for marketing purposes to inform individuals within the communities about the use of tobacco dollars, as well as to allow the Commissioners the opportunity to see the return on their educational investment. The video stressed the importance of the students being highly trained and obtaining hands on experience in the technical field. **Dean Smith** continued by saying the college currently offered as many as 84 different distance-learning courses. A student could enroll in the general studies degree, which was transferable and could be completed totally online. PHCC has been dedicated to servicing the area's current industry by offering a Furniture Manufacturing Program, which focused on training workers in higher technology in that field. In addition, PHCC was able to provide a program focused on motor sports technology (technical and management), which has been an important industry in that region. **Dean Smith** added that PHCC is adding a telecommunications-training program that ties directly into the e58 project.

Senator Hawkins redirected the Commission to the Literary Foundation discussion. There was a need to further clarify the motion and **Delegate Bennett's** amendment to that motion.

Delegate Kilgore proposed his original motion to approve the list of schools for the Technology Certification Program (copy attached).

Delegate Bennett added his amendment, stating that the Executive Director would have the authority to add programs to this list as they are determined to meet the criteria.

*Senator Hawkins added the creation of a sub-committee, chaired by **Senator Ruff**, to review the qualifications and make recommendations for program additions.*

Motion seconded

Majority in favor by Aye

*One opposed (**Mr. Montgomery**)*

One abstention (Secretary Forbes)

Motion passed

Senator Hawkins continued to the Committee reports and gave the floor to **Delegate Bennett** for a report on the Special Projects Committee.

Delegate Bennett reported on the meeting of the Special Projects Committee that took place earlier that morning. He began with the request for approximately \$1.5 million from the Halifax County Service Authority for wastewater treatment and sewer improvements at the Virginia International Raceway. (Funding application attached) The committee voted to recommend approval of the request subject to the encouragement

of Pittsylvania County and the City of Danville to participate in the project along with Halifax County.

Senator Hawkins asked for information pertaining to the economic impact of the project.

Connie Nyholm stated that the Virginia International Raceway is a road racing facility, 3.27 miles long. The facility operates 10 months out of the year and nearly everyday. They would like to expand their activities substantially, however they need to increase their on-site septic capacity to do so.

Ms. Nyholm continued by explaining the economic impact study completed by Virginia Tech and the Halifax County Industrial Development Authority (attached). It was estimated that the economic impact to the region is \$22 million from VIR activities and that it would grow to over \$190 million in 10 years.

Delegate Bennett stated 80% of the revenue was brought in from outside the state thus bringing in new capital to Virginia.

Senator Hawkins asked if the intent of the discussion was to tie the line into the municipal system of the City of Danville and opening up the 58 Corridor.

Delegate Bennett responded yes. He stated that Halifax has been pushing the project and VIR has been in contact with Danville and Pittsylvania County. However, Pittsylvania and Danville have not come along fast enough. The subcommittee felt the two absolutely should. He explained the preferred alternative to provide the water and sewer to this project would be by connecting up this project, which is approximately 7 miles away from Danville, to Danville's Wastewater Treatment Facility, thus opening up seven miles of wastewater infrastructure for Danville and Pittsylvania. There are some assurances they want to do it. If they do not participate in that plan, the alternative is to build the facility onsite with the authority of Halifax County. **Delegate Bennett** stressed that VIR needed an answer from the Commission today. He recommended to the Commission that they fund VIR the requested \$1.458 and encourage Pittsylvania County and Danville to participate in project. If they do not participate, the parties are to come back before the committee.

Senator Hawkins asked if it was a unanimous vote within the Committee.

Delegate Bennett confirmed that it was.

Mr. Arthur asked if VIR was a sanctioned facility.

Ms. Nyholm stated they have multiple sanctioning bodies.

Mr. Lief spoke in support for the project. It is the perfect example of private investment becoming a private-public partnership. They are trying to expand it to get a corporate park going and are bringing corporate investment and additional jobs to Halifax County.

Mr. Taylor asked where they were in regards to the Virginia Department of Transportation (VDOT) and improving the roads to get people in and out of the facility.

Ms. Nyholm stated that Halifax had placed them on a six-year plan and they have since been moved to the top of the list. The survey looks to be complete. VDOT will improve the route.

Mr. Taylor asked what percentage of Virginia vs. North Carolina people work for VIR.

Ms. Nyholm stated 5% are North Carolinians at the most.

Delegate Bennett made a motion to approve VIR's request for \$1.458 million from the Commission's Special Projects Fund with the stipulation that the City of Danville and Pittsylvania County participate in the project. If the county and city do not participate, the parties are to come back before the Committee. It is the intent of the Commission to encourage the development of the more permanent sewer line along 58.

Motion seconded

All in favor by Aye vote

None opposed

Motion adopted

Senator Hawkins thanked **Delegate Bennett** and moved forward to the next topic being Russell County.

Senator Puckett reported that he had asked the Committee to keep Russell County on their agenda as they are presently completing everything to bring a new industry in.

Senator Hawkins thanked **Senator Puckett** for the update of Russell County. Afterwards, he moved forward to the Economic Subcommittee of Southside chaired by **Delegate Clement**.

Delegate Clement thanked **Senator Hawkins**. He reported on the Southside Committee meeting that took place October 18. Several items were on the agenda including the Institute for Advanced Learning and Research. The committee adopted a resolution in support of the proposal (attached). Danville and Pittsylvania County have been working together in this project and have created a joint Industrial Development Authority. If the authority proceeds in issuing \$15 million of bonds, Danville and Pittsylvania would propose that those bonds be paid off with \$1 million each from the Pittsylvania and Danville allocations each year, to the extent that the Commission receives tobacco money

and to the extent that the Commission makes the allocation to the various tobacco dependent communities. This Institute would provide graduate level courses and would be a partnership between Averett College, Danville Community College and Virginia Tech. The resolution is needed because it will be taken to a lending institution to evaluate and see if they want to take risk of lending the money for this project. The resolution is intended to cause a bank to issue a letter of credit and is simply an expression of our intent that, to the extent the Commission receives appropriation under our tobacco legislation and to the extent that the Commission has in place an allocation formula for each of the tobacco communities, Danville and Pittsylvania county will receive \$1 million each towards the repayment of these bonds.

Delegate Clement made a motion to pass the Institute for Advanced Learning and Research resolution.

Motion seconded

Mr. Davenport explained the potential of the Institute and what it can bring to the region.

Senator Hawkins added that this is the type of thinking that will take us into this century with a new workforce. If this institute is built, not only will it benefit Danville and Pittsylvania County, but every county in our region because of what it brings to the table. This type of institute will not duplicate anything that the Commonwealth is offering today. This is the type of thing that changes an economy, changes the direction of people with hopes of bringing a whole new direction of discussion.

Mr. Watkins asked that the Commission look at the final resolution paragraph of the resolution.

Mr. Sheppard discussed the only question (not problem) that he had with the resolution. He stated that no underlying legal problems had been presented as to the project itself.

Delegate Clement has included in this resolution, the caveats and limits on the Commission, i.e., continued receipt of payments, continued appropriations from the General Assembly. This Commission cannot bind a Commission two years from now. However, he asked that the members look at this document as going to a lending institution and ask whether it really does lay out the groundwork well enough, particularly the second Whereas paragraph. He asked staff that if there was a current cut off date for the continued implementation of the allocation formula, then it should be stated in the resolution.

Senator Hawkins said the intent of what the Commission is trying to do at this juncture is to try to put in place those mechanisms that have long-term benefits, and to do that takes a great deal more investment than what we are doing on a normal basis. If the Commission is not careful, it could find ourselves overusing small amounts of money and not accomplishing anything. By this type of obligation, it doesn't necessarily bind

anyone to any long-term commitment, but it certainly sends the message to the General Assembly that this Commission is sincere in putting in place the type of infrastructure that makes a difference in the economy. By showing that type of commitment with these monies, the General Assembly may look more favorably upon us and keep those monies in flow as the future comes about, rather than opening up discussions about best places to use these monies. If we can show the type of commitment being made by this Commission, the General Assembly may allow certain funds to flow more freely than they would otherwise.

Mr. Sheppard agreed that it is, at best, a moral obligation. However, the Commission needs to consider if the facts need to be better set out in the resolution.

Delegate Clement stated that he is confident the bank's lawyers will understand exactly how our funds are on a year-to-year basis. They understand now because we have nothing to gain without being absolutely open with them. One bank thoroughly understands all of these contingencies, has said yes, we will make that commitment and issue that line of credit that is so important for issuance of those bonds. He then added, in agreement with Senator Hawkins, that the more steps the Commission can take to send a message to the General Assembly that our funds are morally obligated, the better off the regions are going to be.

Senator Hawkins commented that he believed everyone understood, including the banks involved in discussion, the long-term economic advantages of this type of investment. This, second only to e58, will probably be the most important piece we could put in place to show what we have done to make a difference.

Mr. Watkins asked if they could add Mr. Sheppard's suggestion into the motion.

Mr. Arthur said he believed that it was implied.

Mr. Watkins said it may be implied, but for legal ramifications it needed to be included.

Mr. Sheppard suggested adding the words "effective through" and the particular date to the second Whereas clause after "allocation formula."

Delegate Clement suggested saying "effective on an annual basis."

Senator Hawkins stated that it took 2/3 of the committee to change the allocation formula, under the Commission's bylaws. It is an ongoing document until there is a 2/3 vote to change it.

Mr. Sheppard added that he was not sure that there was not a deadline. He had understood there to be one.

Mr. Ferguson suggested the possibility of simply stating "Whereas the Commission has on an annual basis or has annually allocated funds back within the communities." That would make it clear that it was something always done by the Commission.

Senator Hawkins said he believed that Mr. Ferguson's language would work.

Delegate Clement stated he believed that they could satisfy counsel if they just say in the second "Whereas" clause, on the second line, "tobacco-dependant community receives" put "has received."

Senator Hawkins asked if that did any harm to the intent of what they are trying to do.

Delegate Clement stated he personally thought it was totally unnecessary, but if it gives people more comfort, then do it. He thought what really is important is the resolve paragraph.

Senator Hawkins added that it was his understanding that the intent of this resolution is to set aside monies that are allocated to entities of this Commission, the City of Danville and Pittsylvania County, based on historical allocations that have gone to those communities, those moneys and nothing more. The last meeting in Danville, in order to satisfy some of the discussions, a line was added on the last paragraph "is part of that allocation from the Commission" to underscore the importance of dealing with allocation formula. As he understands it, the lending institutions will be acting on the good faith and history of the Commission's allocation of these monies to the communities. The \$2 million for Pittsylvania County and City of Danville have been set aside by government and city counsel and they have stated that it is their intent and if we wait to accumulate this type of monies for these types of investments locally then it won't happen. We will have to do something at some point as a "leap of faith" in order to stabilize our communities. He expressed the need to encourage every community to look at some sort of long-term commitment to be able to stabilize these funds because there are already discussions of people looking to tobacco money to remedy some of the budget problems. If we can show to the rest of Commonwealth the intent of the Commission is to do more than build a stand-alone structure, but indeed change dynamics of the community, by investing long-term in those communities; arguments before the General Assembly will certainly be underscored by our commitments. He strongly suggested accepting the Commission's recommendation submitted by subcommittee as presented.

Mr. Watkins stated he had no problem as previously stated.

Senator Hawkins said he hoped they weren't infringing on anyone's rights. Also, everyone in the adjacent counties will benefit from this.

Mr. Ferguson stated that this discussion will be documented in the minutes and serve as evidence of the intent of the Commission.

Delegate Bennett expressed his concern that if in future years the amount of money coming into the Commission decreases, the obligation to Danville and Pittsylvania will remain at \$1 million. This could in effect take money away from and hurt some of the smaller counties.

Senator Hawkins respectfully disagreed with **Delegate Bennett**.

Delegate Clement's motion to adopt the Institute for Advanced Learning and Research resolution, with the intent to be supported by the text of the discussion within the meeting minutes was called to vote.

All in favor by Aye vote

None opposed

Motion adopted

Senator Hawkins commented on the importance of this project and e58 for our regions.

Delegate Clement continued that the Southside Economic Development Committee also heard a request from Henry County that needed to be voted on by the full Commission. Henry County was awarded an economic development grant earlier this year and now requests that they be able to use the funds for a different purpose than originally intended. The County would like to use \$200,000 of the grant towards a Deal Closing Project. The Committee recommends to the full Commission that Henry County be allowed to make that change.

Delegate Clement made a motion to approve Henry County's request to redefine the use of their previously awarded grant funds.

Seconded

All in favor by Aye vote

None opposed

Motion adopted

Senator Hawkins recognized Delegate Bennett and Delegate Clement who will be retiring from the General Assembly and therefore from the Commission. He commended and thanked them for the influential role they played in the development of the Commission. He then suggested that a resolution be drawn up and presented to them at the next meeting.

Delegate Bennett and Delegate Clement thanked **Senator Hawkins**.

Mr. Lief made a motion to extend the current deal-closing guidelines until the next meeting of the Commission.

Motion seconded

All in favor by Aye vote

None opposed

Motion passed

*For the CropTech Subcommittee agenda item, **Delegate Kilgore** moved to recess the meeting into a closed meeting.*

“Mr. Chairman: I move that this meeting be recessed and that the Commission immediately reconvene in a closed meeting for the purposes of (1) consultation and discussion regarding the investing of public funds where competition or bargaining is involved and where the interests of the government may be adversely affected by initially making these discussions public; (2) consultation with Commission staff involving confidential, proprietary records and information obtained by the staff as provided in § 2.2-3705 (A)(22) and used for business and trade development in circumstances warranting a closed meeting to protect the financial interests of the governmental units involved; and (3) consultation with legal counsel regarding legal aspects and liabilities associated with such investments. (Reference Agenda Item entitled “CropTech Presentation”). This is permitted by §§2.2-3711(A)(6) and 2.2-3711(A)(7) of the Virginia Freedom of Information Act, and by Va. Code §3.1-1114.1(D).

Motion seconded

All in favor by Aye vote

None opposed

Motion passed

Meeting moved into closed session.

Meeting reconvened into open session.

***Delegate Kilgore** read the Certification of closed meeting. (see attachment)*

Roll Call vote

None opposed

Mr. Sheppard stated that the minutes should also reflect that the Virginia Economic Development Partnership has entered into a confidentiality agreement with Crop Tech Corporation pursuant to the Economic Development Partnership’s statutes.

No further discussion or action was taken on this matter.

Senator Hawkins asked how many meetings **Mr. Boyd** attended.

Mr. Currin noted that **Mr. Boyd's** term of appointment on the Commission had ended and was subject to be reappointed or not to be under the current cycle. Also, he stated that he could recall two occasions in which **Mr. Boyd** had been present.

Senator Hawkins asked if the Commission bylaws would allow removal of a Commissioner after a certain number of missed meetings.

Mr. Currin replied that because the Governor appoints the Commissioners, the Commission would not have the authority to remove them.

Delegate Clement reported that at his Economic Development Committee meeting, the members discussed the importance of having **Mr. Currin** prepare a brochure illustrating the good works of the Commission. It should be attractive, succinct and informative. He also stated that he believed that the Commission's funds would be a tempting target this General Assembly session.

Mr. Currin stated that per the committee's request he had already made phone calls to several marketing companies. He obtained general information regarding cost and to get a sense of what is involved in such a project.

Delegate Clement stated that if there was a need to protect this money, which he believed there was, then the Commission should go on record and ask the Farm Bureau to put on the bureau's list of things to lobby for and watch this winter. Martha Moore of the Farm Bureau is in attendance today and says that it is indeed on their list.

Senator Hawkins stated that the Commission needed to establish the next meeting date. He suggested meeting some time before the 2002 General Assembly Session, possibly in late December.

The Commission discussed options and a consensus was reached that staff should work to schedule the next meeting to take place in Richmond towards the end of December.

Ms. Moore addressed the Commission and stated that on September 28, 2001 the Farm Bureau held the Ag-Initiative Governor's Forum and they asked both Mark Earley and Mark Warner if they would honor the commitment of the 50% dedicated towards the Tobacco Commission. They each committed to that. **Ms. Moore** respectfully requested that the Commission adopt the position and pass the resolution in support of the concept of creating the Secretary of Agriculture and Forestry position. She further noted both candidates have announced their support of creating this Secretariat. She hoped that it would be the pleasure of the Commission to likewise support the concept of creating the Secretary of Agriculture and Forestry.

Mr. Lawson moved to support the concept of creating the Secretary of Agriculture and Forestry.

Seconded

Mr. Lief, as Deputy Secretary of Commerce and Trade, spoke in support of this concept and plan.

All in favor by Aye vote

None opposed

Motion passed

Senator Hawkins emphasized the need to think of new ideas and different approaches to economic development so that they can start putting in place initiatives that will make a difference to the Commonwealth.

Meeting adjourned at 3:10 pm.

Submitted by **Carthan F. Currin, III**

Executive Director of the Commission