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9 **Full Commission Meeting**

10 Thursday, April 28, 2005

11 10:00 a.m.

12
13 Hotel Roanoke and Conference Center
14 Roanoke, Virginia
15

16 **APPEARANCES:**

17 The Honorable Charles R. Hawkins, Chairman

18 The Honorable Terry G. Kilgore, Vice Chairman

19 Mr. Thomas W. Arthur

20 Mr. Stephen S. Banner

21 The Honorable J. Carlton Courter, III - Commissioner of Agriculture and Consumer Services

22 The Honorable Bernie K. Day

23 The Honorable Allen W. Dudley

24 Mr. Fred M. Fields

25 Mr. L. Jackson Hite

26 The Honorable Clarke N. Hogan

27 The Honorable Isiah G. Hopkins

28 Mr. Jordon M. Jenkins, Jr.

29 The Honorable Joseph P. Johnson

30 Mr. Buddy Mayhew

31 Mr. H. Ronnie Montgomery

32 The Honorable Harrison A. Moody

33 Mr. Claude B. Owen, Jr.

34 The Honorable Edward Owens

35 The Honorable Philip P. Puckett

36 The Honorable Frank M. Ruff

37 Mr. John Stallard

38 The Honorable John Sternlicht - Deputy Secretary of Commerce and Trade

39 Mr. James C. Thompson

40 The Honorable John Thomas Taylor

41 The Honorable Gary D. Walker

42 The Honorable William C. Wampler, Jr.

43 Mr. Thomas E. West

44 The Honorable Thomas C. Wright, Jr.

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COMMISSION STAFF:

- Mr. Carthan F. Currin, III, Executive Director
- Mr. Ned Stephenson, Manager of Strategic Investments
- Mr. Timothy Pfohl, Grants Program Administration Manager
- Ms. Stephanie Wass, Director of Finance
- Ms. Mary Cabell Sulc, Manager of Communications and Committee Operations
- Ms. Britt Nelson - Grants Coordinator, Southside Virginia
- Ms. Sarah Griffith - Grants Coordinator, Southwest Virginia

OFFICE OF THE ATTORNEY GENERAL:

- Mr. Frank N. Ferguson, Deputy Attorney General
Counsel for the Commission

SENATOR HAWKINS: It's 10:00, I'll call the meeting to order. Carthan, call the roll.

QUORUM PRESENT

January Commission Meeting Minutes Approved

MR. CURRIN: Mr. Chairman, either Steve Rosenthal or Clarke Lewis is going to give the Commission an update on indemnification.

MR. ROSENTHAL: Good morning, Mr. Chairman and members of the Commission.

SENATOR HAWKINS: By the way, thank you all for the reception last night, it was very nice. Anyone that doesn't take an opportunity to go over here and look at the display and the museum is missing something, it's really a great exhibit, and thank you, again, for last night.

MR. ROSENTHAL: Thank you. Mr. Chairman and members of the Commission, we are currently preparing for the 2005 Phase 1 Indemnification Program. As you may know, last fiscal year the Commission successfully indemnified the flue cured quota owners for the 1998 losses. Therefore, this year's payments to the flue cured quota owners will be based upon the 1999 crop year. Payments to burley and flue cured producers continue to be based on the 1998 crop year, while burley quota owners are currently being indemnified for the '99 crop year, which we started last year.

Verification for payment forms and applications for payment will be mailed to all qualified producers and quota owners during the first week of May. We propose now that we set a June 6, 2005 deadline for submission of these forms; the deadline will approximately double the claimants' turnaround time and is designed primarily to aid the flue cured quota owners for timely completion of their forms. If the deadline is approved, we will make the first round payments to the majority of the claimants by mid to late July, excuse me, mid to late June.

1
2 We will be conducting several work sessions in Southside and Southwest Virginia
3 to help the claimants with any questions. Dates and locations of the meetings, May 16 when we
4 will be in Lee County and in Scott County. May 17 will be Washington County, May 18 will be
5 in Pittsylvania and Halifax Counties, and May 19 will be in Brunswick County. We look
6 forward to working with you and the claimants this year.

7 If you have any questions don't hesitate to pick up the phone and call me, Clark or
8 Mary Cabell.

9 SENATOR HAWKINS: The dates that you have, do we have a motion for June
10 6th? Is there a motion to accept June 6th?

11 DELEGATE KILGORE: I'll make a motion we accept the June 6th date.

12 SENATOR HAWKINS: It has been moved and seconded that the June 6th
13 deadline be accepted. All in favor say aye? (Ayes.) Opposed? (No response.)

14 Thank you, sir.

15 MR. ROSENTHAL: Thank you, Mr. Chairman and members of the Commission,
16 that is my report, and I will be happy to answer any questions.

17 SENATOR HAWKINS: Once again, thank you all. I hear nothing but
18 compliments the way you all have handled this. It's the most smooth transition I know of
19 anywhere for a very complicated job.

20 MR. ROSENTHAL: Thank you, I must say we have good help creating the
21 database, and it has not been easy, but really we haven't had too many problems. Thank you.

22 SENATOR HAWKINS: Thank you.

23
24 **Executive Director's Report and Budget Presentation.**

25 MR. CURRIN: Before I do that, Mr. Chairman, if I may, before our next
26 Commission meeting there is some minor tinkering that needs to be done in looking at it with our
27 contractual relationship with Troutman Sanders. I'd like, at your direction, to ask Delegate
28 Kilgore to set up a procurement sub-group, the Executive Committee to look at some issues and
29 report at the July Commission meeting on that, some minor issues.

30 SENATOR HAWKINS: All right.

31 MR. CURRIN: I'll get with Delegate Kilgore, Mr. Chairman.

32 DELEGATE KILGORE: We can do that in Richmond.

33 MR. CURRIN: Thank you.

34 SENATOR HAWKINS: Before you get into your report, there is a resolution we
35 need to deal with today. When do you want to do that? Do you want to give a brief
36 presentation?

37 MR. CURRIN: Our Director of Finance and Counsel will take us through that
38 lovely process.

39 Good morning, Mr. Chairman, and members of the Commission, and ladies and
40 gentlemen. As you know our primary focus this morning involves the potential securitization
41 transaction and the fiscal year '06 budget, which I'll address in a moment.

42 I'd like to begin and provide you a briefing on a few exciting partnerships that we
43 have been working on the past several months. As you know, I have been working closely with
44 the Virginia Port Authority, and I recently attended their Board Meeting and signed a

1 Memorandum of Understanding to confirm our commitment in working together to maximize
2 the resources in our region and utilizing their international marketing capacities to provide
3 opportunities for both Southside and Southwest.

4 Second, the Virginia Tourism Corporation approached us about replicating the
5 Progress Fund, a model that is in place in Pennsylvania and West Virginia for funding small
6 businesses' startup and expansion, as well as non-profit and public and private partnerships that
7 serve tourist-based markets. Subsequent discussions with our partners, the Department of
8 Business Assistance, which currently operates the Southside Capital Access Program for the
9 Commission, revealed that they had federal funds available that would allow this type of
10 financing.

11 The Virginia Tourism Corporation and the Department of Business Assistance
12 agreed that this partnership is a good vehicle for marketing this type of financing available
13 without having to create a new program. Partners all agreed to promote the availability of this
14 financing to help grow small businesses in Southwest and Southside Virginia that have a tourism
15 orientation. This program will leverage private capital to create or retain jobs and enhance
16 private earnings and public tax revenues.

17 The third and last Memorandum of Understanding I want to bring to your
18 attention is between VDOT and Mid-Atlantic Broadband Coop, which recently signed. This
19 innovative partnership between VDOT and MBC will allow VDOT access to MBC's fiber in
20 exchange for right-of-way access, which is expediting that permitting process greatly. It
21 provides a strategic advantage to Southside having fiber access for VDOT's intelligent highway
22 system projects along a 700 mile route through the Route 58 transportation corridor, where
23 VDOT can quickly implement advanced traffic management and monitoring, and would be an
24 asset for companies that rely on transportation in that area. By having the MBC fiber and VDOT
25 right-of-way it protects the fiber from potential cuts due to the proximity of the roadway, to the
26 roadway. Since VDOT will use the network, their crews and regional planners will take great
27 precautions when doing maintenance or improvement work where this fiber is installed.

28 Mr. Chairman, as directed by the Executive Committee, the process of
29 securitization has begun, and we're working towards securitizing half of the Tobacco
30 Commission's MSA revenues. The technical workgroups have been assembled and have worked
31 diligently for the past few weeks. Bear Stearns has been chosen as the senior underwriter for this
32 deal. Under the Treasury's contract we are using their financial adviser, First Southwest.
33 McGuire Wood was chosen as bond counsel and J. P. Morgan as the Trustee. Global Insight has
34 been engaged to update the consumption report, and rating agencies have also been contacted.
35 The rest of the underwriting team will be chosen very soon.

36 The Tobacco Commission Financing Corporation, which is the entity created to
37 actually do the deal, an arm's length entity that will process this deal, met last Tuesday. The
38 schedule tentatively calls for the bonds to be priced on May the 12th, closed within one week on
39 May the 19th.

40 Next, in your packet you will find a Proposed Spending Plan that is recommended
41 by the Southside and Southwest Budget Workgroups and endorsed by the Executive Committee.
42 The Spending Plan assumes securitization of 50 percent of the Commission's Master Settlement
43 Agreement dollars. Under this plan the unsecuritized funds will be used for Indemnification,
44 Education, Innovation, which includes TROF, Special Projects and Agribusiness, and that awful

1 word, Administration. These are generally purposes for which tax-exempt proceeds cannot be
2 used.

3 The Spending Plan, securitization proceeds to be split into two endowments, 73
4 percent for Southside and 27 percent for Southwest, endowment earnings, corpus invasion for
5 Technology projects, and regional Economic Development projects. While the Virginia Code
6 limits the Commission to a 10 percent corpus invasion annually, the Executive Committee is
7 recommending proposing further restrictions, with Southside limited to four percent annual
8 corpus invasion and Southwest ten percent annually.

9 **Mr. Chairman, I believe at this point it would be appropriate to have a**
10 **motion to approve this Spending Plan.**

11 **SENATOR HAWKINS: Do I have a motion? All right, it's been moved. Do**
12 **I have a second?**

13 **DELEGATE JOHNSON: Second.**

14 **SENATOR HAWKINS: Any comments before we vote? All those in favor of**
15 **the Spending Plan as proposed in the motion say aye? (Ayes.) Opposed? (No.)**

16 **The motion carries, one no vote, Delegate Hogan.**

17 All right, Carthan.

18 **MR. CURRIN: Mr. Chairman, now to the FY06 Budget. It is necessary for the**
19 **Commission to adopt two budgets this year, one if we securitize and one if we do not. The only**
20 **difference between them is that if we do not securitize there is a half million dollars in potential**
21 **securitization costs that we have budgeted because it doesn't mean the deal didn't go through for**
22 **whatever reason and then would have to be some costs incurred, such as financial advisors and**
23 **bond counsel and so forth. If we do securitize, these costs will be taken out of the proceeds and**
24 **therefore do not appear under the without securitization budget.**

25 The expenses for other funds are very slightly based on restrictions on the use of
26 tax-exempt proceeds and earnings under securitization. The endowment and earnings can only be
27 used for capital projects, so the budget has been adjusted to reflect this. Both of these proposed
28 budgets are in your meeting packets.

29 **Mr. Chairman, I would ask the Commission to adopt both budgets.**

30 **SENATOR HAWKINS: Does everyone understand what the motion will be?**
31 **Is there a motion? So moved. Is there a second to that motion?**

32 **MR. MAYHEW: Second.**

33 **SENATOR HAWKINS: Is there any discussion on either one of the two**
34 **budgets that have been recommended? All in favor of accepting the budget package of two,**
35 **say aye? (Ayes.) Opposed? (No.)**

36 **DELEGATE HOGAN: No.**

37 **SENATOR HAWKINS: One no, Delegate Hogan.**

38 **MR. CURRIN: Mr. Chairman, in conclusion, in part of the budget discussion**
39 **yesterday in the Executive Committee meeting it was brought to the attention of the Committee**
40 **that the Southside Regional Backbone Initiative faces some timing issues with funding needs. If**
41 **you will recall, the Commission approved a 15.1 million project to complete the Southside**
42 **Technology project and was only able to fund it with 8.9 million dollars for a total fiscal year '05**
43 **Technology Fund budget. Without additional funding approved today, the project may have to**
44 **be delayed. The Executive Committee recommends a transfer of 2.5 million dollars from**

1 **the '04 carry forward funds to the Technology project for Southside.**

2 **Mr. Chairman, if the Commission is of the mind, we would need a motion.**

3 **SENATOR HAWKINS: We need a motion for that.**

4 **DELEGATE KILGORE: I'll make that motion.**

5 **SENATOR HAWKINS: It's been moved and seconded, the two and a half**
6 **million dollars will be transferred. Any discussion? Does everyone understand this is in**
7 **order to keep the project on track? All those in favor say aye? (Ayes.) Opposed? (No**
8 **response.) The motion carries.**

9 MR. DAY: Mr. Chairman, I would like for Carthan to describe, if you could, the
10 market conditions window whereby a go or no-go decision will be made on this securitization?

11 MR. CURRIN: As I understand it, Mr. Day, and I'll also ask our Director of
12 Finance to address some of those issues. Currently, today, it is my understanding that the market
13 conditions that exist are favorable for this deal to go through at this point. Now, we
14 unfortunately have been down to the altar before on this and the bride ran away.

15 MR. DAY: That may be good or may be bad?

16 MR. CURRIN: Yes, just unknown. Last time we tried this, which was about two
17 years ago, a single judge in a single state and in a single county made a bench ruling that affected
18 a 700-plus million dollar deal for us. So it is hard to predict. Stephanie may have some fresh
19 information with regard to market conditions.

20 MS. WASS: Our financial advisor told us currently the market rate is somewhere
21 around six and three-eighths, which would yield approximately 368 million in the endowment
22 deposits. The resolution you are going to consider refers to the Tobacco Settlement Financing
23 Corporation, and they have set a cap of seven and three-eighths, at which point they would not
24 do the deal. At seven and three-eighths the yield would be about 323 million of the endowment
25 proceeds. If the rate stops at seven and three-eighths, they would not do the deal under most
26 circumstances, and the point at which they would stop.

27 MR. DAY: For this 300 million or thereabouts, how much future value are we
28 trading away?

29 MS. WASS: Depending on the discount rate you use, it is equivalent if you take
30 the present value of all the future cashflow, it is equivalent to the lump sum payment that you
31 would receive. There are issuance costs that would be paid if the deal does go through, but
32 generally speaking, it is approximately equivalent.

33 SENATOR HAWKINS: Discussion? Bernie, over the last several years we have
34 talked about securitization, even when you were not a member. The money received in the MSA
35 payments is driven by the domestic sale of cigarettes, and with an unknown future situation that
36 the industry faces we have all felt that in order to make sure there was some sort of trust fund, for
37 lack of a better term, for our communities, we needed to protect some monies as best we could.
38 Fifty percent gives us the best of both worlds by giving some flexibility to do some things. It is
39 my understanding at this point that fifty percent would give us, it is like having some stocks and
40 having some bonds, and that gives you some flexibility for the future. There is a point where we
41 would not want to go any further, it would cost too much.

42 MR. DAY: That's what I was asking, I've got no quarrel with this at all.

43 SENATOR HAWKINS: There is a point that we wouldn't make the deal, and we
44 weren't going to do it just for the sake of making the deal.

1 MR. CURRIN: Mr. Chairman, I think Counsel should also add to Mr. Day's point
2 why the climate currently has been enhanced for this type of financial transaction to take place.

3 MR. FERGUSON: Mr. Chairman, I think probably the single most important
4 event that renewed interest in doing this kind of deal was the decision in the federal court in D.C.
5 on the suit that the Justice Department brought against Philip Morris when the court there ruled
6 that the damages were going to be severely limited, and since then that decision has been upheld
7 by the full court. That is what I think created the interest in these kind of deals.

8 One of the things that has not been mentioned is that the market apparently is
9 there for tax-exempt bonds but not taxable. That's another reason for the 50 percent as opposed
10 to doing a greater percentage of the proceeds, because the bonds would be limited to certain
11 kinds of deals, and Stephanie can explain that better than I can, capital costs and not operating
12 costs and things like that.

13 MR. DAY: In addition to the half million dollars of cost if we pull back and don't
14 do it, what are the transaction costs if we do?

15 MS. WASS: I believe the Tobacco Settlement Financing Corporation has limited
16 the transaction costs, I believe, at two percent, although they are not expected to be that high. I
17 believe total transaction costs are estimated to be about four million. That would be the
18 underwriters and --

19 MR. DAY: -- The whole ball of wax?

20 MS. WASS: Yes.

21 MR. FERGUSON: If we have to pull back in time we think that 500 thousand is,
22 it won't be that much. It was about that much last time, but we are not recurring some of the
23 same costs.

24 MR. MAYHEW: I was interested in knowing the situation regarding the interest
25 that would accrue on our money after the bonds are sold, how that would be handled, and is it
26 our money to keep, or is it state money?

27 MS. WASS: The endowment will earn interest, the interest is restricted as to its
28 use, as are the bond proceeds. It can only be used on capital projects. We are also restricted on
29 what the funds can be invested in. So, we cannot earn a greater rate of return than what we are
30 paying on the bonds. For our assumptions we have used three and a quarter percent return on
31 the endowment proceed.

32 SENATOR HAWKINS: If we securitize, 50 percent goes into the fund, but it is a
33 better situation for us long-term, I believe.

34 MR. CURRIN: Mr. Chairman, I think at this time Counsel and the Director of
35 Finance would lead the Commission to the resolution.

36 SENATOR HAWKINS: If you look in your packet you will find the resolution
37 that we need to adopt, and it meets the requirements of our attorneys. I believe this was e-mailed
38 to you, I hope you took the time to read it.

39 MR. FERGUSON: Mr. Chairman, there are actually two resolutions in your
40 packet. One is the resolution that is being asked that this Commission adopt, and it references
41 the other resolution, which is the resolution that was adopted by the Settlement Corporation, and
42 they have asked that you adopt one sort of endorsing what they have done. Remember that
43 ultimately it is the Tobacco Settlement Financing Corporation, it is their decision on this and not
44 the Commission's, but they have indicated, as they did last time, that they would certainly be

1 influenced strongly by the wishes of the Commission, whether they go forward with the deal and
2 what kind of cap they set on it, or on the rate, and things like that. What this resolution before
3 you will do is essentially endorse the decision that the Corporation made and indicate your
4 support and agreement with those. We can go through this specifically. I think the Corporation
5 adopted their resolution on Tuesday. The specifics of it I'm going to ask Stephanie to explain,
6 because she is much more familiar than I am. Essentially it shows the interest rate cap, shows
7 the maximum amount that will be securitized and that sort of thing, with the dates they plan to do
8 it, and some of which you have already heard.

9 MS. WASS: The Tobacco Settlement Financing Corporation resolution basically
10 limits the rate at seven and three-eighths; if it goes above that, they would not do the deal.
11 Looking through here it does say that the maximum underwriting costs will not exceed two
12 percent of the aggregate principal amount. Other than that, most of the items in the resolution
13 are administrative.

14 SENATOR HAWKINS: It is my understanding this is basically the guideline for
15 our attorneys if they have something to deal with, this paper, the resolution we have.

16 MS. WASS: That's right. The Tobacco Settlement Financing Corporation
17 referred to in the Tobacco Commission resolution, and that is why it is included in your packet.

18 MR. FERGUSON: The other aspect of the resolution that you're being asked to
19 endorse is again your commitment to go forward with this process.

20 SENATOR HAWKINS: That's my understanding. Any questions dealing with
21 this resolution? Is there a motion?

22 MR. CURRIN: Mr. Chairman, Counsel has reminded me that on this particular
23 issue a roll call vote is necessary.

24 SENATOR HAWKINS: Delegate Dudley.

25 DELEGATE DUDLEY: Are we dealing with our resolution only or with the
26 other resolution?

27 **MR. FERGUSON: The Finance Corporation resolution is just there because**
28 **it is referenced in your resolution for your information, but you're only being asked to**
29 **adopt the resolution of the Commission.**

30 **SENATOR HAWKINS: Is there a motion?**

31 **BOARD MEMBER: So moved.**

32 **SENATOR HAWKINS: Is there a second? There is a second. Is there any**
33 **discussion on the resolution that is before us? All right.**

34 **Motion carried, one no vote from Delegate Hogan.**

35 MR. CURRIN: Mr. Chairman, I think the next order of business is Senator Ruff's
36 Education Committee.

37 SENATOR HAWKINS: Before we do that I'd like to go back to talk about the
38 securitization piece. Dealing with the original structure of the Commission, we put in place
39 some formularies based on tobacco and how that impacted localities and jobs, and there was a
40 formulary that we worked through. That was based on an understanding of the monies that we
41 received from the Master Settlement Agreement as a whole. Now that we are talking about
42 securitization and a 50/50 split and monies that could be used for various things and not others, I
43 am very concerned that some smaller counties with the allocations will have little monies to be
44 able to do work in economic development. Although the formulary requires two-thirds vote of

1 the Commission to change, and there is no desire to do that, apparently, from my understanding
2 of the last discussions in the meeting of Southside, we need to find some way to have the
3 flexibility to be able to deal with the Appomatoxes, Charlottes, Cumberlands and Nottoways and
4 the smaller counties who need some sort of flexibility when it comes to projects they have
5 coming on line. If we don't have some way to deal with those particular projects which we'll
6 have in place, counties that have 28 to 25 thousand a year allocated really have no way to find
7 and help their economies with this money. We have got to come up with some sort of
8 mechanism to allow Southside Economic Development Subcommittee some flexibility to find
9 monies to help these localities who have projects that are worthy. Spending 25 thousand for a
10 sign that says "welcome to" is no economic development initiative. Start thinking about that,
11 because we need to come up with some mechanism that would allow us some flexibility dealing
12 with the smaller counties that do not have much of a tobacco impact. We have got to deal with
13 it, and it is not going to go away.

14 Having said that, Senator Ruff.

15 **SENATOR RUFF: Thank you, Mr. Chairman. The Education Committee**
16 **met this morning at 9:15, and we only had one action before us, and that dealt with a**
17 **proposal from the University of Virginia and Virginia Commonwealth University, a Nurse**
18 **Leader Education Program for Southside and Southwest, that was approved by the**
19 **Committee.**

20 **I make a motion that it be approved by the Full Commission.**

21 **MR. MAYHEW: Second.**

22 **SENATOR HAWKINS: It has been moved and seconded, any discussion on**
23 **the recommendation? All in favor say aye? (Ayes.) Opposed?**

24 **DELEGATE WRIGHT: No.**

25 SENATOR RUFF: Thank you, Mr. Chairman. Not for action, but for
26 information, Dr. Fowlkes is sending around two sheets that deal with the Scholarship Program
27 for Southside and Southwest. It is a very clear and concise sheet, and hopefully each one of you
28 will take it back and get it to the local newspapers and make sure that all our students are aware
29 of it so that there is an equal chance for everybody.

30 SENATOR HAWKINS: Thank you for your good work. That seems to have
31 completed our agenda.

32 MR. DAY: Before we leave, at the last meeting we authorized the Staff to engage
33 some audit work, as I recall. Where are we on that?

34 MR. CURRIN: The auditing?

35 MR. DAY: We passed a resolution to hire an audit firm.

36 MR. CURRIN: I can't quite recall that at the moment.

37 MR. STEPHENSON: Mr. Day, you are correct. We did, and that work is in
38 progress, and we are not ready to report on that today, but it is on our work plan to get that done,
39 so it is underway.

40 MR. DAY: I can tell it is front burner.

41 MR. CURRIN: It will be at the top of the agenda for the next meeting.

42 Mr. Chairman, we have with us today the Rector of Virginia State University, Dr.
43 Ron Johnson.

44 SENATOR HAWKINS: Welcome.

1 MR. CURRIN: Mr. Chairman, I would welcome and invite the Commission
2 before you leave today, Virginia State University Mobile Computer Lab that provides computer
3 literacy and business training for farmers in our two regions is located just outside the
4 conference facility here. I would ask you and welcome you to please tour this wonderful, unique
5 facility that Virginia State has and operates.

6 That's all I have, Mr. Chairman. We have no other business that I am aware of,
7 Mr. Chairman.

8 DR. FOWLKES: I'm Rachel Fowlkes with the Scholarship Program Southwest
9 Virginia. At the Education Committee we shared with the Committee the number of students
10 who have made applications thus far for the Scholarship Program for next year. Southwest
11 Virginia we have received online 321 applicants for a possible 700 scholarship opportunities. In
12 Southside Virginia to date we have received 430 for a possible 900 scholarship opportunities.

13 I'm asking you to go back to your regions of the state and talk to prospective
14 students and make them aware of the scholarship opportunity, and it is a wonderful opportunity
15 for students in Southside and Southwest. Encourage them to go to the Tobacco Commission
16 website; they'll find the application and the regulations which you have in front of you. We hope
17 we will have full capacity for the scholarship opportunity. Please help us spread the word.

18 SENATOR HAWKINS: Thank you, you have all done an outstanding job.

19 MR. CURRIN: Mr. Chairman, I have been notified lunch is being brought down
20 now; you may enjoy it here or take it with you.

21 The Virginia State Lab is open, and there is also a housekeeping issue. Our next
22 meeting will be July 28th at Longwood University, Farmville, Virginia.

23 SENATOR HAWKINS: There are a couple of comments I'd like to make before
24 we adjourn.

25 Mr. Arthur, I'd like to give your subcommittee the charge once again to revisit the
26 subjects and see what we can do to find flexibility dealing with funding dealing with the small
27 county requests. That is something that is very important.

28 The last thing, the availability of broadband access is something that is going to
29 help economic development. The initiatives that we have in place are beginning to solve that
30 problem. My understanding, from talking to industry leaders, is that when this is completed it
31 will give our localities the ability to feed in anywhere in the country when it comes to
32 availability of broadband. I think Delegate Hogan should be congratulated for the work of his
33 subcommittee in doing that. As quick as we can get that in the ground and available, we will be
34 better off. We can't wait for that to take place, we've got to get it done, and once we get it done I
35 think it will be a focal point for the entire region with the teletech.

36 The second thing, the Institute at Danville is beginning to attract worldwide
37 interest for what we have been able to accomplish. It is a regional effort to be able to redefine
38 the economy and bring the research facilities within an area that did not have the research
39 capabilities. I want to thank Virginia Tech for their help. I want to encourage anyone that has
40 not been to the Institute, you need to make an effort to go down. With the partnership, and with
41 all aspects of our communities to have this research facility in place, I think this all really makes
42 an impact. I think in the next few days or weeks you'll start hearing announcements due
43 primarily to what is taking place in that research facility. We need to all take pride in that,
44 because that is a child of this Commission.

1 Having said that, we need to find another focal point that this Commission can
2 start looking at that would have a regional impact. We have dealt with telecommunications,
3 education, the research component, and we may need to start looking at workforce training. We
4 need to look at something that will have a regional impact and allow the localities to have some
5 sort of leg up in order to compete in this world market that we are in today.

6 Start thinking about things that we can come up with that are unique and fill a
7 niche, and we can start talking about bringing our localities together as a unit and being
8 competitive in this marketplace. I think it is imperative that we create an environment so we can
9 compete for attractive jobs and investment opportunities. It is up to us, and nobody else is going
10 to do it, and we've got availability of capital to make those kinds of decisions. If we don't do it,
11 it won't get done.

12 Having said that, any other comments?

13 DELEGATE HOGAN: Our next meeting is July 28th. I know some projects that
14 are before the Committee, and people, because of securitization, are curious about how these
15 projects are going. What sort of time frame do you see for going ahead with the subcommittee
16 meetings?

17 MR. CURRIN: The Staff will be working in this case with Delegate Kilgore and
18 Senator Wampler and their two committees, and their committees are kind of in suspension right
19 now. If the securitization takes place and the bonds are sold May the 19th, then, Delegate
20 Hogan, I would suggest we would have those two committees meet sometime in the June time
21 frame so they could have the recommendations brought before the July Full Commission
22 meeting.

23 DELEGATE HOGAN: What committees are you referring to?

24 MR. CURRIN: The Southwest Economic Development and Senator Wampler's
25 Special Projects Committee.

26 DELEGATE HOGAN: Where does Mr. Arthur's Southside committee stand?

27 MR. CURRIN: Mr. Arthur's Southside Economic Development Committee,
28 because of securitization, that has been moved forward a little bit.

29 MR. PFOHL: It was initially scheduled for a June 1 application; we're talking at
30 least 30 to 60 days.

31 SENATOR WAMPLER: Along those lines, those that are interested in the
32 broadband in Southwest, the Vice Chairman has directed me to try to schedule a meeting in the
33 next two weeks and refine the proposals from the regions and present them in proper order
34 before the Technology Committee and then for discussion at the July meeting.

35 DELEGATE HOGAN: I know some of these projects, at least people have asked
36 me, and I know we've got to keep this thing moving.

37 SENATOR HAWKINS: There is a lot to be accomplished in a fairly short period
38 of time before the next meeting, speaking about the telecommunication piece. We're talking
39 about a fairly large investment to finish the Southwest piece and complete the Southside, some
40 working areas in Southside. I'm looking for the day when these two areas are connected, and I
41 guess it will be in Carroll County. That should be our goal, and that is what we're working for to
42 make this a seamless network with the redundancy we need. If it was done tomorrow morning, it
43 wouldn't be soon enough. As quickly as we can start these discussions we're better off.

44 Any other comments? Anyone from the public have anything they would like to

1 say?

2 DORIS GLICK: I'm Doris Glick from the University of Virginia. I'd like to
3 thank the Tobacco Commission and the Education Committee for supporting the proposal for
4 nursing education in Southside and Southwest Virginia. We look forward to working with nurses
5 in that area, so thank you, very much.

6 SENATOR HAWKINS: Yes, ma'am, thank you for your help.
7 Any other comments?

8 MS. COCKRAN: I'm Darwell Cockran from Southside, and I'd like to thank you
9 and the Education Committee for approving the program for Southside. I have two reasons for
10 thanking you, and one is that we need nurses in the hospitals, and the directors in the schools of
11 nursing are going to be pleased to have a Master's Program to prepare people in the pipeline and
12 into our healthcare system, and ultimately patient care.

13 The second reason is a very selfish one, and I look at my gray hair and look
14 around this room, and I see quite a few with gray hair, so that way we will have the advantage of
15 the smartest nurses taking care of us when we become sick, and I think that is the most important
16 reason.

17 SENATOR HAWKINS: Another reason is with the medical care, if we plan to
18 develop an economy, and if people don't have access to quality medical care, we will not be in
19 the ball game. People look at the availability of what the medical care is and the medical
20 situation.

21 MS. COCKRAN: That's very true, thank you.

22 SENATOR HAWKINS: Any other comments? Is there a motion to adjourn? It
23 has been moved and seconded, we're adjourned. Thank you all.

24

25 PROCEEDINGS CONCLUDED.

26

27 CERTIFICATE OF THE COURT REPORTER

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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 Full Commission Meeting when held on Thursday,**
34 **April 28, 2005 at 10:00 a.m. at the Hotel Roanoke and Conference Center, Roanoke,**
35 **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 5th day of May, 2005.

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

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My Commission Expires: October 31, 2006.