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**Full Commission Meeting**  
Thursday, August 18, 2005  
10:00 a.m.

Longwood University - Dorrill Lee Grand Dining Room  
Farmville, Virginia

**APPEARANCES:**

- The Honorable Charles R. Hawkins, Chairman
- The Honorable Terry G. Kilgore, Vice Chairman
- Mr. Thomas W. Arthur
- Mr. Stephen S. Banner
- Mr. Clarence D. Bryant, III
- The Honorable Kathy J. Byron
- Mr. J. Carlton Courter, III
- The Honorable Bernie K. Day
- The Honorable Allen W. Dudley
- Mr. L. Jackson Hite
- The Honorable Clarke N. Hogan
- The Honorable Isiah G. Hopkins
- Mr. Jordon M. Jenkins, Jr.
- The Honorable Joseph P. Johnson, Jr.
- Mr. Buddy Mayhew
- The Honorable Harrison A. Moody
- Mr. Claude B. Owen, Jr.
- The Honorable Edward Owens
- The Honorable Philip P. Puckett
- The Honorable Frank M. Ruff
- The Honorable Michael J. Schewel - Secretary of the Department of  
Commerce and Trade
- Mr. John M. Stallard

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

2 The Honorable John Thomas Taylor  
3 Mr. James C. Thompson  
4 The Honorable Gary D. Walker  
5 The Honorable William C. Wampler, Jr.  
6 The Honorable Thomas C. Wright, Jr.

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9 COMMISSION STAFF:

10 Mr. Carthan F. Currin, III, Executive Director  
11 Mr. Ned Stephenson, Manager of Strategic Investments  
12 Mr. Timothy Pfohl, Grants Program Administration Manager  
13 Ms. Stephanie Wass, Director of Finance  
14 Ms. Britt Nelson - Grants Coordinator, Southside Virginia  
15 Ms. Sara Griffith - Grants Coordinator, Southwest Virginia

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17 OFFICE OF THE ATTORNEY GENERAL:

18 Mr. Frank N. Ferguson, Deputy Attorney General,  
19 Counsel for the Commission  
20 Ms. Anne Marie Cushmac, Senior Assistant Attorney General,  
21 Counsel for the Commission  
22 Ms. Stephanie Hamlett, Senior Assistant Attorney General,  
23 Bond Counsel

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26 SENATOR HAWKINS: Good morning, everyone. I'll call  
27 the Commission meeting to order. I first of all would like to thank this great University  
28 for their hospitality at our reception last night, and also, David, thank you for last night's  
29 reception, and Mid-Atlantic Broadband.

30 Carthan, call the roll.

31 MR. CURRIN: Mr. Arthur?  
32 MR. ARTHUR: Here.  
33 MR. CURRIN: Mr. Banner?  
34 MR. BANNER: Here.  
35 MR. CURRIN: Secretary Bennett?  
36 SECRETARY BENNETT: (No response.)  
37 MR. CURRIN: Mr. Bryant?  
38 MR. BRYANT: Here.  
39 MR. CURRIN: Delegate Byron?  
40 DELEGATE BYRON: Here.  
41 MR. CURRIN: Commissioner Courter?  
42 COMMISSIONER COURTER: Here.  
43 MR. CURRIN: Mr. Day?  
44 MR. DAY: Here.

1 MR. CURRIN: Delegate Dudley?  
2 DELEGATE DUDLEY: Here.  
3 MR. CURRIN: Mr. Fields?  
4 MR. FIELDS: (No response.)  
5 MR. CURRIN: Mr. Hite?  
6 MR. HITE: Here.  
7 MR. CURRIN: Delegate Hogan?  
8 DELEGATE HOGAN: Here.  
9 MR. CURRIN: Mr. Hopkins?  
10 MR. HOPKINS: Here.  
11 MR. CURRIN: Mr. Jenkins?  
12 MR. JENKINS: Here.  
13 MR. CURRIN: Delegate Johnson?  
14 DELEGATE JOHNSON: Here.  
15 MR. CURRIN: Mr. Mayhew?  
16 MR. MAYHEW: Here.  
17 MR. CURRIN: Mr. Montgomery?  
18 MR. MONTGOMERY: (No response.)  
19 MR. CURRIN: Mr. Moody?  
20 MR. MOODY: Here.  
21 MR. CURRIN: Mr. Owen?  
22 MR. OWEN: Here.  
23 MR. CURRIN: Mr. Owens?  
24 MR. OWENS: Here.  
25 MR. CURRIN: Senator Puckett?  
26 SENATOR PUCKETT: Here.  
27 MR. CURRIN: Senator Ruff?  
28 SENATOR RUFF: Here.  
29 MR. CURRIN: Secretary Schewel?  
30 SECRETARY SCHEWEL: Here.  
31 MR. CURRIN: Mr. Stallard?  
32 MR. STALLARD: Here.  
33 MR. CURRIN: Mr. Taylor?  
34 MR. TAYLOR: 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. West?  
42 MR. WEST: (No response.)  
43 MR. CURRIN: Delegate Wright?  
44 DELEGATE WRIGHT: Here.

1 MR. CURRIN: Vice Chairman Kilgore?

2 DELEGATE KILGORE: Here.

3 MR. CURRIN: Mr. Chairman?

4 SENATOR HAWKINS: Here. We want to welcome  
5 President Cormier. Thank you for having us here at Longwood University.

6 PRESIDENT CORMIER: Good morning, Mr. Chairman  
7 and members of the Commission. Frankly, it was my pleasure to see so many of you at  
8 the reception and see that you are so respondent this morning after last night. I would  
9 like to say a special word to the legislative members here today. After that great fire we  
10 had in 2001 we had a great deal of work to do rebuilding our university. And, frankly, we  
11 had thirty million dollars worth of construction going on and were trying to restore it to  
12 its original grandeur, and we needed your help. The General Assembly did that, with the  
13 help of all of you. So, I'd like to take a moment to thank you all for doing that, because  
14 these buildings would not look like they look today if it were not for the help from the  
15 General Assembly and the legislators. So, I would ask everyone in this room to stand and  
16 applaud our legislative members, because without you, this couldn't have been done.  
17 (Applause.)

18 Now, for those of you who were not here last night, please come back,  
19 because I would like to show you these beautiful buildings and our Rotunda at any time.

20 I would like to take a few minutes, and not more than an hour, Mr.  
21 Chairman, to officially welcome you all to Longwood University. Our University is one  
22 hundred sixty-seven years old, and in case you didn't know it, we are the third oldest  
23 institution in Virginia. William & Mary is first, UVA is second, and then Longwood, then  
24 VMI. I want to remind everyone here that we still believe that there is not a family in  
25 Virginia who has not been touched by someone who has been a student here at Longwood  
26 University, or graduated from here, or some connection to Longwood University. If you  
27 check your heritage, I think you'll find that maybe a mother, or grandmother, or some  
28 relative has spent some part of their life here. As you walk around campus and see that  
29 although we might be one of the oldest ones in the Commonwealth, we're still one of the  
30 youngest, given all the work that has gone on here these past eight years.

31 We still have a long way to go here, and we're still doing a lot of work, as  
32 you can see by walking around the campus. We are through with some construction, but  
33 we still have some to go. We hope maybe to be finished in January, 2006. We have two  
34 more academic buildings coming on line. In addition, we have four hundred twenty new  
35 condominiums and retail space alone on the first level being built very adjacent to the  
36 campus, an old shopping center. It is amazing what you can do in the private sector when  
37 you want to build something up.

38 I also want you to know that Longwood is in its final year or next to its  
39 final year for a probationary period toward NCAA Division 1 status. This is the hardest  
40 thing I've ever done. I want you to look at men's basketball at UVA this year; we  
41 survived playing Illinois and Wake Forest last year. So you're going to see UVA, Virginia  
42 Tech, George Mason, William & Mary, Duke, and George Mason at least twice, North  
43 Carolina State, Clemson, Elon and Liberty and Radford; also Davidson, Stanford and UC  
44 Berkeley. I want a lot of prayers for us. We're now in the process of upgrading all of our

1 fields and courts. When we finish, our center it is going to be roughly eighty thousand  
2 square feet, and that will finish our construction, and we will have several different  
3 features. We will have a wonderful facility. Over the next six years over two hundred  
4 million in construction is planned for this complex, so we're going to be in this building  
5 phase for some time.

6 Senator Hawkins said last night that Longwood is an economic engine for  
7 this area, and that is true. In 2002 we did an economic impact study that demonstrated  
8 that Longwood University contributed over a hundred million dollars into this economy.  
9 This figure is constantly repeated, and probably close to a hundred twenty million right  
10 now. We know we are a major force in the economic development in this area. When  
11 you consider the purchasing power of faculty, staff and students, we're an enormous  
12 factor. So, we take our responsibility for regional prosperity very seriously, and we want  
13 you to know that.

14 Our current enrollment is forty-three hundred students. They come from  
15 all over Virginia, twenty-seven countries, thirty-four states. Ninety percent of our student  
16 body is from the Commonwealth. Enrollment has been growing, and the quality of our  
17 student body has continued to move up. For five years in a row Longwood has been in  
18 the top tier of public universities in the nation.

19 The Tobacco Commission is making it possible for more of our students  
20 in Southside and Southwest Virginia to attend college. The Tobacco Scholarship Program  
21 you established has assisted young people from the two regions to attend colleges and  
22 universities, and it is simply wonderful. This has helped many, many students and their  
23 families.

24 We are most familiar with the Southside Tobacco Commission  
25 Scholarship Program, I should say Scholarship Loan Program. That has helped students  
26 go into the teaching profession, and this has helped the twenty-two Southside  
27 communities tremendously, because it is a way to help the teacher shortage problem,  
28 enhance teacher quality, and keep our young people in the region. For those of you who  
29 haven't seen the *Times Dispatch* this morning you will see the exodus of teachers going  
30 into retirement over the next five years in this country is going to be an enormous impact.  
31 If you think we have a teacher shortage right now, you wait and see what happens in the  
32 next several years.

33 I also want to tell you that we have done some studies on the retention rate  
34 of our teachers. The national average for attrition is fifty percent of teachers who enter  
35 the teaching profession a given year leave within the first five years. Ninety percent of  
36 our teachers are still teaching after five years. After ten years we have many who are still  
37 in it, so we've got to be doing something right.

38 In the 2004-2005 academic year, eighty-eight tobacco scholarship students  
39 were attending Longwood. I don't know what the numbers are this year, but we will  
40 know soon. I want to compliment Senator Ruff, who chairs the Education Committee,  
41 and he has worked very diligently making this program a reality, along with the rest of  
42 the Committee. So, I want to thank you all and Senator Ruff for those efforts trying to  
43 implement this program. I want to thank all of you for your support in this very  
44 important issue.

1           We all understand education is the foundation for economic viability. You  
2 have demonstrated your commitment to education by your support that you have  
3 provided to the scholarship program and program funding for community colleges in the  
4 region, support for the Southern Virginia Higher Education Center and the Danville  
5 Institute for Advanced Learning and Research.

6           The Commission has provided technology support, and the monies you  
7 spend on technology will be critical for the region as well. Delegate Hogan, who chairs  
8 the Southside Technology Committee, has been instrumental in making technology  
9 available throughout the region. I know Senator Wampler and Delegate Kilgore and  
10 others are doing the same thing in Southwest Virginia.

11           These are the investments in the future of Southside and Southwest  
12 Virginia that will endure. We all envision a day when our regions of the Commonwealth  
13 will mirror the state as far as our college programs. As our level of education rises, our  
14 businesses and industries will come to our regions, and it will make everyone prosperous.

15           All of you are to be commended for your dedication and for your  
16 commitment and your determination to make these things happen. Thank you, again, for  
17 everything you have done for our University and all the work that you are doing.

18           Thank you, very much. I'll let you get on with your meeting.

19           SENATOR HAWKINS: Thank you. I want to divert from  
20 the Agenda for just a moment and introduce an individual that was one of the individuals  
21 that helped start this Commission, he helped carry the legislation to form this  
22 Commission. Former delegate from Danville, and former Secretary of Transportation,  
23 now, who has the greatest title of all, Mr. Whitt Clement. Would you like to make some  
24 comments?

25           MR. CLEMENT: Glad to be here, and I'll let you do that.

26           SENATOR HAWKINS: All right. Do I have a motion that  
27 we approve the Minutes from the June 2005 meeting?

28           We have a motion. Is there a second?           All in favor say aye? (Ayes.)  
29 Opposed? (No response.)

30           All right, that motion is carried, the Minutes are approved.

31           MR. CURRIN: Mr. Chairman, also with us today is my  
32 colleague in state government, Sandra Whitley Ryals, who was recently appointed by  
33 Governor Warner to be the Executive Director of the Virginia Tobacco Settlement  
34 Foundation. Sandra, welcome. She is a native of Southside Virginia.

35           SENATOR HAWKINS: Sandra, welcome.

36           Now, Alisa, would you like to bring us up-to-date on this wonderful  
37 brochure that you have given us? Alisa Bailey will give us an up-date on tourism. For  
38 those of you who have not seen this, I'm referring to this booklet that is presented to us  
39 from the Virginia Tourism Corporation. This is very comprehensive, I haven't seen one  
40 that is this complete. I appreciate you coming. As you know, we started this discussion  
41 back some time ago, as far as things that we needed to do to develop tourism, because it  
42 is an economic piece of the puzzle that probably we can gain as much benefit from as  
43 anything else we deal with.

1 MS. BAILEY: Thank you for giving me a few minutes to  
2 make our presentation. It has been approximately a year since I presented this to you. A  
3 lot of progress has been made in tourism and economic development and tourism  
4 marketing in Southside and Southwest Virginia. I thought I would share a little bit of our  
5 marketing that is going on in Virginia for tourism.

6 (Music playing.) I might say we're pretty proud, and our campaign is  
7 going quite well, and you can see that reflected in the handout. We have done what we  
8 call, Meet Virginia, and that is all reflected there in the handout, as I said.

9 As you know, tourism is a fifteen million-dollar industry in the  
10 Commonwealth. Our challenge, frankly, is to look at opportunities and look at areas like  
11 this, Southwest and Southside Virginia, and make sure that those areas have the building  
12 blocks to capture even more of the market share. What is good for marketing Southwest  
13 Virginia and Southside is good for the entire state. You know that billions or millions of  
14 dollars come into the state through local taxes, and we want to increase that.

15 Mr. Chairman, you asked us about a year ago to work on how the Tobacco  
16 Commission benefits this for us, and we have been doing that in two areas. You asked us  
17 to try to establish an inventory, which you will see reflected in your book. We also hired  
18 a lovely young lady, Holly Sullivan, who has been working in the region and has  
19 collected all this information for us. I am going to turn it over to her now, and she will  
20 briefly go through your book and tell you what our next step is going to be so that you  
21 can be assured that we are really working toward a solid foundation for tourism.

22 HOLLY SULLIVAN: Good morning. First of all, I'd like  
23 to thank the Virginia Tobacco Commission and Virginia Tourism for giving me this  
24 opportunity. This year has been eye-opening to me and a tremendous educational  
25 experience. I have enjoyed traveling throughout the state and working with various  
26 members of the local communities.

27 In July of last year I was hired and asked to develop a tourism asset  
28 inventory for the Southwest and Southside regions in particular. Over the course of this  
29 past year I have been compiling an inventory of all these regions with an eye towards  
30 tourism, attractions, shopping, accommodations, events, outdoor recreation and heritage.  
31 This inventory reflects the existing database for *Virginia.org*.

32 I also utilized towns, counties, cities, local newspapers. I utilized the  
33 Chambers of Commerce, the Park System, and others. VTB's consumer website  
34 concerning leisure travel and business travel and everyday attractions also is very  
35 valuable. *Virginia.org* is the Commonwealth's official travel and tourism website, as well  
36 as a search engine for the state. For a small amount of time a business can have access to  
37 free advertising and can be seen by thousands of visitors. All of VTB's marketing efforts  
38 drive consumers to *Virginia.org*. Because of these efforts, more than a hundred thousand  
39 visitors per month use *Virginia.org* for traveling purposes. In June, 2005, we had over  
40 two million users on our website, and that has been increasing dramatically.

41 *Virginia.org* also uses the tourist industry to save time and financial  
42 resources through data sharing. For example, the Ralph Stanley Museum submitted their  
43 attraction to the website, and because the Crooked Road has a website, the Crooked Road  
44 uses this listing under *Virginia.org* for its information and for website usage. When

1 someone needs information on the Crooked Road or the Ralph Stanley Museum, the  
2 *Virginia.org* submission will appear.

3 I have also learned about the different committees that have been formed  
4 to help develop the attractions, how to secure funding and marketing attractions while  
5 creating new ones in Southwest Virginia. In 2003 the Southwest region VTC and the  
6 Tobacco Commission held a planning session to increase tourism and therefore create an  
7 economic impact in the region. The Southwest has some current projects, like addressing  
8 tourism, outdoor recreation, heritage and culture, and arts and crafts. Using this new  
9 potential, it will help to create further tourism and an economic impact. There is  
10 unlimited potential.

11 There is also the Crooked Road, the Blue Ridge Parkway, the Mountaintop  
12 Theater. The Crooked Road is a two hundred fifty mile excursion through Southwest  
13 Virginia. It also draws attention to towns for the local artisans and craftsmen. This was  
14 developed with the intent of becoming an economic and tourism driver. The response has  
15 been overwhelming and positive.

16 We also have an on-line reservation system. It has lists of attractions and  
17 things to see and do, maps, lodging, restaurants, shopping. This website provides this  
18 information in six different languages, French, German, Portuguese, Japanese and  
19 Spanish.

20 Lastly, Patrick, Floyd and Carroll Counties are trying to work together to  
21 create tourist attractions at Rocky Mount. This new project will focus on outdoor  
22 recreation, along with arts and crafts.

23 Another committee developed the education piece. This is to educate  
24 elected officials and business leaders and local communities about the economic side of  
25 tourism. There are several ways this can be achieved, although there are ways to do it  
26 differently. You can develop packages for each county or town, a recap of the area,  
27 education efforts and marketing efforts, economic development and employment. Also,  
28 we need to present information to the local towns and city councils and planning district  
29 commissions about the regions. The Financing Committee is charged with exploring tax  
30 incentives for businesses, availability of funds for small tourism development.

31 In the Southside region on November 18, 2004, the VTB and the Virginia  
32 Tobacco Commission hosted a Southside tourism planning session gathering community  
33 representatives and tourism professionals to develop a marketing plan, and we see the  
34 results at this meeting. This inventory is important for the Southside region to understand  
35 what products it has to market to continue that, as well as to complement along with  
36 competition.

37 The Hospitality Training Committee was established to educate the front-  
38 line staff. A curriculum template has been started, and a pilot area will be Mecklenburg  
39 County. This template will be a career program with the ability of students to receive  
40 financial aid. Some of the key elements are education and work ethics, customer service,  
41 entrepreneurship, internship with local businesses, guest lecturers, and field trips from the  
42 hospitality industry. Classes will be taught by various members of the business  
43 community. This program will begin in the fall semester at the Southside Virginia  
44 Community College.

1           The Education Committee is very important for Southside Virginia. Its  
2 purpose is to educate government and business leadership and public media about the  
3 economic impact of tourism in all areas, along with marketing.

4           Lastly, the Regional Tourism Office Development Committee. It is still  
5 being determined what type of entity will be formed, whether it is a structured  
6 development or an interim authority by membership or an ad hoc organization under  
7 VTC. While the actual formation of this office remains undetermined, the basic  
8 responsibility would be to inventory the existing projects, to identify current travel trends  
9 and current customers, to make grants in the mission statement, to execute and develop a  
10 regional-wide marketing program, educate elected officials on all aspects of tourism and  
11 economic development related thereto, to expand hospitality workforce training and to  
12 improve the infrastructure that supports this training, and to assert a long-term financial  
13 stability of these various endeavors.

14           Under outdoor recreation, I have also been involved in the possibility of  
15 rail travel in Southside Virginia, working alongside many tourist professionals, planning  
16 district commissions and state agencies to help bring the possibility of rail travel. There  
17 has already been held one workshop last November in Southside. The purpose was to  
18 educate local residents and elected officials on how effective this could be, but because of  
19 the development, and maintenance and permission to use abandoned rail lines there will  
20 be another symposium on October 28 to educate the community on how the creation of  
21 this would work in the local communities. In Southside Virginia that includes three  
22 abandoned railroad segments. The first line is the Danville-South Boston, and then over  
23 to Keysville. The second is Norfolk, Franklin and Danville line, which runs from  
24 Danville, as you can see here. There'll be another in Henry County, N&W line, as well as  
25 Hybrid State Park running from Cumberland to Farmville to Burkeville. By using  
26 existing portions of abandoned railroad lines and other connecting facilities, the idea of  
27 making this a reality from Patrick County and Danville to the Virginia line all the way to  
28 Virginia Beach, this idea can be realized.

29           Thank you, very much.

30           SENATOR HAWKINS: Thank you very much. In going  
31 through this, this is the most comprehensive listing of sites, individuals, cities, towns, I've  
32 ever seen. I think you deserve a great deal of thanks and admiration for the work you  
33 have done with this, it's unbelievable. It's even got cities listed, and mayors, and city  
34 councils and addresses and phone numbers and things you need to know. It's got  
35 different stores, restaurants, motels, listed not only by county, it's really a wonderful  
36 document. Thank you, very much. I would suggest every Chamber of Commerce needs  
37 to have an inventory of this. It is an absolutely must-have, because you can go right to  
38 the source of a lot of things we've been talking about. It is one of the best I have seen,  
39 thank you very much.

40           DELEGATE KILGORE: Can this be on a CD-  
41 Rom?

42           MS. BAILEY: Well, it's on-line. Thank you, very much,  
43 Senator Hawkins. I know she has worked very hard on this. She will continue to work  
44 with the committees. When you try to work this up, it's not a very easy thing to do, and

1 getting people to start working together isn't always the easiest thing to do. I think we  
2 have made great progress.

3 When I was hired, Governor Warner insisted that state agencies work  
4 together and we work toward economic development, and tourism is a part of that. I'll  
5 tell you that one of the best partnerships we have worked with is this Tobacco  
6 Commission, and working hand-in-hand in whatever we're doing.

7 I just want you to keep these notebooks. We can update them routinely for  
8 you and mail that out to you. You can see the progress that has been going on in just one  
9 year.

10 SENATOR HAWKINS: What is the availability of these?  
11 Can we get enough of them for our Chambers of Commerce?

12 MS. BAILEY: We can get you as many as you need, and  
13 that is probably a good idea.

14 SENATOR HAWKINS: Let's go ahead and do that and get  
15 these out to various people.

16 MS. BAILEY: We'll do that. We will build up an inventory  
17 of it. Thank you.

18 I know many of you are familiar with, tourism offices historically  
19 throughout the United States are set up as marketing organizations, and the states feed  
20 them money, and we grab those people and want them to stay longer and spend more  
21 money. We're set up as a marketing organization. If you talk to the people at Busch  
22 Gardens they will tell you that every couple of years you need a new ride, or you won't  
23 get people to come back. Likewise, in tourism development we need some new rides  
24 every now and then. We see the greatest opportunity here in the tobacco region. These  
25 things have been fine throughout all these discussions, and I am glad to be working with  
26 the Tobacco Commission and with the folks in the region.

27 With some of the funds that were made available we intend to develop  
28 what I call a Tourism Development Swat Team. Many communities need help with local  
29 planning, and particularly with capital access. Where do you go to get the loan, where do  
30 you go to get the grant, what banks are friendly to restaurant development, where are  
31 there low interest loan programs, and who are friendly to entrepreneurs? Small business  
32 is the backbone of our nation's economy and certainly will continue to be the backbone of  
33 the tourist economy.

34 We will have two assistants in the field who will actually be doing some of  
35 the work that Holly has been doing, planning meetings, working with Housing and  
36 Community Development and the artisan network and artisan trail, working with the  
37 Rails to Trails Program. I must tell you that in traveling in Southside and Southwest  
38 Virginia I think the cultural aspects and the outdoor recreation aspects that we have are  
39 just right for being developed, but we do need help with developing the entrepreneurs.

40 I traveled to Dickinson County the other day. Very few outfitters are there,  
41 but when you look at those natural assets that are there, and there are plenty of  
42 opportunities there. That is the kind of work that these folks will be doing, carrying on  
43 the work of the Committee that was established by the Tobacco Commission, getting the

1 plans in order, working with the communities and really building the building blocks for  
2 tourism development.

3 Most importantly, and I'd be remiss if I didn't say this, we have a  
4 Congressional representative here and working with the federal government. There are a  
5 lot of federal programs that are available that we are not taking advantage of. This will  
6 be a goal of the Tourism Development Swat Team, to make sure all the government  
7 entities are working together, as well as with the federal government. We really want to  
8 help create a sound economy, and tourism is part of that. We know that tourism is not a  
9 fantasy, and we know that there are always things we need to do. Certainly it is  
10 compelling.

11 I'd also like to point out the quality of life issue. As you raise the quality  
12 of life in your community, restaurants, outdoor recreation opportunities, you are putting a  
13 welcome mat out for other forms of economic development. The head of Motorola went  
14 to Phoenix, Arizona to play golf one time and liked the quality of life so much he  
15 established the Motorola operation there. For years, and they maybe still are, they were  
16 the number one employer in Arizona.

17 So, as you can see, it is not only tourism for tourism's sake, but it helps  
18 other economic development efforts. Companies are looking for education, looking at  
19 the quality of life for their employees when they decide to relocate. We're fortunate now,  
20 because some companies are looking at more rural areas for their safety, quality of life,  
21 friendly people, and a sound economy.

22 So, I'll leave you with this thought -- (Projected on the screen.)

23 Mr. Chairman, we presented that last time, and you asked us to include the  
24 motorsports, so you're directly responsible for including motorsports.

25 SENATOR HAWKINS: I appreciate you doing that, and I  
26 want to thank you. Years ago, tourism in Virginia was Virginia Beach, Williamsburg, the  
27 Richmond area, and maybe the Blue Ridge Parkway. The rest of it didn't exist when it  
28 comes to tourism, and those didn't exist when it comes to promotion. By tying all these  
29 assets we have together, the wine industry, Appomattox, and all of the wonderful  
30 museums throughout the area, we're beginning to see some of the fruits of the efforts that  
31 have been put in place. We have got to include the entire state in the marketing to make  
32 sure that people understand the great diversity of this Commonwealth. In this region we  
33 have much to offer to tourists anywhere in the Commonwealth.

34 Thank you very much.

35 DELEGATE KILGORE: Thank you, Mr. Chairman. I  
36 think Steve Rosenthal is here. The Procurement Committee met this morning to go over  
37 a request from Troutman Sanders to increase their contract by seventy-five thousand  
38 dollars for each year. Basically, this arises out of the fact that they had to go out and  
39 create a new verification for a payment form to ascertain correct allocations of quota  
40 between multiple owners. They were hampered by the fact that they could no longer use  
41 social security numbers from the Farm Services Agency data. So, this caused them a lot  
42 of extra work.

1                   What we did in the Procurement Committee meeting this morning is that  
2 we agreed that we would allocate seventy-five thousand for this first year and then see  
3 how it goes next year.

4                   Steve, I think if there is a problem, then you can come back. It was  
5 unanimous that we go ahead and allocate, increase the total cost of the contract by  
6 seventy-five thousand for this next year, and then let them come back next year and give  
7 us an update and see where we are.

8                   I'd make that motion, Mr. Chairman.

9                   SENATOR HAWKINS: It's been moved that seventy-five  
10 thousand be set aside for first year compensation for structuring of the current program.  
11 Is there a second?

12                   MR. BRYANT: Second.

13                   SENATOR HAWKINS: It's been moved and seconded.  
14 All in favor say aye? (Ayes.) Opposed? (No response.)

15                   Do you want to say something?

16                   MR. ROSENTHAL: I don't think so.

17                   SENATOR HAWKINS: I understand now we need to  
18 make some adjustments in the budget to reflect some of these things.

19                   MR. DAY: Before we leave this procurement issue, I've  
20 got something I'd like to bring before the Commission. A number of months ago this  
21 Commission voted unanimously to seek some outside audit services, and to my  
22 knowledge we haven't done that. I'm wondering if we can get an update on that?

23                   MR. CURRIN: Mr. Day, if you will recall, per that request  
24 or direction from the Commission, I sent out a packet to all Commission members  
25 outlining the entire accounting process that we currently have in place. At that juncture I  
26 said at the conclusion of all that information that we would appreciate any further  
27 guidance that Commission members might like to issue to us in that regard. If the  
28 Commission wants us to procure an outside audit, depending on how much that is, I will  
29 need authorization from the Commission to do that. I did not hear anything back from  
30 anyone when I sent the information out.

31                   I guess another point to your question, Barnie, is the conversation with the  
32 committee that you're currently chairing, Securitization, Guidelines and Protocol, and the  
33 Chairman directed you, Secretary Schewel and Delegate Dudley and Claude Owen. I  
34 was at somewhat of a pause to go further to hire someone awaiting on your committee to  
35 work through some of those procedures.

36                   SENATOR HAWKINS: It's my understanding, then, that  
37 due to some changing in the financial structure, some other major restructuring going on,  
38 probably we need to have something in place to reflect or realize what we're doing. We  
39 can assert that, and there is no problem. Would you like to put that under the sub-  
40 committee?

41                   MR. DAY: No, it just seems to me that we asked for an  
42 outside audit by unanimous vote. If we don't think we need it, then that's one thing, and  
43 I'm not sure why we asked for it if we don't think we need it.

1 SENATOR HAWKINS: Point well taken. I have no good  
2 answer for you, we probably need to go back and revisit it, and if we still think we need  
3 to, do that.

4 MR. CURRIN: Mr. Chairman, we are audited, and we  
5 have procedures in place, and audited by a public accounting firm. If we want to hire a  
6 CPA firm, I'll do that, but I want to make sure that I understand. Do you want to audit the  
7 entire --

8 SENATOR HAWKINS: -- I'll tell you what we'll do. Put  
9 that on the agenda for the Executive Committee, which will be meeting soon, and have a  
10 discussion about that, along with some education issues, and then come back with a  
11 recommendation from the Executive Committee on what we think we need to do.

12 SENATOR WAMPLER: Mr. Chairman, perhaps we can  
13 get, as part of the Executive Committee's consideration, we can figure out whether or not  
14 we need to proceed on an independent basis or whether to utilize the standard procedures  
15 that we have in place.

16 DELEGATE HOGAN: Might I ask, as part of that  
17 discussion with the Executive Committee, can we ask Staff to take a look at the balance  
18 between unsecuritized and securitized funds. What we found, I think, is in several places,  
19 while we split those funds based on categories of projects, we do have some categories of  
20 projects that we have, we have some Special Projects and Technology grants that we need  
21 unsecuritized funds for. I think that is something we can have the Staff look at and report  
22 back to the Executive Committee and see how we can start managing that, as part of the  
23 overall discussion.

24 SENATOR HAWKINS: To bring us up-to-date because  
25 there are some limitations on these securitized monies, they have to go with the tax-  
26 exempt funding mechanism we're dealing with, and we have some limitations on how the  
27 money can be spent. That is undoubtedly something we're going to do from now on, or  
28 hope to do, but just so everybody understands that.

29 DELEGATE HOGAN: Mr. Chairman, no question what  
30 you're saying is exactly right, and I'm not suggesting anything different, but just to say  
31 that given that set of circumstances there are projects that will come through Technology  
32 we need unrestricted funds for, projects going through Education which right now is  
33 classified as unrestricted funds, and perhaps we could use some restricted funds, or we  
34 need some kind of mechanism to deal with that. That could create a number of problems.  
35 We've got to figure out a way to do these things that we want to do.

36 SENATOR HAWKINS: Hopefully, the Executive  
37 Committee will be meeting and come back with a recommendation to the Full  
38 Commission on those issues.

39 All right, we need to talk now about the budget amendment and some  
40 adjustments to reflect the seventy-five thousand, and maybe some other things have  
41 changed.

42 MS. WASS: Two budget amendments. One is for  
43 housekeeping. When the Commission approved the FY06 budget it transferred two and a  
44 half million unrestricted carryforward funds to FY05 Technology budget and

1 correspondingly restricting expenditures for the FY06. What that did is that it restricted  
2 funds, restricted and unrestricted funds out of balance is what happened, as far as the  
3 revenue expenditures. What that means as a bottom line is that if it is not corrected, the  
4 restricted funds ultimately will be spent for unrestricted purposes, which we can't do.

5 SENATOR HAWKINS: This is a transfer, making sure that  
6 the columns under restricted and unrestricted funds. Is there a motion?

7 MS. WASS: This is to increase the MSA from 31.9 to 33.1  
8 million. This reflects the revised forecast for the MSA that was done during the  
9 securitization process. Also, it will increase the carry-forward funds that we use from  
10 710 thousand to 2 million from FY05 surplus revenues. Correspondingly, the restricted  
11 revenues by 2 1/2 million to 17.17 million. There is a budget page in your packet that  
12 shows the restricted column and unrestricted column.

13 SENATOR HAWKINS: This can be done with one motion.  
14 Is there a motion to accept the recommendations from Staff on the transfer?

15 MR. TAYLOR: Mr. Chairman, don't we have a motion on  
16 the floor that we need to vote on for the Troutman Sanders 75 thousand?

17 SENATOR HAWKINS: We agreed to do that, and now we  
18 have to have a budget amendment that will reflect the 75 thousand. The 75 thousand  
19 reflects the money for Troutman Sanders. It's been moved and seconded that 75 thousand  
20 be transferred. All in favor say aye? (Ayes.) No's? (No response.)

21 That's carried.

22 MS. WASS: The 75 thousand will increase the  
23 administration budget taken from FY05.

24 SENATOR HAWKINS: Now we're dealing with transfer  
25 of restricted from restricted to non-restricted account to bring things back and to make  
26 sure that we live up to the allocation of the bond holders when it comes to the sale of the  
27 securitization program.

28 Does everyone understand that? Is there a motion? It's been moved and  
29 seconded that money be transferred to bring the columns in balance for securitized and  
30 non-securitized monies. Any discussion? All in favor? (Ayes.) Opposed? (No  
31 response.) That's carried.

32 MR. ROSENTHAL: Mr. Chairman, I'd like to give you an  
33 update. In late June we paid a little over 34 thousand claims, primarily on single owner  
34 and single tract claims that required a change. We currently have an approval of 41  
35 thousand claims, which translates into about 17 1/2 million dollars at this point. All the  
36 claims with multiple owners requiring an allocation of quota between them have been  
37 approved. We are currently working and processing the claims requiring changes in  
38 ownership and changes in information.

39 We're also following up with claims and putting together correct  
40 application payments, and they are ready for approval. We have scheduled a transfer of  
41 payment data to VDAX at the end of this month. There will be approximately 8,000  
42 claims, and those should go to the Treasury Department the 1st or 2nd of September, and  
43 claimants should be getting their checks shortly thereafter.

1 SENATOR HAWKINS: Once again, an outstanding job,  
2 very little criticism has been made, very good job.

3 MR. ROSENTHAL: Thank you.

4 SENATOR HAWKINS: I think this will probably flow a  
5 little easier if we change the agenda, so I'll ask Stephanie Hamlett to come forward and  
6 give us a report on the securitization.

7 Dealing with the sale of the bonds that we had in the securitization, we  
8 have a limitation as to what we can do with those monies. I think there is also a  
9 misunderstanding of some of the obligations we are faced with with the bondholders. It  
10 is my understanding there has to be a spend-down rate for these monies to meet our  
11 obligations to the bondholders, and things we can do and not do. I think it would be  
12 helpful for all of us to understand that we are actually dealing with two streams of money  
13 that have to be handled entirely different from what we were normally used to.

14 Stephanie, please give us some sort of understanding of what we are  
15 dealing with.

16 MS. HAMLETT: You really do have two completely  
17 different sources of money you are dealing with now. The portion that is securitized, the  
18 limitation is on the nature of what you can use that money for. It has to be capital  
19 expenditures, and very generally that is anything that you can capitalize under the Federal  
20 Tax Law if you do it or don't do it, but there are limitations on the ultimate use of that  
21 property, and that is, it ultimately cannot be used for what is a private use. That is  
22 defined in the regulations related to tax-exempt bonds. It can't be used for businesses  
23 that are going to pay that back. If you decided to loan a business money and they were to  
24 pay you back, and then that money would be used somehow to pay the bond proceedings,  
25 that is getting into private use. So, your limitations are really what the ultimate use is for  
26 that money and that project.

27 In actually utilizing the bond funds there are no particular requirements as  
28 far as you must spend down "X" number of dollars over "X" period of time. There is  
29 such a contest out there in the bond world, but that is when you have bonds and you are  
30 spending down very, very rapidly, you don't have a yield restrict. In this situation it has  
31 been set up so that the money from the Endowment is invested in such a way that you are  
32 not profiting or making any arbitrage on the issue. As long as you are not doing that and  
33 as long as you have that yield restriction in place, the interest you're paying on the bond  
34 mirrors the interest you are earning on the proceeds that are invested, there is not a  
35 necessity to burn it down to any particular rate.

36 SENATOR HAWKINS: Is there any particular obligation  
37 to use the money over a twenty-year period of the bonds, and there are two options. One  
38 is to use it for the spend-down mechanism over 20 years or set up a savings account. Are  
39 you telling me there is an option to do both?

40 MS. HAMLETT: I am not aware of any limitation, and I  
41 discussed it briefly with bond counsel to be sure that I wasn't missing anything. I am told  
42 that as long as the yield restriction is in place, that that is fine. What that is really all  
43 about is they don't want people out there abusing the system, and that is being able to  
44 make money on the tax-exempt bond. What happens is that other people issue tax-

1 exempt bonds and use them to hold an investment so it is not overloading the market in  
2 some way. So I think you have that option.

3 SENATOR HAWKINS: I think we're going to have to  
4 work with Mr. Day's sub-committee and come up with some understanding of the  
5 limitations that we are dealing with and what type of options we have for the  
6 Commission with these monies to make sure that these stream flows do not mingle. Also,  
7 what limitations we've set up among ourselves to be able to invest this money properly.  
8 When we're doing this we need to make sure we are on the right track.

9 MR. DAY: Mr. Chairman, we have not had an opportunity  
10 to meet yet, but just to up-date the Commission, I have had discussions with the  
11 Chairman, and if we wanted to, we could take the securitized portion of this money, treat  
12 it as an annuity that would invest it and pay it out to a zero balance over twenty years.  
13 That would give us approximately, making one or two assumptions, 25 million dollars a  
14 year for the next 20 years that we could spend on capital projects. Again, we have not  
15 met as a committee to discuss this, but I want you all to be thinking conceptually about  
16 treating the securitized portion of these funds as a zero- payout annuity.

17 SENATOR HAWKINS: Let's go ahead and put that as part  
18 of the discussion as far as what options we have, using those two tracks. Come back with  
19 a recommendation that you all feel is feasible for us to be dealing with. We have to  
20 understand that if we put in place a 25 million dollar flow of money every year to be used  
21 for tax-exempt reasons or whatever, we need to make sure that the limitations that we  
22 know that we are doing do not encourage the wasting of these monies because they are  
23 available. I'd rather make sure we have something in place that would give some sort of  
24 long-term benefit for the area, which is the telecommunication piece that we're working  
25 on, that really shows an effort in those areas, rather than putting out a whole block of  
26 money that may end up doing nothing but being spent.

27 So, if you'd all get together rather quickly, Barnie, and then come back.  
28 This is a major departure for us in dealing with these securitized monies, and we need to  
29 make sure what we're doing and we have some sort of guidelines. This is a very delicate  
30 part of what we're dealing with; once we get some fundamentals in place there shouldn't  
31 be a problem.

32 MS. HAMLETT: I'd be happy to do that.

33 SENATOR HAWKINS: Moving on the agenda, the sub-  
34 committees have been meeting the last several days, and we have a recommendation from  
35 Telecommunication and Education. Clarke, you're up.

36 DELEGATE HOGAN: Thank you, Mr. Chairman. We'll  
37 try to do this quickly. If people would take a look at what is on the board, and it is in  
38 your packet.

39 SENATOR HAWKINS: If you'd look in your packet that  
40 you received last night when you left the reception, you will find the information that is  
41 supposedly on the screen. Does everyone have their packet? If anyone needs a copy --  
42 Clarke, go ahead.

43 DELEGATE HOGAN: We allocated roughly 39 1/2  
44 million dollars to Technology, with the understanding that we would go ahead and try to

1 knock these Technology projects out. Southwest Virginia has about 20 million dollars, or  
2 19.3, in projects that were ready to go, and had housekeeping, but we sort of focused on  
3 items 1 through 12 for the moment.

4 There was a discussion with the Committee at some length about the  
5 different approaches between Southside and Southwest. Delegate Wright pointed out that  
6 Southside and Southwest were doing it a little differently. These projects included any  
7 number of things from backbone to last mile. In addition to the funds which the  
8 Commission has put in this 19 plus 5 million several years ago, the recipients of many of  
9 these or just about all these grants, some have significant sources of their own. If you'll  
10 look at this project, it's a partnership between these people and the Tobacco Commission  
11 for this broadband. It was recommended by a vote of six to three that items 1 through 12  
12 be approved, and I so move.

13 SENATOR HAWKINS: It's moved and seconded that  
14 items 1 through 12, which is on the sheet in your packet, be approved. Any discussion?

15 DELEGATE WRIGHT: Mr. Chairman, Delegate Hogan  
16 pointed out that I pointed out that Southside and Southwest are in some ways moving in  
17 different directions. Something that concerns me about this Technology budget in  
18 Southside at the current time depending on ISP's and CLEC's for the last miles to the  
19 homes. Southwest in the budget that was brought forward is using part of this money to  
20 be used for hookup to the homes. If you'll look at the revised budget for 2005 you can  
21 see that the 40 million dollars that was taken off the top is split 50/50. I'd like to state my  
22 reasons, being that I thought it should be 73/27, the same way as we divided the money  
23 for the indemnification. If we start down the road of hooking up broadband fiber to the  
24 homes, the consultant pointed out to us yesterday that the 42 million-dollar cost,  
25 estimated to be extremely low, could run to 150 million or a hundred million or more.  
26 You can imagine what the cost would be in Southside. It would probably be impractical  
27 to hook up homes in Southside, all of them, direct to the fiber.

28 We discussed some options as far as wireless, and there are some concerns  
29 there. I'm going to vote no, based on these reasons. There was some discussion about  
30 pulling the part out of the budget, which I think the Staff recommended we not fund the  
31 home hookup to the fiber. I might note that this cost approximately 18 hundred per  
32 household to hook up, and that is a concern that I had.

33 SENATOR HAWKINS: The point you make is a little  
34 different than looking at it from the point of view of Southwest Virginia. The situation in  
35 Southwest Virginia is unique. You're looking at an area of the state that has challenges  
36 that we do not have, compared to Southside, and they have to take a little different  
37 approach when it comes to trying to solve problems. What we have been trying to do is  
38 put in place a backbone that comes down the 58 corridor for all of our counties to access  
39 the next generation of telecommunications. That is to give a little bit of that competitive  
40 edge when it comes to attracting the investment that we need. We are ahead of the curve  
41 when it comes to that from a lot of the communities. I understand now there are areas in  
42 Texas and Arizona that are starting to look at what we're doing and what we want to  
43 accomplish, and they're looking at a lot of the things we're trying to do.

1 Southwest Virginia, due to the elevation problems and problems in the  
2 population, they are trying to do something based on the needs of that particular  
3 population. It would be very difficult for me to say that they do not have that flexibility,  
4 because the way I look at my world, and my area is a much more accessible piece of real  
5 estate than much of Southwest Virginia. I think we're dealing with a funding mechanism.  
6 You talk about the outside years we have an obligation, our obligation extends to what we  
7 approve. I think what we've approved is pretty much on track with what we're talking  
8 about.

9 We've invested over the years in Southside, and, in fact, coming down  
10 here yesterday on 460 I noticed fiber going into the ground, so we're making some real  
11 progress when it comes to the fiber. When it comes to an investment in one area over the  
12 other, I don't look at it as one area or the other. I look at this as being one seamless  
13 network that ties the tobacco region together from Southside to Southwest. This does  
14 depart somewhat from things we've done in the past, but this is a major project that has a  
15 single approach. I, for one, and I'm just one member of this Commission with one vote,  
16 feel that Southwest Virginia is in a unique situation with the population they have and  
17 challenges when it comes to the need for flexibility to be able to answer those challenges.  
18 So, that's just my opinion.

19 MR. DAY: Mr. Chairman, I'd like to ask the Committee  
20 Chairman, what is the thinking and rationale behind no recommendation on Citizens  
21 Telephone?

22 DELEGATE HOGAN: I was going to get to that in just a  
23 minute; there are some issues involved in this project. That's somewhat of a Southwest  
24 project and somewhat of a Southside project. We're going to meet in the next month, as  
25 soon as we can pull the members, to look at that project, along with other last mile  
26 approaches in Southside. That information is still being put together, and it seems  
27 inappropriate to take it up piecemeal, so we're going to, we may have to meet in Rocky  
28 Mount and save some travel time so the folks from Southwest who have an interest in  
29 that project can come.

30 SENATOR HAWKINS: Senator Wampler.

31 SENATOR WAMPLER: I might say to Mr. Day that it is a  
32 very important project, and the only reason it is not on the list today, I think it's fair to  
33 say, is that we were out of money when it came to the allocation yesterday, and we told  
34 Citizens we all felt like it was a very important project and would probably be the critical  
35 link in meeting the two regions, that we would meet sometime between now and our  
36 October meeting and find the necessary funds to move that forward. I think Citizens  
37 Telephone Cooperative was okay with that.

38 SECRETARY SCHEWEL: Mr. Chairman, I wasn't at the  
39 meeting yesterday when that issue was addressed. This is part of what Delegate Wright  
40 was saying. My grasp of the issue is very slight, but the general concept of the original  
41 idea was to build the backbone; basically, the Tobacco Commission would bear the cost  
42 of the backbone, along with EDA and other partners. Because of that, we have  
43 effectively reduced the cost of the last mile services, because the last mile provider  
44 therefore doesn't need to include the backbone cost in their cost of service. The initial

1 theory was that by doing that we would be able to attract commercial last mile providers  
2 to make that last mile investment, provide that last mile service, and the Tobacco  
3 Commission would not need to fund that. I don't have any particular judgment  
4 specifically about the individual last mile providers.

5 One question I would have, is that are we discovering our theory was  
6 flawed, or are we finding that commercial last mile providers are not willing or able to  
7 make the last mile investment, given that we've borne the cost of the backbone, so that  
8 despite our original thoughts, it has just turned out differently? What has changed?

9 SENATOR HAWKINS: It is my understanding, Mr.  
10 Secretary, that it is probably a combination of all the things you just stated. Number one,  
11 there is an attractiveness to have certain investments to have a return, certain areas more  
12 than others. I think we've got to have the flexibility to be able to answer those areas that  
13 do not have a cash return to make and be financially sound and be able to make that  
14 investment. I believe when we first put this idea out it was something that in concept we  
15 wanted to do to try to attract the type of investments we need. It was a unique approach  
16 that had not been done before. As we go along, we're finding there has to be some  
17 flexibility dealing with various aspects and the viability and the population, and we have  
18 to be able to attract the type of outside investment that we need.

19 I'm not sure there is any one good answer to that. I think I can say in  
20 defense of the whole concept that if we had gone through the economic development, the  
21 flexibility to allow us to be able to accomplish a great deal more. If we look at what  
22 we've been trying to accomplish, it is the availability and the competitive edge of the  
23 various communities, regardless of their size or the investment opportunity from outside  
24 sources. I don't know what we can do, except understand that money has been available.  
25 To my knowledge, no one has been turned down for the lack of investment money from  
26 us.

27 Senator Wampler.

28 SENATOR WAMPLER: Mr. Chairman, in response to  
29 Secretary Schewel's question, and a very valid point, I think the answer is that the  
30 evolution between the two regions is much different. Southwest has been at the  
31 proposition longer, and I can only point to the skin of the game from the entities that are  
32 providing the service today. Bristol Virginia Utilities has roughly 40 million dollars of  
33 the instrument that is behind the long-haul piece, or the backbone. I believe it is all about  
34 buying down the cost of the deal to where it makes it affordable to get maximum  
35 penetration. Likewise, Scott County Telephone Cooperative has issued a debt amount,  
36 roughly 11 million dollars, for their deployment of backbone and some fiber to the  
37 premises.

38 Your question at the end of all that was what have we learned from it, and  
39 we've learned that MBC either is in the process of completing or having negotiated six  
40 master agreements with incumbents trying to provide that service. So the model we have,  
41 whether in Southwest or Southside, is that, in my humble opinion, that we're driving  
42 down the cost of services, we're deploying greater facilities, whether it's long haul,  
43 backbone or fiber to the premises. I would respectfully suggest both models are working,  
44 probably pulling at it a different way. I think that's where we are.

1           You, Mr. Secretary, have seen greater interest in the region where we have  
2 Fortune 100 companies now looking at us as compared to other years, we couldn't even  
3 get them on an airplane to fly in. I think that is the end desire, and both regions are a  
4 little different, but still achieving the same purpose.

5           DELEGATE WRIGHT: Mr. Chairman, I might point out  
6 that Secretary Schewel asked a very good question, and the way I see the answer to the  
7 question is that Mr. Owen asked several times for a report on exactly how the work was  
8 progressing for the Technology end of this program. When we received the reports from  
9 the consultants, when we learned, or when I learned, that it actually already had started to  
10 do the last mile and cost 18 hundred dollars per person, and this is a departure from the  
11 original intent of the Tobacco Commission, as I understood it. The backbone  
12 infrastructure was going to be funded with the Tobacco Commission, then high-speeds  
13 and CLEC's was going to be the last mile. That's the whole question. This last mile is  
14 extremely expensive. If we make this obligation at this time, let's be clear. If we're going  
15 to agree to fund this last mile to these households, and that projected cost, there is still no  
16 set way to provide the last mile to Southside, and that does concern me.

17           DELEGATE HOGAN: Let me approach this a little  
18 differently. In Southside we said very clearly we were going to start out then by building  
19 the backbone and working out from there, and one of the things we're going to take up  
20 next month is how do we go about facilitating the last mile solution in Southside, and I  
21 think we've got some good opportunities to do that. In Southwest I don't remember  
22 anyone ever saying that they were going to do backbone, and that is because they were  
23 already in the midst of doing this project when we started four or five years ago. So they  
24 have already spent money on the backbone. To the extent that money is fundable, we're  
25 trying to get a whole solution, which includes backbone and last mile, including several  
26 other pieces. I think you have to look at where they were to start with. I think it is  
27 probably inaccurate to say that in Southwest Virginia there was a commitment to use this  
28 money to fund the last mile and backbone, because they already funded the backbone  
29 with their own resources, which we have not done in Southside. I think maybe there is  
30 some confusion as to where that came from, and I think it is important everyone realize  
31 that.

32           MR. OWEN: Mr. Chairman, a portion of these grants for  
33 the last mile fiber to the premises, and that was my concern yesterday relating to costs,  
34 fairness; EDA doesn't consider these economic development activity.

35           There is one matter I'd like to emphasize here and to follow up with  
36 Delegate Wright and Secretary Schewel's comments, and that is the matter of open  
37 access. In theory, the backbone from LENOWISCO and Bristol, Virginia and Scott  
38 County are in theory open access. It is creating monopolies in terms of  
39 telecommunication.

40  
41           NOTE: The meeting is recessed during a fire drill,  
42 thereupon, the meeting continues, viz:

43

1 SENATOR HAWKINS: Let's see, we're back in session.  
2 We were talking about the telecommunication piece, and I believe Delegate Hogan was  
3 speaking.

4 MR. OWEN: I was stating my objection, Mr. Chairman,  
5 due to the fact that the backbone operators in these sections of Southwest Virginia will be  
6 also be the last mile operators providing telecommunication cable and broadband  
7 services, and I think that will forestall any ISP's, CLEC's or other providers from coming  
8 in. Cherry pick desirable parts provided from these subsidized providers without the  
9 opportunity for other private entrepreneur entities from coming in. In theory it is open,  
10 but in practice I think it will not be the case.

11 SENATOR HAWKINS: Any other comments?

12 DELEGATE KILGORE: I would disagree. It will help  
13 bring the price down. It will bring the price down to allow others to come in and  
14 participate in this. That's where we disagree.

15 SENATOR HAWKINS: Any other discussion?

16 SECRETARY SCHEWEL: Mr. Chairman, the overall  
17 concept of what this does, I had a very concrete example of this the other day. I was in  
18 Rose Hill in Lee County, and there is a large company that produces sterile wound  
19 treatment and some other technology and sophisticated medical devices there. Rose Hill  
20 is maybe three miles past Constitution Oaks. But the head of production, I was basically  
21 out there saying, how is it going, and what can we do for you, and that kind of stuff, and  
22 they said the problem seems to be telecommunications. That's cell service and broadband  
23 service and land line service, everything is a problem for them. In terms of their  
24 company that has worldwide production and worldwide distribution, for them if they  
25 have telecommunication problems, then we have telecommunication problems. It was  
26 struck home to me again the importance of this overall telecommunication project for  
27 communities all over the tobacco region. Rose Hill might be in a smaller county, but it is  
28 a typical problem all over the region.

29 SENATOR HAWKINS: Good point. Any other  
30 discussion? It's been moved and seconded that items 1 through 12 be adopted.  
31 Carthan, call the roll.

32 MR. CURRIN: Mr. Arthur?

33 MR. ARTHUR: Aye.

34 MR. CURRIN: Mr. Banner?

35 MR. BANNER: Yes.

36 MR. CURRIN: Secretary Bennett?

37 SECRETARY BENNETT: (No response.)

38 MR. CURRIN: Mr. Bryant?

39 MR. BRYANT: Aye.

40 MR. CURRIN: Delegate Byron?

41 DELEGATE BYRON: Aye.

42 MR. CURRIN: Commissioner Courter?

43 COMMISSIONER COURTER: Aye.

44 MR. CURRIN: Mr. Day?

1 MR. DAY: Aye.  
2 MR. CURRIN: Delegate Dudley?  
3 DELEGATE DUDLEY: Aye.  
4 MR. CURRIN: Mr. Fields?  
5 MR. FIELDS: (No response.)  
6 MR. CURRIN: Mr. Hite?  
7 MR. HITE: No.  
8 MR. CURRIN: Delegate Hogan?  
9 DELEGATE HOGAN: Aye.  
10 MR. CURRIN: Mr. Hopkins?  
11 MR. HOPKINS: Aye.  
12 MR. CURRIN: Mr. Jenkins?  
13 MR. JENKINS: Aye.  
14 MR. CURRIN: Delegate Johnson?  
15 DELEGATE JOHNSON: Aye.  
16 MR. CURRIN: Mr. Mayhew?  
17 MR. MAYHEW: Aye.  
18 MR. CURRIN: Mr. Montgomery?  
19 MR. MONTGOMERY: (No response.)  
20 MR. CURRIN: Mr. Moody?  
21 MR. MOODY: Aye.  
22 MR. CURRIN: Mr. Owen?  
23 MR. OWEN: No.  
24 MR. CURRIN: Mr. Owens?  
25 MR. OWENS: Aye.  
26 MR. CURRIN: Senator Puckett?  
27 SENATOR PUCKETT: Aye.  
28 MR. CURRIN: Senator Ruff?  
29 SENATOR RUFF: Aye.  
30 MR. CURRIN: Mr. Stallard?  
31 MR. STALLARD: Aye.  
32 MR. CURRIN: Secretary Schewel?  
33 SECRETARY SCHEWEL: Aye.  
34 MR. CURRIN: Mr. Taylor?  
35 MR. TAYLOR: No.  
36 MR. CURRIN: Mr. Thompson?  
37 MR. THOMPSON: Aye.  
38 MR. CURRIN: Mr. Walker?  
39 MR. WALKER: Aye.  
40 MR. CURRIN: Senator Wampler?  
41 SENATOR WAMPLER: Aye.  
42 MR. CURRIN: Mr. West?  
43 MR. WEST: (No response.)  
44 MR. CURRIN: Delegate Wright?

1 DELEGATE WRIGHT: No.  
2 MR. CURRIN: Mr. Vice Chairman?  
3 DELEGATE KILGORE: Aye.  
4 MR. CURRIN: Mr. Chairman?  
5 SENATOR HAWKINS: Aye.

6 The motion carries. Thank you all.  
7 Let me say one thing, we have a charge as a Commission to come up with  
8 innovative ideas, and to do one thing and one thing only. That is to put in place the best  
9 economic opportunities we can put in place for the people we represent. We have to go  
10 that extra mile and try to understand what we're dealing with when it comes to the great  
11 diversity of the counties we represent. I think this discussion today has been very  
12 helpful. Not all of us are going to agree all of the time on all the details, but we do agree  
13 on one thing: the people that we represent deserve the same opportunities, same choices  
14 and same options in life as anyone else in this Commonwealth. We need to have an  
15 understanding that not everyone is going to agree. We've also got to understand that we  
16 have to improve the economy and give everyone an opportunity.

17 Yes, sir.  
18 DELEGATE HOGAN: We've got two more projects, help  
19 VECTEC Business Development. The last item on the list is basically a carryover and  
20 more of a housekeeping matter, finish funding the 15 million-dollar projects we voted on  
21 last time. They were approved --

22 SENATOR HAWKINS: -- That's items 15 and 16?

23 DELEGATE HOGAN: Yes.

24 SENATOR HAWKINS: Items 15 and 16 on the sheet  
25 before you adopted in a block. It's been moved and seconded, any discussion? All in  
26 favor say aye? (Ayes.) Opposed? (No response.) That's 15 and 16.

27 All right, moving on in the agenda. Moving on, the Education Report  
28 from Senator Ruff.

29 SENATOR RUFF: Mr. Chairman, thank you. You will  
30 recall the Education Budget was 9.5 million for Fiscal 2006. We asked you at the  
31 January meeting to approve 3.8 million for the four-year scholarships at the time so that  
32 Rachel and her folks could go ahead and in an orderly fashion and get those scholarships  
33 out and get those applications in in May for the fall. That left us with a balance of 5.7  
34 million dollars we attempted to deal with this morning. We tried to balance between our  
35 belief that scholarships are the most important thing at both the four-year and two-year  
36 level as we did in the Education Committee and balance that with the need to be fiscally  
37 responsible. Therefore, I have two motions.

38 The first one is to put 2.8 million into the community colleges'  
39 scholarships. That's four hundred thousand apiece, which would be level funding from  
40 what we've done in the past, and the applications for that would be due October the 1st,  
41 so that the Full Commission could approve them in the October meeting. So, I so move.

42 SENATOR PUCKETT: I'll second.

1 SENATOR HAWKINS: It's been moved and seconded.  
2 Does everyone understand the motion? Any discussion? All in favor say aye? (Ayes.)  
3 Opposed? (No response.)

4 SENATOR RUFF: Mr. Chairman, the second motion is to  
5 put 2.8 million for the Southside Virginia scholarships for the year 06/07 and set that  
6 aside. In that motion, that will effectively eliminate any money we have for the year. As  
7 that motion goes forward, we would ask that the Executive Committee review and  
8 consider adjustments to the current budget, because that will leave us still one million  
9 dollars over-obligated. As we move forward, we would like to clean things up as much as  
10 possible.

11 SENATOR HAWKINS: I think you're absolutely correct.  
12 We'll seek some funding mechanism as the Executive Committee meets to have a funding  
13 stream in place that meets the actual calendar dates you're dealing with, rather than  
14 having any scholarships interrupted, and so there will be an understanding of exactly  
15 what we're doing. We have been out of sync for quite a while, and we need to get back  
16 into getting the money in place and make sure that works. I will assure you that the  
17 Executive Committee will deal with that as quickly as possible.

18 SENATOR RUFF: Mr. Chairman, the motion is the 2.8  
19 million be set aside for the four-year scholarships in the year 06/07.

20 SENATOR HAWKINS: Any discussion? It's been moved  
21 --

22 SENATOR WAMPLER: -- Second.

23 SENATOR HAWKINS: It's been moved and seconded.  
24 All in favor say aye? (Ayes.) Opposed? (No response.)

25 SENATOR RUFF: That completes my report.

26 SENATOR HAWKINS: Thank you. Senator Wampler,  
27 Special Projects.

28 SENATOR WAMPLER: Mr. Chairman and members of  
29 the Commission, the Special Projects Committee met. We had considerable discussion,  
30 and there were fourteen items that we recommended. I would draw your attention to the  
31 Staff document that was in your manila folder last night. The spreadsheet in your blue  
32 binder that was advanced to you before the meeting is not entirely accurate, and there are  
33 a couple of modifications.

34 A couple of quick observations before we get into the examination of the  
35 block, which are the recommendations of the Committee. First, we have some 17 million  
36 dollars of securitized funds that were transferred from a previous meeting year. What I  
37 understood the guidance from the Full Commission to be on that at our last meeting was  
38 to be very cautious in the use of those proceeds. As a result of the block that we will  
39 present to you today, roughly 6.6 million leaving a rather sizable balance for  
40 consideration, for Special Projects, or one of the other committees that may need them.  
41 So that's one of the discussions we had.

42 We also maximized, we had Staff have bond counsel offer an opinion with  
43 regard to maximizing the securitized proceeds. In three cases we said that if it was  
44 questionable whether or not you can use securitized proceeds, we then deferred to the

1 unrestricted or unsecuritized proceeds to complete the projects in a timely manner, and  
2 we were very mindful of that.

3 The flavor of the projects you see today are those that are new and existing  
4 applicants. You will see when we support our regional marketing initiatives, at least two  
5 of the projects provide immediate job creation. The balance probably fall under the  
6 category of investment and infrastructure, whether it is utilities or water, sewer, electric  
7 or rural development, which is not altogether what we have done before.

8 Mr. Chairman, if I could do that, I would draw the Commission's attention  
9 to the block of recommendations, and at the request of the applicant, the Floyd County  
10 Board of Supervisors asked us to defer the 100 thousand dollar recommendation that had  
11 to do with a water system that primarily focused on the fire suppression, and they think  
12 there may be a better way of doing that. So, with the concurrence of the applicant, the  
13 Floyd County Board of Supervisors, I'll recommend to the Commission we defer that  
14 until October.

15 Mr. Chairman, the remaining 13 projects, we can move them in as a block,  
16 Mr. Chairman, and be ready to answer any questions or comments that are offered.

17 SENATOR HAWKINS: So your motion is that we adopt  
18 the block, all the recommends on this page except for the Floyd County Board of  
19 Supervisors Fire Suppression System, is that correct?

20 SENATOR WAMPLER: Yes.

21 SENATOR HAWKINS: Is there a second? There is a  
22 second. Any discussion on that recommendation?

23 MR. HITE: Yes, sir. Would you expand a little bit on this  
24 Feasibility Study for Mega-Industrial Sites?

25 SENATOR WAMPLER: Yes, I will. I'd ask Tim if he  
26 would come to the podium and clarify any of my comments, if need be.

27 We had previously allocated money from this Commission, along with  
28 Secretary Schewel's office, to try to determine within Southside and Southwest an  
29 opportunity to see if we had land or a site available for an automobile manufacturing  
30 facility. The discussion in the sub-committee was that we will either be very right, or  
31 we'll spend money to determine we're not competitive in that process. So what these  
32 additional funds will be doing is leveraging, I believe it's community development, Mr.  
33 Secretary.

34 SECRETARY SCHEWEL: Yes.

35 SENATOR WAMPLER: My question was, the final  
36 recommendation will be at the point where we know whether or not we are a player in  
37 any ball game when it comes to trying to attract a major automobile manufacturer.

38 SENATOR HAWKINS: Does that answer your question?

39 MR. HITE: Yes, I assume we talked about it, but I guess  
40 that's going in the right direction.

41 SECRETARY SCHEWEL: Mr. Chairman, following up on  
42 what Senator Wampler was saying. One of the things we're trying to do, but what we  
43 hope some prospects would see, and in talking to consultants in the business world, and  
44 we would have to have a location. They would want to know what kind of locations do

1 we have in the state, and we have to know what they were looking for. We would ask  
2 them, if you were building an automobile manufacturing plant, or if you were advising an  
3 automobile company, what would be the key criteria you would be looking for? What is  
4 the key criteria for you? And, then, where is it? So we go out with these keys and find  
5 out what people in the business are saying are key factors, and do we have that location.  
6 That's what we're trying to do, if it is possible to have a location that they would be  
7 interested in.

8 SENATOR HAWKINS: Any questions about the  
9 recommendations from Special Projects? It's been moved and seconded to approve the  
10 list of recommendations, with the exception of Floyd County. All in favor say aye?  
11 (Ayes.) Opposed? (No response.) So ordered.

12 SENATOR WAMPLER: Mr. Chairman, that completes our  
13 report, other than to say that the Special Projects Committee has a rather large balance of  
14 unsecuritized dollars, and when the Executive Committee meets and makes  
15 recommendations how to allocate funds, just understand, Mr. Chairman, we need  
16 unsecuritized dollars for many of the applications we approved today. We also need that  
17 flexibility, and we've got to understand we have to share that to make the entire  
18 Commission work.

19 SENATOR HAWKINS: I'm sure Mr. Day will come up  
20 with recommendations.

21 SENATOR WAMPLER: The Staff did a great job coming  
22 up with these. They were more clear and more focused. I just want to compliment the  
23 Staff for the work they did on this.

24 SENATOR HAWKINS: We have a great staff.  
25 Delegate Kilgore.

26 DELEGATE KILGORE: I believe you all have an  
27 envelope before you, and also the Southwest Economic Development Committee's report.  
28 We met on July 8th, and we had a long meeting, and you have the Committee  
29 recommendations before you. The one concerning the Appalachian Authors Guild, we  
30 had made an offer of 25 thousand if they could secure their IRS non-profit status  
31 approved by today's date, and that did not happen. We had taken 25 thousand from the  
32 Saltville Foundation and moved it to the Appalachian Authors Guild.

33 The first motion I would like to make is to move that 25 thousand back  
34 down to the Saltville Foundation, which is the third up from the bottom of your sheet on  
35 the first page. That would make that 100 thousand. I'd make that motion.

36 SENATOR PUCKETT: Second.

37 SENATOR HAWKINS: It's been moved and seconded,  
38 Saltville Foundation would receive 25 thousand that is being transferred back to them.  
39 All in favor say aye? (Ayes.) Opposed, no? (No response.)

40 DELEGATE KILGORE: Mr. Chairman, one more  
41 addendum we have to the sheet. Saltville, Virginia, they had applied for a TROF request,  
42 which was below our threshold, and we had no authority to use the TROF. There are 16  
43 jobs, and they are real jobs, in Saltville, Virginia. We believe it is important enough that  
44 the Southwest Economic Development is going to move to make an award using our

1 money. Ned did the analysis, and it came back that the analysis would not support it if  
2 they had been eligible for the TROF, the 35 thousand, and they requested 78. We're  
3 going to ask that you all make an amendment to our report and request that we be  
4 allowed to create jobs in Saltville at the 35 thousand dollar threshold that Ned had stated  
5 would be in compliance with the guidelines.

6 SENATOR HAWKINS: It's been moved and seconded.  
7 Any discussion? All those in favor say aye? (Ayes.) Opposed? (No response.)

8 DELEGATE KILGORE: That would complete my  
9 amendment. I'd make a motion we vote on the block on these other Economic  
10 Development recommendations by the Committee.

11 SENATOR HAWKINS: Is there a second?

12 MR. BANNER: Second.

13 SENATOR HAWKINS: It's been moved and seconded that  
14 recommendations from the Southwest Economic Development Committee be accepted  
15 ,with the noted exception we've already voted on.

16 DELEGATE KILGORE: I have one more thing to  
17 mention, Mr. Chairman.

18 Mr. Chairman, I'd like to withdraw my motion to approve the block.

19 SENATOR HAWKINS: There's a motion to withdraw the  
20 motion before us.

21 MR. BANNER: I'll withdraw my second.

22 DELEGATE KILGORE: Item Number 6, the Town of  
23 Damascus, if we could defer that and move that 250 thousand out of the block. We want  
24 to defer that, we had some questions on that one. We want to move it out of the block,  
25 and I so move.

26 SENATOR HAWKINS: There is a recommendation from  
27 the Southwest Economic Development Committee, with the exception of the Town of  
28 Damascus being removed, and the others have been noted. It's been moved. Was there a  
29 second?

30 MR. BANNER: Second.

31 SENATOR HAWKINS: It's been moved and seconded that  
32 the recommendations as modified be accepted. Discussion? All those in favor say aye ?  
33 (Ayes.) Opposed? (No response.)

34 MR. THOMPSON: Mr. Chairman, I want the record to  
35 note that I abstained from voting on the Town of Marion and Tazewell County.

36 SENATOR HAWKINS: Let the record reflect that Mr.  
37 Thompson refrained because of a potential conflict.

38 That takes us down to the Executive Director's Report.

39 MR. CURRIN: I promise to be brief. A housekeeping  
40 matter. Lunch will be served in the room behind us for the Commission members at  
41 twelve o'clock.

42 Mr. Chairman, as far as the grant cycle is concerned, Southside Economic  
43 Development grant cycle ends September 1st, and they will be able to award  
44 approximately 14 million dollars from Fiscal Year 05 MSA payment. The five counties

1 with the lowest allocation will compete for approximately 250 thousand of that total. The  
2 Staff conducted a workshop August the 1st attended by approximately three dozen of  
3 those constituents in Southside.

4 The Agribusiness grant cycle is November the 1st, and we will award  
5 approximately 900 thousand in Fiscal Year '06.

6 The Southwest Economic Development grant cycle deadline is March 1,  
7 2006. These will be awarded securitized proceeds and earnings restricted to capital  
8 funds.

9 On the sheet before you there are two ongoing initiatives with evaluations  
10 under way. One is the four-year Scholarship Program and Workforce Development  
11 Issues. These are major initiatives.

12 As I depart today, I would really like to stress the importance of the  
13 Commission remaining active with these initiatives that we have been working on for  
14 some time.

15 Mr. Chairman, this is the 29th meeting of the Full Commission, and my  
16 last as your Executive Director. I'd like to take a few moments to express my  
17 appreciation. First and foremost, I would like to express my gratitude and appreciation to  
18 former Governor Gilmore and Governor Warner for conveying their confidence in me for  
19 nearly six years. I would like to express my thanks and appreciation to our Staff for their  
20 hard work and dedication to me and to the Commission.

21 I'd also like to thank the Attorney General's Office for keeping me out of  
22 jail for nearly six years, for getting me out of a parking ticket in South Hill, dealing with  
23 a robust deputy sheriff and an array of other issues, professionally and most  
24 appropriately, for their friendship. Senator Puckett correctly said to those professionals in  
25 Southside and Southwest Virginia.

26 I'd like to thank Secretary Schewel, I reported to him, and it has been a  
27 privilege to work with him during this administration.

28 Finally, I'd like to thank the Vice Chairman and the Chairman for their  
29 friendship and leadership, thank you.

30 SENATOR HAWKINS: Last night we had some  
31 comments about Carthan and his retirement. Once again, thank you for what you have  
32 been able to do for this Commission and what we accomplished. I want to stop for a  
33 minute and reflect on several things. We were given a charge back a couple of years ago  
34 by the General Assembly of Virginia to come up with a mechanism, 50 percent of the  
35 Master Settlement money, and invest it in the tobacco-dependent regions. That was  
36 pretty big. We were told we would have as much flexibility as we needed to have to  
37 accomplish that goal. The General Assembly had enough confidence in us to give us  
38 leeway, which I think reflects on what we were able to do in the legislative process.  
39 Carthan was the first one appointed to be able to oversee what has turned out to be  
40 extensive operations. Starting from an absolutely blank page with no guidelines from any  
41 other state as to how we would approach this problem, understanding that our economies  
42 were collapsing in Southside and Southwest Virginia, not only were we hit with tobacco  
43 problems, but we had textile problems, we had furniture problems. Everything we dealt  
44 with historically was falling around our ears. We had to do something immediately to try

1 to stabilize the economy; if not, we would continue to become poorer and poorer and  
2 poorer, less educated, older and older, and that's not a model for our citizens.

3 We started out trying to figure out what to do under Carthan's leadership.  
4 Under that leadership we have been able to come together and understand diversity is our  
5 strength, and we've been able to approach each problem based on a lot of uniquenesses of  
6 these areas and maintain a certain quality of life for the people that we represent. We've  
7 invested untold millions of dollars into an economy that would have collapsed without  
8 the money. We have enabled localities access to education and telecommunications and  
9 job opportunities that would not have been. Working with administrations that have  
10 come along with us, we've been able to enhance the Governor's Opportunity Funds.  
11 We've been able to help with scholarship money. I think we have made a difference in  
12 people's lives, due in no small part to Carthan's work.

13 It takes a unique talent to oversee all these counties in our tobacco region  
14 and these millions of dollars. We have legislators that probably demand a little more, and  
15 I imagine that Carthan felt sometimes like it was Jello, because it's almost impossible to  
16 get a handle around it. Carthan, you've done an outstanding job, and I know Carthan will  
17 be very successful in anything that he does. I look forward to working with him as he  
18 enters into his next phase, and Mary Cabell the same. Mary Cabell has been with us, and  
19 she has been able to bring a certain grace and style and class that Carthan has lacked --  
20 (Applause) -- that we sorely need. And, having said that, ladies and gentlemen --

21 DELEGATE KILGORE: -- Mr. Chairman, let me say that  
22 on behalf of Southwest, we truly appreciate Carthan's hard work and all those trips down  
23 to Southwest Virginia checking on things, making sure that things ran as smooth as  
24 possible. We appreciate your hard work and your numerous phone calls and e-mails and  
25 faxes, and all of that. Carthan, you're going to be missed, thank you.

26 MR. DAY: Mr. Chairman, I would at this point like to  
27 propose a resolution of commendation expressing our appreciation to these two  
28 individuals for a job well done, and, on a personal level, our affection for them. I'll make  
29 that in the form of a motion.

30 MR. OWENS: Second.

31 SENATOR HAWKINS: It's been moved and seconded the  
32 resolution be drafted. All in favor say aye? (Ayes.) Opposed? (No response.)

33 Now, public comment, is there anyone that would like to make a statement  
34 at this time? We're open for public comments. Going once --

35 SENATOR WAMPLER: Mr. Chairman, if I could just say  
36 that if Carthan has been successful, it's because of our Staff. The army trains leaders, and  
37 they're expendable. Carthan has left his DNA on this Commission, and both regions will  
38 prosper as a result. His Staff has answered that call every day. Carthan has answered that  
39 call, and whatever the leadership of the Commission looks like in the future, Carthan will  
40 leave a tremendous legacy. I know if it wasn't for the Staff, Carthan would not have been  
41 as successful as he has been. So, I'd say thank you for our most competent Staff, and I'd  
42 put them up against any other state agency, and we can be very proud of them.

43 SENATOR HAWKINS: No question about that.  
44 (Applause.) Leadership comes and goes, and legislators come and go. Hopefully, the

1 Commission's charge will be there in generations to come. Certainly, the Staff has a big  
2 part to play in that. We've certainly accomplished a lot, and we have a lot more to do.

3 All right, public comments, going once, going twice. We're adjourned.  
4

5 PROCEEDINGS CONCLUDED.  
6

7 CERTIFICATE OF THE COURT REPORTER  
8

9  
10 I, Medford W. Howard, Registered Professional Reporter  
11 and Notary Public for the State of Virginia at large, do hereby certify that I was the court  
12 reporter who took down and transcribed the proceedings of the **Virginia Tobacco**  
13 **Indemnification and Community Revitalization Commission Full Commission**  
14 **Meeting when held on Thursday, August 18, 2005 at 10:00 a.m. in the Dorrill Lee**  
15 **Grand Dining Room, Longwood University, Farmville, Virginia.**

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

18 Given under my hand this 25th day of August, 2005.  
19  
20  
21  
22

23 \_\_\_\_\_  
24 Medford W. Howard  
25 Registered Professional Reporter  
26 Notary Public for the State of Virginia at Large  
27

28  
29 My Commission Expires: October 31, 2006.  
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