

1 VIRGINIA TOBACCO INDEMNIFICATION AND  
2 COMMUNITY REVITALIZATION COMMISSION

3  
4 **SOUTHSIDE ECONOMIC DEVELOPMENT**  
5 **COMMITTEE**

6  
7 MONDAY, NOVEMBER 18, 2002 - 10:00 a.m.

8 Southern Virginia Higher Education Center

9  
10 Members Present

11 Thomas W. Arthur, Committee Chairman

12 Senator Frank M. Ruff, Vice Chairman

13 Delegate Thomas C. Wright, Jr.

14 Delegate Clarke N. Hogan

15 The Honorable Gary D. Walker

16 Tucker C. Watkins

17 John T. Taylor

18 Senator Charles R. Hawkins, Commission Chairman (not a Committee  
19 member)

20  
21 Staff

22 Carthan F. Currin, III, Executive Director

23 Mary Cabell Sherrod, Manager of Communications & Committee  
24 Operations

25 Tim Pfohl, Grants Manager

26 Stephanie S. Wass, Director of Finance

27 Anne Marie Cushmac, Senior Assistant Attorney General

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29 **MR. ARTHUR:** I'm going to call this meeting to order of the  
30 Southside Economic Development Committee. My name is Tom Arthur,  
31 Chairman of the Committee, Senator Ruff is the Vice Chairman. I'd like  
32 to thank all of you for being here. I'd like you all to know up front this is  
33 a housekeeping meeting concerning some decisions that need to be made  
34 on how we're going to allocate the funds. There will not be a whole lot  
35 of opportunity for contributions from business but at the end of the  
36 meeting I'm going to open the floor for a question and answer session. I  
37 hope you'll keep those short. I'd like to get this meeting and the  
38 housekeeping done and we're out of here. I thank you all again for

1 coming and the members of the committee thank you for being here. Mr.  
2 Currin, would you call the roll?

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4 **MR. CURRIN:** Delegate Hogan?

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6 **DELEGATE HOGAN:** Here.

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8 **MR. CURRIN:** Secretary Schewel (no response)

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10 **MR. CURRIN:** Senator Ruff?

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12 **SENATOR RUFF:** Here.

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14 **MR. CURRIN:** Mr. Taylor?

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16 **MR. TAYLOR:** Here.

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18 **MR. CURRIN:** Mr. Walker?

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20 **MR. WALKER:** Here.

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22 **MR. CURRIN:** Mr. Watkins?

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24 **MR. WATKINS:** Here.

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26 **MR. CURRIN:** Delegate Wright?

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28 **DELEGATE WRIGHT:** Here.

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30 **MR. CURRIN:** Mr. Chairman?

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32 **MR. ARTHUR:** Here.

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34 **MR. CURRIN:** You have a quorum.

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36 **MR. ARTHUR:** I'd like to have approval of the minutes, all of  
37 you should have gotten them prior to this meeting. We sent them out e-  
38 mail and we're going bring hardcopies to anyone that didn't get them.

39  
40 **MR. CURRIN:** Mr. Chairman, if I may, while we have a  
41 moment I wanted to introduce to the committee Tim Pfohl who has joined  
42 our staff as the Grants Manager. He will be instrumental in working with  
43 your committee Mr. Chairman, and the Southwest Committee and of  
44 course, the Full Commission. Also with these folks in all these various  
45 counties that we serve. So Tim, welcome again. Also Mr. Chairman and

1 just for the benefit of the audience, after the meeting or after the minutes  
2 are approved they'll be posted on our website as well.

3  
4 **MR. ARTHUR:** Any corrections or deletions or additions to the  
5 minutes?

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7 **SENATOR RUFF:** I move to accept the minutes as presented.

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9 **MR. WRIGHT:** Second.

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11 **MR. ARTHUR:** Motion is made and seconded that we approve  
12 the minutes as presented. All in favor signify by saying aye (aye's)  
13 opposed (no response). The minutes are approved.

14 Now we're coming to the housekeeping part that I mentioned  
15 earlier. This is a discussion of the 2003 Southside Formula Allocation.  
16 All of you here on the committee should have a sheet in front of you  
17 showing the '03 allocation scenarios we mentioned when we were in  
18 Abingdon and wanted to discuss in more detail. I hope you have a  
19 moment to take a look at them. The three scenarios as presented, the total  
20 amount of the allocation for Southside is \$25,736,000. If we as a  
21 committee hold back \$5,000,000 million you can see what the allocations  
22 are, if we hold back \$8,000,000 million you can see what the allocations,  
23 if we hold back \$10,000,000 million you can follow up and see what the  
24 allocations are. The reasons for doing this or even considering it as we  
25 discussed in Abingdon, was that there were some counties that practically  
26 have no allocations and some cities such as Martinsville, but they still  
27 exist in Southside and have the same problems that all the rest of us do in  
28 the larger counties with the larger allocations. When a county only has  
29 \$46,000 thousand dollars total then they don't have much of a chance of  
30 coming up with good projects that could really accomplish much with  
31 \$46,000 thousand dollars. The reason being that we discussed this was  
32 that in order to be fair across the board that we might hold back a portion  
33 as a stopgap measure in order to be fair to these areas. If they do come up  
34 with a good project then we could fund it. Even if it was a regional  
35 project we could still help fund it. We discussed 5 and 10 in Abingdon  
36 and we also decided to put in the 8 figure here so that you could look at it  
37 and see what the allocations for your areas might be. I personally would  
38 recommend \$8,000,000 million for reasons to have enough to fund  
39 reasonable projects in other areas and to be fair to those areas.  
40 Remember we don't lose this money and this money doesn't go away, it's  
41 always here and it's for our use. We as a committee can use it wherever  
42 we want. If it's a problem of wondering if we're going to lose the money  
43 if we don't allocate it that's not true. I am also a believer of the fact that  
44 revitalization money left in the bank is about as useless as campaign signs  
45 the day after the election. So, I've stated my opinion and throw the floor  
46 open for discussion.

1                   **DELEGATE WRIGHT:** Mr. Chairman.

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3                   **MR. ARTHUR:** Delegate Wright.

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5                   **DELEGATE WRIGHT:** I want to hear a little more discussion  
6 about this because in my opinion what it's doing is that it's reducing the  
7 allocation to my community. As far as the fairness of it, I think it's fair  
8 the way it is set up, the way the allotments have been set up in the past or  
9 the appropriation to each community. My area hasn't found any lack of  
10 proposals. So, I'm a little skeptical of it and I'll have to be more  
11 convinced than I am now before I'd be willing to see my area receive  
12 reduced funding till I hear of some needs in other areas that I think  
13 outweigh my own needs.

14  
15                   **SENATOR HAWKINS:** Mr. Chairman, building on that  
16 discussion I think probably if you look at the way the monies are set out  
17 in the formulary, when we first started the initial formulary it was based  
18 on the tobacco jobs which were in place and based on the money that was  
19 allocated to the counties and the indemnification part of the entire  
20 program. As the indemnification part is winding down more monies are  
21 coming into the economic development part we need to start looking at a  
22 different structure to give more flexibility. I don't see that holding some  
23 monies back denies any county access to these monies. I think they can  
24 be used district wise for all counties involved. If Mecklenburg,  
25 Lunenburg, Pittsylvania, Halifax has a need for some project up and  
26 beyond that which has already been funded, the mechanism they have in  
27 place for the basic infrastructure and the improvements to be able to do  
28 something out of the ordinary.

29                   There needs to be money someplace where they're able to address  
30 those problems. What I'm afraid is that we'll find ourselves just  
31 allocating monies based on formulary without looking at a long term plan  
32 or regional development which is what we need to be looking at. There's  
33 been more conversation started about how these monies are used. Long-  
34 term use particularly with the securitization aspect of it and other areas  
35 looking at us. We need to show a reasonable approach to jobs, a regional  
36 approach to economic development and what can we do to build on those  
37 basic pieces we already have in place. Initially Mr. Chairman, we put in  
38 place the special projects fund which off the top we'd be able to deal with  
39 projects. I think probably looking at the counties that we have and the  
40 needs out there. There may be times that the Halifax, Mecklenburg or  
41 Lunenburg or Brunswick counties would have a project that would strip  
42 them of what allocations they already set aside for some improvements  
43 and they would come back and ask for based on the project and based on  
44 the jobs and based on the criteria it would be up to us to approve it or  
45 reject it. So, every county would have access to these monies under the  
46 application process. I don't see it as denying anyone.

1                   Once we have some regional things we need to build on Mr.  
2 Chairman. I've been looking at other states and other activities that are  
3 going on and I'm still convinced that if we plan to build an economy in  
4 this century we have to go back to our base and start figuring out  
5 someway that we can develop an entrepreneurial spirit back into the areas  
6 and increase ownership and new board rooms back to Southside,  
7 Virginia. Without ownership we have very little control of our economic  
8 destiny. These monies would help disburse some sort of development  
9 projects that are owned locally to be able to create a new wealth structure  
10 that we need. What I'm afraid of is that if we leave these monies in place  
11 the way they are without any sort of approval counties may start  
12 competing against themselves for businesses and using these funds to  
13 outbid their neighbors, to be able to attract jobs and working against what  
14 we're trying to do regional wise. Attracting an industry by paying "X"  
15 amount of money for jobs outside the area the loyalty of that company is  
16 probably only as great as the next round of negotiations. We need to be  
17 cognizant of that fact.

18                   Mr. Chairman, we have a challenge that goes beyond just  
19 allocating monies and it's up to us to make sure that the determinations of  
20 this committee are such that any scrutiny that's placed on us would be  
21 very well borne out by the quality of judgments and the quality we can  
22 make of this economic development. This money is all the money we  
23 have for economic development and this is it. The state will not be able  
24 to do much for us in the next several years. What money we have access  
25 to is this money. I can assure you that everyone in the state of Virginia is  
26 looking at how we manage this money, and if we don't do something to  
27 create some sort of stable infrastructure region wide we will face a  
28 problem when it comes to selling this to the state of Virginia. Thank you,  
29 Mr. Chairman.

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31                   **DELEGATE HOGAN:** Mr. Chairman.

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33                   **MR. ARTHUR:** Delegate Hogan.

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35                   **DELEGATE HOGAN:** Perhaps this is a relevant time to bring  
36 this up and I asked Carthan and I think he said the staff was working on  
37 this. We have a fund for special projects that would fall under, I think  
38 certainly the things that the Senator spoke about. I guess I'm trying to  
39 find out right now how much money is in that fund, what that money has  
40 been spent on, how much is a carry over and how much is newly  
41 allocated and where that stands. I think it's a mistake to, I agree with the  
42 premise that the Senators say and I'm all for that. If we already have a  
43 fund set up to deal with those situations I think creating another one may  
44 create more problems than it solves.  
45

1           **SENATOR HAWKINS:** Southwest Virginia has done a  
2 different way and approached this money differently than we have. They  
3 have no formula at all, they go strictly based on merit applications to their  
4 committee. This is sort of a modified approach, giving some sort of  
5 accessibility to the monies that would not be available. I think there has  
6 to be a formula in place based on the minimum amount of monies for our  
7 localities to be able to plan. We have to have some flexibility with the  
8 committee to be able to work long term in Southside to.

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10           **MR. ARTHUR:** Senator Ruff.

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12           **SENATOR RUFF:** Mr. Chairman, the follow up on Clarke's  
13 position or question. I asked Stephanie to get in front of us where the  
14 special project money is going so we can have that data before us.  
15 Senator Hawkins, the only problem I see with or the biggest problem I  
16 see with your position is that there are some counties in the Southside  
17 area that have no representation at all and they have no voice in this  
18 committee. There are other counties that have far more of a voice in the  
19 Full Commission and obviously you're well aware that the reason we  
20 came up with the formula is that so nobody would get mistreated. If  
21 we're sitting down in the committee and no one's here from Dinwiddie  
22 and Sussex and Greenville then Dinwiddie, Sussex and Greenville are  
23 going to lose out on this formula. Our special projects are going to take  
24 precedence over their special projects. I don't know how you get around  
25 that situation.

26  
27           **MR. ARTHUR:** I might mention also that special projects has a  
28 definition that does not fit into the county allocation scenario and that's  
29 why there is a special projects. If you take these areas or if that project is  
30 strictly a local project and it doesn't really fit our definition in the past as  
31 special projects because special projects has normally been a regional  
32 approach Delegate Hogan, that's the only thing and I don't see that  
33 there's really an overlap.

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35           **DELEGATE HOGAN:** Mr. Chairman?

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37           **MR. ARTHUR:** Yes, go ahead.

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39           **DELEGATE HOGAN:** We should have this information from  
40 Stephanie.

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42           **MS. WASS:** I can lift it off for you because it's not on –

43  
44           **DELEGATE HOGAN:** -- just to give us an idea. I think if you  
45 would look at money we allocated in Abingdon for Washington County's  
46 industrial park that went under special projects and that wouldn't meet

1 anyone else's definition of special projects. Although I certainly support  
2 them in what they're doing. But this biggest special project that I was  
3 aware of was the water and sewer run that was done in the western part of  
4 this county and the eastern part of Pittsylvania. I think that clearly could  
5 have fit under the counties allocation if we wanted to do it that way. I  
6 guess what I'm saying is I'm all for regional projects as long as they're in  
7 my district. It's funny to say that but I think it's ludicrous and in all  
8 honesty if we're going to be honest about it we have to realize we're  
9 going to be biased when it comes to our home. This formula was put in  
10 place to keep that very same thing from happening. I think we ought to  
11 be awful careful about stirring that up.

12 Now, we went through this last year and I was brand new and they  
13 threw this stack of stuff at me and said here what do you think about all  
14 this stuff. In the following 12 months I know in the counties that I  
15 represent I worked awfully hard so that we got good proposals to bring to  
16 the board and a good way to use that money. The proof of that comes in  
17 January, okay but if we start messing with this formulary we need to have  
18 some real clear ideas about what that money's going to be spent on, how  
19 it's going to be allocated. For me to support it at any level at the \$50,000  
20 thousand dollar level it's going to have to be more defined than, we've  
21 got some problems that we might want to study some more sometime, but  
22 that's my opinion. We need more detail information.

23  
24 **MR. WATKINS:** Mr. Chairman, last year we sat in the meeting  
25 of the allocation meeting. One of the projects you talked about and I  
26 talked about and then the others talked about is that we didn't have a  
27 defined enough set of things that we were going to tell the communities  
28 that were acceptable or not and because of that we got applications that  
29 were way outside the realm of what we wanted to look at. Instead of  
30 going forward and talking about them and having a meeting to define  
31 what those things were going to be, to me this is a step backward. We're  
32 going back and setting up a program that none of us have any clue where  
33 this money is going to be used. I look at the communities I travel in and I  
34 use Brunswick County for example, one of the most impacted  
35 communities. Look at the impact on Brunswick County. They don't  
36 have anybody sitting on this Commission. I take that back, they have two  
37 representatives but they don't have anyone that lives in Brunswick on this  
38 Commission. We have to be very, very cautious when we mess with  
39 these formularies because they're involved with where the impact was.  
40 We need to make sure and I love Martinsville to death, they're not  
41 included because they didn't have an impact. They had impacts from  
42 other things but they didn't have a tobacco impact. We need to make  
43 sure that those communities that were impacted the hardest from tobacco  
44 losses get their fair share. I think the formulary was well set up and  
45 monies were taken off the top for special projects and many other things  
46 and I think those were very good and we've got to be very, very careful.

1 I'd want to see before I could support this, an absolute set of guidelines  
2 on where this money was going to be, who is going to control it, where it  
3 was going to be spent in the future. Just to say to set it aside for  
4 something in the future and I don't have a clue what it's for, I just can't  
5 support it.

6  
7 **DELEGATE WRIGHT:** Mr. Chairman?

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9 **MR. ARTHUR:** Yes, Mr. Wright.

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11 **DELEGATE WRIGHT:** Mr. Chairman, just in a brief  
12 calculation here this formula, based on \$8,000,000 million dollars would  
13 cost the House District over \$2,000,000 million dollars. I'm satisfied  
14 with the way the formula is set up now. If we do any tinkering as far as  
15 special projects or getting these guidelines and so forth, we want to look  
16 at that but again, I haven't heard anything that has changed my mind. I  
17 think it needs to stay basically like it is, my area can't afford to give too  
18 much.

19  
20 **MR. WALKER:** Mr. Chairman.

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22 **MR. ARTHUR:** Gary.

23  
24 **MR. WALKER:** I wanted to ask you and from your opening  
25 statement you were concerned about the areas that had very little money  
26 to work with.

27  
28 **MR. ARTHUR:** Yes.

29  
30 **MR. WALKER:** Why don't we consider some form of quota,  
31 each of these areas like Appomattox, Buckingham, Cumberland and  
32 Brunswick and Lunenburg, we could, maybe we should set a minimum  
33 amount that they're going to get so they have a piece of mind that they  
34 get enough to do something. If those are your concerns the counties that  
35 don't have a lot of allotment and don't have too much money to work  
36 with why don't we give them at least a minimum amount of money to  
37 work with?

38  
39 **MR. ARTHUR:** That's an approach I hadn't considered that  
40 before.

41  
42 **MR. CURRIN:** Just to echo what Mr. Walker said. You have  
43 three cities in Southside Virginia, which are Emporia, Martinsville and  
44 Bedford City that are not in the formula.

45  
46 **DELEGATE HOGAN:** Why not?

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2           **MR. CURRIN:** When this was created there were several  
3 factors. One was the active warehouse designation and Danville City was  
4 the only one with that mix. Mr. Walker said Martinsville but that  
5 included also Emporia City as far as tobacco. Right now there's no  
6 simple and easy way for the three cities to come to us for an application  
7 for special projects, the staff feels it's awkward.  
8

9           **SENATOR HAWKINS:** Mr. Chairman, continuing on that  
10 point. I think the point's been well made but what we need to understand  
11 about this approach and these monies is that I have tried or what I've tried  
12 to do since I've been on the Commission is to be as fair in this approach  
13 as possible to make sure that monies are available for projects when they  
14 came along. We do have some premier projects that can be certainly  
15 classified as special projects in the nature of the Bioinformatics, the e58  
16 project is another one, access to telecommunications we are working on  
17 and at a competitive price. But I think that in fact we get in to a  
18 discussion on the formulary we need to all be able to have a full  
19 understanding of the charge we have and where we plan to be in two,  
20 three or four or five years out. When you look at this formulary I think it  
21 has served us well and will continue to serve us well. Each locality needs  
22 to have an understanding of the amount of money that they are allocated  
23 and have those monies go through the normal process. If we don't do  
24 something in order to be able to address special needs that come up we  
25 may find ourselves trying to defend something in a few years that may be  
26 very difficult or we could transfer more money to special projects and use  
27 it from that, that may be something we can do to make sure we address  
28 these needs by putting everything in special projects. I think Mr.  
29 Chairman was correct in saying that it had the flexibility of this  
30 committee to make the decisions on how this money is allocated for  
31 applications that come through the Commission or you, we're the ones  
32 that decide how the money is to be spent. To have the diversity around  
33 the table to be able to look at Amelia or Dinwiddie or Pittsylvania  
34 County, when it comes to something that's extraordinary and up and  
35 beyond the basic monies that have been allocated it would probably be  
36 helpful to have some sort of access to some monies regardless of what, to  
37 be able to address that particular problem. If you want to go to special  
38 projects that's certainly an approach. We have got to have flexibility,  
39 we've got to be able to do things in a more targeted manner to deal with  
40 the problems that come up due to trying to work across county lines and  
41 trying to work across jurisdictional lines and trying to make sure that we  
42 have as much access to working together with boards of supervisors and  
43 city councils to bring that regional approach that we so desperately need.  
44 This money is to be used for that. So, anything we can do to start the  
45 discussion along these lines I think would be helpful Mr. Chairman, but  
46 we need to understand that we're the ones that make the decisions and no

1 one else. The diversity along this Commission is based on geographic  
2 lines so we have a voice as to how the monies are allocated and the  
3 formula we have today is based on our opinion.  
4

5 **MR. ARTHUR:** Thank you.  
6

7 **SENATOR RUFF:** Mr. Chairman.  
8

9 **MR. ARTHUR:** Senator Ruff.  
10

11 **SENATOR RUFF:** Under concepts for consideration and under  
12 the discussion there's a couple of items listed, could we have some  
13 discussion on those items?  
14

15 **MR. ARTHUR:** Yes, I don't see why not. Marketing and capital  
16 access fund, that's something we're going to consider.  
17

18 **SENATOR RUFF:** My concern is that I'm not willing to say  
19 that we can put aside some money for maybe if it's hurting those counties  
20 that currently have the highest unemployment right now. We have a  
21 problem in much of Southside and in some areas more than others that  
22 has to be addressed as quickly as possible to have some immediate effect.  
23 I believe we ought to be looking at some regional things and we ought to  
24 talk about capital access and things that we know will create jobs. I'm  
25 not sure how far.  
26

27 **MR. ARTHUR:** Thank you, Senator Ruff. Tommy, I don't think  
28 we're here or have any intention of trying to hurt any one particular area  
29 because actually the money is still here and in fact your area could in fact  
30 get more money than it would have if they come up with a project. It's at  
31 our discretion to approve or disapprove it. Maybe \$8,000,000 million  
32 would be too much, maybe 5, maybe 3, I just don't know but that's what  
33 we're here today to talk about. Delegate Hogan.  
34

35 **DELEGATE HOGAN:** I guess I'll ask and maybe it's  
36 appropriate that when I look at the overall allocation that we looked at a  
37 minute ago for the fiscal year, let me find that page. Right now out of  
38 this total money of \$75,000,000 million dollars we're holding 26 for  
39 special projects, deal closings, education and revolving loans. I guess my  
40 concern is that you got a balance right now in special projects of  
41 \$10,000,000 million dollars and if we go forward for lack of the better  
42 word, our own special projects and I trust everything you say about this  
43 committee could be said for the special projects committee. Why are we  
44 not making sure that we're utilizing those resources to deal with concerns  
45 that are being raised here? I would not hesitate to go to the special  
46 projects committee right now. Some of the things we've done in the past

1 e58, VIR, Martinsville West Piedmont, Virginia Tech Bioinformatics and  
2 Bristol and that has to do with the deal closings out there, Gretna,  
3 Danville Wastewater. Maybe the e58 and the Bioinformatics could be  
4 defined as regional and everything else is pretty specific. Not that it does  
5 not benefit everybody but I think all this stuff benefits everyone to some  
6 point. Why do we want to set up another special projects fund when  
7 we've already got a special projects fund. If we don't think we're going  
8 to get a fair shake from special projects maybe we ought to look at that.  
9

10 **MR. ARTHUR:** Delegate Hogan, I'm trying to maintain some  
11 flexibility here within Southside. The main special projects committee is  
12 something for the entire board. This committee for Southside is to  
13 maintain some flexibility. If you go ahead and go strictly by the  
14 allocation which is great. Like I said, money in the bank is useless,  
15 revitalization has to be invested so that we can move forward. Without  
16 any flexibility and if something comes up after this is done, then they've  
17 got to go to the whole board special projects in order to get that done.  
18 We as a committee do not have any flexibility if you release the entire  
19 amount up front. We're not talking about a large amount relatively  
20 speaking, large to me, large sum of money relative to the whole big  
21 picture. Otherwise after we do this today we could disband this  
22 committee until next year. Any other comments?  
23

24 **SENATOR RUFF:** There are plenty of folks that work with  
25 economic development sitting out there. I would bet you lunch that every  
26 one of them, if we left \$10,000,000 million dollars on the table every one  
27 of them will come up with a fantastic proposal to spend that money.  
28

29 **MR. ARTHUR:** I have no doubt about that.  
30

31 **SENATOR RUFF:** The question is which most fantastic project  
32 is the best one.  
33

34 **MR. ARTHUR:** I can tell you for a fact that if they've got  
35 \$6,359,655 dollars they can come to the penny of what they're asking us  
36 .

37 **SENATOR HAWKINS:** Mr. Chairman, the Genesis of what  
38 we're talking about, I've been approached more than once in the last  
39 several months from members that have been appointed as well as those  
40 outside, talking about the formulary that was not based on anything but  
41 the tobacco allocation. It wasn't based on unemployment, I know a lot of  
42 things that have taken place in this area. They question me on the  
43 fairness of how that was done and you're dealing with large numbers of  
44 unemployment in the area and some double digit. While some counties  
45 have a high level of unemployment and a small percentage in some  
46 counties with a little better unemployment situation. My explanation was

1 that was based on, or the formula was based on something that we  
2 worked long and hard on to make sure it was based on the tobacco-  
3 impacted areas. This discussion has to take place so there will be some  
4 understanding that there are other opinions out there that have to be  
5 addressed and this is a good start.

6  
7 **MR. ARTHUR:** Thank you, Senator Hawkins. Tommy.

8  
9 **DELEGATE WRIGHT:** Mr. Chairman, I would think that the  
10 formulary system or the way it's set up is fair. I more or less in my area,  
11 I've gone to the chamber of commerce's, to the board of supervisors, the  
12 economic development office and Senator Hawkins said it before and I  
13 agree. This is probably our last and best chance to do something to help  
14 our areas make improvements with these problems that people come  
15 across due to the tobacco situation to build an infrastructure, create jobs  
16 and so forth. That's why I'm not willing to give up any of my area. I  
17 believe that and I'm serious about it and I think the formula the way it  
18 was set up is fair and I think it's been fair to start with and I'd like to see  
19 it left the way it is. I see no need to change the way it's set up.

20  
21 **MR. ARTHUR:** Thank you, Tommy. Any further comments?

22  
23 **SENATOR RUFF:** Mr. Chairman, if no one is going to say  
24 anything I'll say that it looks like to me there's three issues we ought to  
25 be looking at or maybe four I guess. We should be looking at as Gary  
26 said, there's a minimum for every locality, should we have a capital  
27 access fund, should we have some kind of Southside regional marketing  
28 whether it be industrial development or whether it be tourism and  
29 retirement as we heard at the Long Range Planning. Then should there be  
30 any money left over for special projects. Seems to me those are four  
31 issues that we ought to address, we've been talking about them all day  
32 long. I think we should go ahead and say okay, is capital access working  
33 for us.

34  
35 **MR. ARTHUR:** Maybe this would be a good time before we  
36 settle this issue to have Carthan discuss the concepts for consideration  
37 which include marketing and capital access. Any disagreement with that?

38  
39 **SENATOR RUFF:** Good idea. Let's leave this alone for the  
40 moment and see how it might roll into the concepts for consideration. Is  
41 that agreeable? All right. Carthan.

42  
43 **MR. CURRIN:** Mr. Chairman, members of the committee, ladies  
44 and gentleman. These two concepts before you, some of them were  
45 discussed earlier with the Commission or at the Commission meeting.  
46 The capital access program is a program that I've been working with

1 Scott Parsons for example, Scott's with the Small Business Financing  
2 Authority which is an entity for the Department of Business Assistance.  
3 Scott's been working with our staff to come up with potential guidelines  
4 for the Commission or Southside for example, wants to put some money  
5 into capital access. It seems to us or what we've been hearing some of  
6 which comes from the field, some of which comes from people and the  
7 folks in the audience and some of which comes from Commission  
8 members. One of the deficiencies in Southside and probably Southwest  
9 as well has been to ask for some additional funding for businesses to  
10 access loans like start up businesses etc. A whole litany of opportunities  
11 here. So, in a general concept that's one of the reasons why this is before  
12 you this morning.

13 The other marketing as Senator Hawkins and Senator Ruff and  
14 others have said the Commonwealth as we all very well know is going  
15 through some difficult times right now. One of the things I hear  
16 repeatedly from Southside economic developers Joyce, Carol, a lot of  
17 other folks and I'm not picking on you, but I'm just stating from some  
18 good conversations I've had with you all and also from Southwest. We  
19 don't get enough contacts coming in, when they come to Virginia  
20 Southside and Southwest are not getting businesses to a level that they  
21 feel they would like to have coming so they could show them what assets  
22 they have. One possibility is to put some money in a program yet to be  
23 defined and I would agree with that and Delegate Hogan is correct, it's a  
24 concept at this point. One of the thoughts is to use some resources for  
25 Southside Virginia to help market industrial recruitment plan to hopefully  
26 bring industries and businesses that could possibly come or be brought to  
27 your region that right now don't go to Southside Virginia. Also from a  
28 tourism perspective we think regional tourism we could get a bigger bang  
29 for our buck and those things have not been defined. I'd have to say Mr.  
30 Chairman, staff at this point has not gotten up to speed on defining these  
31 in a clearer way. But in a general sense these are some of the concepts  
32 that we believe that if you did take some monies off the top for Southside  
33 you'd have some genuine resources to bring to bear for potential  
34 industrial recruitment and for some tourism initiatives as it relates to  
35 marketing. Currently the Commission has a total of \$2,000,000 million  
36 dollars for both regions for capital access. To be quite candid I think the  
37 challenges we face, that \$2,000,000 million dollars is a drop in the bucket  
38 but that's what we've done to date. Of course, if Southside decides to  
39 take some money they add to your pot for capital access that might assist  
40 some of the communities that are here today and also others that are not.

41  
42 **DELEGATE HOGAN:** Can I interject a question? My  
43 understanding of capital access is the most you can run through are those  
44 relatively small loans like \$1,500 or \$1,000 thousand dollar loans, that  
45 type of thing.  
46

1                   **MR. CURRIN:** Yes.

2  
3                   **DELEGATE HOGAN:** My concern with that approach is that  
4 while it helps people who are going into a business like this that you're  
5 only probably talking about two or three employers or employees and  
6 although I applaud that. I think maybe Senator Ruff could speak to the  
7 program that we already have a little bit more in detail. That's a very  
8 different situation from say a 2 or \$3,000,000 million dollar loan to a  
9 larger company where they're trying to do some things like that. How  
10 does that get defined, maybe someone can speak to that.

11  
12                   **SENATOR RUFF:** Back in 1998, when I first was on the  
13 Economic Subcommittee Appropriations we believed there was a need or  
14 something and the Small Business Administration was not putting out a  
15 product that was very useful. We set aside \$250,000,000 million excuse  
16 me, \$250,000 thousand dollars statewide. It wasn't enough money to do  
17 a whole lot and we didn't do any advertising. Peter Clements who is with  
18 the Bank of Southside in the McKinney area and that covers the Eastern  
19 region like Sussex and that area. He caught a hold of the idea and loved  
20 it with a one-sheet opportunity to loan money. He has loaned out about  
21 2½ million dollars based on that \$250,000 thousand statewide. That's the  
22 impact it can have. It doesn't guarantee anything but it gives him  
23 incentive to get the loan to that individual who falls slightly out the  
24 criteria of the bank. Will it affect the Bank of America's and the  
25 Wachovia's, probably not. Will it affect the local banks, yes.  
26 Wachovia's and Bank of America's are not particularly interested in  
27 \$25,000 thousand dollar loans. They don't want to talk to anybody  
28 probably dealing with that kind of thing unless it's a car loan. A small  
29 town bank or a local bank if we could promote this we believe that it  
30 would go and do a lot and have the affect it needs. The type of loans that  
31 and I get letters every time one of the banks or any of us do if they're in  
32 our district, when they loan some money out. I get letters from the Bank  
33 of Southside frequently. It's the truck driver who buys another truck, it's  
34 the auto shop that buys a piece of equipment or adds another bay and it's  
35 that type of business. It's not the type of business that's very glamorous  
36 but it creates jobs and I think it's something we should look at and I'm  
37 very sold on it. Peter Clements is willing to come down and talk to us  
38 about it, not that he wants any competition. As a corporate citizen he  
39 believes it's a good thing. As Carthan says that a person that administers  
40 this there is no department for this and it's administered by somebody  
41 else. So, it's a very low cost thing. Peter's willing to come down and  
42 talk to us about it.

43  
44                   **SENATOR HAWKINS:** Mr. Chairman, building on what  
45 Senator Ruff said, that's some of the discussion we've had concerning  
46 having flexibility with monies set aside being able to use for purposes

1 beyond the allocation formula. Also Mr. Chairman, if we make this  
2 discussion on allocations on formularies we're looking at securitization  
3 which would be a pile of money set aside that would not come in year by  
4 year. We need to have an understanding how the formulary applies to  
5 that approach which would be a different scenario than we're dealing  
6 with today. So, we need to start the discussion trying to figure out  
7 exactly where we plan to be in a year or 18 months. The capital access  
8 fund is one of the things that all of us felt fairly concerned about having  
9 those monies available to start new businesses. We've got to create  
10 ownership.

11  
12 **MR. ARTHUR:** I agree with you Charles.

13  
14 **DELEGATE HOGAN:** Just what is the status, we've got  
15 \$2,000,000 million dollars set aside now for capital access. What is the  
16 status of that money? \$2,000,000 million ought to generate \$20,000,000  
17 million based on what Senator Ruff just said, where does that stand right  
18 now?

19  
20 **MR. CURRIN:** Part of that funding is dedicated to Asia  
21 ventures.

22  
23 **DELEGATE HOGAN:** What you're saying is we set aside  
24 \$2,000,000 million dollars and we're not spending that yet?

25  
26 **MR. CURRIN:** That's right.

27  
28 **DELEGATE HOGAN:** Now we're saying we're going to set  
29 aside some more money?

30  
31 **MR. CURRIN:** Delegate Hogan –

32  
33 **DELEGATE HOGAN:** Why don't we get those \$2,000,000  
34 million dollars into play and then if we run out of those two sources then  
35 take a look at what else we need to do to meet those needs, we haven't  
36 used that money yet to do what we said we were going to do.

37  
38 **SENATOR RUFF:** Mr. Chairman, I totally agree with that. I  
39 didn't realize that we put the money out there and we certainly should  
40 and this is what, four or five months later, we should have some criteria  
41 for that.

42  
43 **DELEGATE WRIGHT:** Mr. Chairman?

44  
45 **MR. ARTHUR:** Tommy.

46

1                   **DELEGATE WRIGHT:** In addition we put out a lot of  
2 speculation about what might happen to our funds. Senator Hawkins  
3 mentioned in the past this is not something we know we'll have.  
4

5                   **SENATOR HAWKINS:** That's right.  
6

7                   **DELEGATE WRIGHT:** Let's get it back to these communities  
8 as quick as we can. I think that's another reason to, suppose this happens  
9 or for whatever other reason that we've got some money set aside in  
10 some categories that could be used by a community, I just think that's  
11 another reason why we need to get the money out to the communities as  
12 quickly as we possibly can.  
13

14                  **MR. ARTHUR:** I don't disagree with you on that Tommy but I  
15 want to always make sure that money is available to your area as well as  
16 anybody else's. I think we need to do some marketing for Southside,  
17 we've got a company that wants to make wine barrels and we went to  
18 visit them or at least Carthan did and that's something that can be  
19 marketed down in this area.  
20

21                  **MR. WALKER:** 600 a piece for a good one.  
22

23                  **MR. ARTHUR:** That's right.  
24

25                  **MR. WATKINS:** I'll tell you something about that money, we  
26 have no clue what it's being used for and you all are in the legislature and  
27 they say listen, these guys got a big pot of money out there that they don't  
28 know what to do with it yet and we've got this pile over here and they  
29 haven't figured out what they're going to do with it yet and they're going  
30 to tell us what to do with it. That's a mighty inviting prize to go get.  
31

32                  **MR. ARTHUR:** Which comes first the chicken or the egg, you  
33 can't plan a project till you got the money to fund it.  
34

35                  **MR. WATKINS:** In a number of cases we have had people come  
36 and make presentations to this Commission and we said we trust you and  
37 we'll go ahead and forward it and we got burnt. We need not go there  
38 again until we have an absolute set of guidelines.  
39

40                  **MR. ARTHUR:** We don't need to go there today.  
41

42                  **SENATOR HAWKINS:** Mr. Chairman, the current monies that  
43 we have in place I'm not concerned about, I think we have access to those  
44 but it's the next allocation that we need to be concerned about and that's  
45 what the General Assembly's going to be looking at us for. What we do  
46 with those monies to produce the type of economic starts that we need in

1 these areas. That's something we all need to take very seriously and  
2 that's why these discussions are very important.

3  
4 **MR. ARTHUR:** Thank you, Senator Hawkins.

5  
6 **MS. WASS:** Our future revenues also, regardless of whether it's  
7 securitized or not the MSA revenue for 2004 will go down. The question  
8 is if you distribute the full allocation in this year, next year the localities  
9 will be expecting the same amount. The revenues alone will go down  
10 12% next year. One of the scenarios that's also important would be to  
11 carry it forward and allocate the next years formula so that will be at the  
12 level or close to the level of this year.

13  
14 **DELEGATE WRIGHT:** Mr. Chairman, that's why I think it's  
15 important to keep the formulary set up the way it is now. As long as the  
16 money's coming back the way it's predetermined that's fine. When the  
17 Tobacco Commission first started sending money back to the farmers you  
18 got 80% of the money coming back and there was a need identified to get  
19 the money back to them as soon as possible. I think our communities are  
20 in the same situation. If the size of the pot goes down next year and as  
21 long as they get the same percentage they would have no reason to feel  
22 bad. But you could feel bad about it if you start fooling with the percent  
23 they were getting and they see the pot going up but their percentage is  
24 going down, then I've got a real problem with that. I'm not concerned  
25 about explaining to my constituents the reason that there money goes  
26 down if the amount of money we receive goes down, but if I have to  
27 explain to them that the money they get goes down because I voted to  
28 change the formulary then that's something I'm not willing to do.

29  
30 **DELEGATE HOGAN:** I don't know which part of this  
31 Commission is responsible for capital access. I think we ought to take a  
32 look at that and how that money is being spent five years from now. One  
33 further thing is that if we do as Senator Hawkins said, we control how  
34 this money is allocated right now among the Southside Economic  
35 Development Committee and indemnification and the other things like  
36 special projects sub list. If we think we want to take a chunk of special  
37 projects or deal closings or education and put it in the revolving loan fund  
38 and assign that to Southside and Southwest based on some percentage  
39 then I would not be opposed to that. It gives us the ability to respond  
40 quickly to specific needs in certain areas. It looks to me we've got all of  
41 the capital access money we know what to do with right now. We're not  
42 spending all we got.

43  
44 **SENATOR RUFF:** Mr. Chairman, since I brought it up, I didn't  
45 realize the money was out there. The Rural Prosperity Commission with  
46 the guidance of Wayne Purcell an economist at Virginia Tech has

1 suggested \$2,000,000 million dollars for the state of Virginia. I think  
2 we've got enough money in capital access so I would say take that off the  
3 table.  
4

5 **MR. ARTHUR:** Any further discussion? I think the question  
6 comes down to the first question, do we withhold anything from the  
7 formulary or not? If we vote yes then we vote how much if any.  
8

9 **DELEGATE WRIGHT:** Mr. Chairman, I make a motion that  
10 we not withhold anything from the formulary.  
11

12 **MR. ARTHUR:** The motion is made, is there a second?  
13

14 **DELEGATE HOGAN:** Second.  
15

16 **MR. ARTHUR:** The motion is made by Delegate Wright and  
17 seconded by Delegate Hogan. Any further discussion?  
18

19 **SENATOR RUFF:** I understand your concept but it seems like  
20 to me you're going in the wrong direction. I think we need to say all  
21 right we specifically need the money for this and specifically need the  
22 money for that and those two figures or three figures or those five figures  
23 add up to "X" and that's the way we arrive at the figures. I think if we  
24 say okay let's just pick a figure or a number out of the air, \$5,000,000  
25 million, \$10,000,000 million or \$100,000,000 million and we figure out  
26 what we're going to do with it I think is the wrong way to go and that's  
27 going to get us into a bind.  
28

29 **MR. ARTHUR:** Senator Hawkins.  
30

31 **SENATOR HAWKINS:** My comment on this and of course, I  
32 can't vote because I'm not a member of the committee. That we need to  
33 have an understanding of the responsibility and the usage of these monies  
34 rests in our hands and the determination of what we do with these monies  
35 rests in our hands. I think there is a legitimate concern that we have to be  
36 cognizant of the fact that economic development is something that cuts  
37 across county lines, it is something that is regional in nature and the  
38 flexibility of this Commission because we're not members of it all the  
39 time and it will change over time, needs to have some sort of flexibility.  
40 We may use this special projects for that if that's what the need is and the  
41 understanding of what we can do. If you go to special projects for  
42 everything you're taking the whole tier of counties from Lee County all  
43 the way across rather than focusing on Southside which may be all right  
44 to. The main thing we need to do is understand our charge and these  
45 discussions are helpful Mr. Chairman, as to where we go in the future  
46 because not only do we have to have an understanding among ourselves

1 but we have to sell this back to the people in Richmond with the  
2 responsibility we certainly can live up to.

3  
4 **MR. ARTHUR:** Thank you, Senator Hawkins. My opinion here  
5 is that as we move forward that we're going to see less and less money  
6 put into this indemnification and more and more go toward special  
7 projects if we don't find a way to cut across the formulary a little bit. I  
8 think in the future these formulary numbers are going to go down because  
9 there's going to be a cut off the top of more for so called special projects.  
10 I'd like to see this committee have more flexibility.

11  
12 **MR. WATKINS:** Mr. Chairman, when I attended the meeting  
13 last week it was very interesting to me to look at what Arrington  
14 Manufacturing had done and where they had moved. I went back and  
15 talked to some people in the same situation and one or two person shops  
16 and needed access to capital. I believe that capital access is one of the  
17 things we really need to do. With the right set of guidelines and not  
18 something nebulous then I would strongly support capital access. We  
19 have that \$2,000,000 million, I wouldn't have any problem with having  
20 some set aside to. I think we need to have a very defined set of  
21 procedures before we ever set aside a bunch of money.

22  
23 **MR. WALKER:** Picking up on what Mr. Watkins said –

24  
25 **MR. ARTHUR:** Gary, before you start we're in discussions with  
26 the motion on the floor so let's keep it going that way.

27  
28 **MR. WALKER:** All right. His point about if we had guidelines  
29 we could set aside some money. I'm for setting aside some money once  
30 we get to the allocation. Once it gets into the allocation we'll always  
31 have those funds but to go back to your question about the chicken or the  
32 egg, if we don't set the money aside then we can't draw any guidelines.  
33 There's no need to set up guidelines if we haven't set some money aside.  
34 I think we're trying to take too big a bite of the apple.

35  
36 **MR. ARTHUR:** Maybe so, like I said, after we follow through  
37 with maybe \$3,000,000 million but I think somewhere along the line  
38 we've got to start to wean individual counties off of this free money that  
39 they didn't even have to tax anyone for and that we've got to get away  
40 from industrial parks and shell buildings. We've got to get into  
41 something else because we've done a ton of that already. We've got to  
42 get these people thinking outside the box for economic development that  
43 is new and not the old style that brings in some \$9 and \$10 dollar an hour  
44 jobs, we need to bring in \$15 dollar an hour jobs. That's the reason I  
45 thought we needed some more money in that area instead of building  
46 shell buildings.

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**DELEGATE WRIGHT:** Mr. Chairman.

**MR. ARTHUR:** Yes, Tommy.

**DELEGATE WRIGHT:** In my original comment in the beginning I said that I hadn't heard anything or seen anything yet that would make me believe that we should reduce the formulas and that's why I would not say in the future if there are proposals such as what Tucker and Clarke and Frank have discussed it might be a different story. At this point, I know I'm not at the point of reducing the formulary with nothing concrete to take back to my area what will replace it. If the point comes where I can see that we're doing something with the money that's beneficial and defined, then I'd be willing to take another look at that but at this point in time no. That's why I made the motion.

**MR. ARTHUR:** Thank you. Delegate Hogan.

**DELEGATE HOGAN:** Mr. Chairman, can we take a recess briefly?

**MR. ARTHUR:** Does anybody need a five minute recess? All right, we'll recess for five minutes. A recess is had whereupon the meeting continues, viz:

**MR. ARTHUR:** I'll call the meeting back in session.

**MR. CURRIN:** There's been some discussion about the revolving loan fund and staff has been working on the guidelines and I can assure the committee that at the Full Commission meeting in December will have guidelines before that meeting on that subject for your December or January meeting, that's still up in the air. On that particular subject we will have guidelines on the revolving loan fund. I will also tell you Mr. Chairman, that special projects is also something that we're working on but that particular pot of money, with those guidelines currently in place generally need to be tightened up significantly so, that might happen at a later date.

**MR. ARTHUR:** Thank you. Delegate Wright.

**DELEGATE WRIGHT:** Are we in a problem-solving mode with the motion?

**MR. ARTHUR:** I'm calling for the question.

1                   **DELEGATE HOGAN:** Mr. Chairman, I'm going to withdraw  
2 my second.

3  
4                   **MR. ARTHUR:** Delegate Hogan has withdrawn his second. Do I  
5 hear another one? Hearing none the motion dies. Do I hear a supplement  
6 or a secondary motion?

7  
8                   **MR. WATKINS:** Mr. Chairman.

9  
10                  **MR. ARTHUR:** Do you have a motion?

11  
12                  **MR. WATKINS:** Yes, I have a motion that we set aside  
13 \$3,000,000 million dollars out of the formulary to be used for capital  
14 access projects with guidelines to be drawn up by the Commission staff  
15 and presented to the Southside Economic Development Committee before  
16 any of those monies are spent.

17  
18                  **MR. ARTHUR:** Do you mean to say just capital access?

19  
20                  **MR. WATKINS:** Yes, just capital access.

21  
22                  **DELEGATE HOGAN:** Mr. Chairman, I've got a substitute  
23 motion.

24  
25                  **MR. ARTHUR:** Do we have a second to that motion first?

26  
27                  **MR. WALKER:** I'll second it.

28  
29                  **MR. ARTHUR:** The discussion?

30  
31                  **DELEGATE HOGAN:** My substitute motion is that we set  
32 aside \$3,000,000 million dollars and have staff come up with guidelines  
33 for what that money will be used for specifically and it could include  
34 capital access but I'm not sure why. For marketing or anything else that  
35 we might want to do and those guidelines should be presented before the  
36 next meeting. If we take no action at that time and there is no set aside  
37 the formulary stands as presented here.

38  
39                  **MR. ARTHUR:** Do I hear a second?

40  
41                  **MR. TAYLOR:** I'll second that.

42  
43                  **MR. ARTHUR:** Any discussion?

44  
45                  **MR. WALKER:** We get to approve the guidelines?  
46

1           **MR. ARTHUR:** He said the guidelines come back to this  
2 committee, if we don't settle on the guidelines the money goes back into  
3 the formulary, is that correct?  
4

5           **DELEGATE HOGAN:** That's correct.  
6

7           **MR. ARTHUR:** Any further discussion? All in favor signify by  
8 saying aye (aye's) opposed? (no). Let the record show Delegate Wright  
9 voted no and Mr. Watkins. Five to two. So we will set aside \$3,000,000  
10 million dollars and staff will come up with the guidelines and we can  
11 look at them before our next meeting.  
12

13           **MR. CURRIN:** Yes, sir.  
14

15           **MR. ARTHUR:** I would like to have this meeting, what does the  
16 committee think? Do you think we can have this meeting between, let's  
17 get it done this year I hope.  
18

19           **DELEGATE HOGAN:** You're saying we have a meeting in  
20 December or early January of the Full Commission?  
21

22           **MR. ARTHUR:** Yes.  
23

24           **DELEGATE HOGAN:** It seems to me it would be appropriate  
25 to have a Southside Economic Development Committee meeting at that  
26 time.  
27

28           **MR. CURRIN:** Mr. Chairman, one day is around the time the  
29 Governor speaks to the money committee's about the budget in  
30 Richmond. At that time or possibly early January before the session  
31 before Senator Ruff and others go into session.  
32

33           **MR. TAYLOR:** Mr. Chairman.  
34

35           **MR. ARTHUR:** Yes, Mr. Taylor.  
36

37           **MR. TAYLOR:** How many of us will be going to the football  
38 game in Blacksburg on the 30<sup>th</sup>, we could meet then.  
39

40           **MR. ARTHUR:** I don't think we can get it done by Wednesday.  
41

42           **MR. CURRIN:** I respectfully ask we not do that.  
43

44           **MR. ARTHUR:** Stephanie, can you get this done with the  
45 \$3,000,000 million dollars before we –  
46

1                   **MS. WASS:** Yes.  
2  
3                   **MR. ARTHUR:** I'd like everybody to have it before we leave.  
4  
5                   **MS. WASS:** Okay.  
6  
7                   **MR. ARTHUR:** Thank you.  
8  
9                   **MR. CURRIN:** Mr. Chairman, I would suggest maybe the  
10 second week in December. We can meet somewhere in Southside.  
11  
12                   **MR. ARTHUR:** Check with everyone for a satisfactory time.  
13 This facility seems to be central for everybody, I'm not opposed to  
14 coming back here, anyone else?  
15  
16                   **MR. WALKER:** Can we do it after lunch?  
17  
18                   **MR. ARTHUR:** I waited till 10 o'clock, I thought everybody  
19 could make it.  
20  
21                   **UNIDENTIFIED:** We can do it in the evening.  
22  
23                   **MR. ARTHUR:** No, not in the evening. It would cost the  
24 Commission too much money. All right, we've gone over the concepts  
25 for consideration already by Mr. Currin. At this point is there any further  
26 discussion on the committee before I open the floor up for public  
27 comments?  
28  
29                   **MR. WALKER:** Yes. I've got two things if you don't mind,  
30 Mr. Chairman. At the last meeting we talked about notification of deal  
31 closings and that type of thing and I was wondering if Mr. Currin was  
32 able to come up with a system that people would be notified when our  
33 funds were disbursed, on any deal closings when money goes out and the  
34 Commission members being notified?  
35  
36                   **MR. CURRIN:** Yes, sir, the Commission has asked that after  
37 these deals are cut that the entire Commission be notified and that's  
38 what's going to happen.  
39  
40                   **MR. WALKER:** Has that happened recently, has there been any  
41 deals cut in the last couple of weeks?  
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43                   **MR. CURRIN:** Those are deals before the Commission adopted  
44 guidelines that we're currently under.  
45

1           **SENATOR RUFF:** Mr. Chairman, as a follow up on that, there  
2 was an announcement in Chase City where the secretary was to present a  
3 check from the Tobacco Commission. I just think that somehow we  
4 should be notified.  
5

6           **MR. CURRIN:** I guess in that case Senator Ruff the secretary is  
7 a member of the Commission. It was felt in that respect that he could  
8 take the checks with him along with the Governor's Opportunity Funds.  
9 It was not his own show since he is a member but other Commission  
10 members should have been part of that.  
11

12           **SENATOR RUFF:** But I just think we need to look at it in those  
13 terms.  
14

15           **MR. CURRIN:** Sure.  
16

17           **MR. ARTHUR:** Any further discussion?  
18

19           **MR. WALKER:** I don't want to put Tucker on the spot over  
20 there but, Mr. Watkins showed me minutes for something from a  
21 previous meeting that we were supposed to be notified of some activities  
22 before funds were disbursed on the agricultural things. Do you have that  
23 in front of you?  
24

25           **MR. WATKINS:** Yes.  
26

27           **MR. WALKER:** Would you mind reading that?  
28

29           **MR. WATKINS:** It says here Delegate Hogan made a motion to  
30 approve a request, the business plan was to be reviewed and presented to  
31 the Commission.  
32

33           **MR. WALKER:** My question was whether the funds had been  
34 disbursed on this agricultural center.  
35

36           **MR. WATKINS:** The business plan I got from you as far as I  
37 know, was never presented to the committee.  
38

39           **MR. CURRIN:** Off the top of my head, Mr. Walker I can't  
40 answer that question.  
41

42           **MR. WATKINS:** I've been told that these funds had been  
43 disbursed.  
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45           **MR. CURRIN:** As I said, from memory I don't recall but I'll be  
46 happy to look into it.

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**MR. WATKINS:** Have they been disbursed?

**MR. CURRIN:** Have those funds been disbursed?

**MR. MORGAN:** Yes, those funds have been disbursed. Our understanding is that they went to staff for review and accepted and funds were released.

**MR. WATKINS:** That's what the minutes reflect.

**MR. CURRIN:** Then I stand corrected.

**MR. WATKINS:** The point is that looking at the business plan it had no payroll in it and I don't know of any business you can operate or anything without a payroll. I know there was a guy that signed off on it and I would like to ask how he approved the business plan without payroll. I think it's something we should look at before the funds were disbursed.

**MR. ARTHUR:** Does that answer your question?

**MR. WALKER:** Yes, that's all I have Mr. Chairman, thank you.

**MR. ARTHUR:** Any further discussion, do you want to discuss this item anymore at this particular time?

**MR. CURRIN:** Either Mr. Walker or Mr. Watkins, I can ask the county or write the county for any additional information we do want.

**MR. WATKINS:** It's a done deal now but I think we should follow the procedures.

**MR. CURRIN:** Yes.

**MR. ARTHUR:** Being that there's no further discussion on the committee the floor is now open for anyone that would like to make any public statement.

**MS. JOYCE FRENCH:** I'd like to say something and it's completely not what you're thinking. I would say that in the last six months since we've been working with the staff of the Tobacco Commission, that you have absolutely a terrific staff, you've added Tim Pfohl and we know him and we've worked with Stephanie and with Mary Cabell and Amy. I haven't had an opportunity to work with Anne Marie yet. I want you to know you've got some topnotch people there, and it's

1 the difference between night and day the way information flows between  
2 the two. Carthan or whomever should be commended having the quality  
3 of people that he does. But it's certainly an improvement and we are  
4 very, very pleased.

5  
6 **MR. ARTHUR:** I thank you, the committee thanks you and  
7 Senator Hawkins thanks you and certainly Mr. Currin thanks you for your  
8 comments. We are pleased to death what they do for us and I'm glad all  
9 of you are to.

10  
11 **SENATOR HAWKINS:** Mr. Chairman.

12  
13 **MR. ARTHUR:** Senator Hawkins.

14  
15 **SENATOR HAWKINS:** My public comments and I'm qualified  
16 and I'm a member of the public I think. Dealing with the allocations and  
17 how we approve the allocations that we mentioned earlier. I think we  
18 need to suggest to the Full Commission that we need to make sure our  
19 guidelines are in place and affirms. We need to make sure that we allow  
20 our counties and cities to know what base that they have to be able to  
21 reach before we start approving the loans. We have a lot of things today  
22 coming out in the way of recommendations from various counties that  
23 really do not meet those things we said we were trying to do. We need to  
24 reiterate our position on a lot of things before we approve them and let it  
25 be known, like we said in Abingdon as well, there's no automatic  
26 approval just because the request comes in. That we hold these monies  
27 back until we find projects that we approve of and the final word does  
28 rest with this Commission. That the guidelines that we need to probably  
29 improve upon since we've become more and more involved in the  
30 economic development aspect of this and the ones that have to be drafted  
31 and adhered to by all committees including the Commission itself. Thank  
32 you.

33  
34 **MR. ARTHUR:** Thank you, Senator Hawkins. I can assure you  
35 that to the best of my ability the ones coming before this committee, if  
36 they don't meet something similar to our guidelines I will try to kill them.

37  
38 **MR. WATKINS:** Mr. Chairman, I think that one of the topics we  
39 may want to have at our next meeting which we're going to have one  
40 before the Full Commission meets, is what is appropriate since we talked  
41 about it last year, what are acceptable projects and what are not. Staff is  
42 going to have to look at these things, if it don't fit it's not acceptable.

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44 **MS. WASS:** Timing wise the applications need to go out.

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46 **MR. WALKER:** The evaluation staff, who's that made up of?

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**MR. CURRIN:** Mr. Pfohl, myself, Stephanie and we'll eventually have a couple of folks from, Mr. Barber and the partnership and Southside and some assistance from the Department of Business Assistance.

**MR. ARTHUR:** Is anyone else on the committee that would like to be part of that?

**SENATOR RUFF:** I don't think we should.

**MR. WATKINS:** Mr. Chairman, I think that would be a mistake for us to be on that committee.

**MR. ARTHUR:** That's what he said.

**DELEGATE HOGAN:** Mr. Chairman?

**MR. ARTHUR:** Delegate Hogan.

**DELEGATE HOGAN:** I'd make one request that, could we request that these proposals go in in January, is there any way we can get those proposals two or three weeks with the staff's recommendation, two or three weeks before we have to vote on them?

**MR. ARTHUR:** What proposals are you talking about?

**DELEGATE HOGAN:** The applications from the localities that go in in January and we vote on them in April.

**MR. ARTHUR:** I had every one of them and it was a stack this high last year.

**DELEGATE HOGAN:** I got them the day before from Next Day Air at 5 o'clock in the evening.

**MR. ARTHUR:** Maybe you were new but I know I had mine and they were stacked up this high.

**MR. WALKER:** I got them ahead of time.

**MR. ARTHUR:** -- maybe that was the reason.

**DELEGATE HOGAN:** That's all I was asking.

1                   **MR. ARTHUR:** But I had them well in advance enough to read  
2 them several times.

3  
4                   **MR. CURRIN:** Mr. Chairman, very well timed comments.

5  
6                   **SENATOR RUFF:** Mr. Chairman, we're talking about holding  
7 the guidelines tighter. Do we have any draft guidelines that we follow we  
8 can vote on at some point?

9  
10                  **MR. CURRIN:** You have guidelines in place now for economic  
11 development.

12  
13                  **SENATOR RUFF:** Do people believe they're tight enough?

14  
15                  **MS. FRENCH:** Are we still in the public comment portion of the  
16 meeting?

17  
18                  **MR. ARTHUR:** Yes.

19  
20                  **MS. FRENCH:** You don't have guidelines compared to other  
21 grants.

22  
23                  **MR. CURRIN:** You and I have had this conversation before.  
24 Tim has recently come on board and he's going to be very helpful to  
25 tighten up as far as guidelines that the communities have been working  
26 with along with the instructions.

27  
28                  **SENATOR HAWKINS:** I think we need to improve some of the  
29 guidelines and we're going to do that.

30  
31                  **MR. WALKER:** Mr. Chairman.

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33                  **MR. ARTHUR:** Mr. Walker.

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35                  **MR. WALKER:** Speaking to what Senator Ruff said about the  
36 guidelines. In the last round Senator Hawkins made the point of studies  
37 and museums. Maybe we can send the directions to the staff now that  
38 those are two items that we don't want to see any guidelines on, museums  
39 and studies if we still feel that way.

40  
41                  **MR. ARTHUR:** Senator Hawkins appointed me and Senator  
42 Wampler to come up with some basic guidelines for studies. What we  
43 basically decided was, and it never got presented before the whole  
44 Commission for approval yet. It was basically that we would have a bias  
45 toward disapproving any studies unless we've studied them on a one by  
46 one basis and if it was the only way that a project could go forward would

1 be the only way we approve the study. That's basically what Senator  
2 Wampler and I came up with and I may not have said that well but  
3 basically the bias would be toward disapproval of studies.  
4

5 **SENATOR HAWKINS:** We have not looked favorably upon  
6 museums. In Abingdon we voted and it was called a museum but it was  
7 not, it was an archeological dig out there in Saltville, it had some real  
8 tourism possibilities so it's not really a museum, I wish they hadn't used  
9 that word.

10  
11 **MR. ARTHUR:** All right, we're still in public comment. Does  
12 anyone have anything further, anything further from our guests? Being  
13 that there's nothing further do I hear a motion to adjourn?  
14

15 **DELEGATE WRIGHT:** So moved.  
16

17 **MR. ARTHUR:** The motion's made that we adjourn, do I hear a  
18 second? There's a second, all in favor say aye (aye's) opposed (no  
19 response). Adjourned.  
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PROCEEDINGS CONCLUDED

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, was the Court Reporter who took down and transcribed the minutes of the Tobacco Indemnification and Community Revitalization Commission Public Meeting, Southside Economic Development Committee, on Monday, November 18, 2002 at 10 o'clock a.m. at the Southern Virginia Higher Education Center, 820 Bruce Street South Boston, Virginia 24592.

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

My Commission Expires  
October 31<sup>st</sup>, 2006