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SOUTHSIDE ECONOMIC DEVELOPMENT COMMITTEE

Tuesday, March 4, 2003

12:00 p.m.

House Room 1 - State Capitol Building

Richmond, Virginia

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APPEARANCES

Thomas W. Arthur, Committee Chairman
Michael J. Schewel, Secretary of Commerce and Trade
Delegate Kathy J. Byron
Delegate Clarke N. Hogan
Delegate Thomas C. Wright, Jr.
Clarence D. Bryant, III
John G. Taylor
The Honorable Gary D. Walker
Mary Sue Terry
Tucker C. Watkins
Jack Hite

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COMMISSION STAFF

Carthan F. Currin, III, Executive Director
Mary Cabell Sherrod, Manager of Communications and Committee Operations
Stephanie S. Wass, Director of Finance
Tim Pfohl, Grants Program Manager

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ATTORNEY GENERAL'S OFFICE

Frank Ferguson
Anne Marie Cushmac

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MR. ARTHUR: I'll call the meeting to order, and Carthan,
will you call the roll?

MR. CURRIN: Delegate Byron?

1 DELEGATE BYRON: Here.
2 MR. CURRIN: Mr. Bryant?
3 MR. BRYANT: Here.
4 MR. CURRIN: Mr. Taylor?
5 MR. TAYLOR: Here.
6 MR. CURRIN: Mr. Walker?
7 MR. WALKER: Here.
8 MR. CURRIN: Delegate Hogan?
9 DELEGATE HOGAN: Here.
10 MR. CURRIN: Mr. Hite?
11 MR. HITE: Here.
12 MR. CURRIN: Ms. Terry?
13 MS. TERRY: Here.
14 MR. CURRIN: Secretary Schewel?
15 MR. CURRIN: Mr. Watkins?
16 MR. WATKINS: Here.
17 MR. CURRIN: Delegate Wright?
18 DELEGATE WRIGHT: Here.
19 MR. CURRIN: Mr. Chairman?
20 MR. ARTHUR: Here.
21 MR. CURRIN: You have a quorum, sir.
22 MR. ARTHUR: Does everyone have a copy of the
23 minutes? Do I have a motion to approve the minutes?
24 DELEGATE HOGAN: So moved.
25 MR. TAYLOR: Second.
26 MR. ARTHUR: I have a motion and seconded to approve
27 the minutes. Any discussion? All in favor signify by saying aye. (Ayes)
28 Opposed? (No response).
29 For today's meeting we have two primary issues to discuss. One of
30 them is the allocation, what to do with the three million dollars we set aside, and
31 the other is to set guidelines for the Staff to evaluate the proposals so they'll know
32 what to do and what we want. I'm going to go first to the allocation, which is the
33 three million dollars.
34 MR. CURRIN: Mr. Chairman, I believe everyone has the
35 handout with a couple of scenarios for the three million that was set aside back in
36 November.
37 DELEGATE HOGAN: Mr. Chairman, point of order, and I
38 think it's relevant to say this now. The motion was made in November.
39 MR. ARTHUR: I was going to read it.
40 DELEGATE HOGAN: Go ahead.
41 MR. ARTHUR: The motion from the minutes as it was
42 submitted is as follows. Delegate Hogan: My substitute motion is that we set
43 aside three million dollars, can you all hear that? My substitute motion is that we
44 set aside three million dollars and have Staff come up with guidelines for what

1 that money will be used for specifically. It could include capital access, but I'm
2 not sure why, for marketing, or for anything else we might want to do, those
3 guidelines should be presented before the next meeting. If we take no action at
4 that time there'll be no money set aside and the formulary stays as presented.
5 Does anybody have any problem with the way I read that?
6 That was the motion, and that was passed at the meeting. As far as the guidelines,
7 a suggestion by Staff has been submitted to most of you, do we have it here in this
8 packet?

9 MR. CURRIN: Yes, the draft is some additional focus for
10 the Committee as a whole and not just for the three million.

11 MR. ARTHUR: This is more --

12 MR. CURRIN: -- That's your second point .

13 MR. ARTHUR: I have a letter, and I think Tucker has one
14 that I e-mailed. I can't seem to find my copy.

15 DELEGATE HOGAN: That's Carthan's recommendation.

16 MR. CURRIN: The figures that I handed to you reflect the
17 recommendations.

18 MR. ARTHUR: Carthan, would you like to present those
19 recommendations?

20 MR. CURRIN: I'll be happy to, Mr. Chairman.

21 At the November meeting three million dollars was set aside for
22 potential use, and I suggested, Mr. Secretary and members of the Committee, that
23 of the three million, one point five million is made available to those accounts
24 with a limited allocation, those at or below three hundred thousand, and the three
25 cities not currently included in the formula for Southside Virginia. Those would
26 be Emporia, Martinsville and Bedford.

27 Further, I suggested that a half million dollars of the three million
28 remain set aside for regional projects, could be projects that deal with, had some
29 discussions through the region both in Southwest and Southside, in this case,
30 Southside, to work with some of those small business incubators and work up
31 some programs for entrepreneurial opportunities for small businesses. The
32 remaining one million I recommended remain with the formula as we usually do
33 business. So the three million split three ways, and that's the Staff
34 recommendation, a million and a half set aside as a pot of funds for those
35 jurisdictions in Southside Virginia that have three hundred thousand or less
36 available to them in the current formula for this fiscal year, a half a million dollars
37 be set aside for regional projects to be determined, and I made a couple of
38 suggestions. Tourism initiatives, and coordinating in a better sense, our current
39 tourism initiatives in many cases in Southwest and Southside are somewhat varied
40 and somewhat splintered. I believe if we had more of a cohesive strategy we
41 might be better served in getting more tourism dollars to Southside and Southwest
42 Virginia, and that's just a thought. The other million dollars of the three million
43 I'm recommending that you put back in the formula for all the counties in
44 Southside, and the City of Danville currently benefits from this formula. I have

1 before you a scenario that represents various figures of how that would affect the
2 bottom line.

3 SECRETARY SCHEWEL: You're saying set aside five
4 hundred thousand rather than three million, is that a better way to say it? You're
5 taking a million and splitting it or distributing it over the formula and not --

6 MR. CURRIN: -- That's right.

7 SECRETARY SCHEWEL: The million five, you're not
8 really setting it aside either, you're allocating it slightly differently so you can
9 pick up --

10 MR. CURRIN: -- I'm taking the current set-asides that this
11 Committee took action on and making recommendations to deal with that set-
12 aside, but in the final analysis I'm recommending two ways of implementing those
13 dollars back into the region and then a half million to be set aside.

14 MR. ARTHUR: The original objective here, Mike, and
15 using your own words that you stated this morning, the original objective here is
16 that there's a large number of the nineteen or twenty-one counties that over the
17 first four years what we've been doing, Danville, Pittsylvania County, Halifax
18 County, have gotten the lion's share of the money because of the formula, and that
19 really was all right at the time.

20 MR. CURRIN: We're going to have to move the location
21 of this meeting.

22
23 NOTE: Whereupon the meeting is reconvened in
24 the General Assembly Building, viz:

25
26 MR. ARTHUR: Let's call this meeting back to order. I've
27 got a couple of comments to make, and Carthan has asked me before I finish, and
28 then we'll go on with the discussion.

29 MR. CURRIN: Mr. Chairman, I just wanted to further
30 explain a letter that was dated February 21st to the Committee, going back to
31 what Secretary Schewel was talking about, the million or million and a half being
32 put back into Southside. The million and a half that is for counties like
33 Cumberland and Buckingham and others of that nature. They can apply for those
34 funds if they don't meet that three hundred or above threshold and would have
35 ninety days, and they would use our existing application process to apply for
36 funds to this Committee. The million dollars that I recommended to be put back
37 into the general formula, and that includes Buckingham, Halifax, Mecklenburg,
38 Charlotte, everybody, you would have ninety days from the time this Committee
39 makes a decision to apply for those funds, whatever that figure would be would
40 be available. The half million to date I have not had specific language or criteria
41 put forth with the half million. I suggested to you some general things that the
42 money could be used for and, of course, the Committee could decide to use it for
43 other purposes. I've kept it somewhat flexible, because I have found in the past
44 that in my experience with this Commission that sometimes having some funds in

1 a fiscal year that are not tied into something can be beneficial. Things do come
2 up that we cannot predict, and if we have that resource there, of course, it's for a
3 set-aside, it won't go anywhere other than Southside Virginia.

4 MR. ARTHUR: Thank you, Carthan. I was stating before
5 we had to leave the Capitol Building that over the first four years of the operation
6 of this Commission, and due to the formula that we all agreed upon and we all
7 liked, that Danville, Pittsylvania, Halifax County, got about forty percent of the
8 Southside Economic Development Funds, which is all right, because they suffered
9 the hardest due to the loss of jobs in tobacco. I think it's time now that we start to
10 look at a broader picture of all of Southside. We've got some counties and some
11 cities that actually due to the allocation they've got considerably less than three
12 hundred thousand, which was the criteria that was mentioned earlier. They really
13 couldn't do a heck of a lot for their counties with limited funds. The original idea
14 here was to set aside some money that we could invite these counties to come up
15 with a proposal for their area and could submit applications for and we would
16 have funds to fund them if they met our criteria. Along with that should come a
17 meeting prior to the applications, and not within a ninety-day frame perhaps, but
18 soon, and then we would get all of the Southside Economic Development people
19 in one place and tell them what they can ask for and how and what they can do. I
20 propose to do that and perhaps have it in Halifax where we would invite at least
21 one Economic Development person from each county to meet, and tell them that
22 there's some money here, and here's what you've got to do to get it and make an
23 application within the process that we normally approve these for. If they've
24 gotten more money perhaps they can set their sights higher and perhaps think
25 outside of the box and come up with something that is good for those counties.
26 We've been leaning heavily towards the counties that have been receiving the
27 money, but I think it's time, and Secretary Schewel said so this morning, we all
28 agreed that it's time for us to start thinking regionally and outside the box a little
29 bit. That was my original thought and how I wanted to move forward with this
30 money. Of course, if we don't do anything today the entire fund goes back into
31 the allocation as it was originally supposed to be.

32 We need to start thinking about some marketing, and there are moves
33 afoot that you'll hear about soon about a marketing idea for Southside, for all of
34 Southside and not just one area but as for Southside as a group, and taking funds
35 perhaps for that. That's where some of this money could sit in a pool that we
36 might use. With that, are there any comments? Delegate Wright.

37 DELEGATE WRIGHT: Thank you, Mr. Chairman. One
38 concern I have, and I missed our last Committee meeting, and I was opposed to
39 the concept of taking three million dollars from the appropriation for Southside.
40 I'm concerned that if we start adding localities that have not received funding in
41 the past it seems to me we might be opening the floodgates for other cities and
42 localities that want to come in and put in an application. I think when we
43 originally set up, and the appropriation for each county was done based upon the
44 effect of the loss of tobacco revenue, and I still think that was done correctly, and

1 that was the reason for my opposition to the motion last time.

2 As to the recommendations by Carthan on how to spend this money, the
3 one million dollars going back suits me fine, and there's nothing wrong with that.
4 When you take one and a half million, although it would help two of my counties,
5 I would not be in favor of adding to the pool. If we had one and a half million
6 dollars and we've got three localities, as I understand, being added that currently
7 don't get anything, am I correct?

8 MR. CURRIN: Yes, Delegate Wright. Our thinking was --
9 DELEGATE WRIGHT: -- Well, let me just continue for a
10 minute.

11 MR. CURRIN: You've got three independent cities that are
12 not in the formula.

13 DELEGATE WRIGHT: That's nine hundred thousand
14 dollars, which leaves six hundred thousand to be distributed among the balance of
15 the counties that were not getting three hundred, if you're going to bring them all
16 up to three hundred.

17 MR. ARTHUR: No.

18 MR. CURRIN: I wasn't suggesting that.

19 DELEGATE WRIGHT: What were you suggesting be
20 done with the one and a half million dollars?

21 MR. CURRIN: Allow them to apply, knowing - those three
22 cities in addition to - this is just a recommendation, based on the formula, the
23 three hundred thousand below you could apply for that million and a half. It
24 could be a twenty-five thousand dollar application, or it could be an application
25 for the whole million and a half. There's no, of the million and a half, as far as
26 what thresholds you can apply for that money, it would give opportunities for
27 example, Appomattox County. If you don't do anything with the formula it would
28 receive fifty-five thousand dollars. Buckingham County would receive twenty-
29 nine thousand.

30 DELEGATE WRIGHT: My point still is this, I feel like the
31 counties currently getting the allocation, I don't want to see us lose three million
32 to start with, because that might be an invitation to lose more in the future. At the
33 same time if you take this and divide it among these counties, and that would help
34 two of mine somewhat, but I just don't agree with the concept of it.

35 MR. ARTHUR: Thank you, Delegate Wright. I submit to
36 you the time has come for us to think about the entire area and not just our
37 political areas. We need to be thinking about the entire Southside, which includes
38 Patrick County, Cumberland, and all these areas. They need an opportunity, and
39 in fact total dollar-wise or percentage-wise, by taking this three million dollars
40 out, Halifax, Danville and Pittsylvania County got hurt the worst. It's clear your
41 county gave up a little bit, but they have a bigger opportunity to get even more,
42 but I think it would be the best of all possible worlds. You look at three hundred
43 thousand dollars as a cutoff, and we have not set that, but it would allow these
44 counties to indeed apply for a decent regional project and allow them to

1 accomplish something in their communities that we have not allowed them to do.
2 DELEGATE WRIGHT: Frankly, Mr. Chairman, I dislike
3 that way more than the way I thought it was going to be done, because you could
4 take a locality that in the past didn't even qualify and possibly make it one and a
5 half million dollars according to the process. You said it all possibly could go to
6 one locality. I think it's fair if you want to do that to bring everybody up
7 somewhat, but I think to open up that pot of money to say that one locality gets
8 one and a half million when in the past they weren't even judged to be qualified to
9 get any. I'm just opposed to that concept.

10 MR. ARTHUR: Being judged not to get any was basically
11 by the formulary, which you do agree with, is that right?

12 DELEGATE WRIGHT: Yes.

13 MR. ARTHUR: I still submit that we should be thinking
14 about the larger area and the greater good.

15 MS. TERRY: Mr. Chairman, it would be nice if we had a
16 map, and Patrick gets a decent amount, and I'm looking at this as Southside and
17 not Patrick and the City of Martinsville. If we had a map that showed regions that
18 hung together, because when I look at these other thirteen localities in the set-
19 aside they're kind of patchwork and they don't tend to connect in a cluster, they're
20 kind of all over. If we could set that and not put it on the basis of a ninety-day
21 deadline. Some of us have this nagging feeling that sometimes it feels like
22 whoever runs the fastest and grabs the bell gets to name the song and get the
23 money. Some of us might have a feeling that there's somebody out there right
24 now just poised to come after this money. I don't think it ought to be on the first-
25 come first-served basis. I think we ought to be thinking strategically. Let's say,
26 for example, we were to take, could somebody hold up the map, take some of
27 these localities and see which ones are, those that hang in a region.

28 MR. CURRIN: Mr. Chairman, this raises an interesting
29 point, and just as a matter of discussion in fact Mr. Cobb is here from the Virginia
30 Heartlands Group, which does represent the counties of Amelia, Buckingham,
31 Cumberland and Appomattox, some of the counties in the upper part of Southside
32 Virginia, and don't receive a great deal of funding from the formula. They have
33 come to us in the past in a regional sense for proposals. That's just my echo to
34 what Ms. Terry is saying.

35 MS. TERRY: I guess what I'm saying, as opposed to
36 putting this money out here, we're kind of open to whatever applications come
37 forward, rather to begin to think about setting aside some money and look at the
38 areas that aren't getting money and saying to ourselves we're looking for certain
39 types of applications from you, and we're not going to give it all to the
40 Heartlands, and we're not going to give it all to Henry County. We're going to
41 develop this pool, and we've got a different process, and it's a slower and
42 maturing process. We're going to be open to where you're leveraging and where
43 you're working with other localities. It could be that there needs to be a better
44 bridge built between Henry and Pittsylvania and personalities are in the way, I

1 don't know. If we treat it differently and we slow the process down and have a set
2 of guidelines in place and promote regionalism and fairness to the areas that just
3 haven't gotten their part, I just know down the road that there's going to be
4 debates on the floor of the General Assembly. People are going to hold up the
5 Tobacco Commission, and they're debating the school formula and they're
6 debating the roads and they're going to say, you had your chance and we gave you
7 your money. There's going to be some delegate standing up from Charlotte
8 County or Amelia County saying, we didn't get any, and they'll say, that's your
9 fault. You didn't fight hard enough, and you didn't tell us, and we're sorry your
10 Tobacco Commission left you out; that's your tough luck. I think we've got to be
11 very careful if we're presenting ourselves as the Marshall Plan for Southside and
12 Southwest and we maintain our commitment to the entire region, because these
13 people in these counties that are now not getting their fair share are going to be
14 real hamstrung when they go down the road to the General Assembly. Folks in
15 the General Assembly will say, you had your shot and you didn't get it. That's
16 because we're saying this money is for everyone, but you know it's not going to
17 everybody.

18 MR. ARTHUR: I basically agree with you, it's not going to
19 everybody, but to say that they didn't get a fair share is something we'd have to
20 think about, because the guidelines that we set up, we set up what we thought was
21 fair based on how much tobacco influenced their area. I agree with you that now
22 is the time for us to start thinking more broadly as opposed to the way we have in
23 the past. I think we've been very good to education so far. Our community
24 colleges have all come away handsomely from this situation, I think. We didn't
25 put any strings on how they use it, but education committed to give them six
26 hundred thousand a year per community college in the area. It's my opinion, and I
27 feel that we need to be thinking more broadly for the whole area now and not just
28 for our own personal gains within our areas. That's no reflection on anyone, don't
29 take that wrong.

30 DELEGATE HOGAN: Mr. Chairman, this is along the
31 lines of the motion I made in November. What I'm looking for personally is just a
32 specific proposal on how this money is to be spent. I wouldn't take exception to
33 anything that's been said here. If we're going to set this money aside, I'm open to
34 that concept, but just to float it out there and to see what these localities are going
35 to try to stick up on the wall, three or four hundred thousand dollar chunk, we've
36 got a fair amount of that going on right now. Some counties tend to do it better
37 than others, but it is a very difficult situation. What it looks to me like is that if
38 we hang two million dollars out there, some for everybody and a million and a
39 half for these small counties, we're going to get everything from sewer lines to
40 community centers and everything under the sun.

41 What I'd like to see along the lines of what the Governor and other
42 people talked about this morning, what specifically are we going to do with this
43 money that will accomplish some of the goals that have been enumerated here?
44 At this point I haven't seen it, and all I know is that we're setting it aside. Where

1 is it going and what are we going to spend it on?

2 MR. ARTHUR: Delegate Hogan, I agree with you, but I
3 think we're getting the cart before the horse. If we don't know that we're going to
4 have some money we can't set specific guidelines. The second half of this
5 meeting today is to try to establish some guidelines for Staff in order to approve
6 or disapprove prior to us getting the applications. Secondly, with this money
7 none of it can just be given away and it would all have to be approved by this
8 Committee. So we're not just setting it up if somebody comes in for all of the
9 money then we'd obviously, or this Committee, would not approve it probably. So
10 I'm saying that I think we're getting excited about something that's not really
11 there, because this Committee is going to have absolute control over it. I'm still
12 going to have this meeting in Southside of all the Economic Development people
13 and have us tell them what they can apply for, what to look for and how to do it
14 and help them so everybody has a chance to apply for this money.

15 DELEGATE HOGAN: Since November when we were
16 talking about this last time we were hoping we'd see some specific proposals in
17 December or January at that point that laid out specifically what this money might
18 be spent on. I don't know that I know anything more now than I did then.

19 MR. CURRIN: Mr. Chairman, may I speak to that?

20 MR. ARTHUR: Yes.

21 MR. CURRIN: Delegate Hogan, I would say to you that
22 the million and a half that might go to the smaller counties, we have a guideline
23 and we have a process and we have an application that these other communities
24 like Halifax and Pittsylvania have gone through. Why can't we use the same
25 guidelines for the million and a half? That's what I'm suggesting. Why try to
26 reinvent the wheel for a million and a half when you just had close to a hundred
27 applications come in between two regions of Virginia that we serve and that's
28 already in place. I'm just suggesting use the same framework to ask these
29 communities to come to us, which we suggest in that framework regionalism is
30 given a priority in our application process.

31 MS. TERRY: Mr. Chairman, you have thirteen localities
32 here and just a million and a half, and I'm not suggesting we remove any localities
33 from the list, but it seems to me that if we're really serious that we take a million
34 dollars that's recommended to go back into the formula and put it up there and put
35 two and a half million. The million and a half for thirteen localities, I don't know
36 how it's going to be meaningful unless we really provide some guidance about
37 how we think the money ought to be spent. You're talking about a hundred and
38 twenty-five thousand dollars per locality if you think about it that way.

39 MR. CURRIN: I'm trying to get beyond
40 that.

41 MS. TERRY: If we don't say, for example, if we don't say
42 to the counties hanging together that we're only going to take a proposal from the
43 counties that are hanging together --

44 MR. CURRIN: -- Then you could split the money, if I may

1 say, Mr. Chairman, use the planning districts in place, or some of the economic
2 development entities like the Virginia Heartlands Group is here, and I'm sure Mr.
3 Cobb could come up with a wonderful application representing several of those
4 counties in a cohesive way, and that's my thinking; because as the Chairman said
5 earlier, when you have twenty-nine thousand dollars, you might as well not even
6 apply basically to the Commission for funding. What are you going to use it for?

7 MR. WATKINS: Mr. Chairman, most communities that
8 have not been before, never been turned down a single time they've asked for
9 money.

10 MR. ARTHUR: Yes, they have.

11 MR. WATKINS: What have they been turned down for?

12 MR. ARTHUR: Turned down --

13 MR. WATKINS: -- Except for that one exception they've
14 gotten significant funding. I wonder how we include Bedford and leave out the
15 City of Lynchburg, and the county right next to it has more economic impact than
16 possibly the City of Bedford. I wonder also how we leave out, when we go down
17 the communities that have had significant tobacco, and I'll use Chesterfield for
18 example, so when we get started doing this are we going to get into a situation
19 where we're going to have community after community after community coming
20 to us and saying, you included Bedford, show me why you did. So I think
21 Clarke's motion we have not gotten the information necessary to set aside this
22 money. I would move, or I'd like to make a motion that we go with the original
23 formulary. I think we're just guessing at what we might do, and we should not do
24 that now.

25 DELEGATE WRIGHT: I second the motion.

26 MR. ARTHUR: A motion has been made and seconded,
27 and you can come in under discussion.

28 MR. CURRIN: Yes, sir.

29 MR. ARTHUR: The motion has been made and seconded
30 that we put the money back into the formulary for this coming year, and the floor
31 is now open for discussion.

32 MR. WALKER: Mr. Chairman, I'd like to make a
33 substitute motion.

34 MR. ARTHUR: A substitute motion.

35 MR. WALKER: That you use the list of counties that are
36 on this sheet that Carthan handed out for Southside Economic Development
37 Allocation, that was the one we got at the beginning of the meeting. I'd like to
38 move that we establish basically a floor that each county listed on there would
39 receive two hundred thousand, all of their amount in the formula above that. It
40 would be Appomattox, Bedford, Buckingham, Cumberland, Sussex. Sussex
41 would be one that would be affected on that. That's my motion

42 DELEGATE BYRON: Second.

43 MR. ARTHUR: The motion has been made and seconded
44 that we establish a floor for each county of two hundred thousand. The floor is

1 now open for discussion.

2 MS. TERRY: I'm not an expert on parliamentary
3 procedure, but the cities we're talking about are geographically surrounded by our
4 region.

5 MR. CURRIN: That was my point, not connected.

6 MS. TERRY: So I would ask if the patrons would be
7 amenable to the substitute motion to amend it to add the three cities who by
8 default got left out of the formula because the City of Martinsville, and their
9 tobacco warehouse is closed, Martinsville has tobacco warehouses, and Bedford
10 City and Emporia City.

11 DELEGATE WRIGHT: Mr. Chairman, is that substitute
12 motion germane to my motion, not my motion, Tucker's motion?

13 MR. ARTHUR: Yes.

14 DELEGATE WRIGHT: It seems to me it's a different topic
15 entirely. It seems to me it's really two different motions, and I would ask them to
16 be separated.

17 MR. ARTHUR: Delegate Wright, I'm not trained in
18 parliamentary procedure, so is there anybody here that wants to clarify that?

19 MR. CURRIN: Mr. Chairman, Counsel might be able to
20 help.

21 MR. FERGUSON: I appreciate the opportunity to address
22 this issue, Mr. Chairman. I'm sure the legislators here can describe better than I
23 can, germaneness is sometimes in the eye of the beholder and certainly an issue
24 for the ruling of the Chair. The requirements of germane are that it have a rational
25 and reasonable connection to the issue that's being amended, or in this case there's
26 a motion being substituted for. If you're asking me for my advice on that, I
27 suspect the motion is germane, the substitute motion is germane.

28 MR. ARTHUR: Under the advice of Counsel the substitute
29 motion is germane.

30 DELEGATE WRIGHT: Ask for the question.

31 MR. ARTHUR: Wait a minute, wait a minute, let's get
32 straight where we are here now. We have a substitute motion on the floor, and
33 that substitute motion on the floor is to amend the procedure to set a base of two
34 hundred thousand dollars for the counties minimum, and that was made and
35 seconded. Then an amendment, I guess you'd call it or a substitute motion, and
36 that was never seconded, that we include the cities --

37 MR. WALKER: -- Can I respond to Ms. Terry's comment,
38 since she's asking a question on my substitute motion?

39 MR. ARTHUR: Yes.

40 MR. WALKER: The reason I did not include any more is
41 because I think the amount of money gets too high if we include any more. We're
42 approximately six hundred thousand in costs in my substitute motion, and that's
43 why I did not include any other localities. If we get too many localities involved
44 it would be more money than I would want to vote for, so I would respectfully say

1 I don't want to change my substitute motion.

2 DELEGATE HOGAN: Can I speak to the motion?

3 MR. ARTHUR: Yes.

4 DELEGATE HOGAN: I think what we're trying to do, I
5 don't know about handing out a hundred and twenty-five or two hundred thousand
6 to a bunch of smaller counties. Even if you look at the counties' budgets a
7 hundred and fifty or two hundred thousand in the context of what they're dealing
8 with is not a whole lot of money. I thought what we were trying to accomplish
9 when we talked about this in November was the notion that if Appomattox, for
10 example, came forth with a project or Martinsville came forth with a project that
11 would cost six or seven hundred thousand dollars and if we felt like it was worth
12 doing that we would have some resource to consider that. My hope was when we
13 dealt with this in November is from that point until now that those proposals
14 would be forthcoming and we'd have a chance to look at some specific project,
15 but we're not there, and the notion of splitting out little chunks of money and then
16 these counties are going to feel like it's there is just a matter of blowing up the
17 balloon that we've already got a problem with. I don't know how you get from
18 where we are to someplace reasonable, but I don't think we're there at this
19 moment.

20 MR. ARTHUR: He just restated what I had said originally,
21 but here again we couldn't get proposals in until we knew we could fund them.
22 Why ask them to waste their time in counties to give us proposals that we might
23 not even look at?

24 DELEGATE BYRON: It would seem to me, with the
25 money we're talking about setting aside, unless there is a special projects
26 committee within the Southside Economic Development and the concern seems to
27 be having a large sum of money that can be used for something that is unique and
28 special, if you go to the special projects committee, would be concerned that that
29 money will get eaten up by the whole region rather than the Southside. I don't
30 know if it's possible for us to consider as we make the decision a separate funding
31 mechanism for special projects within our own Southside Economic
32 Development.

33 MR. ARTHUR: Point well taken. We have a motion on the
34 floor, and it is seconded.

35 DELEGATE HOGAN: Point of order.

36 MR. ARTHUR: Point of order.

37 DELEGATE HOGAN: This change of allocation requires
38 a two-thirds vote.

39 MR. CURRIN: The Commission delegated the authority to
40 the Committee at the October meeting to make that choice. That's what the
41 Commission decided to do and gave you all the authority to make a decision on
42 these set-aside figures this year.

43 MR. FERGUSON: That's a good question. I don't have in
44 front of me what happened in October, but --

1 MR. CURRIN: -- While Counsel is looking at that, let me
2 speak to Counsel for just a moment.

3 MS. TERRY: Could I ask Delegate Byron a question in
4 just a moment?

5 MR. ARTHUR: Ms. Terry, go ahead.

6 MS. TERRY: I'm wondering if your suggestion of a
7 special projects committee within the context of the Southside would be one that
8 would be focused on the under-served counties?

9 DELEGATE BYRON: I thought that was the consensus of
10 the whole discussion. Otherwise the others would be at the table with bigger
11 projects and have more available.

12 MS. TERRY: I just wanted to be sure that's what you were
13 saying.

14 MR. ARTHUR: Thank you. We're still in the discussion
15 phase here on the substitute motion, which was to set a floor for the counties of
16 two hundred thousand.

17 DELEGATE WRIGHT: Mr. Chairman, the reason I
18 brought the motion is because I'm not opposed to raising the floor, but I don't
19 want to see that motion, if that motion passes what happens to Carthan's
20 suggestion of the three million dollars and how to spend it? Doesn't that still have
21 to be dealt with at some point in time?

22 MR. ARTHUR: No, not really, because it's just discussion
23 and not a motion. And, in fact, it is changing the formulary, which you've been
24 violently opposed to.

25 DELEGATE WRIGHT: Violently opposed to is a strong
26 word. If this motion passes, then there'll be no action taken, so what happens to
27 the three million dollars?

28 MR. ARTHUR: That goes back to the allocation.

29 DELEGATE WRIGHT: Then I withdraw my second of the
30 first motion.

31 MR. ARTHUR: Is there any further discussion of the
32 motion on the floor? Basically it says we'll set a floor of two hundred thousand
33 per community.

34 MR. WATKINS: Mr. Chairman, if the second is withdrawn
35 from the first motion, if the first motion doesn't exist, then you can't substitute for
36 it, and there's nothing there at all.

37 MR. CURRIN: Lunch is available, Mr. Chairman.

38 MR. ARTHUR: Let's have one question at a time here.
39 The question here is that Tommy withdrew his second, can you or can you now
40 have the question, you can't do that.

41 DELEGATE BYRON: That motion is not on the floor.

42 MR. ARTHUR: The substitute motion is on the floor.
43 Does everybody understand what we're doing here? I'm not a parliamentarian, so
44 you all will have to help me out.

1 DELEGATE BYRON: What is the pending question?

2 MR. ARTHUR: The pending question is do we set a floor
3 of two hundred thousand for communities and the balance of the funds go back
4 into the formulary?

5 MR. WATKINS: Mr. Chairman, I have a point of order.
6 Have we got a ruling from Counsel?

7 MR. FERGUSON: Mr. Chairman, in reviewing the
8 Bylaws, the bylaw that is relevant here states that two-thirds vote of the members
9 of the Commission serving at the time to be required to amend but not adopt
10 formulary rules and guidelines and allocations of money from the fund. At this
11 moment my advice is that that allocation has already been made from the fund to
12 the Southside Economic Development Committee. As you divide it up among the
13 counties and cities of the Southside region, that is not subject to this bylaw.
14 Having said that, I understand the indications of that, because I think you're
15 probably operating on that theory all along, but this bylaw as I recall it originally
16 adopted, really was primarily aimed at the allocation of indemnification moneys
17 and that each one or the seventy/thirty or the seventy-two/twenty-seven and those
18 numbers. It's inconsistent a little bit, the bylaw, with what the Commission did in
19 delegating to this Committee the authority to apportion this money, and that
20 inconsistency bothers me, quite frankly. I cannot tell you that this rule prohibits
21 you from doing what the motion on the floor would do.

22 MR. ARTHUR: Cutting to the chase, we can go ahead?

23 MR. FERGUSON: Cutting to the chase, you can go ahead.

24 MR. ARTHUR: Now, let's get this thing voted on so we
25 can have lunch. Any further discussion? I think the motion's been called for. I'll
26 state it again. As I understand the motion, we're going to establish a floor of two
27 hundred thousand dollars for all counties and cities that are mentioned here, and
28 the rest of the money out of the three million dollars will go back into the
29 allocation to the counties, according to this procedure. Does everybody know
30 what we're voting on?

31 DELEGATE WRIGHT: That's just the localities that are
32 currently getting funding?

33 MR. ARTHUR: Yes, the counties just getting funding, did
34 that include the cities?

35 DELEGATE WRIGHT: That didn't include the cities.

36 MR. ARTHUR: The motion didn't include the cities?

37 MR. TAYLOR: No.

38 MR. ARTHUR: That didn't include the cities. Let's have a
39 roll call here.

40 MR. CURRIN: Mr. Bryant?

41 MR. BRYANT: No.

42 MR. CURRIN: Delegate Byron?

43 DELEGATE BYRON: Yes.

44 MR. CURRIN: Mr. Hite?

1 MR. HITE: Nay.
2 MR. CURRIN: No?
3 MR. HITE: Yes.
4 MR. CURRIN: Delegate Hogan?
5 DELEGATE HOGAN: No.
6 MR. CURRIN: You said yes? Excuse me. Secretary
7 Schewel?
8 SECRETARY SCHEWEL: (No response.)
9 MR. CURRIN: Senator Ruff?
10 SENATOR RUFF: (No response.)
11 MR. CURRIN: Mr. Taylor?
12 MR. TAYLOR: No.
13 MR. CURRIN: Ms. Terry?
14 MS. TERRY: No.
15 MR. CURRIN: Mr. Walker?
16 MR. WALKER: Yes.
17 MR. CURRIN: Mr. Watkins?
18 MR. WATKINS: No.
19 MR. CURRIN: Delegate Wright?
20 DELEGATE WRIGHT: No.
21 MR. CURRIN: Mr. Chairman?
22 MR. ARTHUR: No. All right, the motion fails.
23 MR. FERGUSON: Mr. Chairman, that means the original
24 motion is back before the Committee.
25 MR. WATKINS: Call for the question.
26 DELEGATE WRIGHT: The way I understand it the money
27 goes back into the --
28 MR. ARTHUR: -- If we don't do anything with this money
29 it goes back into the formulary.
30 DELEGATE WRIGHT: I'll withdraw my second.
31 MR. ARTHUR: Are you withdrawing your second,
32 Delegate Wright?
33 DELEGATE WRIGHT: Yes.
34 MR. ARTHUR: Then the slate is clean, then. The floor is
35 going to be open for discussion when we come back in our afternoon session.
36 Let's have lunch.
37
38 NOTE: A luncheon recess is had. Thereupon, the
39 meeting continues, viz:
40
41 MR. ARTHUR: I'd like everyone to take their seats, and
42 I'll call us back into session. We're back in session now. I want to thank the Staff
43 for lunch, appreciate it.
44 DELEGATE HOGAN: Is it appropriate to make a motion?

1 MR. ARTHUR: The floor is now open for motions. We
2 finished discussing the last issue.
3 DELEGATE HOGAN: I'd like to propose the same motion
4 I made in November, we table this three million dollars until our next meeting
5 until we've had a chance to look at other proposals that we might want to
6 consider.
7 MR. TAYLOR: I'll second that motion.
8 MR. ARTHUR: There's a motion made and seconded that
9 we table discussion on the three million dollars. Discussion?
10 DELEGATE BYRON: Would that leave the moneys with
11 no allocation changes and not any particular fund and it's just being set aside to
12 discuss at the next meeting with the same formula unless we change them?
13 DELEGATE HOGAN: She made the motion better than I
14 did.
15 DELEGATE BYRON: All right.
16 MR. ARTHUR: You've restated his motion, actually. The
17 Staff would proceed with their process of looking at the applications based on the
18 three million dollars being withheld.
19 DELEGATE BYRON: So next time we come back each of
20 the localities that's on the sheet already will have a remaining balance that was
21 not allocated.
22 MR. ARTHUR: Actually, at the next meeting we will need
23 to approve or disapprove, is that not right?
24 MR. CURRIN: As far as the applications, yes, sir, that's
25 right.
26 MR. ARTHUR: Then we would know what is left. Any
27 further questions? Any further discussion on the motion that's been seconded?
28 Hearing none, all in favor signify by saying aye. (Ayes) Opposed? (Nos). Roll
29 call.
30 MR. CURRIN: Mr. Bryant?
31 MR. BRYANT: Aye.
32 MR. CURRIN: Delegate Byron?
33 DELEGATE BYRON: Aye.
34 MR. CURRIN: Mr. Hite?
35 MR. HITE: Aye.
36 MR. CURRIN: Delegate Hogan?
37 DELEGATE HOGAN: Aye.
38 MR. CURRIN: Secretary Schewel?
39 SECRETARY SCHEWEL: (No response.)
40 MR. CURRIN: Senator Ruff?
41 SENATOR RUFF: (No response.)
42 MR. CURRIN: Mr. Taylor?
43 MR. TAYLOR: Aye.
44 MR. CURRIN: Ms. Terry?

1 MS. TERRY: Aye.
2 MR. CURRIN: Mr. Walker?
3 MR. WALKER: No.
4 MR. CURRIN: Mr. Watkins?
5 MR. WATKINS: No.
6 MR. CURRIN: Delegate Wright?
7 DELEGATE WRIGHT: No.
8 MR. CURRIN: Mr. Chairman?
9 MR. ARTHUR: Aye.
10 MR. CURRIN: The motion is carried.
11 MR. ARTHUR: The motion carries. That completes our
12 discussion today on the three million dollars set aside. I challenge all of you to
13 think about this, and maybe in April we'll be prepared to discuss it a little further.
14 We're preparing now to move on to setting guidelines for the Staff on
15 looking at the Southside Economic Development Proposals.
16 MR. CURRIN: Mr. Chairman, a quick question on the three
17 million. Do you want Staff to do anything right now or just hold off on the three
18 million?
19 MR. ARTHUR: As the motion carried, Staff didn't have any
20 direction at all.
21 MR. CURRIN: Just wanted to be sure.
22 MR. ARTHUR: Sure.
23 MR. CURRIN: The packets, the Chairman asked me a long
24 time ago to have Staff put forth some issues for consideration as it pertains to
25 issues that the Committee voted on in the past to develop or enhance the criteria
26 that this Committee and Commission award grants. Everybody should have this
27 document in your packet, and it has "DRAFT" on it, and it says, "Southside
28 Economic Development Committee Issues for Consideration." If no one has one,
29 please let me know.
30 MR. ARTHUR: Ladies and gentlemen, what we're trying to
31 do right now is try to give some guidelines to the Staff as to what they should
32 look for in approving the applications that are now before them before they bring
33 them to us so that they can have some guidelines to rule out the ones we don't
34 want to look at. There's been several things in the past that we said we didn't like,
35 like studies, but there are occasions when we need to look at things like studies.
36 Tourism might be something we want to look at, museums, these things have
37 come up in the past where we've had to make decisions about them. These things
38 shouldn't have got to us, and we should have guidelines from the get-go for these
39 type of things, but also allowing some flexibility if it's something that is marginal.
40 That's all I've got to say. Carthan.
41 MR. CURRIN: Thank you. There are existing guidelines
42 and a structure that the Southside and Southwest communities currently follow
43 that you all have awarded and adopted. This is to enhance our process for the
44 Chairman's direction. We put issues such as major priorities for funding, studies,

1 operating funds, health care, economic development, for-profit projects,
2 allocation formula, matching funds, local funding priorities, economic impact
3 analysis. On the third page, general funding policies. On the back is a scoring
4 chart that the Staff has put together to attempt to score the projects according to
5 these criteria and to give the appropriate points to that system to those grants.

6 The Chairman has stated he'd like to have at some point a retreat, and
7 the Education Committee did so during the session. From the Staff's perspective
8 it was very helpful, and I think the Committee found the process very helpful, and
9 I would urge this Committee to do the same type of retreat, spend a half a day or
10 however long you all would want to spend, and I'd like to try to do that before the
11 next full Commission meeting and your next full Committee meeting if that's
12 possible. I know that's a short period of time, but I think it would be helpful for
13 everyone, and we could do that in Southside and go over these kinds of topics in
14 greater detail. This is a starting point, and I'll be happy to answer any questions
15 anyone has

16 MR. ARTHUR: Mr. Watkins.

17 MR. WATKINS: There's something in here about putting
18 money into the Agri Committee. I'm trying to figure out the --

19 MR. ARTHUR: -- What page are you on?

20 MR. WATKINS: The front page, major priorities for
21 funding. I'm trying to figure out where agribusiness gets money for the funding
22 allocations.

23 MR. CURRIN: What I envision, Mr. Watkins, that the
24 Committee has been appointed for that Committee to have some moneys given to,
25 but not from the Southside's current budget that you have, no, sir.

26 MR. WATKINS: From which one?

27 MR. CURRIN: I would recommend that if you're going to
28 do something from this fiscal year the appropriate source, because that Committee
29 represents both regions and has representations from both regions, and if you
30 were going to do something this fiscal year go to the Special Projects Funds to
31 allocate or transfer some funds from Special Projects to the Agri-business
32 Committee. Then as we develop the '04 budget as you will be voting on in April,
33 the Staff has made recommendations for that Committee to have some funding.

34 MR. WATKINS: I have some questions on the evaluation
35 criteria. One is economic development potential, and it looks like to me you're
36 talking about job creation, but we're not talking about job creation in relation to
37 dollars invested. We might have someone come up with five good small projects
38 and because they didn't create a large number of jobs they wouldn't be ranked as
39 high. It looks like to me there ought to be something there with dollars that we
40 want. Jobs created.

41 MR. CURRIN: That's a good point

42 MR. WATKINS: The next one would be under regional
43 cooperation. When I look at counties and cities, and a lot of the rural counties
44 don't have a city so they don't have an opportunity to cooperate with a city, so we

1 need to address that. I'm looking at probably three or four of the counties that
2 don't have cities in them. How do they get credit for cooperating with this?

3 MS. WASS: It doesn't have to be a county or a city.

4 MR. WATKINS: If you have a city inside of a county it's
5 very easy to cooperate with them. It's just easier geographically for somebody to
6 cooperate across three counties to get the maximum number of points. The last
7 point, and this goes back to professionalism, when we talk about needs I don't
8 think we should be putting any points at all on the way the application is
9 prepared. If we have a county that has excellent staff and knows how to do it, and
10 then another one doesn't know and doesn't have that, then if we penalize them for
11 not having professional oversight and implementation, we ought to look at the
12 projects and not how it's written up.

13 DELEGATE HOGAN: That might be worth talking about.
14 I would second Mr. Watkins' comments. I don't see why it's relevant at all for the
15 application process. It's probably a good project and creates jobs and does all the
16 things that we said we want to do if it's going to help the region other than some
17 inherent county. So I don't see why we care if two counties get together and work
18 on a project, and if it's a good project that's great. If one locality has a better
19 project, if one little county has a better project by itself it's still going to help the
20 other counties around it. What difference does it make if we look at the
21 application? And that's not a rhetorical question.

22 MR. CURRIN: Well, as Harry Truman once said, an
23 economist came to him and said, Mr. President, on the one hand you should do
24 this and the other hand you should do that, and he said, I wish to hell I had a one-
25 handed economist. The Commission from its origin has tried to enhance and
26 suggest to both regions that working close and where it helps the region we
27 should try to work on that. And I'm not trying to pick on anyone like Pittsylvania
28 or Danville, real regional thinking, and Pittsylvania, Danville and Halifax have
29 worked together, and other regions have worked together in Southside. At the
30 same time if an individual jurisdiction or an individual political subdivision has a
31 very good concept they certainly should be given full consideration. I totally
32 agree with Delegate Hogan to the extent that in these counties in the region there
33 are no Berlin walls. What happens in Pittsylvania County does impact Henry
34 County and vice versa. What happens in Halifax and Charlotte, they impact each
35 other. The same happens in Washington and Scott Counties. I agree with
36 Delegate Hogan, but I also think that regionalism is a way of thinking, and it's
37 important for us. Also, what Ms. Terry said, other eyes of the legislature will look
38 at these things, what we're doing, and I think the more regional thinking we come
39 up with the better in their eyes we're doing.

40 MR. ARTHUR: Ms. Terry.

41 MS. TERRY: Mr. Chairman, I'd like to underscore the
42 comments made about professionalism. That's not to say that I think we ought to
43 take a project and fund it that doesn't have professional oversight. I think we
44 ought to be in a state that we help those counties put together good projects. With

1 the new Staff position that we have we can assume that all projects coming
2 forward would meet a minimum threshold, and we don't need to give points to
3 someone that might have a pretty looking project, that we would expect a
4 minimum threshold be met and we'd expect our Staff to make sure that would be
5 done. That's my view on professionalism.

6 I was going to ask a question about strategic fits. Was this in the
7 previous evaluation criteria, or is this new? It seems to somehow resonate
8 something that the Governor was talking about this morning. You get points for
9 how this fits into the counties' long-range plan.

10 MR. ARTHUR: I think we used this criteria last year.

11 MS. TERRY: This whole notion can certainly be fleshed
12 out, because it looks like we already have embedded in our criteria what the
13 Governor was talking about today in part, that is localities having their own
14 strategic long-range plan and how this fits into it. I wouldn't mind taking some of
15 the points for professionalism and shifting them down to strategic fits that would
16 encourage the planning process that's more than just paper. When we get our new
17 person on board we come up with what a strategic planning process would look
18 like for localities, what it would look like for a region, and then that all can be
19 built into our evaluation criteria as we get more points for the strategic fit.

20 MR. ARTHUR: Thank you, Ms. Terry. I think Staff in the
21 past has done an excellent job, and I've had to evaluate, and most of you here, I've
22 had to evaluate twenty-five or thirty after having gone through maybe fifty to a
23 hundred, and I think they've done an excellent job in the past, and I'm sure they've
24 used some criteria similar to this. I had hoped we could probably go through the
25 Draft and pick out some things that basically turn you off economically. I've
26 always said that I'm opposed to studies, because when you get through you've got
27 nothing but a pile of paper and it did not create any jobs, which was our original
28 criteria. I was asked to come up with a recommendation on that, and I did for
29 Chairman Hawkins. It is that we don't approve any studies as far as our leaning.
30 However, we need to evaluate each one on a one-by-one basis with a bias towards
31 not approving studies, which gave us flexibility. This is the kind of approach I
32 thought we'd try to take as opposed to going through the point system. Maybe
33 professionalism is a little bit shaky, but if you've got something like, something
34 you really think we ought to be funding, let's talk about that here, because that
35 way we won't even see them, much less get to the point idea of it. Delegate
36 Byron.

37 DELEGATE BYRON: Mr. Chairman, this Draft is
38 basically a concept of ideas that you're talking about for the next round of
39 applications. I would think that after that we're going to be back at the drawing
40 table somewhat discussing future plans, unless you don't anticipate them changing
41 with securitization and the changes that we're going to need in the formulary and
42 all of that next year when things drop and we'll be looking at new criteria. I
43 would agree with you that the evaluation criteria we really shouldn't get too stuck
44 on that and to date they've done an excellent job with their evaluation and grants

1 and other things. That's not the end-all of our projects. We know we have good
2 ones and even if it's been evaluated incorrectly, but not meaning to, we always
3 step up to the table and point that out. Now we're mainly looking at those things
4 for the upcoming applications that would help them to eliminate or put more
5 emphasis on certain things.

6 MR. ARTHUR: That's what I thought we'd try to do today
7 as opposed to trying to critique their point schedule on how they award points.
8 That should be some areas we don't even want to see.

9 MS. TERRY: Mr. Chairman, at my first meeting I was in
10 there where there were two Patrick proposals. One came from a public body and
11 one came from a private foundation, and this was another committee, and they
12 were sent out to negotiate with each other. I was asked how these negotiations
13 work out this way, and I was told one of them got more points, so then I wanted to
14 know - I think the point system really matters, because my experience in my first
15 meeting was these projects come in in tiers, and if we're not satisfied with what
16 gets points and what doesn't get points. I will tell you, Mr. Chairman, I was told
17 the reason the school system, if a school system has taken a computer and deleted
18 any reference to its program helping drop-outs and helping little children that it
19 would have scored in the first tier, but because it contained language that helping
20 drop-outs and helping little school children it was in the second tier. I think the
21 points matter, and I don't think this is a quick discussion we can have here today,
22 because this is the largest pot of money we're going to be dealing with, and we
23 just mentioned that.

24 I don't have any objection to what you're saying there as far as that there has to be
25 a means by which they rate these things. I was thinking we could go through and
26 rule out some that we don't even want to see and then discuss how they might
27 evaluate those. We have always said before, just for an example, museums. The
28 Chairman has said we just won't fund museums. I'm saying do we want to look at
29 museums, and if they're going to look at projects about museums then we'll go
30 into how do you rate them. I know that each of you have some projects that you
31 think we funded already and funded wrongly, and maybe we might want to
32 discuss those projects now and give the Staff a chance not even to bring them to
33 us. I yield the floor.

34 DELEGATE HOGAN: Mr. Chairman, I think last time
35 they brought them to us as recommendations, and we're going to see them all,
36 aren't we?

37 MR. ARTHUR: No, we didn't see them all.

38 DELEGATE HOGAN: We'll see the list and all
39 applications, and we'll see the recommendations from the Staff, or that's what we
40 did last time.

41 MS. WASS: It would fall into the not recommended but
42 appear on the list.

43 DELEGATE HOGAN: We'll see them all, and the real
44 question is --

1 MR. WALKER: -- I thought that was the purpose of what
2 you asked the Staff to draw this up with is that we wouldn't have to see them all.
3 If we know up front we don't want to fund any studies and we don't want to fund
4 any museums and we know we don't want to fund them, then why should it come
5 to us, why should we build up the hopes of the people drawing up this
6 application? Don't even put the application in. If you're applying for funds for a
7 museum and we're not going to approve it, we're wasting their time and wasting
8 ours.

9 MR. ARTHUR: Counsel.

10 MR. FERGUSON: There is a legal aspect to some of this,
11 and I'll provide some information before you get into it too deeply. We've advised
12 the Staff in years past, and the advice remains the same, that they are to make you
13 aware of every application they get, because they do not have the authority to
14 approve or disapprove any applications. The Commission is the entity delegated
15 by the General Assembly to allocate funds. It's certainly appropriate if they can
16 give you a list of Staff recommended and no recommendation and Staff not
17 recommended, however they break it down. They need to provide you a list of
18 everything that's been applied for, and having said that, it's perfectly acceptable
19 that this group can say we'll tell you now we're not going to approve any studies,
20 for example, and if folks know that and they nonetheless apply for one the Staff is
21 obligated to let you know that someone has applied for a study and they've asked
22 for that, and you can say, no, we're not going to do it, that's fine. Therefore, at
23 least they'll make you aware of all the applications that come in, despite the status
24 they may be in as far as recommended.

25 DELEGATE HOGAN: Mr. Chairman, with that in mind,
26 I'd make a proposal and we can talk about this specifically. That is that we direct
27 Staff that our priorities are based on building infrastructure and that sort of thing,
28 and that's the number one priority, that we will take a very dim view of studies,
29 that we can take a very dim view of operating funds, and that we may consider
30 some for-profit projects. I'll speak to that in a minute, but as a general rule take a
31 very dim view of them, to have the Staff focus their recommendations on job
32 creation and infrastructure development, and there better be some very good
33 reasons why they come back with a recommendation for projects that do not fall
34 specifically into those categories.

35 MR. ARTHUR: That's exactly what we wanted to do here
36 today.

37 MR. CURRIN: Mr. Chairman, just to cut to the chase, if
38 you go to page three, general funding policies. Staff appreciates what Delegate
39 Hogan has to say, those major thrusts. Are there any problems with these or any
40 amendments you'd like to make?

41 MR. WATKINS: The third one is should be using the gap
42 or should not?

43 MR. CURRIN: Should be.

44 MR. ARTHUR: Isn't it already supposed to say up to two

1 years as opposed to one year?

2 MR. CURRIN: I don't recall from memory. Do you,
3 Stephanie?

4 MS. WASS: There's no indication of number of years
5 beyond start-up.

6 MR. CURRIN: I've got it considered on an annual basis.

7 MR. ARTHUR: I knew it was in the long-range plan.

8 MR. CURRIN: All of these points were addressed in the
9 long-range plan.

10 DELEGATE HOGAN: Mr. Chairman, I wouldn't take
11 exception to anything on page three, except funding priorities should be given to
12 projects regional in nature. I don't think we ought to give preference to projects
13 simply because they're regional in nature. We ought to give preference to projects
14 that create jobs and infrastructure that is inherently regional, and therefore I
15 would hate to see projects given preference because they happened to be filed by
16 several counties versus one. I don't see on what basis you would make that
17 preference.

18 MR. ARTHUR: I think it's been the policy, and stated by
19 the full Commission, that we look at regional projects or trying to encourage
20 regional projects as opposed to individual projects.

21 DELEGATE HOGAN: I would suggest that's what we
22 have Special Projects for. I would be tickled to death to have a project that's
23 regional in nature. If one was regional in nature and wanted to put in five
24 thousand jobs in Pittsylvania County I would prefer to have those five thousand
25 jobs in Pittsylvania County because it would help the people in my district more
26 than something that's regional in nature. I don't know what that means.

27 DELEGATE WRIGHT: Mr. Chairman, I agree with
28 Delegate Hogan on that. To me the whole concept is that each county knows
29 what their appropriation is going to be, and with securitization now it'll be even
30 more definite. The whole idea was for the Tobacco Commission to do a long-
31 range plan, and this allows the communities to do long-range planning. In
32 Lunenburg the last two years we've used our appropriation to up-grade the
33 wastewater treatment plants in the two towns in the county. That cannot be
34 shown as being a regional project, but it's very, very important to Lunenburg
35 County. I think putting emphasis on regional cooperation with special projects,
36 that to me was the emphasis to start with. I think you have to be careful, and this
37 appropriation goes to each county, and I think they come up with ideas how it
38 should be spent in their own counties that's supported by those communities and
39 either goes to provide infrastructure, jobs, et cetera. I don't think they should be
40 turned down or be penalized.

41 MR. ARTHUR: I don't think we're saying penalize them,
42 but I think we ought to give them priorities and maybe up it to regional projects.
43 That has been our standing policy since day one, really.

44 DELEGATE WRIGHT: I have a follow-up question. For

1 instance, if the county puts in a proposal for a project in that community that's
2 needed, like the wastewater treatment plant, how would the fact of it not being
3 regional affect that proposal?

4 MR. ARTHUR: It would not affect your proposal. If you
5 were dealing with two counties trying to fix the water problem they would
6 combine both assets.

7 DELEGATE WRIGHT: Mr. Chairman, it seems to me the
8 money is coming from a specific appropriation for each county. The fact that it's
9 not two or three counties coming together, if it's good for that one county why
10 would it matter?

11 MR. ARTHUR: Mr. Walker.

12 MR. WALKER: Mr. Chairman, going back to the
13 beginning of this Commission, and as you said, and we designated regionalism as
14 a major proponent in these applications. The funding formula as far as the
15 amount allocated to the counties is not really an allocation but money that's
16 available. We've been advised by the Secretary of Commerce and Trade, the
17 Governor's Opportunity Fund, and all the professionals that we've talked to that
18 regional efforts are going to have a better yield to attract industry to our areas
19 than any one county trying to single shot. Charlotte County by itself is not going
20 to have as good a chance attracting industry as the Heartland Region working as a
21 unit. The same thing with Danville and Pittsylvania County and all the other
22 regions. This is what the professionals told us from day one. We have a better
23 chance of having an economic impact on our areas if we work through regional
24 cooperation. That's why I think it's in here, but whether you want to change it or
25 not, that's up to the Committee, but that's the way I understood it.

26 MR. CURRIN: Mr. Chairman, I'd like to say from the Staff
27 perspective, the philosophical belief behind the regional thinking has been the
28 Commonwealth encourages that and the Governor's Opportunity Fund, that's why
29 you have these marketing entities representing Halifax and other jurisdictions in
30 the area, the Heartlands Group. I would say to Delegate Wright, too, that even
31 within political subdivisions like Lunenburg the Tobacco Commission has been
32 able to encourage almost a regional thing within the county. Two towns and the
33 county have been working close together because of Tobacco Commission
34 dollars, and that's a good thing.

35 DELEGATE WRIGHT: Mr. Chairman, Lunenburg does
36 participate with Virginia Heartlands, and that's how we split our appropriation. I
37 agree a hundred percent, but I just wanted to make sure that in my opinion we
38 shouldn't actually penalize because it's not regional, but we should try to
39 encourage regional cooperation, of course. There are some projects that are going
40 to be better for that particular county and not necessarily attracting industry but
41 providing infrastructure.

42 DELEGATE BYRON: Mr. Chairman, a very brief
43 comment. I don't think we're trying to penalize anybody, but this point system, if
44 you have a project in your community that's going to benefit regionally and we

1 have groups coming before us that were neighbors to each other and all fighting
2 over some very similar incident, we have to tell them to go back to the drawing
3 table and work together, and in those particular cases regional cooperation
4 worked. I don't think it's a matter of saying this project is going to take
5 precedence over this because it's regional. Many times the money that you're
6 working with is going to reach out a lot further and you're still going to benefit
7 and gives you additional value if you're benefiting a broader area. So I don't think
8 it's really penalizing.

9 MR. ARTHUR: Thank you, Delegate Byron, for your
10 comments. I might note this is also in line with the Governor's long-range plan
11 for the entire Commission. Any further discussion?

12 MR. WATKINS: Does Delegate Hogan have something he
13 wants to say about for-profits?

14 DELEGATE HOGAN: What we've said in the past, Mr.
15 Chairman, is that we've ruled out projects that are just for profit.

16 MR. ARTHUR: That's true.

17 DELEGATE HOGAN: At the same time, we're paying
18 indemnification money to tobacco farmers, and the last time I checked it was for
19 profit. If we have other projects, and let's just use this as an example, a business
20 that wants to build a wireless network. The difference in what they need to make
21 that project pay out and what they can expect to get out of it based on their
22 immediate membership or subscriber pool, there is a gap between those two
23 numbers. I think other Committees of this Commission have considered those
24 types of applications, or at least consider them. I would suggest that we would at
25 least consider applications for-profit. Whereas, in the past I'm not aware that we
26 have.

27 MR. ARTHUR: I don't think we can do that.

28 DELEGATE HOGAN: I think it's clear we can give money
29 to people, and I believe we've done it before.

30 MR. FERGUSON: We've had this discussion a number of
31 times over the years, and there's a constitutional provision involved in providing
32 public money to support profit interests. In order for there to be a funding for any
33 profit, whether it's for-profit or not for profit for that matter, there has to be a
34 public interest that's being served, and that's the determination that has to be made
35 by this group to determine whether there's a public interest and whether it's
36 sufficient enough to warrant use of public funds to support private endeavors.
37 The advice we've given consistently over the years is that the further along that
38 sort of private endeavor spectrum moves, not for profit or profit, then the more
39 pointed and more clear the public purpose needs to be in order to balance the
40 equity. That's one of the things that the deal closing funds are there for, to help
41 close deals with private entities that would come in and bring in jobs and all the
42 other things that economic development is all about. When we review those
43 projects, whether they're loans or grants, we give them a much closer scouring
44 than we do if there's a grant to say a public entity or say wastewater treatment

1 that's publicly owned, because the concerns, you've got that additional
2 constitutional dimension added that we have to be most cognizant of as the
3 steward of the money.

4 DELEGATE HOGAN: Mr. Chairman, using deal closing
5 funds and special projects, we've already given money to for-profit entities, and
6 we've done it numerous times. I don't think we should inherently rule it out for
7 Southside economic development.

8 MR. ARTHUR: It's never come out of this Committee that
9 we have funded for-profits.

10 DELEGATE HOGAN: We said we can't, but the truth of it
11 is we can, because we're doing it through deal closings already.

12 MR. ARTHUR: That's different.

13 MR. FERGUSON: All of the funding we've done so far,
14 I'm not talking about deal closings, and I'm not sure of that, but any that have
15 come through have always gone through a locality or an IDA, and that in turn the
16 loan.

17 MR. ARTHUR: Can you give us an example of where
18 you're headed? You must have something in mind.

19 DELEGATE HOGAN: I swear to God I don't, Mr.
20 Chairman. I think if you took the example that, say you wanted to put wireless
21 technology in a community and there was a company there that wanted to develop
22 that, and they had five hundred subscribers and to make it pay they would need a
23 thousand. Would you tell them, or one of the things that this Commission has said
24 is that we really want to believe in broadband development and development of
25 that infrastructure, and let's say we only had to build it for twenty percent of it
26 because they'll build eighty percent of it, and they need about three or four years it
27 would take them to get to the five hundred or a thousand to pay things out. I'm
28 not sure you want to categorically limit them. I don't think we want to
29 categorically throw those out, and I think certainly running it through an IDA or
30 another instrument to get it done, because that's just technical maneuvering. We
31 know we can spend this money if we want to. We're doing it in deal closings.
32 Frankly, I don't have any in mind.

33 MR. ARTHUR: You're not discussing economic
34 development here.

35 DELEGATE BYRON: Mr. Chairman, if we're going to
36 have a meeting or talk about a workshop, these sound like some good open
37 discussions for that workshop that we're talking about coming up. It doesn't look
38 like we're going to come to a resolution here, so could we possibly direct the Staff
39 in that direction, unless there's something you'd like to accomplish?

40 MR. ARTHUR: All I was trying to do here today was such
41 as this last general funding policy, I'm really more concerned about the policy that
42 we give the Staff to use for them to look at, to look at proposed projects so we can
43 proceed forward, and that's what I'm trying to do here today.

44 DELEGATE BYRON: Mr. Chairman, the only thing we

1 can agree upon, and I'm not sure we came to an agreement on that, it looks like
2 we don't want to talk about museums and studies, so we certainly could put a
3 couple of things out there that are definite that they could put into a location that
4 wasn't categorized or scored that were those things that we didn't want to do. Is
5 there anything that we can do to accomplish those quickly?

6 MR. TUCKER: I think Staff is putting some time doing
7 this, and can we go through these and say yes or no or maybe or we don't like this
8 paragraph? Can we go through it paragraph by paragraph and get this thing done?

9 MR. ARTHUR: Can we do that or just go down one-by-
10 one issues in the general funding policy? Just one-by-one.

11 MR. WATKINS: That suits me.

12 MR. ARTHUR: Let's move on. Let's go to the last page,
13 General Funding Policies. We're going to take these one at a time. We're on the
14 Draft, General Funding Policies. If we have to we'll vote on agreeing with them.
15 I'll just read them, I don't know how else to get them on the floor.

- 16 ■ Funds should not be used to supplant other local,
17 state, or federal funds.

18 Any disagreement there?

- 19 ■ Funds should leverage to the greatest extent
20 feasible funding from other public and private
21 sources.
- 22 ■ Funding should be used as gap financing for
23 specific projects.

24 MR. WATKINS: Do you mind explaining to me exactly
25 what you mean by that?

26 MR. CURRIN: We're attempting to suggest that we not be
27 the sole financier, that we help bridge some financing opportunities for
28 given projects and not be the sole source of funding.

29 MR. ARTHUR: (Continuing)

- 30 ■ For funding that benefits private sector
31 activities, preference should be given to loans as
32 opposed to grants, except for deal closing
33 funds.

34 ■ Funding should not be used to fund annual
35 operating costs beyond start-up costs.

36 MR. CURRIN: Mr. Chairman, do you all mean to suggest
37 one year or two years or what?

38 MR. ARTHUR: I don't want to go outside of the long-
39 range plan that the Governor has got. Whatever it is, that's what we should be
40 doing. I thought it said two, but if it's one, then it's one, unless the full
41 Commission wants to change it. The next one is:

- 42 ■ Funding priorities should be given to projects
43 regional in nature (incorporates more than one county

44 DELEGATE WRIGHT: Mr. Chairman?

1 MR. ARTHUR: Delegate Wright.

2 DELEGATE WRIGHT: This is my personal opinion, but I
3 think instead of saying priorities should be given and incorporates more than one
4 county or locality, I think it should say, localities should be encouraged to
5 cooperate and have projects regional in nature, rather than saying funding priority.
6 I think it should say encourage them to do it. I don't know how the language
7 could be changed, but that's just my opinion on that. I think the ability of each
8 county to do what is best in their own circumstances is very important. I don't
9 think we should be put into a position of being turned down on a proposal
10 because it was something that was only good for that county.

11 MR. ARTHUR: Thank you, Delegate Wright. Anyone else
12 want to comment on this wording?

13 MR. BRYANT: Mr. Chairman, I don't know any better way
14 you would encourage than to say that would be a priority. Am I not correct?

15 MR. ARTHUR: Delegate Wright.

16 DELEGATE WRIGHT: My question is what's the purpose
17 for this as far as, when counties have projects that are only good for themselves
18 like a wastewater treatment plant and they don't have a project in mind that is
19 regional in nature. I don't understand why when this money is appropriated for
20 their county and each county is, because of the reduction in tobacco revenue, and
21 how that affects each individual county, then I don't see why there'd be such a
22 priority placed on working with other counties when you can work together in
23 special projects and things of that nature. When it comes to the appropriation for
24 your particular county, it seems to me that everything is not necessarily going to
25 work that way, Mr. Chairman.

26 DELEGATE BYRON: This is within your county, you're
27 going to be the one voting on this in the first place. So if you have a project you
28 like over another one then you can screen for it because it's your project in your
29 county and you're using your county funds, but if your funds are being used to
30 reach out to other areas in regional cooperation is all the better is what they're
31 saying. I don't think it'll hurt you.

32 MS. TERRY: That has not been my experience with this
33 Commission. In my county the situation was there was an application from the
34 school board and a private foundation, and no one deferred to me in terms of how
35 that money ought to be spent and allocated. We are here operating on the
36 assumption that the only applications that can come from a locality are from the
37 board of supervisors. I'm just saying the conversation feels like that. You can
38 have a foundation in your county that's regional, and you can have your school
39 board coming in with something that fits the criteria, so you could have a number
40 of applications, because your board of supervisors does not control this funding
41 process. It would be nice to think we defer to each other related to what goes in
42 the localities, but I have not experienced that. I think we need to be aware, and
43 I'm all for supporting regional projects, but it's not a very comfortable position to

1 be in when you head up against a point system and there is not local deference to
2 you.

3 MR. CURRIN: Mr. Chairman, just two quick points. This
4 language before you is based on and adopted from the long-range plan to date.
5 It's the guiding principles that have been adopted. Number two, going back to
6 Delegate Wright's comment. In the past when the Staff has gotten two
7 applications, and let's say one from Lunenburg, if one application is strictly for
8 Lunenburg County and one application incorporates Lunenburg and two other
9 counties, we felt, and the direction of the Commission is to give that Lunenburg
10 plus two a little bit added credibility and a little bit more credence than just
11 Lunenburg number one.

12 DELEGATE WRIGHT: Mr. Chairman, isn't it true that the
13 localities are competing against themselves? Localities should be applying to
14 stay within the guidelines so far as say in creating jobs and providing
15 infrastructure. That's all I'm saying, and I don't want localities to get the wrong
16 impression or get penalized or not get their appropriation.

17 MR. CURRIN: Delegate Wright, I know we had
18 Kenbridge's water and public utility system that got high marks, and it was
19 funded.

20 DELEGATE WRIGHT: I don't know of a problem in my
21 district, but I could see of a possible problem.

22 MR. ARTHUR: Mr. Walker.

23 MR. WALKER: We can discuss this all day. Let's either
24 leave it like it is or change it. I make a motion that we approve the wording as
25 presented.

26 DELEGATE HOGAN: Second.

27 MR. ARTHUR: The motion has been made and seconded
28 we approve the wording as presented. Any further discussion? Hearing none, all
29 in favor say aye. (Ayes) Opposed?

30 DELEGATE WRIGHT: No.

31 MR. ARTHUR: The motion is carried.

32 ■ Funding cannot be used to finance endowments.

33 Any further discussion on that? All right.

34 ■ Before any funding can be approved, an
35 application must be submitted in
36 accordance with guidelines and deadlines
37 established by the Commission and be reviewed by the
38 appropriate program director of the Commission.

39 I hear no further discussion on that.

40 DELEGATE BYRON: Could we add one to the bottom?

41 MR. ARTHUR: I assume we can.

42 DELEGATE BYRON: Museums and studies, unless the
43 studies are required as part of the process or had to have a study done in order to

1 get to step two.

2 MR. ARTHUR: We did one of those, you're right.

3 DELEGATE BYRON: But not a general study to decide if
4 they want to move forward or --

5 MR. ARTHUR: -- That was one of those circumstances
6 where the county couldn't afford the study. How do you want to word that?

7 DELEGATE BYRON: We can either have two separate
8 bullets, one to do with museums and one with studies.

9 MR. ARTHUR: Do you want to define museums?

10 DELEGATE BYRON: Museums, cultural --

11 MR. ARTHUR: -- I understand that, not to fund them or to
12 fund them?

13 DELEGATE BYRON: Not to fund them.

14 MR. ARTHUR: Some added words from Delegate Byron,
15 another bullet to include, how about a motion that we tend not to fund museums?

16 DELEGATE HOGAN: How about this, we have a natural
17 prejudice towards studies, against studies and non-state agencies?

18 MR. FERGUSON: Just a suggestion. Museums and
19 studies are generally disfavored. Studies may be approved if a necessary part of
20 an overall larger project which is favorably viewed by the Commission.

21 DELEGATE HOGAN: Second.

22 MR. ARTHUR: Is that approved by everyone? Would you
23 give that to the Staff, please, Frank? All right, that concludes the business of this
24 meeting. I'd like to open the floor for any public discussion. We've sat here all
25 afternoon, and you've gone through this process with us. I certainly want to give
26 anyone an opportunity to say what you've got to say. Does anyone care to be
27 recognized?

28 MR. SLEEPER: Mr. Chairman, this goes towards what the
29 Governor said earlier, that's when we were talking about separating these and
30 looking at all little groups that you need to go back and remember the economies
31 that were impacted by the change in tobacco. You're looking at Danville,
32 Pittsylvania, Halifax, Mecklenburg and Brunswick. There's nothing else there,
33 and we've got to put something there, and it does cost a lot of money to do it. I
34 know everybody is after money, but we've still got to remember this is where it all
35 started and that's why we were doing that. I know we get the largest amount, but
36 we do have a twenty-five year plan and a ten- year priority, and we do have a
37 strategic plan and I think the only one that was ever submitted.

38 MR. ARTHUR: Mr. Sleeper, I'd like to compliment you
39 and your county having put together a twenty-five year plan and a ten-year plan.
40 It was, to my knowledge, the only one that came forward.

41 Would anyone else like to be recognized? Do I hear a motion to
42 adjourn?

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MR. WALKER: So moved.

MR. ARTHUR: The motion is made that we adjourn.

PROCEEDINGS CONCLUDED.

CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Southside Economic Development Committee Meeting, when held on Tuesday, March 4, 2003 at 11:30 a.m. in House Room 1 - State Capitol and the General Assembly Building in Richmond, Virginia 23219.**

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

Given under my hand this 10th day of March, 2003.

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

My Commission Expires: October 31, 2006