Southside Economic Development Committee

Thursday, July 10, 2003
9:30 AM
Upstairs Annex – Grand Dining Room
Longwood University
Farmville, Virginia

APPEARANCES:
Mr. Thomas W. Arthur – Chairman
Senator Frank M. Ruff – Vice Chairman
Delegate Kathy J. Byron
Delegate Clarke N. Hogan
Delegate Thomas C. Wright, Jr.
The Honorable Michael J. Schewel
Mr. Clarence D. Bryant, III
Mr. John T. Taylor
Mr. Tucker C. Watkins
The Honorable Mary Sue Terry
The Honorable Gary D. Walker
Mr. L. Jackson Hite

Commission Staff

Carthan F. Currin, III - Executive Director
Mary Cabell Sherrod - Manager of Communications and Committee Operations
Stephanie Wass - Director of Finance
Tim Pfohl - Grants Program Administration Manager
Britt Nelson – Grants Program Administrator - Southside
Jerry Fouse – Grants Program Administrator - Southwest

Attorney General's Office

Frank Ferguson – Senior Assistant Attorney General
Anne Marie Cushmac – Senior Assistant Attorney General

MR. ARTHUR: Would you take your seats please, I want to call the meeting to order. Would you call the roll please Carthan?

MR. CURRIN: Mr. Bryant?

MR. BRYANT: Here.
MR. CURRIN: Delegate Byron?
DELEGATE BYRON: (No response).
MR. CURRIN: Mr. Hite?
MR. HITE: Here.
MR. CURRIN: Delegate Hogan?
DELEGATE HOGAN: Here.
MR. CURRIN: Secretary Schewel?
SECRETARY SCHEWEL: Here.
MR. CURRIN: Mr. Taylor?
MR. TAYLOR: Here.
MR. CURRIN: Ms. Terry?
MS. TERRY: Here.
MR. CURRIN: Mr. Walker?
MR. WALKER: Here.
MR. CURRIN: Mr. Watkins?
MR. WATKINS: Here.
MR. CURRIN: Delegate Wright?
DELEGATE WRIGHT: Here.
MR. CURRIN: Vice Chairman Ruff?
SENATOR RUFF: Here.
MR. CURRIN: Mr. Chairman?
MR. ARTHUR: Here. At this time I'd like to thank everybody for being here today. At the conclusion of our voting and business you'll be given a few moments opportunity to speak to the Committee if you'd like. Thank you all for coming. To those sitting behind us I hope you can hear us.

At the pleasure of the Committee, you all have in your packets the Southside Economic Development Committee's request for grants and this is the second go around. If you all would take that out of your packets and let's follow it. I would like to leave Nottoway County until the end and proceed from there and come back to it without objection.

MS. TERRY: Mr. Chairman, what do you mean by the second round?
MR. ARTHUR: We tried to have two rounds of funding in which if in the first round the district did not use all their funds they can come back in the second round for additional projects.
MS. TERRY: Has that been published?
MR. ARTHUR: I don't know that we published it but I know it's been standard and we've done it and I believe everyone is aware of it.
SENATOR RUFF: I believe that's the proposal we had in the spring meeting.
MR. ARTHUR: That's true.
MR. WATKINS: Just the counties that had not spent out their allocations. In fact all the counties affected were in fact notified.
MR. ARTHUR: Yes, I think the staff can verify that. The first one we'd like to take up is a referral back because we had declined it in the first go around and they've come back for an additional, it's Ferrum College Community Revitalization in

Ferrum, Virginia. The request is for two hundred and fifty thousand dollars. The allocation that is un-obligated for Franklin County is six hundred and eighty five thousand and change. You all have it so I won't read it to you. Is there any discussion?

SECRETARY SCHEWEL: Just a couple of questions. I know I've been told six hundred and eighty five thousand, that's Franklin County '04?

MR. ARTHUR: '03 right now, that's their balance.

SECRETARY SCHEWEL: That's from the money budgeted in '03?

MR. ARTHUR: Yes.

SECRETARY SCHEWEL: So, for whatever reason they didn't have suitable uses to seek money for, they've now got this, so, they're coming in for this, last years money?

MR. ARTHUR: Yes. This county carried it forward, they don't lose it.

MS. TERRY: Mr. Chairman, can I ask a question? Has this been announced, is it deferred or are we taking it out of order?

MR. PFOHL: We have not announced the second round.

MR. ARTHUR: Anyone else?

MR. WATKINS: Every county knows what the balance that left so, basically all of them know. The second round is kind of a misnomer because all of them know what they were allowed to apply for in their balances at the beginning of the year. Any county that hasn't spent that balance knew or were told they could apply at this time.

MR. PFOHL: We did not issue any kind of public call.

MR. CURRIN: They are aware of this.

MS. TERRY: They were aware, we have a cycle or a process, do we have a process that we call for the second round which the counties, they don't know that they can come in and do this. Are we reviewing or revising the ground rules? Any new proposal today based on previous funding is premature because we haven't called yet for the second round of funding and that's our process, is that right?

MR. CURRIN: You're right, that's been our precedent. As you know we've had an unusual, we've had an allocation for both southside and southwest. I'd also say that at the time the Commission wanted flexibility, which is directed to move that process along and to address some situations that come up during the course of the year out of that cycle. So, we have on occasion done that. Ms. Terry is correct, we have a structure that we try to adhere to and then publish. We have worked around that.

MR. WATKINS: These projects are referrals back.

MS. TERRY: Is one of them new?

MR. PFOHL: Appomattox is new.

MR. WATKINS: The rest of them we had to ask for more information.

SENATOR RUFF: I think the point was made or the point that I was trying to make is that these are not second round. These are proposals that came forward and for whatever reason this Committee chose not to act and asked for more information or adjustments would be made.

MR. ARTHUR: I apologize for that misstatement. Let's move forward then. Since Ferrum College is a referral, what's the pleasure of the Committee? Do you want to read the recommendations of the review of the staff, what were the recommendations of everybody?

DELEGATE DUDLEY: Mr. Chairman, can I address the Committee?

MR. ARTHUR: Yes.

DELEGATE DUDLEY: Thank you Mr. Chairman. I didn't attend the last Southside Economic Development Committee meeting but we do have some folks here from Ferrum College and a letter from the Administrator of Franklin County. Secretary Schewel questioned the fact that they had not used all of their previous allocation. Franklin County has been approaching this in a very methodical process. This money's been unavailable. One of the primary concerns is the development of the western part of Franklin County area where the college is located. Ferrum College is probably one of the economic drivers in Franklin County. One thing in reviewing the application that was not mentioned and I don't know how it could have been brought in any better, but the Ferrum area joins the parkway and joins Floyd County and when you get into southwest a lot of the emphasis is placed on tourism and that type of thing.

The Village of Ferrum has been working now through the county for the last several years in obtaining federal funding and state funding as well and grants for the revitalization process. So, when you take the community and the college it sort of all comes together at this point. I think with the participation of the college and with the recent requests of the college and the five million dollars of additional funding for the conference center and things that have already happened, this certainly will be help for the county not only for tourism but as far as economic development as well. Dr. Braaten who is the President of Ferrum College is here and would like to say something.

DELEGATE HOGAN: Mr. Chairman, with that said I'd move adoption.

DELEGATE WRIGHT: Second.

MR. ARTHUR: The motion's been made and seconded. Any discussion?

SECRETARY SCHEWEL: I was trying to understand this last year and this year I think the county's doing the right thing and when they need it it's not willy nilly so, I want to be clear in mind so this is not intended as criticism.

MR. ARTHUR: Any additional discussion?

MR. FERGUSON: Mr. Chairman, if I could. Ferrum corporately is an educational charity?

MR. ARTHUR: Yes.

MR. FERGUSON: Non-profit?

MR. FITZPATRICK: Yes.

MR. FERGUSON: Is this request Tim being made by Ferrum itself or Franklin County?

MR. PFOHL: Ferrum College with support from the county and that's in the letter.

MR. FERGUSON: In the form of a grant?

MR. PFOHL: Yes.

MR. ARTHUR: Frank, does that answer your question?

MR. FERGUSON: Yes.

SECRETARY SCHEWEL: I take it this is in contemplation of an overall development in the Village of Ferrum including the hotel conference center? The feasibility of the hotel conference center in Ferrum, has that already been investigated and determined to be feasible or is that going to be investigated? What's the thinking on that?

DR. BRAATEN: There's quite a bit of investment already and because of our proximity to the Blue Ridge Parkway and the present support of Franklin County, it's been suggested that this is the next stage of development. We've invested over six million to date on a lot of infrastructure that's been put into the area with water and sewer and other things. We're going to continue to invest but we know the conference center is something that is of very high interest as jobs are going to be created as a result of all of this. This is a community revitalization for the community of Ferrum. Ferrum College and Franklin County in the western area where Ferrum is, is the primary anchor in the area. We've done all these things with our report to date and we've done all the background. This is certainly very important to the county and Ferrum.

MR FITZPATRICK: I'll be very brief, Mr. Chairman and members of the Committee. This project is what as an economic developer what I would call a community development project. It'll do all kinds of things for western Franklin County and many people have been involved. Ferrum College is involved in this and it will make the community much broader. We don't think we can achieve economic development in western Franklin County without Ferrum College and our influence and our opportunity to help. The sewer and water infrastructure makes this the only place in Franklin County other than within the Town of Rocky Mount that has the water and sewer. What we'd like to see is some major residential and commercial growth and an opportunity for our students as well. We all know that 38% of the residents of Franklin County leave the county everyday to go to work in Roanoke and other places. One of our goals is to create more job opportunities in the county and that doesn't necessarily mean Ferrum but this will help give other opportunities close by. Our goal here is not to depend so much on the college as the community. We feel like if we don't get involved in helping all of this happen it's not going to happen. I went to Ferrum in the 60's and I've seen it fall apart and the village has great potential. Right now there are folks interested in living in that area and we've got to create some community interest and we hope to do that by having the kind of information that this money will provide to work with developers to get things going and to invest this money in the Village of Ferrum. Thank you.

MR. ARTHUR: Why is Ferrum College being the bell cow in this and not the community?

MR. FITZPATRICK: I would say primarily because we've invested so much of our own money and the county has partnered with us. We see our role as being a lead dog in this particular hunt and it is appropriate for us to carry the load in that regard.

MR. ARTHUR: You then will see the position you put us in as the college as opposed to Ferrum community actually doing the things.

MR. FITZPATRICK: One of the challenges here Mr. Chairman is that there's no incorporated town of Ferrum so, there's no way for Ferrum community to come to you legally other than Franklin County. Franklin County feels like we can partner in this thing and they're behind us. Rick has shown his support and if there is a reason we do it this way, if there's another reason to do it or if we shouldn't do it this way you tell us. We haven't been told that this was not an appropriate way to bring it forward at this point.

MR. ARTHUR: Thank you, any further discussion?

MR. WALKER: Could I ask Delegate Dudley a question? Following up on the building and on what Mr. Arthur just said. Since, you're partnering with the county is it possible that we could work through the IDA or this situation instead of directly with Ferrum College and the IDA could work with the college. If we'd make a grant to the IDA it would be better to work with the public authorities.

DELEGATE DUDLEY: I don't know any reason why we couldn't do it that way. This forum has unanimous support from the county and the Board of Supervisors. I don't know that they had an opportunity to consider and vote on it. I guess that is fine with them. I know that would be fine with some but I have not talked to the other people.

MR. WALKER: When we did the Martinsville Speedway we did it through the IDA.

MR. ARTHUR: Yes, sir. Any further questions?

MS. TERRY: Could you tell me if you are a 501(c) 3, would you have any objection to setting up an independent structure for this that has a board and it's operated that way and that would be together with the communities so it's not us making the contributions. All the private schools and Martinsville is under this policy, a private high school coming in and asking for money. I think we're opening Pandora's box if we do this. If we can find a way to achieve our goals through a governing structure that is shared with the community.

DELEGATE DUDLEY: I may have to get some help from the college but I think this is already in place with a foundation. Somebody can tell me if that's not right.

MS. JONES: If you develop a governing structure for this where it's blended into the community and where the proceeds come from and they share that makes some feel better. To start supporting private colleges directly and then private high schools will be next.

MR. FITZPATRICK: Mary Sue, we had a 501(c) 3 foundation that's oriented around the community. The community has been very willing. I think it would be very easy for us to add people to the Board of Trustees for that organization. We could do that and that would enable us not to have direct funding going to Ferrum College. It's a community foundation in the letter of the law and it's done in such a broad fashion that if we do something like this we could use it as an alternative.

MR. ARTHUR: Delegate Hogan, do you care to amend your motion?

DELEGATE HOGAN: Go ahead.

SENATOR RUFF: I'll make the motion that the money be given to Blue Ridge Foundation and the Blue Ridge Foundation will add members from the community conditioned.

MR. ARTHUR: Any further discussion on the amendment or do I have a second?

DELEGATE WRIGHT: Second.

MR. ARTHUR: The motion is made and seconded. We will now vote on the amended motion. Would you like to restate that please?

SENATOR RUFF: Mr. Chairman, I would move that we grant the request of two hundred and fifty thousand dollars amended to the Blue Ridge Foundation contingent that they add members of the Ferrum community to their board.

MR. ARTHUR: You all have heard the motion and seconded. All in favor signify by saying aye (aye's) opposed (no response). Motion passes.

The next one we need to take a look at is Sussex County. We have funded partial for the construction and plans and they're back asking for the rest of their allocated funds two hundred and forty nine thousand seven hundred and twenty dollars. Staff reviewed this and recommended full funding. What's your pleasure, any discussion?

MR. WATKINS: Anyone here from Sussex?

MR. PFOHL: The Chairman of the Board and the County Administrator.

SENATOR RUFF: So we can get things in proper order I'd make a motion that we approve this funding as now proposed.

MR. WATKINS: Second.

SENATOR RUFF: You have the administrator from Sussex County here. The Chairman of the Board would like to address this issue or they can answer any questions addressed to them.

MR. ARTHUR: The motion has been made and seconded that we fund it as stated. The floor is open for discussion, would you like to address it?

MS. JONES: Thank you very much for the support we have been given. We have several of us here including our Chairman of the Board and we have the Executive Director for the planning district and those people helped us put the project together. We worked with the Town of Waverly and with the local service authority and the industrial park on 460.

SUSSEX BOARD CHAIRMAN: Thank you very much. I'd just like to add that we did present results of the allocation of thirty five thousand dollars at the April 14th meeting to develop a plan and an infrastructure plan for the project. So, with all that said we're ready to proceed immediately to the next step.

SENATOR RUFF: I'd like to throw in the comment that this parcel is along 460 and it's adjacent to the Norfolk Western rail line.

MR. MORRIS: If I may follow up. The Virginia Economic Development partnership has indicated they think it's a good site and we have a letter of recommendation.

MR. ARTHUR: Any further discussion?

SECRETARY SCHEWEL: Before we came in existence how would you have come up with the money. If we didn't exist how would you come up with the money?

MR. MORRIS: There's a significant county fund that the service authority for that project. As you may know our region and Economic Development Department and the Department of Commerce and Economic Development administration and that's common throughout southside Virginia and southwest Virginia to utilize their funds when appropriate. They've changed some of the guidelines so it's a little more difficult to get funds. We've had conversations with them in terms of down the road. This is phase one and it's a thousand acres and I know the Commonwealth has very few large sites available so this is one of the larger sites.

MR. ARTHUR: Any further discussion? Hearing none we'll move to vote. All in favor approval of Sussex County signify by saying aye (aye's) opposed (no response). Recommended for full funding.

Moving on now to the Town of South Boston. This is a fifty-eight sewer interceptor which was originally proposed being out on 360. So, this is a referral back basically. The 360 proposal was referred back for further study and information and they had decided to take another route I assume. This then becomes a new proposal. Staff has recommended full funding of it. One sewer will go out to the Riverstone increasing capacity to the Riverstone Project. Do I hear a motion?

DELEGATE HOGAN: I'd like to make a comment and then a motion. If I may I might ask Ted Daniels to make, whether this makes sense. What happened here is that the original proposal before you included several sewer lines to several places. They've paired that down basically to taking one sewer line running in the industrial park and the Commission put a bunch of money into it. That was to upgrade the sewer line from a twelve-inch to a twenty-four inch line, which does a lot of things, but it also opens up the section between where the industrial park is and where the sewer line goes to other developments. What Ted is looking for is the difference between what he, when they originally did this job and put in the twelve-inch line and upgraded it to the twenty-four inch line. They think it's going to cost about seven hundred and thirty seven thousand dollars. What I'd like to do and I could be talked out of it if I talk too much, is say that we will allocate up to that amount of money but what we really want to allocate that when the bid comes in the difference and if that makes sense to folks I'll make that in the form of a motion.

SENATOR RUFF: Second.

MR. ARTHUR: There's a motion and a second, any discussion? You want a discussion?

MR. FERGUSON: Mr. Chairman, I think that in fact under our recently adopted procedure operating reimbursement, operating to reimburse rather than an up front payment process. I think that would be the net result in any event. If the award is made for this particular project and the billing is going to come up to six hundred thousand that's all we reimburse.

SECRETARY SCHEWEL: The route 360 proposal was ultimately rejected, replaced, sent back for reconsideration because we felt like it was not serving the commercial industrial development. It was serving the ordinary general fund of Halifax County.

MR. PFOHL: There's some question, clearly it was going to serve some commercial areas but there's some debate about whether it would serve residential or future residential areas. It was sent back for consideration to return with a scaled back proposal.

SECRETARY SCHEWEL: When they had the 360 proposal was any proposal in for route 58 as sewer and septic upgrade?

DELEGATE HOGAN: That was part of the original proposal.

MR. ARTHUR: I'm sorry Clarke, I don't recall it, this is a totally different project.

SECRETARY SCHEWEL: When the Board submitted this request, had you planned on doing this upgrade any way?

MR. DANIELS: It was in the process of being planned.

SECRETARY SCHEWEL: It was something the county built and something you would have come to –

DELEGATE HOGAN: -- If we don't give them this money we'll have the twelve-inch line, do the sewer to Riverstone but without this grant cannot upgrade.

SECRETARY SCHEWEL: The effect of that will be that Riverstone will want to build additional capacity.

DELEGATE HOGAN: The area between Riverstone and the town will not have service which seems a little silly.

MR. DANIELS: The town has been under a consent order from DEQ to repair it.

MR. ARTHUR: You're speaking very softly, I can hardly hear you. Excuse me for interrupting.

MR. DANIELS: The Town of South Boston's water and sewer system has been under a DEQ consent order to fix infiltration and inflow and our whole system is under financial stress. We do not have any more capability to fund these improvements. We obtained an EPA grant through Congressman Goodes office. With that we're doing our final repair to the infiltration and inflow problem. This line that connects the Riverstone interceptor with the rest of the towns system is critical and has to be repaired for efficiency. The thrust of the EPA money is to make repairs to the existing lines. We're here late because this has been a difficult process and not until January or February time frame that number one, from an engineering standpoint that we knew we had the capacity to tie the two systems together, and then upgrade the line. Our problem is with the recent flooding of the Dan River we have identified additional problems on the northside of the river that we have to devote all available EPA money to. What we've identified from a cost standpoint is that we have some five hundred thousand dollars available to make the minimum repairs on the southside of the river. We can use that five hundred thousand dollars EPA money and leverage it again and any additional funds from the Tobacco Commission that you would give us, we'd have a combination repair and economic upgrade where we can eliminate a lift station and all of its environmental problems. Future capacity would allow unlimited growth to the Riverstone Project and additional industrial area development. Had we been as smart last October or November when we were putting this project together and knowing that this was even doable you would have seen this application. All of this came together in the April time frame about the time you referred the 360 Project back. The bottom line is we need to do it smart and go ahead and make this economic upgrade. It's a catch 22, we lost four hundred thousand dollars in revenue and people who lost their jobs are the ones that have to pay the high water and sewer bills. That's the reason we're asking you for this money.

SECRETARY SCHEWEL: The question I was trying to assure myself of is that we had a 360 Project which we didn't like or if you funded 360 through us and go 58 yourself and we said no 360 you switched around and said fund 58 and the county will fund the 360.

MR. DANIELS: No, sir.

MR. ARTHUR: Any further discussion? Hearing none, all in favor of funding a sewer interceptor upgrade seven hundred and thirty seven thousand eight hundred and eighty dollars signify by saying aye (aye's) opposed (no response). The project is approved.

Moving on to Appomattox County and this is a new request. The staff has recommended full funding for a total of fifty thousand one hundred seventy-seven dollars which equals the rest of their allocation, to extend water, sewer and electricity and more infrastructure. They have additional funds of forty three thousand ninety eight. Do I hear a motion?

SENATOR RUFF: Mr. Chairman, I would move that we approve fifty thousand one hundred and seventy-seven dollars request.

MR. WATKINS: Second.

MR. ARTHUR: The motion has been made and seconded. Any discussion?

MR. WATKINS: This is actually two years of their allocation because it's a very, very small one.

MR. PFOHL: FY02 allocation but the bulk is FY03.

DELEGATE HOGAN: Does this fifty thousand finish the project?

MR. SPENCER: Yes, it does. This will allow the project with the IDA money as well as the purchase price of the property will allow the first tenant to come in. This has not been made publicly but there will be more details and that will be done very shortly.

MR. ARTHUR: Thank you. Any other questions or discussion? Hearing none all in favor of funding at fifty thousand one hundred and seventy seven dollars signify by saying aye (aye's) opposed (no response). Hearing none it's approved.

We've got Nottoway County which is the first one on the list here. Most of you are familiar with this or have read it. Their request is for two hundred and ninety thousand one hundred and twenty five which is the rest of their obligated allocation. It's for renovation of the former Fort Pickett Officers Club to house a farmers market and exhibition center, computer lab to offer distance learning, specialized training and degree programs, childcare center, community clearinghouse for area farmers and labor and machinery clearinghouse.

DELEGATE WRIGHT: Is the County Administrator here from Nottoway? Before I make a motion I'd like to make a statement. I think he's here.

MR. ROARK: My name is Ronald Roark. This is a large project and has been ongoing for years and it's been funded through county money and some Tobacco Commission money before. What we're asking for now is to purchase equipment for the distance learning center as a first priority and part of the money will be used for that. The balance of the Tobacco Commission money will be used to build a farmers market. The balance of the project will be funded by the county, the county's spent over a million dollars on the project with general fund money.

DELEGATE WRIGHT: Mr. Chairman, I'd move to follow the recommendation of the staff and fully fund this.

DELEGATE HOGAN: Second.

MR. ARTHUR: It's been moved and seconded, any further discussion or anyone like to make a comment? I'll make a comment. The staff actually said partial/full funding based on perhaps a good sum of this coming out of the Education Committee and/or the Agribusiness Committee, really covered both areas and not totally out of revitalization. Any comments by anybody?

SENATOR RUFF: Mr. Chairman, I think Nottoway County would like to move forward. They have identified that education is their greatest impediment to moving forward. They believe the best use of their monies would be for economic development. Should we say we're going to pass it off to the Education Committee, we cannot deal with this before next year and they would lose money in this process. I'd like to see us go ahead and live with their request.

MR. WATKINS: They've been working on this project for a number of years. It's not something kind of like Franklin County they've looked at it for some time and I think we should go ahead and vote on it.

MR. FERGUSON: I'd just like to complete the record. Tell us who owns this property now.

MR. ROARK: The County of Nottoway.

MR. FERGUSON: This is the result of the BRAC closings, Fort Pickett?

MR. ROARK: This is part of what went through the federal government.

MR. ARTHUR: Any further discussion? Hearing none all in favor of funding it as recommended for full funding signify by saying aye (aye's) opposed (no response). Hearing none it is approved.

We have a referral back from the Technology Committee. Tim, can you tell us about that?

MR. PFOHL: The Economic Development Committee received a grant application for fifty thousand dollars from Campbell County, which would constitute the full remaining un-obligated allocation for Campbell County. That application was submitted in February of this year. It was a request to provide Internet connectivity in the Brookneal area. It was based on a study involving seventy businesses in Brookneal and determined there was a need because of the remoteness of that community to access wireless internet to assist those businesses in providing opportunities to provide government services that would allow movement of business data.

In April the staff recommended to this Committee that that request be referred over to the Technology Committee and took that action in April. Yesterday the Technology Committee sent it back so you have a fifty thousand dollar request. There is enough un-obligated allocation to Campbell County to meet that request. Generally it was a well-structured research application. The equipment that would be purchased with Tobacco Commission funds would at the end of a five-year contract with the wireless Internet service provider, that equipment would become the property of the wireless Internet service provider. If there's a way that the ownership of that can be structured where it can be leased for like a dollar a year or some other terms to the wireless service provider that that might be to resolve that issue. The Director of Economic Development for Campbell County is here.

MR. DAVIDSON: Mr. Chairman and members of the Committee, we are agreeable to be part of that and I think in order to do that there would have to be some minor modifications to the proposal that was submitted in February. The proposal that was submitted in February technically covers that situation. The request was to fund to create a public/private partnership and 50% of that cost was tobacco money. The full fifty thousand would be needed to anticipate that system at the moment that we can get the system in for around sixty five thousand. Using 900-megahertz technology for the wireless system. So, rather than the fifty thousand 50/50 on the cost of the equipment if

the government is willing to own it then the county will make any additional costs necessary to buy the equipment.

DELEGATE HOGAN: Mr. Chairman, do you have any plan on recouping any of these funds for a long period of time back from this company? Do you have any idea when you would lease this and that might involve questions that the Attorney General might have. It doesn't change the fact that we're giving a private company fifty thousand. Do you have any structure in place to recover that money over a ten or fifteen-year period of time so the IDA can get that money back and use it for something else?

MR. DAVIDSON: I think we can structure the compensation from the Attorney Generals office. We can actually do a sale agreement. I would look at this as being a economic development project versus a technology. In that if we can keep or help keep small businesses viable and get extra business in Campbell County and the Town of Brookneal that revenue will not only help the tax base but the overall town as well. That will help generate income and have an effect on the return on investment above the cost of the equipment. The only thing I don't know is how fast the equipment will depreciate in value over the five years. I don't know that, if you structure a five year deal that at the end of the five years the provider buys the equipment and I don't know what the value would be but that's certainly something we will work with the Attorney Generals office to meet all the legal requirements.

MR. ARTHUR: I think you said yesterday you expected it to be obsolete.

MR. DAVIDSON: The way technology is changing nowadays in five years it should be functional and operational but as far as value that's another question.

DELEGATE HOGAN: Three years, my feelings is I don't mind helping a company and taking some of the risk but it's nice to have some structure in place to recover this money. We need to have some structure in place because we won't get our money back, we're going to take the edge off if we don't get our money back and when I say we I mean the public. I don't know how others feel but there should be some appropriate way to depreciate it out and still have value.

MR. DAVIDSON: That's something we're willing to work with. The reason that this has not been available in the town and the town only has a thirteen hundred population and there's only seven businesses within the corporate limits in the five-mile radius of Brookneal. So, we have to be concerned about the customer base and consider what the system would be down the line.

MS. TERRY: Given the question by Delegate Hogan and giving the money back, maybe the Chairman can appoint a subcommittee to look at this.

MR. ARTHUR: I can't hear you Mary Sue.

MS. TERRY: I said maybe we can appoint a subcommittee to look at it.

MR. WATKINS: One of the things we talked about earlier on before we had technology, how to take our money and leverage that to provide access in places where the business model didn't make any sense so that rural areas could get access so people could have something. I used to live in an area that cost me per minute dialing into South Boston to have Internet access. When we get into an area like Brookneal or a rural area that the business model doesn't make any sense. This is something we might look at as a model for some things we want to do county to county but I'd love to see how we could get the fifty thousand dollars back and when you look at some of these

rural areas that are very under served and when you've got a kid that can't get online at any reasonable cost and we have an opportunity to take that area and provide them and not just for business people. When you get 900-megahertz through that line of sight, we have an opportunity to do something and I'm not saying it's a perfect model but we can help people get what's available.

MS. TERRY: We might supplement technology.

MR. WATKINS: Yes. We took it from one committee to another and sent it over here and it's in their money that they had allocated for the counties.

MR. ARTHUR: Any further discussion? Do I hear a motion how we move on this?

MR. WATKINS: I move to give Campbell County the fifty thousand dollars.

MR. ARTHUR: The motion's been made is there a second?

DELEGATE WRIGHT: I'll second it.

MR. ARTHUR: Any further discussion?

MR. TAYLOR: Call the question.

MR. ARTHUR: The question's been called for. All in favor of giving Campbell County the fifty thousand, I think there was a contingency.

MR. WATKINS: Yes.

MR. FERGUSON: I understand the motion is carried in the direction of the subcommittee is that we work with them to create a structure that meets the constitutional requirements in a way that the Commission or the IDA can recoup some of the money.

MR. ARTHUR: Thank you for the backup Frank. The motion has been called. All in favor signify by saying aye (aye's) opposed (no response). Hearing none that's passed.

That concludes the business before the Committee.

DELEGATE HOGAN: I have something to bring up, go ahead Frank.

MR. FERGUSON: Mr. Chairman, as I understand Delegate Hogan's issue that he wants to bring before the Commission, he would like to make a motion that the Committee go into closed session pursuant to section 2.2-3711(a)(6) of the Virginia Code, Freedom of Information Act which allows public bodies to hold closed meetings for purposes of investing of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the government would be adversely affected.

SENATOR RUFF: If that's the motion I'll second it.

MR. ARTHUR: All in favor signify by saying aye (aye's).

CLOSED SESSION

Whereupon, the Southside Economic Development Committee goes into closed session.

OPEN SESSION

Whereupon, the Committee reconvenes in open session.

MR. ARTHUR: We'll vote by roll call.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: Yes.
MR. CURRIN: Delegate Byron?
DELEGATE BYRON: (No response).
MR. CURRIN: Mr. Hite?
MR. HITE: Yes.
MR. CURRIN: Delegate Hogan?
DELEGATE HOGAN: Yes.
MR. CURRIN: Secretary Schewel.
SECRETARY SCHEWEL: Yes.
MR. CURRIN: Mr. Taylor?
MR. TAYLOR: Yes.
MR. CURRIN: Ms. Terry?
MS. TERRY: Yes.
MR. CURRIN: Mr. Walker?
MR. WALKER: Yes.
MR. CURRIN: Mr. Watkins?
MR. WATKINS: Yes.
MR. CURRIN: Senator Ruff?
SENATOR RUFF: Yes.
MR. CURRIN: Mr. Chairman?
MR. ARTHUR: Yes. Okay, that should conclude the business, do I hear a motion to adjourn? We're adjourned.

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 Thursday, July 10, 2003 at 9:30 a.m. in the Grand Dining Room – Upstairs Annex Longwood University.

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 22nd day of July, 2003.

_____

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large
My Commission Expires:
October 31, 2006