

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee

Tuesday, March 21, 2006
2:00 p.m.

Riverstone Technology Park
Conference Room
South Boston, Virginia

1 **APPEARANCES:**

2 Mr. Thomas W. Arthur, Chairman

3 The Honorable Frank M. Ruff, Vice Chairman

4 Mr. Clarence D. Bryant, III

5 The Honorable Kathy J. Byron

6 The Honorable Barnie K. Day

7 Mr. Scott M. Harwood, Sr.

8 Mr. L. Jackson Hite

9 The Honorable Clarke N. Hogan

10 The Honorable Harrison A. Moody

11 Ms. Connie Nyholm

12 The Honorable Edward Owens

13 The Honorable Thomas C. Wright, Jr.

14 Mr. David N. Smith, Deputy Secretary of Commerce and Trade

15

16 COMMISSION STAFF:

17 Mr. Ned Stephenson, Acting Executive Director

18 Mr. Timothy Pfohl, Grants Program Administration Manager

19 Ms. Stephanie Wass, Director of Finance

20 Ms. Britt Nelson, Grants Coordinator, Southside Virginia

21

22

23

24

25

1 **APPEARANCES: (Cont'd.)**

2

3 OFFICE OF THE ATTORNEY GENERAL

4 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the
5 Commission

6

7 Dr. Wayne D. Purcell, Alumni Distinguished Professor Emeritus,
8 Agricultural and Applied Economics, Virginia Tech

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 MR. ARTHUR: I'll call the meeting to order of the
2 Southside Economic Development Committee. I'd like to thank everyone
3 for coming today.

4 As you will recall, the Chairman, Senator Hawkins, charged us
5 with taking a look at the way we're doing business, as far as allocations are
6 concerned, and how the formula has been working for the last six years, and
7 if it's something we want to continue to do, or do we want to look at this
8 from a new approach. There are several issues and ways of doing it. We
9 want to try to present those and discuss those issues and see if we can arrive
10 at a new way of doing business that would allow us to handle larger projects
11 within some areas that do not have allocations available to do it, or do we
12 allow them to go forward and charge against their allocation over a long
13 period of time. I think all of us have some ideas, but let's keep in mind our
14 charge and see how we can approach this so all of us will come out happy
15 with something that we can take to the full Commission in April.

16 All right, with that said, Ned, would you please call the roll?

17 MR. STEPHENSON: Chairman Arthur?

18 MR. ARTHUR: Here.

19 MR. STEPHENSON: Senator Ruff?

20 SENATOR RUFF: Here.

21 MR. STEPHENSON: Mr. Bryant?

22 MR. BRYANT: Here.

23 MR. STEPHENSON: Delegate Byron?

24 DELEGATE BYRON: Here.

25 MR. STEPHENSON: Mr. Day?

1 MR. DAY: Here.

2 MR. STEPHENSON: And we have here David
3 Smith, who is the Secretary of Commerce and Trade's designee.

4 MR. SMITH: Here.

5 MR. STEPHENSON: Mr. Harwood?

6 MR. HARWOOD: Here.

7 MR. STEPHENSON: Mr. Hite?

8 MR. HITE: Here.

9 MR. STEPHENSON: Delegate Hogan?

10 DELEGATE HOGAN: Here.

11 MR. STEPHENSON: Mr. Moody?

12 MR. MOODY: Here.

13 MR. STEPHENSON: Ms. Nyholm?

14 MS. NYHOLM: Here.

15 MR. STEPHENSON: Mr. Owens?

16 MR. OWENS: Here.

17 MR. STEPHENSON: Delegate Wright?

18 DELEGATE WRIGHT: Here.

19 MR. ARTHUR: Thank you, Ned. I'd like to take a
20 moment to welcome to our Committee a new member, Ms. Connie Nyholm.
21 We're looking forward to working with you, Connie. Thank you for
22 addressing the issues we talked about.

23 I'd also like to welcome David Smith. First time to have you
24 aboard, sir, and look forward to working with you.

25 MR. SMITH: Absolutely.

1 MR. ARTHUR: We have to approve the Minutes
2 of the last meeting. You all were sent a copy, hope you've had a chance to
3 read them. Do I hear a motion to dispense?

4 MR. BRYANT: So move.

5 MR. ARTHUR: So moved and seconded that we
6 dispense with the reading of the Minutes. All in favor say aye? (Ayes.)
7 Opposed, like sign? (No response.) The Minutes are approved.

8 MR. DAY: Mr. Chairman, why don't you just tell
9 us what you want us to do and let us vote on it and get out of here?

10 MR. ARTHUR: You might not like what I want to
11 do, so I'll give you an opportunity to state your wishes.

12 DELEGATE WRIGHT: Mr. Chairman, I see on
13 the draft here it says, reassess Southside formula, weighing the factors for
14 the counties. That's one of the items you want us to discuss today?

15 MR. ARTHUR: Yes, first of all, we want to, or I
16 think what we should do before we jump ahead is to look at the two options
17 really before us. We've been here now for six years working with this
18 formula that Wayne Purcell worked up for us, if you remember, years ago. It
19 has worked for Southside, but maybe we need to look at a new approach;
20 since we've had our past experience, we know some good and bad, and I'd
21 like to talk about that.

22 The first question is, are we satisfied with it, or do we need to
23 look at something different? Then, we'll decide which way we want to go.

24 DELEGATE WRIGHT: This is not the first time
25 we've visited this issue, and we did make some changes. I think, maybe, it

1 would be good for some of the new members maybe to get a little history on
2 the way we have done business, because we did make some changes, at the
3 Chairman's request, to try to help some of the counties that don't have as
4 much allocation as we'd like to see them have, and so forth. We have made
5 some changes, and it's not like we've never done anything along those lines.

6 MR. ARTHUR: You are right, Delegate Wright.
7 We certainly have made a couple of changes, and nothing major in the
8 structure of how we have been doing it. The basic allocation formula has
9 stayed in place, except for the four or five smaller counties, where we
10 grouped together all of them, all of their funds, to make one super fund, so to
11 speak, for just those counties. Is that what you're referring to?

12 DELEGATE WRIGHT: That's why I asked the
13 question about the first item here, is because we have had, or I thought we
14 had reached an agreement on something that would benefit the smaller
15 counties. We had a discussion some time ago, and I've forgotten when it
16 was, after that discussion I thought we had reached an agreement on that
17 issue. That's what I was wondering about.

18 MR. ARTHUR: Delegate Wright, as I recall, that
19 issue is not really what precipitated this meeting. What precipitated this
20 meeting was the fact that Halifax County wants to do an eight million-dollar
21 project, and they don't have the funds. They wanted to pay forward for
22 seven or eight years, and taking a portion of their allocation to pay back.
23 Paying forward, even though we've done it once or twice, maybe, is not what
24 we want to continue to do. That's really what precipitated this.

25 Do we want to set up a super fund? Do we want to leave it like

1 it is? Do we want to pile them all together mostly, in the same fashion as
2 Southwest does, allocate from the total pot? This is what I recall our charge
3 is to take a look at. If I'm wrong, somebody can straighten me up on it.

4 Having said that, I think that, Ned, I'd like to ask you to make a
5 presentation of the issue, please.

6 MR. STEPHENSON: Mr. Chairman and members
7 of the Committee, I have some introductory remarks that are mostly a little
8 bit of history, for the benefit of the Committee and newer members who are
9 new to this process, and to bring you up to speed a little bit.

10 Your Committee is made up of thirteen members. There are
11 only four of you here today who were here in June of 2000 when this
12 formula was brought about. That was Frank Ruff, Kathy Byron, Tom Arthur
13 and C. D. Bryant. The rest of you were not on board when this was done.
14 So, I thought it would be helpful if we catch everybody up to date.

15 The formula we have been using since 2000, we refer to it
16 internally as the J Formula. We have with us here today Dr. Wayne Purcell
17 from Virginia Tech, who was the original author of that formula, at your
18 request. It was a good piece of work, what you asked for, and it's what you
19 needed, and it's been in place since then. I thought it would be helpful to
20 have Wayne in a few minutes to maybe answer some background questions
21 about how it is that we arrived at that formula.

22 There are a few things about that formula that may be helpful
23 for you to know. Number one, it's only used for Southside Virginia, and it's
24 not used in Southwest Virginia. They do something a little bit different
25 there. You know, of course, the formula allocates the money among the

1 Southside counties, principally, according to where the tobacco quota is.
2 Wayne can talk about that a little later, but it's basically tied to tobacco.
3 We've used it every year since June, and it's in place now. It would require a
4 two-thirds vote of the Commission to change that. So, whatever you might
5 choose today, you can choose based on a majority vote among this
6 Committee, but to change the formula it would have to go to the full
7 Commission for a two-thirds vote. I just wanted to tell you that up-front.

8 Some challenges have arisen in recent years in the use of this
9 formula. The main one the Chairman already spoke to you about. That is
10 when a certain county has a large dollar project it seeks to fund, in many
11 cases that single county may not have the dollars that it needs to do that
12 large project. And, the other dollars that the Commission has available to it
13 are, so to speak, locked up in other counties because of this allocation
14 formula. It makes it hard for a county to make a large-dollar request. That's
15 part of what brought us here.

16 The second thing that has happened is that the county that needs
17 to make large-dollar projects work has a tendency to want the Commission
18 to spend future allocations for that county to get enough money together.
19 We've done a tiny bit of that, but if you do much of it, it produces cashflow
20 issues, and some issues that are binding future Commissions to decisions
21 made today. Some of those problems have come along.

22 You know, of course, last year we securitized, so half of our
23 revenue stream has gone off into the endowment, which is really not subject
24 to this formula, so there's less money available to the Economic
25 Development Committee to start with. Then the endowment is sitting over

1 there, not subject to the formula.

2 Lastly, and probably most importantly, some folks just don't
3 agree with the formula, so I think all of those together bring us to have this
4 discussion today. As the Chairman said, Chairman Hawkins asked us to
5 bring this together and do it.

6 At Chairman Hawkins' urging and Chairman Arthur's urging,
7 the Staff has prepared some options for you to look at today. The Staff is
8 happy to slice this in any manner you ask us to and carry that out in that
9 fashion. So, we're open to your wishes.

10 One last comment before Stephanie puts her numbers up for
11 you. I want to go back to the original statute, which most of you know
12 about. The original statute says that we are to "revitalize tobacco-dependent
13 communities in an equitable manner." I say that to tell you that that is your
14 only restriction, or your only charge from the Code, revitalize the tobacco
15 communities. You are empowered to do whatever you want to do that meets
16 within that mission. You are not confined to anything.

17 DELEGATE WRIGHT: I want to be clear. The
18 only money we're talking about right now is the money used for Economic
19 Development, we're not talking about Special Projects or any other funds?

20 MR. STEPHENSON: Thank you, Tommy. That's
21 precisely correct. The only money we're talking about is the money
22 budgeted for Southside Economic Development Committee here today,
23 which is not Technology, Education, Endowment. That is not on the table
24 today. It is your budget line item, which up until now for six years has been
25 spread according to this formula. That's the piece that we're here to talk

1 about today.

2 DELEGATE WRIGHT: Those other categories
3 that I mentioned don't have any formula at all as to how they have been
4 allocated or how the money has been spent.

5 MR. STEPHENSON: None known to me.

6 DELEGATE WRIGHT: As a business person, do
7 you think that's the appropriate way to do it, to handle monies of this
8 Commission?

9 MR. STEPHENSON: Tommy, I can't answer that.

10 MR. FERGUSON: I won't answer it, either.

11 MR. STEPHENSON: I'm going to ask Stephanie
12 Wass to bring you a little presentation, which is designed intentionally to
13 give you some options and some things to think about. Stephanie has done a
14 good job putting this together. Stephanie, tell us what you know.

15 MR. ARTHUR: Thank you, Ned.

16 MS. WASS: The first issue we're going to look at
17 today is the Southside allocation formula.

18 MR. OWENS: Shouldn't we hear from the guy
19 that put the formula together first?

20 MS. WASS: I'll give him an opportunity.

21 MR. ARTHUR: She's going to bring us up-to-date
22 to where we are, and then, if you have a question for --

23 MR. OWENS: -- He'll be part of her presentation?

24 MR. ARTHUR: He'll be available to answer any
25 questions you have.

1 MS. WASS: First of all, the goals of this
2 Commission is to stimulate economic growth and development in tobacco-
3 dependent communities. For this Committee, it's specifically the Southside.
4

5 Secondly, we want to invest these Commission funds where
6 they will be most effective and use these resources to get the best return for
7 the investment.

8 Thirdly, the Commission has stated it wants to promote regional
9 cooperation, which, I believe, was the original intent in creating this
10 formula.

11 To refresh memories and to bring new members up to speed on
12 the current Southside allocation formula, we currently allocate Southside
13 Economic Development funds county-by-county, based on a formula that
14 was developed at the request of the Committee by Dr. Purcell of Virginia
15 Tech when the Commission was first created. In its early days in June of
16 2000, this formula had four factors. This so-called J Formula has four
17 factors.

18 The first one factor is flue-cured and burley tobacco quota for
19 each county, based on 1998 data. This factor has a weight of seventy
20 percent, making it the primary basis for allocation of funds. There are,
21 however, three other factors that weigh into the formula. Ten percent is
22 based on warehouse designations for flue-cured tobacco in 1998. Another
23 ten percent is the economic impact of tobacco production relative to all
24 economic activity in that locality. The last factor is tobacco jobs in a
25 particular locality as a proportion of the total workforce across all localities.

1 Again, this is based on historical data at one point in time.

2 As Delegate Wright mentioned, last year we did take the five
3 counties that receive the smallest allocation and combined them into one pot,
4 and that's the only deviation we had from the original formula.

5 I want to give Dr. Purcell an opportunity to either answer some
6 questions or give you further background on the formula and how it was
7 developed.

8 DR. PURCELL: Stephanie, would you please give
9 those to everyone? I'll be very brief.

10 It's important that you understand the role of Virginia Tech in
11 general and my role in particular in developing the formula, which was a
12 technical role. As we approached the times that the monies were starting to
13 come to Virginia, there was great discussion in the Commonwealth about
14 how the money was to be spent or should be used. I participated in some of
15 those discussions in Richmond and elsewhere around the state.

16 The Tobacco Commission was formed in 1999, and the
17 leadership on the Commission started to talk about what factors should be
18 involved in determining how monies got used. Out of those discussions we
19 started to shape a quota, and then it was a case of there were a lot of jobs
20 involved here, and tobacco must have an impact on jobs, yes. It has an
21 impact on the local economy, too, and then, there are warehouses.
22 Warehouses would be important to a county or a city, wouldn't they? All of
23 that discussion went on. Then the Commission leadership came to me and
24 said, can you build something that would take into account all four of those
25 measurements to help us determine what the allocation across the producing

1 counties should be? And, I said, yes, I think we can.

2 Then, we proceeded to build a spreadsheet that intentionally
3 integrated into that spreadsheet the opportunity for the Commission and
4 Commission leadership to assign to those four factors the weights that they
5 wanted. I didn't pick the factors, and I didn't pick the weights. There were
6 people that thought I did, but I did not. I got calls from people in various
7 localities who said, we're not getting nearly the level of money that we
8 should be getting. And then, I said, okay, here's somebody you should talk
9 to, and it's not me.

10 We did nothing but develop a calculating mechanism that was
11 very efficient in calculating how much money should go to each county,
12 based on those four measurement indicators for that particular set of
13 weights. If you had asked me a week ago what the weights were, I couldn't
14 have told you.

15 I talked to one of my associates who helped build the
16 spreadsheet with me on the way down this morning. I asked, do you still
17 have the spreadsheet anywhere in your files? And, she said, yeah, I think I
18 do. She looked it up. And, I said, what weights are you showing in that
19 version you have there? It was seventy, ten, ten, and ten. We sent the
20 spreadsheet to the Office of the Executive Director of the Tobacco
21 Commission in August of 2000. We haven't had anything to do with it since
22 then.

23 So, we were told which factors ought to be important, and I
24 don't know that I would have agreed or disagreed a whole lot with them.
25 Quota, impact on the economy, jobs, warehouse, I know there was a

1 discussion about making sure that warehouse designations got in there,
2 because that's where Danville gets their money. Come on, be realistic about
3 this. Cities and towns were also getting impacted. That's basically the little
4 background you've got on page one here.

5 Then, down to early use of the formula. I'm going to be very
6 brief. We ran the thing at the request of Commission leadership several
7 times with several different sets of weights. We didn't pick them, but we ran
8 them. When you run the spreadsheet with a particular set of weights, it takes
9 ten million dollars or whatever it is, and spreads it across those eligible
10 counties, and it outputs it, and you can look at it. There was some looking at
11 this without any questions going on. I would have thought that if you would
12 have asked me a week ago, the emphasis on quota was probably a little bit
13 less than seventy, but that's what it is.

14 We ran the spreadsheet, at the request of the Executive Director,
15 on several occasions, with different amounts of money, during 2000. We'd
16 get a call, and then it would say, we just got page two of this stuff, five
17 million X dollars. They'd ask us to run it for them, and we'd run it and we
18 sent the results. I said, this is kind of silly, because first, we're not involved
19 in this. Let's just send the spreadsheet. I guess it's still there and still
20 functioning. That means apparently we built it pretty well.

21 Look at your second page, please. I think this is what's
22 important for this Committee. "What the Formula Is and Is Not." The
23 formula is math or a tool. It was designed to meet requests for a completely
24 objective allocating mechanism, using four specific measures. And, it does
25 that very well. If weights on the four factors are changed, tobacco

1 settlement money is reallocated. If there are changes to be made, the money
2 would be reallocated. Which counties will see increases or decreases, and
3 how big the increase and decrease will be, depends on the changes in the
4 factor weights, of course. The re-distribution, and if you change the weights,
5 would be difficult to anticipate without analytical assistance. This
6 spreadsheet can calculate it to the penny within a matter of seconds. It is a
7 useful calculating mechanism, and that's all it is. It never was intended to be
8 anything else. That's what we were asked to develop, and that's what we
9 developed.

10 The formula cannot allocate in multiple counties, excuse me,
11 the formula can allocate those funds across the eligible counties and
12 municipalities and do it very efficiently. It can allow a planned examination
13 of how allocations across counties change as weights on the four measures
14 are selectively changed by Commission leaders or Commission committees
15 for strategic planning regions. It can perform the calculations to get you the
16 new allocations and new distributions to reflect the change in weights on the
17 four selected factors with a high degree of accuracy and efficiency, in terms
18 of the math involved.

19 It cannot effectively compare the impact of one type of
20 economic development investment with a second or alternative economic
21 investment. I think that's something that generally needs to be done, but this
22 formula cannot do that. It's not designed for that.

23 It cannot provide any useful information to justify a policy
24 decision to change what is being emphasized in deciding that economic
25 development dollars should be invested in different types of economic

1 activities or in different counties. It cannot do anything to justify a change
2 that you might choose to make. It's not designed for that.

3 It cannot give any indication of whether a multi-county or
4 regional effort would be more effective in total or for each individual county
5 in a regional effort than it would be if each county did their own thing. You
6 might have some intuition about that, but this formula cannot do that. It's
7 not designed to do that.

8 It cannot generate the results on how funds would be re-
9 allocated if a new measure, such as the unemployment rate in each county
10 compared to the state average, was introduced as some sort of indication for
11 how monies ought to be allocated. It cannot do that, and it's not in the
12 calculating routine. Some new system would have to be developed for that
13 to be done.

14 I'll make a note here and then leave some of my contact
15 information. There are a lot of good effective analytical mechanisms out
16 there that can help with the things that are involved in this list of "what the
17 formula cannot do." Impact analyses of all types, there are lots of people
18 around in the state that can do these things, that can help determine what
19 type of investment will have a big economic impact in this county, because
20 of the way this county is structured, et cetera, but the formula cannot do it.

21 It was set up on request to determine how the money should get
22 allocated if the four factors driving the decision were quota, tobacco jobs,
23 effect on the local economy, and warehouse designation. Then, the
24 assignment of those weights is a key factor that determines how those
25 monies get allocated.

1 Any questions?

2 DELEGATE WRIGHT: I think you did a good
3 job. You seemed a little defensive about it. I think it has served us well and
4 continues to.

5 DR. PURCELL: I've been in some interesting
6 situations before in my life, so this one doesn't bother me, but I've got to tell
7 you that I think there are some people, probably some people in this room
8 and people on the Commission, that still have the notion that it was my idea
9 to build the formula, it was my idea to put these weights on, and that's not
10 right. We did nothing but build the formula, and we did what we were told
11 to do.

12 SENATOR RUFF: As one of the four that were
13 here then, I assure you there were about a half dozen proposals, and we
14 picked the one we felt was most effective. Is that correct?

15 MR. ARTHUR: Any other questions?

16 MR. HITE: Dr. Purcell, were you asked to do a
17 formula for the Southwest area?

18 DR. PURCELL: No, but at the time this was
19 going on, I don't think there were any sharp splits as to whether or not there
20 was going to be a formula used here and not a formula used there. There
21 was talk about the formula being used in Southwest with different weights.
22 This has been six years ago, but early on there was talk about the formula
23 being used in Southwest with different weights. And, I think over time, that
24 section has gravitated away from using the formula and opted not to use the
25 formula, I gather. The only thing I distinctly remember that I can

1 confidently say to you, that there was discussion about the formula as it
2 applied to Southwest, but there were discussions about different weights,
3 because somehow there was a perception in dealing with burley that maybe
4 it should have been more or less, whatever the case may be, influence
5 coming from tobacco.

6 MR. ARTHUR: Any further questions?

7 MR. STEPHENSON: Mr. Chairman, I think we
8 should thank Dr. Purcell for coming today, at my invitation.

9 (Applause.)

10 DR. PURCELL: Good luck.

11 MS. WASS: Dr. Purcell mentioned some of the
12 problems, and some of it was unintended, but it included that the current
13 formula has perpetuated the entitlement mentality among some localities.
14 The Commission becomes constrained to award grants in the counties where
15 there is allocation, irrespective of where the best project is. The current
16 formula has created competition within localities and discourages regional
17 projects. It ignores the inter-dependency of localities.

18 The factors in the formula are based on historical data from one
19 point in time. With the recent elimination of the quota system, tobacco is
20 now being grown in very different quantities, types and localities. The
21 current formula does not factor in the level of distress or need for a locality.
22 One could argue that funds invested in localities with the greatest need
23 would be the most effective use of our funds with the greatest return.

24 The current formula has been used for awarding Southside
25 Economic Development grants for the past six years, equating to a hundred

1 and eighty-seven grants, totaling approximately eighty-five million dollars.
2 Out of this eighty-five million dollars, some Southside localities have
3 received no funding, because as it designated on the formula they did not
4 receive any allocation. Those that did receive funding range from about two
5 million dollars to twenty million. You can see the range of how much it
6 varies. At the direction of the Commission and Committee Chairman, Staff
7 reviewed the current formula and has come up with some alternatives for
8 how funds are allocated in Southside.

9 One alternative would be to incorporate current economic
10 factors into the allocation formula. Another option is that funds be allocated
11 into five multi-county regions, rather than on a county-by-county basis. The
12 localities would be organized in groups that align with existing regional
13 economic development efforts. These multi-county regions already develop
14 their comprehensive economic development strategies together.

15 Potential allocation factors that we looked at incorporating the
16 new model are those listed here. We listed a lot of different possible factors
17 to incorporate in. Ultimately, we decided to narrow it down to some of the
18 more meaningful factors, with consideration of some constraints in
19 collecting the data on a regular basis. Our recommendation is to include
20 unemployment, which would be the total number of unemployed for the
21 most recent quarter.

22 Revenue Effort, which is a measure of the locality's efforts to
23 collect revenue. More funds would be allocated to localities that have a
24 higher revenue effort factor.

25 Average annual wage, which would allocate more money to

1 localities where the average wage is lower.

2 Education level, which is the number of adults without a high
3 school diploma, based on the 2000 census.

4 And, of course, there's tobacco quota that can also be factored
5 into the formula.

6 Here is one delineation that groups localities together with
7 similar economic development strategies, and will be the grouping we use
8 for discussion purposes.

9 Take a look at how much weight, if any, you want to put on
10 each of those factors. Let's take a look at the numbers.

11 Keep in mind, while you look at the numbers, the other issues
12 that this Committee was asked to address about committing future years'
13 allocations, or binding future Commissions, and how to fund large regional
14 projects.

15 The spreadsheet in front of you shows five factors, with weights
16 that can be assigned to them, based on whatever you wish, if you had
17 grouped those counties into those five different multi-county regions. On
18 the left side, based on a twelve million dollar budget, what they would have
19 received under the old formula, and on the right side would be the total that
20 they would receive under the new formula, which would change if these
21 weights were changed. You could make these weights whatever you wanted.

22 If you wanted twenty percent across the board, you can see how the
23 numbers would change.

24 For discussions purposes it would be, or if somebody wants to
25 see what's more important to them, weighting different factors, you can

1 assign whatever weight you would like.

2 MR. ARTHUR: Thank you for your presentation.
3 I know it took a lot of time to come up with this. Everything we're talking
4 about here is moot if you like what we're already doing.

5 Is it the pleasure of the Committee to go forward? Do we like
6 what we're already doing and call it a day?

7 MR. DAY: Mr. Chairman, I feel somewhat
8 constrained by only two alternatives. I can think of at least one other one
9 that fills me, if I can expound?

10 MR. ARTHUR: Of course.

11 MR. DAY: What we're trying to do are two good
12 things that do not necessarily accommodate each other. We want to treat all
13 the counties fairly and hold them harmless on the one hand, and on the other
14 accommodate good, successful, high-dollar projects. We don't want to spend
15 dollars out of the future that we're uncertain about.

16 It seems to me it would be reasonable if we were to ask the
17 Staff to consider this alternative. Rather than this board sitting here and
18 evolving basically as a super referee between the localities, why don't we say
19 to the localities, you all solve this among yourselves, and let them trade
20 these chips back and forth in basically a market-based situation.

21 If Halifax County needs eight million dollars, let them go to
22 these other counties and strike whatever deal they are willing to do on
23 whatever payback terms.

24 MR. ARTHUR: Barnie, I can see that turning into
25 an absolute fiasco, because some counties don't even have economic

1 development authorities, because they're too small, and they don't have the
2 funds. Who would we put in charge to do all this? I don't think we can give
3 up our charge to be the ones responsible for this. And, that's what we're
4 really doing.

5 MR. DAY: I think we're going to have difficulty in
6 taking money away from the largest tobacco counties in Virginia.

7 MS. WASS: It depends on how you weight the
8 formula.

9 DELEGATE HOGAN: I just want to ask this, and
10 I guess this is a question, probably, for Senator Ruff and C. D., who have
11 been on the Commission, I guess, since the beginning, excuse me, Mr.
12 Chairman. I guess there's three.

13 DELEGATE BYRON: Me, too.

14 DELEGATE HOGAN: I guess, four of you.
15 Anyway, the people that were here when it started out. We started out with
16 much more money in the formula than we have now. Out of that we created
17 Special Projects, Technology, maybe Education, to a lesser extent. Those
18 committees were created to create pools of money to do things that did not
19 fit in with the formula. It seems to me that, although we don't count them as
20 part of the work of this sub-committee, it seems to me that if you want to
21 consider how we're allocating our resources, that you must also consider
22 those pots of money which are available by these different areas, I suppose,
23 that we have decided, or more importantly, are good.

24 If you want to have a real discussion about allocations of
25 money, it seems to me that you have to consider that money, as well, which

1 I'm perfectly willing to do. In most the same way that Mr. Day said, we can
2 come up with any kind of formula we want, or no formula at all, we're going
3 to find ourselves in much the same place that we are now, which is to say a
4 larger more aggressive community is going to go after more and more of
5 these resources. I don't think there's anything we're going to do today, or any
6 other day, that's going to change that factor.

7 If we have problems and needs that we have to deal with, and if
8 we're not happy with the way we're doing things now, we ought to look at
9 these other resources.

10 MR. ARTHUR: Delegate Hogan, that was not our
11 charge by the Chairman, and if you want to take that up with the full
12 Commission, that might be something that we can do. If we've got fifteen
13 million dollars, for example, in Southside Economic Development, how we
14 disburse that money was the charge that was put upon us to take a look at.

15 DELEGATE WRIGHT: Mr. Chairman, that may
16 be true, but that's why I asked the question at the beginning of the meeting.
17 We visited this issue one time, and we came up with a plan to try to do what
18 the Chairman asked us to do.

19 I agree with Delegate Hogan a hundred percent. He's saying
20 what I've been saying a little different way for some time. We sit around
21 here and say we don't have enough money to do projects in our area that we
22 need to have, but there's plenty of money there. There's money there if it's
23 re-allocated, and then there'd be money in Special Projects, and that could be
24 moved to Economic Development.

25 We've got 1.4 billion dollars over a twenty-five year period of

1 time it's going to be our charge to spend. I think it looks poor on us if we sit
2 around and say there's not enough money to do things that should be done,
3 and that's not the case. The money is there, and we need to be wise enough
4 to spend it better.

5 There's one other thing I want to say, and I don't mean to talk all
6 day. I don't agree with all the problems that were associated with three
7 slides back. Stephanie, could you go back three or four slides, where several
8 problems were identified, and I'll tell you a couple I don't agree with. I think
9 our localities deserve a little more credit than we're giving them.

10 Okay, there it is. The first one is, perpetuates entitlement
11 mentality. When you're dealing with areas that are suffering disastrous
12 economic consequences, to say that these localities consider an entitlement, I
13 don't agree with that. I think our charge, throughout the community, is to try
14 to help, and we realize there's been a tremendous difficulty in the
15 community. So, I don't think we should look at it as us giving them some
16 sort of welfare or entitlement. It's something that I think it's our job to try to
17 help them.

18 Number two, creates competition within localities and
19 discourages regional projects. I don't agree with that, and maybe I can give
20 you some examples of it. In my area, our county has gotten together and
21 agreed to have projects that will help the entire county and rotate it from
22 town to town within the county. Instead of creating competition, they
23 actually work better. So, I don't agree with all of those problems that are up
24 there.

25 I think the Tobacco Commission has done an excellent job, and

1 it can improve, and I don't think it's the time to get away from trying to
2 improve things that work well. I, for one, am in favor of having some sort of
3 formula for all.

4 MR. ARTHUR: Thank you, Delegate Wright.

5 I would say that I've been told by some boards of supervisors
6 that's our money, but it's not their money. That's the entitlement mentality
7 that I think this is referring to.

8 DELEGATE BYRON: Would you go back to that
9 slide? Now, of course, I'm in favor of this, because my locality would be a
10 winner here, and this is the problem we're going to have, because we have
11 turf battles going on. When you look at this, it does bring some things to
12 mind. You're looking at those areas based on a new formula, and if they
13 received more money in the past, does that mean that the money is
14 reinvested and working, and we have assisted an economic development
15 revitalization in this area? If so, then, maybe we have to look at some other
16 things differently.

17 It's very interesting to see, based on economic factors here, that
18 those areas that received more have better employment than the other areas.
19 It may be something that we all have to give consideration to, but ultimately
20 you have a turf battle having someone in this room vote for something that's
21 going to give them less money in their area, and it's going to be very difficult
22 to accomplish. Therefore, we're back to the merits of each thing that comes
23 before us, just fighting that we use those monies wisely to get a good rate of
24 return on it.

25 MR. BRYANT: Mr. Chairman, since I've been

1 listed as one of the same four and not by age, I feel compelled to speak to
2 this Committee. I think the formula we have in place has served us well, and
3 I still support this formula.

4 When you look at the problems that were pointed out on the
5 screen and talk about perpetuating entitlement mentality, that's the
6 Commission's fault. I think that's where it lies. There's no sense in pointing
7 fingers.

8 When you say, creates competition within localities, that
9 happened with the Commonwealth many years ago. When you have
10 independent governments within cities and towns and counties, we've been
11 competing against each other for years. I'd say since Governor Allen's
12 administration there has been a push to do the regional concept, which is
13 good, but you don't get that way overnight. I think it's unfair to look at the
14 formula and say that is creating this situation.

15 When you talk about the basis of the data from one point in
16 time, we're talking about in 1998. If you want to move it forward to 2004,
17 that's the last data we had, that would not change the percentages, talking
18 about within the tobacco communities. Change, yes, change has been
19 dramatic.

20 One change we talked about is the warehouse designation. We
21 don't have any warehouses left, or very, very few. That's been a very
22 negative impact. Dr. Purcell talked about Danville, that's why this formula
23 worked. When you talk about the tobacco production impact it's very
24 negative, and that's the working fault of the Tobacco Commission
25 community.

1 When you talk about tobacco jobs, just look at the City of
2 Danville. From the very beginning Lorillard Tobacco pulled out, the
3 processing facility out of Danville. Then another company, they decided to
4 merge with Standard American, and in return, Standard American pulled
5 their facility out of Danville since the beginning of 2000.

6 Universal Leaf, the largest leaf dealer in the United States, still
7 had a processing facility in Danville. That pulled out in 2005, and they
8 decided to close it. So, right back to that formula, and it works. Targeting
9 those communities that are being impacted as much.

10 Ned, when you look at that statute, I'm glad you brought it up,
11 because I brought it and brought the paragraph with me. The statute created
12 this Tobacco Commission; I'd like to read Section 9-383, Sub-section B,
13 which contains two paragraphs. It won't take but a minute.

14 The first paragraph talks about indemnification to a quota
15 owner and producer. When you look at number two, it says, promote
16 economic growth and development into tobacco-dependent communities in
17 an equitable manner throughout the Southside and the Southwest regions of
18 the Commonwealth in order to assist such communities in reducing their
19 dependency on tobacco and tobacco-related business. The key words in this
20 paragraph are tobacco-dependent communities from reducing their
21 dependence on tobacco and tobacco-related business.

22 I don't see how you can pull away from this formula, and that's
23 what we're charged to do, and I think it's done well. We have not turned our
24 back on the other communities. Neighbors that are still part of the tobacco
25 community, I think we have reached that. Taken money off the top of this

1 formula.

2 Delegate Hogan spoke to the issue, I think, very well in talking
3 about how we formed these other committees that put positive money in it. I
4 think we've done a good job, and I'd hate to see us abandon it at this point.

5 MR. ARTHUR: C. D., thank you.

6 In speaking with almost everybody at one time or another, I
7 don't think any of us are really disappointed in the formula, per se. What we
8 wanted to do is look at a way in which we might fund larger projects without
9 paying forward into the future and taking the counties' total allocation to pay
10 back without closing off a county, with anybody else that might have
11 something that they come up with in the meantime.

12 It's not that I think we're here to destroy the formula, or even
13 talk about the formula, basically, other than how do we find a way to provide
14 large amounts of monies for a particular project that we all think is well, but
15 it does not meet a regional qualification for Special Projects. There's one
16 prime example of that going on right now at the moment.

17 DELEGATE HOGAN: Mr. Chairman, I think we
18 can accomplish, and in thinking about how we accomplish that, what
19 happens when a big project comes up, and how do you deal with that?

20 MR. ARTHUR: That's what we're here to do.

21 DELEGATE HOGAN: In representing both areas
22 that have a formula and a fair amount of allotment and areas that are not, it
23 seems to me that there are two or three ways to go about that.

24 In the case of a community with a large formula, if you look at
25 what resources were used to build this building and the Institute in Danville,

1 we have a mechanism that we can deal with. Frankly, with securitization it's
2 not a matter of borrowing forward. It's a matter of that you've got this pile
3 of cash, this trust, and you can draw on that trust, more or less, at different
4 times, based on what your needs are, it seems to me, and I can think of any
5 number of ways to do that.

6 In the case of the smaller communities that don't have a couple
7 of million dollars a year allotment, I'd say that's exactly what we created
8 Special Projects for. That's exactly why we created Education and
9 Technology, to a lesser extent, to try to accommodate those areas. I know
10 your Committee was not charged with looking at the other committees, but I
11 don't think you can look at half a pie and think you've got a good idea what
12 the pie looks like.

13 It seems to me that one of the things we've done, for example,
14 Special Projects, is we've created a very elaborate and regional centric
15 approach. To be frank, we've manipulated times when we feel like we need
16 to and not times when we don't want to. Those resources are there, and it's a
17 matter of, just in the past we found a way to help smaller and larger
18 communities. It seems to me we could do that within that structure.

19 I would suggest at times that, and I can give you an example, I
20 think the Technology project, just from my view, and I'm not speaking for
21 the Committee, and I don't represent a consensus, but we've done about what
22 we need to do there, and it's probably time to roll that Committee and its
23 resources into Southside and Southwest, respectively. I say that because
24 most of what we have left is the last mile, which is going to be by
25 communities, and that's an example, and I wouldn't say that about the special

1 committees.

2 That, to me, seems like a reasonable way to approach this.
3 Maybe what we ought to be talking about when these big, big projects come
4 up is how will you handle that within the existing formula. I categorically
5 reject the notion that using this money we have in trust now, because it's
6 been allocated to future allocations, is borrowing forward. We have the
7 money, and it's not borrowing anything, and, frankly, it will be easier to do
8 now than it was before securitization. Then we were committing money we
9 really didn't have; in this case, we're committing money we do have.

10 MR. DAY: Mr. Chairman, I'd like to ask the
11 Committee members a hypothetical question. If some of these localities
12 agree on their own on a voluntary basis to lend, lease or otherwise borrow
13 credit back and forth, would we object to that?

14 SENATOR RUFF: Mr. Chairman, I'd respond this
15 way. Just about every county in Southside Virginia has high unemployment,
16 and the need for that cash is now. I think that any county that would be
17 willing to trade off an opportunity for some two or three years down the road
18 is going to be in an awful bind, which they're not going to get out of.

19 MR. HITE: Mr. Chairman, can you and the Staff
20 go through the best model, how that has evolved and how does it work from
21 that perspective in that model? I know what you want to say, but don't say
22 it.

23 MR. ARTHUR: I'm not.

24 Would you like to address that?

25 MR. STEPHENSON: The Southwest group

1 essentially has a single pot for their Economic Development, and all requests
2 come to the table at one time, and they award or deny, ostensibly based on
3 the merits of the requests. There is no allocation formula. The Southwest
4 folks said that works for them, so that is their preference.

5 SENATOR RUFF: Could I follow up? I would
6 say the Southwest model is a more personality-driven model --

7 MR. HITE: -- Senator Wampler?

8 SENATOR RUFF: There are other people down
9 there. They are more efficient in it, because they get together and decide
10 what they want to do. What's good for Patrick County is not necessarily
11 good for Dinwiddie County.

12 MR. ARTHUR: It's a smaller group.

13 MR. DAY: Mr. Chairman, with all due respect,
14 isn't that for Patrick and Dinwiddie to decide?

15 SENATOR RUFF: Is what for them to decide?

16 MR. DAY: What's in their best interest.

17 MR. ARTHUR: We don't just allocate money to
18 boards of supervisors. If there's any 50C or whatever, can apply for money,
19 how do they all control? That's what we're here for and what we're charged
20 with.

21 Delegate Byron.

22 DELEGATE BYRON: We're talking about
23 funding larger projects and borrowing ahead. As far as what we decide as
24 far as, I mean, are we concerned about spending all that money and jumping
25 in and using it all at one time and putting restraints on ourselves? Are we

1 taking those restraints to, are we saying those restraints are too high right
2 now, or are we forgetting flexibility?

3 MS. WASS: The problem arises not in just one
4 county that allocates their future allocation and we have to draw down cash.
5 If ten counties decide they want their future allocation now and we award
6 future allocations, and then they all want their money now, that's when it
7 becomes a problem. How do you decide you can have your money this year,
8 but you can't have your money until next year?

9 DELEGATE BYRON: But my question is, what is
10 our corpus invasion right now for the Southside area?

11 MS. WASS: The spending plan was that Southside
12 would not invade the Southside's portion of the endowment more than four
13 percent annually.

14 DELEGATE BYRON: That's what I was asking.
15 We have up to what, ten percent? So you have about a six percent, give or
16 take, is that your question today?

17 MR. STEPHENSON: I think there's a subtle
18 distinction that needs to be made here. That is that this Committee operates
19 from a line item in the budget approved for this Committee by the entire
20 Commission. That is what this Committee has to work with. This
21 Committee does not have the endowment to work with until such time as the
22 entire Commission agrees to invade that endowment and place more money
23 in your line item in the budget. The endowment is out there, but you're
24 really operating off of a budget line item.

25 DELEGATE BYRON: Is there a way to take the

1 Economic Development portion so we could break that out? We're saying
2 there's enough in the other committees, but not having the flexibility we
3 need in Economic Development.

4 MS. NYHOLM: On the one hand, you can go
5 back to the full Commission and say, we're almost done with Technology.
6 Take that money back and reallocate it back to the different committees, and
7 if Southside asks for a large portion of that to come home. Or you could
8 reallocate the whole thing back to Southside and to Southwest, and that was
9 one question that came up earlier. It sounds like it's about time for that
10 Technology portion to come home.

11 So, it seems to me that the real issue here that's not being
12 addressed is the need for Special Projects, if you will, within the Southside
13 Committee. And, this, to me, is not addressing the large project concern. An
14 alternative might be to keep the existing formula or some variation, but to
15 create a super fund, if you will, that would accommodate the occasional
16 large, especially worthy regional projects within Southside.

17 MR. ARTHUR: You've hit on something that I've
18 already discussed with Delegate Hogan and a couple of other people. If it
19 happens to be true that Technology has a large sum of money because they're
20 nearly through, we could roll Technology back into Southside and set that up
21 as a super fund, which we could draw on potentially, a sub-committee of the
22 Southside for Special Projects in Southside.

23 DELEGATE BYRON: Southwest might want to
24 do that, too.

25 MR. ARTHUR: There is a portion of Technology

1 that belongs to Southwest; yes, you're right.

2 DELEGATE BYRON: What you're saying
3 certainly has merit, but I haven't talked to the chairman of the committee, but
4 we haven't met to talk about that last mile issue, and if we take care of
5 putting the framework in for connecting to the fiber and then turn around
6 and let it hang out there, who is going to put the money back into those flush
7 areas that have money to finish the last mile by themselves and the others
8 don't? Wouldn't we have a fragmented framework in the whole thing?

9 MS. NYHOLM: I was suggesting I think that
10 needs to be finished.

11 DELEGATE BYRON: I don't think we're done
12 with that yet, and I think we have to look at other areas as well. We're not
13 done with Technology yet.

14 MR. ARTHUR: It seems like Delegate Hogan is.

15 DELEGATE BYRON: He's not here right now.

16 DELEGATE WRIGHT: I think Ms. Nyholm hit on
17 a very interesting point. Delegate Hogan brought it up earlier, and not in
18 disagreement with what Delegate Byron said, I just want to go back and
19 remind everybody that at the time the formula was set up for Southside it
20 was based on four points, which Dr. Purcell stated earlier. When you get
21 right down to it, the way that the tobacco money is separated, based on flue-
22 cured and burley, Southside is the flue-cured, and based on the 1995-1998
23 years there were eighty million pounds of flue-cured, and if you divide those
24 figures out it comes to seventy-seven percent, 77.2 flue-cured, that
25 represented the Southside portion and 22.8 burley, representing Southwest.

1 We would solve our entire problem if we would allocate the money
2 according to where the tobacco was actually grown at. You've got almost
3 seventy-eight percent grown in Southside, and we're only getting sixty
4 percent of the money. So we're talking about --

5 MR. ARTHUR: -- You may be totally correct, but
6 the full Commission addressed that issue and voted it down.

7 DELEGATE WRIGHT: That's not a hundred
8 percent true. I beg your pardon. Those statements made before are not true.
9 We don't have any formula whatsoever for dividing the money, except for
10 indemnification and economic development, it's not there. It's been
11 mentioned several times, but no recorded vote has ever been made.

12 MR. ARTHUR: Ned, is that correct?

13 MR. STEPHENSON: I'm sorry, I was distracted
14 for a moment.

15 DELEGATE WRIGHT: Do we have any formula
16 for dividing money, except for indemnification and economic development?
17 Is there anything in the minutes that we ever voted on?

18 MR. STEPHENSON: I don't believe there's been
19 any formula within any other committee for dividing the money for
20 Southside.

21 DELEGATE WRIGHT: Southside and Southwest.
22 Any formula to divide that money, other than economic development and
23 indemnification?

24 MS. WASS: Indemnification is not divided by
25 formula in that sense. Indemnification currently is divided by remaining

1 obligations, each type of tobacco.

2 DELEGATE WRIGHT: My question is on Special
3 Projects, Education, Technology and Agriculture, is there any formula for
4 dividing those funds at the present time?

5 SENATOR RUFF: Mr. Chairman, if I could
6 answer part of that. For the Education Committee there was a vote by the
7 full Commission to treat all community colleges the same. That meant there
8 were four for Southside and three in Southwest. That takes it away from the
9 formula, that portion.

10 MR. HITE: Mr. Chairman, you've been here from
11 the beginning, what would you like to see the formula evolve into? What's
12 in your mind?

13 MR. ARTHUR: First of all, I like the formula the
14 way we've got it, and it's working, six years very successfully. But, I do see
15 a need for some type of super fund for special deals in Southside, such as the
16 Halifax County deal, where they're asking for eight million. I don't have an
17 objection with the formula, and the only other approach I see is to put it all
18 in one pot and do like Southwest does and give this Committee a job of
19 really making the decision.

20 MR. HITE: For the super fund issue, would you
21 focus on whether that could come to be, or could it work?

22 MR. ARTHUR: Yes, it could work, and it could it
23 work by the full Commission putting more money in Southside, and it would
24 go into this particular fund, wherever it comes from, whether you take it out
25 of Technology or Special Projects. Special Projects is sitting over there with

1 a ton of money right now they're not doing anything with. So, it could be
2 put into a super fund.

3 MR. OWENS: Can we remove the cloud that's
4 over us right now by changing the formula? Do we have to have a motion to
5 say we're not going to change the formula, or can we make a decision that
6 we're not going to fool with the formula?

7 MR. ARTHUR: That's fifty percent of what we
8 have to do today. Are we happy with the way we're doing regular business,
9 special business that we want to do? So, yes, I think we need to decide
10 whether we want to trash it or stick with it, go with it because it has served
11 us well.

12 How we address the other problems with the other issues is
13 another thing.

14 MR. OWENS: When we change the formula and
15 change the way we deal with the super fund, if we don't change the formula
16 we need to know that.

17 MR. ARTHUR: I've liked it, and it's worked well.
18 It's particularly worked well in my counties, so I couldn't be happier.

19 MR. HITE: Mr. Chairman, before we go there,
20 let's go back to the super fund idea, because I think it has merit. Can we get
21 the Staff to tell us if this Committee wants to report to the full Commission
22 on the super fund project?

23 MS. WASS: In the past, this Committee has
24 chosen to take this budget line item and set aside some off the top and
25 allocate the remainder to the formula.

1 MR. ARTHUR: We've done that one time, and we
2 set aside two million dollars. Actually, it was three million, but we loaned
3 out two million to Charlotte County, and they paid it back out of their
4 allocation. It has worked, but I don't know if that's something we want to
5 continue to do, unless we can find a way this fund was there, as Delegate
6 Hogan pointed out, and we can use. If we take the fifteen or fourteen or
7 maybe ten now that we get from Southside Economic Development and we
8 try to handle an eight million dollar project out of it, everybody else suffers,
9 and that's not what we want to do.

10 MR. STEPHENSON: Mr. Chairman, I don't want
11 to leave Delegate Wright without an answer, because he asked me a
12 question. I don't believe there has been any formula other than the one that
13 Frank Ruff mentioned. In fact, the budget process has been the
14 Commission's decision- making tool for allocating money, if you want to use
15 that word. Once the Commission chose a certain budget and approved that
16 budget, that then became the allocation for that year. Not that there was any
17 math behind it, but that became the process.

18 Then the following budget year, there might be a different
19 allocation of money in the budget for that year. As to any mathematical
20 formula by which it was derived, I know of none.

21 DELEGATE WRIGHT: Thank you.

22 MR. ARTHUR: I feel like if we should vote, or
23 decide to leave the formula alone or mess with it, and secondly, to go before
24 the Executive Committee and ask that they allocate a budget item for a sub-
25 committee of Southside Economic Development to handle special projects in

1 that area that's not regional in nature. The regional in nature is what limits
2 us from going to Special Projects to begin with. If we had a fund which we
3 could control for Special Projects, I think it would be different, and we could
4 probably get that done. I'm on the Executive Committee, and Senator Ruff
5 is on it, and Kathy.

6 How do you all think about that?

7 MR. DAY: Mr. Chairman, could we hear from
8 some of these people that may be here representing local EDC's to speak to
9 that?

10 MR. ARTHUR: We have a slot here at the end of
11 the program for public comment, if they want to address that then.

12 MR. DAY: I'd like to hear their views on it before
13 we vote on it.

14 MR. ARTHUR: This is not a slam for anyone
15 that's here. I don't know if they're informed enough on the total project to do
16 that. I'm willing to do it if somebody has something they want to say. Is
17 there anyone?

18 MR. DAY: Does anyone here want to comment on
19 what we're talking about?

20 (No response.)

21 MR. STEPHENSON: Mr. Chairman, if the
22 Committee seeks to affirm the use of the formula as it currently stands, I
23 would ask that you consider the re-affirmation of what we call the mini-pot,
24 meaning the five counties receiving less than, I believe, two hundred
25 thousand, which we did do on one occasion last year, with some degree of

1 success. I would like some clarity as to whether we are to continue that
2 mini-pot, in the event you affirm use of the formula.

3 SENATOR RUFF: Mr. Chairman, Ned brought up
4 the mini-pot, and I do have some real problems, because it's my
5 understanding we did that because those small counties would be able to use
6 Special Projects. The rule of Special Projects have to be regional, that's not
7 the case, so they're falling in the cracks where, at best, one year in five
8 they'll see some money. They have some problems like every other county,
9 and I'm not sure we've done them any great favor. That's one year in five, if
10 they're lucky.

11 If you look at Bedford County, Bedford is much larger and has
12 more staff, and they can probably run a better project than, say, Buckingham.
13 I'm not sure that was our goal to begin with. I think we have to clarify that
14 before we create or continue the mini-pot. I think we need to clarify, can
15 those counties go to Special Projects, or can they not.

16 MR. ARTHUR: We answered that.

17 SENATOR RUFF: At the last Southside meeting I
18 asked for that to be taken to the Executive Committee for clarification, and
19 did we get a response?

20 MR. ARTHUR: Have we had an Executive
21 Committee meeting since? I don't think so.

22 DELEGATE BYRON: You say we can't?

23 MR. ARTHUR: Because it's not regional.

24 DELEGATE WRIGHT: Wouldn't the idea you had
25 about creating a super fund take care of Senator Ruff's concern? Because

1 then that would be handled in the Committee. I think that's got some merit
2 to it and the idea that Mr. Owens had, and a suggestion about changing the
3 formula. Perhaps we could entertain that and then consider how to solve the
4 problem Frank was talking about in deciding how to keep the mini-pot. That
5 could be re-inserted, or if we thought we could handle it through the idea of
6 having a super fund in Special Projects.

7 MR. OWENS: I'd like to get this done. I'd make a
8 motion that we affirm continuing with the same formula and work with the
9 Executive Committee to create, for lack of a better word, this super pot of
10 funds for large projects in Southside.

11 MR. ARTHUR: There is a motion, is there a
12 second to the motion?

13 MR. OWENS: To reaffirm the current formula.

14 MR. ARTHUR: The motion is to reaffirm the
15 current formula. Is there a second?

16 DELEGATE HOGAN: I'll second it.

17 MR. ARTHUR: Is there any discussion?

18 DELEGATE HOGAN: If you re-affirm the
19 existing formula, and I guess pass the motion to the Executive Committee
20 and then to the full Commission, that says one of two things. We want to be
21 able to waive the regional requirement for Special Projects, or two, we want
22 to be allowed the flexibility of doing creative allocation of this trust fund
23 within Southside Economic Development, and at that point they're not
24 mutually exclusive. If you don't add those two pieces, you don't have any
25 way to do the large projects in large counties or smaller ones. I think the

1 motion needs to be, or it seems to me, you'd want to have the goal to be able
2 to do those, handle those two items.

3 SENATOR RUFF: Mr. Chairman, the problem, we
4 did that at one point, and we did discuss that and said we're going to help
5 Education, and we're going to have Special Projects, and we're going to have
6 Technology. If we now say we're going to use the formula, we're going to
7 take off some money that we're not going to use the formula for, then what's
8 the purpose of having the formula to begin with? This time we'll take this
9 piece, and this time we'll take that piece.

10 DELEGATE HOGAN: That's what we've been
11 doing.

12 SENATOR RUFF: Clarke, your suggestion is that
13 we take another bite out of the apple. Did I misunderstand?

14 DELEGATE HOGAN: Mr. Chairman, what I'm
15 saying, or it seems to me you can do one of two things. You can shut down
16 all these special committees and put the money back in the formula; that
17 would be a pure position. You've got two committees all Southside and
18 Southwest, and that's it. That's where it started, I think, or pretty close to
19 that. So what we've done over time is we've got these special needs, and we
20 created these special committees, they're not formula-driven to deal with
21 these issues. So we have those special pots of monies to deal with special
22 situations. If we what we've done through administrative pleasure is put so
23 many ties on those committees that they no longer perform the function that
24 they were originally intended for, which was to give us the flexibility to
25 handle these special projects, it seems to me we need to look at those

1 problems. If we're not content to do that, then we ought to do away with the
2 formula and put it all in one pot and scrap about it every time we meet. To
3 be honest with you, that would be fine with me, but it's not going to be
4 pleasant.

5 MR. OWENS: Would it solve the problem if we
6 say keep the dollar amounts and let the allocations be the same? What
7 you're talking about is some consideration of taking the money off the top of
8 the allocation?

9 DELEGATE HOGAN: We've already done that.

10 MR. OWENS: Your suggestion is, in the motion
11 say --

12 DELEGATE HOGAN: -- Why don't you restate
13 it? I think you've got a good point.

14 MR. ARTHUR: Wait a minute. Are you asking
15 him to make a motion? There's a motion that's been made and seconded
16 already.

17 DELEGATE HOGAN: I'm making a suggestion to
18 amend the motion.

19 MR. ARTHUR: Are you offering an amended
20 suggestion?

21 DELEGATE HOGAN: Yes. The original motion
22 was to leave the formula as it is, and I would offer these friendly
23 amendments to that motion. One, keeping the formula as it is, we believe
24 that flexibility of a multi-year process is essential to meet the economic
25 needs of these communities, and for communities that do not have an

1 adequate allotment the ties that are on Special Projects must be lifted so they
2 have the ability to go to those special committees to get the money they need
3 to do the special projects.

4 MR. ARTHUR: You've all heard the motion, do I
5 hear a second?

6 SENATOR RUFF: Second.

7 MR. ARTHUR: The motion is made and
8 seconded. Any further discussion?

9 DELEGATE WRIGHT: I did not understand what
10 you said the second time to be the same thing as you said the first time.

11 DELEGATE HOGAN: Mr. Chairman, number
12 one, and I'll give you an example. In the case of the project that is affecting
13 Halifax right now, the first part of the motion, as I see it. If we have the
14 flexibility to use future year allocations this year to meet that project, and
15 that's Halifax County's allocation, there's no damage done. Halifax has the
16 same amount of money it had to start with, and it just decided to use more of
17 it now and less later, because of the priorities that we're talking about. And
18 that works fine for counties that have the big allocations. You represent
19 some counties that have big allocations and some that have smaller, the same
20 way that most of us do. What do we do to make it possible for the smaller
21 counties to meet these larger needs and larger projects? If they are then able
22 to go to Special Projects and not have to fight through all this regional
23 gobbledy-gook to do a project that supports that, and it's just as important to
24 them as is the project in Halifax. If they can go to Special Projects and get
25 that money, or Technology or Education, depending on the subject matter, it

1 seems to me that we've maintained the basic formula, or we've maintained
2 the status quo. We've given ourselves the flexibility to meet large projects in
3 the large counties and also the smaller counties.

4 DELEGATE WRIGHT: Where does the extra
5 money come from to do this?

6 DELEGATE HOGAN: It comes from Special
7 Projects, in that case.

8 DELEGATE WRIGHT: What is the mechanism to
9 get the money from where it is now to get it into Southside's control in the
10 super fund? How are you going to do it?

11 DELEGATE HOGAN: That would have to be
12 done through the budget process. I think it's beyond the purview of what we
13 can do today, but it's what I would recommend.

14 DELEGATE WRIGHT: It seems to me, from what
15 I understand you to say, that's kind of my suggestion all along, that the
16 money be divided at the time the budget is done, and then we could take care
17 of Special Projects in Southside from the super fund that would be, the
18 special super fund that's been discussed, if the decisions are that the budget
19 will be done that way, or done the way the money comes to our Committee,
20 rather than going to a Special Projects fund.

21 DELEGATE HOGAN: Mr. Chairman, if I might
22 say in my motion, or to modify it, that as a general rule I would be
23 supportive of what you said, I think the motion as it stands would be a step
24 in the right direction, and that would perhaps put some posture to visit the
25 issue you're talking about.

1 DELEGATE WRIGHT: My concern is where is
2 the money coming from?

3 MR. ARTHUR: Delegate Byron.

4 DELEGATE BYRON: Following up on that,
5 where does that leave us with the special projects if the money is not divided
6 that way? Does that mean that Southwest comes back with the same thing?
7 Saying that they no longer need the regional when they bring their projects
8 in that they need more money for. If you have to come through that process,
9 we're not all open for business.

10 MR. ARTHUR: I think that really opens us up in
11 Southwest to a larger portion of the money going, as you've said a thousand
12 times, to Southwest, if you open up that Special Projects to whatever you
13 want to do. I think we're better with a pot of money that we control, such as
14 the super fund. We can ask for that through the Executive Committee, but
15 that's the way it would have to be done. If we open up Special Projects by
16 asking the Executive Committee to take away that regional idea, you can bet
17 your boots that Southwest is going to head it off. They've got main control
18 of that committee, anyway.

19 DELEGATE BYRON: I think it goes back to what
20 Stephanie was saying early on. The big fear is that too many projects come
21 and want to borrow for the future. That's really where you get in trouble,
22 and how do you control that? If your super fund, or whatever you want to
23 call it, can borrow from the future, and you limit securitization to the super
24 fund, you can borrow eight million dollars over a fifteen-year term at seven
25 percent, eight hundred thousand is not a whole lot.

1 MR. ARTHUR: In fact, the Special Projects idea,
2 even though it may be regional now, I really think that portion by a number
3 of years ought to be as a sub-committee of this Committee. That's still an
4 issue that would have to go before the full Commission through the
5 Executive Committee. It's an uphill climb, but it's possible.

6 DELEGATE BYRON: It could be controlled in
7 this Committee and Special Projects --

8 MR. ARTHUR: -- Ladies and gentleman, are we
9 discussing the issue on the table? Let's continue with that.

10 MR. FERGUSON: I want to make sure I
11 understand the impact of the amended motion, and I think it is that the
12 amendment is primarily preparatory in nature, meaning that there is no
13 action this Committee can take to implement this change in the way Special
14 Projects money might be allocated, or guidelines or restrictions on it. The
15 motion to reaffirm the formula is essentially a motion to do nothing, which
16 Roberts' Rules of Order may have something to say about that.

17 Aside from that, I don't think there is any requirement to go to
18 the full Commission. However, the rest of the amendments, which I think
19 the Chairman has pointed out, are merely a statement of preference or intent
20 by this sub-committee to, I guess, go to the Executive Committee, and then
21 perhaps the full Commission, to discuss a reformation or re-allocation of
22 how the Special Projects' money is used.

23 Do I understand that correctly, Mr. Chairman?

24 MR. ARTHUR: Delegate Hogan.

25 DELEGATE HOGAN: I think that might be true,

1 but that would be true of any motion that this sub-committee passes, which
2 is really just saying we're merely making a recommendation to the full
3 Commission.

4 MR. FERGUSON: The primary motion itself
5 would have to do that.

6 DELEGATE HOGAN: We don't have to do it.

7 DELEGATE BYRON: Going back to the
8 amended motion. If we don't want to open up Special Projects to Southside
9 and Southwest being able to invade it for whatever reason, or if we want to
10 vote no on the amendment, then go back to the original motion?

11 DELEGATE HOGAN: Here's the thing that I
12 think would take some action. That is to say if we're going to create a
13 structure whereby people can reallocate their allotment in a way that's
14 convenient to their needs, that is not so simple as just saying, do it. You
15 cannot borrow securitized money, you can't use securitized money to repay
16 debt. You can't tell IDA go borrow ten million dollars and give back a
17 million dollars a year, we gave up that flexibility when we securitized our
18 resources. And, given that, or what you can do, is take that money and give
19 it to them, and I suppose you create and put some clawback somewhere or
20 other in that structure. That structure will work fine for counties that borrow
21 the allotments. I would suggest giving the localities the flexibility, we need
22 five million dollars, or we need ten million dollars for a project now, is
23 probably in the best of interest of economic development and something we
24 ought to do. That would require some structure. I would suggest that, if this
25 Committee wants the localities to be able to do that, we have to indicate that

1 some way. We're going to have to make some changes to do it. That works
2 fine for a large community but doesn't help the smaller communities at all.
3 At that point we've got to figure out some way to put these smaller
4 communities into play so they have the ability to do that, and this would
5 have to be voted on. Absolutely fine if we're taking Special Projects and
6 rolling those resources into much smaller special projects, or making none at
7 all and roll the money into Southside Economic Development and Southwest
8 Economic Development. That's a more ambitious motion than I was willing
9 to make at the moment. I think this intermediate step is a logical way to
10 approach that. As the Chairman said, we're making a recommendation to the
11 full Commission, at any rate.

12 DELEGATE BYRON: The thing that came to
13 mind after Clarke's comments, if we bring the Special Projects money down
14 and we keep overflowing, and we don't have enough money to live off those
15 funds that are allocated already, then we really have to look at whether or not
16 we invade these funds. Otherwise, we're going to have to go back to the pot
17 for additional monies, and we don't have enough there. If it's not Special
18 Projects, then we have opened it up to borrow more than you've actually
19 allocated. You could end up down the road doing the very things we talked
20 about that cause some problems, and that's wide open.

21 MR. STEPHENSON: It seems to me that it is the
22 purview of this Committee to administer the line item in the budget that has
23 been entrusted to this Committee by the Commission. If that's not enough,
24 that's really outside the purview of this Committee to change that line item,
25 and it must go to the Commission budgetary process and ask or plead or

1 lobby, whatever that might be, that this Committee's line item be increased to
2 accommodate your needs. My thinking is that that means that the invasion
3 of the endowment is not really the purview of this Committee, nor is the
4 setting of the rules for Special Projects the purview of this Committee, or
5 anything else, other than just dealing with the money that's available. On or
6 about ten million dollars is available to this Committee.

7 The point that Stephanie is trying to make is that if there is ten
8 million dollars available to this Committee, and several communities all at
9 once want to each spend five million dollars, you'll be overdrawn quickly
10 trying to satisfy all of those demands. That's the part about spending future
11 allocations that's giving her a difficult time.

12 DELEGATE HOGAN: I think we've got to go to
13 the Executive Committee. This Committee may not technically have the
14 ability, and we have so many of the Commission sitting here, and about five,
15 and we have the majority of the Executive Committee sitting here. I think
16 it's perfectly appropriate for us to talk about how these funds can be
17 allocated based on the problems we've talked about, and that would be point
18 number one.

19 Point number two, no matter what those allocations are made on
20 an annual basis, there are two reasons we securitize money, and there are
21 only two reasons. One is to make sure you have it, a bird in the hand.
22 Number two, so you have this pile of money that you can then allocate in a
23 strategic and focused way to solve problems. Now to say that based on
24 some notion we can't borrow forward, which is not true when we actually
25 have the money, is a misstatement of the situation we're in. We may or may

1 not agree about what is the best course of action. Let's talk about at least
2 what is true, and let's look forward.

3 MR. ARTHUR: I was going to say that we have a
4 motion, and it's been seconded.

5 DELEGATE WRIGHT: I'd call for the question
6 on the first motion.

7 MR. ARTHUR: Go ahead.

8 DELEGATE WRIGHT: I recall some process that
9 we took thirty million dollars and split it fifty/fifty. Why in the world more
10 money in Special Projects in Southside, but in the budgetary process we're
11 doing the same thing, except it should be split like it should, seventy-
12 eight/twenty-two. We need to find some way to figure out a way of
13 accomplishing our goals, and the money has to follow. If we don't have
14 some method of getting the money, either in this Committee or the super
15 fund, we can do all the talking we want to. We have to get the money from
16 one source or the other. So I'd call for the question on the motion, then we
17 can discuss these other matters.

18 MR. ARTHUR: Does everybody understand the
19 motion?

20 MR. OWENS: You need a motion to accomplish
21 that?

22 MR. ARTHUR: The motion is on the floor.

23 DELEGATE HOGAN: Mr. Chairman, I'd move to
24 table the motion that's on the floor.

25 MR. ARTHUR: On the table. All in favor, signify

1 by saying aye? (Ayes.) Opposed, like sign? (No response.)

2 SENATOR RUFF: Mr. Chairman, I'd make a
3 motion that we ask the Chairman of this Committee to go to the Executive
4 Committee with the instructions that we would like to see the Special
5 Projects money be divided into two pots, Southwest and Southside.

6 MR. OWENS: Second.

7 MR. ARTHUR: A motion is made and seconded,
8 any further discussion?

9 MR. DAY: Clarification. Will one-half of those
10 pots finish the last mile?

11 DELEGATE HOGAN: If I might respond, Mr.
12 Chairman. Right now, Technology, and Ned, you can correct me if I'm
13 wrong, that money should be used for the last mile, a separate pot. I would
14 refer to Technology as a special committee, as opposed to Special Projects.

15 SENATOR RUFF: My motion doesn't speak to
16 Technology, just Special Projects.

17 MR. ARTHUR: Any further discussion?

18 DELEGATE WRIGHT: I'd say this is a very
19 positive development. I think it's the first step taken in establishing some
20 control of the Tobacco Commission and the way the money is being
21 appropriated and spent. The fact that we've kept this formula that we've had
22 in Southside for dividing the money on a logical basis is a sound business
23 decision. I'm pleased to be part of that.

24 MR. ARTHUR: Thank you, Delegate Wright.
25 Any further discussion? All in favor of the motion, signify by saying aye?

1 (Ayes.) Opposed, like sign? (No response.)

2 All right. Moving forward. Delegate Hogan?

3 DELEGATE HOGAN: I would make a motion
4 that we would ask the Staff to create a path of action for communities to use
5 allocations in creative ways, how we go about borrowing, and that's really
6 not the right word, because we already have the money. How would you go
7 about drawing down resources that you need? If your allotment was a
8 million dollars, and you have a five million-dollar project, how would you
9 deal with that? We'd make an obligation, and if you have the money we do
10 it, and the board of supervisors in that community would say we've got this
11 source of money, but if we don't, we're good for it. That's the posture that
12 people that have done that are in. That would work fine, from my
13 perspective, if we could use securitized money to repay debt, but we can't.
14 Now it seems to me that we ought to ask the Staff to create a structure that
15 would handle that, and I would so move.

16 MS. WASS: If you do that, or if you take a pot of
17 money, either from Special Projects, or have that as a special pot of money,
18 in other words if you have a ten million dollar project in Southside, and you
19 wanted to fund one locality or five million dollar project, you could use
20 future allocations to pay that. You're paying yourself back and not paying
21 debt service. The problem is, or as long as you have it, and there are funds
22 for that, if you don't have cashflow problems. The cashflow problem is
23 when you're allocating the entire endowment and everybody comes looking
24 for their share at one time, and as long as you have that money set aside, or a
25 Special Projects transfer, then it can, in theory, allocate future allocations to

1 pay back from that.

2 MR. ARTHUR: Stephanie, would you take a look
3 at that and make sure you've got all our bases covered?

4 DELEGATE HOGAN: Mr. Chairman, I don't want
5 to keep going back to this. We have right now a trust fund of three hundred
6 fifty million, yes or no, we actually have, or I guess, by the will of somebody
7 under this statute, that we could go get, right?

8 MS. WASS: Up to ten percent.

9 DELEGATE HOGAN: Up to fifteen percent with
10 a two-thirds vote. We could put our hands right now on fifty million dollars,
11 okay, plus what we have coming from non-securitized resources, whatever
12 that is. We can put our hands on that much money right now. In truth, as
13 long as the allotment, or as long as what we're spending is not greater than
14 fifty million dollars, we don't have a cashflow problem. You can't say the
15 drawing is supposed to be four percent. We have X amount of money, and
16 any money we take out over that is going to create a cashflow problem,
17 when we can take up to fifty million dollars under the statute right now.

18 MS. WASS: If every county wanted their eight
19 million immediately, it would create that problem.

20 DELEGATE HOGAN: When we vote, I guess,
21 would be my answer to that question. That's a purview of the Commission
22 problem.

23 MR. STEPHENSON: I think the difference is,
24 you're right, we do have that cash. The Staff is duty-bound to honor the
25 terms of whatever budget you approve. Even though there's lots of cash, we

1 have to post debts to our books within the confines of the budget that you all
2 agree to. What I am saying is that if you want to do these large projects,
3 Staff is happy to accommodate that, but we need for you to expand the
4 budget according to your liking. So we have to do that. There's no cash
5 problem, and there's plenty of cash, but it's a budget problem.

6 DELEGATE WRIGHT: Clarke had the idea of
7 mentioning this to the Executive Committee, taking this idea to the
8 Executive Committee, and pointing out that we have the majority on the
9 Executive Committee from Southside. Southside has got the majority of the
10 full Commission. What we're proposing is not a change of anything, it
11 creates a, all it takes is fifty-one percent majority vote. I would say the thing
12 to do is to have the Executive Committee to agree to our proposal and bring
13 it before the full Commission. It'll accomplish what you want to do. You've
14 got the money in hand. Ned said this has got to be handled in the budget
15 process. I think we should appropriate the funds into the Southside to fund
16 these needs, which is the idea Delegate Hogan had. I think he's got the right
17 idea, and I think the process should be the Executive Committee and then the
18 full Commission.

19 MR. ARTHUR: Delegate Byron.

20 DELEGATE BYRON: There are some things in
21 Clarke's scenario, even though that money is available, that we put a limit on
22 it for a reason, and if you take the money down now and divide it into
23 localities for their use, you have to remember your decisions can change
24 over the next ten years. So you really need to figure out how to get large
25 sums of money if you have something worthwhile. You have to look at it

1 differently, rather than thinking, if we have the mentality to get our share of
2 the money that's sitting there.

3 MR. ARTHUR: Connie.

4 MS. NYHOLM: Well, if you have a certain
5 amount of money, and you're paying interest, and if you can leverage a
6 portion of it, that's important, too.

7 MR. ARTHUR: Any further comments? I've got
8 my charge, and you know we're working by the formula.

9 MR. STEPHENSON: I want to ask for clarity
10 with respect to the mini-pot, which is done one time, I need to be clear on
11 what the issues are for the next grant cycle.

12 MR. ARTHUR: Do I hear a motion?

13 SENATOR RUFF: Mr. Chairman, at this time I'd
14 move that we suspend that for this year.

15 MR. OWENS: Second.

16 MR. ARTHUR: The motion is made and seconded
17 that we suspend the grouping of the five smaller counties. Any further
18 discussion? All in favor signify by saying aye? (Ayes.) Opposed, like sign?
19 (No response.) Motion carried.

20 MR. STEPHENSON: I have two dates that I
21 would like to advance before the Committee. The first is by way of an
22 announcement, the Grant Staff will be conducting the Grant Application
23 Workshop on Wednesday, April 5th at the Southern Virginia Higher
24 Education Center, for the benefit of our public, and for anyone that wants to
25 come to the workshop.

1 Most of you know there is a June 1 deadline for the grant
2 application to be heard by this Committee at the next meeting scheduled for
3 Thursday, July 20, being one week before the full Commission meeting in
4 July.

5 MR. ARTHUR: Today would be the time to move
6 it if we can't do it.

7 MR. STEPHENSON: The target date was
8 Thursday, July 20, and the Staff has suggested that we move it to
9 Wednesday, July 19th. What is your pleasure?

10 MR. ARTHUR: July the 19th. We'll have it on the
11 19th.

12 Any public comments?

13 MS. VAUGHAN: I'm Patsy Vaughan from
14 Halifax, and I had a question about the pending applications for our project.
15 When will it be considered, and when can it be considered by this
16 Committee? This Committee makes a recommendation to the full
17 Commission?

18 MR. ARTHUR: Yes.

19 MS. VAUGHAN: Are you meeting before the
20 Commission meeting in April?

21 MR. ARTHUR: Is that a time-sensitive issue?

22 MS. VAUGHAN: Yes.

23 MR. ARTHUR: We can call a meeting just before
24 the main meeting to address this issue, if it's the pleasure of the Committee.
25 The next meeting will be in Roanoke.

1 MR. STEPHENSON: The next meeting is in
2 Roanoke on April 27th. There is a Technology Committee meeting the
3 evening before on April 26th.

4 MR. ARTHUR: Is the full Commission meeting at
5 10:00 on April 27th?

6 MR. STEPHENSON: Yes, April 27th at 10:00
7 a.m. is the full Commission.

8 MR. ARTHUR: Could we meet at 8:30 or 9:00?

9 MR. STEPHENSON: Yes, you could meet at 8:30
10 on the morning of April 27th, prior to the full Commission meeting.

11 MR. ARTHUR: Does anyone have a problem with
12 that? All right, that's when we can address that issue. We can take it to the
13 full Commission if need be.

14 Do I hear a motion to adjourn?

15 It's been moved that we adjourn, we're adjourned.

16

17 PROCEEDINGS CONCLUDED.

18

19 CERTIFICATE OF THE COURT REPORTER

20

21

22 I, Medford W. Howard, Registered Professional
23 Reporter and Notary Public for the State of Virginia at large, do hereby
24 certify that I was the court reporter who took down and transcribed the
25 proceedings of the **Virginia Tobacco Indemnification and Community**

1 **Revitalization Commission Southside Economic Development**
2 **Committee Meeting when held on Tuesday, March 21, 2006 at 2:00 p.m.**
3 **at the Riverstone Technology Park, South Boston, Virginia.**

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

6 Given under my hand this 30th day of March,
7 2006.

8

9

10

11

12

Medford W. Howard

13

Registered Professional Reporter

14

Notary Public for the State of Virginia at Large

15

16

17

18 My Commission Expires: October 31, 2006.

19

20

21

22

23

24

25

- 1
- 2
- 3
- 4
- 5
- 6
- 7