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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee Meeting

Thursday, April 27, 2006
8:30 a.m.

Sheraton Richmond West Hotel
Richmond, Virginia

1 **APPEARANCES:**

2 Mr. Thomas W. Arthur, Chairman

3 The Honorable Kathy J. Byron

4 The Honorable Patrick Gottschalk, Secretary of Commerce and Trade

5 Mr. Scott M. Harwood, Sr.

6 Mr. L. Jackson Hite

7 The Honorable Clarke N. Hogan

8 Ms. Connie Nyholm

9 The Honorable Edward Owens

10 The Honorable Frank M. Ruff, Vice Chairman

11 The Honorable Thomas C. Wright, Jr.

12

13 COMMISSION STAFF:

14 Mr. Ned Stephenson, Acting Executive Director

15 Mr. Timothy Pfohl, Grants Program Administration Manager

16 Ms. Britt Nelson, Grants Coordinator, Southside Virginia

17 Ms. Stephanie Wass, Director of Finance

18

19 OFFICE OF THE ATTORNEY GENERAL

20 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the

21 Commission

22 Ms. Stephanie Hamlett, Senior Assistant Attorney General, Bond Counsel

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1 MR. ARTHUR: I'll call this meeting of the
2 Southside Economic Development Committee to order. It's 8:30, and we've
3 got a short Agenda, and we should be able to handle this pretty quickly. I'd
4 like to thank everybody for coming this morning and being on time.

5 With that said, Ned, would you call the roll, please?

6 MR. STEPHENSON: Mr. Arthur?

7 MR. ARTHUR: Here.

8 MR. STEPHENSON: Mr. Bryant?

9 MR. BRYANT: (No response.)

10 MR. STEPHENSON: Delegate Byron?

11 DELEGATE BYRON: Here.

12 MR. STEPHENSON: Mr. Day?

13 MR. DAY: (No response.)

14 MR. STEPHENSON: Secretary Gottschalk?

15 SECRETARY GOTTSCHALK: Here.

16 MR. STEPHENSON: Mr. Harwood?

17 MR. HARWOOD: Here.

18 MR. STEPHENSON: Mr. Hite?

19 MR. HITE: Here.

20 MR. STEPHENSON: Delegate Hogan?

21 DELEGATE HOGAN: Here.

22 MR. STEPHENSON: Mr. Moody?

23 MR. MOODY: (No response.)

24 MR. STEPHENSON: Ms. Nyholm?

25 MS. NYHOLM: Here.

1 MR. STEPHENSON: Mr. Owens?

2 MR. OWENS: Here.

3 MR. STEPHENSON: Vice Chairman Ruff?

4 SENATOR RUFF: Here.

5 MR. STEPHENSON: Delegate Wright?

6 DELEGATE WRIGHT: Here.

7 MR. STEPHENSON: You have a quorum, Mr.
8 Chairman.

9 MR. ARTHUR: Do I have a motion to approve the
10 Minutes of the last meeting? Has everybody had an opportunity to read a
11 copy of the Minutes? I've got a motion and a second, all in favor signify by
12 saying aye? (Ayes.) Opposed, like sign? (No response.)

13 Moving right on into the presentation of grants, we have three
14 here in front of us this morning. One we've bounced around, or actually two
15 that we've bounced around for a year, and so it's time to make a decision on
16 it. If it's the pleasure of the Committee I'd like to take up Patrick County
17 first.

18 Patrick County has the money, and it's within their allocation,
19 and it's what they want to do. What they want to do is put in a wireless
20 system. We had originally passed it over to Technology, because the last
21 mile decisions have not been made, Technology bounced it back to us. So,
22 it's time to move on. They're asking for \$40,000 and they have \$920,000 in
23 their account, so it's not outside the realm of possibility.

24 DELEGATE HOGAN: So moved.

25 MR. OWENS: Second.

1 MR. ARTHUR: It's been moved and seconded that
2 we approve this one. All in favor signify by saying aye? (Ayes.) Opposed?
3 (No response.) All right.

4 We've got Halifax County coming in here, and at the moment
5 they have \$873,000 in their allocation that's available. I'm going to talk
6 about both of these and then see what the pleasure of the Committee is. Of
7 course, they're asking for, on the Georgia Pacific deal, they're asking for
8 \$800,000 of the \$873,000. They want it now to essentially purchase the
9 land. On Project Mentor they're asking for, they were asking for eight
10 million, and I don't know if it's eight or six now. Do you know?

11 DELEGATE HOGAN: It's six now.

12 MR. STEPHENSON: The written request is
13 \$8,000,000, but there's been an indication from the county that it is
14 6,000,000.

15 DELEGATE HOGAN: Six is the number we're
16 trying to get, Mr. Chairman.

17 MR. ARTHUR: Thank you, very much. We
18 bounced this around because we had tried to find unique ways of funding
19 this particular item, because the value of it is so large. We have discussed
20 before spending forward and taking the allocation for years into the future,
21 which would commit this board way in the future, also the county itself
22 considerably into the future. We looked for other ways in order to finance
23 this. We ended up in Special Projects, and we got 1.9 out of Special
24 Projects, which leaves 4.1 million that we still have to find a way to do, if
25 we want to do this project.

1 Do we have anybody that would like to comment on this and
2 the need?

3 MR. EADES: My name is Mike Eades, and I am
4 the Executive Director of the Halifax County Industrial Development
5 Authority. I appreciate the opportunity to come before you today. This is a
6 unique opportunity that we have, and we have been dealing with leading
7 industries in the county and the highest paying industry in the county. They
8 have an opportunity to expand their operation and add new products into
9 their facility. It's a little bit of unusual circumstances, in that they do not
10 own the real estate that they currently occupy and do not want to own it.
11 They have asked us to come in and build an expansion for them, which
12 would be separate from the current facility. It would be next door to it, but
13 not attached to it. We could actually own the land that the building would be
14 sitting on, so that in the event the company went out of business we would
15 still have an asset remaining to be sold or leased to another company.

16 I want to make sure the Committee understands that while we're
17 looking at 127 new jobs, we want you to keep an open mind, due to the fact
18 that we're actually looking at 521 jobs. That's because if this expansion does
19 not happen the company made it clear to us that the existing plant will close
20 at some point in time. So, we're looking at 521 jobs. I know they're the
21 highest paying jobs in Halifax County, and they might be the highest paying
22 jobs in Southside, save for Goodyear in Danville. The intention is for the
23 IDA to build this building and lease it to the company on an initial ten-year
24 term with a five-year option. The worst case would be if the plant or project
25 should close we'd still have an asset to sell or lease to another company.

1 All right, I'll be glad to answer any questions this Committee
2 may have.

3 MR. ARTHUR: Mike, that gives us a good
4 briefing on the eight million.

5 MR. EADES: The Georgia Pacific, we or this
6 Committee and the Commission funded the purchase of that site for building
7 last year, and we bought it for 175,000. This specific facility is on the needs
8 to be demolished list and needs to be removed in order to make the land
9 occupiable. It is our intention to develop the property mixed use business in
10 the industrial park.

11 There is some urgency to our request, inasmuch as the
12 Halifax/South Boston landfill has agreed to accept the building waste at no
13 cost. That avoids a cost of over a million dollars in tipping fees. Our
14 landfill is scheduled to close at the end of 2007 in favor of the regional
15 landfill in Mecklenburg County. If we have to wait past that date, then I
16 think you're looking at higher costs.

17 MR. ARTHUR: Any questions for Mike? Thank
18 you, Mike, appreciate it.

19 SENATOR RUFF: If we do this, we'll be tying up
20 some of the Halifax allotment. Would the rental money go to the IDA?

21 MR. EADES: Correct.

22 SENATOR RUFF: That could replace any
23 requests or needs for the Authority in the future, is that correct?

24 MR. EADES: After we pay off the additional debt
25 that we're borrowing.

1 SENATOR RUFF: How much more are you
2 borrowing?

3 MR. EADES: Presuming we get six million, we'd
4 be borrowing eight and a half million.

5 DELEGATE HOGAN: Mr. Chairman, this is what
6 we're doing, is buying down the lease payments to make the deal. That lease
7 money is not going to be available to service the debt on the other chunk of
8 money.

9 MR. ARTHUR: Does that answer your question,
10 Senator Ruff?

11 SENATOR RUFF: Yes.

12 DELEGATE HOGAN: Mr. Chairman, I'd like to
13 make a motion. We've heard about Georgia Pacific and that project, and
14 that's been going around for a while. At this point there are no prospects for
15 that, although the opinions vary as to whether other resources are available.
16 There may be, or there may not be. So, I'd lay that proposal on the table.

17 MR. ARTHUR: The motion has been made. Is
18 there a second to lay the Georgia Pacific on the table?

19 MR. OWENS: Second.

20 MR. ARTHUR: The motion is made and
21 seconded. Any further discussion?

22 DELEGATE BYRON: Do I understand the
23 landfill is going to close? Can that be extended so that the landfill fees will
24 be saved for a longer period of time?

25 MR. EADES: Once the landfill closes, it's got to

1 be closed.

2 DELEGATE BYRON: There's no leeway in the
3 closure of that, that can't be considered?

4 MR. OWENS: No, we got an extension already.

5 DELEGATE BYRON: Does it make sense to
6 debate the possibilities of the funding for Project Mentor? A million dollars
7 is a lot of money.

8 DELEGATE HOGAN: What I am trying to say is
9 that this is a priority.

10 MR. ARTHUR: We need to establish a priority on
11 funding both of them; funding both of them is not only difficult or close to
12 impossible to try to do, we'll do something. All right, it's on the table, and
13 we can pick it up. Does that answer your question?

14 DELEGATE BYRON: Yes.

15 MR. ARTHUR: A motion has been made and
16 seconded, any discussion? Tommy.

17 DELEGATE WRIGHT: Mr. Chairman, could we
18 hear from the Staff on their recommendations and comments?

19 MR. ARTHUR: They gave a pretty good
20 summary. Tim.

21 MR. PFOHL: As you noted in the introduction or
22 the handout you have, Tab 5 of your books, this recommendation was issued
23 prior to the October 26th Committee meeting, and that was before Project
24 Mentor even appeared on the horizon. At that point, Georgia Pacific looked
25 like the priority opportunity, and Staff was supportive of that request. Now,

1 with Project Mentor, which is on everyone's radar screen, I think we'd have
2 to look at that Staff recommendation as being somewhat dated. I don't think
3 there's any question that Georgia Pacific is a good opportunity, and it's just a
4 question of priorities now and weighing what is currently at hand.

5 DELEGATE WRIGHT: Mr. Chairman, my
6 question was about the motion before us. The motion before us is not
7 concerning the Georgia Pacific.

8 MR. OWENS: It does.

9 DELEGATE WRIGHT: It's on the table.

10 MR. ARTHUR: We haven't voted on it yet.

11 DELEGATE WRIGHT: Then I'm premature with
12 my question.

13 MR. ARTHUR: A motion has been made and
14 seconded that we table this, all in favor signify by saying aye? (Ayes.)
15 Opposed? (No response.)

16 We'll move on to Project Mentor. This is one that's caused
17 some heartburn because of the magnitude of it and how we can do a project
18 like that when it far exceeds the allocation process of a county that already
19 has a million dollars removed from their allocation each cycle, having spent
20 forward in Riverstone. They have in this past cycle approximately 1.9
21 million dollars, and one million will leave them about 900,000, and the
22 question is how do we do this. We voted and took it to Special Projects for a
23 piece of it, and Special Projects has agreed to pay 1.9 million of it, with the
24 caveat that we pick up the rest of it some way. If we don't do that, then the
25 1.9 is gone.

1 What's the pleasure? Do I hear a recommendation of some
2 sort?

3 Tommy.

4 DELEGATE WRIGHT: Mr. Chairman, I'm sorry,
5 my question was premature. I'd like to hear the Staff's recommendation on
6 this proposal.

7 MR. STEPHENSON: I will speak to that,
8 Delegate Wright. I think the Staff tried to summarize our feelings in the
9 recommendations that are before you, which are essentially that the merits of
10 the project goes without question. This is a lot of jobs, an anchor tenant,
11 high paying, a lot of stability. So it would be disastrous to the Commission
12 and to the community. There is no question about the merits of the project.
13 I think the Staff's difficulty in providing a further recommendation lies in the
14 fact that this is a precedent-setting step for the Commission in terms of
15 budgets and guidelines, et cetera. We really look to the Committee with
16 respect to things that are outside our precedent and guidelines.

17 MR. ARTHUR: With respect to the guidelines
18 here, a county that will have two projects going at the same time and they've
19 used their allocation well into the future, there's got to be some kind of
20 guideline or some limitation put on that, I think.

21 Senator Ruff.

22 SENATOR RUFF: Yes, it is precedent-setting, but
23 I think we need to do it, and I think we need to be very careful when we set
24 precedent. The needs of Southside and the needs of Halifax County are now.
25 Where we'll be ten years from now, we don't know, but we do know that our

1 unemployment is significantly high at this time. We need to make every
2 effort we can to make things happen today. I think at the same time as we do
3 this precedent-setting thing we need to establish serious guidelines of how
4 we will spend so that each county is treated fairly and equally and will know
5 what the rules are before bringing something to us.

6 MR. ARTHUR: Thank you, Senator Ruff. I've
7 heard in private conversations discussions about limitations. Would anyone
8 on the Committee like to express what they feel, the methods to do this, or
9 the limitations we can put on it, and give us all some guidelines to talk
10 about?

11 MR. OWENS: Mr. Chairman, we put together a
12 small grid about this, did we not? About if we needed the six million for
13 Special Projects to put in 1.9 million and what the payback would be of
14 600,000 a year?

15 MR. STEPHENSON: Yes, let me recite that for
16 the Committee. If you choose to approve the 4.1 million dollars, spending
17 forward, if you will, and considering the fact that Riverstone already claims
18 a million dollars a year, based on the anticipated annual allocation for
19 Halifax, it is not guaranteed or known at this point in time, and we're
20 operating off of what has happened in the past. Then Halifax's allocations
21 will likely be one million nine, and then take off a million for Riverstone,
22 and that would leave 900,000. If we consume 600,000 of that each year to
23 defray this spending forward, Halifax would pay out in the year 2011; in
24 other words, they would catch up in 2011. It would catch up sooner if you
25 took all of Halifax's allocation, but that would leave them dry until they got

1 paid out. There is some thought that maybe we need to not leave Halifax
2 completely dry going forward with no funds available.

3 MR. OWENS: Did you put together any kind of
4 thing if we spent all of the allocation now, not funding any of the Georgia
5 Pacific? The formula you put together shows funding for Georgia Pacific at
6 700,000 with the money we have in there now. It doesn't bring it to
7 consideration.

8 MR. STEPHENSON: The things I just recited
9 assumes that Georgia Pacific would not be funded if you consume the
10 873,000 for this Project Mentor, along with using everything you have and
11 leaving Georgia Pacific unfunded.

12 MS. NYHOLM: Why would you not fund it
13 forward over the lease terms if it's a ten-year lease the financing of the
14 balance of the deal over ten years?

15 MR. STEPHENSON: I think the lease terms that
16 Halifax has are really somewhat unrelated to how quickly the Commission
17 wants to pay for this out of its budget. You can match them if you would
18 like. My interest, frankly, was to try to find a method that got Halifax out of
19 the red as quickly as possible, because the farther we reach into the future
20 the more unknowns there are as far as the Commission funding stream.

21 MR. OWENS: The 4.1 we're talking about
22 financing after July of this year is projected we would have paid back over
23 1.4 because the 600,000 plus the 800?

24 MR. STEPHENSON: No, if we disburse this grant
25 to Halifax today, write a check for 4.1 million dollars, that will consume the

1 873 that's on the books now, and it will also consume another three million
2 odd that Halifax does not yet have, but on July 1 it will pick up a million
3 nine. One million goes to Riverstone, and 600 goes to defray Project
4 Mentor, and leaving 300,000.

5 MR. OWENS: July 1 you would have paid
6 800,000, 600,000 towards the 4.1?

7 MR. STEPHENSON: That's right, July 1,
8 assuming the budget is approved today.

9 MR. ARTHUR: Does that answer your question?

10 MR. HITE: Mr. Chairman.

11 MR. ARTHUR: Jack.

12 MR. HITE: Mr. Chairman, following up on
13 Frank's comments, how will we treat other counties that may come forward
14 with a similar proposal like this? How are we going to treat them?

15 MR. ARTHUR: That's why we need some
16 guidelines; without guidelines we're shooting from the hip.

17 Delegate Hogan.

18 DELEGATE HOGAN: One of the things about
19 this project is the asset that Halifax would get is a hard asset, because this is
20 a building that, I believe the building is 40-foot tall with a, a 60-foot tall
21 building. It's not such a specialized building that it couldn't be used for
22 something else, is what I'm saying. The probability of this project if
23 something happens is that it could be used for something else if we ran into
24 some problems. There is no reason to think that it couldn't be used. It's
25 relatively high, and therefore I don't think you're throwing money down a rat

1 hole, I think you're developing a hard asset. I wouldn't consider this for a
2 more specialized proposal. I think that's an important differentiation.

3 MR. ARTHUR: You represent that area. Have you
4 made people aware that they are committing funds into the future,
5 everybody?

6 DELEGATE HOGAN: They are well aware of it.
7 I think one of the reasons that this project has been before us for so long now
8 is that we want to make sure that people realize what they're doing. This
9 isn't something that three people got together and decided in 15 minutes.

10 MR. ARTHUR: We don't want them back asking
11 why we did this.

12 DELEGATE HOGAN: I think we've covered our
13 bases on that, Mr. Chairman.

14 MR. ARTHUR: All right. Scott.

15 MR. HARWOOD: Mr. Chairman, what is the
16 length or the time that the payout of the one million on Riverstone will be
17 done?

18 MR. STEPHENSON: It runs out in 2011.

19 MR. HARWOOD: Then, from what you said
20 earlier, both of these would run out in 2011?

21 MR. STEPHENSON: That's right, at the same
22 time.

23 MR. ARTHUR: Any further discussion?

24 MR. GOTTSCHALK: I'd like to hear from the
25 Staff, if I could, and I know it's a top secret prospect. I'd like to hear from

1 the Staff on the credit worthiness of the tenant that is the prospect. What is
2 their financial condition, in generalities? Are you comfortable with them,
3 and are they in a position to pay the lease? If they're a subsidiary of a new
4 company, which is, is the parent company involved, the guarantor or co-
5 signing on the lease? I'm really interested in the tenant paying to the IDA.

6 MR. ARTHUR: Ned, would you like to address
7 that?

8 MR. STEPHENSON: I'll speak to it, and maybe
9 Mike can help me a little bit. The lease arrangement is a matter between the
10 company and the IDA. To my knowledge, none of the Staff members have
11 really drilled into the terms of the parties to the lease and how it is structured
12 and so forth, because it's between other parties. I think Mike can probably
13 speak to those issues, because he has worked on them.

14 MR. EADES: The creditworthiness of the tenant,
15 what I can say without revealing the name of the company that we're dealing
16 with, is the second largest producer of electrical apparatuses in the world,
17 and second only to General Electric. Most people would consider that
18 General Electric of Europe. Net revenue last year was 750 million dollars,
19 and we're not dealing with a ma-and-pa company here.

20 MR. GOTTSCHALK: But they're financially
21 solvent, as far as you know?

22 MR. EADES: That's my understanding, yes, sir.
23 As far as the structure of the lease, the discussions we have had with them,
24 they wanted an initial ten years with a five-year option beyond that. The
25 lease cost point is what's making this deal for us. We have basically a cap

1 we're working toward, and if we can't make that cap, then that's going to be a
2 break point for us. There are some other locations being considered, and
3 that would be Columbia, South America, Brazil, Italy and Spain. There was
4 another location in the US, but that's been dropped. Our winning this deal
5 really involves the lease.

6 MR. GOTTSCHALK: I know this is vitally
7 important to Governor Kaine and myself personally. Five hundred twenty-
8 one jobs in Halifax is very important to us. The scary part is that if we don't
9 do this deal we're talking about now, other existing business may leave.
10 You've heard about competition in North Carolina, and there's a lot of
11 competition in North Carolina, so this is very important to us.

12 MR. ARTHUR: Thank you, Secretary Gottschalk.
13 Delegate Wright.

14 DELEGATE WRIGHT: The only question I have,
15 which is along the lines that Frank asked, is that we discussed this project
16 before, and we, in fact, need a policy in place to take care of this and treat
17 this the same way we'd do in the future. It seems to me the policy should be
18 presented to us today. In other words, has the Staff given any thought to it,
19 or do we have something that we can know that what we're approving today,
20 that all the counties will be treated the same in the future? Are we going to,
21 after we approve this, then set the policy and guidelines for the future? I'd
22 like to see if we could set up a policy today and vote on it, knowing that
23 other counties in the future will be treated the same; otherwise, it's very
24 difficult to do.

25 DELEGATE HOGAN: This may not be exactly

1 what Delegate Wright is asking, but this, in fact, is something we've done
2 for, this will be the fifth time, that I'm aware of, that we have done it. We
3 did it for the Institute, we've done it for Riverstone, we did it for a project in
4 Charlotte County, Prince Edward last year. So, it's very consistent with the
5 projects we've allowed counties to allocate future allotments to meet all
6 these obligations. All of those cases involved hard capital infrastructure
7 supported by lease payments from the interested company, or the assets
8 remained in the county's or the IDA's possession. I don't know if we have a
9 policy that says that, but that's a factor that we've done over the last four or
10 five years consistently.

11 To the extent that past action is going to indicate to the
12 localities what we'd like to do in the future, I think we've been very
13 consistent about that. This is the way we plan to fund projects bigger than
14 the jurisdiction's allotment. We've done it for, or to develop hard assets. If
15 we want to formalize that, I would not object to it. There may be some other
16 comments or other caveats other people might think of that are important.
17 We're in a situation with this project, if we don't move on it, it will go away.

18 SENATOR RUFF: Following up on what both of
19 you have said, I've discussed this with Chairman Hawkins. He agrees that in
20 establishing a policy it needs to be for all the communities, not just for
21 Southside or Southwest. I think he would move forward with the Economic
22 Development Committee, and we can go ahead and set up some guidelines,
23 but I think we need to deal with Delegate Hogan's needs and move today.
24 The question in my mind is the percentage of their, or what dollar amount
25 are we dealing with?

1 MR. ARTHUR: Well, we need a policy, and we
2 had looked at other ways of funding it, in particular through Special
3 Projects, but we were limited in Special Projects by the requirement in their
4 guidelines which says it has to affect three jurisdictional areas. We had
5 looked to remove those words and have Special Projects evaluate each one
6 on its own merit; chose not to change those words, so we're back to where
7 we are.

8 DELEGATE HOGAN: Mr. Chairman.

9 MR. ARTHUR: Yes, sir.

10 DELEGATE HOGAN: We did last time strike out
11 language about those regional projects.

12 MR. ARTHUR: Those words have not been
13 rewritten yet. We were asked to pass it forward, and as of right now it has
14 not been changed. I think the Staff has been working on that, as to how we
15 might change that in the future.

16 MR. STEPHENSON: Correct.

17 MR. ARTHUR: For Special Projects. Everybody
18 has heard the discussion. Do I have a motion?

19 MR. OWENS: Mr. Chairman --

20 MR. ARTHUR: -- Excuse me. Delegate Wright.

21 DELEGATE WRIGHT: Mr. Chairman, I asked a
22 question a minute ago, and I didn't get an answer. The question to the Staff,
23 have they given any thought to what policy and guideline can be put into
24 effect, and I think we'd all feel better today when we're about to approve
25 something that would be the same for everybody in the future.

1 MR. ARTHUR: Delegate Wright, I think in the
2 defense of the Staff, they have not been charged by me to do that. Do you
3 recall us having given those instructions? They're not going to have them
4 for you today. If you want to charge them with doing that, that's fine. That's
5 my opinion.

6 MR. STEPHENSON: We have not done that
7 formally, and obviously, Staff has talked a lot about how we can manage this
8 process for you. I think what the Staff has done is put together a list of
9 funding options that were published to the Committee, we published those to
10 you at the last meeting, of various ways that you could do this, not only for
11 Halifax, but for other entities as well. No consensus was reached as to
12 which one of those methods would be preferred, so we don't have a policy
13 statement at this point.

14 MR. ARTHUR: Actually, it was voted on that we
15 would use a combination; but here again, as far as right now, specific
16 guidelines, we don't have them. We might want to do that going forward. I
17 don't know if that answers your question, Delegate Wright, or not, but that's
18 the best I can do at this time.

19 DELEGATE WRIGHT: Mr. Chairman, I would
20 think it would be a good proposal, the urgency strikes me, and my only
21 concern is the Staff recommendation and the report.

22 MR. ARTHUR: Would you like to do that going
23 forward, ask them to do that? But, we've got to handle this project today,
24 and we obviously don't have guidelines or a policy on that.

25 SENATOR RUFF: Mr. Chairman, I think we

1 should have a policy, but I believe Southwest and Southside would have the
2 same policy, so I think it would be more properly before the Executive
3 Committee.

4 MR. OWENS: Mr. Chairman, I'd like to make a
5 motion that we recommend to the full Commission that we fund this project,
6 4.1 million dollars, using the unallocated funds we have for Halifax County's
7 allocation now, and a payback of \$500,000 a year. The reason being that if
8 the allocation for either county is cut back any, there will still be enough
9 money in there to pay back this commitment.

10 MR. ARTHUR: You've heard the motion.

11 DELEGATE HOGAN: Second.

12 MR. ARTHUR: The motion is made and
13 seconded. Any further discussion?

14 Jack.

15 MR. HITE: Mr. Chairman, we're putting up
16 4.1 million from the Commission. That's the commitment?

17 MR. ARTHUR: Yes.

18 MR. HITE: For 127 jobs?

19 MR. ARTHUR: Yes. Ned.

20 MR. STEPHENSON: Mr. Chairman, I bring this
21 matter to the Committee so you'll understand, and I want the Committee to
22 understand some of the mechanics of this. The difference in this transaction
23 and some we've done before is this. With respect to Riverstone and the
24 Institute, those transactions were approved in a manner that the Commission
25 agreed to disburse the money later, if the Commission had the money. This

1 transaction is different in that you're getting ready to ask us to disburse the
2 money now. The difference is, I think, that if we approve this motion we
3 will need an amendment to the 2007 budget to empower the Staff to exceed
4 the budget that is being crafted for the Commission this morning.

5 Let me say it another way. The budget that will lay on the table
6 before the Commission this morning for year '07 has within it a Southside
7 allocation total, that's all of the counties, of ten million nine, I believe that's
8 right, ten million nine. Staff is duty-bound to operate within that ten nine
9 and not more. When we disburse a four million-dollar check out of that, we
10 consume half of that. As soon as you meet in July and begin approving
11 other counties, you will quickly reach the ten million nine level. I think
12 what we need from you is authority to exceed that budget of ten million
13 nine, because we're going to disburse this one today. It's not a problem, and
14 we want to be sure that you understand that we're outside of the budget.

15 MR. ARTHUR: Counsel, where are we on that?

16 MR. FERGUSON: Mr. Chairman, the
17 Commission has authority to amend its budget through proper motions and
18 votes, so I would agree that that's not a legal problem at all. It's just a matter
19 of having the money in your pocket to do it.

20 MR. OWENS: Mr. Chairman.

21 MR. ARTHUR: Mr. Owens.

22 MR. OWENS: My only question was, it won't be
23 4.1, it'll be 3.3 of the budget.

24 MR. STEPHENSON: 3.227.

25 SENATOR RUFF: Mr. Chairman, just to clarify

1 that motion. Was adjusting the Southside budget part of that motion?

2 MR. OWENS: Yes.

3 MR. STEPHENSON: Senator Ruff is trying to get
4 things in the proper order here. The budget that needs to be amended is the
5 '07 budget, which has not yet been approved by the Commission. I hope it
6 will be in about an hour. I might suggest to the Chair that we separate the
7 two motions, so that we can bring the other piece after the '07 budget.

8 MR. ARTHUR: Which one do you want to go
9 forward on?

10 MR. STEPHENSON: I would like to come first
11 the motion that's currently on the table. I bring up the budget matter so that
12 you'll know that needs to occur also.

13 MR. ARTHUR: We have a motion, and it's been
14 seconded. Any more discussion? Hearing none, all those in favor signify by
15 saying aye? (Ayes.) Opposed, like sign?

16 DELEGATE WRIGHT: No.

17 MR. ARTHUR: The Minutes will reflect a "no"
18 vote from Delegate Wright. The ayes have it.

19 You also have heard what the Executive Director has said about
20 the budget motion in order for this to go forward. Do I have a motion asking
21 for a change to the future budget?

22 DELEGATE HOGAN: So move.

23 MR. ARTHUR: Did I hear a second?

24 MR. OWENS: Second.

25 MR. ARTHUR: Any further discussion? All those

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

2 The ayes have it.

3 Ned, do you want to set the next Committee meeting?

4 MR. STEPHENSON: Mr. Chairman, the Staff is
5 suggesting that we announce an application deadline for our grantees of June
6 1, which you'll hold your next meeting on July 19th in advance of the July
7 Commission meeting. The Staff will be receiving applications between now
8 and that time.

9 MR. ARTHUR: Is that satisfactory with everyone?

10 MR. STEPHENSON: July the 19th for this
11 Committee.

12 MR. ARTHUR: That would be to review the
13 applications.

14 DELEGATE WRIGHT: What about the Amelia
15 project and approval of --

16 MR. STEPHENSON: -- The Amelia project was
17 approved in part by Special Projects this week. The other portion would lay
18 on the table at July 19 for approval by this Committee and final approval by
19 the Commission.

20 DELEGATE WRIGHT: Why couldn't we take that
21 up today?

22 MR. STEPHENSON: It could, but I understand
23 that it's not necessary timing-wise, and that they will be okay in July. You
24 certainly can today if you wish to.

25 DELEGATE WRIGHT: Mr. Chairman, would you

1 entertain that?

2 MR. ARTHUR: Do we have time to do it now?
3 We've got a meeting at ten o'clock. If you've got documentation we can
4 address it, if not it will have to wait.

5 DELEGATE WRIGHT: This proposal has been
6 around for some time. I was under the impression it was coming up today.

7 MR. ARTHUR: It wasn't on the agenda.

8 MR. STEPHENSON: The Finance Director can
9 help me out here, Tommy, indicates that the piece of money that Amelia
10 needs to finish the project is really coming to Amelia through the '07 budget
11 and will not be on the ledger until July 1. I guess we couldn't do it today if
12 you wanted to.

13 SENATOR RUFF: Mr. Chairman, following up on
14 that, could we, in some fashion, take some kind of motion that would give
15 them a comfort level to go ahead and move forward and vote on the project?

16 MR. ARTHUR: Would you like to review the
17 project very quickly?

18 DELEGATE WRIGHT: I think Ned could
19 probably do a better job than I could.

20 MR. STEPHENSON: Briefly I can, I'm just not
21 really prepared to do that. It's renovations of a workforce center in Amelia
22 County and taking an old school building and converting it to a workforce
23 center. This is part of the funding that is needed. I believe that a substantial
24 part of the funding has come from HCD, and I believe a portion is coming
25 from the highway folks, who have a piece of that, and several other players,

1 but our piece is needed to finish the project. Amelia County was approved
2 for all but 118,000 of this from Special Projects on Monday. The remaining
3 \$118,000 is anticipated to be available for Amelia July 1. Perhaps, Mr.
4 Chairman, if it pleases the Committee, make some form of a motion to give
5 Amelia County an indication of your intent in July.

6 SENATOR RUFF: Mr. Chairman, I believe that's
7 important, and they'd like to get the work done prior to the beginning of the
8 fall session.

9 DELEGATE WRIGHT: That's right, they're
10 working with the John Tyler Community College. I'd make a motion that we
11 provide that funding.

12 MR. OWENS: You're going to make a motion that
13 the funds are available.

14 DELEGATE WRIGHT: I make a motion that
15 funds out of the '07 budget be approved for this project.

16 MR. ARTHUR: Would you accept a substitute
17 motion?

18 DELEGATE WRIGHT: Yes, sir.

19 MR. ARTHUR: Money is available, but I don't
20 think we can say it's committed because something has come up. Are you
21 satisfied with that?

22 DELEGATE WRIGHT: Yes, sir.

23 MR. ARTHUR: The motion is made and seconded
24 that we can tell Amelia County that funds will be available after July 1. It
25 will be addressed at the budget meeting. Is that satisfactory?

1 DELEGATE WRIGHT: Yes, sir.

2 MR. ARTHUR: All in favor say aye? (Ayes.)

3 Opposed, like sign? (No response.)

4 Does anyone from the public wish to address the Committee?

5 Now is the time. If not, seeing no hands, is there a motion to adjourn? All

6 right, we're adjourned.

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8 PROCEEDINGS CONCLUDED.

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23 CERTIFICATE OF THE COURT REPORTER

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1 I, Medford W. Howard, Registered Professional
2 Reporter and Notary Public for the State of Virginia at large, do hereby
3 certify that I was the court reporter who took down and transcribed the
4 proceedings of the **Virginia Tobacco Indemnification and Community**
5 **Revitalization Commission Southside Economic Development**
6 **Committee Meeting when held on Thursday, April 27, 2006 at 8:30 a.m.**
7 **at the Sheraton Richmond West Hotel, Richmond, Virginia.**

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

10 Given under my hand this day of May, 2006.

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15
16 _____
17 Medford W. Howard

18 Registered Professional Reporter

19 Notary Public for the State of Virginia at Large

20
21
22 My Commission Expires: October 31, 2006.
23
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