MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING
September 21, 2005 - 12:00 P.M.
8th & Main Building, 3rd Floor Conference Room
Richmond, Virginia

Voting members present: Andy Brownstein, Hattie Hamlin, Michael Joyce, Jack Stephens, Jeff Jones, and Mike Eisenman.
Others present: Scott Parsons, William Sievers (Assistant Attorney General), Elizabeth Moran, Barbara Carter, Patty Thorne, Mary Jo Sisson-Vaughan, Anna Mackley Cobb, and Patricia Morris.

Chairman Brownstein called the meeting to order. Scott Parsons welcomed and introduced Mary Jo Sisson-Vaughan, a newly-hired staff member.

Discussion:

SP-First of all I want to thank all of you for being here. This meeting obviously is going to be a little bit different from previous meetings that we have had. Many times if we don't have loan business we haven't had a meeting, but I appreciate the chairman pulling this together because we really do have some important business to discuss today and to go over and I very much want the Board to be a part of the decision making process in this as well as helping us to formulate some action plans as the chairman has said. If I could just to start off I'd like to introduce Mary Jo Sisson-Vaughan. Mary Jo is a new addition to our staff; some of you remember Mark Heede, and Mary Jo has replaced Mark as he has gone on to go back into the banking world. But Mary Jo comes to us with a vast amount of experience in commercial lending having worked for Bank of America and its predecessors both in the Hampton Roads region as well as in the Richmond region; a lot of commercial lending experience. She also can supplement that with having spent some time in the Small Business Development Centers having worked with the businesses from that end and helping them develop business plans and provide some counseling; she's also worked for a while with an SBA certified development corporation here in Richmond. So has a lot of experience not only in bank commercial lending as we all do but also in dealing with small businesses and the government lending aspect on the

federal side so we're very glad that she has joined our team and excited she's here. Also I've included in your package today there are two maps of Virginia, one of them is colored and that's just for your information; we as the Staff, we've kind of divided the state up amongst marketing regions and it's a small staff and a big state so they're pretty vast regions. But that's just for your knowledge and it's colored coded so you'll know who is doing what where; but Mary Jo will basically be covering the Valley and the Central portion of the state for us, the white and red areas; Anna covers Northern Va., the blue as well as the purple area, Southside; Patty covers Southwest, the green area; and I'm covering the Hampton Roads and Eastern Shore regions, the gray area. So as you're in your respective regions and you get referrals or what have you, you're obviously welcome to call any of us, but just so you'll know who will be in your geographic area a fair bit doing marketing. I'd also like to introduce Elizabeth Moran here today; I asked Elizabeth to be here. Elizabeth serves as DBA's legislative liaison so she is heavily involved in our interaction with the General Assembly; she's also very much involved from the department's standpoint in our strategic planning and things of that nature. She can't be with us for the entire meeting because she's meeting with a delegate in fact, but she was able to join us for a little while and I appreciate you being here. What I wanted to do basically today is, if I could for those of you who may not have been here last month, to just give a very brief rundown of our funding issues. (Mike Eisenman joins via phone call.) I was just about to run through the agenda very briefly. Essentially what I would like to do again very briefly is recap our funding issues. Mike and I and some of the other agency division directors met with Secretary Schewel on Friday following our (DBA) meeting and I wanted to give you a real quick update on how that meeting went, and then basically for the bulk of today's meeting we're hoping to do some brainstorming. And some of the things that the Board asked of the Staff last time were to basically for us to come to you with some refined specific recommendations and some ideas on talking points. And then our hope is to go through that, kind of fine tune what you think our message should be; we as staff have got some ideas we'd like to run by you. There is a pamphlet in your package that we'd like to run through for a minute and then as the chairman said to develop a game plan for action. This is a process, while on the one hand certainly we are working through the Administration and it is our sincere hope that we get included within the Governor's budget proposal; at the same time, you know the way this process is built -- it's a two prong process. The saying goes that the Governor

proposes but the General Assembly disposes. So I think it's important that we work through both sides and if nothing else try to increase our awareness not only to legislators but to our stakeholders – the local leaders, the economic developers, the bankers, the people that really benefit – the businesses that benefit from our programs and services – and really kind of work on conveying what our value is and then hopefully the money will come if we can get some understanding of that. So if I could, as I mentioned, last time in a nutshell, basically, we have had a very good year. We had a very good year from a loan standpoint. Really the best year in the history of the Financing Authority in terms of dollars out the door in helping businesses and I've learned the difference between the private sector and the public sector. When I was in banking and you had a great year, that was the good part and there really was no down side because the bank always made more money. In the public sector it's a little bit different, the more and faster that you put money out the door the issue becomes then that you have no inventory to sell later and for us the money is the inventory. So the coffers are running somewhat dry. As I mentioned last time, we had projected, based on historical usage in our direct loan fund, the loan fund where we can have the most impact from an economic development standpoint in the state, we have roughly six months worth of funds available. It might go a little bit longer or a little bit shorter than that depending on demand, but based on our historicals, that's about what we're looking at.

AB: You don't intend to hold back for any reason; if loans come, we're going to lend the money. The project will get funded?

SP: Right. So we're anticipating not having enough funds to make it through the year. Also in our capital access program which from a volume standpoint, number of loans done, that's clearly our most popular program in assisting small businesses, that one is bank driven but where we provide the matching funds to help the bank do more deals and in that program we've got three to four months of money left; and in fact, Anna and I have a call scheduled Friday to begin talking to some of our most active banks to let them know that the well has run dry and we're going to have to shut that program down very soon.

PT: Can I have Patricia just give you an update?

PM: We have processed within the last couple of weeks enough that we only have $68,000 left. If we do that it runs out by the middle of October. So, if we do what we did just recently, it's out.

SP: I apologize, Patricia doesn't join us every meeting, but Patricia Morris handles our loan accounting and loan reporting and is a very integral part of our team. So that's the issue that we're faced with. Mike was good enough to set up a meeting with Secretary Schewel where we had an opportunity to kind of lay this out and share this information with him. Our specific request as far as the Financing Authority goes was for $5 million to be included in the Governor's budget as well as some money for operating expenses on an annual basis to basically help stop some of the impact to the funds for staffing. And as you know we have down sized from a staffing standpoint but the funds paid our salaries for the most part and we're trying to get some increase there from the state to DBA's budget so we that we have less of an impact on the loan funds themselves. It was a very good meeting with Secretary Schewel; he was very attentive; he asked some good questions as he always does; essentially he was noncommittal. It was positive in the fact that he didn't say no; we don't know at this point. He has a number of things I'm sure he has to consider. I don't know whether or not he will recommend that we be included in the Governor's budget or not.

ME: Scott, one thing, all the issues we discussed with Schewel were submitted in decision packages that were due Sept. 15, so not only did we discuss it with him we submitted it with the state's process which is called the decision package. I guess it was last Thursday, so that's been filed with him.

SP: Great. Do you have any idea, Mike, when we might know something as to whether he is going to recommend in our favor or whether we will be included in the Governor's budget?

ME: No, I don't; but what I found most interesting about that meeting was his discussion, twofold Scott; one, our general fund money to you; and secondly, the alternative proposals you gave him which I gathered he hadn't thought of before.

SP: Alright. And basically what Mike is talking about as far as alternative proposals and a couple of things we need to talk about today are there are some other ways of getting funding other than just having the state appropriate money directly to us or to any authority. One of the suggestions that we made to the Secretary was the possibility, at least in our opinion, of being able to utilize some of the state's debt capacity, like the Housing Development Authority and the Resource Authority are able to do within the Code where basically they can either avail themselves of bond financing or in our case perhaps maybe borrow directly from a bank but have some of the state's guarantee, if you will, behind us so that we're more able to do that. So

that certainly would require legislation but that's one of the options I think as opposed to just having money come directly in from the state's coffers.

What I would like to do at this point, we've got a real short video to show you. The Staff, all of us, attended an economic development conference last week. They had a very good speaker there that talked about Stephen Covey's latest book, The Eighth Habit, and she had a very interesting video in that that really helped set the stage for focusing on goals that we seemed to think would fit well in this discussion. It just takes a minute. I'm going to turn it over to Anna for that.

(Video shown)

SP: The message that we're trying to convey with that is certainly we have to have a goal as an Authority and we all have to work in conjunction together understanding what that goal is and hopefully communicating that in relatively the same way released with the same message. I'd like to hear your thoughts but in my particular case in thinking it through while certainly getting funding for us is a goal and a big part of why we're having this meeting today, I think more importantly for us it's communicating our value to those decision makers both within the Administration and in the General Assembly so that they really understanding what the Financing Authority is all about, why it exists, what we do for the citizens of Virginia, and then hopefully if they get that part, then we'll get money to fund the programs. If we were to get money and they still for some reason still didn't understand us then I think, as we just recently found out, we end up losing it. There ends up being something else created that does exactly the same thing that we do and our funding ends up going that way. So I really think we've got to find a way of effectively getting buy in from the legislature, from the Administration, from the people that use our programs and the communities that benefit and hopefully they will be our advocates going forward. So that at least is my thought on that.

We wanted to spend some time brainstorming, talking about what our message should be and how we should best go about communicating that. In your package we've included something that our Workforce Services group has developed. They are also having a funding issue. They have some real funding issues as far as demand versus the amount of capital that they have. They have prepared a piece but basically it's a way of effectively communicating their message again to the stakeholders and to the legislature. And the fact that the Board had asked for our recommendations, we felt like this was a pretty effective tool; and instead of reinventing the

wheel, felt that we might be able to tailor something like this to use for the Financing Authority and as a means of helping you communicate the message, helping us communicate the message and those that we deal with. Patty had developed a rough outline and some thoughts of some information that we felt like would be useful to include and then I would really like this to be participatory and have your thoughts; I know we're catching you somewhat cold, but have your thoughts on ways that you think we can effectively communicate this message better. Patty, you want to share with them your thoughts? You should have this one page sheet that says Outline at the top. That's what we'll be going through.

PT: Before I start on what we're suggesting as staff, this is just an outline, no detail in there really. If you look at what Workforce Services has done, their message is very clear. It's demonstrated through graphs and charts; they've got testimonials that simply embrace their message. I just love the way they laid them out on either side of the brochure so that as you're reading the text, you'll see what they've been able to do for businesses throughout Virginia. There's more text down the back and testimonials. Anna, Scott and I, and Mary Jo met yesterday to divvy up essentially a listing of some of the companies, economic developers, and bankers that we have worked with and did some projects over the past several years, so as staff we will go by and get those testimonials. Some we already have which are quite glowing and we'll get their permission to be able to put that in this type of document.

MJ: How has the value proposition of the Authority been presented previously?

SP: Primarily through leveraging of public dollars, the amount of private money, both equity and debt that comes in our program…

MJ: How has it been communicated to the sources of funding?

PT: We had some information sheets, just a one page sheet, that essentially spoke about what we've done since inception and most recently and that includes this fiscal year.

SP: Really, Michael, it just talks about our accomplishments and some of the things we've even done in the most previous year. It never asks the question, "Do you believe in this value?" It never asks for money.

AB: Let's dig into that for a second.

EM: Let me just add one thing. There's an annual report that the department puts out that is communicated, sent to all the legislators and allies and it's put on the website, but that summarizes the accomplishments so that's one activity.

SP: But it's very passive. This is kind of what we did in the past year.

AB: In my almost four years now of experience with the organization, if I were going to be asked to craft a message that would resonate, the message that I would craft is not necessarily we take these dollars and leverage them and create this much more in lending and this many jobs. What I've heard time and again is that, especially with respect to the direct loan programs both state and federal and when we had VSBFA Direct, is that we are the (I would use this phrase in a public sense, this is not marketing) but this is what I would say internally is we are the lender of last resort, we are the gap financing. This is the money that comes in to me, what banks will do and where the equity is coming from, that without this money there is no where else to go for it. So that's how I would try and craft the value proposition, is that we are providing financing that is not available any where else; and if I were going to get testimonials, that would be the characterization of the testimonies I would be asking for – please express to us how that without this slice of the money, this slice of the capital structure this project is dead in the water; we have no where else to go for this money.

MJ: But Andy, don't you want to tie with that how it essentially pays for itself.

AB: Absolutely, but my point was that we make that statement time and time again; is that we typically have never asked for additional funding, we're a self sustaining organization, the interest in the money, the profits that we make are essentially reinvested, so leveraging is there. But I think where this point kind of got crossed over a little after the introduction is that because we haven't communicated effectively what we do and where we are special and unique, the Assembly just went off, you know frankly, a little bit of the Administration's, and created another organization to do essentially the same thing and took all of our assets and even then if we really got into the esoterics of it we would argue this organization that's been created isn't going to be able to do the things that we're capable of doing because they're going to truly be a financial institution, a regulated financial institution they won't be allowed to. So I would hesitate to make all those points. But I think if we're going to try to communicate our value proposition, these are economic dollars that are available no where else and the types of projects that you could point to even in the last couple of years let alone going back as far as, I don't have as much history, just in the time that I've been here, some of the projects that we've funded it's not clear whether the projects would have gotten off the ground.

PT: And I think the testimonials will speak to that as well. And I agree; if you look at the outline that I've prepared you'll see it has "headline here." And the headline is whatever we come up with -- "Virginia Losing It's Competitive Edge" is what Workforce Services has used for them. Our headline should be something different but grabbing. What I had shown next was to show a graph comparing us with other states and we're pitiful and I think that graph is going to be so telling. Since 1984 the Financing Authority has only received $1,850,000 in funding for its own programs. Now I was just calculating on something a piece that Scott had gotten from Kentucky and I hadn't finished with the tally, but Kentucky, just to give an example, and again I haven't finished totaling, they had gotten $64.5 million. And Pennsylvania is staggering; New Jersey is staggering; Maryland is staggering.

AB: Do we know whether those figures are apples to apples? Meaning in other words those groups…One of the reasons we want to receive a certain amount of money is we essentially recycle our dollars. Do we know whether those dollars are allowed to be recycled? Because I can only imagine someone saying why is there a difference?

PT: For instance in 1983, and this is one of the things I think would resonate with the legislature is if we were to use the state's borrowing capacity; it's really not just stroking us a check, but it's us borrowing money (and) showing the ability to repay. In 1983 Kentucky issued $50 million in revenue bonds to create funds for a direct loan program for the state, $50 million. That's amazing.

SP: You're absolutely right and sometimes it's difficult to determine amongst states what that entity's charge is and how closely it matches ours and some of them have multiple missions. In the case of Kentucky I talked to this guy and they sound exactly like the Authority. They do direct loans, loan guarantees for businesses for economic development purposes. Maryland has a similar entity that does that; they also have some other entities that do things like venture capital funding; still towards helping grow small business in economic development but with a slightly different bent, but all of the states that Patty mentioned, New Jersey, Pennsylvania, Maryland, and Kentucky, we really were just looking at surrounding areas, have entities that do exactly what we do or something very close to that and they're all much better funded.

PT: And in Maryland last year, 2005 between two different financing entities received from their legislature, it would have been about $25 million. That's just one year of funding, one year. And in 21 years, we've only gotten $1.8 million.

AB: I guess we're looking for what is the compelling argument. The compelling argument is that we're not competitive with our surrounding states. Is the compelling message that or is the compelling message that without the Authority there is no source for this kind of funding? What's going to resonate?

PT: Again as staff we came up with what are five messages that we want to get out. And again this is just our recommendation, the board might have others.

JJ: Can I jump in before we do this because I was in a session like this last week and over the last four months and I think before you talk about the messages, value propositions are crafted for a particular audience. So we have a lot of constituents – you have the legislature, you have the end users of what we do, you have the intermediary, so when you talk about value propositions, who are you talking about? It's not going to be one for all of those groups; it's different. So we can't have what is our value proposition; value proposition by constituent because the value proposition to the end businesses that need what we have, that is going to sound different. To the legislature it's going to sound different. So it isn't one; it may be five statements, but it has to speak to someone and when I look at the one we have today and this one that we think, now don't get me wrong, I'm not being critical; but when you look at this one from Workforce Services, I have no idea what they do. In the first couple of paragraphs I have no idea what they do and if I owned a business and wanted to use their services… So what I'm saying is when you do a value proposition it has to speak to someone that has a problem that needs to be solved and we've got to say it quickly.

PT: It's not marketing though, this is to the legislators.

AC: Well you have to remember they're in a slightly different situation. The Workforce Services program which is part of DBA has been in existence for 40 years. And this is a document they crafted for economic developers across the state of Virginia and legislators most of whom are already familiar with the program.

JJ: So but my point is not about this document, the point is if you're talking value propositions, you're talking to someone.

SP: I think you're right and in their case they have identified that already. They have crafted a document specifically for economic developers and legislators and they know…

AB: Well, let's get some clarity on that point. If I understood you correctly, what we're trying to develop is, what do we want to say to the assembly when we have the opportunity to communicate and speak to them.

SP: In my opinion it's to the assembly certainly; it's also to stakeholders and I would view stakeholders as being economic developers and local officials primarily because their communities are the ones that are benefiting and to me the message often… For staff to go directly to the legislature and ask for something you're often viewed as a bureaucrat trying to save your job but for an economic developer, a local official or board member for you to speak to the value of the Financing Authority conveys a different message and is taken a different way.

AB: Let me ask this question, do we believe that our best opportunity to be effective is by having these stakeholders step up for us and do we believe that is a realistic goal? In other words is the Virginia Bankers Association going to, is the Community Banks Association, are the local economic developers going to advocate for us? In other words I'm concerned that by doing what Jeff rightly suggests by developing different messages for different constituencies, I'm concerned that this is not going to be a priority for them; so I'm a little concerned only that perhaps we prefer to focus on what we in this room can do as opposed as to what we hope our stakeholders would be willing to do for us. I'd like Elizabeth actually, I'd like your input here because I'm trying to figure out… We have a limited number of resources available and a limited amount of time. What can we expect these other people to do for us?

JJ: Let me be clear; I'm not saying that we <u>have</u> to do five or six or whatever it is. I'm saying whatever we're doing, let's make sure of who we're talking to in order to …

AB: Well that's what I'm asking. Let's get clarity on who we're trying to communicate to. Should we simply be focusing on what we as a Board can do with the legislature or should we be expanding it beyond that one simple goal to try and develop additional messages for our stakeholders on the assumption or hope that they will advocate for us. Is that something that we can realistically expect to happen?

EM: I do believe that the economic development community will be willing to step up to the plate on this; they have in a limited way in that they've supported our positions through the Virginia Economic Developers Association in the past, but we haven't done perhaps the best job in getting to the economic developers so that they can in turn get to their legislators. And

that's really the main purpose of this document is to educate the economic developers then get them to talk to their legislators. But Workforce Services doesn't have the advantage of having the Financing Authority out there telling their story. I think it's twofold. I think it would be great to have you all talk to your elected officials about what's going on with the Authority and perhaps not just your state officials but your local elected officials as well because they also have an interest in your programs and talk with their state officials about the availability of economic development tools. So I think it's twofold; I think the value that you all offer in terms of your community connection is extremely important and perhaps we haven't used you in this way in the past for a number of reasons and I think that's really critical. But I also think a piece where we can distribute it; it may be at staff level that we would distribute to the local economic developers, I'm not that familiar with bankers, but bankers and some of your other stakeholders.

AB: So to Jeff's point, the two primary stakeholders we should be crafting message points and communication, whatever, advocacy to are the legislators themselves directly and those stakeholders that we believe will advocate for us.

EM: Yes.

AB: Are there other stakeholders that we should develop communication and message points to?

PT: Well again, influencers, then I think there are power brokers in every community who are not politicians necessarily who are not economic developers but who are and can be the movers and shakers in the community and the local EDs know who these individuals are, and so some of those staff will contact directly or if the Board knows of their own power brokers within their own area.

MJ: Power brokers are one thing but I think you know at the grass roots level you have the entrepreneurs and I think that's a powerful message to the legislators to see, you know, what some of these programs can do for them.

PT: In fact some of the power brokers that I can think of are some that have benefited from our programs and I think they could have very good and effective message. I can think of a couple in Southwest Va. for instance and we will count on them.

AB: Okay.

EM: I think the key though is to keep the message simple and to not get bogged down in trying to contact 150,000 people but make a realistic goal at contacting however many you can and do it. I think that's when we tend to get bogged down sometimes in all we could do and to leave you with one really strong message.

AB: Well I agree with that because I think about the message of saying that we've only received this much funding to date. And the cynic in me says no legislator cares about that. What they want to know is how much money you want now and are you going to come back here again next year and ask for it again or what are you going to do with it?

ME: And what are you going to do for me?

EM: The strategic planning process is going forward with how much money do you need to do the job you're doing, not so much we've lost money in the past and want more money. If we give you a thousand dollars are you going to create 10 jobs; if we give you two thousand dollars are you going to create 20 jobs. It's not you gave us three thousand dollars last year and we want that. So the whole system in state government is moving, we hope it's moving, towards that we can create jobs, investments, whatever, if you give us X amount of money and I think that's part of the message.

SP: So I think when we're talking about messages and the first one that Patty was suggesting is really not so much well Kentucky got X amount of dollars, Maryland got Y amount of dollars and we got just a little bit. But it's more of are we losing our competitive edge; are we falling behind other states that we compete with from an economic development standpoint, are they putting in more resources than we are and will that eventually catch up to us is basically what we're trying to say.

PT: And again, it's an attention grabber. It doesn't sell us but that comes along within the document when we talk about our allies, when we talk about the success of the Financing Authority.

JJ: For an example, for that particular message, the one you just said, who was that for?

PT: The legislators.

JJ: Okay, that's specifically for the legislature.

PT: Everything that we'll be talking about today will be for the legislators.

JJ: So the next part of the question is, you can use this for just about every one of them. The next part of the question is, why do they care?

PT: And then the document goes into that.

JJ: But you've got to put somewhere near the beginning you have to put why they care because that's what they're going to look at. If we're going to lose some benefit, some political benefit, whatever, because of that statement, you don't what them to go down two more paragraphs to find out. So that's kind of an example of my point.

AC: The economic developers who are stakeholders, they care because without competitive advantages, if you will whatever those may be, they cannot recruit businesses in their locality and they cannot help existing businesses expand.

JJ: So that's what benefits them because the fear of loss is greater than the desire to gain; so then you say that that's why they care, so that has to be somewhere close to your statement. And you can use that for just about everything we're doing because everyone is asking the question, "So what, what does it mean to me?" So you say nice, great statement but what do I lose?

AB: And I think that is a good point; that's similar to what we were discussing before. Because in many cases these legislators aren't necessarily… they think everybody's just grabbing at whatever's available and that if we don't emphasize that this isn't just asking for $5million more so we can just do more than we're doing now, then that may get lost in the shuffle. I think we need to make it clear that without this money this Authority essentially is out of business; you have no resource for this type of financings or loans to make.

ME: Or nothing.

PT: Or it could be just to flip the outline that I've prepared upside down and it might do what you want it to do.

AB: All I'm saying is I'd rather not have the message be written like "we just need more, everybody wants more." Everybody is always saying, well there's this great general fund pot that we have this huge surplus. Everybody's grabbing at their little bit - "Well we just need to get our little share of this extra money cause we can do so much more with it than we are doing today." I think we're really just talking about an on/off button here. Either we're in business doing this work for the Commonwealth or we're not. This is the only way we can do it.

AC: So a sense of urgency is what ….

AB: Well almost in a sense, yes, it's urgent. But almost like frame it up like as a choice. What do you want? Do you want the Commonwealth of Virginia to have this resource available to its business community? If you do we have to have this money, if you don't…

PT: Can I go through this real quickly? And then we might talk about even the order that you would like to see the presentation done. I think it's going to cover a good bit of what we want to see, but maybe I've got the order wrong. So don't think of it as the order of the outline then because we can re-shuffle. I just want to go through this real quickly and then let's carry on, because I think some of this will answer some of the questions, some might arouse more and we want to gather that and I know our time is limited. So just in the interest of time, let me tell you what we can do and what we've done in the past. Obviously competition is real, it's important. We do hear about companies that are offered X number of dollars and Virginia can only do a pittance. So maybe we can get some testimonials there that would support that in a better way for you. Also (I) wanted to address, and I don't care where it is in the document, but the uniqueness of the VSBFA and why it was formed. They don't even know who we are. I went up to Kilgore last week; he'd never heard of us.

ME: Which of the three? You went to John.

PT: The one who is running for Governor.

ME: You went to Jerry. Well there's Terry who is a legislator and John who is an economic developer.

PT: No, it was Jerry. So this audience is not necessarily going to know us. The EDs will but let me tell you, you'll be lucky if 7 out of 10 of the legislators know who we are. So we have to tell them who we are, why we were formed – we were formed by the legislature to be the sole conduit lender to businesses; other state agencies cannot do that, although they do, but there's an AG's opinion saying that they cannot. We are critical to the state if they want to do economic development projects, period. I think that message needs to get out. Certainly show our history. We have got a phenomenal history; with the little bit of money that we have received and the money we've managed for other state agencies, we have leveraged $700 million. We've created 3200 jobs and there are ways that we can show impact to the state. The same thing that the Partnership uses as well, as far as what those jobs mean as far as revenues to the state and the localities and the multiplier effect of those jobs, and these are hard numbers that we can show on a graph; we can show the benefit. If I were a legislator, my big thing

would be the ROI and what the ROI shows the legislator is how much time does it take for every dollar they give to us or allow us to borrow, how quickly does that money come back to the state? We are not a grant program where that money is gone forever. Our money gets back, it's recycled, we earn interest on our money and what we will be doing is figuring out the ROI and I can tell you it's going to be within two years. And that to me is one of the biggest things of all as far as selling our benefits. And then a graph showing, or whatever, anywhere in the document, a graph showing current cash available for funding, what the past has been, use last year as an example, project that out for two years and the graph itself would be self explanatory. It's going to show a financing gap; we don't even have to put a dollar figure in there because the graph will show that; and if you would turn to this document and actually the front, right there on the front, and you can see that it shows, now they're different, they get funding every single year, so our graph has to look different but they didn't have to say, "Look man, we've got a gap here." The graph says that and anyone with half a wit is going to figure it out. So I don't even know that we have to say a number, I don't know if we have to say how we want to get that, it's up to you guys, but it's going to show that we're in trouble, we're in serious trouble. And then the next thing is the geographical data. Mary Jo calculated yesterday there are 62 cities that can no longer get direct financing assistance from us…

MSV: There are over 50% of the cities and 59% of the counties that are not eligible any more.

PT: They have no resource because we lost that state fund.

SP: We've given you a map of the most recent piece, it's the gray and white map that gives you some sense, basically we can do direct lending in the gray areas and not in the white areas.

PT: And we won't say it's because we lost the state funds; we'd say that we don't have the funds available for these localities. And then I think we need to ask the big question, will Virginia fund …

ME: What's the difference in those two statements?

PT: Well we don't want to sound negative; we don't want to sound like whiny babies. Will Virginia fund the VSBFA, its only true authorized lender, so that it can adequately continue its mission? Are we important to Virginia?

AB: That's exactly the point I was looking for before where I wouldn't say "adequately" because that makes it sound like we can do it without this money, we just can do it better with it.

PT: Well I'll just …If that's what you want, I will.

AB: I would say "Will Virginia fund the VSBFA so that it can continue to exist?"

PT: And then the summary statement from the Board, essentially saying that we do need continued funding. But I think if there was a nice statement from the Board with your signature, Andy, then that would be great. But these were thoughts that we put down as an outline; it can go in any order but it does address five of the key issues that staff wanted to get across and ROI is absolutely critical I think to selling our benefit.

JJ: When I look at the summary question, in this room, we want some money so we can exist. But to an outsider we want the money so that those customers, those localities, those businesses, etc., can be served by the only entity authorized to do it.

PT: I think I have to take exception with what you said, we don't want the money just so we can exist. We're very passionate about the results of what we do; we want the money so we can create jobs; we want the money so we can increase revenues to the state; we want the money so that we can compete competitively, not just locally, but we can also get into information about what's been around globally and how we're not competing.

JJ: So what you just said is your summary statement. What you just said that's the summary statement, not what's written here, but what you just said.

PT: And it could be. All I said here was supporting the mission and the mission of the VSBFA as created by the legislature is to promote business within the Commonwealth, which means through, again, if you look at our legislation, the mission is to create jobs and increase revenues to the Commonwealth.

JJ: I mean I don't really have an issue with what's on the paper. I'm just throwing these comments out because as you answer the question you just gave a summary statement that was a hundred times more powerful than anything that's written here. You just said we want to do this because of one, this, this, and this.

AB: What I worry about, Jeff, is yes, we're here to create jobs, we're here to help businesses expand and to relocate, but if I'm a legislator, I think to myself, we do lots of things that do that; why do we need this. Well we need this because it is the only way that the Commonwealth of Virginia can provide loan funds to those entities who want to do all those things that are so wonderful. I'm afraid that we go into the pitch, so to speak, the legislature may say we create jobs and we help businesses to expand and, yes, we do all of those things but there are a zillion

other government programs who are coming in making the same pitch; that's what we're here for to help economic development in the Commonwealth. I think we need to be crystal clear about this is the only option available with these types of loans, subordinated, gap financing, lending of the last resort to projects that otherwise have no funding option. Do you want a program like that? And yes, all those programs obviously create jobs, help businesses expand and relocate, and create economic development in distressed and non-distressed areas along with all the other great things that the Commonwealth does.

AC: Would it be helpful for us to go through these? These are the suggestions that the Staff had. And I think what were just trying at least initially to do is to get your consensus on these important messages.

PT: I think Andy just said what he thinks is most important is our uniqueness…

AB: Well I don't want to dominate this conversation but …

PT: But I think you're right. I was thinking about that this morning because I'm thinking, gosh, I'm Senator So and So and I've got Workforce Services at my door, DHCD at my door, …

AB: VEDP, everybody is saying, we create jobs, we're in economic development…

ME: And they're counting the same jobs in some cases.

PT: Oh absolutely, they're counted like five times.

AB: Everybody claims the jobs.

PT: But we are unique.

MJ: You still want to say how important it is to …it has to be in that single statement.

AB: You do want to say why is this particular project inside the economic umbrella of the Commonwealth of Virginia so important.

ME: The one point I want to bring out is: I think you've got to very quickly say who you are, what you want and why; and probably in that order. And the closer we get to session the more important speed is in the presentation. And I think it's nice to have 12 bullet points, whatever is on this page, but I think you've got to …

AB: Who are we? We're the only available option for direct lending funds, direct loan funds of a subordinated nature to …

ME: And we want funding or lending authority.

AB: We want $5 million because our assets are otherwise …we don't have any other assets to lend and we will leverage these dollars …

ME: And if they give you more time you can go into your history, and that looks good. You've got an eye; you can testify and you can plead your case and all this other stuff; but a lot of us are too close to it. We know where the skeletons are; we know all the good stuff; we remember the first director. Yeah, we know all this but the legislator doesn't care. He wants to hear what you want to have and why you want it and why it's good for the state, and more importantly why it's good for his constituency.

PT: Andy, you mentioned identify who we are and we might get to who we are, why we're unique, what we do and you also mentioned next, what we want and then actual dollar figure.

AB: I took that from what Scott had said before; I presumed that's what we're asking for. I don't ….

PT: Yeah, that's what we asked the Secretary for, but I'd rather have $10 million.

AB: Well if they put our recommendation in, we're not going to go out and ask for something different than what's already been in the budget.

ME: And you've got two administrations you're dealing with. You've got this one till January 14th and you've got the next one after January 14th and somewhere presumably between November 8 and January 14 we'll know who the new Secretary of Commerce and Trade is. And even inquire to if you get a chance to give the pitch to him. So we made sure that our decision packages said what we want; even if they get turned down again, we plan to present them again.

AB: You've got another shot.

ME: So I wouldn't hesitate to say what you ask for. I happen to think the idea of Jody giving us an X million dollar loan might fly better than the other. But what I'm saying is you've got to be prepared to do it quick and short and sweet and move on. And we have the data that you guys gave us six months ago; we can designate with any legislator the loans and guarantees that have been in his territory.

SP: Let me ask the Board at this point as we move through this, is this the type of vehicle that we should be using tailored to our message, but that would be useful you think in quickly communicating what we need to communicate to a legislator or to a local official? Is this the kind of format that you want to see and we can do a mark up and show you what our piece would look like the next time? And are these the types of messages that we want to somehow

include in here or are there some things that you want us to take off or some items you want us to add that we haven't talked about yet?

HH: I'll answer a couple of the questions. I like this piece. I think it stops short of asking for some sort of a commitment – at the bottom it just says, "We need your support." Well that's great. But what we really need is your commitment for the dollars. And I don't know what that looks like, but I do think it stops short of some sort of action on the part of whoever is reading this to make some sort of commitment to help out. And in answer to your question about what we have on the board here, I like all of those; I think it would be my preference if we prioritize those and stuck to five of them. Then maybe we take 6 or 7 and then incorporate them somewhere. But I agree that maybe five is enough because I think our audience is, like all of us, bombarded with a lot of information. You want to make it quick, sweet, to the point and some sort of commitment. Now what we haven't talked about is how we do that. Do we mail these? Do we do visits one on one? Do we do a gathering? I think we can use some creativity where that is concerned.

SP: Absolutely, and that was kind of the next step I was hoping that we could get to is, once we can refine our message a little bit; give us some understanding of what you want to see in there and then talk about how we effectively communicate that.

AB: I wish Elizabeth was still here because I would ask this question of her. Again, I'm playing Joe Cynic, legislator here, or Jane Cynic whichever the case may be. I would expect that whatever we produce, I hate to say it, they won't read it. They're not going to read it and we'll be lucky if their legislative aide reads it.

MJ: I agree.

AB: So to me, what I would want to see prepared is something that is a leave behind. And what we also ought to be prepared is message points, so that the 6 or 7 or 8 of us plus the Staff plus anybody else who is willing to advocate for us, when they get, what is ultimately at best a five minute conversation with Delegate Such and Such, here's what you need to say in the first 90 seconds; after that, their brain is turned off. They've decided as soon as you said you who are and what you're there for and what you're asking for, more or less they've decided what they're going to do, unless somebody else tells them that it's a big mistake not to.

PT: Kind of like an elevator speech.

AB: At best.

PT: What do you think that should be?

AB: I think we're zeroing in on it. As much as I hate to say it, I think Mike succinctly put it together.

SP: Wow, it's tape recorded, too.

AB: We need to be able to tell them this is who we are, as a number of you have already said, most legislators don't know who you are; or if they do they really don't understand, they might know the name but they don't understand who we are. They need to know what we're asking for and why.

PT: Who, what, why.

SP: Does this convey that?

PT: That's too much actually.

AB: One page.

MJ: Do we have uniqueness on there?

PT: But I think maybe we need to drop the competition, perhaps. We want to get this really succinct.

MJ: I would agree with that.

PT: And then maybe the geographical gap unless we're talking to a particular person who might want to have that and depending on where you go, we could let you know that; or where we go …

AB: You won't necessarily know who are going to talk to until you've got the appointment scheduled. And then we need to be able to call up here and say tell me every loan that was made in this county.

PT: Yeah, just call me or Scott and then we'll beat up on Patricia.

SP: Let me take a time out here real quick. Hattie had suggested that we prioritize these in some fashion.

MJ: Scott, can I talk about one of these? I know that everybody is excited about the ROI, one; and I am a numbers guy, I get excited about ROIs; but I don't know if that's going to do it for legislators if you're talking about ROI.

JS: It's just talking about pay back, period.

MJ: Well I understand that and we understand that pretty well.

SP: Let me ask Mike's opinion on that.

ME: Well the state's new planning process which has the leaders of both Houses and the Council on Virginia's Future, there's a drive toward ROI, justifying things through ROI. And I think more and more legislators are cognizant of it and looking for it. Now I think the problem we private sector guys have coming in to this is we're using the state income tax and state sales tax to justify ROI, not a gross profit margin or a net profit margin and some other things. And so, not that we try to explain it unless they give us this dazed look for something; but I think there are more and more, and particularly the power brokers, who understand ROI.

AB: I think all we really need to say… You're right. I don't think… bombarding them with the numbers is as I said, a leave behind. I think that with the important quick hit communication pieces we can demonstrate to you a very high ROI on these dollars.

MJ: And that's a good point. Let me just add to that. I pulled on a website for the Ben Franklin Partnership in Pennsylvania which is not exactly the same because they provide different types of capital. But they have in here, I think a pretty powerful statement saying, "Independent studies have shown that the Commonwealth's investment in Ben Franklin Partnership has yield substantial returns for Pennsylvania taxpayers. From 1989 to 2001 the Partnership boosted the state's economy by $8 billion and helped create 93,105 jobs. In addition during the same period every public dollar invested by the Partnership yielded nearly $23 of additional state income. Now I don't know …

AB: That's the same types of things that this is intended to show… which it does…

MJ: I understand.

AB: We've also said a legislator is not going to sit there and listen to every figure that you give them but I think that in the leave behind type material, I think that's the kind of stuff you can demonstrate. I think that's a very good way to do it.

MJ: I guess I'm suggesting this might be a better way to do the leave behind …

AB: Right, I agree; I'm 100% with you. I think ….

MJ: Although I wasn't aware …

AB: If it's a buzz word for legislators and it's a buzz word for budget makers then that's the buzz word we ought to have. These dollars have a high ROI to the Commonwealth.

ME: And I'll tell you what else… I'm going to make a swing next week, I hope, through Southwest and meet with a handful of legislators and I'll just ask them, "How do you like to

see it?" Terry Kilgore being one; I'll just ask him; I'll find out. But I think they're moving in that direction; if they're not there, they are moving in that direction.

SP: Jeff, if we could just kind of run through these again and just get the Board's input on…and here we're really talking about the leave behind; I mean that's at least what I'm envisioning this kind of document to be is the leave behind. Which of these items do you want to include, which do you want to get rid of, and then perhaps we can prioritize; but I'd like to get the Board's buy in.

ME: Let me give you the negative on competition. If I'm a legislator, and I really study the facts and I listen to Preston's (Wilhelm, Director of Workforce Services) pitch and he'll tell me that we fund our jobs at an average of $604 per job last year and North Carolina did $2,000. The first thing that I hear as a legislator is I got to quadruple my commitment or I'm not competitive with North Carolina; I'm not going to do that. The second thing I do is I go in here and I see, you did 13,000 jobs at $600, keep going, that's a good number. So (with) the competition argument, we're never going to get $85 million like Pennsylvania.

MJ: No, I understand that. I just like the way it was presented.

ME: My argument is competition to me is point number nine; it just says we're not competitive with the other states because once you get in the comparisons, it's like if you want to be a forklift driver and work at Philip Morris, go ahead, I'm never going to be competitive and try to pay you that kind of rate. So, it's nice to know what the other states do; it's way low on importance than just a mere statement that we're not competitive.

PT: I agree.

AB: Eventually it gets into this sort of cliché ….statistics or whatever. Everybody is manipulating these numbers to prove whatever point they want to make.

AC: Can I just make a point? I understand and appreciate what Mike is saying and I think that's all very valid from a legislator's standpoint. But who competition is important to are the economic developers. They're local guys that are trying to create jobs in their locality and they want to be able to offer incentives and whatever else that they can get to help bring companies into their …

ME: That goes into Andy's on/off switch. If you don't fund it, we're off. You don't have to get to competition to say that. You really don't have to get to competition and just sit there and say,

"I don't have money for you; you've got that on the map." You say, "Well we can't lend money right now if you don't give us any."

AC: There're two pieces to what we do. There's existing businesses and we do a lot of that. But what we have primarily used the direct loan programs for are new businesses, new businesses coming in to the state.

ME: Same map. I understand exactly what you're saying but you can make the point without mentioning competition. I just think it is way down the list. I can give you another argument: We're the second fastest growing state in the nation; what we are right now as a state.

AB: Is that what other people are telling them -- VEDP and everybody else?

ME: And the Governor, every time you hear him, he's saying it, "And I'd be number one except the legislature won't let me do prostitution and gambling." So you're running into this – we're doing well without these resources so go back to your point, which is, "I can't make loans and help you attract businesses in these areas." Forget the competition.

AB: And that's where I was trying to focus in on this; not so much that we don't have as much as somebody else, we clearly don't. But without this action by the legislature, which I need your help, economic developer, to help me with, it's zero or a dollar amount. That's the position we're faced with. It's going to be uncompetitive with every other state you mentioned even if we're successful.

SP: Is there a general consensus among the Board members that we're going to drop the competitive piece?

AB: If you want to put it in, I don't have a problem with it, but I would not make it your primary message.

SP: I'm fine taking it out; I think Mike makes a good argument.

AC: We could either drop or make it a low priority.

SP: Then we've got the uniqueness piece with who we are; our mission piece.

HH: That should be number one in my opinion.

AB: Let us also be very clear about how we describe our mission. Because once again, I don't want to get too hung up in we create jobs, we help businesses expand; of course, we do do all that, but what do we specifically do? We have money to lend that can't be found anywhere else.

SP: You will definitely see this before it goes anywhere so we'll have a chance to wordsmith it some. Historical success.

HH: I think that should be number two. We've stated who we are and the uniqueness of what we do and in the past however many years; I think that's what we do.

AB: That's where you can say, "You obligated a million eight to us in the last 20 years and we turned it into this much money.

AC: And this is two?

SP: And then we've got the ROI piece.

ME: That's part of that; that's 2A.

AB: That really is; that's a good point; that's part of two.

SP: Yeah, I would agree.

AB: Success; money we can lend it, success to the Commonwealth.

ME: Five is 1A.

SP: Funding gap.

AB: Well I have an esoteric question for you. I'm too close to this, so to me it comes up as an obvious response question from a legislator; but maybe a legislator wouldn't ask this: "If you guys have been so successful in leveraging all your money, why do you need more?" So that's the question that comes up. So the question is do you have to get into the point that all our money got sucked away by you guys.

ME: That's not the hard question.

AB: I'm wondering how do we say that? Do we need to say it and how we say it? Why are you here for money if you have so much money; if you recycle all your money, why are you here for money?

SP: And I think that's where it's incumbent upon us to show that of late, especially in the past three years demand has exceeded supply.

AB: The real point is that they took all the money.

SP: Yeah, but now supply is diminished.

AB: But why?

MJ: I think you stay away from that. I think you say, "What we have done is a whole lot with very little."

AB: And if someone asks the question, you just answer why. Okay, I guess you wouldn't put in this.

ME: And the really hard question is if we have the Community Development Bank, why do we need this?

AB: Because they can't lend this kind of money.

MJ: And they're going to focus on the uniqueness.

AB: They're going to be a financial institution…They can't make that loan.

ME: We just need to be able to roll it off our tongues.

JJ: Which all that becomes part of the speaking points you were talking about a few minutes ago.

AC: If you bring up the discussion of the $8 million going away, that begs the question, "Well this Administration thought you were so effective, why didn't they …

AB: And I agree; that's the response. That's a tough point, so I don't know that I want to make a lot of noise about it. But again, maybe I'm so close to it that it's such an obvious question but maybe no one will ask.

SP: Well in my opinion, I might be dead wrong on this, but I don't think any of these legislators are going to remember.

AB: Yeah but I mean the really smart person will say, "If you leverage all your funds, you can recycle your money, why are you asking for more?"

SP: But you've got to remember it's on a term basis and it doesn't all come back in 60 days.

AB: I know, I know, I agree. Right.

SP: But I think if we just say, "We don't have a lot of funding and we have more demand than we have funding." We don't need to get into a lot of discussion…

AB: That's very good. That's the best way to say it and I agree. I'm too close to not see why it's sort of an odd ball question…

SP: I understand. And then we've got the geographic gap, kind of, where we can participate and where we can't statewide.

PT: On a direct basis.

SP: Right.

JS: That's probably part of 5A; isn't it? We're saying we've got more demand than supply and we have localities we can't lend to.

PT: Yeah, it can all be there.

ME: Scott, am I right that the biggest hit in the number of loans to the most companies is going to be if we lose VCAP due to lack of funding?

SP: That's right; as far as the number of loans, yes.

ME: The number of loans affects the most businesses, the most jobs, the most …

SP: Well no, it doesn't affect the most jobs. It affects the most businesses because those deals are primarily being done with very small companies that are retail for the most part; it's restaurants and …

AB: And our customer is truly the bank in most cases. We'll never talk to the ultimate business.

ME: I understand that, but if the bank doesn't make that loan, the loan doesn't get made and the businesses are there and the….

SP: It is the most businesses but it's not the most jobs.

ME: I think somewhere in there in the gap, we need to point out… I understand the Development Bank and those issues, but I think the one that's shocking is that the number of loans, and by the way, the way we justify each legislator having something is through the VCAP program.

PT: Don't go there; please don't go there. The VCAP…what we need is flexible financing…

ME: I understand.

PT: And if the money goes to VCAP, there is no money available for administrative costs; there's no revolving feature; it is a sink hole for a long, long time. What we really need, and I cannot stress this strong enough, it isn't just that we need funding, the language to use, and this will be in the talking points, is flexible funding. And that flexible funding, what we mean there is that funding we had before we could move it to put more money in loan guaranty when loan guaranty ran out; we could put more money in VCAP when VCAP went out. We move it where the demand is; but we're the ones who are going to know where that demand is.

ME: But my point is to your point is when it gets down to what's in it for me from a legislator point of view, that off switch is going to hit in 6 months on VCAP and when that off switch hits on VCAP, that's when the constituents are going to be raising …

AB: Well that means that really one of our calls should be to who ever does the lobbying for BB&T.

AC: Well we're having a meeting with the president of BB&T for Virginia. We're also having a meeting with the COO of the organization that's based out of Winston-Salem, who is very familiar with the CAP program.

AB: That's one of your biggest people in the number two category -- people who will potentially step up for us.

AC: And it's not that we're going to be out of VCAP money in 6 months; we're going to be out of VCAP money in two weeks. By the time this thing gets published, we're going to be out of …

PT: We have the option always of moving some of that LGP money over for a stop gap if …

SP: I would not recommend that.

AB: We're almost out of time so that's it. We've given the Staff enough direction to pull up a straw man for us to look at. With the time we have left we need to talk about who we're going to talk to and how. If not, we're going to run out of time today.

SP: Very quickly, I was hoping we could have a quick discussion, not so much of people's names, but in category. I think we started that somewhere before where we talked about who our audience is to Jeff's point. And then what I'd like to do in this meeting or it might have to be in the next meeting, to really have some, if the Board is amenable to it, to have some defined assignments. And basically have some of you… we'll have talking points for you, we'll go with you if you want us to, but for the Board and the Staff to actually make some appointments with some of the legislators and stakeholders, the people we identify and then have some progress reports as to how that's going; the feedback to what you're hearing. But what I really need, if you're willing to do this, is to… We've done some letter writing campaigns in the past; that's something but frankly I think nothing is more effective than getting in the room with the legislator even if you can only get 5 or 10 minutes to speak your peace.

AB: It should only take 5-10 minutes. If you're in there for more than 5-10 minutes, you're wasting your breath.

SP: I agree. And so that's really what I need from you all is to help identify who you think the important players are; certainly a legislator is but if there are others.

AB: Let me make a suggestion, that even if we don't get to that today is that if the Board members, and we'll ask those who aren't here to do this as well, we need to know who you know. We'll start there. I know who I can call who will see me without any convincing or

cajoling. I hope that some of you in your own localities or just through your own personal contacts have some people who will see you for no other reasons than you're the one who's calling. Then the next question is for you guys, who do we need to see that's not on that list and how do we get in to them?

AC: Well you want to brainstorm two lists?

AB: Well the Board members, they know who they know and they will come back to us. Maybe I can ask the each of the Board members who are here at least between now and the next meeting to email Scott, who you think will see you just because you'll call and say I need to talk with you for 10 minutes. I know I have a few of those and I'm hoping that each of you have a couple at least. And that's going to take us somewhere. But the Staff knows who it is that's important on the various committees who's been a friend to the Authority in the past, who's been an enemy of the Authority in the past to the extent that there are any and who do we need to get in to see as a result of that. And if there's nobody who knows any of those people then we're just going to have to draw straws and say who can call and who can see them. And those of us who are in Richmond will probably have to do more of that than those who are not around, not in the area, especially once the session is here.

ME: You've got a much better chance prior to the session than you'd have once the session is here.

AB: But if you can see them in your hometown, even better.

SP: Absolutely and once the session starts it's going to be very difficult to get in front of these people.

PT: And also I really think we need to set a timeline to… I don't know how effective or how available they'll be any time during the holidays, so are we really just talking about through November, for those of you who have politicians as buds; you might know better than staff would.

ME: I wouldn't worry about the timing because Andy is going to call him, he's going to call him and he'll worry about whether they…

AB: I know there are three people that I can call and that they're going to see me whenever they can see me and I'm not worried about… They'll even see me during session. It may only be for 5 minutes, but they'll see me, but that's the category of people I'm talking about, that people will see you no matter what because they know you and they'll happy just to talk. I

don't know how many there are amongst the 7 or 8 of us but hopefully there's more than half a dozen or so.

PT: I was kind of hoping that if we had a timeline where we might know…well some feedback so that if our strategy is not working that we can change the strategy. If the message is wrong, I'd hate to lose this whole session if we don't get feedback until they're already in session.

SP: Yeah, I was going to say the same thing.

AB: You guys tell us how you want to do it.

SP: To give us some kind of pulse check at some point to see if you guys are just getting stonewalled and not able to get to see people or you're finding out, "Hey nobody cares," and obviously our …

ME: I would suggest leaving a voice mail for Scott after your visits or after your calls and let Scott's voice mail or Scott be the pivot one.

SP: And then I can kind of gauge how things are going and I'll talk to …

AB: Well one of the biggest things I have a concern about is if Jerry Kilgore wins there are going to be a lot of people saying I'm not making any decision on anything until I see what the Administration wants to do. I don't care what was submitted by the Warner Administration because the whole thing is up in the air; once that is re-jiggered then there's reason to talk so it may well get stymied until… Yeah, then we'll just have to deal with who we have to deal with.

PT: And that's fine, just so we know.

SP: Hattie, did you have something you wanted to say?

HH: We've gotten a list before have we not and answered questions (about) who we need to see. You all have given us information prior…

SP: Yes, for legislators.

HH: I mean, we all know who we know in reference to question number one, that's not an issue. I'd like to know who you need me to see upfront. Certainly I'll talk to who I know, that may not be on your list of who I need to see, but in terms of priorities for me…

AB: And get us that sooner rather than later…

HH: I would rather know who you want me to see now.

PT: You've got the finance committee in front of you, right?

SP: No, I don't have it in front of me; but I will have that for you.

HH: OK, because there will be legislative receptions all over the place and you'll be seeing people all of the time. So I'd rather know who it is you need me to see and I can work from that list first.

SP: I'll have that for you this week.

AC: And Hattie's really brought up a great point and that is, if all of us had the "hit list" so to speak, during the Fall when the legislature or the campaign especially is in the swing, it's really helpful to keep in mind what's coming up where some of these people would be there, would be available. And if we had a contingency of one or two Board members at those kinds of events, it would be perhaps an ideal opportunity.

SP: Mary Jo?

MJSV: I was wondering on the appropriateness, effectiveness of some of the key people that would be our testimonials of asking them to do the same thing that we're asking the Board members to do.

AB: Absolutely that's an excellent suggestion. Somebody who is in, wherever, pick a county, that we've made a loan in, that person if they're a business owner in that county is probably a relatively known person or someone who knows who the legislators are in that county and will call the Giles County, there's probably one delegate or two delegates in Giles County at most and they're going to be able to pick up the phone and get that person answered. If they own a factory or business in that county they can do that. Excellent suggestion and one that we absolutely need to take advantage of. If the guys at Service Center Metals would call up the guys in Prince George County because they're the biggest, newest thing in town and if we ask Randy Weiss or the other guys to make a call, I know they're make it.

SP: I agree.

PT: I agree. I think just asking for their testimonial is going to be half the job.

AB: Even more important for them is to have very succinct talking points because they don't understand how we work. So you're asking somebody who is not an expert to advocate on our behalf; they really need to have a very crystal clear 60 to 90 second pitch; because frankly they could do us more harm than good going out there. That could be better than anything that we could do on our own.

SP: This has been great. I appreciate it immensely. I think you've given us a lot of direction. We will go back and work on the leave behind, the speaking points and have something for you

as well as the key players. And I will be emailing you throughout. Our next scheduled meeting is October 19th. If I could ask you certainly it works much better if we can have some consistency in membership attendance; so if at all possible to at least a minimum I'd like to have the same group here so that you have the benefit of this conversation, you know what input you've placed when we give you that product back you'll have some sense of whether it's what you were asking for or not. I know we had a couple of members, Jane Scott and Leon, both specifically called saying that they unfortunately were not able to come but very much wanted to be here and they've asked for some detailed minutes and the sense of getting the flow of how the conversation went because they very much want to have some input in this process as well. As best you can, I would really appreciate it if you could be back here for October and kind of finalize what we've got, we set our marching orders and we'll get out and get in front of some of these folks.

AB: I don't want to let Mary Jo's suggestion get lost in the shuffle because that's a really important … What is the action item there? Are we going to have some list of people who we can ask to call their local legislator?

SP: Yeah, we started yesterday and the day before identifying people that we know in localities where we have made loans to them and we're going to talk to…

ME: I would recommend talking to state EDLF clients. They are better salesmen than any of the other clients. Those loans would not have been made in the current situation.

PT: And that's who we've targeted other than I think we might have had one or two of the loan guaranties that we've worked closely with.

ME: Our purpose is educational not lobbying.

SP: Exactly, and that's a good point.

PT: Say that again.

SP: Our purpose is educational not lobbying.

ME: No, the Board I don't care; the agency is …

SP: I agree.

AB: Well, that's an interesting question. Can you guys call these people and ask them to make that call or do we?

SP: We can call and ask people to talk to people and talk about our accomplishments. I think, correct me if I'm wrong, we can call and go see these legislators and talk about accomplishments.

AB: I was talking about; can you call a customer and ask them to make a call to a legislator for you on your behalf?

WS: I don't know off the top of my head. I'll have to look into that.

AB: I mean we'll make those calls for you if you want; the point is somebody will make the call just if you can make them I'd rather you make them. It's just one less call for us to make. If you can't then we'll do it.

PT: I'll tell you what we do is we can call the economic developer and ask them to make the call.

SP: Mr. Chairman that's all the business that the staff has.

AB: Thank you everyone for your attention and input and we'll march forward. If we have news from the Secretary or from the Administration on what will and won't be included in their budget recommendations, we'll circulate that business as soon as we get it. Thank you very much.