

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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9 **Executive Committee Meeting**

10 Monday, January 12, 2014

11 5:00 P.M.

12
13 Crowne Plaza Hotel Downtown
14 Richmond, Virginia

1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable Frank M. Ruff, Vice Chairman

4 The Honorable Kathy J. Byron

5 The Honorable Charles W. Carrico, Sr.

6 The Honorable Maurice Jones, Secretary

7 Department of Commerce & Trade

8 The Honorable Daniel W. Marshall, III

9 Dr. David S. Redwine, DVM

10 The Honorable Gary Walker

11 The Honorable Thomas C. Wright, Jr.

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1 **APPEARANCES (cont'd):**

2 COMMISSION STAFF:

3 Mr. Timothy S. Pfohl – Interim Executive Director & Grants
4 Program Administration Director

5 Mr. Ned Stephenson – Deputy Director

6 Ms. Stephanie S. Kim – Director of Finance

7 Ms. Sarah K. Capps - Grants Program Administrator,
8 Southside Virginia

9 Ms. Sara G. Williams – Grants Program Administrator,
10 Southwest Virginia

11 Ms. Suzette Patterson – Grants Office Manager

12 Mr. Benjamin Dawson – Grants Assistant, Southside Virginia

13 Ms. Jessica Stamper – Grants Assistant, Southwest Virginia

14 Ms. Carolyn Bringman – Performance Data Analyst

15 Ms. Stacey Richardson – Executive Assistant

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17 COUNSEL FOR THE COMMISSION

18 Ms. Heather Lockerman, Esq.

19 Senior Assistant Attorney General

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1 DELEGATE KILGORE: All right, I'm
2 going to call our meeting of the Executive Committee to order
3 and ask Tim to call roll.

4 MR. PFOHL: Delegate Byron?

5 DELEGATE BYRON: Here.

6 MR. PFOHL: Senator Carrico?

7 SENATOR CARRICO: Here.

8 MR. PFOHL: Secretary Jones?

9 SECRETARY JONES: Here.

10 MR. PFOHL: Delegate Kilgore?

11 DELEGATE KILGORE: Here.

12 MR. PFOHL: Delegate Marshall?

13 DELEGATE MARSHALL: Here.

14 MR. PFOHL: Mr. Merricks couldn't be
15 with us. Dr. Redwine?

16 DR. REDWINE: Here.

17 MR. PFOHL: Senator Ruff?

18 SENATOR RUFF: Here.

19 MR. PFOHL: Mr. Walker?

20 MR. WALKER: Here.

21 MR. PFOHL: Delegate Wright?

22 DELEGATE WRIGHT: Here.

23 MR. PFOHL: You have a quorum, Mr.
24 Chairman.

25 DELEGATE KILGORE: Do I have a

1 motion to approve the minutes from the 9/24/14 meeting?

2 DELEGATE MARSHALL: So moved.

3 DELEGATE KILGORE: All those in favor
4 say aye. (Ayes.) Opposed? (No response.) Stephanie, talk to
5 us about budget transfers.

6 MS. KIM: This is of a housekeeping
7 nature. It's recommended to transfer \$333,706 from
8 Technology and \$429,000 from Reserve to transfer it into the
9 General Account to clear out these funds that are inactive
10 from de-obligating grants.

11 DELEGATE KILGORE: That's a total of
12 how much?

13 MS. KIM: It all goes back into the
14 General Account of the Executive Committee to decide how to
15 use it.

16 DELEGATE MARSHALL: Second.

17 DELEGATE KILGORE: Any more
18 discussion? All those in favor say aye. (Ayes.) Opposed? (No
19 response.)

20 MS. KIM: The second one is based on
21 the recommendation from the Southwest Economic
22 Development Committee in action earlier today. The staff
23 recommended the unused portion of grant number 1958, the
24 Alliance for Rural Health, formerly the Southwest School of
25 Medicine, King School of Medicine, be transferred to the

1 Commission's General Account.

2 DELEGATE MARSHALL: So moved.

3 DELEGATE KILGORE: We have a motion
4 and a second.

5 MR. OWENS: You want this moved to the
6 General Account and not to, is it the General Fund?

7 MS. KIM: It's called the General Account,
8 which is where any funds or revenue come in go to the
9 Executive Committee to then determine where it should be
10 distributed.

11 DR. REDWINE: Where did we have it?

12 MS. KIM: It was originally from, directly
13 from the corpus invasion and kind of went directly to this
14 grant.

15 DR. REDWINE: It was set aside for the
16 grant?

17 MS. KIM: For administrative purposes,
18 we put it in Southwest Economic Development to administer
19 the grant and now the grant is rescinded.

20 DR. REDWINE: It's sitting there and we
21 rescinded that last fall.

22 MR. WALKER: It was rescinded today.

23 MR. PFOHL: It came back in May and
24 went to General Account and now the motion is to take the
25 remaining \$19 million and put it back in the General Account.

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DELEGATE KILGORE: Special Projects is the one that allocated it once it came from the corpus, is that right?

DELEGATE MARSHALL: I think Mr. Wampler was the Chair at the time but if you want to send it to Special Projects, you can trust us.

MR. OWENS: It came from Special Projects?

MR. PFOHL: It came from a corpus invasion specifically for this project but it had to go through a Committee, yes. Southwest.

MS. KIM: It was administered through Southwest.

DELEGATE MARSHALL: Special Projects heard the application and they didn't have \$25 million and it was contingent upon the corpus invasion.

SENATOR CARRICO: I have a motion not to rescind it if we voted to transfer the unused amount and you can correct me if I'm wrong, Mr. Jones' motion was to rescind it and allow the newly formed group to reapply.

SECRETARY JONES: Correct.

SENATOR CARRICO: If we do that and we put this back in another account, how can they do it?

MS. KIM: If you put it in the General

1 Account, the Executive Committee can decide at any point to
2 transfer the money and distribute it in the funding process.

3 SENATOR CARRICO: Every time when
4 these applications come in and if they apply for a \$19 million
5 grant and there's not \$19 million there.

6 MS. KIM: The Commission has voted to
7 transfer the necessary funds to various portions.

8 MR. OWENS: Call for the question.

9 DELEGATE KILGORE: Any other
10 comments? All those in favor say aye. (Ayes.) Opposed, no?
11 (Two nos.)

12 MR. PFOHL: Two nos, Senator Carrico
13 and Dr. Pillion.

14 DELEGATE KILGORE: The motion
15 passes. Anything else?

16 MS. KIM: No.

17 DELEGATE KILGORE: Mr. Pfohl? We
18 have some assets, a telephone cooperative wants to give away
19 equipment or donate.

20 MR. PFOHL: Yes, this is an unusual
21 circumstance. There's a letter on page 198 of your packet
22 from Bugs Island Telephone and lays out the situation. I'll try
23 to be brief. In 2010, when we were operating the reserve grant
24 program, we accrued a \$3.8 or \$3.6 or so million dollar
25 reserve grant to serve the non-federal share of the project that

1 Bugs Island later submitted to National Telecom
2 Infrastructure Administration, NTIA. They were awarded
3 nearly \$19 million to deploy WiMAX across fifteen counties in
4 southern Virginia using the former television 700 megahertz
5 spectrum that they purchased at an FCC auction. To make a
6 long story short, when Bugs Island started deploying WiMAX
7 equipment, it immediately caused interference problems with
8 other cell providers, shutting down systems and so forth.
9 Essentially, NTIA agreed to let Bugs switch the system to LTE
10 long term wireless plan, which is what Bugs had asked to do
11 previously but was denied. The good news is that there is an
12 LTE system up and running now and several other customers
13 signed up in southern Virginia but there's also a warehouse
14 full basically of worthless WiMAX equipment sitting there in
15 Mecklenburg County. This has been the subject of many,
16 many months of discussion and of effort to try to find buyers
17 for this WiMAX equipment. There are efforts to get the WiMAX
18 equipment vendor to take it back and they refused and there
19 was discussion with legal action with the WiMAX vendor.
20 Bugs Island employed liquidation funds to search nationally
21 for potential buyers for this equipment and they've contacted
22 over three hundred different providers of wireless services and
23 got no interest whatsoever. I bought cheap beat up old golf
24 clubs on the internet for more money than we could get for
25 this WiMAX equipment right now. The general manager for

1 wireless services is here and Bugs Island Telephone is here
2 and they can give you more background on it.

3 Where we stand today is that NTIA and
4 the Commission are being asked to agree to a plan that this
5 WiMAX equipment would be gifted to several entities, Virginia
6 Tech expressed some interest, Georgia Tech expressed interest
7 and there's active discussions with USAID to take the
8 remaining equipment and deploy it in West Africa. The
9 question before you today is to authorize the gifting of this
10 WiMAX equipment, which was bought with Commission and
11 NTIA funds.

12 DELEGATE KILGORE: NTIA is the
13 federal group?

14 MR. PFOHL: They're awaiting NTIA's
15 response. Michelle, why don't you give us an update?

16 MS. TAYLOR: Thank you, Tim. We are
17 still waiting NTIA official request. NTIA has approved the
18 grandfather and we're waiting for the official response. There
19 are many pieces to this puzzle and as that falls into place, the
20 grant office is fully aware of the three entities that are
21 interested in this equipment and it will be gifted to them. It's
22 Virginia Tech and Georgia Tech for research purposes. USAID
23 and they're a United States government entity and deals
24 mainly with international development. The remaining
25 equipment would be sent to West Africa to help humanitarian

1 aid for the Ebola breakout. We're officially waiting to hear
2 from the grants office and I provided them all the
3 documentation that they need.

4 DELEGATE KILGORE: If we approve it,
5 can we approve it subject to them getting an okay?

6 MS. TAYLOR: Yes.

7 MR. PFOHL: I believe Ned has a motion
8 drafted that addresses that work.

9 MR. STEPHENSON: I suggest a motion
10 wherein the Committee recommends that certain assets
11 acquired by Boton Telephone Cooperative, under grant 1952
12 be donated to the Georgia Tech Research Institute, Virginia
13 Tech and the USAID or any other governmental or non-profit
14 entity as their interest may appear provided that NTIA act
15 accordingly.

16 DELEGATE MARSHALL: So moved.

17 MR. OWENS: Second.

18 DELEGATE KILGORE: Any more
19 discussion?

20 MR. WALKER: The original grant was for
21 them to deploy this to nineteen some counties since they're
22 only serving five counties would we be getting any money
23 back?

24 MR. PFOHL: The grant funds have been
25 used to build out the LTE in five counties and I believe it was

1 fifteen originally and that was our hope. In working over the
2 last eighteen or 24 months and we tried to find a buyer so we
3 could recoup some of that money or grant money. We've got a
4 wireless system that was originally envisioned in albeit a
5 smaller area we've got some worthless equipment as well.

6 MR. WALKER: Was our money only used
7 for this equipment or was it used for others?

8 MR. PFOHL: No, it's been used for a
9 variety of projects and still being used for customer
10 equipment, leases, power equipment.

11 MR. WALKER: Mr. Chairman, maybe
12 we're belaboring the point but since they were able to recoup
13 some of their expenses by selling it, there ought to be some
14 money on the table for the Commission.

15 MR. PFOHL: Michelle, correct me if I'm
16 wrong the proceeds from the sale of the 700 megahertz was
17 used to complete the LTE build out, right? It wasn't plugged
18 back into the project. The sale from the spectrum?

19 MS. TAYLOR: Prior to the sale of the
20 spectrum, we spent dollars out of pockets on extraordinary
21 expenses, let's put it that way. Yes, a lot of the money from
22 the sale has gone back into the project as well. And we had
23 very many expenses because of the length of time.

24 MR. PFOHL: The spectrum sales
25 proceeds replaced some of the money that was spent on the

1 equipment.

2 DELEGATE KILGORE: Any more
3 discussion? All those in favor say aye. (Ayes.) Opposed? (No
4 response.) We have one more item not on there. Grant
5 number 2906 and we talked about needing some money and
6 we were able to address some of their needs in Southwest and
7 hope that we could address some of these dollars here. If you
8 recall, and we talked about or when we took the \$5 million
9 from the medical school last time and we put \$2 million into
10 the General Fund and \$3 million into the TROF and Chairman
11 Redwine asked to put that \$2 million in the General Fund, is
12 that right?

13 DR. REDWINE: Yes, Mr. Chairman. The
14 Lincoln Memorial project or veterinary school all by itself
15 revitalizing western Lee County. That whole end of the county
16 has been pretty barren down through there of industry. The
17 money that they already spent, both Commission and private
18 money have created a huge center point for growth down there
19 in the western end of the county. Those folks are needing
20 something to build around down there and bringing in all
21 sorts of services to the county not even related to the college.
22 They've been able to take our dollars and put a wonderful
23 project on the ground. Many of you have been there and seen
24 it. They continue to do a nice job.

25 What's come to light in the last few,

1 couple of months is that they now have the possibility of
2 getting a huge sewer project, a twenty mile sewer project that's
3 going to connect the more developed parts of Lee County with
4 this western end. I think that's federal money and already
5 been approved in the budget. What they need in order to
6 leverage that sewer project is a major development or major
7 project down there. As you all know, from developing rural
8 counties, sewer is the key to everything and if you don't have
9 it, if you don't have sewer you can't get anything. I know this
10 sounds like a cliché and this is almost a once in a lifetime
11 chance for them to land ten or twelve million dollars for the
12 sewer project down there. That not only will help them and
13 LMU and this school but will change the quality of life for Lee
14 County itself. They do have a need to finish the small animal
15 clinic down there. We were able to get them a little piece of
16 money out of Southwest. You all know I don't take these
17 things lightly but I do believe we should help people when it's
18 a good project and I do believe this is more than just the
19 college and this project helps the entire county in Southwest
20 Virginia.

21 I'm prepared to make a motion today that
22 we take \$2 million in the General Fund that was rescinded
23 back from the medical school last year and apply it to grant
24 number 2906, LMU small animal facility.

25 DELEGATE KILGORE: I will say to those

1 of you that a total of that building is \$6.6 million. So they still
2 have in excess of fifty percent match on that one building.

3 SENATOR CARRICO: Fifty-three percent.

4 I second that.

5 DELEGATE KILGORE: Any discussion
6 on that? Everyone prepared to vote? All those in favor say
7 aye. (Ayes.) Opposed? (No response.) Any other comments?
8 Then I move we adjourn.

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10 PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

2
3 I, Medford W. Howard, Registered Professional
4 Reporter and Notary Public for the State of Virginia at large,
5 do hereby certify that I was the court reporter who took down
6 and transcribed the proceedings of the **Virginia Tobacco**
7 **Indemnification and Community Revitalization**
8 **Commission Executive Committee meeting when held on**
9 **Monday, January 12, 2015 at 5:00 p.m. at the Crowne**
10 **Plaza Hotel Downtown, Richmond, Virginia.**

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

14 Given under my hand this 24th day of January,
15 2015.

16
17 _____
18 Medford W. Howard

19 Registered Professional Reporter

20 Notary Public for the State of Virginia at Large

21
22 My Commission Expires: October 31, 2014.

23 Notary Registration Number: 224566