

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

3                                   701 E. Franklin Street, Suite 501  
4                                   Richmond, VA 23219

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9                                   **Southside Economic Development Committee**

10                                  Tuesday, December 18, 2007

11                                  11:00 AM

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14                                  Southside Virginia Community College  
15                                  Workforce Development Center  
16                                  Keysville, Virginia

1 **APPEARANCES:**

- 2 Mr. Thomas W. Arthur, Chairman
- 3 The Honorable Edward Owens, Vice Chairman
- 4 The Honorable Barnie K. Day
- 5 Mr. Clarence D. Bryant, III
- 6 Mr. Patrick Gottschalk, Secretary of Commerce and Trade
- 7 Mr. L. Jackson Hite
- 8 The Honorable Clarke N. Hogan
- 9 The Honorable Harrison A. Moody
- 10 Ms. Connie Lee Greene Nyholm
- 11 The Honorable Thomas C. Wright, Jr.

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13 COMMISSION STAFF:

- 14 Mr. Neal Noyes, Executive Director
- 15 Mr. Ned Stephenson, Deputy Director
- 16 Mr. Timothy J. Pfohl, Grants Program Administration Manager
- 17 Ms. Britt Nelson, Grants Coordinator - Southside Virginia

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19 OFFICE OF THE ATTORNEY GENERAL:

- 20 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel to the
- 21 Commission

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1 MR. ARTHUR: Thank you all for coming,  
2 let's go ahead and get started, and I'll call the meeting to order of the  
3 Southside Economic Development Committee. Mr. Noyes, would you  
4 call the roll?

5 MR. NOYES: Mr. Arthur?

6 MR. ARTHUR: Here.

7 MR. NOYES: Mr. Owens?

8 MR. OWENS: Here.

9 MR. NOYES: Mr. Bryant?

10 MR. BRYANT: Here.

11 MR. NOYES: Senator Ruff?

12 SENATOR RUFF: Here.

13 MR. NOYES: Delegate Byron?

14 DELEGATE BYRON: (No response.)

15 MR. NOYES: Mr. Day?

16 MR. DAY: (No response.)

17 MR. NOYES: Secretary Gottschalk?

18 SECRETARY GOTTSCHALK: Here.

19 MR. NOYES: Mr. Harwood?

20 MR. HARWOOD: (No response.)

21 MR. NOYSE: Mr. Hite?

22 MR. HITE: Here.

23 MR. NOYES: Delegate Hogan?

24 DELEGATE HOGAN? Here.

25 MR. NOYES: Mr. Moody?

1 MR. MOODY: Here.

2 MR. NOYES: Ms. Nyholm?

3 MS. NYHOLM: Here.

4 MR. NOYES: Delegate Wright?

5 DELEGATE WRIGHT: Here.

6 MR. NOYES: You have a quorum, Mr.

7 Chairman.

8 MR. ARTHUR: Thank you. I'd like to have a  
9 motion to approve the minutes of the last meeting on October 25<sup>th</sup>. It's  
10 been moved and seconded, any discussion? Hearing none, all in favor  
11 signify by saying aye? (Ayes.) Opposed, like sign? (No response.) The  
12 motion is carried. We have 13 requests for funding, plus two of them  
13 we're going to address separately. Tim.

14 MR. PFOHL: Good morning everyone. As  
15 Chairman Arthur said, we have 15 applications in front of you, 13 are for  
16 an available allocation that was advertised as currently available in the  
17 localities for Southside. Two of them are proposals that came in by the  
18 November 1 deadline for a separate chunk of money that you have at  
19 your disposal, and we'll talk about those at the end of the text document  
20 as we move through the spreadsheet. We've got the spreadsheet with the  
21 Staff recommendations, and we'll plug in your committee  
22 recommendations as we move through here. You have the spreadsheet  
23 hard copy in front of you with all of the allocations currently available.  
24 They represent a mix of some carry-forward unrestricted funds from  
25 previous years as well as some restricted funds that are both from FY08

1 as well as some cases some previous fiscal year. So we have a mix of  
2 funds, and we'll try to keep you attuned to who is eligible for restricted,  
3 unrestricted, and so forth as we move through these. We have the  
4 representatives from almost all of the applicants here today. The process  
5 is typically that if the Committee members have questions for you, you  
6 are welcome to step up to the podium and introduce yourselves, give  
7 your name and the organization you're representing so the Committee  
8 members know who you are, and then the Committee members will ask  
9 you any questions that they have as we move through these.

10 The text document is in alphabetical order and we'll start  
11 with Appomattox County, and I'll be happy to describe these projects to  
12 you to whatever extent you'd like to hear this description.

13 MR. ARTHUR: I'd like to pause for a  
14 moment because Dr. Gavin is here, and he'd like to welcome us.

15 DR. GAVIN: I certainly want to welcome you  
16 to the Southside Virginia Community College, to our Workforce  
17 Development Center, that the members of the General Assembly helped  
18 us get, one of which is Senator Ruff, and it wouldn't be here if it wasn't  
19 for them, also, Clarke Hogan. I won't pass up an opportunity to talk  
20 about the college itself. I'd like to think of ourselves as the most  
21 comprehensive community college in the Commonwealth of Virginia.  
22 It's made a huge difference in the Commonwealth because high school  
23 students get at least a year of higher education free and many, many  
24 adults have graduated from the community college and they get an  
25 Associates degree, even before they graduate from high school. Two

1 years of free college and there are probably children around that have  
2 gone through this program. We like to say we'll do anything anywhere,  
3 any place, any time. We have courses at over 40 locations. We have  
4 five extension centers; we have various programs in extension centers.  
5 The community colleges should bring education to people. This is what  
6 we want to do; we like challenges. So, if there is anything we can do,  
7 you let us know, and we'll take the challenge and run with it. I certainly  
8 want to take this opportunity to thank the Tobacco Commission, because  
9 without your input, many of the programs that we're running today  
10 would not run. It's been a godsend to us for all of the community  
11 colleges and, particularly, across Southside Virginia. A very, very  
12 sincere thank you and happy holidays. Use our facilities any time you  
13 want to. We know what we're here for and thank you very, very much.

14 MR. ARTHUR: Thank you very much for  
15 having us. There is no question about the importance of Southside  
16 Virginia community colleges through the community at large, the entire  
17 community college system. Certainly, the work you're doing here is  
18 noted by everybody across Southside. We certainly thank you for  
19 everyone and the work you've done.

20 DR GAVIN: Let me tell you about one  
21 program and that's the Governor's initiative for foster children. We've  
22 got a ready-made situation in Victoria. We've got the old elementary  
23 school where we have a residential facility for foster children. The  
24 college is going to go in there and we're going to have our middle  
25 college program and the GED. Everybody goes through the middle

1 college GED. Once we're get them, we're not going to let them go.  
2 Foster children are throwaways, and many of them end up in prison and  
3 other places like that. The Governor's wife's initiative is right up our  
4 alley and we've got a ready made, we're going to do a pilot project for  
5 the Commonwealth of Virginia, and I'm very, very excited about this  
6 initiative. That's our latest project.

7 MR. ARTHUR: Thank you. Tim, since we  
8 only have a limited number today, I'd like to address them one at a time.  
9 As we move through them one at a time, we can address them and then  
10 act on them.

11 MR. PFOHL: The first proposal is from  
12 Appomattox County with their Workforce Development Center and its  
13 Grant Proposal Number 1538, and they're requesting \$71,401 and that's  
14 the entire restricted balance currently available for projects in  
15 Appomattox County. The proposal would be to build out a second phase  
16 of the county Workforce Development Center. As a footnote, this  
17 Committee in 2002 provided grant money to conduct a workforce  
18 development study, a needs assessment in the county. This facility is a  
19 direct outcome of that study. This is the fruit that has grown out of the  
20 grant funds we provided several years ago. The first phase of the Center  
21 was opened this past June. The county is projecting that a full build out  
22 center would serve 815 residents per year. You can see at the end of  
23 your summary how that breaks out into various programs. That includes  
24 the distance learning through the Central Virginia Community College,  
25 GED programs through the county public schools, and specific training

1 programs that are catered to the industry in Region 2000, including  
2 nuclear technology. Services are also provided by the small business  
3 development centers, workforce centers, and programs. This project the  
4 Commission has funded previously for the Education Committee that  
5 involved three grants, two with the county build out of this phase and  
6 one to the Central Virginia Community College, to equip the Workforce  
7 Development Center. Our total investment, if this request is successful,  
8 would still only be about 60% of the Workforce Development Center for  
9 construction cost for the first two phases. The Staff finds that the  
10 request is very consistent with our strategic plan, and the county did  
11 proffer when they applied for the education money. We'll come in and  
12 ask for their economic development allocation. That's what they're here  
13 doing today. Therefore, the Staff is supportive of this request. One  
14 footnote, with the community college being a related party to the  
15 Commonwealth, that represents a challenge to the use of restricted  
16 funds. Our bond counsel did help us to craft an agreement with another  
17 community college and that college is working in partnership with  
18 another county in Southside. We have successfully resolved that with  
19 the help of our bond counsel where we can use restricted funds for a  
20 facility that can be used in part by a related party to the Commonwealth.  
21 If you'd like any clarification of that, we can do our best to get you that  
22 information.

23 SENATOR RUFF: Tim, has the Staff ever  
24 said what is the maximum percentage for any project?

25 MR. PFOHL: That's something we discussed

1 in terms of water and sewer projects and how far should we go. For  
2 infrastructure projects, that's certainly a great question in terms of these  
3 types of facilities, perhaps, maybe any project. As you know, our  
4 Special Grants Projects Program has a required minimum percentage  
5 match, the rest of these programs we say we won't take 100% of a  
6 project, but we do not have a percentage match that is required. It's  
7 really up to the Committee to make those decisions on a case-by-case  
8 basis.

9 SENATOR RUFF: Mr. Chairman, I would  
10 move that the Appomattox project be accepted.

11 MR. ARTHUR: A motion has been made and  
12 seconded on the Staff's recommendation on Appomattox. Is there any  
13 discussion? Hearing none, all in favor signify by saying aye? (Ayes.)  
14 Opposed, like sign? (No response.) The motion is approved.

15 MR. PFOHL: The next project is St. Paul's  
16 Community College and this is the only request for the available  
17 allocation for Brunswick County, and the request is 275,000 to establish  
18 a center for New Market opportunities. St. Paul's college is located in  
19 Lawrenceville. Unrestricted funds are requested on this, requesting  
20 275,000. There is currently only a balance of \$130,000 in unrestricted  
21 funds. I think it would be the desire ultimately of the applicant that this  
22 be split into two grants, one for restricted funding for engineering and  
23 design of the teleconference's center, and then unrestricted funds which  
24 would be the only potential source for operating costs that they're asking  
25 for here. You can see the summary of the number of things in the

1 proposal. They're proposing to work in partnership with Virginia's  
2 economic bridge to match up or connect businesses that could employ or  
3 subcontract folks in Southside Virginia. It's sort of outsourcing services  
4 from urban areas to rural businesses in Southside Virginia. There is also  
5 some specific elements here that are requested to create an on-line  
6 database to design a teleconference center and so forth. We understand  
7 the applicant is in agreement with the Staff's recommendation, but we  
8 table for additional consideration. We've had some meetings with St.  
9 Paul's and the other participating organizations, and that meeting is  
10 scheduled for tomorrow afternoon in Richmond. We're seeking  
11 additional information on specific budget details and we're also seeking  
12 the goals of these specific partners and outcome measures and a needs  
13 assessment for the Center. We have some questions we want them to  
14 address for us before we come forward with a recommendation on that.  
15 I heard from the representatives this morning that they are agreeable to  
16 this being tabled.

17 DELEGATE WRIGHT: In light of Tim's  
18 statement that the applicant is in favor of the Staff recommendation, I  
19 move we accept the Staff's recommendation.

20 MR. OWENS: Second.

21 MR. ARTHUR: You've heard a motion and a  
22 second has been made.

23 MR. BRYANT: Mr. Chairman, I've got a  
24 question. One part of the application is asking for compensation of a  
25 non-business matter?

1 MR. PFOHL: Yes.

2 MR. BRYANT: How much money is being  
3 applied to that part?

4 MR. PFOHL: That was not specifically  
5 addressed, and we've asked for additional information on that. A  
6 graduate research assistant and some other, a lot of scholarship money  
7 and so forth, and we'd like to know specifically what are we paying for  
8 and what would their job description be on the project and so forth.

9 MR. ARTHUR: Any further discussion? A  
10 motion has been made and a second that it be tabled before we get more  
11 information. That possibly could be brought up before the meeting in  
12 January. Any further discussion? So we've had a motion and it's been  
13 seconded. All in favor of tabling say aye? (Ayes.) Opposed? (No  
14 response.) The motion is tabled.

15 MR. PFOHL: In your text document, on the  
16 top of page 3, the Charlotte County's request for project sewer and water  
17 enhancement, they're requesting the full restricted balance that's  
18 available, and that is 820,906. The funds are requested for a three-year  
19 period to complete preliminary engineering, permitting, final design,  
20 reconstruction of the water treatment plant, and expansion of an existing  
21 waste water plant that would be located in Drakes Branch, a prison. The  
22 prison has been proposed by a private entity under the public, private  
23 Education Infrastructure Act. This project has been in the works for a  
24 number of years. The private company actually owns the site, 200 acres  
25 in Drakes Branch. The prison has projected to ultimately employ up to

1 600 workers and have a total capital investment of \$100 million.

2           The Staff is proposing that the amount of 238,000, which is  
3 what the application indicated they needed for preliminary engineering  
4 and the waste water improvement, be immediately available so they can  
5 get started on PER and that the balance of the request be available when  
6 the prison is officially designated in the construction plans for the State  
7 Department of Corrections. We made an attempt to contact the folks  
8 with the State Department of Corrections and had some telephone tag  
9 and being unsuccessful in reaching them to determine the status of this  
10 project. It's been reported to us that one counter proposal under this Act  
11 has been withdrawn by the applicant, and this is the sole remaining  
12 proposal for a prison project in Charlotte County that's under  
13 consideration by the Department of Corrections. That's where we stand  
14 with that one.

15                           SENATOR RUFF: I'd follow up on that and  
16 say the private partnership. The other companies have been proposing  
17 that this move forward, but Charlotte County has been designated a  
18 couple years ago as the next one for a prison. The proposal seems to be  
19 moving forward, including the security part and other parts for the last  
20 year. You have two classifications of people, security guards and a  
21 greater number of counselors. For years, we've been under a concept of  
22 being in prison for 20 years and coming out, you will not be able to, hard  
23 to function, but counseling seems to be at the forefront. The counseling  
24 would be intensive. I think this is a good move, and we should move  
25 forward. So, I'd make a motion that we approve this.

1 MR. OWENS: Second.

2 MR. ARTHUR: A motion has been made and  
3 seconded that we approve the Charlotte Courthouse Project #1546. Any  
4 discussion?

5 MR. HITE: That's a request for a three-year  
6 period?

7 MR. PFOHL: Yes.

8 MR. HITE: That means they get the request  
9 for three years one time?

10 MR PFOHL: They would have three years to  
11 spend the funds that they're asking for.

12 MR. ARTHUR: Any further discussion?

13 MS. NYHOLM: I know when these projects  
14 are bid out, they accept a low bid. Is there any requirement to cross bid  
15 the PR process?

16 MR PFOHL: That's a question we put to our  
17 counsel and the Attorney General a few years ago. The AG's office and  
18 Mr. Ferguson is here and he can address this for us. The AG's office at  
19 that time told us that our grant funds do not require the state procurement  
20 process; the grantees own procurement process is the one that rules in  
21 this case. So, the local government grantees would be subject to their  
22 own procurement process. They may have an engineering firm on  
23 retainer or they may want to bid. We don't propose that unless the  
24 Committee so desires to impose that condition.

25 MR. ARTHUR: Any further discussion? The

1 motion has been made and seconded. All in favor of approving the  
2 Charlotte County project, signify by saying aye? (Ayes.) Opposed, like  
3 sign? (No response.) It is approved. Tim.

4 MR. PFOHL: Cumberland County is  
5 requesting \$96,630, Application #1536. The county in years '03 and '05  
6 has used this allocation to build a water system, a public water system,  
7 which is the first of its kind in the Cumberland Courthouse area.  
8 They're here requesting funds to design an extension of that system at  
9 the intersection of Route 60 and Highway 45. Most specifically, this  
10 would serve a former school site that is now the site of the Cumberland  
11 Educational Advancement Center. The Educational Center is a project  
12 that the Education Committee assisted with a \$200,000 grant. It opened  
13 in the past few months very much like the Appomattox project to offer  
14 GED and middle college, eventually distance learning and higher  
15 education within that facility. When the county school that's under  
16 construction is ready for occupancy within the next year, the balance of  
17 the school property will be vacated and made available for small  
18 business incubator space and a variety of community services. That  
19 former school property is the site of the Educational Advancement  
20 Center currently on well water. This proposal would allow the design of  
21 an extension, and that would bring public water to that site. The Staff is  
22 recommending the full award of 96,630.

23 SENATOR RUFF: Did the county indicate  
24 what they thought the cost would be?

25 MR. PFOHL: The County Community

1 Development Director is here, do you want to address that?

2 MR. COOPER: Good morning, I'm Mike  
3 Cooper, Director of Community Development for Cumberland County.  
4 Our initial project estimates are coming in at 1.47 million for the mile  
5 and a half water line extension.

6 SENATOR RUFF: And the game plan is  
7 what?

8 MR. COOPER: Currently, we are proceeding  
9 with USDA Rural Development, and we're coordinating with them, and  
10 they were involved with the original water line project. We anticipate  
11 their assistance with the future water line extension. We are also  
12 working with the Department of Health for the drinking water program.  
13 They were involved in the first water line project. We have a grant into  
14 them as well, related to the design and engineering component. We  
15 would anticipate going back to them again for the construction phase as  
16 well. Outside of that, county funding would meet the difference.

17 MR. ARTHUR: Thank you. What's your  
18 pleasure?

19 SENATOR RUFF: Mr. Chairman, I move that  
20 the Staff recommendation be approved.

21 DELEGATE WRIGHT: I'll second that  
22 motion.

23 MR. ARTHUR: A motion has been made and  
24 seconded that the Staff recommendation be approved. Is there any  
25 further discussion? Hearing none, all those in favor signify by saying

1 aye? (Ayes.) Opposed, like sign? (No response.) Cumberland County  
2 is approved. Let's move forward now with the city of Danville, 1534.

3 MR. PFOHL: The city of Danville is  
4 requesting \$252,004 for unrestricted funds for renovations to a former  
5 tobacco warehouse owned by the city's industrial development authority.  
6 This a building where a manufacturing company is currently located, and  
7 this would represent an expansion of that building, not only to  
8 accommodate an expansion for the current company but to provide some  
9 high tech space. The city is estimating that with the new space that  
10 could lead to 50 to 75 new jobs in the technology field, private capital  
11 investment about \$75 million in equipment and improvements. This is a  
12 renovation, and the city is currently looking into the possibility of  
13 historic tax credits. They have a pending proposal with the Community  
14 Foundation in Danville, and I'm not sure if that's going to be successful,  
15 but they do have historic and new market tax credit, your fallback plan,  
16 and is potentially, the state's community development bank. There will  
17 be some, lease payments that can be anticipated for that space. The city  
18 is hoping that they can keep those lease payments of as low as possible.  
19 This is a project that the Special Projects Committee and your Southside  
20 Committee may have assisted with some previous grants. This  
21 represents a request to continue to build a financial package for this  
22 project. The city has asked for unrestricted funds, and we may have go  
23 do a little bit of swapping of what's available and what they are asking  
24 for on this project. 252004 is unrestricted money, but with this being a  
25 capital project renovation of space, we could do it from restricted funds.

1 If you will give the Staff the latitude to work with the city to make sure  
2 we're using the right funds on this project, hopefully, we can  
3 accommodate the city's request.

4 SENATOR RUFF: Mr. Chairman, I'd like  
5 Tim to give us a little bit of recap on--

6 MR. ARTHUR: --Has that met expectations?

7 MR. PFOHL: I visited that facility; I would  
8 say that they've taken up every square inch that they have available, and  
9 there is a needed expansion. They've been very successful in tracking  
10 defense grant funding, and that has drawn PHD level scientists  
11 representing several countries. Where they've come from, I would  
12 consider it a very successful project. Not only that, they've gotten very  
13 engaged in the education of the young folks in the region. It's some  
14 spin-off on that as well. I would conclude it's a very successful project.

15 MR. ARTHUR: Senator Ruff, I can add to  
16 that. The comment has been made that they can get some government  
17 research projects. The Air Force has told them how they want them to  
18 do, not just research, but other things so I know they've been working on  
19 some sort of prototype.

20 DELEGATE WRIGHT: I move we accept the  
21 Staff's recommendation.

22 MR. ARTHUR: Motion is made to accept the  
23 Staff's recommendation.

24 MR. BRYANT: I'll second it.

25 SECRETARY GOTTSCHALK: I just want to

1 say I personally went through the facility. I'm familiar with Luna's  
2 Operation in Danville. I consider it a very worthy project.

3 MR. ARTHUR: A motion has been made and  
4 seconded, any further discussion? Hearing none, all those in favor to  
5 approve this project, signify by saying aye. (Ayes.) Opposed, like sign?  
6 (No response.) It is approved. Tim.

7 MR. PFOHL: Alright, Dinwiddie has two  
8 proposals, and the first is the Dinwiddie Enterprise Center Phase I, and  
9 the request is \$1.535 million restricted funds to develop a 16,000 square  
10 foot facility at the Dinwiddie Commerce Park, which is the site that your  
11 committee has funded in several rounds before. The facility would  
12 house not only agri-business agency offices, there would be a one-stop  
13 Agriculture Business Assistance Center in one portion of the building as  
14 well as a home for the Dinwiddie County Economic Development  
15 Chamber offices. That's in addition to light industrial spaces and for  
16 training workforce and small business losers. It will also have a  
17 computer lab classroom and so forth. You can see the description in the  
18 handout.

19 The Staff has noted that the development of the Dinwiddie  
20 County Commerce Park, which is under the control of the County and  
21 has gone through a master plan process and not yet moved into a  
22 construction phase, and we still have a significant balance from our  
23 previous grant funds. That's nearly in excess of 3 quarters of a million  
24 dollars available for the development of the park. The park has not had  
25 utility or entrance roads into it. Therefore, it would be hard to approve

1 the cost for a structure in a park that currently does not have access to it.  
2 The county has seen the Staff recommendations, and they have asked us  
3 to notify you that they are prepared to withdraw this application and  
4 come back in a subsequent round with more detailed information.

5 MR. ARTHUR: Do I hear a motion to accept  
6 the Staff's recommendation?

7 MR. MOODY: So moved.

8 MR. OWENS: I'll second it.

9 MR. ARTHUR: Any further discussion?  
10 Hearing none, all those in favor say aye? (Ayes.) Opposed, like sign?  
11 (No response.) The Staff recommendation is approved. Tim.

12 MR. PFOHL:

13 MR. ARTHUR: Alright, 1549.

14 MR. PFOHL: The second request for  
15 Dinwiddie is 90,000 for the last mile infrastructure backbone initiative.  
16 They're requesting restricted funds which we think may be an issue for  
17 assistance in building a privately built and owned 140 foot tower, and it  
18 will be located at the Dinwiddie Commerce Park. The county has stated  
19 in their application that they feel like this may help them in closing a  
20 deal with the current prospect for the park and was projected to bring in  
21 100 new jobs and a \$68 million private investment. Initially, this project  
22 will net the county's courthouse operation administrative functions,  
23 schools, fire stations, and so forth. In drilling into this project, what we  
24 think this request constitutes is an upfront payment to a private firm in  
25 exchange for lowering the county's monthly commitment to have

1 wireless services to all of these facilities. It's like making an upfront  
2 payment on a mortgage that reduces your monthly mortgage payments.  
3 We understand the tower would be owned by a company called  
4 Conterra, which is a member of the Mid-Atlantic Broadband  
5 Cooperative. The request would constitute the upfront payments and  
6 then lower the county's cost for a three- to five-year contract to have  
7 Conterra provide wireless services.

8 MR. ARTHUR: You're telling me that we're  
9 going to make payments to a private company to build a tower?

10 MR. PFOHL: It seems like the funds would  
11 flow to a private company for a contract for a certain number of years  
12 for wireless service. We have spoken with MBC's General Manager and  
13 MBC has received grant funding from the Technology Committee to  
14 construct wireless towers. Conterra is a member of MBC's Cooperative.  
15 The park has not yet been developed, and we've had some questions if  
16 the wireless services would be adequate for a company that has 100  
17 folks and a \$68 million capital investment. We have suggested MBC sit  
18 down with the county's IT Director and develop a plan. The solution  
19 might be that MBC build the tower and Conterra is able to use that tower  
20 and put their electronics on it, and the county would have an affordable  
21 solution, whatever other alternatives that Conterra and MBC could work  
22 out together. We're asking if those parties will sit down and discuss this  
23 before your committee acts on it.

24 MR. H ITE: I move that we accept the Staff's  
25 recommendation.

1 MR. ARTHUR: A motion is made and  
2 seconded that we disapprove this request. Anymore discussion?

3 MR. OWENS: Should we refer to the  
4 Technology Committee, let MBC take it up?

5 MR. ARTHUR: All in favor of approving the  
6 Staff recommendation signify by saying aye? (Ayes.) Opposed, like  
7 sign? (No response.) It is disapproved.

8 MR. PFOHL: We have two proposals from  
9 Franklin County. Right now, there is an available allocation in Franklin  
10 County restricted funds in the amount of \$664,966. The first proposal  
11 asks for all but 100,000 of that amount, and the second proposal asks for  
12 the entire available restricted balance. The first proposal in your  
13 document is from the Blue Ridge Foundation, a non-profit applicant.  
14 Your committee tabled this proposal in the June/July, 2007 cycle. This  
15 would be to construct a new visitor center at the Blue Ridge Institute  
16 which is the state center for Blue Ridge folklore. Right now, the Blue  
17 Ridge Institute Visitor Center is on the North side of Route 40, next to  
18 the Ferrum College campus. Most of their farm buildings are on the  
19 South side of Route 40. The college and its foundation has a master plan  
20 in place that relocates their visitors, building a new visitor center on the  
21 Southside, to put it adjacent to their farm buildings, which is the bulk of  
22 their museum operation. That would open the door on the North side of  
23 Route 40 to do commercial development to serve the Ferrum  
24 community. We're not being asked to assist directly with the retail  
25 development of the current site of the visitor's center, but this would be

1 for construction of the new visitor center on the Foundation property.

2           This request was submitted to you in June, and we asked for  
3 additional information on the status of fundraising efforts for this  
4 project. We revisited those questions with the Blue Ridge Foundation.  
5 Currently, there are two major pieces of their funding that have not yet  
6 come in to focus. One is the request for federal funds in the amount of  
7 850,000, and the second is private fundraising in which they want to  
8 obtain more than \$1.3 million. The college has told us that right now  
9 they are in the process of raising funds to create and operate an  
10 endowment for the Blue Ridge Institute. They're about half way  
11 through that million dollar campaign. We got the impression they had  
12 not started on the fundraising for 1.3 million, which would be for  
13 construction of the visitor center. We feel at this point that there are two  
14 major pieces of fundraising being represented, and the majority of the  
15 funding for this project is not yet in. We don't have answers on those.  
16 So, we're suggesting no award at this point.

17                           MR. ARTHUR: What is the pleasure of the  
18 committee?

19                           MR. HITE: I move that we adopt the Staff's  
20 recommendation to table this, so my motion is to table this.

21                           DELEGATE WRIGHT: I'll second that.

22                           MR. ARTHUR: Any further discussion?

23 Hearing not, all in favor signify by saying aye? (Ayes.) Opposed, like  
24 sign? (No response.) The motion to approve to table this item is  
25 approved.

1 MR. PFOHL: The recommendation is no  
2 award at this time.

3 MR. ARTHUR: The motion was made and  
4 seconded to adopt the Staff's recommendation. Does anybody have any  
5 heartburn with that? The motion is made and seconded. We disapprove;  
6 any further discussion? Hearing none, all in favor signify by saying aye?  
7 (Ayes.) Opposed, like sign? (No response.)

8 MR. PFOHL: The second request for Franklin  
9 County comes from the Foundation for the Franklin County Public  
10 Schools and the project is the Center for Energy Efficient Design, and  
11 they are requesting the entire restricted balance of \$664,966. These are  
12 restricted funds for the construction of a Center for Energy Efficient  
13 Design, which will be a demonstration site for zero energy or green  
14 technologies and techniques. The facility will be equipped and will train  
15 architects, engineers, and technicians, and area students and visitors.  
16 These will be demonstrated to see them in practice for both commercial  
17 and residential application. The Foundation proposes to work with  
18 neighboring community colleges and Ferrum College to provide a  
19 program curriculum, although no specifics were provided in the  
20 application. The proposal is stating that they expect who would be a  
21 major driver to attract manufacturing facilities, creating 450 jobs in  
22 green technologies and sales and service of Photovolpaics, solar hot  
23 water heaters and wind turbines. The Staff felt that the matching funds  
24 and total project costs are unclear. We don't know what the specific  
25 curriculum offerings would be, and the economic impacts from visitors

1 are relatively minor and speculative. We have recommended no award.

2 DELEGATE WRIGHT: I make a motion that  
3 we accept the Staff's recommendation.

4 SENATOR RUFF: Second.

5 MR. ARTHUR: A motion is made and  
6 seconded, any further discussion? All in favor of approving the Staff's  
7 recommendation signify by saying aye? (Ayes.) Opposed, like sign?  
8 (No response.) The Staff recommendation is approved.

9 MR. PFOHL: Henry County is requesting  
10 \$455,698 for Project "T", which is a confidential active economic  
11 development project, and we're unable to speak about the specifics of  
12 that project. The Tobacco Commission has been apprised it needs to put  
13 some funds on the table. The unique aspect of this request is that right  
14 now, Henry County, there is a current available restricted balance of  
15 \$227,846. This request would seek not only funds that are currently  
16 available but those funds that would be available in the February  
17 application period, which will be round three of FYO8 Southside  
18 Economic Development Fund. The county is asking us to put future  
19 allocations for this project as well. The Project "T" would take the  
20 Patriot Centre Shell Building, which your committee assisted in the  
21 construction of, in a previous grant funding round and expand that  
22 building, almost doubling the size of it, to a company that would create  
23 150 jobs and have a capital investment of \$100 million in equipment and  
24 facilities. The deal closing that the Commission has already done is a  
25 TROF approval of \$870,000 and change. The Governor's opportunity



1 attractive project for this area.

2 MR. OWENS: I move we approve it.

3 MR. ARTHUR: A motion has been made. We  
4 approve the Staff recommendation.

5 MS. NYHOLM: I'll second it.

6 MR. ARTHUR: The motion has been made  
7 and seconded by Ms. Nyholm, any more discussion? This is, indeed, a  
8 spend forward, and we're trying to get away from that.

9 SENATOR RUFF: What is the timeframe?

10 SECRETARY GOTTSCHALK: It's a very  
11 short timeframe. I think we will know in short order if these funds will  
12 be committed, whether that will be solid. There should be a public  
13 announcement in a couple of weeks.

14 MR. ARTHUR: Any further discussion?

15 DELEGATE WRIGHT: In light of the  
16 remarks of the Secretary, I think we should do this.

17 MR. ARTHUR: Any further discussion?

18 Hearing none, all in favor of accepting the Staff's recommendation,  
19 signify by saying aye? (Ayes.) Opposed, like sign? (No response.) The  
20 motion is approved. 1532, Kenbridge.

21 MR. PFOHL: The town of Kenbridge has one  
22 request for the available allocation in Lunenburg County. The totals of  
23 their requests add up to the totals that are available. There is a small,  
24 unrestricted balance of just under \$9,000 available and a balance of  
25 restricted funds of \$879,000 and change. They are asking for both the

1 restricted and unrestricted balance. This is a request that the county  
2 brought to us, and we previously provided some funding for this project.  
3 It would expand the current waste water treatment plan to 300,000  
4 gallons per day capacity and it would double it to 600,000 gallons per  
5 day. They bid the project and the bids came in 1.6 million over the  
6 project budget. The town of Kenbridge has come back to us to help  
7 meet that \$1.6 million, and they have an application with the Department  
8 of Housing and Community Development, the Southern Rivers Grant  
9 Program. The project would serve three current industrial users, and it  
10 would serve the Lunenburg/Kenbridge Commerce Centre where the  
11 county's 60,000 square foot Shell building as well as some other  
12 available lots are located. The request would still keep the commission  
13 share of this total project at 33% of the total cost. If this request is  
14 successful, we'd only be in for one-third of the project's total cost. The  
15 expansion would align their waste water treatment capacity with their  
16 water capacity. The Staff has recommended the full award. We'll either  
17 have to swap some funds out or do two separate grants. If you would  
18 authorize this to handle the restricted versus unrestricted, we could  
19 probably work through this. I would defer to Ned who is our point  
20 person with bar counsel on some of these issues.

21 DELEGATE WRIGHT: I move we accept the  
22 Staff's recommendation.

23 MR. ARTHUR: A motion is made and there is  
24 a second by Mr. Owens. The motion is made and seconded that we  
25 accept the Staff recommendation. Any discussion? Hearing none, all in

1 favor signify by saying aye? (Ayes.) Opposed, like sign? (No  
2 response.) The motion is approved. Next.

3 MR. PFOLH: Nottoway County is requesting  
4 \$100,000. They have substantially more funds available for projects  
5 within the county. This is a request for unrestricted funds. This is to  
6 assist Show Best, which is a manufacturer and installer of fixtures for  
7 retail stores such as counters and bookcases. They have purchased a  
8 former Blackstone manufacturing building, and they've announced the  
9 project and will invest 2.5 million to create 104 jobs in Blackstone. The  
10 Commission has obligated opportunity funds which is about \$200,000  
11 for this project and the Governor's opportunity fund as well. The county  
12 is asking us for an additional \$100,000 for the renovation of this  
13 building. The Staff recommends an award of \$100,000 from their  
14 unrestricted balance with the agreement that the grant shall include the  
15 performance measure clawback provisions modeled on our opportunity  
16 fund agreement.

17 MR. OWENS: I so move the Staff's  
18 recommendation.

19 MR. HITE: I'll second it.

20 MR. ARTHUR: A motion has been made and  
21 seconded that we approve the Staff's recommendation. Any discussion?  
22 Hearing none, all in favor signify by saying aye? (Ayes.) Opposed, like  
23 sign? (No response.) The motion is approved.

24 MR. PFOHL: In Patrick County, we have a  
25 proposal from the town of Stuart, and Patrick County has substantial

1 balances available, more than 800,000 in unrestricted funds and more  
2 than 300,000 in restricted. This request is for 228,000 to construct a  
3 farmer's market arcade which will be a covered, but open facility, in  
4 downtown Stuart. This will provide 12 vendor spaces, and this would  
5 provide permanent cover for those folks. This is the development of this  
6 specific site which has been funded in part by the Virginia Department  
7 of Transportation Enhancement Program. We asked why VDOT would  
8 not fund the enhancement project. The town has told us they submitted  
9 this specific activity for construction of the arcade building as part of a  
10 VDOT enhancement project, and VDOT got back to them and said, "We  
11 don't build farmer's markets." The project has been rejected by VDOT  
12 as an ineligible project, and that's why the town has asked us for  
13 assistance in building a permanent structure. This is a project that would  
14 have fairly modest income generation, but it is supportive of the  
15 downtown development and their trail development which is a project  
16 that the committee assisted, and that trail ends across the street from this  
17 facility. This is also across the street from Star Theater which has  
18 performances of the "Crooked Road" so we feel there are some benefits  
19 for this. This would also assist in generating traffic and income. The  
20 staff has recommended the award of 228,000 from restricted funds.

21 DELEGATE WRIGHT: I move we accept the  
22 Staff's recommendation.

23 MR. OWENS: Second.

24 MR. ARTHUR: A motion has been made and  
25 seconded. We approve the Staff's recommendation. Any discussion?

1 Hearing none, all in favor signify by saying aye? (Ayes.) Opposed, like  
2 sign? (No response.) The motion is approved.

3 MR. PFOHL: We're down to our last two  
4 proposals. They are not asking for current available allocations.  
5 They're not asking for funds that have been under the allocation  
6 formulary. Over the last several years, the Commission has budgeted  
7 money to make annual debt payments for the Institute for Advanced  
8 Learning in Danville and the Riverstone Building I in Halifax County.  
9 They've requested 3 million a year to make annual loan payment on  
10 those amounts. You will also recall in the Corpus Invasion in this  
11 current fiscal year, we allocated enough funds to retire those debts.  
12 Those debts are now paid off. We're left with \$3 million that's in the  
13 budget for the annual payment, so that is an amount that is available to  
14 your committee. This is money that has not been run through the  
15 formula and allocated within Southside. These are two proposals that  
16 have initially been brought to us through the Special Projects  
17 Committee, and they were retracted and resubmitted in seeking the \$3  
18 million that your Committee has available as a result of this debt  
19 retirement. We made a recommendation on one of them, the Viper  
20 Project, and the project revenues that have been stated to us. The Viper  
21 people feel they can achieve with the enhancement of a driving  
22 simulator. We have taken a position to table the proposal from Virginia  
23 Tech for the modeling and simulation center. I'll be happy to go into a  
24 description of those two proposals if you would like or if you want to  
25 discuss other options for handling the money.

1 SENATOR RUFF: How come they were  
2 removed from Special Projects to Southside?

3 MR. PFOHL: In both cases, we suggested that  
4 the applicants withdraw because we didn't feel like there was enough  
5 information available. It would probably be advisable to withdraw these  
6 so we can continue to gather information on them. The Institute's  
7 proposal was submitted by the Fall deadline of '07, Special Projects, and  
8 withdrawn by the applicant, and the modeling and simulation proposal  
9 was submitted this past Spring, the Special Projects, and withdrawn by  
10 the applicant for additional time for project development.

11 SENATOR RUFF: Is there money in Special  
12 Projects to do these?

13 MR. NOYSE: There is not.

14 MR. ARTHUR: The Institute is represented  
15 here if anybody wants to ask them anything or any question.

16 MR. BRYANT: I would like to know the track  
17 record of Viper, is there someone here to address that?

18 MR. ARTHUR: What's the track record of  
19 Viper and the Institute?

20 MR. KENNEDY: I'm John Kennedy, I'd like  
21 to thank you for giving me an opportunity to talk about the Viper  
22 project. I'm a Senior Director of Research & Innovation for the Institute  
23 for Advanced Learning and Research. As you know, Connie has built a  
24 building that we lease from her and it houses an 8-point simulator and  
25 it's the only one of its type in North America. It is now operational.

1 We've gone through some extensive testing of a race vehicle and are not  
2 ready to enter into the marketplace to do commercial testing. We are in  
3 negotiations with an OEM who is planning to rent the 8-post 250 days a  
4 year as well as move the Corporate Motor Sports R&D to another  
5 building that we have at VIR. We can announce the name now called  
6 The Eagle Landing Project right now. They have been heavily involved  
7 in developing the 8-post testing capability to the point where they are  
8 moving as rapidly as they can from a corporate standpoint to close this  
9 deal. We're ready to do it; we're waiting on them.

10 In terms of productivity, this is a tremendous opportunity  
11 for the Institute and for Viper. The simulator is another part of the  
12 package and has been tremendously interested in relocating to Viper. It  
13 will be tied to the 8-post testing system and information that is gathered  
14 on the 8-post will then be used on simulators. The OEM is planning on  
15 funding 200 to 250,000 dollars a year of research in 8-post testing  
16 because the science is not there for 8-post testing. Right now, it's  
17 experimental knowledge at the seat of the pants engineering. That is the  
18 next advancement, and they seek simulators tied to the 8-post as an  
19 important part of this project.

20 MS. NYHOLM: I'm going to abstain from  
21 voting on this. I'm meeting with another prospect tomorrow afternoon,  
22 and we're negotiating the manufacturer to moving to Virginia or to VIR  
23 because of the 8-post. So those are two other very good prospects who  
24 are now looking at the industrial park adjacent to VIR, and they're  
25 coming because of the Viper project. I don't know all of the technical

1 aspects, but this would be really attractive as far as the motor sports is  
2 concerned. As word gets out, we'll be able to do other things. This is  
3 also very attractive in bringing some jobs, some participating investment  
4 of this simulator is something that has generated a lot of interest. I see  
5 the commercialization of this technology, and I think this will be a real  
6 boom for us and for the motor sports and Allied Motor Sports and other  
7 prospects. This is also going to help Patrick County, and this will give  
8 everyone an opportunity to be successful in terms of R&D and  
9 commercial testing. It won't do a lot for the track, but hopefully, bring  
10 industrial development for R&D.

11 MR. ARTHUR: What I heard, it relates to the  
12 original grant for the 8-post which has been running. What will this  
13 particular grant contribute to that?

14 MR KENNEDY: The simulator will be tied to  
15 the 8-post so that the data gathered on the 8-post will quickly be  
16 transferred over to the simulator so that you can evaluate vehicles in a  
17 simulation environment. If that technology continues to develop along  
18 the path as the OEM thinks it will, we'll get to the point where a  
19 tremendous portion of your race cars or vehicles set up, we've also  
20 tested Humvees. A tremendous amount of that set-up can be done in the  
21 simulator compared to testing in the field.

22 MS. NYHOLM: You change the chassis on a  
23 set up and then you drive it on the simulator, that's never been done.

24 MR. KENNEDY: The simulator is being  
25 thought of in three phases. There is a platform that will be purchased,

1 which is an off-the-shelf item. We had one there for the grand opening  
2 of Viper. That's phase I. What we're requesting here is funding to add  
3 another degree of freedom to the simulator that will let you rotate the top  
4 of the platform where the occupant sits, plus or minus a 180 degrees.  
5 That will be a unique capability that's not available on any other  
6 simulator. There is a third phase coming we'd like to install, and we're  
7 looking at funding opportunities for that from a number of sources. That  
8 would also then attach the base of the Stuart platform to a linear track  
9 that will let you move the whole simulator along on a 9 meter track.  
10 Those additional degrees of freedom add reality to the simulators so you  
11 can more accurately simulate what you're running off of the 8-post.  
12 That's a unique capability that will lead to additional research funding in  
13 the Department of Defense, NSF, NASA, as well as commercialization  
14 opportunities.

15 MR. ARTHUR: What you're saying is you're  
16 going to add a third phase?

17 MR. KENNEDY: We will want to add a third  
18 phase, and we've talked about a number of funding opportunities for  
19 that. Yes, we would propose to the Tobacco Commission, but we could  
20 also propose to the National Science Foundation for something like this  
21 for equipment or from NASA. We see some research contracts coming  
22 in that can possibly add funding from the Army for that simulator.

23 MR. ARTHUR: How close are you to  
24 announcing the OEM?

25 MR. KENNEDY: We thought we'd be able to

1 do it in December, and they're telling us now that they think they can be  
2 ready in February or March, and that's the best I can tell you because the  
3 ball is in their court but we're ready.

4 MR. ARTHUR: What's our total investment  
5 in Viper so far, does anyone know?

6 MR. PFOHL: It's in your document, the third  
7 paragraph where it says, "Prior funding history." \$1.3 million in FY05,  
8 a Special Projects award for the 8-post shaker. There was a second  
9 Special Projects award in '06 for \$1.3 million plus or engine  
10 performance and chassis dynamiter facility and so forth. There was a  
11 smaller or subsequent award, the marketing, there were two big grant  
12 awards.

13 MR. NYHOLM: The chassis dynamiter is  
14 ready in February.

15 MR. ARTHUR: Any more discussion?

16 SECRETARY GOTTSCHALK: Why is the  
17 Army interested?

18 MR. KENNEDY: It's not exclusively motor  
19 sports. We've already had an Army Humvee on the 8-post and it was  
20 designed to handle vehicles like that. There are many aspects to Viper,  
21 and I haven't gone into all of them. We have the capability to  
22 characterize road services and off-road services. Once you characterize  
23 the road service or an off-road track, then we can put a vehicle on an 8-  
24 post simulator and simulate that vehicle on the 8-post. We simulated the  
25 Humvee going over a 12-in log, and we bounced a 15,000 pound vehicle

1 about that high with the 8-post. If you move it over to the simulator, the  
2 driver gets to feel that.

3 SECRETARY GOTTSCHALK: I read here  
4 that this investment will create 6 jobs through companies who'd relocate  
5 to the region.

6 MR. KENNEDY: That's what we hear, but I  
7 can also tell you that there is a public announcement that Bobby  
8 Hamilton Racing has merged with Arrington in Martinsville. That's a  
9 relocation to this area for a race team that's now located in Nashville.  
10 There is a potential for more jobs, but it's just hard to quantify that.

11 SECRETARY GOTTSCHALK: Any  
12 estimate?

13 MR. NYHOLM: I'll be meeting with them  
14 tomorrow. I'm meeting with the manufacturer from Canada. The first  
15 meeting was about locating the race shop here. There are now  
16 discussions about R&D, the manufacturing unit. I have no idea how  
17 many jobs that will be. After their initial meeting they have done to  
18 introduce them to Viper, there is a chance to move their R&D. They're  
19 becoming very serious; those discussions are ongoing.

20 MR. KENNEDY: When you bring the OEM  
21 and the motor sports, R&D, in, we already know one guy is going to  
22 relocate his shop manufacturing business here. That will be 4 or 5 jobs  
23 there. That's the kind of thing that comes with this project.

24 SENATOR RUFF: Mr. Chairman, when you  
25 say, "Bring it here," are you talking about bringing it on the property?

1 MS. NYHOLM: It's like a couple of locations,  
2 but the likelihood, what they normally do is that they go to Viper and  
3 utilize their R&D facilities and then translate that to the race track.  
4 There is another race track in the region which you have South Boston,  
5 Martinsville, and VIR and then back to the lab, back onto the track.

6 MR. ARTHUR: Anymore questions? Thank  
7 you very much, I appreciate it.

8 DELEGATE WRIGHT: Mr. Chairman, my  
9 concern is this, I really don't think this proposal is properly before our  
10 committee. I think it belongs in Special Projects. I think the \$3,000,000  
11 should be distributed among the other counties in Southside because  
12 that's what the Economic Development Committee is all about. I think  
13 it's a little bit unusual the way we're doing this, in my opinion. That  
14 concerns me, and I wanted to bring it before the Committee before  
15 anything is done on it.

16 MR. ARTHUR: It was also ruled by Special  
17 Projects it was not regional enough to be considered with Special  
18 Projects. That was part of the discussion in Special Projects, and I know  
19 because I was there prior to this committee meeting. Is there a  
20 recommendation from the committee, do I hear something?

21 MR. OWENS: Is there a recommendation  
22 from the Staff?

23 MR. ARTHUR: Yes, the Staff recommends  
24 approval, is there a motion?

25 MR. OWENS: I move we accept the Staff's

1 recommendation.

2 SENATOR RUFF: I'll second the motion.

3 MR. ARTHUR: A motion has been made and  
4 seconded that we approve the Staff's recommendation. Discussion.

5 SECRETARY GOTTSCHALK: I'd like to  
6 hear more about what Delegate Wright or his comments. He's raised a  
7 good point, and I'd like to hear more about it.

8 MR. ARTHUR: Does anyone have anything  
9 to add?

10 MR. HITE: Will this be put into the county's  
11 allocation?

12 DELEGATE WRIGHT: That's an option we  
13 would have with the three million. It could be used for something, not  
14 just for this particular project. I think maybe it's a good project as far as  
15 the Staff recommendation goes, but my concern is that other counties  
16 were not given an opportunity to make a proposal, and they can't make a  
17 proposal themselves or have an opportunity to use the money. If we're  
18 going to do that, this is a good proposal, but I think there could be other  
19 proposals that are worth considering too.

20 MR. ARTHUR: Tommy, I recognize where  
21 you're coming from on this, but if we took this piece of money and split  
22 it off among all the counties like we've done in the past, we couldn't  
23 tackle a project this size because there wouldn't be sufficient funds in  
24 any particular county to attack a project like this, one that requires more  
25 than the allocation.

1 DELEGATE WRIGHT: That's one option,  
2 but my point is that we're precluding the other localities from coming  
3 forward.

4 MR. ARTHUR: Tim, were other localities  
5 notified?

6 MR. PFOHL: No, sir. Our Finance Director  
7 brought it to our attention this fall. There has not been a general call for  
8 applications for this month. I point out that when we scheduled the  
9 \$1,000,000 payments, actually, \$3,000,000 annually went out the door in  
10 the form of a \$1,000,000 loan payment for Pittsylvania's share of the  
11 Institute, and \$1,000,000 for Danville's share of the Institute, and  
12 \$1,000,000 for Halifax's Riverstone debt when we allocated the funds to  
13 make the annual debt payment for reducing their available allocation by  
14 that amount. Recognizing that a commitment had been made to make  
15 those debt payments, those funds would have been spent on projects in  
16 Halifax and Danville and Pittsylvania.

17 MR. NOYES: That's what we accomplished.  
18 These funds are after all the jurisdictions trued up the current fiscal year,  
19 but they are over and above what was necessary based on the formulary  
20 that all jurisdictions trued up.

21 DELEGATE WRIGHT: Mr. Chairman, in  
22 order to make these deals good, I prefer we have a motion agreeing to  
23 have these proposals transferred from Special Projects to this committee  
24 that this money be considered for these two proposals. I'm not  
25 necessarily opposed to the proposal, but I'm not, I don't believe it's the

1 way to go about it. If someone would make a motion to do that, then it  
2 will give an opportunity to show the disapproval the way it's being done.

3 MR. OWENS: I don't understand.

4 DELEGATE WRIGHT: We could spend the  
5 \$3,000,000, which was out of all localities, having been given an  
6 opportunity to make an application for this money, that's this  
7 committee's recommendation, so be it, but I don't want to force a vote  
8 against either one of the projects because I don't agree with the way the  
9 committee, I don't think the committee has really made a motion to  
10 accept the recommendation of the Special Projects Committee. I just,  
11 again, think that other counties should have an opportunity.

12 MR. FERGUSON: I'll try to make an attempt  
13 to try to resolve this so I can understand where we are. My  
14 understanding what Tim and Neal have said is that this money became  
15 available that had previously been allocated for Pittsylvania, Danville,  
16 and Halifax, debt retirement monies towards Riverstone, the institute  
17 projects. Because we trued up generally, including paying off these  
18 loans out of funds that became available through the securitization, these  
19 funds are no longer necessary for that particular project, Pittsylvania,  
20 Danville, and Halifax. Is that my understanding? These are funds that  
21 have previously been allocated pursuant to the formulary for those  
22 localities. At that point, these projects, both of them at different times I  
23 guess, were presented to the Special Projects Committee, and the Special  
24 Projects Committee had no funds available, and for other reasons, these  
25 projects were withdrawn from the Special Projects Committee as

1 suggested or the attempt was made to bring once these funds became  
2 available from those three localities.

3 MR. NOYSE: Well, Viper was formerly  
4 referred to--

5 MR. PFOHL: --The applicant withdrew Viper.

6 MR. FERGUSON: My point is that I  
7 understand what Delegate Wright is trying to get done, and he wants to  
8 have an opportunity to state what his objection is to this process on the  
9 record. My understanding is that there was no referral from Special  
10 Projects to this committee so I don't think that would be the appropriate  
11 mechanism to do that. I'd simply suggest he state for the record that he  
12 disagrees with the way these funds became available to this committee  
13 for an expenditure and go forward from there.

14 DELEGATE WRIGHT: That answers my  
15 question. For the record, I'll state I don't agree with the way the money  
16 was conveyed to this committee.

17 MR. ARTHUR: Do you still want to have a  
18 motion accepting this project into our committee?

19 DELEGATE WRIGHT: Based on what the  
20 attorney said, it isn't required.

21 MR. ARTHUR: Not required. All right.

22 MR. OWENS: My motion is to approve.

23 MR. ARTHUR: You had already offered that  
24 motion.

25 MR. OWENS: I believe so, yes.

1 MR. ARTHUR: We have a motion and a  
2 second. The motion has been made and seconded.

3 SENATOR RUFF: I'll second it.

4 MR. ARTHUR: With no more discussion, all  
5 in favor--

6 MR. HITE: --Was it referred out of Special  
7 Projects?

8 MR. ARTHUR: That was discussed, it wasn't  
9 referred out because it was withdrawn according to the Staff. I was there  
10 and I know it was discussed as part of not being regional. There have  
11 been arguments on this committee that the institute was not regional.  
12 I've heard that for 8 years. Be that as it may, that's where we are. All in  
13 favor of approving the Staff recommendation signify by saying aye?  
14 (Ayes.) Opposed? Let it be known that we have one abstention by Ms.  
15 Nyholm. All right, moving right along on 1553.

16 MR. PFOHL: We have a lot of late breaking  
17 news on this request, 1554. The Virginia Tech office of Sponsored  
18 Programs is requesting \$1.876 million, the text gives number 1554 and  
19 this sheet has 1553 for a Modeling and Simulation Center for Excellence  
20 at Riverstone. The late breaking new is that, through a series of  
21 conversations with the applicants, the proposal has been reduced or the  
22 requested amount has been reduced to shy of \$1.2 million, which you  
23 can see that amount on the spreadsheet. This would create a regional  
24 Center for Modeling and Simulation in the Riverstone Building I, which  
25 is the structure that the Commission is largely responsible for building.

1 The request is for personnel to establish the Modeling Simulation Center  
2 and primarily for equipment to establish the Modeling and Simulation  
3 Center. Written into the proposal that you received on November 1  
4 indicated that the Commission was being asked to support 6 positions,  
5 and that number has been reduced to 3 positions. The timeframe for  
6 support has been reduced from 18 months to 12. The equipment budget  
7 stays largely the same as was indicated in the initial proposal and asked  
8 for the reduction in the amount requested from the Commission. There  
9 has been a steady stream of dialogue back and forth to the applicants on  
10 this. There was also a public event to announce the opportunity in  
11 modeling and simulation. Some Staff questions revolved around the  
12 issue of who would be the owner of this nearly \$1,000,000 worth of  
13 equipment, what kind of operating policies would be put in place for this  
14 equipment to ensure there is an appropriate availability, not only for  
15 public purposes for university research but for private companies to  
16 assist companies that are indicated in the proposal. We are concerned  
17 that that equipment leaves Southside or the Tobacco Region and what  
18 sort of constraints could be put on that to ensure that the equipment  
19 stayed in the Tobacco Region. We asked questions about the  
20 relationship with the Modeling and Simulation Center and with the  
21 Virginia Modeling and Simulation Center space in Hampton Roads.  
22 Two weeks ago, the Director made a very strong statement in support  
23 endorsements that Vmass would work with the Modeling and Simulation  
24 Center to carve out niches for each of those respective organizations that  
25 were working cooperatively. We asked questions regarding the

1 establishment of a regional advisory group that would represent public  
2 and private interest and corporate educational interest, along with  
3 government and so forth. The issue of long-term educational  
4 opportunities to provide a ladder of educational training for students in  
5 the region is certainly an area of great interest and would be a good  
6 strategic use and the Commission's objectives.

7           The issue of the location of the facility in Riverstone has  
8 come up and the applicant has said, and they had dialogue as we have  
9 with the Industrial Development Authority for Halifax who are the  
10 owners of the Riverstone Building. We received a letter last week from  
11 the Halifax IDA indicating they would be open to making space  
12 available in Riverstone for some period of time, or potentially a year, at  
13 no cost to the Modeling and Simulation Center. The one piece we know  
14 that's forthcoming shortly is a business plan for the Modeling and  
15 Simulation Center. We were told that plan would be available this  
16 coming Friday. There has been an initial market assessment and  
17 feasibility study, and there have been strong statements of commitment  
18 from private partners including Tetra Tech, and that's an international  
19 consulting firm and they are represented here today as well as the  
20 applicant. With the subsequent pieces of information we have received,  
21 the application indicated the potential to attract 6 jobs and those  
22 projections are now expanded to 18 jobs in year one and 39 new jobs by  
23 the end of the third year. That's the information we have available  
24 today.

25           The Staff has suggested, until we can see the business plan,

1 that this proposal be tabled with the potential to revisit it for the January  
2 Commission meeting, and that's where we are at. There are folks here  
3 from Applicant Organization that can speak to this. The Staff is  
4 interested in trying to help you understand this one.

5 MR. ARTHUR: We have a representative  
6 here, Dr. Inge.

7 DR. INGE: Good morning members of the  
8 committee. My name is Carol Inge and I'm with Virginia Tech. I have  
9 been working on the technology issues for 8 years in Southside Virginia,  
10 first at Longwood and now at Virginia Tech. I was the founding  
11 member of the Mid-Atlantic Broadband Board, which is 700 miles of  
12 fiber that you have put in this region. This project is a natural extension  
13 of that project. What I mean by that is that you did not put that project  
14 in to have people, what you really wanted is lots and lots of data across  
15 that network. This project proposes to build a Modeling Simulation  
16 Center that takes GO special data, GIS data, and the things you look at  
17 on Google right now as visuals that you see, and take environmental  
18 information that is database driven and allow you to visually see the  
19 outcome before you spend money. If you're putting in a waste water  
20 treatment plant and you want to expand it, you usually take the data and  
21 you want to understand what it is going to look like before you spend the  
22 money on materials. You would model this on the computer and take  
23 the data and put it together and you would visually see what it looks like  
24 before you do that. The same thing with your Downtown Revitalization  
25 Project, before you revitalize the downtown, you want to know what it

1 going to look like as well as the water runoff as well as the network  
2 infrastructure that you're going to put in the downtown area. You want  
3 to model it and see what it looks like. These data go across that 700  
4 miles.

5           This morning I'd like to tell you that Riverstone was a  
6 \$10,000,000 investment, and it has sat vacant other than my operation  
7 for 3 years, the Mid-Atlantic Broadband. This opportunity will  
8 immediately attract five companies to the building. It will create at least  
9 18 jobs the first year and 39 jobs within 36 months at an average salary  
10 of \$65,000 a year. Tetro Tech is one of those companies that is a \$1.6  
11 billion company with 8,500 employees nationwide. The CEO has  
12 charged the organization to grow that to 15,000 employees in the next  
13 four years. The environmental energy areas are growing. We've done a  
14 full market feasibility study to prove that this is a good idea. We've also  
15 provided an operational plan. There is some confusion about the names  
16 of the plan. We actually call it an operational plan. The Staff has it for  
17 reviewing the details.

18           In addition, Tetro Tech's Vice President is here today to  
19 talk about the commitment which is upward of \$400,000 in these  
20 operations and going to go on record with 250. We have an  
21 Environmental Engineer and the President of that company is here, and  
22 to test the software, the CEO of that company is here. We're talking to  
23 Norfolk Grumman. They are interested in the project. A company  
24 called Aces out of the Virginia Beach area, which is a minority owned  
25 company, is interested in coming into the building. We also have the

1 community colleges that will benefit from this. Over a thousand  
2 companies from Southside Virginia will benefit from this technology.  
3 That includes Duberry and Davis, Tetro Tech out of Blackstone, the  
4 National Guard, which is one of our clients, as well as ITT Night Vision  
5 out of Roanoke, the goggles that the military is using in Iraq. Those  
6 goggles can be used to see what happens when the goggles are on the  
7 soldiers. They're one of our clients now. As of three days ago, I talked  
8 to the CEO about bringing work to this project for ITT Night Vision.  
9 You will be able to look at models in 3-D and 4-D; when you think  
10 about ultrasound today, you can actually see the baby. This is exactly  
11 the kind of technology that it would be like. We'll use the network and  
12 we'll work with the Virginia Modeling and Simulation Center to achieve  
13 the governor's goal, and that is to make Virginia the number one  
14 modeling and simulation state in the country. Right now, Florida is  
15 number one. Any questions?

16 DELEGATE WRIGHT: Have you prepared a  
17 business plan that Tim referred to?

18 DR. INGE: Yes, sir, and they have it.

19 DELEGATE WRIGHT: Tim, does that  
20 change in any way the Staff's recommendation?

21 MR. PFOHL: I think every day we get more  
22 pieces of the puzzle, and I think based on the information we received  
23 late last week, we'd probably still like to see statements of operating  
24 policies, management, marketing, policies and so forth. We have the  
25 beginnings of those, I think, and we'd like to see more definitive

1 statements of how the center will be conducted. We were receiving  
2 emails as late as yesterday with proposed membership on the state  
3 advisory committees. Everyday we seem to get a little closer. There are  
4 still some issues we'd like to see some answers on.

5 DELEGATE WRIGHT: Do you feel like at  
6 this point possibly going forward that these details can be worked out  
7 between now and the time of the next meeting with sufficient  
8 information to be provided to you to make this recommendation, Tim?

9 MR. PFOHL: I believe so. They've been very  
10 responsive to all of our questions, and we've put a lot of questions to  
11 them.

12 MR. ARTHUR: CD.

13 MR. BRYANT: Tim, you raised the question  
14 of whom would own the equipment, do you have that answer?

15 MR. PFOHL: The response we got from Dr.  
16 Inge who would prefer that Virginia Tech retain ownership of that  
17 equipment. She can speak to her reasons why, I'm sure.

18 DR. INGE: First of all, you're dealing with  
19 very sophisticated equipment that will interface with the systems, the  
20 super computing facility at Virginia Tech. Data will be collected in our  
21 region at our center and it will transfer back and forth to the super  
22 computers. We feel that the technical complexity of that is more  
23 appropriate being managed by Virginia Tech than the local IDA. There  
24 is also a warranty issue and if the thing breaks, you can call on Virginia  
25 Tech immediately if we own the equipment.

1 I would like to address one thing about the immediate need  
2 for this project. We will create 18 positions in the first year, 39 in three  
3 years. That's dependant on several contracts we have pending, U.S.  
4 Army Corp of Engineers, we've already received an EPA, a Navy  
5 project through Tetra Tech, also, Air Force work, and U.S. Department  
6 of Interior. Their budget cycles are now, so waiting six more months  
7 will hinder Tetra Tech and our other partners' ability to move forward  
8 and get those funds.

9 MR. ARTHUR: Tim, looking at the  
10 recommendations to table this, how would the Staff feel about approving  
11 this contingent upon receiving the necessary requirements from Dr.  
12 Inge?

13 MR. PFOHL: If that's the pleasure of the  
14 Committee, we'd be happy to continue the dialogue. If you have any  
15 specific questions you would like us to pose to the applicant, we'd be  
16 more than happy to do that.

17 MR. ARTHUR: Is there anything you've  
18 asked for you have not gotten?

19 MR. PFOHL: We've gotten a response on  
20 everything we've asked for. I think our preference would be to see an  
21 operating document that would lay out all of this for public consumption  
22 rather than someone having to access the email of the Tobacco  
23 Commission and statements of the Stakeholder Advisory Committee,  
24 etc. We'd like to see if formalized.

25 DELEGATE HOGAN: We have a meeting of

1 the Full Commission on January 7<sup>th</sup>. Instead of approving this and put  
2 all these restrictions on it for the Staff and applicant to go back and forth,  
3 at some level, we have to satisfy ourselves, the committee, whether or  
4 not we want to do this. With that in mind, maybe take their best shot at it  
5 for the next 2 ½ weeks and bring it back to our subcommittee for the  
6 January 7<sup>th</sup> meeting, we can settle it.

7 MR ARTHUR: Delegate Wright.

8 DELEGATE WRIGHT: In the Staff's  
9 recommendation, the Staff recommends we table it or revisit it prior to  
10 the January meeting. I think I could make a motion to approve it  
11 contingent to those things happening. I think what Delegate Hogan said,  
12 if they're not, and taking that into consideration and if they do what Staff  
13 has requested, then we could approve it.

14 MR. ARTHUR: I didn't understand Delegate  
15 Hogan that way.

16 DELEGATE WRIGHT: I think Delegate  
17 Hogan said we could take these two weeks until the next meeting and  
18 work it all out, and I would agree with your position.

19 MR. HITE: The Staff could piece this together  
20 and work up the project before the January 7<sup>th</sup> meeting, before the Full  
21 Commission.

22 MR. BRYANT: Mr. Chairman, I think the  
23 Staff's recommendation is reasonable, and I'd offer a motion to accept.

24 MR. ARTHUR: A motion has been made that  
25 we accept the Staff's recommendation.

1 DELEGATE HOGAN: Well, it's been tabled  
2 for now and the Staff is waiting to receive or be satisfied that they have  
3 the proper information, and certainly, that can be done by the next  
4 meeting.

5 SENATOR RUFF: I'd ask the Staff if we'd  
6 have time, can we meet before the Full Commission meeting?

7 MR. NOYES: Yes, we can.

8 SENATOR RUFF: I would second that  
9 motion.

10 MR. ARTHUR: The motion has been made  
11 and seconded. Discussion?

12 DELEGATE HOGAN: I'd ask the Committee  
13 to vote against this motion and here is the reason. I don't want to see or  
14 send a message that says we're not sure about the project at this point,  
15 but at the same time, these arguments would go back and forth between  
16 the Staff and the applicant about what is a proper business plan. I think  
17 99% of the time they do a good job. I'd rather have this thing or us take  
18 no vote at all until they are 100% sure and not contingent upon accepting  
19 this or that until they work it out and take no action and let them try to  
20 work it out and take their best shot. If they can't bring it back, then  
21 we'll vote on it.

22 MR. ARTHUR: I don't see it that way at all.

23 SENATOR RUFF: We're just talking about  
24 January.

25 SECRETARY GOTTSCHALK: Let's get

1 something clear about the time.

2 MR. PFOHL: Yes.

3 SECRETARY GOTTSCHALK: Number two,  
4 he did not see a conflict as far as the Modeling and Simulation Center.  
5 We have the Virginia Tech folks, and they're on board with this.

6 MR. PFOHL: Right.

7 SECRETARY GOTTSCHALK: I'll state for  
8 the record the state of Virginia is highly competitive with the state of  
9 Florida in terms of modeling and simulation, and a lot of simulation and  
10 modeling assets found in Hampton Roads, and this project has received a  
11 great amount of support from the industry. I'm extremely supportive of  
12 modeling and simulation in moving in this direction. I think we should  
13 move in that direction. I think the motion has been made and not a  
14 motion in disfavor of it, I assume we're going to get the information we  
15 need and we'll feel comfortable in the next 2 ½ weeks for the Full  
16 Commission meeting. Assuming the Staff gets all of the necessary  
17 information and they feel comfortable with it, we can look forward to  
18 approving it.

19 MR. OWENS: I think the problem the Staff  
20 has potentially, and I think we're trying to make sure that all the  
21 information will be revealed.

22 MR. FERGUSON: Mr. Chairman, in an effort  
23 to try to untie the knot, and I think I understand Delegate Hogan's  
24 sightful vision, I like him, I'm used to the General Assembly's process,  
25 and tabling is considered or has a negative connotation in the General

1 Assembly, primarily because it requires a subsequent action taking it off  
2 the table. I think what he's suggesting is that it simply be carried over  
3 until the next meeting suggests that there be a Committee meeting just  
4 prior to the Full Commission meeting on January 8<sup>th</sup> and that it be taken  
5 up for consideration by the Committee at that time, that being the only  
6 agenda item as far as I'm aware at that point, and it would not be  
7 required, a subsequent motion to take it off the table at that point if it  
8 was simply carried over.

9 DELEGATE HOGAN: Mr. Chairman, two  
10 points. I thank Frank for that. The easiest way to accomplish that and  
11 what I'm scared of is knowing that we have these Christmas holidays  
12 coming, there is this back and forth, and I don't want this dragging  
13 beyond the 7<sup>th</sup> or 8<sup>th</sup> of January. Whatever information can be gathered  
14 between now and then, that doesn't hurt the timeframe at all. We can  
15 between now and then take a look at that information and make up our  
16 own minds. The voting members on this committee can vote it up or  
17 down. I do not encourage this to be drug out. I just think dragging this  
18 out back and forth, it certainly would be April before any action. That  
19 concerns me. It's not a comment on the Staff and the applicant, just so  
20 we don't drag it on.

21 MR. OWENS: Just so it doesn't go beyond  
22 that timetable of January 8<sup>th</sup>.

23 DR. INGE: I'd like to refer to some of the  
24 Corporate Executives that are here to address any issues the committee  
25 might have.

1 MR. HUMAN: I'm Wayne Human, Vice  
2 President of Tetra Tech.

3 MR. OWENS: Mr. Chairman, the time, will  
4 you know by January 8<sup>th</sup>? Is that enough time?

5 MR. HUMAN: Yes, I believe so.

6 MR. ARTHUR: That's all you need. Anyone  
7 else?

8 MR. OWENS: Is that satisfactory to the Staff?

9 MR. PFOHL: Yes.

10 MR. ARTHUR: I thought we were splitting  
11 hairs here all along.

12 SECRETARY GOTTSCHALK: I'd offer an  
13 amendment or possibly, I don't know the parliamentary process. Maybe  
14 it's a substitute motion. That is, we take the Staff recommendation with  
15 the admonition that this be brought up on January 7<sup>th</sup> or January 8<sup>th</sup>  
16 before the Full Commission.

17 MR. ARTHUR: Is that the substitute motion?  
18 Is there a second?

19 DELEGATE WRIGHT: I'll second it.

20 MR. ARTHUR: A substitute motion has been  
21 made, and there is a second. Any discussion on the substitute motion?  
22 Hearing none, all in favor of the substitute motion signify by saying aye?  
23 (Ayes.) Opposed? (No response.) The substitute motion passes. I  
24 thank you all for giving your attention to this matter. I've got a handout  
25 here and I'm going to ask Director Noyes to point out a couple of things

1 to you. If you don't think the Commission is having an effect on the  
2 economy of Southside, you need to read this handout.

3 MR. NOYES: Ladies and gentlemen, the  
4 Commission has given funds to Chmura Economics & Analytics to do a  
5 comparison of how the Commission has used funds to help the economy  
6 grow. The annual number of created jobs from firm expansion  
7 announcements jumped 21% in the Tobacco Region since the beginning  
8 of TROF compared to a 7% increase in the rest of Virginia. Even more  
9 dramatic, private capital investments from these developments soared  
10 79% in the Tobacco Region since TROF implementation whereas the  
11 rest of the state saw only a 27% increase. It's very interesting to see  
12 how we used our funds in relationship to other states.

13 MR. ARTHUR: I invite everyone at your  
14 leisure to read this. Now, this is public comment time. Is there anyone  
15 that would like to address the committee? Seeing no one, I'd like to  
16 thank you all for coming and participating today. The next meeting will  
17 be right before the Full Commission meeting of January 7<sup>th</sup> in  
18 Richmond.

19

20 PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

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I, Medford W. Howard, Registered  
5 Professional Reporter and Notary Public for the State of Virginia at  
6 Large, do hereby certify that I was the court reporter who took down and  
7 transcribed the proceedings of the Virginia Tobacco Indemnification and  
8 Community Revitalization Commission Southside Economic  
9 Development Committee Meeting when held on Tuesday, December 18,  
10 2007, at 11:00 AM at the Southside Virginia Community College  
11 Workforce Development Center, Keysville, Virginia.

12

13

14

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

15

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Given under my hand this 31<sup>st</sup> day of January,  
2008.

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My Commission Expires: October 31, 2010.  
Court Reporter #224566

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