

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

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219
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9 Southside Economic Development Committee Meeting
10 Wednesday, October 13, 2010
11 11:00 a.m.
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13 The Institute for Advanced Learning and Research
14 Danville, Virginia
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1 **APPEARANCES**

2 The Honorable Edward Owens, Chairman
3 The Honorable Kathy J. Byron
4 Mr. John Cannon
5 Mary Rae Carter
6 Deputy Secretary of Rural Economic Development
7 Office of the Secretary of Commerce and Trade
8 The Honorable David R. Cundiff
9 The Honorable Daniel W. Marshall, III
10 The Honorable Harrison A. Moody
11 Ms. Connie L. Nyholm
12 The Honorable W. Roscoe Reynolds
13 The Honorable Frank M. Ruff

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15 **COMMISSION STAFF**

16 Mr. Neal Noyes, Executive Director
17 Mr. Ned Stephenson, Deputy Executive Director
18 Mr. Timothy J. Pfohl, Grants Program Administration Manager
19 Ms. Sarah K. Capps, Grants Coordinator, Southside Virginia
20 Ms. Stephanie S. Allman, Program Administrator

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1 October 13, 2010

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4 MR. OWENS: I want to call this meeting of the
5 Southside Economic Development Committee to order and I'll
6 ask Neal to call the roll?

7 MR. NOYES: Delegate Abbitt?

8 DELEGATE ABBITT: (No Response).

9 MR. NOYES: Delegate Byron?

10 DELEGATE BYRON: Here.

11 MR. NOYES: Mr. Cannon?

12 MR. CANNON: Here.

13 MR. NOYES: Deputy Secretary Carter?

14 DEPUTY SECRETARY CARTER: Here.

15 MR. NOYES: Mr. Cundiff?

16 MR. CUNDIFF: Here.

17 MR. NOYES: Mr. Harwood?

18 MR. HARWOOD: (No response)

19 MR. NOYES: Delegate Marshall?

20 DELEGATE MARSHALL: Here.

21 MR. NOYES: Mr. Moody?

22 MR. MOODY: Here.

23 MR. NOYES: Ms. Nyholm?

24 MS. NYHOLM: Here.

25 MR. NOYES: Mr. Owens?

1 MR. OWENS: Here.

2 MR. NOYES: Senator Reynolds?

3 SENATOR REYNOLDS: Here.

4 MR. NOYES: Senator Ruff.

5 SENATOR RUFF: Here.

6 MR. NOYES: Delegate Wright?

7 DELEGATE WRIGHT: (No response).

8 MR. NOYES: We have a quorum Mr.

9 Chairman.

10 MR. OWENS: We have approval of the minutes
11 of 4/29/10 as posted on the website. Do I hear a motion to
12 approve them? It's been moved and seconded, all in favor
13 signify by saying aye. (Ayes). Opposed. (No response). The
14 minutes are approved. I'd like to take a moment to welcome
15 Mr. David Cundiff to the Committee and look forward to
16 working with you. At this time I'd ask Sarah Capps to come
17 forward and we'll review the applications.

18 MS. CAPPS: Mr. Chairman, we received 18
19 applications for our August 15th deadline that are before you
20 today. We have two proposals that were referred to the Special
21 Projects Committee. I draw your attention to the list of
22 applications that were received. We've had three applications
23 that were withdrawn since the deadline. On the second page,
24 the Lunenburg County Project submitted by Victoria IDA
25 number 2207 was withdrawn. The Nottoway County Project

1 submitted by the Virginia United Methodist Assembly Center
2 was withdrawn. The Pittsylvania County application number
3 2202 for the Olde Dominion Agriculture Foundation, Inc. was
4 also withdrawn.

5 I'll go through the list of applications now and
6 the staff recommendations and if you have any questions, you
7 can just ask me.

8 MR. OWENS: If it's the will of the committee
9 we'll handle these in a block. If you want to take any out of
10 the block you can indicate that. Are there any questions?

11 MS. CAPP: The first application under
12 Appomattox County submitted by the Appomattox County
13 Board of Supervisors for the Concord to Appomattox waterline
14 is connecting the waterline in the Campbell County facility
15 connecting Appomattox County and the Town of Appomattox.
16 This line will connect with the existing water system operated
17 by Campbell County Utilities and Service Authority. The
18 existing water infrastructure is inadequate to meet the
19 requirements of many manufacturing projects that may
20 otherwise consider locating at the Appomattox Center. The
21 staff recommends an award of \$37,391.

22 The next project on the list is Brunswick
23 County and there's actually two applications. The first one is
24 for the Brunswick Byways Visitors Center. I need to draw
25 your attention to this project because this is a project from

1 Halifax County requesting funds for the visitor center. It
2 should be noted that in the past, dating back to the inception
3 of this program the Southside Committee expressed its view of
4 visitor centers as a low funding priority, and to date no
5 significant visitor center grants have been funded by this
6 Committee in southern Virginia. This request along with the
7 pending Halifax visitor center proposal represent a potential
8 shift of direction that may initiate future requests from other
9 localities seeking visitor center funding. The staff suggests
10 this issue should be considered by the Committee in advance
11 of discussing the merits of these two current proposals. In the
12 case of this request, there is a reasonable case presented
13 regarding the merits and readiness of this project. With an
14 average of 6,600 vehicles per day according to VDOT traffic
15 counts for highway 46 and located within short travel distance
16 to primary sites currently visited by tourism like Lake Gaston,
17 Fort Christianna, Lawrenceville and new sites under
18 development, Tobacco Heritage Trail, Meherrin State Scenic
19 River, the location for the visitor center is positioned well to
20 serve visitors to the county. Staff did have some concern
21 about the level of funding currently available to the association
22 for annual operating expenses and whether it's sufficient to
23 sustain the new center operations. Staff is recommending an
24 award of \$458,375 contingent on implementation of measures
25 to track visitor spending.

1 SENATOR RUFF: Can you clarify how you
2 qualify the proposal?

3 MS. CAPPS: How we're qualifying the
4 proposal?

5 SENATOR RUFF: What information do you
6 need?

7 MS. CAPPS: In terms of visitor tracking?

8 SENATOR RUFF: Yes.

9 MS. CAPPS: We expect the county to propose
10 to us a tourism association to project how much traffic there
11 will be. We can look at records from tax revenue and all of the
12 traffic counts.

13 SENATOR RUFF: If the goal is that we have a
14 level that's going to be acceptable to say this is a good use of
15 the money?

16 MS. CAPPS: For all tourism projects across
17 the board we track this information.

18 SENATOR RUFF: I guess my concern is that
19 when we get to the other 28 proposals in the coming years,
20 we're going to need some standard to use and I would hope
21 that Brunswick/Halifax establish what is the criteria on how
22 the other 28, what do they have to accomplish or what results
23 do they have to accomplish?

24 MS. CAPPS: When you look at the Halifax
25 proposal, they have proposed specific measures for tracking,

1 electronic trackers, have a regular package, there's a number
2 of things that you can track.

3 SENATOR RUFF: I think we need some kind of
4 uniform standard so the staff isn't just coming up with
5 different criteria which wouldn't be working.

6 MR. NOYES: I couldn't agree more. My
7 understanding is that Virginia Tourism is working on this
8 template for this type of project they will use. We certainly
9 have expectations of that.

10 DELEGATE MARSHALL: Neal, when will this
11 template be ready?

12 MR. NOYES: I do not know.

13 MS. ALLMAN: We've talked with them about
14 how to track this out commercially.

15 MR. NOYES: We're not there yet, we are
16 getting there.

17 MS. CAPP: The next project for Brunswick
18 County IDA number 2209 and this is for US Route 1, I-85
19 corridor industrial development utility improvements and
20 expansion water and wastewater. Funds will be used to
21 increase capacity of the planned water and sewer lines facility
22 serving the new Meherrin River Regional Jail Authority. The
23 Commission funding will allow the county to upgrade the
24 water system from an 8 inch to 10 inch waterline and add a
25 pump and upgrade the generator for the water booster station;

1 and provide the wastewater system with an additional 41,000
2 linear feet of forcemain and gravity sewer. The staff is
3 recommending \$900,000 worth of funding.

4 The next one on the list is Buckingham County
5 the Ellis Acres Memorial Park Buckingham Training School
6 Shop Building. This is a request to renovate an existing
7 freestanding bathroom structure that will serve an adjacent
8 former training school building in Buckingham that is being
9 renovated for adult basic education, community college
10 classes and community meeting purposes. Southside
11 Community College has offered to provide classes at the site
12 and GED classes are also planned. The project is currently
13 using a 77,000 Southside Economic Development Grant
14 awarded in 2009 for renovations to the training school
15 building. Staff is recommending \$35,308 award.

16 The next project on the list is Campbell County
17 Seneca Commerce Park Public Sewer System Phase II Pump
18 Station. This is the second funding phase of a public sewer
19 system to serve the Seneca Commerce Park. The park was
20 originally designed for 7 sites with onsite septic sewer
21 treatment, of which two lots totaling 9 acres are currently
22 occupied. Serving the park with public sewer and eliminating
23 the need for the septic drain fields will allow the County to
24 maximize available property at the park increasing the number
25 as many as 17 and doubling potential new jobs creation. The

1 Commission supported the first phase of this project with
2 \$572,825 award from Southside program in FY11 and prior to
3 this has invested \$656,000 for site development of Seneca
4 Commerce Park resulting in the attraction of two companies.
5 The project will allow greater long term private capital
6 investment and job creation in the park and provide reliable
7 sewer service to tenants. Staff recommends an award of
8 \$292,549.

9 The next project on the list is the City of
10 Danville, Center for Applied High Performance Computing.
11 This is a non-profit science, technology and strategy
12 organization. This will be the first such center in the United
13 States to provide low cost high performance computing
14 resources to small businesses. This will be the first super
15 computer housed outside a federal agency or university. It's
16 estimated that Noblis expects to employ 15 people with an
17 average annual wage of \$125,000 within the first year of
18 operation. Given what the Cray XMT supercomputer will
19 apparently be the first installation outside a federal agency or
20 university setting, it has potential to be a catalyst for
21 significant information technology sector attention and
22 investment in and surrounding the CAHPC, as well as
23 providing a unique incentive to support research activity in the
24 region. The staff is recommending an award of \$1.6 million
25 and contingent on ownership of the supercomputer co-titled to

1 the City of Danville and/or reverting to the City of Danville if
2 Noblis were to consider moving the supercomputer or a
3 majority of the staff supporting the CAHPC operations to a
4 location outside the tobacco region. Second, successful
5 negotiation with Noblis for an agreed upon reduced discounted
6 pricing structure of CAHPC resources to the Tobacco
7 Commission are R&D centers and companies within the
8 tobacco region encouraging research and location of new
9 companies in our footprint and providing reasonable revenue
10 to support operation of the center. The third is that no
11 Tobacco Commission funds shall be released until the
12 applicants provide a detailed market study regarding potential
13 users and a multi-year operating budget indicating committed
14 operational funding. I believe the applicant has indicated they
15 plan to submit an application to the Southside Program next
16 year asking for approximately \$1.4 million assuming that level
17 of funding is available to fund to support the costs of the
18 supercomputer.

19 MR. NOYES: This is a policy issue and we do
20 not pay the cost to ensure prior to the decision of the Board,
21 and recommending the project. So we're asking now for a
22 commitment for next year, does everyone understand that.
23 They are notifying us now that there's going to be an act
24 contrary to our policy at a meeting for the allocation next year.
25 This Committee needs to consider whether or not it will be

1 prepared to do that.

2 MS. NYHOLM: That's conditioned on that
3 allocation being available.

4 MR. NOYES: Yes. The policy issue is the costs
5 incurred prior to the recommendation by the Committee, a
6 decision generally not considered eligible and they're asking
7 for an exception to the policy.

8 DELEGATE MARSHALL: Maybe somebody can
9 come up and talk about this project and make sure that the
10 Committee is comfortable with it.

11 MR. STRATON: I'm Jeremy Straton with the
12 City of Danville. We're talking about this supercomputer. Our
13 portion of this project is that we are requesting and our
14 allocation is \$1.6 this fiscal year and when we get the
15 allocation for next year \$1.4 it will be used for that purpose
16 and purchase the rest of the supercomputer.

17 DELEGATE MARSHALL: Tell us a little bit
18 about the computer, whose going to be the customers?

19 MR. STRATON: I'm going to call on Dr. Gilbert
20 Miller. He's with the company and he can answer these
21 questions better than I can.

22 SENATOR RUFF: Has the Governor's
23 Opportunity Fund recommended that it be approved?

24 MR. STRATON: It has not been approved,
25 we're working with Keith Boswell and he'll have an answer to

1 that shortly I believe.

2 DR. MILLER: Good morning, I'm Dr. Gilbert
3 Miller and I am the chief technology officer for Noblis, a non-
4 profit science technology company that was formed in 1996
5 and the headquarters is in Falls Church, Virginia. We are
6 working exclusively for the federal government on problems
7 concerning science and technology and working with problems
8 related to system requirement systems design and exclusively
9 with science and technology. The proposal that Noblis and
10 Cray come to the City of Danville with involves the purchase of
11 a Cray supercomputer which is essentially designed to deal
12 with problems with CAPHC analytics or any problem that you
13 cannot mathematically define as a structure and network
14 graphic. Things such as looking at intelligence records for
15 purposes of identifying terrorists, things such as looking at
16 how better models computationally flow of proteins in the
17 human body, problems that deal with the graph analytics.
18 Our proposal is to locate the supercomputer in Danville in
19 order to develop in the first two years of the program
20 applications that we can then basically derive federal
21 government contracts and grant monies available if they
22 sustain the effort in Danville. We're looking for this initial
23 funding to get us started and then we'll make sure that 15
24 people are employed and quite significantly contributing to the
25 problems that have been recognized by the National Academy

1 of Science.

2 SENATOR RUFF: You define this as a non-
3 profit?

4 DR. MILLER: Yes, sir. This is a 501(c)(3) tax
5 exempt organization. We're recognized by the IRS and we're
6 non-profit chartered out of the State of Delaware.

7 MR. OWENS: Any other questions?

8 DELEGATE BYRON: My understanding is that
9 the policy question that Neal was referring to, you're
10 depending on using this years and next years, if there is a next
11 year. What happens if the money is not available next year?
12 Is the City of Danville going to come in and take over this?

13 MR. OWENS: So they're asking for \$1.6
14 million to help fund the supercomputer.

15 MR. STRATON: It's \$1.6 this year. They've
16 purchased the supercomputer then we have an agreement and
17 somehow the City of Danville will come up with the other \$1.4
18 million. We're hoping there will be an allocation next year to
19 use funds for this project. As we sit here today we I don't have
20 it.

21 DELEGATE BYRON: I have another question
22 about this. Is our grant contingent on the Governor's
23 Opportunity Fund coming through? Does every piece of this
24 puzzle have to work to make everything happen?

25 MR. STRATON: Yes, to make it happen.

1 MS. CAPP: We recommend this be done with
2 an operating budget indicating full cooperation where the
3 Governor's Opportunity Fund is not available to him, looking
4 for the applicant to demonstrate that to us.

5 SENATOR REYNOLDS: If I understood Sarah's
6 comments, basically the money doesn't get disbursed unless
7 the financial plan is in place and showing that. You have to
8 have the money necessary to get the computer.

9 MS. CAPP: That's correct along with what
10 we've recommended.

11 SENATOR REYNOLDS: Mr. Chairman, I'm not
12 sure I quite understand why have to make a decision on this
13 today about the future allocation. I understand that's the
14 policy not to do that but I need a little more clarification about
15 that, could someone do that?

16 MR. NOYES: The Committee is not being
17 asked to make a decision about a future allocation, you're
18 being notified that this applicant intends to act contrary to
19 policy at your meeting for available funds next year. You
20 should be aware that that is their intent and that's contrary to
21 the policy.

22 DELEGATE BYRON: I have another question
23 for the company. How much of your operation is dependent
24 on federal funding? Are you dependent on federal funding
25 coming along as well?

1 DR. MILLER: The total project is estimated for
2 a requirement of funding of \$11 million. We are seeking
3 money from the Tobacco Commission as well as the Governor's
4 Fund for the upfront part for the facility renovation in
5 Danville. A lot of this will go for administrative purposes of the
6 supercomputer, additional staff research and development.
7 We have a need for approximately \$5.3 million from the federal
8 government in order to provide money to begin the application
9 work.

10 DELEGATE BYRON: So this is contingent on
11 all this funding coming together?

12 DR. MILLER: Yes, 40/50 percent.

13 MS. NYHOLM: Our \$1.6 million would not be
14 released until the other monies came together including next
15 year's allocation to make the whole process work. We're going
16 to set it aside but not write the check.

17 MS. CAPPAS: We wouldn't release the \$1.6 or
18 any amount until it was all together.

19 MS. NYHOLM: Is this also contingent on this
20 federal contract. I also wonder why you're a non-profit or a for
21 profit.

22 DR. MILLER: That's one of our corporate
23 histories. We're a spin-off of another corporation and who
24 themselves, it's a matter of our corporate legacy.

25 SENATOR RUFF: The federal money or

1 contracts, when will you know if you'll get that or not?

2 DR. MILLER: I can't give you a firm date.
3 We're looking into that now and working on that and looking
4 at some initial opportunities we have. We're looking at
5 everything that's going to happen.

6 SENATOR RUFF: Do you anticipate in six
7 months or a year?

8 DR. MILLER: Yes, that would be our
9 timeframe to make this go. That would be about the time of
10 delivery of the supercomputer and that would allow us to
11 bring together both the hardware for the project as well as
12 staff in Danville.

13 MS. CARTER: For your timetable for all of this
14 to come together, you set up shop here in Danville, for your
15 sustainability, would you still be engaged in federal funding
16 because you're non-profit?

17 DR. MILLER: Noblis is a company and we have
18 approximately \$158 million a year in revenue and we live that
19 way all the time for the rest of the company. We are 95
20 percent funded through contracts with the federal government
21 and contracts to deliver information technology, scientific
22 services and we've lived that way since we formed the company
23 in 1996 as an organization. We're used to living exactly that
24 way, it's a way of life for us.

25 MR. OWENS: Thank you.

1 MS. CAPP: The next project is Greenville
2 County Southside Virginia Education Center, a request for
3 \$128,595. They're requesting funds for a new 20,000 square
4 foot wing that will include 5 classrooms, two large instruction
5 labs for automotive technology and high performance
6 manufacturing, a library, student lounge and 4,000 square
7 feet of offices. Phases I and II of the facility has been built
8 using \$1.1 million of previous Tobacco Commission grants and
9 is generating impressive enrollment numbers. It's been
10 reported 3,000 people served in the past year. The center is
11 also uniquely positioned to become an advanced
12 manufacturing training center for Rolls Royce suppliers
13 serving the Aircraft Engine Plant in nearby Prince George
14 County. Staff is recommending an award of \$128,595.

15 The next project is Halifax County Department
16 of Tourism Visitor's Center requesting \$498,000. Funds are
17 requested for a building and land acquisition and building up
18 to establish a Halifax visitor's center at the intersection of 360
19 and 58. A 12,000 square foot building of which the front
20 4,000 square feet would be for the visitor center. This is for
21 purchase of the building and land acquisition. The location on
22 58 and 360 has 13,000 vehicles per day and that's the highest
23 traffic area in the county. Halifax County and South Boston
24 IDA are working cooperatively on the project, each with
25 pending commitments for investing \$105,000 towards the cost

1 of purchasing the building. Staff is recommending an award
2 of \$498,000 contingent on successful agreement for purchase
3 of long term lease of adjoining lands necessary to expand
4 parking area of the visitor center.

5 DELEGATE MARSHALL: Are the applicants
6 also working with the Virginia Department of Tourism? Does
7 this mean that the funds will be used for payroll, state funds
8 or what?

9 MR. SEXTON: No state funds will be used in
10 connection with the visitor center other than Virginia State
11 Tourism will have some marketing funds. The County and
12 Town of South Boston have incrementally increased their
13 funding to support ongoing operations, level funding the first
14 year.

15 MS. CAPPAS: The last request is from the
16 Halifax IDA is a request to purchase and rehabilitate the
17 former Daystrom Furniture building, a 428,000 plus square
18 foot building on 34 acres and for design and engineering of a
19 60,000 square foot industrial shell in Riverstone Technology
20 Park. Both properties offer opportunities to market facilities to
21 energy companies to complement capabilities offered through
22 the modeling and simulation center. Staff recommends an
23 award of \$2,790,000.

24 The third project under Halifax County is from
25 the Service Authority for the wastewater system improvement

1 project and they're requesting \$244,000. Funds will be used
2 towards expansion of the Maple Avenue Wastewater Treatment
3 Plant and upgrades and improvements to the wastewater
4 system and related facilities to improve operating efficiency
5 and address deficiencies and capacity needs of 20 year
6 projected flow. When completed the existing capacity is
7 already directed to commercial customers and the expanded
8 facility will reduce future limitations and allow for economic
9 growth across key targeted areas in the County. The Maple
10 Avenue Wastewater Treatment Plant will be converted into a
11 regional facility with estimated reserve capacity of 1.7 million
12 gallons a day at start up. Forty-six percent of the existing
13 capacity is already directed to commercial customers, and the
14 expanded facility will reduce future limitations and allow for
15 economic growth across key targeted areas in the County. It's
16 felt that this is in the best interest of all three communities
17 served. The Tobacco Commission received \$396,000 reserve
18 fund application to match an EPA staff funding. Staff
19 recommends an award of \$244,000 contingent on commitment
20 from USDA funding.

21 The next one is Mecklenburg County
22 requesting \$1.6 million. Funds are requested by the County
23 to fulfill a pledge to use its Southside allocation to replenish to
24 the TROF fund a portion of the \$4.8 million TROF grant
25 approved for the recently announced Microsoft Gen 4 data

1 center locating in the Boydton Plank Road Industrial Park.
2 Staff is recommending the \$1.6 million award be transferred to
3 the TROF program.

4 The next project for Pittsylvania County is the
5 Berry Hill Mega Park Phase II Environmental Review and
6 Permitting. Funds are requested to perform environmental
7 studies on 2,000 acres of the 3,500 acre regional mega park
8 being jointly developed by the city and county. This project
9 was submitted to the Special Projects Committee in June and
10 referred to the Southside Committee. Staff recommends an
11 award of \$886,950 from the Pittsylvania County allocation.

12 The next project also supports the Berry Hill
13 Regional Mega Park water infrastructure engineering and right
14 of way acquisition. This is for the Phase II. Funds are
15 requested for Phase II water system engineering design,
16 permitting and right of way acquisition for providing upgraded
17 water and sewer system service and long term service
18 agreement for proposed water service from the City of Eden,
19 North Carolina, entering into multi-state economic
20 development cooperation. The Phase I water system
21 consisting of 12 inch waterline extending south from Route 58
22 to serve Berry Hill is currently under construction along Berry
23 Hill Road and allows for provision of water to the park
24 property and specifically to the proposed energy park site.
25 There's also a plan Phase III. The Phase III of the water

1 system will include collection and distribution improvements
2 on the mega park property coordinated with both systems
3 entering the park. The staff is recommending an award of
4 \$1,192,500.

5 The next project for Pittsylvania County is the
6 Town of Hurt Industrial Park–Klopman Mills Complex Water
7 and Sewer Service. Funds are requested to extend the water
8 and sewer service to the 600 acre Town of Hurt Industrial
9 Park-Klopman Mills Complex. The Town currently has three
10 different businesses as a prospect for this site with one active
11 prospect having entered into negotiation for the purchase.
12 The County has negotiated with the current property owner for
13 a 60 foot right of way through the Klopman Mills site to
14 provide access to the Key Industrial Park. The staff is
15 recommending an award of \$886,500 contingent on final
16 agreement for acquisition of right of way for access to the Key
17 Industrial Park.

18 The next project is the Prince Edward County
19 Granite Falls Hospitality Workforce Training Center. Funds
20 are requested for final architectural and engineering design, a
21 \$15 million conference and workforce training center as part
22 of a new \$50 million hotel and conference center and
23 development near US Route 460 and 15 outside of Farmville.
24 Hotel operating agreements are in place with both Marriott
25 and Crestline. The County received a notice of approval for

1 \$16.75 million of recovery zone facility bonds from the
2 Governor's office on July 8th and the Special Projects
3 Committee recommended a \$1.5 million grant on October 4th.
4 The staff recommends an award of \$145,848.

5 The next project is for Sussex County, Route
6 602, Cabin Point Road Industrial Park. Sussex County
7 intends to develop its first industrial park on 156 acre tract
8 purchased in 2006 and located on US 460 and Cabin Point
9 Road in northern Sussex County. Preliminary engineering,
10 Phase I environmental, and traffic impact analysis were
11 completed in 2008. Given the history of previous awards to
12 Sussex, the staff recommends a \$50,000 award to support
13 final engineering design. Once they complete the design work
14 and an application for them for construction.

15 The last project on the list is submitted from
16 Mid-Atlantic Broadband Cooperative Southern Virginia
17 Broadband Expansion. If you recall, the Commission
18 allocated \$2.5 million each in Southwest and Southside
19 regions to continue broadband deployment following the
20 retirement of the Commission's Technology Program. Mid-
21 Atlantic Broadband requests support for three aspects of the
22 project; continuation of the 50/50 member matching grants
23 program for capital investments for last mile broadband
24 service; construction of 12 towers to enhance viability of
25 extending wireless broadband services and electronics and

1 fiber to serve two critical economic development projects, the
2 Microsoft facility at Boydton Plank Road GigaPark in
3 Mecklenburg County and installation of electronics to support
4 the Goodyear Tire Research Center under development at the
5 Virginia International Raceway in Halifax County. Staff
6 recommends an award of \$2.5 million.

7 MR. OWENS: Does anyone have any questions
8 about the proposals?

9 MS. NYHOLM: I'd like to recuse myself from
10 voting because of VIR.

11 MR. OWENS: We'll pull that one out of the
12 block and vote on it separately. Any others to be pulled out.
13 You've heard the staff recommendations, is there a motion?

14 DELEGATE MARSHALL: So moved.

15 SENATOR REYNOLDS: Second.

16 MR. OWENS: It's been moved and properly
17 seconded to accept the staff recommendations, those except
18 2201. All those in favor signify by saying aye (Ayes). Opposed.
19 (No response).

20 MR. CANNON: A motion to accept 2201.

21 SENATOR REYNOLDS: Second.

22 MR. OWENS: It's been moved and properly
23 seconded for 2201 the staff recommendation. Any discussion?
24 All those in favor signify by saying aye (Ayes). Opposed no.
25 (No response). Let the record reflect that Ms. Nyholm recused

1 herself. Do you have anything else Ms. Capps?

2 MS. CAPPS: Two other business items, a
3 request from Franklin County Office of Tourism. They're
4 requesting \$25,000 from the Franklin County allocation to
5 support the Lake Effect Film project and application which
6 went to the Special Projects Committee and it was tabled at
7 the July meeting of the Special Projects Committee. After
8 meeting last Monday, the Committee recommended that it be
9 considered under Southside's allocation. The project supports
10 a new film.

11 MR. NOYES: Mr. Chairman, this project was
12 not formerly referred to the Southside Committee. The Special
13 Projects Committee indicated to the applicant that Southside
14 Economic Development Committee was the more appropriate
15 place to seek the Commission's assistance. This is a new
16 application although it's been considered and received no
17 award in two occasions from Special Projects.

18 DELEGATE MARSHALL: When was it
19 received? When was the proposal received?

20 MS. CAPPS: We received a letter Monday from
21 the County.

22 DELEGATE MARSHALL: Do we know what the
23 county, if they agreed to this request?

24 MS. CAPPS: The County Board by resolution
25 requested Special Projects and the County Administration

1 office agreed to a referral for consideration on the allocation.

2 MS. WEIR: I'm Deborah Weir and I'm with
3 Franklin County and I appreciate the opportunity to speak
4 before the Committee today. Last week I was in front of the
5 Special Projects Committee asking for support for our project
6 which was tabled in July. After further recommendation from
7 some board members, we went back to the County
8 Administrator and requested that we be allocated some
9 Commission funding toward the project. It was recommended
10 that we come and speak before the Southside Committee. We
11 are developing one film and I brought a copy of the actors that
12 are currently involved. I can have that passed out. This is a
13 documentary that's going to be in addition to the film. There's
14 been large community investment. We received a \$120,000
15 grant from the Governor's Motion Picture Opportunity Fund
16 which is a new fund that the Governor has encouraged and
17 we're one of the first to receive that funding. We're going to
18 use as many local people as we can for equipment from the
19 State Film office. Right now there's 300 extra paid staff, 40
20 paid actors and 50 staff members. We're going to use some
21 music around the mountain artisan, Franklin County's part of
22 the crooked road around the mountain. Jane Seymour is
23 going to be one of the lead actors in the movie. Aaron Stone of
24 the Walton's is going to be in the movie and Vince Savage and
25 Fred Savage is involved. So we have a lot of named actors that

1 are going to be in this film. We also have \$5,000 from
2 Franklin County and \$5,000 from Bedford County that's going
3 toward the film. Our plan is to market this as a tourism
4 website, the Bedford County website and Franklin County
5 website and Lake Effects website. They're not only filming in
6 Smith Mountain Lake but they're filming in the community
7 and the community is going to be part of the film. If you go to
8 see the film, you won't just see Rocky Mount, North Carolina
9 or Rocky Mount, New York, you're going to see Rocky Mount,
10 Virginia and Smith Mountain Lake, Virginia. It's going to be a
11 southwest film about our area and that's basically what I
12 have.

13 MR. OWENS: Why did the staff recommend no
14 award?

15 MR. PHOFL: We had concerns about the use
16 of the funds that were being requested, expenses out of
17 pocket. The project leader who produced the film had
18 indicated in the July meeting that many of the services will be
19 donated and if grant funds were awarded, they would be used
20 for services that otherwise would have been donated. Upon
21 our initial review of the application, we had trouble getting our
22 arms around the viability of the project. The quality of actors
23 and the storyline were going to be involved and there was no
24 commitment from the Virginia film office. We know they have
25 a grant up to \$120,000 from the Governor's Motion Picture

1 Opportunity Fund. At the time of the original submission we
2 had some doubts about the viability of the project.

3 SENATOR REYNOLDS: Mr. Chairman, it's my
4 understanding there has been some match. The local
5 government has come up with something.

6 MS. WEIR: The County has given us \$25,000
7 and that's part of the allocation that they get that goes toward
8 the film. I've had further discussions with those folks involved
9 and I can assure you that any funds that would be given to us
10 or if we were awarded the \$25,000 we would use it for local
11 marketing, getting a PR person and hiring a marketing person
12 so marketing after it's produced.

13 SENATOR REYNOLDS: I'm not sure that I
14 fully, my question is has Franklin County put up any money?

15 MS. WEIR: They have agreed to \$25,000 of
16 their allocation plus \$5,000.

17 SENATOR REYNOLDS: Has Franklin County
18 put up any money to fund this project?

19 MS. WEIR: With permission of the Southside
20 Economic Development, we'll be using \$25,000 of the
21 allocation from Franklin County if I understand you correctly.

22 MR. OWENS: The question is has Franklin
23 County out of their general fund, put up any money for this
24 project?

25 MS. WEIR: Not prior to this request.

1 SENATOR REYNOLDS: I move that we match
2 whatever Franklin County puts up.

3 DELEGATE MARSHALL: I'll second it.

4 MR. OWENS: It's been moved and properly
5 seconded, any discussion?

6 UNIDENTIFIED: Because of this project and I
7 don't want to take away from the movie, I know there's a lot of
8 support for that but from the comments and the Committee,
9 things are going well and it will be great if you get it and that's
10 the message we're getting. It's now transferred back to
11 Economic Development because we felt we could work with the
12 County then with the funds they might consider as Economic
13 Development. I think another issue Mr. Chairman would be
14 the entitlement about their allocation. When you talk about
15 general funding, you're talking about X dollars from your local
16 government. I know a lot of people do that.

17 MR. OWENS: Any other discussion? We have
18 a motion. The motion is not to exceed \$25,000 of Commission
19 funds based on a dollar for dollar match from non-
20 Commission County appropriated funds, is that correct?

21 SENATOR REYNOLDS: That's correct.

22 MR. OWENS: Any other discussion? All in
23 favor say aye. (Ayes). Opposed. (No response).

24 MS. WEIR: Thank you.

25 MS. CAPP: The other business item is that

1 we received a request from Lunenburg County to use a grant
2 you all awarded last year for \$800,000 for renovations to a
3 shell building. They requested to use that in a different way.
4 They're working with a current prospect for a 30,000 square
5 foot building. The county has asked that the grant be
6 repurposed and I'm not sure if there's anyone here from the
7 county or not.

8 DELEGATE MARSHALL: When did we receive
9 it?

10 MS. CAPPS: Friday, October 8th.

11 SENATOR RUFF: Is there an existing building
12 that would work?

13 MS. CAPPS: I'd have to ask Tim.

14 MR. PHOFL: The County's working with two
15 prospects; one of which is interested in the shell building.
16 This would serve a second prospect which the County is
17 considering putting up a new structure for this second project.
18 They're asking for flexibility to use funds either for the shell
19 building or for new construction.

20 SENATOR RUFF: Is the \$800,000 requested
21 for that building, is that prospect the same prospect that still
22 is in play?

23 MR. PHOFL: No, this is a separate prospect.

24 SENATOR RUFF: One of those is looking at
25 the shell building?

1 MR. PHOFL: Yes.

2 SENATOR RUFF: So that's not completely off
3 the table?

4 MR. PHOFL: Correct.

5 DELEGATE BYRON: We can't be getting these
6 late giving the staff three days and then have a meeting and
7 the staff isn't prepared to know the answers if we can't get a
8 chance to comment and review and so forth. I'd say we don't
9 do anything because we don't have enough information before
10 us.

11 MR. OWENS: Anyone from the County here?

12 SENATOR RUFF: There's no application before
13 us so we don't need a motion.

14 MR. OWENS: Tell them to come back and
15 apply.

16 MR. NOYES: I don't have anything.

17 MR. OWENS: That completes our business, is
18 there anyone from the public that wants to comment? Then if
19 there's nothing further, we're adjourned.

20

21 PROCEEDINGS CONCLUDED

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