

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

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219
5
6
7
8

9 Southside Economic Development Committee Meeting
10 Tuesday, May 15, 2012
11 1:00 p.m.
12

13 Southern Virginia Higher Education Center
14 South Boston, Virginia
15
16
17
18
19
20
21
22
23
24
25

1 **APPEARANCES**

2

3 The Honorable Edward Owens, Chairman

4 The Honorable Thomas C. Wright, Jr., Vice Chairman

5 The Honorable Kathy J. Byron

6 The Honorable Mary Rae Carter

7 Deputy Secretary of Commerce & Trade

8 Mr. John R. Cannon

9 The Honorable Daniel W. Marshall, III

10 The Honorable Donald W. Merricks

11 Ms. Connie Greene Nyholm

12 The Honorable Frank M. Ruff

13 Mr. Gary D. Walker

14

15

16 **COMMISSION STAFF**

17 Mr. Neal Noyes, Executive Director

18 Mr. Ned Stephenson, Deputy Executive Director

19 Mr. Timothy J. Pfohl, Grants Program Administration Manager

20 Ms. Sarah Capps, Grants Program Administrator,

21 Southside, Virginia

22 Ms. Carolyn Bringman, Performance Data Analyst

23

24

25

1 May 15, 2012

2

3

4 MR. OWENS: All right, good afternoon, I'm
5 going to call the meeting of the Southside Economic
6 Development Committee to order and ask Neal to call the roll.
7 Before I do that though I'm going to introduce some people
8 here from the Higher Education Center. I'll call on Betty
9 Adams.

10 MS. ADAMS: Thank you Chairman Owens. I'd
11 like to offer a welcome to the members of the Committee and I
12 was also told to keep my comments short. I just want to say
13 thank you to you. Thanks for being here. What you see here
14 for the most part has been touched by and provided for by the
15 Tobacco Commission. We are most proud of our newest
16 building innovation center which is our headquarters for
17 workforce development. If you're interested after this meeting,
18 we have arranged for a tour and if you're interested in that,
19 please see me or Patty Nelson after your meeting and we'll
20 show you around. I believe I sent an email out yesterday
21 which has the most exciting news that we've had this week.
22 That is that we have confirmed Karen Mosher for our
23 workforce board, she's known as the pied piper of
24 manufacturing and we're excited about that and I hope you
25 will be available. I've also left at your places information about

1 a workforce development program that we're developing called
2 I2E2 that we're developing through the advanced
3 manufacturing .

4 MR. OWENS: One other person I'd like to
5 recognize is the town manager in lieu of the mayor.

6 TOWN MANAGER: I'd like to welcome you too
7 to South Boston. The mayor is down at the beach enjoying
8 himself and our honorable vice mayor is sitting up at the other
9 end of the table. It's a pleasure as town manager to be able to
10 welcome you to the Town of South Boston and I second
11 everything that Betty Adams has said and that's the Tobacco
12 Commission and the job you've all done for us and also in
13 Halifax County, the Town of South Boston and Mecklenburg
14 County. As we go off into the future and as we look back, the
15 impact that the Tobacco Commission has had has been a
16 substantial part of our community and it's been quite a
17 blessing for us. So, welcome to South Boston. I hope you
18 enjoy yourselves.

19 MR. OWENS: All right, Neal, would you call
20 the roll?

21 MR. NOYES: Delegate Byron?

22 DELEGATE BYRON: Here.

23 MR. NOYES: Mr. Cannon?

24 MR. CANNON: Here.

25 MR. NOYES: Deputy Secretary Carter?

1 DEPUTY SECRETARY CARTER: Here.

2 MR. NOYES: Mr. Cundiff is not attending. Mr.

3 Harwood.

4 MR. HARWOOD: (No Response).

5 MR. NOYES: Delegate Marshall?

6 DELEGATE MARSHALL: Here.

7 MR. NOYES: Delegate Merricks?

8 DELEGATE MERRICKS: Here.

9 MR. NOYES: Ms. Nyholm?

10 MS. NYHOLM: Here.

11 MR. NOYES: Mr. Owens?

12 MR. OWENS: Here.

13 MR. NOYES: Senator Ruff?

14 SENATOR RUFF: Here.

15 MR. NOYES: Mr. Walker?

16 MR. WALKER: Here.

17 MR. NOYES: Delegate Wright.

18 DELEGATE WRIGHT: Here.

19 MR. NOYES: We have a quorum.

20 MR. OWENS: Everyone received the minutes,

21 do I have a motion to approve the minutes from the 12-6-11

22 meeting? All right, it's been moved and seconded. All those in

23 favor or approving the minutes say aye. (Ayes). Opposed. (No

24 response). The minutes are approved. Mr. Noyes.

25 MR. NOYES: Ladies and gentlemen, Stale

1 Grant Reports. There are two matters that appear on your
2 economic development recommendations. Beyond that in
3 Southern Virginia we're in very, very good shape in terms of
4 projects that have exceeded the ability to be extended
5 administratively. That's a credit to Ms. Capps and Kim
6 working with the grantees. That's to the credit of the grantees
7 and much appreciated in keeping us informed, the staff on the
8 grants.

9 MR. OWENS: At this time I'll ask Ms. Capps to
10 come forward.

11 MS. CAPPS: You all received the staff
12 recommendations documented in advance. There were 12
13 applications by March 30th deadline, the second round of
14 Southside Economic Development Committee Program and I'll
15 walk through those for you. I assume you all have read the
16 staff recommendations and have the documents and I'll move
17 through these quickly and if you have any questions, I can
18 slow down. The first project on the list under Bedford County
19 is submitted by the County IDA, MRT Manufacturing Forest
20 Equipment of Virginia Weld Shop Expansion Project. This
21 project comes with direct job creation, 35 new positions and
22 \$3.5 million private capital investment. The staff recommends
23 an award of \$96,081.40 award to be combined with the TROF
24 award and performance agreement issued in December.

25 The second project on the list from Bedford

1 County that first project from the Economic Development
2 Office took the full allocation from the county. The second
3 project on the list is from the National D-Day Memorial
4 Foundation requesting funds for a feasibility study and
5 preliminary plans for an education center. We'd like to note
6 that while the project meets the criteria, while the D-Day
7 Memorial meets the criteria of being a nationally and
8 internationally recognized visitor destination, the applicant
9 identifies private funding which should allow them to begin
10 the study and renderings. The staff does recommend no
11 award.

12 The third project on the list was submitted by
13 TRAX International in Bedford County and TRAX is a private
14 company therefore they're not eligible as an applicant for the
15 program. We have pointed them to the CAR and other
16 partners they can work with because they're ineligible the staff
17 is recommending no award.

18 MR. OWENS: Delegate Byron.

19 DELEGATE BYRON: I'd just like to make a
20 comment that I think the TROF Agreement that the Tobacco
21 Commission came forward with, I actually went out and visited
22 two of these and the people from Bedford and have been in
23 touch with various people and my colleagues and after visiting
24 there I was very impressed with some of, they actually for the
25 house members and surprised to see that VDOT trucks come

1 in there. What they do is they go and refurbish the whole bed
2 of the trucks and front of the trucks and they're able to
3 replace these trucks and get them done at a reasonable cost.
4 They're doing a lot of great work there and they're expanding
5 and starting to create additional jobs. I just want to comment
6 briefly on TRAX the private company. We're very interested in
7 work they're doing and they're designing and working on
8 online and simulation training and it's really fascinating what
9 they're doing there. They are able to do some training for high
10 tech jobs and for utility operators, actually simulating the
11 power plant right online for these folks to get some training,
12 that's not available anywhere else. I know I'm trying to gear
13 them in a different direction but we hopefully can utilize some
14 of the things that they're doing while they may not be available
15 for the funding right now and maybe will be later on. I know
16 you'll hear about it later.

17 MS. CAPP: The next project is Brunswick
18 County. Next we have Brunswick County which submitted
19 three applications. The first project is Route 58 East Water
20 and Wastewater System Phase I Construction Project, \$2
21 million is requested. This is requested to expand the water
22 and wastewater from where they're currently running lines to
23 and this is to be developed in the far eastern area of U.S.
24 Route 58 corridor. The funding is requested to identify a
25 portion of the estimated \$5 million costs for Phase I water and

1 wastewater system construction for extension of a 12 inch
2 water main and 10 inch force main approximately 19,000
3 linear feet long on Route 58 from Lawrenceville Brick to the
4 Dominion site. Staff recommends an award of \$456,042 for
5 90 percent of project engineering prior to construction. This
6 would allow time for the IDA and the county to pursue the
7 other financing that is needed for the whole financing package
8 for this project. Prepare a cash flow analysis which is a
9 requirement for our project.

10 The next project on the list is also submitted
11 by Brunswick County IDA, the 58 East Industrial Site II
12 Acquisition requesting \$720,000. This would include
13 acquisition of 428 acres adjacent to and across from the
14 Dominion site. Dominion has indicated that a portion of the
15 land will be used initially as an access point and a lay down
16 area during Dominion's construction of the power plant. Staff
17 suggests that further assessment be conducted to evaluate the
18 potential for industrial development of the property. Staff is
19 recommending an award of \$27,000 for 90 percent of the
20 master planning and preliminary engineering of the property
21 that is proposed for acquisition. We did receive a follow up
22 proposal from Timmons on behalf of the County for that
23 master plan and preliminary engineering.

24 The third project submitted from Brunswick
25 County is St. Paul's College. It's a project that involves

1 restoration, repair and renovation of the educational buildings
2 of St. Paul's College and that's located in the Town of
3 Lawrenceville. The College has been in Lawrenceville since
4 1888. This is a four year liberal arts school and they're
5 requesting \$3,136,500. The \$3 million is a request from the
6 Tobacco Commission and that's for capital renovations and
7 maintenance to four academic buildings. The Tobacco
8 Commission money represents a portion of an estimated \$16
9 million of capital needs for renovations to the College
10 buildings, three years of deferred maintenance. The College is
11 facing some challenges and in 2010 was denied reactivation or
12 accreditation from SACS. The College was denied
13 accreditation for failure to meet compliance standards for the
14 principals of accreditation. They're currently working to
15 address all of these compliance issues to get back into their
16 accreditation. The staff is recommending an award of
17 \$310,000 to be matched dollar for dollar as a challenge grant
18 for the renovation of Brown Hall, contingent on SACS re-
19 accreditation. Brown Hall is their science building and that
20 can be consistent with other private colleges that we've made
21 investments in.

22 MR. OWENS: we've heard all three Brunswick
23 County requests. Anybody here from Brunswick County to
24 address these three projects?

25 MS. MOORE: Thank you Mr. Chairman.

1 We've had discussion with the Tobacco Commission staff.
2 We're satisfied with their recommendation. We'll be working
3 with them to further this project.

4 SENATOR RUFF: Sarah, do we have a
5 timeframe when the SACS accreditation will come through?

6 MS. CAPPs: Next month, in June as far as the
7 accreditation.

8 SENATOR RUFF: Are there any other options
9 where we can get a yes or no or is it possible that they'll be
10 delayed for a period of time?

11 MS. CAPPs: No, two years is the maximum
12 time period. They can be removed, they can be on probation
13 and this will end in June.

14 MR. OWENS: Anyone else?

15 MS. TETLOW: I'm Kimberly Tetlow. I'm vice
16 president for Institutional Advancement for the College.
17 Thank you for hearing me Mr. Chairman and thank you for
18 the recommendation. I wanted to address the current
19 situation with SACS. We had our onsite visit with the
20 Committee and they left on April 18th and the two major
21 complaint issue areas have been the financial controls and
22 financial resources over the last several years. From SACS
23 visiting Committee they have recommended to the Executive
24 Committee which meets June 18th that we are in full
25 compliance with financial controls, that means all federal, and

1 state, private and sponsor and in short our systems are in
2 control. All this is due to our new president, Eddie Moore, Jr.
3 who was a Commonwealth Treasurer for three years and
4 President of Virginia State University for 17 years. This past
5 weekend the Board just announced he's voted in as our Tenth
6 President and no longer interim. So there will be continuity
7 and I joined a year ago. There's been a tremendous
8 turnaround in the College. We have met half of the
9 compliance issues and the other being financial resources. We
10 have a \$5 million campaign and we're at \$4.34 million at the
11 moment. We're almost there. One of the things we need to do
12 is not only reach this threshold but to show there is financial
13 stability for us and beyond July 1 and a recommendation from
14 the Committee to help us with some of our deferred
15 maintenance, particularly the library as well as Brown Hall,
16 the MEP situation there. We think this will go a long way in
17 helping to reaffirm us be awarded full accreditation. None of
18 those funds will be used for anything other than the
19 maintenance issues.

20 One final thing to let you know that we are
21 well funded in terms of meeting matches for this. We receive a
22 \$500,000 a year HBC fund for maintenance and repair on the
23 educational building from Title III Part B we have a current
24 balance of \$190,000 and we will receive October 1, \$245,000
25 from them as well. We're fully able to match anything that

1 you all can award us and continue to work beyond and today
2 we have another \$100,000 before I came today. It is an
3 extraordinary situation of people stepping forward and
4 believing in St. Paul's so yes, there is an opportunity after 125
5 years to resurrect and turnaround and meet the educational
6 needs of Southside Virginia. Thank you.

7 DELEGATE MERRICK: The Capital Campaign
8 for Capital Improvements, the operational funds of the College,
9 are they in good shape as far as the day to day operations?

10 MS. TETLOW: Absolutely. One of the first
11 things we did was to reduce the operating budget based on
12 cash driven decisions so we didn't have so many small
13 classrooms, better economy of scale. The \$5 million goal for
14 the now portion of the new campaign which is our annual
15 June 30th includes \$2 million for general operations. We met
16 that a month and a half ago. We been operating with a
17 balanced budget since a month and a half ago. Another \$1.2
18 is toward other needs that are still part of paying down general
19 operations and eliminating or moving greatly ahead toward
20 reliance on short term debt. The turnaround has been
21 extraordinary. The remainder of that to meet the \$5 million
22 are for other capital needs, curriculum enhancement and that
23 type of thing.

24 DELEGATE MERRICKS: You're confident that
25 the SACS accreditation coming up in June will be favorable?

1 MS. TETLOW: Favorable and very much so as
2 the president which I do have to extend his very deep regrets
3 for not being here. He is required right now by SACS to be
4 submitting online reports that happen to conflict with the time
5 of this meeting. He is in agreement with me that while there
6 are no guarantees of course, what we have managed to do has
7 been such an extraordinary turnaround in meeting the goals
8 of the financial resources that are necessary. We have about
9 \$300,000 to go between today and June 18th to meet the needs
10 that make our financial statement ratio where it needs to be;
11 \$100,000 is actually part of it in closing the deal for coming
12 here. In that regard, we will have met that. The other variable
13 which is why these funds are so important, it shows there is
14 further investment. As part of this campaign, I've managed to
15 put together multi-year pledges to take us through 2016 and
16 right now about \$350,000 and that's the beginning. We really
17 have not begun the forever portion starting July 1. We built
18 the leadership council and to get various leaders to help us
19 with this fund raising as we go along. We'll begin that formal
20 phase July 1. What we'll be able to do is receive funding from
21 you all is have another stamp of approval that we will have
22 funds available just for capital needs but we have started our
23 funds for our operating needs, we're ahead of the 8 ball for the
24 first time in probably a couple of decades. That's due in large
25 part to the fiscal management turnaround and trust from the

1 community that President Moore brought. Thank you.

2 MR. OWENS: Thank you, any other questions.
3 All right.

4 MS. CAPP: The next two projects have been
5 submitted by Greenville County. The first one is the Skippers
6 Wastewater Treatment Plant project and they're requesting
7 \$35,730 and this funding will be combined with funding under
8 the TROF award or the Wilco Hess and have signed a
9 performance agreement. The company signed a performance
10 agreement for creation of 47 new jobs and \$5 million capital
11 investment. Exit number 4 on Interstate 95. The staff is
12 recommending the full award of \$35,730, not to exceed 90
13 percent of project costs excluding costs supported from the
14 TROF award.

15 The next project on the list from Greenville is
16 for an economic development assessment requesting \$50,000.
17 The original request had two components; one was to assess
18 six properties in the county for economic development
19 potential. The second component was for the development of
20 an economic development website. The local website would
21 not be of high priority for Tobacco Commission funding. The
22 County has subsequently provided an expanded scope for the
23 site assessment project that includes additional public
24 meetings, marketing materials and analysis. Staff
25 recommends \$50,000 award for 90 percent of the cost of the

1 expanded scope of work for site assessments.

2 Next project on the list is from Halifax County
3 IDA and its Project Colt for Green View Advanced
4 Manufacturing Center Area A. The request is for \$537,302.
5 Private Colt is a code name for a manufacture of luxury
6 custom designed and finished kitchen cabinetry. The
7 company is headquartered in Indianapolis, Indiana and the
8 manufacturer is in West Virginia. The manufacturing facility
9 here will be an expansion to meet product demand and
10 introduce a new product to the market. The staff recommends
11 a \$535,000 award contingent on the use of competitive
12 bidding for all construction activities in accordance with the
13 Virginia Public Procurement Act and receipt of required grant
14 reports prior to disbursement and outcome requirements.

15 SENATOR RUFF: What was the last one?

16 MS. CAPP: The outcome reporting
17 information, the outcome reporting forms for all the grants for
18 the applicants in the Southside Program.

19 The next project is Mecklenburg County, a
20 request for \$180,000 and that's requested for a feasibility
21 study for the Mecklenburg Correctional Center. The request
22 was for evaluating the redevelopment potential of the
23 correctional center that has closed. The county has asked us
24 that we allow those funds to be used for an environmental
25 study on the site of the property after the language included in

1 the budget bill that transfer ownership of the correctional
2 center back to the County. The staff recommends an award of
3 \$180,000 for 90 percent of environmental assessment and
4 engineering of the cleared prison site when property title has
5 been returned to the County.

6 Next project on the list from Prince Edward
7 County was the Robert Russa Moton Museum Civil Rights in
8 Education Heritage Trail Tourist Center and they're requesting
9 \$76,000. This is for construction of a 2,000 square foot
10 Pavilion including kiosk, wall maps, water fountains,
11 restrooms, et cetera. This request is to meet the match
12 requirement for a VDOT enhancement grant proposal of
13 \$303,000. The Moton Museum has identified the Pavilion as a
14 critical part of their facility needs in order to accommodate
15 larger groups including the need for additional restrooms. The
16 Pavilion will also be used to provide additional interpretive
17 areas including the kiosk and the wall maps for the museum
18 as well as large group events. The staff recommends \$76,000
19 award contingent on VDOT funding approval.

20 MR. WARD: The status of the new operations,
21 it's open or a portion thereof and we were very fortunate of
22 financial support from the USDA and that allowed us to take
23 an auditorium main operation area and get those back in
24 operation in September of 2011 so we are now operating. We
25 got five classrooms that were prepared and funds that came

1 through private donations like yourselves the Tobacco
2 Commission. That allowed us to take these five classrooms
3 and prepare them. To place the exhibits in those particular
4 areas is going to cost about \$2 million. We received a
5 \$350,000 grant from the National Endowment for Humanities
6 and from the Tobacco Commission in a previous grant you
7 gave last year. We have a pending \$700,000 request
8 contingent on a block grant which has progressed to the first
9 round DHCD. We're waiting to hear about the final award.
10 With those dollars from CDBG and the Tobacco Commission
11 and the National Endowment for Humanities, a pending
12 request from another funder to be able to begin construction
13 on the last part of the galleries. I have a completion or
14 opening in the spring of 2013. We'll be able to operate at full
15 capacity. Another piece of the building is the tar paper shack.
16 It provides a context of what the complaints were back in 1951
17 and that will provide additional office space. It will be a nice
18 space for the other end of Main Street in Farmville, when the
19 Heritage Trail comes through and the new facility will be in
20 place. We will be working closely with the Town of Farmville.
21 So all in all, we're in a very good place right now. I believe this
22 will take Moton to the next level. We've assembled a working
23 group of individuals who transition our Board of Directors
24 which has been very locally based to a Board of Trustees
25 which will have much more regional base. Dominion

1 Resources will give us a trustee; one of their executives and in
2 conversations with the Williamsburg Foundation, they will give
3 us one of their professionals to constitute our Board of
4 Trustees and working closely with Longwood University. That
5 will come into place.

6 At this point we're at a place in the last three
7 or four years which can be defined by capital improvements
8 and we're now in the phase where we're reaching out to
9 broaden a teaching place for teachers across the country
10 about the civil rights era. This is an area that Virginia does
11 somewhat lag on and Georgia, Alabama and Mississippi have
12 done a tremendous job in the last 10 or 15 years in preparing
13 their heritage tours. Virginia is now just coming into it.
14 Within the Tobacco Commission area is going to be Virginia's
15 Key Civil Rights Museum. I think we're going to attract a lot of
16 east coast tourists who have heretofore been traveling to the
17 deep south to experience the Civil Rights areas. On a final
18 note, I'd like to say I heard about the dedication of the
19 Museum of the Confederacy and there's a very large exhibit
20 coming out on that. The story of what happened after
21 Appomattox. The exhibit ends with the Moton story. After
22 Appomattox is what happened we're going to have a great one
23 two punch. It's really a very complimentary project.

24 MR. OWENS: Any other questions?

25 MR. WARD: We have a lot going on.

1 MS. CAPP: The last project on the list is from
2 Sussex County is the Henry Technology Park and Commerce
3 Center requesting \$245,887; \$135,000 is requested for
4 conducting due diligence work on property over 537 acres the
5 county purchased for just over a million dollars. Our money
6 would be used to pay for some environmental work,
7 preliminary engineering work. An application that the staff
8 encourage following a visit to the site in March and based on
9 the property being located very close and in close proximity of
10 the I-95 Greenville Mega site and the availability of existing
11 infrastructure, the staff is recommending \$135,000 award
12 with the recognition that the cost of acquisition in 2011 serve
13 as the required match.

14 SENATOR RUFF: You all are following what's
15 happening in connection with the project. You all could not
16 prepare this before, the environmental impact issues. I'm not
17 sure that the environmental assessment issue should be the
18 highest priority. When we first started talking about the
19 application for the study of economic liability at that industrial
20 site. Wayne, do you want to join in? I'm not sure moving
21 forward today on this is a whole lot until we find out the
22 highest priority.

23 MR. CARTER: Yes, I agree.

24 SENATOR RUFF: Rather than doing it by the
25 seat of our pants, if we could hold this open possibly before

1 the full meeting, I would make that suggestion if that's
2 agreeable.

3 MR. CARTER: Yes, sir.

4 DELEGATE WRIGHT: I would agree a hundred
5 percent with what Frank just said. Actions of the General
6 Assembly yesterday really makes this part of the grant
7 necessary at this time. Future use of monies available, I
8 would agree with Frank's motion.

9 MR. NOYES: If I may just to clarify. Is there a
10 request for another meeting of the subcommittee ahead of the
11 full Commission meeting?

12 SENATOR RUFF: I don't know that that has to
13 be necessary but I think that, I don't see any value in this and
14 the reality it will take a year and half to improve the buildings,
15 I'm not sure we need to rush that part. The marketing of the
16 property is more important if that makes any difference.

17 MR. NOYES: Does it make sense to have a
18 motion senator to table this project until the next scheduled
19 meeting of the committee and then have a better sense of
20 what's happening?

21 SENATOR RUFF: That would be fine. That
22 would be the motion to table it.

23 DELEGATE WRIGHT: I'll second the motion.

24 MR. OWENS: Mecklenburg County, project
25 number 2528. All right, all those in favor say aye. (Ayes).

1 Opposed. (No response). That will be tabled. Do you want to
2 vote these in a block or do you want to pull out any and then
3 vote on it?

4 DELEGATE BYRON: I move we vote on them
5 in a block.

6 DELEGATE WRIGHT: I'll second.

7 MR. OWENS: The motion that we vote on
8 these in a block for the staff recommendation and it's been
9 seconded. All those in favor say aye (Ayes). Opposed. (No
10 response).

11 MS. CAPP: There are two other items of
12 business; both from Halifax County IDA. The first one is
13 number 1734, Riverstone Technology Park Ready Site
14 Development Project. Originally that was for two million for
15 pad grading, sewer and electrical utilities. The aspect of the
16 project relates to electrical utilities for transmission lines
17 delays involving the Corps of Engineers and that goes through
18 federally owned land located with or associated with Kerr Dam
19 and Reservoir. The IDA is requesting a six year extension for
20 the project, six total years to complete the project. The staff
21 recommends a one year extension to October 30, 2014 with
22 the grantee to report on progress achieved at that time. The
23 October 2014 date is consistent with due timeline in
24 connection with Dominion provided by Dominion.

25 SENATOR RUFF: The extension is two years?

1 MS. CAPPS: Yes.

2 SENATOR RUFF: Not six?

3 MS. CAPPS: It's a total of six years. We've
4 administratively extended it for the fourth year already.

5 SENATOR RUFF: I move that #1734 to the
6 extension to October 2014.

7 MR. OWENS: It's been moved and properly
8 seconded, any discussion? All in favor say aye (Ayes).
9 Opposed. (No response).

10 MS. CAPPS: The next project on the list is
11 number 1790, Halifax County IDA Day Site Prospect Ready
12 Development. This is a \$99,456 grant that was awarded in
13 April of 2009 contingent on VDOT funding for construction of
14 industrial access roads. The County chose to decline the
15 VDOT award due to potential delays in getting a prospect and
16 running the risk of having to repay the money and therefore
17 the contingency of the award has not been met. We have
18 disbursed some funds under this grant already, a total of
19 \$23,957.90. Actually the staff approved \$17,538.50 in
20 payment requests pending a request that's being held right
21 now for and when we became aware of that, the County has
22 said, decline the VDOT award. The original application
23 budgeted for \$51,000 for engineering and design. That's how
24 our funds happened to be used and the County invested
25 \$45,000 of their own funds into the project costs. Because the

1 staff cannot remove the contingencies so the project is on the
2 list for your consideration. The staff recommends the
3 Committee remove the contingency pertaining to the VDOT
4 access road funds and allow the County to retain the
5 reimbursements received to date, contingent on all other
6 remaining grant funds being de-obligated. The amount we've
7 paid thus far is \$72,538.

8 SENATOR RUFF: That last clause contingent
9 on all other remaining grant funds be de-obligated.

10 MS. CAPPs: I didn't mention or draw attention
11 under the Halifax project that you all voted on a few minutes
12 ago. The original request exceeded the amount that was
13 available in the allocation because the County had a higher
14 priority to see if they could de-obligate funds to make available
15 the \$535,000 you all approved a few minutes ago. One of the
16 places they identified that funds could be de-obligated under
17 this, \$75,000 we already de-obligated. The only remaining
18 funds to be de-obligated would be the \$6,419.40.

19 MR. OWENS: Any other questions?

20 DELEGATE WRIGHT: What's the \$6,400 used
21 for?

22 MS. CAPPs: It was requested for the design
23 costs with the access road into the property.

24 DELEGATE MERRICKS: The total amount
25 \$99,456 actually going to pay out close to the request you're

1 holding \$23,957.

2 MS. CAPPS: The staff recommendation is not –

3 DELEGATE MERRICKS: - I thought the 17
4 that you've already paid off the 99 is roughly 80 some
5 thousand you be de-obligating?

6 MS. CAPPS: Yes.

7 DELEGATE MERRICKS: Going back to the
8 front, that allocation of 537 available and paying 535, that's
9 80,537. I guess I'm just confused on that.

10 MS. CAPPS: These are the nitty gritty details
11 that we deal with. The money under that grant under 1790
12 that the County identifies to be de-obligated and already de-
13 obligated.

14 MR. OWENS: Any other questions?

15 MS. NYHOLM: I move we accept the staff
16 recommendation.

17 MR. OWENS: There's a motion we accept the
18 staff recommendation and a second. Any other discussion?
19 All those in favor say aye. (Ayes). Opposed no. (No response).
20 All right, at this time I want to correct the fact that I didn't
21 recognize one of our former board members, formerly with the
22 General Assembly and now the Executive Director of the New
23 College Institute, Senator William Wampler and I'll say
24 welcome. Good to see you.

25 SENATOR WAMPLER: Thank you.

1 MR. DERISO: Thank you Mr. Chairman and
2 members of the Committee. We were asked to give you a very
3 brief update to the progress of broadband in southern Virginia.
4 I thought it would be helpful if I could come and give you a
5 sense of the map that shows you where we are. Those are
6 being passed out. Where the broadband is before we started
7 MBC and what does it look like today. The next slide. I want
8 to help you define broadband. We talk about it but I think it's
9 helpful to put this in a monetary type of discussion. We see
10 broadband in two ways; \$50 a broadband and \$500 a month
11 in broadband. As you remember when we were created, the
12 Tobacco Commission for MBC to create an open access fiber
13 optic network connecting every single industrial park, every
14 single business in the footprint to this new network to solve
15 the problem of businesses. This is a problem we're trying to
16 solve because it's the only access businesses and large
17 corporations have. In the footprint you'll see the T1 line that
18 was anywhere from \$1,200 a month to \$8,000 a month in
19 southwest Virginia. That's really where we came along. The
20 left side of that chart which is what we call \$50 a month
21 program, that's your traditional residential small business
22 broadband. We were created to help solve the right side of
23 that equation which is the carriers, the access, the large
24 enterprises and to help bring down the cost of that retail
25 broadband.

1 If you go to the next slide, on this one the
2 purple areas is where there was available broadband for
3 residential broadband users back in 2004. That's a
4 combination of TSL, cable modem, wireless ISPs and provided
5 wireless broadband services to their customers. You can see
6 it's very few and far between. You have metropolitan areas
7 like Danville and Martinsville that have fairly good DSL
8 coverage but nothing along the lines that would be attracting
9 major or large companies that we have successfully attracted
10 such as Microsoft, ICF International, large companies such as
11 that.

12 Go ahead and look at the next slide. In 2012
13 and this is where we were at. We left the purple in there so you
14 can see where we started and the yellow areas indicate where
15 we have indicated broadband services are now available for
16 residential and small business coverage. This is not down to
17 the street level quite yet. We just hired a person in our office
18 capable and a graduate of Virginia Tech who is a Halifax
19 County native and he has a GIS Degree and he has developed
20 some more comprehensive maps working in conjunction with
21 the state and their broadband efforts to nail down where
22 broadband is. This is very neat because it really shows that
23 because of the network you have invested in and we're in
24 essence holding your assets and operating those for the
25 benefit of the region and making some good progress.

1 DELEGATE BYRON: The numbers on the
2 inside, what do those mean?

3 MR. DERISO: Those numbers are a census
4 track number, they don't have any bearing, just for purposes
5 of these slides.

6 SENATOR RUFF: The tan and the yellow,
7 what's the difference?

8 MR. DERISO: A very limited Microsoft
9 program. We can run a \$60 million company but we can't
10 seem to get the colors rights.

11 The final slide gives you an idea of our fiber
12 footprint. I think the first grant was in 2004, your grant
13 matching a federal grant for 180 miles of fiber and today we
14 have over 1,500 miles of fiber that's been completed. That's
15 route miles in the ground. We're wrapping up our stimulus
16 project and you provided a \$4 million match and a \$16 million
17 federal broadband stimulus program. One hundred percent of
18 every K through 12 institutions in southern Virginia now has a
19 fiber connection and we're really excited about that and
20 several schools, county schools in Buckingham and
21 Dinwiddie. A lot of these schools are taking advantage of that
22 connectivity, working with our private sector Telecom
23 providers and getting 30 to 40 times of bandwidth for the
24 same amount of money that we're spending. It's a nice
25 success story.

1 The red routes on the right side is the
2 Hampton Roads area. We do not have any money in that
3 project. That's money that MBC and Olde Dominion
4 University partner did with another federal broadband
5 stimulus. You all aren't' funding that project.

6 DELEGATE BYRON: That stimulus was in the
7 federal government?

8 MR. DERISO: The red route from basically
9 Bedford County up through Blacksburg, that's a federal
10 project and a Virginia Tech Foundation Project to work there
11 but there's no tobacco money in that.

12 MR. OWENS: How many towers is that?

13 MR. DERISO: If you look at the purple
14 triangle, that represent towers that MBC owns and operate.
15 There's six towers that we have up and running today. What's
16 probably more than interesting, the connection we have over
17 all 50 towers that we have connected and their connected to
18 people like the telegram and telephone wire projects, many
19 other carriers like Verizon and many wire ISPs which will
20 further increase the broadband in the region. Wireless
21 broadband data as well as cellular increasing the coverage.

22 DELEGATE WRIGHT: You know one of my
23 concerns has always been like this map shows Kenbridge is
24 covered by broadband but yet it's not completely covered. You
25 mentioned Buggs Island Telephone. I know you're not

1 responsible for that. I thought maybe you could give us a little
2 update on how they're doing and solving this problem with
3 better service.

4 MR. DERISO: About a week and a half ago I
5 met with the general manager of Buggs Island Telephone
6 talking about updates and how close we are. We completed
7 about 80 percent of the tower sites connected to that. I believe
8 this week, although the rain may have hindered some of that,
9 they're supposed to have about six sites up and running but
10 they been delayed because of software. As far as we know,
11 that is very close and just got started today, very close to being
12 turned on. In spite of all that, there are some new
13 technologies out there. Eventually as it's turned up, we
14 anticipate that you'll have a much wider coverage area for high
15 speed and that will be around the and that's basically on the
16 eastern side of southern Virginia. About 15 counties or 16
17 counties and 12 of those are Tobacco Commission counties.

18 SENATOR RUFF: What's the yellow?

19 MR. DERISO: The yellow dots indicating
20 existing or known locations where we have electronics and
21 buildings and the green are the ones that we're building.
22 There's our new 12 foot x 20 foot concrete buildings. Same
23 thing as –

24 MR. NOYES: Some day it will all be yellow.

25 MR. DERISO: That's true, probably in the next

1 two weeks, some will be yellow including Brookneal which is a
2 new site.

3 MR. OWENS: Any other questions for Ted. All
4 right, thank you. Any other business to come before this
5 Committee? All right. Next application date, October 15th. At
6 this time is there any public comment? Hearing none, do I
7 have a motion that we adjourn. It's been moved and seconded
8 we're adjourned.

9

10 PROCEEDINGS CONCLUDED

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

