

**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee Meeting

Wednesday, September 26, 2012

3:30 o'clock p.m.

Wytheville Meeting Center
Wytheville, Virginia

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1 APPEARANCES:

2 The Honorable Edward Owens, Chairman

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

4 The Honorable Kathy J. Byron

5 Ms. Mary Rae Carter, Deputy Secretary

6 Department of Commerce and Trade for Rural Development

7 Mr. John R. Cannon

8 Mr. David Cundiff

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 The Honorable William M. Stanley, Jr.

14 Mr. Gary D. Walker

15

16 COMMISSION STAFF:

17 Mr. Neal Noyes, Executive Director

18 Mr. Ned Stephenson, Deputy Executive Director

19 Mr. Timothy Pfohl, Grants Program Administration Director

20 Ms. Sarah K. Capps, Grants Program Administrator –

21 Southside Virginia

22 Ms. Carolyn Bringman, Performance Data Analyst

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1 September 26, 2012

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MR. OWENS: Good afternoon. I'm going to call to order the meeting of the Southside Economic Development Committee. And I'll ask Neal to please call the roll.

6

MR. NOYES: Delegate Byron.

7

DELEGATE BYRON: Here.

8

MR. NOYES: Mr. Cannon.

9

MR. CANNON: Here.

10

MR. NOYES: Deputy Secretary Carter.

11

DEPUTY SECRETARY CARTER: Here.

12

MR. NOYES: Mr. Cundiff.

13

MR. CUNDIFF: Here.

14

MR. NOYES: Mr. Harwood will not be here.

15

Delegate Marshall.

16

DELEGATE MARSHALL: Here.

17

MR. NOYES: Delegate Merricks.

18

DELEGATE MERRICKS: Here.

19

MR. NOYES: Ms. Nyholm.

20

MS. NYHOLM: Here.

21

MR. NOYES: Mr. Owens.

22

MR. OWENS: Here.

23

MR. NOYES: Senator Ruff.

24

SENATOR RUFF: Here.

25

MR. NOYES: Senator Stanley.

1 SENATOR STANLEY: Here.

2 MR. NOYES: Mr. Walker.

3 MR. WALKER: Here.

4 MR. NOYES: Delegate Wright.

5 DELEGATE WRIGHT: Here.

6 MR. OWENS: Do you have a motion to approve the
7 minutes of 5-15-12? It's been moved and seconded. All in favor
8 of the minutes, say aye. (Ayes) Opposed? (No response). The
9 minutes are approved.

10 All right, Mr. Deriso.

11 MR. DERISO: Thank you, Mr. Chairman, and
12 members of the Committee. We're here to talk about a project,
13 and as the application says, this is a very large project which
14 basically changes the way that we handle medicine. This is a
15 very large project, and it's a \$26 million project over three years.

16 We have partnered with a West Coast, California base
17 foundation that has a billion dollars of assets. That foundation
18 and their directors are involved identifying cancer treatments via
19 the latest technology and genomics. There's a lot of analytic,
20 unfortunately we don't have time to pull the video in this session.
21 The video, as you'll see, does a much better job of explaining
22 what genomic mixing is and what the impact is to individual
23 patients and why MBC is involved in this project. This particular
24 project will create 15 jobs with incomes ranging in the \$70,000
25 area, an average annual salary of about \$94,000, and over three

1 years, 15 jobs.

2 The reason we're so excited about it, this thing could
3 be anywhere, like Los Angeles or Boston, Chicago, or St. Louis,
4 or any of the major cancer research centers around the country.
5 The reason it's going to be in Danville, Virginia is because of the
6 investment you've made over the years with the MBC network,
7 which has fiberoptic network connecting this particular facility
8 back to a nationwide network. In addition, connecting 27
9 hospitals and health care facilities in Southern Virginia, every
10 hospital and health care facility, we have connected through the
11 network.

12 As part of this initiative, we at MBC will own the
13 sequencing license. The big part of the investment you all made
14 was the super computer in Danville several years ago. That
15 asset has attracted them to this region, as well as our network
16 and as well as your matching grant for this million dollar
17 foundation. There's a much larger portfolio, 35 to 36 additional
18 companies that this particular company is involved with that we
19 are looking to attract. We've already started with negotiations
20 involving data centers and call centers and facilities involving
21 medical devices and things of that nature. This is quite a project,
22 and as you see in your packet sheet we have, lays out a four-
23 year plan of capital and operational costs.

24 Very briefly, the concept is that MBC, as the applicant,
25 will pay capital costs both through grants from the Tobacco

1 Commission, so we at MBC are going to put our money into this
2 project and the regional foundation will also be participating in
3 years two and three. The interesting part of this project is that
4 because this is a medical research foundation, there'll be a
5 hundred patients that already have a relationship within
6 Southern Virginia and they'll be offered an opportunity to go
7 through this.

8 A short story is that if you have stomach cancer,
9 usually to make a long story short, if you have stomach cancer,
10 you'll take stomach cancer medication, and through the analysis
11 and development, this particular company has been able to, and
12 what this particular company has been able to develop, they've
13 gotten down to the molecular level of the human genomes and
14 been able to assess what's the best type of cancer medication
15 that is out there that will treat that particular cancer. Just
16 because you have stomach cancer doesn't mean that you'll have
17 stomach cancer forever.

18 They went through this process and did the analysis
19 using super-computing and IT networks and found that a
20 different type of medication would be more effective for treating
21 this particular type of cancer condition. What they're doing is
22 taking the human technology, super-computing, and fiberoptic
23 network to get it down to the analytics that is needed to assess
24 the profile for individual patients. We're here today to ask your
25 consideration for allowing us to provide some of the capital costs

1 and matching funds to this substantial project. I'll be glad to
2 answer any questions.

3 MR. OWENS: I'd like to say that Delegate Byron and
4 Delegate Marshall and myself visited the facility, and it's real
5 technology, and the project is one that can't do anything but
6 enhance our communities and enhance cancer research
7 throughout the world.

8 DELEGATE MARSHALL: Approximately 30 percent of
9 the cancer people are getting, so this will not only take that
10 away, people will get the proper drugs and their quality of life for
11 one thing and hoping that will cure it quicker.

12 MR. OWENS: One in three are getting the right drugs
13 the first time, one and three, and maybe this will make it so it's
14 99 percent of the people will get the correct drugs the first time.

15 MR. DERISO: If you have time before the session
16 tonight, there's a very compelling video about this.

17 DELEGATE MARSHALL: Let's do it tomorrow before
18 the full Board.

19 MR. OWENS: Can you email it to us?

20 MR. DERISO: I can do it after October 3rd. I can
21 show it to you here, but not mail it out before October 3rd.

22 MR. NOYES: This is going national with an
23 announcement in Washington, D.C. in October. This is an
24 individual medicine on the molecular level where Mid-Atlantic
25 Broadband owns the capital assets and the partner foundation

1 will pay for operations.

2 The staff is recommending, and this is the final year
3 that the Commission has agreed to provide and set aside funds
4 for the technology projects going forward. The staff recommends
5 an award of \$2,500,000 for FY13 allocation for the Genomic
6 Sequencing Center. And that allocation is for Mid-Atlantic
7 Broadband, the repurposing of \$1 million previously awarded for
8 Grant Number 2467 for this project. The Special Projects
9 Committee finished its meeting and going to recommend to the
10 full Board tomorrow approval of \$1 million from that Committee's
11 ledger.

12 MR. OWENS: You've heard the recommendation of
13 the staff.

14 MR. CANNON: So moved.

15 SENATOR RUFF: Second.

16 MR. OWENS: It's been moved and properly seconded,
17 the staff recommendation. Any other discussion? All those in
18 favor, say aye. (Ayes). Opposed? (No response).

19 MR. WALKER: If they haven't seen that video, it's well
20 worth taking time to see it.

21 MR. OWENS: All right. The next thing on the agenda,
22 and, Mr. Pfohl, do you want to take care of that?

23 MR. PFOHL: Under the grant modification, the
24 element on the agenda is Greensville County was awarded
25 \$50,000 from the Southside Economic Development allocation in

1 last year's round, and that's Grant Number 2526, and looking at
2 sites for future industrial parks. The county has submitted an
3 application to redirect that \$50,000 to a Phase 1 environmental
4 study. There are two sites, one is the MAMaC in Greenville
5 County. And the other is a parcel of land called Spruce Creek,
6 and that's an active Economic Development project, and they've
7 requested Phase 1 environmental on those two sites, a
8 confidential project.

9 Staff is recommending we provide 90 percent of the
10 costs of the \$50,000 for environmental studies for those two
11 sites. So that's the recommendation of \$45,000 for 90 percent
12 of the costs for the environmental study for the MAMaC megasite
13 and the Spruce Creek property. Staff recommends that award.
14 Repurposing of funds already awarded.

15 MR. OWENS: You've heard the staff recommendation.
16 Do I hear a motion? I've got a motion and a second. Any
17 further discussion? Hearing none, all those in favor, signify by
18 saying aye. (Ayes). Opposed? (No response).

19 We have one more thing on the agenda. Mr. Craig
20 Sides from Pittsylvania County.

21 MR. SIDES: Mr. Chairman and members of the
22 Committee, Greg Sides, Assistant County Administrator for
23 Pittsylvania County. We sent a request to Mr. Pfohl last week.
24 It's Grant 2199. We applied to the partnership with the Town of
25 Hurt to run water and sewer service through the Hurt Industrial

1 site within the town limits of Hurt, 600-acre total property. And
2 it happens to be adjacent also to another project, another
3 industrial park the Commission supported in the past. The
4 project is to run water to site and sewer and secure an 80-foot
5 strip of property with access to our other industrial park where
6 utilities could be run in the future. The town and the county
7 have secured the 80-foot right of way and went through the
8 sewer line portion of the project.

9 The main issue is that the engineers in their design of
10 an existing prospect and it won't be an adequate flow of water to
11 the site in the Industrial Park. They had to re-engineer the route
12 to go in a different direction and put in a new pump station. As a
13 result of that, we went to bid on the sewer aspects of the project,
14 and the bids came in over budget. When you recognize the cost
15 overruns and additional engineering over by about 111,000, so
16 we're short on the project.

17 What we have requested is that, still the same project
18 we proposed to the Commission, water and sewer to the Hurt
19 complex. Pittsylvania County has a 927,000 balance from a
20 previous fiscal year in our allocation. We'd like to be able to
21 access that money with the understanding that we would still be
22 matching and the county would put up 11,000, we could access
23 100,000 from the Tobacco Commission from our outstanding
24 balance. That's our request.

25 We apologize for coming to you in the last minute.

1 The bids we had just recently came in. We only had two bids
2 because the new route is fairly involved and hasn't had access to
3 the river. Based on the differences in the bid, we do not feel that
4 if it was rebid it would come in with less. That's our request that
5 we access the 100,000 from the current balance.

6 MR. CANNON: I move that we grant that request.

7 DELEGATE MARSHALL: I'll second it.

8 MR. OWENS: We have a motion and a second. Any
9 further discussion? There's a motion to modify Grant Number
10 2199 for an additional \$100,000 with an \$11,000 match from
11 Pittsylvania County. All those in favor, say aye? (Ayes).
12 Opposed? (No response).

13 Any other business before the Committee?

14 MR. NOYES: The new application deadline is October
15 15th for FY13 remaining balance and allocations. We'll work with
16 your chairman on the next committee meeting date ahead of our
17 January 8th full Board meeting in Richmond.

18 MR. OWENS: Any public comments? Hearing none,
19 we're adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission, Southside Economic Development Committee Meeting**, when held on Wednesday, September 26th, 2012, at 3:30 o'clock p.m., at the Wytheville Meeting Center, Wytheville, Virginia.

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

Given under my hand this 8th day of October, 2012.

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2014.