

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

3
4 **SOUTHWEST ECONOMIC DEVELOPMENT COMMITTEE**

5 **Tuesday, October 29, 2002 2:30 P.M.**

6 **Southwest Virginia Higher Education Center**

7 **Abingdon, Virginia**
8
9

10 **Members Present**

11 Senator William C. Wampler, Jr., Chairman

12 Senator Phillip P. Puckett

13 Delegate Joseph P. Johnson, Jr.

14 Mr. H. Ronnie Montgomery

15 Mr. Fred M. Fields
16

17 **Staff**

18 Carthan F. Currin, III, Executive Director

19 Mary Cabell Sherrod, Manager of Communications and Committee Operations

20 Stephanie S. Wass, Director of Finance

21 Libby Ausband, Commission Staff

22 Anne Marie Cushmac, Senior Assistant Attorney General

23
24 **SENATOR WAMPLER:** I want to call this meeting to order so we can
25 get started. I'm William Wampler and I'm listed as the Committee Chairman of the
26 Southwest Economic Development Committee, so welcome everyone. It is 2:45, I was
27 hoping Delegate Kilgore could make it but he's stuck in court and he doesn't know if
28 he'll make it or not so we'll go ahead and get started without him. I do not anticipate
29 us going much over one hour and depending on the length of certain discussions we
30 may complete our work sooner than that.

31 Carthan, welcome to you and members of your staff and we're glad to
32 have everyone here in Abingdon. Do you have any comments you wish to
33 make to the group?
34

35 **MR. CURRIN:** Not at this time, Mr. Chairman.
36

37 **SENATOR WAMPLER:** Why don't you call the roll.

38 **MR. CURRIN:** Mr. Fred Fields?

39 **MR. FIELDS:** Present.

40 **MR. CURRIN:** Delegate Johnson?

1 **DELEGATE JOHNSON:** Here.

2 **MR. CURRIN:** Mr. Montgomery?

3 **MR. MONTGOMERY:** Present.

4 **MR. CURRIN:** Senator Puckett?

5 **SENATOR PUCKETT:** Here.

6 **MR. CURRIN:** Secretary Schewel is not here. Mr. Chairman.

7 **SENATOR WAMPLER:** Here.

8 **MR. CURRIN:** Mr. Chairman, you have a quorum.

9

10 **SENATOR WAMPLER:** A quorum is present. The next item I'd ask
11 you to look at, you should have received the minutes from the previous
12 meeting. I would ask if you read those and believe those to be accurate then I'd
13 like to have a motion that we approve the minutes from the meeting of
14 September 23rd.

15

16 **DELEGATE JOHNSON:** So moved. Mr. Chairman, I read the
17 minutes and there is one suggestion and that's on page one. Senator Wampler
18 called the meeting to order at 5 o'clock p.m. and asked for a call of the role.
19 I'd like the record to show that I did read the minutes.

20

21 **SENATOR WAMPLER:** Without objection it would be so annotated.
22 Any other administrative comments concerning the minutes? Hearing none.
23 It's been moved by Delegate Johnson, is there a second?

24

25 **SENATOR PUCKETT:** Second.

26

27 **SENATOR WAMPLER:** It's been seconded by Senator Puckett to
28 approve the minutes as amended. All in favor signify by saying aye? (Ayes)
29 opposed? (No response) The ayes have it.

30

31 **SENATOR WAMPLER:** We really have three items on the agenda
32 this afternoon, the first Item I'd like to take up, Ron Flannery, I believe I'm
33 going to pull you in the barrel first because you're the resident expert in this
34 matter. I'd like to pass and you all will have to bear with me for just a moment,
35 if you find a typo Delegate Johnson in the motion that I'm about to pass, I
36 made it and I drafted it so there. I'll pass it out to the members.

37

38 The first item I'd like to draw our attention to is something we discussed
39 at length at our last meeting. That is how do we deploy fiber optics to our
40 industrial parks? We had generally concurred that there were about a dozen
41 sites that we would like to try to provide deployment of dark fiber. We are
42 unable at this point to determine how much money that will cost, nor do we
43 know the technical specifications for what it is that we're trying to deploy.
44 Having said that, Ron Flannery and I visited at length concerning how can we
45 best go about it. You will see with the two items I handed to you. One will be
a motion that would authorize the Planning District Commissions, and that's

1 Planning Districts 1, 2 and 3, Lenowisco, Cumberland Plateau, Mount Rogers a
2 certain dollar amount to begin the preliminary engineering and if practical the
3 design for deployment of dark fiber to our industrial parks. The discussion I
4 wanted to have with Ron to help lead us into this is that you may want to go
5 beyond dark fiber and you may want to get into the design of what switching
6 mechanisms are appropriate. Typically it can be something as simple as a
7 Cisco Router or another name brand or it can be more complicated than that.
8 What we're really looking for are the multiple paths that one would have the
9 redundancy that would be necessary so that we have the ability to go through
10 the site selection process and put ourselves at a competitive advantage where
11 other localities are not. That would be the essence of a motion at the
12 appropriate time and that's what we wanted to discuss. The preliminary
13 engineering design that's presented to you is generally what we discussed the
14 other day for purposes of the audience. Whether it's an existing industrial park
15 or a new park, Duffield site in Lee County, Tazewell County, Smyth County,
16 Lebanon, Grayson County, Bristol, the Glades, Highland Park, for Washington,
17 and Smyth, Stone Mill in Abingdon, Oak Park in Washington County and
18 Lonesome Pine Technology Park in Wise County.

19 That's kind of the scope we're talking about. And you can read the
20 motion. Originally we talked about \$25,000 dollars for the design on three of
21 those. I'm beginning to wonder if that was enough to really do the preliminary
22 engineering design. Ron Flannery, that's how we kind of framed it. Can you
23 give us any more thoughts as to what you see? Why don't you come up to the
24 podium?

25
26 **MR. MONTGOMERY:** You're talking about \$25,000 per planning
27 district?

28
29 **SENATOR WAMPLER:** A total of \$75,000.

30
31 **DELEGATE JOHNSON:** Mr. Chairman, may I ask a question?

32
33 **SENATOR WAMPLER:** Yes.

34
35 **DELEGATE JOHNSON:** The \$25,000 for each district, would
36 District 1 have more or take more money to do the job?

37
38 **SENATOR WAMPLER:** Mount Rogers would have more sites and
39 we have to discuss what the appropriate allocation would be between – for
40 example, in Tazewell County I'm not sure that we have the site yet and I don't
41 know that you can design it until you have the site. That's why we thought we
42 would just do the preliminary engineering. So yes, sir, we're going to have to
43 adjust the numbers accordingly.

44
45 **DELEGATE JOHNSON:** Thank you.

1
2 **MR. FLANNERY:** Thank you, Mr. Chairman. The Senator and I did
3 indeed talk about this and please don't press me for any specific numbers but
4 I'll try to do this. We did have a good discussion on this. I think I attended
5 your last meeting which was also at the Higher Ed Center and I think at that
6 time Senator Wampler prepared a power point that reflected discussions we had
7 with the Coal Field Authority and others about collective thinking. I think
8 there were ten sites that were identified and that may be plus or minus because
9 we talked about Tazewell County and that could be a site. The question is, is
10 there any provision to design dark fiber on the perimeter of the parks and the
11 answer right now is no. Based on my extensive expertise in Broadband
12 communication that I could probably write on an index card here. Based on
13 what we've seen are preliminary engineering costs right now and our ongoing
14 project we kind of together felt like \$25,000 would be a good target amount. I
15 think maybe what you could do is reserve that amount of money and then
16 request and expect more specifics from whoever is doing it. If you reserve
17 \$25,000 from Lenowisco we'll give you specific numbers on what that will
18 buy. It may or may not be \$25,000. If it's less than that, I may kill myself for
19 saying that, but if it's less than that I think you need to know that and those
20 savings could be passed on. It could alternatively be a little bit more but I don't
21 know. I do think that's a good target figure. I think what this buys you is at
22 least the preliminary engineering. As the Chairman said, maybe some of the
23 actual engineering depending on the prices you get. But that reflects what
24 we're saying now in dealing with our engineers on our existing Broadband
25 project.

26
27 **SENATOR WAMPLER:** In our discussion before the committee Ron,
28 there are 11 potential sites and I think Delegate Johnson makes a very good
29 point that we're probably going to have to have the flexibility to allot the
30 dollars amongst the planning districts. Lenowisco has three, Mount Rogers
31 would have four or five or six actually.

32
33 **DELEGATE JOHNSON:** Then maybe later we could adjust the
34 money?

35
36 **MR. FLANNERY:** I think that's the right thing to do and the best
37 thing we could do, we've had pretty regular communications with Cumberland
38 Plateau on their project, not as much with Mount Rogers on this issue. Maybe
39 we could convene a meeting and talk about this and scope it out a little further
40 and come back with some more definitive numbers. It may be a little bit more
41 in one district than it is in the other. Is that what you're saying?

42
43 **DELEGATE JOHNSON:** Yes, sir. Mr. Chairman, the reason I bring
44 it up is that I think that if one district is slighted and I don't mean slighted in
45 that sense. If they do not have the money to do the work that needs to be done

1 then really we're going backward rather than going forward. Another one may
2 have more money than it really needs. In other words, if it's worth doing it's
3 worth doing right. We should make sure that the \$25,000 goes to, that the
4 \$25,000 is going to make an impact or a difference other than just halfway
5 doing it and then we end up with nothing.

6
7 **MR. FLANNERY:** For what It's worth it may be, we can do our work
8 for \$25,000, I mean we can do our work for maybe \$15, 000 and it might take
9 \$35,000 at Mount Rogers and that would be fine. We'll just have to sit down
10 and see.

11
12 **SENATOR WAMPLER:** Are you going to have to bid for those
13 services?

14
15 **MR. FLANNERY:** The Procurement Act or for professional services
16 you don't select on the basis of price but now we've got good information what
17 it costs. I guess you do in fact bid but you don't if you understand what I mean.

18
19 **SENATOR WAMPLER:** It really doesn't matter what we allocate
20 necessarily but it's really what the actual bid is going to require.

21
22 **MR. FLANNERY:** It costs what it costs and I think once we know that
23 I think they need to let you know.

24
25 **SENATOR PUCKETT:** Mr. Chairman, there's two observations I
26 have and I think Joe Is right. I've looked at PD #2 and Jonathan is sitting over
27 here. We're probably not ready for \$25,000 dollars yet and maybe Mount
28 Rogers is as Lenowisco is. Secondly, I think we will be ready because I've had
29 an opportunity to meet with Tazewell County and be meeting with Buchanan
30 County in another couple of weeks. I'd like for maybe Ron and PDC #2 and 3
31 and whoever they want to have at the meeting just to sit down and talk about
32 that. I think our commitment is try to make sure that every PDC has the
33 necessary funds to do it when they're ready. I'd just like for everybody to
34 understand that because we're not trying to slight anyone. Jonathan, If you
35 could reiterate that to your people and somebody needs to reiterate that to the
36 PDC's.

37
38 **MR. FLANNERY:** I'd be glad Senator, to convene that meeting. You
39 may want to allocate just a total amount and say \$75,000 subject to us getting
40 together and coming back and telling you what an equitable share is based on
41 the costs and that would be fine with us. We just want to do the job right. It's
42 not a district-by-district competition, we just want to make sure that Southwest
43 Virginia in Planning Districts 1, 2 and 3 are given all the tools necessary to be
44 competitive.
45

1 **SENATOR PUCKETT:** Mr. Chairman, one other thing. We have
2 kind of a unique situation at the new park in Lebanon because the town is
3 involved in this and they're already working with Bristol, Virginia utility folks
4 and bring some of that stuff. I think this will be outside of that window, I think
5 it's fair to say that. We may know a little bit more about that later on.
6

7 **MR. FLANNERY:** I don't know that there's been any discussion about
8 –
9

10 **SENATOR PUCKETT:** -- no.
11

12 **MR. FLANNERY:** -- there's no discussion except what we're having
13 to do about a loop in the park in Duffield, one in Lee County West of
14 Jonesville. We looked at some properties down there and the tech park would
15 be in Wise, there's no provision for that. Does that answer your question?
16

17 **SENATOR WAMPLER:** There's a sentence that I added to the
18 motion, tried to discuss this. Prior to the expenditure of the funds the
19 respective planning commission shall notify and consult with the vice chair of
20 the commission regarding the scope of the work to be performed.
21

22 **MR. FIELDS:** Would you be willing to change a couple of things there
23 in the third line to just \$75,000 and take each out of there.
24

25 **SENATOR WAMPLER:** As to each district and I think that would
26 cover it. So it would read, with funds from the Southwest Economic
27 Development Committee authorized expenditure in the amount up to \$75,000
28 dollars for Planning District's 1, 2 and 3. The balance of the motion would
29 read as I said, is that your suggestion?
30

31 **MR. FIELDS:** Yes.
32

33 **DELEGATE JOHNSON:** I'll second that motion.
34

35 **SENATOR WAMPLER:** We'll do that in just a second if we can. I
36 really wanted to get Rachel Fowlkes to describe for just a couple of moments
37 Rachel, your visit to Eastman Center and what that site actually meant to
38 Eastman by having the dark fiber there. That's part of sitting in the
39 congregation then because you get called up sometimes. Rachel and I made a
40 trip to Eastman's disaster recovery facility and we not only looked and talked
41 about whether we would do the fiber the last mile application long haul. Just
42 give them your view of how important that site was and redundancy in terms of
43 –
44

45 **DR. FOWLKES:** We went to see Kingsport, Eastman and the

1 redundancy center they built in Johnson City and that mirrored everything they
2 do in Kingsport to the same facility in Johnson City for disaster recover and
3 backup to all of their off site's data. It's a phenomenal center and it reminded
4 us a lot of ways of a visit we made a couple of years ago to AOL in Reston,
5 Virginia and with all of the servers that they operate. The purpose of going to
6 see it, we had been from the Higher Education Center several times because
7 they were providing some technical assistance to us here with our staff.
8 Senator Wampler and I went down a couple of weeks ago to get an outsiders
9 viewpoint of what some of the challenges they face with technology in
10 Southwest Virginia and East Tennessee. What are some of the things we need
11 to do in our area to make it more affordable and accessible for a business in
12 Southwest Virginia. It would help to hear their perspective of what they've
13 gone through, who they're buying fiber from, the cost of that fiber and that type
14 of thing.

15
16 **SENATOR WAMPLER:** The idea is for multiple tasks. Not just on
17 fiber optics but also on electricity. If somebody interrupted the electricity on
18 one part of the property there was an additional pathway.

19
20 **DR. FOWLKES:** We had a redundancy pathway for power and
21 obviously they had generators that could do so many hours of generation
22 anyway and they would supply the electricity and provide this electricity. They
23 had a combination of wire and wireless and they weren't using everything with
24 fiber inside the buildings there. The carriers that they had were AT&T, Sprint,
25 they had four different carriers that were coming into both facilities there and
26 Kingsport. So their point was there is fiber all around us. It's just getting it at
27 an affordable price and to places that need it the most.

28
29 **SENATOR WAMPLER:** It's also fair to say that they look at many
30 sites but they did not have the dark fiber and this site was constructed with the
31 dark fiber and that made the decision where to go.

32
33 **DR. FOWLKES:** Exactly, we asked them some questions where would
34 you, they have operations all over the world and the United States. We asked
35 them when you locate one of your facilities what are some of the things that
36 you consider. Right off the bat they said power, water, sewage and the fiber.
37 They don't go anywhere where they don't have that capability right now.

38
39 **SENATOR WAMPLER:** How many work there, over 200?

40
41 **DR. FOWLKES:** 200, yes.

42
43 **SENATOR WAMPLER:** Thank you Dr. Fowlkes. I don't know that
44 there's much more discussion you need on this particular item. Delegate
45 Johnson, why don't you let me read this and see if this is the motion you want

1 to make. With funds from the Southwest Economic Development Committee
2 authorizing expenditures in the amount up to \$75,000 dollars for Planning
3 Districts 1, 2 and 3 for purposes of retaining professional services for
4 preliminary engineering and/or design of deployment of dark fiber and related
5 infrastructure to existing and new industrial parks for the respective planning
6 districts. Prior to the expenditure of these public funds the respective planning
7 district commissions shall notify and consult with the Vice Chairman of the
8 Tobacco Indemnification and Community Revitalization Commission
9 regarding the scope of the work to be performed. Delegate Johnson, is that
10 your motion?

11
12 **DELEGATE JOHNSON:** Yes, sir. Infrastructure, is that spelled
13 right?

14
15 **SENATOR WAMPLER:** I would happen to think it is, my computer
16 thought it was, do you wish to spell it another way?

17
18 **DELEGATE JOHNSON:** I move we adopt the resolution.

19
20 **MR. FIELDS:** Second.

21
22 **SENATOR WAMPLER:** I know what I did. It's been moved and
23 seconded the motion as presented and modified by Delegate Johnson be
24 adopted, without further discussion all in favor signify by saying aye. (Aye's)
25 opposed no, the aye's have it. The motion carries.

26
27 **MR. FLANNERY:** Mr. Chairman, when you said vice chairman of the
28 commission that would be Delegate Kilgore?

29
30 **SENATOR WAMPLER:** Yes. We do delegate a lot of authority to
31 the vice chair but if we need to we can get back together accordingly. For the
32 record Delegate Johnson, I did it three times and the phone rang and I didn't
33 catch it on the last and I didn't catch it.

34
35 **DELEGATE JOHNSON:** It's well presented.

36
37 **SENATOR WAMPLER:** Carthan, I think what I'd like to do if there's
38 no objection from the commission or from the subcommittee, is just add a
39 second page to the record of the sites that we have in mind.

40
41 **DELEGATE JOHNSON:** So moved. The second page be made part
42 of the motion incorporated therein by reference.

43
44 **SENATOR WAMPLER:** So tomorrow's report to the full commission
45 that would be our recommendation, that would be an action item before the full

1 commission for approval.

2 The next item we'd like to discuss would be to discuss and to define the,
3 or redefining the question of the export initiative. We all are in general
4 agreement that the export initiative is something that we'd like to ask the full
5 commission to adopt tomorrow. The only reason I really bring it back up
6 before the full commission, who all's on the executive committee and heard,
7 Ronnie, weren't you there with the executive committee?
8

9 **MR. MONTGOMERY:** No, Delegate Johnson.

10
11 **SENATOR WAMPLER:** Let me try to explain what happened. We
12 thought there might be a reason why we wanted to offer this to Southside to be
13 a partner in the export initiative. If we think it's good for Southwest we
14 thought we would shop it in Southside and see what kind of interest they had.
15 There were probably more questions than there were answers from the
16 Southside's perspective. Where we left it with the executive committee is that
17 Southwest wanted to do it whether Southside wished to participate or not. I
18 wanted to come back and make sure that we understood what we were doing
19 and that it would be a claim of \$154,000 dollars for the first year on the part of
20 the Southwest Economic Development Committee. After we'd gone through
21 six months or a year we could report back to the full commission and see if
22 Southside wishes to participate and that's why I bring it back before us. I don't
23 want to plow the ground again unnecessarily but I didn't want anybody to think
24 that we were doing anything inconsistent with what the committee dealt with
25 back in September before the executive committee. Fred, do you have any
26 comments?
27

28 **MR. FIELDS:** No.
29

30 **SENATOR WAMPLER:** George, is there anything you want to add.
31 You'll be ready and focus on Southwest Virginia? And be razor sharp. When
32 do you actually take the first part of the trade mission, in December?
33

34 **MR. HILLER:** Yes.
35

36 **SENATOR WAMPLER:** How many folks do you have that have
37 indicated interest in traveling with you on that trade mission right now
38 company wide?
39

40 **MR. HILLER:** Emco and Bluefield have signed up and they're ready
41 to go. We have a couple of others that were still on the fence but they have
42 signed up and we're already in the process of matchmaking for them.
43

44 **SENATOR WAMPLER:** What's your goal or how many did you
45 want to take with you?

1
2 **MR. HILLER:** We had hoped to have a larger involvement. I think to
3 be honest with you one of the difficulties we had was that with not knowing
4 exactly where we stood on this it was a little difficult to go out and actively
5 recruit companies. We've spoken to a number of companies who have
6 expressed interest in principle. As I say, until we had it resolved whether or not
7 this is going to be approved it was a bit awkward in terms of going out and
8 recruiting companies.
9

10 **SENATOR WAMPLER:** The executive director and I were battling
11 this around. There's one area of deficiency and that is that our local economic
12 developers don't get a chance to travel very much and tell the story of our
13 counties. I know the governors trade mission was canceled and we had some
14 folks that had a desire to travel with them to Japan and China. I'm wondering
15 if that isn't something we should consider of how we open it up, there's a cost
16 sharing and it's not, there would be cost sharing involved in it. What would
17 your thoughts be if we selected folks from the region to travel with you, the
18 economic developers?
19

20 **MR. HILLER:** That would be a possibility, eventually this would be
21 coordinated by the Appalachian Regional Commission. It's not a one-state
22 affair but it's rather a thirteen state affair. The matter of whether or not to
23 include public officials and local economic developers certainly is not a
24 question that they are formally excluded. With that being said the nature of the
25 program really focused more on individual matchmaking for private sector
26 companies and that's the principal thrust here. There will be a major briefing
27 in Mexico City and also in Monterey. I think there would be interesting and
28 ample opportunities for people in the public sector that might be interested in
29 going along to get the 'lay of the land' if you will.
30

31 **SENATOR WAMPLER:** Here's what's on my mind, take Washington
32 County for example, there are two companies that I can think of right now that
33 are looking at the international markets and instead of having two companies
34 going, if we deployed our economic developer from Washington County and
35 the same thing for Scott County. If Tempedic is looking for additional markets
36 for its own mattress and pillows I'm wondering if that's not a wise investment
37 to help jump-start this here?
38

39 **MR. HILLER:** I certainly think that would be a possibility and for the
40 individuals themselves that you're referring to. It would be an opportunity for
41 those men and women to and give an opportunity for them to become more
42 well-versed in what's happening in Mexico and in this case what kind of
43 business opportunities are available as far as exporting. I know Rachel and I
44 have also talked about several upcoming programs in Mexico concerning
45 recruiting foreign students to come to this region to study and enroll in E&H or

1 UVA Wise. That also represents an export if you will, an additional source of
2 dollar revenues for the Southwest economy.

3
4 **SENATOR WAMPLER:** What's the sense of the committee in trying
5 to allocate some of these dollars to have some of our local economic developers
6 participate in this venture?
7

8 **MR. MONTGOMERY:** I don't have any objection, it sounds like a
9 good idea.

10
11 **SENATOR WAMPLER:** I'm not sure that was in your proposal but in
12 absence of some of the public sector folks going I think maybe there's
13 something to be said there if we can discuss that maybe a little later.

14
15 **MR. HILLER:** We can do a quick study to address that.

16
17 **SENATOR WAMPLER:** Christmas trees and apples I still think are a
18 tremendous agricultural market that's just waiting to be harvested and also
19 there's some more possibilities.

20
21 **MR. HILLER:** Maybe wreaths are more attractive than trees if for no
22 other reason because the demand for the trees, the Frazier Furs down here is so
23 strong domestically it's a question at this point in time whether or not how
24 much of a crop would be available for exporting, but the wreaths are a different
25 matter.

26
27 **SENATOR WAMPLER:** I see a \$10 dollar wreath on White Top
28 mountain turned into a \$30 or \$40 dollar wreath in Bristol and I would say
29 when it hits Mexico it would have retained it's value.

30
31 **DELEGATE JOHNSON:** As I understand it the freeze killed a lot of
32 Christmas trees this year, will there be Christmas trees to ship if we have a
33 market for it? Why spend money to find a market if there's no trees?
34

35 **SENATOR WAMPLER:** Out of the pie chart it would be a very small
36 portion of the overall market that we try to export out.
37

38 **MR. HILLER:** For this year I think you're correct and that's probably
39 not a viable alternative for 2002 if for no other reason because of the lateness of
40 the time. So you're correct in that assessment.
41

42 **SENATOR WAMPLER:** I'm trying to find agricultural markets for the future
43 that we're trying to address. Some of the growers I spoke with said that instead of losing
44 the whole tree you may have lost part of the growth but I'm not a horticulturalist.
45 Anyway, we need to get on with our business. The main reason we wanted to bring it up

1 is that it's going to be to say that it's going to be solely focused on Southwest somewhat
2 different than what we focused on previously. If there's a motion somebody would offer
3 that would read something like funds from the Southwest Economic Development
4 Committee authorizing an expenditure in the amount of \$154,075 dollars to fund the first
5 year for the Southwest Virginia export mission. Would anyone like to make that motion?
6

7 **SENATOR PUCKETT:** So moved.

8
9 **SENATOR WAMPLER:** It's been moved, is there a second?

10
11 **MR. MONTGOMERY:** Second.

12
13 **DELEGATE JOHNSON:** Who would the money be paid to?

14
15 **SENATOR WAMPLER:** Rachel, how about you walking through this
16 for us how the dollars would flow or George or whoever wishes to do that.
17

18 **DR. FOWLKES:** The dollars would flow here and would be
19 administered through the office here at the Higher Ed Center. Then companies
20 that sign up to go on the trade mission the first week in December, we'd be able
21 to help them with some expenses, they're not travel expenses but they're
22 expenses associated with the matchmaking in Mexico with the companies. Part
23 of the money would go to pay the salary of the person, in this case we're
24 expecting that to be George and who would be our contact person to work with
25 businesses in Southwest Virginia and travel expenses for him to do that.

26 Another component to the project is translating websites for businesses,
27 our businesses in Southwest Virginia into Spanish. We've got the website
28 development project here at the Higher Ed Center. We would develop and take
29 those projects and expense them out to other businesses that are in this region
30 and then put those sites in Spanish to be used in Mexico for other countries, we
31 wouldn't just limit it to Mexico. Basically we would serve as the – the other
32 component was the videoconferences. We've got videoconferences in Mexico
33 at the Virginia development office and we have video conferencing equipment
34 here. One of the very strong components to this project is that businesses in
35 Southwest Virginia would not necessarily have to travel to Mexico to establish
36 markets and relationships with customers and buyers in Mexico but they could
37 do it electronically here.
38

39 **MR. HILLER:** I think it's worth mentioning this is not confined
40 exclusively to Mexico. We recognize there are other additional opportunities
41 and other parts of Latin America as well as other places in the world and for
42 illustration purposes talking about Mexico, but the videoconference concept is
43 a Trans Ocean concept that is applicable to other regions and other markets and
44 other languages.
45

1 **DELEGATE JOHNSON:** Mr. Chairman, is this a one-shot deal?
2

3 **SENATOR WAMPLER:** It's a two-year plan and what we're
4 committing to is one year of funding and we'll evaluate beyond that. Any other
5 questions? We have the motion and it was moved and seconded and further
6 discussion by Delegate Johnson. Are there any further questions. Everybody
7 ready to vote? All in favor of the motion signify by saying aye. (Aye's),
8 opposed no. The aye's have it, the motion passes. We'll present that to the full
9 commission tomorrow. Those were two action items that we needed to take
10 care of today.

11 We have some folks who have decided to grace us with their presence
12 and I see some folks from the tourism industry here and I'd ask you to hold on
13 for a moment and I'll give everybody a chance to speak that wants to but
14 there's one more housekeeping matter. I'd ask the commission members to
15 listen to me for a moment. The full commission will try to move through a
16 decision of what is the appropriate role for e58 being the deployment of fiber
17 optics from one end of the state to the other. High-speed Internet connection at
18 a very affordable price. It has become apparent in the discussion that as
19 Virginia Tech performs their analysis what is the proper deployment in
20 Southwest Virginia and Southside Virginia. There are different views and each
21 view is perhaps correct on what the proper technology is. Southside may need
22 to deploy more long-haul capacity than we need in Southwest. To say it
23 another way Southwest has tremendous amounts of unsubscribed capacity
24 through existing providers. Now, I'm going to prejudiced and offer this subject
25 the way I feel like, I feel like we need to focus more on our last mile
26 application to set us apart from the rest of the game. If you take two entities
27 that are out of theory and into practical application Bristol, Virginia Utilities
28 and Lenowisco we know what we need and it's the last mile. We know that for
29 example, when we go from Abingdon to Lebanon or Abingdon to Marion or
30 Independence we have unsubscribed capacity that can be leased. In speaking
31 with the chair of the e58 Task Force this morning Ben Davenport, we both
32 came to the conclusion that perhaps that one region may decide to focus its
33 applications somewhat differently. In terms of the long-range plan that's very,
34 very significant for this committee to look at because for us to set ourselves
35 apart for economic development we have to decide how we're going to spend
36 our money and how we're going to invest our dollars in the deployment of fiber
37 optics. I bring that up to you not for a decision but something that is very, very
38 important and I'm looking forward to Virginia Tech's report in January. If it's
39 a last mile application how do we do it and what the challenges are, if its long
40 haul and how do we do it or if it's a combination of both. Any questions or
41 comments on that?
42

43 **MR. CURRIN:** The e Corridors and e58 Task Force will probably be
44 meeting in November at Virginia Tech for a seminar.
45

1 **SENATOR WAMPLER:** Mr. Flannery, is your concern that
2 Lenowisco just as an owner of dark fiber right now more a last mile or do you
3 have long-haul capacity?
4

5 **MR. FLANNERY:** I think you captured it very well in your
6 comments. I think our concern is to get it to the last mile and that's the thrust
7 of our project. I think the discussion about fiber is part of our strategy. I know
8 you've got the big proponents and maybe that's the right way to go in
9 Southside, I don't know, I don't have a feel for their situation. I think in our
10 case though it's exactly what you said and that's what Bristol is doing and
11 that's what we're doing. Unless someone tells me differently I'm satisfied
12 that's the right strategy for us. We have engaged Virginia Tech, Lenowisco has
13 Virginia Tech to explain what we're doing and I think they're prepared to
14 endorse the concept of what we're doing is the right thing for our region so I
15 think what you said is exactly right. It may end up that you have two different
16 strategies that solve the issues of bandwidth to Southern Virginia and that can
17 be done in a different sort of way.
18

19 **SENATOR WAMPLER:** But isn't part of the problem say in Lee
20 County, if you only have one provider you may need long haul. If you don't
21 have one of the incumbents that are willing to offer services at a competitive
22 price we're not going to achieve the goals of what we're trying to set up.
23

24 **MR. FLANNERY:** What we're doing in our project and I guess that's
25 the one I can speak about. We're installing conduit and we're blowing fiber
26 once it's installed. We've got several miles installed and it's not too long a, it's
27 not going along as fast as we'd like because we have to go with the pace of the
28 water line construction and that's particularly slow with rock. Lenowisco is not
29 providing services but we're providing a means for the service. The initial
30 service provider will be our partner, one of our partners we just formed a
31 contract with in Scott County. Beyond that anybody can provide services like
32 Sprint or Verizon. It's like a highway and it's an open public highway for
33 anyone that wants to provide services. As you said Mr. Chairman, if they go to
34 the homes or to the parks and to the end users along the way and that's the
35 piece we're missing right now. I'll be glad to answer any questions but that's
36 kind of what we're doing now.
37

38 **SENATOR WAMPLER:** Unless you have the operator in that area or
39 unless you have competition then perhaps you do need long haul.
40

41 **SENATOR PUCKETT:** Mr. Chairman, I've talked to Ron about this
42 at different times and for a long time I had trouble understanding where we
43 were going but he has helped me understand. I think our need out here is much
44 different than what it is maybe in Southside and I haven't focused on Southside
45 much. One of the things we find many times and we find it in our

1 infrastructure out here we don't get to the last mile. We've got capabilities
2 sitting out there somewhere but I'm real excited about the last mile part of it
3 and I think if we do the last mile part of it we're going to have people that want
4 to hook into that. That opens up a revenue stream for somebody. The problem
5 right now and the reason why Sprint and Verizon aren't doing it is, is that they
6 can't get to the last mile with dollars that they think is a good return and they're
7 not going to do it. I'm convinced and I hope I understand enough to be right on
8 this, I'm convinced that once you put that last mile in you're going to have all
9 kind of people popping out of the manholes ready to hook in. I know where the
10 manhole is and it's got all kinds of stuff in it and nobody wants to use it right
11 now. I've seen that manhole and I think it's all over Southwest Virginia.
12 When you get it to the point where Bristol, you see what's happening in Bristol,
13 Virginia between the cable companies over there they're already cutting rates
14 so we've got the same problem in every small town. We've got one cable unit
15 that's calling all the shots and if you want to watch TV you pay their price and
16 watch their cable. When that last mile is put in that's going to change and that
17 is where I think we want to go. I think there'll be all kind of companies that
18 want to tap into it once the last mile is there.

19
20 **MR. FLANNERY:** A good indication of that is that I can sense some
21 of these providers are mildly irritated which is a sure sign we might be doing
22 the right thing. There's a reception tonight and there'll be a display set up and
23 my Assistant Director will be there and I encourage you all to take a look at
24 that. It will visually show some of the things that you've talked about Senator
25 and that's what we're doing. It goes without saying we appreciate this
26 committee's support and the entire commission because we feel like we're
27 trying to implement your project and your vision in the way that you see it. It's
28 interesting and I'll be able to do some testimonials on all the things you
29 shouldn't do later on. I hope that answers your question.

30
31 **SENATOR WAMPLER:** Senator Puckett, I think you make an
32 excellent point. The part of the technology that I remained unclear on is
33 wireless and its application. There are unregulated bands that exist today.
34 Great technology but if you make an investment you don't know how the law
35 might change.

36
37 **SENATOR PUCKETT:** Mr. Chairman, it can change I'm sure but one
38 of the things that's exciting is just recently the Town of Grundy, they're using
39 wireless to open up things over there and when that opens up there'll be so
40 much pressure not to, they're not going to take it away. I don't think that's
41 going to happen. No one has been willing to come, they've had a 1960's phone
42 system over there forever since the 1960's to today but this wireless effort is
43 going to change that. It's going to happen probably in six months or maybe
44 quicker. We've heard about the wireless and it's one of those things that we
45 don't have a good handle on and no one does right at the moment and it's a

1 good ways in the future I think and pretty exciting.
2

3 **SENATOR WAMPLER:** The last comment I'll make on the wireless
4 component is that if you're looking at speed of 250, wireless can probably do
5 that. If you're looking at home application that's probably plenty fast although
6 my children would differ with you, they want a T-1 connection. Ron, if you
7 take Crutchfield Corporation T-1 is what they operate with however your
8 bandwidth is such that you can bring in anybody that you needed to.
9

10
11 **MR. FLANNERY:** It's beyond T-3.
12

13 **SENATOR WAMPLER:** It's big but that's where the mixture of
14 whether it's fiber or home fiber, business or the long haul. It doesn't do any
15 good to have a small funnel on the other end of it you had to continue to push.
16 Most unsubscribed capacity would take care of that.
17

18 **MR. FLANNERY:** I've always converted water projects. It's like
19 running a 12-inch water line through and then try to take it to the house through
20 a soda straw. Don't be surprised if you have a bad experience in the shower.
21

22 **SENATOR PUCKETT:** Just put a reducer on it.
23

24 **SENATOR WAMPLER:** We could have a two-hour meeting on the
25 application of fiber optics and technology in general and we may in fact do that
26 one-day. I thought it was worthy of a 15-minute discussion and that's where
27 the commission is heading and we've had some pretty serious discussions. We
28 have some very technical decisions to make and we're not ready yet but I
29 wanted to keep it before us.

30 I think what I'd like to do now if it's all right with the commission, we
31 have a scheduled period for public comments. Some folks may be here for the
32 meeting tonight but I can see some of the folks in the public who have traveled
33 in some cases great distances so I'd like to open it up and give an opportunity
34 for those folks to speak at this time should they want to. Please state your
35 name.
36

37 **MS. O'QUINN:** I'm Geneva O'Quinn with The Heart of Appalachia
38 Tourism Authority. I ask that you keep tourism on your agenda. Tourism is
39 the second largest industry in this area. As I sit here and listen to George and
40 Rachel talk about the export plan and he can tell you I've participated with him
41 on an export plan about two or three years ago and we think tourism is a very
42 important part of that. So what I'd like to ask you now is that when you
43 consider the export program that you're doing you also consider exporting
44 tourism to those countries, to take some tourism professionals over there to talk
45 to and tour operator companies and they can get in touch with us back over

1 here. I think George said that's the export in taking tourism over there and
2 bringing those folks back in. Instead of a \$40 dollar wreath we'd like to bring a
3 busload of those people over here or a planeload of those people over here. See
4 that's what I wanted to ask you that maybe you consider that in your export
5 mission.

6
7 **SENATOR PUCKETT:** Mr. Chairman, Geneva, I heard the word
8 earlier updating the website. Do we have the type of website available that we
9 can highlight our tourism package that we can ship to Mexico or anywhere else
10 now? What I've seen on there looks pretty good to me.

11
12 **MS. O'QUINN:** We do have a website that's all over the world, what
13 we don't have is the money to market that worldwide network. We don't have
14 the money. The only thing we do is maybe participate with the Virginia
15 Tourism Corporation and some of their missions. They have a representative in
16 South America and I think they added that one about a year ago or maybe not
17 but they have people in several places. But with everything we have to offer
18 and especially the music and Stanley, the Japanese are going to flock over here
19 when we open up that museum. So I'd just like you to consider that when you
20 speak about exporting and maybe we can sit down and talk about it some more
21 and see if we can work out something on that.

22
23 **SENATOR WAMPLER:** There's a proponent and I can't find it in the
24 proposal but I know for lack of a better word 'translation' of websites or for
25 eCommerce and that's a big part of your proposal, is it not?

26
27 **MS. O'QUINN:** Yes.

28
29 **SENATOR WAMPLER:** You must be able to click to the American
30 Flag or to the country, the flag of choice on the website for it to be user
31 friendly.

32
33 **MS. O'QUINN:** Yes, the same scope there with the focus on with our
34 festival coming up in Washington D.C. we have to start planning and to make
35 arrangements for visitors to come. We have to start planning if they can act as
36 our website and from there we can go on. We're handing out literature in all
37 these different languages and a lot of those people might be in Washington
38 D.C. but we need to get that website updated. I'm not sure if Virginia Tourism
39 is aware of that.

40
41 **DR. FOWLKES:** That's something that we can do with the project to
42 help get that going. Thank you very much.

43
44 **SENATOR WAMPLER:** Before I let you go and I want to say this to
45 Kitty also, in our long range planning we are trying to decide and we don't

1 have a consensus because we haven't gone very far with the discussion, but
2 what is the proper role of the Tobacco Commission investment in attraction or
3 destination. What we do not want to do is perform the function of what the
4 state should be doing but to the extent that we recognize the more time we can
5 keep business in the region, what a tremendous economic impact that is. I
6 think we've asked the Planning District Commissions to work with the tourism
7 entities to help us. It's going to take a while to get through that list and our
8 numbers are limited but should we securitize we want to have a plan so that we
9 can partner with other entities we may be able to, we might be a minority
10 position or maybe a major, it might be a majority of our investment but the
11 point is we think there is some ground that I think we can find that is common
12 to all of us but we're not there yet. That's part of our long range planning
13 process. Is that a fair assessment of where we are?

14
15 **SENATOR PUCKETT:** Yes.

16
17 **MS. O'QUINN:** Thank you very much.

18
19 **SENATOR WAMPLER:** All right, others that wish to speak, Kitty?

20
21 **MS. BARKER:** I'm Kitty Barker with Blue Ridge Travel Association
22 and we appreciate the support you gave us last year. Since the tragedies of 9/11
23 Northern Virginia has seen a decrease in national air and national travel. In
24 Southwest Virginia we're mostly domestic drive-in locations. We're still
25 seeing a growth and increase in tourism and visitation, a much bigger increase
26 in spending that we had not expected, an increase in the number of days people
27 are staying and they're still looking for things to do. We've been working on
28 ways to develop new attractions and assisting entrepreneurs in getting
29 businesses started that are tourism related and then guaranteeing their success
30 in their marketing plans. A lot of them may do things but then they never
31 market it and that's kind of fallen on us to help with. Geneva and I have talked
32 a lot about hospitality training. Exit 7 there's a lot of jobs down there hiring a
33 lot of people with no skills. We don't have a very aggressive program right
34 now to help train these people. We have a very big turnover in management.
35 We're having a lot of businesses that are struggling that should be very
36 successful and they're having problems and that seems to fall back on us
37 because they come to us for help. So in our long-range plan we'd like to see
38 some kind of degree program for tourism and hospitality. Perhaps maybe
39 Virginia Tech or some kind of degree program that's up and running and it is
40 not being teleconferenced. We talked to Rachel about this but we sort of need
41 to get on with that and start training some of these folks.

42 On the websites, our website is very one-dimensional. People can click
43 on and look at things and if they want something they may email me but I don't
44 have the capability of emailing back to them to send a new monthly schedule or
45 new package or romance packages or hotels available in the middle of the

1 winter because we're not on fiber optics. But if there's ways we can fit in with
2 what your plans are now we need to open those doors and figure out how the
3 tourism industry and all of these high-tech things you're doing could be merged
4 together. The AAA offices do group tours and all these professionals out there
5 that are talking tourism and meeting planners, they're the people we're trying
6 to get to and we don't have all the tools we need to get to them and that's kind
7 of where we are right now.
8

9 **DELEGATE JOHNSON:** Mr. Chairman, one of the missions of the
10 Tobacco Commission is to revitalize the tobacco communities. Do we have
11 any way of measuring what success or what results we have for the money that
12 is allocated to tourism from the Tobacco Commission?
13

14 **MS. BARKER:** Actually tonight on my display I have all that
15 information for you. We're having a conference November 14, and 15 which
16 will attract education and tourism. One of the barriers we found for land
17 owners, they don't quite understand the risks or the management insurance
18 issues and finance issues for starting a tourism business on their property and
19 that'll be covered on the 14th and 15th of November. We've also been working
20 with the Agriculture Extension people in the Department of Agriculture in
21 Virginia. They're helping us with some information to hand out to the
22 landowners to help them find alternative methods to make income. Does that
23 answer your question?
24

25 **DELEGATE JOHNSON:** Are there any specific things you're doing
26 or just general?
27

28 **MS. BARKER:** There's several things, we've met with different
29 groups and a group up on Mount Rogers and there's a new horseback or
30 equestrian place on White Top, there's a Rugby cabin and an equestrian center
31 and we are working with them. I have several. Individual entrepreneurs
32 mainly they're opening businesses on their property and they're more outdoor
33 or agricultural type facilities.
34

35 **DELEGATE JOHNSON:** How does that relate to tourism?
36

37 **MS. BARKER:** That is who buys or rents the cabins and they rent the
38 horses and they do fishing and hiking, the tourists are the ones that spend the
39 money on different things.
40

41 **DELEGATE JOHNSON:** Thank you.
42

43 **SENATOR WAMPLER:** Does anyone else want to address this?
44

45 **PHYLLIS DEEL:** I'm Phyllis Deel and some of the things that Kitty

1 talked about and Geneva talked about and these people are very involved in all
2 of this and the educational elements that Kitty talked about. What Delegate
3 Johnson said kind of sums up what a large part of my work is about and that's
4 devoted to or related to helping these people and involves a lot of changes in
5 these people's lives relating to changes in Southwest Virginia. Part of my title
6 is Management Housing and Consumer Education has to do with helping
7 people manage their resource. We find that many people in Southwest Virginia
8 are coming up short on resources. I spend a lot of my time working with
9 entrepreneurs and those types of initiatives involving education and so forth,
10 and tourism and helping people like Kitty talked about. Especially those that
11 want to get in business and also income-generation to their budget. Also we
12 work with as George mentioned and Geneva, developing some of our crafts in
13 Southwest Virginia. The one I'm currently involved in and I wanted you to be
14 aware of is an outgrowth or initiating better initiatives to help people and that
15 will be some time coming. That involves training programs for food-
16 producers. So with this training process and trying to encourage people to take
17 up food-service careers and teaching that in the classroom. This involves
18 training and marketing the food-product development hands-on activities. In
19 the kitchen and we're working on putting in a line of mountain heritage food
20 products coming out in jars and that type of thing. It's looking pretty good that
21 we'll get a endorsement from one of our legendary folks in Southwest. We're
22 hoping that will go pretty well. We're still going to need that kitchen and we'll
23 be working on that initiative. That's our long-range planning and would ask
24 you to keep that in mind. When we started there was some concern that there
25 may not be a regional enough initiative and where the actual facility would be
26 located. Our training would involve bringing people from Bristol, Abingdon,
27 Wise County, and Russell County and the whole surrounding area. There
28 definitely is an interest and they're willing to travel so, I'd ask you to keep all
29 that in mind.

30
31 **SENATOR WAMPLER:** Any other questions or comments from the
32 audience? Then I think it's about time that we bring this to some type of
33 closure. Let me make two notes that I meant to in the beginning. You directed
34 us to go to the executive committee and we did to ask for the transfer of about
35 \$582,000 dollars for the Oak Park fire suppression system. That was approved
36 by the executive committee and that'll be part of the director's report tomorrow
37 to the full commission. There is at least one item that will be pending
38 consideration of deal closing for a new industry in a county in Southwest
39 Virginia that will not require actually this committee or the full commission but
40 rather the executive director in consultation with the economic development
41 partnership and our chairman of the Tobacco Commission. Those will be the
42 only other housekeeping details that I can think of.

43 Before we wear everybody out on the preliminary engineering for this
44 and that, I would say that the preliminary engineering while it's not complete,
45 but the final report will read that because we spent some money to do

1 preliminary engineering on the deployment of fiber optics from Abingdon to
2 Marion and Marion to Independence shows that we did not need to deploy the
3 additional line and that there was existing capacity from Abingdon to Marion
4 and partially to Grayson County and that'll save us a good bit of money in the
5 long run. We're trying to be as good of a steward as we can with the dollars
6 that we had. We'll probably have to deploy the string fiber into Grayson
7 County and we'll do that and do the preliminary engineering and design with
8 the water intake for the treatment capacity whether North Carolina participates
9 in that water project or not.

10 In Carroll County we announced a couple of weeks ago the business
11 incubator and it's actually located in Galax at a satellite facility. We're getting
12 a good solid base hit on all of that. What I mentioned about the engineering for
13 the water intake plant is perspective but it's one of our long-range goals.

14 It's 3:43, any other questions or comments. Remember you made the
15 motion today so give me some help tomorrow when I present it to the full
16 commission. If there's no other business to come before the committee, the
17 committee will rise.
18
19
20

21 **PROCEEDINGS CONCLUDED**
22 **CERTIFICATE OF THE COURT REPORTER**
23

24 I, Medford W. Howard, Registered Professional Reporter and
25 Notary Public for the State of Virginia at Large, do hereby certify
26 that I was the Court Reporter who took down and transcribed the
27 proceedings of the Southwest Economic Development Committee
28 meeting when held on Tuesday, October 29th, 2002 at 2:30 p.m. at
29 the Southwest Virginia Higher Education Center Abingdon,
30 Virginia.

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

33 Given under my hand this 5th day of November 2002.
34
35

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Medford W. Howard

4

Registered Professional Reporter

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Notary Republic for the State of Virginia at Large

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My Commission Expires

10

October 31st, 2006

11