

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

3 701 East Franklin Street, Suite 501  
4 Richmond, Virginia 23219  
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9 Southwest Economic Development Committee Meeting  
10 Thursday, September 15, 2011  
11 1:00 p.m.  
12

13 The Hotel Roanoke & Conference Center  
14 Room: Crystal A-C  
15 Roanoke, Virginia  
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1    **APPEARANCES**

2    The Honorable Terry G. Kilgore  
3        Chairman, Tobacco Commission

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5        **SOUTHWEST ECONOMIC DEVELOPMENT COMMITTEE**

6    The Honorable Phillip P. Puckett, Chairman  
7    Dr. David S. Redwine, DVM, Vice-Chairman  
8    Ms. Linda P. DiYorio  
9    The Honorable Joseph P. Johnson, Jr.  
10   Mr. H. Ronnie Montgomery  
11   Mr. Israel O'Quinn  
12   Mr. John Stallard  
13   The Honorable William C. Wampler, Jr.  
14   Mary Rae Carter, Deputy Secretary of Commerce & Trade

15  
16   **COMMISSION STAFF**

17   Neal Noyes, Executive Director  
18   Ned Stephenson, Deputy Executive Director  
19   Timothy J. Pfohl, Grants Program Administration Manager  
20   Sara G. Williams, Grants Coordinator, Southwest Virginia  
21   Sarah Capps, Grants Coordinator, Southside Virginia

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4 SENATOR PUCKETT: All right, good  
5 afternoon. I'm going to call the Southwest Economic  
6 Development Committee meeting to order. I'll ask Neal to call  
7 the roll.

8 MR. NOYES: Senator Puckett?

9 SENATOR PUCKETT: Here.

10 MR. NOYES: Dr. Redwine?

11 DR. REDWINE: Here.

12 MR. NOYES: Mr. Stallard?

13 MR. STALLARD: Here.

14 MR. NOYES: Senator Wampler?

15 SENATOR WAMPLER: Here.

16 MR. NOYES: Ms. DiYorio?

17 MS. DIYORIO: Here.

18 MR. NOYES: Delegate Johnson?

19 DELEGATE JOHNSON: Here.

20 MR. NOYES: Mr. Montgomery?

21 MR. MONTGOMERY: Here.

22 MR. NOYES: Mr. O'Quinn?

23 MR. O'QUINN: Here.

24 MR. NOYES: Ms. Carter?

25 MS. CARTER: Here.

1 MR. NOYES: You have a quorum Mr.  
2 Chairman.

3 SENATOR PUCKETT: Thank you Neal. I  
4 would ask that the minutes of our last meeting on 5/26/11 be  
5 approved and they're shown on the website.

6 DELEGATE JOHNSON: So moved.

7 SENATOR PUCKETT: It's been moved and  
8 seconded. All those in favor of approving the minutes say aye.  
9 (Ayes). Opposed. (No response). That brings us to the review  
10 of the grant requests. I see those are on the screen. What  
11 we're going to do is move through those and then we'll come  
12 back and address the staff recommendations at that time.  
13 Hopefully we can do that as a block and if something needs to  
14 come out of the block, if anyone wants to request that on the  
15 Committee we can do that and we'll deal with that  
16 individually. If there's anyone in the audience that wants an  
17 opportunity to address the Committee on any particular  
18 application, if there's any comment or something somebody  
19 wants to say on an award, if you want to speak on it that will  
20 be fine. Anyone on the Committee have any questions about  
21 the process? All right Sara.

22 MS. WILLIAMS: I'm going to try to move very  
23 briefly and quickly through these. If you need any additional  
24 information just stop me, otherwise I'll give a brief description.  
25 The first proposal is proposal number 2419, Town of Abingdon

1 for the implementation of Abingdon Artisan Center. A small  
2 business art incubator. The applicant has indicated they will  
3 be applying for ARC funding. The staff recommends the  
4 proposal be tabled until the ARC funding decision and  
5 progress on the ARC funding decision.

6                   The second is proposal 2412 the Birthplace of  
7 Country Music Alliance requesting \$2.2 million. Final  
8 Funding for Completion of Birthplace of Country Music  
9 Cultural Heritage Center. Staff was unable to determine a  
10 firm number that was needed at this time and they indicated  
11 they're planning to apply to ARC and some other funding  
12 sources. Staff recommended that proposal be tabled at this  
13 time.

14                   MR. NOYES: We've had some discussion  
15 subsequent to the staff recommendation.

16                   MR. PFOHL: The applicants have indicated to  
17 us they will be applying for \$500,000 to the Appalachian  
18 Regional Commission which they have been previously  
19 approved at that level for this project because it's taken  
20 several years to put together the funding sources. ARC had to  
21 withdraw their offer. We're hopeful and confident that ARC  
22 will be able to come through at that level again and replace  
23 some of the \$2.2 million they're asking us for so we're on the  
24 cuff, recommending \$1.7 million. I think that's the number  
25 before the Committee for their consideration today.

1                   SENATOR PUCKETT: Thank you Tim. \$1.7  
2 recommended from the staff instead of tabling, that's 2412.

3                   MS. WILLIAMS: Next we have 2371, Bland  
4 County Public Service Authority, Bland Wastewater Project.  
5 This is to provide wastewater treatment to the Bland  
6 Community. Staff has requested information about this  
7 project. We need to know that staff has requested information  
8 on the cost of that line extension from beyond the local school  
9 property to the industrial park. That would fit the  
10 Commission's preference to provide residential service. We  
11 didn't receive that information at the time that we published  
12 these recommendations. Late yesterday we did get a figure  
13 from them, \$151,481 is the cost to do that extension to the  
14 industrial park. We understand one of the employers there,  
15 ABB to be very helpful for them in terms of a potential  
16 expansion. That figure is \$151,480 if the Committee wants to  
17 consider that.

18                   Next we have Bristol Virginia Utilities  
19 Authority requesting \$23,114,440 to construct fiber to the  
20 premises and fixed wireless broadband infrastructure from it's  
21 existing middle mile infrastructure network throughout  
22 Southwest Virginia. This is a 10 year total project. Staff  
23 defers to the Committee for discussion of alternative funding  
24 mechanisms such as the one suggested by VVU in their  
25 application but recommends the proposal be tabled pending a

1 discussion about the technology project.

2                   The Town of Glade Spring number 2378, Glade  
3 Spring Salt Trail Extension. This will like the Virginia Salt  
4 Trail from it's current southern terminus in Washington  
5 County to the Glade Spring Town Square. This appears to be  
6 a local recreational amenity that does not align with Tobacco  
7 Commission priorities, and the staff is recommending no  
8 award.

9                   Proposal 2348, Hiltons Outdoor Park, Outdoor  
10 Park Improvement. A shell building has been installed on the  
11 property. The activities appear to be local recreational and  
12 social. The staff is recommending no award.

13                   Next 2383, Konnarock Retreat House,  
14 Rehabilitation and Reuse. They're requesting \$824,965 to  
15 continue funding for the reuse of the former Konnarock  
16 Training School. This proposal also indicates that they will  
17 seek ARC funding this fall and they're requesting \$190,000 of  
18 this request be approved for immediate use. Staff is  
19 recommending this proposal be tabled pending completion of  
20 the feasibility and operational planning and ARC's funding  
21 decision.

22                   Next 2376, Town of Nickelsville, Nickelsville  
23 Community Multi-Use Medical Facility Phase II requesting  
24 \$430,000. This is primarily to outfit the dental suite there.  
25 Staff recommends that this proposal be tabled pending the

1 Commission's discussion of its strategic plan concerning its  
2 role in healthcare projects.

3                   2435, Russell County Industrial Development  
4 Authority requesting \$1 million for Invesys. Site prep for a 10-  
5 acre site in Cumberland Plateau Regional Industrial Park and  
6 this is for a prospect that may locate there. This was late filed  
7 on August 15<sup>th</sup>. We understand the prospect has placed this  
8 on hold for about 12 months. The IDA wishes to pursue  
9 development of this site for this or other future prospects.  
10 Staff recommends an award of \$1 million contingent on the  
11 proposed amount of matching funds to complete this phase of  
12 grading.

13                   2424, Scott County Keith Memorial park  
14 Lighting Project, \$189,000 requested. This is in Nickelsville.  
15 This proposal was declined in the FY11 Southwest Economic  
16 Development cycle and the staff is recommending no award.

17                   Next is the Scott County EDA number 2356  
18 requesting \$5,785,418 for the Scott County Riverside  
19 Development Phase I and Phase II. The staff recommends an  
20 award of \$220,000, 90 percent of basic engineering for all  
21 phases of this project.

22                   2440, Scott County Economic Development  
23 Authority Buildout at Crooked Road Technical Center for  
24 Prospect requesting \$108,000. Funding will be used to build  
25 out approximately 2,000 square feet of space in the Crooked

1 Road Tech Center. Staff is recommending an award of  
2 \$108,000.

3 2355, Scott County Telephone Cooperative,  
4 Sandy Ridge Regional Tobacco Commission Fiber To The  
5 Premises Project requesting \$1,786,750. This is to build out  
6 the fiber line in the Sandy Ridge Community located on the  
7 Wise County/Dickenson County line. Staff recommends this  
8 project be tabled for a discussion with the Commission's  
9 Technology Project.

10 Next 2375 Settler's Museum Foundation,  
11 Settler's Museum of Southwest Virginia Enhancement Project  
12 Phase II and they are requesting \$70,000. The Commission  
13 assisted this project in Phase I through it's reserve program.  
14 Phase II will focus on the immediate need of maintenance and  
15 stabilization of the structures at the site. Staff recommends  
16 an award of \$70,000 contingent on a one for one match  
17 provided by the pending USDA Forest Service Award or other  
18 sources.

19 2418 Smyth County Industrial Development  
20 Expand and Advance PDP \$207,000 requested. This is to  
21 support PDP, Power Distribution Product located in Chilhowie.  
22 This is to support facility expansion, modifications to  
23 transformer designs and for purchasing equipment. This  
24 project will allow PDP to hire approximately 20 to 30 new  
25 employees and to execute the plan at wages ranging from \$9 to

1 \$15 an hour. Staff recommends an award of \$207,000  
2 contingent on an executed performance agreement to ensure  
3 job creation and protect public interest in Tobacco  
4 Commission funded assets.

5 2362 Southwest Virginia 4-H Educational  
6 Center New Lodging and Conference Facility requesting  
7 \$300,000. This is to allow the center to build a lodging and  
8 conferencing facility. Based on the Commission's adopted low  
9 priorities, staff recommends no award.

10 2364 University of Virginia Southwest  
11 Telehealth requesting \$882,344. This is to establish a new  
12 patient monitoring and care coordination center. This  
13 proposal replaces a 2007 technology grant of \$750,000 to UVA  
14 to accomplish similar activities and to match a large FCC  
15 grant application and that grant would be closed with no  
16 activity to date. Delays accessing the FCC funds have caused  
17 UVA to request the stand alone activities that will replace  
18 outdated equipment, expand telemedicine capability and  
19 establish a remote patient monitoring center at a location to be  
20 determined in Southwest Virginia. Staff is recommending this  
21 proposal be tabled pending the Commission's discussion of a  
22 strategic plan concerning its role in healthcare projects.

23 2360 Virginia Coalfield Coalition Installation of  
24 Fiber-Optic Infrastructure, Electronics, Towers and Data  
25 Backhaul Capability for Project with Wireless Providers in

1 Southwest Virginia requesting \$2,500,000. Last September  
2 the Virginia Coalfield Coalition applied for \$2.5 million grant to  
3 be spent in 2011 as part of a multi-year \$7.5 million project to  
4 deploy a 4G wireless network in 7 counties in Southwest. This  
5 request reflects the second year of that project. Staff  
6 recommends an award of \$2.5 million.

7                                   2351 Washington County Fairground Road  
8 Project requesting \$147,500 for the Washington County  
9 Fairground Road Project. Funds will be used to complete an  
10 exit entry road to the Washington County Fairground. This  
11 project was initially funded with a \$95,000 grant in April  
12 2006. That grant has not yet been used and has been  
13 extended twice by the Committee. Staff proposes that the  
14 project be referred to the Agribusiness Committee for an  
15 assessment of agricultural outcomes to be assisted by the road  
16 project and to provide the applicant time to confirm an  
17 adequate level of matching funds to complete the project.  
18 Staff recommends the project be referred as I said, to the  
19 Agribusiness Committee.

20                                   2373 Washington County Resale Store, the  
21 Community Store requesting \$108,810. This is to start up a  
22 nonprofit resale store based on the Commission's adopted low  
23 priorities concerning retail development. Staff recommends no  
24 award.

25                                   2390 Whites Mill Foundation requesting

1 \$43,350 to restore and reconstruct water wheel mechanisms,  
2 flume, mill raceway, first frame and dam to allow water to mill  
3 wheel to demonstrate milling of corn products. We previously  
4 assisted Whites Mill with \$50,000 in 2004 to stabilize the mill  
5 building. The staff is recommending an award of \$43,350  
6 contingent on dollar for dollar matching funds.

7                   2421 Wise County Board of Supervisors, Wise  
8 Fairgrounds Improvement Project requesting \$100,000. This  
9 is requested for upgrades to the stage and performance area at  
10 the Wise County Fairground. This appears to be primarily a  
11 local entertainment venue that does not align with the Tobacco  
12 Commission priorities and the staff recommends no award.

13                   Finally we have 2403 Wise County IDA, Wise  
14 Inn Restoration and Redevelopment. The Commission  
15 previously supported this project with two Southwest  
16 Economic Development grants in 2008 and 2009 totaling  
17 \$350,000 to assist with exterior stabilization and repairs to  
18 the IDA owned structure. This request represents last dollar  
19 funding for a project that has leveraged significant federal,  
20 state, local, and private funds since those previous Tobacco  
21 Commission grant proposals. Staff recommends an award of  
22 \$1.25 million.

23                   SENATOR PUCKETT: Thank you Sara. For  
24 the Committee, if you have a particular project you'd like to  
25 address or move it or take away we'll consider that at this

1 time.

2 DR. REDWINE: I'd like to pull out 2355 for  
3 discussion.

4 SENATOR PUCKETT: 2355. Go ahead.

5 DR. REDWINE: I can do that and I think there  
6 is probably people here as well. This is a project with Scott  
7 County Telephone Cooperative that's gone out for other  
8 funding and has received other funding before coming to us  
9 for this particular project. It serves an area in the footprint  
10 and has no other technology or no other fiber and no internet  
11 over there. They've done quite a bit of research and I think it  
12 would serve a lot of people in the footprint and I'd like to hear  
13 the rest of their presentation.

14 SENATOR PUCKETT: Anyone here from the  
15 Scott County Coop? Come on up and introduce yourself.

16 MR. FRANKLIN: I'm Bill Franklin and we in  
17 Scott County have received, we've received other funding for  
18 this project. Basically it's a \$3,736,671. We got a community  
19 grant from \$1.45 million. We're going to put \$250,000 of our  
20 own money into the project. About a year ago we got a  
21 technical assistance grant from the federal government, USDA  
22 to start engineering work on that project. Basically the  
23 request from the Tobacco Commission would be \$1,786,750  
24 and that's 48 percent of the project. Basically we can build  
25 roughly half of the community. We'll be on the Dickenson side

1 of the community and the county line splits that community,  
2 City of Bristol and we're going to create that divide in that  
3 community if we don't receive funding. I know in talking to  
4 Tim it's a real rural area and it's a high cost area to serve. I  
5 think with this type of project we've been doing this for a long  
6 time and we need the fiber to the home. I don't know any  
7 other way we can cut our costs down. On the way to the  
8 location we'll be going by another thousand subscribers but I  
9 didn't list them because in coming up Route 58 and we'll be  
10 going through by St. Paul's. There's about 340 more  
11 subscribers on Route 58 and 700 more at St. Paul's. We'll  
12 have access to them and start generating some income and  
13 that's really it in a nutshell.

14 DELEGATE KILGORE: That would be the Wise  
15 Dickenson County line?

16 MR. FRANKLIN: Yes, that is, the county line  
17 splits that community and if you're on one side of the road  
18 you're in Dickenson County and if you cross the street you're  
19 in Wise County. That's basically the way it is.

20 DELEGATE JOHNSON: Does the \$1,786,750  
21 is the smallest amount you can get by on for that project or  
22 could you get by on a lesser amount?

23 MR. FRANKLIN: We couldn't do all the job.  
24 We would do as much of the job as we could. What we've  
25 gotten down there is what we think it would take to complete

1 or to serve that community.

2 DELEGATE JOHNSON: Suppose you got half  
3 of the amount, how many houses or homes could you serve?

4 MR. FRANKLIN: We're going by 425 homes, we  
5 might get half of it that way I guess. The community is fairly  
6 compact once you get, the biggest obstacle is Sandy Ridge,  
7 3,500 feet from the valley up to the top of the mountain and  
8 that's the reason they don't have any service now because it's  
9 kind of isolated because of the fact you're on the top of the  
10 mountain and nobody would build anything up to them  
11 because it's expensive getting there. It's fairly compact once  
12 you get there.

13 DELEGATE JOHNSON: Suppose a lesser  
14 amount was approved. Would you go forward and service as  
15 many homes as you could with the money you get?

16 MR. FRANKLIN: Yes, we'd use the money, any  
17 money we get we'll use it on that community and take it as far  
18 as it goes.

19 MS. DIYORIO: I assume this is primarily  
20 residential?

21 MR. FRANKLIN: Yes.

22 MS. DIYORIO: Is there any opportunity for  
23 work at home that would create some jobs by having that?

24 MR. FRANKLIN: I think that's exactly what we  
25 would be creating. Right now there's no broadband, there's no

1 even cell service now. There's nothing up there. Anything we  
2 do as far as providing any service would create an opportunity  
3 for people to work at home. If they have a broadband  
4 connection, we'll be able to get a gig of band width at each  
5 location if they desire that. Probably not that many residential  
6 customers that would want a gig but we can give them a gig  
7 band width if they so desire.

8 MR. NOYES: We calculated a cost per  
9 connection, what was that?

10 MR. PFOHL: Forty-two hundred dollars per  
11 connection.

12 MR. NOYES: Is there a wireless solution that,  
13 has that been investigated?

14 MR. FRANKLIN: We have not investigated  
15 that. The thing I see with the wireless solution, you probably  
16 can get internet service but you're not going to be able to  
17 provide anything else and that's going to be unlimited quantity  
18 if you do it with wireless.

19 MR. NOYES: With a 4G presumably wireless  
20 solution you'd have more impact.

21 MR. FRANKLIN: I'm sure it would.

22 DR. REDWINE: Mr. Chairman, I was going to  
23 suggest that and depending on the willingness of the  
24 Committee and I don't want to limit any discussion and I want  
25 to continue this discussion or questions that anyone has for

1 Mr. Franklin and his staff. With regard to the amount  
2 suggested, I'd be willing to suggest that we hold back on any  
3 amount, we've got money on the table and got other projects  
4 and before we come up with that particular amount for this  
5 project, I'd like to keep it out there for discussion and when we  
6 get further down in the meeting we can look at what's on the  
7 table, what kind of priorities we have.

8 SENATOR PUCKETT: Bill before you go let's  
9 suppose that we work out funding for two phases, what would  
10 that do to you?

11 MR. FRANKLIN: That would be just fine and  
12 we got a stimulus award and that's a three year project so  
13 basically we're going to have contractors working for the next  
14 three years so this project or the money we get for the  
15 community grant started January 1<sup>st</sup> and we'll work a year so  
16 if you funded part of this project this year we will build that  
17 along with the funding we got from the federal government and  
18 if you all can give us a little bit of money next year and break  
19 it up into two phases. Even if we get the job completed earlier  
20 than a year, we'll still have contractors. The only time you run  
21 into an issue is the contractors leave and you have to bring  
22 them back and most of the time they want a premium to come  
23 back because they know you got to have them. In our case  
24 we've got another project not really going anywhere and they  
25 just moved down here to keep working on the stimulus

1 project. I wouldn't anticipate it would cause any problem.

2 SENATOR PUCKETT: Any other questions?  
3 We'll hold onto that as Dr. Redwine suggested and see where  
4 we are down the road and come back to it.

5 MR. FRANKLIN: Thank you.

6 DELEGATE JOHNSON: Mr. Chairman, I'd like  
7 to pull out 2351. That project got approved in 2006 and we've  
8 had more red tape than Carter's got pills. Finally after two or  
9 three sessions the County has been able to nail everything  
10 down. In the meantime the cost went up and I think it was  
11 approved originally for 90 some thousand and this is just  
12 added to it to increase the overall cost because of delays. If we  
13 move it to the Agribusiness Committee that means another  
14 delay and more red tape and more costs. I would respectfully  
15 move that we approve the full amount of \$147,500 so the  
16 people can get the job done. They were told what they could  
17 do in 2006 and because of this red tape and government  
18 regulations and other things, they've been hindered and now  
19 they've got it nailed down and ready to go.

20 DELEGATE KILGORE: It was \$90,000 and  
21 now it's 147 or is it still 90?

22 MR. PFOHL: Mr. Chairman, \$95,000 in  
23 addition to the requested amount here. Those funds would be  
24 combined. It's over a quarter million dollar project. Some  
25 information we received this week indicates that the County

1 does have some funds committee to the project but the total  
2 project costs is up around \$284,000.

3 DELEGATE JOHNSON: Mr. Chairman, the  
4 Agribusiness Committee –

5 SENATOR PUCKETT: - Before we get too far,  
6 excuse me. I got a motion on the floor. Do I hear a second?

7 MR. MONTGOMERY: Second.

8 SENATOR PUCKETT: It's been moved and  
9 seconded. Now, go ahead.

10 DELEGATE JOHNSON: Agribusiness  
11 approved it, no question about that but because of delay and  
12 the permitting it hasn't been completed. We got an extension  
13 and then all this red tape. Some governmental agency says  
14 you got to do this or that and it's not fair to these people who  
15 have worked so hard and now we're going to put it back into  
16 Agribusiness. We don't have money in that Committee to  
17 begin with and we're always running short and here we've got  
18 \$3 million.

19 DELEGATE KILGORE: The Executive  
20 Committee moved some dollars around. I know Agribusiness  
21 has about \$3 million budgeted. Would you object if the  
22 Executive Committee transferred some of this to help  
23 Southwest a little bit for some of these, would you object to  
24 that?

25 DELEGATE JOHNSON: That's fine.

1 DELEGATE KILGORE: The Executive  
2 Committee will meet in two weeks.

3 MR. NOYES: Mr. Chairman, with the  
4 appropriate motion then to recommend \$147,500 to  
5 Southwest subject to the Executive Committee budget  
6 transfer.

7 DELEGATE JOHNSON: I so move.

8 SENATOR PUCKETT: Then you'll have to  
9 withdraw the –

10 DELEGATE JOHNSON: I'll withdraw the first  
11 motion.

12 SENATOR PUCKETT: Is there a second? All  
13 right. That was seconded. All right, now we're ready for the  
14 new motion.

15 DELEGATE JOHNSON: I move or make the  
16 motion that \$147,500.

17 SENATOR PUCKETT: 147 be approved subject  
18 to the transfer of the money from the Executive Committee.

19 MR. NOYES: From Agribusiness via the  
20 Executive Committee.

21 DELEGATE JOHNSON: That's fine.

22 SENATOR PUCKETT: Anyone have any  
23 questions about the motion on the table?

24 MR. PFOHL: Mr. Chairman, the \$95,000 grant  
25 from 2006 that was referenced and that's grant number 1122,

1 the Burley Tobacco Festival, that has been extended by this  
2 Committee to the end of this calendar year, December 31,  
3 2011. In order for the Burley Festival working in partnership  
4 with the fairgrounds people combined these funds to get the  
5 project done and I would suggest that grant 1122 would need  
6 to be extended an additional 12 months.

7 SENATOR PUCKETT: Let's deal with that  
8 separately. We have a motion on the floor right now to  
9 approve \$147,500 subject to transfer of funds from  
10 Agribusiness via the Executive Committee. Anyone have a  
11 question about that motion? All in favor say aye. (Ayes).  
12 Opposed no. (No response). That passes unanimously. Now  
13 I'll entertain a motion that project 1122 for \$95,000 be  
14 extended for a period of 12 months, December 31, 2012 so we  
15 can combine those two figures to one we just approved to  
16 complete this project. Anyone on the Committee have a  
17 question about the motion? All in favor of the motion say aye.  
18 (Ayes). Opposed no. (No response). All right, any other  
19 projects that anybody on the Committee wants to pull out?

20 MR. MONTGOMERY: Mr. Chairman, I'd like to  
21 pull out 2403, Wise County IDA.

22 SENATOR PUCKETT: 2403. Anyone here to  
23 talk about 2403?

24 MR. MONTGOMERY: Where are people going  
25 to park when you get this hotel resolved?

1 MR. SNODGRAS: The County has acquired a  
2 10-acre tract beyond the college and will be relocating the  
3 Sheriff's Department and the Magistrate and related activities  
4 which will free up 68 parking spots around the courthouse  
5 campus. We've also acquired two additional properties directly  
6 behind the courthouse and two of them are residential  
7 properties. One of the houses will be completely raised and  
8 made into an apartment facility. The other one is, part of that  
9 will be parking also. In addition to that parking, we still have  
10 about 40 spots available in the Wise Inn campus itself. I think  
11 we've got the parking problem solved.

12 MR. MONTGOMERY: The Sheriff's  
13 Department is on the opposite side of the courthouse?

14 MR. SNODGRAS: There's still parking there.  
15 Most of the activity taking place at the Wise Inn except  
16 overnight. There'll be no parking at the courthouse complex  
17 and that can be used for Wise Inn activities.

18 MR. MONTGOMERY: Who's putting up the \$2  
19 million of private money?

20 MR. SNODGRAS: We were successful in  
21 securing a \$1 million match gift from an anonymous donor. I  
22 was successful in raising the additional \$1 million in private  
23 funds. We have the promise of another million dollars from  
24 Gift Services, Incorporated which will be operating the Inn  
25 itself. We're trying to put money together as a matching gift.

1 We'll have that in place. That money is in hand now.

2 SENATOR PUCKETT: Any other questions.  
3 Thank you Carl. Any other that anyone wants to pull out of  
4 the block?

5 MR. O'QUINN: Could we pull out 2378.

6 SENATOR PUCKETT: 2378, Town of Glade  
7 Spring Salt Trail Extension.

8 MR. O'QUINN: I think there's more  
9 information that we need to obtain from Saltville end of the  
10 trail as to usage numbers potential, higher usage numbers  
11 may come to light after talking to several folks and the mayor  
12 of the town and the town manager is here if there's any  
13 questions.

14 SENATOR PUCKETT: Anyone here that wants  
15 to address that?

16 MR. HOGAN: My name is Lee Hogan and I'm  
17 the Mayor of Glade Spring and I'd like to talk about what we're  
18 doing in Glade Spring the last five years. We tried to redo the  
19 square. We have a very committed civic organization and  
20 community in that area working very hard to revitalize that  
21 area. For private funds we have six spaces and we have five  
22 new businesses in 2010 that came in and provide over a dozen  
23 jobs. We have a council and myself and we're young and very  
24 progressive and we want to make some economic development  
25 things happen there. We'd like to buy into this tourism

1 initiative put together by the state. We're currently members  
2 of Heartwood. We're also connected with Around the  
3 Mountain and we're part of the Crooked Road and we have  
4 Bluegrass at least once every week in Glade Spring. We're in  
5 Phase II of the HDV grant funding and we're trying to use  
6 some of those funds for further economic development. I  
7 guess in the last year and a half we have put in a new library  
8 in the Town Square and we've drawn some traffic down there  
9 because of that development. We are also very committee to  
10 using the interstate for tourism and other things as far as  
11 growing. This trail extends about a mile and a half from our  
12 core commercial district. We'd like to see that extended all the  
13 way in. The trails connect Abingdon and Damascus and  
14 220,000 people visit these things annually. We'd like to take  
15 this opportunity and make things happen up here. Since the  
16 tornado we've lost four of our businesses and since that, I  
17 don't want to see things slide backwards. This is part of our  
18 plan to move forward. I think we were here a couple of years  
19 ago and I wasn't in this position at that time but the Board  
20 advised us to come back. We've done an engineering study  
21 and have brought that back. Thank you.

22 SENATOR PUCKETT: Anyone on the  
23 Committee have any questions? I'd make a suggestion here.  
24 Maybe we should table this without doing any harm if we can.  
25 We also have maybe two or three other situations that I'd like

1 to see tabled along with that unless someone has a problem  
2 with it. Here's the issue, I think the Executive Committee  
3 needs to make some kind of statement as to what we're going  
4 to do in regard to these trails or outdoor parks. I would  
5 include in that 2348 Hilton Outdoor Park, 2424 Scott County.

6 MR. MONTGOMERY: 2375.

7 SENATOR PUCKETT: 2375, we approved what  
8 they asked for already and will be in the block. We haven't  
9 approved it but it's a recommendation of the staff and that's a  
10 little bit different and we've already funded part of that project  
11 through Phase I and what we have before us to do is Phase II.  
12 That's a little bit different than the trail people. Anyone see  
13 anything else that should go in there?

14 SENATOR WAMPLER: Another project and I  
15 think you referred to Scott County Memorial Lighting Project,  
16 2386, that's what I had on my sheet.

17 SENATOR PUCKETT: 2424. Does anyone else  
18 on the Committee have something that they want to have  
19 added into that? These will be the items that we will table and  
20 the Executive Committee will take a look at those and we'll  
21 decide if that's something we're going to move on. If we're not,  
22 then we'll make a pretty clear statement.

23 DELEGATE KILGORE: The Executive  
24 Committee will look at it and see what we're going to focus on  
25 and that will be in two weeks.

1                   MR. NOYES: From my understanding this will  
2 be part of the strategic planning process for which the  
3 Executive Committee will have to make a record because that  
4 will not be done in the next two weeks. That's something we'll  
5 do over the fall probably we'll get that done at our May  
6 meeting. There's a number of issues that we'll have to take  
7 up.

8                   SENATOR PUCKETT: I would agree with you  
9 Neal. I think it is something though Neal that in two weeks  
10 the Executive Committee needs to decide do we want to do  
11 that or not. If we do, then what you just said is proper  
12 procedure for doing that over a period of time, it can't be done  
13 at the next meeting. We'll need to seek clarification. Does  
14 anyone want to make a comment on that process? Let's see if  
15 we can clean up what we have in front of us. Tim, give us a  
16 little help with the issues we've tabled and try to handle those  
17 first in a block.

18                   MR. PFOHL: Moving down the list, we have  
19 the Abington Artisan Center, Bristol Utilities, Glade Spring,  
20 Hilton's Outdoor Park, Nickelsville Medical Facility, Keith  
21 Memorial Park Lighting, Scott County Telephone, UVA  
22 Telehealth and I think that's it.

23                   SENATOR PUCKETT: I know there are people  
24 here from Bristol Utilities and I'd like to pull that one out of  
25 the block and we'll talk about that in a little while. Senator

1 Wampler.

2 SENATOR WAMPLER: The Telemedicine  
3 Center or the director is here and part of the staff are here  
4 today to speak about that or at least that portion for Bristol,  
5 Virginia. Part of the JLARC Report asked us to focus on  
6 health related initiatives and this is actually one that was  
7 previously authorized because of the federal match and due to  
8 some complications we were unable to do so but I think it  
9 would be worth a couple of minutes to hear what the had to  
10 say.

11 SENATOR PUCKETT: 2364 will also be pulled  
12 out of that block. Tim, did we take the Scott County  
13 Telephone, 2355, is it already out?

14 MR. PFOHL: I think it's listed as being tabled  
15 right now.

16 SENATOR PUCKETT: I think we were coming  
17 back to that. We might as well take it out also. Any others?  
18 Give me those numbers we have left Tim?

19 MR. PFOHL: Abingdon, Glade Spring, Hilton,  
20 Keith Memorial, I think that's it.

21 SENATOR PUCKETT: I'll entertain a motion  
22 those be approved for tabling in a block.

23 DELEGATE JOHNSON: So moved.

24 SENATOR PUCKETT: It's been moved, is there  
25 a second, it's been moved and seconded those be tabled and

1 the Executive Committee will take a look at that and if we  
2 decide to move forward with it then we'll set up a procedure to  
3 do that over the next six months. Any questions anyone has?  
4 All in favor of tabling those say aye (Ayes). Opposed. (No  
5 response). Now, let's see if we can take the staff  
6 recommendation we're in agreement on that have been  
7 awarded some money.

8 MR. PFOHL: Birthplace of Country Music,  
9 \$1.7 million; Bland County PSA, \$1.548; Russell County, \$1  
10 million; Scott Riverside Development, \$220,000; Scott County  
11 Buildout for Crook Road, \$108,000; Settler's Museum  
12 \$70,000; Smyth County IDA, \$207,000; Virginia Coalfield  
13 Wireless \$2.5 million; Fairground Road Project, Whites Mill  
14 Foundation \$43,350 and Wise Inn \$1.25 million.

15 MR. NOYES: 2351, the Fairgrounds Road  
16 Project, that is for a recommendation to approve depending  
17 upon the transfer of funds.

18 SENATOR PUCKETT: I believe we did that a  
19 while ago.

20 MR. NOYES: I think it's out of the block,  
21 you've already approved that.

22 SENATOR PUCKETT: We have. Those of you  
23 that have just been mentioned in the block and we're getting  
24 ready to approve them, does anyone want to speak to those  
25 projects?

1 MR. WORKMAN: I'm Eric Workman, County  
2 Administrator for Bland County. Thank you for being here  
3 today. As you know the County of Bland is a very rural area  
4 in Southwest and we have a population of about 6,000 people.  
5 There's no wastewater capability for Bland. The County's been  
6 working with the expansion project. We learned yesterday and  
7 we met with them this project is getting, we're working with a  
8 parent company coming out of Switzerland. If the project  
9 doesn't move forward we're looking at possibly 600 jobs at this  
10 location that we won't get. That's roughly 10 percent of our  
11 current population. If this facility were to leave us, it would be  
12 huge void for us. In the wastewater project we have, consist of  
13 three phases. The total project is a \$10.3 million project. In  
14 Phase I knowing that situation we're in and trying to get  
15 wastewater facilities to this or capabilities to this facility as  
16 well as the second phase, we have an economic development  
17 project trying to move forward in that area and as a possible  
18 location for an industrial site in the immediate future. We do  
19 have an industrial site we're trying to make that better. No  
20 matter what I say, if we don't have funding on this, we do  
21 stand to lose the businesses that we have there in the county  
22 now and that's the bottom line. We also want this expansion  
23 project to move forward in the next couple of years and we've  
24 been given a deadline by the company to have the water  
25 services, water and sewer capability to this facility but they'll

1 be headed out of state so we're asking you if we can get that  
2 full amount. The Board of Supervisors and the engineers and  
3 the service authority are all in favor of us going forward with  
4 this project and we have everything in place for this expansion  
5 to take place. Like I said, we are on a time table and we just  
6 need this project very much because the alternative or the  
7 economic impact would be devastating and if it doesn't go  
8 through we would lose some jobs. We're also looking at about  
9 a 10 percent increase in the number of jobs, roughly 10  
10 percent of our county residence. It's a huge economic impact  
11 for us.

12 DELEGATE KILGORE: I'm going to suggest we  
13 look at the TROF application and creating new jobs and that  
14 type of investment and whether this would be eligible for the  
15 TROF, maybe the Governor's Opportunity Fund.

16 MR. WORKMAN: That's true, we're working  
17 with representatives from and working with the partnership,  
18 economic development partnership and we have been since  
19 January. It's kind of in a hold up pattern with this company  
20 because they have to have permission from their parent  
21 company. One of the issues is the timeframe with everything  
22 working. We've applied for other funding. One of the things  
23 with the County of Bland is our tax revenues and every penny  
24 from real estate revenue. In order for us to build a \$10 million  
25 wastewater treatment plant and it's going to cost a little over

1 \$6 million and we're looking at a substantial amount of tax  
2 increases from our citizens in order to fund this. The only way  
3 we can move forward is through grants.

4 MS. DIYORIO: Can you tell us the ratio of  
5 your company, how many employees would this be in total?

6 MR. WORKMAN: Right now 380. We're  
7 hoping that will move up to 600.

8 MS. DIYORIO: But how about the households,  
9 residential?

10 MR. WORKMAN: Phase I is strictly for  
11 economic development. We broke it down that way where we  
12 could apply for funds, Phase II and III are residential.

13 MR. MONTGOMERY: The 380 jobs, where are  
14 they now?

15 MR. WORKMAN: They're going to happen and  
16 they're products are in high demand.

17 MR. MONTGOMERY: Is that the jobs you have  
18 now in the County. You're going from 380 to 600?

19 MR. WORKMAN: Yes but they have given us a  
20 time table or a window. What the advisors of the parent  
21 company told us and they're looking for other sites like North  
22 Carolina and West Virginia. I've been given a charge by  
23 economic development authority and by the Board of  
24 Supervisors, we make sure we keep and maintain our current  
25 company.

1 MS. DIYORIO: Senator Puckett, I'd like to  
2 make a motion that we pull this out.

3 SENATOR PUCKETT: It's been moved we pull  
4 this out of the block and discuss what we can fund, I assume  
5 that's what we're going to do with the Scott County piece as  
6 well. Is there a second to that? It's been moved and  
7 seconded, all in favor say aye. (Ayes). Opposed. (No  
8 response). Eric, let me ask you a question. Is it possible to  
9 and I don't know what kind of money we're going to have left,  
10 is it possible to use the figure, I don't know what the figure will  
11 be, but use the figure 2,014, is it possible that Tobacco  
12 Commission money funding over a couple of years like three  
13 years knowing that you would be working on this project?

14 MR. WORKMAN: The issue at hand, we have  
15 to know and design this facility and it still has to be built. The  
16 wastewater treatment facility as well as the, that's why time is  
17 so important for us. In order for us to be able to report and  
18 move forward, and there's a lease of a building they're  
19 currently in 110,000 square foot and they want to move to a  
20 200,000 square foot facility but in order to have everything in  
21 place, to have it ready by 2014.

22 MR. NOYES: Will this expansion add 600 new  
23 jobs?

24 MR. WORKMAN: Add approximately 120 net  
25 new jobs more. However, if it's not there, we'll lose 380.

1 MR. NOYES: You have not yet applied for  
2 TROF funds?

3 MR. WORKMAN: No, sir.

4 MR. NOYES: Maybe some TROF funds to  
5 offset some portion.

6 MR. WORKMAN: The issue is that we have to  
7 make sure that anything we do have to work out. The County  
8 itself has very little financial resources to do anything but we  
9 have to help build this facility. We've got to get all the ground  
10 work and we have to look other places for revenue sources.

11 SENATOR PUCKETT: Thank you Eric, we'll get  
12 back to you.

13 MS. HAMM: I'm Jean Hamm. I want to thank  
14 the Committee for tabling us, thank you for tabling us instead  
15 of turning us down. We're working on a business plan and  
16 working on a grant application to the ARC along with a  
17 number of other things as well. I'd like to ask the Committee  
18 to consider one or two things that are critical for us at this  
19 point. One thing we definitely need is a wastewater treatment  
20 facility which we estimate will cost us \$54,400. The other  
21 thing that's very critical for us right now is the restoration and  
22 repair of the original windows to the building. We estimate  
23 that at \$58,000. I know that sounds like a lot for windows.  
24 We have 116 windows in the building and because it's on the  
25 national register of historic places, windows have to be

1 restored. Those are our two critical needs right now for all the  
2 things that we're applying for. I'd like you to consider perhaps  
3 one of those from the available funds. Thank you.

4 SENATOR PUCKETT: Thank you. Anyone  
5 have a question? There's a gentleman in the back that stood  
6 up, do you want to speak?

7 MR. TILTON: My name is Henry Tilton. I been  
8 working on this project about five years now. Thank you for  
9 moving this project to tabling it rather than turning it down as  
10 I understand it. Since we've owned the property or we bought  
11 the property in the turn of the 80's, since we bought the  
12 property installed power, we've installed sewage, we've  
13 installed a four inch water main which has three service areas  
14 coming off the four inch water main. The first thing we did  
15 was to create a road and there wasn't a road up into the  
16 property and it lies at the base of Clinch Mountain on the  
17 Southside. We created the road and it was crushed stone  
18 which was the right of way which would eventually the  
19 standards of the Virginia Department of Transportation.  
20 Following that we went in partnership with owners of property  
21 adjacent and adjoining on the Southside of our property. We  
22 went in with cooperation from them. We had this road hard  
23 surfaced and also being Virginia Department of Transportation  
24 regulation so we have an adequate highway which is  
25 maintained by transportation up to the boundaries of the

1 property. As the grant proposal shows, we have a children's  
2 playground, a service utility building which would have  
3 restrooms. The easiest work to do would be complete the  
4 walking trail and we have a rough walking trail which is being  
5 used by the local citizens of about a thousand feet. We're  
6 hoping to add another 1,100 feet to that trail. The trail could  
7 be used by people who are incapacitated and who are limited  
8 with physical activity and then the addition of the trail could  
9 be used by those more healthier persons who have legs and  
10 motion capabilities to climb steep grades is adequate to  
11 improving health of the citizens. Health wise we're not  
12 anywhere near the top. In addition to this, we have very  
13 limited access to recreational facilities in the state parks. A  
14 few of the and I don't know how many but the Ruritan Clubs  
15 have installed swimming pools that are operational during the  
16 summer season and very expensive to maintain. Gate City  
17 has a town park and county wide this is about all the  
18 recreation Scott County has. We feel this park is very  
19 dramatically needed to do the job of improving the health of  
20 the citizens and providing some recreation. You know what we  
21 plan to do there in our grant application and those details are  
22 included. In the very beginning we had the survey run which  
23 was done by a survey engineer and we paid 500 for that. We  
24 have our lines well delineated and there is additional property  
25 above the stream that runs through the property. We're only

1 proposing at this time to develop the southside of the stream.  
2 Once we can go above the stream we have an additional block  
3 of property at the base of the mountain which can also be  
4 improved for recreation and could include such things as  
5 tennis courts, et cetera. I believe that about covers where we  
6 stand with this park. I would be happy myself to answer any  
7 questions that we can. We also have a commitment for 10  
8 percent of the funding from the Scott County Board of  
9 Supervisors which would augment the Commission funding if  
10 available. Now, I understand we've been tabled. Should we  
11 appear before the Executive Committee two weeks from today?

12 SENATOR PUCKETT: Thank you, certainly  
13 you're welcomed to appear before the Executive Committee if  
14 you would like. I don't know if anybody else has any  
15 questions to ask but that might be the proper time for  
16 somebody to be there to ask questions because the Executive  
17 Committee is going to have to make some kind of decision, not  
18 just on your project but all the projects that we table. It might  
19 be the right time to be there if you have any kind of input you  
20 want before the Executive Committee and it's open to the  
21 public. Anyone whose had something tabled, the Executive  
22 Committee is going to take a look at it, it might be worthwhile  
23 to be there.

24 MR. WIGLER: Thank you Mr. Chairman. As  
25 was mentioned, I've been associated with this project for 40

1 years. At the time it was envisioned that we establish a park  
2 in the future. Scott County at that time had virtually no  
3 recreation or outdoor recreation, virtually none that I can  
4 remember other than walking the exterior of the football field,  
5 that's jogging or walking. If there's no more questions, I'll turn  
6 it over.

7 SENATOR PUCKETT: Thank you and feel free  
8 to attend the Committee meeting if you wish.

9 MR. RUTHERFORD: Good afternoon, I'm  
10 Harry Rutherford, Chairman of the Russell County Industrial  
11 Development Authority. I want to thank you as the Committee  
12 and the staff for the support for this project. This is a photo  
13 that shows the property that we been talking about and I'll  
14 pass it up and I hope that makes you proud of us.

15 SENATOR PUCKETT: Thank you Harry.  
16 Senator Wampler.

17 SENATOR WAMPLER: I'd ask the Committee  
18 to indulge the representatives from the University of Virginia  
19 and that application's been tabled.

20 DR. RHEUBEN: Thank you Mr. Chairman and  
21 members of the Committee, we thank you for your  
22 longstanding support of TeleHealth from the Tobacco  
23 Commission and from the General Assembly and thank you  
24 for your legislation that was passed a year ago and to our  
25 federal partners as well. You all have helped us to build an 85

1 site network in the Commonwealth of Virginia to improve  
2 access to healthcare services. Just a brief word about, the  
3 750 that we didn't spend and that's because the FCC rules  
4 prevented us from merging the two but as it turned out, your  
5 pledge for matching funds was directly responsible for us  
6 receiving \$2.7 million and that will be spent in the  
7 Commonwealth of Virginia for broadband and specifically for  
8 Telehealth. As I mentioned, we have an 85 site network and  
9 more than 50 percent of our sites are in the Tobacco  
10 Commission footprint. We've supported more than 26,000  
11 patient encounters, that saved Virginia patients more than 6.7  
12 miles of travel to access healthcare services. I meant to say  
13 million. Our request is two fold, one is to revitalize the  
14 existing equipment that was funded by the Tobacco  
15 Commission and all of those locations we have a location  
16 monitoring center that will be in Southwest Virginia in Russell  
17 or Scott County or perhaps in another location that the  
18 Commission might recommend to one of the parts that will  
19 leverage both the day center in Duffield as well as the  
20 broadband infrastructure that has been developed. I am  
21 pleased to say that a \$1 million grant that our Center for  
22 Telehealth received to share our knowledge and experience in  
23 the Commonwealth of Virginia with other states including  
24 North Carolina, West Virginia, Kentucky, District of Columbia,  
25 Maryland, Delaware and in addition to Virginia. The model

1 that we developed for patient monitoring will also be shared  
2 with other states and would also drive business to our centers.  
3 We've very grateful for all your support, continued support and  
4 I'll be happy to try to answer any questions.

5 MR. CATELL: I'll be very brief. I just want to  
6 underscore what Dr. Rubin just said. We're very proud that  
7 the Tobacco footprint is one of the largest Telehealth networks  
8 in the country and we're far ahead of many other regions and I  
9 think the numbers would show a large opportunity to continue  
10 to advance the health of the citizens and we know you need  
11 that. These dollars help us to revitalize that network and  
12 move it to higher levels and higher standards and a high  
13 definition network. That will enable us to do more innovative  
14 work and anything we can do to help keep the health of our  
15 citizens where it should be. The high definition capacity will  
16 impact Virginia very much. These monitoring centers are up  
17 and running and offer many opportunities. The capabilities  
18 have just grown and grown. The Tobacco footprint can set a  
19 national model and health systems throughout the country are  
20 going to need capability to prevent the patients from being  
21 readmitted to the hospital for the same diagnosis that would  
22 be a huge expense to the health system. This is a real model  
23 and sustainability and health companies are looking to  
24 restructure their payment for services, the front end care of  
25 patients at home. We appreciate your review of this proposal.

1 We're available to answer any questions.

2 SENATOR WAMPLER: Mr. Chairman, whoever  
3 takes my seat on this Commission I hope that they recognize  
4 the investment we made in broadband and I hope they would  
5 recognize that healthcare is an appropriate investment of this  
6 Commission and that healthcare is certainly a worthy  
7 investment. I would say maybe within the next four years we'll  
8 have the University of Virginia's office of telemedicine be the  
9 world's leader in training healthcare providers on how to  
10 access telemedicine and I hope over the next four years  
11 someone will figure out how to deliver that product. I think  
12 these folks provide quality work and when they submit  
13 applications in the future, I hope the Commission will look on  
14 this very favorably. Thank you sir.

15 SENATOR PUCKETT: I would say again thank  
16 you for being here. I believe the Commission is very  
17 committed to the telemedicine and the fiber that's been laid  
18 across the Tobacco Commission area and can be used for that.  
19 I don't think it's an issue that we tabled here because we  
20 didn't like what was there. We're very much supportive of  
21 this. We want to make sure the Executive Committee will  
22 make a strong statement of our commitment to healthcare. As  
23 Senator Wampler indicated, once that direction is out there,  
24 it's pretty much official from this Commission we're going to be  
25 looking to the experts. I think we know who those are. Thank

1 you all very much. I look forward to seeing you in the future  
2 once we make our policy decision. We got off track just a little  
3 bit but anyone else out there? We have a couple of  
4 presentations we're going to make. I would hope, I hope it's in  
5 order and somebody correct me if it's not that we would  
6 approve those projects that have been recommended unless  
7 we pull them out of the block.

8 DELEGATE JOHNSON: So moved.

9 SENATOR PUCKETT: It's been moved and  
10 seconded and I don't know if you want to identify those or not  
11 but projects that have been approved, if we haven't pulled it  
12 out of the block based on the staff's recommendation, we're  
13 ready to vote on it.

14 MS. DIYORIO: Maybe Bland ought to come  
15 out.

16 SENATOR PUCKETT: Bland ought to come  
17 out, we can always vote on it separately if we don't do  
18 anything different.

19 MR. MONTGOMERY: Mr. Chairman, I'd like to  
20 pull out the Wise Inn.

21 SENATOR PUCKETT: Wise Inn will come out  
22 for purpose of a separate vote. Tim.

23 MR. PFOHL: We're looking at the Birthplace of  
24 Country Music, Hilton's Outdoor Park, Russell County, Scott  
25 EDA, Smyth County, Coalfield Coalition and Wise Inn.

1                   SENATOR PUCKETT: Anyone else have a  
2 question about the block, these are based on  
3 recommendations from the staff. We have motion and a  
4 second. All those in favor please say aye. (Ayes). Opposed.  
5 (No response). That motion is carried. Now, let's take up the  
6 Wise Inn piece, a million two fifty. It's been moved that the  
7 recommendation of the staff be approved, is there a second?  
8 It's been moved and seconded. Any discussion? All those in  
9 favor please say aye. (Ayes). Opposed. (No). We've got two  
10 no's. You've got Bland and Scott County Telephone  
11 Cooperative, I'd like to hold that until the end. The next item  
12 on our agenda is King College and that's followed by Powell  
13 Valley Electric and then that would complete everything except  
14 for those two items. King College, Dr. Jordan.

15                   DR. JORDAN: Mr. Chairman, distinguished  
16 members of the Committee, it's a pleasure to see you. We  
17 come before you with words of encouragement, we have Jeff  
18 Mitchell here of LeClair Ryan, Ray Booth is here, Kristy Parker  
19 from Washington County and several King College staff. We've  
20 seen progress since the last time we met of course. We're  
21 delighted to share with you an elevation of our new  
22 construction that will be funded by the Virginia Tobacco  
23 Commission. This will be immediately adjacent to Southwest  
24 Virginia Higher Education Center that Delegate Joe Johnson  
25 has called the jewel of Southwest Virginia. We'll be making an

1 announcement tomorrow morning. Washington County and  
2 the Town of Abingdon and you and has been developed and  
3 confirming the resolution of support last August. This  
4 represents \$15 million towards the match. It's our request  
5 this afternoon to submit to you for consideration a request  
6 that we be permitted to use long term lease with Southwest  
7 Virginia Higher Education Center and has a value of \$12.5  
8 million toward the match which means the \$15 million from  
9 Washington County and Abingdon and the value of \$12.5 and  
10 we want to submit that in satisfaction of the \$25 million  
11 match from the Virginia Tobacco Commission. We have an  
12 appraisal from the property from an organization in  
13 Lynchburg, Virginia. We're very pleased to have made this  
14 amount of progress and we're looking forward to  
15 implementation of the project.

16 MR. NOYES: I think what we're looking for  
17 here is a motion that would allow a long term lease amount to  
18 count as a match, \$25 million. During my time in federal  
19 service which was a standard practice which allowed a long  
20 term lease to be used for that type of purchase, I think we're  
21 looking for a motion to this effect.

22 DELEGATE JOHNSON: Mr. Chairman, I'll  
23 make a motion but before I make it, I'd like to know if this has  
24 been run by legal counsel?

25 MR. NOYES: Legal counsel has agreed, I don't

1 have any reservation that it wouldn't be regarded as a reason  
2 to do it.

3 DELEGATE JOHNSON: Then I'd certainly  
4 make a motion that we do this.

5 SENATOR PUCKETT: For purposes of  
6 discussion, I have a motion and a second. Do I have a  
7 second?

8 MS. DIYORIO: Second.

9 SENATOR PUCKETT: It's been moved and  
10 second. I have a question that maybe somebody needs to  
11 answer, has the Ed Center signed off on this?

12 MR. MITCHELL: Yes, we have an MOU with  
13 the higher education center, the Attorney General's Office has  
14 reviewed it, it's been signed and executed and then we'll  
15 execute a long term lease; either several 10 year periods or one  
16 20 year period of time.

17 SENATOR WAMPLER: Jeff, I'll try to pose my  
18 question as legally as I can. If Dr. Fowlkes has executed the  
19 MOU, has the Board of Trustees voted to accept that?

20 MR. MITCHELL: After we presented it back in  
21 the summer we sat down with Rachel and discussed the MOU  
22 and I asked that question. Both Rachel and the Attorney  
23 General's Office indicated she had the authority to execute  
24 that and that's a question I posed initially. We were assured  
25 she had the authority.

1                   SENATOR WAMPLER: So the answer is that  
2 the Board can do this. If it's desirable for King College or the  
3 King School of Medicine to occupy the building for purposes of  
4 conducting a medical school and the students using it now,  
5 how many?

6                   MR. MITCHELL: There's really two using  
7 classrooms at the higher ed center. One is immediate which  
8 will be short term dedicated lease space and one, we will come  
9 into the higher ed center and Rachel's already begun to  
10 identify temporary offices for the Dean and the administrators  
11 of the medical school and that will be short term. For the long  
12 term we're looking at space in the center like every other  
13 educational partner. The difference is we'll be using the space  
14 on a committed long term basis and conference room centers  
15 as well. We're working with the center itself to make sure  
16 we're using a comprehensive approach to how we use it. It will  
17 not displace other students using that space. A lot of their  
18 uses are at night and our use will be more general academic  
19 day setting. That way we can maximize the center that way.

20                   SENATOR WAMPLER: I'm trying to figure out  
21 the partner institution pays the fee to the center but if we give  
22 up half of our space, what would that do to the operating  
23 budget?

24                   MR. MITCHELL: In fact this will supplement  
25 the operating budget and we'll participate in the same level as

1 others. Moreover a long term lease, in the absence of certain  
2 commercial uses and considering the corporate structure that  
3 this will supplement that.

4 SENATOR WAMPLER: As long as the other  
5 partner members don't leave.

6 MR. MITCHELL: That's true, and we're saying  
7 to Rachel and I think that she affirms, expressed appreciation  
8 and that we're making a long term commitment and we'll find  
9 a way to support development of a Higher Ed Center long  
10 term.

11 SENATOR WAMPLER: Some of the things we'd  
12 want to hear from the locality that they believe this is a good  
13 match because they're footing a lot of their skin so to speak in  
14 the game.

15 MS. PARKER: I'm Cristy Parker, Washington  
16 County. I'm also today representing the Town of Abingdon  
17 and Washington County. Both Washington County and  
18 Abingdon are completely 100 percent in support of this  
19 project. Each of us are bringing to the table \$7.5 million.  
20 Washington County is bringing that forward in cash and the  
21 Town of Abingdon is bringing that forward with a combination  
22 of land and cash equal to \$15 million. We're here to support  
23 the request and to ask you to accept that match at the value of  
24 the lease at the Higher Ed Center. We feel like this project is a  
25 game changer for our community and our region and

1 generations to come. Probably beyond what we can even  
2 measure today. We'd ask for your favorable consideration  
3 therefore.

4 SENATOR WAMPLER: Has the Town or the  
5 County adopted that by resolution confirming the value of the  
6 lease?

7 MS. PARKER: Tomorrow Washington County  
8 will meet at 7:30 in the morning and it's a joint meeting of the  
9 two bodies and we will be adopting formerly the Memorandum  
10 of Understanding and a joint signing ceremony with the Higher  
11 Ed Center and our Community College as well as our mayor  
12 and Board. We think this will make history and we wouldn't  
13 be here today if it wasn't for the Tobacco Commission and the  
14 shared commitment.

15 SENATOR WAMPLER: The Town and the  
16 County have recognized the value of the lease?

17 MS. PARKER: Yes.

18 SENATOR PUCKETT: Anyone else have a  
19 question?

20 DELEGATE JOHNSON: It's my understanding  
21 that the medical school use the Higher Education facility for  
22 start up and then there will be another building that will  
23 house activity for the medical school?

24 DR. JORDAN: That is correct although we  
25 want a long term standing relationship with Southwest

1 Virginia Education and that will represent a substantial value  
2 and maximizing a building that has 560 students currently  
3 using it. So it means that there's opportunities to use a  
4 facility that represents the state of the art in education. The  
5 dean will be there for a brief period of time and he will be  
6 assisting in the new construction. The administrative offices  
7 will be moved along with faculty after the new construction.

8 MR. MONTGOMERY: I have question, how  
9 many students are you anticipating?

10 DR. JORDAN: Well we're talking about 60 to  
11 75 to start with but we hope to have ultimately 150 per class.  
12 We're also have an advertisement and ready to move forward  
13 with a dean.

14 SENATOR PUCKETT: We have a motion and a  
15 second, any questions about the motion? All those in favor of  
16 the motion say aye. (Ayes). Opposed. (No response). All  
17 right, Powell Valley Electric.

18 MR. MONTGOMERY: We have good news. I  
19 believe we have a deal.

20 MR. NOYES: If I may Mr. Chairman, I along  
21 with Delegate Kilgore and others have been working with  
22 Powell Valley Electric Coop, transfer of assets currently  
23 awarded over a succession or number of years to Lenowisco  
24 Planning District Commission for broadband purposes. The  
25 contractor on this Sunset made significant progress and

1 Powell Valley has agreed to accept the assets in their present  
2 form and to conduct an indepth inventory, a condition and  
3 location of all assets. They are going to purchase Sunset, the  
4 expectation is that they will purchase Sunset and they will  
5 operate the Lenowisco portion of the communication network  
6 that was financed by the Tobacco Commission. I look at this  
7 as a very positive development at this time. I think Mr.  
8 Montgomery has some information on the progress and the  
9 actual purchase.

10 MR. MONTGOMERY: We signed the papers  
11 this morning.

12 MR. NOYES: The papers were signed this  
13 morning. The staff has in house an application from Powell  
14 Valley Electric Cooperative that agrees to accept the assets we  
15 funded through Lenowisco and to operate that portion of the  
16 network in concert with other partners; Southwest and  
17 Southside Virginia do an inventory and advise us in an  
18 expeditious way timeframe I mean about the condition of our  
19 assets. I very much recommend that we agree to this transfer  
20 of assets. I seek a motion and we welcome the motion on  
21 behalf of the staff to go forward on this basis. We have a grant  
22 agreement from Powell Valley.

23 SENATOR PUCKETT: Is there a motion that  
24 we move forward with Powell Valley Electric Coop on this  
25 project?

1 DELEGATE JOHNSON: So moved.

2 SENATOR PUCKETT: Is there a second? It's  
3 been moved and seconded that we enter into an agreement  
4 with the Powell Valley Electric Coop.

5 MR. MONTGOMERY: I wanted to make a  
6 motion for the amount that we're funding. I notified the  
7 Commission and Counsel, everyone last fall that I was taking  
8 part in this deliberation.

9 SENATOR PUCKETT: We have a motion, it's  
10 been moved and seconded, all those in favor say aye. (Ayes).  
11 Opposed. (No response). The motion carries. There's actually  
12 three things. Eric, on the Bland County piece, if you have any  
13 questions feel free to ask and if you don't and with the  
14 discussion here with Neal and the Chairman of the  
15 Commission, Delegate Kilgore, we think the Bland County  
16 piece, you'll have a much better chance of getting what you  
17 need with the TROF Committee and here's what we're going to  
18 ask you to do. Even though we have a figure here, we'd like to  
19 withdraw that figure in this Committee and ask that you  
20 submit a TROF application and we'll ask the staff and Tim if  
21 you'd get together with Eric and get that application to us as  
22 soon as possible and then we'll call a meeting of the TROF  
23 group and try to resolve the issue with Bland County. Have I  
24 stated that right?

25 MR. NOYES: Yes.

1                   SENATOR PUCKETT: Neal, if you would get  
2 with the TROF Committee we can work that out. All right,  
3 thank you. Then that will leave us two things, Bristol Virginia  
4 Utilities, who's here from Bristol?

5                   MR. ROSENBALM: Mr. Chairman, with your  
6 permission what I'd like to do is ask Mount Rogers to join me  
7 on this discussion. What we have presented to this Committee  
8 is unique and we understand that and that's a 10 year plan to  
9 build on the success of the JLARC Report in this  
10 communication project coupled with the MPIA grant and the  
11 match. This is the last piece or portion or last mile that we  
12 will implement throughout Southwest Virginia over this 10  
13 year period of time which will install services to approximately  
14 30,000 people and that includes residential and business  
15 people in the 9 counties that we cover, includes Mount Rogers  
16 and the Cumberland plateau. We've asked for year funding of  
17 \$5 million. The total project over a 10 year period is \$91  
18 million, \$61 million will come from BVU, and \$23 million  
19 would come from the Tobacco Commission over that 10 year  
20 period of time. This will be an almost \$100 million investment  
21 that's been made by multiple organizations in Southwest  
22 Virginia and we think it's a last step in getting full broadband  
23 services, wireless and fiber to the premises.

24                   SENATOR PUCKETT: Anyone on the  
25 Committee have a question?

1                   SENATOR WAMPLER: Just an observation.  
2 The plan that BVU put forward is very comprehensive and has  
3 a large price tag. While the stated price tag is large, I want to  
4 commend BVU. The question is where do we go from here? I  
5 don't know if this Committee has the financial capacity to  
6 begin the first phase of what they seek to do and I think we  
7 have other projects that we have voted on we have to complete.  
8 I don't want this to go away because they've put a lot of time  
9 and effort into it. It's a very comprehensive approach and I felt  
10 like I needed to make that comment. I don't want you to think  
11 we're not interested and come back another day, not at all.

12                   SENATOR PUCKETT: Anyone else? Let me  
13 see if I can put my arms around this a little bit. I don't think  
14 there's any question that this Committee doesn't want to be  
15 supportive of what you're trying to do. We have a lot of fiber in  
16 the ground out there and there's not a week that doesn't go by  
17 that somebody doesn't call me and notice that there's fiber  
18 running in front, running to certain homes and yet they don't  
19 have it and they want it to their home and we can't get  
20 anything for them. I want to be very supportive of the fiber  
21 going to the home. I know wireless is supposed to be a piece  
22 of the action. Wireless is not the only piece of this. To think  
23 we can do all of this and I'm not an expert in this and to think  
24 we can do this with just wireless is not going to happen.  
25 Wireless is changing everyday and the technology is improving

1 everyday. I know we do a lot of things we couldn't do five  
2 years ago. Somebody mentioned earlier can you work from  
3 home and I think Linda asked that question. I'll just give you  
4 an example of why wireless is not always the answer. We have  
5 Northrup Gruman and others sitting in the technology park in  
6 Russell County and a lot of those people could work from  
7 home on a regular basis; some do it even now but wireless is  
8 not the secure piece to do that if you're outside an area that  
9 doesn't have the fiber. If you're depending solely on the  
10 wireless piece, the security piece for that, these companies  
11 won't allow you to do that. The piece that BVU needs more  
12 than anything else to be able to build out something. Quite  
13 frankly nobody else is doing that. It's expensive and takes a  
14 lot of money to do that. If we're going to complete our  
15 commitment to people across the burley tobacco region for  
16 lack of a better term for Southwest, we're just going to have to  
17 bite the bullet and do some of this. We're going to have to give  
18 BVU an indication we're willing to support this long term. I  
19 don't see \$5 million up front and we don't have it right now.  
20 Our challenge I think is to find that money that we can give to  
21 BVU to start that buildout. I don't have a good answer for you  
22 today where that is. The question is, if this Committee could  
23 do something for you immediately and you're talking about a  
24 10 year plan and the question I'm going to ask is what could  
25 we do for you over a three year piece that might help you get to

1 that \$5 million?

2 MR. ROSENBALM: Thirty thousand is  
3 obviously the number we're trying to obtain. Whatever the  
4 Committee can give us over any period of time helps us take  
5 those steps towards making sure we can get this system going  
6 so any amount of money we'll take it and make it work and do  
7 what we can with that.

8 SENATOR PUCKETT: I compliment you on the  
9 plan you've laid out. I think it's worthwhile. It's one that can  
10 be completed and the best thing about it is I hope we can  
11 complete it before the technology advances far beyond that  
12 we'd be behind again. I don't know how much we can  
13 accomplish but as one vote here, I do support giving you what  
14 we can get towards that plan for that initial piece today. Are  
15 there any other comments?

16 MR. ROSENBALM: We're in the process of  
17 building out now and we have a three year clock on that  
18 project. The first step in this process and whatever money you  
19 give us today we plan to work on those underserved areas. To  
20 answer your question we're well underway.

21 MR. NOYES: How much have you got done?

22 MR. ROSENBALM: We have about 30 percent  
23 of the fiber already in and we're making very good progress  
24 and we're really pushing and our contractor's trying to get that  
25 done so there's already the 30 percent piece we started doing

1 the last mile to finish those up. Mr. Chairman, we appreciate  
2 your support and the support from this Committee and the  
3 Tobacco Commission as a whole. Anything you do today is  
4 greatly appreciated.

5 MR. MONTGOMERY: Mr. Chairman, this is  
6 much better in my judgment and you look at 30 jobs that  
7 creates and I'd rather spend all the money on technology and  
8 projects like this.

9 SENATOR PUCKETT: Any other comments?  
10 Tim, where are we with the money, do you have any idea?

11 MR. PFOHL: \$2.8 million.

12 SENATOR PUCKETT: That's what's on the  
13 table?

14 MR. PFOHL: Yes.

15 SENATOR PUCKETT: \$2.8 million?

16 MR. PFOHL: Yes.

17 SENATOR PUCKETT: Keep in mind there's  
18 two projects out there, Scott County Telephone Cooperative  
19 and Bristol Virginia Utilities.

20 DR. REDWINE: Mr. Chairman, I need some  
21 clarification and education on what we're allowed to do. With  
22 regard to Scott County they discussed a possibility of being  
23 able to get money in two phases or over two years. You can  
24 me can we pledge them a certain amount of money, take it out  
25 for two years?

1                   MR. NOYES: When we approve a request, it's  
2 been the practice of the Commission to book the entire  
3 amount at the time of approval. I think what you could do  
4 reasonably is to approve some amount and indicate to the  
5 applicant that you look forward to a second application next  
6 year and that's different than approving it for –

7                   DR. REDWINE: It's not a guaranteed thing but  
8 indicating to them that we're encouraging them to reapply.

9                   MR. NOYES: Yes sir. We certainly will need to  
10 meet depending on what the Executive Committee says, some  
11 tabled matters we'll have to do that ahead of our January  
12 meeting Mr. Chairman.

13                  DELEGATE JOHNSON: Mr. Chairman, I think  
14 we should give the money, a piece, this is a worthwhile effort.

15                  SENATOR PUCKETT: I'm going to relinquish  
16 the chair to Dr. Redwine for purpose of a motion. We'll have to  
17 have another meeting and I'm not interested in another  
18 meeting to do what I think we ought to do now. We've heard  
19 but we haven't talked much about Scott County Telephone  
20 piece. That's an important piece as far as I'm concerned  
21 because of the remoteness of that. Nobody has ever done  
22 much to try to help those people. I'm going to say and  
23 following on the suggestion or questions from Dr. Redwine, I  
24 really want to make two motions. The first one is that out of  
25 the \$2.8 million, we approve \$1 million to Scott County

1 Telephone.

2 DELEGATE JOHNSON: I'll second the motion.

3 DR. REDWINE: Thank you Senator Puckett,  
4 we have a motion and a second to fund Scott County  
5 Telephone in the amount of \$1 million out of the \$2.8 million  
6 for this year's cycle. All in favor signify by saying aye. (Ayes).  
7 Opposed no. (No response). That motion is carried.

8 SENATOR PUCKETT: Mr. Chairman, I'd like to  
9 make a motion that we commit the remaining balance of the  
10 \$1.8 million to Bristol Virginia Utilities.

11 DELEGATE JOHNSON: I'll second the motion.

12 DR. REDWINE: We have a motion to fund  
13 Bristol Virginia Utilities in the amount of \$1.8 million and we  
14 have a second. Any discussion? All in favor signify by saying  
15 aye. (Ayes). Opposed. (No response).

16 MR. NOYES: Mr. Chairman if I may, we will  
17 need specific information from Scott County Telephone Coop  
18 and Bristol Virginia Utilities on the uses of these specific funds  
19 since they differ from what was contained in the application,  
20 very specific information on how will you use the funds at the  
21 point of the grant agreement, sooner rather than later.

22 DR. REDWINE: Mr. Chairman, I'd like to  
23 strongly suggest Scott County Telephone Cooperative apply for  
24 funding in the next cycle.

25 SENATOR PUCKETT: All right, I think that

1 completes all of our business since we're out of money, it will  
2 have to be. I may not be around at the next meeting but the  
3 issue for this Committee is to try to revitalize the burley  
4 tobacco region. I can't think of anything that's more valuable  
5 to the future of this region than wiring our network and we've  
6 made that commitment but I hope you know that that  
7 commitment is still there to do that. If there's one single thing  
8 that we can do that brings everyone to the table, this is it.  
9 You've heard me say before it's not about me, I don't care if I'm  
10 on it or not. I can't get it at my house right now and maybe  
11 one of these days I will and I have it at my work. I watch our  
12 young people without this fiber, our young people are not  
13 going to be in this area and they won't stay here because  
14 they're going somewhere else. While I'm here I'm going to do  
15 everything I can to make sure it's available to them.

16 So, \$5.3 million is recommended today. I hope  
17 you know our commitment is there and I believe all of us  
18 share that feeling. I appreciate what's going on out there and I  
19 hope you'll move as quickly as possible and inform some of  
20 these people so they don't call me. I'm being serious.

21 The next application date, we'll set that when  
22 we find some more money. The next Committee meeting will  
23 be in January or maybe before. I believe in December you'll  
24 get a notice on that.

25 Is there any public comment. Thank everyone

1 for being here and I believe we have a motion to adjourn.

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4 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, Southwest Economic Development Committee Meeting when held on Thursday, September 15, 2011, at 1:00 p.m. at the Hotel Roanoke & Conference Center, Roanoke, 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 2<sup>nd</sup> day of October, 2011.

\_\_\_\_\_

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2010

CERTIFICATE NUMBER: 224566