



Technology Committee  
July 9, 2003 -- 4:00 p.m.  
Lancaster Building – Stallard Board Room  
Longwood University

**APPEARANCES**

Delegate Clarke Hogan, Chairman  
Mr. Thomas W. Arthur  
Mr. L. Jackson Hite  
Mr. H. Ronnie Montgomery  
Mr. Claude B. Owen, Jr.  
The Honorable Mary Sue Terry  
Senator William C. Wampler, Jr.  
Mr. Tucker C. Watkins  
Mr. Joseph H. Williams  
Delegate Thomas C. Wright, Jr.

Commission Staff

Carthan F. Currin, III, Executive Director  
Mary Cabell Sherrod, Manager of Communications and Committee Operations  
Stephanie Wass, Director of Finance  
Tim Pfohl, Grants Program Administration Manager  
Jerry Fouse, Grants Program Administrator – Southwest  
Britt Nelson, Grants Program Administrator - Southside

Attorney General's Office

Frank Ferguson, Senior Assistant Attorney General  
Anne Marie Cushmac, Senior Assistant Attorney General

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DELEGATE HOGAN: I'll call the meeting to order, do you want to call roll?

MR. CURRIN: Mr. Arthur?

MR. ARTHUR: Here.

MR. CURRIN: Mr. Hite?

MR. HITE: Here.

MR. CURRIN: Mr. Montgomery?

MR. MONTGOMERY: Here.

MR. CURRIN: Mr. Owen?

MR. OWNE: Here.

MR. CURRIN: Ms. Terry?

MS. TERRY: Here.

MR. CURRIN: Senator Wampler?

SENATOR WAMPLER: Here.

MR. CURRIN: Mr. Watkins?

MR. WATKINS: Here.

MR. CURRIN: Mr. Williams?

MR. WILLIAMS: Here.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: Here.

MR. CURRIN: Vice Chairman Byron?

DELEGATE BYRON: (No response)

MR. CURRIN: Mr. Thompson?

MR. THOMPSON: (No response)

MR. CURRIN: Mr. Chairman.

MR. HOGAN: All right. Let's get started.

SENATOR WAMPLER: Mr. Chairman, I'd ask the record reflect that Mr. Thompson is traveling here. He was unable to catch our mode of transportation due to the weather.

DELEGATE HOGAN: Do we know when we might expect him?

DELEGATE KILGORE: He was in Salem when anyone talked to him last.

DELEGATE HOGAN: I guess we need to approve the minutes from last time. Do I hear a motion to that effect? It's so moved and seconded. All in favor (ayes). Opposed (No response) Thank you. We have an agenda here and we might want to just chat for a minute. I think at our meeting last time the posture that we were in was that Southwest seemed to be confident that they had a variety of projects that are ready and waiting for funding and would like to proceed with that funding post haste. My feeling is that Southside is less sure about how it would like to proceed. With that in mind, we have not had a proposal from Southside, I don't know whether it's been disseminated to all of the communities. I guess what I'd like to do is try to go ahead and sort out which ones of the Southwest proposals that we want to fund and go ahead and do that and then spend some time talking about how we would like to proceed on Southside. That's just a thought. I'm curious to hear what the rest of the Committee wants to say about that.

MR. WATKINS: I move we do so.

SENATOR WAMPLER: Mr. Chairman, from the Southwest perspective, there were three applications that had been submitted over a period of time. Bristol Virginia Utilities, Lenowisco and Cumberland Plateau which was primarily through Russell County and parts of Tazewell County. What we hope to show is built upon the model from Virginia Tech's methodology of the mesh. They hopefully have prepared remarks that will illustrate that. Being a simple combat arms trained officer, I asked that it be put in map format so we can all understand. If it would be the pleasure of the subcommittee that we could present that then the Commission will have a better idea of what it is we propose to build and how we propose to build that network throughout Southwest.

DELEGATE HOGAN: Could we say then before we start with that that we're going to go ahead and look at the Southwest proposal, decide which ones we would recommend to the Commission to fund and then leave the Southside proposal to discuss later on today or at a following meeting. I think it certainly would be prior to next week or a month.

DELEGATE WRIGHT: Mr. Chairman, at our last meeting we discussed and I'm not sure if a vote was actually taken but we agreed more or less in the process that there would be a split of 70/30. Was a vote taken on that or was it necessary?

DELEGATE HOGAN: I'm sure there wasn't a vote taken. Unless somebody tells me something different, I think that's sort of an assumption under which we were operating. Is that everybody's understanding?

SENATOR WAMPLER: Mr. Chairman, I would simply observe that in aggregate our proposal probably exceeds 30 percent but I think it's up to the Commission to determine. If we have something ready to go that we want to as we always take fund balances from other sources, it may be that Southside needs much more than the remaining balance of 70 percent. I think once a project is ready to go, we need to have, the whole Commission discuss what we have and what we want to allocate. I propose we hear the proposal first and look at the merits of it and see where it's going from there as a general rule.

MR. OWEN: Mr. Chairman and for the record, are we talking about how much money is in the total pot including carryover to the new budget?

DELEGATE HOGAN: I think we're basically talking about \$10 million dollars total. There's been some conversation about some other places, I think it totals about \$10 million.

DELEGATE WRIGHT: Mr. Chairman, at the last meeting I made a point that the Southside really is not aware and the reason is because we just actually made a change of direction at the last meeting. That change of direction of course, was proceeding on the e58 corridor project with the broadband and more of each locality by region and so forth, decided the best way to provide high speed internet for their areas. I understand Southwest has got some proposal already prepared that's fine. I do think, and if you need a motion I'll make it, that the money that comes through the Technology Committee \$10 million dollars, that's 70 percent would be available to Southside to make a proposal which we haven't had a chance to do yet. Just the process of trying to make Southside aware of this change, press releases and discussions and economic development persons. I'd make a motion that we proceed so we know what we're proceeding on and proceed with Southwest making their proposal before the Commission and splitting this 70/30.

MR. WATKINS: Mr. Chairman, I been to a number of Southside Communities in the last few weeks and I can tell you there's more than \$10 million dollars worth of projects out there. There's prospects out there and people are not aware that they should be here today. I think it's a little unfair to go and get into that \$10 million dollars without giving everyone of those communities a chance to present what they would like to do in all due respect.

DELEGATE HOGAN: I can respond to that by saying that I think it would have to be the will of the Committee. I would tend to agree that we have to vote on each of these proposals and let that go ahead. I think the structure that we can use at this point, that I'm aware of, more or less is 70/30 split.

MR. WATKINS: I don't think we need to hold Southwest to that but –

DELEGATE HOGAN: Short term at the end of the day probably better end up –

MS. TERRY: Are you suggesting that we review the Southwest proposal but that we would not make a decision on anything from Southside until proper notice?

DELEGATE HOGAN: That's exactly correct. Is that a position you agree with?

MS. TERRY: Yes, I would agree with Mr. Watkins.

DELEGATE HOGAN: What's the pleasure of the Committee, do you want to go ahead and get started with, take a look at the Southside proposals? As we look at them we could figure out how we're going to haggle over funding and priorities for them. Who is prepared to deal with this?

MR. FLANARY: Mr. Chairman and members of the Committee, my name is Ron Flanary, I am the Executive Director of the Lenowisco Planning District Commission of Duffield, Virginia. I'm going to be the moderator of this group. I want to introduce my distinguished colleagues here. The Vice President of Operations of Bristol Virginia Utilities, Jim Kelley who is the technical person. The Deputy Director of the Cumberland Plateau Planning District Commission, Larry Carr, a long time colleague and a fellow planning district commission member. Lenowisco, along with Bristol Utilities and Cumberland Plateau are working on a very regional focus that we're going to put before you today. None of these are really new ideas. As a matter of fact, Lenowisco was the first, I guess, and only project that the e58 funded to co-locate the fiber optics in a waterline project between Duffield and Big Stone Gap. That was a 14.5 mile system and that's in place and operational today. Also, BVU has received some engineering funds as well as Lenowisco. We have realized increasingly that what we need to do is make this one piece and we're here today to present basically one proposal. I'll try to touch on our little piece of it later and talk about the impact of it based on the business impact, residential impact and the positive economic impact. With that, I'm going to ask Jim Kelley to step forward and give you a flavor for the whole network and then between Larry, Jim and myself, we'll talk about the whole network and the economic impact.

MR. JIM KELLEY: I hope everyone can see this little map here, if not, I'll pass it around. We are looking at some point in time for not in the too distant future, some type of inner connection between the Lenowisco group and also the Cumberland Plateau group and with the connection down through the Gate City

area. This orange portion here and this line that Lenowisco is proposing, Bristol of course, we've already put down our network within the city limits and we have extended services out into a small portion of Washington County and extended the line to the Town of Abingdon.

We're looking at five different projects. One was leasing fiber toward the rural retreat area, one was in conjunction with the Cumberland group which is going from Abingdon to Lebanon over to Richlands and to this area and I'll let Larry speak to that in just a moment and that has to do with some EDA funding they have already received. We're looking for what I call fiber to the user whether it is business and/or residential in the Town of Independence and around the Town of Lebanon and also in the Town of Abingdon.

Independence has received approximately a quarter of a million dollars in ARC to fund their backbone and we're looking for some funding to help with the fiber to the user. One is a little extension over here to the area in Washington County, Mendota. There are a few key ones, it's a Wellmont processing plant that is looking for connectivity back to the Wellmont Hospital and that's located in Bristol, Tennessee and they agree to come to the state line and meet us there and will be able to do some x-ray work. A head start program, a senior center, also a branch of the Washington County Library. Those are the projects Bristol is looking at and in conjunction with Lenowisco, we're looking at some additional routes out. This would help us with future internet speed for all the big carriers for internet connectivity up in the DC area.

There's a strong possibility of a route going out to Kansas City. Right now we have a primary internet speed into Atlanta. There's a lot of opportunities once we get all of this tied together. We got the engineering done and it's completed and actually sitting in my office boxes looking for funding and ready to roll on.

MR. LARRY CARR: The Cumberland Plateau portion of this is actually 51 miles. It runs from Abingdon to Lebanon and then to Richlands. Right now we have approval from the Economic Development Administration for \$1,655,000. We're asking the Commission for a local match on that project. Of course, eventually we hope to extend this project from Tazewell, Bluefield, down to Grundy and then make a loop through Clintwood. Then we'd have a loop around the whole area.

EDA has said pretty much once we get this first phase of backbone in and start to sign up customers and if they see it's going to be a successful project, they'll give us additional grants to get the line onto Tazewell and Bluefield. We'll probably do that late 2004 sometime. We've been pretty much promised that. We had a study done that covered both Lenowisco and Cumberland Plateau and it was done by an independent consultant from Maryland. He said that this project, to successfully complete this, that it should create somewhere in the neighborhood of 1,100 new jobs, \$74 million dollars in capital investment. We also had studies done to see what our penetration might be and we had one done for the Town of Lebanon. The consultant that did that estimated that we could get probably a 60 percent penetration rate and he thought that maybe was a little bit on the low side but he has worked with communities that has gotten as much as 80 percent. We've done a lot of planning on this project. Ron and Jim and I see this as a project that is going to tie together that would pretty much cover Southwest Virginia.

MR. FLANARY: I can speak with familiarity with planning district one. The burley area of our planning district which is principally Lee and Scott County and a portion would go here and Wise County is here, we would have a position of fiber backbone to serve 9,795 households. That's about a 50 percent impact within Lee and Scott County. We were in a position to reach about 58 percent within the County of Wise and City of Norton. Another aspect and Larry mentioned the EDA and with the experience we have from Utility Planning and Construction, right now we have probably between us something like \$75 million to \$80 million dollars worth of sewer projects so we know how to leverage funds. In this case, in addition to EDA, we just recently had announcement for the Rural Utility Service which is part of the U.S. Department of Agriculture a \$500,000 dollar grant to use in the industrial or the regional industrial park. That's an example of taking your money and grow it into a lot more dollars. In our case, we've taken the \$645,000 and grown that into at least double that.

Business impact, one of our major clients, Tuck Engineering in Big Stone Gap, that firm is transmitting an enormous amount of bandwidth, a 14.5 mile transmission project. Bobby Tuck, the owner

there, we had to turn on the initial 14.5 miles and he basically said this is going to allow him to stay in Big Stone Gap and grow as opposed to going somewhere else. I know that Senator Puckett, Senator Wampler and Delegate Kilgore were there and they heard Bobby's words. That's what this is about and my heart and soul is economic development and that's why Lenowisco initiated this. Cumberland Plateau has done it and part of Bristol Utilities mission as well. There's also expansion across the road from our office, \$38 million dollar project and 150 jobs. Part of their corporate decision to do what they're doing is based on the access to broadband. They're impressed with this and the company is going to grow because of this and take it to another level.

That's just a snapshot of what's going on in our area.

MR. CARR: There's one other thing that I want to mention. We have just received or are beginning construction on a new industrial park in Lebanon and we got a million dollars there from EDA and the town put up \$665,000 to match that. We're doing that for a high tech park. The point of presence will actually be in that park. We think it will make a good point for recruiting. There's also another thing I want to mention that I think is important that sometimes people overlook. The Cumberland Plateau and Lenowisco have worked together on projects for years. EDA usually says I've got X number of dollars for Southwest Virginia but a lot of times I've said Ron, you go with me this year, you can have it all next year and we do that. We've done that just about every year now.

MR. KELLEY: Just to mention a couple of other items here. On the leasing portion for this rural retreat area, we've been looking at a long-range plan and all of this is in the papers that I sent around. There's about five or six areas right here we were looking at leasing the fiber and dropping off fibers to electronics to these smaller areas in town and feeding out in each direction so the fiber can go to the home or fiber to the business. The same thing with the backbone that's going in, the fiber going to Richlands. The ultimate goal is to get to the business and get into the home. There has to be additional construction to go from pole to pole and end up into the home and businesses. That's what we're looking at along this route to be constructed. We're hoping to start construction by the end of the year. For this project and into the Russell County area, we're looking at about 58,000 residences and 3,800 businesses that could be affected by this. We're saying there's a positive impact on approximately 34 percent of the residents and 38 percent of the businesses that would follow on this route here. It's a main route through Russell County and Abingdon and into Coalfield. With Smyth County, which is considered one of the economically depressed areas, it would be a major boost to those folks getting fiber up there. There is fiber available and you can do it at a reasonable price. It's an opportunity and we're not sure how long it's going to last.

We've been pretty successful in Bristol so far. Just to let you know, we've had two Tennessee businesses come over to the Virginia side and gone on record too say the reason why they moved was because of what Bristol Utilities has been doing in connection with the communications business.

I'll be happy to answer any questions or any of the three of us would to any questions you might have. I can send you maps or do anything to try to answer any of your questions.

MR. ARTHUR: If you started from today, like zero and all of the planning for this, what's the time span it would take to do that, if you started from today?

MR. KELLEY: The engineering or are you talking about the construction?

MR. ARTHUR: if you were starting at ground zero and wanted to do this project, how long would the planning phase take?

MR. FLANARY: The better way to answer that is that we've been at this for three years now –

MR. ARTHUR: Can you answer my question?

MR. FLANARY: The contractor is ready to start in our case.

MR. ARHTUR: You're saying it would take three years from ground zero to today?

MR. FLANARY: At least.

MR. KELLEY: That's about it.

MR. CARR: To do all the studies and everything that needs to be done. We're talking two to three years of work.

MR. FLANARY: Plus there's a learning curve in this but I'd say we have three good years involved. Bristol has had a head start at least in that aspect of it. The Planning District Commission our plan was to act regionally with our utilities so to answer your question, it's about three years.

Mr. Chairman, I hope we've been about 15 minutes. I'd like to leave you with one key point. I think it's pretty clear we have put aside our own interests if we had any, and tried to think and act regionally for the betterment of all Southwest Virginia because all of us dealing with this, is the heart and soul of why we're doing this, for all Virginians and all of Southwest.

DELEGATE HOGAN: Hold it, Ms. Terry has the floor.

MS. TERRY: What is the impact on the school system?

MR. FLANARY: That's a great question and I didn't talk about institutional impact but one of our initial clients would be the school system and we've been very much in contact with them based on their daily needs and how they can do video classrooms as well as the community colleges.

MS. TERRY: Is your goal to be able to bring all of this into the classroom every school in your area and is it possible to do that?

MR. CARR: Yes. We're working on a system right now whereby we could provide medical assistance in the area, set up a center where all the medical records and everything and where people actually can go online and get available appointments, confer with doctors online and this could be in one center. If you go to this hospital, you can check back and see what it is and we're already working on that. The reason we stress economic development most of the time, the federal agencies we deal with their number one priority is jobs and economic development but secondary is schools and telemedicine and things of that type.

MS. TERRY: So you plan to work with the education system and –

MR. CARR: Yes, we're already in the planning process on that.

MS. TERRY: The second question, which counties in Southwest Virginia are not included here and is this due to a change?

SENATOR WAMPLER: Mr. Chairman, I'll take that one. This is simply Phase I in operation with a limited budget. I think Mr. Arthur made a great point, whether he meant to or not, that was this takes a long time to put together an engineering plan and that's why the Southwest Economic Development Committee spent its own money to put the engineering plans in place 18 months ago so that we would know the system would work and what the cost would be and that's a combination of what we see here, the three planning districts. We had to stop somewhere with the limited budget that we believe we're operating within. And the good thing that I understand how the Commission works, there will be unsolicited proposals to this Commission for additional networks to be developed. It may not be these three characters up here. It may be that other providers will come in and use their network.

MS. TERRY: Along with all the counties?

SENATOR WAMPLER: With a limited budget, that's what the engineers study shows.

DELEGATE HOGAN: Mr. Watkins.

MR. WATKINS: Is this network open to other providers?

MR. CARR: Yes, full access.

MR. WATKINS: Telephone, cable TV, there are present providers out there and there's competition.

MR. FLANARY: I think it's important to say we're providing a means for the service. Scott County telephone which is not here today as part of our team. They have a number of licenses and they are fully licensed and certified. They intend to provide a lot of services through our network and that's fine.

MR. WATKINS: You don't allow the access providers –

MR. FLANARY: We are providing the canal and others can run the boats through.

SENATOR WAMPLER: Let's be very clear that the legislation and the law in Virginia only allows a certain entity and that being Bristol Virginia Utilities to have an additional cable franchise. The purpose is not to deliver the cable signal to this network, it would be for communications and that subset being primarily access to high speed internet but competitive local exchanges could subscribe.

MR. WATKINS: How many counties would you be able to reach? How far out can Bristol

Utilities reach?

SENATOR WAMPLER: Could you get that map up there and show us. The light color gray is where the local exchange that can offer such communication services, I think cable is in the darker green.

MR. KELLEY: The cable is anywhere within our electric service area, the confines of the Town of Abingdon and a corridor of U.S. Route 11 between Bristol and the Town of Abingdon. It's a 75 mile radius for any point.

MR. WATKINS: Is that being put in with competition or are others providing bids?

DELEGATE HOGAN: That's already been done by the General Assembly. None of the projects before us today are in conflict with that. There might be somebody here from Verizon that would be able to confirm that.

UNIDENTIFIED: Mr. Chairman, I can't speak to the partnership project, I'm not that familiar with it.

DELEGATE HOGAN: Senator Wampler.

SENATOR WAMPLER: In this case you would have Bristol Utilities would be a provider of service but the idea, like Mr. Flanary said, Scott County Telephone and Washington County increasing their bandwidth through Lenowisco's not for profit.

MR. WATKINS: I want to make sure that the local ISP would have the same access.

DELEGATE HOGAN: I think it's accurate to say that somebody ought to form a CLEC totally separate and they would have, if I wanted to form a CLEC in Scott County and use the backbone I could use it like Scott or anybody else that's already using it.

MR. FLANARY: Just for the record, Scott County Telecom has a defined limit. It's a semantical issue, it's clarification.

MR. KELLEY: In Bristol, Virginia we are a competitive local exchange carrier. We can go that 75 miles if we want to and provide telephones and internet services.

DELEGATE HOGAN: But not cable.

MR. KELLEY: No, sir. At least not at this time. However, we're open for anything you want to do.

DELEGATE HOGAN: Not today.

MR. ARTHUR: Mr. Chairman, I've listened to these gentlemen here now and in all due respect, Delegate Wright and Mr. Watkins, you heard these gentlemen state that if we started from ground zero, it would take three years before we're ready to go. I don't think we ought to penalize Southwest Virginia and strangle them just because we want to hold 70 percent for three years out because nobody started anything in Southside but these folks know what they want to do. We shouldn't penalize anyone because they're first and they're ready to go. I'm sorry on this particular case. They've got their project and they're ready to go and just because we've got the e58 project for two years, I just don't think we should penalize them.

DELEGATE WRIGHT: What's the amount of the request for the project?

MR. CARR: The project we're talking about here comes to approximately \$5 million dollars, 50 percent.

DELEGATE WRIGHT: That's the reason I asked the question to start with. My impression was that it was the sense of the Committee that we were doing exactly what I suggested in the way we discussed last time 70/30.

MR. ARTHUR: I believe in 70/30 and I really do but at this point, we're in a situation where if we do the 70/30 they wouldn't be getting the approximately \$3 million dollars to go on this project.

DELEGATE WRIGHT: My point at the last meeting and this meeting and likewise is that I'm not willing to penalize the people in my district and it may not take three years and they may have a lot of ideas and can do it a lot quicker than that. I don't feel like going back to my constituents and saying we got \$10 million dollars but your proposal is not being considered, even if you got one ready to go. I think the 70/30 split is fine and that's the understanding I came out of the last meeting with. That's why I asked was a motion required at this meeting, that was the understanding I had.

MR. WATKINS: I think you're right, it takes three years to put this kind of model together, there are models in place but there are other models and other business it will take a little while, maybe months rather than years. I asked how long it would take to put it together, I think it can be done in less. We could do that in three months or six months very quickly. When you're doing engineering, putting a line down this road is one thing but when you're doing wireless models, that's an entirely different one and you can do it quicker.

MR. ARTHUR: I understand wireless.

MR. TUCKER: I just think we could put a wireless model in any community in Southside pretty quickly.

DELEGATE HOGAN: Delegate Kilgore.

DELEGATE KILGORE: Just a quick comment. I don't think anybody is stressed out on the 70/30 split, everyone agrees 70/30. The situation here that in one year it may be 50/50 and the next year it may be 80/20 or you have something like that because if we do have some way to go, we shouldn't penalize those that are ready to go. Six months down the road if there is, I think the Committee can work well together to work within the 70/30 split and keep things coming on this technology and with technology the way it is, and it always seems to work that way. But if we are talking about the overall picture, that's what it's going to be 70/30 but I don't think we should penalize someone that's ready to go.

MS. TERRY: Mr. Chairman, I would agree with Southwest, they're ready to go and I wouldn't mind going \$5 million dollars but I want to have an understanding with this Committee that if we did that, it's not a situation whose going to come to a Committee next with the first proposal. This Committee developed a regional proposal. We're not in a situation where whoever gets here first gets it. We sit down and let them go down the project and we sit down and we commit to a project that no county will be left behind. If we're all comfortable with that, and one county isn't competing against the other and we submit and design a system and we'll use it on phases and we'll recoup the money and we'll do that or this next year. I'm very uncomfortable with going forward where this Committee is going to start accepting proposals from Southside as opposed to developing a regional plan for Southside and executing it over time. We should have a plan.

MR. OWEN: I think we need to keep in mind that \$10 million dollars is not what we can expect this Committee to have in future allocations. This carryover of old money plus new money and unless indemnification and economic development come back in future years, we have \$4 to \$6 million dollars is about all we can look at here. The Virginia Tech proposal as I recall was \$140 million dollars. That plan was \$140 million dollars as planned and everybody got wired. It would be like a hundred years at the rate we have to spend to get everybody together. I think Mary Sue is right, we've got to break this down by priorities as to how we can spend our money. I don't think it's going to be a situation where everyone is going to be able to get an equal bite at the apple because the apple is just not there.

MS. TERRY: So what you're saying is that people from Southside or you foresee some people getting taken care of and some people being left out?

MR. OWEN: I don't see somebody being taken care of and left out but if you take the \$5 million dollars and spread it equally, you've got peanuts for every location.

MS. TERRY: I was not at the last meeting but as I understand it, there was something taken up about the schools.

DELEGATE HOGAN: Let's come back to what we're going to do with Southside. I know it's related to this funding, Mr. Arthur and then Senator Puckett.

MR. ARTHUR: I guess I was making a distinction on what Ms. Terry was talking about. I don't think any of us want to leave anyone out and clearly all I was trying to say is that we've been working on this thing for little over two years and nothing happened except these people happened to have a plan and they're already three years into it and it can go farther. Let's do something about getting something in the ground and get going. I'm sure if we came back to Southside, I'm from Southside, Virginia if anyone doesn't know, that if we've got a plan to put something in the ground, they'd be willing to give if we give with them one. This is one state and one objective and one plan so let's get something going and get it done. We're going to have limited funds and Mr. Owen is right, unless something changes with indemnification, it's going to go away eventually

and that money is going to come up if we stay in business.

MS. TERRY: We may not be able to afford the \$140 million Virginia Tech plan.

DELEGATE HOGAN: Senator Puckett.

SENATOR PUCKETT: Thank you Mr. Chairman. First of all let me make just a couple of points that I think are real important. You've seen the presentation of what we're hoping to do in the Southwest and we're not leaving anybody behind. And that's one of the great things I think about this proposal. The second thing that's really important for the Southwest is the cooperative effort that has crossed political boundaries. We're not dividing anything, we put it all in the pot and we got a plan that's going to take us where we want to go. The third thing it does is it allows us to, all those three areas to leverage different funds that are out there to bring on board to make this Commission's money go a lot further. One of the things we set out to do a long time ago to first of all, not leave anyone behind and secondly do everything we can regionally to benefit all the people in the Southwest burley region. The third thing is that we wanted to leverage every dollar we can out there to bring on board to make our money go further. This project that you've seen presented here meets all three of those and I know that the Southwest delegation and the members of this Commission will support Southside doing the same thing. If you need that money when you have that plan ready to go, then I'll tell you and I'll make a commitment to you today that we're going to support that. We've got a plan that we think is good and workable and we need your help today to make it work to give us a chance to start. Thank you.

MR. WATKINS: I just say that whoever did this, I think this is excellent and one of the things it says in here is that a duplicate on the fiber backbone –

DELEGATE HOGAN: That's one of the things that I was going to ask. What we have before us is five or six proposals. We don't have one plan so maybe what we ought to take a look at right now and there is some duplication here that Mr. Watkins referred to and it's been highlighted in some of the analysis that we have had done. Maybe we ought to try and figure out exactly what it is that we are looking at and what's really before us because we've heard these folks presentations and we already know we got two or three crossovers and maybe we need to sort that out and tell us what one of the proposals is and respond to some of these worries that we have. Then we have to figure out how much money this is going to cost and how we pay for it.

SENATOR WAMPLER: May I suggest that we hear from the applicants to address that question. I think what's confusing at first with regard to, I had the same questions after a meeting with them and can explain whose doing what.

DELEGATE HOGAN: That's fine.

MR. KELLEY: The particular project we talked about in Abingdon to Lebanon and then to Claypool Hill and on over to the Town of Richlands.

MR. CARR: That's \$655,000 EDA money and we're asking for the local share. There's no overlap with what we're asking for and what Bristol Utilities is asking for.

MR. KELLEY: What we're looking at and I drew it up as a dash line which you'll see on that map. This is for the part from the backbone from the backbone cable. The architect goes into the businesses and/or homes and preferably into the commercial entities first. Into the building and that's what our funding was for and that's what the request was for. It just happens to be on the same route.

MR. CARR: Not the same thing at all. It's like building the interstate.

MR. WATKINS: You're putting two lines in.

MR. KELLEY: No, one major line and you tap into that line at a certain point and take that service out.

MR. WATKINS: Both proposals say you're going to build a line from Abingdon to Lebanon.

MR. KELLEY: It says in there that that is the same line that goes from Abingdon to Lebanon to Richlands. To that extent what we're looking for is the fiber for the user.

MR. WATKINS: Cumberland Plateau is asking for a backbone.

MR. KELLEY: The money we're asking for to match EDA, the backbone from Abingdon to

Richlands.

MR. FLANARY: What Jim is asking for is money to put the fiber out to the user.

DELEGATE HOGAN: In the Bristol proposal you've got \$700,000 dollars for the fiber backbone to Abingdon and Lebanon.

MR. KELLEY: It's on that extension.

DELEGATE HOGAN: The \$700,000 is not for backbone, it's to do the last mile?

MR. KELLEY: Yes, correct.

DELEGATE HOGAN: That's not what you said.

MR. KELLEY: It says that on the next page and if you look there, it says extension, fiber to the user. This is the interstate and you're putting an exit around it.

DELEGATE HOGAN: We got a couple of questions and I'm going to ask Mr. Pesce and you can respond to his questions or comments.

MR. PESCE: I didn't realize the change, and I got your update yesterday. Originally it was backbone from the one page I was sent.

MR. KELLEY: There might have been some confusion originally.

DELEGATE HOGAN: We got that resolved.

MR. PESCE: The other thing was Lenowisco. There is a cable from Coeburn to Abingdon and also goes down the same route, Abingdon to Lebanon. Is that going to be combined now that the project is coming together?

MR. KELLEY: Yes, sir. Coeburn.

MR. FLANARY: That particular leg is not part of this proposal today. That's a future piece.

MR. KELLEY: That's the portion right in here.

MR. CARR: They built up and they could tie into ours here.

MR. FLANARY: Whatever response would be appropriate, there is no duplication.

MR. OWEN: Relating this to the Virginia Tech vision, what percentage of Southwest, of Virginia Tech's vision will be accomplished once this is done? Is it a half done, or a third done or what?

MR. CARR: Southwest, it will pretty much cover Coalfield Counties, not just this one phase.

MR. OWEN: This \$5 million dollars, what does that buy, what does that buy in comparison to the percentage of the total concept for the Southwest?

MR. FLANARY: It's not fair to say it meets a 100 percent. We have documentation from Tech that leaves the Lenowisco portion. This meets their technical specs and concept.

MR. OWEN: That's not my question. How much of the vision for all of Southwest is accomplished by this project?

MR. FLANARY: The piece that's before you today, maybe 50 percent of it but it's tempered by reality and how much money is available and how long it takes to construct it.

MS. TERRY: What you have on the board and what you put in the ground includes everything for Carroll, Floyd, Buchanan and Dickenson, all four counties?

MR. OWEN: You talking about a straight line and not the fiber throughout the counties?

MR. MONTGOMERY: The burley counties, Scott, Russell decided to start.

MR. FLANARY: Mr. Chairman, just a quick point. I think it's important to go back to this leverage piece. I don't think any of us anticipated every piece going to come into is going to have to come from the Tobacco Commission. It's our intention to go back to EDA and get another piece and go back to rural development. We're going to try to leverage every dollar we can. There are places in the burley area where it's hard to make compelling argument that a lot of the Tobacco Commission money needs to go there. We're sensitive to that and we're going to find a way to do that. The Tobacco Commission is not a panacea supporting this but it's a jumpstart but not a panacea. We do not anticipate standing before you for every piece of the conduit.

MR. CARR: What we're asking for today is in the burley area.

MR. FLANARY: I think it's been drawn up with a great deal of sensitivity and it's been drawn

up with sensitivity to the mission and goals of the Tobacco Commission in the service areas.

MR. WATKINS: Why is Bristol Utilities doing fiber to the home rather than the Cumberland Plateau, the backbone?

MR. CARR: Bristol Utilities and the Cumberland Plateau and EDA are co-applicants. The application is done in both of our names and everything. Bristol Utilities, we don't have the ability to and we could never come up with the monies to develop get all the equipment if we had to do this. To operate, maintain the system and do all the billing and provide services that they provide. Then we work out a contract on how this would be divided among us.

MR. WATKINS: Why are you doing the fiber to the home rather than Bristol, Cumberland Plateau?

MR. KELLEY: They look at us for cable.

MR. CARR: We don't have the capability to do that, it would cost us millions of dollars to do that. If we didn't have Bristol, Virginia in this process, we would have to buy all the heavy end equipment and stuff and we'd be looking at millions of dollars more, whereas they've always had it. They are our access to the world.

MR. KELLEY: He's not talking about cable.

SENATOR WAMPLER: If there's no other questions on the technical review of the project, I then would like to make two observations. I think Mr. Owen made a very good point that we're going to be operating within a very limited budget and it's really a function of priority where we want to stand and how we want to spend out cash. I've been concerned as I'm sure the entire Commission is, that sometimes we don't spend out cash the way we ought to. There's one thing I've learned in the 16 years that I've served in a public service capacity that when you create jobs, a lot of sins are forgiven. Our role is to revitalize the economies of our two regions and transform them. We didn't do as much detail today as we could have in talking about jobs that will be created by the deployment of this network. There's no doubt in my mind that Southside will experience the same opportunities. We have companies that use technology on a daily basis waiting for us to deploy this system and that will happen in every region of the Commonwealth. What we're trying to do is set ourselves apart from the rest. Collectively, these two regions have an opportunity with venture capital to draw from but no other region in the Southeast has. I think what Mr. Owen also said is really just a function of cash flow. As Mr. Arthur pointed out, we have at least a balance of \$4.5 million dollars sitting on the books probably for two years that we've been unable to draw down on.

With respect to what Mr. Watkins and Delegate Wright had to say, and I say, if the project is ready to go and it makes sense and it creates jobs, we ought to fund it. That we ought to look beyond the 12 month fiscal year and look at a 24 month period of time and the dollars will equalize and we'll find projects ready to go. It makes no sense to me in these budget times to maintain a balance within any subcommittee of this Commission because with the Secretary of Finance of this Commonwealth who just loves to grab balances. I would hate for us to go into another budget cycle with these funds sticking out there and having a balance that's been obligated and no application. That's a violation I really believe in. Having said that, we have these projects that are ready to go and we believe it serves the Southwest region. No doubt the Southside will have a combination of technology that they wish to deploy and when it becomes available we may have a pleasant task of creating jobs and the Tobacco Commission funds will be used for that purpose within other areas that encompass this Commission and we can move forward. That's the bottom line. I don't know what that dollar amount is but we have to keep our own ball beyond the horizon and beyond today and look towards the future. With that said, you want a motion?

DELEGATE HOGAN: I don't think quite yet.

MS. TERRY: I agree with what Senator Wampler said but for none of the reasons you just stated. I don't believe we have the money to just go out and spend it. I don't believe who gets the proposal ready, we should just fund. However, the reason I support your proposal is that you all have a commitment to the entire Southwest region and you have a plan and you can execute it, a commitment to everybody. What I would like to propose is Southside develop a plan that leaves no county behind. I would object to this

Committee, from the Southside part, accepting piecemeal applications but rather going forward strategically with a commitment to leave no county behind.

MR. OWEN: I would agree Ms. Terry if we had enough money to do it. My observation if this is a piece of the Virginia Tech proposal that it will take \$140 million dollars to replicate this throughout the Tobacco Commission region. This is a strategic leap for us to go forward and say we spent our money putting pipes in the ground when I know there's all kind of uses for our money in terms of alternate technologies and other ways to get access to pipes in the ground. I know we don't have the money to replicate this similar project broadly and I'm not sure we got money to replicate elsewhere in Southwest much less to do it broadly in Southside.

DELEGATE HOGAN: You're exactly right and what I hoped we would look at, Southside, perhaps a little different from the route that they're going in the Southwest as opposed to putting money into the ground, into hard infrastructure. Look at how we can take our limited resources and leverage them to provide economic access to broadband to the whole area. Going back to what Ms. Terry mentioned. They've gone another route and they're years into this plan. I'm not sure they're wrong but we don't have \$140 million dollars. I think we would be well served to explore all of our options that we can possibly come up with. I don't know how much time each individual has spent working on this on what it might look like but we may very well be able to do what we want without following the Tech plan for a fraction of the cost of this \$140 million dollars. If we do due diligence to our whole area, and we do have to do that, and how that ties in with what we want to do here today with these concrete proposals before us is the will of the Committee. Mr. Arthur.

MR. ARTHUR: This Virginia Tech plan is a guideline. It's not something etched in concrete and we've got to go by this and that. The mesh that they have in their proposal has nobody behind but also shows redundancy. That's the basic reason for the broad mesh and that involves the fiber. You need the redundancy and therefore that's the way it turned out. I submit that the Virginia Tech proposal is a guideline and not something that is etched in stone.

DELEGATE HOGAN: It may be worthwhile to hear from Mr. Pesce a little bit about how we might do this about this business of fiber in the ground, do you want to talk about that for a minute?

MR. PESCE: My name is Nick Pesce and I'm a consultant. I've explored some of these analysis of the grant request. There are several answers to that question and I believe it's better to work on a regional basis. I think the first thing that needs to be done is to identify the requirements and the specific requirements that the customer needs in more detail than I've seen so far. Exactly what the businesses need, how much bandwidth, what kind of speed they need, if they need 24 x 7 support, all those things have a lot to do with how much it's going to cost and also if they're going to stay or come to the community. After you have that, I think the next step is to identify who are the competitors in the community and then from that point, determine what services they have and what services are left behind. Once you know what they have, you can identify what the holes are. Once you know the holes, then you know which ones to go after. At that point I think you should identify the tasks. What you should do is identify and talk to the existing carrier and see if you can work out alternatives with them and just spend enough money to get what you need. In my opinion, it's best to keep your carrier and you're better off because otherwise a lot of time and a lot of money goes to support that system.

DELEGATE HOGAN: Are you saying that if you took that route, we would not need anything approaching three years.

MR. PESCE: That's according to how much fiber, you can spend a lot of time putting fiber in the ground.

DELEGATE WRIGHT: Mr. Chairman, let me make myself clear. I support the Southwest in their endeavor and I applaud what they have done and I want to make that very clear. However, after our last meeting, I went back to my district and informed people in my district that we had basically had a change in direction. Southwest has had the benefit of working on this for several years and the rest of the area and Southside has not. We already had this conference discussing the very same thing that Mr. Pesce discussed.

We've gotten people from the telecommunications industry involved and they're sharing this infrastructure and it's not going to take us two or three years in our area. I was confused at the end of the last meeting because I thought we had an agreement that there was going to be a 70/30 split and that since Southwest was prepared to entertain their proposal at this meeting and in the meantime inform the rest of our constituents and Southside to get rolling. That's what I did, I called the planning district officers and sent press releases and got very good feedback. They're working as we speak. That's what we discussed at our last meeting in Roanoke, if you recall. Mr. Secretary Huang had made the suggestion that we partner with all the parties and have a proposal to come in. So this is something that I don't think is two or three years down the road. I'm not trying to pick one area against the other but when I go back to my area and they said you had \$10 million dollars what's been spent and what have you got for our area, we got a proposal ready to go and I don't want to be in the position of saying that the money has been spent and the proposals I asked you to bring forward will not be considered. It's not a Southside versus Southwest thing at all.

DELEGATE HOGAN: Mr. Hite.

MR. HITE: Mr. Chairman, I think we can all see these recommendations and proposals, this is your work and you studied the proposals and you made a recommendation?

MR. PESCE: Yes.

MR. HITE: I don't see how we can vote on anything here today. We just got this information five minutes ago. Nick has apparently gone through each of these proposals. We just get it now and you expect us to vote on it. I don't feel in that amount of time I have enough information, I just got this now so, five minutes ago.

DELEGATE HOGAN: Mr. Arthur.

MR. ARTHUR: Jack, I don't mean to disagree with you but this isn't the first time we've seen this or the other members of this Board have seen it. This is exactly the same presentation made in Roanoke. I'm ready to vote on it.

MR. HITE: I'd just like to review this.

DELEGATE HOGAN: Maybe William or Terry are the best people to answer this question. How much of this \$5 or \$6 million dollars, the concerns I have maybe a little bit different than what Tom had and some other folks. The bottom line is we don't know how much money we're going to have next year and we're not going to spend this \$5 or \$6 million dollars all tomorrow. Southside is going to be developing a variety of plans over the next 60 days, some of them local and some of them regional. Because of the limited resources that we've talked about, we may want to go ahead and look at which piece of this that you all got to have right now to get this thing going and as we meet again Southside will have a change to look at some proposals, we'll have a chance to do some work here and if at that point we still don't have our act together, sitting on a pile of money because we feel like it, then we can look at what we're doing at that point. Is that a reasonable approach?

MR. ARTHUR: I'm sorry, but if I was in that kind of business and you were going to project the work that we were going to do for that kind of cash flow and the fact that the Committee meets, the subcommittee meets often but the next full Commission meeting is quarterly and that's going to be a difficult way to stop and wait and so forth.

DELEGATE HOGAN: Senator Wampler.

SENATOR WAMPLER: We're going to lose several grants if we wait. We'll flat lose the EDA grant and that's a match. The same with Cumberland Plateau. This is a regional network and the reason the pieces are put together the way they are is that the system works. It doesn't do any good to go to Lebanon without a connecting piece to Abingdon. You can get to Kansas City or Atlanta on the national network. If you don't wire Duffield, it doesn't do any good to go to Lee County. That's true for the rest of this area. Even if you go to Jonesville, it doesn't get you to the outside world and that's why you have to have a system and that's why we created the network that we have.

DELEGATE KILGORE: Going back to the 70/30 split, we're not taking anything from you at this time. I know we would support Southside when you're ready to go but in any event, this shouldn't hold us

back.

DELEGATE HOGAN: I don't know what to say, we probably need to take a vote.

MR. ARTHUR: I call for the motion.

DELEGATE HOGAN: What's the motion?

MR. ARTHUR: That the three programs they're talking about. I'm talking about Bristol Utilities, Lenowisco and Russell County that we fund those in the amount requested.

DELEGATE HOGAN: Back up a minute, you want to do Bristol Utilities, Lenowisco, Lee County, Scott County, Wise – that's \$4 million, what's the other.

MR. ARTHUR: The other one is Russell County.

DELEGATE HOGAN: That's 4 7 something.

SENATOR WAMPLER: I didn't understand what the amount for those three.

MS. WASS: \$4,759,877.

DELEGATE HOGAN: \$4.8, any discussion?

MR. WATKINS: Bristol Utilities, you're looking at the different pieces, in my mind this construction would, I would say if you're going to deploy the fiber to the home, we don't have a system for that.

DELEGATE HOGAN: I don't think you want to get into that.

SENATOR WAMPLER: Tucker, the reason we go further east through Wythe County is to tie into another hub of the national network. We're sufficient until we get to Kansas City and Atlanta. That's the idea of having the redundancy which is why we go along Interstate 81 to the east. At some point we've got to leapfrog and get into the rest of the country.

MR. WATKINS: This is purely fiber for the home, to the businesses?

MR. WAMPLER: Fiber to the user. It's not that big.

MR. WATKINS: It looks like to me we ought to set aside the Bristol Utility thing and that involves \$2 million dollars because it all depends on the other being put in and that could be done at a later stage. This \$10 million dollars for the Southside project –

DELEGATE HOGAN: Senator Wampler.

SENATOR WAMPLER: Mr. Chairman, and very briefly, the reason we have the network on the map that we do we have to have each component for it to work and if you don't put the Bristol Utilities piece in, you don't have the connectivity to the other partners. It doesn't work that way.

MR. WATKINS: We told the Southside community two years ago do not submit anything until they have the Virginia Tech study. We had proposals on the table. Those proposals taken off the table and there was some that didn't appear because we told them to wait until we had the Virginia Tech report.

MR. ARTHUR: We told them to wait?

MR. WATKINS: We told them to wait. Now we told them to wait and they've waited. I think these are great plans and I think it's a great project but I don't want to deny somebody in Cumberland County and somewhere else because all of the money's been spent.

MR. ARTHUR: Are you offering to submit one?

DELEGATE HOGAN: We've got \$10 million dollars and next year we'll get, as best we can figure, another five. We might be able to get more and we're looking at \$15 million dollars.

MR. WATKINS: Does that \$10 include this year's money?

DELEGATE HOGAN: Yes. There's \$10 million dollars right now unless the budget fails tomorrow. This is something I'd like to know before I vote on it. Are the folks in Southwest here presenting this project as well as any member of this Commission going to be content with this \$5 million dollars for the next 15 months?

MS. TERRY: We need a plan and I keep going back to many things. We need some kind of a plan.

SENATOR WAMPLER: I would say the three applicants we have here are major players in Southwest. We'll have to hit it hard in the next 12 months to deploy these networks. In all fairness to the

balance of the Commission, I can't tell you what will come in unsolicited proposals but not designed specifically from here. It may be that we have others who wish to provide data and we'll have to take those up and see if it fits in the plan. The short answer is these three applicants will have to hustle in the next 12 months to deploy the network.

DELEGATE WRIGHT: With all due respect, I'd like to see us have an agreement made today. Are we going to follow the 70/30 split or not? If we are, we can work this thing out. All we have to do is take whatever balance they had of that 30 percent this year and take it from next year funds and that would suit me fine. I'm all for Southwest continuing to work and do it as fast as they can but I'm not willing to do it if we don't have this agreement.

DELEGATE HOGAN: That's the question I'm asking and what I'm looking for is a commitment from people on this Commission to do just that. I don't know if it has to be in the form of a motion but all I want is good faith.

SENATOR WAMPLER: Can I take another stab at it? This is a 12 month fiscal year we're talking about that we're hung up on. The next 12 or 36 months, I don't want to lock into a 70/30 and it may be that Southside needs 80 and we have to find dollars from other areas like special projects. Maybe we need to spend more of our money in telecommunications employment rather than special projects. I guess my point would be in the end it will work out. That if we have projects that make sense and we meet the strategic plan throughout the region we do it.

MS. TERRY: I've got to object to that. We've got localities that have never gotten anything from special projects. This is the technology pot. My great fear is that when we hold the October meeting that someone comes in with a proposal and whether it's \$5 or \$6 million for a region and I can name a region and everybody in Southside knows what that region will be without any plan for the rest of Southside Virginia that's the commitment I want. That is that we have a plan and it will be budgeted for to take care of all of the region and not this first come first serve business which is the way we've operated.

DELEGATE WRIGHT: I still say that this thing could be settled if Southwest would agree that anything over 30 percent of the \$10 million that they spend comes out of whatever the next appropriation is and that Southside gets theirs back.

DELEGATE HOGAN: I don't know that we have to make it as a motion frankly, especially with these pots of money that have never been allocated by the 70/30 split. I think what we've heard here today from the folks at Southwest is that go ahead with our plan for the whole region and they'll work with us to get that done and I think that's what is before us. Maybe good faith they will accept it or not. I think that's all you're going to get.

DELEGATE WRIGHT: That's not much to take back home.

MR. ARTHUR: Call the question.

DELEGATE HOGAN: The question has been called. You want to restate the motion?

MR. ARTHUR: \$4.79 million dollars for the three projects that are before us right now. That would be Bristol Utilities, Lenowisco and Russell County.

DELEGATE HOGAN: The motion has been made and seconded, Carthan, would you call the roll.

DELEGATE WRIGHT: Would you allow an amendment to the motion to say anything over 30 percent comes out of the next appropriation? That more or less confirms what we agreed on?

DELEGATE HOGAN: I don't think you can commit beyond the fiscal year.

DELEGATE WRIGHT: We allowed Charlotte County to come forward and use part of their next appropriation.

DELEGATE HOGAN: Counsel, I don't know that we can make that commitment.

MR. FERGUSON: Let me hear it again.

DELEGATE HOGAN: The motion was to fund these three projects, the amendment. That amendment was offered but it doesn't have a second yet. Whether or not you can amend that motion to say anything over 30 percent would be subtracted from the Southwest allocation the next time around. I don't

know how to make that amendment.

MR. FERGUSON: Well the question's called for, I think it's probably worth a little more than the paper that it's written on here in a few minutes. It's merely aspiration. It's merely expresses the intent of the committee. It all depends on the funding of the Commission by the General Assembly as to, it doesn't have anything to do and secondly it's only a subcommittee vote at that and the subcommittee in turn is dependent upon allocations from the full Commission to the subcommittee. Any recommendations the subcommittee makes then has to be approved by the full Commission. Having said that, there is no prohibition if you will, against expressing that intent.

MR. WATKINS: Based on that, I'll second.

DELEGATE HOGAN: We've got a motion before us that's been seconded and the question is called for and that's not an amendment so you can't amend that motion.

MR. ARTHUR: The second motion the same thing, after we vote.

DELEGATE HOGAN: With that before us, shortly we may be able to do this all in favor. (ayes). All opposed. All right, that motion passes.

DELEGATE WRIGHT: We agree on the 70/30 split as we discussed it and agreed on and thereby anything over 30 percent of this \$10 million dollars will come out of the Southwest next appropriation and they can proceed as planned. All we do is confirm the 70/30.

DELEGATE HOGAN: That's the motion, do we have a second?

MR. WATKINS: Second.

DELEGATE HOGAN: All in favor? (ayes). All opposed (no). Call the roll.

MR. CURRIN: Mr. Arthur?

MR. ARTHUR: No.

MR. CURRIN: Mr. Hite?

MR. HITE: Naye.

MR. CURRIN: Mr. Montgomery?

MR. MONTGOMERY: No.

MR. CURRIN: Mr. Owen?

MR. OWEN: No.

MR. CURRIN: Ms. Terry?

MS. TERRY: No.

MR. CURRIN: Senator Wampler?

SENATOR WAMPLER: Naye.

MR. CURRIN: Mr. Watkins?

MR. WATKINS: Aye.

MR. CURRIN: Mr. Williams?

MR. WILLIAMS: No.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: Aye.

MR. CURRIN: Mr. Chairman?

DELEGATE HOGAN: Aye. The motion fails.

MS. TERRY: I'd like to make a motion that we begin to prepare a plan for the entire Southside region and that we announce that we're not accepting any grant proposals and that we develop our own alternative plan. If that can be done between now and whenever our next meeting is, then at that point we'll adopt a plan and then develop the mechanism.

MR. ARTHUR: How do you propose to do that? We got a plan, we can't fund others, we're going to have to do it piecemeal. We as a group, we're not technically inclined to make that proposal ourselves, we'd have to rely on people who make a proposal to us to see where our objectives are. I don't see as a Committee that we could make that or lay out a plan.

MS. TERRY: We can have other folks, the Chairman can ask, we can have an alternative

proposals presented to us.

MR. HITE: Second.

DELEGATE HOGAN: Mr. Hite, you seconded the motion. Discussion. Delegate Wright.

DELEGATE WRIGHT: At our last meeting the Committee decided, Assistant Secretary Huang suggested that we accept a proposal. I have done, as a matter of fact, my district had one proposal submitted months ago and it hasn't even been considered today. So I think we're going backward from what we decided at the last meeting. Coming forward with a proposal to you to use innovative technology and the reason we're talking about back bone all over Southside Virginia and we can't finance it but we're going to have to have it.

DELEGATE HOGAN: But I think this is the point. There are some localities in your district and some in mine. I'm asked many times whether or not different projects can be funded. The question of what kind of proposal, if it's a good project provides a purpose and creates jobs and I'm sure everyone in your business as well. The question is are we going to try to come up with a plan for the whole area that we can't afford and takes a little bit different approach from the Tech report. There are efforts ongoing to accomplish that right now. Mr. Pesce spoke to that so that's a proposal of a type and more the type that you're talking about. The question is which kind of proposal are we going to take, if we take the proposal you're talking about we're going to run out of money real quick regardless of whether we get \$10 or \$15 million dollars. We can do that in certain areas and piecemeal them out or come up with something that provides broadband for all of Southside. That's the decision the Commission needs to make.

DELEGATE WRIGHT: You make a very good point. I think regional cooperation is fine and certain localities can be submitted regionally or forwarded. I think we need to encourage proposals to come up with a plan for the area. We might be 15 years down the road and not have enough money and we'll be further behind.

DELEGATE HOGAN: We've got a motion before us and a second. Do you want to restate that motion?

MS. TERRY: That we look at alternative plans and see if and make sure we don't leave these counties behind. We need to come up with a plan for the whole region.

DELEGATE HOGAN: We want a substitute motion to form a subcommittee to come up with a plan to come back to the full Committee.

MS. TERRY: For the whole region. I'll make that motion, it's much better.

DELEGATE HOGAN: We need a second.

DELEGATE WRIGHT: I'll second it.

DELEGATE HOGAN: All in favor (aye). Is everybody voting? Call the roll.

MR. CURRIN: Mr. Arthur?

MR. ARTHUR: No.

MR. CURRIN: Mr. Hite?

MR. HITE: Yes.

MR. CURRIN: Mr. Montgomery?

MR. MONTGOMERY: Yes.

MR. CURRIN: Mr. Owen?

MR. OWEN: Yes.

MR. CURRIN: Ms. Terry?

MS. TERRY: Yes.

MR. CURRIN: Senator Wampler?

SENATOR WAMPLER: Aye.

MR. CURRIN: Mr. Watkins?

MR. WATKINS: Aye.

MR. CURRIN: Mr. Williams?

MR. WILLIAMS: No.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: No.

MR. CURRIN: Mr. Chairman?

DELEGATE HOGAN: Aye. Motion carries. Is there anymore business that the Committee has to take up today?

MR. ARTHUR: I think we needed to talk about –

DELEGATE HOGAN: We just voted not to do that.

MR. DAVIDSON: Mr. Chairman, can I have 30 seconds.

DELEGATE HOGAN: Certainly.

MR. DAVIDSON: I'm Mike Davidson, economic developer for Campbell County. These proposals are coming to the Technology Committee as referred to Southside. Campbell County looked at this as an economic development project for job retention. We were happy to use our economic development funds and allocated funds to this. Campbell County is happy to use these funds outside of the Technology Committee funds. We have one provider who is no longer able to provide the services at the present time. There's three wireless internet service providers considered this. If we get the funding to, I don't know how much longer –

DELEGATE HOGAN: Is there any funds that Campbell County did not allocate?

MR. DAVIDSON: A \$50,000 dollar request and that was not reallocated.

DELEGATE HOGAN: The problem is and we did not get into this. Part of the project is the problem of giving backbone to a private company five years from now and that creates a real problem for us. I'll have to ask Mr. Ferguson to speak to that though. I don't know how to get around that. That really doesn't have anything to do with the technology issue and that's a lawyer issue. I don't know if it's possible without notification to take that up tomorrow at Mr. Arthur's Committee meeting.

MR. ARTHUR: Mr. Chairman, I don't have a problem discussing it tomorrow. As far as interfacing with the meeting requirements of the Technology Committee but this problem I guess is still existing.

DELEGATE HOGAN: I think this is the proper forum to submit it back to Southside, we can discuss it but I don't think it solves the problem. We'll have the staff look at this overnight and if you can be here tomorrow in the morning. Anymore business before the Committee?

MR. HITE: I want to thank Mr. Pesce for his work here and I'll look at this tonight.

DELEGATE HOGAN: We look forward to having more of those. Do we have a motion to adjourn?

MR. ARTHUR: So moved.

**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 Technology Committee when held on Wednesday, July 9, 2003 at 4:00 p.m. at the Lancaster Building – Stallard Board Room, Longwood University.

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 23rd day of July, 2003.

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Medford W. Howard  
Registered Professional Reporter  
Notary Public for the State of Virginia at Large  
MY COMMISSION EXPIRES: October 31, 2006

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