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9 **Technology Committee Meeting**

10 Thursday, June 23, 2005

11 12:30 p.m.

12
13 Hotel Roanoke and Conference Center

14 Roanoke, Virginia

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17 **APPEARANCES:**

18 The Honorable Clarke N. Hogan, Chairman

19 The Honorable Kathy J. Byron, Vice Chairman - Southside

20 Mr. James C. Thompson, Vice Chairman - Southwest

21 The Honorable William C. Wampler, Jr.

22 The Honorable Thomas C. Wright, Jr.

23 Mr. Thomas W. Arthur

24 Mr. Claude B. Owen, Jr.

25 The Honorable Edward Owens

26 Mr. L. Jackson Hite

27
28 **COMMISSION STAFF:**

29 Mr. Carthan F. Currin, III, Executive Director

30 Mr. Ned Stephenson, Manager of Strategic Investments

31 Mr. Timothy Pfohl, Grants Program Administration Manager

32 Ms. Stephanie Wass, Director of Finance

33 Ms. Mary Cabell Sulc, Manager of Communications and Committee

34 Operations

35 Ms. Britt Nelson - Grants Coordinator, Southside Virginia

36 Ms. Sarah Griffith - Grants Coordinator, Southwest Virginia

37
38 **OFFICE OF THE ATTORNEY GENERAL**

39 Mr. Frank N. Ferguson, Deputy Attorney General, Counsel for the

40 Commission

41 Ms. Stephanie Hamlett, Special Counsel to the Attorney General

42 DELEGATE HOGAN: All right, I'll call the meeting to
43 order.

CRANE-SNEAD & ASSOCIATES, Inc.

4914 Fitzhugh Avenue, Suite 203

Richmond, Virginia 23230

Tel. No. (804) 355-4335

1 Carthan, would you call the roll?
2 MR. CURRIN: Mr. Arthur?
3 MR. ARTHUR: Here.
4 MR. CURRIN: Mr. Banner?
5 MR. BANNER: (No response.)
6 MR. CURRIN: Delegate Byron?
7 DELEGATE BYRON: Here.
8 MR. CURRIN: Mr. Hite?
9 MR. HITE: Here.
10 MR. CURRIN: Mr. Montgomery?
11 MR. MONTGOMERY: (No response.)
12 MR. CURRIN: Mr. Owen?
13 MR. OWEN: Here.
14 MR. CURRIN: Mr. Owens?
15 MR. OWENS: Here.
16 MR. CURRIN: Senator Wampler?
17 SENATOR WAMPLER: Here.
18 MR. CURRIN: Delegate Wright?
19 DELEGATE WRIGHT: Here.
20 MR. CURRIN: Vice Chairman Thompson?
21 MR. THOMPSON: Here.
22 MR. CURRIN: Mr. Chairman?
23 DELEGATE HOGAN: Here.

24 All right, this shouldn't take but just a second. I'm hoping that as a result
25 of this meting we can report to the Commission what our intentions are for the motion to
26 set aside this forty million dollars as approved by the Full Commission. Then we'll try to
27 set a meeting date for the next Technology Meeting before the next Full Commission
28 meeting so that we can take a look at the proposals that are before us, then take the
29 recommendations before the Full Commission in late July.

30 With that said, are there any comments or thoughts or concerns that we
31 want to discuss at this point along those lines?

32 MR. HITE: Mr. Chairman, do you have any background
33 material on the funds that have been allocated for the Technology project, funds that have
34 been spent?

35 DELEGATE HOGAN: I can tell you a percent, if that is
36 good enough?

37 MR. HITE: I can certainly take your word for it, but I'd
38 like to see something in print, something that is in black and white that we can look at;
39 you don't have to do it today.

40 DELEGATE HOGAN: I think Stephanie can probably get
41 that for you. Here are the rough numbers. We gave an original five million dollars to
42 Southwest for a variety of projects and LENWISCO Bristol Utility. Then subsequently
43 Southside received roughly eighteen or twelve or, it's six plus that last check, about
44 eighteen million. William, does that strike you as being correct?

1 SENATOR WAMPLER: It was an obligation, it's
2 something close to that, but I don't think it was, maybe eleven or twelve million of actual
3 awards.

4 DELEGATE HOGAN: We've funded fifteen, and we've
5 got three more outstanding, and Stephanie can give you this.

6 MR. STEPHENSON: Mr. Chairman, today you've
7 budgeted twenty-three and a fraction million dollars for the fiber project. Of that, twenty-
8 six percent or five odd million has been spent in Southwest Virginia and seventy-four
9 percent of that, or seventeen odd million, has been spent in Southside.

10 DELEGATE HOGAN: Can you get a copy of that for Mr.
11 Hite, so he can look at that?

12 MR. HITE: You don't have to do it now, but maybe the
13 entire Committee should have it so we will know what we're talking about, what you
14 have. You don't have to do it right now.

15 MR. ARTHUR: Ned, that has been allocated but not spent,
16 is that right?

17 MR. STEPHENSON: The award.

18 DELEGATE WRIGHT: That's my question. You said
19 money was budgeted, but all of the money in Southside has not been spent yet?

20 MR. STEPHENSON: That is correct. Some of the money
21 is still on hand, but it's been promised.

22 DELEGATE WRIGHT: The money is there.

23 DELEGATE HOGAN: It is awarded out of existing funds,
24 it hasn't actually been reimbursed yet.

25 MR. STEPHENSON: Right.

26 MR. OWEN: Mr. Chairman, in a follow-up from what Mr.
27 Hite asked about. The Minutes of the last meeting, and I guess
28 the last meeting was July of last year, and I don't believe there has been a meeting since
29 then, or I presume there hasn't, of the Technology Committee. And it said nine million
30 dollars, the motion was contingent upon performance. A remark was made that we would
31 be getting quarterly reports from MBC about the performance. I think Mr. Arthur
32 referred
33 to a perk chart kind of performance. Has the Committee seen, or has
34 anyone on the Committee seen anything about performance last year?

35 DELEGATE HOGAN: I'll say that the Commission has
36 received it, I've seen big chunks of it. If you'd like to see more of that or take a look at it,
37 I'll be happy to get Ned and other people to get that for you.

38 MR. CURRIN: Mr. Chairman, I can have Mr. Deriso, who
39 is the Executive Director of MBC, send you a weekly report or monthly report; is that
40 correct, Tad?

41 MR. DERISO: That's correct.

42 MR. CURRIN: If that is the report you want, we can take
43 care of that.

1 MR. OWEN: I'm just reciting what the Minutes said at the
2 last meeting, that the Committee would be getting quarterly reports. I don't think I have
3 received anything, and I am asking has the Committee received anything like that?

4 MR. CURRIN: The Commission has, and I apologize if
5 you haven't.

6 MR. OWEN: How long is the report?

7 MR. CURRIN: The report is two pages.

8 DELEGATE HOGAN: As many of you know, MBC has
9 been through several permutations, and I think we're fast approaching some others, some
10 evaluations of where they are on the project, and how things are going with that project.
11 That will probably take place, or we'll take it up at the next meeting.

12 MR. OWENS: Was this to be completed at the end of '05?

13 DELEGATE HOGAN: Mr. Deriso, would you comment
14 on that? Come on up here, Tad, so we can hear you.

15 MR. DERISO: What was the original question?

16 MR. OWENS: I was asking about the project completion
17 date.

18 DELEGATE HOGAN: For the fiber it's March
19 of '06, the expected completion date on the fiber. Operational, probably
20 the end of April of '06, short-term, I think there are some other things
21 added, and obviously that could change the completion, is that a fair statement?

22 MR. DERISO: That's correct.

23 MR. HITE: Just to follow up on what has been said, I think
24 this Committee should be provided with full disclosure, monies that are spent and monies
25 appropriated. We need to follow the money and where it is going and what is being done
26 with it. When you say permutations, I'm not clear what you mean by that.

27 DELEGATE HOGAN: I'll tell you what, before the next
28 meeting, or a week before the meeting, which would roughly be
29 the 14th of July or the 21st of July, we will plan to have a full report on everything that
30 has been done and where that stands. Also what you see
31 as the next phase to be funded, we'll try to get that a week before the next meeting, before
32 the next Full Commission meeting, which I guess is on
33 the 28th. We'll try to have a meeting roughly a week before then. If we
34 can get that a week before that meeting, I think that would satisfy
35 everyone. That will give you plenty of time to read it and raise any questions.

36 MR. CURRIN: Mr. Chairman, I'll direct Mr. Stephenson to
37 provide the Committee quarterly reports in Southside and Southwest, both projects will
38 be getting quarterly reports.

39 MR. OWENS: Will that satisfy Mr. Arthur's perk chart?

40 MR. ARTHUR: It's a different thing that I just named, but
41 it will give you the same information.

42 MR. OWENS: Who is qualified to give an assessment on
43 the performance?

1 DELEGATE HOGAN: I think Tad would probably be the
2 best one; we can give you an update at our July meeting on the project.

3 SENATOR WAMPLER: Mr. Chairman, not to complicate
4 it, but one measure of that, and that is when you eliminate a system does it work and do
5 customers buy the service and they pay with U.S. dollars. To the extent that model
6 works, I would suggest that we do have a system that is performing. Not to oversimplify
7 it, but if you have a mature system to the point where you do have customers and cash is
8 exchanged for that service, I think that pretty well satisfies the concerns
9 that we have met our mandate from the Commission. If there are greater details,
10 certainly from Southwest, we can have our various providers do that.

11 DELEGATE HOGAN: If we can ask them in addition to
12 what we will have to let us know where they are, and if we could distribute that by the
13 14th, do you think you can do that?

14 MR. DERISO: Yes.

15 MR. OWENS: That is true, Mr. Chairman, but what do we
16 have to evaluate the progress, what milestone? We don't know if we're spending money,
17 we've just got to have some way to gauge it, in my view.

18 DELEGATE HOGAN: I think that is appropriate, and I'll
19 be happy to have the people there. If we can, get Ron there to give us an update on the
20 progress in Southwest at the same time.

21 SENATOR WAMPLER: Yes.

22 DELEGATE HOGAN: All right. Sounds like we've got a
23 lot to do here in the middle of July. Anything else we need to take up right now to tell the
24 Commission that's our intention and we expect to move forward on these projects,
25 expedite that in a judicious manner, assuming the money is available? Does anyone have
26 any comments or questions or thoughts?

27 MR. OWEN: Mr. Chairman, as a member of this
28 Committee and the Special Projects Committee, I have not seen progress coming forward
29 worthy of the money that we're talking about spending. When I read Minutes of the
30 Executive Committee there seems to be an article of faith we're going to do all this work
31 and spend all this money, but there has been no definition of these projects or evaluation.
32 Mr. Owens talked about an evaluation of the monies that we have already committed. I'm
33 trying to understand, are we committed to all of this stuff, and it's just a matter of the
34 details of getting the money, and if so, where did that commitment come from?

35 DELEGATE HOGAN: I'll just back up and try to answer
36 that by saying that we'll do that at our July meeting, and if you're not satisfied at that
37 meeting or a subsequent meeting, then it will be our burden of proof to lay out the case to
38 answer the questions that you've raised. We still are going to have to vote for the projects
39 and take them to the Full Commission and work through that process. There are pieces
40 of this that I have been told about, different pieces, and I haven't seen it, either, I haven't
41 seen it in detail either, and I want to see it before I vote. I guess you're indicating the
42 same thing. I don't think that is inconsistent with what we're doing. Is that going to
43 satisfy everyone?

1 MR. CURRIN: I just wanted to indicate from the Minutes
2 of the last Executive Committee meeting concerning the Technology Committee, that the
3 monies that may be awarded may have to be shifted and not spent, but the Technology
4 Committee would make the final determination on all those applications. The Staff
5 reviews them, and you have an opportunity to review them as well.

6 DELEGATE HOGAN: All right. Does anyone else have
7 any questions or comments? Then we're done. Thank you.

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9 PROCEEDINGS CONCLUDED.

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14 CERTIFICATE OF THE COURT REPORTER

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16
17 I, Medford W. Howard, Registered Professional Reporter
18 and Notary Public for the State of Virginia at large, do hereby certify that I was the court
19 reporter who took down and transcribed the proceedings of the **Virginia Tobacco**
20 **Indemnification and Community Revitalization Commission Technology Committee**
21 **Meeting when held on Thursday, June 23, 2005 at 12:30 p.m. at the Hotel Roanoke**
22 **and Conference Center, Crystal Ballroom, Roanoke, Virginia.**

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

25 Given under my hand this 1st day of July, 2005.

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31 _____
32 Medford W. Howard
33 Registered Professional Reporter
34 Notary Public for the State of Virginia at Large

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37 My Commission Expires: October 31, 2006.
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