

1 **APPEARANCES:**

2 The Honorable Clarke N. Hogan, Chairman

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

4 Mr. James C. Thompson, Vice Chairman - Southwest (by phone)

5 Mr. Thomas W. Arthur

6 Mr. L. Jackson Hite

7 The Honorable Edward Owens

8 The Honorable William C. Wampler, Jr.

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10 COMMISSION STAFF:

11 Mr. Neal E. Noyes, Executive Director

12 Mr. Ned Stephenson, Deputy Executive Director

13 Mr. Timothy Pfohl, Grants Program Administration Manager

14 Ms. Britt Nelson - Grants Coordinator, Southside Virginia

15 Ms. Sara Williams - Grants Coordinator, Southwest Virginia

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17 OFFICE OF THE ATTORNEY GENERAL

18 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the

19 Commission

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1 DELEGATE HOGAN: I'll call the Technology
2 Committee to order.
3 Neal, would you call the roll?
4 MR. NOYES: Mr. Arthur?
5 MR. ARTHUR: Here.
6 MR. NOYES: Delegate Byron?
7 DELEGATE BYRON: Here.
8 MR. NOYES: Mr. Hite?
9 MR. HITE: Here.
10 MR. NOYES: Delegate Hogan?
11 DELEGATE HOGAN: Here.
12 MR. NOYES: Mr. Montgomery?
13 MR. MONTGOMERY: (No response.)
14 MR. NOYES: Mr. Owens?
15 MR. OWENS: Here.
16 MR. NOYES: Mr. Thompson?
17 MR. THOMPSON: Here (by phone.)
18 MR. NOYES: Senator Wampler?
19 SENATOR WAMPLER: Here.
20 MR. NOYES: Delegate Wright?
21 DELEGATE WRIGHT: (No response.)
22 MR. NOYES: You have a quorum, Mr. Chairman.
23 DELEGATE HOGAN: Approval of the Minutes.
24 It's been moved and seconded to approve the Minutes. All in favor? (Ayes.)
25 All right.

1 Next, we'll hear from Rob Hayward.

2 MR. HAYWARD: My name is Rob Hayward, and
3 I work for Dewberry, and we just recently wrapped up a study with Bristol
4 Virginia Utilities where we were examining alternatives for Broadband
5 access to the region. I'd like to take a little time and thank you for the
6 opportunity to make this presentation here today.

7 I'll quickly go over the study areas and the output from our
8 analysis and the application that we provided to BVU for them to use for
9 their future analysis. We have a limited amount of time here today, so I'm
10 not going to go into the exact details of our methodology. I want to show
11 you where we're looking at locating the cellular towers and determining the
12 demographic makeup of that region and identifying businesses within the
13 study area that were affected, or are within certain distances of the cell tower
14 and fiber optic lines.

15 This is the study region, and I won't go into every county and
16 every city, but here you can see the existing fiber optic route, and in addition
17 to the cellular tower locations we're looking at for the cellular region. The
18 outcome from this study was a report that included a large number of maps
19 and cable and also PMS files. These are published map files, and these are
20 interactive maps, and you can view a map and then study the data behind it.
21 I'll show you a quick demonstration here in a second.

22 Here's a report and an example of some of the maps that we
23 produced and tables in these published map files. This will let you view
24 these published map files. You can view and query data within the map,
25 then reprint them yourselves in pre-applications.

1 Here's an example of the PMS file. What we have here is a map
2 that we produced for the study. At first glance it looks like a map; however,
3 you can zoom in to specific areas to get a better view of the details. The red
4 stars indicate businesses, and the green circles are the cell towers. The
5 yellow line here is the fiber optic route. You can see the roads here in the
6 background. This also has an identifying tool here where you can click on a
7 business, and that will pop up with the database record, showing you all
8 types of information, such as the company name and where it's located and
9 the type of business it is, and whether or not it is within three miles of the
10 fiber optic route.

11 DELEGATE HOGAN: Is this information for the
12 public domain, or is this BVU's information?

13 MR. HAYWARD: About half and half; we had to
14 purchase it for, or we had to purchase the business data. The business data
15 we did have to purchase.

16 DELEGATE HOGAN: When you compile that. is
17 that for the public domain?

18 MR. HAYWARD: Yes, I believe so. It's currently
19 licensed to BVU, and it was licensed to Dewberry, so along with the report
20 and everything it was delivered to one of the deliverable, all this data, BVU
21 has.

22 DELEGATE HOGAN: Is that deliverable to the
23 Tobacco Commission?

24 MR. HAYWARD: Yes, I think so. I delivered
25 some copies to Jim Kelly for distribution.

1 If you look here at the cell towers, you can find specific towers,
2 and if you have one that you want to find out more information about, or you
3 have a specific business you want to find where they are and find more
4 information about them, you can get that data.

5 I'd like to show you one of these cell towers, one of their
6 records, before I wrap up here. This cell tower ID tells you, or it's a unique
7 identifier for that. You can distinguish between all of them. Not all
8 information was available for every cell tower, depending on the source. In
9 the database record that comes up, you will see the owner name, contact
10 names, addresses, locations, e-mail addresses, how many towers are within
11 three miles, how many are within six miles, or how many are within
12 businesses within three or six miles, and the number of households within
13 three and six miles. This information gives you a better tool for making
14 decisions in the future. We didn't do a specific analysis based on one
15 particular tower. We'd say these are the business within one tower, a three-
16 or six-mile radius. This is something could be done in the future.

17 Are there any other questions? I left some information with Jim
18 Kelly from BVU and my business card, if anyone has any follow-up
19 questions. Don't hesitate to give me a call. Thank you.

20 DELEGATE HOGAN: Thank you, and we
21 appreciate your coming.

22 All right, Tad.

23 MR. DERISO: Thank you, Mr. Chairman. I'd like
24 to give everybody a quick update. One thing I'd like to mention about this
25 Dewberry study. You may know that maybe nine or twelve months ago we

1 did the exact same study for Southside with the exact same firm, and Rob
2 actually was part of our data set or data gathering with all this work that's
3 been done both for Southwest and Southside. It's integrated, the same data
4 set and same type of application.

5 I thought I'd give you a quick update, probably about three
6 minutes, on where MBC was since we last met. We are on target to hit all of
7 our revenue requirements, or what we projected, as far as being on and
8 paying for operational costs.

9 We'd also like to give you a quick update on the pilot projects.
10 The reason that has taken so long from the initial grant award is that we went
11 out with the competitive RFP process and elicited proposals from the private
12 sector, and we presented that information in the last several meetings. We
13 wanted to make sure we were fiscally responsible with the Tobacco
14 Commission funds. It's not our money and your money, because it is a little
15 different 50 percent capital match, making sure the contracts and everything
16 else we have with those providers and private sector members were rock
17 solid. We wanted to make sure those systems, once they are onboard and
18 operating, that they operate with the utmost efficiency.

19 The great news is that in Appomattox we expect that system to
20 be operational by the end of this month. The major source of delay in that
21 project was the tower permitting and processing with the county. They've
22 been helpful in trying to get this thing moving along, but it should be up and
23 running by the end of October, and we'll probably have an event that we'll
24 invite most of the Tobacco Commission out for.

25 We have some other projects under way in the three areas of

1 Altavista, Stuart and Brookneal. That's currently under construction with
2 equipment on order being deployed in the system. We expect the first group
3 of folks, probably in the Brookneal area, to be turned up on that system by
4 the end of December, and full operations in the first quarter of next year.
5 That's a major project we're working for.

6 We're having some other issues not related to our vendors, but
7 on the spectrum side. In Stuart in the 700 megahertz project we're having
8 some spectrum issues with North Carolina allowing access to the spectrums.
9 We're working through those as quickly as we can, but those projects are
10 still on track.

11 I don't know if this is the right place to do this, but I would like
12 to note the change of venue for one of our projects. Altavista we had
13 awarded a wireless pilot to Gamewood out of Danville, Virginia. They
14 thought they'd be able to access some of the towers in Altavista. Due to
15 circumstances both from the tower owner, and one is Alltel and one is U.S.
16 Cellular, and are unable to negotiate a lease agreement with the tower owner.
17 We've looked at building towers, and we looked at doing anything else we
18 can in Altavista to make that work. We're coming up with a major
19 roadblock. Gamewood has asked, instead of Altavista, if we could take and
20 move the system to the Ringgold/Blairs area, just outside of Danville and
21 Pittsylvania County. This is an area that has no DSL and no cable modem
22 and no access to Broadband. They've identified over 200 customers willing
23 to sign up for the services today if they could get it. The tower has been
24 identified, and a private landowner has the tower, just off of Collie Farm
25 Road. I don't know if we need to make a formal written request, but we'd

1 like to change the venue of that pilot from Altavista.

2 DELEGATE HOGAN: You can't get a permit
3 from Alltel?

4 MR. DERISO: That is correct. Gamewood could
5 not. U.S. Cellular and Alltel will not return telephone calls. They won't
6 return them for Gamewood or for MBC. We went to Altavista to talk to the
7 town manager and asked for some assistance to locate the tower and to
8 amend the town's tower permitting manual, and you have to prove that you
9 can't get space on any existing tower before they'll let you put a permit in for
10 a new tower. We can't get any of those major companies to call us back.
11 Gamewood is not a Verizon Wireless customer. They've been trying every
12 week for the past six months to come up, and we've come up on a roadblock.
13 That's one of the issues. I think in our grant application requesting funding
14 for towers, when we own and operate towers, that's not a problem; we can
15 have access to that. It's the way of the world and telecommunications
16 companies, and some people are willing to work with you, and others are a
17 little bit more unwilling to.

18 Does that answer that or create new ones?

19 DELEGATE HOGAN: It doesn't give us an
20 answer of what we're going to do. That's not your problem. Do we have a
21 motion to move this project?

22 MR. ARTHUR: So moved.

23 DELEGATE BYRON: Mr. Chairman, that's
24 something out of my district, and this is the first I've heard of it. I'd like to
25 have a little time to look into it myself before we make a change right on the

1 spot.

2 DELEGATE HOGAN: Would it be agreeable,
3 then, with everybody, to leave it on the table and take it up before the full
4 Commission on the 25th, maybe 15 minutes before the meeting? That will
5 give Delegate Byron time to look around. Is that agreeable with everyone?

6 MR. ARTHUR: Would you say that again?

7 DELEGATE HOGAN: We basically take no
8 action right now and let Delegate Byron look into it between now and the
9 full Commission meeting. If we can get some answers we can go ahead with
10 it, and if not, we can talk about it more.

11 MR. ARTHUR: We will take it up before the
12 meeting in October?

13 DELEGATE HOGAN: Yes.

14 MR. DERISO: I also wanted to give you a quick
15 insight into some of the things that we're seeing in our region, as far as
16 business and using the MBC network. In South Boston there is a company
17 called D-Scan, and they do a lot of work for Wal-Mart, representing about
18 30 percent of their revenue. Wal-Mart came to them and said in order for
19 them to be able to continue working with Wal-Mart they needed to have a
20 diverse Internet connection for their company since, everything is now done
21 online with the provision stuff. What's in there today just couldn't cut it for
22 that company. They had a DSL connection currently. They enjoyed the
23 DSL connection very much, and Wal-Mart said we either have to get this
24 thing fixed with a higher speed, or you're not going to be able to be a
25 supplier. Since we have a fiber access point in that part of the Halifax

1 Industrial Park, we're extending fiber to their facilities, and they did a
2 contract with one of our members for additional Internet access. The
3 interesting thing is that their monthly cost for Internet has gone from \$75 a
4 month to about \$750 a month. The company said this is something that our
5 major customer, Wal-Mart, required, and something that is just the cost of
6 doing business. Fortunately, because of that project they're able to maintain
7 that as a way to go forward.

8 On MBC we've continued to grow, and we've consolidated our
9 offices in South Boston, and we have four people working with us now. I'd
10 like to introduce Teaka Cole, and she is our member services coordinator,
11 and she's going to be working on our economic development projects and
12 working with local economic developers. She was born and raised in
13 Independence Virginia, and a graduate of Emory and Henry College.

14 Are there any questions from the Committee?

15 DELEGATE HOGAN: Thank you, Tad. How far
16 are you on that project at the moment, as far as where you're supposed to be?

17 MR. DERISO: Let's see, the numbers, we're
18 supposed to be cash flow break-even in June, and we may be cash flow
19 break-even in May.

20 DELEGATE HOGAN: If you're ahead, you're
21 only a little bit ahead?

22 MR. DERISO: That's right.

23 DELEGATE HOGAN: I hope everybody has their
24 sheet. We can spend a lot of time going over these sheets if you'd like, or I
25 would suggest we take up the Southwest proposals first, and then Southside

1 second. Why don't we go and run through those Southwest proposals first?
2 If we have any questions or comments, we'll be happy to hear them at that
3 point. I see from the application, if you don't like the staff proposal, maybe
4 you can make a few comments if you don't agree with it. If you do like it,
5 you probably don't need to say anything. Let's run through these quickly,
6 and then we can do the same with Southside. Does that suit everybody? All
7 right.

8 MR. PFOHL: Thank you, good morning. Just to
9 set the stage a little bit, when the budget was approved for this fiscal year,
10 the staff went ahead and announced an August 31st deadline. This is the
11 Commission's first open call for Technology proposals in just over two
12 years, and we have some applicants that are new to us and some folks that
13 have been at the table previously. There are four proposals, with arguably a
14 fifth, that have asked for a little bit more than what they basically proposed.
15 We can speak to those specifically, and that would be to accomplish some
16 additional work that was originally requested a year ago and was backed out
17 because of some reasons, so we need to go back and add something to their
18 original requests. The requested amount is the increased amount for those
19 four grant proposals from Bristol Utilities, Lenowisco has an asterisk at the
20 grant number. Mid-Atlantic Broadband told us that with some additional
21 money they could accomplish a couple of specific things that we can speak
22 to when it's time to talk about that. We have a situation where we have the
23 proposals. The ones that have the asterisk, that is the increased requests, if
24 you will. Mid-Atlantic Broadband suggested that another 1.95 million and
25 what it would accomplish.

1 DELEGATE HOGAN: Let's come back to that,
2 and we'll do it separately.

3 MR. PFOHL: The easy one to eliminate is the
4 Town of Abingdon, and we found out yesterday they'd like to withdraw that
5 proposal, and you can scratch Abingdon off that list.

6 The Southwest Economic Development Committee sent you a
7 project at the bottom of the spreadsheet from the Norton Industrial
8 Development Authority for a downtown Broadband loop. On the first page
9 of the text document are the balances that are currently available to you in
10 your Committee, \$1.7 million of unrestricted funds and nearly 13.4 million
11 of restricted funds that can only be used for capital projects. We didn't
12 specifically make recommendations about who should get unrestricted or
13 restricted, and we can address that when we move through the proceedings,
14 or delegate staff to make some suggestions.

15 Mr. Chairman, from the text document, we'll start, then, with
16 the proposal submitted to us by Bristol Utilities. There are a number of
17 proposals here, and some of which we feel could probably be grouped into
18 one grant. Mr. Kelly can speak to that. He's indicated that any of the
19 projects that are in BVU's primary service area, they are agreeable to moving
20 those into a single grant. We think we know what that list is, but Jim can
21 comment further for us, if you want to.

22 You have copies of the applications, and you have summaries.
23 In the interest of time, if you'd like to walk through those or just answer
24 specific questions, I can do either.

25 DELEGATE HOGAN: Are there any questions of

1 Tim or any of the grant proposals at this point? What is the total amount for
2 Southwest that you recommend?

3 MR. PFOHL: I believe it's 8.7.

4 SENATOR WAMPLER: Just a brief observation.
5 I know Mr. Thompson is on the telephone. The applications for Southwest
6 that the staff recommended really is nothing different than what we have
7 seen in previous applications, continued deployment in backbone and last
8 mile efforts in certain cases. If there is any greater detail, there are all kind
9 of folks behind me that can speak to it further, if needed. That would be my
10 general observation. I think Tim would concur with those comments.

11 DELEGATE HOGAN: Do we have any questions
12 from the Committee? Do we have any comments from the audience at this
13 point on these proposals? Do we have a motion?

14 MR. HITE: I so move, Mr. Chairman.

15 MR. OWENS: Second.

16 DELEGATE HOGAN: All in favor? (Ayes.) All
17 opposed, like sign? (No response.)

18 SENATOR WAMPLER: Mr. Chairman, there are
19 folks who have traveled quite a distance from Grayson County and Scott
20 County. I would ask if they could be heard, although briefly, and they're
21 concerned about what their proposals were. I'd like to ask the representative
22 from Carroll, Grayson and Galax to speak. I met with them, and I
23 encouraged them not to give up if they were not funded in this round of
24 funding. I think they would tell you they have a rather aggressive plan to get
25 those grants and/or loans for future loan funds to help them in their efforts.

1 We awarded Grayson County some 2.4 million out of the Southwest out of
2 Special Projects, and with some extra cash to do that. With that
3 understanding, maybe we can take this application up again when we decide
4 how we're going to recapitalize, whether it's cash and/or loans.

5 DELEGATE HOGAN: Anyone want to talk about
6 that?

7 MR. MAYNARD: My name is Mike Maynard.
8 I'm with the Grayson County Board of Supervisors, and I'm here in my old
9 job as Chairman of the Regional Industrial Development Authority for
10 Grayson and Carroll Counties and the City of Galax. I bring you greetings
11 from all three of those localities. We appreciate the work you have all done
12 for us in the past. We really appreciate the help you have given us on this
13 water project. I'd like to take a few minutes this morning to share with you
14 some of the aspects of the project that don't come across quite as clearly in
15 the summaries you have in front of you.

16 First of all, I think it's clear that your goal of expanding
17 Southwest and Southside represents true visionary thinking. We believe the
18 project we're undertaking now fits in with that visionary prospect. There is
19 some difference in the project that I think is worth noting. The project we're
20 talking about today is part of a regional Broadband network that we're
21 building, building the network, and we've already started, and it was part of
22 a cooperative effort with Carroll and Grayson; that area started eight months
23 ago. All this will allow us to look at other solutions. We need the
24 Broadband for the citizens in our area and for our businesses throughout the
25 region. First is the availability of Broadband. We're building a network to

1 provide fiber to every home and business and government facility. We
2 believe anything less than that is not going to be enough to deliver the kind
3 of services that businesses and homes and governments require. We don't
4 want just some Broadband, we want high capacity Broadband to every home
5 and business in the region. Anything less than that, we wouldn't want or
6 expect. It's required to have this to be economically successful. It's also
7 very important educational-wise. We're going to use some of this in areas
8 where there is high demand. We've got some real challenges in Grayson
9 County, in particular. There are some people that don't want it, and that's
10 okay; they might only want a nine-megabyte wireless connection, and that's
11 all right. For those people who want a hundred megabytes and the fiber
12 connection, we want to give them that. The technology we're using is a bit
13 different. We're building an open access service network. We expect to
14 have multiple service providers in the network. We're going to build the
15 structure, and it's like a digital road, and we're going to invite service
16 providers on the network. We're going to have multiple providers. We're
17 putting together a household market with hundreds of businesses. We think
18 it will be a market that can attract a number of service providers. We're
19 going to have discussions with two that have been represented here today.
20 We expect to have additional service providers interested and on that
21 network when we put it out.

22 The funding strategy has created a novel approach. Despite my
23 presence here today, overall the funding strategy is private funding. We
24 have a \$26 million project. Our plan calls for no public money. The money
25 we get from the Tobacco Commission will be beneficial to us in terms of our

1 ability to get the network up and working quicker. If we don't get a penny
2 from anybody else, we'll just have to build it. That's not to say we don't
3 appreciate your support. We understand that all you need to do is, you don't
4 have enough money to make all this work, and we understand it. We're
5 going to do our part and seek out other funding. Our financials are very
6 conservative. One hundred twenty million will be spent on
7 telecommunications services in our region in the next 20 years. There is
8 sufficient money already spent in our region for us to build the network.

9 SENATOR WAMPLER: I think that's a great
10 description and the reason I wanted the Committee to hear the description of
11 the project and the scope of the project, other than from me. They're going
12 to build this network, and what I would ask, Mr. Chairman, is to ask the staff
13 to pay close attention to what pieces of this project could we invest in that
14 would help interconnect with MBC and/or Citizens. Geography being what
15 it is, this could be a link between Smyth County and Grayson County. I
16 think there are opportunities for redundancy, more than the actual operation
17 piece of it, but this is a, if you listened to the presentation, this is different
18 than the way we've done it before in Southwest. I want to encourage this
19 group, as I think most of the political leaders in Southwest would encourage
20 them to do. Whether this becomes part of a larger effort of this Committee
21 or not, I appreciate the time that you have allowed them to spend on it,
22 because it makes a difference.

23 MR. MAYNARD: The last thing I'll tell you folks
24 is the money or the financials that we're looking at, we're in the process of
25 doing due diligence, will allow us to take the excess cash from this operation

1 and plow it back into local economic development and give some back to
2 local governments.

3 DELEGATE HOGAN: We're going to write you a
4 letter saying we're happy to hear from you and encourage you on this project
5 and probably encourage you to work with some other people. I know you've
6 got operational capabilities to run this network, and we'd be very happy to
7 see a proposal that works through some issues in the not-too-distant future.

8 MR. MAYNARD: We've already started
9 conversations with Citizens, and the RFP will go out probably in November.

10 DELEGATE HOGAN: Why don't you get it done
11 and get a pretty good idea what that looks like and come back and see us? Is
12 that fair enough?

13 MR. MAYNARD: Yes, thank you.

14 SENATOR WAMPLER: Mr. Chairman, from the
15 Southwest perspective Delegate Kilgore spoke with the Scott County
16 Cooperative, and he said make sure that Scott County Telephone
17 Cooperative had a chance to plead their case, and I'd ask if we could do that.
18 I don't know if any of us want to feel his wrath.

19 I think you'll find with the Scott County Cooperative they will
20 be a beneficiary of a larger recapitalized fund that they could pull down
21 from, and they don't mind the finance part of the project, and there are still
22 going to be some gaps where it's going to require a grant. There are just
23 some parts of the county that can't be reached with a conventional grant, and
24 they're still drawing down -- Tim, help me. I think one grant still has a
25 remaining balance from what we had previously awarded.

1 MR. PFOHL: Yes.

2 MR. FRANKLIN: I'm Bill Franklin, and I'm the
3 CEO of Scott County Telephone Co-op. We sure do appreciate the grant
4 money that we received on our fiber home project that we're working on in
5 Gate City. We want to expand that project on out to reach another 650
6 residential and business customers around Gate City. Our ultimate goal is to
7 basically get Broadband services to all the people in Scott, and the
8 businesses. We're putting our own skin in the game. We received an \$11.2
9 million loan from Rural Utility Service. We're presently upgrading our
10 existing network to be able to provide the triple play. One thing we'd like to
11 do, and we do appreciate everything you've done. Hopefully you can help us
12 in the future, but when we get ready to turn this project up, I'd like to invite
13 the Commission down to look at the project that we're proud of, and hope
14 you all will be proud of it, and we'll show you what we're doing. Any
15 consideration we can get in the future, we'd certainly appreciate it.

16 DELEGATE HOGAN: We're happy to see you.
17 Thank you.

18 SENATOR WAMPLER: I think what you're
19 seeing now is that more people are getting in the game and putting their own
20 financing in, but they're still looking to us to buy down the cost to make it
21 work. There are some federal loans available that will help, not just
22 Southwest but also Southside, and there I think you'll be able to obtain
23 critical mass in terms of a pool of capital, so that just about everybody that
24 applies, if they're willing to abide by the terms, will have an opportunity to
25 move the service forward. I know the staff is working on that, and I don't

1 have the recommendation on that and what that would be from the
2 Southwest perspective, but hopefully next year we can come back with a
3 plan, and I hope Southside can also.

4 MR. FLANNERY: Mr. Chairman, can I make a
5 comment? I want to encourage the Committee and Scott County Telephone
6 Cooperative, and they need some assistance. Our office is in Scott County,
7 and they're behind our office in Duffield, and they're doing a great job in
8 Scott County. Right now Scott County is actually being neglected because
9 we've been respectful of the service area. We've done a lot of our
10 deployment in Wise and Lee. There are a few customers in Duffield, and
11 customers do make those decisions, but I want to encourage you to give full
12 consideration to help Scott County, and we certainly pledge in every way to
13 support that work that's going on there.

14 DELEGATE HOGAN: In terms of being able to
15 accomplish that process, and there are federal grants available, and what do
16 we have to do to provide access? Is it worth having three or four fellows
17 from Southwest, along with Tad and our staff, start to explore that? How do
18 we go about starting something like that and structuring something like that
19 so we can say if you want help, here's a process we'd like you to follow? Is
20 it something we should be looking at?

21 SENATOR WAMPLER: Mr. Chairman, I would
22 hope the staff would bring back a recommendation six, nine or twelve
23 months or next year, that if we as a Commission put up X millions of
24 dollars, and that would leverage the federal dollars, and what we think that
25 would do to further the deployment. Most of the federal programs require us

1 to put up 20 percent. You might have very favorable terms on loans, and I'd
2 still say, whether it's Southwest or Southside, we have to have a form of a
3 grant to buy down the cost of some of it.

4 MR. NOYES: We can provide a recommendation
5 on that, but I'd remind the Committee that Virginia Resources Authority also
6 has authority to go to the bond market for funds. Currently we've executed a
7 purchase order for services to do a demand aggregation of Southside and
8 Southwest, every county IDA, determine their level of interest and
9 borrowing from ERA.

10 DELEGATE HOGAN: Well before next year.

11 MR. OWENS: Is this only for wireless?

12 MR. NOYES: Only for wireless, that's correct.
13 That will be part of our recommendation from the staff.

14 DELEGATE HOGAN: That will cover other
15 options?

16 MR. FLANNERY: We've had conversations with
17 VRA, and they will fund a certain portion, and it has to be collateralized.

18 DELEGATE HOGAN: I'd like to have our staff
19 work with whoever else is here that would be interested in that. Maybe we
20 can take advantage of what other folks have already learned, pick up
21 whether it's from VRA, or talk to the appropriate folks and try to get a
22 comprehensive layout of what's out there, or what the options are, or if we
23 went that route, and what that would look like.

24 MR. FLANNERY: We've had those
25 conversations, and we're interested.

1 DELEGATE HOGAN: All right, thank you. We
2 want to hear quickly from either Tim or Tad on the two other Southwest --

3 MR. PFOHL: -- I don't know if anyone is here
4 from --

5 DELEGATE HOGAN: Does anyone from
6 Southwest want to talk about anything they've got?

7 MR. PFOHL: As I stated in somewhat confusing
8 terms, but Mid-Atlantic Broadband filed a request for \$6 million, and they
9 provided us with information that should further monies be available they
10 could build some additional fiber in Patrick County and in Mecklenburg that
11 would close some loops and provide some additional service at a cost of an
12 additional \$1.95 million. I think you'll see the application.

13 DELEGATE HOGAN: Does anyone have any
14 question about the application? Do you want to run through it real quickly?
15 Is everybody comfortable with what they have in front of them?

16 MR. PFOHL: If I could make one point, and that
17 is when you look at this, it's a very small piece of the Mid-Atlantic proposal,
18 the marketing outreach to the North Carolina Research Triangle and the
19 Triad areas. The bulk of their request is eligible for restricted funds, and the
20 marketing outreach wouldn't necessarily have to come from unrestricted
21 funds. It would be a separate grant. That's not to say there is anything
22 wrong with that proposal, but we'd have to split that.

23 DELEGATE HOGAN: Can you make that work
24 administratively?

25 MR. PFOHL: No problem.

1 MR. HITE: Mr. Chairman, I'd move the staff
2 recommendation for MBC.

3 SENATOR WAMPLER: I'll second it.

4 DELEGATE HOGAN: Any discussion?

5 MR. HITE: Mr. Chairman, I do have one question.
6 Tad, at the meeting in South Boston there was some discussion about the
7 lack of information at the board of supervisor level and town council. Have
8 you addressed or heard anything about the lack of information?

9 MR. DERISO: Locally we are continuing to do an
10 outreach from, we're working on that roundtable and working on a way to
11 help educate the county board of supervisors and others about what this is all
12 about. We're still faced today with certain counties' boards of supervisors
13 don't even understand any of this stuff. We're trying to work with an
14 educational program to get the word out.

15 MR. HITE: Can you get the Broadband to them
16 and explain that?

17 MR. DERISO: We're trying to.

18 MS. TERRY: I'm Sandy Terry from Franklin
19 County. I chair the Broadband Outreach Subcommittee. We're actually
20 putting together some presentations and trying to get some invitations out
21 there to local governments that want to hear more about the last mile and
22 Broadband and what it can do for them.

23 SENATOR WAMPLER: I'd like to withdraw my
24 second in a friendly way, and hopefully the maker of the motion would then
25 recommend \$6 million rather than \$5.875.

1 MR. HITE: Tad, is that all right?

2 DELEGATE HOGAN: It doesn't include this.

3 MR. PFOHL: The staff just wanted to point out
4 that needed to be a separate grant for unrestricted funds.

5 MR. HITE: Then I'll revise my original motion to
6 \$6 million.

7 SENATOR WAMPLER: Second.

8 DELEGATE HOGAN: Any more discussion? All
9 in favor say aye? (Ayes.) Opposed, like sign? (No response.) We have
10 one issue, one is the cost overrun for Southwest, and the additional
11 Southside proposal. This next bit will be based on the Executive Committee
12 moving money to fund it, and we'll have to make a motion to have the
13 Executive Committee, the Executive Committee has the money. We ought
14 to go ahead and make this motion and hope that they will, and then we can
15 move forward at the next meeting.

16 Do you want to talk about those three items real quick?

17 MR. PFOHL: In April ,when the Technology
18 Committee met and acted on some proposals from Southwest, there was an
19 issue that arose in the form of a lot of rock. The Coalfield Coalition, which
20 was the grantee two years ago representing the partnership of the
21 Cumberland Lenowisco Planning District, Bristol Utilities, scaled back some
22 of their proposals that were on the table at the time to address some cost
23 overruns of their project. Those applicants are asking that, should funds be
24 available, those activities could be added back into the current proposal. We
25 have a situation where we have three proposals from Bristol Utilities and

1 one from Lenowisco that are asking for additional funds, contingent upon
2 the Executive Committee making them available to your Committee.

3 MR. NOYES: It's not an overrun, it's simply the
4 addition of some routes.

5 DELEGATE HOGAN: I haven't seen, the
6 additions, a little less than, Tad, the two million for MBC, are you familiar
7 with Mecklenburg and Patrick?

8 MR. PFOHL: The asterisks are hard to see on
9 here, in the Southwest projects. The Mid Atlantic Broadband proposal
10 would be 7.95.

11 DELEGATE HOGAN: Do we have a motion to
12 that effect?

13 SENATOR WAMPLER: So move.

14 MR. OWENS: Second.

15 DELEGATE HOGAN: We have a motion and a
16 second. Contingent upon the 3.45 million and upon the Executive
17 Committee providing funds, that we fund basically a million and a half
18 dollars with the overrun for Southwest as described, and 1.950 in Southside
19 to the aforementioned projects. Any discussion? All in favor say aye?
20 (Ayes.) Opposed, like sign? (No response.)

21 All right, at this time we have public comments. Does anyone
22 want to say anything at this point?

23 All right. Anything else to come before the Committee? Then,
24 we're adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

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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 Technology Committee Meeting when held on Thursday, October 11, 2007 at 11:00 a.m. in the Franklin Center - Lecture Hall, Rocky Mount, 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 ____ day of October, 2007.

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