

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

4

5

6

7 **Research and Development Committee Meeting**

8 Thursday, March 8, 2018

9 6:30 o'clock p.m.

10

11

12

13

 Homewood Suites

14

 Richmond, Virginia 23219

15

16

17

18

19

20

21

22

23

24

25

CRANE-SNEAD & ASSOCIATES, INC.

 4914 Fitzhugh Avenue, Suite 203

 Richmond, Virginia 23230

 Tel. No. (804) 355-4335

 Fax No. (804) 355-7922

1 APPEARANCES:

2 The Honorable Kathy J. Byron, Chairman

3 Mr. Ed Blevins

4 The Honorable Charles W. Carrico, Sr.

5 Ms. Gretchen Clark

6 Ms. Rebecca Coleman

7 The Honorable Esther C. Lee

8 The Honorable Daniel W. Marshall, III

9 The Honorable James W. (Will) Morefield

10 The Honorable Edward Owens

11 The Honorable Frank M. Ruff

12

13 COMMISSION STAFF:

14 Mr. Evan Feinman, Executive Director

15 Mr. Timothy S. Pfohl, Grants Director

16 Ms. Stephanie S. Kim, Director of Finance

17 Ms. Sarah K. Capps, Grants Program Administrator,

18 Southside Virginia

19 Ms. Michele Faircloth, Grants Assistant,

20 Southside Virginia

21 Ms. Sara G. Williams, Grants Program Administrator,

22 Southwest Virginia

23 Ms. Stacey Richardson, Administrative Supervisor

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COUNSEL FOR THE COMMISSION:
Ms. Elizabeth B. Myers, Assistant Attorney General
Richmond, Virginia 23219

1 March 8, 2018

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

DELEGATE BYRON: Good evening, we're going to start the R&D Committee Meeting. My name is Delegate Kathy Byron. For those of you way in the back, can you hear us back there, great. I don't know if you can see me, but as long as you can hear me, that's good. We are actually finishing the session for today. Some of the members will be hopefully joining us as we continue with the meeting.

On the agenda, we will first start with calling the roll to make sure we have a quorum.

MR. FEINMAN: Mr. Blevins.

MR. BLEVINS: Here.

MR. FEINMAN: Delegate Byron.

DELEGATE BYRON: Here.

MR. FEINMAN: Senator Carrico.

SENATOR CARRICO: Here.

MR. FEINMAN: Ms. Clark.

MS. CLARK: Here.

MR. FEINMAN: Ms. Coleman.

MS. COLEMAN: Here.

MR. FEINMAN: Secretary Lee.

SECRETARY LEE: Yes.

MR. FEINMAN: Delegate Marshall.

DELEGATE MARSHALL: Here.

1 MR. FEINMAN: Delegate Morefield.

2 DELEGATE MOREFIELD: Here.

3 MR. FEINMAN: Mr. Owens.

4 MR. OWENS: Here.

5 MR. FEINMAN: Senator Ruff.

6 SENATOR RUFF: Here.

7 MR. FEINMAN: You have a quorum, Madam
8 Chairman.

9 DELEGATE BYRON: Thank you. I want to take a
10 moment and welcome Secretary Lee, our new secretary of
11 Commerce and Trade, delighted to have you with us.

12 And, Ms. Jennings, you are, I understand, filling in for
13 Secretary Lane, and we certainly appreciate your being here. I'm
14 sorry, I'm still getting acquainted with all the new appointments
15 on my committee, but nice to meet you, Secretary of Agriculture.

16 We've got all the new ones on board, that's great.

17 Anybody else new on the Committee?

18 I'd also like to take a moment, glad to see Stacey
19 back, we've been praying for you. Going through some illness,
20 and we certainly have been keeping you in our prayers, Stacey.

21 MS. RICHARDSON: Thank you.

22 DELEGATE BYRON: The next thing is we have our
23 minutes --

24 MR. FEINMAN: There's an issue with the minutes.

25 DELEGATE BYRON: I saw on the website that the,

1 what was it, the Economic Development minutes weren't there,
2 they kind of blended.

3 MR. FEINMAN: We'll get them straight.

4 DELEGATE BYRON: We'll hold that off until the next
5 meeting.

6 Next, I have a couple of administrative changes that
7 I'm aware of that I would like to mention. Number one, if you
8 want to mark on your forms, Request Number 3392, was reduced
9 to 3.5, the requested amount \$3.5 million.

10 Grant Number 3383, we had a request to table that
11 until our next meeting.

12 Then we have a change, which you'll see, for Grant
13 Number 3390, was reduced to 1.478,300, 1.4, does everyone
14 see that? I believe that's the only one that I'm aware of for any
15 changes.

16 Tim, we pretty much went over all of these. So, if you
17 want to just cover any changes or things you want to bring back
18 to us at this point, that would be helpful.

19 MR. PFHOL: Sure. Madam Chair, you covered most
20 of what I was going to point out to you, but backing up just a
21 step. Since the Committee last met on January 9, Evan and I
22 have reached out to all of the applicants to discuss potential
23 changes to the scope of their projects, the possibility of loan
24 financing versus grant funding and so forth. So, the Staff report
25 that was sent to you late last week tries to summarize the

1 conversations that we've had with each of the applicants.

2 The other change of a substantive nature that I'll point
3 out is that The Wired Road Authority Project for Carroll, Grayson,
4 and Galax requesting \$300,000, and after sitting in on the
5 Committee meetings and during the conversations with the
6 applicant leadership, Evan and myself, they heard that you were
7 very interested in wireless projects. They had already done
8 some preliminary studies about doing wireless service in Carroll
9 and Grayson Counties, so they got back to us, asking that their
10 project be revised to a purely wireless project. We don't have
11 specific details yet on how many towers, and they would have to
12 do some propagation studies to see exactly how many towers,
13 but it would serve multiple tower sites in both Carroll and
14 Grayson Counties with as yet an undetermined number of
15 potential subscribers. And that's another substantive change to
16 the projects before you.

17 DELEGATE BYRON: I have one question on Grant
18 Number 3389. I believe I was reading in your recommendations
19 that they were agreeable to a loan, is that correct? I did not get
20 the same response.

21 MR. PFOHL: In the meeting, the face-to-face meeting
22 that we had with Mr. Wood from Central Virginia Electric
23 Cooperative, he indicated that they are willing to take a look at a
24 loan, I can't say that they committed on the spot to pursuing the
25 loan route, but he had indicated that they were willing to take a

1 look and go back and run some numbers and look at that, so
2 that's where we left it with them.

3 DELEGATE BYRON: All right. Tim, wasn't there
4 another one that was a substantive change, maybe that was the
5 one that was wireless or maybe one that had a combination of
6 both, that must be the Russell County one.

7 MR. PFOHL: Yes. The Russell County project, when
8 they revised the requested amount to the \$1,478,300, and that
9 is now a hybrid project, a combination of wired customers and
10 wireless service. That's reflected in the red numbers that have
11 changed since the last time the Committee met.

12 DELEGATE BYRON: If we take the 3383 offer right
13 now as being tabled, was there anything else that would put us
14 at the requested amounts and the \$500,000. So, that would put
15 us at about thirteen, thirteen four, is that right? Is that what
16 we're looking at?

17 MR. PFOHL: Yes.

18 DELEGATE BYRON: Okay. Before we talk about any
19 loans or anything else. Is that the end of your
20 recommendations?

21 MR. PFOHL: Yes. Unless you want me to walk
22 through all of these again, which, of course, I'll be happy to do.

23 MR. FEINMAN: A little bit more context. We went
24 through this whole process and the applicants have all been very
25 accommodating of the fact that this is a new program for the

1 Commission. Tim and I had a learning curve getting into the
2 broadband business, including the last mile piece of it. Where we
3 landed early on is to have been an approach that seems to work
4 for some projects that are before us and the fact that that's true
5 even though many of the projects were figured in anticipation of
6 grant funding, as opposed to loan funding, suggests that there's
7 probably more opportunity for loan funding out there where we
8 had put out requests for submissions that would allow the
9 applicants to know what the front end is, and that was going to
10 be the financing vehicle that we were pursuing.

11 Now, as you can consider these projects in future
12 rounds, it is certainly the Staff's view that there exists a number
13 of projects that could be financed that way. And then, of course,
14 it's always the case that there's a lot of projects for which the
15 economics only work on a grant-funding basis.

16 DELEGATE BYRON: There was also in, since we're
17 here in Richmond, I was able to meet with quite a few of the
18 applicants and also talk to Secretary Lee and had some
19 conversations with the Department of Housing and Community
20 Development and others in regards to other grants that we've
21 given out. And pretty much the concept that, although a few of
22 us disagree, that many of us agree that while loans may work for
23 some limited groups, that the consensus still seems to be that in
24 order to make feasible solutions that the public private
25 partnerships are leaning towards grants.

1 In order to try to help the budget to get to that point,
2 the Electric Cooperatives who have a pretty unique, I spent a
3 little bit more time going over some of these concepts of what
4 they're trying to do in our rural districts and the monies that they
5 intend to invest and they intend to continue to reinvest back into,
6 even taking that broadband out further each time. And many of
7 the monies that are made off of the initial deployment that they
8 do. So, that is a model that is actually being looked at
9 nationwide.

10 They also agree to the fact that although they put this
11 grant in and it's based on a certain amount of households and
12 premises and all the other information that was provided to you
13 that they would, they also understand that they're not going to
14 have that done, you know, in two months' time, that we could do
15 two phases of the project in order to alleviate any of the possible
16 issues that we might have with funding in order to spread that
17 out further into the budget. So, that's something else we can do
18 to try to accommodate the figures that we have.

19 I don't know if the Committee wants to take this
20 project by project or if we want to just offer up some lots of
21 projects.

22 SENATOR RUFF: Madam Chairwoman, just to put it
23 on the table, how about if we held the \$10 million in the Tobacco
24 Commission and those that wanted to use the money as a loan
25 could take draws as they needed it.

1 UNIDENTIFIED: Can you speak up.

2 SENATOR RUFF: Sorry about that. If it was held
3 within the Tobacco Commission and they could draw it as they
4 needed it, rather than saying one year or two years, maybe three
5 years, six months, it probably would work a little better. I think
6 that my belief is that the loan process with no interest and a
7 commitment to pay it back after they are built out, I think that
8 would probably be the best model that we could come up with.

9 DELEGATE MARSHALL: Madam Chair, can you hear
10 me now? So, did I get, what Senator Ruff said, how would that
11 work? Would the Staff have to get invoices from them to show
12 what they spent, et cetera, et cetera?

13 SENATOR RUFF: I think they currently do that for
14 most projects, we no longer give out cash up front. They send in
15 invoices what's actually spent.

16 MR. FEINMAN: Madam Chairwoman, the way in which
17 we do our business now is that, with the exception of TROFF
18 grants, we do everything on a reimbursement basis and the
19 grantee goes through all the vouchers insuring that there's an
20 accurate match and comports with the direction given to the
21 grantee by this Board, et cetera.

22 The wrinkle here would be, if I understand Senator
23 Ruff correctly, in essence, offering a zero interest line of credit as
24 opposed to a loan. I'm confident we can do that, it will be a do
25 thing for us to do, but we can figure out how to make that work

1 either in house or between us and VRA.

2 DELEGATE BYRON: I appreciate the comments. I'm
3 just going to say that the elephant in the room, and pardon me if
4 I might use a pun, is we're talking about loans versus grants.
5 So, I think that's where we really need to get here. And the
6 question is if you turn this into a loan program, the applicants,
7 minus maybe one or two, go away.

8 We have an opportunity here for the first time to be
9 able to actually address, and I brought out some books that I
10 had, and I'm one of the ones that keeps all my papers, I don't
11 know why, but that's what I've got is a room with junk in it, let
12 me tell you, I'm going to have a burning party pretty soon here.
13 But nevertheless, I pulled out some papers and I have some
14 actually in my office, I meant to bring them today, from 2006
15 from MBC that they did, last mile discussions. And it was like the
16 same pages, and I pulled out the one from, let me see, that was
17 2006, I think I pulled out one that went to 2012, six years later,
18 and that was what, six years ago, and it was only four pages.
19 But one of the diagrams was exactly the same as the one that
20 was back in 2006.

21 So, we have kicked this can down the road, folks,
22 because we knew it was expensive, so we finally put out money
23 to see what it was going to take to bring some solutions to the
24 table and it has continued to grow into a very economic priority
25 for our regions, it's not just what it was back in 2006. It's now a

1 matter of telehealth, it's a matter of, you know, economics, it's a
2 matter of you just, you know, of banking, and everything that,
3 your students, your education, there are so many reasons that
4 things have changed in that amount of years. And if we didn't
5 mean it, then we have to say we didn't mean it. But if we meant
6 it, I think that we decide if we're going to go forward with grants
7 and then cut off the funding for right now.

8 But we've got thousands of households that we could
9 actually bring some broadband and wireless internet coverage to
10 in the rural areas, and I think that is just as important as some
11 of the other economic infrastructure projects that we have voted
12 on that maybe we can't visually see, but you're going to see
13 these years down the road, because of the investments that
14 they're putting in aren't going to, that type of investment from
15 businesses comes along with future investments. So, that
16 investment is going to keep growing and we're going to keep
17 seeing better things from it, better economics from it.

18 So, that's where my argument comes from, and I
19 think the question in the room is how the members feel about
20 grants versus loans. And that's going to solve the discussion.

21 DELEGATE MOREFIELD: Madam Chair and members
22 of the Committee, I'll be brief, but I want just to reiterate a little
23 of what the Chairwoman just said. As far as Southwest Virginia
24 is concerned, there a couple of projects, one was tabled until the
25 next application. If you look at Application 3390, and we do

1 have representatives here from the company that's made this
2 proposal. It comes down to a matter of economics and it's
3 simply not economically feasible or viable for them to pursue a
4 loan option. We're not talking about areas with flat terrain, but
5 we're talking about valleys where it's very difficult to install this
6 type of equipment.

7 I understand in Southside Virginia that region is
8 struggling just as much economically as we are in the coalfields.
9 We have areas with 25-plus percent poverty rate percentages.
10 So, we have an opportunity here, just as the chairman was
11 saying, to make sound investments and we have private
12 companies that are willing to partner with the Commission to
13 bring access to these people that need it most.

14 From my perspective from the very beginning, I
15 understand the argument that the Commission always seeks to
16 look at preserving the entity as long as we possibly can, but this
17 Commission was also established to provide assistance to these
18 areas that are struggling.

19 So with that being said, I think that we really need to
20 place a strong consideration as to what the Chairwoman has
21 stated here.

22 MR. FEINMAN: Far be it for me to contradict any
23 member of the Commission, but I do have an email from Steve
24 VanDyke from iGo Technology and with the loan terms that we
25 had discussed with them, which are not as generous as could be.

1 We're still going to be charging interest in the conversation we
2 had. He indicated, while he does say it wouldn't work well for a
3 loan, they could take a loan and pay us back in 6.7 years.

4 DELEGATE MOREFIELD: I think it would be
5 appropriate since Mr. VanDyke is here to respond to that
6 question.

7 MS. COLEMAN: Madam Chairman, I have a question.
8 During the discussion, the words the next round had been
9 mentioned, what's the next round? We have \$10 million left,
10 what next round are we talking about?

11 DELEGATE BYRON: We were talking about not using
12 up the, what it comes down to now, every single one is
13 approved, and I'm not saying that -- that might be because the
14 \$13.4 million, right now, we're over \$3.4 million. I know there's
15 a couple on here that may not make the cut, so it's going to take
16 you down a little bit more. There might be something that
17 warrants a change in their application, too. We're not totally
18 done approving them. So, I never said there was a second
19 round, I was talking about two phases. I didn't say, I don't know
20 who said it.

21 MS. COLEMAN: That was referred.

22 MR. FEINMAN: Madam Chairman, if I may, for the
23 broader context, and you know the R&D Committee has right
24 around \$20 million in its budget right now, some handful of
25 millions will be coming back in the coming years. And there's a

1 relatively short list of what we would term traditional R&D
2 applicants for the Committee. It's certainly within the
3 Committee's purview to allocate the rest or the bulk of the
4 remaining funds for further broadband projects and future
5 rounds.

6 Additionally, and I was planning, because there's so
7 much interest in this program, when Stephanie and I sat down to
8 develop the budget that we'll be presenting to you in May on
9 either doing a specific line item for further broadband rounds or
10 simply having the R&D Committee for that purpose as a proposal
11 to put before the Executive Committee. I think it's certainly been
12 identified as the chief or one of the chief challenges that the
13 region faces. When you look across the total allocation of our
14 resources, it'll make sense if we see something that the Staff can
15 put before you and continue to be putting money in this.

16 DELEGATE BYRON: Does that answer your round
17 question?

18 MS. COLEMAN: No. I was just wondering would the
19 Executive Committee take this up from this Committee in May,
20 will that happen?

21 MR. FEINMAN: The Executive Committee would have
22 the option of doing that. I can't promise you what they would
23 do.

24 SENATOR RUFF: I would point out that, yes, there
25 may be money in the future, but right here in front of us there is

1 over \$16 million worth of requests.

2 UNIDENTIFIED: Well, maybe 15 --

3 SENATOR RUFF: Well, you might table some because
4 it's moved from others from a grant to a possible loan. They will
5 be ready. If we give grants, there will be plenty of people that
6 will be delighted to take them and we're not going to be able to
7 fund everything. That's just the reality of economics. We've
8 seen that with a lot of the programs, because each year we get
9 more and more requests. The value of doing it as a loan is that
10 it requires everybody to come to the table and shoot as straight
11 as they can upfront, so, whether there's extra money or not,
12 there will be extra requests in the future.

13 DELEGATE BYRON: Mr. VanDyke, do you want to
14 come up and respond to that?

15 MR. VANDYKE: We had our conversation --

16 MR. FEINMAN: Would you introduce yourself for the
17 record.

18 MR. VANDYKE: I'm Steve VanDyke, iGo Technology in
19 Russell County. We had a discussion talking about our grant,
20 and I sent up an email that had some breakdowns on it and so
21 forth. What we had indicated is that if we took a loan or that
22 type of thing, and I think at that time, it was a one point
23 something, I can't remember exactly, I've got it written down.
24 Really, the loan, I know we could do that, but it's just really for
25 our economics, doesn't really work out the best for us because it

1 is so rural and return on investment is nearly seven years, and
2 with our other projects that we do have going on. We've got
3 some community connect grants, and it would just increase our
4 debt right now and it would hurt us maybe in the future because
5 of our debt, the loan isn't as pretty for us really. That's kind of
6 where we're at.

7 SENATOR RUFF: You're saying free money is better
8 than not free money, even if the free money with strings goes
9 several years before you have to start paying it back.

10 MR. VANDYKE: If it's stretched out just on the zero
11 interest loan, is that what it is?

12 SENATOR RUFF: I am, I don't know if anyone else
13 knows.

14 MR. VANDYKE: It's kind of like we're, we've got these
15 projects, like I said, we've got a couple of community-connect
16 grants right now that we got since '16, and working with those, I
17 mean it's kind of worked out pretty good for us to do that. And
18 that's grant funding that, we can't keep going with that route and
19 those are grants. If we had to pick and choose what we're doing,
20 we probably would rather go that way because it makes more
21 economical sense for us and works out better for us in the long
22 run.

23 Then I look at more, too, like as time goes with paying
24 it over time, and if we didn't have debt and you've got to
25 reinvest and get new equipment as the other equipment gets

1 older and we're getting into something that we couldn't hardly
2 get out of in some ways. That's why in our area, it's much
3 easier. If we had a larger customer account and get our passings
4 down to \$1,200 or \$1,300 a passing, it would change a little bit
5 for us.

6 DELEGATE MOREFIELD: Mr. VanDyke, if your
7 company were to not move forward on this project, how many
8 companies in your region are in a position to do what you're
9 trying to accomplish, or I might say willing?

10 MR. VANDYKE: The only companies that could in our
11 region do what we're doing, you've got BVU is probably, we use
12 them for a lot of stuff, exactly where we are in the Footprint,
13 we're the only one, and willing is another word there.

14 DELEGATE MOREFIELD: Mr. VanDyke, how many
15 years has BVU serviced the surrounding region with broadband
16 services?

17 MR. VANDYKE: I don't know exactly, but it's been 15,
18 20 years maybe, I'm not sure how many, it's a lot of years. We
19 communicate very tightly with their engineering folks and we're
20 doing new deployments and we go to areas they're not going to
21 go to and that's because it's not feasible.

22 DELEGATE MOREFIELD: Mr. VanDyke, would it be
23 safe to say in your opinion if BVU has not performed a project
24 such as this in this proposed location in the past 15 years, is it
25 your opinion that they may or may not consider that area, I'm

1 not familiar with your business?

2 MR. VANDYKE: In my opinion, in that particular area,
3 I don't think it will be considered because the population there is
4 just not really good for that, plus there's a lot of, you know,
5 middle mile fiber that's been installed with grants in the past that
6 BVU has got, they would focus on those areas probably more so.
7 These areas I'm talking about are in between those middle mile
8 areas. They're not, there's not anything there at all.

9 DELEGATE MOREFIELD: Mr. Vandyke, do you
10 anticipate population growing or decreasing?

11 MR. VANDYKE: In that particular area, I don't really
12 see growth, I don't see a whole lot of decrease, but there could
13 be some increase there with Northrop Grumman does have a
14 location in Lebanon, and if there was broadband available in
15 those areas, they could have people move in there to be closer to
16 work. As a matter of fact, we've had people on our wireless call
17 and ask us if we could get service to such and such house that
18 may be near that area. And they won't move there if they can't
19 get some broadband, and then they'll go to Abingdon or
20 somewhere nearby and live. But if we had that capability, it
21 would help that area for growth, yes.

22 DELEGATE MOREFIELD: Thank you, Mr. VanDyke.

23 I'd like to make a comment though, Madam Chairman.
24 I have a number of friends that work at CGI in Lebanon. The
25 majority of them drive 25 miles every day and live in Abingdon.

1 I've heard the same argument that the reason they don't live in
2 these areas is because they lack in basic infrastructure. So,
3 that's the point we're trying to make. Thank you.

4 DELEGATE BRYON: I understand the comments that
5 Senator Ruff made regarding free money. Of course, we can
6 look at that and a lot of our communities where we have given
7 out grant funding if we really wanted to try to start looking
8 deeper into other grants that we've given out and what the rate
9 of return was and what our expectations were and they may
10 have been for creation of jobs and apply to that. But I know as a
11 member of the Broadband Advisory Council and Senator Ruff is,
12 as well, that the number one thing that we keep hearing and that
13 I've been in meetings recently with Go Virginia, that is the top
14 five on the list in the Commonwealth.

15 So, we have an opportunity in this area even though
16 the Department of Housing and Community Development are
17 getting funds, although not enough from the State, and maybe
18 Secretary Lee can promote for more funding to make solutions
19 there. They have a 20 percent match, we have a 50 percent
20 match that we're required with our grants.

21 And my understanding they don't have much thoughts
22 on loan programs for this to work. I don't really think that the
23 loans are what has prevented us from being able to have access
24 in our districts to this. Maybe we should have started out with
25 that and maybe that's what, when we talk about rounds, maybe

1 that's what the next round should be and see what the
2 applications are and let it go at that. I really think that's the
3 barrier, just like some other barriers that are preventing us from
4 getting it.

5 SENATOR RUFF: Madam Chairman, we obviously
6 disagree on this.

7 DELEGATE BYRON: Yes, we do.

8 SENATOR RUFF: We all believe the same thing, we
9 need broadband for growth, it's a necessity. But for those folks,
10 and if you would look at the last column, you'll see all of them
11 intend to make money in this project. And what they need is
12 cash flow, and that is the most important thing. We can take
13 the, your proposal and split the money and give part of what
14 they want and what they requested, you can split it and make
15 half of it this year and half of it next year. But that does not
16 mean that if you open a second round next year that there's not
17 going to be more requests and you'll have to consider those
18 requests equally to requests this year. So, I don't know how you
19 get that, I keep adding it up and it still seems like it's closer to
20 \$15 million than it is \$13 million, but that's still more that we've
21 got allotted to this. I just don't understand how you're going to
22 make that work if you're giving it away.

23 MR. FEINMAN: Madam Chairwoman, to echo Senator
24 Ruff and really where Tim and I have come down, we're facing
25 something approaching a \$2 billion problem, and the Commission

1 is not going to have to shoulder that on its own, but I think we've
2 seen that if we're going to get stuff done in our part of the world,
3 we're going to have to do a lot of it. There are a set of projects
4 that will take loans and a set of projects that will take grants.
5 And we can do the loans and then do the grants. We can't do it
6 the other way. Once the money is granted, it's gone. Really
7 where we came down is Tim and I are looking at five, six, seven
8 years down the road on this program.

9 One thing that we had talked about, and, of course,
10 it's money now or money later. If we were to allocate not just
11 the money before this Committee but a bunch of money to where
12 broadband comes in. It's another thing I could put before this
13 Commission at the May budget meeting is to say stick to our 4.4
14 percent target for corpus invasions for grants, but then do a
15 greater corpus invasion up to maybe our 15 percent for loans
16 with interest and create a big loan portfolio and then do grants
17 out of the interest earnings, so that we are able to do both.

18 That is a possibility for this Committee and this
19 Commission, but the real question is we've got a snapshot of
20 projects before the Committee right now, and it's really who was
21 ready to go at the moment that this Committee was ready to
22 make decisions. But over the course of several years, a broader
23 landscape of projects will emerge, and that was the way we were
24 hoping to set this Committee up so you guys could take that
25 longer view.

1 But, again, you know, each of the projects is distinct
2 and ultimately, I think, Madam Chairwoman, it's a fundamental
3 policy question, which is what is the sense of this Committee in
4 terms of loans or grants?

5 UNIDENTIFIED: Madam Chairman, I have a question.
6 I was not here in the beginning when the \$10 million was
7 discussed. Wasn't the \$10 million set aside for broadband
8 projects?

9 DELEGATE BYRON: Yes, it was.

10 UNIDENTIFIED: Okay. So, and that was set aside
11 with the intent of grants?

12 DELEGATE BYRON: Yes.

13 SENATOR RUFF: Let me add at this point, I made the
14 motion and I said what you all put in is not what we're going to
15 do, it's what the Commission decides we're going to do.

16 UNIDENTIFIED: For that particular motion for the \$10
17 million?

18 SENATOR RUFF: Yes.

19 MS. COLEMAN: This is a question for Evan. Of the
20 projects before us, which ones are ready to go that clearly would
21 benefit from loans?

22 MR. FEINMAN: Well, I think it depends on who and
23 when you ask. But it's, well, honestly, if you're running a
24 business and you have an opportunity to get a grant, you're
25 going to downplay the efficacy of a loan because of the posture

1 that these projects are before this Committee. Tim, I think, was
2 the person who aggregated all of our conversations into the Staff
3 recommendations. While, I don't believe my memory is sufficient
4 to take down each one of these in the Staff recommendations
5 that were mailed out, we indicated which projects are likely to
6 take a loan and which aren't. Anecdotally just from having all
7 these conversations, I can tell you that a reasonably good
8 percentage, something like 30 percent or 35 percent, of the
9 people before us indicated that while they would rather not, they
10 were willing to take a loan, and that's not uncommon. Pretty
11 much everybody we offered a loan for many of our programs
12 have indicated that they would prefer a grant.

13 The question before us is how are we going to hold
14 the line. If we continue to indicate that there will be grant
15 monies, at some point quite reasonably few of the applicants
16 would take a loan because they'll just wait until there's grant
17 money available. I think that makes perfect sense from an
18 applicant's point of view.

19 And so the question before this Committee is what
20 policy directives are you going to set before the Staff so that we
21 can implement them? But again, it comes down to the point that
22 Delegate Byron made which is that's the fundamental question.
23 The rest of it gets pretty simple pretty fast from an evaluation of
24 what's our policy as a Commission per subscriber per premise
25 past, that makes all the sense in the world.

1 I would suggest that in future rounds it might be wise
2 to do something like we've done with Southside and Southwest in
3 budget allocations, segregate some money specifically for
4 Southwest simply because the costs are so much higher and
5 they're not going to be competitive Southside projects in the
6 short term.

7 DELEGATE BYRON: Tim, is there anything on here
8 that we determined was not a viable project right now?

9 MR. PFOHL: Well, we tried to keep our Staff
10 recommendations within or as close to the \$10 million that was
11 set aside for the purpose, and so we have recommended in the
12 legal-sized spreadsheet seven projects for loans and one for a
13 grant just because of the small nature of that Appomattox
14 project.

15 DELEGATE BYRON: Which ones did you not
16 recommend, is what I'd like to know?

17 MR. PFOHL: On the spreadsheet that's in front of you,
18 that'll be the Bedford County Chapel Woods Drive Project, 3386.

19 MR. FEINMAN: The yellow we recommended a loan,
20 and a green recommended a grant, and white, we don't have
21 anything.

22 MR. PFOHL: Let me point out, too, that I failed to
23 highlight in yellow the Carroll, Grayson, and Galax project. They
24 indicated their willingness to consider a loan, as well.

25 MR. FEINMAN: 3377.

1 MR. PFOHL: Yes. Of the 14 that we talked to, there
2 are six that have indicated interest in loans, Appomattox, Central
3 Virginia Electric Cooperative, Wired Road, Carroll, Grayson, and
4 Galax, the Dinwiddie County, Halifax County, Pittsylvania County,
5 and Sussex County projects, all indicated that they were willing
6 to consider loans.

7 DELEGATE MARSHALL: Madam Chair.

8 DELEGATE BYRON: Delegate Marshall.

9 DELEGATE MARSHALL: I have a motion.

10 DELEGATE BYRON: No, I mean, you can try (mild
11 laughter). Go ahead, Danny, what do you want? I sincerely
12 apologize.

13 DELEGATE MARSHALL: My motion is, and I heard Tim
14 say that the ones that would accept a loan, Tim, would you give
15 us the request number again, please.

16 DELEGATE BYRON: Before you answer that, I want to
17 make sure that they aren't just maybe I'll take a loan, are they
18 definitely agreeing to taking a loan?

19 MR. PFOHL: I wouldn't be truthful if I said they are
20 one hundred percent committed to a loan. They left our
21 meetings indicating they're willing to go back and run numbers
22 under loan scenarios and take a look at that. We got a positive
23 signal, but not a blood oath.

24 SENATOR RUFF: Madam Chairman, you also were
25 talking about an interest rate at the same time?

1 MR. PFOHL: Yes. For the benefit of the Committee, in
2 our conversations with these folks about loans, we approached
3 all of them with the premise that there would be some years of
4 deferred payments as they were building out their systems and
5 starting to connect to customers. So, we're generally talking 10
6 to 20 year loans, with perhaps three to five years of deferred
7 payment as they build up their systems.

8 You're asking me to list the project numbers, the ones
9 that had expressed an interest in a loan?

10 DELEGATE MARSHALL: Yes, please.

11 MR. PFOHL: That would be Appomattox County,
12 3389; Carroll, Grayson, and Galax, 3377; Dinwiddie County,
13 3384; Halifax County, 3385; Pittsylvania County, 3391, and
14 Sussex County, 3379.

15 DELEGATE MARSHALL: Madam Chair, my motion is to
16 move that we give loans to the ones that were just listed.

17 DELEGATE MOREFIELD: A point of order, Madam
18 Chairman. Would it probably be appropriate if there is some
19 confusion as to whether or not, and if I understand you correctly,
20 they insinuated that they were in favor of loans, but there's not
21 one hundred percent certainty that they may favor a loan.
22 Should we not have confirmation from them if that's what they
23 so choose before we act on that?

24 I do know that we do have representatives in this
25 block on other projects who are here that I'm sure could

1 probably respond to that if they're in favor of a loan or not in
2 favor of a loan. I think the question is, is that the right thing for
3 us to do?

4 DELEGATE BYRON: Just for Staff, I wanted to say
5 that a couple of the applicants that I spoke with indicated to me
6 that they may have said that because they also didn't want to
7 offend the Staff that was working on their grant. So, I have to
8 tell you just like when we're in the General Assembly there's a lot
9 of mixed reviews going on behind the scene.

10 SENATOR RUFF: Madam Chair, I would agree.

11 DELEGATE BRYON: Are you agreeable to amending
12 your motion?

13 SENATOR RUFF: I'll just say that these entities, as
14 long as they were continuing to hook up customers, we would
15 delay the payment.

16 MR. FEINMAN: The sort of loans that we had been
17 discussing was a loan with a forbearance period during
18 construction, during which no payments were made, but interest
19 accrued, and then repayments began and had connected
20 customers and had a positive cash flow. This Committee had
21 discussed zero interest loans, we could maintain the forbearance
22 and then merely require repayment at the end of the
23 forbearance. We'll do whatever kind of loan you all instruct us to
24 do or no loan at all, but it would be helpful for us to know
25 whether or we're charging interest.

1 DELEGATE MARSHALL: Maybe the first motion we
2 should have is to determine the terms of the loan if we're going
3 to do loans, so I'll withdraw my motion. I didn't get a second.

4 SENATOR RUFF: Second. I think it's important that
5 that money be able to keep rolling over and continuing to grow,
6 we don't want them to stop and say, okay, we've got to repay
7 now, we want them to keep finding new hookups. And as long as
8 they're finding new hookups, then start repaying after that. I
9 don't know how to put that in a motion, but I think that's my
10 thought process.

11 DELEGATE BYRON: Senator Carrico.

12 SENATOR CARRICO: So, all of these that have been
13 suggested now in the block and when they were talking to the
14 Staff, I'm sure there was no option other than we can give you a
15 loan. Was there any discussion as to how much that loan would
16 be? Did we tell them that it was zero percent interest and, if not,
17 then we have got to address it?

18 I think before I vote for this, I want to know what that
19 interest rate is going to be, because, number one, I'm not so sold
20 on the loan process because we're extending services to an area
21 that serves customers and try to keep that rate as low as we can.
22 I'm sure most of these entities can get a loan without coming to
23 us for a loan. And I just would like to know what was discussed
24 with them about what that interest rate would be if they have a
25 loan.

1 MR. PFOHL: Yes, sir. Senator, we shared information
2 with everyone on the VRA Loan Programs, which starts at a five-
3 year loan, and the best rate is 1.77 up to 20-year loans, and the
4 highest rate would currently be 2.92 percent. VRA adjusts those
5 based on national capital markets every six months, but 2.9 for
6 20 years is what we shared with people.

7 MR. FEINMAN: That's better than the private sector is
8 doing right now and is, in fact, better than the RUS Program. I
9 think we're the lowest interest rate in town in charges.

10 DELEGATE BYRON: I'm not sure of that.

11 SENATOR CARRICO: Well, I think knowing what the
12 rates are and what they were offered and knowing that these
13 entities are basically building out a network to serve the people
14 in the Footprint that we're in and that interest rate is going to be
15 passed on to that customer whenever they build that out, and
16 that's something we really need to consider. And I'm a patron of
17 the motion that will amend that to zero percent interest, and I
18 move that, and that's something that we really ought to think
19 about.

20 MS. COLEMAN: Just as a point of interest, if we do
21 extend offers for loans to the entities that have been listed, that's
22 a little over 7.6 million.

23 DELEGATE BYRON: The thing that concerns me is if
24 we try to do this is that I'm not sure that there's a firm
25 commitment to do that or by doing the loans first and we try to

1 do some grants. And then your argument is going to be, well,
2 we just gave loans to people and now we're going to do grants
3 afterwards for other people, and you're, you know, just bringing
4 a destructive tone to the rest of the things that are on this.

5 And I have to wonder whether the Department of
6 Housing and Community Development, let's see if the State ever
7 considered putting a bunch of money out there for people to
8 come and borrow money and solve the Commonwealth's program
9 problems, maybe that would solve the problem. But according to
10 the Department of Housing and Community Development, the
11 grants that they're getting, the applicants have no interest in
12 loans, so I don't see it as a viable solution.

13 DELEGATE MOREFIELD: Madam Chair, question, and
14 I'll say again would it be appropriate for us to take up the
15 applications, whether it be loans or grants? We have
16 representatives who are here tonight who I'm certain could
17 express whether or not they support a loan or a grant and we
18 could take up those applications and then those that we're
19 uncertain of, I think it may be a little premature for us to be
20 determining interest rates and whether or not they should get
21 loans or not, because I do believe the Chairman made a very
22 valid point that a lot of times people will say one thing, but they
23 mean another. I would feel very reluctant to make a decision if
24 those representatives are not here. But we do have some
25 representatives that are here.

1 SENATOR RUFF: Madam Chair, I'd like to hear from
2 those people, but I want to make two points first. One is you
3 come to the Senate's version of a budget, there'll be a couple of
4 more million dollars involved there.

5 Danny, is your motion is still on the table?

6 DELEGATE MARSHALL: It is, we made a motion, you
7 made a second, so it's still there.

8 MR. CARRICO: I don't know that that motion, my
9 motion would be that all the entities that have agreed to take a
10 loan considering that we're going to be considering grants here,
11 that that interest rate would be zero percent.

12 UNIDENTIFIED: Second.

13 MR. FEINMAN: I did some quick math. We're talking
14 around \$300,000 a year as the swing between the 2.77 and zero.

15 THE COURT REPORTER: Could you please speak up.

16 SECRETARY LEE: If zero is an option, how much is
17 the --

18 MR. FEINMAN: -- The Staff would do whatever the
19 Committee directs.

20 SENATOR RUFF: I would simply say that we set aside
21 \$10 million, so whether it goes out the door tonight on one check
22 or give it out any other way, the interest was never an issue
23 when we committed it.

24 DELEGATE BYRON: Yes, Mr. Owens?

25 MR. OWENS: I thought that the goal was to set this

1 aside for these people to reinvest and grow the system, that's
2 what I thought it was. Making a loan of any type is going to give
3 a chilling effect, and I've said this before. If we advertise this as
4 a grant program and start this down the road, expand the
5 network, or if we turn it into a loan, whether it's zero percent or
6 50 percent, it's going to chill it, it's going to stop people from
7 reinvesting, I think it'll be the end of the program. I don't
8 believe it's the right thing to do.

9 DELEGATE BYRON: Ms. Clark.

10 MS. CLARK: I think if we want to go to a loan
11 program, you need to issue that as an RFP and let these folks
12 respond to that, it's an either/or, they've responded to the
13 grants, but they haven't responded to a loan.

14 DELEGATE BYRON: Anyone else want to speak to the
15 motion?

16 SENATOR CHAFIN: Madam Chair, I associate my
17 comments to, with the comments that I just heard. I think if
18 we're really serious about incentivizing and finishing out the last
19 mile in rural areas, it's going to take grant money.

20 DELEGATE BYRON: We do have a motion.

21 UNIDENTIFIED: A substitute motion that we not --

22 SENATOR CARRICO: Ms. Chairman, can I just amend
23 my, Madam Chairman, can I just amend my motion to basically
24 say that these would be grants only and not interest or loans? I
25 think that's what Delegate Morefield is trying to get to.

1 DELEGATE MOREFIELD: Point of order, the motion
2 before us is not to approve these, it's just to not approve them,
3 not to be considered as loans, but as grants as a group.

4 MR. FEINMAN: As I understand the motion on the
5 table as Delegate Marshall's, and there's a motion to amend
6 Delegate Marshall's motion.

7 SENATOR CARRICO: I'll withdraw my motion, and
8 then a substitute motion can be made.

9 MR. OWENS: I move that all these be grants and not
10 loans.

11 MS. CLARK: Second.

12 UNIDENTIFIED: Excuse me, Mr. Owens, we could not
13 hear you down here, if you could use your microphone. I
14 apologize.

15 MR. OWENS: I just made a motion that we make all
16 these grants other than loans.

17 MR. FEINMAN: That's still the projects that Delegate
18 Marshall identified.

19 MR. OWENS: We can go through them one by one or
20 whatever.

21 DELEGATE BYRON: Based on what Ms. Clark said.

22 MR. SPIERS: Madam Chairman, a point of
23 clarification. Does Staff have recommendations to give if this
24 becomes a full grant program?

25 MF. FEINMAN: There would be a slight difference.

1 One of the grantees or one of the grant applicants who was not
2 initially one of our recommended projects did indicate they would
3 be willing to take a loan so Staff would support that. Otherwise,
4 what you would see is that the manner in which we chose the
5 yellow and the green projects on your spreadsheet was
6 effectively what the cost to the Commonwealth was on a per
7 passing and first subscriber basis. So, grants or loans, those
8 highlighted in yellow and green are the most efficient use of the
9 Committee's dollars.

10 DELEGATE BYRON: Does everyone understand what
11 the motion is before us? Okay. The substitute motion was that
12 every grant that has been requested in this round on your paper
13 would be every applicant that has requested would be a grant
14 and not a loan. So, just clarifying that, that we're not doing
15 loans. The motion is to not do loans except for the one that I
16 guess Evan said was a committed loan, I don't know.

17 MS. COLEMAN: What's the total amount?

18 DELEGATE BYRON: We're not approving them right
19 now. We're just approving that they will be considered as
20 grants. So, we're not making any approval of funds right at the
21 moment.

22 SENATOR RUFF: Madam Chairman, speaking to the
23 motion, there's just not enough money to fund all of these, so
24 despite Delegate Morefield's great proposal, somebody is going
25 to be left in the dark or actually Morefield's second.

1 So, if you're talking about taking care of the Tobacco
2 Footprint with broadband you are eliminating some of these, so if
3 that's what you want to do, that would be the way to vote.

4 DELEGATE BYRON: Mr. Owens.

5 MR. OWENS: Senator Ruff, I understand that's true,
6 there are winners and losers in every cycle and we've been
7 through that before and long enough to know that there will be
8 some winners and losers. But if we're creative enough, we may
9 be able to accommodate them.

10 MR. FEINMAN: Counsel has brought to my attention
11 that the proper posture for this motion would be a policy
12 directive to the Staff to say that in the future that all of these
13 projects will be considered on a grant basis and not a loan basis
14 in theory as opposed to trying to do it in two steps. So, there
15 needs to be a policy determination made by the Committee.

16 So, I think Delegate Morefield's motion and then
17 secondarily would be selected projects which we might fund or
18 not fund.

19 DELEGATE BYRON: Which is what we stated. No one
20 is approving money right at the moment.

21 MR. SPIERS: Madam Chairman, to his point, many of
22 the committees now already have a policy if a project has a profit
23 potential, they are recommended to VRA for a loan. And if that
24 loan is turned down, it would come back as a grant. Different
25 committees have different policies, or how does that work?

1 Because we already have policies in some of these committees to
2 address this that if there's a profit potential, it goes to VRA, if
3 they're turned down, then they come back as a grant.

4 MR. FEINMAN: Madam Chairman, the Commission did
5 adopt as a portion of its strategic plan two years ago this May
6 that in revenue-generating projects in which the revenue would
7 be sufficient to service debt, that would be the Commission's first
8 option.

9 MR. OWENS: There's also, as I understand it, the
10 majority of these will be reinvesting whatever, it won't be taken
11 as a profit, will be reinvested back into the project.

12 MR. FEINMAN: It is true that for the co-ops, that is
13 their mode of operation, that is not true for the non-co-ops, they
14 are private entities, they can do what they will with their money.

15 DELEGATE BYRON: Part of their agreement was that
16 they were reinvesting it back in through infrastructure.

17 MR. FEINMAN: This may affect any requirements on
18 its funds that it would like, and we certainly include that in the
19 agreement.

20 SENATOR RUFF: Madam Chair, would the maker
21 consider a friendly amendment, that if we do these as grants,
22 then they will be committed, and I'm not sure of the right
23 language to use, they would be committed to reinvest in the
24 Tobacco Commission Footprint for the broadband. And if they do
25 not make that commitment, another way, as Evan just described,

1 that's not the best way to put it.

2 DELEGATE BYRON: Their investment, I would just say
3 their investment already in many cases is going to be either in
4 the ground or in some sort of infrastructure that I don't know
5 why, I know where you're getting, you want to make sure that
6 we continue to grow this, and I know we're trying to guard funds,
7 and we certainly are not trying to willy-nilly throw money out the
8 door unnecessarily. I really believe we just have a difference of
9 opinion on what it's going to take to make the development and
10 the ability to incentivize people to come to the table and to do
11 this. We don't own them, these are entities that are designed to
12 make a profit and they have corporate bosses that tell them what
13 they're supposed to do. It's not the R&D. We don't sit and
14 determine when R&D projects become successful and make a
15 project and say, well, give us our money back.

16 The whole idea is to revitalize the Tobacco Footprint.
17 So, I think, I don't know, I'm concerned that we're getting too
18 much into trying to understand. And that was one of the
19 challenges, I talked to the Department of Housing and
20 Community Development, that everyone is having nationwide,
21 you have to make sure you don't oversubsidize, nobody wants to
22 do that. Nobody knows what that magic number is either to
23 subsidize, but apparently we hit on something because we got
24 applications that we have, have an interest in before. That's my
25 take on it.

1 MR. FEINMAN: Speaking directly to Senator Ruff's
2 comments. A number of these entities serve the territory does
3 sprawl across the line bordering our Footprint. And so, you
4 know, money being fungible, it would be important if we were to
5 try to demand some kind of reinvestment as opposed to money
6 coming directly back to the Committee for reinvestment. It
7 would require us to do it on the Staff's part, we certainly want to
8 have it as a directive from the Committee that we have
9 reinvestment in the Footprint so that it was on a rolling basis. A
10 number of these, a few of the companies exist entirely in the
11 Footprint, but a number of these companies do not.

12 DELEGATE BYRON: Well, we already, I just want to
13 make sure I understand you. It's already up to 50 percent
14 match, and some of them are matching more and putting more
15 of an investment than the requested amount. So, where you're
16 ending with how much they're supposed to, you know, I would
17 hope that they're doing this because they want to grow their
18 customers and continue to call people.

19 SENATOR RUFF: I was not trying to micromanage it,
20 but I was trying to make the point that the growth in the
21 Footprint is an important issue to us, not whether they want to
22 go into Orange County or Louisa County, but making sure the
23 growth is whenever possible in the Footprint.

24 MR. OWENS: Madam Chair, to answer Senator Ruff's
25 question, yes, and only if it gets your support.

1 SENATOR RUFF: It gets my support.

2 DELEGATE MOREFIELD: I think there's a lot of
3 confusion right now. I know there's a motion, but I do have a
4 question for Staff. When you say that Number 3389, 3377, and
5 3384 were committed, are they committed and are you one
6 hundred percent certain that they are committed to a loan?

7 MR. PFOHL: No, as I said, no one signed a blood oath
8 or made a commitment in writing.

9 MR. FEINMAN: If I could add, Tim, I am certain that
10 they will not commit to a loan while they're not certain whether
11 or not this Committee will offer a grant. They will certainly not
12 say, I have yet to find an applicant that will say I would prefer a
13 loan to a grant. And so while that remains an open question, we
14 cannot reach certainty on the question of the loan acceptance.

15 DELEGATE BYRON: Unless we change the whole
16 program to a loan program, you're going to be stuck for as long
17 as it takes to get beyond those loans going out, because every
18 time you try to give a grant, you're going to be contradicting the
19 loan that you offered somebody else.

20 Now, I believe we had a motion on policy.

21 MR. FEINMAN: Delegate Marshall made that.

22 DELEGATE MARSHALL: Yes, I made the motion, and
23 then there was a substitute, so I think what's on the table you
24 have to do the substitute first.

25 MR. HARRIS: Substitute motion first.

1 DELEGATE BYRON: And your motion was that these
2 would all be considered as grants with a further investment in
3 the Tobacco Footprint.

4 SENATOR RUFF: Right.

5 DELEGATE MOREFIELD: Madam Chair, I just think for
6 clarifying purposes, there are a lot of people out there in the
7 audience that are associated, there are a lot of people out here
8 that are associated with these applications. If you are out there
9 and you support a loan, could you please stand up.

10 DELEGATE MARSHALL: That's not what we're doing.

11 MR. FEINMAN: Madam Chair, so that I understand the
12 motion, the question of reinvestment is a tough one for us. Our
13 performance agreements are contracts, so we can require within
14 those contracts anything to which the other party will agree. The
15 way in which we manage that reinvestment would be complex.
16 And so we could certainly include, you know, all revenues from,
17 generated from these projects would go toward, quote, unquote,
18 reinvestment in network expansion for a period of time certain.
19 Our ability to enforce that is going to be tough. I'm not sure as a
20 contract matter, and I'd have to defer to Liz here, that that kind
21 of contract is enforceable. And then, secondarily, I'm not sure,
22 and it certainly would be challenging. Our ability, our insight as
23 a grantee, accounting is only what they permit as a general rule,
24 we don't have full auditing rights nor frankly are any of us
25 auditors.

1 SENATOR CHAFIN: Madam Chair, I move that we call
2 the question.

3 DELEGATE MOREFIELD: Madam Chair, I move the
4 question.

5 MS. MYERS: Madam Chair, if I might address what
6 the --

7 DELEGATE BYRON: Okay, point of order, go ahead.

8 MS. MYERS: Thank you. First of all, I think that
9 would be nearly impossible to enforce, if not absolutely
10 impossible to enforce. Number one, even just calculating what
11 would constitute revenue-generated based on these funds, I
12 mean it would be going down a rabbit hole that no number of
13 attorneys could ever, ever get the Commission out of. So, I
14 think it would behoove the Commission to rethink having that
15 requirement, it could certainly be a recommendation and it would
16 make the Commission be happy to partner in the future should
17 you continue to reinvest this money, but attempting to make that
18 an enforceable provision could cause a problem.

19 DELEGATE BYRON: I think Mr. Owens wants to
20 restate his motion.

21 MR. OWENS: I know that the intent, the verbiage in
22 there would be the intent is to be reinvested and expanded.

23 SENATOR RUFF: Madam Chair, I would ask our
24 attorney to restate the motion that we will all understand that
25 we're voting on.

1 MS. MYERS: I believe that Mr. Owens' motion and, I,
2 of course, cannot make a motion, but I believe that the motion
3 proposed by Mr. Owens is a recommendation, or a directive,
4 correction, directive to Staff that these applications will be
5 treated as grant applications and not loan applications.

6 MR. OWENS: So moved.

7 UNIDENTIFIED: Second.

8 DELEGATE BYRON: Okay. All in favor, say aye.
9 (Ayes). Any opposed?

10 Call the roll, please.

11 MR. FEINMAN: Mr. Blevins.

12 MR. BLEVINS: Here -- yes.

13 MR. FEINMAN: A yes indicating a grant program, a no
14 indicating you're not in agreement.

15 Delegate Byron.

16 DELEGATE BYRON: Yes.

17 MR. FEINMAN: Senator Carrico.

18 SENATOR CARRICO: Yes.

19 MR. FEINMAN: Ms. Clark.

20 MS. CLARK: Yes.

21 MR. FEINMAN: Ms. Coleman.

22 MS. COLEMAN: No.

23 MR. FEINMAN: Secretary Lee.

24 SECRETARY LEE: No.

25 MR. FEINMAN: Delegate Marshall.

1 DELEGATE MARSHALL: No.

2 MR. FEINMAN: Delegate Morefield.

3 DELEGATE MOREFIELD: Yes.

4 MR. FEINMAN: Mr. Owens.

5 MR. OWENS: Yes.

6 MR. FEINMAN: Senator Ruff.

7 SENATOR RUFF: No.

8 MR. FEINMAN: Six to five, Madam Chairwoman, or six
9 to four rather, the ayes have it.

10 DELEGATE BYRON: Okay. Delegate Marshall, now,
11 we have to go down the list. If I look at the, it says total loans
12 recommended and grants recommended, total loans is about
13 \$11.2 million, then you've got \$45,000 in grants, so almost
14 \$11.2 million.

15 All right, so we have \$10 million. So, what
16 percentage, if we reduced everybody above that to a certain
17 percent, what could we do to get to the \$10 million?

18 MR. FEINMAN: I will remind the delegate I went to
19 law school and I'm not a mathematician, but it's the Committee's
20 pleasure we should certainly reduce everyone by an equal
21 amount and get to ten. Additionally, the Committee has in its
22 budget more than that, so any motion to fund these projects at
23 any dollar amount could supersede Senator Ruff's original motion
24 to set aside \$10 million for the program.

25 DELEGATE BYRON: Secretary Lee.

1 SECRETARY LEE: May I ask why Scott County, if it
2 was tabled or what the reason was?

3 MR. FEINMAN: I believe, my understanding is they
4 just wanted to take another look at it and make sure that they
5 were better informed on the information they got from the staff,
6 which I think may be moot at this point.

7 MR. PFOHL: They did not indicate to Staff that they
8 were requesting tabling, that came through members of the
9 Commission.

10 DELEGATE BYRON: I actually heard from someone
11 today they weren't quite ready and they just felt like if we were
12 serious about doing grants that we would work again on this, this
13 summer, and they are fine with waiting until they can get a
14 better feel on the proposal that they wanted to do.

15 SECRETARY LEE: So, we can approve the entire \$10
16 million, in which case that project --

17 DELEGATE BYRON: -- It would stay in the Committee,
18 we could leave it on the table until such time as we come back
19 and talk about it.

20 SECRETARY LEE: We don't know when that might be.

21 MR. FEINMEL: It'll be the pleasure of the Executive
22 Committee to make the budget for next year.

23 DELEGATE MARSHALL: But just FYI, we have an
24 additional \$10 million in R&D, so that could be another
25 consideration.

1 Madam Chair, I have another motion.

2 DELEGATE BYRON: Delegate Marshall.

3 DELEGATE MARSHALL: I move that we recommend
4 on the spreadsheet the projects in yellow and the projects in
5 green and, also, Project Number 3377, and that the Staff would
6 reconcile those to be a total of \$10 million.

7 DELEGATE BYRON: Before we do that, do you want a
8 second or a discussion, or do you want to discuss in a moment?
9 The other thing is, too, I don't know that, or first of all, that's
10 why I talked to at great lengths to Mecklenburg because they
11 have a pretty large project, and because they have a large
12 project and some of the other co-ops have projects that they
13 have great intentions and a larger mass that they said they could
14 do phases.

15 So, I don't know, once again, if you think you can, the
16 trouble with whittling down a project like this versus something
17 else where you just come up with a number and think, well, they
18 don't need all that. We did sit down and while they were drawing
19 through what their infrastructure costs were and what it was
20 going to take to get to this point, so you can damage the whole
21 project by just asking them to carve money off of each of these
22 applications here, so that becomes a problem in itself.

23 I think the Committee really needs to determine what
24 ones we're going to fund and then determine if we're going to
25 take that out of the balance that we have on hand and deal with

1 the Executive Committee and the budget later.

2 Mr. Owens.

3 MR. OWENS: Madam Chair, we've got \$20 million,
4 \$2 million and --

5 UNIDENTIFIED: Please speak up.

6 DELEGATE BYRON: Now, as far as the ones
7 recommended, are you saying that the ones in white are not
8 recommended, that may not be the agreement for everyone
9 sitting at the table here?

10 MR. FEINMAN: Madam Chair, we have the total of all
11 of the projects in yellow and green, plus The Wired Road, 3377,
12 would be \$11,091,533.

13 DELEGATE MARSHALL: Say that again.

14 MR. FEINMAN: \$11,091,533. That's the context
15 proposal. 3392 is at 3.5. \$11,091,533, if we were to advance
16 the yellow, green, and 3377.

17 SENATOR RUFF: If there's not a motion, I would
18 move that we approve those, \$11,091,533.

19 DELEGATE MOREFIELD: If it's okay, I would like to
20 explain something. I think throughout this process they went
21 back and they have their CFOs or CPAs here, as well. This
22 information was not submitted until a couple of days ago, so
23 Staff probably would not have had an adequate amount of time
24 to review this project.

25 DELEGATE BYRON: A wire to a wired wireless, and

1 they have a little bit of a different change made to that in order
2 to reduce the funds that were available. For one, I think they
3 redid the program, and I saw the copy of the email, but I don't
4 know where the Staff was at, they were going back and forth.

5 DELEGATE MARSHALL: I assume this is not the only
6 round for R&D, so if we have another round sometime this year,
7 is that correct?

8 DELEGATE BYRON: That brings up the question we
9 had earlier, and I imagine there will be another round.

10 DELEGATE MOREFIELD: There may, Madam Chair,
11 there may be another round, but this company is ready to start
12 on this project today, and looking at 3383, Scott County, and
13 they agreed to postpone that project and table it and to not
14 complicate things for our Committee.

15 I think that what we're asking here is we have
16 representatives who worked extremely hard over the past couple
17 of weeks going over their financials and trying to come up with a
18 solution to provide a service in an area, as we heard before, that
19 has had BVU in their backyard and has not built this
20 infrastructure in the last 15 years. So, here we have a company
21 that's willing to do that and get started on that immediately.

22 SECRETARY LEE: As I understand it, Staff didn't
23 recommend it because of the high cost per subscriber?

24 MR. FEINMAN: Yes, Secretary Lee. The two metrics
25 that we looked at was not updated, and that would be 1400 and

1 13 for this row. The cost per subscriber was updated. The
2 metrics that we used ultimately were how efficiently are we
3 getting residents of the Tobacco Region connected and on a per-
4 dollar basis. This project, even as amended down, went from
5 being the most expensive on a per-subscriber basis to the second
6 most expensive on a per-subscriber basis.

7 For comparison, the Pittsylvania Broadband Project is
8 costing about \$77 per house that could pick up broadband and
9 will cost around \$309 per subscriber. This will cost about \$1,400
10 per house and about \$4,000 per subscriber. So, the economics
11 of it are pretty different.

12 SENATOR CARRICO: Madam Chairwoman.

13 DELEGATE BYRON: Senator Carrico.

14 SENATOR CARRICO: I understand the math, you
15 can't run this stuff without, this is just going to cost you. That's
16 the issue. And I don't think we can compare apples and oranges,
17 and I don't know what you're basing your numbers on. They
18 should be based on how other entities in Southwest Virginia do it
19 as opposed to how it is for a person in the flat lands of Southside
20 Virginia.

21 DELEGATE MOREFIELD: Madam Chair, could we have
22 the representative on this project come up, Mr. VanDyke, or
23 maybe bring your financial representatives.

24 MR. VANDYKE: I'm Steve VanDyke with iGo
25 Technology.

1 MR. WOOD: My name is Blaine Wood.

2 DELEGATE MOREFIELD: Madam Chair and members
3 of the Committee, gentlemen, just to reiterate a little bit of what
4 Senator Carrico touched on, the expense of running or providing
5 these services in your area. Based on the revised numbers that
6 you submitted, is this the lowest cost you can possibly provide to
7 install this service?

8 MR. VANDYKE: In order to come to these numbers,
9 we reduced the service area to the most heavily populated of
10 that area, and, therefore making the cost per subscriber as low
11 as it could possibly be. Also, by incorporating the wireless
12 technology for several of the customers, we lowered the cost that
13 way, as well. And I see no way that it can be lowered than the
14 numbers we have.

15 DELEGATE MOREFIELD: Madam Chair, one comment
16 is here we have the representatives from the company, they do
17 what they do best. Their CFO has just stated that this is the
18 absolute lowest cost they can get this project. Earlier, they
19 made the comment that BVU, who's a very large company, has
20 no interest, and here we have a company who is interested in it.
21 So, I think the point that we're trying to make this evening is we
22 have an opportunity to provide these services. If we don't take
23 advantage of that, we may never see those services in the areas
24 that truly need it the most. Thank you.

25 SENATOR CARRICO: Madam Chair.

1 DELGATE BYRON: Senator Carrico.

2 SENATOR CARRICO: Just to kind of elaborate on that,
3 I realize, you know, the Staff has looked at this not probably as
4 best that they need to, and I think, you know, when they do this,
5 they need to look at how broadband is run and the cost of that in
6 Southwest Virginia. I don't think it's fair to the Staff right now to
7 say that we can accept something that we don't have a whole lot
8 of information on, and that would be my only objection.

9 MR. FEINMAN: Madam Chair, perhaps not, it was
10 certainly never our plan to gain additional time between the
11 January meeting in this fashion. But we have, you know, if you'll
12 recall, it was the Staff's position that we ought not make a
13 decision on these projects until the May meeting. We have had
14 the bulk of that time, I would suggest that it's been a high
15 priority and a high usage of time for Tim and me in these
16 conversations. A basic question of what is the cost per premise
17 past, what is the cost per subscriber, those are numbers upon
18 which you can rely.

19 The policy question of should this Committee
20 recognize that projects in Southwest Virginia are necessarily
21 because of a difference in geography more expensive on a per-
22 customer basis, is one that could be reached, and the most
23 efficient way to do that, I think, would be in some future round
24 for today, but that would require a bit of a mathematical
25 scramble to segregate some portion of the funds and say we're

1 going to spend X dollars in Southwest Virginia on the most
2 effective and efficient Southwest projects and Y dollars on
3 Southside Virginia on the most efficient and effective Southside
4 projects, the same way that we divvy up money between
5 Southwest Economic Development and Southside Economic
6 Development. Perhaps a reverse tilt given that Southwest is so
7 much more expensive. I suspect that would be a question for
8 where is the balance of the Committee from?

9 In any event, with that said, that would be the most
10 sensible way to do it from my perspective.

11 DELEGATE BYRON: We're still talking about the future
12 round, right?

13 MR. FEINMAN: It would be a challenge to apply it
14 retroactively.

15 DELEGATE MOREFIELD: Madam Chair, going back to
16 an earlier conversation, we have representatives here in support
17 of their projects, but we have projects pending that
18 representatives are not present, and to me, the very presence of
19 having someone here speaks volumes versus just not showing
20 up. I think the commitment you have from a company that is
21 willing to make this investment, the only company that's willing
22 to make this investment in this distressed area speaks volumes
23 versus other projects that we've got out there. I'm not singling
24 them out.

25 I'm just, I'm trying to say as a, and Delegate, or

1 Senator Carrico and Senator Chafin and Delegate Kilgore, I'm
2 sure would reiterate this, but the reality is those areas do not
3 have this service. There's no real plan from at least our
4 perspective to provide these types of services. We have an
5 organization here that could potentially provide those services,
6 and we have one company in this area who's willing to make that
7 commitment. And so I think that it's very important that we
8 consider that. So, I won't take any more of the Committee's
9 time.

10 DELEGATE BYRON: The motion was to amend the
11 motion of all those that are in yellow and green, is that the ones
12 that you mentioned, Secretary Lee.

13 DELEGATE MARSHAL: I think it was all in yellow and
14 green, plus 3377.

15 MR. FEINMAN: That was \$11,091,533. And Delegate
16 Morefield's amendment would be to include 3390.

17 SENATOR RUFF: While he's doing the math, I guess
18 the question would be why would we not pick up Lunenburg
19 County, why not pick up that telephone co-op, Citizens Co-op?

20 MR. HARRIS: Why wouldn't we?

21 SENATOR RUFF: Those are the questions that will
22 come up.

23 DELEGATE BYRON: If somebody wants to amend the
24 motion, they can do that, as well, that's what the Committee is
25 here for. The question is those were the recommendations that

1 were highlighted by the Staff as loans.

2 DELEGATE MARSHALL: Madam Chair, call the
3 question.

4 SENATOR CARRICO: But before we do that, I asked if
5 there was a second.

6 DELEGATE BYRON: You gentlemen can sit down, I
7 think we're done, don't want you to stand there all night, thank
8 you.

9 SENATOR CARRICO: I guess parliamentary inquiry,
10 was there a second to Delegate Morefield's motion?

11 MS. COLEMAN: There was a second to --

12 SENATOR CARRICO: Then calling the question would
13 be in order.

14 MS. COLEMAN: Before I second it, this is really a
15 quandary problem, because the Copper Hill project didn't want to
16 take a loan, so we recommended, well, they may want to take a
17 grant. What are we going to do about the, the same as
18 Lunenburg, didn't want to take a loan, leave the grant?

19 MR. FEINMAN: Madam Chairwoman, Ms. Coleman,
20 the projects in yellow and green were not the projects that
21 agreed to take a loan. The projects in yellow and green were the
22 projects that were the most efficient use of dollars. A separate
23 category, a significant overlap with those projects, and because
24 they were more efficient with use of dollars we're able to, or
25 what were recommended by the Staff.

1 The recommendations before you are not who's going
2 to take a loan or who's going to take a grant. They are what are
3 the most efficient use of our dollars, plus potentially the project
4 that Delegate Morefield is suggesting, and I would suggest
5 perhaps last, 3377, which we did not recommend as efficient use
6 for a nonloan project.

7 DELEGATE BYRON: We wouldn't want somebody to
8 come back later and say this, and I remember reading
9 Lunenburg, I don't have, I'm not looking at them all right in front
10 of me right now, but I distinctly remember Lunenburg was one
11 that the reason they didn't recommend them was because they
12 said it would be a good possibility for the Virginia Housing and
13 Development grant, which is no guarantee that they will get a
14 grant, but it is one that would fit into the criteria. So, it wasn't
15 necessarily not put on the list because it wasn't a good grant.
16 Right, Tim?

17 MR. PFOHL: Madam Chair, the Copper Hill project in
18 Floyd County for Citizens Telephone is the one that we think may
19 subsequently be eligible for the DHCD Program. The Lunenburg
20 project in which the system design and the use of DSL
21 technology that is as you get further away from the central
22 office, for DSL, ten over one speeds that are the minimum to
23 qualify for this funding.

24 SENATOR RUFF: Madam Chairman, the reason I
25 pointed that out is that we're making arbitrary decisions on the

1 fly right now. I don't know if Delegate Marshall would have to
2 consider that a friendly amendment.

3 DELEGATE MARSHALL: I think Delegate Morefield is
4 first.

5 MS. COLEMAN: I'll second Delegate Morefield's
6 motion.

7 MR. REECE: Ms. Chairman, I'm sorry to interrupt, but
8 just to clarify, Citizens Telephone Cooperative, the DHCD grants
9 are at least a year away, and our project is shovel-ready today.
10 On behalf of Citizens, I do request a grant, we are a cooperative,
11 we've been providing service to rural Virginians for over 100
12 years. Unlike national providers, we do not serve high-density
13 areas, we do not have high margins to subsidize build-outs in
14 other areas of the state. We rely on USF funds and we have a
15 long return on investment that we put back into our company.

16 Our application was to get it shovel-ready, we did a
17 lot of work on this, we went to 188 homes, did surveys. Of
18 those, 67 percent said they need better broadband or they don't
19 have broadband. And, you know, we have Apple Ridge Farm
20 who is, helps underprivileged kids since 1978, 72,000 at-risk
21 students have gone through the program. And they're doing
22 STEM training that's free to low-income families, 350 students a
23 year. So, I definitely would like for you all to consider us an
24 applicant, as well, or a grantee.

25 I'm Dennis Reece, I'm the Chief Operating Officer for

1 Citizens. This is a fiber-to-home project. We will only be offering
2 one gig service on this. In our application, we put in a summary
3 or a dissertation from Meredith Hundley from Virginia Tech, a
4 Ph.D. candidate, and she did an analysis on all the NTI BTOP
5 grants in round two. We were one of only 12 of 67 grants that
6 was deemed successful, that's only 18 percent. We have a
7 history of proving that we can deploy broadband and we've
8 gotten three previous grants from the Commission, and we've
9 always delivered and we've always come on budget or under
10 budget. Thank you.

11 DELEGATE BYRON: Delegate Marshall, do you want to
12 restate your motion, Ms. Coleman seconded the motion, but I
13 believe the amended motion was the amended motion.

14 DELEGATE MARSHALL: Madam Chairman, my motion
15 was to accept all of the, on this spreadsheet all of the yellow,
16 applications in yellow and the one in green, plus 3377, and the,
17 well, do I need to start over? My motion is to accept all of the
18 applications that are in yellow on the spreadsheet, plus the one
19 in green, and plus 3377.

20 DELEGATE MOREFIELD: And my substitute motion
21 was to amend Delegate Marshall's motion to include Number
22 3390, which was seconded by Ms. Coleman.

23 SENATOR RUFF: Madam Chair, I don't think you can
24 have a substitute motion that amends a previous motion. I think
25 you have to either amend or --

1 DELEGATE MARSHALL: The substitute motion.

2 DELEGATE BYRON: We have an amendment to
3 Delegate Marshall's motion to include 3377, to amend it to
4 include 3390. Seconded by Ms. Coleman.

5 MS. MYERS: Madam Chairman, that would be
6 procedurally a substitute motion, just for clarification purposes
7 for the record.

8 DELEGATE BYRON: That's a substitute motion. Does
9 everybody understand what it is?

10 DELEGATE MARSHALL: Clarification. So, are we
11 voting on the whole block, including Delegate Morefield's
12 addition, are we just voting on Delegate Morefield's addition?

13 MR. FEINMAN: Just Delegate Morefield's addition first.

14 DELEGATE BYRON: I thought he was including that in
15 the block.

16 MR. HARRIS: He was including that in the block,
17 adding the next particular item, voting on that whole block.

18 MS. COLEMAN: Madam Chairman, will the Committee
19 meet and set aside an amount greater than \$10 million to fund
20 these projects?

21 MR. FEINMAN: The Committee's total budget exceeds
22 the \$10 million that Senator Ruff moved to set aside for this. I
23 would consider any subsequent action by the Committee that is
24 still within its budget, within its total budget to just be a
25 superseding motion, to spend whatever, you have the ability to

1 spend the entirety of your budget at any instant.

2 DELEGATE BYRON: We opened that barn gate to
3 grants, I mean to broadband, so it is part of the R&D.

4 MS. COLEMAN: The \$10 million is not set in stone.

5 MR. FEINMAN: No.

6 MS. KIM: We're at \$12,569,000 and some change.

7 MR. FEINMAN: Yes, precisely.

8 SENATOR RUFF: If we're talking about coming back in
9 May and revisiting any of this at all, I think we ought to revisit all
10 of those that were not included by the Staff's recommendation. I
11 think pulling one out and saying this should take priority over
12 another one without any Staff recommendation I think would be
13 wrong. If this goes forward, I would vote against the whole
14 block.

15 DELEGATE MOREFIELD: Madam Chair, in response to
16 that, I think there is a lot of confusion, there's a lot of confusion
17 as to where, whether or not earlier some of these applications
18 would prefer loans or not prefer loans. I think the appropriate
19 motion is the motion on the floor, that was a substitute motion
20 that was seconded, and so with that I move calling for the
21 question.

22 DELEGATE BYRON: The question has been called.

23 SENATOR RUFF: The Secretary had her hand up to
24 speak, and you were doing it at the same time, and I think it was
25 very rude for you to cut her off. I can see most of this room, I

1 think we ought to have more than one comment on the motion.

2 DELEGATE BYRON: Secretary Lee.

3 SECRETARY LEE: Madam Chair, I would like to agree
4 with Senator Ruff, I think the Staff did their vetting and full
5 review of these applications based on certain criteria, some of
6 which are described here. And so I do think it's a little rush to
7 pick out one and not give the opportunity or the full review of the
8 other. And so I would say if we voted on this block, I would also
9 have to vote against it.

10 SENATOR CARRICO: Madam Chair.

11 DELEGATE BYRON: Senator Carrico.

12 SENATOR CARRICO: I have to agree. I think we're
13 putting the cart before the horse and the Full Commission needs
14 to decide on whether we're going to do grants or loans, so we
15 can go back to the drawing table and let everybody have a shot
16 at it.

17 DELEGATE BYRON: Mr. Owens.

18 MR. OWENS: I have a question. If we vote on this
19 substitute motion and it fails, then it goes back to the original
20 motion?

21 MR. FEINMAN: That would be correct.

22 DELEGATE MOREFIELD: I cannot stress enough that
23 the revisions were made, the revisions were amended, and I'm
24 not calling the Executive Director out as he did earlier referencing
25 the email that was sent by the company in question, but I will

1 say that there was ample amount of time for the Staff to review
2 the recommendations, and if I'm not mistaken, according to the
3 company, the company made several phone calls and sent emails
4 and no response was given to them within the past day or so.
5 And so that is why I think it is appropriate that we support this.
6 We had opportunities to ask the company representatives
7 questions regarding the feasibility of this project and we have not
8 asked them a lot of questions. I think we have an opportunity to
9 vet this ourselves, we are commissioned, we are the board
10 members and we do place our faith and confidence in the Staff,
11 but ultimately we are the ones who make the decision. And so
12 that's why I think that it is appropriate because they did make an
13 effort to reach out to Staff from what I saw and they did provide
14 the revised figures, they did make their case. So, I think it's
15 appropriate that we should approve the amendment.

16 DELEGATE BYRON: We have a motion that's been
17 seconded. Any further discussion? I don't want to cut anybody
18 off. All those in favor of the motion, say aye. (Ayes). All those
19 opposed? (No). The noes have it.

20 Now, we go back to the original motion. Remember
21 what that was? Just so we're clear.

22 DELEGATE MARSHALL: On the spreadsheet, all of the
23 applicants in yellow and green, plus 3377. That's about \$11
24 million and some change.

25 DELEGATE BYRON: What was 3377?

1 DELEGATE MARSHALL: 3377 is the Carroll, Grayson,
2 and Galax.

3 MR. FEINMAN: 3377 was not one that was
4 recommended for a grant. They were willing to take a loan, and
5 the Staff was of the view a loan you're going to get back anyway,
6 so it doesn't need to be as efficient.

7 DELEGATE BYRON: So, it's a loan.

8 MS. COLEMAN: Including a project that was not
9 recommended.

10 MR. PFOHL: The project has been revised at the
11 request of the applicant, so the outcomes have changed. We
12 don't have the specific outcomes. As I said at the beginning of
13 the meeting, this initially came in to build some fiber and the
14 outcomes and the connections that you see on this chart, they
15 ask to be allowed to develop a wireless project and they still
16 need to do some propagation studies, but now we're talking
17 about actually eight to ten wireless towers serving two counties
18 for a multi-mile radius. So, the outcomes have improved
19 significantly with the wireless solution and the cost per premise
20 has improved significantly with the wireless solution. We just
21 don't have those specific numbers yet.

22 MS. COLEMAN: And so, Madam Chairwoman, what is
23 the distinction between that description of this project and the
24 description of the Russell County project, I thought those were
25 very similar?

1 MR. PFOHL: Cost per premise primarily by going from
2 a wired to a wireless solution. And initially we thought their
3 willingness to accept a loan to do that.

4 DELEGATE BYRON: Do we have a second?

5 UNIDENTIFIED: Second.

6 DELEGATE BYRON: All those in favor, say aye.

7 (Ayes). Any opposed? (No). One no.

8 I do want to say it's been a rough road getting to that
9 point, but I want to talk just real briefly about the ones that
10 weren't included, because there has been so much confusion and
11 because everybody talked about May and at the next meeting.
12 And I still have an open mind for the total review, and I think
13 that was where some people said that they couldn't vote today
14 was because of the review, so, directing this specifically to Ms.
15 Coleman and also to Will. As we go forward on that, that if we
16 can get the details of the project and I certainly will support it
17 and support whatever other ones that we can go back and look
18 at what the situation is with them. So, I want to thank the
19 Committee.

20 DELEGATE MOREFIELD: Madam Chair, earlier Senator
21 Ruff made a comment about cutting Secretary Lee off. First of
22 all, I want to apologize, that was not the intent. I don't think the
23 Chairman nor did I see you wave your hand, and so I'm sorry if
24 there was any confusion about that.

25 MR. PFOHL: Madam Chair, just a question for the

1 Committee. We are as Staff receiving inquiries about whether or
2 not the R&D Program is going to fund what we call traditional
3 R&D projects, as we've done over the last eight or nine years.
4 For those of you who are new to the Commission, the last time
5 we did that a couple of meetings ago, we issued a call for
6 projects that have Federal SBIR Phase II funds for projects that
7 we just have one round of Commission funding. Staff is seeking
8 some direction because we are hearing from prospective
9 applicants whether or not you want us to continue to solicit those
10 types of projects or just say we're moving on to completing the
11 broadband?

12 MR. FEINMAN: If I may suggest a middle ground
13 there depending on what the Committee wants to do. We have
14 one very promising continuation project, then that will effectively
15 exhaust the continuation funding options for this Committee,
16 that'll help close out the folks who received funds earlier and the
17 standards.

18 The SBIR program is a successful program in terms of
19 getting applicants, but that would, to my mind, I think that would
20 pretty significantly divide the Committee's remaining resources
21 given the broadband projects.

22 DELEGATE BYRON: We don't have anything out there
23 right now, do we?

24 MR. PFOHL: We have not announced any calls for
25 proposals. So, if it's the Committee's will, we can just tell folks

1 to stay tuned, that's yet to be determined.

2 DELEGATE BYRON: I would stay tuned considering
3 the late hour and the exhausting meeting that we just had, but
4 we appreciate being asked and we have a full Commission
5 meeting right after this.

6 Is there any other business that needs to come before
7 the Committee?

8 MR. PFHOL: That'll do it, Madam Chairwoman.

9 DELEGATE BYRON: Okay. The Committee stands
10 adjourned. Thank you.

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PROCEEDINGS CONCLUDED.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 **Tobacco Region Revitalization Commission, Research and Development Committee Meeting**, when held on Thursday, March 8, 2018, at 6:30 o'clock p.m., at Homewood Suites, Richmond, Virginia 23219.

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 March, 2018.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.