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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee Meeting

Monday, December 7, 2015
10:30 o'clock a.m.

Institute for Advanced Learning & Research
Danville, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
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1 APPEARANCES:

2 The Honorable Thomas C. Wright, Jr., Chairman

3 Mr. John R. Cannon

4 Mr. James Edmunds

5 Missy Neff Gould

6 Ms. Mary Rae Carter

7 Mr. Maurice Jones

8 The Honorable Daniel W. Marshall, III

9 Mr. Donald W. Merricks

10 Mr. Ed Owens

11 The Honorable Frank M. Ruff

12

13 COMMISSION STAFF:

14 Mr. Evan Feinman, Executive Director

15 Mr. Ned Stephenson, Deputy Executive Director

16 Mr. Timothy S. Pfohl, Grants Program Administration Director

17 Ms. Sarah K. Capps, Grants Coordinator - Southside Virginia

18 Mr. Benjamin Dawson, Grants Assistant - Southside Virginia

19 Ms. Stacey Richardson, Executive Assistant

20

21 COUNSEL FOR THE COMMISSION:

22 Ms. Elizabeth B. Myers, Assistant Attorney General

23 Richmond, Virginia

24

25

1 December 7, 2015

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3 DELEGATE WRIGHT: Good morning. I want to thank
4 everybody for coming. Please call the roll.

5 MR. FEINMAN: Thank you, Mr. Chairman.
6 Delegate Byron.

7 DELEGATE BYRON: (No response).

8 MR. FEINMAN: Mr. Cannon.

9 MR. CANNON: Here.

10 MR. FEINMAN: Delegate Edmunds.

11 DELEGATE EDMUNDS: Here.

12 MR. FEINMAN: Ms. Gould.

13 MS. GOULD: Here.

14 MR. FEINMAN: Ms. Carter.

15 MS. CARTER: Here.

16 MR. FEINMAN: Secretary Jones, are you on the
17 phone?

18 SECRETARY JONES: Yes.

19 MR. FEINMAN: Delegate Marshall.

20 DELEGATE MARSHALL: Here.

21 MR. FEINMAN: Mr. Merricks.

22 MR. MERRICKS: Here.

23 MR. FEINMAN: Mr. Owens.

24 MR. OWENS: Here.

25 MR. FEINMAN: Senator Ruff.

1 SENATOR RUFF: Here.

2 MR. FEINMAN: Senator Stanley.

3 SENATOR STANLEY: (No response).

4 MR. FEINMAN: Delegate Wright.

5 DELEGATE WRIGHT: Here.

6 MR. FEINMAN: You have a quorum, Mr. Chairman.

7 DELEGATE WRIGHT: Thank you. Now, I'll call for a
8 motion to approve the minutes of our last meeting from May
9 12th, 2015.

10 DELEGATE MARSHALL: Second.

11 DELEGATE WRIGHT: A motion has been made and
12 seconded to approve the minutes. All those in favor, say aye.
13 (Ayes). Opposed? (No response). The minutes are approved.

14 At this time, I'll call on Sarah Capps.

15 MS. CAPPS: Mr. Chairman, if you don't mind, very
16 briefly, as far as the rules of someone attending the meeting by
17 phone and how it's supposed to work, I'd appreciate it if counsel
18 could give us a quick overview on that.

19 MS. MYERS: Certainly, Mr. Executive Director and Mr.
20 Chairman. The Freedom of Information Act requires meetings of
21 government bodies to be held and electronic and telephonic
22 participation is generally not allowed. I understand the secretary
23 will be listening to us by the telephone, but he is not present at
24 this meeting, and the law forbids any participation or voting.
25 Thank you.

1 DELEGATE WRIGHT: Mr. Secretary, we're conducting
2 the meeting today. And one further item I'd like to mention
3 briefly. It's my understanding according to the rules that we're
4 asked to go by that the Chairman doesn't have a vote unless it's
5 a tie. I understand that's going to be changed hopefully in
6 January, but right now the attorney can explain that.

7 MS. MYERS: I'm going to hand that over to the
8 Deputy Director, and we've had this discussion, and he dug into
9 this a little bit deeper in the Robert's Rules than I have. If you
10 don't mind, Mr. Chairman.

11 MR. STEPHENSON: You are correct, Mr. Chairman. A
12 close read of Robert's Rules says the Chairman cannot vote
13 unless there is a tie, except if it's done by ballot. And then the
14 rules are a little bit different and more complicated. So, we have
15 already drafted bylaw changes for the Commission to review in
16 January, to change this so that the Chairman of the Commission
17 and committees can always vote under all circumstances. At
18 least for today, the Chairman can only vote if there is a tie.

19 DELEGATE WRIGHT: I wanted to make that clear
20 because I think the Chairman should vote on these issues, but
21 for today will vote only if there is a tie.

22 So, at this time, I'd ask Sarah Capps to go through
23 the proposals that are before us.

24 MS. CAPPS: Thank you, Mr. Chairman and members
25 of the Committee. We've got eight proposals in front of you that

1 we received in response to the applications. So, we have eight
2 applications for you that were submitted in response to our
3 request for applications. Two of those were late filed applications
4 that the Committee chairman agreed to hear, and there are
5 active prospects involved.

6 From the cover page of the staff recommendation
7 document, I'll note two changes in the requested amounts. For
8 Dinwiddie County, that request is shown as \$715, and the County
9 has requested an increased amount, which is \$1.2 million, and
10 we'll discuss that further when we get to that proposal.

11 For the Town of Halifax, the requested amount is
12 shown as \$133,000, and we received another request from the
13 Town of Halifax, and that amount is \$78,800, and we'll request
14 that one later on.

15 DELEGATE MARSHALL: Would you repeat that
16 number for Grant 3130.

17 MS. CAPP: The new amount requested is \$1.2
18 million.

19 I'll get started now, and the first one on the list is City
20 of Danville, and that first request is for \$800,000, the Danville
21 Advanced Manufacturing Precision Machining Laboratory. That
22 first request is for \$800,000 to support the, and as I said, that's
23 at George Washington High School. The consideration for this
24 being tabled.

25 DELEGATE MARSHALL: Do we need a motion to table

1 it?

2 I move that 3128 be tabled.

3 There's a motion and a second to table 3128. Any
4 discussion? If not, all in favor, say aye. (Ayes). Opposed?
5 (No). The motion carries Grant 3128 is tabled.

6 MS. CAPPs: The next project for the City of Danville
7 is Project Nateo. This is a request for \$500,000, and that's to be
8 added to the TROF incentive, and this is to attract an industrial
9 food processing facility expected to result in 150 jobs and \$15
10 million private capital investment. Staff recommends approval of
11 \$500,000 to be transferred to the TROF program to be added to
12 the TROF Incentive and Performance Agreement.

13 I'll go through them quickly.

14 The next one on the list is from Dinwiddie County, and
15 this is for the Dinwiddie County Infrastructure Improvements,
16 and this was increased to \$1.2 million. This is a request to
17 consider an active prospect. By granting this request, the plan is
18 to create 200 jobs with average wages of \$49,000, a \$57 million
19 capital investment.

20 Tobacco Commission funding would go towards the
21 \$1.2 million, with property acquisition. It's \$40,000 an acre for
22 the 30-acre industrial site. To protect the Commission's
23 investment, the staff recommended the funding be rolled into the
24 TROF program and under the TROF Performance Agreement. So,
25 Staff recommends an award of \$1.2 million to be transferred to

1 the TROF program for administration under the TROF
2 Performance Agreement, conditioned on Project Minecraft,
3 choosing to locate at the Patton Property and the county
4 requiring that the Southside Economic Development grant
5 funding be used toward costs for the land acquisition. The
6 preliminary TROF estimate for the project is \$930,00.

7 The next project on the list is Greensville County for
8 Wetland Mitigation Bank Engineering, \$40,500 is requested. The
9 county is trying to establish its own wetland mitigation bank to
10 save costs. The county wants to further evaluate a site that has
11 not been identified as a potential site to purchase, but the
12 bottom line is the staff recommends an award of \$40,000. I also
13 want to note the County has entered into an option agreement
14 valid through August 31, 2016 to purchase the property for
15 \$14,000 per acre, giving the county rights to purchase more or
16 less acreage depending on results of the study. The Commission
17 Staff has encouraged the development of publicly-owned wetland
18 banks, and the county is to be commended for pursuing this
19 option.

20 The next project is from the Town of Halifax for the
21 Banister Lake Boat Landing, Southern Virginia Wild Blueway
22 Project. This request was submitted originally for \$133,000, and
23 since been reduced to \$78,800. The scope of the project
24 supports a portion of the cost for rehabilitation of an existing
25 motorboat ramp and the addition of a second non-motorized

1 launch, specifically designed for canoes and kayaks. The Staff
2 did approach the town about a non-motorized to revisit the
3 budget to identify only those costs associated with the non-
4 motorized launch, which would be consistent with costs
5 previously supported by the Commission. They provided us with
6 a detailed revised budget. So, the Staff recommends funding of
7 the revised request of \$78,800 for the detailed costs presented
8 as associated with the non-motorized boat launch.

9 The next project on the list is from Prince Edward and
10 that's for the Prince Edward County Industrial Access Road. The
11 request is for \$49,080, which is the balance in the Prince Edward
12 County allocation. For those of you on the Special Projects
13 Committee, you may recall that same request came to Special
14 Projects and originally requested \$475,000 to support an access
15 road to accommodate to attract two active prospects. We did
16 award a \$328,395 request. The county is asking that the
17 balance in their allocation go toward that access road
18 construction. The Staff is recommending an award of \$49,080.

19 The next request on the list is from Sussex County,
20 and this is for the Route 602, Cabin Point Road Sewer and Water
21 Line Extension. \$290,073 is requested to support construction
22 for extending water line and sewer service to the Cabin Point
23 Road Industrial Park, consisting of approximately 156 acres. The
24 primary purpose is this water and sewer line or not any
25 immediate revenues to support this. This may be more

1 speculative because there is not a prospect at hand.

2 The Sussex County rates for water and wastewater
3 are lower than the median rates across the Commonwealth. That
4 suggests the services already may have the capacity to increase
5 rates in order to finance water and wastewater improvements.
6 However, it is noted that Sussex County is rated as having
7 above-average fiscal stress. So, the Staff recommends the
8 county work with VRA to evaluate financing options for the
9 requested improvements, or alternatively, to consider reapplying
10 for site grading costs.

11 The last project, Mid-Atlantic Broadband Cooperative,
12 Incorporated, and this is a regional project, \$200,000 is
13 requested, and that amount would be split between three
14 different county allocations. This would come from three different
15 counties. This project was submitted to Special Projects in the
16 Fiscal '16 program, requesting \$500,000, and a reduced award
17 amount was approved at \$300,000 to support construction of six
18 towers. The award was made contingent on localities seeking
19 Southside Economic Development funds or other non-
20 Commission funds for \$200,000.

21 The Staff is recommending a grant award of
22 \$200,000, comprised of proportionate funding from three-county
23 allocations based on the locations of the TV white space
24 equipment: Campbell County, \$11,624; Halifax County, \$92,995,
25 and Charlotte County, \$95,381.

1 Also, related to this is another business item that I'll
2 mention here. The Staff is recommending approval of a fifth-
3 year extension and repurposing of available funds under Grant
4 2467 to support capital costs for the project, and that'll be
5 discussed under Other Business.

6 DELEGATE WRIGHT: Any questions or comments?

7 DELEGATE MARSHALL: Mr. Chairman, when you look
8 at the Dinwiddie request and the money will go from Southside
9 Economic Development to TROF, but the contingency that says if
10 the project does not materialize, it's not transferred. I think we
11 need to add that same language to the City of Danville Project
12 3137.

13 DELEGATE WRIGHT: I think that's a good point.

14 DELEGATE MARSHALL: The question on Greenville
15 County.

16 DELEGATE MARSHALL: Right, I don't think it's
17 necessary to have a motion.

18 MR. FEINMAN: No.

19 DELEGATE WRIGHT: That can just be added.

20 DELEGATE MARSHALL: If someone is here from
21 Greenville County, would they come forward?

22 DELEGATE WRIGHT: Would you please come forward
23 and state your name.

24 MS. LEWIS: Good morning, I'm stepping in for --
25 She wasn't able to be here today. Obviously, everybody is aware

1 of our Megasite.

2 DELEGATE WRIGHT: And what is your name again?

3 MS. LEWIS: I'm Tricia Lewis, I'm an assistant in our
4 economic development office. We are obviously trying to create
5 a wetlands bank in our area that would serve Mecklenburg
6 County and Emporia and Greenville County. This has been
7 selling for approximately \$65,000 an acre, and we're trying to
8 create one, and we found an area after a lot of work that we feel
9 would be suitable for a wetlands bank, and we can do it for about
10 \$36,000 an acre.

11 DELEGATE MARSHALL: If this is approved, would
12 other localities be able to buy?

13 MS. LEWIS: This would strictly be for Mecklenburg
14 County, Greenville County, and the City of Emporia. And we
15 would not sell them.

16 DELEGATE WRIGHT: Any further questions?

17 MR. OWENS: We've had some recommendations to
18 VRA and based on their capacity to create rates and generate
19 funds, anyone here?

20 DELEGATE WRIGHT: Please come forward and state
21 your name.

22 MR. JONES: Good morning, my name is Bandy Jones,
23 I am the Deputy County Administrator for Sussex County. And I
24 appreciate appearing before you today to talk about this project.
25 And I've been with Sussex for six months now. I have with me

1 Mr. Joe Hines with the Timmons Group, and he's very familiar
2 with the overall project that we have coming up before the
3 Tobacco Commission. Would you mind repeating the question?

4 MR. OWENS: We're recommending that you go to
5 VRA to talk about financing. Is there some reason you can't
6 come to the Commission or to VRA first?

7 MR. JONES: This is a project that's under
8 consideration for the county for some time and had been
9 financed in the past. From the last go-around, funds were
10 provided for engineering services for this recommendation, and
11 that once those were put in place, we could come back again.
12 The situation involves timing here and after completing those
13 engineering studies and we are now ready to extend the
14 water/sewer lines to the site and make it viable to a prospect and
15 to the county.

16 The idea at this point is that we still would like to have
17 a grant in order to do this. Timing is a problem, and then if we
18 have to take this to VRA. We've come to the Commission with
19 the idea that the grant would allow us to complete this project,
20 which has been underway for some time because of where we
21 are as far as the conditions with the VRA.

22 MR. HINES: I'm Joe Hines. This project was fully
23 funded by the Commission a few years back, 90 percent of the
24 10 percent match by the locality. We now have an engineering
25 plan ready to go, and we'll submit that, and then we can begin

1 this project. A big part of this is that we're afraid to lose another
2 cease, would put us another year back construction timewise.

3 Now, as far as financing is concerned, with VRA, we
4 actually have two projects undergoing where the Commission has
5 funded. One is the wastewater plant, and the other is the water
6 line and water tank, which will be pretty substantial projects.
7 The thinking was that the Sussex Service Authority would apply
8 for the excess financing and what they have available to those
9 projects versus this project. They do have other projects that
10 are on the horizon, which when you consider the financing and
11 which projects go first and the fact that this project could be
12 funded by the Commission.

13 MR. OWENS: Do you believe you could raise your
14 rates, would that help the project?

15 MR. HINES: The wastewater project is like a five or
16 six million dollar cost, and we wouldn't do it until we actually had
17 a prospect aboard. The water line and water tank is about a
18 \$2.5 million or \$3 million project. That project would benefit the
19 entire system. That would be using the Megasite.

20 MR. OWENS: Do you intend to change your rate to
21 help pay for those projects? If we fund this, it'll take pressure off
22 the other?

23 MR. HINES: The Service Authority working with the
24 county, and the intent is for them to raise that and the capacity
25 for the project, so they will have some excess capacity.

1 Obviously, when you look at the funding requirements and
2 considering the median household income, which you have to
3 look at and looking at that specifically, and specifically the
4 county, and not necessarily the rest of Virginia. Those of you
5 that are familiar with this know it's about 25 percent household
6 income to pay for water, one-and-a-half for median household
7 income to pay for sewer. That's the kind of minimum thresholds
8 that we have to consider, and which they'll look at.

9 We also have to consider the design work. So,
10 hopefully in about six months we'll have to figure out what
11 capacity they have, a potential need to raise the rates to pay for
12 the project.

13 DELEGATE WRIGHT: Any further questions?

14 MS. CARTER: We will get the application and the
15 recommendations from VRA. Is this something that's done
16 through a process? How does this work, is my question?

17 MR. HINES: Maybe the director.

18 MR. FEINMAN: Where we are currently is we have
19 negotiated a pretty strong MOU with VRA and continuing and
20 went out and did some updates over the weekend. I have strong
21 confidence that the Executive Committee before the Full
22 Commission will be with the MOUs that we have reached the
23 January meeting. Currently, we have some projects in a hold
24 pattern, and they need to be evaluated and then get started as a
25 trial balloon for some projects. Any future projects that we

1 recommend an option for an MOU, and then wait until we have a
2 clear operation. This will all be worked out.

3 It is our anticipation that included in all that would be
4 or any transfer would be our sending some money over there
5 and fund up to whatever allocation for their creditworthiness. We
6 obviously don't have the capacity to do that here on the staff.
7 That would very briefly and effectively be the structure of the
8 MOU as we go forward.

9 MS. CARTER: So, right now, we are in the process of
10 heading up that procedure that would serve the applications that
11 come to the Tobacco Commission and all that criteria would be
12 set up and in effect.

13 MR. FEINMAN: Correct.

14 MS. CARTER: Thank you.

15 MR. HINES: I think the county is willing to go through
16 this process, and I realize everybody wants to get everything
17 done quickly. There are many projects like this that we have to
18 worry always about time and we don't want to lose another
19 construction season unless we have to for say a six-month delay,
20 and that's always very costly.

21 MR. JONES: That is correct. And that concerns the
22 timing issue that I spoke of before. We would like to complete
23 this as quickly as we can.

24 DELEGATE MARSHALL: You mentioned about losing a
25 construction season, so how long does it take to go through this

1 cycle, to go to VRA?

2 MR. HINES: I don't know exactly, but I guess the
3 June and July timeframe and this is probably about a six-month
4 cycle, but any construction project, we'd like to have bid and go
5 forth in the spring.

6 MR. FEINMAN: We've had some conversations with
7 them and they're kind of hesitant to give us a fixed timeframe,
8 because we have a great variety of projects that don't fit
9 squarely in the prescribed box, so to speak. I think maybe six to
10 eight weeks is the best case scenario that we have. Once we
11 have this refined, I think this process can be sped up. Beyond
12 that, it's like anything else, depending on the loan and that type
13 of thing. I think it'll be a year now before we can really say with
14 any confidence this sort of project moves through this process X,
15 Y, and Z. So, right now, the time concern is very much a
16 concern for all applicants.

17 SENATOR RUFF: Mr. Chairman, how long would it
18 take for the Service Authority to come up with the actual figures
19 for this project?

20 MR. HINES: We're in the engineering design right
21 now, but within six months, we should have a firm budget for the
22 treatment plant and water line project. At that point in time, we
23 would have to go ahead and incorporate those capital
24 expenditures, but probably be closer to a year and the services
25 that we have, probably you're talking about the end of 2016

1 before they probably have those exact numbers. It takes a lot of
2 time for people to do this work. I think optimistically, it would be
3 at least September of 2016 to be very realistic.

4 DELEGATE WRIGHT: Based upon what we've heard
5 from the comments, does the Staff have any further comment?

6 MS. CAPP: I can comment that on the older grants,
7 but in 2011, we committed \$552,000 to support this industrial
8 park. In the spring of 2014, they approached us about
9 repurposing those funds towards the water and sewer design, the
10 construction costs, and at that time, we did approve some
11 engineering work and recommended they come back to request
12 funding for construction of the water and sewer. That was at a
13 time when that type of construction was considered, and I just
14 wanted to clarify that.

15 MR. PFOHL: When we send five or six projects over to
16 VRA, we also sent money to fund to VRA, so I think that required
17 a footnote for the Staff recommendation. If the Committee
18 chooses to send this to VRA, we need to send some money from
19 their allocation to project application. If it comes back and VRA
20 says no, you can't do a loan with this, the money would return to
21 the Sussex allocation.

22 DELEGATE WRIGHT: I guess the concern is the delay
23 may cause not having the grant approved versus, what would
24 VRA say?

25 MR. HINES: A delay would increase the construction

1 costs. Prices can keep going up on a fairly regular basis now, so
2 there is a construction risk because they rise, as you know. It's
3 just an ongoing process when we wait and wait and costs go up.

4 MS. CARTER: We have given them an opportunity in
5 the past to get them where they want to go. Is this last leg of
6 the project, and would that get you where you need to go?

7 MR. HINES: Yes, the Staff recommendation with the
8 Megasite, and we deal with that type of thing on a routine basis.
9 If you can't get check the word sewer box, so you need to have
10 that word sewer. So, that's a critical last leg. Given the nature
11 and makeup of the site, I doubt that we would be coming forward
12 with a request requesting for a pad site. We'd have to have this
13 site ready for a potential prospect, but the pad offer is little
14 benefit to this particular site.

15 MS. CARTER: Thank you. I'm a little bit concerned
16 that we have encouraged them to do the right thing and do the
17 job right, and then here at the last minute now, we might do
18 something that would necessitate a problem for them and not
19 done in a timely manner. I think that's something we need to be
20 concerned about.

21 DELEGATE WRIGHT: In a few minutes, we'll have an
22 opportunity, we'll go through this in a block and we can, any
23 further motions discuss that.

24 Having said that, any other questions or comments
25 about any of these other grants? All right.

1 At this time, of course, the first grant has been tabled,
2 so the remaining seven items, does anyone want to make a
3 motion to abstain for any reason?

4 MS. GOULD: Mr. Chairman, I'd like to pull 3128 out of
5 the block in order to abstain from vote.

6 DELEGATE WRIGHT: Pull 3128 out of the block. Any
7 other items?

8 MR. OWENS: 3125 out of the block.

9 DELEGATE WRIGHT: All right, 3125 out of the block.
10 Any others? If not, I need a motion to approve the remaining
11 items.

12 DELEGATE MARSHALL: Mr. Chairman, I make a
13 motion that we approve 3129, 3127, and 3126.

14 DELEGATE WRIGHT: I think it would be appropriate
15 to include 2467.

16 DELEGATE MARSHALL: Why don't we just stick with
17 the --

18 DELEGATE WRIGHT: All right, we'll vote on 3137,
19 3130, 3129, 3127, and 3126. I have a motion and a second. All
20 in favor, say aye. (Ayes). Opposed? (No response). The
21 motion carries.

22 DELEGATE MARSHALL: The two that were pulled, let's
23 take them individually. I make a motion that we accept 3128. I
24 have a motion that we accept Grant Number 3128. All in favor,
25 say aye. (Ayes) Opposed? (No response). That motion carries.

1 And note there's one abstention.

2 DELEGATE MARSHALL: The next we'll approve 3125.

3 MR. OWENS: Second.

4 DELEGATE WRIGHT: I have a motion and a second
5 that we approve 3125.

6 SENATOR RUFF: Is the motion to accept the Staff
7 recommendation?

8 MR. OWENS: I move that we approve the application
9 from Sussex County, \$290,073.

10 MS. GOULD: Second.

11 DELEGATE WRIGHT: Any discussion? Staff have any
12 further discussion or comments? All right, the motion has been
13 made to approve 3125. All those in favor, say aye. (Ayes).
14 Opposed? (No response). That motion is carried.

15 All right. Now, we'll go on to other business.

16 MS. CAPPAS: We have four items, and the first one on
17 the agenda is the Town of Chatham. This is a request for
18 \$437,075, and this was from last fall, and they were told the
19 Commission would table this, and the town was to pursue other
20 avenues of funding, specifically VRA and USDA. This was to have
21 improvements made to the Water Treatment Plant. Apparently,
22 the town had a problem or indicated that they needed to raise
23 their rates. They didn't qualify for certain funding. Due to all of
24 these considerations, the Committee recommended the
25 application be tabled to allow time for other financing options to

1 be explored, including VRA and USDA. That's the bottom line.

2 The next project on the list is the Town of Boones Mill,
3 and this is \$100,000 grant, and they're seeking a one-year
4 extension. There is a balance of \$31,000 remaining in the
5 project account. The town has provided a detailed timeline for
6 the work that is planned. The Staff recommends approval of a
7 one-year extension to January 10th, 2017. The town recently has
8 contracted with an A and E firm on the design of utility upgrades
9 to serve the site. And with another A and E firm for basic
10 documents necessary to be able to issue a design for the building
11 renovation. The town has made progress on redevelopment of
12 the property.

13 The next project on the list is for Mid-Atlantic
14 Broadband Cooperative. This is an older grant from January of
15 2012. There's a lot of history on this one. Previously, you
16 awarded a \$2.5 million grant, the Southside program. The
17 Commission approved in September of 2012 \$1 million from this
18 grant to support the Genome Center. In May of 2014, when the
19 Genome Center did not come to fruition, the money was
20 transferred back to Grant Number 2467 to support several
21 identified capital improvement projects, including tower
22 construction.

23 Two of the tower sites have been delayed and MBC is
24 requesting an additional six months to complete the work. MBC
25 has requested that the Commission allow for any balance

1 remaining in this grant to be reallocated to support capital costs
2 for this new project. Staff recommends approval of a one-year
3 extension to January 10, 2017 and approval for any of the
4 remaining funds to support the Dynamic Spectrum Project.

5 DELEGATE MARSHALL: Sarah, what is the balance?

6 MS. CAPPs: In the Special Projects request, they
7 estimate it about \$320,000, but speaking with MBC staff last
8 week, it's going to be less than that.

9 DELEGATE WRIGHT: Ted, would you step forward.

10 MR. DERISO: Good morning, I'm Ted Deriso with Mid-
11 Atlantic Broadband. I believe the question was the balance. The
12 balance for Grant 2467 was \$320,000, as indicated in our
13 application. Part of that tower work is with Microsoft, and we
14 agreed to do a tower in Bedford County, and the county is paying
15 50 percent of the installation costs. We also had a tower
16 identified in Saxe in Charlotte County, and I think that permit has
17 just been approved by Charlotte County. Overall, I think we're
18 probably a little closer to the \$250,000 remaining out of that
19 320.

20 MS. CAPPs: The \$320,000 was a reference to the
21 dollar amount that had been identified in the Special Projects
22 allocation.

23 DELEGATE MARSHALL: Let's try to go through the
24 numbers. The \$250,000 will be re-allocated to the Wireless
25 Broadband Excess.

1 MR. DERISO: Right.

2 DELEGATE MARSHALL: Special Projects, \$300,000?

3 MR. DERISO: Yes.

4 DELEGATE MARSHALL: What other funds have you
5 got, did TROF put any money in this offer?

6 MR. DERISO: No, sir. The Special Projects is \$300,
7 and the 200 request from Southside, and MBC is putting in the
8 rest of the money. We have some donation of equipment for
9 tower construction. The total project value is about \$1.4 million.

10 DELEGATE MARSHALL: Say that again. The total is
11 \$1.4?

12 MR. DERISO: Yes.

13 DELEGATE MARSHALL: The Commission is going to
14 put up roughly half of that.

15 MR. DERISO: No, the Commission is putting up 500
16 for the new grant, 2467.

17 DELEGATE MARSHALL: About half.

18 MR. DERISO: Yes.

19 DELEGATE MARSHALL: Back to Special Projects, you
20 gave us a diagram of these sites, Halifax, Charlotte, and
21 Campbell Counties. Do we still have the same number of sites
22 since we're allocating this extra \$250,000, do you still have the
23 same number of sites?

24 MR. DERISO: We have 16, and we're talking to VIR
25 about putting a site at their location, the water tower, and we've

1 worked with the Service Authority. The site at Southside Virginia
2 Community College in Keysville. We have coverage on that.

3 MS. CAPPs: With the Special Projects application, this
4 is all tied in.

5 DELEGATE MARSHALL: Thank you.

6 DELEGATE WRIGHT: Can you give us an update as to
7 how you think the service will be coming along as far as other
8 counties in Southside? I'm concerned about Amelia, Lunenburg,
9 and counties like that.

10 MR. DERISO: We're making progress, not just with
11 the Microsoft team. There are seven executives in five states
12 that are working on this project for Virginia, and we anticipate
13 this will be a major step forward. They're also working with a lot
14 of folks that have to be included in this to make it all work.

15 We're trying to enable that last mile broadband, and
16 that's within our business model. We're very well engaged in
17 trying to figure all this out because it's part of our mission to
18 bridge the digital divide, and we're working in a partnership with
19 Microsoft, and we're doing public and private partnerships along
20 with Microsoft and expanding to other counties. We're just trying
21 to get more broadband and cover more households, but it's not
22 an easy task.

23 DELEGATE WRIGHT: I have discussions probably
24 weekly about these problems and service and broadband in my
25 area and questions about it. I would ask you to keep us apprised

1 of what's going on in this field. And this last mile is very
2 important to rural areas.

3 MR. FEINMAN: Ted, do you mind sharing with us, can
4 you discuss the business model?

5 MR. DERISO: Basically, the business model is MBC of
6 the captivity to the power sites and the students and families and
7 other people that have a connection have this small box, it's like
8 a small book, and they put it in their window and pick up the
9 signal and try to have a Wi-Fi connection within the home. They
10 can use laptops or whatever Wi-Fi device they have available at
11 home and access educational content, and that's provided at zero
12 cost, and it's a good way to doing the project. That means that a
13 student could have many hours of videos. They can do this
14 without costing a penny.

15 On the commercialization side, we'll be visiting with
16 our private sector ISPs to be able to deliver internet services.
17 So, if somebody wants to go to Netflix or buy something at
18 Amazon, they can sign up for a daily pass or pay for use or per
19 month or all different variations to try to figure that out. Overall,
20 we think it's really a creative public partnership on the flexibility
21 side of the access. In our areas, you have many families that
22 can't afford many of these things. So, we're trying to solve that.

23 MR. OWENS: Has the technology at this point, you
24 can do these things?

25 MR. DERISO: Absolutely, and I can say with all

1 confidence, and the reason I say that we just had a lender review
2 or lenders provided proposals to us. Microsoft has helped us in
3 the evaluation of that, and they're employing the same type of
4 system all over the world. This is in the Philippines, Africa,
5 Canada, South America, Asia, in the Pacific, and parts of Europe.
6 It's good technology, and recent rulings by the SCC has also
7 allowed a higher power within that spectrum. That happened
8 about two or three months ago.

9 Another recent ruling from the SCC, they will be
10 setting aside unlicensed spectrum in the future, projects like this.

11 MR. OWENS: What kind of market penetration are
12 you planning on having, is it like a prototype?

13 MR. DERISO: In the springtime, the Microsoft team is
14 working with us trying to get what's called a first hundred
15 families connected, and that'll be in the March/April timeframe,
16 and we hope to have a few power sites up and running for that
17 project. And then at that time, the SCC hopes to come down and
18 see how this works, see the impact on schools and the
19 communities, and we hope to have the system up and running
20 later on in the fall of 2016.

21 DELEGATE MARSHALL: Ted, we were talking about
22 this in Special Projects. Basically, it has to be about tree line and
23 doesn't necessarily have to be a tower, the cell signal, how far
24 does it go out?

25 MR. DERISO: We anticipate about five miles from the

1 site. The nice part about this technology, current regulations
2 allow to 100 feet, it can't be any higher than that. Anticipating
3 five miles out, and about a year or so ago, we worked with
4 Danville and had a customer pick it up in six miles, so we're
5 hoping to see anything between three and five miles.

6 DELEGATE MARSHALL: Three to five miles?

7 MR. DERISO: Yes.

8 MR. CANNON: What's the capacity for a home?

9 MR. DERISO: Capacity is anywhere from about one
10 megabit to four megabits with the current technology. As that
11 technology develops and it's a software upgrade and you don't
12 have to replace radios to run that.

13 MR. CANNON: What about small businesses?

14 MR. DERISO: It would for small businesses with the
15 DSL, are capable of about \$50 a month, maybe \$40 to \$50 a
16 month, but probably not a good replacement for that. Anybody
17 using a high speed internet connection at a very affordable rate,
18 at least that's the target.

19 DELEGATE WRIGHT: This particular product will work
20 for the entire region, although there's been some reservations
21 about it. We need to keep up with this because this is very
22 important for everybody. There's still a lot of rural areas that
23 don't have access to it. We appreciate everything you've done.
24 Thank you.

25 MS. CAPPS: The fourth project under Other Business

1 is the Town of Farmville, Regional Aquaculture Processing
2 Facility, asking for \$194,000. That was awarded last year. This
3 grant was approved in January of 2015, contingent on the town
4 engaging an engineering firm to address site development
5 requirements including wetlands delineation. It also included a
6 time-limited contingency on this grant for the town to construct
7 the facility being committed by September 1 of 2015 for
8 construction of the building. There was also an Agribusiness
9 grant awarded at the same time, I believe that was a \$200,000
10 item, also from January of 2015 and had the similar time limit to
11 secure funding for percentage of the building.

12 The Staff had asked for updates on this. I understand
13 the funding has not been secured. Also, there's a gap, I believe
14 with the engineering. We're also missing some updates, and the
15 town indicates no progress has been made on the engineering
16 and they're looking at different building site options.

17 So, with all these problems and the inability to secure
18 all the funding needed, so it is being suggested that the applicant
19 refile when the plans for the facility have been completed. So, at
20 this time, the time limited contingency has not been met per the
21 terms of the grant agreement, and the grant will be rescinded.
22 Staff recommends no further action.

23 MR. PFOHL: Mr. Chairman, just as a footnote to that,
24 when the Staff contacted the town to get an update on that
25 September 1st contingency, they initiated a flurry of conversation

1 the last several weeks, particularly the last few days. The Town
2 of Farmville wanted to express they're very much behind this
3 project. They've asked in writing to us that we consider and the
4 Committee consider removing the September 1st, 2015
5 contingency and give this grant the normal three-year project
6 period. I wanted to make sure Committee members are aware
7 of that.

8 DELEGATE WRIGHT: Anyone here from Farmville that
9 would like to speak?

10 MR. BANKS: Good morning, Mr. Chairman. I'm Tony
11 Banks, Virginia Farm Bureau Federation. We've been working
12 with the Virginia Aqua-Farmers Network since about 2004 on a
13 variety of projects.

14 As an update and part of the reason, but let me
15 apologize on behalf of Dr. Blackwood, who was the chair of the
16 Virginia Aqua-Farmers Networks. He did intend to be here today.
17 However, he had an urgent consult with one of his patients in his
18 practice, but he did prefer to be here and asked me to attend.

19 With request to the extension request, part of the
20 reason the Aqua-Farmers Network is going back and revisiting
21 the business plan is because, and in conversations with at least
22 one commercial lender in a private equity interest, those parties
23 have asked for more financial numbers and an additional proof of
24 concepts. In response to that, the Aqua-Farmers Network earlier
25 this year requested and later approved for a \$100,000 grant

1 from the USDA Agriculture Marketing Service to evaluate this
2 project underway. The Aquafarmers Network is contracted with
3 Virginia Tech, validating those recipes and will be participating to
4 verify which recipes show the greatest potential. Once that is
5 accomplished, the numbers that some of the potential lenders
6 have asked for will be able to validate the numbers for them at
7 that time. Then based on that information, the organization and
8 Town of Farmville may look at a different sized facility, perhaps
9 smaller.

10 The Aqua-Farmers Network have their own track with
11 respect to in trying to move forward and once more information
12 is sought.

13 DELEGATE WRIGHT: Any questions? Does the Staff
14 have any further comments or information based on this or
15 recent conversations?

16 MR. PFOHL: Mr. Chairman, I think we felt like we
17 needed to inform you this was a grant offer made a year ago and
18 if you're going to rescind the grant, \$194,000, to Prince Edward
19 County and their allocation.

20 MR. FEINMAN: I'll just remind the Committee that the
21 staff doesn't have, based on a prior application, any new
22 application by the town and ask to be judged on the same
23 merits.

24 SENATOR RUFF: When did you expect the study to be
25 completed?

1 MR. BANKS: This spring. Most numbers include the
2 cost of manufacturing this coming summer maybe. The timeline
3 now that was provided to staff in response to their request and
4 begin construction December 1st, 2016. But the study would be
5 completed in the spring or early summer in order to meet that
6 timeline. With the short timeline and the equity firms and all
7 that in terms of the funding, maybe about 90 days, the equity
8 firms and working with the organizations, we are confident it can
9 be turned around in about 90 days.

10 SENATOR RUFF: The question in my mind is will the
11 study give you some solid numbers, when we approved it our
12 meeting that sometime in 2016 you won't be harmed in any
13 way?

14 MR. BANKS: You mean if the Commission were to
15 consider a new application?

16 SENATOR RUFF: Yes.

17 MR. BANKS: It could delay, and I believe the Aqua-
18 Farmers group is committed, and if there's a potential to have to
19 return to the Commission and reapply, but they do intend to
20 come forward next time with private money lined up. So, we
21 could probably expect a couple of months delay, at least moving
22 forward.

23 SENATOR RUFF: This was approved last January.
24 What would be the requirement that it be signed by --

25 MR. PFOHL: You're testing my memory. I think staff

1 was of the opinion that if it had been the primary funder of the
2 Aqua-Farmer's network over the last several years and because
3 the Aqua-Farmer's Network is a private enterprise, we felt that it
4 was time to raise the bar, so to speak, in terms of them bringing
5 the project to fruition. And if they were not able to do so in that
6 timeframe, we could free up that money for another project with
7 Southside Economic Development.

8 DELEGATE WRIGHT: Any further comments you'd like
9 to make?

10 MR. BANKS: No, sir. Thank you for the opportunity
11 to appear before you.

12 DELEGATE WRIGHT: We have 2967, 2308, 2467, and
13 2922. Any further discussion or comments?

14 SENATOR RUFF: I'd like to pull 2972 out of the block.

15 DELEGATE WRIGHT: 2972 out of the block. Then
16 we'll vote on 2967, 2308, and 2467.

17 MR. OWENS: I move we accept the staff
18 recommendation.

19 DELEGATE MARSHALL: I'll second.

20 DELEGATE WRIGHT: We have a motion and a second.
21 All those in favor, say aye. (Ayes). Opposed? (No response).
22 All right, that is approved.

23 Now, 2976.

24 SENATOR RUFF: Mr. Chairman, I don't know how well
25 along this project is. I believe they've been given a couple of

1 years to get this thing before. So, I'd make a motion that we
2 extend it until September of 2016.

3 MR. MERRICKS: I think there was \$5 million.

4 DELEGATE MARSHALL: Your motion is to extend it
5 through Southside Economic Development?

6 SENATOR RUFF: What is the amount for
7 Agribusiness?

8 MR. PFOHL: Two hundred thousand.

9 DELEGATE WRIGHT: I think there's been the same
10 discussion in the Agribusiness Committee.

11 MR. OWENS: We have a motion, I'll second it.

12 DELEGATE WRIGHT: Motion is made and seconded
13 we extend this until September of 2016.

14 MR. OWENS: It looks there's a lot of holes in the
15 obligation. If due diligence is done, they made a
16 recommendation, then let them come back, we can deal with it
17 then.

18 DELEGATE MARSHALL: Is that a substitute motion?

19 MR. OWENS: Well, I move we accept the staff's
20 recommendation and let them come back once they get all the
21 information and they can submit again.

22 MR. MERRICKS: I think I'll second that, and I heard
23 the gentleman say if you went through a reapplication, probably
24 slow down the project two or three months. If they wait this
25 long, I don't think that's going harm the project and they can

1 come back and have everything in order.

2 MR. FEINMAN: The Committee doesn't have to take
3 any action. The Committee only needs to take action to
4 terminate.

5 DELEGATE WRIGHT: Well, if the substitute has
6 withdrawn, we'll vote on the --

7 MS. FEINMAN: Or you can take action. It's
8 procedurally.

9 DELEGATE WRIGHT: We're on the motion, that's on
10 the floor. Substitute motion. All those in favor of the substitute
11 motion, say aye or say yes. (Yes). Opposed no? Go ahead and
12 call roll.

13 MR. FEINMAN: Mr. Cannon?

14 MR. CANNON: No.

15 MR. FEINMAN: Delegate Edmunds?

16 DELEGATE EDMUNDS: No.

17 MR. FEINMAN: Ms. Gould?

18 MS. GOULD: Aye.

19 MR. FEINMAN: Ms. Carter.

20 MS. CARTER: Aye.

21 MR. FEINMAN: Delegate Marshall.

22 DELEGATE MARSHALL: Aye.

23 MR. FEINMAN: Mr. Merricks?

24 MR. MERRICKS: Aye.

25 MR. FEINMAN: Mr. Owens.

1 MR. OWENS: Aye.

2 MR. FEINMAN: Senator Ruff.

3 SENATOR RUFF: No.

4 MR. FEINMAN: The ayes have it, Mr. Chairman.

5 DELEGATE WRIGHT: Thank you very much. That
6 completes the applications.

7 MR. PFOHL: Mr. Chairman and members of the
8 Committee, over the years we've done a second Southside
9 Economic Development round in the springtime and bring it up at
10 the May meeting, and we seek your direction today as to do we
11 want staff to announce an application due date on or about
12 March 1st for the May board meeting?

13 DELEGATE MARSHALL: How much allocation is left?

14 MR. PFOHL: Some don't have much and some have
15 substantial.

16 DELEGATE WRIGHT: Well, any comments on that?

17 Well, then the Staff will send out the notices. Thank
18 you.

19 Any public comment? If not, then the meeting will be
20 adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Region Revitalization Commission, Southside Economic Development Committee Meeting**, when held on Monday, December 7, 2015, at 10:30 o'clock p.m., at the Institute for Advanced Learning & Research, Danville, 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 January, 2016.

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

MY COMMISSION EXPIRES: October 31, 2014.