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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southside Economic Development Committee Meeting

Wednesday, December 14, 2016
11:00 o'clock a.m.

Hotel Roanoke & Conference Center
Roanoke, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
4914 Fitzhugh Avenue, Suite 203
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1 APPEARANCES:

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

3 The Honorable Edward Owens, Vice Chairman

4 Mr. John R. Cannon

5 Delegate James Edmunds

6 Ms. Mary Rae Carter

7 Mr. John Holland

8 Mr. Donald W. Merricks

9 Mr. Robert Mills

10 The Honorable Frank M. Ruff

11

12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director

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

15 Ms. Sarah K. Capps, Grants Program Administrator -

16 Southside Virginia

17 Ms. Sara G. Williams, Grants Program Administrator -

18 Southwest Virginia

19 Ms. Stacey Richardson, Executive Assistant

20

21 COUNSEL FOR THE COMMISSION:

22 Ms. Elizabeth B. Myers, Assistant Attorney General

23 Richmond, Virginia 23219

24

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1 December 14, 2016

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3 DELEGATE WRIGHT: I'm going to call the meeting of
4 the Southside Economic Development Committee to order. The
5 first order of business will be roll call. I'll ask the Executive
6 Director to call the roll.

7 MR. FEINMAN: Thank you, Mr. Chairman.

8 Mr. Cannon.

9 MR. CANNON: Here.

10 MR. FEINMAN: Delegate Edmunds.

11 DELEGATE EDMUNDS: Here.

12 MR. FEINMAN: Ms. Gould.

13 MS. GOULD: (No response).

14 MR. FEINMAN: Ms. Carter.

15 MS. CARTER: Here.

16 MR. FEINMAN: Mr. Holland.

17 MR. HOLLAND: Here.

18 MR. FEINMAN: Delegate Marshall.

19 DELEGATE MARSHALL: (No response).

20 MR. FEINMAN: Mr. Merricks.

21 MR. MERRICKS: Here.

22 MR. FEINMAN: Mr. Mills.

23 MR. MILLS: Here.

24 MR. FEINMAN: Mr. Owens.

25 MR. OWENS: Here.

1 MR. FEINMAN: Senator Ruff.

2 SENATOR RUFF: Here.

3 MR. FEINMAN: Senator Stanley.

4 MR. STANLEY: (No response).

5 MR. FEINMAN: Delegate Wright.

6 DELEGATE WRIGHT: Here.

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

8 DELEGATE WRIGHT: Thank you. Delegate Marshall,
9 was he going to participate by phone, is that correct?

10 MR. FEINMAN: What he indicated to me was that he
11 was going to be in a meeting that he was chairing.

12 DELEGATE WRIGHT: Thank you. Next on the agenda
13 is the approval of our minutes from September 19th, 2016.

14 MR. MILLS: So moved.

15 MR. OWENS: Second.

16 DELEGATE WRIGHT: It's been moved and seconded.
17 All in favor, say aye. (Ayes). Opposed? (No response). The
18 minutes are approved.

19 I'll now call on Sarah to give us our grants. Before I
20 do that, I want to say welcome to everyone and it's nice to have
21 everyone here this morning. We want to get our business done,
22 and I'll wish you a Merry Christmas.

23 MS. CAPPS: Mr. Chairman and members of the
24 Committee, we received five applications for funding for our fall
25 application cycle. There was some moving parts and changes

1 from the original submissions, and I'll quickly give you an
2 overview of those and then get into the specifics of the projects.

3 One of the requests was from Halifax County IDA.
4 They withdrew that, so you won't be acting on that.

5 As far as other changes, the request from the Town of
6 Blackstone originally was submitted for a \$650,000 grant
7 request, and that request has been revised to the \$5 million loan
8 request.

9 And then the other change is the Brunswick County
10 IDA, the original request was for \$125,000, and that's been
11 revised to request a \$347,000 grant.

12 The first project on the list is from Appomattox
13 County, is a request for the full balance of their allocation for
14 \$58,537. The request is to support some engineering work, and
15 they want to construct a new road and primarily to support a
16 new company, Xpress Natural Gas. This is a project that we
17 approved for a trial application. This includes some private
18 capital investment and 26 jobs. The application is matched with
19 funding from the VDOT Economic Development Access Funds,
20 and the roadwork will be to where the company will locate.

21 Staff supports this request, and we're recommending
22 approval of the grant award of \$58,537.

23 DELEGATE WRIGHT: The Committee has heard the
24 Staff recommendation. Are there any questions? If not, I'll
25 entertain a motion.

1 MR. MILLS: Move we accept the Staff
2 recommendation.

3 DELEGATE WRIGHT: It's been moved and seconded
4 we accept the Staff's recommendation. Any discussion? All
5 right. All in favor, say aye. (Ayes). Opposed, no? (No
6 response). The motion carries.

7 MS. CAPPS: The second project on the list is from the
8 Town of Blackstone. This is The Gables at Blackstone, LLC. This
9 is Grant Request Number 3239. This request is to support the
10 development of the, what is referenced as the VUMAC facility.
11 This will be in Blackstone, converting it to a hotel. This was built
12 in the 1920s that a private developing group is interested in
13 developing. The demand for that hotel is coming from the U.S.
14 Department of State Foreign Affairs Security Training Center,
15 referred to as FASTC. This will be built at Fort Pickett. That
16 facility is a \$417 million investment by the Federal Government,
17 and it's a consolidation of training for the State Department. And
18 this will result in an estimated demand for at least 350 rooms a
19 day, and currently there's a major gap in that area.

20 The application includes a letter from the U.S. General
21 Services Administration. This will involve \$8.1 million worth of
22 spending as a result of all this. Originally, this was requested as
23 a grant. After much discussion, the better option for the
24 Commission is that this would be considered a loan. The town
25 has revised their request for the loan.

1 The Staff is in support of this revised request and that
2 this be referred to VRA for a loan credit analysis.

3 DELEGATE WRIGHT: All right. Any questions?

4 MS. CARTER: My question is more toward the loan
5 and the process. I'm not sure I have a grasp of what we're
6 doing.

7 MR. FEINMAN: What we actually discussed is there's
8 two limiting factors on this loan. The first is whatever VRA's
9 credit analysis comes back as. And the second is the amount of
10 money that happens to have been earmarked. There are some
11 other loans that have been referenced as being eligible to draw
12 down that \$5 million initial allocation.

13 So, what we've discussed with the partners that are
14 doing the project, is eventually saying you're authorized up to
15 two numbers, whichever is the lesser. Your credit rating and
16 whatever at the time that when you are eligible for receipt of the
17 loan, having completed the earlier process, there's less in that
18 account.

19 So, this is sort of an effort to move things along.
20 There may be one or two projects that are ahead of that, that
21 actually get first, and there may not be. VRA is struggling
22 somewhat under the requirements, and they're working on a
23 variety of different projects and focusing on other things. We're
24 finding that their analysis is moving slowly. We want to
25 authorize this first as much as we had. Essentially what we're

1 saying is that whenever this is complete through the VRA
2 process, whatever is in that account, they'll be eligible for, and
3 we'll explain that to VRA.

4 If we get to May, or if it turns out the funds are really
5 inadequate, then what we'll do with the new budget, we'll have
6 to accommodate loans that we have already made. I don't think
7 that's going to be very likely, and a lot of these projects either
8 turn out not to be particularly credit-worthy, or that they're so
9 complex that VRA, or get money to go straightforward.

10 A hotel is somewhat speculative, and I understand
11 there's a certain guaranteed number of roommates per week,
12 and that's somewhat less speculative. And I think you'll find this
13 to be very straightforward.

14 DELEGATE WRIGHT: Does VRA want to consider
15 these loans as they come to them, or they want to consider the
16 quality of the application?

17 MR. FEINMAN: Yes. VRA certainly begins working on
18 loans the moment they get it. Part of the work that they do is to
19 try to determine how creditworthy is this project. And so, that's
20 a different box on the various loans. What we have told them is
21 don't hit the brakes on a project that's ready to roll because
22 they're still working on somebody's that hit the desk earlier just
23 because it's more complex.

24 As soon as they've deemed an applicant as
25 creditworthy and ready to draw down the loan that they will

1 withdraw from VRA regardless of when they got in the process,
2 because there's so many projects, it's just going to take a longer
3 for VRA to get their arm around it.

4 DELEGATE WRIGHT: It seems like that for the short
5 period of time that we have actually had this loan programmed,
6 we've had good response to it. Wouldn't it be natural to assume
7 we're going to have to put more money in it?

8 MR. FEINMAN: We certainly will.

9 DELEGATE WRIGHT: For instance, the town like
10 Blackstone, they've got this application in for \$5 million and their
11 creditworthiness starts to improve. And at the time, they made a
12 decision they only had two-and-a-half million, would their past
13 two-and-a-half million remain there until such time as it's
14 funded, or how would that work?

15 MR. FEINMAN: I think what we do in that instance
16 and the special projects needs to get moving on a somewhat
17 accelerated timeframe. They withdraw down the two-and-a-half
18 that's there, and I think they go to the private capital market and
19 carry on. They're planning on setting on \$6 million, I believe, of
20 permanent debt. And if they have two-and-a-half million from us
21 at two percent, that would make their funding rate even if they're
22 going to the private market for the other portion of it significantly
23 lower than it would be otherwise.

24 DELEGATE WRIGHT: I like that response, and the
25 town is before us, I think they'd like to say something.

1 Good morning.

2 MR. VANNOORBEECK: Good morning, I'm Philip
3 Vannoorbeeck, and I'm the Town Manager in Blackstone. And we
4 appreciate your time this morning in the presentation, and
5 Senator Ruff and Delegate Wright.

6 This is the economic development engine that drives
7 the Town of Blackstone, and specifically Fort Pickett. It'll bring in
8 eight to ten thousand students at a minimum during the course
9 of the year. Sarah and Tim obviously went through all the data,
10 and the gentleman making the proposals are here. We do need
11 to do this, and we don't need to have a derelict building in the
12 middle of our town obviously. The largest building in the town.

13 I'm not familiar with the loan application process and
14 it's new for me and may be new for you guys, too, and the
15 gentlemen doing the project. We do appreciate everything you
16 do for us.

17 In the month of May, if we are able to, and as I
18 understand it, we may be able to come back or they may choose
19 to go into the private capital market. But anything that we are
20 eligible to receive through this process, we would like to do that.
21 I think we understand, and there are other people in the pipeline,
22 and we don't want to push them out and I don't think it's your
23 intention to do so. We'll work very closely with Stephanie Hamlet
24 and her group and do the best we can and hopefully we can get a
25 project that will make everybody very proud and beneficial to us.

1 DELEGATE WRIGHT: Is it your intention now knowing
2 that the less than five million in the next several months --

3 MR. VANNOORBEECK: After discussions with Staff,
4 and I think we understood it was going to be somewhere south of
5 \$5 million, and I think the alligator that eats the number and we
6 understood it would be something less.

7 We do have some hard dates starting in February.
8 We're going to have to have a closing on property, and we have
9 to have this for the property to transact, so we're going to have
10 to have resolution there. We have some other sources that we're
11 investigating and working on and we hope to be able to put it all
12 together. If you don't have a number and we don't have a
13 number, but we're going to find out what that number is and if
14 there's other sources to work with, then we come back to you
15 next year, we may do that, as well.

16 DELEGATE WRIGHT: You mentioned the two-and-a-
17 half million, would they also have an option of making another
18 application?

19 MR. FEINMAN: Certainly, I don't think there's
20 anything that would prevent them from coming back to us. On
21 this project, they're going to have a base built and it'll take many
22 months as new events crop up, or if their financing goes in a
23 different direction, they can certainly come back.

24 MR. VANNOORBEECK: And that may be the case. If
25 springtime comes and we see some things and we have some

1 communications with Sarah and Tim and the developer, we may
2 be back to you guys and come back for some gap financing or
3 differences for shortcomings or additional phases or a larger
4 project.

5 So, I would anticipate we will come back to see you at
6 some point about something, but what that is right now, I'm not
7 really sure. We do appreciate your indulgence and anything you
8 can do for us would be appreciated. Thank you.

9 DELEGATE WRIGHT: Senator Ruff has some
10 questions.

11 SENATOR RUFF: Phil, can you sketch out a timeline
12 for this project?

13 MR. VANNOORBEECK: I'm going to ask Zac Frederick
14 who is with the Frederick Development Corporation to assist with
15 that. I can tell you what I think, but he's going to tell you what
16 he knows.

17 MR. FREDERICK: The contract just got extended until
18 February 15th, and at that time, we'll close and hopefully begin
19 construction, and that'll probably take about eight months. We
20 think maybe service about September 1st.

21 SENATOR RUFF Thank you. There's a couple of things
22 I wanted to challenge. One is Sarah made reference to an old
23 building. Was this a state-owned building? Don't want anybody
24 to be misled by that term.

25 And, Evan, I think you used the term speculative.

1 Currently with the people are staying from South Hill to Farmville
2 because there aren't enough rooms available in the Blackstone
3 area right now. I think it's a guarantee that you're going to need
4 the rooms, but if FASTC was to come to a dead stop today,
5 there's still going to be a need.

6 MS. CAPPAS: My reference to old was in reference to --

7 SENATOR RUFF: Oh, yes (laughter).

8 DELEGATE WRIGHT: Senator Ruff is exactly correct.

9 Just with this property alone, there's still going to be a
10 tremendous need, so it's not like this will take the entire need.

11 DELEGATE EDMUNDS: What's the VRA's due
12 diligence? Do they bring a report back to us to say this qualifies?
13 Would we then have to approve the loan?

14 MR. FEINMAN: No, the motion that we'll make here
15 today will be all the action this Committee needs, and we get
16 updates from VRA, and I anticipate presenting those at the mid-
17 May meeting, sort of a one-year end, and here's an example.
18 The advantage of this is that we purposely, that it doesn't have
19 to come to us, and then go to them, and then come back to us.
20 Because from a timing standpoint, it would slow down the
21 project, and we don't need that.

22 MR. MERRICKS: In other words, we're relying totally
23 on what they tell us, what they say to us as far as
24 creditworthiness. We're not getting into the credit, the kind of
25 banker I am, we won't get a chance to look at the numbers. But

1 then is somebody going to be looking at the numbers and look at
2 the debt service and the collateral and all that is in place?

3 MR. FEINMAN: VRA does that in their regular course
4 of business. We are relying on them to do it, and we're not
5 duplicating their analysis in-house, but that is their business, and
6 we're paying them to do it. And that agency, I believe, has a
7 pretty good record, so I think we can count on their word.

8 DELEGATE WRIGHT: You mentioned that the process
9 or is there anything that we can do to help this process move
10 smoothly along, we're depending on VRA?

11 MR. FEINMAN: Yes, what we're doing is we're kind of
12 leaning on them. I think this applicant will move more quickly,
13 and one of the reasons I'm optimistic about that and sort of
14 jumping the line, and they have a very tight detailed business
15 plan with a lot of milestones and dates. They already have 99
16 percent of the answers to the questions that VRA will have, which
17 is why I anticipate them moving through the process more
18 swiftly. While they're all, or maybe not quite as organized, and
19 when they have to go hunting for X, Y, and Z documentation, I
20 don't believe that'll be an issue with VRA.

21 DELEGATE WRIGHT: Thank you. Any further
22 comments?

23 MR. MERRICKS: If we do approve the loan, will this
24 be like a construction loan? Are we going to be doing advances
25 while they do the work? Are we getting into construction liens?

1 Is VRA going to do all that?

2 MR. FEINMAN: What they regularly do is water
3 projects. They do a lot of those. And they'll make
4 disbursements for the loans as needed like all the rest of our
5 letters or grants for loans. I don't think that'll be a problem
6 here.

7 DELEGATE WRIGHT: Are we ready for a motion?

8 SENATOR RUFF: Mr. Chairman, I would move that
9 Grant Number 3239, the revision proposed by Staff to, instead of
10 a grant, we're going to have a loan up to \$5 million.

11 MR. OWENS: Second.

12 DELEGATE WRIGHT: We have a motion, and it's been
13 seconded to accept the Staff recommendation. All those in favor,
14 say aye. (Ayes). Opposed, no? (No response). That motion
15 carries.

16 MS. CAPPIS: Mr. Chairman, the next project on the list
17 is from the Town of Boones Mill, which is an Emergency Request
18 to Continue Commercial Revitalization after Severe Weather
19 Damage. This is property that the town owns.

20 The town is in the process of redeveloping. They have
21 a \$1.4 million contract that includes funding from the DHCD's
22 Industrial Revitalization Fund Program, \$600,000, as well as
23 \$200,000 from the Virginia Community Capital. The property is
24 being redeveloped to help attract small businesses. There are
25 two prospects they're working with, they're hoping to create at

1 least 12 new jobs. The second prospect is also planning to
2 create 12 jobs.

3 The town is requesting a \$300,000 grant. As I said,
4 they are requesting \$300,000 from the Commission to support
5 the unanticipated increase to project costs following a 100-year
6 rainfall event in October of 2016.

7 The request from the Commission, as well as other
8 funding, and there's a total of \$489,000 that's needed to keep
9 the contract on schedule. The town has taken on an additional
10 loan through VRA.

11 The Staff considers this a well-leveraged project, with
12 a significant commitment by the town for debt financing in order
13 accomplish their economic development objectives for attracting
14 new businesses to the town. The staff recommends approval of a
15 \$300,000 award.

16 DELEGATE WRIGHT: Any questions from the
17 Committee?

18 SENATOR RUFF: Have we put any money into this
19 project before?

20 MS. CAPPS: We have. We have two previous grants
21 into the larger property, \$100,000 grant towards master planning
22 and demolition of the old building, North American
23 Manufacturing, that property.

24 We have one grant towards the master plan. That's
25 \$100,000.

1 The second grant for \$238,000. That's a total of
2 \$338,000 total.

3 DELEGATE WRIGHT: Any further questions? Do you
4 have a question, Senator Ruff?

5 JUDGE RUFF: No, I don't have a question. I was just
6 thinking through this process.

7 SENATOR RUFF: I move we accept the Staff's
8 recommendation on Grant Number 3238.

9 MS. CARTER: Second.

10 DELEGATE WRIGHT: We have a motion and a second
11 to accept the Staff's recommendation. All those in favor, say aye
12 (Ayes). Opposed? (No response).

13 MS. CAPPS: The next project on the list is Brunswick
14 County IDA. This is for the Build-Out for Prospect at the Old
15 Southern State Warehouse building. The original request was for
16 175,000, and the county has requested an increase to \$375,000.
17 This is the old Southern States Warehouse building. This is a
18 12,000 square foot building.

19 The original request was to renovate 3,000 square
20 feet for a prospect. Because of the size of the equipment for the
21 production lines and after working with the county, it was
22 determined that additional space would be needed. It's been
23 decided to renovate 6,000 square feet to allow this very long
24 linear production equipment that is similar in design to
25 equipment in operation in Europe. That brought along an

1 increase in the funding request.

2 The IDA has put in money in the renovation and
3 engineering costs. This was updated yesterday, and there is a,
4 the private company is investing 130,000. The Lake Country
5 Development Corporation is supportive of this project. There's a
6 solid business plan. They are located adjacent to the Tobacco
7 Heritage Trail, and there's a significant market opportunity and
8 potential for growth.

9 The Staff is recommending an award of \$347,000 for
10 no more than 50 percent of the facility engineering and
11 renovation, costs, contingent on the prospect company securing
12 all necessary funding for equipment and operating capital and
13 committing to a multi-year lease.

14 DELEGATE WRIGHT: Any questions?

15 SENATOR RUFF: Is this contingent on the companies
16 saying they're coming, or are we saying we're going to do it and
17 then hope that they will sign?

18 MS. CAPPS: The release of any grant funds would be
19 contingent on a commitment to a multi-year lease, as well as
20 their securing the financing. Is that sufficient?

21 SENATOR RUFF: I think so. This is a prospect, or are
22 we talking something that is specific for one industry? I question
23 our wisdom here unless they sign first.

24 MS. CAPPS: We intended to cover that with the
25 requirement for the multi-year lease.

1 SENATOR RUFF: Thank you.

2 DELEGATE WRIGHT: Does the Committee
3 understand? Any questions or answers needed? Senator Ruff is
4 right, they start this multi-year lease, and that's before the
5 monies are extended to support the contingency.

6 Any further questions?

7 MR. OWENS: I move we accept the Staff's
8 recommendation.

9 DELEGATE WRIGHT: We have a motion and a second
10 that we accept the Staff recommendation. All those in favor say
11 aye. (Ayes). Opposed? (No response). Motion carries.

12 Now, we've got some other business.

13 MS. CAPPS: We have three grants that are included
14 under other business. The first one I'll list is the Mid-Atlantic
15 Broadband Corporation, which is Grant 2467. They're asking for
16 a six-month extension in order to complete construction of two
17 towers. So, the Staff recommends approval of a six-month
18 extension until July of 2017.

19 Well, as a little background, when this grant was
20 originally awarded, it was awarded back in January of 2012,
21 however, funds were transferred out of the grant to support the
22 sequencing project, which ultimately did not work out, so that
23 the funds were transferred back into the grant. So, this is just to
24 allow MBC time to complete the work.

25 DELEGATE WRIGHT: Any questions?

1 Is Tad here? Please come forward.

2 MR. TAD DERISO: I'm Tad Deriso, Mid-Atlantic
3 Broadband.

4 DELEGATE WRIGHT: Would you just briefly explain
5 how this process is working?

6 MR. DERISO: Sure. So, this is a project, if you
7 remember, we partnered with Microsoft to deploy a first of its
8 kind, TV white space project for Charlotte and Halifax County, as
9 well as the, a little bit of Campbell County, and Brookneal. The
10 grants were used to build towers to allow the wireless equipment
11 to serve households and people, for broadband activity, and also
12 to build the towers and purchase the electronics that are used in
13 both counties. So, about twelve hundred households in total
14 would be connected.

15 The reason we asked or requested, we've had some
16 delays for two of the towers that we're trying to build, and that's
17 pushed us back a little bit, and we've got to get all the invoices in
18 by January 10th. That's why the request for an extension was
19 made.

20 DELEGATE WRIGHT: You're talking about 1,200
21 customers?

22 MR. DERISO: That is correct. We've increased that a
23 little bit, we're back to using additional funds. I believe the press
24 release was issued yesterday. And now making an investment in
25 Charlotte County. They're going to be the technical resource

1 creating new jobs there, and we're trying to expand the network,
2 because interestingly enough, and we found, we polled all the
3 households in the K through 12 schools, if they wanted to
4 participate in the pilot project, they get some educational content
5 at no cost, which is why this program is unique.

6 The responses we've had back from that were
7 probably about ten percent of the households of the 1,200 says,
8 yes, we want the free service. About 90 percent of the
9 households said, well, that's great if you can give it to us free,
10 but we'll pay something to get regular internet connection, not
11 just educational content. So, that's why we're very excited about
12 this and to help expand the network. Some capital is going to be
13 put in and increasing internet service for households in those
14 areas.

15 DELEGATE WRIGHT: People in our area have been
16 talking about it now, areas like Lunenburg, Nottoway, Amelia,
17 and there's really interest in this, and additional services are
18 needed.

19 My question is what do you think the timeline is when
20 we move past this and people that want the internet service
21 through these towers, when can they get this?

22 MR. DERISO: We anticipate the first phase, which is
23 the majority of the households connected in both Charlotte and
24 Halifax County probably by the spring of 2017. We're working
25 with probably some of the smartest people I've ever seen out of

1 Microsoft and using their technology and expertise for work
2 they're doing around the world to see how we can fix and deal
3 with issues in our region. The bottom line is we've got a lot of
4 smart people working on this and investing time and money to
5 help us and help the region figure that out.

6 I anticipate that first phase will be spring, and
7 probably by the fall of 2017, we'll see an expansion of that, and
8 we'll have some adjoining counties who'll want to participate in
9 this program. Microsoft is ready, willing, and able to expand this
10 and do it in a lot more places, not just in Southern Virginia but
11 throughout the state. And really all it takes is fiber connectivity
12 and towers and a willingness of communities to want to partner
13 up.

14 DELEGATE WRIGHT: What about in-the-home use,
15 that's the question?

16 MR. DERISO: There's a little box, it takes the TV
17 signal, and then it turns it into a Wi-Fi signal, so you have an
18 iPad or a laptop with a Wi-Fi connection and can plug it into that
19 device. The technology is out there today to take a connection
20 from the tower directly into your mobile device or to your laptop,
21 that doesn't exist today.

22 DELEGATE WRIGHT: What would that unit cost?

23 MR. DERISO: It's probably about the size of 8 ½ by
24 11.

25 DELEGATE WRIGHT: Do you get that and pay that on

1 a monthly bill?

2 MR. DERISO: We set it up where there can be a
3 combination depending on what a customer buys. If there is a
4 re-connection, that's what Microsoft and MBC folks will use to
5 basically to subsidize that connection. If they were aiming for
6 service, they can usually work that into some type of monthly
7 payment back to the internet provider. Typically, that's
8 anywhere from five to ten dollars a month.

9 DELEGATE WRIGHT: What would be the hope or the
10 timeline to have this service in the Southside area? This has
11 been going on for a long time and something I get a lot of
12 questions about all the time. I just wondered if I can have any
13 answers for people of the timeline when this is available to the
14 public.

15 MR. DERISO: Sure. So, I would say for the Charlotte
16 and Halifax County that we're doing, we know the geography and
17 we've done all the testing with Microsoft. In the next 12 months,
18 we should have fairly close to ubiquitous coverage, a hundred
19 percent is not going to happen, and that's just very difficult to
20 do, but very close to it, as close to a hundred percent as we can
21 get in the households we've identified.

22 I would say for the other reasons, it really just comes
23 down, I hate to say this, it really just comes down to funding.
24 The technology is there, and we've seen some good results, that
25 this technology reaches about four to six miles from the tower,

1 and that's pretty good speed, we've seen people get eight to ten
2 megabytes per second. That's pretty robust connectivity. Again,
3 the challenge is, is building the tower and infrastructure and all
4 the equipment.

5 DELEGATE WRIGHT: Where is the funding going to
6 come from?

7 MR. DERISO: Well, it could come from you all, and
8 communities would have to, want to partner and we would bring
9 in Microsoft and others if we want to share some costs. Microsoft
10 does this around the world. And typically they're sponsored by a
11 government or a country for higher education institutions and
12 costs to support that and people with technologies.

13 DELEGATE WRIGHT: I've said all that just to say to
14 seek all sources of funding that we can, including the Tobacco
15 Commission. I certainly would be supportive of that endeavor,
16 and we appreciate the job you all have done. This is something
17 that is really needed, and I think it should be a priority for the
18 Tobacco Commission.

19 MR. DERISO: It's great to have a partner such as
20 Microsoft and they have a whole team up in D.C. that's working
21 and have been working for quite a while with the administration,
22 old administration and new administration, about what federal
23 funds can be used to support these projects. Rural broadband is
24 a big, big activity. I know a Congressman in Virginia said that's
25 one of his top priorities for Southside Virginia and Southwest

1 Virginia. Federal, state, Tobacco, private, philanthropy money,
2 we're looking at them all.

3 DELEGATE WRIGHT: Glad to hear that, and thank you
4 for your comments.

5 MR. DERISO: Thank you.

6 SENATOR RUFF: Before you leave, I just want to say
7 I don't understand all the technology, but I do understand
8 geography. And I know where Montvale is. What's the
9 connection with Montvale and Charlotte and Halifax County?

10 MR. DERISO: Montvale is a tower that we had before
11 we had the Grant 2467, and that was a partnership with Bedford
12 County to basically split the costs of that tower 50/50. That was
13 one of the original funds we had. We have additional funds being
14 put toward a tower in Saxe in Charlotte County, currently under
15 construction.

16 SENATOR RUFF: When you first started talking about
17 this, you were talking about smaller towers that would be, could
18 be used rather than the mega towers, has that changed in any
19 way?

20 MR. DERISO: A little bit, in Saxe, it's a little different.
21 We put up a 190-foot tower in Saxe, and looking at the
22 geography in Charlotte County, and we needed to connect that
23 tower, and the closest fiber route was about seven miles away.

24 For us to extend this fiber connection to serve that
25 tower is really not cost effective. So, we needed a higher tower

1 to feed off another tower, and that was beyond Drakes Branch to
2 be able to deliver a gigabyte and to other sites. Typically, you
3 can do that with a hundred and, say, twenty-foot tower, no
4 problem at all. We were testing one on a telephone pole which is
5 about 60 feet. Depending on the geography, sometimes you
6 need a higher tower, not necessarily to covering more people,
7 but to get connected back to other towers.

8 SENATOR RUFF: Mr. Chairman, statewide, one of the
9 greatest challenges that Broadband faces is the regulations
10 control tower sites. Do the smaller towers fit under that same
11 local ordinance, or are they small enough to avoid those
12 challenges?

13 MR. DERISO: At various counties, you need a special
14 use permit, and we've had to do that both in Charlotte and
15 Halifax. I will say both counties have been very receptive and
16 very helpful. Where we've had to go back and change sites
17 based on technical reasons, we've had to do that. But I know
18 some counties have tower ordinances that are incredibly onerous
19 as far as costs and all these restrictions. And we went to that
20 particular county and inquired how can we ever build a tower.
21 The answer was if you need a tower built, come to us with what
22 you need and we'll make it work. I think they just copied the
23 regulation, which happened to be from a county in Northern
24 Virginia, but it can be difficult.

25 DELEGATE EDMUNDS: Is it geographically centered

1 around Halifax, the entire Halifax County?

2 MR. DERISO: The entirety of Halifax, we think from
3 Turbeville, South Boston, up in that direction, so it covers quite a
4 bit, the schools, everything, except cross restraints. Same with
5 Charlotte, all the way up to Red House. Brookneal, Phenix,
6 Drakes Branch, Keysville.

7 DELEGATE WRIGHT: Thank you very much. This is
8 something that's very important to our area for education and
9 economic development and for the well-being of our citizens and
10 something we need very badly. And this Committee has been
11 very supportive of that.

12 If there's no further questions, do we have a motion?

13 MR. MILLS: I move we extend it.

14 DELEGATE WRIGHT: We have a motion and a second
15 to accept the Staff recommendations. All those in favor, say aye.
16 (Ayes). Opposed? (No response).

17 MS. CAPPIS: The next project is a request for an
18 extension by Prince Edward County, this is the Prospect Depot
19 project, it's Grant Number 2623. This was awarded in January of
20 2013. This project was scheduled for construction of the trail
21 head facility at the historic depot and has been largely impacted
22 by other agencies involved with the approval and involving the
23 Federal Highway Administration. This project has been delayed
24 outside the control of the county due to the approval processes
25 and through the sharing of quarterly projects status reports

1 required under the VDOT Enhancement Program.

2 Now, the county has received approval from VDOT
3 earlier this month to proceed with bidding on the revised scope.
4 It's now estimated this can be completed within 12 months.
5 Staff recommends approval of a one-year extension until January
6 8th, 2018.

7 DELEGATE WRIGHT: Any questions?

8 MR. OWENS: I move we accept the Staff
9 recommendation and extend it to January 8th, 2018.

10 DELEGATE WRIGHT: The motion has been made and
11 seconded. Any more discussion? All those in favor, say aye.
12 (Ayes). Opposed, no? (No response). That motion passes.

13 MS. CAPPAS: The last project on the list comes from
14 the Town of Gretna, and this was Grant Number 2624, the
15 Gretna Industrial Site Development project. This grant was
16 approved in January of 2013. Our Executive Director approved a
17 four-year extension that extended the grant through January 8th,
18 2017. It's a \$1.3 million grant. And in order for those funds to
19 remain available, it would require an additional extension.
20 There's been no activity on either grant over the project periods,
21 which included a fourth year extension. Commission staff
22 received an email notification on December 7th, 2016 when the
23 company contacted Staff, notifying Staff of the need for an
24 extension. We forwarded that information to the Town of Gretna.
25 This grant is also tied to a \$4 million R&D grant, and

1 that also expires in January. The Town of Gretna does not feel it
2 had sufficient time, and the town has asked to maybe be allowed
3 to consider the request from the prospect and come back to the
4 Commission in the spring to request an extension.

5 Staff is recommending that the project remain in
6 active status for consideration of an extension request from the
7 town in the spring of 2017.

8 For your reference, the R&D grant is sponsored by
9 Pittsylvania County, and the R&D Committee is not scheduled to
10 meet until the spring.

11 MR. MILLS: I'm not opposed to the extension, and I
12 haven't heard a lot about this or familiar with the activity. I am
13 familiar with the facility and have toured it. None of the monies
14 that have been awarded to them have been used for site
15 development or, in other words, the money is still sitting there,
16 they haven't done anything, is that correct?

17 MS. CAPPs: Correct. This entire grant or the entire
18 amount of money is sitting in the Tobacco Commission funds.

19 MR. MILLS: Has anybody indicated what the holdup is
20 on moving forward with it?

21 MS. CAPPs: I think it's private investment, private
22 investors. The R&D grant requires at least dollar-for-dollar
23 match. As far as the commitment from private investors, there
24 were some legal issues related to intellectual property that
25 apparently has caused some delay. We don't have a lot of

1 information right now.

2 MR. MILLS: I haven't heard anything either, this was
3 kind of a surprise when I heard this.

4 DELEGATE WRIGHT: Any further comments? We
5 have a time element here. We were hoping to get some progress
6 made. Maybe we can get some information in the spring.

7 MR. MILLS: Well, if they haven't moved forward with
8 anything, we really have to evaluate the validity of this. I think
9 we need to give them until spring and they need to be coming
10 back with some type of plan and move them forward on this,
11 because that's a lot of money sitting there being tied up.

12 So, I move that we grant the extension until spring.

13 DELEGATE WRIGHT: We have a motion and a second.
14 All those in favor, say aye. (Ayes). Opposed, no? (No
15 response). Motion carries.

16 So, that follows the Staff recommendation until the
17 spring of 2017.

18 Now, that's all the business we have before us.

19 Is there any public comment? Hearing none, the
20 meeting will be 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 Wednesday, December 14, 2016, at 11:00 o'clock a.m., at the Hotel Roanoke and Conference Center, Roanoke, 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 16th day of December, 2016.

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

MY COMMISSION EXPIRES: October 31, 2018.