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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Special Projects Committee Meeting

Wednesday, September 2, 2015
10:30 o'clock a.m.

Hotel Roanoke & Conference Center
Roanoke, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
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1 APPEARANCES:

2 The Honorable Daniel W. Marshall, III, Chairman

3 The Honorable Kathy J. Byron

4 Mr. John R. Cannon

5 The Honorable Charles W. Carrico, Sr.

6 Ms. Mary Rae Carter

7 Special Advisor for Rural Partnerships

8 Ms. Missy Gould

9 Ms. Sandra F. Moss

10 The Honorable Edward Owens

11 The Honorable Ralph K. Smith

12 Mr. Robert Spiers

13

14 COMMISSION STAFF:

15 Mr. Evan Feinman, Executive Director

16 Mr. Ned Stephenson, Deputy Executive Director

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

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

19 Southwest Virginia

20 Ms. Sarah K. Capps, Grants Program Administrator

21 Southside Virginia

22 Mr. Benjamin Dawson, Grants Assistant

23 Southside Virginia

24 Ms. Jessica Stamper, Grants Assistant

25 Southwest Virginia

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COMMISSION STAFF *(Continued)*:

Ms. Stacey Richardson, Executive Assistant

COUNSEL FOR THE COMMISSION:

Ms. Elizabeth Myers
Assistant Attorney General
Richmond, Virginia

1 September 2, 2015

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3 DELEGATE MARSHALL: Good morning. I'm going to
4 call the meeting of the Special Projects Committee to order, and
5 I'll ask Evan to call the roll, please.

6 MR. FEINMAN: Good morning, everybody.

7 Mr. BARNARD. (No response.)

8 MR. FEINMAN: Delegate Byron.

9 DELEGATE BYRON: Here.

10 MR. FEINMAN: Mr. Cannon.

11 MR. CANNON: Here.

12 MR. FEINMAN: Senator Carrico.

13 SENATOR CARRICO: Here.

14 MR. FEINMAN: Ms. Gould. Ms. Gould.

15 SENATOR CARRICO: She's here.

16 MR. GOULD: Here, sorry.

17 MR. FEINMAN: Secretary Jones.

18 MS. CARTER: I'm here.

19 MR. FEINMAN: Delegate Marshall.

20 DELEGATE MARSHALL: Here.

21 MR. FEINMAN: Ms. Moss.

22 MS. MOSS: Here.

23 MR FEINMAN: Mr. Owens.

24 MR. OWENS: Here.

25 MR. FEINMAN: Senator Smith.

1 SENATOR SMITH: Here.

2 MR. FEINMAN: Mr. Spiers.

3 MR. SPIERS: Here.

4 MR. FEINMAN: You do have a quorum.

5 DELEGATE MARSHALL: Next on the agenda is the
6 approval of the 5-12-15 minutes. Do I have a motion?

7 MR. OWENS: So moved.

8 DELEGATE MARSHALL: It's been moved and
9 seconded. Any discussion? All those in favor, say aye. (Ayes).
10 They're approved.

11 Next is we are going to do is go into executive session
12 and talk about Request Number 3085, the CCAM project. So, I
13 need a motion.

14 I have a motion and a second to go into executive
15 session.

16 MR. STEPHENSON: Mr. Chairman, if I may help the
17 Chair, the specific motion required by law, if I may introduce
18 that.

19 DELEGATE MARSHALL: By all means.

20 MR. STEPHENSON: The appropriate motion is that the
21 Committee go into executive session in accordance with the
22 provisions of the Virginia Freedom of Information Act for the
23 purpose of discussing an employment matter pursuant to Section
24 2.2-3711A1.

25 DELEGATE MARSHALL: A motion and a second. All

1 those in favor, say aye. (Ayes). Opposed? (No response). All
2 right.

3 So, I'll ask all of you to, we will call you in a few
4 minutes, if you would please step in the hall for a few minutes
5 while we discuss this.

6

7 NOTE: The Committee goes into executive session at
8 10:36, whereupon, the Commission reconvenes at 11:36.

9

10 DELEGATE MARSHALL: We're back in open session.

11 MR. OWENS: The Commission is back in open session
12 in accordance with 2.2-3712D of the Virginia Code, and in
13 accordance with Virginia law. Be it resolved and it's hereby
14 certified that to the best of each Commission member's
15 knowledge, that only public business matters lawfully exempted
16 from open meeting requirements and only such other public
17 business matters identified by the motion in which the closed
18 meeting was convened, were heard, discussed, or considered by
19 the Committee during the meeting, and a statement to this effect
20 will appear in the minutes of the meeting.

21 DELEGATE MARSHALL: This will be by roll call vote.

22 MR. FEINMAN: Ms. Byron.

23 DELEGATE BYRON: Yes.

24 MR. FEINMAN: Delegate Byron.

25 DELEGATE BYRON: Yes.

1 MR. FEINMAN: Mr. Cannon.

2 MR. CANNON: Yes.

3 MR. FEINMAN: Senator Carrico.

4 SENATOR CARRICO: Yes.

5 MR. FEINMAN: Ms. Gould.

6 MS. GOULD: No.

7 MR. FEINMAN: Ms. Carter.

8 MS. CARTER: Yes.

9 MR. FEINMAN: Delegate Marshall.

10 DELEGATE MARSHALL: Yes.

11 MR. FEINMAN: Ms. Moss.

12 MS. MOSS: Yes.

13 MR. FEINMAN: Mr. Owens.

14 MR. OWENS: Yes.

15 MR. FEINMAN: Senator Smith.

16 SENATOR SMITH: Yes.

17 MR. FEINMAN: Mr. Spiers.

18 MR. SPIERS: Yes.

19 DELEGATE MARSHALL: Thank you. Do we have any
20 questions that we need to ask Bruce since we're back in open
21 session, any members of the Committee? Any questions?

22 DELEGATE BYRON: Yes. Would you please explain
23 again what screening activities that you do, you were referring to
24 the fact that the community college system or Center of
25 Excellence, can you elaborate a little bit more on what you are

1 trying to do with that?

2 MR. SOBCZAK: Looking at the big picture, there's a
3 fundamental foundational education with all of these trades. The
4 main trades are for machine professionals, welding professionals,
5 and industrial maintenance mechanics. That was identified by
6 the Boston Consulting Group that forms the foundation for our
7 efforts in workforce development down there. So, the
8 foundational facts are that we chose industry-recognized
9 certifications, which is the third party verification of skills. For
10 the machine professionals, we chose NIMS, National Institute for
11 Metalworking Skills; for the welding, there are two predominant
12 certifications out there, AWS and NCCR, that's another
13 certification. Then for the industrial maintenance mechanics and
14 automation technician, that involves the mechatronics level.

15 What we have done or what we're looking at is in
16 working with the community colleges, sometimes K through 12
17 and other technical high schools to do the foundational training
18 to these different levels and certifications. What we look at doing
19 and what I was talking about earlier when we look at advanced
20 manufacturing methods and techniques, we're adding the higher
21 levels. The Center of Excellence will work with, you know,
22 currently, they're working with eight community colleges and
23 they'll keep that pipeline, that traditional pipeline going. Some of
24 them will be feeders to hire certifications and training. That's
25 one way they serve the community.

1 The other is to help with the teacher instruction
2 training that I mentioned, and that's a huge problem across the
3 country. That's obvious, and basically, there are two sources of
4 instructors out there. One is the group we call the professional
5 experts, the practitioners out there that are very good at what
6 they do and they teach and we have an obligation to bring them
7 into the mix to help with the teaching abilities.

8 Then we have the expert instructors that have been
9 out there and professional educators, but they haven't been
10 exposed to the things that we do, with our partner companies at
11 CCAM and other advanced manufacturing through this multi-
12 access programming, the high level robotics, robotic welding and
13 certifications.

14 As I mentioned, this is creating an eco-system of
15 resources to pull from throughout the whole region. We can
16 react and help with those resources, and these Centers of
17 Excellence will take people to the higher level and do customized
18 training, as I mentioned. Kilgore Manufacturing is one company,
19 and another good example of that is Eastman, and they have a
20 million dollar coater machine at the New College Institute and
21 Patrick Henry is bringing along 42 students to go through this
22 program and the technicians in this automation, they'll certify
23 them and train them in their specialty.

24 So, we have set the stage for when companies come
25 to Virginia and look at staying here and we have an eco-system

1 and a system, a network of training resources that'll assure them
2 that they'll have a workforce. Number one to them is the bricks
3 and mortars and equipment and all of that, that's one thing, but
4 it means nothing, nothing if we don't have the people to do it.

5 MR. FEINMAN: It seems like there's a lot of
6 complexity that the Commission has for this particular brand. A
7 suggestion I might make with regard to the motion would be to
8 ask the staff to address these specific concerns and address this
9 question with our partners at CCAM and then have a quick
10 meeting ahead of our late September Full Commission meeting
11 to address just specifically this grant.

12 MR. OWENS: What's the proper motion for that?

13 DELEGATE MARSHALL: Someone could just table this
14 until a meeting that would be sometime before the Full Board
15 meeting at the end of this month.

16 DELEGATE BYRON: Would that be perhaps, Ned?

17 MR. STEPHENSON: Yes, we could do it probably that
18 Tuesday.

19 MS. RICHARDSON: Yes, most likely, it'll be around
20 1:00 o'clock on Tuesday.

21 MR. OWENS: I'll make a motion to table this until our
22 meeting on the 22nd.

23 DELEGATE MARSHALL: I have a motion, do I have a
24 second?

25 MR. CANNON: Second.

1 DELEGATE BYRON: The only thing I would say that if
2 there's any change on the decision with this, it might help to
3 have some other financial avenues that would be available to the
4 Committee and maybe keep that in mind, as well.

5 DELEGATE MARSHALL: I'll ask staff to have this a few
6 days before the next Special Projects meeting so that we can
7 review it and we can come together with questions and thoughts.

8 So, we have a motion and a second to table Request
9 Number 3085. All those in favor, say aye. (Ayes). Opposed?
10 (No response). Thank you.

11 All right, staff, let's go ahead with the rest of our
12 agenda. Request 3097, and we'll go through the staff
13 recommendations on Regional Economic Development and also
14 on Access to Health.

15 MR. FEINMAN: Regarding 3097. This is essentially a
16 Trade Adjustment Assistance Program and through a partnership
17 with the Mid-Atlantic Trade Adjustment Assistance Corporation,
18 GENEDGE. It is proposed that it's to support distressed
19 companies throughout the region that have been negatively
20 affected by various alterations and credit posture. And as I said,
21 GENEDGE will help these companies improve their
22 competitiveness by completing knowledge-based projects
23 delivered by experts and consultants, including, but not limited to
24 marketing, sales, operations, financial management, IT, and a
25 variety. Really, what they're doing here is they're assisting

1 manufacturing, engineering, and service companies in
2 broadening their ability to conduct trade operations and get to
3 new markets. It is a scalable award, the number of companies
4 that will be assisted, depending on the number of folks, and they
5 usually ask for quite a bit, but I believe it's down to 12
6 companies. The current funding recommendation will allow us to
7 assist approximately ten companies.

8 Staff recommends that we award \$300,000 to assist
9 approximately ten Tobacco Region companies, contingent on
10 dollar-for-dollar match of Tobacco funds by private companies.

11 DELEGATE MARSHALL: Delegate Byron has a
12 question.

13 MR. DONOHUE: Yes.

14 DELEGATE MARSHALL: Please recognize yourself.

15 MR. DONOHUE: I'm Bill Donohue, Executive Director
16 of GENEDGE.

17 DELEGATE BYRON: My question is I read up quite a
18 bit on this, and there's some good data that supports success
19 with some of the things you're doing. My question would be, and
20 you know our money is very limited, but with \$300,000, is it
21 really practical to say that \$30,000 per company is going to
22 make a difference? I could see if we were doing it as a pilot, and
23 can you whittle that down to, you know, a lesser amount, but
24 can you practically do something to protect the company with
25 \$30,000?

1 MR. DONOHUE: What this will allow us to do is it will
2 allow us to leverage a source of Federal money that's currently
3 not being used in the Commonwealth of Virginia, which comes
4 out of the Department of Commerce. So, the investment that
5 the Tobacco Commission would make, which would be on the
6 order of \$30,000 per company, which would actually provide for
7 a, essentially a two-to-one leverage.

8 We would be able to bring in approximately double
9 that from Federal sources and then we would ask the company to
10 contribute 25 percent on their own. The entire program would
11 be about \$1.2 million. It's a good return on the investment
12 made by the Tobacco Commission.

13 DELEGATE MARSHALL: And, of course, all the money
14 to be spent in the Tobacco Footprint.

15 MR. DONOHUE: One hundred percent.

16 DELEGATE BYRON: How would you identify the ten
17 companies?

18 MR. DONOHUE: We have identified some areas that
19 are at risk. The first area at risk is Cofield Services. Cofield
20 Services, since the end of 2013, not only has it been impacted by
21 the change in our power plant footprint, but by dumping the
22 Chinese still. Those companies are being distressed, and the
23 Chinese bring in 600 million tons of steel annually, and this
24 country requires about 100 million, and they refuse to shut down
25 unproductive mills, and they're now beginning to figure out they

1 have to recycle their junk yards, and it is a horrendous problem.

2 Year-to-date, after a 13 percent decline last year,
3 steel manufacturing is down another 13 percent. Virginia coal,
4 60 percent of it is used for metallurgical uses. So that industry
5 would be first targeted.

6 The second industry we know that's going to be
7 impacted is machinery. Machinery industries are already under
8 distress due to the fact that their margins are being squeezed
9 and we see year after year after transportation, equipment is
10 removed, our reduction and their output is almost seven percent.
11 These industries are targeted, and we've identified that.

12 What we will do is that we will have a program
13 manager from the Tobacco Commission Footprint who would be
14 working with a MATAAC project manager. We will actually go
15 into these companies and we will discuss the situation with their
16 CEOs, and then they will have to apply to MATAAC, and for them
17 to be eligible, they will have to open up their financial books,
18 they will have to show and certify the distress has occurred, and
19 that vetting process will take approximately three to five months.

20 Once that's done, we will then be able to, through an
21 assessment program, provide a custom solution for them to
22 address the areas of critical need.

23 DELEGATE MARSHALL: Other questions?

24 Sir, if you are approved, we would like to have a
25 report back to see how well this risk or how this is working.

1 MR. DONOHUE: We would absolutely, and I hope
2 many of you know that the Department of Commerce actually
3 surveys each and every one of our clients, so we would very
4 easily be able to provide a third party report, as we have done
5 for projects in the past, that will provide you aggregate results of
6 the impacts that your investment choice has been able to deliver
7 for these companies.

8 DELEGATE BYRON: What is a reasonable amount of
9 time to consider that it would take to go out and to identify all
10 this?

11 MR. DONOHUE: It would take us approximately six
12 months to complete that identification process. The project
13 phases at the level of funding we're talking about, it'll take
14 approximately two years beginning September 30th if we were
15 chosen to be invested in.

16 Actually, the assessment process would occur about
17 two-and-a-half years after the inception of the entire program.
18 We generally wait at least six months and in some cases a full
19 year before the clients are independently surveyed by the
20 Department of Commerce.

21 DELEGATE BYRON: Thank you.

22 DELEGATE MARSHALL: Questions?

23 SENATOR SMITH: The idea of identifying these
24 manufacturing companies that are in the midst of these issues,
25 but the bottom line is you go through this process, as I

1 understand it, to determine that, yes, indeed, they were harmed,
2 but I cannot comprehend how you're going to help this company
3 as to the bottom line other than verifying, yes, they were harmed
4 by this legislation. I just don't see how that fits.

5 Maybe, once you've gone through a company as
6 harmed, and I jump through all the hoops, tell me what you're
7 going to do to improve the situation.

8 MR. DONOHUE: I think that's a great question. In
9 many cases, we're going to have to work with these companies
10 to diversify their markets, products, and their services. We are
11 currently in year two of a program of a similar nature where
12 we're helping through the Department of Defense to supply chain
13 companies, who are being negatively impacted by sequestration
14 do the same thing. Currently, we're finishing work with 22 of
15 those companies across the state. In that program, we're
16 applying a similar level of effort that we would be in this
17 program.

18 One of the things that we actually look at as part of
19 this process is that we will go in and assess the valuation of that
20 business. We do an operational assessment and we identify the
21 gaps that can be closed to improve the value of the business if
22 the company were to be sold on that particular day. In that
23 program, and, again, we have a second year of funding starting
24 for those businesses and over 25 percent of those businesses
25 have already begun to diversify their business with new products,

1 services, and markets. It's an opportunity to build a different leg
2 on the financial end.

3 DELEGATE MARSHALL: Any further questions? Thank
4 you.

5 MR. FEINMAN: Moving forward, Number 3080.
6 Greenville County, Wetland Mitigation Bank Engineering.

7 Wetland Bank is a valuable asset in a variety of
8 different ways and economic development activity. And the
9 Commission has encouraged the development of publicly-owned
10 wetland banks. However, what's before this Committee and the
11 fact that there is available allocation that will be available this fall
12 to address this engineering, and the County is going to apply for
13 these funds to accomplish that work.

14 Staff has recommended that no further action be
15 taken on this request, and we hold off funding for this
16 Committee's budget.

17 Moving forward, Project Number 3088. Mid-Atlantic
18 Broadband Communities Corporation.

19 MBC has been a partner with the Commission for a
20 very long time, and they have provided a tremendous, a
21 tremendously successful network of broadband assistance
22 throughout Southside. What they're hoping to do now is pursue
23 a pilot project that will allow for them to provide the last mile
24 services in a unique business model to folks in Halifax and
25 Charlotte, and I believe a corner of Campbell County currently

1 unserved by any broadband opportunity at all.

2 We have worked with them on the way to develop
3 their funding. They've asked us for \$500,000. We're
4 recommending \$300,000 for the construction of these masts that
5 will deliver wireless broadband. It's fairly interesting that
6 broadcast base has been abandoned by the television broadcast
7 system as they transition to digital.

8 We can additionally fund the remainder of the project
9 out of the Southside Economic Development and they'll continue
10 to see other non-Commission funds for that project.

11 Staff recommends \$300,000 out of this Committee's
12 budget to service that project.

13 DELEGATE MARSHALL: Tad wants to speak. Would
14 you identify yourself.

15 MR. DERISO: I'm Tad Deriso with Mid-Atlantic
16 Broadband. I also have Paul Garnett with Microsoft.

17 DELEGATE BYRON: You mentioned in your proposal
18 that you will address the last mile issue. I was wondering what
19 kind of percentage of a problem do you think this will address?
20 Fifty percent, eighty percent, do you have any idea?

21 MR. DERISO: Sure. In the areas where we have the
22 mast and the TV space deployment coverage, we anticipate
23 anyone that can receive that signal would be a hundred percent
24 covered by that.

25 As far as the county and the population, we have not

1 done the assessment to determine what percentage of the
2 county population. If you'll look at our maps, we will be at least
3 70 to 80 percent based on our current design.

4 DELEGATE BYRON: Thank you.

5 MR. DERISO: Sure.

6 DELEGATE MARSHALL: Any further questions?

7 DELEGATE BYRON: Will these towers still bring in
8 broadband, but would they also help with the virus problems in
9 those areas, as well?

10 MR. DERISO: As far as cellular, when you talk about
11 cellular coverage, potentially the towers themselves would have
12 access for other networks or other providers could use those
13 towers, again it all depends. I doubt that Verizon Wireless could
14 put the 4GLGE system on these towers. They're not built for
15 that.

16 But for small cells and other new technology that
17 comes out to further enhance wireless coverage, I believe that
18 would be the case, yes. They would be the access towers.

19 DELEGATE BYRON: What do you expect that the cost
20 would be on individual access?

21 MR. DERISO: Here's the fun part. We anticipate
22 people using this system since we are using the schools and
23 some sites to further deploy this type of technology. People that
24 need educational content, whether they're in a K through 12
25 program or workforce training, that is zero cost to them.

1 We're working in partnership with Microsoft, who has
2 a very incredible eco-system that they're developing around this
3 technology. We anticipate or at least the objective is that people
4 that use the network for commodity internet, as far as going to
5 Netflix are going to Amazon to do some shopping or other sites,
6 they would try to get that monthly cost in the \$3 to \$5 to maybe
7 \$7.00 per month. It's not meant to be a subscription service, but
8 it's meant to be a completely unique business model of how to
9 connect and utilize internet resources and content.

10 MR. OWENS: What about the speed?

11 MR. DERISO: Typically around two to four megabits,
12 depending on, again, distance, power, and all that. Paul can
13 maybe talk a little bit about what Microsoft is seeing in other
14 parts of the world.

15 MR. GARNETT: The idea is that every user on the
16 network would have at least that amount of time on the network.
17 Think about a kid at home doing their homework or looking on
18 the education network would be able to use all the types of
19 applications and services that he or she would need to use in
20 order to get the access and content.

21 DELEGATE BYRON: Who's going to maintain the
22 towers?

23 MR. DERISO: Some of you may not know this, but we
24 acquired a tower services company, so that's part of our mission.
25 We have 10 to 12 towers, we do that today, we do some work

1 with the Harris Corporation, four or five counties in Southern
2 Virginia. That's part of our mission, and we do that.

3 DELEGATE MARSHALL: Any further questions? All
4 right, thank you.

5 MR. FEINMAN: Moving forward, Project Number 3089,
6 Prince Edward County.

7 They received a Southside Economic Development
8 Tobacco Commission grant to help pay for the development of
9 four Ready-To-Go Pad sites. The County was awarded \$193,510;
10 Prince Edward County paid \$507,000, and the IDA of Prince
11 Edward County paid an additional \$61,000 towards this project.
12 One lot has been sold to VDOT for their new Regional Office, and
13 two lots are currently under consideration, leaving only one lot
14 available. To gain access to the remainder of the undeveloped
15 land, 60 acres, within the Prince Edward Industrial Park, the
16 County needs to build a new access road.

17 This project, because they have such a small
18 allocation from the Southside Economic Development Committee,
19 this project is eligible to be before this Committee. The request
20 is to support two businesses for expansion activities in the park.
21 Our grant funds will be used to match the VDOT access road
22 funds and cash contributions from the County. We expect to see
23 significant improvements in employment and investment in the
24 area from one existing business that wants to invest \$2 million to
25 create 25 jobs.

1 A second company is currently renting a space and
2 recently created 80 jobs. They're planning to invest an additional
3 \$2 million, and hire an additional 20 to 30 people. This isn't a
4 simple construction, there's a street that they have to cross.
5 Ultimately, we do think this would significantly improve the
6 County's ability to attract business and open up additional spaces
7 in their park. They have been able to gain some additional
8 funding through VDOT money and money from timber revenues.
9 We recommend an award of \$328,395.

10 DELEGATE MARSHALL: Any questions?

11 MR. OWENS: Any from Southside?

12 MR. FEINMAN: They get, they currently have a
13 balance of \$49,000.

14 MR. CANNON: What happens if these folks don't
15 come?

16 MR. FEINMAN: Well, this is a roadway that opens up
17 open space within the existing industrial park. When you bring
18 prospects to an industrial park and you look at their space and
19 you'll get more business and it's easier for a business, to place a
20 business here that's already certified.

21 MR. PFOHL: Mr. Chairman, I think I can help Mr.
22 Cannon's question. Of the two companies being discussed, one
23 is already in place and in this park and it's been there for over a
24 decade, and it's looking to expand.

25 The second company is in another building in Prince

1 Edward County and renting that space and is looking to expand
2 into its own building, so both companies are already in operation.

3 MR. CANNON: Thank you.

4 DELEGATE MARSHALL: Any further questions?

5 MR. FEINMAN: Next project is 3096. REDC
6 Community Capital Group.

7 This program is designed to help communities in the
8 region by working with organizations, governments, banks, and
9 others to increase the number and sustainability of businesses in
10 the region. They have an overall strategy, which includes
11 entrepreneurial training both in classrooms and online settings,
12 one-on-one technical support, microloans for qualified borrowers.

13 This company received a Special Projects grant of
14 \$500,000 two years ago to initiate a regional small business
15 lending pool for Southern Virginia. A total of \$240,000, just
16 under half of that value in loans have been closed to date, and
17 assisted eleven businesses in six localities. These are small loans
18 that cannot exceed \$50,000, and the term cannot exceed more
19 than six years at an interest rate of up to ten percent.

20 According to our EDC marketing material, USDA
21 provides matching loans for a number of businesses in a variety
22 of localities. It does appear that far less than equal matching
23 funds have been leveraged with the current grant. This regional
24 approach is parallel to previous Commission support of regional
25 small business loan pools in Southwest Virginia through people

1 incorporated in Mount Rogers.

2 REDC states it's got \$350,000 of SBA and USDA loans
3 in hand, and they seek an additional \$298,000 of additional loan
4 and training funds from a variety of sources. Given that the
5 demand for funds in this cycle is very high and we don't have a
6 lot of resources available, the staff recommends no further action
7 on this request.

8 DELEGATE MARSHALL: Any questions? All right,
9 next?

10 MR. FEINMAN: Project Number 3091. Poplar Forest.

11 Poplar Forest has asked for \$500,000 to construct a
12 new entry road to the Poplar Forest retreat house and plantation.
13 This is something we have funded in the past, and the Special
14 Projects did this with a grant that funded the archaeological
15 survey of the road corridor. Poplar Forest is very interested in
16 improving their entryway. Currently, you have to drive through
17 a residential neighborhood, there's a relatively small turn and
18 easy to miss. There's really no question as to the value and
19 creation of this new entryway.

20 However, we note that, A, a variety of the requested
21 grant would not occur until significantly down the road, and, B,
22 the Poplar Forest folks are in the midst of what appears to be a
23 very successful capital campaign. While it will delay the
24 scheduled Poplar Forest and would like to pursue the
25 construction of this road. It is the Staff's view, wants to see how

1 successful their private fund-raising enterprise becomes and
2 seeing that we've already supported it, rather than supporting it
3 at the present time, and the staff recommends no further action
4 on this request at this time.

5 DELEGATE MARSHALL: Delegate Byron.

6 DELEGATE BYRON: Thank you, Mr. Chairman. I want
7 to mention they've done a great job in raising money for this
8 project and keeping the project moving along. When you
9 mention about the neighborhood entrance and a sharp curve, not
10 only just finding the place and it's very difficult. I live in that
11 area and get lost sometimes, but driving down a long, dirt,
12 graveled road to a dirt entrance is also bad, too. This new road
13 that's being put in and all the work that's been done before will
14 really open up a tremendous opportunity for the whole region
15 there.

16 I think that our financing in the past has really
17 encouraged their capital program. My understanding was that by
18 waiting until the spring or we hope to get more money in our
19 budget, that will hinder and raise the cost of what it's going to
20 cost for them to do the road. I don't know if there's a way to get
21 some of the money in case that happens.

22 When you looked at the previous one we just talked
23 about in Prince Edward County industrial access road, which you
24 don't have a client for yet for yet preparing the road --

25 MR. PFOHL: Two are already there.

1 DELEGATE BYRON: A client already went there, and
2 this was to open up a new area behind it, isn't that what?

3 MR. PFOHL: The Prince Edward Road with access lots
4 that have been graded with previous Commission support and
5 don't have road access to them. There are two active companies
6 in the County that want to build on those lots that currently don't
7 have road access to.

8 DELEGATE BYRON: I misunderstood. I thought the
9 road was there and there was additional acreage that they
10 couldn't get to. This is just another example in our discussion of
11 our Southside Economic Development Committee and where
12 some of these smaller Tobacco Regions are being hindered from
13 some of their projects because there's no funding available in the
14 budget to do this. So, in keeping an open mind for our next
15 meeting if there's any funding left, and I wanted to make
16 everyone aware that I'm going to be asking for some.

17 MR. FEINMAN: One additional thing to consider with
18 this grant is this roadway will be very attractive, there's a project
19 they're planning to build a visitor's center. I would be surprised
20 if we don't get this ahead of time and coming before the
21 Commission asking for support of that project, as well. We'll
22 have numerous opportunities to support the road and Poplar
23 Forest.

24 DELEGATE MARSHALL: Any questions? All right.
25 Next?

1 MR. FEINMAN: Access to Health Care. Project
2 Number 3084. Alliance for Rural Health.

3 The Alliance for Rural Health plans to create a
4 nontraditional, collaborative health science center model that's
5 been custom-designed for Southwest Virginia. The Collaborative
6 Health Science Centers of Southwest Virginia in Abington and
7 Marion are critical for the creation of a healthy and prosperous
8 Southwest Virginia through education, employment, and the
9 improvement of community health.

10 In Phase I, they would like to provide an inter-
11 professional educational model for training medical and allied
12 health professionals in rural health care. That will also include
13 clinical research and community health programs targeting
14 mental health, drug addiction, obesity, and geriatric health.

15 This request comes as a replacement or revision to
16 the grant project previously known as the King School of
17 Medicine. That project was substantially revised in late 2014 into
18 the current plan for the Alliance. As opposed to the previous
19 project to create an actual four-year medical school, the Alliance
20 now proposes to create a collaborative educational setting for
21 students in multiple different health care career paths at sites in
22 Abingdon and Marion.

23 The staff requested and received a construction
24 budget for the Abingdon facility which they had previously talked
25 about making a \$30 million, 55,000 square-foot facility. They've

1 trimmed that back dramatically to a 27,000 square-foot, \$12.5
2 million facility. Operating budgets for both locations were
3 requested and they're getting New Market Tax Credits, which
4 they think will help fund the initial three years of operations.
5 Future funding will require either additional grants from us, other
6 sources, revenues, which obviously hasn't materialized, but it
7 does exist.

8 We are very persuaded that this is a medically-
9 underserved area of the region. This request appears to derive
10 the majority of its outcomes from operations that are already
11 underway. The VCOM Residency Program was actually
12 announced in 2013, and the Emory and Henry Physical Therapy
13 Program has been funded by us for almost a million dollars since
14 2012.

15 It's really hard for us to identify on a dollar-for-dollar
16 basis what the value added would be for this project. We also
17 note that this request initially was for \$10 million, and we have
18 \$3.3 million in our budget for everything before us.

19 Ultimately, it's our view that we have this difficulty in
20 quantifying the outcomes, making it difficult for us to recommend
21 any action on this request at this time.

22 SENATOR CARRICO: Mr. Chairman, I'm trying to
23 understand the King College appropriation, and we've had
24 numerous conversations about this, was taken back. I'd just like
25 to know how, which I think was \$19 million that was set aside for

1 Southwest Virginia much like Southside Virginia was able to
2 leverage a program, I don't know exactly the numbers, but going
3 forward, what is Southwest Virginia's ability to leverage that
4 money again? Because it's my understanding now that, that \$19
5 million has been absorbed into the budget and distributed across
6 all of the committees. When we had directed the Alliance for
7 Health, to go back and regroup and come up with a new plan.
8 Now, they're back before us with that plan. You're saying it
9 doesn't exist, and that's my concern. I think they have a right to
10 know how to move forward.

11 DELEGATE MARSHALL: Tim, do you want to address
12 that?

13 MR. PFOHL: We've had many, many conversations
14 with the Alliance team over the last few years and specifically
15 some conference calls over the last few months. And it was my
16 suggestion that they bring us a phased approach to implement
17 the project. The phrase I used was crawl before you walk and
18 walk before you run and show us that you can generate results.

19 The staff posted on our website that there was \$3
20 million budgeted for this cycle this year, and I think the Alliance
21 Team was aware of that. It puts us in an awkward position when
22 someone that brings to us a proposal that requests more than
23 three times of the amount of money that you have available,
24 because with all those code changes, they didn't allow us to print
25 money. We have a real significant challenge in trying to address

1 how to help this project move forward.

2 SENATOR CARRICO: Will there be an opportunity for
3 the Alliance to come before the Commission, a phased-in type of
4 situation where Southwest is treated equally as to how Southside
5 was treated as far as bringing or delivering health care to people
6 there in Southwest Virginia? In other words, I'm asking is there
7 going to be the same amount of dollars available, or is that going
8 to be --

9 DELEGATE MARSHALL: Kathy, do you have an
10 answer, or do you have a set of questions to that?

11 DELEGATE BYRON: No, I was going to respond a little
12 bit to this question in-kind regards, and I'm not answering
13 whether or not there's going to be money available for an
14 allocation. I think the dynamic even with King College, and I
15 supported that when it came through, but an application there
16 clearly shows the benefit and economic development that it
17 brings with it, which was the model, but I think most of them had
18 in the beginning that warranted the initial response from the
19 Tobacco Commission to approve both of those. I don't know that
20 just because they weren't able to put it together that the
21 Commission is just sitting there with that \$25 million in reserve,
22 but if they were to come forward with an application that totally
23 convinced us that it was worth the Tobacco Commission doing it,
24 we would consider it.

25 DELEGATE MARSHALL: Let me ask Tim this question.

1 The legislation we passed in the General Assembly this past
2 session limits us to the amount of money that we can draw
3 down. First of all, the game has changed as far as how much
4 money we can draw down as opposed to, how many years ago
5 was King College, was that five-plus?

6 MR. PFOHL: 2009

7 DELEGATE MARSHALL: So at that time we could draw
8 the corpus down more in 2009 than we can do now in 2015. We
9 will not be able to get a big chunk of money like we did originally
10 for King College or for Liberty. So, taking that, and then we have
11 to fund all the other committees, like Southside, Southwest, et
12 cetera, et cetera.

13 So, I guess considering that, I would assume what we
14 have to do is we'd have to approve this at the next budget.

15 MR. FEINMAN: Yes, what we did, Mr. Chairman, when
16 we broke out the money, we reabsorbed that and redistributed it
17 through our budget. As you correctly point out, it will be difficult
18 moving forward to continue the activity of our other committees
19 and free up those kinds of sums of monies again.

20 None of these projects, and certainly not funding on
21 these scales will happen overnight or even within a year or two
22 years. So, the opportunity for phase approaches on large
23 projects, does it allow us to ultimately put significant sums into
24 individual projects over time, and that's the question?

25 SENATOR CARRICO: Basically, what I'm trying to get

1 out is that the Commission has swept the money that was set
2 aside, was that required by law to do? Was it required through
3 this legislation to sweep the 19 million that was set aside for
4 Southwest Virginia or was that just --

5 MR. PFOHL: It was the Executive Committee
6 budgeting decision.

7 DELEGATE MARSHALL: I don't think it was part of the
8 legislation .

9 MR. STEPHENSON: It was not.

10 DELEGATE MARSHALL: That was at the last board
11 meeting.

12 Any further questions?

13 SENATOR CARRICO: No, no further questions. I just
14 wanted to clarify where the \$19 million went.

15 MR. FEINMAN: Project Number 3086. Integrative
16 Centers for Science and Medicine.

17 This nonprofit project in Martinsville promises to offer
18 the first comprehensive Direct Primary Care Clinic in the state.
19 It's a pretty solid model, and you pay a flat fee and then you're
20 able to receive all of your primary care that you need over the
21 course of a year. This Medical Center purports to fulfil the
22 mission of clinical services and clinical training for the affiliated
23 college of Henricopolis School of Medicine, the regions developing
24 MD granting school.

25 The focus of this project is on expanding the medical

1 offerings that they have at the project through operational
2 support for a few additional staff, a medical director, a medical
3 assistant, and registered nurse. The outcomes of this project are
4 based on increasing significantly their current patient base by 65
5 percent within nine months of a grant award from 550 to 910,
6 and that's more than doubling to 1,390 patients by June of 2017,
7 and then increasing again to 1,870 by June of 2018.

8 The proposal discusses the goals of the overall
9 Henricopolis School of Medicine for which the ICSM is also
10 affiliated and the medical center.

11 The City has promised the matching funds in
12 Martinsville. They have issued a bond, which would be used to
13 support the additional operating costs for the medical center.
14 Deliverables include plans to launch a diet and exercise program
15 for disease prevention. Certainly we recognize that there is an
16 obesity, nutrition, and diet problem in the region; however, that
17 does not align very closely with the proposed goals of the
18 Commission in this state.

19 Additionally, the Henricopolis School of Medicine is
20 pursuing accreditation right now. They've met 85 percent of the
21 12 standards and 95 elements required, with only one remaining
22 to be met. It's a good project and certainly an important need.
23 It just doesn't match up with our priorities, and the Staff
24 recommends no further action on this request.

25 DELEGATE MARSHALL: Any questions? All right.

1 Next?

2 MR. FEINMAN: Lee County Hospital Authority.

3 This is reopening the hospital in Lee County, an
4 authority created by the Board of Supervisors in Lee County.
5 They purchased the former Lee Regional Medical Center, which
6 folks will remember closed recently, leaving Lee County unserved
7 by a hospital. This request is one of two that would fill that void.
8 The Authority states that it has acquired the former hospital
9 facility and secured a Certificate of Public Need to operate at the
10 site.

11 This request is split evenly between renovation and
12 equipment costs. It appears to be feasible, and they have strong
13 staff. This appears to be reasonable, they have strong studies
14 that indicate they can meet a need that this area needs.

15 The proposed operating budget indicates something in
16 excess of 200 employees with salaries averaging above \$50,000
17 per year, and the application has indicated a TROF request is
18 planned. We don't know what the final request will be.
19 However, since it's not taxable, they're not eligible for a TROF
20 grant.

21 Their feasibility study estimates they'll see about
22 1,600 patient discharges and 45,000 outpatient occurrences
23 annually. They also assume a \$700,000 grant from us spread
24 over three years. As the Commissioners know, we're in the
25 process of setting up the revolving loan fund that the new

1 legislation allows. It's our view that given that this is a revenue-
2 generating proposal, it looks pretty strong, this is an excellent
3 candidate to be referred to the VRA for credit analysis and one of
4 our initial loan recipients, and that is a prospective project. Staff
5 is hopeful we can get that authorization at the next meeting later
6 in the month.

7 Given that it is a good candidate for that and given
8 that it is a large amount and we have restrained resources, Staff
9 recommends that we shuffle them off to VRA for a credit analysis
10 pending potential future funding via our loan program.

11 DELEGATE MARSHALL: Any questions?

12 MS. GOULD: Mr. Chairman, question related to that
13 timeline, when do we anticipate starting this loan program?

14 MR. FEINMAN: Provided that the Commission
15 authorizes a budget alteration and allows us to capitalize that
16 loan fund and gives us the authority to do a couple of ad hoc
17 loans and see how it goes prior to advising them, we anticipate
18 being able to do it in late fall or earlier in the year.

19 DELEGATE MARSHALL: As a follow-up question, I
20 assume this Committee would oversee that?

21 MR. FEINMAN: That's up to the Commission, and
22 we're in the process of figuring out what the guidelines for that
23 would be and maybe we need to set up a new committee, maybe
24 could serve maybe under the purview of a committee, I will say
25 that I don't think that an additional creation of a committee is

1 necessary particularly.

2 Another possibility is that we have a different division
3 within the loan fund for different sorts of projects. Each
4 committee has available a loan portfolio, a grant portfolio, but it
5 could change year by year. Those are all things we're looking
6 into to present to the Commission as a whole.

7 DELEGATE MARSHALL: All right, let's move on.

8 MR. FEIMAN: Project Number 3082. Southside Senior
9 Resource Center and Crater District Area Agency on Aging.

10 They propose Operation Ride 365, a 24-hour, 365-day
11 in-person mobility management program developed by the
12 Crater District Area Agency on Aging, which will take seniors with
13 disabilities and so forth who can't get transportation to doctor
14 appointments, emergency care, wellness activities, including
15 socialization, and mobility management for individual
16 employment or potential employers. They anticipate a growing
17 population, of course, as people age, there are more and more
18 people who have mobility issues, and they propose to meet that
19 need.

20 This is one of 25 different areas on aging
21 organizations within the Commonwealth that provide these
22 services. The Crater Service area is very large and includes nine
23 localities, four of which are within the Tobacco Region, and five
24 that are outside. The organization has been in business for over
25 30 years in the area of Agency on Aging, and they do excellent

1 work. And existing services include transportation services
2 through a fleet that they currently have. They have 27 ADA
3 compliant vans and buses.

4 This proposed project appears to expand the existing
5 transportation services to year-round, 24-hour-a-day operation,
6 for which we have not seen a sustainable business model.

7 This request is for 50 percent of four new vehicles and
8 operating expenses for the drivers, fuel, and administrative
9 support. The project budget appears to include the full cost for
10 expanding the services to the agency's entire area, and which I'll
11 remind the Commissioners the bulk of which is not within our
12 footprint.

13 This project, while admirable, does not meet our
14 requirements, but because the service is outside the area and
15 because it doesn't align with our, align with our stated priorities,
16 and the staff recommends no further action.

17 Project Number 3090. Saint Charles Health Council,
18 Stone Mountain Health Services X-ray and Telemedicine Project.

19 The Saint Charles Health Council and Stone Mountain
20 Health Services has engaged in construction of a new community
21 health center in Lee County, and this was in part to meet the
22 needs of the folks in Lee after the hospital closed down. They
23 offer advanced mammography, additional X-ray, ultrasound, that
24 will provide for early detection and cancer research and access to
25 services and health screenings. Funds are requested for the

1 purchase of this equipment, X-ray, mammogram, ultrasounds,
2 and telemedicine equipment, also it would generate revenue.
3 These services are certainly not inexpensive, whether they're
4 Medicaid-funded or privately insurance-funded.

5 Given that this is a revenue-generating project and
6 one that aligns with the desires of this Commission in terms of
7 providing health care, we think that like the prior project, this is
8 a pretty candidate for a credit analysis from VRA for a potential
9 loan in the fall. We'd request the same action be taken on this
10 that was taken on the earlier project. No immediate transaction,
11 but instruct the staff that we submit it for a credit analysis and a
12 potential future loan.

13 DELEGATE MARSHALL: Any questions?

14 SENATOR CARRICO: Yes, do they have to resubmit if
15 they qualify for this, the VRA loan?

16 MR. FEINMAN: In this instance, no. The first loan we
17 do, we're just going to have to gen them up on an ad hoc case-
18 by-case basis, and then we'll figure out how it's going to work.
19 Once we've gotten our hands around a few of them, we
20 anticipate being able to create a structure policy-driven
21 approach.

22 DELEGATE MARSHALL: So as we go into, and this is
23 new territory for us, I would recommend that before we even
24 start taking applications, that maybe the applications should
25 come before whatever committee is going to do it and there's a

1 need to look at that to get input from the Commissioners.

2 MR. FEINMAN: That's why we made the
3 recommendation here so that we can do our due diligence and
4 everyone is informed.

5 DELEGATE MARSHALL: Any further questions? All
6 right.

7 MR. FEINMAN: Project Number 3092. The Ferrum
8 Capital Expansion for Tri-Area Community Health.

9 These folks provide health care and pharmacy services
10 in and about Ferrum College. They've actually been within the
11 chapel at Ferrum. They are not able within that space to meet
12 the current needs that they are experiencing. They want a new
13 15,000 square-foot facility to allow for the addition of another
14 physician and a pharmacist and six dental chairs with a full-time
15 dentist and dental hygienist. That would dramatically improve
16 access to those services within Franklin County.

17 One-quarter of the budget it funds to the Special
18 Projects Program is requested towards the \$3.4 million estimated
19 cost for construction of a new health care clinic. The deliverables
20 section of the application identifies that the project will result in
21 about seven-and-a-half full-time employees, an increase from
22 the 17.9 full-time employees that they currently, including the
23 addition of a new physician and nurse, a pharmacist, and
24 pharmacy technician, dentist and dental hygienist.

25 While the application identifies the baseline number of

1 patients as 8,301 and would increase that to \$12,700 as a result
2 of the project, the applicant clarified the existing number of
3 patients at the Ferrum location is only about 2,255 and 1,375
4 pharmacy patients.

5 The projected increase in the number serviced is
6 significant. These are significant increases from the number of
7 patients that will be served, the entire estimates are largely
8 attributed to the increased visibility that will be accomplished
9 with the new location.

10 The financial impact analysis provides an operating
11 budget pro-forma showing expenses exceeding revenues by a
12 penny, and that raises some concern for us. This does not show
13 the proportion of the increase to the income from new patient
14 fees and other income provided by new patients.

15 Ultimately this request asks for a great deal of our
16 resources and we're unclear as to whether or not they'll be able
17 meet their goals and remain financially viable. We do request
18 that they resubmit next year. At the current time, the Staff does
19 not recommend further action.

20 DELEGATE MARSHALL: Are there any questions? All
21 right.

22 MR. FEINMAN: Project Number 3093. The UVA
23 Cancer Center Without Walls.

24 They propose an innovative and sustainable cancer
25 detection program utilizing screening techniques proven to

1 reduce cancer morbidity and mortality. They're going to work
2 within our Footprint on bladder cancer and lung cancer. When
3 detected early, both cancers can be treated and actually achieve
4 a cure. The proposed projects utilize telehealth technology and
5 are focused on cancer and will result in economic development
6 within the Footprint by investing dollars into the communities and
7 reducing cancer morbidity and mortality.

8 These folks want to develop telemedicine to treat
9 those two different kinds of cancers. The majority of funds are
10 requested for personnel, as well as contractual and equipment.
11 The project estimates that 100 bladder patients and 80 lung
12 cancer patients would be treated on an annual basis when the
13 project is fully up and running. We would pay a portion of the
14 salaries for two nurses based in the region, one being Wise and
15 Abingdon, for the bladder project, and for two patient navigators,
16 who would be based in the region for the lung cancer project.
17 And they would move through the program and help them
18 support this.

19 We would initially cover a small percentage of the
20 Charlottesville-based personnel dedicated to the project. Of
21 course, they're using telemedicine to come into our region
22 digitally and serve folks. Requested equipment is either based
23 permanently in our region, or would be housed at UVA and
24 transported down for individual treatment, to other folks within
25 our region, telecytoscopes. The required matching funds are

1 included , and the statistics on these cancers are well-
2 documented.

3 The thorough content, budget, and focus of this
4 proposal made it our top-scoring health care project. We
5 recommend fully funding their request of \$657,716.

6 DELEGATE MARSHALL: Do you have a question, Mr.
7 Owens?

8 MR. OWENS: The personnel costs are \$561,000?

9 MR. FEINMAN: Yes.

10 MR. OWENS: That's two nurses and that's for other
11 people that work there?

12 MR. FEINMAN: We'd also be paying for 15 percent of
13 the Charlottesville-based folks that are teleconferencing in, so
14 that's some physician time, as well.

15 MR. OWENS: You're saying that two nurses and 15
16 percent of the Charlottesville-based personnel.

17 MR. PFOHL: This is over a three-year period.
18 Typically, UVA brings us a new project each year that would run
19 for the three years project period. So, yes, that covers those
20 positions. Almost all of the Charlottesville-based people are
21 something between five and fifteen percent of their time to
22 operate the program and the telemedicine system.

23 DELEGATE MARSHALL: All right. Next?

24 MR FEINMAN: Project Number 3094. VCU, Massey
25 Cancer, Achieving a Cancer-Free and Productive Workforce in

1 Virginia.

2 They want us to support their two initiatives in order
3 to advance their ability to improve detection, prevention,
4 treatment, and control of cancer in Virginia.

5 To promote the development, integration, and
6 activation of innovative clinical trials, and providing greater
7 quality and scope of prevention and control services targeted for
8 residents throughout the Commonwealth.

9 This request asks for quite a bit of money, we actually
10 in conversation with them were able to reduce their initial
11 request for more.

12 They're asking for \$3 million, and it predominantly
13 would support funding for research, faculty, and staff based at
14 their facilities in Richmond to conduct, monitor, and manage a
15 series of statewide clinical trials. About \$461,000 is requested
16 for Initiative Number Two to continue to operate cancer research
17 and resource centers located in the Tobacco Region, in Danville
18 and Lawrenceville specifically, with some portion of that sub-
19 budget funding for program administrators and managers based
20 in Richmond.

21 The outcomes are listed as more than 1,300 Tobacco
22 Region residents served, although that total is not broken out by
23 the two initiatives. The required dollar-for-dollar matching funds
24 are proposed and do align directly with the requested initiatives.
25 The fundamental imbalance in this request is that Massey has

1 verbally reported that less than 14 percent of the participants in
2 their statewide clinical trial network are Tobacco Region
3 residents, yet we're being asked to fund about 50 percent of that
4 network.

5 Given the restriction and the amount of money that
6 we have available this year and the breakdown between one
7 initiative that does serve in our Footprint directly, and one
8 initiative that purports to serve statewide clinical trials, what we
9 recommend is that we award \$460,877 for Initiative Number Two
10 to continue to operate their direct services within our region, and
11 we decline giving, curtail resources to fund the statewide trial
12 portion of their request.

13 MR. OWENS: We gave them grant money last time.
14 Have we gotten any numbers back?

15 DELEGATE MARSHALL: If you remember back in the
16 January meeting, they gave us, UVA and VCU both gave us a
17 kind of a snapshot of what they have done in the past, and we
18 can email it back to you.

19 MR. PFOHL: We get very thorough grant reports at
20 the conclusion of each of these grants.

21 DELEGATE MARSHALL: As they come in, if you could
22 send those to this Committee.

23 MR. OWENS: Is there any outstanding unused money
24 available from the grants?

25 MR. PFOHL: Over the last couple of years, we have

1 closed, we basically, unlike UVA where I said they bring a
2 different project each year and then run it for three years,
3 Massey, over the last couple of years, we've been funding a one-
4 year project period. The grant that your committee approved a
5 year ago actually began in February of 2015 and will run for one
6 year. So, we're in the process of conducting that right now and
7 we're in the process of reimbursing them.

8 MR. SPIERS: You mentioned that it was a dollar-for-
9 dollar match, and 85 percent of it is outside of the area, was that
10 for personnel?

11 MR. FEINMAN: They're really asking us to fund two,
12 the one is their sort of what you would probably think of a cancer
13 research, which is statewide trials, and they pull folks from all
14 over the place. What we found in looking at their trials is that
15 approximately 85 percent of the folks in the statewide cancer
16 trials are not from within our region. We'd be funding the staff to
17 conduct those trials, I mean researchers. I don't know, I mean it
18 may be that 15 percent is a representative sample of the number
19 of cancer patients in our proportion of the Commonwealth.

20 It's just our view that given that or a relatively small
21 percentage of that portion of their project serves our region
22 because we don't have unlimited funds. We recommended only
23 funding the portion of their request that directly and almost
24 totally serves the people within the Tobacco Footprint.

25 DELEGATE MARSHALL: So, the \$460,000, that money

1 will be spent mostly in the Tobacco Footprint?

2 MR. FEINMAN: Yes.

3 DELEGATE MARSHALL: Other questions.

4 MR. FEINMAN: Our last project, 3095. This is for
5 Remote Area Medical Clinic, RAM Smyth County.

6 This project will provide free quality, professional
7 dental, vision, and medical services to about 1,200 patients who
8 could not otherwise can't get it. RAM has been a part of the
9 medical community within Southwest Virginia for quite some
10 time.

11 There's no debating that these are great events for
12 people who otherwise have no access to health care, can get
13 them through, get it through RAM. We believe that this is
14 something the Commission could support at some point, but the
15 current request for \$20,000, it's our view when they ask for
16 things like porta-potty and tents, other sorts of things, that it's
17 our view a little more out of reach than shoe leather, things you
18 get in-kind donations from folks in the region. We don't
19 recommend taking any further action on that project.

20 DELEGATE MARSHALL: Seeing no questions, let's go
21 back to the beginning. We can do this a couple of different ways,
22 we can take this in a block.

23 MS. BYRON: I have a question. I wanted to ask you
24 a question, Tad, in your presentation. It's my understanding,
25 and I'm sure you're aware of this, that the Universal Service

1 Fund, which people have been paying for years, is now being re-
2 purposed for Connect America Fund. I just saw a press release
3 where Century Link have accepted five hundred-and-some-
4 million dollars a year from that nationwide, but they're going to
5 be able to address 49,000 households in rural Virginia to provide
6 broadband. And then Verizon is coming in a little bit more. With
7 what your towers are doing, have you taken into consideration
8 the mapping of all this?

9 MR. DERISO: Sure.

10 DELEGATE BYRON: Will it make it so competitive that
11 the IFPs to offer service and there's going to be potential
12 broadband brought to those communities?

13 MR. DERISO: Sure. I'll respond in two ways. We
14 talked to Central Link, and I don't think Verizon is scheduled to
15 do any money in Virginia as part of that Connect America fund,
16 Phase II. Century Link has \$500 million, and I believe \$15
17 million is coming to Virginia, and those are scattered through all
18 rural census blocks throughout the entire state. I asked Century
19 Link and our contact there, who is a customer, and they're not
20 really sure what that's going to look like. It may take at least a
21 year for them to do the plan. They have seven years to
22 implement that project.

23 DELEGATE BYRON: They said they're going to start
24 building in early 2015. That's why I asked.

25 MR. DERISO: Yes, and at this stage of the game, they

1 do not know where that is, what that's going to look like in the
2 Southern Virginia Footprint. So, we're waiting to find that out.

3 On the question of access and affordability, our
4 project is not meant to compete with DSL cable, modem, Verizon
5 Wireless, or GLTE satellite. It's on the affordability side.
6 Because of this new technology with Microsoft commitment to
7 work with us, we anticipate that, this is not a \$20, \$30, or a \$40
8 a month subscription like the traditional wireless broadband
9 program. This is basically educational workforce content at zero
10 cost to address the affordability case.

11 As people want regular internet, they're able to buy
12 that on a daily basis or hourly basis or monthly basis, whatever
13 that makes sense from the various private sector providers that
14 use our network.

15 DELEGATE BYRON: It's a whole different model?

16 MR. DERISO: Correct, a whole different model, that's
17 correct.

18 DELEGATE MARSHALL: Back to the requests, of
19 course, we can do them in a block, or we can do them
20 individually, what's your pleasure?

21 DELEGATE BYRON: I move we accept the Staff's
22 recommendation in a block, excluding 3085, was tabled.

23 DELEGATE MARSHALL: I have a motion to accept --

24 SENATOR SMITH: Mr. Chair, I'd ask that 3088 come
25 out of the block.

1 DELEGATE MARSHALL: 3088 come out of block. All
2 right, so we have the, the two that are out of the block are 3085
3 and 3088.

4 The rest of them, any other discussion? We have a
5 motion and a second to approve. All those in favor, say aye.
6 (Ayes). Opposed? (No response). All right.

7 Senator Smith, 3088, do you want to approve it, or
8 what's your thoughts?

9 SENATOR SMITH: I assume it'll be approved, I will be
10 voting no.

11 MR. OWENS: I move that we accept 3088.

12 DELEGATE MARSHALL: I've got a motion and a
13 second to approve 3088. Any further discussion? All those in
14 favor, say aye. (Ayes). Opposed?

15 SENATOR SMITH: No.

16 DELEGATE MARSHALL: One "no".

17 Let's go to public comment. Anybody that would like
18 to come forward. What will happen is that we will have another
19 meeting in relationship to the Application 3085. The staff will
20 meet with the CCAM people to redo this application. The
21 application, Evan, if you will, get that to us as soon as you can,
22 before we come to the meeting, and we'll try to meet before
23 that, of course.

24 MS. RICHARDSON: How much time do you think you
25 all will meet to discuss it? An hour?

1 DELEGATE MARSHALL: I'd say probably an hour.
2 All right, do you have a public comment. Just
3 recognize yourself, please.

4 MS. CHERYL COLLINS: Yes, sir, I sure will, Mr.
5 Chairman. My name is Cheryl Collins. I'm the Director of Aging
6 and Disability Resource Center in the Crater District area, and it's
7 nice to see all of you all here. In my 25 years of fundraising, and
8 I know you have a difficult job to try to put a large sum of money
9 into all the allocated pots.

10 I did want to go ahead and ask a couple of questions
11 or just make some observations. In the grant application on
12 page 2 of 7, there was a section that had health care, and then
13 there was an opportunity to apply for other health care, and
14 that's what I did, because this was not a direct health care for
15 our operation. It says here if you're selected under health care,
16 please explain your program, how your plan supports the
17 Commission's mission and the strategic plan.

18 My statement there did talk about how our project,
19 which is the first time that we presented it to you all, did support
20 the Commission's mission and Strategic Plan. What you all might
21 not have heard or what we did not hear was that our project was
22 going to support 16 to 18 part-time positions. I don't know if
23 you had a chance to read our application, but I would ask that
24 you consider looking at it.

25 Also, in the staff comments, it said it was going to

1 provide service to our entire area. In the second location down,
2 it says the project location. This is the location of the project,
3 specifically localities where the grant money will be spent. And
4 we have clearly stated Dinwiddie, Emporia, Greensville, and
5 Sussex. Our grant application was not willing to provide funding
6 or services to our entire region. There are 11,000, over 11,000
7 seniors in these four areas that desperately need transportation
8 to doctors, to their life treatment centers, whether it be in
9 Richmond or wherever.

10 I'm going to ask you all to go back to our grant and
11 really look at it. We do have a fleet of 27, but we also provide
12 transportation and services to nine localities, not just four that
13 are in your service area. We did not go out and seek matching
14 money. I have a \$45 million portfolio in fund raising, and I have
15 a successful track record raising money for the Petersburg
16 Library, which was a new library. Most of the funders that we
17 have connections with, we can't go to them and say we think
18 we're going to get money, will you set aside a specific amount of
19 money to fund us.

20 We have individuals that are willing to try to come to
21 the table and help us. Making the assumption that we'll have
22 money in front of you, I'm going to say I'm a pretty good fund-
23 raiser with my portfolio, and I'd like to add that fact.

24 The other part was that we didn't get a telephone call
25 asking any questions about our grant proposal. In our, in the

1 Staff comment, there is a word that assumes and presumes and
2 without us having an opportunity to defend our grant before it
3 came in front of you. I'd ask you to go back to our proposal and
4 to look at it again.

5 I'm not here to criticize or to ridicule, but this was our
6 opportunity we've invested to come here to be in front of you all.
7 We have a service that's desperately needed. When we reached
8 out to the folks to provide us our letters of support, we could not
9 help but wonder how the seniors in those areas even got to be
10 able to go to the administrator's office to pay their taxes. On a
11 daily basis when you think about your own parents or your
12 grandparents that are isolated, this is a much needed service in
13 four regions that you all fund.

14 I am available for questions.

15 DELEGATE MARSHALL: Did you talk to staff?

16 MS. COLLINS: Staff in the memo and what we were
17 under the understanding was that if the staff had questions, they
18 would reach out to us and in the email --

19 DELEGATE MARSHALL: Where are you located?

20 MS. COLLINS: My office is in Petersburg, and we have
21 senior sites in these areas, and we have churches that we were
22 going to partner with. Even though the office is in Petersburg,
23 we provide transportation back and forth to Emporia and to
24 Sussex, and we do have senior sites in Jarrett. We're happy to
25 talk, I just would ask that you all go back and rethink, you have

1 the opportunity, I think, to do that before it goes in front of the
2 Full Commission.

3 DELEGATE MARSHALL: Any questions. Thank you.

4 MS. COLLINS: Thank you very much.

5 DELEGATE MARSHALL: Anyone else who wants to
6 have public comment?

7 All right, so we will have our next meeting that Stacey
8 will get to us. So, it will be sometime that Tuesday afternoon?

9 MS. RICHARDSON: At 1:30.

10 DELEGATE MARSHALL: Oh, at 1:30.

11 MS. RICHARDSON: At 1:30 on September 22nd.

12 DELEGATE MARSHALL: All right. Any other
13 comments?

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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 **Tobacco Region Revitalization Commission, Special Projects Committee Meeting**, when held on Wednesday, September 2nd, 2015, at 10:30 o'clock a.m., at the Hotel Roanoke & 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 12th day of September, 2015.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018.

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