TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Research and Development Committee Meeting

Monday, January 7, 2019
2:00 o’clock p.m.

Homewood Suites
Richmond, Virginia 23219
APPEARANCES:

The Honorable Kathy J. Byron, Chairman
The Honorable James W. “Will” Morefield, Vice Chairman
Mr. Ed Blevins
The Honorable Charles W. Carrico, Sr.
Ms. Gretchen Clark
Ms. Rebecca Coleman
The Honorable Daniel W. Marshall, III
The Honorable Edward Owens
Ms. Rasnick
Ms. Sandy Ratliff
The Honorable Frank M. Ruff

COMMISSION STAFF:

Mr. Evan Feinman, Executive Director
Mr. Andrew V. “Andy” Sorrell, Deputy Director
Mr. Timothy S. Pfohl, Grants Program Director
Ms. Stephanie S. Kim, Director of Finance
Ms. Sarah K. Capps, Grants Program Administrator
Southside Virginia
Ms. Michele Faircloth, Grants Assistant
Southside Virginia
COUNSEL FOR THE COMMISSION:
Ms. Elizabeth B. Myers, Assistant Attorney General
Richmond, Virginia  23219
January 7, 2019

DELEGATE BYRON: Good afternoon, I’m going to call the Research and Development Committee Meeting to order. Evan, will you call the roll.

MR. FEINMAN: Mr. Blevins.

MR. BLEVINS: Here.

MR. FEINMAN: Delegate Byron.

DELEGATE BYRON: Here.

MR. FEINMAN: Senator Carrico.

SENATOR CARRICO: Here.

MR. FEINMAN: Ms. Clark.

MS. CLARK: Here.

MR. FEINMAN: Ms. Coleman.

MS. COLEMAN: Here.


DELEGATE MARSHALL: Here.

MR. FEINMAN: Delegate Morefield.

DELEGATE MOREFIELD: Here.

MR. FEINMAN: Mr. Owens.

MR. OWENS: Here.

MR. FEINMAN: Ms. Ratliff.

MS. RATLIFF: Here.

MR. FEINMAN: Senator Ruff.

SENATOR RUFF: Here.
MR. FEINMAN: You have a quorum, Madam Chairman.

DELEGATE BYRON: Could I get a motion to approve the minutes of September 19th, 2018?

MR. OWENS: So moved.

DELEGATE BYRON: We’ve got a motion and a second to approve the minutes. All those in favor, say aye. (Ayes). Opposed? (No response). The minutes are approved.

Now, we’re going to get an update on some of the applications, and my understanding is we’re not really going to approve anything today, but we were going to go over these three applications and the difference in the summaries.

MR. PFOHL: As members of the Committee will recall, we did the first round of the Last Mile Broadband and approvals back in March of 2018, and that was $11 million of approvals and more than $16 million of matching funds serving portions of 13 Tobacco Region counties, and that involves over 31,000 households and other premises. The last time your Committee met, we discussed second round funding, and the Committee tasked the Staff with having pre-applications submitted, and we usually do that as an optional way to have some or it’s an optional way to have some dialogue with applicants before they apply for any Commission programs. This is the first time we actually required a pre-application under the direction of the Committee.
Late last week, we sent out listing 19 projects and we found out this morning that there was another one, and due to a technical glitch didn’t get submitted, and that’s the first one listed on this updated chart, the Appomattox Project CEC. Now, we’re up to 23 applications. In doing some rough rounding of the figures and can serve 22 or portions of 22 counties with 37,000 premises, with total request in the amount or ballpark of $8 million. We also realize that early this afternoon there was another one from Russell County that did not get through the system and we’ll try to figure out how to make that work and try to deal with those technical issues.

For purposes of this, it’s nonbinding information and it’s not like we’re going to hold you to what you put in for the full application when it’s due March 1st. This is to get your Committee or give your Committee an idea of what the potential projects may be, what the cost may be, and who the private partners are likely to be and what kind of impact in terms of leveraging of the Commission’s funding and the number of premises served.

About 20 minutes ago, we were comparing numbers with the Department of Housing and Community Development, and they received applications for their Virginia Telecom Initiative Program and were comparing numbers and trying to coordinate with them as much as possible. We put all of these in a drop box for you, probably well over 50 or 60 pages. I don’t know if
anyone really dove into those very much and some of them came in the last business day before Christmas. Any questions on these, I’ll be happy to try to answer.

MR. FEINMAN: The one thing I would add is while this Committee has not set a firm percentage, we have been or it’s pretty clear given the strong performance of Southside projects relative to Southwest projects from the last round that there would be a preference for Southwest projects in this round. A number of applicants reached out to us with large potential Southside projects asking for three or four million dollars, and we did express at the Staff level that it’s unlikely to find a favorable home in a $5 million round focused on Southwest and given the budgetary realities. The demand is probably someone larger than what you’re seeing here, but this is a pretty good snapshot of what the demand is for projects ready to move in the next year or so in Southwest Virginia and some smaller projects in Southside.

DELEGATE BYRON: It’ll be interesting to see some of these applications you’re talking about and now opening up opportunity to look at those and see what can be accomplished and if there’s some worthwhile in the future. It’s interesting to know how we’re working with this on a state level, which isn’t affecting our application, but at the same time, but the ones in the Tobacco Region are certainly available to apply for State funds, correct?
MR. FEINMAN: They are, Madam Chairwoman. The way in which both the -- program and the Tobacco Commission’s Last Mile Broadband Program have developed is very much in tandem. The body program existed prior to the Commission’s Last Mile Program, so we based our program in part on their program guidelines informed by DHCD’s staff’s impressions of which part of the guidelines are better or worse. Then we did our round and then DHCD used our data, as well as state voter input to develop their newest program guidelines for the body program which application closed last month. We plan to learn more from that round and program improvement on a program-by-program basis.

I’d also say we anticipate doing combined staff reviews of grants between the two programs to insure or if there’s, quote, unquote, double-dipping, informed by staff knowledge, and that we have a good understanding of that and, two, making sure that in trying to be as consistent as we can with the State Funding Programs to be fair and clear on how each one works.

DELEGATE BYRON: I would say as chair this can be a very exciting time and in opening the door to actually a lot of progress on this Last Mile. The Concept of that along with state funding should be very good for both programs, and then the question of how much of a role we play in this funding role and how we can assist and how we can start a conversation and
connect, and certainly we’ll have enough time to work these applications and Staff recommendations, and have a discussion on where we go from there, too, all working together.

Delegate Marshall.

DELEGATE MARSHALL: A couple of questions. What is our budget?

MR. PFOHL: Right now, the Committee’s balance is just under $12 million. And in your last meeting, you discussed setting aside $5 million for this second round. I’m sure by the end of the application deadline you’ll have more than twice the $5 million that’s being requested.

DELEGATE MARSHALL: So how will Staff evaluate to see as far as who rises to the top as far as Staff recommendation? We’ve got a lot of different parameters here.

MR. PFOHL: The principal metric that we used in the last cycle was the cost to the Commission per premise past. We can try to fund the most efficient project and budgets. I think almost everyone is anticipating not only meeting but also passing ten over one megabit per second minimum qualifying level. We’re using some standard metrics that are used by DHCD and others, including the take rate percentage of premises that are expected to sign on, the levels of service provided. Do they have really robust packages and, if so, what do they cost on a monthly basis per subscriber? It’s kind of hard to just use that one measuring stick.
DELEGATE BYRON: Isn’t there a way to measure if you’re trying to put something out there based on different measurements in Southside and Southwest and with other providers?

MR. PFHOI: We’re certainly open to any thoughts on that.

MR. FEINMAN: What we found in the last round was that working purely in a mechanistic fashion from that cost per premises path metric led to a really strong showing in the Southside projects and a weaker showing in the Southwest projects, and that tracks our understanding of the way these things work, it’s just more expensive to do these things in the mountains.

So, one of the things we wanted to talk about today was that recognizing there was going to be a, quote, preference to Southwest projects in this next funding round, how and to what extent you wanted that to be reflected in Staff recommendations and in budget allocation. We can certainly say a fixed or near-fixed amount of the budgeted pot could go to Southside projects and a different amount to Southwest projects. You could simply say to the Staff look more favorably on Southside projects in a general sense and give us your recommendations for that or you can simply lay it out in the mechanistic mathematical fashion and let the Committee make the decision about where you want to go to further or if you want
to go further down on that efficiency list in recognition of the fact that a very efficient project in Southwest might be more costly than a less efficient project in Southside. We were seeking guidance from you all on how you’d like us to do that.

SENATOR CARRICO: More favorable.

DELEGATE MARSHALL: Less favorable.

DELEGATE BYRON: They’re sort of joking. All those in favor --

MS. COLEMAN: The $5 million we’re talking about for this round, does that reflect any of the funding recovered from BVU or any of the discretion that we’re going to have to direct funding from that project? Any of the money recovered from BVU?

MR. FEINMAN: That money has gone into our balance, but we have not specifically directed it to Southwest projects.

MS. COLEMAN: The $12 million remaining in R&D or the $5 million?

MR. FEINMAN: Twelve million is remaining. I’d also add that much of our payment from the BVU deal came in the form of a note. We realize a little of that cash upfront recognizing that the payments we get from the treasury on a percentage basis on our earning is lower than the interest earning we get on that note. When I negotiated that deal, I determined that it was a way for us to increase our total returns
on the deal and our earnings by accepting the promissory note rather than cash up front. So, five years hence we’ll be better off, but we don’t have the cash today.

MS. COLEMAN: What is the amount of the promissory note?

MR. FEINMAN: Three point, I can’t remember exactly, three point seven something, right in that vicinity, and then that can be brought down to a certain extent by connections.

DELEGATE BYRON: Is the balance specifically for broadband, and we talked about R&D projects that were --

MR. FEINMAN: The approximate $12 million is the balance for the Committee, and that can be used for whatever the Committee says or deems worthwhile. We have not for a while been accepting new R&D applications, and I think that’s been a good change. There can’t be more than two or three companies that remain eligible for a second round.

MR. PFOHL: I think Micronics has aspirations for some additional funding.

DELEGATE BYRON: Do we know if we’re going to allocate money for somewhere else and we have an interest in making sure that we set aside some funds for something unusual?

SENATOR CARRICO: Just kind of addressing the 3.7, that was money that was spent in Southwest that we were able to recoup, so why would that money not be re-invested, the 3.7,
in Southwest, or why would it come back into the budget and not be re-invested in the broadband in Southwest?

MR. FEINMAN: From time to time, we have directed clawbacks and other earnings to specific programs and other times have brought them back into the general fund and other times we’ve brought them back into a specific committee and not necessarily earmarked for a specific item. The thing that I would say is that it always goes back into the pot that it came out of. R&D is a committee that has a footprint-wide purview and then make the decision as you all budget to programs to say we’ll direct this amount of money to Southside and this amount of money to Southwest or we’ll look across the entire Footprint. That’s a little different than, say, a TROF. Similar to a TROF in that we do a TROF clawback from, say, a business that is in Halifax and we don’t then say we’re going to earmark this clawback for a future TROF, we just say it goes back into the TROF program and when we make another disbursement.

SENATOR CARRICO: What I’m getting at, Madam Chair, if we had $3.7 million that was taken back through the BVU project, that was already appropriated by the Commission to address broadband issues. If we’re saying $5 million is going to be utilized for Southwest in this next round, technically, we’re only utilizing $1.3 million, because we already had $3.7 that was invested there.

MR. FEINMAN: We don’t have that, and that’ll come
in as promissory note payments are made and my suspicion is that that will fully avail itself and an opportunity to buy down the cost of that via connections. We received seven hundred and some thousand dollars cash, and I anticipate probably not more than $1.5 being the total payout from that promissory note, plus five percent interest.

MS. KIM: Just to clarify, that money went into the general account, not R&D, because when it originally went out, went out of the technology fund, which does not exist anymore.

SENATOR CARRICO: Is there a way, Madam Chair, that these dollars, or maybe I should ask the attorney so we don’t get put in jail, that these dollars can be redirected to Southwest Virginia without a problem?

MR. FEINMAN: What we can do is the Staff, I think pretty easily in the main budget, we can make a note that as those payments come in, they’ll go into R&D and we’ll earmark a set of them for Southwest expenditures.

SENATOR CARRICO: Do we need a vote on that, or can we just do it?

MR. FEINMAN: That would be a vote that the Executive Committee would make when we adopt a new budget in May.

DELEGATE BYRON: All right, that’s what we can do.

Delegate Marshall.

DELEGATE MARSHALL: The buy-down from Sunset,
so if they make, how do we compile that with the applications that we’re already getting, also, is that double-dipping?

MR. FEINMAN: No, that’s separate. They are obliged as a condition to the BVU agreement to make a certain number of connections within the Cumberland Plateau Region and a certain number of connections outside the Cumberland Plateau Region, totaling 10,000 total connections. What we have allowed is CPC to take the lead on developing and attracting programs for those connections, and they are underway in collaboration with the Sunset Digital on that. As soon as they’re ready to roll on that, what we anticipate doing is creating a subcommittee of this body to make recommendations for the connections that we are permitted to do, and that will be separate and we don’t need to allocate any funds for that, that will be separate from this kind of grant application round, wherein we have to make a financial decision, and that’s purely an exercise in designation.

DELEGATE MARSHALL: We’ve got to track Sunset to make sure when that’s done and at a certain price.

MR. FEINMAN: Any fees offered by that company regarding any fiber or wire, that kind of threshold, we did not contract for and would not have contracted for any specific price threshold with them. We can certainly express that to them and we anticipate them being applicants in the future. I’ll also add that they are a company with an exclusively rural customer base, and I do not anticipate them pushing in a price-gouging direction.
if they’re interested in getting as many customer as they can on a per-mile basis. They’re going to reach whatever price point that maximizes their revenue, which is all we can ask of them.

DELEGATE BYRON: Thank you. Mr. Owens.

MR OWENS: Going down this list of Sunset, is this the same Sunset for $675,000?

MR. FEINMAN: Yes.

MR. OWENS: Based on their payment back?

MR. FEINMAN: This conversation has gotten complex because we brought up the question about the old BVU deal, and they’re not paying us back for anything. We were part owners in the OptiNet network, and if you recall, that was a deeply fraught three years seven-party negotiation that at various times has implicated the fiscal solvency of the City of Bristol and their utility department, as well as carrying serious risks of, there were 28 million Commonwealth-backed bonds as part of that deal, and as we went all the way through that, ultimately Sunset acquired that network from us, the Cumberland Plateau, Federal NCIA, Federal EDA, Bristol, Virginia Utilities, and in the process of that acquisition, paid $28 million in Virginia Resource Authority bonds that were tied to revenues generated by that.

As we negotiated that sale, we had multiple competing roles. One was simply to get the network out of BVU and, secondly, insure that the Commonwealth’s credit rating was protected in making sure the bonds were good. And the third on
my list of priorities was exercising our revenue. While that’s always good, worst would be a stranded or dark network there. That is sort of a separate transaction. One of the things we were able to do is to contract for a set of connections at no cost to us. These connections at Sunset would be applying for our four areas that would otherwise be economically infeasible. So when we get a grant application here, that is a statement by the applicant that absent some grant dollars to buy down the costs of the structure, they would simply never serve that entity. That is distinct from the connections we contracted for with Sunset and the ability to designate connections that they would make along their network billings that they were planning to do.

MR. OWENS: Madam Chair, I think I understand what you just said, that at the end of the day when they got the assets, that would go in the general, right?

MR. FEINMAN: They paid the debt. We have a promissory note with them, which was part of the, or it was part of our renouncing our security interest in that network. That sales contract was closed and they’re going to meet their obligations, but we have a note from them. That has a net present value and then a value when it’s paid off. In the same way that we might, for example, have a TROF clawback with the county and then get a different grant from them, they’re just separate transactions.

MR. OWENS: Maybe I went to a different finance
school, a promissory note is a debt, so we have a debt. They have a promissory note to the Tobacco Commission, which is a debt to us. But what you’re saying is that --

MR. FEINMAN: A better example would be, let’s say Halifax County has a TROF and the company fails to meet its obligations under that TROF agreement, and so Halifax owes us $300,000, and that’s under the TROF program. In Southwest Economic Development, Halifax wants to build a Shell building, and they come forward and say we request from Southside Economic Development $250,000 to build the Shell building. As long as Halifax had acknowledged the TROF obligation and was on a payment plan with us for that, that would not change the way we view their Southside application for a Shell building.

In the same sense we have negotiated a promissory note with Sunset as a result of the BVU sale. They’re an applicant for the Last Mile Broadband grant, and they’re in good standing with us. As regard to that note, we don’t have any expectation that they will fail to make their payment. So, they’re not by virtue of having that note ineligible, in fact, we’re happy with them and a pretty good corporate citizen in Southwest.

DELEGATE MOREFIELD: Well, if Sunset was not awarded this funding what you’re saying is that they probably would not make those payments.

MR. FEINMAN: Probably not. The specific set of connections for which they applied, the grant fund. They
anticipate making a fairly fixed amount of investment in their infrastructure in the region. The reason we offer grant funds, it is to take areas purely within the four corners of a private company’s capital expansion plans might not make fiscal sense to try to make those areas make fiscal sense.

So, again, we have after three years closed the page on the OptiNet deal. I think Senator Carrico expressed a desire in this Committee to make a recommendation for the Executive Committee that we earmark all earnings from that deal for this Committee of Southwest.

As with the Halifax thing, I don’t think we should complicate our Last Mile Program with reopening the negotiated settlement for the purchase of a broadband network.

DELEGATE MOREFIELD: I completely understand, but the point I’m trying to make is, and like with Senator Carrico made, re-investing those funds back into an area that even with Sunset now making these connections, I would say that the majority of that area is challenged and not economical to provide the connection and run broadband and that’s the intent and purpose of these funds. I hope we don’t see a situation where four or five years from now Sunset has not fulfilled their obligation and they continue to come back to the Commission asking for funds to provide connections in an area that we all know is challenging. There was a lot of excitement at one time from localities, and now Sunset is going to go in and connect
everyone and develop all this infrastructure.

    I know all this takes time, but what I’m concerned about is in Southwest Virginia you don’t have a handful of players that are in this business and there are companies applying for grants to make the Last Mile connections, and I just want to make sure those companies are treated equally with Sunset.

    MR. FEINMAN: Applicants for the Last Mile Broadband Program and each project will be evaluated purely on the merits of a given project. As regard the connections at Sunset is obliged to make as part of their purchase agreement, we’re going to hold them to that agreement just like we hold everyone to every agreement they have with us. So, I anticipate doing that outside of this agreement. We get our first payment on the promissory note in August of 2024, but we get interest on it at prime rate the entire time. That’ll be a sizeable payment up to one-fifth. Five years after that August 2024 date, they have to pay off the balance whatever it is. We anticipate 20 percent payment each year starting in 2024.

    DELEGATE BYRON: The first payment is 2024 and looking for an award in 2020, and this fund cannot be commingled. If they can make those payments in 2024 and with the matching funds, they have to meet another commitment.

    MR. FEINMAN: They are currently matching a Southwest Economic Development grant, they negotiated as good a bargain as they could negotiate within the four corners of
a particular position that they made last year. I really think that
in the same way we can have transactions with other grantees, I
think it’s somewhat needlessly complicating the question of how
we deal with this question, to try to mix their obligations under
one agreement.

DELEGATE BYRON: I’ll go back to my own point of
order here and go back to the discussion with Staff as to how we
want to have them evaluate or what priority. If I might add, the
grant cycle for this Southwest applications that were awarded, is
that correct? Was that Monday?

MR. PFOHL: There was one, the Wire Grove
Authority, Carroll, Grayson, Galax, for a wireless project, and
that was $300,000.

There were two $3 million requests from Scott County
Telephone and Russell County.

DELEGATE BYRON: I believe we made a commitment
that we were going to make sure we had a priority in Southwest
projects.

MR. PFOHL: Yes, I think the issues with the two $3
million requests were that their matching funds came from grants
that were serving completely different projects or project areas
and did not require a match. So, we were effectively paying a
hundred percent of the project area costs. Three million dollars
to connect something in the ballpark of six or seven hundred
homes. It was an extraordinarily high cost per premise past.
DELEGATE BYRON: The applications you have from Southwest now, do they look improved?

MR. PFOHL: Yes, they seem to be. For instance, the Cumberland Plateau project would serve almost 700 households and the request to us would be 675,000.

The Dickenson County request only serves 82 premises and 400,000 from us. You have some apples and oranges in there, but some of them are more cost effective than others and some are further along in their planning and engineering and got more reliable numbers to show.

DELEGATE BYRON: The Russell County one, will that be resubmitted?

MR. PFOHL: I suspect that one will come back again, that’s a $3 million project, which would bump us up over almost 11 million potential requests. I’ve asked them to confirm today that email.

MR. OWENS: In an effort to help quantify a way to do it, the cost residents per mile Southside and the per mile cost in Southwest, can you use that as a multiplier?

MR. FEINMAN: The question across a broad region, how many people exist in rather sort of settlement pattern? What you find in Southwest, you may go a long way, and then there’s actually relative density once you get into a particular valley. So, you could have a project where eight, nine, or ten miles, there’s nobody, and then you come down a hill and
suddenly there’s 75 or 80 people. I don’t know that we want to be that mechanistic in every project area difference.

I can tell you at the Staff level we would be very comfortable if you guys would set a general percentage target of award you’d like to see on each side of the divide. Maybe five or six percent either way, it doesn’t have to be in round dollar figures and we could come back to you with that sort of a recommendation.

In the alternative, we could rate them all by efficiency and this Committee could simply express its preference by you selecting the projects and being informed by that information. Either of those I think would be sensible ways to express the preference that we’ve heard you say you wanted to in this case or in this round. We’re capable at the Staff level of saying this is a good use, this is not, and then leaving it to the Committee to decide which among the good uses of funds you wanted to fund in Southside and Southwest.

SENATOR CARRICO: I don’t think that the per mile, I’ve lived both in Southside and Southwest, and you can’t get through the rocks in the mountains to really have a feasible amount of money that would do the projects. That’s why we use the four G networks in some of those places.

MR. FEINMAN: What body has done, the body evaluation metric is essentially the same as ours, what we have said over on the body side, there’ll be a recognition among that
projects are harder to do in certain geographies, both mountains and watery, and there’s a challenge in wire line service to places like the Northern Neck and the Peninsular and Eastern Shore. So, what body is considering, the Virginia Telecommunications. What they have said is that they will simply recognize that a more challenging geography exists and not purely apply the cost per premise past metric as they make awards.

DELEGATE BYRON: So, it would be very hard to come up with a, and would it be ---

MR. FEINMAN: I would advise against that. Every project and every region is different. If we create a situation where we have a formula that’s publicly disclosed from which we cannot deviate, what will happen is that applicants will gain the formula, just like the TROF formula secret, but applicants will gain the formula and they’ll select the areas they can do the best in and stranding some areas that will never get service.

DELEGATE BYRON: I think maybe we can do it based on that. If we do those and compare them with separate from other ones, and I don’t think there’s any formula you can use across the board, or perhaps you can evaluate them as part of the projects in general. And then further discussion, maybe we can get one or two, maybe do more people separately from the Southside one.

DELEGATE MOREFIELD: I heard the comment made and some of the projects aren’t economical, but something we
need to take into consideration, but that’s what the Commission is established for, to provide access and service. But if you simply have a conversation with some of these providers, especially the company making application for $3 million. The terrain in Russell County and Buchanan County, the terrain in Buchanan is different from the terrain a few miles over in Tazewell. Those figures are probably more accurate than we think they are and it is that expensive to provide this. That’s a decision we need to make as a Committee, are we going to use these resources to provide Last Mile services in these high cost areas, or are we not going to do that?

SENATOR CARRICO: Madam Chairman, I don’t want to beat a dead horse but I think the discussion we had in Special Projects, and that motion was made that we or suggestion was made that we use it in Southwest, I’m getting old and I forget how these conversations go.

MR. FEINMAN: If I could make a suggestion, we will make Staff recommendations at your next meeting, and I anticipate being in advance of the May meeting. We can make our Staff recommendation with an eye towards the most efficient disbursement of funds within perhaps 80 percent expenditures for this particular round and going to Southwest and 20 percent to Southside with whatever variance is necessary, the specific dollar values of the project and make those recommendations to you, and then we’ll put our evaluation of all the projects before
you and you can move projects in and out as you see fit. I think that’s a sensible way to move forward.

There is one project from the last round that this Committee needs to take action on, because it’s material change and scope.

DELEGATE BYRON: Tim, do you want to comment?

MR. PFOHL: I think a good combination of those and to Delegate Morefield’s point, I think what we may end up seeing in the Russell one that didn’t get submitted is a combination of fiber and wireless as a way to address some of those issues. While they’re intending to do fiber to the premise, the solution might be get the fiber in, in center of the community and shoot wireless from there, and use the fiber, also, as backhaul. I think folks going into the first round maybe were unclear if we had a preference, wire versus wireless. I think they heard we want to reach as many people as possible and as quickly as possible, but right now, wireless is the most cost efficient way to do this, so I think they’ve gone back and taken a look at some of their projects and using both of those technologies. And, hopefully, we can have some more cost efficient proposals in Southwest in the second round, but certainly that’s the message we will encourage as Staff when we have conversations.

DELEGATE BYRON: Any further discussion?

MR. FEINMAN: I would only say that we had a very efficient funding round in our last round, application round.
While there are projects here that are less efficient, the efficiency we’re seeing here is still well ahead of what we see in national figures, making it clear to applicants that we’re going to go for the most efficient use of public dollars and has driven applications in that direction and we’re getting very cheap connections relative to what you see around the country being asked for here.

So, I think the Committee can feel good about that and about the direction we’re going.

Again, Madam Chair, I would bring your attention to the next line on the agenda, Grant Number 3387.

MR. PFOHL: Madam Chair, in the March approvals, Appomattox County and their private partner, Shentel, were approved for a $45,000 grant, Number 3387. That would have served the communities of Vera and Appomattox, about 100 homes. Shentel, to their credit, found out that another grantee in that cycle, Central Virginia Electric Co-op, was intending to put fiber through Vera, and Shentel didn’t want to use Commission funds to build at that point in time. And I think that was like ten homes, and they were projecting serving 40 percent of ten, and we said keep looking. Came back to us with the Susie Alice neighborhood, which has 36 homes, and projecting a 30 percent, 45,000 to connect, or something in that ballpark. That’s Shentel’s request to us, to allow the use of the $45,000 in the Susie Alice neighborhood in Appomattox.
SENATOR RUFF: I think we should give them some latitude since they were so kind not to waste money. I move we accept that.


Any further discussion on anything? Any public comment? Hearing none, thank you all. And we’re adjourned.

__________________________
PROCEEDINGS CONCLUDED.
CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the Tobacco Region Revitalization Commission, Research and Development Committee Meeting, when held on Monday, January 7, 2019, at 2:00 o’clock p.m., at the Homestead Suites, Richmond, Virginia 23219.

I further certify this is a true and accurate transcript, to the best of my ability to hear and understand the proceedings. Given under my hand this the 25th day of January, 2019.

_________________________________________________
Medford W. Howard
CCR