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**TOBACCO REGION REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501  
Richmond, Virginia 23219

**Research and Development Committee Meeting**

Wednesday, June 5, 2019  
2:30 o'clock p.m.

Institute for Advanced Learning and Research  
150 Slayton Avenue  
Danville, Virginia 24540

1     APPEARANCES:

2     The Honorable Kathy J. Byron, Chairman

3     The Honorable James W. "Will" Morefield, Vice Chairman

4     Mr. Ed Blevins

5     The Honorable Charles W. Carrico, Sr.

6     Ms. Gretchen Clark

7     Ms. Rebecca Coleman (via phone)

8     The Honorable Daniel W. Marshall, III

9     The Honorable Edward Owens

10    Ms. Cassidy Rasnick

11    Ms. Sandy Ratliff

12    The Honorable Frank M. Ruff

13

14    COMMISSION STAFF:

15    Mr. Evan Feinman, Executive Director

16    Mr. Andrew V. "Andy" Sorrell, Deputy Director

17    Ms. Stephanie S. Kim, Director of Finance

18    Ms. Sarah K. Capps, Grants Program Administrator

19        Southside Virginia

20    Ms. Michele Faircloth, Grants Assistant

21        Southside Virginia

22    Ms. Sara Williams, Grants Program Administrator

23        Southwest Virginia

24    Ms. Jessica Stamper, Grants Assistant

25        Southwest Virginia

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

1 June 5, 2019

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3 DELEGATE BYRON: Good afternoon, I'm going to call  
4 the Research and Development Committee to order, and ask  
5 Evan to call the roll. Mr. Feinman

6 MR. FEINMAN: Delegate Byron.

7 DELEGATE BYRON: Here.

8 MR. FEINMAN: Delegate Morefield.

9 DELEGATE MOREFIELD: Here.

10 MR. FEINMAN: Ms. Rasnick.

11 MS. RASNICK: Here.

12 MR. FEINMAN: Mr. Blevins.

13 MR. BLEVINS: Here.

14 MR. FEINMAN: Senator Carrico.

15 SENATOR CARRICO: (No response).

16 MR. FEINMAN: Ms. Clark.

17 MS. CLARK: Here.

18 MR. FEINMAN: Ms. Coleman.

19 MS. COLEMAN: (Via phone).

20 MR. FEINMAN: Delegate Marshall.

21 DELEGATE MARSHALL: Here.

22 MR. FEINMAN: Mr. Owens.

23 MR. OWENS: Here.

24 MR. FEINMAN: Ms. Ratliff.

25 MS. RATLIFF: Here.

1 MR. FEINMAN: Senator Ruff.

2 SENATOR RUFF: Here.

3 MR. FEINMAN: You have a quorum.

4 DELEGATE BYRON: I know we're all anxious to go  
5 through the Broadband, but we're going to skip over those for a  
6 moment. We're going to go to the fifth year extensions.

7 MR. FEINMAN: Madam Chairman, we have a  
8 recommendation for a fifth-year extension for, there's been a  
9 number of communications back and forth, their priorities and  
10 budget. Staff would recommend a fifth-year extension of that  
11 R&D grant, and there are some new personnel, but that's been a  
12 longstanding issue with our R&D grant recipients and  
13 administrative costs and rather than paying for R&D hires.

14 The second extension is WireTough Phase 2, and  
15 they've already met the first quarter, and we want to make sure  
16 that they're meeting milestones and provided they reach an  
17 agreeable deadline.

18 DELEGATE BYRON: If there's no questions, do we  
19 have a motion?

20 MR. OWENS: Madam Chair, are you saying this is  
21 going to be a two-year extension, is through May 2021?

22 MR. FEINMAN: Sarah has been coordinating this.  
23 Now, if this body wants a report, we'll get that prepared for you,  
24 otherwise, or we can get a year-end periodic report.

25 MS. WILLIAMS: We've gone over that issue. On the

1 anniversary of the grant approval date in May, and they have  
2 submitted an annual report, and their reporting is part of the  
3 process, May 2020.

4 DELEGATE BYRON: Questions? Do we have a motion  
5 to accept this extension?

6 MR. OWENS: So moved.

7 DELEGATE BYRON: Do I have a second? All right.  
8 Everyone approving this, say aye. (Ayes). Any opposed? (No  
9 response). Those two pass.

10 All right, let's go to the next item. All right,  
11 continuing. Phase 2, continuing applications. We want to make  
12 sure that these applications are, or make available the  
13 application process when folks start submitting applications so  
14 that they're in compliance with the deadline. We would focus on  
15 and put a deadline and meeting the schedules and then we want  
16 the R&D Committee to hear and any R&D recipient who's eligible  
17 for funding, for continuation funding, it's the policy, I don't think  
18 you get more than two bites at the apple. You still have  
19 compliance, that's really up to the Committee.

20 Any further questions?

21 DELEGATE MARSHALL: So, when you say two bites at  
22 the apple and then the Staff would either recommend yea or nay  
23 or just set by the policy.

24 MR. FEINMAN: When we talk about continuity, a  
25 traditional R&D, for research and development, that's just a

1 process we've used and we've always got to have some sort of  
2 guidelines, two commercial projects.

3 DELEGATE BYRON: That's part of our R&D grant  
4 process.

5 Then without objection, and then we'll just review  
6 these, we'll review them as part of our normal process.

7 DELEGATE MARSHALL: So, you just would call us if  
8 you need more money?

9 DELEGATE BYRON: Okay. Moving on now to the Staff  
10 recommendations. We had a meeting about a month ago and  
11 spent two or three hours going over this Broadband grant  
12 application, and unless we have an objection, we're not going to  
13 hear from the providers at this time, but this will be for the  
14 members to discuss these and we have the recommendations for  
15 funding.

16 Is there anyone that has an objection to the ones that  
17 Staff recommended for funding?

18 SENATOR RUFF: Madam Chairman, I wasn't able to  
19 attend the last meeting, I do have some questions. Number 534.

20 DELEGATE BYRON: 3534, the Halifax project.

21 MR. FEINMAN: The whole objection, not objection to  
22 supporting a foundation Staff recommends supporting, but if  
23 there's anything as far as the Staff is concerned.

24 DELEGATE MARSHALL: So, you want to pull out of the  
25 block 3534, 3547?

1           SENATOR RUFF: 3534, I'm not sure how that fits in  
2 with other projects, my concern is that --

3           THE COURT REPORTER: Could you all speak up,  
4 please.

5           DELEGATE BYRON: Do you want to take each  
6 individual one, or do we need more information? So, is 3519?

7           MR. FEINMAN: We can go that way, Madam  
8 Chairman, but I think the most efficient way would be ask folks if  
9 they want to address it or just go ahead and approve the rest of  
10 the block and just start at the top.

11          DELEGATE BYRON: All right. Unless I hear an  
12 objection, so 3535, 3531, 3522, 3530, 3527.

13          SENATOR RUFF: Objection. 3519. Is there an  
14 objection? 3525?

15          DELEGATE MARSHALL: Madam Chairman, I move  
16 that we accept Staff recommendations, 3535, 3531, 3522, 3530,  
17 3525.

18          MR. OWENS: Second.

19          DELEGATE BYRON: Any questions on those? All in  
20 favor, say aye. (Ayes). Opposed? (No response). Those are  
21 recommended for approval.

22                 All right. 3532, 3521, 3528, 3524, 3529, 3534.

23          UNIDENTIFIED: Objection.

24          DELEGATE BYRON: 3547, 3526.

25          UNIDENTIFIED: Objection.

1 DELEGATE BYRON: 3533.

2 UNIDENTIFIED: Objection.

3 DELEGATE MARSHALL: I move we accept Staff  
4 recommendations 3532, 3521, 3524, 3529, 3547.

5 DELEGATE BYRON: Is there a second?

6 MR. OWENS: Second.

7 DELEGATE BYRON: Any discussion on those?

8 All in favor, say aye. (Ayes). Opposed? (No  
9 response). Those recommendations are recommended to the  
10 Full Commission.

11 Now, we'll start with our first objection, and that is  
12 3527.

13 MR. FEINMAN: This is a request for or, and certainly  
14 without getting into the real details of it and for full funding, if  
15 you'll look on your spreadsheet, but this particular project, 3527,  
16 450 and \$3 million requesting \$2,018 was passed, and for the  
17 Commission, it's far and away the most expensive project before  
18 the Commission. Over \$4,000 per piece of property.

19 What the Staff is suggesting is given the new changes  
20 that the General Assembly made related to policies in the last  
21 legislative session and the first being utilities and localities  
22 creating special taxes for lowering the costs of getting Broadband  
23 to folks, and, secondly, working with our utilities to help drive  
24 down the costs. A project in Grayson County, and they proposed  
25 to do, and you can see the costs both to the provider and to the

1 Commission, which has come down. So, as far as this project,  
2 we're about \$5 million. This Committee can get 16,029 people  
3 connecting to Broadband. For \$2.5 million more, you can get  
4 around 800 more people for Broadband. Five million for 16,000,  
5 and 2.5 million for 800 more. That's the discrepancy that we're  
6 talking about.

7 The point of the competitive grant funds, that's the  
8 question, and that's what the Staff is considering.

9 DELEGATE BYRON: Any comments?

10 DELEGATE MOREFIELD: Madam Chairman, I'd like to  
11 speak to the objection, and I think it would be beneficial to the  
12 Committee members to hear from a few comments from the  
13 folks that are directly involved and the Russell County IDA on the  
14 application. We've gone around and around on this. Personally,  
15 there are no organizations or individuals that understand all this  
16 and these people need this technology. We're making a lot of  
17 decisions here. It's very important to understand what this all  
18 involved and unfortunately we do have a number of challenges in  
19 Southwest Virginia that other areas are not confronted with.

20 So, I think it would be good to hear from somebody  
21 who's on the front lines on this, from the CEO.

22 MR. VAN DYKE: I'm Steve Van Dyke, but one of the  
23 main reasons in coming here today, I actually live near this area  
24 and I deal with these people every day and I have for seven  
25 years now and I have for 24 years and we're not going anywhere

1 because we got these projects and we have different plans we're  
2 working on in different areas. These communities are very hard  
3 to reach, and fiber is the only way we can get to them. I know  
4 the per capacity cost is much more expensive than in other  
5 areas, but the area that we deal with is very challenging. We  
6 might have four or five houses per month to run.

7           If you all remember, we were here last year, and we  
8 were talking about three million, but I think last year was 1.5,  
9 and our cost capacity is just not getting any cheaper as time  
10 goes on. Typically any grants we've gotten in the past and we  
11 were doing pretty good if we could get four to six thousand per.  
12 So, as we go through every year, so every year this area does  
13 not get funded, just seems to get more expensive, because we're  
14 losing population every day.

15           This project, the Buchanan County side of this project,  
16 very close to the end, but on the Buchanan side, for example, in  
17 2010, 2010 population of Buchanan, 4,098 people. And since  
18 then, the last three censuses, the population has decreased  
19 every time they run a census. Typically, Buchanan County, one  
20 of the most poorest, or is the poorest county in Virginia. Since  
21 2009, we've had schools close and consolidate. So, the cost isn't  
22 going to get any better than what it is, and we can say next year,  
23 next year, but it's not going to get any cheaper. We have people  
24 that call us frequently and new people come in and we just don't  
25 have anything to offer.

1           If you can't get Broadband, you don't have anything  
2 to offer, or they could go to Washington County or somewhere  
3 else. So, the bottom line is you can't get people to come in  
4 without it, and when it's so sparse, nobody else is going to build  
5 out. So, that's kind of what's going on, and we've been talking  
6 about this for what, 24 years. I'm here to support those people  
7 as much as anything else, but they're hurting. So, we really  
8 need this project. These communities really need this to grow  
9 and prosper and keep young people in the area.

10           You can remember from last year that we had, I think  
11 it was 3 million actually connecting with that community. But we  
12 just need to have this go forward and get connected, and that's  
13 our plan, and that's why I'm here. Thank you.

14           DELEGATE BYRON: I have a question, how long do  
15 you think it would take or how long would it take to do the build-  
16 out?

17           MR. VAN DYKE: This particular build-out, I'd say close  
18 to three years.

19           DELEGATE MARSHALL: During this past General  
20 Assembly session, I think Buchanan County, I'm talking about  
21 APCo Transmission Line, are you familiar with that?

22           MR. VAN DYKE: A little bit, I am familiar with it.

23           DELEGATE MARSHALL: APCo's lines, would that be a  
24 way that you could lower the costs? Whatever we've got on the  
25 Community Connect Grant and Verizon, we do have some APCo

1 poles that we use. It's kind of a mix in that area.

2 DELEGATE MARSHALL: I'm talking about the  
3 transmission line.

4 DELEGATE BYRON: What about the substation?

5 MR. VAN DYKE: In this particular area, not a  
6 substation.

7 DELEGATE MARSHALL: What about the transmission  
8 line?

9 MR. VAN DYKE: Not that goes right near the project,  
10 maybe five, six, seven miles away.

11 MR. FEINMAN: Have you, sir, reached out to see if  
12 they would be willing to partner with you as they have in  
13 Grayson County? They're not privy to, the transmission lines  
14 where they're building there, they could build more fiber than we  
15 could, and then you all wouldn't have the costs, you wouldn't  
16 have to bear the costs of running quite as much fiber and APCo  
17 could do that.

18 MR. VAN DYKE: About five years ago, I think Mr.  
19 Smith was one of the administrators, but my understanding is  
20 that, and we've had other things, for instance, it took two-and-a-  
21 half years to get that.

22 DELEGATE MARSHALL: Madam Chairman, when is the  
23 next round from this project, are we going to do this again in the  
24 fall or next spring?

25 DELEGATE BYRON: Based on today, there may not be

1 any funding left for that. We talked about that, I believe, in the  
2 last meeting. I don't understand why somebody from  
3 Appalachian Power, is that person here?

4 UNIDENTIFIED: I'm with Appalachian Power, just  
5 where we're going with this, I'm not sure.

6 THE COURT REPORTER: Can you speak up, please.

7 UNIDENTIFIED: But I'll be happy to take that  
8 information back.

9 DELEGATE MOREFIELD: We all know that Appalachian  
10 Power is very large in the area, but as Mr. Van Dyke pointed out,  
11 as far as the application process, I know he submitted the  
12 application and there's been discussion. This has been made  
13 aware in the General Assembly. I appreciate the comments, and  
14 I know you are good neighbors and you're trying to make the  
15 right endeavors to partner.

16 Can you assure us today that can be funded or work  
17 as a partner with this project within the next six months?

18 UNIDENTIFIED: Well, I can't do that on my own, but I  
19 certainly can take this information back.

20 DELEGATE MOREFIELD: Just a brief point to make,  
21 it's to your benefit to work on all these type of things for the  
22 communities, and I know there's a lot of challenges for  
23 everybody, but I feel if we don't, these are missed opportunities,  
24 then we have right now companies that I think all this has been  
25 going on for 20 plus years. And I know in my particular part of

1 the county, we've had a lot of this going on in order to help  
2 reduce the cost of the project so we can serve our people. And I  
3 know people have been working on all these things. We have a  
4 lot of jobs that are going to be wasted or opportunities. The  
5 Tobacco Commission is not, but there are people leaving every  
6 single day, and that's not helping anybody. Buchanan County,  
7 people leaving all the time, and they've lost more than half of  
8 their population in the last few years.

9 We hear the comment made we need to determine  
10 the most efficient use of the money and working together could  
11 be more efficient. And we're not a private investor and we're  
12 publicly funded and we're here to aid and support our  
13 communities. So, we certainly have an extremely important  
14 mission to get these projects up and running. In my opinion, and  
15 I think Mr. Van Dyke would agree, there's not a lot of companies  
16 out there that are capable to bringing these kinds of things like  
17 Broadband to the community, and we need to help the areas that  
18 we serve.

19 Just a couple of years ago, I made a comment that  
20 how can we possibly promote our communities without having  
21 these type of facilities in this Broadband. Reaching out to these  
22 large corporations, but we've got to think about the future. I  
23 guess the question is, are we going to invest now or just in the  
24 future and talk about it, especially in the areas that I'm from,  
25 and we need to do that every single day because they're very

1 limited. That being said, I thank you for coming forward and I  
2 hope Appalachian Power we can partner and we look forward to  
3 doing that, but I think time is crucial.

4 DELEGATE BYRON: Thank you. Anyone else have  
5 any questions?

6 MR. BLEVINS: Just a couple of comments. I agree  
7 with what you just said. We'll never be able to resolve this, this  
8 cost, I don't know that we'll get any solution. That's just my  
9 thoughts.

10 I also have another comment. I recently attended a  
11 fundraiser there in the Russell County area. I heard a health  
12 official talking about trying to attract doctors and nurses, and I  
13 think this would probably be one of the best moves we could do  
14 and I think this is a good opportunity. I just want to know if  
15 there is something we can do that would allow this project to go  
16 forward.

17 DELEGATE BYRON: Thank you.

18 MR. FEINMAN: When you talk about funding, we have  
19 to work with leverage. You're saying no to people who can't  
20 serve when there's not money in the program. When we say yes  
21 to \$1.9 million for 450 people at \$4,222 per for Southwest,  
22 you're saying no to 3,800 people, you've got to figure what's  
23 more efficient. I know this is pretty rough country, so are some  
24 of the other areas. We know that there is alternate funding. I  
25 just bring you back to the fact that you've got 15,000 folks that

1 are going to get money, five million, and then a proposal to  
2 spend \$2.5 million for 800 people. Putting pressure on folks to  
3 come up with cheaper opportunities and it's up to this Committee  
4 and other committees to say we can't give you \$3 million, or we  
5 can only give you \$1.5. We've seen this sort of thing time and  
6 time again.

7 There's been situations when this Committee has a  
8 certain amount and you have to look at the budget. Every penny  
9 that comes out of this Committee is saying no to somebody else.  
10 That's the bottom line.

11 DELEGATE BYRON: I realize we're trying to do the  
12 best we can, and this is very tight. And I'll say I don't really  
13 know the terrain in that area and I don't know if we'll have  
14 another round or another application, but I feel like we're leaving  
15 some people totally without anything. Southwest has been a  
16 challenge from day one as far as trying to cover some of these  
17 critical areas, and the fact that they have other economic  
18 challenges makes it that much more difficult to try to get this  
19 funding for these projects, while I understand the high cost.

20 DELEGATE MOREFIELD: Madam Chair, I have a  
21 question. Earlier, we talked, and I am aware of the company in  
22 question, but I know in Bedford there was a comment that  
23 somebody said this is the best draft of applications that I've ever  
24 seen for the R&D Committee as far as projects were concerned  
25 and that every application had met all of the requirements.

1 That's to the best of my recollection, that they were all good  
2 projects.

3 So, my personal opinion is that if they're all very good  
4 projects, then why are we not supporting them totally? I respect  
5 the Executive Director's comments, but when we say there's  
6 millions of dollars for these projects and we want to provide  
7 Broadband, there's no question about that, and then it looks like  
8 we're going to say no to one of the poorest communities. Well,  
9 Madam Chair, I hope that we're not going to just not fund these  
10 projects.

11 MR. OWENS: Madam Chair, I understand the  
12 Executive Director's comments and I know we all want  
13 Broadband and we have so much money and so many projects.

14 THE COURT REPORTER: Could you please speak up  
15 with the mike.

16 MR. OWENS: This project. I know we have a fight  
17 with the cost and I understand what the Executive Director said  
18 and we give away money come every time we meet. And if we  
19 give money to this one or somebody, somebody else is not going  
20 to get it, but a specific community like this, I think now is the  
21 time to act.

22 DELEGATE BYRON: Ms. Ratliff.

23 MS. RATLIFF: I hate to see the Commission not help  
24 a community that really needs it because of the money issue.  
25 We never have enough money, but we all have children and we

1 know these children need to be educated and they're the ones  
2 that are going to benefit for the future. And then we're talking  
3 about education and trying to help these communities and have  
4 people have access to all the things that others have. I think we  
5 should give it serious consideration.

6 SENATOR CARRICO: I move that the Committee  
7 reject the Staff's recommendation to fully fund this project.

8 MR. BLEVINS: Second.

9 DELEGATE BYRON: We have a motion and a second  
10 to reject the Staff's recommendation and fully fund request made  
11 for Application Number 3527 in the amount of \$1.9 million. Any  
12 further discussion?

13 DELEGATE MARSHALL: So, back on page 66, if you'll  
14 look at the spreadsheet there, the Staff's recommendation is  
15 \$4.8 million.

16 MR. FEINMAN: The total balance of the, Stephanie,  
17 what's that figure? Now, these findings are made by a number of  
18 members of the Committee, and, of course, you can fund it or  
19 not fund it. If we say yes to this project, I'm not sure how we're  
20 going to say yes to the remainder of the projects because they  
21 are less. The reason the Staff did not recommend the others, it  
22 is because they are not efficient. There are thousands and  
23 thousands and thousands of people inside Southwest Virginia,  
24 communities that need help, that simply don't have an  
25 application before us today. And when we run out of money,

1 we're not going to be able to help them.

2 If we use this money based on strong emotional  
3 feeling and based on the fact that, because the county leadership  
4 couldn't get an application before us, rather than financial  
5 stewardship meeting the needs of most folks in Southwest  
6 Virginia, going to hurt the communities.

7 DELEGATE MARSHALL: Stephanie, what would the  
8 balance be?

9 MS. KIM: Nine million nine.

10 DELEGATE MARSHALL: If we recommended the 4.8 --

11 DELEGATE BYRON: Speaking of the motion, I  
12 understand what the Executive Director said and just looking at  
13 the cost of certain things, but part of the challenge has been on  
14 some of these in evaluating the projects, the company is stable  
15 and well managed and making sure that the magic is efficient  
16 and the projects meet a lot of their requirements and anything to  
17 make a project more attractive and there's a lot to look at on  
18 these projects and then establishing a priority and what's set  
19 aside for Broadband, and leadership is going to have to make  
20 some decisions whether to fund it in the future, and we can't do  
21 all of these. And we try to look at these very carefully.

22 But in front of us right now, these projects are  
23 acceptable, and now we have to decide what to fund. As I said,  
24 we're just going to have make decisions on what the funding is  
25 or we can only spread this money around so far in some many

1 places. As I said, in front of us right now, and these were listed  
2 as being acceptable projects.

3 We do have a motion before us and a second. Any  
4 questions on the motion? Is everyone ready to vote? All in  
5 favor, say aye. (Ayes). Any opposed? No. And who is the no?  
6 All right, Senator Ruff. One no and the rest are yes.

7 I guess we can go to the next one now.

8 DELEGATE KILGORE: This one, Scott County has a  
9 three million --

10 DELEGATE BYRON: 3519, we're talking about.

11 DELEGATE KILGORE: 3519, \$3.4 million match. That  
12 would be about half of what that number we show should be.  
13 What this would allow Scott County to do is you'd have to add  
14 the 564 plus the 568, that should be about half of what that  
15 number that we show would be. This would allow Scott County  
16 to do is to, and they could use their money or other cash money,  
17 of fiber to the home. We could use that to reach those people.

18 And as far as the overall plan, I think with 754,000,  
19 we could reach this group and be able to reach a broader group.  
20 I think they got the \$3.4 million, and the \$3.4 million grant they  
21 got from the Federal, I believe.

22 MR. FEINMAN: One was the cost, the low cost, and  
23 that could support the project. And, secondly, the two projects  
24 are part of the same project, but the match, but the Staff, you  
25 know, is concerned because you've got a project here and

1 another project over here. And the reason the Staff  
2 recommended cutting money here was you can't just say build  
3 on this end of the network, but we'll go ahead and build that end  
4 of the network. Build on one, build on the other. Our view is  
5 that we funded 50 percent of the project, so when you got Weber  
6 City and you've got half of the money.

7 DELEGATE KILGORE: I understand what you're saying  
8 and I understand part of the overall plan, another 780,000 is  
9 cheap, and using our assets, 780,000 to increase the whole  
10 county and work with Scott County, and they've been one of our  
11 partners throughout in Broadband and have done a great job.  
12 Not only Scott, but Russell and part of these other counties.

13 SENATOR CARRICO: I'd like to make a motion to  
14 reject the Staff's recommendation and to fully fund 3519. I think  
15 it's a priority.

16 DELEGATE BRYON: We have a motion, and, yes, we  
17 have a second. The motion is to reject the Staff recommendation  
18 for Application 3519, and to fund it at the full amount of \$1.5  
19 million. Any questions or discussion?

20 MR. OWENS: What is the match, or do you have one?

21 THE COURT REPORTER: Could you please speak up.

22 MR. FEINMAN: The match to go forward by the  
23 applicant is simply a different project. They are going to work in  
24 one area and using that as a match for work in a different area.  
25 Comcast might extend the network in Virginia and maybe they

1 could use the or help the network Southside, but they wouldn't  
2 buy it, same with Emporia, wanted to use that match in  
3 Pittsylvania County. We're concerned about calling work over  
4 here and then using it as a match over here.

5 SENATOR CARRICO: I understand what you're  
6 saying. This project is totally within Scott County and not  
7 another county, and this is within that county.

8 DELEGATE BYRON: Any questions on how you can do  
9 that? I'd be happy to hear how we could do that.

10 MR. FRANKLIN: Basically, we make that application,  
11 and that was for \$3 million, and we put in \$450,000 of our cash  
12 and just before the Commission did, and we had this discussion  
13 last year, and we didn't use another grant to match the Tobacco  
14 Commission. We asked that question, if you remember, and the  
15 Committee batted it around and then said, no, we couldn't do  
16 that. And in Weber City, we basically, we got one project going  
17 and another one. When we submitted that application, it got  
18 approved in the process, and we just signed the paperwork when  
19 we get the \$3 million USDA.

20 We basically combined the two projects in Scott  
21 County and they're not contiguous. Your rules say you can't  
22 have a contiguous, and we're trying to follow your other  
23 requirements, and that was our thought process there.

24 I'm tickled to death that we're considered for any  
25 amount and we want to get started on this. We've got a

1 refinance application right now and it will require a match. And  
2 we went to the same workshop and it required to have a match  
3 to do that. If we're able to use the USDA money and get a  
4 match and we could save that 750, but if we have to spend it on  
5 this project, we would take that and match some other grant and  
6 hopefully be able to get fiber to the homes. So, the other 2,500  
7 people in Scott County that don't have fiber to the home. We  
8 tossed that around in 2003, and we invested \$10 million, and  
9 then we used the existing part of that \$5 million.

10 With the funding that we received and the money  
11 we've spent, we got over half our customers or residents in Scott  
12 County with fiber to the home. We want to get the rest of it  
13 now. Three million or five million, so when we jump the gun and  
14 our goal is to, fiber is the most reliable and most doable, and we  
15 want to go with that technology.

16 Both these projects, a fiber backbone, and both are a  
17 distribution off the backbone, to get, there's an elementary  
18 school in Weber City, we've got to have fiber to those places.  
19 The only locations that have the fiber is getting back to what Ms.  
20 Ratliff said, we want our kids to be able to get on there and have  
21 maximum use of it, research projects and things like that. All  
22 the school systems have to have this, even with ten gigs. Our  
23 priority was get the fiber to the schools.

24 DELEGATE BYRON: Thank you. We have a motion  
25 and a second. Any further discussion? All in favor of 3519, say

1 aye. (Ayes). Any opposed? All right, that passes.

2 Next is 3528, Russell County.

3 SENATOR RUFF: We passed that

4 DELEGATE BYRON: 3534, Halifax County.

5 SENATOR RUFF: This is Phase 2.

6 DELEGATE BYRON: We'll hear from Halifax County.

7 MR. SIMPSON: Good afternoon, I'm Halifax County  
8 Administrator, Scott Simpson. In Phase 1, we signed with the  
9 Commission in October of '18. We were about six-and-a-half or  
10 seven months into the grant on the engineering on the power  
11 evaluations and there's a process you have to go through for  
12 evaluation and all the equipment and we've got to make sure  
13 they all support what we're planning to do. There's one water  
14 tank in Brookneal had equipment placed on it in the last two to  
15 three months ago, and it's waiting now in the process for  
16 licensing, so we're working through the licensing.

17 We have six locations, and we're talking about  
18 \$206,000 roughly, and that's the funding to provide for the  
19 power in the system. We have one of those completed and the  
20 engineering and ready to go with the other tower. And we're in  
21 that process now with all the towers.

22 SENATOR RUFF: How can you classify Phase 2 and  
23 Phase 1?

24 MR. FEINMAN: You'll notice the Staff  
25 recommendations says 206 was received for Phase 1 and the

1 Staff recommendation is budgeted that clearly delineates and  
2 where Phase 1 begins and Phase 2 ends. And then we have a  
3 budget, and that clearly says how you've gotten into the project.  
4 It talks about Phase 1 and Phase 2. What we want to do is make  
5 sure that the two projects are on track and they're just not  
6 accounted, so all matches on Phase 1 are used up, and then the  
7 two matches, don't want to count that in if it's already been  
8 accounted for.

9 SENATOR RUFF: Evan, when we approved Phase 1,  
10 did we know there was going to be a Phase 2?

11 MR. FEINMAN: Senator, we were aware there was a  
12 multi-phase proposal for Halifax County.

13 SENATOR RUFF: I guess the same company is also  
14 involved and two others that have been approved, how is that  
15 addressed?

16 MR. FEINMAN: We had gotten some scattered works  
17 and we were getting the projects going. I'll just say sometimes it  
18 takes a fair amount of time dealing with SCC, and these are  
19 construction projects and how they should be built and then  
20 determining where the fiber is to go. I believe it was a three-  
21 year grant. While you've gotten these reports, there may be  
22 some issues. It's the Staff's view that want to let things develop  
23 and if they have to come back before us, they will. And it gives  
24 them an opportunity to proceed differently. Sometimes the first  
25 bite doesn't work out.

1 THE COURT REPORTER: Would you please speak up.

2 SENATOR RUFF: I wasn't sure. But for some strange  
3 reason, some people aren't pleased with the projects, and we  
4 need to make sure that whatever is going on or whatever they're  
5 doing, the projects are coordinated keeping everybody abreast of  
6 the progress, not only of this Commission.

7 DELEGATE BYRON: Based on Senator Ruff's question,  
8 this has been some of the nuances of the program I've been  
9 involved in myself, and we all know that between the state and  
10 our program here, everything has a requirement and even the  
11 value fund, you cannot come back and get funds once that an  
12 area has been served. So, giving multiple phases out before the  
13 phases are even done doesn't lock those areas into being served.

14 MR. FEINMAN: An area is served when it's served.  
15 So, a program run by the Department of Housing and  
16 Development for somebody to challenge them, I've got a grant  
17 and so forth and haven't been able to figure it out. I don't  
18 believe it's simply making a grant towards an area --

19 DELEGATE BYRON: But if they sign a contract saying  
20 they're going to serve an area, otherwise they might get a grant  
21 for something else. It can get a little bit complicated by the way  
22 served and unserved is defined. I understand if you've already  
23 given money and a contract, then indeed you're locked into a  
24 situation.

25 MR. OWENS: The number of towers and the

1 development of Broadband in Halifax County and the kind of  
2 system here, those towers are critical, is that correct?

3 MR. FRANKLIN: I would say that's not a hundred  
4 percent correct. The master plan of the wireless system around  
5 the county and as towers are engineered and considering the  
6 website and those are the towers you see dropping off the  
7 website, but there are towers that are actually added to the  
8 website.

9 What this project does or the initial application last  
10 year, it had four phases, and it was funded on Phase 1 and Phase  
11 2 and actually was part of Phase 1, covered approximately nine  
12 percent of the county. There were two grants between this  
13 request and the \$206,000 from last year.

14 There are towers that as they get engineered, they fall  
15 off the list, and there are other towers being installed and there  
16 are other towers that are owned by cellular companies, so there's  
17 a mix here. Towers falling off and towers coming back on.

18 MR. OWENS: But the net amount are the same?

19 MR. FRANKLIN: The net amount or the funding covers  
20 the same. The original funding, this funding here covers about  
21 11 or 12 towers with the match, the match is below 700,000.  
22 The number of towers is dependent on the amount of funding.

23 MR. FEINMAN: One thing that I would suggest maybe  
24 and getting some feedback, we still maintain the three-year  
25 grant cycle. The challenge is a wireless project. The wireless

1 projects are the number of supporters and the problem is a  
2 couple of thousand people read the paper and without sufficient  
3 funding and, you know, it might take a another, say, three years,  
4 and people do get agitated at all this, like you guys gave them all  
5 this money and nothing, and we're not even close.

6 What I would suggest is that while there may be some  
7 concern in the early days yet and I don't believe we ought to be  
8 pulling back some projects, just like we used a six-year extension  
9 for a megasite, because this takes a long time.

10 SENATOR RUFF: Can you enlighten us on Phase 3 and  
11 Phase 4? Well, our friends in Halifax, and my memory is that we  
12 had, and the Town of Halifax, we were sort of working toward the  
13 edges of the county or moving towards the edges of the county, I  
14 should say.

15 MR. FEINMAN: The phases follow like, start like in the  
16 northern part of the county and circle around the town back to  
17 the western part of the county.

18 SENATOR RUFF: Madam Chairman, my memory  
19 might be vague, it seems like to me that Pittsylvania and Halifax  
20 would be working together on the rest of the county, is that still  
21 the case?

22 MR. SIMPSON: Yes, sir. There are towers that feed  
23 the services to Halifax, and that's along with the grid, that's  
24 something like 14 miles away from Pittsylvania County. So, we  
25 have been trying to work together. And, also, the connectivity

1 between the different towers builds that ring network, and that  
2 involves cooperation.

3 SENATOR RUFF: Madam Chairman, this is the last  
4 question. MBC, are you able to use those towers for building  
5 other towers?

6 MR. SIMPSON: MBC donated three towers to Halifax  
7 County. One is 150 feet tall and 190-foot tower, and those three  
8 are part of Phase 1. So, absolutely, we're working together.

9 DELEGATE BYRON: Let's move on to the next one.

10 SENATOR RUFF: The reason I wanted to bring up that  
11 one first is that Number 3528, 3526, 3533, both are actually  
12 putting people, my theory there and I was concerned because  
13 there you're talking about people versus some of these others.

14 THE COURT REPORTER: Can you please speak up,  
15 Senator.

16 SENATOR RUFF: We want to be fair to everybody and  
17 need something that's going to last. I'm not sure how much  
18 today there's going to be in talking about cost per household.  
19 You're only to give a small amount for that. We'll be very, very  
20 careful.

21 MR. FEINMAN: While it's true that while the fiber to  
22 the home and the current technology, one of the nice things  
23 about wireless projects is that they support a multitude of other  
24 projects. So, the assets remain valuable beyond Broadband for  
25 the lifetime of the assets. And actually a new reiteration of

1 technology or when it comes out, the gains in wireless exceed  
2 gains in, I'm not saying it, but when we fund the wireless project,  
3 at least several generations comes out, and we would expect  
4 those wireless connecting speeds to exceed and when they're  
5 making improvements and improve the receiver and, in fact,  
6 each generation of technology comes out and showing significant  
7 improvements while the maximum on this is like 50 megabits,  
8 more than doubles the FCC standard.

9 DELEGATE MARSHALL: Madam Chairman, we need a  
10 motion on 3534.

11 DELEGATE BYRON: I think we skipped over one.

12 DELEGATE MARSHALL: I make a motion that we  
13 accept 3534.

14 DELEGATE BYRON: We have a second. A motion to  
15 accept 3534 for Halifax County. Any further discussion? All in  
16 favor, say aye. (Ayes). Opposed? (No response). That one is  
17 approved.

18 SENATOR RUFF: I want to withdraw my objection to  
19 3533.

20 MR. LIPSCOMB: My name is David Lipscomb. We do  
21 appreciate all the support we receive from this organization and  
22 we have many miles of fiber across Southside Virginia, and we  
23 connected about 30 of those homes in that area to fiber. And  
24 our baseline starts at 50 megabits up to 1,000 gigabit to the  
25 home. In comparison to the FCC, it's 40 times higher, so you are

1 gaining a significant bang for your buck, if you will. My  
2 background is, I spent a number of years working in the  
3 substation, be it a microwave or 925 megahertz radio  
4 frequencies, and guess what, I started in this business some 29  
5 years ago, almost 30, that's what we did. Today, that means it's  
6 too slow.

7 All the things I put in 25 years ago we're now having  
8 to pull out and putting in fiber. So, that's what's driven  
9 everything. And looking towards the next step.

10 One of the things the Executive Director mentioned is  
11 the speed of the wireless. One connection through the fiber and  
12 technology and, guess what, this last year they released ten  
13 gigabit connection, that's a ten times gain. That infrastructure  
14 and that fiber is there and will actually provide ten gigabits worth  
15 of, so there is a tremendous advantage and improving the  
16 investment that you folks are making.

17 One of the things we do realize is that wireless and  
18 sometimes they call it air and one of the things that, and I want  
19 to bring to your attention, fiber does not degrade in speed as you  
20 go down the road. The wireless connection will be graded, and  
21 when you get within a mile of those stations, or that tower, you  
22 may get 50 megabits of speed. But as you go further, it's  
23 degraded. If your home is behind a tree, you might not get any  
24 service.

25 I'd just ask that you guys consider it. One of the

1 things in this project is 9.2 miles that passes by 174 homes. In  
2 that 9.2 miles, it connects to a substation. Where you utilize that  
3 infrastructure to connect the stations, but also we can then use  
4 those two substations. One of those substations serves right at  
5 1,000 homes. Not only are we making a connection within 1,000  
6 feet, but we're actually connecting and providing the  
7 infrastructure of those 2,000 homes and you do it two-and-a-half  
8 residential homes, that's 5,000 people, citizens that we're setting  
9 up infrastructure for. So, I'd ask you all to think about the future  
10 connections that we are allowing.

11 I'd just suggest to you that, yes, this is a little bit  
12 more expensive. We have our own ups and downs and hills and  
13 valleys, this isn't like at the beach and there's a small mountain  
14 not too far from this and you're able to reach out to those  
15 residents.

16 So, in the end, we ask that you support this project,  
17 as you have in the past. Part of the 135 mile backbone that you  
18 funded last year, and we've been able to capitalize on that  
19 project and extend it a little bit further, and we can do this for  
20 rural Virginia. Are there any questions?

21 DELEGATE BYRON: Thank you.

22 MR. OWENS: Madam Chair, I'd like to make a motion  
23 that we fund 3533 fully.

24 SENATOR RUFF: Second.

25 DELEGATE BYRON: We have a motion and a second

1 to identify Project 3533. All those in favor, say aye. (Ayes).  
2 Opposed, no? (No response).

3 All right, we have left 3528, Brunswick County.

4 SENATOR RUFF: Madam Chairman, I will withdraw  
5 my objection and move that Staff recommendation be accepted.

6 MR. OWENS: Second.

7 DELEGATE BYRON: I have a motion to accept the  
8 Staff's recommendation. For 3528 and 3526.

9 Any further discussion? All in favor, say aye. (Ayes).  
10 Opposed? (No response).

11 That completes our business. Is there any public  
12 comment? Hearing none, we're adjourned.

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15 **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, Research and Development Committee Meeting**, when held on Wednesday, June 5, 2019, at 2:30 o'clock p.m., at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Danville, Virginia 24540.

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 \_\_\_\_ day of June, 2019.

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Medford W. Howard

CCR