

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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7 **Southern Virginia Committee Meeting**

8 Thursday, May 27, 2021

9 9:00 o'clock a.m.

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12 *(Electronic Conference Call Meeting)*

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1     APPEARANCES:

2     Mr. Walter H. "Buddy" Shelton, Chairman  
3     The Honorable Thomas J. Miles, III, Vice Chairman  
4     The Honorable Lashrecse D. Aird  
5     Mr. Joel Cunningham, Jr.  
6     Ms. Coley Jones Drinkwater  
7     The Honorable James E. Edmunds, II  
8     Dr. Alexis I. Ehrhardt  
9     Mr. Richard T. Hite, Jr.  
10    The Honorable L. Louise Lucas  
11    The Honorable Joseph D. Morrissey  
12    The Honorable Edward Owens  
13    Mr. Cecil E. Shell

14

15    COMMISSION STAFF:

16    Mr. Evan Feinman, Executive Director  
17    Mr. Andy Sorrell, Deputy Executive Director  
18    Mr. Michael F. Kaestner, Grants Program Director  
19    Ms. Stephanie S. Kim, Director of Finance  
20    Ms. Sarah K. Capps, Grants Program Administrator,  
21        Southside Virginia  
22    Ms. Michele Faircloth, Grants Assistant  
23        Southside Virginia  
24    Mr. Jordan Butler, Public Relations Coordinator

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

1 May 27, 2021

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MR. MILES: Good morning, everyone. I'm going to call the Southern Virginia Committee to order, and call on Andy.

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MR. SORRELL: Thank you, Mr. Chairman. First of all, I just wanted to read from some prepared wording about our electronic meeting ground rules. Due to the Governor's declared state of emergency, this meeting is being held electronically without a quorum of the public body physically assembled at one location. The nature of this pandemic makes it impractical and unsafe to assemble a quorum in a single location.

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In addition, the purpose of this meeting is to discuss or transact business that is statutorily required to continue the operations of the Commission. Public notice of this meeting was provided on both the Commonwealth's calendar and the Commission's website, [revitalizeva.org](http://revitalizeva.org), contemporaneously with the notice provided to Commission members. Meeting agenda and all other meeting materials will be found on the Commission's website that's mentioned above. A recording of this meeting, as well as the minutes, shall be posted on the Commission's website as soon as practical after the conclusion of this meeting. The agenda and all other meeting materials can also be found on the Commission's website. And there will be an opportunity for public comment at both the beginning and the end of the meeting.

1           Relating to the electronic meeting ground rules, please  
2           mute yourself if you're not speaking. If you're only participating  
3           by phone, please remember to press Star 6, mute or unmute  
4           yourself. All participants are unmuted at the start of the  
5           meeting, and participants will be returned to mute if background  
6           noise or other disruptions occur. If repeated disruptions occur,  
7           participants will be removed from the meeting.

8           If members of the public have questions or comments,  
9           please reserve these until the public comment portion. Public  
10          comment will be provided, as I mentioned, at the beginning and  
11          at the end of the meeting. And if a member of the public desires  
12          to address the Commission, please reserve your questions until  
13          this portion of the meeting. Participants may also use the raised-  
14          hand feature or send a comment in the chat box feature of the  
15          electronic meeting program, and the comment will be read  
16          during the public comment portion.

17          At the time of public comments, please state your full  
18          name, your location, and the organization that you may  
19          represent. Please try to keep your comments to two minutes  
20          each so that everybody has an opportunity to speak. That's all I  
21          have, Mr. Chairman.

22                 MR. MILES: Thank you, thank you for that.

23                 Evan, could you call the roll of the Southern Virginia  
24          Committee, please, sir.

25                 MR. FEINMAN: Certainly, Mr. Vice Chairman.

1 Mr. Shelton.  
2 MR. SHELTON: (No response).  
3 MR. FEINMAN: Mr. Miles.  
4 MR. MILES: Here.  
5 MR. FEINMAN: Delegate Aird.  
6 DELEGATE AIRD: Here.  
7 MR. FEINMAN: Mr. Cunningham.  
8 MR. CUNNINGHAM: Here.  
9 MR. FEINMAN: Ms. Drinkwater.  
10 MS. DRINKWATER: Here.  
11 MR. FEINMAN: Delegate Edmunds.  
12 DELEGATE EDMUNDS: Here.  
13 MR. FEINMAN: Dr. Ehrhardt.  
14 DR. EHRHARDT: Here.  
15 MR. FEINMAN: Mr. Harris.  
16 MR. HARRIS: (No response).  
17 MR. FEINMAN: Mr. Hite.  
18 MR. HITE: Here.  
19 MR. FEINMAN: Senator Lucas.  
20 SENATOR LUCAS: Here.  
21 MR. FEINMAN: Senator Morrissey.  
22 SENATOR MORRISSEY: Here.  
23 MR. FEINMAN: Mr. Owens.  
24 MR. OWENS: Here.  
25 MR. FEINMAN: Mr. Shell.

1 MR. SHELL: Here.

2 MR. FEINMAN: Delegate Tyler.

3 DELEGATE TYLER: (No response).

4 MR. FEINMAN: You have a quorum, Mr. Vice  
5 Chairman.

6 MR. MILES: Thank you. Next is the approval of our  
7 last committee meeting minutes, January 8 of 2021 that have  
8 been published on our website for public viewing and our  
9 viewing. So, does anyone have any questions on the minutes?  
10 If not, I'll entertain a motion that those be approved as  
11 presented.

12 MR. SHELL: So moved.

13 MR. MILES: It's been moved and seconded we  
14 approve the minutes. All those in favor, say aye. (Ayes).  
15 Opposed? (No response). The minutes are approved.

16 Does anyone want to comment on anything that's on  
17 our agenda this morning for the Southern Virginia Committee?

18 MR. SORRELL: We don't have anything in the  
19 chatbox.

20 MR. MILES: Does anyone have any public comment?  
21 All right.

22 Moving on, I call on Ms. Sarah Capps, our Southern  
23 Regional Director to go over the Spring 2021 funding applications  
24 that we have. So, Ms. Capps, thank you.

25 MS. CAPPS: Good morning, everybody, Mr. Vice

1 Chair. Maybe we can start on page 14 with the two extensions  
2 and modifications just to provide a little time delay while we are  
3 waiting for additional folks, is that okay?

4 MR. FEINMAN: I think that'll be wise, Sarah.

5 MS. CAPPS: If you turn to page 14 of the Staff  
6 comments document, there are two active grants on the agenda  
7 for your consideration for extension. The first one on the list is a  
8 grant with Pittsylvania County, this is for the Southern Virginia  
9 Vineyard Development and Expansion Project to Support  
10 Virginia's Wine Industry. This was approved in January or 2016.  
11 At the time that it was awarded, we didn't have a clear idea of  
12 what the demand for the cost share would be. The project does  
13 cost share to farmers for an expansion of wine grapes to support  
14 Virginia's wine industry.

15 The project is currently being administered by the  
16 Institute for Advanced Learning and Research, Pittsylvania  
17 County IALR management of the project in 2018. IALR in the  
18 county are together requesting an additional extension on the  
19 project to run through December 31<sup>st</sup>, 2022. This is to allow  
20 time for just one final round of cost share for any new and  
21 expanding vineyards. There, I did mention there was an award  
22 of a large amount, \$811,000, and there's a substantial balance  
23 remaining on the project account.

24 Staff is recommending deobligating half a million from  
25 the current balance, which would leave \$135,478 to support

1 project activities during this final extension period. Staff does  
2 support the extension. We, like other industries, at the start of  
3 the pandemic, a lot of investors and economic activity was  
4 frozen, there was zero interest in the program at that time.  
5 There has started to be some additional inquiries about the  
6 project. We would like to allow one more opportunity to posture  
7 applications to be submitted.

8 Staff is recommending approval of an extension to  
9 December 31, 2022, conditioned upon the deobligation of  
10 \$500,000 and leaving \$135,478.13 available for the cost-share  
11 payments and support activity. Any questions on that one?

12 MR. MILES: It appears our chairman and Alexis are  
13 here. Is that right?

14 MR. SHELTON: Yes.

15 DR. EHRHARDT: Sorry about that. We're ironically at  
16 the institute and we're having trouble, so we just came back to  
17 my office, and we're good.

18 MS. CAPPS: Mr. Shelton, or Chairman, we just  
19 started with the extensions on page 4 to delay while you all had  
20 time to join us. So, we just covered the Pittsylvania County  
21 Extension request on page 14. Did you want to take action on  
22 that, or would you like me to go ahead and cover the second  
23 extension and then take action on both?

24 MR. SHELTON: Why don't you do both extensions and  
25 we'll see if we can do them both at the same time.

1 MS. CAPPs: Okay. So, the next project requesting an  
2 extension is Roanoke River Rails to Trails Project. It's the  
3 Lawrenceville Corridor Acquisition Project, Grant Number 3038.  
4 This one was approved in May of 2015. We received a request  
5 for a three-year extension for which the Commission would have  
6 previously extended the project through May of 2021. So, there  
7 was an additional request for another three years on the project,  
8 which would extend it through May of 2024.

9 There is a balance of \$40,987 on the project account.  
10 When the Commission approved its last extension, it was  
11 contingent on a VDOT approval for funding, the VDOT award was  
12 approved in October of 2020. Unfortunately, those funds from  
13 VDOT are not available until July 1<sup>st</sup> of 2021, and hence the  
14 delay. We did consult with the Southside Planning District  
15 Commission who is administering the VDOT grant and confirm  
16 that an 18-month extension should be sufficient to complete the  
17 portion of the trail construction that would be supported with the  
18 Tobacco Commission funds.

19 So, Staff is recommending approval of a final 18-  
20 month extension to November 21, 2022.

21 MR. SHELTON: One question that I had, the  
22 extension on the vineyard, there is nothing reducing those funds  
23 and there's nothing in the hopper? In other words, that is just  
24 unallocated or unrequested for the cost share?

25 MS. CAPPs: It is unobligated money, and we verified,

1 the Institute was supportive and they agreed with our approach  
2 on this one, and they agreed that the \$135,000 balance should  
3 be more than sufficient to cover the demand during this final  
4 round.

5 MR. SHELTON: All right. I guess at this point it would  
6 be appropriate to entertain a motion about the Staff  
7 recommendation on these two extensions before we go into the  
8 new proposals.

9 I didn't recognize the name, you may have to identify  
10 yourself.

11 DELEGATE EDMUNDS: Delegate Edmunds made the  
12 motion.

13 MR. SHELTON: Okay.

14 MR. OWENS: I'll second it.

15 MR. SHELTON: We have a motion, properly seconded  
16 that both of the extensions be accepted by Staff  
17 recommendation. Any further discussion?

18 MR. OWENS: I have one question, Mr. Chair. Who  
19 would the deobligated money go back to?

20 MR. SHELTON: Sarah?

21 MS. CAPPS: The deobligations go back to our General  
22 Fund and I can let Stephanie or Evan correct me, and then they  
23 get reappropriated with the next budget.

24 MS. KIM: I believe it would go back to the Southern  
25 Virginia Committee fund, going back into the pot for Southern

1 Virginia.

2 MR. FEINMAN: It was an Agribusiness proposal  
3 originally, but the committee no longer exists, so in this instance  
4 it would go back to General Fund, and then the next time you all  
5 make a budget, we can put it back out.

6 MR. OWENS: Thank you.

7 MR. SHELTON: Any other questions on these two  
8 extensions or discussion? If not, all those in favor, please signify  
9 by saying aye. (Ayes). Any opposed? No, the ayes have it.  
10 Both extensions passed as recommended by the Staff. Thank  
11 you, Sarah.

12 I guess we'll go to the new business now.

13 MS. CAPPS: Okay, great. So, we received 11  
14 proposals for funding based on our March 9<sup>th</sup> application  
15 deadline. Two of those applications were withdrawn and then  
16 there was one additional application that came in based on there  
17 being an active prospect, and that was invited by our Executive  
18 Director.

19 To give you a little background. We did actively  
20 promote this program. It was the first grant cycle using our new  
21 RSP and Southern Virginia program guidelines. And this allows  
22 for our investment in agribusiness projects, broadband, business  
23 development, sites, and infrastructure, as well as tourism. And  
24 you'll see the projects that we received grouped in those  
25 categories. We did hold three days of project team meetings.

1 We had about 20 different groups that we met with. A lot of  
2 those groups did submit applications and are reflected on this  
3 list. We still did about over 50 inquiries. I do share that because  
4 you will notice that all of the applications that are on your list are  
5 being recommended for either grant or loan funds, which does  
6 reflect the quality of applications that we did see come in. So, I'll  
7 go ahead and get started.

8 We'll start with the agribusiness projects. The first  
9 one on the list is from Buckingham Cattlemen's Association. This  
10 is a \$186,000 request, Grant Request Number 3756. This is for  
11 the creation of the BCA BEEF HUB, which would be located at the  
12 BARN facility in Buckingham County. This is a facility that the  
13 Commission helped to create. We awarded two grants back in  
14 2013; \$850,000 for the creation of the BARN facility.

15 This request builds on the success of that facility as a  
16 central coordination point for sales and education activities for  
17 farmers. This project is specifically focusing on addressing the  
18 limitations at regional meat processing facilities that have caused  
19 substantial losses for cattle producers. It also facilitates creation  
20 of new market opportunities for cattle to be finished and  
21 processed for direct sales.

22 It was a very strong application, a metal building will  
23 be constructed, a large freezer, refrigerator unit will be made  
24 available. There's equipment and for branding and packaging, as  
25 well as a small amount of funding that would go towards PR and

1 a marketing campaign to establish the new BCA Beef brand.

2 The strength of the application is partner shipped with  
3 Seven Hills Food Company, they're a meat processing facility in  
4 Lynchburg, and they are committed to increasing their  
5 processing dates for guaranteed processing dates for the  
6 producers that will be bringing their cattle to the BARN facility  
7 and transported to Lynchburg.

8 Staff is recommending an award of \$186,000. A large  
9 amount of the match from this one will be expected to come  
10 from USDA Rural Business Enterprise Program. There are some  
11 additional funds that are being contributed by AFID or VDACS, as  
12 well as the county.

13 I'll go ahead and move, unless there are any  
14 immediate questions, I'll go to the next one.

15 The next agribusiness application is from Halifax  
16 County. This is \$45,000 request for expansion of facilities at  
17 their agricultural marketing center, which is owned by the county  
18 or operated by the County. Their plan is to add two new shed  
19 structures to the existing building, as well as require pens and  
20 corrals and add additional lighting. This project supports two  
21 regional producer membership groups. One of them is the  
22 Southside Marketing Group, which is Beef Cattle Producers, and  
23 the second is the Southern Virginia Meat Goat Association.  
24 Those two groups represent 96 producers from seven of the  
25 Southern Virginia counties.

1           The Staff is recommending approval of this project for  
2 a grant award of \$45,000. This one is similar to the last one, the  
3 matching funds for this one are expected to come from the USDA  
4 Enterprise Business Grant Program.

5           I'll continue on to the next two projects, which were  
6 broadband funding requests. The first one is from Franklin  
7 County. This is a \$42,679 request to extend internet service to  
8 the Mountain Cove Drive area of the Hardy area of Franklin  
9 County, northern Franklin County. It would provide broadband  
10 access to 32 homes and 18 vacant lots, as well as one  
11 nonresidential unit.

12           The Staff is suggesting that if the Commission has an  
13 interest in supporting this project that a loan of consideration  
14 would be most appropriate. We did not see where there was a  
15 compelling argument for grant funding, and Staff has concerns  
16 about subsidizing a broadband project in a location that primarily  
17 benefits development of a future subdivision. It was noted that  
18 the units that would be served are part of the waterfront  
19 townhome development located at Smith Mountain Lake, as well  
20 as the available lots that are not yet developed.

21           One of the things we looked for in broadband  
22 applications, we want to see that the requests were submitted to  
23 the other primary broadband funders, including VATI. This  
24 project was part of a VATI application that was declined.  
25 However, more of a concern for us here is this is just one small

1 isolated community, whereas the Commission's interest would  
2 be, being supplemental funding for a broadband project that's  
3 more focused on universal coverage in the county. So, because  
4 the application did not make a compelling argument for grant  
5 funding and Staff has concerns about subsidizing broadband in  
6 location that primary benefits development of future  
7 subdivisions, Staff recommends no award. However, if the  
8 Commission wishes to support this project, the Staff  
9 recommends supporting a loan of up to \$42,679 at an interest  
10 rate and for a term to be negotiated by our Executive Director.

11 MR. SHELTON: Let's go back for clarity. Does  
12 anybody have before we go any further the two agribusiness  
13 proposals that are both recommended by Staff, does anybody  
14 have any questions or any concerns about those two?

15 MR. SHELL: We agree with Staff's recommendations  
16 on both of those and report to the Commission, full Commission.

17 MR. SHELTON: We have a motion and properly  
18 seconded that 3756 and 3759 both be approved as Staff  
19 recommended. All those in favor, please signify by saying aye.  
20 (Ayes). Any opposed? (No response). Both of the agribusiness  
21 proposals are approved as recommended by the Staff.

22 Now, we're on broadband. Chairman Owens, would  
23 you like to handle these one at a time or do them as a group,  
24 doing both of them at one time?

25 MR. OWENS: I recommend that we do them as a

1 group.

2 MR. SHELTON: Then, Sarah, if you're finished with  
3 the Franklin County one, why don't we go to Mecklenburg County  
4 one, and then we'll address the broadband.

5 MS. CAPPAS: The Mecklenburg County request is for  
6 \$880,643.45. This is for 50 percent of the project costs to serve  
7 an area of Mecklenburg that's 217 residential locations and an  
8 estimated 33 miles of fiber would be installed to serve this area,  
9 clearly very rural area. The Mecklenburg Electric Coop Broadband  
10 Subsidiary EMPOWER is the ISP, and the Commission has  
11 awarded about \$3 million to support the development of the  
12 EMPOWER's fiber network. We awarded a \$2.6 million grant to  
13 Mecklenburg County in March of 2018, as well as a \$375,000  
14 grant in June of 2019, and that second grant went to Pittsylvania  
15 County. We did want to just point out that 40 percent of the first  
16 grant remains available in the account and the full balance  
17 remains on the second grant.

18 In this case, as far as the VATI program that's  
19 managed, this proposal was not submitted to VATI for funding;  
20 however, a different project was given, given that the VATI funds  
21 are available to support EMPOWER'S buildout, as well as these  
22 two grants that the Commission still has that are active with  
23 balances, Staff felt that it was premature to continue to commit  
24 more funding until the previously funded projects were  
25 completed.

1           The cost per connection on this one averaged \$8,116,  
2           which is exceptionally high.

3           The applicant did provide us with a cash analysis and  
4           it does appear that it can support those services and the cash  
5           flow projections without because what remains on the grant and  
6           the cash flow for the project.

7           Because significant work remains on the existing  
8           grants and the costs for this project are inexplicably high, Staff  
9           recommends no award. However, if the Commission wishes to  
10          support this project, Staff recommends awarding a loan of up to  
11          \$880,643 at an interest rate and for a term to be negotiated by  
12          the Executive Director. That is the recommendation.

13          MR. SHELTON: Do we have anybody signed up to  
14          speak on behalf of these applications?

15          MR. FEINMAN: I don't believe so. We did receive  
16          some communication from Mecklenburg indicating that, you  
17          know, that the reason for the delay in their use of our current  
18          grants simply has to do with the structure of that grant, that they  
19          were going to lay the backbone first as their match, and then  
20          begin using our funds.

21          The broader issue with these two applications is that,  
22          well, one, neither of them approach the Commonwealth's primary  
23          funding mechanism for funding these areas which is the VATI  
24          program, and we generally don't plant state funds, you know, we  
25          wait, and there's got to be a reason you need to work with us

1 instead of an existing general fund program.

2 But, two, but they're also contrary to the direction  
3 that the state broadband effort is going, which is really in the  
4 direction of large scale universal coverage projects. There are  
5 economies of scale to be gained from doing more at one time,  
6 and those economies of scale are significant, part of why we're  
7 paying, you know, in general, the Commonwealth has averaged,  
8 you know, less than, certainly less than \$1,300 or \$1,400 per  
9 connection in states accord, and these are well above that.

10 MS. CAPPS: In the interest of accuracy, I'll just  
11 clarify, Franklin County did submit their project to VATI as part of  
12 a larger project, but it was declined for funding.

13 MR. SORRELL: Mr. Chairman, in case the, if I may, in  
14 case, not everyone is reading the chat feature here, Sandy from  
15 Franklin County has made a note in the chat feature just to make  
16 sure everyone is aware of his comments.

17 MR. OWENS: Mr. Chairman, do I understand what  
18 Evan is saying, but didn't we know the, I take exception to this,  
19 exceptionally high, considering that in those areas that we try to  
20 serve, if it were densely populated, everybody would be  
21 accurate. That's why we provide these funds. It might be two to  
22 six people per mile and they would never get, based on the  
23 enterprise, never get funded or never get broadband.

24 MR. FEINMAN: Mr. Chairman, I would disagree with  
25 you there. There are ways to bring down the costs by effectively

1 submerging it into larger projects. Your average cost per  
2 connection reduces.

3 Second, there are really significant amounts of  
4 funding between the current state funds, which are over \$50  
5 million this year and federal funds from the Rescue Act  
6 forthcoming, the Infrastructure Act. Wearing my other hat, you  
7 know, we're considering investing ten figures in broadband in the  
8 next couple of years. I just don't think the Commission should  
9 be taking nibbles at county coverage projects when this cost per  
10 connection could be reduced and they could approach the  
11 Commonwealth for Mecklenburg or for Franklin County and ask  
12 for funding and get it without using any of the Commission's  
13 funds.

14 MR. OWENS: Mr. Chairman, I do agree with Evan that  
15 we can incorporate it into a larger project, but on the same token  
16 to say that this is a very high cost, I don't agree with. And  
17 maybe we'll just have a disagreement on that, but I understand,  
18 I'm not advocating for either way, I'm just saying that when I  
19 read this, come across that it was clear why the recommendation  
20 came down.

21 MR. HITE: Mr. Chairman, I have a question for Staff.  
22 Franklin County put in a VATI application, and I'm assuming it  
23 was not funded?

24 MR. CAPPS: That's correct.

25 UNIDENTIFIED: That leads to the question why, why

1 wasn't it funded?

2 MR. FEINMAN: We can take a look at that. The  
3 answer is less efficient and less well-designed than other projects  
4 that were in keeping with the Commonwealth's priorities. What  
5 they ought to do, however, is come back to VATI and request  
6 funding through that program. In general, I think the  
7 Commission should focus its broadband effort on projects that for  
8 one reason or another are not a good fit with the  
9 Commonwealth's mainline funding program in the same way we  
10 don't fund K through 12 education because there are significant  
11 state dollars already available for that.

12 In this instance right now, there are hundreds of  
13 communities soon to be in excess of a million dollars that will be  
14 distributed through the Commonwealth's funding effort. As a  
15 result, there's just not a big moment getting the job done. At  
16 this point, there are so many resources outside of this issue that  
17 we just don't believe, because those other resources exist, and  
18 we're of the view that we ought not forward this grant money.  
19 Loans, we can work out.

20 MR. KYLE: If I could speak, this is Chris Kyle from  
21 Shentel, when it's appropriate?

22 MR. SHELTON: Yes, I believe this is the appropriate  
23 time, yes.

24 MR. KYLE: We have the highest respect and Mr.  
25 Feinman has done an amazing project, and we agree with the

1 money that's coming. We were very sad when it was said that  
2 way, that this didn't get applied for. I think we missed it by a  
3 couple of points. And with counsel, we were given the advice  
4 that we'd just written the application up in a couple of different  
5 ways, I think it would have gotten over the line. I think we all  
6 agreed broadband needs to happen now, and this is a good  
7 project.

8 Let me say the cost per location isn't going to go  
9 down. I agree with Evan's comments if we weren't active in that  
10 area, we're doing stuff every day. It's a mathematical exercise  
11 to average, these locations, the earlier comment are expensive  
12 and will be the same cost per location whether they're in a bigger  
13 project, and we will have bigger projects from VATI coming up, I  
14 agree with that. Grant money is important, you know, moving  
15 now is important, and this will have an immediate benefit and  
16 impact to the residents.

17 For what it's worth, Shentel will execute and stands  
18 ready to execute immediately on this, but the cost for passing for  
19 each individual home will not go down on these whether it's  
20 included in a broader application. But we will have other  
21 application that we'll put in front and we're grateful for Evan's  
22 leadership.

23 MR. SHELTON: Is there any other discussion or  
24 questions from the Committee?

25 MR. MILES: Mr. Chairman, which project was the

1 gentleman from Shentel talking about, Franklin?

2 MR. SHELTON: I believe he was referring to the  
3 Franklin County project.

4 MR. KYLE: That is correct.

5 UNIDENTIFIED: Mr. Chairman, may I ask, what's our  
6 loan rate basically? Where does it range from, where to where?

7 MR SHELTON: Director Feinman, what is the  
8 parameters of that?

9 MR. FEINMAN: It varies depending on who the  
10 borrower is and the term of the loan. In general, it's between  
11 one percent and three percent. We consistently need to be  
12 somewhat below market rates.

13 MR. MILES: For how long?

14 MR. FEINMAN: That depends on, you know, we can  
15 do a five-year or a ten-year or a twenty-year note on, the  
16 interest varies depending on the term of the loan and the  
17 creditworthiness of the borrower and whether or not, you know,  
18 and whether or not they've got the moral obligation of the  
19 applicant county. With that moral obligation, the rate comes  
20 down significantly, because we're very confident Franklin County  
21 isn't going anywhere.

22 We were similarly confident that NBC and -- weren't  
23 going anywhere, but it's still somewhat of a different exercise.

24 MR. OWENS: Okay, it seems like if I make a loan, if  
25 we do a loan, then have to send it to their financial model, is that

1 what you're saying to show that they can have the ability to pay.

2 MR. FEINMAN: In each of these, we believe they  
3 would have the ability to pay, that does not mean we can compel  
4 them to take a loan if there's no interest on the part of the  
5 applicant in a loan if they won't take it. I think that is sort of  
6 where it is. I will just say again though in the same way a VATI  
7 project is just in this year is very likely to get funded this year.  
8 An NBC project that includes all of Mecklenburg County, I think,  
9 it is well designed, and NBC does a good job designing things.  
10 It's also highly likely to get funded this year. I'm just not sure if  
11 it's a good use of \$900,000 when I think it's very likely that in a  
12 couple of months, the Commonwealth would fund either or both  
13 of these projects by using a different pot of money.

14 MR. SHELTON: Any other questions or comments?

15 UNIDENTIFIED: Can I ask a question, Mr. Chairman,  
16 as to, is it appropriate to ask a question now on the Mecklenburg  
17 project?

18 MR. SHELTON: Yes.

19 UNIDENTIFIED: So, if the county is not putting up  
20 any money for this project as a match or using their quote,  
21 unquote allocation or anything?

22 MS. CAPPS: The match for the Mecklenburg County  
23 project is coming entirely from EMPOWER broadband, so, no,  
24 there were no county funds. As far as the county allocation  
25 goes, we consider that an accounting exercise that we handle.

1       However, the county did express to us that they had other  
2       priorities for the \$1.5 million that's available in their allocation.

3               MR. FEINMAN: If we fund this project, the procedure  
4       unless directed different from you all would be to fund it as we  
5       do with every Southern Virginia project, we fund it first from any  
6       allocation balance, and then second from the General Virginia  
7       funding.

8               MR. OWENS: Is there anybody from Mecklenburg or  
9       EMPOWER there to speak?

10              MR. DRISCOLL: Yes, sir, Dave Driscoll here with  
11      Mecklenburg EMPOWER.

12              MR. SHELTON: I asked that previously. I thought  
13      maybe we were expecting someone. Dave, would you like to  
14      address the Committee at this time?

15              MR. DRISCOLL: Yes sir, if that's appropriate.

16              MR. SHELTON: It is, now is the time.

17              MR. DRISCOLL: All right, thank you so much. We  
18      appreciate that here at Mecklenburg EMPOWER, the support that  
19      the Committee and the Commission has provided. Without that  
20      \$2.6 million grant, the backbone that we have would not be as  
21      close, so we're grateful for that.

22              It's been used to provide broadband across portions of  
23      six counties, and we're continuing to build off of that. EMPOWER  
24      has connected since we started in 2018 one thousand fiber  
25      customers. We've just exceeded that in the past couple of

1 months. The funding that you provided built a 135-mile section  
2 of fiber, of backbone fiber across those six counties. Along that  
3 backbone, the density there was 22 people per mile, but there  
4 are sections in the area that we served that don't nearly reach  
5 that, and that's the application that we've submitted today is for  
6 one of those high-cost areas who have extremely long driveways,  
7 the density is six-and-a-half per mile.

8 I remember when we first started talking about  
9 broadband, it was like three tiers of folks that we thought we'd  
10 serve, those who already had it, those that were in a median  
11 zone and could be afforded to provide, and a third section were  
12 those that were just really way out there would be high cost, and  
13 that's where we are in this portion of southern Mecklenburg  
14 County.

15 We have worked and continue to take a county-wide  
16 approach based on segments, so that's something that we do  
17 continue to work on. And this application area would be a part of  
18 filling out that county-wide area. So, we are working consistent  
19 with the VATI approach, with the state's approach, and we're  
20 working in that direction. Of course, this, again, is a very rural  
21 area, so it does have some high costs.

22 One of the things we did talk with our County  
23 Administrator, Wayne Carter, and I think there was some  
24 confusion about how the allocations worked and how they were  
25 done. Previously when we've made commitments or agreements

1 with the county and Commission, we've been able to bring those  
2 forward and EMPOWER do that, so that the county could actually  
3 utilize their funding to go elsewhere. We certainly want to  
4 maximize the opportunity that we have. And as we can utilize  
5 the monies that come back from subscribers, that helps build out  
6 the system, as well, and allows monies to be utilized in the rest  
7 of the part of the county.

8 So, we would request a grant instead of a loan, you  
9 know, we're trying every avenue that we can. We've gone after  
10 and have received care funding to do portions of the area that we  
11 serve, the Rural Opportunity Fund, we've done VATI, we're  
12 looking at every opportunity to get funding to certainly fill out  
13 our county areas and continue to build. So, we're going to ask  
14 that you guys consider that grant request and know that we're  
15 working diligently, we're building out service to folks quickly, of  
16 course, they want it as quickly as they can get, which most of the  
17 times means tomorrow, but we're making great headway. And  
18 it's through a partnership with you guys that we've been able to  
19 do that. So, we'd ask that you do that. Thank you, sir.

20 MS. KELLETT: At Mecklenburg County, Angie Kellett  
21 here with economic development, our County Administrator is  
22 out today, but we did write a letter for this application and the  
23 county is in support of broadband growing in our community, we  
24 have Microsoft just kind of taken over here, and we've got some  
25 really rural areas within our county that definitely need this for

1 us to continue to grow. So, we are in support of this application.

2 MR. WILLIAMS: Mr. Chairman, my name is John  
3 Williams, CEO of Broadband of Mecklenburg Electric. Let me just  
4 start by echoing what David said. We're very appreciative of all  
5 the support we've received from the Commission. There are  
6 Southside Virginians who are now receiving world class  
7 broadband because of your work and because of your review of  
8 these applications and because of your approval of some that  
9 we've been able to utilize and really get the ball rolling.

10 Again, to Evan and his team, I know they put together  
11 their recommendations, and we certainly respect everything that  
12 they do.

13 I do want to address though the timing, I think it  
14 should be noted that right in the middle of these projects like  
15 what everybody else did and it certainly put a hamper on our  
16 schedule. In addition to that, we've been dealing with a railroad  
17 crossing, one single railroad crossing for over ten months, ten  
18 months now, and that is the last segment of the whole backbone  
19 that we have to complete. I recognize that we're behind on that,  
20 they have very graciously granted us an extension. I think they  
21 recognize COVID threw a wrench in everything for everybody,  
22 we're back on full steam and rolling again, and, again, we  
23 appreciate everything that the Commission does.

24 But I do want you to know that when we take the  
25 money from the Commission, we know that we make a

1 commitment to get the job done and nobody is more serious  
2 about that commitment than we are. So, I just wanted to  
3 reiterate that to you, sir, and to the Committee and make sure  
4 that you understand and appreciate that. Thank you for the  
5 opportunity to address the Committee, Mr. Chairman.

6 MR. FEINMAN: Both of these companies are excellent  
7 ISPs, there is no question about that, and both are excellent  
8 grantees. I do have some concerns remaining about some of the  
9 costs. I also think that the argument that really ought to carry  
10 the day with you all is the argument that there simply, as in so  
11 many other areas, right, we're going to talk about this over the  
12 summer with the Commonwealth having stepped into our shoes  
13 in many ways with the workforce to support dollars that we give  
14 to the community colleges, the workforce financial aid dollars  
15 that we get from the community colleges with the G3 program,  
16 that's involved ten billion dollars with a "b", between local dollars  
17 and state dollars that have come from the Rescue Act.

18 There are simply other sources of funding now that  
19 have much deeper pockets than the Commission does and are  
20 solely dedicated to funding these sorts of projects. The  
21 application deadline is mere months away, so I think if we do  
22 any, what I would advise is either loans, as we recommended  
23 from the Staff, or a conditional, you know, saying that should a  
24 VATI application inclusive of these areas fail, then the  
25 Commission would take it on. We are literally undergoing an

1 exercise right now trying to figure out what the maximum  
2 construction capacity of the entire internet service provider  
3 sector is and funding it up to that maximum capacity for the next  
4 several years through the state dollars, through the state federal  
5 dollars with VATI.

6 So, I just think there's, the Commission is not, this is  
7 an area where there are better funded actors who have taken up  
8 this burden, and I think the Commission funds could be better  
9 directed elsewhere.

10 UNIDENTIFIED: Evan, if I could just comment on that.  
11 We know and understand that and we appreciate that, too, and  
12 we know that there's another bucket of dollars. But let me tell  
13 you, you know, we are so eager to get this job done, we just feel  
14 like we couldn't let any opportunity pass, okay? As has been our  
15 business plan right from the start, we gather up as many dollars  
16 as we can and get as much built out as we can, so that when we  
17 get to that point, we can use those revenues to reach the areas  
18 way out at the end of the line. That's worked really well for us  
19 and we've been very disciplined in our approach, and it's  
20 working, it's working great. And we've been able to do it without  
21 leveraging the electric assets that are so important to our  
22 members to keep the lights on.

23 So, again, we recognize and appreciate that there are  
24 other opportunities coming down the pike. Again, we just very  
25 selfishly just try to take advantage of every option we could, and

1 this was an option. And, again, we appreciate your comments.

2 MS. KIM: Mr. Chairman, so, with that being said,  
3 there's according to our Staff comments , there are still more  
4 than 40 percent of the three million, I'm sorry, there's more than  
5 40 percent of the \$2.6 million grant that was granted in March,  
6 2018, and that first award, 20 percent of that is still, it hasn't  
7 been spent.

8 MS. CAPPAS: That's correct. There would be some  
9 portion that just has not been submitted yet to us. EMPOWER  
10 has been a very good ISP to work with in terms of the  
11 reimbursement request. We, we were not criticizing them with  
12 this comment. We were just drawing attention to the time that is  
13 proving to be required for the build-out of the areas that have  
14 already been funded.

15 UNIDENTIFIED: Mr. Chair, if I might respond from  
16 Mecklenburg with that?

17 MR. SHELTON: Yes, sir.

18 UNIDENTIFIED: Ladies and gentlemen, just to pass  
19 along, we do have 40 percent of the funding left, and as Mr.  
20 Feinman mentioned earlier, the way we structured the grant,  
21 when we submitted that back in 2018, it was such that  
22 EMPOWER and Mecklenburg would build the backbone first. And  
23 then at that point, we would seek reimbursement and a match  
24 from the TRC through, through the drops. So, of course, once  
25 the backbone is built, which we're nearing completion of that

1 backbone, as John said earlier, the last connection across the  
2 railroad will begin. At this point, we've now got all the backbone  
3 there, we have sent out letters to all of those folks that are along  
4 that backbone, we just finished that up recently. So, we  
5 anticipate going forward. The rest of the financing for the project  
6 will be going to the Commission for reimbursement.

7 So, it was the way the grant was structured. First, we  
8 built the backbone, we completed that. Now, we're working to  
9 complete those drops and get those out to folks. That's why you  
10 still see some funding left.

11 David, I guess we should add on there that we got  
12 about 600 applications sitting in house right now. A vast  
13 majority of those will be within one thousand foot of the  
14 backbone that we just constructed with the original Tobacco  
15 Commission grant.

16 MR. SHELTON: Any other questions or comments  
17 from the Committee at this time? I think there's a lot of  
18 consideration here, I don't think that any of us that disagree. My  
19 life lessons personally are that look around to the low-hanging  
20 fruit, but when you get to the swamps and the briar patches and  
21 the low population areas, we all count on the cooperatives. And  
22 they do a great job. I also certainly agree with Director Feinman  
23 that there are funding options that are out there, so I guess the  
24 heavy lifting for this Committee is to find a way to meet in the  
25 middle or compromise.

1                   So, at this time, any proposal from the Committee?  
2                   It's time to entertain, I guess, what we're going to do.

3                   MR. SHELTON: I think that would be best. I think  
4                   since they are pretty grossly different, so let's start with the  
5                   smaller one, with the Franklin County proposal. Do we have a  
6                   recommendation from the Committee on that one?

7                   DR. EHRHARDT : Interest in the loan, I would  
8                   recommend that we take Staff's recommendation and grant the  
9                   award.

10                  MR. SHELL: Second, Cecil.

11                  MR. SHELTON: All right. We'll go ahead and proceed  
12                  with that one. On Proposal 3761, we have a motion to accept  
13                  Staff's recommendation of a loan, loan option on that proposal.  
14                  It has been properly seconded. All those in favor, please signify  
15                  by saying aye. (Ayes). Any nays? (No response). Hearing  
16                  none, that motion carries. So, that will be offered as the loan as  
17                  proposed by Staff.

18                  Now, we'll take recommendations on, accept the  
19                  motion on 3752, the Mecklenburg County proposal.

20                  MR. OWENS: Mr. Chairman, before we do that, can I  
21                  ask, do you think you're about three months away from -- the  
22                  application?

23                  MR. FEINMAN: I mean it will be a pleasure. I will  
24                  encourage our team members in the legislature here to support  
25                  the Governor's broadband proposal when it comes to them

1 during a special session later in the summer, but, yes, they're  
2 going to be, they've already appropriated fifty million state  
3 dollars, and there are extraordinary amounts of federal money  
4 that are going to flow through, as well. There'll be a single portal  
5 entry for applicants in late summer, and they'll be able to apply  
6 for both of these projects and a great deal more, as well.

7 MR. OWENS: Mr. Chairman, while I'm in favor of a  
8 loan at this time to Mecklenburg Electric. Otherwise, can you  
9 fashion a motion that would say, let them go out and see if they  
10 can get this money first, and if they're not able to get this money  
11 for this project that we offer a loan, is there a motion that we can  
12 put together like that so it makes sense?

13 MR. FEINMAN: I think the Committee should  
14 recommend that MEC seek state funding for a project that  
15 includes this area, exclusively this area. And should that  
16 application fail, the Executive Director shall then extend a loan  
17 offer to MEC for the amount requested. Does that cover your --

18 MR. OWENS: Yes, so moved.

19 UNIDENTIFIED: Second.

20 MR. SHELTON: Okay, we have a motion. Is all the  
21 Committee in understanding of the joint motion made by Mr.  
22 Owens and Mr. Feinman?

23 UNIDENTIFIED: Second.

24 MR. SHELTON: It's properly seconded. And the gist  
25 of it is, is that both applications for state funding fails, then we

1 come back with the loan, as we approve it, if I understand it  
2 correct? The motion has been made and seconded. All those in  
3 favor, please signify by saying aye. (Ayes). Any opposed? (No  
4 response). Hearing none, the motion carries.

5 UNIDENTIFIED; Thank you, Mr. Chairman, we  
6 appreciate your consideration, we appreciate the work of the  
7 Committee and Evan and his team, as well, thank you.

8 MR. SHELTON: Thank you and thank you for what  
9 you all do.

10 All right, so that's 3752, we have approved a loan  
11 offer contingent upon if appropriate state funding applications are  
12 not met.

13 Sarah, I guess we can go on now to the Business  
14 Development section and move on to those applications.

15 MS. CAPPAS: Okay. We have one project that was  
16 submitted through Business Development, this was submitted by  
17 the SOVA Innovation Hub Corporation, a nonprofit, created last  
18 year by Mid-Atlantic Broadband in partnership with Microsoft  
19 TechSpark. The funding request, it was reduced from the  
20 original application, the preliminary request is for 50 percent of  
21 the \$170,600 estimated A&E design costs for the new SOVA  
22 Innovation lab building in South Boston. Those would be located,  
23 if you've been to South Boston, you'll see there's a new building,  
24 this request, I would say is for a second building as part of a  
25 campus that will be located next to the SOVA Innovation Hub

1 that's just recently opened and that will have its full opening by  
2 this fall. This second building is estimated to be approximately  
3 13,000 square feet and would serve entrepreneurs, including  
4 start-ups and existing growing businesses that are in need of  
5 modern office space and would also include a baker space, along  
6 with the small office units.

7           Broadband or the SOVA Innovation Hub has indicated  
8 that they plan to pursue federal funding and other funding  
9 sources towards the \$3 million building costs. And so, it's only  
10 this support during the planning stage for design that would be  
11 requested from the Commission. We are very supportive of this  
12 project and all of the work that you see and the SOVA Innovation  
13 Hub is doing. We are recommending of an award of a grant of  
14 \$85,300 for 50 percent of the estimated \$170,600 design phase  
15 A&E costs.

16           This is the only one in that category, Mr. Chairman.

17           MR. SHELTON: All right. What is the Committee's  
18 pleasure, are there any questions or follow-up discussion?

19           DELEGATE EDMUNDS: Mr. Chairman, I move the  
20 Staff recommendation.

21           UNIDENTIFIED: Sarah, do you know who is doing the  
22 design on this?

23           MS. CAPPS: I do, I don't know if, I think Lauren is on  
24 the phone, she can probably, we do have that information, I just  
25 don't --

1 UNIDENTIFIED: I guess my simple question is it's not  
2 Dewberry, is it?

3 MS. CAPPS: No.

4 MR. SHELTON: If there's no other questions, I believe  
5 I heard someone had started a motion.

6 DELEGATE EDMUNDS: Delegate Edmunds, I move to  
7 accept the Staff's recommendation.

8 MR. SHELTON: Is there a second?

9 UNIDENTIFIED: Second.

10 MR. SHELTON: All right, we have a motion, probably  
11 seconded to accept Staff's recommendation for Project 3749 at  
12 \$85,300. All those in favor, signify by saying aye. (Ayes). Any  
13 nays? (No response). Seeing none, the motion passes as  
14 recommended.

15 Okay, Sarah, I guess we'll move to the Sites and  
16 Infrastructure section.

17 MS. CAPPS: All right. We've got several projects in  
18 this group. The first one is from Bedford County, it's \$80,000  
19 request for Grading on Lots 10a and 12a in the New London  
20 Technology Park. The park that has received a lot of interest in,  
21 from companies. The Commission has invested about \$716,000  
22 in the Due Diligence and Site Development at New London. We  
23 also had invested in a shell building there. We have contributed  
24 \$43,000 towards these two specific lots. This is just a modest  
25 amount of funding that's needed to get these two sites graded

1 and be graded to each for a 1.7 acre pad. This would raise those  
2 sites to being shovel-ready at a Tier 5 site characterization and  
3 to which to be marketed to companies to cut the Bedford County  
4 as targeting these for high-wage manufacturing and professional  
5 service companies. The only remaining small pad with graded  
6 pad site in the park was recently sold, and so this is the most  
7 cost effective option for any additional sites ready.

8 Staff is supportive of this request, and we are  
9 recommending an award of a grant of \$80,000.

10 And I'll go to the next one. The next request was  
11 submitted by the Institute for Advanced Learning and Research  
12 on behalf of the Southern Virginia Regional Alliance. IALR would  
13 serve as the physical agent to administer the grant funds. This is  
14 a large \$999,900 request to support what is referred to as VEDP  
15 Business Ready Site characterization to raise the tier  
16 classification of these sites. This requires due diligence,  
17 engineering work, as well as infrastructure being in place to meet  
18 the needs.

19 There are 11 industrial sites that are part of this  
20 request. They were presented in different groups. The first  
21 group includes six sites that require relative modest A&E due  
22 diligence to raise them from a Tier 2 characterization to a Tier 4  
23 status.

24 The benefit of a site being identified as Tier 4, that  
25 means it would then be marketed by VEDP, so sites do need to

1 be in Tier 4 or Tier 5 to be marketed by VEDP. And VEDP does  
2 focus on the larger sites, that are 20 acres or larger. In addition  
3 to the six sites that would be made from Tier 2 to Tier 4 status,  
4 there were no response sites included in this request that would  
5 be moved from Tier 2 to Tier 3. And in order to prepare for  
6 additional work that would be needed.

7 As part of Staff's review is we have to see cost  
8 estimates for the work that's being requested from us, so we  
9 have to see estimates or construction contractor estimates,  
10 whatever is appropriate. In this case, we did ask the Regional  
11 Alliance to provide us with the need assessments that had been  
12 completed for the BET process, and it was within those  
13 assessments that the A&E costs were identified in the application  
14 for all 11 properties, the A&E costs, as well as approximately  
15 \$5,000 per site for getting the certification, the total cost  
16 estimate for all 11 sites was \$1,115,000, I'm sorry, one million,  
17 yes, one hundred and fifteen thousand dollars.

18 The application itself was for a total project cost of  
19 nearly \$2 million, and the difference between this \$1,115,000  
20 figure that I mentioned and the \$2 million that is in the  
21 application, the difference there is related to additional estimates  
22 that are considered order of magnitude ballpark estimate to what  
23 the water/sewage/transportation infrastructure improvements  
24 would be needed for those sites that are currently Tier 2 that  
25 would be moved to Tier 3.

1           So, the point there is a lot of those exact costs and  
2 study needs, there's a general idea what those are, general  
3 estimates of what they are, but until the work is done, move  
4 them to Tier 3, the exact scope and cost estimates for that work  
5 is unknown.

6           Staff felt like the more appropriate focus for this  
7 project should be just focusing on the first group of sites, the six  
8 sites that would be known from Tier 2 to Tier 4, as given that  
9 those would be the most attractive sites for prospects to likely  
10 select.

11           There was also a seventh site in Patrick County that  
12 would be moved from Tier 2 to Tier 3 that Staff was also  
13 supportive of supporting. Those seven sites, A&E cost estimates  
14 total \$495,200, and Staff is recommending an award of 50  
15 percent of those costs for a \$247,600 grant for 50 percent of the  
16 estimated costs to perform the due diligence on seven properties,  
17 including six that will advance from Tier 2 to Tier 3 status, and  
18 we named those in the recommendation, it's the Airside Drive,  
19 Cane Creek, Cyber Park, Ringgold East, Riverview, and the  
20 Southern Virginia Technology Park, and the seventh site that  
21 would be advanced to a Tier 3 status is the Rich Creek Industrial  
22 Park in Patrick County.

23           This was a complex, a very comprehensive proposal  
24 for the Southern Virginia Regional Alliance area. We understand  
25 that they evaluated 66 sites to the 11 that were selected for this

1 proposal.

2 MR. SHELTON: Sarah, I'm going to stop you for a  
3 minute because there is some modifications in the request on the  
4 recommendations. Are there any questions specific to this  
5 application or anyone want to speak to this behalf?

6 UNIDENTIFIED: Mr. Chair, I want to just very briefly,  
7 in looking at this application, it's my personal feeling that I think  
8 we should just look at all 11 and it's a pretty unique situation I  
9 think what's going on with the Southern Virginia Regional. Some  
10 of them successful, some of them are not. I think have been  
11 important, you know, obviously, the seven of the first in line will  
12 be, I think immediately available once the marketing studies and  
13 other related work is completed. And I think some of the sites  
14 are going to move quickly given that the VEDP's project pipeline  
15 as y'all know is the largest as it's ever been in history of  
16 prospects and that's why I think the other four are almost as  
17 equally as important because they represent the second, second  
18 inventory for that market down there.

19 And I think the other reason, the other reason we're  
20 doing it is because of the really strong and robust economic  
21 development efforts that have been going on with the Southern  
22 Virginia Regional Alliance and that all those are one hundred  
23 percent called into this. And they're ready to rock and roll in  
24 terms with what I've seen, you know, and also having all those  
25 sites making progress in the tier-ranking system, I think is

1 integral to keep that distance for proven programs going and let  
2 work force development, I mean get things to that great state,  
3 so I'm just putting it out there. I'd like to see all 11 as request  
4 stands.

5 DR. EHRHARDT: Mr. Chairman, may I ask a question?

6 MR. SHELTON: Yes.

7 DR. EHRHARDT: For that point, Sarah, would it be  
8 possible for us to fund the 11 at this point and consider the four  
9 almost at the Phase 2 and the next cycle, or would they have to  
10 apply with a fully new application, I guess is my question? We  
11 could evaluate process at that time, progress at that time, and  
12 then look at the form almost like tabling it.

13 MR. FEINMAN: Mr. Chairman, speaking to Dr.  
14 Ehrhardt's question, if I may. We can do, one of the, terrible  
15 things about the Commission is that we can do whatever it is that  
16 you all would like us to do. We can relatively be limit.

17 It is the learned view of the Staff at this point in  
18 many, many years, and retrospect prior to my tenure here, that  
19 while our work in site development has been universally positive,  
20 it would be a fair characterization to say that we were spread too  
21 thinly and that we as a result of many sites that are not quite  
22 ready for turn-key marketing, we're going to talk a little bit about  
23 that when we get to the Sussex project, and relatively few sites  
24 that are VEDP level five. That at the end of the day, where the  
25 business community is, is day one, a turn-key site.

1           And while it's not, there's no rule that says that the  
2 Commission supports a Site 1, that becomes a Commission-  
3 supported site, whatever, practically that's what happens is we  
4 get, you can't get halfway with these things. And so we, my  
5 strong advice, the advice of the Staff generally is focusing more  
6 energy on fewer locations and bringing those locations up to  
7 turn-key salability, is higher impact in terms of our ability to  
8 grow the employment and capital investment of the region.  
9 Bringing a bunch more sites part of the way to salability. And so,  
10 you know, what we would say is this narrowed scope is strong  
11 and once we have gotten those that the narrowed scope up to  
12 double or Level 5, then we can turn out attention to the next.  
13 And by doing it in smaller bunches, you actually get more to  
14 increase the inventory of the region because you're getting them  
15 sites that are all the way ready for business the next day.

16           DR. EHRHARDT: Thank you.

17           MR. SHELTON: What is the Committee's pleasure?  
18 There has been some discussion.

19           MS. GREEN: Mr. Chairman, this is Linda Green. I'm  
20 here to address the two, if you all have time, and I don't know if  
21 you want to do it before deciding to pull it out.

22           MR. SHELTON: Now, I think would be the time, we'll  
23 just go ahead, we'll go ahead and handle this as a single entity.

24           MS. GREEN: I want to thank the Review Committee  
25 and Mr. Feinman, but I now want to bring up several things

1 about the additional site. There's very little doubt that we can  
2 raise the first site to Tier 4. They have very small steps, very  
3 few studies left to be done, but there are unique differences  
4 about the remaining, and I'm going to address three of the four  
5 sites. The reason I'm doing three of the four is we have reached  
6 that letter of intent, that a process that has been made to the  
7 Southern Virginia Technology Bar. So, we will update with the  
8 Virginia Tobacco Commission for that reason.

9 But I would like to address the Coleman site, the Day  
10 site, and the Key Industrial Park. Over the past five years, we  
11 have located 19 companies and 16 expansions in this region. It's  
12 been a region with a lot of activity leading the state and activity  
13 among regions. Of that, four have included existing shell sites,  
14 sites, front sites, so we've moved four sites and started two shell  
15 buildings, which means we've completed an incredible amount of  
16 the inventory in the region. So, even though you'll be adding  
17 more sites, these first will be equipped with us and we already  
18 have crossed that, that we think in the near future we can put in  
19 this direction.

20 Having said that, of the remaining three, the Coleman  
21 site is the site that would take the time to get the work done.  
22 It's not one that we can wait a year and have -- it will be a  
23 good two-year process. If you have access to heavy rail and it  
24 lies between the Goodyear plant and Blue Ridge, simply we have  
25 heavy industrial process, then sometimes their only site --

1 toward beyond some of it just in capability.

2 The Day site in Halifax very similarly is a park that  
3 also can handle a heavy industrial client. Chairman Owens, I  
4 know you know the Southern Virginia Technology Park, beautiful  
5 park, but it does have some limitations on taking heavy  
6 industries. And so at this point, we don't have a tier, above a  
7 Tier 2 in Halifax. We desperately need to raise the Technology  
8 Park, so that when we have heavy clients, we don't turn them  
9 away, but can point them to the Day site.

10 Similarly, to the Key Industrial Park in Hart, we've  
11 done quite well getting tenants for the Southern Virginia Multi-  
12 level Park. Developing that infrastructure has led us to a point  
13 where the adjoining park, the Key Park can now take on much  
14 heavier processes, as well. And you all know we lost 1,200 jobs  
15 at the largest industry in Pittsylvania County when we lost  
16 Burlington.

17 So, that is the site, the next three sites are going to  
18 take longer. Along with your application, we also applied to GO  
19 Virginia and we're applying to Appalachian Regional Commission.  
20 So, we're getting together and stretching this. We feel like we  
21 can leverage your funds, but we can't develop those sites in a  
22 short period of time. It will take a good two years to do those  
23 three sites.

24 So, I would ask you to at least consider doing those  
25 three sites, as well. And I know we have Dewberry and Timmons

1 on the call right now. So for any technical clarification, they  
2 could offer that on the engineering estimates that were made.

3 MR. SHELTON: Any questions for Ms. Green for any  
4 additional information? Now, is the appropriate time.

5 Is there a recommendation from the Committee is to  
6 proceed on this proposal?

7 DELEGATE EDMUNDS: Mr. Chairman, I would move  
8 that we, I would move that we approve the project as requested,  
9 at the level, the description as they requested, in terms of the 11  
10 sites.

11 MR. SHELTON: Delegate?

12 UNIDENTIFIED: I just would like to clarify that Linda  
13 mentioned three out of the four that were not being  
14 recommended, so there was one that had been included in the  
15 cost estimates. I can provide you with, I think the, to do the ten  
16 sites, if my math is correct, I think the total was 513,000, so if  
17 the Commission were entertaining 50 percent, it would be 50  
18 percent.

19 UNIDENTIFIED: So, Mr. Chairman, I would amend my  
20 motion to reflect this --

21 MR. SHELTON: Thank you.

22 UNIDENTIFIED: And, Sarah, I would say that the  
23 engineering for the cost of the other three, for the cost going to  
24 two to four are outlined on the back, and on the sheet that you  
25 have, that title comes to the total cost of \$3,632,200, so --

1 MR. FEINMAN: Mr. Chairman, I will direct Staff to  
2 fund no more than 50 percent of appropriate engineering costs  
3 up to a capped amount of funds. That would be a way to not  
4 have to engage in high water mathematics in front of a crowd.

5 MR. SHELTON: Mr. Miles, would you consider  
6 amending your motion to that extent?

7 MR. MILES: What was the first part, I get the gist,  
8 Evan, what was the first part of what you said, you broke up a  
9 little, I'm sorry?

10 MR. FEINMAN: I apologize, Mr. Chairman, Mr. Miles, if  
11 I could make a suggested amendment to your motion. It would  
12 be to direct Staff to support a requested, 50 percent of  
13 engineering requested for all but one of the sites in the  
14 application, you know, for a total not to exceed, if we can put it  
15 in the original request, for the total not to exceed the \$900,900,  
16 but also not to extend beyond proposed activity within the  
17 original application.

18 MR. MILES: I would open my motion, Mr. Chairman,  
19 to that effect.

20 DELEGATE EDMUNDS: I would second that.

21 MR. SHELTON: All right, and we have, okay, so, if I'm  
22 following right, the motion basically says to fund ten of the  
23 proposed sites engineering, 50 percent level of the requested  
24 amount if there's ten. I have a second by Delegate Edmunds on  
25 that.

1 MR. FEINMAN: For you by the Full Commission.

2 MR. SHELTON: Is there any further discussion of this,  
3 just on 3760 of this motion?

4 UNIDENTIFIED: May I ask a question, Mr. Chairman?

5 MR. SHELTON: Yes, sir.

6 UNIDENTIFIED: Is this going to impact anybody's  
7 allocation?

8 MS. CAPPS: All of those, grant is approved that the  
9 amounts that are committed for each of the parks would be  
10 reduced from the relevant county allocations where they're  
11 available.

12 UNIDENTIFIED: Okay. Then all of the counties that  
13 are --

14 MS. CAPPS: The counties have certainly been directly  
15 involved with working with --

16 MR. SHELTON: Any further questions or comments on  
17 the motion that's on the floor? If not, we will proceed to vote.  
18 All those in favor, signify by saying aye. (Ayes). Any nays?

19 DR. EHRHARDT: I need to abstain.

20 MR. SHELTON: One, Dr. Ehrhardt will abstain. So,  
21 the motion passes, 3760. We are done with that, okay.

22 Sarah, I guess we'll go ahead then with the rest of  
23 this block.

24 MS. CAPPS: Okay. The next one in the group is from  
25 Mecklenburg County. This is a \$28,000 request for the Kinderton

1 Technology Campus Due Diligence. This is 121-acre industrial  
2 park in the Clarksville area of Mecklenburg County. There are  
3 already two cleared pad sites, 25 and 30 acres. The Commission  
4 has enlisted significantly in the site which provided a \$3.5 million  
5 grant back in 2009 that went towards acquisition of plant  
6 development, provision of utilities and et cetera.

7 This was just a modest amount that VATI had ordered  
8 to move it to a Tier 4/Tier 5 certification, which as we noted  
9 before would allow it to be marketed by VEDP, the two graded  
10 pads would be considered shovel ready, a Tier 5, and the  
11 remainder of the park would be a Tier 4. The targeted sectors  
12 for the Kinderton Technology Park are technology and  
13 manufacturing. The county identified that their conservative  
14 estimate that the results of the project would allow them to  
15 attract 300 jobs averaging \$35,338 salary.

16 Staff is recommending approval of 50 percent of the  
17 costs from the Due Diligence work, so we are recommending a  
18 grant of \$28,000. That one is pretty straight-forward.

19 MR. SHELTON: That looks like that's the last one, if  
20 I'm correct, Sarah, that's not modified and it's recommended as  
21 a total approval, is that correct?

22 MS. CAPPS: That's correct.

23 MR. SHELTON: Modified. All right, let's go ahead  
24 before we get into the 3750, Bedford County. Staff  
25 recommendation is for full approval of \$80,000, 3757

1 Mecklenburg County, full approval of \$28,000. Could we  
2 entertain motion on those two and clear those up before we  
3 proceed?

4 UNIDENTIFIED: I do.

5 UNIDENTIFIED: Second.

6 MR. SHELTON: All right, we have a motion and  
7 second on those two proposals that Staff recommends. Any  
8 discussion? If not, all those in favor, signify by saying aye.  
9 (Ayes). Any opposed? (No response). Hearing none, both of  
10 those proposals pass as recommended.

11 All right, Sarah, I guess we're moving on.

12 MS. CAPPAS: All right, moving on. And the next one is  
13 Greenville County. This is an Off Site Utility Engineering request  
14 for \$785,906. This work was to support design for the expansion  
15 of the Jarrett Water Treatment Plant, which the county indicates  
16 would be serving the MAMAC Megasite in Greenville County.  
17 The water treatment plant would be expanded do allow for 4.75  
18 million gallons per day average treatment, of which 1.55 million  
19 gallons per day, they've identified as a reserve for the MAMAC  
20 site.

21 As far as information that was reported for the  
22 Committee to understand, the Commission has supported the  
23 MAMAC site as substantially, we've provided over 26 million in  
24 grants, significantly more than any other megasite in our region.  
25 Starting in 2010 and through to the most recent grant award,

1 which was in January of 2020, the applications to the  
2 Commission have indicated that the water would be provided by  
3 the City of Emporia. This was also reflected in the RIFA  
4 agreement as included in the application initially, but Emporia  
5 committed to providing 500,000 gallons per day, and then later,  
6 by 2015, in an application to us that Emporia was committed to  
7 provide two million gallons per day capacity for the MAMAC site.

8 So, this has a change in direction or a change in the  
9 provision of water service to the megasite where by now it's  
10 indicated that the primary provision of water would be by  
11 Greenville County Service Authority from the Jarrett Water  
12 Treatment Plant.

13 Of the funding that the Commission has provided in  
14 the past, it included a \$932,000 grant to the City of Emporia  
15 which was specifically for the engineering for the water treatment  
16 plant expansion, which did occur. We understand that the  
17 Emporia Water Treatment Plant does still have a capacity  
18 remaining to serve the MAMAC site. The most that we were able  
19 to gather is that the change that has occurred has to do with  
20 obligations that both the county and the city have had to make  
21 for meeting the water demands or water needs for the new  
22 Dominion Power Plant that's in Greenville County that began  
23 operation in 2018.

24 The request that the budget to support the projects  
25 was the construction phase budget for the \$21 million total

1 project cost, and within that, it included the basic engineering for  
2 what appeared to be during the construction phase. So, we did  
3 not have an application or scope that was specific to the costs for  
4 the design work that would be needed, so to speak of.

5 But given the level of the Commission's previous  
6 investments to insure the availability of the utilities to MAMAC,  
7 including the A&E expenses that were funded for the Emporia  
8 Water Treatment Plant, Staff recommends no award. We just  
9 felt it was unprudent to pay for the same thing twice.

10 If the Commission wishes to consider supporting this  
11 project, Staff believes a loan for an amount up to the actual cost  
12 of the A&E services to complete design for a term and at an  
13 interest rate acceptable to the Executive Director would be most  
14 appropriate.

15 Mr. Chairman, I recommend this project to be taken  
16 up by itself.

17 MR. SHELTON: Okay, all right, I think that is  
18 appropriate. Is there any discussion from the Committee or is  
19 there anyone to speak to this project, any guests to speak  
20 toward it? If none, is there a proposal from the Committee as to  
21 proceed?

22 UNIDENTIFIED: I move that we follow Staff's  
23 recommendations.

24 UNIDENTIFIED: Second. Mr. Chairman.

25 MR. SHELTON: Yes. So, is there a question? All

1 right, hearing none, then we do have a motion, properly  
2 seconded, to follow Staff recommendations, which is in the  
3 amount of a loan. If there is no further discussion, we will  
4 proceed to vote. All those in favor, signify by saying aye.  
5 (Ayes). Any opposed? (No response). Hearing none, that  
6 motion carries to accept Staff recommendations.

7 All right, Sarah, one to go.

8 MS. CAPPS: And this is where I get to pass the  
9 responsibility to Mike Kaestner to present the last project.  
10 Thanks for entertaining all of my comments today.

11 MR. SHELTON: Thank you.

12 MR. KAESTNER: Good morning, Mr. Chairman,  
13 members of the Committee, good to be with you today.  
14 Speaking of the Sussex Project Number 3775 regarding the  
15 Sussex water storage tank. This was a late addition. Intended  
16 to respond to what once was an -- projects. It's a fast-moving  
17 project that had several plot twists, just to quickly recap, play by  
18 play really, last had about 16 days of -- prospect -- and its  
19 interest in Sussex and the Sussex Megasite, I believe it was on  
20 Monday, May 10, and it was that day that we also learned of  
21 some significant infrastructural requirements to satisfy the  
22 company's desires. This included some lengthy water sewer  
23 extensions, -building a new sewer hub station, significant  
24 improvements, and serving a 750,000 gallon water storage tank.

25 The Staff discussed those options and felt that the

1 water storage tank likely would be the best thing for the  
2 Commission design in part because it's the type of infrastructure  
3 that serves the project and also other prospective users of the  
4 site, too, so it would necessarily improve the marketability of the  
5 Sussex Megasite.

6           Given the magnitude of the project, Staff, we allowed  
7 Sussex to submit an application. Sussex, and it's a thanks for  
8 being so responsive to answer all the questions and allowing as  
9 much information as they could.

10           When we imposed the state of recommendations last  
11 week, I believe that one or two days later, there were some  
12 major changes. And it was last Friday, May 21<sup>st</sup>, that we learned  
13 that the prospects for the requirements had nearly doubled being  
14 that the 750,000 gallon storage tank wouldn't do the trick and  
15 instead a two million gallon tank would. And, however, aside  
16 from a larger, more expensive water tank, water availability and  
17 capacity was still a concern. Because of the timing issues that  
18 would be required to resolve water availability, to study this  
19 water availability issue and identify some options that have a  
20 result of that, but determining the solution and going to take  
21 some amount of time.

22           Two ways to get additional water capacity from the  
23 ground or from the surface. And in that part of the state, we  
24 understand that DEQ, the State Department, Department of  
25 Health is denying all the groundwater permits which means that

1 surface water take water from the river, where another utility is  
2 effectively another option. It's a very lengthy process to occur.

3 You'll see from this grant that Staff had recommended  
4 attaching two conditions. One was that Project -- actually select  
5 a Sussex site, and then, second, that Sussex provide evidence  
6 that it had sufficient matching funds. In light of the new  
7 information require to learn the availability of additional water  
8 capacity, also in light of the fact that project is no longer  
9 considering the Sussex Megasite, meaning now at this time  
10 recommends no award.

11 With respect to this water availability issue, it's, that's  
12 a topic that we're very sensitive about, sites were invested  
13 significant Commission funds. Weren't even sure if we can get  
14 up to Tier 5, and the necessary part of that is making sure that  
15 all the infrastructure and water capacity requirements are met.

16 We do feel that we need more time to understand this  
17 water issue. Work with Sussex to learn more about that as time  
18 goes on and we're optimistic that satisfactory resolutions can be  
19 reached, but we would prefer to invest in this site really after we  
20 get some additional information in that respect.

21 Mr. Chairman, a lot of information there did not speak  
22 too much about the dollar figures attached with this big of a  
23 grant. Would be happy to answer any questions that you or  
24 members of the Committee may have.

25 MR. SHELTON: Okay, so if I understand you right, the

1 new Staff recommendation is zero, but it has not been  
2 withdrawn, so we, the Committee, needs to take action one way  
3 or the other. Is that where we're at?

4 MR. KAESTNER: It is true, just trying to cut to the  
5 chase, because it is, the Committee did consider the Staff  
6 recommendation. That Project is not considering the site  
7 anymore, so it effectively would, that the grant would not  
8 proceed. So, yes, the revised Staff recommendation is no award  
9 until the Committee would be willing to act on that.

10 MR. SHELTON: Any questions or comments from the  
11 Committee pertaining to this revised?

12 MR. FEINMAN: Mr. Chairman, I'll only add that  
13 because Mike won't, that he and Suzette, along with the Staff did  
14 remarkably good work, as did Sarah Caps, tracking this project.  
15 It underwent a lot of evolution and changes, and their ability to  
16 roll with that and keeping close contact, especially with Joe Hines  
17 with Timmons, who also does amazing work and adds a great  
18 asset to the region in the Commonwealth.

19 If this water issue hadn't popped up, this could have  
20 been a huge win for Sussex and it wouldn't have happened  
21 without the hard work of the grants team, and so they really  
22 deserve a lot of credit here, as well. It's ashamed that this one  
23 slipped through our fingers, but we're going to get the next one.

24 MR. HINES: Mike, this is Joe Hines with Timmons, I'd  
25 like to make a few comments on behalf of Sussex County and

1 kind of the importance of running this. One, thank you and your  
2 staff and Mike and Sarah and everybody on the Staff for all your  
3 efforts because, you know, Mike and I had several late night  
4 calls. Literally, we had two closed sessions. Last week -- after  
5 11:00 o'clock on that and that one was with the Sussex Board.  
6 Then we had nightly meeting on Friday.

7 But a couple of things I just wanted to mention to you  
8 is, one, this has been a strategic site for a long time. And so  
9 when we did this, Dewberry, you know, this site was identified as  
10 a strategic site. About a year ago or a year and a half ago, the  
11 end of 2019, this site was preserved for Project -- which was  
12 announced in Texas, and it was a very large truck, electric  
13 vehicle owned by Gary Wilkins, individual named Mr. Elon Musk.  
14 But we have looked at -- we've considered doing this study to  
15 figure out the best way to get the -- water for the site, and  
16 whether or not we delay that study, but if we had approved that  
17 study in 2020, we probably would have had the answers today  
18 that this company needed to give assurance that -- water.

19 It's my understanding that it received administrative  
20 approval of that, so we should be moving forward with that.

21 But my point is this. Sometimes lengthy studies can  
22 also cost your project -- elimination and this is a very specific  
23 example where we wished we'd done that study 18 months ago.  
24 So, thank you all for your efforts and time for Sussex County.  
25 This still is a very great site in my opinion.

1 MR. SHELTON: All right, thank you. Sounds like a lot  
2 of hard work has been put into this.

3 Any other comments or questions? If not, we do need  
4 to entertain a motion to wrap this up, I guess, then for today.

5 MR. MILES: So, I guess the motion, Mr. Chairman,  
6 would be that we approve the revised recommendation from  
7 Staff with no funding?

8 MR. SHELTON: I believe that would be appropriate.

9 MR. MILES: So move that.

10 MR. SHELTON: We have a motion by Mr. Miles, and I  
11 did hear a second. I didn't catch who it was from. From  
12 Delegate Edmunds.

13 The revised recommendation of zero award, any  
14 further discussion? If not, all those in favor, signify by saying  
15 aye. (Ayes). Any opposed? (No response). Hearing none, then  
16 that revised recommendation passes.

17 I believe that wraps up as far as grant applications.  
18 We have no further questions or comments on those.

19 Any other business we need to discuss in this  
20 Committee?

21 MR. FEINMAN: Mr. Chairman, I'd only, to correct the  
22 record and for Medford, that second was from Chairman Owens,  
23 Delegate Edmunds. But, no, we have no other business for you  
24 this morning still, and so next is public comment, and then our  
25 half hour break has become a 16-minute break, but we will be

1 reconvening for the Incentives Committee at 11:00.

2 MR. KAESTNER: Yes, sir, Chairman, just one quick  
3 announcement, if I may. I just want to alert the Committee and  
4 the community that expect second rounds for, I guess it would  
5 be the first, July 22 round of the Southern Virginia program  
6 shortly and expect there to be a July 8<sup>th</sup> deadline. So, if you'd go  
7 on the Commission's website, we'll be sending out an email.

8 MR. SHELTON: All right, we will open now for any  
9 public comment. Is there anyone who would like to address the  
10 Committee? Hearing none, I will entertain a motion to adjourn  
11 this Committee meeting.

12 MR. OWENS: So moved.

13 MR. SHELTON: Have a motion by Mr. Owens. Do I  
14 have a second?

15 DELEGATE EDMUNDS: Second.

16 MR. SHELTON: Delegate Edmunds seconded. All  
17 those in favor, signify by saying aye. (Ayes). And I'm sure that  
18 carries, so I appreciate your being here, and we will meet again  
19 soon. Thank you. See you this afternoon.

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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, Southern Virginia Committee Meeting**, when held on Thursday, May 27, 2021, at 9:00 o'clock a.m.

I further certify this is a true and accurate transcript, to the best of my ability to hear and understand the proceedings.

Given under my hand this \_\_\_\_\_ day of June, 2021.

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Medford W. Howard  
CCR