

TOBACCO REGION REVITALIZATION COMMISSION
701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Research and Development Committee Meeting
Tuesday, January 9, 2018
8:30 a.m.

The Homewood Suites
Richmond, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
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Henrico, Virginia 23230
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1 APPEARANCES:

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3 The Honorable Kathy J. Byron, Chairman

4 The Honorable James W. Morefield, Vice Chairman

5 The Honorable Charles W. Carrico, Sr.

6 Ms. Mary Rae Carter

7 Ms. Rebecca Coleman

8 Ms. Kathy Lowe

9 THE Honorable Daniel W. Marshall, III

10 Mr. A. Dale Moore

11 The Honorable Edward Owens

12 The Honorable Frank M. Ruff

13

14 COMISSION STAFF:

15 Mr. Evan Feinman, Executive Director

16 Mr. Christopher E. Piper, Deputy Executive Director

17 Mr. Timothy S. Pfohl, Grants Director

18 Ms. Stephanie S. Kim, Director of Finance

19 Ms. Sarah K. Capps, Grants Program Administrator,

20 Southside Virginia

21 Ms. Michele Faircloth, Grants Assistant, Southside

22 Virginia

23 Ms. Sara G. Williams, Grants Program Administrator,

24 Southwest Virginia

25 Ms. Jessica Stamper, Grants Assistant Southwest Virginia

1 COMMISSION STAFF (Continued):

2 Ms. Stacey Richardson, Administrative Supervisor

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4 COUNSEL FOR THE COMMISSION:

5 Ms. Elizabeth B. Myers, Assistant Attorney General

6 Richmond, Virginia 23219

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1 January 9, 2018

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3 DELEGATE KILGORE: The R&D committee,
4 Delegate Byron.

5 DELEGATE BYRON: Thank you, Mr. Chairman.
6 The R&D committee met just last week, seems like it was
7 a month ago but it was just last week, and we went over
8 14 applications pretty thoroughly for Last Mile
9 Broadband recipients. And we met again this morning to
10 listen to staff's recommendations, and unfortunately,
11 there was a difference of opinion in that committee as
12 to how we would go forward. And still quite a challenge
13 for us as we look at requests that came in that were
14 more than the amount of money that we had. So we have a
15 little bit more work to do in order to make sure that we
16 fully are prepared for approval of different grants.

17 One thing I will say is that I believe the
18 commission, and in particular the R&D committee, is
19 committed to their commitment they've made for broadband
20 expansion and for us to make good investments in the
21 tobacco regions to ensure that people get the
22 opportunity to have Internet service in their areas. So
23 with that we agree to meet as soon as possible, most
24 likely after crossover, sometime in the end of February
25 to allow staff to talk to some of the applicants about

1 maybe different approaches to some of these and to bring
2 it back to the committee. And my goal would be to have
3 some action done before we leave session if that's
4 possible. So that's our report.

5 DELEGATE KILGORE: Thank you, Delegate
6 Byron.

7 Delegate Wright.

8 MR. WRIGHT: Mr. Chairman, the Southside
9 Economic Development Committee met yesterday and we have
10 several recommendations. Before I proceed, I know that
11 one member wants to abstain from several of the
12 proposals and at this time she would like to state the
13 one is that she would like to have withdrawn. We'll
14 vote on the rest of the block.

15 DELEGATE KILGORE: I think on page 75 and
16 76.

17 MR. WRIGHT: Yes.

18 DELEGATE KILGORE: Okay.

19 MS. CLARK: Thank you, Mr. Chairman. Those
20 are 3360, 3352, and 3396.

21 MR. WRIGHT: Mr. Chairman, I --

22 MS. HENSLEY: Wait, if I may --

23 MS. EHRHARDT: I have some also.

24 MR. HENSLEY: I do as well.

25 DELEGATE KILGORE: I apologize. Can you

1 run though those one more time?

2 MS. CLARK: Sure.

3 DELEGATE MARSHALL: 3360, 3352, and what?

4 MS. CLARK: 3396.

5 DELEGATE KILGORE: 3396, okay.

6 MS. EHRHARDT: Mr. Chairman, I'll need to
7 abstain from 3358 and 3356.

8 DELEGATE KILGORE: I think we ought to take
9 them one at a time.

10 DELEGATE MARSHALL: We'll just take them
11 one at a time.

12 MR. WRIGHT: All right. The first -- No.
13 3360 approved by the committee and I so move.

14 DELEGATE MARSHALL: Second.

15 DELEGATE KILGORE: All right. Any
16 discussion? All those in favor of grant 3360 say aye.
17 (Ayes). Opposed? Abstention?

18 MS. CLARK: Gretchen Clark.

19 DELEGATE KILGORE: All right.

20 MR. WRIGHT: Next we'll grant 3359 and I
21 would like to point out that there is an error on the
22 spreadsheet. It shows one million dollars and it was
23 1.3 million.

24 DELEGATE KILGORE: Delegate Wright, is it
25 3357?

1 MR. WRIGHT: Well, I was going in the order
2 that was listed.

3 DELEGATE KILGORE: Oh, I'm sorry.

4 MR. WRIGHT: 3359 was the one that the
5 committee approved as well and I so move.

6 DELEGATE KILGORE: 3359.

7 MR. MILLS: Second.

8 SENATOR RUFF: Mr. Chairman, clarify that's
9 1.3 million. It's 1.3.

10 MR. WRIGHT: That's what I said at the
11 beginning.

12 DELEGATE KILGORE: All right.

13 MR. WRIGHT: Okay. Next is --

14 DELEGATE KILGORE: Hold on. Any discussion
15 on 3359? All those in favor say aye. (Ayes). Opposed?
16 All right.

17 MR. WRIGHT: Next is 3352 and the committee
18 has already approved that and I so move.

19 DELEGATE MARSHALL: Second.

20 DELEGATE KILGORE: All those in favor say
21 of 3352 say aye. (Ayes). Opposed? Abstention?

22 MS. CLARK: Abstained.

23 MR. WRIGHT: All right. The next one is
24 No. 3357. The committee approved that motion and I so
25 move.

1 MR. OWENS: Second.

2 DELEGATE KILGORE: Motion is seconded. Any
3 discussion?

4 SENATOR RUFF: Yes, Mr. Chairman, there was
5 a stipulation, was that included in the motion?

6 MR. WRIGHT: Yes, the motion was to grant
7 approval contingent upon receiving VDOT funds.

8 DELEGATE KILGORE: Okay.

9 MR. WRIGHT: There was a contingency on
10 that.

11 DELEGATE KILGORE: All right. That
12 contingency and to that motion there's a second. All
13 right. All those in favor of 3357 with the contingency
14 say aye. (Ayes). Opposed? Okay. That motion carries.

15 MR. WRIGHT: Thank you, Senator Ruff, for
16 reminding me of that. That was very important.

17 3358, the committee approved the
18 recommendation and I so move.

19 DELEGATE MARSHALL: Second.

20 DELEGATE KILGORE: All right. Any
21 discussion on 3358? All those in favor of 3358 say aye.
22 (Ayes). Opposed? Abstention?

23 MS. EHRHARDT: Here.

24 MR. WRIGHT: Next is 3356, the committee
25 approved the grant on the recommendation of the staff

1 and I so move.

2 MR. OWENS: Second.

3 SENATOR RUFF: Chairman, I would like to
4 amend that motion to say that any capital asset and
5 should this project not turn out to be successful then
6 all the capital assets would be the property of the
7 Tobacco Commission. It was stated in the meeting that
8 it would revert to the City of Danville transportation
9 system. Since they are not putting money into it, I
10 think it should be our asset and we'd be delighted to
11 sell it to them if it didn't work, but I think we should
12 maintain ownership.

13 MR. WRIGHT: Mr. Chairman, I'll second that
14 and I say it's a very good catch there by Senator Ruff.
15 I think it's an excellent idea. It's a good move.

16 DELEGATE KILGORE: All right.

17 SENATOR STANLEY: Does that mean we'll be
18 bussed to these meetings if that happens?

19 DELEGATE KILGORE: All right. Any
20 discussion on keeping the buses?

21 MR. EHRHARDT: Just a question, Evan. May
22 I ask you a question?

23 MR. FEINMAN: Sure.

24 MR. EHRHARDT: I assume in the agreements
25 success will be defined so the city is clear?

1 MR. FEINMAN: Yes, I mean, the question
2 will be whether or not they can continue to
3 successfully -- they can continue to maintain the
4 operation of the routes. But I think we see somebody in
5 the crowd who wants to speak to that.

6 MR. ADELMAN: Specifically, the buses
7 cannot be removed from service until they reach their
8 useful life. So the fair market value could be --
9 better ranking could be crafted between the commission
10 and the counties, but the vehicles cannot be taken out
11 until they reach their useful life.

12 MR. FEINMAN: I think what we would do is
13 just sell them to you if it turns out they didn't work.
14 The commission -- actually, aside from this the
15 commission takes an ownership interest in every asset
16 purchased with many of the grants so we would be
17 co-owners of these buses regardless.

18 MR. ADELMAN: Right. At 10 percent.

19 MR. FEINMAN: Well, that was not the
20 amendment I heard here, though. So the direction I have
21 from the commission right now is that we would hold
22 title to the buses --

23 MR. ADELMAN: That's not possible.

24 MR. PFOHL: Can you give your name, please?

25 MR. ADELMAN: My name is Marc Adelman, I'm

1 the transportation service director. 80 percent of the
2 funding for the buses will be provided by the Federal
3 Government, 10 percent by the Virginia Department of
4 Rail and Transportation. They control those vehicles
5 until they have reached their useful life. So 10
6 percent of the asset could be controlled by the
7 commission because 90 percent is being provided by other
8 funding sources.

9 SENATOR RUFF: Mr. Chairman, it was not
10 challenged yesterday by you or anybody else that the
11 buses would revert to your system.

12 MR. ADELMAN: That's correct.

13 SENATOR RUFF: Why would they revert to
14 your system when you didn't.

15 MR. ADELMAN: Because the state has
16 directed us to do that. The state has said make
17 application for the funding for the buses. If they are
18 not retained for service for this regional bus service
19 then they should be retained for Danville Transit
20 operation. Danville Transit will be operating and
21 controlling and maintaining the buses.

22 MR. FEINMAN: I have a question: Should
23 the buses revert to your system, does Danville Regional
24 Transit then take title to the buses?

25 MR. ADELMAN: The title to the buses would

1 be -- really they would be controlled by the county
2 because they would be providing the 10 percent through
3 the tobacco commission funding. So at the end of the
4 day, Danville Transit, yes, they would be our buses, but
5 as far as if they were sold, the funds would go to the
6 county because we did not provide the local match
7 contribution requirement for those vehicles.

8 MR. FEINMAN: It seems to me that the
9 commission would like us to, in the instance of this
10 project failing, recover as much of our funds as
11 possible by taking possession of the buses. If the
12 projects fails, are any of the applicants, which here
13 are the counties -- well, the higher ed center and via
14 the higher ed center, the counties -- would they have
15 the opportunity to then sell the buses to Danville
16 Regional Transit who would be the possessor of the
17 buses? Could we reach a third party arrangement with
18 them such that if the project fails, the commission
19 recovers its interest in the buses?

20 MR. ADELMAN: Yes.

21 MR. FEINMAN: Okay.

22 MR. ADELMAN: Yes, that can be done.

23 MR. FEINMAN: Then that's what we will do.

24 DELEGATE KILGORE: All right. So you amend
25 your motion to say that, right?

1 MR. FEINMAN: We have to figure it out.

2 SENATOR RUFF: We need to figure out some
3 language. I don't want to do it right here. But I
4 don't want the tobacco commission to own buses, but I
5 don't want us to get back more than we put into it. But
6 I do not believe that this commission should be
7 responsible and then lose out -- if this fails that we
8 should lose out. I just don't believe that's proper and
9 somebody gain that ^ .

10 MR. FEINMAN: If I understand correctly
11 then, the commission wants staff to determine a way to,
12 in the instance of the project's failure, recover the
13 commission's interest and no more than that.

14 SENATOR RUFF: Right, that's right.

15 MR. FEINMAN: Find some mechanism and if we
16 can't figure that out, then we'll be back here before
17 the commission and you can guys can take action or not.

18 DELEGATE KILGORE: Approve it so that
19 continues. So will you amend your motion to say that,
20 approve it to the --

21 MR. WRIGHT: I withdraw my motion.

22 DELEGATE KILGORE: And make the motion --

23 MR. WRIGHT: I'll withdraw my motion and
24 really make the rent contingent upon an agreement being
25 reached on the buses and the contingency.

1 DELEGATE KILGORE: Do I have a second for
2 that?

3 All right. All those in favor of that
4 contingency and the grant moving forward say aye.
5 (Ayes). Opposed?

6 MR. OWENS: Abstain.

7 MR. EHRHARDT: Abstain.

8 DELEGATE KILGORE: All right. It passes
9 with two abstentions.

10 MR. WRIGHT: Mr. Chairman, next is our
11 grant No. 3396. The committee is in favor of the staff
12 recommendation and I so move.

13 DELEGATE MARSHALL: Second.

14 DELEGATE KILGORE: All right. All those in
15 favor say aye. (Ayes). Opposed? Abstentions?

16 MS. CLARK: Abstention.

17 MR. WRIGHT: That's the report,
18 Mr. Chairman.

19 DELEGATE KILGORE: All right. Thank you.
20 Senator Carrico.

21 SENATOR CARRICO: Thank you,
22 Mr. Chairperson. Southwest Economic Development
23 Committee had two high ends that's found on page 87 of
24 your book. The first one is the project Timberwolf in
25 Grayson County. This was a North Carolina company.

1 Since that time Timberwolf has become entangled with a
2 legal dispute between the company's owners and it's
3 unknown if it will move to Grayson County at this time.
4 But because the county doesn't have any marketable
5 properties, this is one of those project sites that is
6 marketable and the motion on 3308 would be that under
7 staff's recommendation that we approve this request to
8 take the contingency requirement requiring -- the
9 contingency requirement off of the original -- that was
10 originally placed on the grant. And I move that the
11 commission approve the committee's recommendation and
12 remove that contingency.

13 MR. SUTHERLAND: Second.

14 DELEGATE KILGORE: All right. I have a
15 motion and a second. Any discussion on that? All those
16 in favor say aye. (Ayes). Opposed? All right.

17 SENATOR CARRICO: And the last agenda item
18 is an extension and I would move the commission approve
19 the committee's recommendation to approve a fifth year
20 extension on the 4G wireless project grant No 2841.

21 DELEGATE KILGORE: All right. Any
22 discussion? Is there a second?

23 MR. EDMUNDS: Second.

24 DELEGATE KILGORE: All those in favor say
25 aye. (Ayes).

1 DELEGATE BYRON: Mr. Chairman --

2 MR. FEINMAN: All right.

3 DELEGATE BYRON: It was just a comment.

4 Okay. So this is a wireless project, right?

5 MR. FEINMAN: Yes.

6 DELEGATE BYRON: So does this mean that we
7 can, maybe possibly to the chair thoughts, maybe think
8 about sending some of our other wireless projects too
9 under economic development committees if that would help
10 us with the burden. So I'd be glad to vote on that.

11 DELEGATE KILGORE: This one there was no
12 money, there was no money.

13 DELEGATE BYRON: We already did the money.

14 ATTENDEE: How many times are we going to
15 hear this?

16 DELEGATE KILGORE: Until February, we're
17 going to give this till February. All right. All those
18 in favor of approving the extension till January 7th,
19 2019 say aye. (Ayes). Opposed? All right. That
20 motion carries.

21 Delegate Marshall.

22 DELEGATE MARSHALL: Yes, special projects
23 is page 89 of your red book. We met this morning and
24 move this commission approve the committee's
25 recommendation to grant a one-year extension for grants

1 No. 2266, 2487, and 2818 through January of 2019. They
2 are found on page 90 of your book and I so move.

3 DELEGATE KILGORE: Motion is seconded. Any
4 discussion? All those in favor say aye. (Ayes).
5 Opposed? All right, that motion carries.

6 Delegate Marshall.

7 DELEGATE MARSHALL: Mr. Chairman, I move
8 that the commission approve the committee's
9 recommendations to grant a three-month extension for
10 grant No. 2821 down on page 90 of your book. I so move.

11 DELEGATE KILGORE: All right. Is that
12 marked ^ , right?

13 DELEGATE MARSHALL: Yes, sir.

14 DELEGATE KILGORE: All right. Motion is
15 seconded. All those in favor say aye. (Ayes).
16 Opposed? That motion carries.

17 DELEGATE MARSHALL: And then I also move
18 that the commission will approve the committee's
19 recommendation to approve grant No. 3397 for 2.9 million
20 as found on page 90 of your book and I so move.

21 MR. MILLS: Second.

22 DELEGATE KILGORE: That motion is seconded.
23 Any discussion?

24 MR. OWENS: Tim, that comes out of the
25 mega -- does it come out of the special projects budget

1 or does it come out of the mega site?

2 DELEGATE KILGORE: That's right, out of the
3 mega site. Any discussion? All those in favor say aye.
4 (Ayes). Opposed?

5 MS. HENSLEY: Abstention.

6 DELEGATE KILGORE: Abstain, abstain. Raise
7 your hands if you abstain.

8 MR. EDMUNDS: Does Tommy abstain or are you
9 an O.

10 DELEGATE KILGORE: You're an O. Tommy's an
11 O.

12 MR. WRIGHT: I'm an O.

13 ATTENDEE: Frank's a maybe.

14 DELEGATE MARSHALL: So Mr. Chair, that's
15 the end of special projects. Thank you.

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17 PROCEEDINGS CONCLUDED

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CERTIFICATE OF COURT REPORTER

I, JUAN ORTEGA, do hereby certify that I, having been duly sworn, was the Court Reporter who took down and transcribed the proceedings of the Virginia Region Revitalization Commission, Research and Development Committee Meeting, when held on Tuesday, January 9, 2018, at 8:30 a.m., at The Homewood Suites, Richmond, Virginia.

I further certify that the foregoing transcript is a true and accurate record, to the best of my ability.

Given under my hand this 9th day of February, 2018.

JUAN ORTEGA
COURT REPORTER