

Approved March 21, 2002

MINUTES
Southwest Economic Development Committee
June 7, 2001
Lynchburg, VA

Senator Wampler called the meeting to order and asked for a call of the roll.

Present

Senator Wampler

Mr. Fields

Mr. Grinstead

Mr. Lief

Mr. Montgomery

Senator Puckett

Delegate Kilgore (not a member of the Committee)

Delegate Johnson (not a member of the Committee)

Absent

Mr. Hurley

Minutes to the March Committee meeting were approved and adopted by unanimous vote *except for one change requested by Mr. Lief. On Page 3 NRC should be changed to ARC.*

Senator Wampler spoke to the Committee about staff and the Application Review Panel interacting with grant applicants in the future before decisions are made regarding approval/not approval of funds. Although this would require another meeting, the public would be better served if the grant applicants and the Application Review Panel could meet locally to get a better view of the project. **Wampler** asked for any input on the matter. There was none.

Senator Wampler asked **Mr. Currin** to give a brief overview of all applicants.

Mr. Currin informed the Committee that there were thirty-one applicants for funding. Five were recommended for funding by the Review Panel. Some were unanimously rejected by the panel and others needed more information and/or contingencies added before a decision was made.

Senator Wampler stated that there were at least 6 applications that were designed to benefit “for profit” entities. **Senator Wampler** said that it was the decision of this Committee to *not* grant monies to these types of entities.

Mr. Currin added that the Attorney General’s Office has advised that there could possibly be Constitutional problems.

Senator Wampler then began discussion on grant proposals. He suggested that one proposal, **Wise County Industrial Development Authority** asking for \$500,000, be funded by the Commission’s Deal Closing Funds. This would be for site development for an unnamed company. Without objection it was decided to take no action on this at this time since it was not confirmed that the company would decide to choose this location.

Mr. Lief asked that staff give more notice to the Commission regarding information on grant requests or changes to grant requests for the purpose of having enough time to study the requests for approval/disapproval. **Mr. Currin** apologized to the Commission and stated that there was a last minute change and there was not enough time to get this to Commission Members.

Senator Wampler then asked the Committee to bring their attention to the **Russell County IDA** application. **Mr. Currin** explained that this is also a project that may be done with Deal Closing Funds. **Senator Puckett** said that they are real positive about the project coming to Russell County and that the deal is real close to closing. He suggested that the Commission make a commitment to Russell County for this project if the deal does go through with Deal Closing funds. **Senator Wampler** suggested that without objection the Executive Director work with Russell County and the Governor’s Office. If and when the deal is ready to close the Executive Committee can meet to get this money approved. There were no objections.

The following were discussed “item by item” and voting was held until the end of all discussion.

Appalachian Sustainable Development (ASG) –requesting \$100,000. ASG explained what the money went toward already granted to them last year. Brett Vassey spoke in support of the program in that Ukrops was going to carry ASG’s organic foods.

Barter Theatre asking for \$90,000 for education programs, workshops and satellite locations. \$61 million was spent in the area on tourism the past year. Barter Theatre was a big part of this. They are a significant impact on the area and need this grant to expand their programs.

Clinch Mountain Farmers, Inc. – requested \$354,000- **Mike Castle** explained to the Committee what they did with the first round of money granted to them. They would like at least \$100,000 more to construct a 15,000 sq. ft. building for a market facility. **Delegate Kilgore** spoke in support of the **Chairman’s** recommendation of \$100,000.

Senator Puckett also spoke in support of the project in that it is one project that affects the farmers in growing alternative crops and that this is one of the Commission's objectives.

Emory and Henry – Requested \$207,000. **The President** of E & H spoke to the Committee about the project. It is to establish a center to serve as a research, communications and information-clearing house for issues tied to the revitalization of the region's tobacco farming communities. **Ms. Bruce** explained to the Committee that the Panel was concerned about funding administrative costs and that this was something that the Commission as a whole did not want to get into. **Mr. Currin** suggested that E & H collaborate with other educational institutions. E & H responded that this was one of the things that this center would be doing.

Garden of Eat'n – **Senator Wampler** stated that this was not a project the Commission wanted to fund. The VSBFA revolving loan and EAF loan are available for projects such as this.

Lee County Industrial Development Authority – This will be to help provide new public water service to serve the County's new airport and industrial/commercial property. Includes development of a water treatment plant, construction of water lines and water storage tank. **Mr. Lief** stated that water service is a major part of attracting new businesses to the County.

Mount Rogers Planning District Commission - The Panel recommended \$50,000 be granted for this project to contract with ERISS Corporation to implement a system to collect, analyze, and distribute workforce/labor market information. **David Hudgins** explained that the total project would cost \$125,000. USCDA was granting \$25,000, Mt. Rogers Workforce Investment Board was granting \$50,000. Panel believed it was a well-leveraged project. **Mr. Lief** spoke in support of the project. **Senator Wampler** recommended that \$25,000 be granted toward the Mount Rogers part of it.

Mountain Empire Regional Business Incubator – To provide program support funds for the third year of operations at its primary incubator site at the Pioneer Center for Business Opportunity in Duffield and at its first network satellite site under development in Norton. **Delegate Kilgore** explained to the Committee that this is where the Farmer's Market began and is now doing quite well. There is now a software company there also doing quite well. The businesses are only to be there for a short while and then go out on their own. It has been very successful. **Kilgore** stated that the \$30,000 recommended by the Chairman would be good.

Museum of the Middle Appalachians- To hire a Director of Development to raise funds from private sources to build a permanent facility. – **Senator Wampler** does not recommend due to the Commission not wanting to fund for administrative cost.

Old High School Renovation, Inc. – To renovate school building located in Chilhowie for job training classrooms, library, technology center, and multi-purpose space. **Ms.**

Bruce explained that the Panel recommended to fully funding \$494,000 if Wise County IDA deal closing does not occur.

People Inc. of Southwest Virginia – To provide capital and operating funds to Cardinal Ventures to provide access to capital for new and expanding business. The panel expressed to the Committee that this appeared to them to be an existing corporation and therefore should go to other capital access loan funds that are available. **Senator Wampler** stated that he supported funding them because he has never known them get involved in something that they didn't take a dollar and not improve upon it.

Russell County Fair Association, Inc. – To expand and improve county fairgrounds through additional land acquisition, paving roadways, expanding parking and carnival areas, improving stage and grandstand, and other property improvements. The panel does not recommend funding because it has limited economic development impact. **Wampler and Puckett** agreed.

Russell County Industrial Development Authority – To complete renovation of a 10-year-old, 56,000 sq. ft shell building in which a major telecommunications firm may locate (negotiations underway.) **Wampler** stated that the Commission would try to find the funds to support this.

Scott County Public Service Authority – To reduce debt load of a regional expansion and consolidation of the Holston Regional Sewage System. **Kilgore** explained to the Committee that this area couldn't expand economically until they get a sewage system.

Scott Farmers Cooperative, Inc. – To conduct a feasibility study for a community cannery serving Scott County. **Wampler** suggests that if a study is to be done it should be directed toward the specific site of Duffield. **Ms. Bruce** stated that one reason the panel did not recommend funding was because it appeared to be a personal canon for the product to come to their own kitchen. **Wampler** suggests that the Cooperative get back with the Commission more information on the project.

Smyth County Board of Supervisors – To provide engineering study to extend public sewer to eight existing businesses and other potential businesses. The Panel recommended funding the entire \$165,000. The Chairman's recommendation is to fund \$100,000. After discussion (not audible) **Wampler** recommended that the amount be increased to \$125,000.

Smyth Enterprise Center, Inc./Southwest Regional Enterprise Center, Inc. – To provide personnel and operating support funds for the Director and Executive Assistant for the Centers. Committee does not support funding for personnel only.

Southwest Virginia Farmers Market – To convert original direct sales shed to an enclosed area for produce and container storage; to set up a revolving fund to purchase produce container; to convert a dry storage bay at the facility into a cooling area. Panel does not recommend funding. Chairman does not recommend funding.

Tazewell County Industrial Development Authority – To complete the purchase of land for the Tazewell County Idea Park to attract hi-tech industries. Panel Recommendation \$465,000. The Chairman’s Recommendation is to fund \$125,000.

Town of Clintwood – To provide annual operating support for a regional training and education center targeting telecommunications industries – Chairman’s recommendation is to fund \$25,000 of the \$100,00 asking.

Town of Grundy Industrial Development Authority – To fund detailed planning, design engineering, and administration of Phase II of the Town of Grundy Relocation and Redevelopment project (annual request of \$200,00 for 10-year \$20 million project. - **Senator Puckett** suggests that this Commission does not have the kind of money to fund this big of a long term project. The charge of this Commission is to weigh which projects will be beneficial to farmers. Grundy does not have as many farmers as some of the other counties that the Commission is assisting. **Mr. Lief** suggests that staff work with Grundy some more and get more information on this project

Town of Saltville –\$58,000- To provide remaining capital needed to expand the Southwest Virginia Aquaculture Center for an aquaculture/floriculture program offering tobacco farmers an alternative source of income.

Town of Wise –Request \$350,000 to restore the Inn at Wise.

Town of Wytheville – \$1,240,029 Request for Community Center. **Senator Puckett** suggests that there is no money this year for this project. **Delegate Kilgore** concurred.

Mt. Rogers Planning District Commission - \$150,000 for Cooperative Marketing Initiative. The Panel does not recommend and the Committee does not recommend. **Senator Wampler** suggests that \$50,000 go to the Mt. Rogers project. **Mr. Lief** concurred. **Senator Wampler** suggests that \$25,000 go toward the workforce survey and \$25,000 for marketing.

Virginia Highlands Small Business Incubator, Inc. – Requesting \$488,488. **Senator Wampler** recommended \$400,000.

Virginia Polytechnic Institute and State University –Requested \$333,895 to assist tobacco farm families and communities in transition and \$377,419 to forage livestock systems for Southwest Virginia. The Panel and the Commission did not recommend this as a priority at this time.

Wise County and Norton City Circuit Court-Requested \$40,000 for geographic information systems database. The Panel recommended \$20,000 be granted to get them started. **Senator Puckett** said that he thought it was a new state-of-the-art system.

Having discussed all requestors of funds, **Senator Wampler** suggested that the recommendations to the full Commission the following day would be a proposal to obligate \$1.538 million towards economic development and that the Scott County Public Service Authority's request for \$175,000 and Lee County Industrial Development Authority's request for \$200,000 be drawn down after the January allotment. The **Senator** asks if there were any questions about the recommendations of the Committee. There were no questions.

Meeting adjourned.

Submitted by **Carthan F. Currin, III**

Executive Director
Virginia Tobacco Indemnification and Community Revitalization Commission