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7 SOUTHWEST ECONOMIC DEVELOPMENT COMMITTEE

8 Tuesday, April 22, 2003 - 12:30 p.m.

9 Hotel Roanoke and Conference Center

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11 APPEARANCES:

12 Delegate Terry G. Kilgore, Chairman

13 Stephen S. Banner

14 Fred M. Fields

15 Delegate Joseph P. Johnson, Jr.

16 Senator William C. Wampler, Jr.

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18 COMMISSION STAFF:

19 Carthan F. Currin, III, Executive Director

20 Mary Cabell Sherrod, Manager of Communications and
21 Committee Operations

22 Tim Pfohl, Grants Program Administration Manager

23 Britt Nelson, Grants Coordinator - Southside Virginia

24 Jerry Fouse, Grants Program Administrator - Southwest

25
26 ATTORNEY GENERAL'S OFFICE:

27 Anne Marie Cushmac, Senior Assistant Attorney General

28
29 DELEGATE KILGORE: Good afternoon, everyone, we got into a scheduling
30 conflict last month not knowing whether or not we were going to receive payment or not, and what
31 happened is that we had postponed the Southwest Economic Development Meeting until we found
32 out information on whether or not the payment was going to be forthcoming, and they have come in
33 for this year, and we're happy about that. I apologize to everyone for having to travel up here. Could
34 we call the roll?

35 MS. SHERROD: Mr. Banner?

36 MR. BANNER: Here.

37 MS. SHERROD: Mr. Fields?

38 MR. FIELDS: Here.

39 MS. SHERROD: Delegate Johnson?

40 DELEGATE JOHNSON: Here.

41 MS. SHERROD: Mr. Montgomery?

42 MR. MONTGOMERY: (No response.)

43 MS. SHERROD: Senator Puckett?

44 SENATOR PUCKETT: (No response.)

45 MS. SHERROD: Secretary Schewel?

46 SECRETARY SCHEWEL: (No response.)

47 MS. SHERROD: Mr. Thompson?

48 MR. THOMPSON: (No response.)

CRANE-SNEAD & ASSOCIATES, INC.

4914 Fitzhugh Avenue, Suite 203

Richmond, Virginia 23230

Tel. No. (804) 355-4335

1 MS. SHERROD: Senator Wampler?

2 SENATOR WAMPLER: Here.

3 MS. SHERROD: Mr. Chairman?

4 DELEGATE KILGORE: Here. We have a quorum, we have five out of eight.
5 No one can leave. Can we have approval of the March 24, 2003 Minutes, can we have approval of
6 those Minutes?

7 DELEGATE JOHNSON: So moved.

8 DELEGATE KILGORE: It's been moved and seconded, all in favor? (Ayes.)
9 Opposed? (No response.)

10 Today we have the applications before the Committee. Tim, do you propose that we
11 proceed the same way we did with Special Projects, or the Committee could vote on a particular
12 applicant as we go through them, or do you want to wait? On the Agenda I have Review and
13 Discussion and then vote on the recommendations to the full Commission at the last. I thought that
14 might be a good way, because we'd know how much money that we're spending, actually. Tim,
15 you're up. Those of you out there in the audience, when your particular project comes up, why don't
16 you move up in the front here and when he discusses your project he'd have some one to look to in
17 case there are any questions from Senator Wampler about that or others.

18 MR. PFOHL: Good afternoon, Mr. Chairman and members of the Southwest
19 Economic Development Committee. I'm Tim Pfohl, the Grants Program Administration Manager for
20 the Tobacco Commission. It's been my honor to shepherd the process of taking applications for the
21 Economic Development Grant Funds this spring and presenting these applications to you today.
22 Applications were received by the Commission on February 18th, and we have a pool of funds
23 allocated to Southwest Economic Development, about 3.46 million dollars, and we received
24 approximately three times that amount in requests, so this is a very competitive funding cycle here.

25 You have two handouts and one of them is a spreadsheet that lists the scoring that was
26 done by the Staff Review Team.

27 DELEGATE KILGORE: Would you explain the scoring?

28 MR. PFOHL: Yes, there's a one hundred point scoring system that was used,
29 and it's basically the system that was used a year ago for Economic Development enhanced with
30 some minor tweakings, and we have three major areas that we take a look at.

31 Generally speaking we look at the technical merit of proposals, their economic
32 development potential and their significance to the Commission's mission. So those are three sub-
33 categories under the scoring. It's a one hundred point system. You see some scores on the
34 spreadsheet and that gives you an indication of the relative rankings and merits of the applications,
35 but it's probably not the sole indicator. The Review Team scored their projects individually when
36 they received them and then came together and had discussion and came up with some funding
37 recommendations and suggested some conditions and contingencies and so forth. There was actually
38 a couple of levels of review there. The scoring, I think, is just a suggestion of relative merit of
39 projects, funding recommendations from Staff. Conditions are suggestions and a starting point for
40 some discussion and that brings us to today.

41 If it's your pleasure, Mr. Chairman, I'll launch into giving you a brief description of the
42 various projects. One note, the handout that has the paragraph summarizing each project reflects how
43 the Review Team went through the application process. We know that there were clusters of projects
44 with similar types or similar activities, industrial parks, building constructions, renovations,
45 incubators and so forth. So we tended to take a look at those similar type of projects as a group, and
46 we started off with some of the highest scoring.

47 The first one on the list is the Scott County Economic Development Authority "E-Corridor
48 Industrial Park". The second is Galax/Grayson County Regional Industrial Park, and that's a newly

1 formed authority. The request is for six hundred ninety-five thousand seven hundred twenty-one
2 dollars. The overall project is 1.3 million to complete infrastructure into the thirty-acre industrial
3 park site to include water and sewer, excavation and grading for pads and storm drainage, park
4 entrance and access road. They have contributed land purchased as a local contribution, about five
5 hundred ninety thousand dollars. The Staff has some recommendations in front of you.

6 DELEGATE KILGORE: Tim, what other moneys were involved besides the
7 purchase of the land?

8 MR. PFOHL: Tom Elliott is here from the county and he can address some
9 questions about that. The Staff had a question that there was no mention of EDA funds or VDOT
10 funds in that application, and we felt this was a strong project and scored very highly and hopefully
11 would receive favorable attention from some of the other funding sources.

12 MR. ELLIOTT: Mr. Chairman and members of the Committee, my name is
13 Tom Elliott, and I'm the Director of Economic Development for Grayson County. One of the things
14 that's very crucial about this project is that I'm in an unenviable position as an economic developer
15 I'm out of product, which means site and buildings to show prospects in our area. There's an offer
16 pending right now on the old Grayson Garment Building in Independence, which I believe will go
17 through. If it does, that's basically the last building or structure that I've had and it was pretty
18 unsuitable. This project has been discussed and kicked around for a couple of years already in
19 Grayson County and the City of Galax. Now it's time to move forward with it so I have something to
20 show a prospect besides the green fields. We're ready to go forward with that.

21 DELEGATE KILGORE: Where is this located?

22 MR. ELLIOTT: This is located on the west side of the City of Galax. The
23 property actually straddles the border of the City of Galax and Grayson County.

24 DELEGATE KILGORE: I received a call about this and discussed it at length.
25 Any questions for Mr. Elliott?

26 SENATOR WAMPLER: Tell me the agencies you have applied to for funding
27 to help with this project?

28 MR. ELLIOTT: We haven't applied for any funding yet, because we're waiting
29 to determine what this Committee will do. Should you approve the application we will probably
30 have to apply for funding with EDA or RDA to complete the project. My goal was to have one or
31 more sites in the park qualify for the VEDP right now so we could get a little higher building in terms
32 of prospects who could partnership in Richmond or other means in the state.

33 SENATOR WAMPLER: I'm trying to get a clear snapshot of what it is you've
34 done already, and we're the only folks you've applied to for money to help you?

35 MR. ELLIOTT: Yes, so far we've purchased the property, and we've formed a
36 joint industrial authority.

37 SENATOR WAMPLER: Land acquisition was how much?

38 MR. ELLIOTT: Two hundred and five thousand dollars and that's fifty/fifty.

39 SENATOR WAMPLER: That's by Grayson County Board of Supervisors?

40 MR. ELLIOTT: And the City of Galax.

41 SENATOR WAMPLER: They're the local match?

42 MR. ELLIOTT: Two hundred and five thousand is already done fifty/fifty. The
43 property is adjacent to highway 58.

44 SENATOR WAMPLER: This project has a lot of merit, and I think Tim said in
45 his presentation another agency would be more than likely to participate. Generally we like partners
46 in these investments and this may be one we'd look to that we can get other state and federal agencies
47 to help with the development of the infrastructure rather than us paying the entire bill, and that's just
48 a suggestion.

1 MR. ELLIOTT: If I could clarify one thing. The application may have led the
2 Committee to believe that we're applying for funding for assistance on the access road, and that's not
3 the case, we'll be requesting assistance from VDOT to do that. The excavation and grading that's
4 specified in the application to get the park to the state where we could do something, that's the
5 developing and the access road.

6 DELEGATE KILGORE: Any other questions? All right, stick around because
7 there may be questions.

8 All right, Scott County is here now and LENWISCO.

9 MR. FLANNERY: Basically, I guess you want a brief presentation on the park.
10 This is a proposed expansion of the park, the E-Corridors Regional Park Southwest. It's an expansion
11 of the Duffield Industrial Park. The Scott County Economic Development Authority proposed, and
12 this is the regional industrial park. The existing park at Duffield where we had an announcement last
13 week and this is a business expansion. This would basically be about a fifty-acre development. The
14 request before the Commission is for 1.67 million dollars. We anticipate funding from the Virginia
15 Coalfield Economic Development Authority of about eight hundred thirty thousand after the 1st of
16 July. This would add a product to the park that's in a growth mode. It's a proven commodity and the
17 park has been there since the early '70's. There are approximately twelve hundred employees there
18 presently. It is a state-approved enterprise now.

19 DELEGATE KILGORE: What other types of moneys or things are being put
20 out there or what other state agencies?

21 MR. FLANNERY: Presently those are the only two agencies, the Tobacco
22 Commission and VCEDA. VCEDA is funding in part by coal and gas services revenues which Scott
23 County is contributing, recycled local money. The Scott County EDA did not anticipate asking the
24 County Board of Supervisors for a financial contribution. We could broach that subject, but we have
25 not. I think we can say that the County, recognizing that this is a large amount of money, is prepared
26 to do it incrementally, and the first phase of which, we calculate to be eight hundred and sixty-five
27 thousand dollars and that would make a longer drawn out process. The Commission does have it on
28 record, a very detailed line item budget that shows everything from soup to nuts on what it costs.

29 DELEGATE KILGORE: Tim, do you have anything else to add about the
30 project?

31 MR. PFOHL: This was the highest scoring project that we received in
32 Southwest Economic Development. The project is thirty-nine additional acres including four sites.
33 The requested amount of 1.67 million would eat about half of the Southwest Economic Development
34 pot of money. That presented a dilemma because our highest scoring project represented half of the
35 pot of funds and there were forty other applications. I believe Staff has been very supportive of
36 substantial funding and particularly given the likelihood of a substantial match from VCEDA, eight
37 hundred and thirty thousand.

38 DELEGATE JOHNSON: This is a friendly question. What impressed you most
39 about this application that would have caused the Committee to put it up at the top?

40 MR. PFOHL: I think it was building on a proven entity. If I can summarize it in
41 a phrase, you've got a park that's largely very successful and has a number of strong businesses, an
42 incubator facility, et cetera, so it was building on a proven entity and a substantial match.

43 DELEGATE KILGORE: If there's no other questions, let's go to the next one.

44 MR. PFOHL: The Carroll County Water Line Extension to Exit 19 on I-77. It is
45 a four hundred and fifty thousand dollar request to extend forty-eight thousand feet of water line and
46 a water storage tank to serve a two hundred and fifty acre industrial park site. Also, seven hundred
47 acres of commercially zoned land that has the potential for private commercial development. The
48 industrial park project itself is 2.7 million, so a four hundred and fifty thousand dollar request is a

1 relatively small portion of the overall project's cost. There is a USDA application that will be
2 submitted in the fall for 2.2 million dollars to fund the balance of this project.

3 DELEGATE KILGORE: Total costs, how much?

4 MR. PFOHL: Two point seven million.

5 DELEGATE KILGORE: Any local dollars?

6 MR. PFOHL: Mr. Elander is here from the County.

7 MR. ELANDER: I am Gary Elander from Carroll County. This particular
8 location is a prime location in Carroll County for an industrial facility, it's right on 77. It's a large
9 tract and the Board of Supervisors already made a financial commitment to the Public Service
10 Authority to borrow funds, substantial funds. This is a distressed county by definition of the state,
11 and we have a track record of accomplishment. Our former industrial park is nearly built out and has
12 just two lots left. We have an enterprise zone, and we have experience in running these management
13 facilities.

14 DELEGATE KILGORE: Is the property located within the enterprise zone?

15 MR. ELANDER: No, it's not but it would be eligible for an amendment to
16 increase or adjust our existing zone.

17 SENATOR WAMPLER: Very quickly, tell me what the scope of the project is,
18 and what this is actually costing, and what percentage of this request is this?

19 MR. ELANDER: The extension of the water line and storage tank construction
20 is 2.8 million dollars. The county will borrow through Rural Development 2.3 million and the
21 balance from the Tobacco Commission. It's forty-eight thousand linear feet of water line of various
22 sizes. This is a premier location and without these utilities we don't have a chance of turning this into
23 productive property.

24 SENATOR WAMPLER: How much local contribution has gone into the 2.8
25 million dollar project?

26 MR. ELANDER: Local contribution would be 2.3 million through loans from
27 Rural Development Agencies. The Carroll County Board of Supervisors has obligated itself to this.
28 While these are through the Public Service Authority the general obligation behind it to borrow.

29 SENATOR WAMPLER: The rate payers are actually the ones that repay the
30 loan?

31 MR. ELANDER: It's a revenue bond but backed by the full faith of the county.

32 SENATOR WAMPLER: But the source for repayment is the actual rate payers.

33 MR. ELANDER: It would be rate payers and business prospects who locate
34 there.

35 MR. FIELDS: I try to be regional, how far does our region go? How far out are
36 we going to string this? I know where the great Southwest is.

37 MR. CURRIN: You want to know the counties in the Commonwealth, as far as
38 Southwest Virginia goes?

39 MR. FIELDS: Not exactly, but we've got about half the counties in the state.

40 MR. CURRIN: There's thirty-four counties within the Commission, from
41 Greensville County to the great Southwest and Lee County.

42 SENATOR WAMPLER: I think the legislation points out that we have a burley
43 region and a flue-cured region. That's probably the legal definition of what the two regions would be.

44 MR. CURRIN: For purposes of your question, Mr. Fields, I would say to you
45 that the Commission considers Lee County to the west, all the way to Floyd, and Carroll to the east.

46 MR. FIELDS: Carroll would be the eastern end?

47 MR. CURRIN: From our part of Southwest.

48 DELEGATE KILGORE: If you're asking about burley production, then you're

1 looking at Washington County, Lee, Scott, Russell, Smyth. Carroll doesn't produce, not as much
2 tobacco as Washington. Washington is your big player and Scott is right behind it, if that's what
3 you're asking. Any more questions?

4 MR. PFOHL: Those are the three industrial park applications. Changing gears
5 a little bit and some of the building renovations and construction projects.

6 DELEGATE KILGORE: Is the next group we're looking at rated differently on
7 the economic development projects?

8 MR. PFOHL: The same scoring system was used on all of these. We tended to
9 look at clusters of similar projects.

10 DELEGATE KILGORE: Did you use a different scoring system?

11 MR. PFOHL: No, not at all. Next is the Barter Foundation, Inc., Stonewall
12 Square: Enhancing Regional Cultural Tourism, which is a one million dollar request. The Foundation
13 requests funds for this self-sustaining public/private partnership to construct new retail, education
14 and residential units on the Barter Green across from the Barter Theatre in Abingdon. That's a
15 multiphase development. The total cost is 4.6 million. The application indicates they're in discussion
16 with a private developer who would be expected to provide two million of those development costs.
17 Their application indicates that they're going to apply to the Appalachian Regional Commission for a
18 half million dollars and the two local governments, Washington County and the town of Abingdon,
19 for two hundred and fifty thousand dollars. That would be the next ARC funding cycle and local
20 applications once other funds are available.

21 DELEGATE KILGORE: Did the county and the Town of Abingdon seem
22 supportive?

23 MR. PFOHL: Off the top of my head, I'm not sure if there's letters in here or
24 not. Ms. Alderman is here from the Barter Foundation, and she can address that.

25 MS. ALDERMAN: My name is Lisa Alderman, and we do have letters of
26 support from the Town of Abingdon and Washington County. They're not confirmation on financial
27 resources, but they're confirmation that this project is something that is good for the community.
28 They have made verbal commitments, and we certainly want to take a look at funding the project, but
29 they want to be a partner.

30 DELEGATE KILGORE: Any other questions of Lisa?

31 MR. FIELDS: What percent of that total against, you say it was private?

32 MS. ALDERMAN: Private is two million dollars so nearly half of it was,
33 because right now they're looking at a total project cost of 4.6 million. That also includes our stage
34 two renovation and expansion, which we've already received six hundred thousand in Ninth District
35 Finance Loans, and we've received nearly a hundred and fifty thousand in other contributions toward
36 that project. The Ninth District Development Finance Fund low interest loan, which was a
37 competitive process.

38 DELEGATE KILGORE: How much was that?

39 MS. ALDERMAN: Six hundred thousand. We were already signed on and
40 we're actually very close to finishing that work and continuing to take in other contributions for that
41 project.

42 DELEGATE JOHNSON: Lisa, I read a couple of articles in the newspaper that
43 figures and facts may not be accurate or correct as far as those visits, if this is directed towards
44 tourism?

45 MS. ALDERMAN: Yes.

46 DELEGATE JOHNSON: Has Mr. Rose denied those allegations?

47 MS. ALDERMAN: I'm not sure what articles you're speaking of, that as far as
48 our box office, we look at the attendance figures throughout the year, and we do it show by show, or

1 program by program, whatever that show is. Our box office maintains the numbers that come in
2 through the door and at the main stage and stage two. Certainly with this project they took a very
3 close look at the box office numbers, our current market, our population, and they did their own
4 research based on cultural and historic tourists that would be attracted to this type of project. So I
5 can't address that. I can't imagine he would, to be honest, because those numbers are being
6 accurately given by us because, and, of course, the box office figures as well.

7 DELEGATE KILGORE: As far as I know that Sunnyside was packed.

8 MS. ALDERMAN: If you go to a restaurant or a hotel, they can tell you when a
9 show is doing well and when it's not, or not doing as well as we hoped it would do. Some shows go
10 way over budget, like Keep on the Sunnyside, and several shows we had last year, and some meet
11 their projections. I don't question the accuracy of the numbers given by the box office.

12 SENATOR WAMPLER: Lisa, I guess I'm a little deficient in when you want to
13 start this project. When do you anticipate beginning the project?

14 MS. ALDERMAN: That all depends on the funding. What we would like to do
15 is start probably late fall, but that's dependent on a couple of things. We'd certainly like to have the
16 support of the Tobacco Commission, and we believe it would be a catalyst for producing other
17 support as we move along this process. We've applied to the Appalachian Regional Commission and
18 that's a fall deadline, which means that they may not be able to look at this, their actual approval of
19 funding until later in the year and may be even January, generally it's about that time. That could
20 push back when we start this. However, we can go to the town and county pretty quickly once we
21 know more about what the Commission would like to do. I would think late fall to early spring
22 would be the right time frame to be looking at funding. Certainly a time frame that when we could
23 go to the Commission making sure the moneys would be spent properly.

24 SENATOR WAMPLER: This is an important project, and it has to be done
25 right, and I say that respectfully. The town and the county have to be a critical player to that. I'm not
26 suggesting they're not, but I need to hear from them that this is the avenue that they are going to
27 participate. I hear what you are saying. I'm wondering if this is the time to seriously consider the
28 awarding of dollars, and if we decide to do that, how much. ARC grants are very difficult.

29 MS. ALDERMAN: Yes.

30 SENATOR WAMPLER: They're very competitive.

31 MS. ALDERMAN: We have to fill out another application and maybe provide
32 more detail. I think the Tobacco Commission serves as such a significant partner that it would make
33 a difference in the ARC funds.

34 SENATOR WAMPLER: I hate to see small investments where we don't get
35 critical mass and there's nothing to show for it at the end of the exercise.

36 MS. ALDERMAN: I can understand that and certainly anytime you're
37 allocating funds, what you want to do is take a small investment and see a bigger return, and I believe
38 this project does that. I understand that you're concerned about how do you make sure that the
39 allocation is contingent upon other partners and other funding, and that might be something to take a
40 look at. What I can tell you is that Mr. Reader with the county, he acknowledges this is one of the
41 most significant projects to come down the line in a very long time that would help the people of
42 Washington County. Certainly the Barter Green Committee has been made up of many, many
43 community members for several years now. There's been a tremendous amount of public input and
44 especially both from the town and the county. They're very aware of all the details in the project.

45 SENATOR WAMPLER: What retail will you have on the property?

46 MS. ALDERMAN: The retail is expected to be mom and pop type businesses,
47 and some of it would be Appalachian craft, certain art, there certainly would be retail, but it would
48 not be your large franchise-type businesses. Part of the core of this project is to have what looks like

1 high rent type facilities but actually low rent so that mom and pop type businesses can actually
2 survive in that environment. We actually have one that's interested in a restaurant. That certainly
3 would fit in well with the entire development. This project has been on the table for a very long time
4 and is certainly well thought out.

5 DELEGATE KILGORE: Any other questions from any other members?

6 All right, Virginia Highlands Business Incubator, Inc. In Special Projects we were talking
7 about this.

8 MR. PFOHL: This is a 5.3 million dollar project, and the request this Year is
9 five hundred thousand dollars for the Virginia Highlands Business Incubator, Inc. This project also
10 received four hundred thousand dollars from the Tobacco Commission in FY'01 for phase one
11 engineering and site acquisition. There is a substantial match in a variety of forms on this project.
12 This will create a forty thousand square foot incubator, and it's a partnership with Washington
13 County, Bristol, and the Town of Abingdon. Some of those match sources include the Virginia
14 Incubator Program, Department of Business Assistance, which has committed two hundred and fifty
15 thousand dollars to this project; the Economic Development Administration, .15 million; Appalachian
16 Regional Commission, two hundred and thirteen thousand; U. S. Department of Housing and Urban
17 Development, two hundred thousand; City of Bristol, Abingdon and Washington County all have
18 substantial cash. According to the application there's an application pending for Community
19 Development Block Grant funding.

20 DELEGATE KILGORE: A lot of people bought in?

21 MR. PFOHL: Yes, sir.

22 MR. JACKSON: Members of the Committee, my name is Garrett Jackson, and
23 I work with the Mount Rogers Planning District Commission, and I wrote this grant and also the
24 CDBG application. You're right, a lot of people have bought into this, and the pre-construction bids
25 have been sent out, and we're having a pre-bid conference tomorrow morning. It's going to be
26 located near the Virginia Highlands --

27 DELEGATE KILGORE: -- The location is good.

28 MR. JACKSON: Yes.

29 DELEGATE KILGORE: Do you feel this will be a good investment for the
30 Commission?

31 MR. JACKSON: Yes. Washington County is the largest producer of burley
32 tobacco, and I think that number is going to go down in the coming years. The jobs it'll produce and
33 capital it'll bring into the county and the local area will be of great benefit.

34 DELEGATE KILGORE: This money that's requested, this reduces the
35 borrowing?

36 MR. JACKSON: Yes.

37 DELEGATE KILGORE: Who would be borrowing that? I guess this Highlands
38 Incubator, that corporation is set up by who?

39 MR. JACKSON: Representatives from the three entities.

40 DELEGATE JOHNSON: Mr. Jackson, I heard a rumor recently that Bristol was
41 trying to back out, what's the status of that?

42 MR. JACKSON: It's not so much a rumor, and there is some truth to it. They
43 don't like the feasibility that was shown before when we applied for this grant and the CDBG grant.
44 Over the twenty-year investment it would require more money out of the City of Bristol, and they're
45 in a financial crunch right now, but you're right that there was a rumor going around.

46 DELEGATE JOHNSON: In the event Bristol backs out, would that have any
47 effect on the project going forward?

48 MR. JACKSON: No, not really. This money is allocated, and the CDBG

1 money is allocated. The Incubator Board has gotten with the bank for a loan of 1.8 million and that
2 would secure the project if Bristol dropped out.

3 SENATOR WAMPLER: Mr. Chairman, I think Bristol is trying to flip it's two-
4 sixth interest into a one-sixth interest that the Town of Abingdon has and that's been the discussion
5 about the readjustment of the venture. If that happens or not who would --

6 MR. JACKSON: -- It would be in Abingdon's back door, and it would make no
7 sense for Abingdon to take a bigger chunk.

8 DELEGATE KILGORE: They want Abingdon to have a two-sixth and Bristol
9 would have one-sixth interest.

10 SENATOR WAMPLER: That's just a footnote on the deal.

11 DELEGATE KILGORE: Any other questions?

12 SENATOR WAMPLER: That's referred to Special Projects for Thursday
13 morning.

14 DELEGATE KILGORE: I'll accept a motion to refer this to Special Projects,
15 because it is a regional project.

16 MR. FIELDS: Second.

17 DELEGATE KILGORE: I have a motion and a second, and we're going to take
18 it up Thursday morning. Motion and a second, all in favor say aye? (Ayes.) Opposed, same sign?
19 (No response.) Motion passes.

20 Marion Call Center.

21 MR. PFOHL: The Marion Call Center/Business Development Project is a two
22 hundred and fifty thousand dollar request to renovate an existing building in Marion. The Town of
23 Marion has an option to purchase the old Heilig-Meyers building, and they're proposing to renovate it
24 and have it in a condition to be ready to establish a call center. They have a proposal presented to the
25 Virginia Employment Commission to host a site that the Commission had advertised and requested a
26 proposal for. The town and county each have a hundred and twenty-seven thousand approved and
27 committed for this project so it provides a one-to-one match for the request.

28 DELEGATE KILGORE: Are you aware of any of the discussions about the call
29 center? Any decisions?

30 MR. PFOHL: I'm not aware of any decisions being made, and I don't know if
31 anyone from Marion is here.

32 DELEGATE KILGORE: I know there's a couple of different counties and areas
33 looking at a particular call center. I was just wondering, that maybe something that if they get it,
34 would they qualify for the TROL Fund?

35 MR. PFOHL: Potentially, yes.

36 DELEGATE KILGORE: This may be one that if they get it we would help
37 them, and I think we would commit to that. I don't want to see us put this money out here and then it
38 come right back to us. If they get it then I think that either, if TROL funds would cover it, we could
39 call a meeting and help out ourselves. Do I have a motion that we postpone this or lay this one on the
40 table until we determine as to where VEC will locate?

41 MR. BANNER: I'll make a motion, Mr. Chairman.

42 SENATOR WAMPLER: Mr. Chairman, I think two points very quickly. One,
43 I'm not sure that this is a very good precedent for us to start off with, I don't think it's good for us to
44 start offering financial incentives to lure state business to one of our counties, and that's observation
45 one. If it's generically for the call center for any localities, I think that we should hold a balance of
46 money, as we have in the past, out of this Committee as a fail safe so that if we need to do a deal that
47 doesn't fit the guidelines for other projects, we have that available. Whether it's Marion or any other
48 locality in Southwest, we ought to look at it very seriously, but I would concur with your motion that

1 we pass it by.

2 DELEGATE KILGORE: We're not saying it's not a good project, and I think we
3 would help. I have a motion and a second. All those in favor say aye? (Ayes.) Opposed? (No
4 response.)

5 Moving on to the Town of Pennington Gap, Phase 1 of Downtown Revitalization Project.

6 MR. PFOHL: The Town of Pennington Gap acquired a building about seventy-
7 five hundred square feet in their downtown. It was a building that was not initially included as their
8 one million dollar Community Block Grant Funded project for downtown revitalization. The town
9 has acquired the building and proposes to renovate it. The proposal is two hundred and sixty
10 thousand to put the building in good condition for commercial uses and primarily retail and office.

11 DELEGATE KILGORE: The Town Manager couldn't make it today, but I told
12 him we would listen to it.

13 MR. PFOHL: The budget piece of this application reflects the entire downtown
14 revitalization projects. It shows a total budget of 2.35 million. The matches included in the
15 application are actually matches that are for the entire downtown project and not specific to this
16 building. There are several matches, both from the town and private business owners, of the overall
17 downtown project.

18 One of the concerns the Staff had in reviewing this is that of the two hundred and sixty
19 thousand requested we have almost fifteen thousand dollars as a contingency and overage factor.
20 Another contingency for construction is almost thirty thousand and admin and legal fees of twenty
21 thousand. Sixty thousand in that request of two sixty, that will be a contingency for cost overruns
22 and administration.

23 MR. FIELDS: Mr. Chairman, my question is the purpose of this, is it tourism or
24 what?

25 DELEGATE KILGORE: I think it's small business development, that's what I
26 gather from the application, storefronts and revitalize the downtown area and get them away from the
27 mall. It's some tourism, I guess. I think this goes along with the seven hundred thousand dollar
28 CDBG grant. I don't know if Ron Flannery helped prepare this or not.

29 MR. FLANNERY: No, I did not, and I reviewed the application, and Tim
30 characterized it very well. Basically the downtown revitalization is taking these structures and
31 putting them back into some kind of productive use, and that's the intent, and I think you captured
32 that very well, increase the tax base. Of course, it's really a chicken or the egg problem, you're not
33 going to secure private investment unless you have a product and it does basically dovetail and build
34 on their CDBG project. That much I'm familiar with.

35 DELEGATE KILGORE: All right, moving on to White's Mill Foundation.

36 MR. PFOHL: Let me shift gears into something of a regional tourism project,
37 and you'll see the next applications involve tourism in various forms. The White's Mill Foundation
38 has requested three hundred and eighty-two thousand eight hundred for the preservation and
39 restoration of White's Mill, which is listed on the National Register of Historic Places, and it would
40 be returned to its original working condition. The State Department of Historic Resources provided a
41 grant of a hundred thousand dollars a couple of years ago, and the Town of Abingdon and
42 Washington County kicked in seventy thousand dollars in total for the acquisition of the mill in
43 addition to some private donations.

44 The request is really two-fold. The request is to stabilize the shell of the building and then,
45 second, to restore the mill workings inside the building. The Staff was of the opinion that it's
46 probably the first and foremost priority to preserve the building, which is indicated in the application
47 as an eighteen to twenty-four month project and then work on the equipment inside there.

48 DELEGATE KILGORE: They're set up as a foundation?

1 MR. PFOHL: Yes.

2 DELEGATE KILGORE: Are you familiar with that?

3 DELEGATE JOHNSON: Is there anyone here from this project?

4 DELEGATE KILGORE: I don't see anyone moving.

5 DELEGATE JOHNSON: They've been redoing this for forty years.

6 MR. PFOHL: They've indicated they're a 501 C3 non-profit.

7 DELEGATE KILGORE: This fell under tourism?

8 MR. PFOHL: Yes. The William King Regional Art Center, Capital
9 Improvement funding of two hundred and fifteen thousand, and it's a multi-piece request. They need
10 to install a new HVAC system, to control the climate within the building.

11 The second piece is to bring water lines up to the building so they can have adequate water
12 pressure, and thirdly is to improve access to the Center's loading dock, and they have to do some
13 reconfiguring of walls and drives and so forth.

14 DELEGATE KILGORE: I think Dan Caldwell is in the back. Are there other
15 funds to be raised by William King?

16 MR. CALDWELL: There are, and there's another project going on that really
17 should be dovetailed with the one we're applying to you for. That's replacement of a twenty year old
18 roof, which is worn out and leaking. We think the reason it should be dovetailed is because the
19 HVAC improvements will actually be located on the roof of this building. We don't want to put a
20 new roof on the building and then tear it up with a new chiller unit for the HVAC. There's actually
21 other funding, and there's fifty thousand dollars in the bank for the roof project. Twenty-five
22 thousand each from two private foundations, and those are projects on the table with the
23 Commission. There's another private foundation, seventy-five thousand from a private foundation,
24 which is a matching grant, and it comes at the end of the fund raising process, assuming we raise the
25 rest of the money, but the match is committed.

26 DELEGATE KILGORE: Are you all doing the outreach program for the school
27 children?

28 MR. CALDWELL: Yes.

29 DELEGATE JOHNSON: For those of you on the Committee that don't know
30 Mr. Caldwell, he took a real eyesore in Abingdon and made a jewel out of it, and through his hard
31 work and through his vision that we have a William King Art Center today as we see it. When we
32 talk about some of these other projects, and I look at them a little different than I do the William King
33 Art Center, I say that he made a jewel out of an eyesore, and it's something we should invest in. It's
34 been something that's brought a lot of beauty to the Town of Abingdon.

35 DELEGATE KILGORE: I realize that about Abingdon, but the thing that I
36 appreciate the most, it's an outreach project and I think went to Fred's school. The school kids talked
37 a lot about what they learned doing that. They also formulated that towards the SOL, and that was
38 very good.

39 MR. CALDWELL: The staff at the Center is dedicated and very professional. I
40 thought the best thing we came up with when we developed the outreach programs was to develop
41 them in consistency with the Standards of Learning.

42 Just to mention this very quickly, we've been working on this renovation project for about
43 twenty years, and we did the last major renovation about ten years ago. We've raised money and
44 done the work, and that's part of the reason we're in the position we are now with the HVAC system.
45 It's really kind of a patchwork system that's been built, part of it one year and part of it three or four
46 years later. This project we propose is going to replace that patchwork system with one complete
47 system that governs the entire building.

48 DELEGATE KILGORE: Thank you, Dan, for coming up and your presentation.

1 Next, we've got the Carter Family Memorial Music Center.

2 MR. PFOHL: The Carter Family Memorial Music Center, Inc. has asked for a
3 hundred and thirteen thousand five hundred and eighty-three dollars for additions to the Carter Fold.
4 The additions would be two hundred additional seats, upgrading the floor, roof installation, a
5 concession area, and they're going to make an application for a total of three hundred and forty-five
6 thousand project. They've asked the Commission for about one-third of the funding. They're going
7 to also apply to the Appalachian Regional Commission and the Coalfield Economic Development
8 Authority for one-third each.

9 DELEGATE KILGORE: This is non-profit set up by the Carter Family to keep
10 the music of A. P. Carter alive, is that correct?

11 MR. FLANNERY: That's correct, Mr. Chairman, and Tim has characterized it
12 very well. The Carter Family Memorial Music Center, which is not for profit, will be applying to
13 VCEDA the 1st of July. It does conform to the new guidelines. As one board member, we fully
14 intend to support that financially, and we've had discussions with the Department of Housing and
15 Community Development about ARC funding. It has great community support from the Chamber.

16 DELEGATE KILGORE: And I'll take my hat off to you all, that's very good.

17 MR. FLANNERY: There's two important aspects of this, and that is that has
18 regional application. We've had discussions with the Baker Center, we've talked to the Bristol folks
19 and the Birthplace of Country Music Alliance. We have an opportunity to tie all these things in, and
20 we even talked to Dr. Ralph Stanley. All this is part of a regional package that we think merits
21 support. Also, building on the leverage aspect, we very carefully came in and asked for a third,
22 recognizing other parties need to play a role, and that's the underlying thoughts behind this
23 application.

24 DELEGATE JOHNSON: The money will not be used to put theater seats in and
25 things like that, take away the real beauty of going on Saturday night and sitting on the straw bales.

26 MR. FLANNERY: There may be some modest improvements and may have a
27 leather covered straw bale. There is a line item budget in there that covers a lot of the work. A lot of
28 it is structural, and there'll be no loss of the clogging area. Most of it is structural, and there is a line
29 item budget for it.

30 DELEGATE KILGORE: Any other questions?

31 Next we have the Crab Orchard Museum & Pioneer Park, Inc. Mr. Thompson indicated
32 last night that he supports this.

33 MR. PFOHL: This is a phase two expansion request of two hundred thousand
34 toward a five hundred and eighty thousand dollar project to have exhibit space, office space and a gift
35 shop and a visitor's lobby and visitor's service area. The application expresses an intent to apply to
36 the Coalfield Economic Development Authority for two hundred thousand dollars and in addition to
37 the two hundred thousand the Commission is being requested to fund. Foundation and donations are
38 in hand. I believe we have representatives from the museum here.

39 DELEGATE KILGORE: Is this located right before you get to Tazewell?

40 MS. BARKER: Yes, three miles away. My name is Cordena Barker. We're at a
41 point that we're turning down tours, and we made our choice that's compatible, and we have no room
42 in the museum to handle the numbers that are demanding a tour, and these are from school children.
43 The mileage has been cut back for schools to travel, and this is one of the problems that this grant
44 could solve. At this point we've raised a hundred and forty-four thousand dollars, and if we were
45 awarded this grant, we'd be half way there. We feel this would further us on to get the rest of the
46 money.

47 DELEGATE KILGORE: Any questions? All right, thank you, why don't you
48 stay around in case there's any questions.

1 Next we have the Virginia Southwest Blue Ridge Highlands Tourism Association.

2 MR. PFOHL: This request is for a hundred thousand dollars to develop a
3 tourism web site and travel guide. It has a total project budget of two hundred thousand dollars, and
4 they're asking for about fifty percent of that. They have had a pretty substantial match from a variety
5 of sources through fundraising, including membership dues and other things. The Staff has some
6 concerns about the fact that part of the request involves thirty-two thousand toward creating a grant
7 pool. I think the intent is good to assist other organizations in developing their own web sites and
8 brochures, but there's some concerns about whether Commission funds should be used for re-
9 appropriation by another organization. Aside from that it was a strong application.

10 SENATOR WAMPLER: Tell me what you're trying to do with your application.
11 What does it concern?

12 MR. PFOHL: One of the Staff reviewers who has several years experience with
13 Virginia Tourism Corporation felt like there were other resources through VTC that could be tapped
14 into to leverage the web site development expense, which was a substantial portion of the request.
15 Felt that we could stretch the dollars a little further by partnering with the Tourism Corporation and
16 some of the existing Internet servers and so forth.

17 SENATOR WAMPLER: Tim, I don't know if you can answer this, and maybe
18 Kitty can, my frustration is that everybody says that but I never see it. Access to our destinations is
19 limited to a piece of paper right now rather than electronically.

20 MR. PFOHL: Maybe I'd ask Kitty to speak to that if she could, Mr. Chairman.

21 MS. BARKER: Thank you, Senator Wampler. We have met with the Virginia
22 Tourism Corporation, and the plans they have are like five years down the road, and whether or not
23 those plans will come to pass are questionable. We wanted to have a state of the art cutting edge web
24 site that's available within the next six months where people could come on and get a three-sixty
25 view of what the facilities had to offer, and we would have a subscriber page where we would send
26 them e-mail updates and newsletters, and they could make reservations at hotels, restaurants and
27 theaters. We also would have music on there so if they wanted to, they could find out what bluegrass
28 music sounds like or Carter Family music sounds like. We'd have information on agriculture
29 information and pick your own and information like that. The web site we want to start, and we have
30 some statistical data to let us know what referrals the visitors use to get there, so we'd know what
31 topics they were looking for. It would also give us the search and sort capability so that people could
32 type in hiking, and they could get a list of where the hiking is located and what kind of tour guides
33 are available to take you hiking, fishing, biking, whatever it is the tourists are trying to do, we're
34 trying to provide all that information to them on a user friendly basis.

35 At that time we met with the VTC computer folks, and they're talking up here, and we're
36 trying to do this down here. We met with the Tech experts at Virginia Southwest Higher Education
37 Center with that merchant point system that we started there. Since I turned in the application they've
38 given us incredible information. This project will be less expensive than I first thought.

39 SENATOR WAMPLER: That would be the bottom line. We should have had
40 that up-front. My concern with the Tourism Corporation, I'm not sure they share a passion for the
41 region. They look at the state in general, and I'm not sure they get down to places like Mount Rogers
42 or whatever there --

43 MS. BARKER: -- We're trying to promote.

44 SENATOR WAMPLER: Mr. Chairman, if there's a way to incorporate the
45 Higher Education Center, because I think there's technical expertise there, that would be a net price
46 that we can quantify and see the results. We need to figure out how much money it's going to take to
47 do that. I don't know if the Commission wants to move along in that direction, but I'd like to see us
48 allocate something toward that.

1 DELEGATE KILGORE: Would you have an opportunity to do that?

2 SENATOR WAMPLER: What do you need in marketing materials?

3 MS. BARKER: That's our travel guide that goes along with someone who
4 wants more information, and they want this information before they leave their house, and we can
5 provide an 800 number, and we already have twenty-five thousand dollars towards that from our
6 hundred and seventy-five members. We'll be able to raise another twenty-five thousand.

7 SENATOR WAMPLER: Non-recurring expenses, that's something I think this
8 Committee ought to try to examine. I don't know if we want to go down the path helping them in
9 marketing materials.

10 DELEGATE KILGORE: You have a concern about recurring expenses?

11 SENATOR WAMPLER: Yes.

12 MR. CURRIN: Mr. Chairman, Kitty, when is the last time you had a direct
13 conversation with VTC?

14 MS. BARKER: Actually, they're at the meeting.

15 MR. CURRIN: If the Committee is comfortable with this I'll be delighted to
16 have the director from West Virginia, I think she has an understanding of a rural setting and the
17 challenges and opportunities for tourism. I'll be delighted to bring her to Southwest Virginia and her
18 Staff and my Staff and working with other partners that are here today on tourism initiatives. Maybe
19 we can sit down and evaluate firsthand how we can possible work toward what Senator Wampler
20 earlier indicated. There's been a lot of discussion about VTC wanting to help, but I'll be happy to do
21 that, Mr. Chairman.

22 MS. BARKER: We've been working extremely hard this past year, and I know
23 the VTC has experienced a lot of cuts this year. It's almost impossible to get these folks in rural
24 tourism, we continue to work with them.

25 DELEGATE KILGORE: Well, let's move on, and we thank you.

26 The next one is Birthplace of Country Music Alliance.

27 MR. PFOHL: This is a multi-faceted request for a hundred and thirty-nine
28 thousand dollars toward a whole project, and this amounted to two hundred and eighty-eight
29 thousand dollars, including things like operating support, programming, and the promotions and
30 development of a national heritage area, and the example cited in the area is the Pittsburgh Steel Mill
31 River Corridor, which has generated an additional ten million dollars in national heritage funding as a
32 result of that designation. There's matching funds coming from the National Endowment, there's an
33 application pending for forty thousand dollars, Virginia Arts Commission application pending for
34 fifteen thousand, Virginia Foundation for the Humanities, corporate and individual donations and in-
35 kind.

36 MR. HARTLEY: I'm Bill Hartley, Executive Director. We've been working
37 very hard over the last couple of years with the Seventy-fifth Anniversary Celebration throughout the
38 region. This summer's Smithsonian's Folk Life Festival, which will draw national and international
39 attention to the region, its culture and its music. This will enable us to move beyond that and do
40 some kind of structural things, planning and coordinating events throughout the region, working on
41 things like a heritage area and driving trails and this kind of thing so that from Galax to Bristol and to
42 the Carter Fold and up into the coalfields to provide opportunities. We've raised a lot of attention for
43 the area, but now we need structural things or physical structural things, some human infrastructure,
44 so that when people come to these festivals they have a product and they know where to go and they
45 know where to find the artists and musicians and experience what this region truly has.

46 DELEGATE JOHNSON: Where is your office?

47 MR. HARTLEY: We are located in Bristol inside the Museum, which is in the
48 mall.

1 DELEGATE JOHNSON: How does it get to be known as Washington County
2 on here?

3 MR. HARTLEY: I think that's a mistake.

4 DELEGATE JOHNSON: I know it's a mistake, I thought there was something
5 going on in Washington County I didn't know about. I'm well acquainted with the Bristol mall, I
6 thought maybe I missed something. Thank you.

7 DELEGATE KILGORE: Next is Appalachian Traditions.

8 MR. PFOHL: Appalachian Traditions is looking for funds to complete what
9 they call as Cabin Number Two. That's a 501C3 non-profit, received funding from the Commission
10 of fifteen thousand dollars last year, FY'02. They're requesting a hundred thousand dollars to
11 promote regional tourism through mountain cultural arts. They will complete renovations on a cabin
12 to serve as a venue for artistic productions and events, as well as existing musical programs, teaching,
13 dancing programs and so forth.

14 MR. JONES: Mr. Chairman, I'd like to thank you for the opportunity to be here
15 for your support of phase one of our Appalachian Traditions Village. We haven't completed phase
16 one yet, but we're in phase two, because we need some funding for our grounds. Our project is on a
17 reclaimed strip of land, and we've kind of got a mess. We also need a shed out back. We have a
18 banjo picker that ended up in Carnegie Hall. From this meeting today I would like to have our name
19 kind of mentioned with the BCMA and the Carter Fold. We have some of the best music and
20 clogging in all of Virginia. We'd like to be recognized for that, and we do teach clogging, and we're a
21 completely non-profit and cultural and tourism organization. We just need some funding for the rest
22 of our place.

23 DELEGATE KILGORE: Any questions?

24 MR. JONES: Thank you, very much.

25 DELEGATE KILGORE: Mountain Empire Regional Business Incubator.

26 MR. PFOHL: We've got a couple of incubators coming up here. This is a thirty-
27 six thousand four hundred and seventy-one dollar request to complete the unfinished section of an
28 existing business incubator. It would create five office spaces of two hundred and fifty thousand
29 square feet. It is a total forty-one thousand dollar project, but the bulk of the construction expenses
30 being requested from the Commission. There's a thousand dollar cash match and a four thousand
31 dollar in-kind contribution, the forty-one thousand total and thirty thousand construction and about
32 ten thousand architectural and engineering fees and legal and administrative and contingencies.

33 MR. FLANNERY: Just briefly, Mr. Chairman, we're out of leasable space at the
34 original incubator at Duffield, and we want to finish out some additional office space, and this is part
35 and parcel of our economic development program. This business incubator is another proven
36 commodity doing its job.

37 DELEGATE KILGORE: Next we have the Richlands Business Incubator.

38 MR. PFOHL: The total request is fifty thousand dollars, and this is a hundred
39 and thirty-two thousand dollar project for an existing incubator to add multi-media software and
40 promotional equipment. One component that the Staff felt should be pulled out of this request is
41 eighteen thousand dollars of operating funds. This is an existing facility.

42 DELEGATE KILGORE: This would be operating costs?

43 MR. PFOHL: The state Department of Business Assistance has provided thirty
44 thousand dollars of funding, and the town has put ten thousand into this project, and the request is
45 pending with the county.

46 DELEGATE KILGORE: Any questions? Scott County Chamber of Commerce.

47 MR. PFOHL: This is a request of sixty thousand dollars to develop an overlook
48 and wayside park as a tourism attraction. This is a sixty-six thousand dollar project. The bulk of the

1 request is being made of the Tobacco Commission. The Staff felt this is a strong candidate for the T
2 21 Enhancement Program, which has a July 1 application deadline pending.

3 DELEGATE KILGORE: This is located on U.S. 23 by the railroad coming into
4 the Clinch River?

5 MR. PFOHL: A very dramatic sight.

6 DELEGATE KILGORE: We have our trained expert wanting to talk.

7 MR. FLANNERY: I think you've captured that very well, Mr. Chairman. We do
8 have the T21 application but at the time the application was filed with the Tobacco Commission,
9 VDOT did not have a competition here, and they've since changed their mind, that is a possibility.
10 However, it requires matching, so we would appreciate consideration for some investment of this
11 project.

12 DELEGATE KILGORE: I know every time the train comes there it's packed on
13 the side of the road.

14 MR. FLANNERY: We do have good traffic, but we want to try to market the
15 state park more, and we want this to be a stop on the Daniel Boone Trail as well, and it's a very scenic
16 facility.

17 DELEGATE KILGORE: Bristol Historical Association, Robert Preston House
18 at Walnut Grove.

19 MR. PFOHL: This is a request for fifty thousand dollars to assist in the
20 relocation of the historic home that is being threatened by commercial development. It would be
21 relocated within a park in Washington County, and the move would preserve it.

22 DELEGATE KILGORE: Where is the house now?

23 MR. PFOHL: It's on Exit 7, original property of Robert Preston. The State
24 Historic Resources Staff has said they can keep it on the site owned by Preston in a comparable
25 setting, but it would make that project eligible for state and federal historic tax credits.

26 DELEGATE JOHNSON: I think the house has got to be moved, and it's on land
27 owned by a developer.

28 SENATOR WAMPLER: Given a reprieve, but isn't a loan.

29 DELEGATE KILGORE: Next is Buchanan County Tourist Train and
30 Recreation Area Study.

31 MR. PFOHL: The Board of Supervisors has requested sixty thousand for a
32 feasibility study for a section of abandoned railroad about 6.4 mile track and fourteen thousand acres
33 of property that would be conveyed to the recreation and golf course complex. The application
34 suggests that a tourist excursion train be developed for that section of track, and the request is sixty
35 thousand dollars.

36 DELEGATE KILGORE: The next is Scott County Economic Development
37 Authority, Clinch River Recreation Area.

38 MR. PFOHL: It's a request for ninety-five hundred dollars to develop a site plan
39 to construct a recreational area along the Clinch River. That formerly was the site of the town of
40 Clinchport, which was destroyed by flooding in 1977.

41 DELEGATE KILGORE: The Town of Nickelsville, Little Duck Water Line
42 Extension.

43 MR. PFOHL: The request is for two hundred thousand dollars, funds to extend
44 and renovate an existing water pump system. The application indicated this is purely a residential
45 project. The Staff reviewers did not feel like this was an eligible project.

46 DELEGATE KILGORE: Daniel Boone Wilderness Trail Association.

47 MR. PFOHL: They requested fifteen thousand dollars to promote tourism
48 through the creation and placement of an interpretive kiosk at the western-most point of the Daniel

1 Boone Wilderness Trail.

2 DELEGATE KILGORE: Would that be in the Cumberland Gap? I see there's a
3 lot of individuals following this trail now, and Senator Wampler and I were supposed to be down
4 there for some big attack, and I don't know who's attacking. It does bring in a lot of visitors through
5 the partnership that they have with the Cumberland Gap National Park.

6 Next is the Clinch Valley Little League.

7 MR. PFOHL: They have requested twenty thousand dollars for improvements,
8 repairs and new construction for improving the little league baseball and softball fields in the towns
9 of Dungannon and Nickelsville, positioning them to host little league tournaments and improve
10 regional tourism.

11 DELEGATE KILGORE: Next is Dickenson County, Loan Payment, Jettie
12 Baker Center.

13 MR. PFOHL: The Town of Clintwood has requested fifty thousand dollars to
14 offset the U. S. Rural Development Loan that was used to create the Jettie Baker Center. The Center
15 is used as a conference center and an adult training facility. This project received Tobacco
16 Commission funding of twenty-five thousand dollars two years ago and twenty-five thousand dollars
17 again last year.

18 DELEGATE KILGORE: For debt service?

19 MR. PFOHL: Right.

20 DELEGATE KILGORE: Next is Nickelsville Ruritan Club.

21 MR. PFOHL: These funds are requested to make repairs to a one hundred and
22 six year old Bush Mill to work on the heating system and repairs to floors and windows. It's a thirty
23 thousand dollar request.

24 DELEGATE KILGORE: All right, next.

25 MR. PFOHL: There's a number of projects that the reviewers felt, and again as
26 Mr. Flannery mentioned, developments that have happened since the applications were submitted in
27 February. It included the creation of a couple of new Standing Committees for the Commission. One
28 was for Agribusiness, chaired by Delegate Johnson, the Education Committee, which has existed for
29 about a year, and a new Technology Committee, which seems like the long-term successor to the e58
30 Corridors Task Force.

31 We noted that a number of applications it seemed like they were more logically falling into
32 the bailiwick of those specific committees. If requests involved agricultural products, production,
33 distribution, et cetera, activities that were purely creating educational facilities or make technology
34 improvements, those requests should go to those committees.

35 DELEGATE KILGORE: I believe there's some folks here who want to make a
36 presentation of why this Committee should take their particular projects up, let us know who you are.

37 MR. PFOHL: The one we're going to take up is the Scott County Hair Sheep
38 Co-op. This is a request of twelve thousand two hundred and ninety thousand dollars to assist local
39 farm families with marketing "Hair Sheep Lambs" by providing scales, portable pens, and seed
40 money for a fair.

41 DELEGATE KILGORE: Martha, you can come forward, now.

42 MS. MAYBURN: My name is Martha Mayburn, and there are three
43 components that the equipment will support. The 4-H Lamb Program, the marketing of sheep, and
44 we have a cooperative now which is marketing from a number of about fifty sheep left five years ago,
45 we have over fifteen hundred ewes represented in the county. There's a fair, sheep fair, which is
46 becoming an economic development and an agribusiness event we're holding on June the 21st, and
47 that's one of the reasons for a request at this time. We're moving forward, and we'd like to present a
48 nice image to the people.

1 DELEGATE KILGORE: Where's that going to be located?

2 MS. MAYBURN: It's going to be located right outside of Gate City.

3 DELEGATE KILGORE: Will these pens or portable pens and scales be needed
4 for that?

5 MS. MAYBURN: Yes.

6 DELEGATE KILGORE: I got a call about this. How many sheep farmers do
7 we have in Scott County?

8 MS. MAYBURN: We have approximately forty in this new Hair Sheep herd.
9 Most of these are former tobacco farmers, and many of them are. A few years ago there were less
10 than fifty sheep in the county, Hair Sheep. They weren't impacted by the low prices of wool. We're
11 representing a thousand or fifteen hundred ewes. That's approximately 1.7 lambs per ewe, several
12 thousand sheep that are being marketed, and every penny at this point go back into the pockets of
13 Scott County farmers.

14 DELEGATE KILGORE: How is the market?

15 MS. MAYBURN: We have a large breeding stock market for the Hair Sheep.
16 We're selling some all over, we just had a request from Jamaica. We're having international requests,
17 and these sheep are hot right now. We're developing markets within the ethnic markets and selling
18 directly particularly for the ethnic holidays. My sheep go to help stores within the area.

19 DELEGATE KILGORE: Any questions? All right.

20 Next is Southwest Virginia Workforce Investment Board.

21 MR. PFOHL: This is a request for two hundred and fifty thousand dollars, and
22 it involves funds to acquire hardware, software, and survey existing industries to create proprietary
23 information to assist in training for future jobs suited to the current workforce skills and future
24 business needs.

25 MR. HONEYCUTT: Mr. Chairman, I'm George Honeycutt, and I'm the Chair of
26 the Southwest Virginia Workforce Investment Board. First of all, I want to assure you that we don't
27 mind at all coming up here to Central Virginia to this meeting. This request is to commission a study
28 which is part of the community audit and development of the job demand plan for the Southwest
29 Virginia Workforce Investment Board. That's Lee, Scott, Wise, Tazewell, Buchanan, Dickenson and
30 Wise Counties and the City of Norton, and that's contiguous to the coalfields. We feel strongly this
31 should be considered by your Committee, and workforce development is pretty much the handmaiden
32 of economic development. We are addressing the supply of qualified workers as the economic
33 development community addresses fostering the demand and maximizing employment. We have
34 found that since the application was submitted, it has some common ground with the proposals before
35 you from the Coalfield Economic Development Authority, and that would be their target industries.

36 We had a meeting yesterday with the VCEDA people. The common contractor who
37 apparently is going to do both these studies and the Workforce Investment Board have determined
38 that this can be combined, and we realize between the two bodies that there'll be at least twenty-five
39 thousand dollars of savings and possibly more.

40 DELEGATE KILGORE: Tell me why we need this?

41 MR. HONEYCUTT: We need this, and I'm going to have passed out some
42 copies of my handout. The workforce development side of economic development is a very
43 important part of this. An important part of this is a cluster analysis, which will provide a better
44 decision calculus for economic developers to decide what their strategies should be. That leads to the
45 avenue that will bear the most fruit, which leads to the training that will be required to generate the
46 qualified workers. We're approaching a point in Southwest Virginia now where there's some concern
47 about being able to continue to generate an adequate number of qualified applicants. When there is a
48 qualified economic development prospect, it means our Workforce Investment Board has to be better

1 equipped to deal with the under-employed and hard to employ. Very few new employers hire a high
2 percentage of their workers from the unemployed. They hire employed people.

3 DELEGATE KILGORE: This is going to allow you all to be a little bit more
4 proactive and try to find out what industry needs, and what's available as far as economic
5 development opportunities, and then try to match our workforce with that particular group.

6 MR. HONEYCUTT: That's correct. This software is really a break through,
7 because it mines the data from the ES 202 data base that the VEC maintains and other federal data
8 bases. This is not a static study. Every time those data bases are updated, this system uses live data
9 and will remain current. There's about twenty thousand dollars a year maintenance cost that is not in
10 this proposal. This proposal is for two hundred and fifty thousand, and these are not recurring costs.
11 The Board has available a hundred and fifty thousand that's earmarked for this project. This is a part
12 of the economic development effort, and it's an indispensable part in view of the fact that we need to
13 do some extra work. It takes something on the order of a semester or two semesters to do workforce
14 training. So if you don't start until people are trying to hire, you haven't got the product there in time
15 for the person to use it. The intent here is to get ahead of the curve and be fully coordinated with the
16 economic development effort. We work with VCEDA and other economic development people, and
17 we feel like we've got a good relationship, and this is an essential piece of the puzzle.

18 DELEGATE KILGORE: Thanks for all your hard work. Ron Repp.

19 RON REPP: I'm Ron Repp, the Executive Director of Workforce Area One.
20 This will allow us to identify the demand occupations and localities, which is very important and part
21 of our jobs training program. We often train people with the idea that jobs will be available. With
22 this new data we'll be able to look out on the web site and find the jobs that are out there, and they'll
23 be training for things so they can get jobs and receive pay. We really appreciate your consideration.

24 MR. BEATTIE: Mr. Chairman, the old high school renovation. We're a 501 C3
25 non-profit organization established back in 2000. We've been in the project working on the old high
26 school building since 1995. This past year we received a grant of thirty-two thousand from the
27 Commission, and we were able to apply that so we could have power in our building. Our next step
28 was to complete some additional work to bring it up where we can occupy the building. The building
29 is going to serve as a community center, a library for the town, which it's never had one. It's going to
30 be listed as a community center, and we have additional class room space to be used for training for
31 the general population, particularly the tobacco farmers that could use this for meeting space or
32 training space. We were seeking funding in the amount of sixty thousand in funds. We received
33 thirty thousand local funding for this past year, and we have about twelve thousand in private funding
34 that we received for the project. Our total project for this particular segment of the construction is a
35 hundred and two thousand, out of a total preliminary engineering report that was done previously of
36 five hundred and thirty thousand. We'd appreciate some consideration from the Board for a grant.

37 DELEGATE KILGORE: The total cost is a hundred and two thousand?

38 MR. BEATTIE: Yes, sir.

39 DELEGATE KILGORE: Thank you.

40 MR. FLACCAVENTO: Thank you, I appreciate the opportunity. A couple of
41 quick updates related directly to the proposal, and then why I'd like to get some support out of this
42 body. A couple of the other matching sources of funds that were pending at the time of the proposal,
43 I'm glad to say have been secured, sixty thousand from USDA Rural Development and by letter
44 yesterday, a four-year grant from the W. K. Kellogg Foundation, about a hundred thousand a year. So
45 all of our pending support is secure, and you all are a big part of that.

46 The other update is that we were talking about a potential or major new buyer at the time
47 that the proposal was written, and we have secured that buyer, a major grocery chain in North
48 Carolina. We're going to kind of put our feet in the water with them, but they're potentially a huge

1 market for us.

2 What I proposed after I received the letter requesting that our proposal be moved to the
3 Agribusiness Committee may be a split, if you're willing to do that. Our total request is a hundred
4 and twenty thousand dollars, and we don't need that all prior to the convening of the Agribusiness
5 Committee. What we do need, and I've gone through the proposal, and that's about forty percent of
6 that for this forced air cooler unit, which will help us improve the shelf life of our produce, which has
7 been a major problem. Some vendors use it and some other type of improvements, many of you have
8 visited our facility in Lee County, and that's one piece of it.

9 Then two other technical assistance components to it. We have fourteen or fifteen new
10 farmers this year and about a dozen are tobacco farmers. We have the federal certification standards
11 now from USDA, which are considerably more difficult than Virginia standards. The amount of time
12 we're spending one on one with these farmers is really enormous. So that's fifty thousand, about forty
13 percent of it out of this, and we'd be able to wait for consideration for the balance through the
14 Agribusiness Sub-Committee, because those other expenses will be ongoing for the remainder of the
15 year.

16 DELEGATE JOHNSON: I have a question, Mr. Chairman. Forty percent of
17 fifty thousand will be twenty thousand?

18 MR. FLACCAVENTO: No, forty percent of the total request, which is a
19 hundred and twenty thousand. It's forty-eight thousand, and I'm rounding it up to fifty. I'm asking for
20 fifty thousand out of a hundred and twenty thousand dollar request, and the balance I hope will be
21 considered by the Agribusiness. It's a matter of timing and in truth, we don't need it all in the next
22 few months, but we do need approximately that amount to meet these market demands that we have.
23 This is a picture of one of our sections in Food City, and I'll pass it around. We will be in Food City
24 the third week of June, and we'll probably be in Ukrop's by the first or second week in July. Having
25 the support now for that cooler will be instrumental.

26 DELEGATE JOHNSON: Ukrop's, do you have them on board?

27 MR. FLACCAVENTO: Yes.

28 DELEGATE JOHNSON: Mr. Chairman, it would appear to me, and I believe in
29 the proposed budget, 1.9 million is set aside for the Agribusiness. If we approve the fifty thousand
30 and that is deducted from that, he said it's critical. Are you being serious that if you don't get it in the
31 next couple of weeks, are you going to be damaged to the point of no return?

32 MR. FLACCAVENTO: We can hold on, but we won't be able to take the next
33 step. The larger markets like Ukrop's and Food City are demanding, or strongly urging that --

34 DELEGATE JOHNSON: That's where the profit is, isn't it?

35 MR. FLACCAVENTO: Yes, we can raise the produce, and we've got the
36 markets. We want to be able to get the product to the market so that it will look good and hold, and
37 that's where this cooling unit and some of the other things will make a difference.

38 DELEGATE KILGORE: Thank you. Is there anyone else that I had
39 overlooked?

40 MR. BETHEL: My name is Tom Bethel, and I'm Executive Director of the
41 Southwest Virginia Tech Council. What we're doing, and we've been developing these clusters, and
42 basically it's designed to promote new businesses in the 21st century. Most of you probably don't
43 know what an innovative cluster is, but it's basically a concept developed at Harvard University.
44 Innovation clusters are utilized at such places as Silicon Valley, the Research Triangle in North
45 Carolina and in Atlanta at the Tech Corridor down there. We want to put an innovation cluster on a
46 web portal. We recently have in our area an e-commerce center, and we have that agreement with the
47 two business incubators in our region. We feel we could develop over a five year period possibly two
48 hundred entrepreneurs to go through the program, and we figure attrition probably would kill off

1 ninety percent, and we could end up with probably three hundred additional jobs in the area.

2 The driving economic factor behind this would be an innovation research program of the
3 federal government. It currently gives out 1.6 billion dollars in small business grants per year. The
4 area I represent, the far Southwest Virginia, has basically never won an SBIR grant. I have
5 experience, when I've written these grants in other states, it's not an easy task at all. Only twelve
6 percent of any SBIR proposals are accepted. There's available money in the federal government for
7 this. Recently we brought on board UVA Wise with their new program for engineering, and they're
8 looking to partner with us.

9 DELEGATE KILGORE: We'll discuss it, and there's going to be some money in
10 the Technology Committee. This is something we can consider, I think the Technology Committee.

11 MR. SMITH: I'm Mark Smith from Dickenson County. The reason we think
12 the Commission should look at funding this project is it takes in economic development, education
13 and tourism. This project will be self-sustainable once we get the education system online with all
14 the schools. Because of the SOL requirements of having broadband Internet access, the cost to the
15 school system is going to be such that we'll be able to overcome some of the cost that the school
16 system would have to incur.

17 Tourism-wise, with the wireless network, our network operation center will be able to
18 provide space for such as the museums and things like that. With the innovation of this technology
19 we'll be able to offer an advantage for businesses to locate in Dickenson County with the broadband
20 access to be able to connect back to their offices where they would be, also partnering with key
21 businesses. The small businesses we already have we can help to grow, because they'll have that
22 open worldwide market they don't have at this point. We'll also be providing server space.

23 DELEGATE KILGORE: Thank you. Anyone else?

24 MS. HATFIELD: Mr. Chairman and Committee members, I'm Pat Hatfield.
25 We're requesting thirty-three hundred dollars for the high school wireless project. The money is
26 essential for us to be able to link back to the main library in Marion. We hope you'll consider this
27 project, because it's essential to the building project. If you have any questions I'll be glad to answer.

28 DELEGATE KILGORE: This goes to the high school?

29 MS. HATFIELD: To the current high school and then the main library in
30 Marion.

31 MS. FISHER: Mr. Chairman, my name is Sandra Fisher, I'm the Director of the
32 4-H Staff. We would fall under Education, but also Economic Development. The tourism or the
33 groups that we attract from outside of our region that we bring in, what we're asking for is
34 infrastructure improvements. We approached you last year, and we did a lot of work on burley.
35 Hopefully, when we get our facility that we want to prepare and fix and this has been patched and
36 patched so many times now, we're beyond patching, and we've got to do something different. We feel
37 once we get to the point where they need to be, we'll be okay.

38 DELEGATE KILGORE: You all have done a great job.

39 MS. FISHER: We had a group of thirty-two people from Michigan come in, and
40 they did about forty thousand dollars worth of work so far and provided supplies and materials that
41 we needed.

42 SENATOR WAMPLER: This is off the wall, but I want to thank the 4-H Center
43 for allowing the Army Reserve to use that site as an ultimate training assembly area in case our
44 facility is unusable.

45 MS. FISHER: We're glad to do it. We try to do the things we do by keeping our
46 costs as low as possible. In order to do that our user groups and other groups have come in through
47 the year, the foundations and private donations are what give us that opportunity to do these things
48 that we do. If we raise fees we leave a child out, and we don't want to do that.

1 DELEGATE KILGORE: Thank you.

2 SENATOR WAMPLER: I'd like to suggest one item. I want to draw the
3 Committee's attention to the Heart of Appalachia Tourism Authority, a three hundred thousand dollar
4 request that went to Special Projects. I don't know if you were here or heard much of the discussion.
5 I think what was absent in the Special Projects Committee, for lack of a better word, was a business
6 plan. They made assumptions that I'm not sure we were able to quantify in terms of the market. I
7 suspect the market exists, but we weren't sure what the three hundred thousand dollars was being
8 spent on by categories. I don't know the appropriate time for a motion to ask you to consider this, but
9 that we allocate an amount, say up to ten thousand dollars for technical assistance and for purposes of
10 developing a business plan. It may be that that won't work for them, but I feel like they do have a
11 niche market. I know they wanted to do something in forty days, but the regulatory requirements that
12 must be met from the Commissioner's Office, and I know the Health Department has those
13 regulations, maybe at the appropriate time we can consider doing that, a technical business plan and a
14 study for them.

15 DELEGATE KILGORE: We'll consider that at the appropriate time. Let's start
16 going through these projects, and someone needs to keep me in balance with the checking account,
17 and I don't want to get over-drafted. What's the best way to start?

18 MR. PFOHL: I was going to suggest Ms. Nelson, the Southside Grant
19 Administrator, she has the spreadsheet, and she'll have a running total.

20 DELEGATE JOHNSON: On the Appalachian Sustainable Development, the
21 forty-eight thousand, and having a little bit of experience with farming and growing crops, and I
22 know when the strawberries get ripe, they're ripe, and you got to move. If we're going to allocate
23 money, then the forty-eight thousand would be deducted from the 1.9 million that I hope they're
24 going to allocate.

25 DELEGATE KILGORE: What we can do is just go ahead and fund it from here
26 and then put a request in for reimbursement of the forty-eight thousand when we pass that.

27 DELEGATE JOHNSON: I make a motion that we allocate the forty-eight
28 thousand.

29 MR. BANNER: I'll second it.

30 DELEGATE KILGORE: All in favor of allocating forty-eight thousand to the
31 Appalachian Sustainable Development and the remainder will be deferred to the Agribusiness
32 Committee for consideration, say aye. (Ayes.) The motion passes.

33 Scott County Hair Sheep Co-op, twelve thousand two ninety.

34 SENATOR WAMPLER: I'd propose that the twelve thousand two hundred and
35 ninety thousand dollars be allocated.

36 DELEGATE JOHNSON: Second.

37 DELEGATE KILGORE: With the same provision that we may be able to get
38 some of that back from the Agribusiness. All those in favor of the motion for Scott County Hair
39 Sheep Co-op, twelve thousand two hundred ninety dollars, say aye? (Ayes.)

40 SENATOR WAMPLER: Mr. Chairman, on the Clinch Mountain farmers, I don't
41 know that we're in a position to do the same for transportation and cooling, when the growing season
42 is ripe, it's ripe and ready to go to market.

43 DELEGATE KILGORE: Carthan advised me a few moments ago that after we
44 pass the budget, that Agribusiness could have a meeting within two or three weeks.

45 MR. FIELDS: Mr. Chairman, we've discussed Clinch Mountain for two or three
46 years, and I think we had discussed they either partner up with someone or apply and get their tax
47 exempt or non-profit.

48 DELEGATE KILGORE: I think once Delegate Johnson gets his allocation and

1 convenes a meeting, we can get going on that. All right, let's start at the top.

2 Scott County Economic Development Authority "E-Corridor Industrial Park". My
3 understanding of this is that there is a dollar for dollar match or some money from VCEDA, is that
4 correct?

5 MR. FLANNERY: One-third and two-thirds. VCEDA will put up one-third.

6 DELEGATE KILGORE: The two-thirds was the 1.6. This is the one we were
7 talking about funding some from here and funding some from Special Projects, because the industrial
8 park is a regional concept, and it's right on the county line for all three counties.

9 MR. FIELDS: Mr. Chairman, when I looked at this it looks like the flagship
10 project, what did you have in mind for Special Projects?

11 SENATOR WAMPLER: We maybe able to draw down eight hundred thousand
12 or seven hundred thousand from Special Projects. I think something in the neighborhood of seven or
13 eight hundred for Scott County, and that would allow them to do the deal.

14 DELEGATE KILGORE: I think that would allow them to work with VCEDA
15 with the dollars, I think we could do that. Seven or eight hundred thousand of Special Projects in the
16 county, it's a good project.

17 MR. FIELDS: It sure is, and it's a proven quality, very regional, three, four or
18 five counties.

19 SENATOR WAMPLER: Why don't we split it down the middle and call it eight
20 hundred and thirty thousand, and that's the motion I'd make.

21 MR. FIELDS: Second.

22 DELEGATE KILGORE: Are you subjecting that to co-locations in dark fiber
23 and utility lines?

24 MR. FLANNERY: That's in the budget, Mr. Chairman, it's in the budget, and
25 it's approved.

26 DELEGATE KILGORE: We couldn't have an eCorridors Park without that, I
27 guess. I have a motion and a second, all in favor say aye? (Ayes.) That passes.

28 Do I have a motion to request Special Projects for some dollars on Thursday morning?

29 MR. FIELDS: I'll make the motion.

30 MR. BANNER: Second.

31 DELEGATE KILGORE: All in favor say aye? (Ayes.) All right. You're
32 keeping a running tab on this?

33 All right, Galax/Grayson County Regional Industrial Park.

34 MR. ELLIOTT: Mr. Chairman, I may have left some confusion when we talked
35 about the dollar amounts. The purchase price of the land is two hundred and five thousand, and
36 Grayson County/Galax have committed another one hundred and ninety thousand or just short of a
37 hundred and ninety-three thousand each. That makes our request for funding from you fifty-four
38 percent of the total. We didn't shoot for that as a percentage, but we did it that way so it could be
39 allocated specifically to the component of the engineering estimate.

40 SENATOR WAMPLER: A developer of the county told us he would submit the
41 application to other funding agencies for this, correct?

42 MR. ELLIOTT: Our forty-six percent is our commitment. The part that might
43 be submitted to other funding agencies would be primarily VDOT for the access road.

44 SENATOR WAMPLER: There are other funding agencies that could participate
45 in this particular work. I think three hundred thousand dollars is a reasonable investment for this
46 particular project and get them well on the way. I think they could find other funding to help.

47 DELEGATE JOHNSON: Mr. Chairman, I'd remind you that the Washington
48 County Industrial, the county put up half.

1 DELEGATE KILGORE: Didn't we recently make an investment in Grayson
2 County, nine hundred thousand?

3 MR. ELLIOTT: It's my understanding this is our first request from economic
4 development.

5 SENATOR WAMPLER: Galax with the small business incubator and the single
6 largest investment that the Tobacco Commission made. I think we obligated 1.2 and brought it down
7 to nine hundred thousand.

8 MR. ELLIOTT: As Chairman of the Incubator Board, I really appreciate that.

9 SENATOR WAMPLER: I made a motion for three hundred thousand.

10 DELEGATE KILGORE: You made it for three hundred thousand with the
11 proviso that they partner or apply for other sources.

12 DELEGATE JOHNSON: A substitute motion for two hundred thousand.

13 MR. FIELDS: I'll second that.

14 DELEGATE KILGORE: We have a substitute motion and seconded for two
15 hundred thousand. Any discussion? All in favor of two hundred thousand, say aye? (Ayes.)

16 All right, moving on. Carroll County Water Line Extension. These are suggested, and I'm
17 going to be making a presentation to the Full Commission on Thursday. All right, Carroll County
18 Water Line Extension to Exit 19, 1-77, four hundred and fifty thousand. Staff recommends three
19 hundred thousand.

20 SENATOR WAMPLER: The Committee is not going to go wrong investing in
21 water projects, and the only question is how much do we wish to participate in this particular project.
22 I'd suggest two hundred thousand for this particular project, and that's the motion.

23 DELEGATE KILGORE: That's the motion, do I have a second? Do I have a
24 substitute motion? All right, moving along.

25 Barter Foundation, Inc., Stonewall Square: Enhancing Regional Cultural Tourism. This is
26 a million dollar request.

27 SENATOR WAMPLER: The one thing that I still would like to see is a
28 stronger sense of commitment from the town and the county. I think I know they're going to support
29 it, but I have not seen a resolution to that effect from them. An official communication from a local
30 government body that says we will commit X amount of dollars to this. There's still probably some
31 issues left beyond that as to how you see the final footprint of the development. I don't want Barter
32 to say the Tobacco Commission is not supporting them, but I'm not sure we're ready as a Commission
33 at this point, we don't know what percentage our participation is should we decide to do it. I guess
34 I'm saying we could defer it to the next meeting when we'll have more communications, but that's just
35 one thought.

36 DELEGATE KILGORE: What about the situation where you have Abingdon or
37 Washington County be the recipient?

38 SENATOR WAMPLER: Barter can speak for themselves, but I don't think they
39 really care as long as the cash went to the project.

40 DELEGATE KILGORE: If you had Abingdon or the county, or if you have a
41 commitment to Barter, or if you don't have a commitment from Abingdon or Washington County, it
42 doesn't matter to me which one, and here's X amount of dollars subject to your match if you want to
43 buy into this project.

44 DELEGATE JOHNSON: Mr. Chairman, I'll second Senator Wampler's motion
45 to defer this until we find out so we'll know the amount that we should invest.

46 DELEGATE KILGORE: Without objection that'll be fine.

47 All right, the Virginia Highlands Business Incubator. We moved that to Special Projects.
48 The Town of Marion, I believe we've already got a motion. We tabled it until we get a

1 request back, or whoever, or another call center.

2 Town of Pennington Gap Downtown Revitalization Project. They've requested two
3 hundred and sixty thousand, and the Staff recommends two hundred.

4 SENATOR WAMPLER: That's part of the 2.6 million. So, I'll make a motion to
5 allocate two hundred thousand to the project.

6 MR. FIELDS: I'll second it.

7 DELEGATE KILGORE: We've got a motion and a second for two hundred
8 thousand. Any substitute motion? All those in favor say aye? (Ayes.) All right, that passes.

9 White's Mill Foundation, and it's a request for three hundred eighty two eight hundred, and
10 the Staff recommended a hundred and fifty-one thousand seven eighty-six for structural renovations.
11 What could they do with less?

12 MR. PFOHL: Well, I think they could secure the roof first and stop the water
13 leaking, and I'm sure besides the roof needs work and the exterior. I think as a general policy it's
14 probably a good thing.

15 DELEGATE JOHNSON: Mr. Chairman, who owns the foundation, White's
16 Mill?

17 MR. PFOHL: It's a non-profit organization. I would presume that the Board of
18 Directors or whoever their registered agent is would have the principal responsibility. A Board of
19 Directors for a 501 C3 would have responsibility for ownership in their corporate name.

20 DELEGATE JOHNSON: Is that true or just what you assume?

21 MR. PFOHL: I presume that.

22 DELEGATE KILGORE: Does anyone have the application?

23 UNIDENTIFIED: Gene Neil, Board Chairman, that's the Chief Executive
24 Officer.

25 DELEGATE KILGORE: If you want to do something subject to --

26 DELEGATE JOHNSON: -- This property has been sold more than once in the
27 last four or five years, and everybody seems to make a good profit. I don't think we should use
28 Tobacco Commission moneys to enhance the property that's later going to be sold, and people make a
29 profit on it.

30 DELEGATE KILGORE: I think within our guidelines it would have to be non-
31 profit.

32 SENATOR WAMPLER: Mr. Chairman, do you want to defer this until we do
33 our due diligence?

34 DELEGATE JOHNSON: Yes, I'd feel more comfortable.

35 DELEGATE KILGORE: All right. William King Regional Art Center.

36 DELEGATE JOHNSON: I move that we grant one hundred thousand.

37 MR. BANNER: I'll second it.

38 DELEGATE KILGORE: There's a motion on the table for a hundred thousand.

39 SENATOR WAMPLER: I'm wondering, because the Staff recommendation was
40 for a bit more.

41 DELEGATE JOHNSON: Well, it was probably, I'll be glad to let you amend it
42 and add to it.

43 SENATOR WAMPLER: A friendly amendment, a hundred and twenty-five
44 thousand.

45 DELEGATE KILGORE: There's a substitute motion for a hundred and twenty-
46 five thousand. The motion has been seconded. All those in favor for a hundred and twenty-five, say
47 aye? (Ayes.) That passes.

48 Next is the Carter Family Memorial Music Center, Carter Fold Additions.

1 SENATOR WAMPLER: Mr. Chairman, I'm going to recommend the full
2 amount of a hundred and thirteen thousand five hundred and eighty-three, and that's my motion.

3 DELEGATE KILGORE: I think this is a third of the money they applied for,
4 and they're applying for others.

5 DELEGATE JOHNSON: I'll second it.

6 DELEGATE KILGORE: All those in favor say aye? (Ayes.) All right.

7 Next is the Crab Orchard Museum & Pioneer Park Phase II Expansion request for two
8 hundred thousand.

9 SENATOR WAMPLER: Mr. Chairman, Mr. Thompson was strong in his
10 advocacy for the amount of one hundred thousand dollars. Seeing that he's not here today, I'll move
11 in his absence for a hundred thousand for the Crab Orchard Museum.

12 DELEGATE JOHNSON: Second.

13 DELEGATE KILGORE: There's a motion and a second for a hundred thousand
14 dollars. All in favor say aye? (Ayes.) All right.

15 Next is Virginia Southwest Blueridge Highlands Tourism Association, and they requested a
16 hundred thousand dollars.

17 SENATOR WAMPLER: Mr. Chairman, I'd like to ask a question. How are you
18 able to concentrate on web development partnering with the Higher Education Center in Abingdon?
19 What type of reasonable cost do we assume? That's what I'm getting at with the motion, but I'd like
20 to know what it would be.

21 MR. PFOHL: I think we'd probably have to request a revised budget page and
22 sources of funds and for them to detail how they would use the funds and how Commission funds
23 would be partnered with other funds.

24 SENATOR WAMPLER: That doesn't tell me a whole lot. I'd say an amount up
25 to fifty thousand dollars. Put it in the hands of the Staff to determine what a reasonable amount is,
26 and if it's ten thousand, it's ten thousand, and if it's fifty, it's fifty, an amount not to exceed fifty
27 thousand.

28 MR. FIELDS: That's number twelve?

29 DELEGATE KILGORE: I don't have mine numbered.

30 MR. FIELDS: Russell County Virginia Coalfield Economic Development
31 Authority --

32 MR. PFOHL: Yes, there's a handout in the packet, and that has that list of
33 projects, we recommend referral to other committees.

34 MR. FIELDS: You're going to take that up Thursday morning?

35 SENATOR WAMPLER: I don't know that we're going to take it up Thursday
36 morning.

37 MR. PFOHL: That target industry study basically is an activity that is an exact
38 parallel to something that's come into Special Projects through a request as part of a larger regional
39 project. We said, why should we go ahead and fund a smaller version of that here when there's a
40 larger version in Special Projects. And that's why we referred it.

41 MR. FIELDS: All right, then I was going back.

42 DELEGATE KILGORE: It's your committee and you can do what you want to.

43 SENATOR WAMPLER: For Virginia's Southwest Blueridge Highlands Tourism
44 Association, I recommend an amount not to exceed fifty thousand for purposes of developing a web-
45 based tourism opportunities.

46 DELEGATE JOHNSON: Second.

47 SENATOR WAMPLER: And to be coordinated through the Higher Education
48 Center.

1 DELEGATE KILGORE: We have a motion and it's been seconded. All in favor
2 say aye? (Ayes.) All right, that passes.

3 Birthplace of Country Music Alliance, a hundred and thirty-nine thousand, funds requested
4 for operating support, programming and heritage research and promotion. I think we narrowed that
5 down.

6 SENATOR WAMPLER: Mr. Chairman, I think that boils down to, if you break
7 the code, that means you use it for festivities on the National Mall at the Smithsonian for the summer.

8 UNIDENTIFIED: None of that money will be used for that festival. One of the
9 reasons was that funding for that was needed to be in place before this body could rule on what the
10 final amount would be. It's more for enhancement of our operational development, the tourism
11 potential following the festival.

12 DELEGATE JOHNSON: I move that we approve twenty-five thousand.

13 SENATOR WAMPLER: Second.

14 DELEGATE KILGORE: We have a motion, twenty-five thousand, and a
15 second. Any other discussion on that? All those in favor signify by saying aye? (Ayes.) All right.

16 Next is the Appalachian Traditions construction and renovations program.

17 SENATOR WAMPLER: Tim, does that fifty thousand cover construction only?

18 MR. PFOHL: Yes, it does not involve a parking lot, I believe.

19 SENATOR WAMPLER: I would move and recommend fifty thousand in
20 accordance with the Staff recommendation.

21 MR. FIELDS: I second that.

22 DELEGATE KILGORE: There's a motion on the floor and the second. All in
23 favor say aye? (Ayes.) All right, fifty thousand dollars for Appalachian Traditions.

24 Next is Mountain Empire Regional Business Incubator. There's a request for thirty-six
25 thousand four hundred and seventy one, and the Staff recommends thirty, subject to dollar for dollar
26 match.

27 SENATOR WAMPLER: I'd move the Staff recommendation for thirty thousand
28 dollars.

29 DELEGATE KILGORE: It's been moved and seconded. All those in favor say
30 aye? (Ayes.) All right.

31 Next, is PDC-Richlands, Staff recommends thirty thousand dollars for technology and
32 promotional items.

33 SENATOR WAMPLER: I recommend thirty thousand, I'll make that motion.

34 MR. FIELDS: Second.

35 DELEGATE KILGORE: All those in favor say aye? (Ayes.)

36 Scott County Chamber of Commerce, Copper Creek Interpretive Center. It's a sixty
37 thousand dollar request. Staff recommends twenty, subject to project sponsors working with VDOT
38 on approval and actual dollar for dollar match.

39 SENATOR WAMPLER: Mr. Chairman, I recommend twenty thousand, and I'll
40 make that in the form of a motion.

41 DELEGATE JOHNSON: Second.

42 DELEGATE KILGORE: All those in favor say aye? (Ayes.) That passes
43 subject to them working with VDOT.

44 Next is Bristol Historical Association, Preservation, Robert Preston House at Walnut
45 Grove.

46 DELEGATE JOHNSON: Shouldn't we refer that until we find out the status of -

47 -

48 SENATOR WAMPLER: If you defer it the house will probably be demolished.

1 Let me make it subject to an examination on the part of the Staff to meet your concerns that it's non-
2 profit, is that what you're after?

3 DELEGATE JOHNSON: That's our mission. I'll second the motion.

4 SENATOR WAMPLER: I was going to adjust the Staff's recommendation and
5 ask for twenty-five thousand.

6 DELEGATE KILGORE: What is that?

7 SENATOR WAMPLER: The motion would be that we fund twenty-five
8 thousand dollars subject to examination by Staff to ensure that the property has been properly
9 conveyed to the non-profit.

10 DELEGATE KILGORE: And there was a letter referral required by the
11 Department.

12 DELEGATE JOHNSON: Second.

13 MR. FIELDS: That is that there's an approval, non-profit.

14 DELEGATE KILGORE: And subject to the Department of Historical
15 Preservation.

16 Next is the Buchanan County Tourist Train and Recreation Area Study.

17 Moving along, Scott County Economic Development Authority, Clinch River Recreation
18 Area. We'll defer that to the Department of Conservation and Recreation. Do we have a motion to
19 defer it?

20 SENATOR WAMPLER: So moved.

21 DELEGATE KILGORE: It's been moved and seconded. All those in favor say
22 aye? (Ayes.)

23 Next is Town of Nickelsville, Little Duck Water Line Extension. No funding, but we'll
24 provide a letter of referral of this project to the VRA. Do we have a motion?

25 MR. FIELDS: So moved.

26 DELEGATE KILGORE: The next one is Daniel Boone Wilderness Trail
27 Association.

28 SENATOR WAMPLER: I'm going to recommend, Mr. Chairman, that we break
29 with Staff's recommendation, and we allocate fifteen thousand dollars to the Interpretive Kiosk.

30 MR. BANNER: Second.

31 MR. FIELDS: That has to be done.

32 MR. PFOHL: As a point of information here, Mr. Chairman, there was no
33 match whatsoever proposed in this application. If we fund this we make it contingent on some sort of
34 match.

35 DELEGATE KILGORE: We could make it contingent upon a match and site
36 selection in western Lee County, can that be a qualifier?

37 MR. PFOHL: Yes, sir, I believe they have a site in mind, but certainly have that
38 as a condition.

39 MR. FIELDS: Are we asking them to match the fifteen thousand?

40 DELEGATE KILGORE: It wouldn't cost that much. Change that motion to ten
41 with a match of five. I think I followed Robert's Rules pretty close.

42 SENATOR WAMPLER: Mr. Chairman, I'd move we allocate ten thousand
43 dollars with a required local match of some type of five thousand dollars.

44 MR. FIELDS: Second.

45 DELEGATE KILGORE: All those in favor say aye? (Ayes.) All right.

46 Clinch Valley Little League, we're going to recommend no funding, but provide a letter of
47 referral to the Department of Conservation and Recreation by Planning and Grants Staff. Do I have a
48 motion?

1 MR. FIELDS: So moved.
2 DELEGATE KILGORE: It's been moved and seconded. All those in favor say
3 aye? (Ayes.)
4 Next is Dickenson County Loan Payment on the Jettie Baker Center. Appeared Staff
5 recommends no additional funding. Any comments? It's been moved and seconded. All those in
6 favor say aye? (Ayes.) All right.
7 MR. BANNER: I'd like to see this, as I know you would, preserved.
8 DELEGATE KILGORE: If they don't get any funding they can come back and
9 address the problems in a future meeting if they're not successful.
10 MR. BANNER: They've addressed themselves to the Mill and then they address
11 other areas of Nickelsville. I'm really interested in the Mill aspect of that. If they'd like to do
12 something later.
13 SENATOR WAMPLER: Mr. Chairman, unless the Office of the Attorney
14 General calls me out of order, I'd like that application to remain in part in this Sub-Committee, so we
15 might want to take future action on it, too. I'd ask the record to reflect that application also remain
16 within the Southwest Economic Development Committee.
17 DELEGATE KILGORE: UVA-Wise Entrepreneurial Development Program
18 asking for fifty thousand, funds requested to assist local entrepreneurs in developing their ideas into
19 businesses within the region. Program located at UVA-Wise, plans to accept student and non-student
20 application. The Special Projects Committee is reviewing guidelines for a program that would
21 provide this type of loan product. I don't think we heard anything on this. Do I have a motion?
22 SENATOR WAMPLER: So moved.
23 MR. BANNER: Second.
24 DELEGATE KILGORE: All right. Now we're down to Southwest Virginia
25 Workforce Investment Board. Do you all feel it's necessary we get started now on this?
26 MR. HONEYCUTT: Yes, time is of the essence on this. The other money is
27 coming out of the WI budget.
28 DELEGATE KILGORE: This would be good information to have to know
29 where we're going. The Staff recommended that it be referred to the Technology Committee.
30 MR. BANNER: You requested two fifty?
31 MR. HONEYCUTT: Yes, sir.
32 MR. FIELDS: Could you give us an update?
33 MS. NELSON: The spreadsheet shows a balance of one million two hundred
34 thousand nine hundred and thirteen.
35 SENATOR WAMPLER: Mr. Chairman, we normally retain 1.1 or 1.2 million
36 balance for future submissions, or for lack of a better word, our own deal closings should something
37 not meet the Commission's guidelines. If the request was two fifty, for purposes of balancing, I
38 would suggest no more than one twenty-five, we have to go back and adjust should we want to do
39 that.
40 MR. FIELDS: We also have another grant application this year.
41 MR. BANNER: I make a motion we fund it for a hundred and twenty-five
42 thousand.
43 SENATOR WAMPLER: I'll second it.
44 DELEGATE KILGORE: All in favor of funding a hundred and twenty-five
45 thousand, say aye? (Ayes.)
46 Now we have the Virtual Innovation Clusters going to the Technology Committee and the
47 Integrated Network. The Technology Committee is going to be funded?
48 SENATOR WAMPLER: Yes.

1 DELEGATE JOHNSON: Mr. Chairman, I think we're down to the point that we
2 should defer passing on anything additional and wait until we see what money we get from the
3 budget and see what's funded to Education, Technology and whatever. We've got two on hold, we've
4 got Barter on hold and a couple of others.

5 DELEGATE KILGORE: We've got the 4-H Center and Chilhowie. Those are
6 going to the Education Committee, the 4-H Center and the high school renovation and Smyth-Bland.

7 SENATOR WAMPLER: Mr. Chairman, I think Education's over ten million
8 dollars.

9 DELEGATE KILGORE: Anyone else have anything else they want to bring up?

10 SENATOR WAMPLER: We missed an item. I think we should follow up on
11 what Mr. Field's says, Clinch Mountain Farmers, Inc. I'd suggest we ask our Executive Director to
12 inquire as to what their status is as to for profit or not for profit.

13 DELEGATE KILGORE: Carthan, can you do that or somebody on your Staff?

14 MR. CURRIN: Yes, sir.

15 DELEGATE KILGORE: Would it be possible to find out before Thursday from
16 the Attorney General's Office?

17 MR. CURRIN: Yes.

18 DELEGATE KILGORE: I think we went through everything and addressed
19 them. So, is there anything else to come before the Committee?

20 These are recommendations that will be presented to the Board, to the Full Commission
21 Thursday.

22 MR. CURRIN: The Tobacco Commission will meet in Halifax County at Berry
23 Hill at 11:00 a.m. on April 24th.

24 DELEGATE KILGORE: Do I have a motion that this Committee adjourn until
25 Thursday?

26 MR. BANNER: So moved.

27
28
29 PROCEEDINGS CONCLUDED.
30 CERTIFICATE OF THE COURT REPORTER
31

32
33 I, Medford W. Howard, Registered Professional Reporter and Notary Public for
34 the State of Virginia at large, do hereby certify that I was the court reporter who took down and
35 transcribed the proceedings of the **Southwest Economic Development Committee meeting when**
36 **held on Tuesday, April 22, 2003 at 12:30 p.m. at the Hotel Roanoke and Conference Center,**
37 **Pocahontas Room, Roanoke, Virginia.**

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

40 Given under my hand this 5th day of May, 2003.
41

42
43 _____
44 Medford W. Howard
45 Registered Professional Reporter
46 Notary Public for the State of Virginia at Large
47

1 My Commission Expires: October 31, 2006.