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8 Southwest Economic Development Committee
9 Thursday, May 20, 2004
10 8:00 a.m.
11 Institute for Advanced Learning and Research
12 Danville, Virginia
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14 **APPEARANCES**
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17 The Honorable Terry G. Kilgore, Chairman
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19 The Honorable Philip P. Puckett, Vice Chairman
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21 The Honorable William C. Wampler, Jr.
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23 The Honorable Joseph P. Johnson
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25 Mr. Stephen S. Banner
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27 Mr. James C. Thompson
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29 Mr. H. Ronnie Montgomery
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31 **Commission Staff**
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33 Carthan F. Currin, III
34 Executive Director
35

36 Mr. Ned Stephenson
37 Manager of Strategic Investments
38

1 Mr. Timothy J. Pfohl
2 Grants Program Administration Manager
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4 Ms. Sara Griffith
5 Grants Coordinator – Southwest, Virginia
6

7 Attorney General's Office
8

9 Mr. Frank Ferguson
10 Senior Assistant Attorney General
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13 May 20, 2004
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16 DELEGATE KILGORE: Good morning everyone let me
17 call this meeting to order. This should be a fairly short meeting. Ned,
18 would you call the role?

19 MR. STEPHENSON: Delegate Kilgore:

20 DELEGATE KILGORE: Here.

21 MR. STEPHENSON: Senator Puckett?

22 SENATOR PUCKETT: Here.

23 MR. STEPHENSON: Mr. Banner?

24 MR. BANNER: Here.

25 MR. STEPHENSON: Mr. Fields?

26 MR. FIELDS: (No response)

27 MR. STEPHENSON: Delegate Johnson?

28 DELEGATE JOHNSON: Here.

29 MR. STEPHENSON: Mr. Montgomery?

30 MR. MONTGOMERY: Here.

31 MR. STEPHENSON: Secretary Schewel?

32 SECRETARY SCHEWEL: (No response)

33 MR. STEPHENSON: Senator Wampler?

34 SENATOR WAMPLER: Here.

35 MR. STEPHENSON: Mr. Thompson?

36 MR. THOMPSON: Here.

37 DELEGATE KILGORE: We have a quorum. Thank
38 you Ned. We've got a couple of key applications for economic

1 development. The first one is Clinch Mountain Farmers and let me
2 speak to that one first. I have done some calls on that since our
3 meeting on Monday. I believe what they're asking here is to have a
4 change in the FY02 award. I believe the best thing for us to do is to
5 approve the change in use subject to the Clinch Mountain Farmer's
6 providing the staff with their independent audit if that's possible. Is
7 that possible Frank?

8 MR. FERGUSON: Yes, sir.

9 DELEGATE KILGORE: Subject to staff receiving the
10 audit and approving the audit.

11 MR. MONTGOMERY: What is the change?

12 DELEGATE KILGORE: The change is that they had
13 proceeds from the FY02 award and then they obtained a new building
14 on 58 and they want to move this money to that but in the meantime
15 they had some problems with an employee and some allegations of
16 some funds missing. They're going to do an audit and we would want
17 to make sure that they tell us that there's no tobacco funds involved in
18 that employee's allegations. We're waiting on an audit before we
19 approve the money, that's what we're waiting for to see if anything
20 has changed. Do you know anything different?

21 MR. PFOHL: No, I don't know anymore. The proposal
22 would put the staff in a position of having to chose whether it's
23 satisfactory or not, the audit.

24 DELEGATE KILGORE: I would think if we waited
25 until July it would not be that big of a problem. Could we have the
26 staff review that audit and let the members of this Committee know
27 what the audit said before the July meeting?

28 MR. PFOHL: Absolutely.

29 DELEGATE KILGORE: Is there a motion to defer this
30 until the July meeting?

31 MR. MONTGOMERY: I so move.

32 DELEGATE JOHNSON: Second.

33 DELEGATE KILGORE: All those in favor say aye
34 (ayes) All right, that passes. Now we've got the Barter Theater
35 request and I believe \$100,000 was recommended by the staff for the
36 funds for the infrastructure there for the Stonewall Square
37 infrastructure improvements which is across the street from the Barter
38 Theater; the expansion of the Barter. These monies would be used for

1 storm water improvements including drainage and things like that.
2 That would not go for the theater operations and I believe I'm right on
3 that. So that's where we are, any discussion on that issue?

4 MR. MONTGOMERY: Mr. Chairman, I'd make a
5 motion that we approve the staff's recommendation.

6 DELEGATE KILGORE: Up to \$100,000?

7 MR. MONTGOMERY: Yes.

8 MR. PFOHL: Mr. Chairman, let me reiterate a point I
9 made on Monday afternoon in Abingdon is that I'd like to clarify the
10 staff's recommendation because I probably didn't word that
11 accurately. The offset component of their drainage would be in the
12 ballpark of 21 to 22 thousand. If I could amend the staff's
13 recommendation, \$100,000 for offsite and on-site soil drainage.

14 DELEGATE KILGORE: That includes the grading in
15 that staff proposal?

16 MR. PFOHL: It probably would be advantageous to give
17 them the option to use the funds for the drainage, I think our position
18 was that providing offsite drainage of \$21,500 probably would be the
19 first priority in the staff's view and then the balance of the award for
20 the onsite improvements be it drainage or site drainage and things like
21 that and that would give them flexibility.

22 DELEGATE JOHNSON: Mr. Chairman, I'm just
23 wondering what about the Town of Abingdon, Commonwealth of
24 Virginia, does any of this benefit them, the proposal, should they not
25 contribute something to it?

26 DELEGATE KILGORE: \$50,000 currently coming
27 from the Town of Abingdon, is that coming through? To say that it's
28 subject to some contribution from the Town of Abingdon? You
29 know, we had a discussion over this issue the other day and went
30 through some of this.

31 SENATOR WAMPLER: Mr. Chairman, I think to the
32 extent that we can find on any application awarding of dollars to
33 infrastructure to help the community in general, a piece of
34 infrastructure is not just totally for the applicant but for use of all
35 whether we do it Southwest or Southside and we try to do that over
36 time. As I understand the staff's recommendation, I would prefer to
37 say that the preference goes to public infrastructure. I think the public
38 infrastructure is a better way to try to allocate when practicable.

1 DELEGATE KILGORE: Would that allow the grading?

2 SENATOR WAMPLER: I'm of the opinion there's a lot
3 of offsite public facilities that will be needed to do the whole project, I
4 think that would cover it.

5 DELEGATE KILGORE: So your motion is amended,
6 you're amending Mr. Montgomery's motion.

7 SENATOR WAMPLER: Mr. Chairman, the application
8 speaks for itself, there's a need for offsite public storm drainage.

9 MR. THOMPSON: Second. I'll second it.

10 DELEGATE KILGORE: The motion's made, the Barter
11 put money, I would assume they're putting money in it.

12 MR. PFOHL: The application as it was submitted Mr.
13 Chairman indicated or the request was for a project total of \$471,000.
14 \$271,000 was requested of the Commission. There's \$100,000 that
15 has been recommended for approval by the Governor from the
16 Appalachian Regional Commission. \$50,000 from the Town of
17 Abingdon. The Town of Abingdon had initially submitted a request
18 for this grant cycle for \$50,000 to complete that funding cycle. At
19 this point \$50,000 that the town requested of the Committee and later
20 withdrew before it got to you is kind of the missing piece.

21 DELEGATE KILGORE: That motion has been
22 seconded, any more discussion? All in favor say aye (ayes).
23 Opposed.

24 SENATOR PUCKETT: No.

25 DELEGATE KILGORE: The motion passes. Now, are
26 there any public comments?

27 MR. PFOHL: Mr. Chairman, just to clarify, was that
28 limited to offsite improvements?

29 DELEGATE KILGORE: No, I think Senator Wampler
30 was reiterating what their funds were requested for and then he
31 basically said their application has spoken to that.

32 DELEGATE JOHNSON: Mr. Chairman, the William
33 King Regional Art Center.

34 DELEGATE KILGORE: We recommended, the
35 Committee or the full Commission today to award a \$100,000 for the
36 capital improvement.

37 DELEGATE JOHNSON: I would move that it be
38 amended, there was some question about 200.

1 SENATOR WAMPLER: I'll second the motion at the
2 appropriate time.

3 DELEGATE KILGORE: The motion is seconded, any
4 discussion?

5 SENATOR WAMPLER: Mr. Chairman, I feel
6 somewhat, I told the Art Center to keep the dollar amount closer to
7 what the Committee approved. I did not realize they were going
8 through an accreditation process and that requirement make it part of
9 that accreditation process and take some action of the General
10 Assembly this session and address any of those concerns if any
11 accreditation is in jeopardy. I wouldn't have proposed it at the
12 subcommittee meeting had I known that the initial \$100,000 or
13 something in between. I think it's important to bring that up.

14 DELEGATE KILGORE: What would we have, I'll ask
15 the staff, what would we have in the carry over now?

16 MR. PFOHL: There was a \$1.3 million balance roughly
17 that's still unobligated.

18 DELEGATE KILGORE: We have these monies in
19 hand?

20 MR. PFOHL: Yes, sir.

21 DELEGATE JOHNSON: That brings it down to \$1.1?

22 MR. PFOHL: \$1.295 million.

23 DELEGATE JOHNSON: We still have over \$1 million
24 dollars?

25 MR. PFOHL: Yes sir.

26 DELEGATE KILGORE: Any more discussion on these?
27 The debt retirement or audit on accreditation?

28 MR. BANNER: Mr. Chairman, what was the motion?

29 DELEGATE KILGORE: It was to increase from
30 \$100,000 to \$200,000. Delegate Johnson seconded it. Delegate
31 Johnson's motion and seconded by Senator Wampler. Any further
32 discussion? All in favor say aye (ayes) Opposed (no response). Any
33 public comments now?

34 SENATOR PUCKETT: Mr. Chairman, I'd like to revisit
35 the Ralph Stanley issue on page 14. Mayor Baker called me and
36 asked me and I didn't have any strong feelings one-way or the other.
37 His proposal was, we approved \$139,000 and they asked for
38 \$400,000, asked if we would consider an additional 61, which would

1 put them at 200 and they, he would seek the additional \$200 from
2 VCEDA. I told him I would present it to the Committee. He also
3 made the comment that this would finish the museum phase II and
4 complete that and hope to complete it by November. I would say that
5 if you feel you can do that and I think there's a million left and this
6 would take a small piece of that which would be an additional 61 but
7 that 61 would be contingent upon a match from VCEDA.

8 DELEGATE KILGORE: Or we could partner with some
9 other project and allow us to have more funds available than we had
10 in the past to help the tourism in our area. I really think the
11 partnership that the Commission may be able to help develop with the
12 Coalfield Development can be very positive for both sides.

13 SENATOR WAMPLER: Mr. Chairman, rewind the tape
14 to Monday. We actually funded them a hundred percent the staff
15 recommendation and we cut everyone else a half or two-thirds in
16 many cases. The Coalfield Authority has sizeable balances.
17 Likewise, I would remind the subcommittee that we tried to keep
18 something close to a \$1 million dollar balance so that if we have a
19 rather large prospect or new jobs coming to the region that don't fit
20 into special projects or TROF funding, we'd have the ability to, a
21 critical mass, we have the flexibility to do something. I'm just a little
22 uncomfortable going below a \$1 million dollar balance. I think it's
23 been proven that we've had a couple of industries that wanted to
24 locate and because of the dollars that we had at our discretion. I
25 would just note and not that this project is not deserving, they have
26 other places to go and I think we probably did pretty good with the
27 contribution of \$139,000 last week. I just think we ought to keep in
28 mind to keep some sort of balance. I think we've had about a million
29 before.

30 DELEGATE KILGORE: What if they go to VCEDA
31 and VCEDA is not responsive, what would keep them or keep us from
32 revisiting it at the July meeting? I'm just wondering what would keep
33 us from revisiting it? Frank?

34 MR. FERGUSON: Mr. Chairman, I think the motion
35 would have to be for the award as approved for recommendation by
36 the Committee subject to consideration of further grant awards in
37 July. In order to keep this award alive in this grant cycle, you need to
38 tie it to what you're doing today but other than that, I don't see a

1 problem with it.

2 SENATOR PUCKETT: That's acceptable to me.

3 DELEGATE KILGORE: We've got the motion that we
4 approve their award but we leave open the opportunity for the Town
5 of Clintwood to return to us at the July meeting in Bristol if they need
6 to request additional dollars. That's the motion, do I have a motion to
7 that effect?

8 SENATOR PUCKETT: I'll make that motion.

9 DELEGATE KILGORE: That's seconded. All in favor
10 say aye (ayes). All right, anymore public comment? Do I have a
11 motion we adjourn? We're adjourned.

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13 PROCEEDINGS CONCLUDED

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15
16 CERTIFICATE OF THE COURT REPORTER

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18
19 I, Medford W. Howard, Registered Professional Reporter
20 and Notary Public for the State of Virginia at large, do hereby certify
21 that I was the court reporter who took down and transcribed the
22 proceedings of the Southwest Economic Development Committee
23 when held on Thursday, May 20, 2004 at 8:00 a.m. at the Institute for
24 Advanced Learning and Research, Danville, Virginia.

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

27 Given under my hand this 24th day of May 2004.

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31 _____
32 Medford W. Howard
33 Registered Professional Reporter
34 Notary Public for the State of Virginia at Large
35 MY COMMISSION EXPIRES: October 31, 2006
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