

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501

4 Richmond, Virginia 23219

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9 **Southwest Economic Development Committee**

10 Tuesday, April 29, 2008

11 8:30 a.m.

12
13 Hotel Roanoke

14 Room D

15 Roanoke, Virginia

1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable William C. Wampler, Jr.

4 The Honorable Joseph P. Johnson

5 The Honorable Patrick O. Gottschalk, Secretary of Commerce & Trade

6 The Honorable Phillip P. Puckett

7 Mr. Stephen S. Banner

8 Mr. Fred M. Fields

9 Mr. James C. Thompson

10 Mr. David S. Redwine

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13 COMMISSION STAFF:

14 Mr. Neal Noyes, Executive Director

15 Mr. Ned Stephenson, Deputy Director

16 Mr. Timothy Pfohl, Grants Program Administration Manager

17 Ms. Britt Nelson, Grants Coordinator, Southside Virginia

18 Ms. Sara Williams, Grants Coordinator, Southwest Virginia

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21 OFFICE OF THE ATTORNEY GENERAL

22 Ms. Stephanie Hamlett, Senior Assistant Attorney General, Bond Counsel

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1 DELEGATE KILGORE: Good morning,
2 everyone. I'll call the meeting to order.
3 I'll ask Neal to call the roll.
4 MR. NOYES : Mr. Banner?
5 MR. BANNER: Here.
6 MR. NOYES : Mr. Fields?
7 MR. FIELDS: Here.
8 MR. NOYES : Secretary Gottschalk?
9 SECRETARY GOTTSCHALK: Here.
10 MR. NOYES : Delegate Johnson?
11 DELEGATE JOHNSON: Here.
12 MR. NOYES : Senator Puckett?
13 SENATOR PUCKETT: Here.
14 MR. NOYES: Mr. Redwine?
15 MR. REDWINE: Here.
16 MR. NOYES: Mr. Thompson?
17 MR. THOMPSON: Here.
18 MR. NOYES : Senator Wampler?
19 SENATOR WAMPLER: Here.
20 MR. NOYES : Delegate Kilgore?
21 DELEGATE KILGORE: Here.
22 MR. NOYES: You have a quorum, Mr. Chairman.
23 DELEGATE KILGORE: We have the Minutes
24 from the last meeting of October 25th, the last meeting we had.
25 DELEGATE JOHNSON: I move that they be

1 approved as mailed.

2 MR. BANNER: Second.

3 DELEGATE KILGORE: I have a motion and a
4 second that we approve the Minutes of the October 25th, 2007 meeting. All
5 those in favor of approving those Minutes, say aye? (Ayes.) Opposed? (No
6 response.) The Minutes are approved.

7 Now we'll recognize Sara Williams, who will give us a
8 summary on these proposals that are before us this morning. Do you want to
9 do that, Sara, or somebody else?

10 MR. PFOHL: She's delegated that to me.

11 DELEGATE KILGORE: I'll recognize Mr. Tim
12 Pfohl, who will make the presentation this morning instead of Sara. I'll
13 recognize you.

14 MR. PFOHL: Thank you. The Commission
15 received two applications that you have before you today. That is
16 applications 1596 and 1597. They are virtually identical requests. One
17 comes from Smyth County and one from Washington County, requesting
18 reimbursement for engineering costs and other planning expenses that went
19 into assessing a site near Exit 32 at Interstate 81 for an automotive assembly
20 project. Everyone was very seriously looking at that site, and it was a final
21 site of a project that subsequently went elsewhere. There were very
22 significant expenses that went into the assessment of this site. The counties
23 are requesting reimbursement of those costs. They are requesting
24 \$102,933.59 each.

25 The balance that the Committee has available now is

1 \$200,262.00. That is a combination of unobligated funds that were not
2 awarded in previous rounds, as well as several closed grants where Sara was
3 working with grantees to de-obligate money that they were not going to need
4 any more for their projects. One of the most significant chunks of that, in
5 terms of a closed grant, is from the Haywood Program that you gentlemen
6 approved in October. I do want to compliment and recognize the Southwest
7 Ag Association, who worked very expeditiously and submitted their final
8 invoices. They are returning just over \$47,000 of that half-million-dollar
9 Haywood grant that was awarded in October.

10 DELEGATE KILGORE: Is that included in this
11 \$200,000 figure you just gave?

12 MR. PFOHL: Yes, it's all wrapped up in the
13 200,262. In terms of these two requests, they are submitted out of cycle, and
14 they are requesting retroactive reimbursement for project expenses that were
15 incurred before the application was made.

16 DELEGATE KILGORE: Just for some of the new
17 members, this was with our concurrence or direction to the Partnership,
18 directing them looking at that.

19 MR. PFOHL: Yes, the Staff was very involved in
20 the courting of this automotive assembly project, along with the Virginia
21 Economic Development Partnership and the Governor's Office and the
22 Secretary's Office. These are expenses that are very similar to some grant
23 fund work that the Commission has approved in Greensville County, looking
24 at another automotive assembly mega site. It's not unprecedented in terms of
25 the activity, but a little unusual in terms of the timing of the request. Our

1 general funding policies in the Long Range Plan say we should not do
2 retroactive reimbursement, and hence the Staff was reluctant to make a
3 recommendation in favor of this, because we didn't want to recommend
4 something that was contrary to the Strategic Plan that you adopted. Yet, it is
5 clearly work that has advanced the knowledge of the development potential
6 of that site. There are automotive consultants that the state has worked with
7 on mega site study and have done work on several of these auto assembly
8 plants. I'm saying every time we do another round assessment of the site,
9 you increase your understanding of what it's going to take to develop that
10 site and build it out. Clearly, this work greatly advanced the understanding
11 of the development potential on the site at Exit 32. It remains a viable mega
12 project site.

13 DELEGATE KILGORE: When you talk about the
14 amount of dollars we have, the amount of dollars that we have here for
15 requests, which is about four thousand and some change. Over that, are we
16 expecting more clawbacks so we'll be able to meet these obligations?

17 MR. PFOHL: Nothing that is imminent that we're
18 aware of.

19 MR. NOYES: Over time there will be additional
20 clawbacks if folks don't use the full award amount, and that's been the
21 history over time.

22 DELEGATE KILGORE: Mr. Executive Director,
23 that will be okay?

24 MR. NOYES: Yes.

25 DELEGATE KILGORE: Anyone else have any

1 questions of Tim? I notice we have representatives here from Washington
2 County and Smyth County waiting anxiously while we're pondering this
3 request. Does anyone have any questions of either Tim, the representatives
4 or Sara or anyone?

5 MR. BANNER: Mr. Chairman, I feel somewhat
6 obligated to go back and touch on something that Tim brought up, and that is
7 the Southwest Virginia hay relief to Southwest Virginia. We did get 40,000
8 and some dollars back to the Commission, but that's not to say that money
9 wasn't used very wisely and very much needed for a lot of our cattle people.
10 I did receive several comments of appreciation of that funding. I know it
11 was difficult to obtain, but I appreciate Southwest stepping up on that. The
12 majority of that was used, or 50 some.

13 DELEGATE KILGORE: We did spend a
14 considerable amount of the dollars that we put out there?

15 MR. BANNER: Yes.

16 DELEGATE JOHNSON: As I understand it, this
17 is money spent through the localities to get the data and employers in
18 Washington County and Smyth County, which would greatly benefit all of
19 Southwest Virginia. I feel like if we don't approve this, it's going to have a
20 chilling effect on other counties and not make an application, simply because
21 they feel they're going to be tagged with losses, when it's something that
22 should be shared with all of Southwest Virginia, because all of Southwest
23 Virginia is going to benefit. New plants and new industries in Lebanon,
24 people that live in Washington County and Smyth County and Scott, there
25 was going to be employment there, had this project been approved and gone

1 through. If that happens, then the number of people to be employed in the
2 side businesses that would have been possible. There are some times we
3 have to have vision and do things. If we don't help the counties when they
4 have a legitimate loss, then I think we're not serving our constituents well.
5 So, I move we approve this.

6 SENATOR PUCKETT: Second.

7 DELEGATE KILGORE: Any further discussion
8 on approving both of these projects, which is numbers 1596 and 1597? Any
9 further discussion by members of the Committee? All those in favor of
10 approving 1596 and 1597 say aye? (Ayes.) Opposed? (No response.)

11 MR. THOMPSON: Mr. Chairman, since my firm
12 was employed during this project, I feel compelled to abstain.

13 DELEGATE KILGORE: Let the record reflect
14 that Mr. Thompson abstains.

15 Now, are there any public comments to the Southwest
16 Economic Development Committee? (No response.)

17 Our next Committee meeting will be July 17, 2008. We're not
18 sure where that meeting will be in Southwest. Will that be when we're
19 awarding grants?

20 MR. NOYES: That will be considering FY09
21 grants.

22 MR. PFOHL: Mr. Chairman and members of the
23 Committee, the grant application deadline is Monday, June 2nd for the next
24 round of Southwest Economic Development. Sara and I will be conducting
25 an application workshop on Thursday at the Higher Ed Center in Abingdon

1 at ten o'clock in the morning. We're having several 30-minute technical
2 assistant time slots throughout the afternoon and meeting with a number of
3 constituents and potential applicants. If there is anyone you run across who
4 has an interest in pursuing our grant funds, now is the time, we'll be happy to
5 talk to them.

6 DELEGATE KILGORE: When can they start
7 filling them out?

8 MR. PFOHL: They can send them to us. We'll
9 have them posted on-line tomorrow, and we'll be waiting to see if your
10 budget is approved as recommended by the Executive Committee.

11 DELEGATE KILGORE: Tim, for the members of
12 the Committee, can you give me an estimate what the Southwest budget will
13 be?

14 MR. PFOHL: The budget recommended by the
15 Executive Committee has \$4 million for Southwest Economic Development
16 Committee in FY09.

17 DELEGATE KILGORE: For the membership, if
18 we have \$4 million and we'll have 30 or 40 people trying to get that, that
19 won't go too far.

20 MR. PFOHL: That's been the case.

21 DELEGATE KILGORE: Anyone else have any
22 comments?

23 SENATOR WAMPLER: Mr. Chairman, point of
24 clarification. Based on the previous motion by Delegate Johnson, I believe
25 it was Senator Puckett who made the second to that motion. I just wanted to

1 make sure that was the case.

2 MR. BANNER: What was the date on the
3 workshop?

4 MR. PFOHL: This Thursday, May 1st, from 10:00
5 to noon. That's a workshop for interested applicants. We'll be in the
6 auditorium, so there's plenty of room. Sara will speak at that one.

7 DELEGATE KILGORE: So anyone who comes
8 who wants to apply for a grant, they need to be there.

9 MR. PFOHL: Just to clarify the motion, we fully
10 funded these, so the record reflects that.

11 DELEGATE KILGORE: Well, do I have a motion
12 that we adjourn? And, we have a second. All those in favor say aye.
13 (Ayes.) Opposed? (No response.) We're adjourned.

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15 PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

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4 I, Medford W. Howard, Registered Professional
5 Reporter and Notary Public for the State of Virginia at large, do hereby
6 certify that I was the court reporter who took down and transcribed the
7 proceedings of the **Virginia Tobacco Indemnification and Community**
8 **Revitalization Commission Southwest Economic Development**
9 **Committee Meeting when held on Tuesday, April 29, 2008 at**
10 **8:30 a.m. at the Hotel Roanoke, Room D, Roanoke, Virginia.**

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

13 Given under my hand this 1st day of May, 2008.

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18 _____
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

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25 My Commission Expires: October 31, 2010