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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southwest Economic Development Committee

Monday, July 21, 2008
1:00 p.m.

Southwest Virginia Higher Education Center
Abingdon, Virginia

1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable William C. Wampler, Jr.

4 The Honorable Joseph P. Johnson, Jr.

5 The Honorable Lynn Hammond, Deputy 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, DVM

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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. Sara Williams, Grants Coordinator, Southwest Virginia

18 Ms. Britt Nelson, Manager of Program Assessments

19

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21

22 OFFICE OF THE ATTORNEY GENERAL

23 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the

24 Commission

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1 DELEGATE KILGORE: I'll call the meeting to
2 order and ask Neal to call the roll.

3 MR. NOYES : Mr. Banner?
4 MR. BANNER: Here.

5 MR. NOYES : Mr. Fields?
6 MR. FIELDS: Here.

7 MR. NOYES : Deputy Secretary Hammond?
8 DEPUTY SECRETARY HAMMOND: Here.

9 MR. NOYES : Delegate Johnson?
10 DELEGATE JOHNSON: Here.

11 MR. NOYES : Senator Puckett?
12 SENATOR PUCKETT: Here.

13 MR. NOYES: Mr. Redwine?
14 MR. REDWINE: Here.

15 MR. NOYES: Mr. Thompson?
16 MR. THOMPSON: Here.

17 MR. NOYES : Senator Wampler?
18 SENATOR WAMPLER: Here.

19 MR. NOYES : Delegate Kilgore?
20 DELEGATE KILGORE: Here.

21 MR. NOYES: You have a quorum, Mr. Chairman.
22 DELEGATE KILGORE: Do we have a motion to
23 approve the Minutes of the April 29th, 2008 meeting?
24 DELEGATE JOHNSON: So move.
25 DELEGATE KILGORE: It's been moved and

1 seconded, a motion to approve the Minutes of April 29th. All in favor say
2 aye? (Ayes.) Opposed? (No response.) The Minutes are approved.

3 We have a big agenda today, and we are scheduled for another
4 meeting at 2:30. As you know, this is the Southwest Economic
5 Development Committee, and we are looking at employment and creating
6 jobs in certain projects. I think what we should do is go ahead and hear first
7 from Sara, and we'll look for the Staff recommendations, and then we'll
8 come back to the members of the Committee to see if the members of the
9 Committee would like to hear about any specific projects that are not on the
10 approval list. Then, we'll hear from those in the audience. We'll have to
11 move along pretty quickly, because we've got a Special Projects meeting
12 coming up.

13 I think we need to have someone move number 1657, Round
14 the Mountain; that's the Heartwood Project for \$4 million, and that's
15 supposed to be in Special Projects.

16 SENATOR WAMPLER: So moved.

17 -----: I'll second that.

18 DELEGATE KILGORE: It's been moved and
19 seconded, and we'll move that one. Any more discussion on 1657, to refer it
20 to Special Projects? All in favor of referring it to Special Projects, aye?
21 (Ayes.) Opposed? (No response.) That will be deferred to Special Projects.

22 MS. WILLIAMS: Moving down the list, I'm
23 going to go through the proposals for which Staff has recommended
24 funding, and if you need more information, because I'm going to go through
25 these quickly, just go ahead and stop me, and I'll do my best.

1 DELEGATE KILGORE: If you have a question,
2 go ahead and stop her at the time you have a question, and that way we won't
3 be going back and forth so much.

4 MS. WILLIAMS: The first proposal which Staff
5 has recommended funding is the Birthplace of Country Music Alliance, the
6 Cultural Heritage Center. They requested \$297,400 to complete Phase II of
7 the Cultural Heritage Center Project. This phase will involve completion of
8 design work and pre-construction activities to enable the organization to
9 quickly move forward into the construction phase early next year. That's
10 Phase III.

11 Upon completion, the Center will serve as a major tourist
12 destination for the region and should draw at least 75,000 visitors annually
13 with an economic impact of over \$43 million.

14 DELEGATE KILGORE: Are there other players
15 involved?

16 MS. WILLIAMS: Yes. Total project cost is
17 \$1,264,473. The Birthplace has invested the past three or four years in
18 developing their conception and plans, including an FY05 Tobacco
19 Commission grant which assisted with that. They have also initiated a
20 capital campaign, and that's an economic impact.

21 The Staff is recommending an award of \$297,400.

22 DELEGATE KILGORE: Any questions?

23 Next.

24 MS. WILLIAMS: The next proposal is the Daniel
25 Boone Wilderness Trail Association, requesting \$30,000 for the Wilderness

1 Road Blockhouse Visitor's Center. That center was just dedicated on June
2 9th. It's located in the Natural Tunnel State Park, and it's staffed by
3 volunteers. It's open weekends from May through October, drawing 300
4 visitors in the 2007 season. The visitor count at the Blockhouse exceeded
5 1,000.

6 This money would be used to provide a dollar-for-dollar match
7 for the ARC grant funds that expire in September, and that money would be
8 used to have permanent exhibits. A request was previously submitted in
9 2007 before construction of the visitor's center started. The request will
10 match the ARC grant funds expiring in September of 2008.

11 The Staff is recommending an award of \$30,000.

12 DELEGATE KILGORE: Next.

13 MS. WILLIAMS: Next we have the Lee County
14 Industrial Development Authority requesting \$563,540 to expand the
15 Constitutional Oaks Business Park. Funds were awarded in April of 2007 to
16 construct a 30,000 square foot building, which is scheduled to be completed
17 in September of '08. It appears that building will be insufficient square
18 footage to meet the needs of a perspective tenant that they are hoping to
19 attract. They say they need a 60,000 square foot building, but if the
20 company does choose to locate there, it could result in the creation of 300
21 jobs.

22 DELEGATE KILGORE: If we took that
23 contingency off, would it go ahead and get that building built? The Staff
24 recommendation is contingent upon the company locating there?

25 MS. WILLIAMS: Yes.

1 DELEGATE KILGORE: I'm wondering if it
2 would be better to go ahead and build it and do it that way, because you're
3 going to be behind the eight ball, and the price may go up.

4 SENATOR WAMPLER: I would observe, and I
5 would believe that you'll probably get critical mass on that property, and the
6 fact that we have a prospective business is all a good sign, and I'd say we go
7 ahead and finish off that ---- building, and that way it'll take care of itself.
8 I'd hate to think we lost a three-month or a six-month delay of a decision of
9 the business starting that we'd have to wait on another building. So, I'd say
10 go ahead and meet the requirements of that prospective business, and that
11 would be a modification to the Staff's recommendation, I would think.

12 MS. WILLIAMS: Staff is recommending an
13 award of \$500,000.

14 DELEGATE KILGORE: Now that the
15 contingency is not there anymore. Moving on.

16 MS. WILLIAMS: The next is the Town of
17 Pennington Gap requesting \$974,216 for the Lee Theater at the Learning
18 Center Renovation. The Center will provide a venue for live music and
19 theatrical performances while also providing space for distance learning
20 activities --

21 DELEGATE KILGORE: -- I think we jumped
22 Lenowisco.

23 MS. WILLIAMS: My pages are sticking together.

24

25 DELEGATE KILGORE: 1650.

1 MS. WILLIAMS: I apologize. The Lenowisco
2 Planning District Commission, number 1650, requesting \$50,000 for the
3 Lenowisco Regional Site Study. This study is designed to examine and
4 identify potential large scale sites, heavy industrial sites, rail-served sites and
5 prospective regional parks. The study would address the dwindling supply
6 of available heavy industry sites in the Planning District's location.

7 The VEDP Staff has endorsed the need and usefulness of the
8 study, and Staff is recommending an award of \$50,000.

9 DELEGATE KILGORE: 1632, Mountain Empire.

10 MS. WILLIAMS: Mountain Empire Community
11 College is requesting \$187,982, Meeting Critical Workforce Needs in
12 Welding/Pipefitting and Electromechanical Technology. This would be
13 used to support a workforce development partnership with The Shaw Group,
14 which is the company responsible for building Virginia City Hybrid Energy
15 Center for Dominion Virginia Power in Wise County. The funds will be
16 used to purchase and install instructional equipment for on-site training;
17 however, Mountain Empire will retain ownership of that equipment once the
18 training needs are complete for The Shaw Group. All training offered at the
19 facility will be offered for college credit and based on National Center for
20 Construction Education and Research, which is a nationally recognized
21 certification. The applicant estimates that they will train up to 700 workers
22 at the site.

23 The project could be eligible for Education funding, but it is
24 needed now.

25 The Staff is recommending an award of \$187,082.

1 DELEGATE KILGORE: This is something we
2 need now.

3 MS. WILLIAMS: Now, we're back to the Lee
4 Theater. Funds are requested to continue the renovation of that building and
5 make it structurally sound and to improve the interior of the auditorium for
6 performances and start-up of the Learning Center. Two hundred twenty
7 thousand will be for structural repairs to help make the building sound so
8 they can continue.

9 We're requesting a dollar-for-dollar match by the grantee to
10 match \$220,000.

11 DELEGATE JOHNSON: This looks like a Band-
12 Aid approach. If it's an important project and we have the money, why don't
13 we complete it? We're putting in about one-fourth, 220. Is that going to do
14 anything to make it workable?

15 MS. WILLIAMS: I think it costs 440,000 to fix
16 the floor before anyone can use the building and to help make the building
17 usable.

18 DELEGATE KILGORE: When you say dollar-
19 for-dollar match, do you think 440,000 is going to fix the structure?

20 MS. WILLIAMS: The applicant said that is what
21 is needed to do those repairs.

22 DELEGATE JOHNSON: Whoever would occupy
23 it would complete it?

24 MS. WILLIAMS: They would probably continue
25 to work on their fund raising. I'm sure we'll see another application from

1 them to continue renovations.

2 DELEGATE KILGORE: After they get the
3 building repaired.

4 MS. WILLIAMS: Some of the Learning Center's
5 start-up costs to be eligible for Education funding, as well.

6 DELEGATE KILGORE: Next.

7 MS. WILLIAMS: Next, Scott County Economic
8 Development Authority is requesting \$500,000 for the Daniel Boone
9 Interpretive Center Exhibits, which will cover the design, construction and
10 installation of interior exhibits for the Daniel Boone Interpretive Center
11 planned for construction in Duffield.

12 DELEGATE KILGORE: This Daniel Boone
13 Interpretive Center is now getting started to be built?

14 MS. WILLIAMS: Correct. Staff is recommending
15 an award of \$70,000 to get the process started and the design for the
16 exhibits.

17 Next is the Smyth County Board of Supervisors,
18 Groseclose/Exit 54 Area Sewer Project, number 1635, and they're requesting
19 \$250,000 to complete that project. It's a wastewater collection system to
20 serve the Groseclose commercial area at Interstate 81, Exit 54 Interchange.

21 It will serve seven businesses and industries, employing 118
22 people.

23 DELEGATE JOHNSON: Sewer services, what
24 about the other localities that have no sewer at all? I'll support the project,
25 and I'll vote for it, but why do we pick up some and let others go? Have

1 there been no requests made by others?

2 MS. WILLIAMS: Probably a little bit of both.
3 We haven't seen that many requests for new sewer systems. This one is
4 requesting seven percent of the total project costs, and over half of those site
5 employment industrials would fit into the sort of projects we like to fund.
6 Residential, commercial and retail, those tend to fall under our low priority
7 policy. Because over half of the employment, industrial, an organization
8 located there, Staff had recommended an award of \$250,000 for this project
9 in total.

10 SENATOR WAMPLER: If the Committee could
11 give me a moment, I'd like to go outside a little further about Delegate
12 Johnson's question. What's troubling with this round of applications are all
13 the water projects that we simply can't fund. If you funded one of the
14 requests for one of the applicants, we'd be out of business after one item on
15 the agenda. Delegate Johnson's point, if you follow this project it has been
16 three to five years to get to this point. This is seven percent of the total
17 project, as compared to the other projects where it may be as high as 70
18 some percent to 60 percent, and we don't have physical capacity to do that. I
19 think it begs a different question of what is our role on the much-needed
20 water project and where do we go from here. If localities have trouble with
21 the gap financing, and I know we've bagged this one around, then we should
22 try to decide whether we should have an endowment, maybe for zero percent
23 loan over a period of time and then it will be self perpetuating, and we can
24 try to over a period of time, and with about a \$3 million budget we just can't
25 do a whole lot of them. I know a lot of people are interested in those

1 projects, but there'd be some folks who might not be happy with the
2 Committee's final disposition of those projects. We can only do what we
3 can do and try to keep the other ones.

4 Mr. Chairman, I think we have to focus on those projects that
5 create jobs.

6 MR. FIELDS: Mr. Chairman, one thing I heard
7 about the project, I heard 118 jobs. I don't think we should turn back 118
8 jobs, not in Southwest Virginia.

9 MS. WILLIAMS: Tazewell County is requesting
10 \$250,000. Funds are requested to conduct a third phase of required cultural
11 resource survey on the 680-acre site of the Bluestone Regional Business and
12 Technology Center. This is Phase 1A. This study is based on the findings
13 of historic artifacts on the site which delayed the start of site work.

14 DELEGATE KILGORE: That's a big property
15 we've been working on for some time.

16 MS. WILLIAMS: This was an unexpected cost
17 which arose to get the site work going there. As a result the Staff is
18 recommending an award of \$250,000.

19 DELEGATE KILGORE: Any questions?

20 MS. WILLIAMS: The Town of Wise is requesting
21 \$500,000 for the Town of Wise Water System Improvements Project, and
22 that will involve replacing a water tank located on Modoc Hill, along with a
23 water line along Darden Drive, which connects UVA-Wise, the Lonesome
24 Pine Regional Business and Technology Park and the Lonesome Pine
25 Airport with the downtown area. Although the water tank does not provide

1 measurable outcomes for Tobacco Commission priorities, this water line
2 would help expand service and would help the economic growth in the area.

3 The Staff is recommending an award of \$136,000 for
4 construction of the water line along Darden Drive. The engineering costs
5 associated with the construction of this line should serve as the town's
6 match.

7 DELEGATE KILGORE: You've made your
8 presentation on the ones you approved. Do any commissioners want to
9 make any changes? I'm only talking about the ones the Staff has
10 recommended. Do we have anyone who wants to make any change to any of
11 those? Do I have a motion to approve those in a block subject to, Senator
12 Wampler made a motion concerning the contingency, and that had to do
13 with the Lee County.

14 MR. FIELDS: I'll make that motion.

15 MR. THOMPSON: If you take Tazewell out of
16 the block.

17 MR. FIELDS: With the modification that we
18 talked about, I'll make that motion, Mr. Chairman.

19 DELEGATE KILGORE: There's a second,
20 everything in the block except Tazewell County; we'll come back to that,
21 we'll vote on every one but that. All those in favor say aye? (Ayes.)
22 Opposed? (No response.)

23 Now, the Bluestone Project. Do I have a motion to approve the
24 Staff recommendation?

25 SENATOR WAMPLER: So moved.

1 MR. BANNER: Second.

2 DELEGATE KILGORE: It's been moved and
3 seconded, all those in favor say aye? (Ayes.) Opposed? (No response.) We
4 have one abstention.

5 All right, the next phase is for those folks who did not get
6 funded. We have a balance in the Committee, and my expectation is that
7 we'll have another meeting at some point. If members of this Committee, or
8 if there are people who wish to make a plea to the Southwest Economic
9 Development Committee, now is the time to do it.

10 I'll first go with members of the Committee. Do any members
11 of the Committee wish to be heard, or hear, or bring one up at this time?

12 SENATOR PUCKETT: Request 1638, the
13 Industrial Development Authority of Dickenson County. I noted the Staff
14 recommended tabling this. There is a group here who would like an
15 opportunity to speak to that, and I'd ask that you give them an opportunity to
16 make their case. Earlier we talked about job creation; they've already got job
17 creation there, and there's been a commitment from equitable, and I'd ask
18 that you let them be heard.

19 DELEGATE JOHNSON: A point of order, I
20 noticed some time ago we went through this procedure, and some of the
21 people who had worthy projects down at the end got nothing.

22 DELEGATE KILGORE: We're going to go ahead
23 and hear from them and then wait before we make any recommendations,
24 after we hear from them. Is that all right with everyone? We want to make
25 sure we don't overspend.

1 SENATOR WAMPLER: Maybe you covered this
2 before. There is anticipation we're going to have another meeting this year,
3 and we have to reserve a balance for other applications, as we have every
4 year.

5 DELEGATE KILGORE: Correct, we don't want
6 to overspend.

7 Charlotte.

8 MS. CHARLOTTE MULLIN: Thank you, we
9 appreciate the opportunity to make our case. The Industrial Development
10 Authority back in January started this project, although we worked on it for
11 quite a bit of time. We hired an educational consultant, and we have him
12 with us today. I'd like to let him bring the project to you fully and tell you
13 what we can do, and we've requested \$1.9 million. We can do something for
14 less to make something work right now. We took a hard look at this Friday
15 and Friday night. We think we've come up with something we can do with
16 less, if we can have an opportunity to address that.

17 MR. DAVID YATES: We're trying to complete a
18 facility for higher education classes and industrial training for mining and
19 gas technology. At the present time we're using \$4 million construction
20 money from VCEDA, donation or a shell building from the county, land and
21 the industrial park to come up with what we have at the present time, which
22 is about two-thirds to build out the facility and \$4 million to finish the first
23 floor and half of the second floor, the academic portion of the building.

24 In looking at the two wings of the bottom floor, which would be
25 the one that would contain the industrial classrooms, we've been working

1 with Rural Development. We're looking for help for the second floor
2 academic classroom, which would involve primarily the computer labs and
3 classrooms, the IT computer lab and such things as restrooms.

4 DEPUTY SECRETARY HAMMOND: Should
5 this properly be before the Education Committee?

6 MS. CHARLOTTE MULLIN: The economic
7 development, we've got a problem with the computer training, and they
8 required us to have some job creation and not just what's equitable, and we
9 need these facilities to move this project along.

10 SENATOR WAMPLER: My question is where
11 does this belong? If I read Staff's evaluation correctly, this portion, or I
12 guess you call it Phase II, this would be for classrooms for GED purposes?

13 MR. YATES: The classrooms for GED, as well as
14 higher education from the community college, as well as general classes for
15 the gasoline and mining, they need to use them.

16 SENATOR WAMPLER: It gets a little
17 complicated in the way the Commission tries to allocate its dollars. We're
18 going to be talking about research and development facilities. In every one
19 of those applications, I think you will find later this afternoon, there is a
20 private sector entity that is performing research. It's not that they are doing
21 something in-kind, but they are, or they have researchers who will be on-site
22 at the facility conducting the work. When I say it's not in the evaluation, that
23 does not mean it's not present. Hence the question, what kind of private
24 sector support is coming to this facility to do the actual research? I don't
25 know.

1 MR. YATES: I don't, either. The only thing that I,
2 it's a speculative issue for carbon and the field laboratory, it's a field
3 laboratory, and it's actually the future carbon research lab. We have not
4 received any firm commitments that'll be selected as the site. We want to
5 have a facility ready for them if they do select us for that site. We do have
6 the facilities, and we have the space, and we'll build it out to the needs when
7 the time comes.

8 SENATOR WAMPLER: Mr. Chairman, \$1.9
9 million is probably out of the question. That's probably 60 percent of what
10 we've awarded in the other 12 or 13 projects that the Staff recommended. I
11 would think what we ought to reserve our dollars for is when we're actually
12 able to get critical mass to perform research. I don't know where that is, Mr.
13 Yates, with your project. Can you tell me whether it's six months or
14 eighteen months or thirty-six months or more before you're ready to do that?
15 That's the point I would make, I don't know the timing of this. It's not that I
16 don't think it's a good idea, it's really timing.

17 MR. YATES: Could the research component be
18 set aside at this point in time? The area that's probably got the most priority
19 needs right now would be the second floor academic classrooms. We have
20 presently available three academic classrooms and one chemistry
21 lab/classroom. We'll have to double up classes to make use of those four
22 rooms. To build out probably the second floor, we're looking at something
23 like \$500,000 for construction costs and \$100,000 for furniture and fixtures.

24 MR. FIELDS: My question to the Staff is what's
25 the status of all the pending money that you have? What are they pending

1 on? Are you depending on the Tobacco Commission?

2 MR. YATES: No, sir. I'll try to run through these
3 quickly for you. The Virginia Technology Grant, we've withdrawn that at
4 the present time due to certain restraints. Rural Development Enterprise
5 Grant, we received \$150,000 to build out the industrial classroom for rural
6 development. Congressional Earmark, \$379,000 pending, and Appalachian
7 Region Commission, tentative approval for \$100,000. Dickenson County,
8 the donation of building and land, Community Facilities Grant, \$25,000
9 pending, and the Virginia CEDA, \$4 million for Phase I construction. That's
10 the first phase.

11 DELEGATE KILGORE: Does that answer your
12 question?

13 SENATOR WAMPLER: Yes.

14 DELEGATE KILGORE: Any other questions?
15 We'll go ahead and move on and then come back. Do any of the
16 commissioners have any projects they want to bring up?

17 MR. BANNER: The Oxbow Corporation, number
18 1658. I think this project has a great deal of merit. I think members of the
19 Committee are familiar with Oxbow and the struggles that they've had. I
20 must divulge I'm a member of that Board now. It's been a real struggle for
21 us, but I think there are some good things that Oxbow does, and I think that
22 it involves some regional tourism development. I know we're interested in
23 helping this tourism, and they do some very nice things there at Oxbow.
24 Thank you.

25 DELEGATE JOHNSON: I have two, the Town of

1 Abingdon, Stone Mill Business and Technology Park Generator. It's
2 important in the development of the business. Of course, we're in the small
3 business park just down the road here. It's a generator facility for more
4 business. They pay good salaries. Without the generator, then you have the
5 shortage of power, and those businesses will not locate there. I think that
6 would be a good investment.

7 The other one, Mr. Chairman, would be Senior Services Center,
8 1643, located in the Town of Abingdon. The senior citizens sell hot dogs
9 and cakes, and they need a nice facility. It serves the tobacco community.
10 Those who grew up with tobacco and worked in the fields and worked with
11 this tobacco use that facility. It would be great for them to have this in their
12 senior years to be able to enjoy some of the benefits of the fruits that they
13 helped to provide. Do we have someone here from the Senior Citizens?

14 DELEGATE KILGORE: That's 1643 on the
15 second page. Anyone here from the Senior Services Center?

16 DELEGATE JOHNSON: They're probably out
17 there in the environment selling hot dogs.

18 DEPUTY SECRETARY HAMMOND: What is
19 the impact of this?

20 DELEGATE JOHNSON: What was the question?

21 DELEGATE KILGORE: What would be the
22 economic impact?

23 MR. NOYES: The job creation and private sector
24 investment related to the project.

25 DELEGATE JOHNSON: They'll be able to serve

1 meals and hire catering services. They do their own cooking, and I've been
2 there for different meetings, and they have a staff that prepares meals. If
3 they could get more money, then they could expand the services and hire
4 more people and better serve the community. They're not asking for all the
5 money from the Tobacco Commission, because they're borrowing money.
6 So they're just asking for a little bit for this thing so that they can now rest
7 and relax and enjoy their food and the benefits and get some money to do
8 what they want to do.

9 DELEGATE KILGORE: Do other members of
10 the Committee want to hear from some of these folks?

11 SENATOR WAMPLER: If I could take another
12 pass on the water project. About five years ago we did regional water
13 planning studies in the three planning districts. As I look at the applications,
14 I'm thinking we're deviating from the regional studies and trying to be more,
15 I think the applications are not as encompassing and as broad as they should
16 be. I don't have answers to it, but there are a lot of smart people sitting here
17 today, and I'd also say to help Staff, and I'm not a big fan of setting up
18 criteria and very stringent guidelines, but we ought to be more helpful to the
19 applicants so they don't spend a lot of time and effort, only to have an
20 application rejected because it'll take up 100 percent of the budget. I'm
21 trying to say that if there is a way to try to get us or to help, or if it's five
22 percent of the project or some kind of a gap that can't be covered that makes
23 it bankable and makes it financeable, that's what we ought to be focused on.
24 Maybe if we'd ask Staff to work with the applicants on those items, I think
25 we'll have much better quality.

1 If you look at the Carroll and Wythe Counties and the Grayson
2 County, those projects are phenomenal, and it will create lots of jobs, but we
3 don't have the capital to do it right now. I'd like to see everybody go to a
4 funding agency, other funding agencies first, and then come to us and say
5 what is it that we can do to help close the deal and make it affordable for the
6 region. I don't have the answer to that, but that's a plea that I make to
7 everyone who is interested in water and also to the Commission members.
8 So that we have some better way of spending our money and using their time
9 more effectively. I don't have the answers, but maybe the Staff can report
10 back to us at the next meeting and in the interim to the Executive
11 Committee, subsequent to the Southwest Committee.

12 DELEGATE KILGORE: I think now would be
13 the time to hear from you folks, and then we'll go back. We'll have
14 deliberations down here, then.

15 The Town of Abingdon, 1639. You all did a pretty good job.
16 Is there anybody here who would like to speak on behalf of that?

17 MR. GARRETT JACKSON: I'm Garrett Jackson,
18 Mr. Chairman. I would like to pursue this project. We've had several
19 companies interested, and we would appreciate any help on that, and we've
20 got people interested in working with us.

21 DELEGATE JOHNSON: Mr. Chairman, Mr.
22 Jackson, if you could only get \$100,000, that would add a generator that
23 would permit a tenant to come in or not?

24 MR. JACKSON: Yes.

25 DELEGATE JOHNSON: It doesn't have to be the

1 full amount then, the more money you have the more generators you could
2 buy?

3 MR. JACKSON: Yes.

4 DELEGATE KILGORE: The next one is 1631,
5 Blue Ridge Crossroads Economic Development Authority.

6 MS. BRENDA MARRAH: I'm Brenda Marrah.
7 At this time the Blue Ridge Crossroads Economic Development Authority
8 would like to amend its request to lower the bid option to be included with
9 the preliminary engineering report. We have reviewed it, and we believe
10 that would negate all of the Staff concerns about the project. There is Exit
11 19 off of the Interstate 77, it is a gem of a potential for us. We're looking at
12 a regional industrial facility which involves Carroll and Grayson and the
13 City of Galax. We believe that within three years we could create about
14 1500 jobs.

15 MR. NOYES: The lowest bid option, what is the
16 capacity in relationship to that?

17 MR. PFOHL: That would connect to the Galax,
18 reduce the cost of the project by half a million dollars. The lowest cost
19 option removes package treatment plant.

20 MR. NOYES: That was my concern.

21 MR. GARY LARROWE: I'm Gary Larrowe,
22 Carroll County Administrator. One of the reasons why we put it in is
23 because we are under agreement with the City of Galax for sewage treatment
24 around Exit 14. The problem was we weren't in the ground yet, but we have
25 actually stepped up the pace, and we'll be placed in the ground very shortly.

1 We're actually expecting completion within a year or this time next year.
2 That will coincide with the Exit 19 development. That would give us a
3 treatment place for the sewage. That's why we're asking for your
4 consideration in this matter, so we can end up getting this done. It's a \$2.6
5 million total cost.

6 MR. NOYES: You wish the Committee to
7 consider the \$400,000 request but not for the package plant.

8 MR. LARROWE: That's correct.

9 DELEGATE KILGORE: 2.6 total is your cost?

10 MS. MARRAH: Yes.

11 DELEGATE KILGORE: 1654, Carter Family
12 Memorial Music Center.

13 MR. JOHN KILGORE: John Kilgore, Scott
14 County. We want to thank you for your support in the past, we appreciate
15 that. The design firm has completed their plans for the Museum based on
16 the project, and this is about 30 percent of the total project costs. If you
17 could consider that or a little bit less than that for the Carter Family Fold, we
18 would appreciate it.

19 DELEGATE KILGORE: Does this deal with the
20 auditorium or the Museum?

21 MR. JOHN KILGORE: The majority of this is
22 with the Museum and to get the Museum up and going, and of course, that
23 affects the performances.

24 DELEGATE KILGORE: Any questions? The
25 ones who have gotten your money, I'm not giving you an opportunity to

1 speak. I hope you all understand that.

2 Next is 1641, the Fairview Citizens Corporation.

3 MS. HENSLEY: Mr. Chairman and Board
4 Members, we represent the Fairview Citizens Group. We do have many
5 activities, such as birthday parties, and we're also interested in education and
6 economic development. We have located some land in Scott County for a
7 convenience center. It would bring part-time jobs, and we hope later on
8 maybe it will be two jobs. We're interested in the development of rural
9 Fairview and its environment. We have a big group, and you were there.
10 What we're looking at is trying to help provide some part-time jobs. We're
11 also in the process of putting in other things. We really agree with economic
12 development in the rural areas. You've helped us before, and you really
13 could help us now. And we'd like to have a farmer's market, even though
14 we're very rural we have a lot of farmers, and we have a lot of people
15 interested in crafts, and we have a lot of artists. We think that would be a
16 really good thing to have. At the present time we have many things going
17 on educational wise, and this is all for the public good and public benefit.
18 We do appreciate any help you could give us.

19 DELEGATE KILGORE: Thank you.

20 Next is 1652, the Flanary Historical Site.

21 UNIDENTIFIED: We're requesting \$75,000 for a
22 structure along the Clinch River at the site of the old Osborne Ford Ferry
23 Crossing. The house was used as a national house up until 1945. At that
24 time it was used as a storage facility. We're just requesting enough money to
25 get the project started, taking the sheds off the building and doing some

1 structural modification. It was actually on the property that, the road that it
2 was built on, in 1977 they came in and did some excavation and found some
3 Indian artifacts in an area that was used in 8,000 B.C. I'd say it's been in use
4 for 10,000 years. We're requesting enough money to get started, and maybe
5 we'll come back later on and ask for more economic stuff so we can get a
6 campsite done and all these things for educational purposes and that kind of
7 thing.

8 DELEGATE KILGORE: Thank you, very much.
9 Any questions?

10 MR. THOMPSON: I'm just curious, do you claim
11 any relationship with Ron Flanary?

12 UNIDENTIFIED: Ron is a relative, if that will
13 help.

14 DELEGATE KILGORE: Item 1605, Trails in
15 Floyd. Anyone here from Floyd?

16 MR. PFOHL: Mr. Chairman, they said they
17 couldn't be here, and they notified us.

18 DELEGATE KILGORE: 1644, Hiltons Outdoor
19 Park, Inc.

20 UNIDENTIFIED: I'm the President of the
21 corporation, and we have a representative here who will speak.

22 UNIDENTIFIED: Mr. Chairman, part of the
23 property has been funded by local sources, and the property is paid for. The
24 electricity is in place, sewage is in place, water is in place, and clean-up and
25 beginning of development has already occurred. We feel like the primary

1 purpose of this is to benefit everyone who needs some physical activity,
2 basically related to children and senior citizens, many of those in our county
3 as well as the surrounding areas. This park has been used very little in the
4 way of park resources in Scott County. If you could see fit to fund, say,
5 \$20,000 for the walking trail, I can get it open and make it available for the
6 general community.

7 Related to employment, we've already started hiring people to
8 provide maintenance to the park property in the way of cleaning up to keep
9 the facilities open to anybody who wants to come in and look around and
10 find out what's happening, even to do some minimal walking. That's our
11 plea right now.

12 DELEGATE KILGORE: Thank you.

13 1647, Mount Rogers Health District.

14 DR. SMITH: I'm Dr. Smith, Director, and I have
15 Carolyn Jackson here with me today, and she's our Senior Nurse Coordinator
16 for Occupational Health and Wellness. I notice health only appears on one
17 private project of those that you are reviewing. We were encouraged to
18 apply for a grant as an economic development program and not as a health
19 program. The Staff's review saying that this was a project about schools and
20 churches and health services, which I don't know where that came from.
21 That's not the emphasis of the project. The project involves providing
22 occupational health screening services in the small industries in the district
23 here in the planning district of Mount Rogers. We have 36 mobile units,
24 which were obtained from Northern Virginia, made me happy to see that
25 happen. It wasn't being used, and it was fixed up, and we put it out front,

1 and I hope you noticed it out there. What we do is screen for small
2 industries where there are no screening services available and no resources
3 to do it. We screen for pulmonary functions, vision testing, hearing testing.
4 Many of our small industries don't have the capability and can't get anyone
5 to do that. You have to get out-of-state help, and that's expensive.

6 We also provide flu shots, and we can do that in this unit as
7 well. We analyze data, and we provide that information for the employees.
8 We come back and we actually counsel the employees, and then we make
9 plans to do it all over again. So what this does for small companies, it helps
10 with the OSHA compliance aspect, and some of their insurance premiums
11 become lower where they do provide health insurance and they have a
12 wellness program. We come to the work site, and the employees don't have
13 to take time off to see us. The majority of the small industries are male, and
14 preventive health care is so important today, so we show up at the work site.
15 I hope you can see this as a positive economic project and not as a health
16 project, per se. We will accept less money. Thank you.

17 DELEGATE KILGORE: Next is 1634, Museums
18 of Appalachia, Inc.

19 MR. JOE ELLIS: I'd like to thank you for your
20 \$25,000 match last year. We did work on our structure, as far as the roof.
21 We do thank you for that. Your Staff mentioned something, but we did not
22 get funding from ARC. We have a project that's Heartwood, and they've
23 asked if we could switch our project this year. So, we'd like to withdraw the
24 project in conjunction with them in terms of funding for Heartwood.

25 We would ask, if possible, to secure the roof if there is any

1 small amount available from last year's \$25,000, we would like to use that.
2 We could use that to do what we have to do. This seems to have been a
3 huge hit. Johnson City recognizes this. We want to capitalize on any
4 opportunity, so we'd like to come back to you at a later round and ask for
5 your help.

6 Thank you, very much.

7 SENATOR WAMPLER: Mr. Chairman, at the
8 risk of wearing my welcome out from the Commission members and
9 audience, I want to thank you for what you're doing. I said to the Committee
10 we're not able to keep up with your spending, and I mean that in a friendly
11 way. We're all trying to do the best we can, and I don't know if we'll award
12 any dollars for this museum or not. The idea isn't lost on us. I'd encourage
13 any of the Commission members or anybody, like the Old Lincoln Theater
14 in Marion, or anybody in the audience, to go to the Lincoln Theater in
15 Marion, and you'll have a great evening. And, I believe, it's the Black Ridge
16 Restaurant, and ask for some of the homemade bread; it's quite delicious. I
17 thank you and everybody else in Smyth County who helped support that, not
18 only by bringing it to our attention but to put your dollars there.

19 Thank you, Mr. Chairman.

20 DELEGATE KILGORE: 1636, New River
21 Regional Water Authority.

22 MR. RONALD NEWMAN: I'm Ronald Newman,
23 Assistant Administrator. The Water Authority, this project is a regional
24 water authority and regional in nature. This is far-reaching. This project
25 would allow people in Grayson and Galax and the Mount Rogers area,

1 including Exit 19, for the development of this project. The project consists
2 of three components. It's the New River Regional Water System, the Lots
3 Gap Tank and the Austinville to Carroll County Waterline. The Lots Gap
4 Tank component consists of 5,000 feet of 20-inch water line and a 2,000,000
5 gallon water storage tank. That will interface with the Fort Chiswell pump
6 station to provide water and storage for the northern part of the distribution
7 system, including Wythe County, Progress Park and the Town of
8 Wytheville. The 14-inch water line from the water treatment plant in
9 Austinville to Carroll County boundary consists of the installation of 22,000
10 feet of waterline. This will provide additional water needed to serve
11 Interstate 77 and Exit 19 and the planned economic development at the
12 Wildwood Commerce Park. Progress Park has already demonstrated major
13 success. The Wildwood area in Carroll shows potential for job creation and
14 investment. Water lines to serve Progress Park have already been funded.
15 Wildwood is served by a well-fed system and storage tank, currently.

16 The system that serves that area also serves other areas of the
17 county, which include industrial and commercial and residential. Currently
18 we're using, I believe, 916,000. We have to have that capacity at Exit 19.
19 We're asking for your help long-range, and this will help the entire region for
20 years to come.

21 DELEGATE KILGORE: Thank you. 1645, City
22 of Norton.

23 MR. DUANE MILLER: I'm currently the Acting
24 Director. Senator Wampler, I agree with you. Five percent of water projects
25 have already been funded, and that's a very good concept, and all the funding

1 placed on that project is actually done. We now just need five percent of
2 that for construction of these tanks. We've had some drought conditions and
3 businesses in the area that requested that. One of these plants we'd like in
4 Norton, we need some type of backup on the project. We can certainly go
5 back and reduce the size and fall within that five percent range and expect
6 the request of around 100,000 to help remedy that problem.

7 DELEGATE KILGORE: The next one I have is
8 1608, Southwest Virginia Community Foundation, Bush Mill.

9 MR. DIXON: Mr. Chairman, I'm Jay Dixon,
10 Chairman of the Southwest Virginia Community Foundation. I must say I'm
11 very disappointed about the recommendation of Staff, and the basis for the
12 recommendation as well. As a research scientist, I'm intrigued by the idea
13 that one of the reasons for not recommending an award is because it involves
14 speculation. We even have one project on the agenda that announces itself
15 as speculation. Others are involved in speculation in terms of businesses
16 that are going to be attractive, perhaps.

17 This project we're advocating here is a robot model, a business
18 model. We did that to bring our experience in the business world to it. It
19 involves substantial resources in terms of input back into the economy of
20 Scott County in particular and the region in general. It involves taking
21 advantage of our heritage tourism assets like the Carter Family Fold, the
22 Daniel Boone Trail, the Interpretive Center and others. This is a very
23 important project, and we have not sorted out the ownership of this Mill yet.
24 We can sort it out in a week, and that is not a particular issue here.

25 I would argue that this project needs to be funded now for at

1 least \$200,000. The funding we've asked for, by the way, is only 70 percent
2 of what it would take to fix the boxes and do a curator quality assessment to
3 fix a couple of other things. I would argue that the logic for no
4 recommendation or no award is faulty. I would argue that it should be
5 funded, and I would argue for at least 200,000 to get the project kicked off.
6 We'll raise the rest of the money that is going to be needed after the full
7 assessment is done.

8 Thank you, very much.

9 DELEGATE KILGORE: Any questions? 1648,
10 Washington County Service Authority.

11 MR. ROBBIE CORNETTE: Thank you, Mr.
12 Chairman. I'm Robbie Cornette, General Manager, Washington County
13 Service Authority. I'd like to share a little bit about what we're doing. The
14 funds we're seeking are half of what we needed if the Commission was so
15 inclined to grant it. I met Mr. Flanary on my way in, but I would say the
16 Service Authority has a number of customers outside of Washington County
17 which includes a portion of Scott County, and we provide water to other
18 localities. We are somewhat regional in nature, and this project would
19 possibly impact job retention as well as making much more water capacity
20 available for future industrial projects in Washington County or industrial
21 prospects that try to seek industry in the county.

22 I'll be happy to answer any questions.

23 SENATOR WAMPLER: This is a real good
24 challenge. He's under a mandate to fix the challenges that he has, both in
25 federal and state government. This is a good example, if you've got a utility

1 that has excess capacity that he could use, and then you take any other
2 community that has put in application together, we don't need to duplicate
3 these efforts, and we need to try to find a regional way to solve it. That's the
4 frustration I have sitting here looking on a regional basis. If we could do
5 one or two and try to sit down and figure out over a period of time how we
6 could try to maximize those. I'm saying we need to plan so we could be
7 much more efficient. I think we could do more with fewer dollars.

8 DELEGATE KILGORE: Wise County IDA,
9 1653.

10 MR. CARL SNODGRASS: I'm Carl Snodgrass,
11 Wise County IDA. That project is part of the \$5 million education bond bill.
12 I haven't been able to ascertain what that money has been used for, the
13 structure or actually, we think probably we should go ahead and use that
14 money for sewer connection also, so the recommendation is correct.

15 DELEGATE KILGORE: Thank you. 1656.

16 MR. MILLER: I'm Duane Miller. That project is
17 about an \$8.1 million project to do the renovation and development of that
18 hotel, with the hope that the UVA-Wise will use that facility for some type
19 of hotel or restaurant. Then \$8.1 million, the county will have a project of
20 about 3 1/2 million to put the project through. We're asking for a million
21 from the Tobacco Commission. We feel it will be 1.2 million, with the
22 anticipating or waiting for an announcement on the other one. More than
23 half the funds are already in place. Anything that the Tobacco Commission
24 can do to help us with this project would certainly be appreciated.

25 Thank you.

1 DELEGATE KILGORE: Thank you. 1637, Joint
2 IDA of Wythe County.

3 MR. ALAN HAWTHORN: Alan Hawthorn,
4 Executive Director of the Joint IDA. We appreciate your saving the best for
5 last. In the Staff recommendation it mentions seeking other funds. We've
6 got responses back for both of those. There may be one opportunity, but it's
7 two to three years out. It's indicated that the funding grant is not an
8 available option; however, they do indicate as the project construction be
9 off-site is a good candidate for support associated with the project.

10 The second point I would emphasize is that this is an item of
11 significant importance to a new sector we're concentrating on. We're trying
12 to recruit a specific company and a very high prospect on the screen and a
13 differentiator candidate site in your study. Unfortunately, we didn't have the
14 data to present; that decision for the project is yet to be made. It still could
15 have an impact. It would be excellent leverage, and we feel like having the
16 PTR in-hand would indicate that the construction time and the business
17 model for serving the park would be demonstrated and could be constructed
18 in the same time line. We'll have it ready to go to leverage at that location
19 for the actual construction.

20 Thank you for your consideration.

21 MR. NOYES: What is the timing on the decision
22 of this potential client?

23 MR. HAWTHORN: Early this fall, mid-fall
24 probably. The time line has a way of slipping, but currently it's estimated to
25 be mid-fall.

1 DELEGATE KILGORE: We've heard from
2 everyone; now this comes back to us as commissioners to make a decision.
3 We've already spent how much?

4 MR. PFOHL: Under a million, leaving a balance
5 of just over two million.

6 DELEGATE KILGORE: Two million twenty-
7 eight thousand fourteen. This is me talking, but I think we need to keep
8 some money so we can have another round. I prefer we not spend it all.

9 DELEGATE JOHNSON: Mr. Chairman, the first
10 one, 1639.

11 DELEGATE KILGORE: Are you making a
12 motion for \$100,000 on that?

13 DELEGATE JOHNSON: Two hundred thousand.
14 Mr. Chairman, the reason why I want the people who are here and haven't
15 read it, there's a business interested just down the street that will create 150
16 new jobs and bring at least 60 from India overseas. Everywhere we go we
17 hear the call, keep the jobs at home. Here's an opportunity to keep them
18 home. We'd miss a golden opportunity to give these people some
19 employment, and if they can get the generators to provide, it's not a
20 speculative deal. It's a sure deal. If we walk away from here today without
21 giving them anything, then I think we're telling the people in the community
22 we're not interested in bringing jobs to Washington County.

23 DELEGATE KILGORE: Could you get one for
24 \$100,000? What will \$200,000 do for you?

25 MR. JACKSON: Two hundred thousand would

1 help get the generator and the partial budget of the building facility. It will
2 expand over time, but this will certainly help.

3 DEPUTY SECRETARY HAMMOND: Who
4 would own the generator?

5 MR. JACKSON: The Town of Abingdon.

6 DELEGATE KILGORE: Not an industry.

7 SENATOR WAMPLER: Delegate Johnson, my
8 delegate said that this was a sure way to close the deal and create jobs. Do
9 you mind that contingency being in the award that we offer?

10 MR. JACKSON: Not at all.

11 SENATOR WAMPLER: I'll second the motion
12 with the contingency of the creation of the jobs, and that would be \$200,000.

13 DELEGATE KILGORE: Let's go through the rest
14 of them and see what we've got.

15 DEPUTY SECRETARY HAMMOND: I would
16 like to move \$400,000 for 1631, Blue Ridge Crossroads. This is what we
17 feel probably would be the best bet for bringing industry to Carroll and
18 Grayson Counties. The proposal as amended would make use of Galax as an
19 exit. I'd like to move that project.

20 MR. FIELDS: How much?

21 DEPUTY SECRETARY HAMMOND: Four
22 hundred thousand.

23 MR. NOYES: We have a second on 1639.

24 DELEGATE KILGORE: Do we have a second on
25 1631? All right. Anyone else?

1 SENATOR PUCKETT: 1638. I'm going to say
2 \$200,000, GED classrooms for Dickenson County.

3 MR. BANNER: I'll second that.

4 SENATOR PUCKETT: Mr. Chairman, 1658, I'm
5 going to ask for \$50,000.

6 MR. FIELDS: I'll second that.

7 DELEGATE KILGORE: I'd like to make a motion
8 for Bush Mill Heritage for a hundred, anyway, 1608.

9 SENATOR WAMPLER: I'll second it.

10 DELEGATE KILGORE: The ones that don't get
11 funded right now, we will have a second round this fall, hopefully, and we'll
12 be able to do some more. I think most of us are trying to focus on some
13 jobs.

14 MR. THOMPSON: I'd move 1656 for \$100,000.

15 MR. BANNER: Second. In reading through these
16 and looking at what our Mission Statement is, I couldn't help but when you
17 look at the Mount Rogers, and I think the success we've had with Rand in
18 Dickenson County and Wise and Scott Counties, I think this is a very
19 important project. I don't think we have funding for those folks right now,
20 but healthcare is important.

21 DELEGATE KILGORE: The new ones we have
22 are what?

23 MR. NOYES: 1639, \$200,000, contingent upon
24 the employment outcomes that were described. 1638, \$200,000; 1658 at
25 \$50,000; 1608, \$100,000; and 1656 at \$100,000. All of those motions have

1 a second.

2 DELEGATE JOHNSON: Mr. Chairman, I move
3 that we approve those amounts in a block.

4 SENATOR WAMPLER: Second.

5 MR. BANNER: I'm on the Board of Oxbow, so
6 I'll abstain.

7 SENATOR WAMPLER: Mr. Banner can abstain
8 in that part and ask the record reflect that.

9 MR. BANNER: Thank you, sir.

10 DELEGATE KILGORE: All right, we have those
11 that were just mentioned in a block. All those in favor say aye? (Ayes.)
12 Opposed?

13 MR. BANNER: I'll abstain on Oxbow.

14 DELEGATE KILGORE: The record will so note.

15

16 I'll also say to those in the audience, some of you aren't satisfied
17 with the funding outcome. Maybe you can get with Ned or Neal and see
18 what we can do to satisfy some of those grants out there right now. Maybe
19 they're not completed or responded to.

20 MR. NOYES: I've asked the Chairman to allow us
21 the condition of grant agreements, should they be approved next week, no
22 disbursement of funds until there has been some outstanding TROF
23 concerns.

24 DELEGATE KILGORE: The Committee in
25 charge of that will be the Executive Committee in charge of the resolution of

1 those.

2 MR. NOYES: If there is inability to resolve them,
3 then they come to the Executive Committee for resolution. We're finding in
4 other projects that we're having matters resolved very promptly.

5 UNIDENTIFIED: I have a question concerning
6 the next meeting. Will these items be considered for the new cycle?

7 DELEGATE KILGORE: You can probably
8 resubmit or talk to the Staff about that. Talk to the Staff about that.

9 MR. NOYES: Ladies and gentlemen, we have a
10 Special Projects Committee meeting that will start very shortly.

11 DELEGATE KILGORE: Do I have a motion that
12 we adjourn this meeting?

13 MR. FIELDS: So move.

14 DELEGATE KILGORE: It's been moved and
15 seconded that we're adjourned.

16 Thank you all for coming.

17

18 PROCEEDINGS CONCLUDED.

19 CERTIFICATE OF THE COURT REPORTER

20

21

22 I, Medford W. Howard, Registered Professional
23 Reporter and Notary Public for the State of Virginia at large, do hereby
24 certify that I was the court reporter who took down and transcribed the
25 proceedings of the **Virginia Tobacco Indemnification and Community**

1 **Revitalization Commission Southwest Economic Development**
2 **Committee Meeting when held on Monday, July 21, 2008 at**
3 **1:00 p.m. at the Southwest Virginia Higher Education Center,**
4 **Abingdon, Virginia.**

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

7 Given under my hand this day of August, 2008.

8

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11

12

Medford W. Howard

13

Registered Professional Reporter

14

Notary Public for the State of Virginia at Large

15

16

17

18 My Commission Expires: October 31, 2010