

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

3                                   701 E. Franklin Street, Suite 501  
4                                   Richmond, VA 23219

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9                                   **Southwest Economic Development Committee Meeting**

10                                  Tuesday, January 13, 2009

11                                  9:00 AM

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14                                  Richmond Marriott Hotel (Downtown)  
15                                  Richmond, Virginia

1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable Phillip P. Puckett, Vice Chairman

4 Mr. Stephen S. Banner

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

6 The Honorable Joseph P. Johnson

7 Mr. David S. Redwine, DVM

8 Mr. James C. Thompson

9 The Honorable William C. Wampler, Jr.

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11 COMMISSION STAFF:

12 Mr. Neal Noyes, Executive Director

13 Mr. Ned Stephenson, Deputy Director

14 Mr. Timothy J. Pfohl, Grants Program Administration Manager

15 Ms. Britt Nelson, Manager of Program Assessments

16 Ms. Sara Williams, Grants Coordinator, Southwest Virginia

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18 OFFICE OF THE ATTORNEY GENERAL:

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

20 Commission

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

3 MR. NOYES: Mr. Banner?

4 MR. BANNER: Here.

5 MR. NOYES: Mr. Fields?

6 MR. FIELDS: (No response.)

7 MR. NOYES: Secretary Gottschalk?

8 SECRETARY GOTTSCHALK: Here.

9 MR. NOYES: Delegate Johnson?

10 DELEGATE JOHNSON: Here.

11 MR. NOYES: Delegate Kilgore?

12 DELEGATE KILGORE: Here.

13 MR. NOYES: Senator Puckett?

14 SENATOR PUCKETT: Here.

15 MR. NOYES: Mr. Redwine?

16 MR. REDWINE: Here.

17 MR. NOYES: Mr. Thompson?

18 MR. THOMPSON: Here.

19 MR. NOYES: Senator Wampler?

20 SENATOR WAMPLER: Here.

21 MR. NOYES: We have a quorum, Mr.

22 Chairman.

23 DELEGATE KILGORE: Do I have a motion  
24 to approve the July 21, 2008 minutes? It's been moved and  
25 seconded. All in favor say, "Aye?" (Ayes.) Opposed? (No

1 response.) We have a number of requests before us this morning.  
2 I'll turn it over to Tim.

3 MR. PFOHL: We have four issues in front of  
4 you today. The first one is not a request for new money. This is  
5 simply a request for relief from conditions that were placed on the  
6 grant that the Commission approved in April of 2007. That is  
7 Grant #1195, the Pro-Art Association, Inc., for purchase and  
8 installation of equipment at the Performing Art Center. When the  
9 grant was approved, the conditions were that the applicant had to  
10 match Commission dollars on a dollar-for-dollar basis with funds  
11 raised by December 31, 2007. They had requested reimbursement  
12 of their 50,000 award. The total project costs are nearly 62,000.  
13 In effect, they are proposing about a \$12,000 match to 50,000 that  
14 was approved which falls short of the conditions that the  
15 Commission approved. We're asking for relief from that  
16 condition.

17 DELEGATE KILGORE: They got a lot of this  
18 lighting cheaper?

19 MR. PFOHL: Normally, they have a quote  
20 from a vendor that would allow them to purchase this equipment  
21 for nearly 62,000, and they have a foundation grant but it falls  
22 short of their dollar-for-dollar match. They are asking us to fund  
23 the majority of it.

24 SENATOR WAMPLER: You can't penalize  
25 them for efficiency.

1 DELEGATE KILGORE: We have a motion  
2 and a second, any discussion? All in favor say, "Aye?" (Ayes.)  
3 Opposed? (No response.)

4 MR. PFOHL: In FY09, the Special Projects  
5 round, Tazewell County had a proposal that had been carried  
6 forward from earlier rounds requesting \$2 million for Phase 1B of  
7 the Bluestone Regional Business & Technology Center. Your  
8 committee had approved the grant for Phase 1A in the amount of  
9 \$1.78 million, and that entailed the additional project costs,  
10 primarily to build a workforce training center on the site. They  
11 are asking that your committee consider this proposal now. The  
12 staff has noted in previous projects, including the one where your  
13 committee approved the award for the other phase, that this  
14 project is very well planed, is very well leveraged, and is highly  
15 consistent with the Commission's strategic plan for putting in  
16 place shovel-graded sites, workforce training facilities, and mixed  
17 used technology oriented parks across the Tobacco Region. The  
18 Staff is supporting this proposal.

19 DELEGATE KILGORE: Tazewell County  
20 was very different when they came and asked for money. They  
21 didn't ask for it when that was, or it's actually been very helpful to  
22 us. The Southwest Economic Development Committee passed  
23 other things that were ready to go. I really appreciate their  
24 patience doing this in the way that they've done it. In looking at  
25 Wytheville the other day, it was a very highly leveraged, as are

1 others that have come to talk about this. Do we have any  
2 comments?

3 SECRETARY GOTTSCHALK: I'll just say  
4 we're very much in favor of this project. We're trying to do  
5 everything we can to help make it move forward.

6 MR. NOYES: Mr. Chairman, I'd like to  
7 remind the Committee that approvals that may take place in the  
8 Commission meeting today, your recommendations will be  
9 contingent on budget action before the Full Commission when it  
10 meets.

11 DELEGATE KILGORE: I guess we'll take up  
12 that 2010 budget proposal before we take up anything else?

13 MR. STEPHENSON: I hope so; we have to do  
14 that or we won't have any money.

15 MR. NOYES: If I've got it right, yes.

16 SENATOR PUCKETT: Mr. Chairman, I  
17 move we grant this request.

18 DELEGATE KILGORE: It's been moved and  
19 seconded. Any more discussion? All in favor say, "Aye?"  
20 (Ayes.) Opposed? (No response.)

21 MR. PFOHL: The third item is a request the  
22 Education Committee sent over here, I believe, and that's for  
23 Virginia Intermont College. The applicant is trying to address it  
24 to the Education Committee, and they wanted to start a new  
25 Virginia tourism concentration in the business program at Virginia

1 Intermont. The request was for 238,700 for Proposal 1713. It was  
2 not addressed by the Education Committee as far as their  
3 conversation about whether or not they wanted to fund private  
4 colleges. It was subsequently sent over to your committee by the  
5 Full Commission in October for consideration of Virginia  
6 Intermont's impact on the region and the economy. So that  
7 proposal is in front of you. The applicants attempted to address  
8 the Education Committee and now it is submitted to you as an  
9 Economic Development Program proposal. It's difficult to assess  
10 the economic impact based on the fact that this was submitted as  
11 an education project.

12 SENATOR WAMPLER: Virginia Intermont  
13 has been bounced around a little bit. It probably was before the  
14 Southwest Committee, and I think it's up to us to determine  
15 whether it merits funding. When you look at the folks in  
16 Southwest and what they are doing and developing an artisan  
17 center and what we believe will come from that and what this  
18 application is trying to do to help tourism in the community. This  
19 is a part of the state that's been hit very hard. I also realize that  
20 we're in a tough bind for a budget, but I would say that we split  
21 that in half, so I would say half of that would be 119,350.  
22 Originally, it was 238,700. What about 169,000?

23 DELEGATE JOHNSON: I'll second the  
24 motion.

25 SENATOR PUCKETT: I would just comment

1 in support of this motion. We made a commitment prior to this in  
2 Southwest based on the economic viability of Virginia Intermont  
3 College. I think this would be enhanced by trying to add to that  
4 and make sure that they'll have an opportunity, not only in part of  
5 what's going on in the area, but also be part of the economic  
6 engine that drives the Southwest Virginia area. One of the things  
7 we recognize is that when a college or university is part of this, we  
8 have economic success in what we're doing in the region. So I  
9 affirm my previous commitment to that. With this commitment, I  
10 certainly support the motion.

11 MR. NOYES: Mr. Chairman, is it your  
12 expectation that these funds are to be used to support the program  
13 that is described in the application to the Education Committee for  
14 that tourism program, or is this 169 available for some other  
15 purpose?

16 SENATOR WAMPLER: Mr. Chairman,  
17 perhaps we could have someone speak to this, very briefly, what  
18 the intent would be if we made this award.

19 DR. PUGLISI: Thank you for the opportunity  
20 to address you this morning. The intent of this is to support the  
21 tourism program. The largest single component of the request  
22 was for scholarships and encourage students in Southwest  
23 Virginia who would not otherwise have access to education,  
24 wanting them to attend Virginia Intermont College. The primary  
25 use of the funds is scholarship. We're also in the process, in the

1 state of marketing the program and recruiting students to attend.  
2 Initially, the funds will be used for marketing and publicizing the  
3 program and establishing an intern relationship with tourism sites  
4 in Southwest Virginia so folks would have a definite connection to  
5 those through the development of tourism in our region and recruit  
6 students from our region to be the managers and administrators of  
7 tourism sites in the region. The primary purpose is to support  
8 programs and scholarships and the tourism program in its initial  
9 stage.

10 SENATOR WAMPLER: Dr. Puglisi, you do  
11 intend to support the Artisan Center in Abington for these  
12 students, do you not?

13 DR. PUGLISI: Absolutely, yes. The Artisan  
14 Center has a key partnership in the region in providing internship  
15 experience for our students, supporting the efforts of the Artisan  
16 Center. We think it's an ideal relationship as it develops.

17 SENATOR WAMPLER: I think Dr. Puglisi  
18 answered it to my satisfaction. I'd also like to recognize Tony  
19 Troy in the audience.

20 MR. TROY: Mr. Chairman and members, this  
21 year Virginia Intermont will be 125 years old, and we appreciate  
22 your support and that will allow us to do another 125 years. They  
23 are beginning to see light at the end of the tunnel. This will help  
24 them go forward. Thank you. There are also members of the  
25 Board of Trustees here too.

1 DELEGATE KILGORE: A motion has been  
2 made and seconded. Any more discussion? All those in favor of  
3 the \$169,000 say, "Aye?" (Ayes.) Opposed? (No response.)

4 MR. PFOHL: The fourth and final request, a  
5 relatively new proposal, and the Commission received this in  
6 October, and it's a proposal that was invited by the Executive  
7 Director. The Commission and the Economic Development  
8 Department have been working in a partnership to develop an  
9 economic development partnership in Washington County. They  
10 have been considering the Washington County site for, and there  
11 are other sites in other states that have been considered besides  
12 Washington County. The proposal is #1471, requesting \$6.3  
13 million for the grading costs of a 100-acre parcel which is the Oak  
14 Park Center for Business and Industry.

15 DELEGATE KILGORE: I'd like to ask the  
16 Executive Director, I'd give him an opportunity to explain this.

17 MR. NOYES: It's not the start of a new trend.  
18 This was discussed early last fall. The Chairman of the  
19 Commission and Vice Chairman of the Commission and I were  
20 contacted with regard to a prospect interested in the Oak Park site  
21 in Washington County. That prospect remains interested but has  
22 deferred its final decision until the international economy is firm,  
23 but I can't speak with any specificity, but it is a very substantial  
24 project. If this firm determines in the near term to make this  
25 investment in the United States, this site will be very competitive

1 and the Commonwealth of Virginia will be very competitive with  
2 at least one other state, I believe, or maybe a third location. We  
3 think Virginia will be successful. The timeframes for initiating  
4 work for facility construction are very, very tight. We can't wait  
5 to grade this site if this company determines to locate within  
6 Virginia. I made a decision to ask for an application as a  
7 contingency. I did that, and I am very pleased with the  
8 responsiveness of Washington County officials. The application,  
9 the numbers are being gathered. The reason we're here today is  
10 because there was a real prospect and it remains a real prospect.  
11 Delegate Kilgore, can somebody put the map up so we can see  
12 what we're talking about and the rest of the Commissioners can  
13 see. Can you explain to the folks where this is?

14 DELEGATE KILGORE: I think it's the  
15 dividing line between mine and Delegate Johnson's district.

16 DELEGATE JOHNSON: That's the adjoining  
17 line.

18 MR. NOYES: I'd like to point out to the  
19 members of the Committee that Washington County has a very  
20 substantial investment to date in this particular site. It's not that  
21 we're doing 100% financing for what is a very large project.  
22 Delegate Kilgore, tell us where it is and what you've done so far.

23 CHRISTY PARKER: Thank you for the  
24 opportunity to speak to the Committee today and we're speaking  
25 on behalf of Washington County Board of Supervisors and the

1 IDA. We have an industrial park here, Oak Park, located right off  
2 Interstate 81. In the past, Washington County has been making  
3 investments here since the year 2000. We've created about 470  
4 jobs here and about 53 million of County funds have already been  
5 invested here. Since that time with County funds only,  
6 Washington County has purchased an additional 100 acres here in  
7 order to create a substantial site to attract a mega development,  
8 mega-type investment. Washington County spent half a million  
9 dollars of funds to acquire this land. Since 2000, we have had  
10 three companies that have narrowed their site selection process in  
11 Virginia to one site at this location. This was a bakery and a site  
12 that would have created the bakery operation to serve 16 states in  
13 the Southeast, but we lost that project. Colgate/Palmolive, a  
14 flagship toothpaste plant was going to locate here and it was the  
15 only Virginia site for the project. We lost it to Tennessee. The  
16 project Neal mentioned is still on hold. What we're hearing from  
17 the prospects is that the reason why we may or may not be  
18 competitive is that we need another access road into the park.  
19 There is only one point of ingress and egress. Another is the time  
20 delay required to develop a site of this magnitude. Over four  
21 consecutive budget years to set aside money each year, little by  
22 little, until we had enough money to elect the contract for what  
23 we're going to call as Phase III. We've already punched in the  
24 road, the water and the sewer and the power, everything you need  
25 infrastructure-wise. The County spent \$2 million dollars to do

1 that and we're up to 2.5 now. In response to what we're hearing  
2 from prospects, we need another access road. Washington County  
3 now has secured options and acquired three farms that will allow  
4 us to bring an access road in with Route 11. They can check off  
5 that concern about access now. Washington County has spent \$2  
6 million acquiring that land and we have an anticipation note, and  
7 we use that as temporary financing, the bond anticipation note.  
8 So, we will have time to design the access road, receive bids, and  
9 since we know exactly how much that road is going to cost, we'll  
10 look for permanent financing.

11 The thought we'd like to pitch to the Tobacco Commission  
12 or this Committee today is Washington County is prepared to  
13 absorb the cost of the access road with acquisition, design, and  
14 construction. We're looking at about \$9 million and that's all  
15 local. When you look at the investment we've already made here  
16 in Phase III, another 2 million, we're over 11 million of local  
17 funding for this project. We're asking you today to partner with  
18 us, so that at one time, we can bid this project and we can build  
19 the road and grade the site in one construction project and realize  
20 a very significant economy of scale. We think the opportunity is  
21 here.

22 DELEGATE KILGORE: You've got about a  
23 two for one match.

24 SENATOR WAMPLER: Christy, where are  
25 you actually intersecting with Route 11?

1 MS. PARKER: It's actually near here.

2 SENATOR WAMPLER: You feel that there is  
3 no adverse acquisition; do you think you'll have a clear shot?

4 MS. PARKER: We acquired these two farms.

5 SENATOR WAMPLER: Is there any other  
6 track or main track you have to acquire?

7 MS. PARKER: No, we have the land. We had  
8 a land swap with Mr. Rowe, and we're swapping him a site for his  
9 land.

10 SENATOR WAMPLER: I want to thank  
11 Washington County for working through that issue, and it's not an  
12 easy issue when you had another alignment. Thank you for  
13 spending time and money to do all that.

14 DELEGATE JOHNSON: Mr. Chairman, I  
15 move we recommend the project.

16 MR. PFOHL: As Christy mentioned, there is  
17 already a road actually and that's penetrating that 100-acre site.  
18 There is an alternative grading plan to preserve that investment in  
19 the road, utilities. In case this recent project doesn't come  
20 through, the entire 100 acres would provide a road and utilities to,  
21 you could break the 100 acres up into smaller parcels to do  
22 multiple projects. The cost to do that grading and preserve the  
23 road and utilities already onsite is \$5,774,400. The Staff is  
24 supportive of that.

25 DELEGATE KILGORE: I believe that

1 amount is \$5,774,400.

2 DELEGATE JOHNSON: We'll take more.

3 DELEGATE KILGORE: Tim, do you have  
4 anything else to add?

5 MR. PFOHL: No, sir.

6 DELEGATE KILGORE: Anyone else have  
7 any questions?

8 SECRETARY GOTTSCHALK: We're very  
9 supportive of this project. We think Washington County has done  
10 a great job creating and helping with this prospect. Because of the  
11 situation and the capital markets and the prospect is kind of  
12 holding back a little bit, it's a very live project and we hope they'll  
13 come back. If not, we'll still be in a position in the future for the  
14 next prospect, but this will be used at some time.

15 DELEGATE KILGORE: Secretary  
16 Gottschalk, with this site, will your department help recruit?

17 SECRETARY GOTTSCHALK: Absolutely.  
18 We hope the current prospect will come, but if he doesn't, we will  
19 be in a good position to go forward. With all this done, we'll be  
20 in a good position and Washington County will be in a good  
21 position the next time someone is interested.

22 MR. BANNER: Mr. Chairman, where are we  
23 going to get the money?

24 DELEGATE KILGORE: Mr. Banner, that's  
25 something we worked on yesterday in the 2010 budget. We have

1 some reserve and there were some motions about transferring  
2 money back to Southwest from that reserve.

3 MR. BANNER: We'll get it in hand?

4 DELEGATE KILGORE: As soon as it gets  
5 approved by the Full Commission.

6 DELEGATE JOHNSON: Mr. Chairman, Mr.  
7 Reynolds is a member of the Washington County Board of  
8 Supervisors, and actually, he's the Chairman.

9 DELEGATE KILGORE: I know he supports  
10 it, I hope.

11 MR. REYNOLDS: I'll just re-enforce what's  
12 been said. When we say, "We get up on the hill," we say, "We'll  
13 locate you in this area and push ya'll down in the valley," but  
14 we're going to have the site ready. We'll be ready when anybody  
15 is interested.

16 DELEGATE KILGORE: We've got a motion  
17 and a second. Anymore discussion? All those in favor of  
18 Delegate Johnson's motion say, "Aye?" (Ayes.) Opposed? (No  
19 response.)

20 MS. PARKER: Thank you very much, and I  
21 want to thank several people for helping me prepare for today.

22 SENATOR WAMPLER: I think these are the  
23 kind of projects, whether they come from the field or the Staff  
24 brings it to us, we ought to be doing more of these large scale to  
25 plant that seed corn that hopefully, because we may not always be

1 sitting on this Commission, and we want these projects to come to  
2 fruition.

3 DELEGATE KILGORE: I appreciate  
4 Washington County stepping up to the plate and putting up money  
5 and believing in yourself. We really appreciate you all taking the  
6 necessary steps to do this. Is there any other public comment? If  
7 not, I think we can adjourn to the Full Commission.

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9 PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

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5 I, Medford W. Howard, Registered  
6 Professional Reporter and Notary Public for the State of Virginia at  
7 Large, do hereby certify that I was the court reporter who took down and  
8 transcribed the proceedings of the Southwest Economic Development  
9 Committee meeting when held on Tuesday, January 13, 2009, at 9:00  
10 AM at the Richmond Marriott Hotel (Downtown), Richmond, Virginia.

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

14 Given under my hand this 23<sup>rd</sup> day of January,  
15 2009.

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Medford W. Howard  
Registered Professional Reporter  
Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2010.

Court Reporter #224566