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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Southwest Economic Development Committee

Wednesday, September 23, 2009
10:00 a.m.

Southwest Virginia Higher Education Center
Abingdon, Virginia

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APPEARANCES:

- The Honorable Terry G. Kilgore, Chairman
- The Honorable Phillip P. Puckett, Vice Chairman
- Mr. Stephen S. Banner
- The Honorable Lynn Hammond, Deputy Secretary of
Department of Commerce & Trade
- The Honorable Joseph P. Johnson, Jr.
- Mr. David S. Redwine, DVM
- The Honorable William C. Wampler, Jr.

COMMISSION STAFF:

- Mr. Neal Noyes, Executive Director
- Mr. Timothy Pfohl, Grants Program Administration Manager
- Ms. Sara Williams, Grants Coordinator, Southwest Virginia

OFFICE OF THE ATTORNEY GENERAL

- Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the
Commission (by telephone)

1 DELEGATE KILGORE: All right. I'll call the
2 meeting of the Southwest Economic Development Committee to order. We
3 have a lot of requests to go through here this morning, and we realize that a
4 lot of people applied to us and these are tough decisions that have to be
5 made, but hopefully, it's my goal to have a second round this year of
6 applications that will come up later on this year. I don't know when we'll do
7 it now, but my goal is that we would have some dollars left over for a second
8 round. The reason we don't want to commit all the money right now is
9 because we don't know what may come up in the next four or five months
10 related to jobs and things like that.

11 All right. Neal, would you call the roll.

12 MR. NOYES : Mr. Banner?

13 MR. BANNER: Here.

14 MR. NOYES : Mr. Fields?

15 MR. FIELDS: (No response.)

16 MR. NOYES : Deputy Secretary Hammond?

17 DEPUTY SECRETARY HAMMOND: Here.

18 MR. NOYES : Delegate Johnson?

19 DELEGATE JOHNSON: Here.

20 MR. NOYES : Delegate Kilgore?

21 DELEGATE KILGORE: Here.

22 MR. NOYES : Senator Puckett?

23 SENATOR PUCKETT: Here.

24 MR. NOYES: Mr. Redwine?

25 MR. REDWINE: Here.

26 MR. NOYES: Mr. Thompson?

1 MR. THOMPSON: (No response.)

2 MR. NOYES : Senator Wampler?

3 SENATOR WAMPLER: Here.

4 MR. NOYES: You have a quorum, Mr. Chairman.

5 DELEGATE KILGORE: Thank you. Can I have
6 a motion that we approve the Minutes of the January 13th, 2009 meeting?
7 It's been moved and seconded. All in favor say aye? (Ayes.)

8 All right, now, Tim, it's time for our presentation of the grant
9 requests. Tim, would you go through and tell us what projects you've
10 recommended?

11 MR. PFOHL: I'll be happy to do that, Mr.
12 Chairman. Good morning to everyone, Committee members and our guests.
13 Very quickly, our process for the fiscal year '10 Southwest Economic
14 Development program is that the Commission announced August 24th, 2009
15 the application deadline. The majority of these 33 proposals came in by that
16 deadline. A couple of these were referred to your Committee from the
17 Special Project round that was held in June and July of this year. We've had
18 a couple that have been in-house for several months now. The Staff meets
19 and has dialogue. If we have any questions about the applications, then we
20 can present to you our best understanding of what the projects entail or what
21 the funding sources are, and so forth. We present these Staff
22 recommendations.

23 Now, I'm going to turn these over to Sara and let Sara Williams,
24 our Southwest Grant Administrator, answer any questions you may have
25 about the Staff recommendations. I believe this is by far the largest
26 Southwest Economic Development budget we've had in the decades of the

1 Commission. We have \$8.5 million available to the Committee this year,
2 but we have nearly \$20 million of proposals in front of you, so we have a
3 challenging day ahead of us. With that, if there are any questions, I'll be
4 happy to answer those, or I'll turn this back over to Sara. You also have the
5 spreadsheet behind you on the screen, and we'll keep track of the
6 Committee's recommendations and the balances that are available.

7 DELEGATE KILGORE: So there is a second
8 page to that so that everyone can see that. I believe the Staff posted their
9 recommendations on the website, and hopefully everyone had a chance to
10 look at those recommendations. What I'd like to do is call Sara up and ask if
11 any Commissioners have any questions of those recommendations or of
12 those recommended items that have recommended funding by the Staff, if
13 that's okay with you, Sara, because I know we'll have a long meeting
14 otherwise if we went through every time here. So, ladies and gentlemen, if
15 you have any questions of Sara for the ones that Staff has recommended,
16 now would be the time to ask.

17 What I'm going to do then, is those of you who have not been
18 recommended I would ask that you appoint one person to come up and tell
19 us why the Staff is wrong and why we need to fund your particular project.
20 Not that they're wrong, but they're just misguided; how about that? So, if
21 you could let us know why they're misguided, we would appreciate that.

22 Let me just say that we do have a great Staff. They work very
23 hard and they travel up and down the road, and Tim has been down three or
24 four times in the last month. Neal and Ned and Sara, everybody works so
25 hard on the Staff. Not only do they have to worry about these
26 recommendations that we have now, but they also make sure that the money

1 that we award is being spent properly. So they have to go by and check with
2 all the grantees and things like that, so it's not all fun and games all the time.
3 Am I right, Sara?

4 MS. WILLIAMS: Absolutely.

5 DELEGATE KILGORE: Yes, it is Neal's job to
6 misguide the Staff, and he has just got back from vacation, so we're glad to
7 have him back.

8 MR. NOYES: Thank you.

9 DELEGATE KILGORE: So, having said all that,
10 now would be the time if you have any questions as it relates to the ones that
11 have been awarded.

12 If you could swing down to the next slide. Now, just for
13 housekeeping purposes, I know we have the Scott County Farmers
14 Cooperative, go up to the one right before that, the Scott County Horse Park,
15 Camp Ground Expansion, Scott County Farmers Cooperative.

16 Tim, do you have a comment on that one? We thought it would
17 be better served in Agribusiness, and we have funded Agribusiness pretty
18 substantially this time. Delegate Johnson is the Chairman. For Scott County
19 Cooperative, I think it does create jobs. Am I right on that?

20 MR. PFOHL: Yes.

21 DELEGATE KILGORE: Otherwise I think it's a
22 good project, but I think it's best served in Agribusiness. Scott County
23 Regional Horse Association, how many more do we have in Agribusiness?

24 MR. PFOHL: I believe that is it, two.

25 DELEGATE KILGORE: I do need that in a
26 motion so that we can refer that. So, I hope you look at this co-op favorably

1 when you meet.

2 MR. REDWINE: Mr. Chairman, I'd like to make a
3 motion that we refer project 1886, Scott County Regional Horse Association
4 and project 1907, Scott County Farmers Cooperative to Agribusiness, which
5 will meet later this fall.

6 DELEGATE KILGORE: I have a motion and a
7 second. All in favor of referring those two projects to Agribusiness say aye?
8 (Ayes.) Opposed? (No response.)

9 Now, also for housekeeping purposes, number 1910 Buchanan
10 County IDA, and they're before the Reserve Committee, and Lee County
11 IDA, that's the Reserve on 1891.

12 MR. NOYES: I believe that project will qualify.
13 That application has not been received based on what we think that
14 application will be.

15 MR. PFOHL: Mr. Chairman, the projects where
16 we mentioned the Reserve referrals we used some wording saying they
17 should be submitted at the appropriate time, because with our Reserve
18 program when we act on applications, that is a six-month funding
19 commitment. The applicant has to decide when we're going to resubmit the
20 Reserve at a time where they know they're going to be in this six-month
21 window to get an answer from the other non-Commission funding source.
22 In this case the VDOT Enhancement Program will take applications in
23 December and doesn't respond until June. They have time in that six-month
24 window.

25 DELEGATE KILGORE: Here's what we're doing.
26 I know the Buchanan County is already in front of the Committee and we

1 can go ahead and move that one and wait on these others. That's already in
2 front of the Committee. Can we have a motion to move 1910 to reserve?

3 DELEGATE JOHNSON: So moved.

4 DELEGATE KILGORE: It's been moved and
5 seconded. A motion and second, all those in favor say aye? (Ayes.)
6 Opposed? (No response.)

7 There is one thing on these, on some of these Staff
8 recommendations, if you all have some qualifiers or things that you would
9 like to see done, if you could, go through the ones that Staff has
10 recommended certain actions by the grantee before our funding kicks in.
11 Could you do that?

12 MS. WILLIAMS: All right. I'll go through the list
13 and discuss any of those.

14 DELEGATE KILGORE: Give us the number, the
15 request number.

16 MS. WILLIAMS: There were a few there, and I
17 think it was three requests, where the request was for a hundred percent
18 funding, and it's against our funding policy to pay for one hundred percent of
19 the project cost. We put in the recommendation that the recommendation
20 was for up to 90 percent of eligible costs. There were three of those that
21 were affected by that. The first one is grant 1811, Bristol Virginia Utilities,
22 and the Staff recommendation for that was 90 percent of project costs, not to
23 exceed 3,510,000. The second one was the IDA, the IDA of Dickenson
24 County; that was grant number 1878. The recommendation for that was also
25 for 90 percent of project costs, not to exceed 112,500. The next one affected
26 by that was 1820, the Highlands Business Park Fiber Installation Project.

1 Smyth Washington Regional Industrial Facility is the application on that,
2 and the recommendation on that was an award of 90 percent of project costs
3 not to exceed 68,130 to Bristol Virginia Utilities to construct and operate the
4 fiber infrastructure as an open access public access.

5 There were also some contingencies for a couple of other
6 grants, and the next one would be grant 1874, the Town of Pennington Gap,
7 Lee Theatre Learning Center Renovation. The recommendation for that was
8 an award of 232,815, contingent on a dollar-for-dollar non-Commission
9 match.

10 DELEGATE KILGORE: That's number 1874?

11 MS. WILLIAMS: The next is grant 1911,
12 Southwest Virginia Community Foundation, Clinch Mountain Performing
13 Arts Center. The Staff recommended an award of 500,000 contingent upon
14 securing an equal amount additional non-Commission funding commitment
15 within one year of the Commission's approval date.

16 The last one is grant 1882, Wellmont Foundation, Cardio-
17 Stroke Tele-Health Network. And that recommendation is for an award of
18 150,400 contingent on execution of a collaboration agreement between
19 Wellmont UVA Office of Telemedicine and the Virginia Telehealth
20 Network.

21 MR. NOYES: Mr. Chairman, I have been advised
22 that that agreement has been realized.

23 DELEGATE KILGORE: So that's already done.

24 MS. WILLIAMS: I believe that is all of them.

25 DELEGATE KILGORE: Do we have any
26 questions on the recommended, now that we have taken care of all the

1 housekeeping, do we have any questions on the recommended results or the
2 recommended Staff recommendations?

3 DELEGATE JOHNSON: Some of the projects
4 that may be deserving to be funded, if we approve this without cutting, will
5 that affect others that might be worthy projects?

6 DELEGATE KILGORE: That depends on how
7 much you want to hold back for the next round. If we want to hold back
8 three million and some change, then, yes, you would. You can do them all
9 like that and still have three million dollars left, but anything you spend
10 today would cut back on that three million.

11 DELEGATE JOHNSON: I was just thinking
12 about the Smyth-Washington County Regional Park, the Glade Springs
13 Project.

14 DELEGATE KILGORE: That's why on the Staff
15 recommendations, if you have any questions, now would be the time to ask
16 them. I guess the question I'm having is on the BVU request. Did you all
17 get a cost on that?

18 MR. PFOHL: Yes, I had conversations with the
19 BVU staff and looked into issues including the cost per mile which is the
20 result of coming off of White Top and the National Forest and working the
21 I-81 corridor, which has to be a buried fiber. We looked at the cost of the
22 points-of-presence, the tops that are proposed in this project, the Glade
23 Highlands Industrial Park and the Town of Marion where they would link up
24 with some existing fiber assets. The BVU people have indicated that this is
25 an expensive project but the nature of the build and it is a project benefit to
26 all of the fiber grantees that have been in front of the Commission's

1 Technology Committee for the last few years. We haven't given any
2 indication that there are cost savings.

3 DELEGATE KILGORE: Is there any cost savings
4 that could be realized? And maybe somebody could better answer that from
5 BVU. That's a big chunk from this Committee, and that's over 50 percent of
6 our funding today. I'm wondering if there are any cost savings that could be
7 realized.

8 MR. ROSENTHAL: I'm not aware of any at this
9 time, but we certainly will work through that process and try to do that as
10 best we can. We're having to move out in the I-81 corridor to make sure
11 we're not duplicating existing, the double source backup for this area of the
12 state. A lot of it depends on what we can do with VDOT and the actual
13 forest area.

14 SENATOR WAMPLER: Mr. Chairman, I'll speak
15 to the BVU application. This is a critical link to have an additional pathway
16 for the system and will operate with reliability. As I look through our
17 applications today, I know of no other application that will generate at least
18 125 jobs as a result of our investment. It's probably closer to the 200 job
19 level, although we cannot confirm that at this point. Those jobs are
20 somewhere in the \$70,000 level. I think it's a wise investment for direct
21 jobs, but it also complements the system that we have. I'd also make a pitch,
22 Mr. Chairman, and ask you as Vice-Chair and Chair of this Committee to
23 ask the Executive Committee to review how perhaps our brethren and sisters
24 in Southside might wish to share part of the cost of building this, because it
25 would benefit MBC. For those in the audience, MBC is the equivalent in
26 Southside of what we're doing in Southwest Virginia with the fiber optic

1 funds. I think just from job creation it makes sense to do it, but I would also
2 make a pitch at a later date to see if they would be willing to cost share and
3 perhaps buy down the cost of the deployment.

4 DELEGATE KILGORE: This is truly off-the-
5 cuff, but what I was thinking was that if we could award BVU some of these
6 dollars, and I'm not saying half or anything like that, I'm saying a big part,
7 and then allow us to make our case to the Executive Committee, then we
8 could come back in our second round and, Neal, if the Executive Committee
9 is not.

10 SENATOR WAMPLER: Here's the problem. We
11 have to create those jobs in a timely manner, and we have to deploy even
12 quicker, and if we delay the decision on funding it, it's not going to be an
13 easy task to get through the National Forest with deployment of fiber, and
14 that's why we have to make a decision now rather than later.

15 MR. NOYES: Mr. Chairman, the issue of the
16 integration or financing of an integrated network is an important one for the
17 Executive Committee, and I think perhaps the way to approach that would
18 be to deal with that during our budget discussions for the next fiscal year,
19 rather than delay going forward with a project that does provide redundancy
20 throughout the entire network right now. However, we can take it up at the
21 Executive Committee and ask that some funds be reimbursed to this
22 Committee for the second round. This is a whole project, this isn't
23 something we can break up at this point, I don't believe, as I read the
24 application and as I understand it and the project.

25 MR. ROSENTHAL: That's correct, and we do
26 have at least an early April time line to do the project.

1 DELEGATE KILGORE: Once the money goes
2 out of this Committee, if we give all the money, we're going to have a hard
3 time getting it back. If we're looking for a million dollars from the
4 Executive Committee and you guys help us with a million dollars, and I feel
5 fine saying okay, we'll give you three million, and we'll put three million on
6 the project today and look for the other \$500,000 from the Executive
7 Committee, knowing that we're not going to leave you holding the bag.

8 MR. NOYES: I'm confident the Executive
9 Committee will be receptive, as long as the Staff can demonstrate where that
10 money is coming from.

11 DELEGATE KILGORE: What do you think about
12 that? At least that way we can get you started but once we've spent it, then
13 Southside might say you already funded that.

14 SENATOR WAMPLER: I don't know if it's
15 correct or fair or what the allocation between the two regions would be, and
16 it would be very easy for MBC to enter into an agreement and say they
17 would not use the system and they would never agree to that, and that
18 wouldn't be a smart way to do it. However, it would smoke them out, so to
19 speak, as to whether or not this is of any benefit to them. I think what BVU
20 needs to hear from this Committee is that we are committed as a
21 Commission to underwriting the balance. If Mr. Chair wishes to reduce the
22 allocation by a half million, with that to be on our agenda at the October
23 29th meeting for full funding to complete the project, I think that would be
24 fair.

25 DELEGATE KILGORE: I think that's the way of
26 having MBC step up to the plate in Southside because, they're going to get

1 the redundancy, too.

2 MR. NOYES: There is a meeting of the Southside
3 Economic Development Committee, which is the appropriate committee in
4 advance of October, and this matter can be discussed with Chairman Owens
5 and be resolved, even in advance of going to the Executive Committee.

6 SENATOR WAMPLER: Mr. Chairman, I would
7 make the recommendation to amend the Staff's recommendation to award
8 under application 1811, Bristol Virginia Utilities, the amount of \$3 million
9 and subsequent consideration by the full Commission. That's my motion.

10 DELEGATE KILGORE: And then to amend that
11 motion, a friendly amendment, if something doesn't happen between now
12 and the Executive Committee, if they don't, that we'll look at it again in the
13 second round.

14 SENATOR WAMPLER: I'd hope we do it in the
15 October meeting; we have to have conclusion by October.

16 DELEGATE KILGORE: That would be fine. I
17 don't know that we need a second on that.

18 MR. NOYES: We can do it at the end.

19 DELEGATE KILGORE: We'll do it at the end.

20 All right, any other issues?

21 Sara, any other requirements, or does anyone else?

22 MS. WILLIAMS: Not that I know of, if anyone
23 has any questions --

24 DELEGATE KILGORE: -- Does anyone else
25 have any other questions? Any members have any other questions on any of
26 the ones that have been recommended for funding?

1 All right. Now we will hear from one person from each of the
2 ones that disagreed with Staff recommendations. I'll just go down the list.
3 Are you all okay? All right.

4 The next one is Boozy Creek Community Center. You can
5 speak from right there. Tell us your name and speak loud.

6 MR. GARDNER: My name is Ira Gardner. This
7 is for our community center, and I thought, I know we applied for this, and
8 we were hoping to get this money. We've built the building, and we've put
9 some money into it, and we had hoped to get this money to help us get
10 through this. We still need money for paving and other reasons. We would
11 like for this Board to consider giving us this money or part of the money.

12 DELEGATE KILGORE: This is the Boozy Creek
13 Community Center?

14 MR. GARDNER: Yes. The Board of Supervisors
15 voted to move our voting precinct to this location with all of the
16 conveniences, the heating and the air, and bathrooms and everything, and
17 good parking. It's centrally located in the precinct. It provides a building for
18 the community to meet, providing some meals to people in Tennessee and
19 the counties and the Boozy Creek area. It's turned out to be a good thing,
20 and hopefully things will get better as we go along. We really need the
21 money, and we'd appreciate it if you all could help us.

22 DELEGATE KILGORE: Thank you, Mr.
23 Gardner. Anybody have any questions for Mr. Gardner?

24 SENATOR WAMPLER: How much left in
25 paving do you have to complete? That has not taken place yet?

26 MR. GARDNER: We need to pave the whole

1 parking lot.

2 SENATOR WAMPLER: Any idea how much that
3 would cost?

4 MR. GARDNER: Thirty to forty thousand dollars
5 to pave the project.

6 DELEGATE KILGORE: Senator Puckett.

7 SENATOR PUCKETT: Thank you, Mr.
8 Chairman. I note from the Staff recommendations on all the projects that
9 we're considering that there are several of the projects that the Staff has
10 indicated not fitting into economic development, no economic outcome and
11 no jobs created. I want to say this, and no disrespect to anyone who has a
12 project out here or what's already been said, but I think, personally, we're
13 opening up an area here, because everyone in the footprint of burley tobacco
14 would like to have a nice community center. I don't think that follows our
15 mission here, and I want those in the audience and the Committee to know
16 that if Staff has recommended that, reviewed that and knows certainly more
17 about it than I know about it, based on their recommendation, I'm not going
18 to vote in favor of any of them if you include it. That's my position,
19 personally. I'm not trying to play anybody one way or the other. I think
20 we're straying from our mission a little bit, and I think we need to pay
21 attention to what we're spending our money for.

22 DELEGATE KILGORE: Thank you, Senator
23 Puckett. We'll move on and then discuss these later at the end.

24 The next one I have is 1919, Coburn-Norton Wise Regional
25 Wastewater Treatment Authority.

26 MR. HOLLYFIELD: My name is Mark

1 Hollyfield, and I'm the Executive Director of the Coeburn-Norton-Wise
2 Regional Wastewater Treatment Authority. I'm here before you today to
3 request that our project be funded by the Commission. Our situation is that
4 we have a critical area for the creation of jobs in the central part of Wise
5 County and the City of Norton. It's not only integral to the particular
6 localities of Coeburn and Wise County, but as well as the region. Within a
7 short distance of this particular location we have four shopping centers, an
8 industrial park and a substantial area that has potential for almost unlimited
9 economic development. We cannot have economic development without
10 critical infrastructure like water, Internet, electricity. We have all of these
11 things in the industrial park and the shopping centers. For the last five years
12 or so we've been unable to move forward with the creation of new jobs
13 because of the lack of reliable expanded sewer services. The City of Norton
14 has several projects that have recently been funded and more that are being
15 funded, and this project is a critical component of several inter-related
16 projects that will create at a minimum, you have a letter in our application
17 from Wise County, from the Wise County IDA that indicates that within a
18 short period of time we can create several hundred jobs if we can complete
19 these series of interconnected sewer projects, starting with the feeder station
20 and continuing on through several projects with the City of Norton and on
21 through Wise County. A substantial amount of state and federal funds have
22 already been allocated to these interconnected sewer projects. If we cannot
23 quantify the amount of sewers that's needed and being treated at this
24 particular location, we're not going to have a completely integrated and
25 effective economic development package that we can offer. I'm confident
26 we have almost unlimited potential if we can fully fund all of these inter-

1 related projects in the hundred and perhaps thousands of jobs that will
2 benefit throughout the entire region, not just our locality.

3 DELEGATE KILGORE: Mark, the reason the
4 Staff didn't recommend this is because part of this is replacement. When
5 you get into replacing lines, there would be a constant number of folks
6 coming in here asking us to replace sewer and water lines already in the
7 ground.

8 MR. HOLLYFIELD: If we gave you that
9 impression in our application we apologize, and that's not what the situation
10 here is. We've never had a meter station at this particular location that
11 works, and this is all new construction. We're not replacing anything that
12 already exists. We've never been able to measure sewer at this particular
13 location. That's why we're pursuing this project at this time. This is not to
14 replace existing equipment, this is all new construction. We have had
15 several unsuccessful attempts in the past, but this is all new construction.

16 DELEGATE KILGORE: Thank you. 1943, the
17 Crooked Road.

18 MR. ROMEO: My name is Jonathan Romeo, and
19 I serve as the interim Executive Director of the Crooked Road. The Crooked
20 Road Virginia's Heritage Music Trail is an economic development initiative
21 that markets the region's traditional music venue. We do this to international
22 and national audiences. The Crooked Road has been successful in its
23 mission, and the economic impact assessment conducted in 2008 shows you
24 we're bringing in \$23 million economic impact a year to the region annually.
25 The Crooked Road has aggressively sought funding for our projects and
26 initiatives and has been successful in sustaining the organization itself.

1 However, marketing and some of the program initiatives that we've outlined
2 in our grant proposal are only able to be met through outside funding. We
3 request you reexamine our application and consider these emotional efforts.
4 One of them is for radio programming, and this would enable the Crooked
5 Road to record and produce radio programs that would be syndicated
6 nationally and internationally. We do this nationally and internationally all
7 the time. We've been very successful in trying to bring this investment to
8 our area. So we'd ask you to reconsider.

9 DELEGATE KILGORE: Thank you for what the
10 Crooked Road has been doing. This Commission has invested, I believe, a
11 million dollars, maybe two, over the past four or five years, and you all have
12 been doing a good job. So thank you.

13 The next one is 1901, Flanary Historical Site right here.

14 MS. SALYER: I would like to speak to the fact
15 that our family was a tobacco-growing family and we lived with the funds
16 from our tobacco farm. It bothers me that we cannot get funding in that
17 situation. We have the most historical site in Scott County, a documented
18 8,000 B.C. village. If we don't get something going in that end of the
19 county, some of our children are about to think of the things in Tennessee.
20 They have their mountain over there, they have their museum, so our
21 children are about to lose those pleasures. Our historical meeting, where do
22 we go then. We go out of Scott County to every meeting to a restaurant or
23 something in Kingsport, Tennessee. How can we be a tourism center
24 economic if we don't have something there to provide for our people in Scott
25 County? That's kind of where I'm coming from. We have that 1830 house,
26 that's the Civil War period. Right now the House of Delegates are doing a

1 grant for that. That house is in that period, and it's very important, especially
2 to that end of the county. I think in that end of the county we need
3 something to keep our people there. None of us will ever live on that farm
4 again, because we all have our own homes and we're trying to give back.
5 We also have eight acres that if we get something going we'll put it into that,
6 have a camping ground. Recently someone wanted to know if there was a
7 place they could hook up for their camper, and we have that at Natural
8 Tunnel, but on our end of the county we don't have anything like that.

9 DELEGATE KILGORE: Any questions?

10 MR. REDWINE: Ms. Salyer, I notice you have in
11 a \$75,000 historic grant. Have you heard anything about that, or when do
12 you expect to get an answer on the other part of the funding?

13 MS. SALYER: If Terry has entered it in the
14 budget, we already applied for that.

15 DELEGATE KILGORE: That's in front of the
16 historical resources project. We've already appropriated money for that. I
17 haven't heard anything on it. Any other questions?

18 All right, Hayters Gap.

19 DELEGATE JOHNSON: I can't believe no one is
20 here from Hayters Gap.

21 DELEGATE KILGORE: All right.

22 DELEGATE JOHNSON: I told the people from
23 Hayters Gap that if the Staff recommended the funding for the walking trail I
24 would support it. There was no recommendation, and no one is here today.
25 I support it, but I'm only one person.

26 DELEGATE KILGORE: 1917, Town of Honaker,

1 Honaker Heritage Center Renovation Project.

2 MR. BALDWIN: I'm Jim Baldwin, the Town of
3 Honaker. I've been out of town for a couple of days, but when I pulled up
4 the website and my copy had the Town of Honaker, Reserve, and I found out
5 that is not the case. I just would like to make a couple of remarks and talk
6 about comments the Staff made. These are tough projects to put together,
7 and we do not have our other funding committed. We're trying to get
8 funding from three or four different places. Each one of them would let us
9 have it if all the others are committed.

10 DELEGATE KILGORE: It could qualify as a
11 Reserve, on my sheet I have Reserve, because you do have an ARC and a
12 VISTA, that could qualify for Reserve. That's the VECETA.

13 MR. BANNER: My copy has Reserve as well.

14 MR. PFOHL: Our intention was to recommend to
15 submit it to Reserve.

16 MR. BALDWIN: We're hoping to do that, and
17 maybe by that time we'll have some other funding in place. The town center
18 will certainly be something we'll all be proud of, and we'll make sure the
19 activities there match up with the funding sources. Sometimes that's tricky,
20 because each one has a different look that they want you to serve, but we'll
21 work very hard on that, and we appreciate this.

22 MR. BANNER: Mr. Chairman, on this project I
23 think it's a great project, and I hope you're satisfied with this Reserve
24 funding on this one; that's the proper way to go.

25 DELEGATE KILGORE: Yes. The Town of
26 Jonesville, 1920. All right. Next is 1891, Powell Mountain Overlook

1 Project. Does that go to Reserve, Tim?

2 MR. LONG: What we're trying to do is get some
3 VDOT money also for that project, and we're trying to partner up with Scott
4 County and Lee County. That area is where there is a lot of tourism going
5 on, and I think the Reserve would be perfect for us, and we appreciate it.
6 Thank you.

7 DELEGATE KILGORE: 1908, Lonesome Pine.

8 MR. GREEN: I'm Don Green, and I'll speak about
9 the foundation. We've provided money for quite a few years. This is a
10 tremendous project. We have a saying that readers are leaders. My dad had
11 a seventh grade education, and books was it, and I know that people should
12 read and read and read. To us it was a form of recreation, but it's been worth
13 everything for the books that I have read. I see it today with the kids that
14 don't read, certainly lacking if they don't do it. Our public school system has
15 done a very poor job in educating our kids, and they need all the help we can
16 give them. All this help has really got to start in the home. They've just got
17 to have books and have access to books and should be encouraged to read.
18 Poor people don't have books, and having a flat screen TV is one thing, but
19 poor people don't have books. I wonder if it's any coincidence if there's
20 correlation there, and I think there is. These are just the facts. We don't
21 discriminate. We need kids out there that are reading and are
22 knowledgeable. All we're asking for is money to get them out there, and we
23 don't discriminate. Kids can get books, and they can get one every six weeks
24 or so. To get kids to read, I don't think there's anything out there more
25 important. We've just got to find a way to do this. We've got to make sure
26 that all our citizens are aware of this. They're taxpayers, and we need to

1 make sure that these children grow up to be taxpayers. We've got 40 percent
2 of the people supporting the other 60 percent, and that's a sad situation. This
3 just can't continue. When you get that much percentage of the population
4 that's supporting one side, we just can't continue with that. So that's my
5 pitch, and I hope you will consider it. I know everybody has needs, but
6 we've just got to get kids to read and got to get those books, and they've got
7 to have access to them. We put out 100,000 books last year to kids in east
8 Tennessee and Southside Virginia. Somebody said kids won't read them,
9 and I said if you get one to do it, that's worth it. If we can get these kids
10 reading, then by the time they start school they'll have an advantage. I know
11 in certain areas, 80 percent of the boys don't finish high school. If you don't
12 get them to read, then a lot of these boys end up in jail, and 80 percent of
13 them drop out of school. One of the reasons is they don't read and they don't
14 have the books to begin with. I think we really can make a big impact if we
15 can do something like this, and I'd ask you to really consider this.

16 DELEGATE KILGORE: I know you're worked
17 hard at it.

18 MR. GREEN: It's well worth it, and we don't mind
19 working at all.

20 DELEGATE KILGORE: I know the Staff talked
21 about the early childhood education funding.

22 MR. PFOHL: In the Education round last year the
23 committee made a very substantial commitment to the Virginia Early
24 Childhood Foundation, which is using comprehensive planning and the
25 implementation approach to each of the planning districts in the tobacco
26 region, matching their funding and the grant from last year. They're working

1 with organizations with early childhood literacy issues and healthcare issues
2 across the region. We hope that there'll be some grant funds to further this.

3 DELEGATE KILGORE: How could we get on
4 their radar screen?

5 MR. PFOHL: Make a phone call or send an e-
6 mail, and the Staff will be happy to try to connect.

7 MR. GREEN: We're only asking for money for
8 books. We're not asking money for staff, just for books.

9 DELEGATE KILGORE: This is a good program.
10 I think there's some funding from counties, I believe, but I don't know.
11 Maybe somebody out there can write a letter for them. All right. Thank
12 you.

13 All right. 1902, Mount Rogers Planning District Commission.

14 MR. MOORE: My name is Irving Moore, and I'm
15 the President of the project, and I'm also involved with the Glade Springs
16 Planning Commission. Our request is probably at the heart of it, as Senator
17 Puckett addressed it earlier. Trying to fund projects that are really going to
18 make an impact. We're actually item 1903.

19 DELEGATE KILGORE: Yes, I see that, Glade
20 Spring, I skipped over it.

21 MR. MOORE: We're trying to direct money to
22 something that really is going to have a strong economic impact. We're
23 trying to address the concerns of the Staff that might be concerned about the
24 sustainability of this project. In the interim we've adopted a plan for
25 sustainability. I'll be happy to share that with you. We've talked about how
26 to sustain this project over ten years. There are some other things I want to

1 say, three points I really want to make talking about this that I think are very
2 important. You need to know about Glade Springs, and I think it's a
3 community that has conservative values, and we don't go through this
4 process easily, asking for public money. That's something we haven't done
5 for a very long time in coming to this Commission. That's something I don't
6 know that we've done at all as a community. Some things have changed and
7 happened in Glade Springs that make a big difference to us and a big
8 difference to bring your attention to what we're trying to do here. I don't
9 know if you've been reading the newspapers at all, but you'll notice that
10 according to the paper in July it was the fastest growing community
11 percentage-wise in the tri-city area. That didn't happen just by accident.
12 That happened as a result of a committed community, a committed body of
13 elected officials who are on the same page and doing things right. Articles
14 have been published in the newspaper that we are doing things right in terms
15 of trying to recognize our community for economic development.

16 The first of the three points I want to make is that Glade
17 Springs has been hit over the years by a one-two punch, and old timers will
18 tell you that. First was the demise of the railroad traffic and then the demise
19 of the tobacco industry, the very agricultural industry that we depend on in
20 the community. When that went away, Glade Springs started to see itself in
21 a very steep decline. If you've ever visited the town, you saw a lot of
22 dilapidated buildings and sidewalks and you saw a real community in
23 despair. That has been changing a lot because of people who are committed
24 to doing things on their own and pulling this community up by its own boot
25 straps. I hope you have a chance to see what's happened in Glade Springs as
26 a result of the commitment there.

1 The second point I wanted to make is that there are great things
2 happening as a result of people who have a real strong community spirit and
3 who are dedicated to making things happen.

4 The third point I want to make is that because of that
5 commitment, we have every intention of making this project successful and
6 every intention of making the Tobacco Commission look good as it reinvests
7 in the community. If you came to this community five years ago, people
8 would shake their head, and if you asked them if we had a farmer's market
9 there that could be sustained for five years, they would roll their eyes at you.
10 If you'd asked them if we could rally a group of community service and
11 volunteers to do the kind of work we've done, you would not believe that
12 these things have happened because of the citizenry. These are the kinds of
13 things that can motivate us.

14 DELEGATE KILGORE: The one thing that hurts
15 you in the application is that the Staff didn't have a sustainability plan. Do
16 you have that plan?

17 MR. MOORE: Yes, I was attempting to address
18 that earlier. We have adopted a plan that addresses the sustainability over
19 ten years, and that includes budgetary years that we're happy to share with
20 you.

21 DELEGATE KILGORE: If you could share those
22 with Tim, we would appreciate it. If it's sustainable over the next ten years,
23 that's what we need to know.

24 MR. MOORE: We believe that very much. Part
25 of it begins with the endorsement that you can give us. In doing this, part of
26 our motivation is the old bank that we're trying to rescue is one that's very

1 dear to this community, and it's the most beautiful building and historic
2 building in our town square. It is at the heart of every citizen in Glade
3 Springs and very important that we rescue that. Part of the things that the
4 Staff is requesting, because we just found out from our architectural review
5 if we don't do something about this bank quickly, then it will be beyond
6 repair. The main motivation is our firm belief that we can create an
7 incubator in this building which will have a focus for economic development
8 in this community. We've started from very grass roots.

9 DELEGATE KILGORE: Thank you.

10 DELEGATE JOHNSON: Mr. Chairman, I'd like
11 to ask a question. I believe I read in the morning paper that the county
12 Board of Supervisors had awarded \$300,000 for a new library.

13 MR. MOORE: Yes, I don't want to go on and get
14 too passionate about things. That's another project that speaks to be
15 involved in our community. It wasn't the County Board of Supervisors that
16 decided that we needed a new library. The library system in Washington
17 County did that for it. We advocated for it, which was a group of about 10
18 or 12 people, senior citizens, and many of whom are here representing Glade
19 Springs. We need the new library, and we need more space to put it in our
20 town square, which would enhance our economic development. They went
21 about raising money and went about raising awareness. That's a testimony
22 to our people.

23 DELEGATE JOHNSON: Just recently a
24 restaurant opened. How many people do they employ?

25 MR. MOORE: I'm not sure. I think it's four or
26 five. I went and patronized it yesterday for the first time, but we have a new

1 restaurant and a new video store. Businesses are coming, and that's evidence
2 that this can work, and that gives us more encouragement about this.

3 DELEGATE JOHNSON: Sir, would you not
4 agree that during the tobacco heyday that Glade Springs was the center of
5 burley tobacco in Washington County?

6 MR. MOORE: I believe so. In fact, when I first
7 moved to Glade Springs 11 years ago, I was surrounded by tobacco fields on
8 three sides, and I lived on the outskirts of town. On the fourth side was an
9 elderly woman, a very elegant Southern woman, who along with her
10 husband ran a business in downtown Glade Springs, and the thing that was
11 brought into my head was, what has happened to this community. And that
12 was the railroad and the demise of tobacco and agriculture. Those are the
13 things that they talked about. Since those things aren't here anymore, but in
14 spite of that we're managing and we're doing well, and we believe that we,
15 along with you, can provide the confidence we need to survive, and the
16 confidence we need to endure, too.

17 SENATOR WAMPLER: Mr. Chairman, my first
18 observation is that if I'm ever charged with the theft of a chicken or charged
19 with murder, I hope that Delegate Johnson will represent me.

20 DELEGATE KILGORE: He asks those good
21 questions.

22 SENATOR WAMPLER: It seems to me
23 somewhere in my notes I made reference that this would be a project eligible
24 for Reserve consideration. I think my note, if it was accurate, was based on
25 the lack of a sustainability plan. I hope that's taken in a friendly context.
26 We have a lot of incubators, some are more successful than others, and

1 before we invest in another one, which we may, I just want to make sure that
2 the business plan is solid and it can sustain itself. I think it has lots of merits
3 and lots of things going on in Glade Springs that are exciting and good.
4 Because it goes to Reserve doesn't mean that it's not, it just means that we
5 have to make sure that all the funding sources are in place and what is an
6 appropriate investment on our part.

7 DELEGATE KILGORE: As one of the Reserve
8 Fund members, I think it's a good project. If it does go to Reserve, I think it
9 would be looked upon favorably as long as there is sustainability, and I
10 haven't seen that, but yes.

11 DELEGATE JOHNSON: If Mr. Chairman is
12 going to look upon it favorably, maybe we can get that.

13 DELEGATE KILGORE: What we may do today
14 is table it and see if we can get it to Reserve. We'll address that in a few
15 moments.

16 DELEGATE JOHNSON: Mr. Chairman, then I
17 would move that we lay it on the table until then.

18 DELEGATE KILGORE: If something happens,
19 Delegate Johnson, we can bring it up at our next meeting that we have for
20 the second round. I have a motion to table. Is there a second? All right,
21 there's a second. All in favor of tabling this motion say aye? (Ayes.)
22 Opposed? (No response.) All right, please get that to Staff. We'll try to
23 work through this process.

24 All right, 1902.

25 MR. STRAMIELLO: My name is Michael
26 Stramiello. On the note it said that this would be a temporary fix for the

1 area, but as far as jobs that's not true. I've been living out here for ten years
2 in Southwest Virginia, and originally in Saltville, and I do other business
3 here. I'm moving my production company from up north to down here.
4 We've done numerous documentaries in the past that have been very
5 successful. The reason we're doing this and the reason you're giving all this
6 money and all those who are trying to help, and it goes nowhere unless the
7 world knows we exist. Right now everyone says Bristol, that's where I live,
8 and we know the race track is there, but we also have people. I want the
9 world to know that, and I have contracts from the Documentary Channel that
10 goes into 37 million homes. We have in place already students from Emory
11 & Henry and graduates from some of the other universities that we would
12 employ as production teams. I'm doing a housing development in Bristol,
13 and we're getting that property. Our plan is to have an 8500 square foot
14 production studio which will keep people moving along. The thing is, there
15 are not many people who can afford a \$5 million commercial to buy air time
16 to tell them about this place, but we can. What we will do, and not just from
17 the three documentaries but from the three documentaries and then Bristol
18 and the other areas would then be an offshoot of the individuals that are part
19 of it. Our plan is to have them shown, not for one year but for two years.

20 We have contacts at PBS. We're already working on a local
21 television food cooking show with the Culinary College, the Ladies Voice
22 Magazine, which our contacts in the Food Network will help. What we have
23 to do is let the world know what's here and who is here, the rich history, the
24 education and universities, and that is what our driving force is all about, to
25 create all of this. Like I said, we have contracts from the Documentary
26 Channel, which will go into 37 million homes. We've already started

1 Broadband network, and it's called *appalachianam.pb*.

2 I'm nervous, and I know I'm going fast. The mission is great,
3 and I know this will help the area very much.

4 DELEGATE KILGORE: I know you have an
5 application in to the ARC, Appalachian Regional Commission?

6 MR. STRAMIELLO: Yes.

7 DELEGATE KILGORE: You're going to submit
8 that by the October 7th deadline?

9 MR. STRAMIELLO: Yes.

10 DELEGATE KILGORE: This appears to be one
11 of those projects that would be eligible for consideration by the Reserve
12 Fund, I believe.

13 MR. PFOHL: ARC requires a specific percentage
14 match and others eligible for the Reserve funding program.

15 MR. STRAMIELLO: We have put up
16 approximately \$60,000 in funds, and we have it also from private funding.

17 DELEGATE KILGORE: I saw that, but we have a
18 bigger pot in the Reserve Fund. If ARC kicks in and if you receive funding
19 from ARC, it could help your cause here. Am I correct on that?

20 MR. PFOHL: Yes.

21 DELEGATE KILGORE: What I'd like to do is do
22 what I did with the last one and table this one, with the understanding that
23 we're going to be looking at this ARC funding program. If it goes through,
24 we'll look at this one more favorably.

25 MR. STRAMIELLO: That will be in October?

26 DELEGATE KILGORE: Application is due

1 October 7th. I know ARC requires a certain match. We've been trying to
2 make our dollars go farther. We partner with ARC and others to make our
3 dollars go farther. We'll work with you on that, and in our second round
4 we'll look at this again. Thank you.

5 Next is the Town of Nicklesville, 1945.

6 MR. DIXON: My name is Danny Dixon, and I
7 appreciate the opportunity to send in an application. I found out this
8 morning that we weren't considered or recommended by the Staff. Let me
9 submit to you that it's fairly common, and having been in that situation most
10 of my adult life, I can attest it's not ----. We believe the Staff has been
11 misinformed about what we intend to do. Unlike the Town of Glade
12 Springs, Nicklesville is as it is today more by evolution than design. The
13 problem is that's not a very good place to be. Like Glade Springs we are
14 probably ---- of the tobacco development in Scott County. You all know
15 what happened to that industry and the impact or how it impacted the people
16 around us a great deal. About half of the business buildings in the Town of
17 Nicklesville are now vacant, and that's a scary situation. As our study and
18 report and application indicated, we have about 50 people who work in the
19 Town of Nicklesville now, and their jobs are certainly in jeopardy if any
20 more businesses fail. We have the potential for creating available space for
21 at least that many more jobs. Nicklesville has never planned well, and we're
22 at a state now where we realize that and we're trying to do something about
23 it. We have put together an application for the Community Development
24 Block Grant Funds. We've gone through that process, and we have 70-some
25 people out of a little community of about 400 that have turned out and very
26 enthusiastically have told us what they want to see us do. The first priority

1 was a multi-use medical facility, and I put that in not to indicate that we're
2 asking you for funding for it, but to show you what we are asking for fits
3 into our longer range plans.

4 DELEGATE KILGORE: You're the first place to
5 submit a medical.

6 MR. DIXON: Anyway, what we need is help in
7 planning for the renovations for our downtown area for economic
8 development purposes. We don't have the expertise within the Town of
9 Nicklesville, and that's what we need, basically. We're looking at probably a
10 need for infrastructure and a good market analysis to guide us in the
11 direction of what businesses we might be able to attract that we can sustain
12 it.

13 DELEGATE KILGORE: You've got Teddy's; I
14 stopped there last week and got a hamburger.

15 MR. DIXON: Apparently the Staff felt that some
16 of the other things we listed we're trying to work on is what we were asking
17 you for funding for, and that's not the case at all. We understand you're
18 looking for economic development, and we are, too. We hope there is some
19 overlap there. Anything we can do to bring a multi-purpose medical facility
20 there would certainly be appreciated. The success of that would really be
21 very key for us. We have to have the adequate infrastructure, and we know
22 that. We have businesses that are already stressed to the maximum trying to
23 survive in the economic climate that we're in. We really don't know what to
24 do or how to go about it, and that's what we're asking for, some professional
25 help to give us some guidance so we know what to do to be successful.

26 Thank you. MR. BANNER: Mr. Chairman, have you already

1 employed the firm of, who is going to do the study?

2 MR. DIXON: Thompson and Litton has been
3 chosen by the town council and funded by CDBG about the feasibility of a
4 multi-purpose medical facility.

5 MR. BANNER: This money would be used for the
6 medical part of it?

7 MR. DIXON: No, what I'm asking you for,
8 priority one is that we're asking CDBG to help us with that. The priority for
9 you is the renovation of our downtown area to support economic
10 development, knowing that it's inadequate in the first place. What we need
11 to do is acquire some engineering help and expertise to come in and help and
12 look at the place and tell us what to do, what we need to do to support the
13 businesses and what we need to do to get these buildings up and running,
14 perhaps grow a bit.

15 MR. BANNER: The \$50,000 you requested,
16 would that help you get a firm that could say this is what we recommend or
17 what we can do?

18 MR. DIXON: We worked with a firm, and they
19 advised us we should be able to get the study done for that amount of
20 money.

21 DELEGATE KILGORE: Where is Skip?

22 MR. SKINNER: We've talked to the Town of
23 Nicklesville about this particular project several times, and there are some
24 issues we're trying to work on. All these communities, we recognize they
25 need economic development help. Certainly the medical project that he's
26 talking of is kind of high on our list of opportunities, business and medical

1 services. We're trying to work with him.

2 DELEGATE KILGORE: Anyone have any
3 questions?

4 MR. NOYES: Is there an RFP for this project, for
5 the study?

6 MR. DIXON: Not yet. The Town of Nicklesville
7 can't afford that.

8 MR. NOYES: I'm talking about the request for
9 proposal.

10 MR. DIXON: We wouldn't do a request for a
11 proposal we couldn't fund.

12 DELEGATE KILGORE: Thank you. 1897, the
13 City of Norton. Anyone here? All right, next is the 1906, Town of St. Paul.
14 I think that's the one that's eligible for Reserve, and that's something Mr.
15 Banner or we're going to ask for the Reserve Fund. St. Paul, that's a very
16 important area.

17 MR. BANNER: I met those folks down there, and
18 we're interested in that, and I don't know if anybody from St. Paul is here.
19 The Reserve will be fine on that.

20 DELEGATE KILGORE: 1922, Settlers Museum
21 Foundation. The Staff recommended that one be, that would go to Reserve
22 at the appropriate time.

23 All right, the next one is 1898, Smyth County Tourism
24 Association.

25 All right, 1899, Smyth County Board of Supervisors, Marion
26 Downtown Development Project.

1 MR. HEATH: Mr. Chairman and members of the
2 Commission, thank you so much for coming here today. The Downtown
3 Association is partnering with Smyth County on this project, and we're here
4 to address our concern. I'll stand close to Tim in case he wants to elbow me.

5 What we're asking for here is not in terms of a parking deck. I
6 know other people have had a hard time considering a parking deck. What
7 we're asking for is infrastructure for economic development. If you think of
8 this project in terms of Broadband, water and sewer service to the industrial
9 park. Marion received about \$20 million in public and private investment
10 over the past decade. We're ready to kick off several other projects, which
11 involves nearly \$5 million in additional reinvestment, and we need a little
12 help from you people. Hotels, restaurants, retail stores, a state-of-the-art
13 conference center, 500-seat theater with television show, "Song of the
14 Mountain," and you guys have heard about that, and you've given us
15 support, and we appreciate that. A handful of museums and a college, we
16 need your help bringing this to Marion. This would be a no-brainer, and I
17 think we'd be on the positive side on your chart. That's exactly what we're
18 asking for. Marion realized years ago, and we're a small town in Southwest
19 Virginia, and there are many like it across America. We're not building cars,
20 and because of that we don't have enough parking downtown to support a
21 modern survivable downtown, certainly not a growing downtown. We
22 worked on our facades and streets and sidewalks, and now we need your
23 help to finish the job. We've studied the parking options for every
24 generation since long before I've been associated with the Downtown
25 Association, trying to find solutions to create when we get to this point, how
26 do we solve the parking issue. The only way we can go now is up.

1 One of the problems we had was the parking deck issue. The
2 argument was that it was only being used for courts. Please understand that
3 what it says is that the courts would reserve the parking deck and if there
4 ever was a time that a case brought such a load that every space would be
5 needed, then it would be reserved for the courts. Otherwise, it's reserved for
6 anyone at anytime; it's a shared lot. Even if it were to fill up, it would open
7 up the rest of the infrastructure downtown for other parking so that other
8 people coming to town who were there to shop or to dine or students with
9 various activities, we would allow that infrastructure to be used by the
10 public. It would be open nights and weekends and close to the college and
11 the theater, just a half block off Main Street. It's not the only location, but
12 by chance it's the ideal location for us to serve Marion and the community
13 for decades to come as we grow.

14 We're not asking for a speculative chance with you guys today.
15 We have a track record of success to show, from the Farmers Market you
16 guys helped fund years ago to over 20 million in public and private
17 reinvestment. We've maximized every day the resources that we've been
18 provided for economic development. We have funding in place to renovate
19 many historical houses and some of the facades which is in Phase 1 of the
20 build-out, the Appalachian School of Music that would tie in with
21 Heartwood, which is located on this campus. We have a 250-seat
22 conference center, done by private investment, and that helps bring people
23 out. We have a 500-seat theater that brings in visitors from across America
24 and the television show "Song of the Mountains" that bridges 180 affiliates
25 and reaches about 64 million households each month. You've heard about
26 reaching out to let everybody else know what's going on in Southwestern

1 Virginia; "Song of the Mountains" is doing that. We want to have parking
2 so people can park and enjoy their experience downtown in this community.
3 We have restaurants and retail in place and several more to come in. What
4 we're asking for from the Tobacco Commission is the last dollar in. We
5 need your help in building the necessary infrastructure for Marion and
6 Smyth County and for the Commonwealth.

7 In our application we're requesting \$1 million, which is two-
8 thirds of the total project costs for infrastructure. Of course, we'll be happy
9 to take anything that we can or that you can share with us. Half that would
10 be 20 percent of the total project costs. Please understand other funding is
11 committed and we're just asking for some help to offset some of the costs to
12 develop this infrastructure. We're talking about sustainability for jobs,
13 which is somewhere between 50 and 75 permanent jobs and probably that
14 many as well full-time jobs once everything is completed on the project list
15 that we have under wraps right now. With me from Smyth County is Scott
16 Simpson and Sally Morgan, and from the school we have Joe Ellis, if you
17 have any questions about any other parts of the project.

18 DELEGATE KILGORE: Anyone have any
19 questions?

20 SENATOR WAMPLER: Ken, as I was looking
21 over your application, it's hard to divorce your claim that this does not
22 support the parking deck that is mandated by the courthouse. Give me one
23 more pass why it doesn't build the parking deck at the courthouse.

24 MR. HEATH: It does put parking by the
25 courthouse. It's a critical piece of infrastructure, and my pitch is if you look
26 at a parking deck and say no, we don't do that. We're asking for you to look

1 at it as a piece of infrastructure that we need for the downtown to succeed.

2 SENATOR WAMPLER: Mr. Chairman, as I read
3 your application there was a portion that you referenced for abatement.

4 What is that?

5 MR. HEATH: Currently we have some BG funds
6 tentatively, and we'll find out, hopefully tomorrow, to eliminate some
7 facades that do not fit in the historic character and also to look at some street
8 improvements that could be funded by this.

9 SENATOR WAMPLER: I'm trying to take you
10 down a path that might be a bit more favorable. Is that facade you speak of,
11 or other property that is undesirable, is that part of the court mandate for
12 removal, or is that part of the downtown revitalization portion?

13 MR. HEATH: It's the downtown, the downtown
14 would encompass that.

15 SENATOR WAMPLER: Mr. Chairman, I don't
16 know if that portion would be eligible for Reserve if there is a matching
17 component from CDBG or other funding sources.

18 MR. PFOHL: This was initially submitted to
19 Reserve and passed by because of the lack of specific requirements.

20 SENATOR WAMPLER: I think what I was trying
21 to say, excluding the parking deck, if there is a portion that would upgrade
22 the downtown that is not under court mandate if that is encompassed, then I
23 think maybe we ought to take another look at the Reserve component. It
24 may be a very small percentage of a very small percentage, but I think we
25 should try to look at that. As I read the application the third time and trying
26 to find the reason why it was not, I was trying to see if that would fall under

1 that.

2 DELEGATE JOHNSON: The 350,000 that the
3 county has committed, is that for the courthouse project?

4 MR. HEATH: I'll refer to Mr. Simpson.

5 MR. SIMPSON: Currently we're providing
6 additional parking for the courthouse expansion, and part of doing that is
7 eliminating some buildings downtown that may be needed for the economic
8 recovery, so building the parking deck is part of our infrastructure,
9 developing parking downtown by eliminating buildings.

10 MR. ELLIS: What happened is that we had the
11 option of tearing down a historical building for the parking deck. People
12 investing in downtown want to keep everything. We have a plan to bring
13 about the School of Music and Arts. The parking garage is an outcome of
14 the economic potential, and it would really have a big impact. The garage is
15 more to save our downtown if you tear down a 1908 courthouse, and no one
16 wants to do that. The parking garage is kind of competing, and I know there
17 are some cheaper options, but we need to save our downtown.

18 DELEGATE KILGORE: Thank you. 1894.

19 MR. KRAVITZ: My name is Bruce Kravitz, and
20 I'm the CEO for the Southwest Virginia Alliance for Manufacturing. In our
21 three-and-a-half-year existence we've had association with both the
22 Economic Development and Education arms of the Tobacco Commission,
23 which is why we're before you here today. Recognizing that we have been
24 instrumental in the facilitation of the training and advanced manufacturing
25 skills of 1200 people in that particular time period and the creation of 138
26 new jobs, it falls over between Economic Development and Education. One

1 of the things I wanted to say, the time that was available from the Staff
2 recommendation until today's meeting, and I'd like the opportunity to
3 possibly re-guide the Staff a little bit. I'm not saying they are at all
4 misguided, but just a slight re-guiding. Recognizing that their
5 recommendation, while they need to have additional information to make it
6 more accurate, and I'd like to make your job easier this morning by asking
7 this body to recommend a referral to the Education Committee. The bulk of
8 this request, even though it could be Economic Development oriented, it is
9 still, by what you see here, a great Education program.

10 DELEGATE KILGORE: Do I have a motion we
11 refer that to the Education Committee?

12 SENATOR PUCKETT: So moved.

13 DELEGATE KILGORE: We have a motion and a
14 second. All in favor? (Ayes.)

15 MR. KRAVITZ: Thank you.

16 DELEGATE KILGORE: The last one I have is
17 the IDA of Wythe County, 1921.

18 MR. HAWTHORNE: Good morning, Mr.
19 Chairman and Committee members. I come along this morning with several
20 representatives of Wythe County, Chairman of our Board of Supervisors,
21 our County Administrator, and Chairman of the Joint IDA. I want to share
22 with you a few points about a very significant project that hits at the very
23 core of our mission of this Committee, and that's economic development. I'd
24 like to make a few key points.

25 The first is that Progress Park has the strategic intersecting
26 interstate class 1 railroad and high capacity infrastructure that survives by

1 the major manufacturing process. Several projects in the last few years have
2 averaged an investment of three-quarters of a billion dollars of private
3 investment and 1400 jobs created in Progress Park. Always the missing
4 piece has been a graded site. There are very few locations that provide a
5 230-acre rail side.

6 The second point is that a large rail source side, a mega rail
7 project will require two to three years of grading to complete. No matter
8 how much the prospect likes all the other aspects of the location in the Park,
9 they will not wait two to three years for grading. We'll never come before
10 you saying here is this great prospect and you need to help us fund it.
11 Nobody is going to wait the time it takes to get that grading done.

12 The third point is that this is a big effort and big for Wythe
13 County. The combined off-site and on-site costs of the project is \$23
14 million. The time critical aspect, which is the on-site grading that will be
15 two to three years, that's \$18 million to clear the land value. The developed
16 project that is used by Norfolk Southern and EDP and the major economic
17 development asset would have a significant regional impact. Businesses in
18 Project Park typically only employ half of the people from Wythe County.
19 Others would come from surrounding jurisdictions. Wythe County and the
20 Joint IDA are helping with all the support we can generate to make this large
21 project happen, including the use of public/private partnerships to help us
22 leverage resources. We are also continuing to evaluate options such as
23 recovery bonds that will allow us to do other financing options to make sure
24 that we get creative solutions, especially since you might get that from
25 public/private partnerships. There has been much public/private partnership
26 interest in the project. We had standing room only for participation in our

1 pre-proposal meeting. Many people are very enthusiastic and are working
2 on this proposal for this project.

3 The final point, and I must emphasize the most important point,
4 we're only able to do this project because of the economic slump. The
5 project grading costs are half what they would be and likely what they would
6 be going forward. There is a window of opportunity here that we have to
7 grasp now, otherwise this will not happen. It will not be practical for us to
8 come back to you later on and ask you for seven and a half million instead of
9 two and a half. It's a number you can't and will not fund. The key thing we
10 need to do now is take advantage of this window of opportunity, and we
11 need this two and a half million dollars, which is a very small percentage of
12 the total project, in order to be able to leverage and move it forward.

13 Thank you.

14 DEPUTY SECRETARY HAMMOND: Mr.
15 Chairman, the financing mechanism proposed for this, have any of the other
16 localities used that particular -- any of the other localities want to speak to
17 that? I know that's one of the Commission's concerns.

18 MR. HAWTHORNE: It is fairly innovative, and
19 I've returned from the Economic Developers Association meeting this week,
20 and many people were aware of this and interested, all the way from the
21 other end of 81 in Winchester, and they said keep us posted, we're very
22 interested in it. Their challenge is the acreage starts at \$75,000 an acre, but
23 if we put this money into this, we'll be able to offer it to prospects at 75,000
24 an acre. The creative financing aspect of this is taking advantage of the
25 public/private partnership opportunity provided to the IDA, and that's
26 something that there is great interest in. Several companies have really

1 emphasized the advantages of the public/private partnership and
2 enthusiastically working on putting together a proposal. It can't happen
3 without this. Even with this, all these other pieces and leverages have to
4 come together, because it's that big a project.

5 DEPUTY SECRETARY HAMMOND: You
6 mentioned this is a short window of opportunity. With the economy the way
7 it is, how short do you envision this window of opportunity to be?

8 MR. HAWTHORNE: We've tried hard to get our
9 hands around that. Much of the stimulus money that's coming down from
10 the federal government will lead to the construction of the project. We've
11 had advice that we will need to get this thing committed this fall, because
12 that's when you're going to get the big competitive projects as folks move
13 into the stream and other things will be coming up, and you're going to see
14 prices go up. If we try to move it forward, that is really the dilemma,
15 waiting and waiting for that period. We would come back and oh, by the
16 way, we're short seven and a half million and that's what we need from you,
17 and obviously you won't fund that, and you can't. We're smart enough to
18 realize that and know that, and that's why the timing is so important. This is
19 the window of opportunity for us, and if we don't do it, this site will never
20 have this opportunity as we move forward.

21 SENATOR WAMPLER: A couple of questions
22 and maybe a comment or two. I guess I based the first question or comment
23 as a hybrid of your application, what Ms. DiYorio has said and help try to
24 guide me through this process.

25 MR. HAWTHORNE: We certainly appreciate her
26 support.

1 SENATOR WAMPLER: Don't you have a bid
2 outstanding or a request for proposal outstanding on the cost of
3 development? And if you spoke to that, I didn't understand it completely.

4 MR. HAWTHORNE: We do. They are working
5 on it very actively, and we will have that by October 16th. We originally
6 scheduled it for October 2nd so we could have it before your meeting, but
7 your meeting was earlier than typically is the case. They were asking for
8 another two weeks to get a better proposal, and they convinced us we would
9 get better quality by giving them until October 16th.

10 SENATOR WAMPLER: Objectively, that would
11 be a major point for our consideration. Another point of thought is that I
12 would have to disagree, and hopefully respectfully and in a positive manner,
13 about challenging us at a later date for a bigger number. My memory and
14 recent memory says that we went on the hook for some \$20 million for a
15 potential mega site, which was a huge leap of faith for the Tobacco
16 Commission to enter into. I'm not sure the Commission, both Southside and
17 Southwest, (a) is ready to fund the mega site; and I'll say we believe
18 eventually it will happen, although I think we should, but there may be two
19 or three other sites in Southwest that we may want to fund as a package to do
20 that.

21 Mr. Chairman, the last point I would make, the down side to
22 that theory is that we would not take advantage of the most competitive bid
23 structure that we have today versus 12 months from now. I don't know that
24 I'm ready to throw the towel in and say we only have a chance to do one. I
25 think we have a chance to do some major investment in other regional parks.
26 That's just one person's opinion. I wouldn't back away from a big challenge,

1 and if it makes sense and brings employers, you bet you, we'll be there to
2 help close the gap.

3 Thank you, Mr. Chairman.

4 MR. HAWTHORNE: I was probably ill advised
5 in my use of saying what I said, but it is a mega rail as typically rail projects
6 have gone. It's not one of your mega site projects. This is not a thousand-
7 acre park and what is typically looked at, and we have determined that we
8 are not likely to be one of those sites. But there is a strategic 230-acre, it is a
9 mega rail project. I use the term mega in terms of investment. It would have
10 to be a big site to get us three-quarters of a million dollars. To us, that is
11 mega. To the region it's not one of the mega sites.

12 The other piece of it is I don't feel like we'll have an opportunity
13 to compete for one of those mega site funding opportunities.

14 MR. NOYES: Presumably, the window that you
15 speak of remains open until the end of this October, is that true?

16 MR. HAWTHORNE: Correct.

17 MR. NOYES: As one of the Staff members I'm
18 prepared to stipulate that it is a fine economic development project, and the
19 Staff was not concerned about the amount of the request, but the Staff did
20 not have adequate information to review so that we could offer a judgment
21 to this Committee and this Committee could decide upon the
22 recommendation to the full Commission at our October meeting. It's
23 pending what Senator Wampler discussed. This information you're doing
24 according to your schedule and not our schedule. I have made a
25 recommendation to other members of this Committee and other
26 commissioners that until the Staff has an opportunity to review the financing

1 structure of this deal, because we have not had, the Staff is not going to
2 provide a recommendation that really looks to the merits of this as an
3 Economic Development project. We met in my office, you, Tim, Ned and
4 myself some weeks ago, and we discussed it at that time. This is not a
5 surprise; the Staff's recommendation ought not be a surprise. This is for any
6 project that is submitted to any Committee. When Staff requests information
7 so that we can offer our judgment to the Committee, we expect to get that
8 information in advance of the Committee meeting. If we cannot, we're not
9 going to provide an affirmative recommendation. We'll ask that the project
10 be tabled or referred or something else. That's the situation we have; it is not
11 that the Staff opposes in anyway.

12 MR. HAWTHORNE: We did make an attempt to
13 do this by October 2nd and we were surprised about the timing of your
14 meeting.

15 MR. NOYES: Depending on what this Committee
16 decides to do, we will welcome an opportunity to look at the financing
17 structure, which is certainly innovative and unusual. In thirty-some years
18 I've never seen, I've heard about it but never seen it.

19 MR. HAWTHORNE: I certainly will believe that
20 we will have everything done by October the 16th, which will allow
21 information to be disseminated prior to your October 29th meeting.

22 SENATOR PUCKETT: Mr. Chairman, I'm glad to
23 hear what I just heard, because I was prepared to say let's table this. At least
24 we'll know something on October 16th and still have time to act before the
25 end of October. If they get this information on the financing and the bids
26 look favorable, I think this Committee would certainly look favorable on it,

1 a project of this nature. I sometimes get a little concerned that this
2 Committee is looked upon as not being, we spend a lot of money on big
3 projects, and we're committed to do that. Six months ago we threw down
4 \$100 million through these stimulus packages. If that kind of money comes
5 where you have to have some matching, we want to be in a position to help
6 meet those needs.

7 Neal is exactly right. This is a good project, if we know enough
8 about it to invest, and what we think is going to happen. The Wytheville
9 area and the park there is one of the best things we have there at the
10 intersection of two major interstates. It's a good project, and we need to
11 know, before we're making a commitment, whether it's two-and-a-half
12 million or seven million. Seven million is not out of the realm, it is a
13 possibility if we know what's out there.

14 I've learned to respect even more what the Staff goes through
15 in looking at these things. We're willing to look at anything that somebody
16 brings to the table, particularly that creates those kinds of job opportunities.
17 Don't take what we're saying here as being negative and that we're not going
18 to do it. We're really looking to do things like this.

19 MR. HAWTHORNE: You have my commitment
20 to work as hard as I can to answer all the questions that you have.

21 DELEGATE KILGORE: Here's what I think we
22 should do, is table this until the morning of the 29th, which is our next
23 meeting, and then we can look at the information that is provided to us along
24 with the Staff.

25 MR. NOYES: In particular I want to look at how
26 this property may be encumbered, because grantees of the Tobacco

1 Commission hold the assets that we finance in trust for the Commission.
2 The lien structure and those sorts of things also have issues with the use of
3 restricted versus unrestricted funds. There are a lot of details that have
4 nothing in particular to do with the merits of the projects or the economic
5 development initiative. Until we have that information I'm not prepared to
6 offer a recommendation.

7 MR. HAWTHORNE: I'm perfectly comfortable
8 on that, and I've been up to my neck in details for most of the last year trying
9 to get this project to the table, and the payoff is worth the effort.

10 DELEGATE KILGORE: I have a motion and a
11 second that we table this until the morning of October 29th in Wytheville.
12 All those in favor say aye? (Ayes.) Opposed? (No response.)

13 MR. HAWTHORNE: I'll be happy to give
14 anybody a tour of the park at any time.

15 DELEGATE KILGORE: Thank you. Now, I
16 think I've gotten through everyone who wants to speak.

17 MR. BANNER: Is it possible for a recess?
18

19 NOTE: A recess is had. Thereupon
20 the Committee reconvenes, viz:

21
22 DELEGATE KILGORE: All right, ladies and
23 gentlemen, the time comes now we have to make our recommendations. Let
24 me tell you those that have been referred to the Reserve. We get those
25 applications, on my e-mail we get them at least once or twice a week on the
26 Reserve funding. As soon as your other funding sources come through, but

1 the fellow from the Wythe County IDA, that's something we need to look at
2 --- on the Reserve for that project. As soon as we get that paperwork, and
3 you let me know as soon as you get it, I'll look at that for a Reserve
4 application and see if that will help you there. It's the way it's set up, and it's
5 quick, and it's a four-person committee.

6 Now is that time to make a recommendation. We have some
7 other recommendations on the part of the Committee for 1902. Do we need
8 25,000?

9 SENATOR WAMPLER: I don't know what the
10 amount is, but it would be an amount applied toward it.

11 MR. PFOHL: Which one is that?

12 DELEGATE KILGORE: I'm sorry, it's 1899.
13 1902 would qualify for the Reserve. 1899, 25,000. I think you reduced the
14 BVU?

15 MR. PFOHL: Yes, three million.

16 DELEGATE KILGORE: Nicklesville, I know the
17 funding study, we'll do 20,000 toward that, 1945. If that's okay with the
18 members?

19 1901, 20 towards that and then look at it again. I think you said
20 about 8,000 BC, 1901.

21 MR. BANNER: And what about 1900?

22 DELEGATE KILGORE: Boozy Creek to help
23 with paving and all that, there's a suggestion of 30,000.

24 SENATOR WAMPLER: Mr. Chairman, on
25 Boozy Creek I think I'd ask the record to reflect that that would be for yet-to-
26 be-constructed portions, particularly the paving. I don't think we use our

1 fund proceeds to retire debt. We should not set ourselves up so that it would
2 be for a completion of the unfinished portion.

3 DELEGATE KILGORE: The unfinished portion.
4 1948, Hayters Gap, we're thinking about maybe 15,000 for that. Any other
5 additions from the members of the Committee?

6 MR. BANNER: How much is that?

7 DELEGATE KILGORE: Fifteen.

8 MR. PFOHL: Five million of recommendations,
9 3.4 remaining.

10 DELEGATE KILGORE: What I'm doing, ladies
11 and gentleman, 3.4 remaining, and we'll have a second round at a date to be
12 determined by the Staff, and the Staff has Education and Agribusiness to do.
13 The ones we refer to Agribusiness, so the record will be clear, they do not
14 have to do anything or resubmit anything, we'll just refer them from here.

15 MR. NOYES: That's correct, unless there is some
16 question that has not been answered.

17 DELEGATE KILGORE: By all means, if Staff
18 calls you with a request or needs more information and you're one of these
19 applicants, please respond, and if you don't then they start calling us and we
20 try to get a hold of you, but its better if you went ahead and helped them out
21 up front.

22 Any more comments or additions from members of the
23 Committee? I'll entertain a motion to approve these in a block.

24 DELEGATE JOHNSON: So moved.

25 DELEGATE KILGORE: Do I have a second?

26 SENATOR WAMPLER: Second.

1 DELEGATE KILGORE: All those in favor of
2 approving these in a block say aye? (Ayes.) Opposed? (No response.)
3 These will be taken up before the full Commission.

4 All right, any public comments?

5 MR. NOYES: Members of the Committee, lunch
6 is located outside the hearing room, and please give us your travel vouchers.
7 Sign them, and Michelle will pick them up.

8 DELEGATE KILGORE: I want to thank our Staff
9 for all the hard work. These are hard meetings to put together, and I don't
10 know how many hours you all have spent going through the applications, but
11 I know I've talked to Tim late at night a couple of times when he called me
12 about some issues, and I want to tell them we appreciate all that hard work.
13 The longer I'm on this Commission the more I appreciate the work that the
14 Staff does.

15

16

17 MR. NOYES: Thank you very much.

18 DELEGATE KILGORE: Do I have a motion we
19 adjourn?

20 DELEGATE JOHNSON: So moved.

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

23

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the

1 proceedings of the **Virginia Tobacco Indemnification and Community**
2 **Revitalization Commission Southwest Economic Development**
3 **Committee Meeting when held on Wednesday, September 23, 2009 at**
4 **10:00 a.m. at the Southwest Virginia Higher Education Center,**
5 **Abingdon, Virginia.**

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

8 Given under my hand this 12th day of October,
9 2009.

10

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13

Medford W. Howard

14

Registered Professional Reporter

15

Notary Public for the State of Virginia at Large

16

17

18 My Commission Expires: October 31, 2010.