

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

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219
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9 Southwest Economic Development Committee Meeting
10 Thursday, April 29, 2010
11 8:00 a.m.
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13 Hotel Roanoke
14 Roanoke, Virginia
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1 **APPEARANCES**

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3 James C. Thompson, Chairman

4 David S. Redwine, DVM, Vice Chairman

5 Steven S. Banner

6 The Honorable James S. Cheng

7 Secretary of Commerce & Trade

8 The Honorable Joseph P. Johnson, Jr.

9 The Honorable Phillip P. Puckett

10 The Honorable William C. Wampler, Jr.

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12 **COMMISSION STAFF**

13 Mr. Neal Noyes, Executive Director

14 Mr. Ned Stephenson, Deputy Executive Director

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

16 Ms. Stephanie S. Kim, Director of Finance

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18 **COUNSEL FOR THE COMMISSION**

19 Mr. Francis N. Ferguson, Esquire Counsel for the Commission

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1 April 29, 2010

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4 MR. THOMPSON: Good morning everyone. I
5 will go ahead and call the Southwest Economic Development
6 Committee to order right now. Mr. Noyes, would you call the
7 roll?

8 MR. NOYES: Mr. Banner?

9 MR. BANNER: Here.

10 MR. NOYES: Secretary Cheng?

11 SECRETARY CHENG: Here.

12 MR. NOYES: Delegate Johnson?

13 DELEGATE JOHNSON: Here.

14 MR. NOYES: Senator Puckett?

15 SENATOR PUCKETT: Here.

16 MR. NOYES: Mr. Redwine?

17 MR. REDWINE: Here.

18 MR. NOYES: Mr. Thompson?

19 MR. THOMPSON: Here.

20 MR. NOYES: Senator Wampler?

21 SENATOR WAMPLER: Here.

22 MR. NOYES: You have a quorum Mr.

23 Chairman.

24 MR. THOMPSON: Thank you. The first item
25 on the agenda is the approval of the minutes from October 29,

1 2009.

2 SENATOR PUCKETT: So moved.

3 MR. BANNER: Second.

4 MR. THOMPSON: All those in favor say aye
5 (Ayes). Opposed (No response). All right, the minutes are
6 passed. The next item on the agenda is Tazewell County
7 Bluestone.

8 MR. PHOFL: Mr. Chairman and members of
9 the committee, officially three topics today, all involving
10 existing grants that folks are requesting some changes on and
11 extensions on. Just as a side note, your Southwest Grant
12 Administrator, Sara Griffith successfully delivered a baby boy
13 about a month ago and we're happy that Sara and young
14 Philip are at home and she'll be back in the office in early July.
15 In the meantime, we have a part-time intern, Ms. Bush that's
16 covering the office and she can help the paper flow up to
17 Richmond and we'll keep moving forward from that
18 standpoint.

19 On the agenda items, Tazewell County is
20 requesting the repurpose of a grant that was approved by your
21 committee which is grant number 1362. That was awarded in
22 January of '09 for \$2 million for construction of a training
23 center and followed on with some additional grants that the
24 Commission had provided for utilities to serve the Bluestone
25 Technology Park. Other funding sources have not appeared

1 for Tazewell County and they're asking that grant number
2 1362 for \$2 million be redirected toward construction of the
3 facilities, utility park to serve the Bluestone Park. Their plan
4 is still to construct a training center and these utilities would
5 serve the training center as well as commercial and industrial
6 sites in the park. That is their request and that is before you
7 today.

8 SENATOR WAMPLER: Mr. Chairman, I'll make
9 a motion at the appropriate time and we can do it in a block.

10 MR. THOMPSON: A block of two, what's your
11 pleasure? All right. Is there any discussion on that? Why
12 don't you go ahead.

13 MR. PHOFL: On page 34 of your Commission
14 book, you have a letter from the Washington County Industrial
15 Development Authority and a grant was awarded in January of
16 '09 for a grading project in Oak Park Business Park. It was
17 bid very successfully and came in well under the projected
18 cost to complete the grading. The county indicated they have
19 approximately \$1.4 million of that original grant that they are
20 or that has not been used for grading and the county is asking
21 that those funds be allowed to be used for the construction of
22 an access road into the park. Right now the park's entrance
23 road winds through a residential neighborhood. The second
24 access road would give them direct access to a stoplight right
25 on Route 11 and would also provide access to some industrial

1 development sites that the County has secured. The County's
2 Economic Development Director is here if there's any question.
3 That's their request today.

4 SENATOR WAMPLER: Mr. Chairman, I would
5 move that we adopt the staff's recommendation for Tazewell
6 County and the second one for Washington County in their
7 request for the use of those dollars.

8 DELEGATE JOHNSON: I'll second that.

9 MR. THOMPSON: Any discussion on 1362 and
10 1741? You heard the motion, all in favor say aye. (Ayes)
11 Opposed. (No response). The motion carries. Let the record
12 show that I sustained from 1362 and 1741.

13 The next item on the agenda is regarding
14 grants that are delinquent, some of which have had some
15 drawdowns, some of which have had no drawdowns and some
16 of which are back to 2003. I think it's appropriate today to go
17 through the list that's been provided. If there's any discussion
18 with anyone here that would like to address this, I think right
19 now is the appropriate time to do so. One of the suggestions
20 that's just been made, in some cases, they're asking for a six
21 months extension. I think that may be appropriate on some of
22 them and others need to be addressed more carefully. At this
23 time I think it would be appropriate for us to go through these
24 and see if there's any comments from the Commission.

25 MR. PHOFL: Just to set the stage, the

1 Executive Committee adopted a policy a little over a year ago
2 that says that grantees have three years from the date of the
3 Commission grant approval to complete their projects. They
4 can request a fourth year for the use of those funds and that
5 can be approved by the Executive Director administratively.
6 These are grants that have reached a four year anniversary
7 and staff is no longer empowered to issue extensions for them
8 and the applicants have all been notified that they have
9 reached that four year mark. The ones before you today are
10 requesting extensions. Just as a side note, I wanted to
11 recognize Suzette Patterson from our office whose been
12 working diligently to identify these grants and keeping the
13 communication lines open. Last week on several of these
14 programs we closed more than a dozen grants and recaptured
15 more than a half million dollars of grant funds that will flow
16 back into the committees.

17 The issues before you today is this list that
18 was sent out by email about 48 hours ago and that's what I'll
19 direct my attention to. The first is Burley Tobacco Festival
20 and Farm Show for grant 1122 and it was approved four years
21 ago this week for the Washington County Fairground Road
22 Project. That was an \$85,000 grant and no drawdowns to
23 date. The Tobacco Festival has indicated plans are continuing
24 to still develop this road. A one year extension was requested
25 by the applicant as opposed to six months. There have been

1 other road construction projects in a similar situation that
2 we'll get to in a second.

3 The second one is the Bristol Historical
4 Association for two grants number 431 approved in April of
5 2003 for the preservation of the Robert Preston House at
6 Walnut Grove just under \$15,000 remaining, the last
7 drawdown was four years ago. The second is grant 891
8 approved in August of '05 for the same project. There was a
9 letter from the Historical Association attached to your packet
10 and it explains that they're trying to acquire property for the
11 house and request an extension through at least July.

12 The third is Historic Crab Orchard Museum,
13 grant 1111 approved in April of '06 for the Farm Heritage and
14 Event Center and that's an active grant and they have been
15 drawing down funds as recently as this month. They're just
16 under \$82,000 remaining and they have requested an
17 extension so they can continue that work.

18 Lee County IDA, grant number 903 approved
19 in August of '05 for Constitution Oaks Phase IA a \$400,000
20 grant and there's \$300,000 remaining last drawdown in
21 November of '07. The County Economic Development Director
22 is here to speak to that road construction project. They would
23 request a one year extension if that's the pleasure of the
24 Committee.

25 Scott County Economic Development

1 Authority, grant 1138 approved in April of '06 for the eCorridor
2 Park Phase II Design and \$76,000 and change remaining.
3 Grant 1128 approved in April of '06 for the Regional
4 Technology Frontier, \$10,000 remaining, no drawdowns to
5 date. They have indicated they're working with the Lenwisco
6 Planning District Regional Marketing efforts for economic
7 development and will repurpose those funds for that larger
8 regional effort. The Economic Development Director is here.

9 The last two we made contact with and we
10 have no certainty about what their intentions are and that was
11 the Town of Lebanon, grant 1125 approved four years ago for
12 industrial/commercial water improvements. The entire
13 balance of \$285,000 is remaining. Then there's a second more
14 recent. Then finally the Washington County Habitat for
15 Humanity grant number 1130 approved four years ago for
16 ReStore Startup, \$23,000 and change remaining last
17 drawdown in March of '07. That is the list in front of you. We
18 do have some correspondence from these grantees attached to
19 your packet.

20 MR. THOMPSON: It's my understanding that
21 each one of these has asked for an extension formerly?

22 MR. PHOFL: Yes, except the last two we're not
23 clear about their intentions. Certainly people would love the
24 opportunity to be able to continue to use their funds but they
25 have not made it clear to us what their intentions are.

1 MR. THOMPSON: Any questions from the
2 Committee regarding this?

3 DELEGATE JOHNSON: Washington County,
4 the County has been sort of tied up because they've got to get
5 permits and some other people won't approve this and their
6 still working it. It's not because they have intentionally
7 delayed and Mr. Reynolds is here. He's president of that
8 association. It's not because they don't want to spend the
9 money but they can't until they get these permits to move
10 forward. They're waiting on these permits to move forward
11 with this project.

12 MR. NOYES: Mr. Chairman, is there any
13 reason that if an additional year will be sufficient to do this or
14 are we going to be doing this again a year from now?

15 DELEGATE JOHNSON: I'll ask Mr. Reynolds
16 to respond.

17 MR. REYNOLDS: I think a year will give us
18 time. Our engineer is very optimistic. We've worked on the
19 design. It's approved and it's just a matter of getting the
20 downstream drainage approved. I think that will give us time
21 and most certainly be working at it. We've been working at it,
22 we've been working at it pretty hard and we want to get this
23 project through. I just can't give you an exact timetable.

24 SENATOR PUCKETT: Mr. Chairman, do we
25 have anyone else that wants to speak.

1 MR. LONG: I'm Tim Long, Lee County IDA.
2 One of our problems working with the roads, one of the
3 projects now we're working with VDOT and it's sometimes
4 difficult getting things done. We submit our papers and things
5 and plans and they're reviewed and we've had to do an impact
6 analysis. In our case, we're trying to find somebody to do the
7 impact analysis but once that's completed, we can put it out to
8 bid but my problem is we don't know how soon or how fast
9 these individuals can get this done. I'm pretty certain and I
10 can't say positively but pretty certain that a year would be
11 perfect for us because everything is ready to go as soon as we
12 get that analysis and then we can get the project out to bid.
13 I'd really appreciate it if you could extend it for a year and we
14 have a shell building and we got somebody looking at the shell
15 building. It's something that's going to be done but it's just
16 making sure all our paperwork is supported and all the
17 permits are there. I'd respectfully ask for a one year extension
18 and we'd appreciate that.

19 MR. THOMPSON: Any other questions?

20 SENATOR PUCKETT: Mr. Chairman, I'd like to
21 address one of these. I appreciate the followings that have
22 been made on a couple of the projects and I understand
23 there's a few issues probably with everyone of them. In order
24 to try to be fair with what we're trying to do here, I would
25 make a motion that we extend the deadline to December 31,

1 2010. I'm doing this with the intent of trying to build a little
2 fire under everyone and have been waiting a long time on some
3 of these like four years. That's the policy we set and try to
4 stay with the policy. If in the meantime you can't do this,
5 there's two options; one of them is you can come back to this
6 Board and the Commission in January at that meeting and
7 make your case then for a year's extension or whatever you
8 need. From now until then, we want some concrete evidence
9 as to what's going on. We want to know that there is some
10 action being taken out there. It may be at that time you'd
11 come back and say we haven't made any progress, we haven't
12 done anything because we're waiting on VDOT or waiting on
13 this or that. We would like a plan of action to know what's
14 happening and I realize you might be waiting on other people.
15 You may have to reapply and you may have to say we're not
16 able to do this in a year or six months. Then come back to us
17 and say when we get this ready, we're going to be back and I
18 think the Committee will take that into consideration, the
19 money is still here and it's not going anywhere right away. So
20 that would be my motion to extend it until December 31, 2010
21 for all of the situations we have here. During that six month
22 period of time or actually it will be a little more than six
23 months, I would encourage each locality to make every effort
24 to move this thing forward. If you have a plan of action or
25 something you can give us that's concrete, concrete evidence

1 in December or the first part of January then certainly we'll
2 take a look at it and that would be my motion Mr. Chairman.

3 DELEGATE JOHNSON: I'll second the motion.

4 DELEGATE KILGORE: I'd like to make one
5 comment. I agree with Senator Puckett, three years is a long
6 time and what we have before us right now will give some time
7 on these but I think that in the future, that this Commission
8 is going to have a hard and fast rule that if you're not able to
9 complete it within 36 months, it comes back and you reapply.
10 Doing it this way takes a lot of staff time and a lot of our time
11 trying to figure out whose doing what and how we get these
12 projects completed. The purpose of these funds is the create
13 jobs and capital improvements in our communities. It's not
14 doing anybody any good sitting on the side for somebody that's
15 not using it. If you can't do it in 36 months from now, just
16 come back and reapply and I agree with what Senator Puckett
17 said about that. We just got to get better on this. I realize
18 some of you have run into these problems. Hopefully this will
19 give you some time to do this and take care of it and try to
20 move forward.

21 MR. THOMPSON: Thank you Delegate Kilgore.
22 We got over a half million dollars here tied up, some of this
23 goes back to 2003 and it's safe to say this needs to be
24 addressed. Is it also safe to say if we don't hear anything back
25 in that timeframe that staff has the authorization to go ahead?

1 MR. NOYES: Senator Puckett was very specific
2 and he said they can come back in January if they haven't
3 performed by December 31st and appeal to the Committee.
4 This is sort of saying December 31 but it will be whatever it is
5 that the Committee decides.

6 MR. REDWINE: Have we notified these people
7 in writing and notified them somehow?

8 MR. NOYES: Everyone will receive a letter
9 extending the time through December 31, 2010.

10 DELEGATE KILGORE: I heard what Senator
11 Puckett said that they can come back but that doesn't mean
12 we're going to extend it. No one needs to leave here thinking
13 that I've got all kinds of time left. In looking around here, I
14 don't see a lot of appetite to extend it too much longer. Just
15 because you have an opportunity to come back doesn't mean
16 it's going to be extended.

17 DELEGATE JOHNSON: Mr. Chairman,
18 speaking of the Washington County, the Burley Tobacco
19 Festival and Farm Show, once they start moving dirt, does
20 that stop the time running? In other words, you're extending
21 it and they're complying –

22 MR. NOYES: That's a very good question.
23 There will be people in this group that will begin working on
24 contracts December 30th and then we will have incurred an
25 obligation and will not be able to complete this work by the

1 31st. This Committee will need to give some instructions.

2 SENATOR PUCKETT: The intent of my motion
3 is that we will give instructions at our January meeting. In
4 response to Delegate Johnson's question, if someone comes
5 and says here's what we're doing and we're moving the dirt
6 and we have a contract to get this project done, then I think
7 we'll consider that. I would personally consider it in a
8 favorable way. These are issues that have been laying there
9 and I'm not saying haven't been doing work but if you don't
10 have any contract agreements to move forward, most of the
11 road projects are waiting on VDOT and I can understand that.
12 You got three or four legislative people here that might help
13 you with VDOT if you're having real issues. In three years I
14 would think we could get whatever we need, like an impact
15 study and VDOT shouldn't be waiting 36 months either.
16 Again, if they're moving by December 31st and there's
17 contracts and dirt flying around, I think you're in a different
18 situation. But it's entirely up to the Commission. This is in
19 response to money we laid out there and nothing has
20 happened. We want to see some action by December 31 and
21 then we'll give you consideration if it's merited is the way I
22 would interpret my motion.

23 MR. THOMPSON: Thank you Senator Puckett.
24 Any other comments. We've got a motion and a second. All
25 those in favor say aye (Ayes). Opposed like sign. (No

1 response).

2 MR. PHOFL: Mr. Chairman, if I may, I would
3 like to point out and I point this out to the Committee in the
4 process of moving forward. We have scheduled a grant
5 application workshop for Wednesday morning May 5th in
6 Lebanon at the Russell County Technology Development
7 Center and getting good response from that. We'll be talking
8 about FY11 funds for the June 2nd application deadline for
9 Southwest, Special Projects. May 5th, workshop, June 2nd
10 application deadline. Those applications will go to your
11 committee meetings in July.

12 MR. NOYES: We have not yet set a meeting
13 date to consider applications due on June 2nd. I mentioned to
14 Senator Wampler yesterday July 15th which is a couple of
15 weeks ahead of the Board meeting. Senator Puckett, you can
16 look at your calendar so we might have these two meetings
17 scheduled together if possible, July 15th.

18 SENATOR PUCKETT: That's okay with me.

19 MR. NOYES: Senator Wampler, you'll get back
20 with me as to whether July 15th is a good day?

21 SENATOR WAMPLER: Yes, sir.

22 MR. THOMPSON: Is there any other business
23 to come before this meeting. All right. Do we have any public
24 comments, anyone want to speak from the public?

25 MR. LONG: I want to thank you for extending

1 that and I appreciate it.

2 MR. THOMPSON: All right, anyone else? If
3 not, we're adjourned.

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5 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 proceedings of the VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION, Southwest Economic Development Committee Meeting when held on Thursday, April 29, 2010, at 8:00 o'clock a.m. at the Hotel Roanoke, in Roanoke, Virginia.

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

Given under my hand this 5th day of May, 2010.



Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large
MY COMMISSION EXPIRES: October 31, 2010
CERTIFICATE NUMBER: 224566