

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

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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9 **Southwest Economic Development Committee Meeting**

10 Thursday, September 13, 2012

11 10:30 o'clock a.m.

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15 Hotel Roanoke & Conference Center
16 Roanoke, Virginia

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1 APPEARANCES:

2 Dr. David S. Redwine, Chairman
3 The Honorable Charles Carrico
4 Ms. Mary Rae Carter
5 Ms. Linda DiYorio
6 Mr. H. Ronnie Montgomery
7 Ms. Beth D. Rhinehart
8 Mr. John M. Stallard
9 The Honorable Ralph K. Smith
10 The Honorable Terry G. Kilgore, Chairman
11 Tobacco Commission (Via Phone)

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14 COMMISSION STAFF:

15 Mr. Neal Noyes, Executive Director
16 Mr. Ned Stephenson, Deputy Executive Director
17 Mr. Timothy S. Pfohl, Grants Program Administration Director
18 Ms. Sarah K. Capps, Grants Program Administrator -
19 Southside Virginia
20 Ms. Jessica Stamper, Grants Program Assistant Administrator -
21 Southwest Virginia

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1 September 13, 2012

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DR. REDWINE: Good morning. At this time, I'm going to call to order the Southwest Economic Development Committee of the Virginia Tobacco Commission. We appreciate you being here, those of you that have traveled this morning, and many of us have, but it's important business for the region, and we appreciate you being here. And now we'll move right into the meeting. We do have some members that'll be coming in the next few minutes, and we'll try to let you know as those come. If we could, Mr. Noyes, would you go ahead with the roll call.

MR. NOYES: Yes, sir. Senator Carrico.

SENATOR CARRICO: Here.

MR. NOYES: Deputy Secretary Carter.

DEPUTY SECRETARY CARTER: Here.

MR. NOYES: Ms. DiYorio.

MS. DIYORIO: Here.

MR. NOYES: Delegate Johnson will not be with us today.

Mr. Montgomery.

MR. MONTGOMERY: Here.

MR. NOYES: Dr. Redwine.

DR. REDWINE: Here.

MR. NOYES: Ms. Rhinehart.

MS. RHINEHART: Here.

1 MR. NOYES: Senator Smith.

2 SENATOR SMITH: Here.

3 MR. NOYES: Mr. Stallard.

4 MR. STALLARD: Here.

5 MR. NOYES: Mr. Chairman, we have a quorum.

6 DR. REDWINE: Senator Carrico is with us, as well.

7 Thank you very much, sir.

8 DELEGATE KILGORE: I am here by phone.

9 DR. REDWINE: Delegate Kilgore is here by phone,
10 you're somewhere in the room, we hear you, but we don't know
11 where the speaker is.

12 DELEGATE KILGORE: Yes, I'm here.

13 DR. REDWINE: Delegate Kilgore, the chairman of the
14 Tobacco Commission, is joining us by phone.

15 Terry, if you have input, please let us know. It's not
16 the easiest to hear, but we'll do our best and include you in the
17 debate. Otherwise, we'll move ahead or let us know if you need
18 anything as far as conversation.

19 DELEGATE KILGORE: All right. I'm going to put my
20 phone on the speaker. I hope you don't get any background
21 noise.

22 DR. REDWINE: We don't want to hear the music. All
23 right, thank you, sir.

24 Ladies and gentlemen, you've been furnished either
25 by website or otherwise the minutes from our last meeting,

1 August 10th, 2012. I hope you've had a chance to go over those.
2 Are there any additions, amendments, or changes to the minutes
3 as written? Hearing none, I'll entertain a motion to approve the
4 minutes as written.

5 SENATOR CARRICO: So moved.

6 MR. MONTGOMERY: Second.

7 DR. REDWINE: Senator Carrico makes a motion. Mr.
8 Montgomery seconded the motion. All in favor, say aye. (Ayes).
9 Opposed? (No response). The minutes are carried.

10 We'll move right on down the agenda, and we've got
11 several things going on today, but we'll do our best to stick to
12 the agenda. So we'll move into the stale grant reports. Call on
13 Tim Pfohl.

14 MR. PFOHL: Neal, did you want to handle that one?

15 MR. NOYES: If I can, that's fine. Members of the
16 Committee, we're down to just a handful of grants that their time
17 has expired. In every instance, the grants he has moved forward
18 and are under contract, a time extension has been provided. I
19 would compliment our grantees for tending to these awards in a
20 various manner, and I also want to note that Tim and Sara
21 Williams for their diligence in getting this wrapped up. We've
22 gone from about three dozen stale awards three years ago down
23 to zero in this Subcommittee today. So, congratulations to
24 everyone. Thank you, Mr. Chairman.

25 DR. REDWINE: Thank you, sir. Thank you, staff, for

1 working on that, and grantees. That was one of the points of
2 emphasis over the last couple of years dealing with some of
3 these that have been laying out there. We've got grants with
4 merit and applications with merit that can use this money if
5 people are not going to use it, not want to finish it up. So we
6 need to move ahead with those grants and get that money, or
7 get that money back in here so you can. And we appreciate you
8 all getting that cleared up. If we can keep that list down that
9 short as we move forward, I'm sure it'll be good for the efficiency
10 of the entire Commission.

11 We're now going to move to the presentations of the
12 major business today, and that is the grant proposals that are in
13 front of you for consideration today. Mr. Pfohl will have that for
14 us today.

15 And, Tim, if you could go through those and your staff
16 recommendations in whatever organizational format you wish,
17 and then we'll deal with the others, or deal with the ones that the
18 Committee wishes to deal with after that. If you could, when you
19 get to the bottom, and I know you always do, go ahead and go
20 over those numbers on the balance before and after.

21 MR. PFOHL: I guess a brief format is the preferred
22 one. Just a couple of points on the issue of stale grants, is that
23 when we talk about stale grants, we're talking about grants that
24 have reached the authorized time limit to complete the project.
25 For the benefit of new members of the Committee, some of the

1 folks that are newer working with the Commission, the
2 Commission had a policy of three years by rights, so to speak, to
3 get a project complete or completed. The Commission
4 authorized the Executive Director to extend the grant to a fourth
5 anniversary from date of approval, and anything beyond four
6 years from date of original Commission approval has to come
7 back to the Committee that recommended the funding for the
8 purpose of which it was stated. So we've got some grants that
9 have whiskers on them, but we're really making progress. The
10 project leaders on some of these grants are not the original
11 project leaders but expect them to be in these roles and get the
12 projects moving so we can generate some return on the
13 Commission investment, and so we're making progress in that.

14 Before I get into the grants, just a quick
15 overview of the process. We announced an early July application
16 deadline, and this is the second year we've been using the online
17 application process, which we're still tweaking and trying to make
18 it more efficient, a more effective way for the applicants to apply
19 to us and for staff and committee members to review the
20 projects that are proposed to us. That's still a work in progress.
21 But I think we're seeing some continuous improvement of that.

22 Sara Williams was involved in the review of
23 these before she started her maternity leave a couple of weeks
24 ago and happy to announce she has a beautiful baby girl, Julie
25 Rae Williams. She's at home through Thanksgiving on maternity

1 leave.

2 Recently, we were fortunate enough to hire an
3 assistant for Sara who's in the Abingdon office, and that's
4 Jessica, Jessica Stamper, known as Jessie, is covering the office
5 for us. Jessie, would you just wave to everyone so the
6 Committee members know who you are. Thank you.

7 Jessie is staffing the Abingdon office part-time and
8 keeping all of our processes moving in terms of the vouchers for
9 payment and the releasing of grant funds and working with the
10 grantees and so forth. She's been a tremendous help and has
11 picked up our system very quickly, so we're happy to have her. I
12 appreciate her help and we talk with her almost every day as we
13 hear from grantees.

14 So the July application deadline, we got 16 new
15 proposals for Fiscal Year 2013 Southwest Economic Development
16 Committee. Those of you on the Committee last year may recall
17 we had several projects tabled in the FY12 round. Five of those
18 are back on the list today. Two health care projects were
19 referred to the Special Projects Committee and will be considered
20 there in a couple of weeks.

21 We have 21 proposals asking for \$8.2 million. We
22 have left roughly \$1.9 million available. Obviously, we have a
23 challenge in trying to select the best projects to move forward
24 and what can be awarded to those projects. I will note that the
25 \$1.867 million that's available includes a significant amount of

1 money that we're able to recapture from projects from previous
2 years that were not able to move forward or finish with the
3 balance available. The \$1,867,681 that we have available for
4 you today includes a significant amount of those recaptured
5 funds.

6 The staff is providing you with a summary report and
7 list of recommendations that we're recommending funding for
8 either at a full level or reduced level for a number of projects.
9 We did have two withdrawals since you received the staff report
10 and that's Bristol Virginia Utilities has withdrawn their request,
11 2548, for Last Mile Fiber Expansion. You can cross that off your
12 list.

13 Virginia Tech has removed or withdrawn, and that
14 number is 2563, Appalachians for Composite and Advanced
15 Manufacturing Growth Initiative.

16 That leaves ten that we're recommending funding for
17 out of the 19 remaining projects.

18 Mr. Chairman, I'll proceed as you wish in terms of
19 walking the Committee through this list.

20 DR. REDWINE: If you could, let's briefly touch the
21 ones that are recommended, and then we'll deal with those in a
22 block if we could with something that needs to be pulled out.

23 MR. PFOHL: The first one recommended for funding is
24 the Appalachian Heritage Schools, the Wayne C. Henderson
25 School of Appalachian Music and Arts. It's \$150,000 request for

1 equipment, marketing, and operations. The applicants have
2 notified us that they did receive their 501C3 determination letter
3 from the IRS, so they are an official and an approved nonprofit.

4 Now, the staff is recommending an award of \$145,000
5 contingent on that 501C3 determination which is now in hand
6 and which makes that an eligible applicant to receive funds
7 directly. You can see a lengthy description of the classes and
8 seminars, music, and artisans, areas that they intend to conduct
9 in a 1908 schoolhouse in Marion. Also funding from the
10 Department of Housing and Community Development Industrial
11 Revitalization Fund and the Appalachian Regional Commission.
12 We're suggesting that we carve out some bedroom furniture or
13 rooms on the top floor of the old schoolhouse, would be
14 dormitory style in effect. I think the applicants are very pleased
15 that they're able to cover that expense and with the
16 recommendation of \$145,000 contingent upon that C3
17 designation.

18 The second one recommended for funding, and stop
19 me at any time if you have questions, and that is Appalachian
20 Traditions, Incorporated, Country Cabin Outdoor Venue
21 Enhancement Project, requesting \$20,000, as a required match
22 for an approved ARC grant. This would enclose an existing
23 structure that they have. It's a metal stand structure, and it's
24 open-sided. By enclosing the sides, they anticipate they could
25 conduct several more events during inclement weather and so

1 forth. The idea is to increase the attendance at the Country
2 Cabin in Norton, and this will help increase a point of interest
3 along the Crooked Trail or Crooked Road Trail. Because of the
4 committed matched funds and venue designation on the Crooked
5 Road, the staff would recommend an award of \$20,000 for
6 Country Cabin.

7 The next project recommended for funding is Bristol
8 Historical Association, Restoration of the Robert Preston House at
9 Walnut Grove. They have requested \$75,000 to do exterior
10 repairs on the Preston House, which is in the State and National
11 Historic Register. It has been designated as a significant site in
12 the Wilderness Road asset inventory that we've contributed to
13 using Commission funds right now.

14 The staff would point out that the Preston House's
15 location at Exit 7 on Interstate 81 is particularly well sited to
16 attract travelers and serve as a potential gateway to other
17 Wilderness Road designations further back from Interstate 81,
18 the four-lane highway. Staff recommends an award of \$75,000
19 to this project.

20 Doing business as The Jacksonville Center for the Arts.
21 This is a request for \$222,200 for Capacity Building for Capital
22 Improvements. The Jacksonville Center has received committed
23 ARC grant funds. The request would cover some expenses on
24 their parking lot and entrance that ARC does not want to pay for
25 out of their grant funds. The staff would point out that the actual

1 required matched amount for ARC is \$157,000.

2 While we cannot directly attribute or measure any
3 direct outcome from making improvements to the road entrance
4 into the parking lot, the improvements ARC is paying for at the
5 Jacksonville Center will clearly allow this center, which is, and the
6 term I use, epicenter for the artisan community and the primary
7 destination on Round the Mountain has become the epicenter of
8 the thriving artisan community in Floyd that is a primary
9 destination on the Round the Mountain artisan trail network. The
10 staff is recommending funding of \$157,000 to serve as an ARC
11 match, and that would be for the entrance improvements and
12 parking areas.

13 The next project recommended for funding is the
14 Konnarock Retreat House. This project was tabled a year ago
15 when they were requesting nearly \$625,000. Konnarock has
16 reduced that request to \$173,500. The service is a match for the
17 ARC application put in this month. They're going to request
18 \$500,000 from ARC to continue the improvements of the
19 Konnarock Retreat House. The Commission has awarded
20 \$200,000 to this project so far to stabilize the structures. We
21 would suggest that what comes from this project ultimately will
22 be relatively modest, and as we move forward with additional
23 funding, we need to make sure our Commission dollars are well
24 leveraged, and if the ARC application is successful, the \$500,000,
25 we think they'll be accomplishing that objective. So the staff is

1 recommending an award of \$173,500 contingent on approval of
2 the ARC matching funds.

3 This might be a good point to make, to stop and make
4 an observation about our approach in making a lot of these
5 recommendations. Those of you who have been on the
6 Commission for a few years will recall the Reserve Program that
7 the Commission established when the stimulus funds were
8 coming out of Washington. In the case of the Reserve Project,
9 we would pre-commit the required matched funds amount so an
10 applicant could then go on a fly for stimulus funds, ARC, VDOT
11 enhancement, and so forth. In a lot of these recommendations,
12 we're suggesting that we provide commitments to those
13 matching funds and be required to leverage other grant sources,
14 so the Konnarock and Jacksonville Center are all examples of
15 that and beneficiaries of that.

16 The next project recommended is the Lee County IDA,
17 Assisted Living, and they are requesting \$1 million for
18 construction of a 50-unit Assisted Living Facility at the Lee
19 County site. A site has been selected adjacent to the hospital
20 and nursing home. Thirty jobs would be created with a \$420,000
21 payroll. Under certain circumstances, this project would qualify
22 for a TROF fund, Tobacco Commission Opportunity Fund, but
23 because the developer is a nonprofit and the property will be tax
24 exempt and, therefore, it's not taxable property and not eligible
25 for the TROF fund. Our first pass at this would say a project with

1 these parameters how much TROF would it qualify for, and that
2 amount would be \$80,000, which is not going to be a significant
3 incentive when the applicant reports to us there's a \$1 million
4 package being offered for the site.

5 We then looked at comparable projects as precedent
6 that the Commission has funded, albeit this was in the Southside
7 Economic Development Program. A couple of years ago, the
8 Commission provided the Economic Development grant for a very
9 similar project for a facility in Mecklenburg County, and we
10 offered \$250,000 for that project. So, the staff is recommending
11 an award of \$250,000 contingent on the applicant and private
12 beneficiaries signing a performance-based agreement with
13 standard clawback provisions. In effect, it would be a TROF
14 agreement with this amount to award the IDA funds to benefit
15 the project developer. So, that's the staff recommendation.

16 The next project recommended for funding is Scott
17 County Economic Development Authority, Riverside
18 Development - Phase I, requesting \$1,286,300 for site-grading,
19 access road, utility extensions, and related costs for Phase I of
20 the Riverside Development. The Scott County IDA purchased
21 this property in the last two years. Phase I is a site that's set
22 back somewhat, which is a 93-acre site with an opportunity for
23 office space with an entrance road and utilities to serve that pad.
24 The County is working with a prospect that's looking to bring a
25 prospect to this site, and we verified that with the Virginia

1 Economic Development Partnership and had a conversation about
2 TROF, with the TROF and GOF incentives, in addition to this
3 request. This is a project your Committee assisted with last year
4 for \$220,000 for preliminary site engineering. We are aware that
5 the Appalachian Regional Commission has access to those funds
6 that are going unused and talked with the county staff about
7 pursuing those ARC access road funds, which they have a track
8 record of doing at the Duffield Technology Center.

9 There's a preliminary TROF commitment of \$725,000
10 that's been discussed with the county in combination with the
11 recommendation here of \$524,397 that will essentially establish
12 the requested amount of \$1,286,300 to get the site graded and
13 an access road in place and utilities. So the staff
14 recommendation is \$524,397 conditioned on this current
15 prospect committing to the Riverside site. Are there any
16 questions?

17 The next project recommended for funding, jumping
18 over to page 18, Southwest Regional Recreation Authority, the
19 Spearhead Trails group requesting \$544,086. They have revised
20 their request and focused on some more urgent start-up
21 priorities. I will point out that the Special Projects Committee
22 has supported the Spearhead Trails to the tune of \$533,000 in
23 the past couple of years, and that has helped spearhead the
24 hiring of their initial operating staff. This request, which has
25 been reduced to \$272,784, is for additional operating expenses

1 and equipment, including a website development, vehicles,
2 professional services, advertising, and so forth. This is all in
3 hope of spearheading a pretty significant funding, and that'll also
4 include the Department of Housing and Community
5 Development, ARC, Virginia Tourism, and VACEDA. This will
6 involve significant construction into the Coalfield Economic
7 Development Authority. Consequently, based on the revised
8 budget that Spearhead Trails has submitted to us on August 31st,
9 the staff is recommending an award of \$272,784.

10 The next project recommended for funding is
11 Southwest Virginia Community Foundation, Bush Mill Heritage
12 Tourism Project, \$339,000 requested. Your Committee
13 supported this project in 2008 with a \$100,000 grant. The
14 foundation has been successful subsequently in securing two
15 VDOT enhancement grants totaling \$300,000 for Phase I
16 construction, which is getting underway as we speak. The
17 foundation intends to apply in October for an additional \$400,000
18 of VDOT funds, which would require a \$100,000 match to carry
19 the project into Phase 4, which will ultimately be a \$1 million
20 renovation cost. The staff is recommending an award of
21 \$100,000 to help the foundation complete the Phase 1 work and
22 serve as a match for the upcoming VDOT application.

23 Lastly, on page 23, the Joint Industrial Development
24 Authority of Wythe County, Progress Park Lot 30 Development
25 Project, requesting \$150,000 to build up a 40-acre lot, Lot 30, in

1 Progress Park. This site would accommodate a 400,000 square
2 foot high-bay distribution facility, and there has been a recent
3 prospect that looked at this that would have involved up to a
4 \$20 million investment and 300 new jobs. There's a time window
5 that creates some sensitivity on this project. There was fill
6 available from the Lot 24 project, which the Commission has
7 funded over the last couple of years adjacent to this site. That
8 fill will have to disappear by the end of this year when that Lot
9 24 grade is completed. That fill can serve as the required fill to
10 build up Lot 30, which is the subject of this request. Staff is
11 recommending an award of \$150,000 to help the Joint IDA
12 accomplish that grading and developing the site.

13 That's the list of recommendations.

14 MR. NOYES: Mr. Chairman, if I may, Project Number
15 2549, the \$100,000, are they going to apply for VDOT
16 enhancement funding?

17 MR. PFOHL: Yes.

18 MR. NOYES: My point is do we want to have that, the
19 contingency on this one the way we have on so many of the
20 others if they're successful and then funds are available, if
21 they're not successful, then funds are not disbursed?

22 MR. PFOHL: Yes, absolutely.

23 MR. NOYES: Members of the Committee, ask you to
24 keep that in mind when you decide what to do. These funds will
25 be disbursed only if the applicant is successful in securing the

1 VDOT enhancement.

2 DR. REDWINE: Are there any questions on that
3 project Mr. Noyes was addressing? All right. That means the
4 request was higher, but they need the \$100,000 to go after
5 matching money. That money will be locked in and be there. If
6 they receive matching money, then they'll get both. But if they
7 do not, then the contingency is that that money would then come
8 back to the Commission or they could reapply.

9 MR. PFOHL: Mr. Chairman, a correction on the report
10 you received by email. The staff recommendation does
11 recommend the full balance being provided to the project, the
12 \$1.8 million with a zero available balance. There's a typo there
13 in that report, and that would zero out.

14 DR. REDWINE: That was my point. I tried to make
15 those numbers match a week now. The \$500,000 difference
16 define that. Thank you very much.

17 All right, members of the Committee, you've heard a
18 list of these grants that the dollar amounts for the staff
19 recommendations. If those were taken out and were supported
20 in the amounts that the staff recommends, that would give us a
21 zero balance. However, we do have several grants that were
22 submitted and are good grants and have merit and weren't
23 considered for this money, but I'm sure we have people here
24 representing those grants today that wish to have them heard.
25 With the consent of the Committee, I would prefer if we could

1 briefly before we act on the full amount that we discussed and
2 before we act on those of what the staff recommended grants
3 for, that we hear briefly from anyone that wishes to describe or
4 discuss grants that received zero recommendations. I think it's
5 fair and I think it's good business to and polite of the Committee
6 to hear their grant requests and we're not so pushed for time
7 that we can't do something like that. So unless there's an
8 objection, I'd like for Mr. Pfohl to go through those, and if there
9 is someone with us today who wishes to speak to those particular
10 grants and give us some brief comments and not belabor a long,
11 long period, but give us some brief comments and hit the high
12 points as to why you feel it's eligible and should be
13 recommended, please do so.

14 So if we could do that and start at the top and go
15 through the ones that we have not heard from, and then if there
16 is anyone that wants to comment, please do so. Then we'll
17 discuss the entire amount. And if there's any debate about
18 money from one to the other, we can take it up at that time.

19 MR. PFOHL: The first one is the Town of Abingdon,
20 Implementation of Abingdon Artisan Center. This project was
21 tabled a year ago, and there's not been significant progress to
22 address operating issues and establishing a nonprofit to operate
23 that facility, so the staff felt that this project is not yet ready for
24 prime time. Is there anyone here that would like to speak to
25 Abingdon Artisan Center?

1 DR. REDWINE: 2419, anyone here? All right, thank
2 you.

3 Would you do the next one.

4 MR. PFOHL: The next one is the Town of Big Stone
5 Gap, the Visitors Center project, request for \$433,260, and
6 somewhat of a similar situation. An old service station has been
7 acquired by the town in this case. And there are still some issues
8 in terms of establishing committed operational funding and
9 broader regional tourism efforts and fundraising and leveraging
10 our funds. We feel like it's a project that might at some point
11 come back to us with better leveraging and a stronger
12 operational plan and stronger regional tourism partners or
13 partnerships. At this point, we feel that it's not ready or not at
14 that level that it should be.

15 DR. REDWINE: 2561, Town of Big Stone Gap?

16 MR. PFOHL: That's the one I just discussed.

17 DR. REDWINE: Yes. Is there anyone here that would
18 like to speak to that?

19 MR. MURPHY: My name is Pat Murphy, and I'm the
20 town manager of Big Stone Gap, and I appreciate you letting me
21 speak and I appreciate being here today. I would like to
22 comment on our project, so thank you very much.

23 I'd just like to say this project is very important to the
24 Town of Big Stone Gap and far Southwest Virginia. We think this
25 would be a great economic benefit to Big Stone Gap. This will

1 help many businesses, and it'll provide growth to Big Stone Gap.
2 We understand that over 60,000 visitors a year attend Big Stone
3 Gap. We have many visitors that come to Big Stone Gap. We
4 have some historical, and it's very critical to our town and for
5 Southwest Virginia. The town has already made a commitment
6 of \$165,000 to purchase the property, so we want to move
7 forward with the project now. We're ready to move forward with
8 this project. This isn't a project that's going to go away. We
9 would appreciate funding from the Tobacco Commission, and it
10 certainly will help get this project underway.

11 Very briefly, we do have a lot of things in place now.
12 We're ready to open up. We feel certain we'll get certification
13 from the Circuit Court five days a week and open six or seven
14 days a week, so we'd ask the Commission to consider our project
15 for funding at this time. I'll be happy to answer any questions.

16 DELEGATE KILGORE: I'd like to comment on Big
17 Stone Gap. We had a meeting with the federal funders in Big
18 Stone Gap about 40 or 45 days ago, and they really have their
19 act together in Big Stone for the future. So we've talked about
20 this with some federal funders, including Travis Jackson, about
21 their participation, and this looks like a project that can happen.
22 It's a big ask for what we have available today, but it's
23 something that we may get involved in.

24 DR. REDWINE: Thank you, Delegate Kilgore. I
25 understand you have the property purchased?

1 MR. MURPHY: Yes, sir.

2 DR. REDWINE: The town purchased that property?

3 MR. MURPHY: Yes, sir.

4 DR. REDWINE: Other than the purchase of the
5 property, what's the total ticket on the project for construction?

6 MR. MURPHY: I believe the actual cost is \$481,000.

7 DR. REDWINE: That's for the total construction?

8 MR. MURPHY: Yes.

9 DR. REDWINE: Your requested amount today is
10 basically 90 percent of the total cost of the project?

11 MR. MURPHY: Or any amount that the Commission
12 feels you can award.

13 DR. REDWINE: Thank you very much, Mr. Pfohl.

14 The next project is the Town of Glade Spring, the
15 Glade Spring Salt Trail Extension, which is another project that
16 was submitted a year ago and tabled when the Commission went
17 through the process of updating our strategic plan and a
18 discussion of the role of local recreational projects that would be
19 a funding priority or not. We have now completed the strategic
20 plan process. I'll note that the town asked for nearly \$300,000 a
21 year ago, and they're reduced that to \$110,000, and they have
22 secured VDOT enhancement funding, but it's a relatively small
23 local trail that is not connected to the broader regional trail. It
24 looks to be primarily local in-town resident usage. It appears to
25 us it'll be primarily a local recreational priority, so staff is not

1 supporting that project.

2 DR. REDWINE: Thank you, sir. 2378, Town of Glade
3 Spring. Is there anyone here? All right, would you introduce
4 yourself.

5 MS. WILLIAMS: Good morning, my name is Nancy
6 Williams, I'm the vice mayor. I'd like to encourage the
7 Commission to consider the town's request. It wasn't long ago
8 we were hit by a tornado, about a year ago, and we've had to
9 redirect some of our thinking and intentions to rebuild and repair
10 the town after what happened during the tornado.

11 The Salt Trail is connected and very vital to our
12 downtown area and to the federal and the cultural areas and
13 outdoor activities in our area, and it's very important. We have
14 ARC funding committed, and we have ARC funding contemplated
15 to help. We're right in the heart of the tobacco-growing area of
16 Southwest Virginia. That's right in the heart of our region. We
17 really need these funds. We're in the heart of the tobacco area
18 and have been for years and years. So we certainly feel that we
19 qualify as part of the tobacco-growing area, and we're certainly
20 in the middle of the Tobacco Commission area.

21 The trail can bolster the growth, and this would also
22 help Washington County and also Meadowview and several other
23 towns close by. We feel those folks would come to this project,
24 and this trail would be used not just by local people, but to make
25 it a destination trail for visitors. Thank you.

1 DR. REDWINE: Thank you very much. Any
2 questions?

3 MR. PFOHL: Next up is the Hilton's Outdoor Park,
4 Incorporated and Improvements. This also was a project tabled
5 a year ago due to our strategic planning process. The request for
6 activities involve local recreational uses, including a children's
7 playground, walking trail, and a park structure that appeared to
8 be a picnic pavilion. The staff would point out there's no direct
9 job creation, private capital investment, or tourism outcome, and
10 is a low priority. This appears to be a local recreational project,
11 and that's a low funding priority for the Commission. Based on
12 that, we're recommending no award.

13 DR. REDWINE: Thank you, sir.

14 THE COURT: 2348, is there anyone to speak to that?
15 All right. Let's move ahead.

16 MR. PFOHL: 2557, Mount Rogers Planning District
17 Commission, Loan Funds Program Main Street Initiative,
18 requesting \$99,000 to provide low interest loans up to \$25,000
19 to start up existing businesses for the Main Street Downtown
20 Revitalization for Mount Rogers. The proposal estimates that
21 they would assist at least eight businesses and create at least 16
22 full-time jobs. The Commission has made two previous grants
23 and capitalized the Mount Rogers loan fund totaling \$325,000.
24 Also, supported People, Incorporated's small business loan pool,
25 and also services the region. The current request is certainly a

1 modest increase in our support to the revolving loan fund, but
2 resulted in relatively small job creation and presumably retail
3 wage rates, I would point out that retail is a low priority for the
4 Commission. Staff is recommending no award.

5 DR. REDWINE: Thank you, sir. 2557, Mount Rogers
6 Planning District Commission. Is there anyone here to speak to
7 that? All right, thank you.

8 MR. PFOHL: Then we jump over to page 15, Scott
9 County is the applicant for the Keith Memorial Park Lighting
10 Project, also tabled in 2012. This would install lights at a
11 baseball field complex in Nickelsville. This proposal was declined
12 by this Committee in Fiscal 2011, and it returned with the
13 additional outcomes of hosting musical events. The county
14 indicated they were going to seek expansion of the Crooked
15 Road's Heritage Trail as Crooked Road Heritage Music Trail. We
16 haven't heard any update on that. I think the project stands as
17 it was submitted last year. No direct new jobs or private capital
18 investment. It's much like the Hilton's project, and we're
19 suggesting this is primarily a local recreational facility and
20 therefore has a low funding priority with the Commission.
21 Therefore, the staff has awarded no award.

22 DR. REDWINE: 2424. Anyone here to speak to that?
23 Scott County, Keith Memorial Park Lighting Project. Anyone here
24 that wishes to speak to that?

25 Mr. Pfohl, could be my mistake, did we skip 2554,

1 Town of Pennington Gap?

2 MR. PFOHL: Yes. Let me get that. Town of
3 Pennington Gap is requesting \$90,000 for Comprehensive
4 Economic Development Planning Project, and there's a list of
5 activities they want to accomplish. Natural and Economic
6 Resources Database Development, Resource Analysis and Market
7 Study, Comprehensive Economic Development Plan, and Mount
8 Racemore Concept Development and Marketing Plan. The Mount
9 Racemore would be a NASCAR and tourism connection or venue.

10 The staff points out that the Economic Development
11 Plan is a regular and periodic function of local government and
12 we could be setting precedent for funding enumerable local
13 economic development planning processes. Very little
14 information provided regarding Mount Racemore and the
15 feasibility funding and so forth for that project. And the staff
16 therefore is recommending no award.

17 MR. NOYES: Members of the Committee, also
18 recurring activity such as are addressed in your strategic plan.
19 This type of activity is not an eligible activity.

20 DR. REDWINE: All right, is there anyone here that
21 wishes to speak to this project, 2424? All right, thank you.

22 MR. PFOHL: The next one is the Scott County Public
23 Service Authority, Daniel Boone to Natural Tunnel Water
24 Interconnection, a request for \$500,000. We're on page 16.
25 This is a project that's been in development for a number of

1 years for some environmental challenges. This would provide an
2 interconnection between the Weber City/Gate City water systems
3 with the Duffield Water System. Crossing the Clinch River has
4 been a major and costly permit process. This is a project that's
5 been in development for a number of years. I think as far as
6 crossing the Clinch River, some of those have been resolved.
7 The project was bid several years ago. When the project was
8 bid, it came in over the engineer's estimates. The project was
9 re-bid, that started, was opened in the last few weeks. There's
10 still a funding gap that the applicant states that it's in the
11 ballpark of about \$670,000 in terms of shortfall for private
12 funding to the build the project.

13 Our staff spoke to the staff at the Department of
14 Health, which is the primary funder of this project, and the
15 Department of Health staff told us that this is primarily a drinking
16 water quality project. The applicant has made the case that this
17 is also a project that would benefit water supply in Duffield, but
18 they don't have a prospect that we're aware of that has high
19 water volume for the Duffield Industrial Park. So this appears to
20 be primarily still a water project, like public drinking water
21 project, and no direct job creation or private investment in
22 exchange for a request for a half a million dollars of Commission
23 funds. While it's certainly a project that has merit from the
24 drinking water quality standpoint, as is evident by the
25 Department of Health support, it's not a project that aligns with

1 the Commission's priorities of economic development outcome.
2 So, staff is recommending no award.

3 DR. REDWINE: Thank you, Mr. Pfohl.

4 Mr. Danko is here. Do you wish to speak to this?

5 MR. DANKO: Yes, sir. Mr. Chairman and members of
6 the Committee, I'm the director of the Scott County Public
7 Services Authority, and just so and I want make sure we're all
8 aware, I want to tell you a little story. The other day, I was
9 speaking to a friend of mine that was playing baseball with his
10 grandson, and he said every time he got the baseball, it seemed
11 to get bigger. So the second or third time, he threw it back and
12 said I wonder why this ball is getting bigger, and all of a sudden
13 it hit him (laughter). All right, I've got your attention.

14 I know it's never easy for the Tobacco Commission to
15 make these decisions, and I know the Tobacco Commission has
16 done a great job. I know it's very difficult to decide sometimes
17 exactly what projects to fund, and it's difficult to evaluate these
18 projects. I know you do the best you can, but, you know, when I
19 look at these projects, they're all really irrelevant without good
20 infrastructure. I mean without the infrastructure, you don't have
21 a project, you don't have jobs, you don't have anything. People
22 can't live without water. You can change the formula and you
23 can change some things, but you can't destroy it and you can't
24 make more of it, and we all have an inherent right to it, but it
25 costs money to get it out of the rivers and transport it and treat

1 it. It's just a mind-boggling cost.

2 This particular project is more a water quality. Thirty
3 years or 20 years ago, plus or minus, the Duffield Water Fund or
4 Project Study, and it was to connect Lee County and Wise County
5 and Scott County all together. Right now, all that is done except
6 for this one project in getting it across the river. The Clinch River
7 is a very protected river. It has some characteristics more so
8 than any in the world. So trying to get a permit is very difficult
9 and a time-consuming process. And it's taken up to six years to
10 do that.

11 This river crossing is more than just connecting two
12 localities. When this project goes in, we have no choice. We're
13 going to survive in Southwest Virginia. It goes to the
14 Cumberland Gap, and that's a long way to have the water system
15 out there.

16 Another part of this project and kind of overlooked is
17 we have the capabilities of hooking into the City of Kingsport.
18 We're working with them now, and the only thing to stop making
19 this connection, the City of Kingsport has 26 million gallons a day
20 and they have 10 million in excess water that can be applied to
21 Southwest Virginia. They're wanting to sell the water to make
22 this connection.

23 The other thing is that the Environmental Protection
24 Agency, and you know as well as I do, you never know what
25 they're going to come up with next or any requirements they're

1 going to have. So the water plants that we have in Southwest
2 Virginia may someday not meet the requirements. They may
3 come out with different parameters that the water plant can't
4 meet and we'll have to put in or build a new plant. If we start
5 replacing all our plants in Southwest Virginia, that's going to be
6 extremely sensitive. This is very little compared to what can
7 happen down the road. Not only do we have to look forward to
8 the future, we've got to take care of our past. We've got things
9 now we have to take care of. We might have to change the
10 monitoring and testing of the water in our area, let's do it in one
11 plant like Kingsport, we might have to do it in the future, and
12 we'll get water from them and concentrate on all of this
13 equipment and improvements in one place, and it's better to do
14 regional and improve that in another year. The economic part of
15 this thing is jobs.

16 The Duffield Industrial Park, it serves as employment
17 for people all over that area, not just Scott County. If we don't
18 have that, then these are the people that will suffer. If we don't
19 make plans today to make their future secure, the children's
20 future secure, and we can't do it without good quality water. You
21 can call it a water issue if you want to, that's fine with me, but
22 it's more than that and it's bigger than that.

23 This permit with the Corps of Engineers, I don't
24 believe we'll ever get it, we've struggled with it and we've
25 worked hard and we've had a lot of patience, but if we lose this

1 permit we'll never get it again. I know we don't have the money
2 to do it right now. We'll have to find a way to do it. We'll have
3 to do it in an affordable way.

4 I had a note here somewhere, but this project would
5 really bring everything together, and I just want you to know
6 that what it's all about. It's not just water, quality issue, health
7 department, it's like, and God knows they've helped us in the
8 past and have continued to help us a little bit, have concentrated
9 on cost issues or health issues. This is all bigger than just one
10 thing. It's the life blood of Southwest Virginia. I could go on and
11 on, but that's really the important points.

12 DR. REDWINE: Thank you, Mr. Danko.

13 Any questions on this particular project? We'll have
14 time to discuss all of these as a group when we wrap up. All
15 right, we'll move ahead. Mr. Pfohl.

16 MR. PFOHL: The last proposal that did not get staff
17 support is from the Smyth County Board of Supervisors with the
18 Groseclose/Exit 54 Area Sewer Project. That involved the
19 installation of over 5,000 linear feet of both gravity line and force
20 main line to serve the existing and potential businesses at Exit
21 54 in Groseclose. There are seven businesses and one industry
22 located in the service area. It's a project that's Commission
23 supported, the design grant in 2001 and a \$250,000 construction
24 grant four years ago. The requested amount would replace some
25 lost EPA funding that was committed to the project early on and

1 rescinded by the Federal Government when the project wasn't
2 able to get underway. And that's a condition in our guidelines
3 that we're not willing to supplant other funding that has been
4 committed to a project.

5 The second is that this would increase the support of
6 the project to a half million dollars to serve primarily retail
7 businesses, which is not a funding priority, and one industry,
8 which has somewhat speculative plans for expansion. And I think
9 the county's Economic Development director has received some
10 more up-to-date information from General Shale about their
11 potential expansion plan. We do have a recommendation that
12 four-year-old Grant Number 1635 be extended for one year so
13 they're able to use the construction funding that your Committee
14 has already committed to this project. We feel the county needs
15 to go forward, use the full amount of the loan fund that was
16 committed by DEQ to the project, and then to see if they can get
17 an additional investment of about 240 from us.

18 The staff would recommend a one-year extension on
19 Grant 1635 for this.

20 MR. NOYES: Mr. Chairman, that would need to be
21 included in the block, just the extension.

22 SENATOR CARRICO: I move that for a one-year
23 extension on Number 1635.

24 DR. REDWINE: Senator Carrico has moved that we
25 place a one-year extension on Grant Number 1635 into the block.

1 Do we have a second?

2 MS. DiYORIO: I'll second it.

3 DR. REDWINE: Ms. DiYorio seconds that motion. All
4 please signify by saying aye. (Ayes). Opposed? (No response).
5 All right, we'll exclude that extension.

6 Now, Mr. Pfohl, does that include all those?

7 MR. PFOHL: Yes.

8 DR. REDWINE: All right. Ladies and gentlemen of the
9 Committee, you've heard the projects discussed or recommended
10 by staff, and you have the dollar figures in front of you. Keep in
11 mind that if you keep those as they are, then your available
12 funds for other projects is zero.

13 You've also heard about the projects that did not
14 receive a staff recommendation. We can certainly open the floor
15 at this time or discuss any of the grants we discussed this
16 morning and potential action on any of them by any member of
17 the Committee. At this time, I'll open the floor for discussion.

18 SENATOR CARRICO: Mr. Chairman, can we go back
19 to 2561, the Town of Big Stone Gap.

20 DELEGATE KILGORE: Which one?

21 DR. REDWINE: 2561, the Town of Big Stone Gap.

22 SENATOR CARRICO: The comment or get you into
23 the discussion because what I understand in your comments that
24 you've been working with Mr. Jackson on this project, I want to
25 see if there's any way we can bring this back once you all got

1 together and see what kind of progress you can make on that.
2 It's my understanding the Town of Big Stone Gap right now is
3 asking for 90 percent of what the project is currently running.
4 And from my understanding of your testimony, your comment
5 right now is that Travis Jackson is working with you on the
6 project and seeing where he can move with it.

7 DELEGATE KILGORE: Yes, you're exactly right. I
8 think that there are some other partners that we can get in on
9 this if the Committee, and I know money is tight, but if the
10 Committee could put some money toward this project. And I
11 would prefer that it not be denied because I think it is a good
12 project if we get Travis and the tourist people involved. I believe
13 that the Farmer's Market over there, too, and bring some other
14 dollars in. I think it would be better to table it, that we could
15 bring it, or for those of us that are in, can bring it back before
16 this Committee, in other words. If that's okay with the town
17 manager. If it's a doable project and get everything together, we
18 need to do that, I think.

19 SENATOR CARRICO: Mr. Chairman, with that, I would
20 ask that we in the block have a motion to table this.

21 DR. REDWINE: Senator Carrico, there's a motion that
22 we table the Town of Big Stone Gap Project Number 2561, and to
23 leave it alive for a future cycle for other monies that may be
24 available through clawbacks or grants that fail to use their total
25 allotment, and if funds become available, it could be brought up

1 again and applied during the year. Senator Carrico makes the
2 motion, do I have a second?

3 MR. MONTGOMERY: I'll second it.

4 DR. REDWINE: Mr. Montgomery seconds that motion.
5 All in favor, signify by saying aye. (Ayes). Opposed? (No
6 response). All right, that one remains alive. As for today
7 though, it remains at zero for recommendation.

8 All right, any others?

9 SENATOR CARRICO: Mr. Chairman, one more
10 question, and this is more to the staff. I know when the Town of
11 Glade Spring came forward and the staff indicated there wasn't
12 much activity in this trail, I think the assistant mayor responded,
13 you mentioned there's no connectivity with this trail, and they're
14 asking for, I think the vice mayor explained that dollars for that
15 project and I think in the testimony it was said there is some
16 connectivity to Smyth County. I'm just wondering how your
17 policy, as far as your view on the recommendation, being a new
18 member, I just need some insight. I wondered if it was
19 connected to Saltville.

20 MR. PFOHL: It is connected to Saltville, and the trail
21 from Saltville runs to the edge of the Glade Spring, I've been out
22 there and seen it, and it's a very nice trail. The area where they
23 want to do some construction runs from the edge of Glade Spring
24 across some railroad tracks and some into the center of town.
25 We felt this was more of a local in-town Glade Spring kind of

1 project as opposed to developing a creeper trail, a Tobacco
2 Heritage trail. It's a fine trail. It's not a large regional trail, and
3 folks coming in from Southwest Virginia would probably go
4 primarily to the creeper trail. There may be an opportunity in
5 the future to get them to stay longer by visiting the Salt Trail, as
6 well. I'm not sure how well that answers your question. It
7 looked like primarily in town.

8 SENATOR CARRICO: A follow-up question. You're
9 basically saying that the part of the trail they're wanting to
10 improve is solely within the town and not connected?

11 MR. PFOHL: Yes. In town.

12 SENATOR CARRICO: Despite the fact that this trail
13 has some Civil War implications.

14 MR. PFOHL: That was not brought up in the project,
15 and we reached out to the town trying to get some estimates on
16 the type of users, how many would be on the trail, and they
17 weren't able to provide that. It's very well-engineered, they put
18 together very solid engineering plans to insure or to get the
19 enhancement funds. We just couldn't get the answers that we
20 needed to make the case that it would be a visitor destination.
21 So absent that, we had to make a decision this would primarily
22 be for town residents' use.

23 DR. REDWINE: Thank you both. Do any other
24 Committee members or do you wish to bring up any specific
25 discussions? All right, hearing none, then we have before us the

1 recommendations of the staff. I believe we made or we had two
2 additional motions that have been passed, that are additions in
3 terms of legislation to this, but not really changing the dollar
4 figures that have been passed today. Any final changes or any
5 changes at all before we move forward? Any comments from
6 staff or members?

7 DELEGATE KILGORE: Did you mention anything about
8 Bush Mill as part of your motion for the Bush Mill project being
9 subject to the award of VDOT?

10 MR. NOYES: That is a contingency at this point, Mr.
11 Chairman.

12 DR. REDWINE: It was discussed verbally, and it was
13 mentioned that both the applicant and the Committee
14 understand that. I don't think we have any formal action on it.

15 DELEGATE KILGORE: I made a note earlier. I wanted
16 to make sure that we have that in there.

17 DR. REDWINE: That'll be added in writing to the staff
18 recommendation that will be recorded, and that'll be the case
19 with that particular fund.

20 All right, that concludes the discussion of these
21 particular grants. We have the format laid out in front of you
22 while I open the floor for a motion to approve that as discussed.

23 MR. MONTGOMERY: Mr. Chairman, I'd like to vote on
24 some of them separately.

25 DR. REDWINE: Mr. Montgomery wishes to pull some

1 out of the block, and that'll be fine.

2 MR. MONTGOMERY: I'll tell you the ones that I think
3 that I'd vote in favor of now is Wythe County, 2558; Southwest
4 Virginia, 2549; Scott County Economic Development, 2559; and
5 2544, Lee County. And I don't have any questions about those,
6 but some others, I do.

7 DR. REDWINE: Mr. Montgomery makes a motion to,
8 are you making a motion to approve 2558, 2549, 2559, 2544?

9 MR. MONTGOMERY: Yes, correct, I so move.

10 DR. REDWINE: In a block?

11 MR. MONTGOMERY: Yes.

12 DR. REDWINE: For the amounts listed. Do I have a
13 second?

14 MR. STALLARD: I'll second it.

15 DR. REDWINE: Mr. Stallard will second it. All in
16 favor, signify by saying aye. (Ayes). Opposed?

17 MS. DiYORIO: I would abstain from that vote.

18 DR. REDWINE: Ms. DiYorio abstains from that vote.
19 All those in favor, say aye. (Ayes). Opposed? (No response).

20 DELEGATE KILGORE: I did not hear what was pulled
21 out.

22 MR. MONTGOMERY: What we approved was 2544,
23 2559, Scott County Economic Development; 2549, Bush Mill, and
24 2558.

25 DELEGATE KILGORE: Okay.

1 DR. REDWINE: Those are approved for funding as
2 listed.

3 Now, it'll take me just a moment to go through these.
4 That leaves us with 2556, 2552, 2555, 2550, 2565, 2562, and
5 that's the list. So there are six other grants on your list that are
6 recommended for funding that Mr. Montgomery, I assume, is
7 going to talk about or is not in favor of funding.

8 MR. NOYES: Mr. Chairman, you've also got the
9 extension of 1635, which was returned to the block.

10 DR. REDWINE: All right, thank you. 1635, which is
11 the extension, is also in that block. Is there any particular
12 discussion on those? Anything you'd like to say on those?

13 MR. MONTGOMERY: My comment is that I think, I
14 think the ones that are approved are much more in tune with our
15 Commission for economic development. These to me are, you've
16 got some houses and stuff and there's old houses all over the
17 place. My grandfather's house is about 150 years old, but I just
18 feel that some of these are the ones we haven't voted on are not
19 that well attuned to the Commission's goals of economic
20 development.

21 DR. REDWINE: Thank you, sir. Any other comments?
22 We have two options, ladies and gentlemen. One of those is that
23 we can open the floor for further discussion on these seven
24 grants in a block or if you wish to act on them individually, we
25 can certainly pull them out, pull out the one you wish and we'll

1 vote on those individually. I'll open the floor.

2 SENATOR CARRICO: I move we take the rest in a
3 block.

4 DELEGATE KILGORE: Of the seven, does that include
5 the extension?

6 MR. NOYES: It includes the extension.

7 DELEGATE KILGORE: Tim, is the extension related to
8 a grant that's listed?

9 MR. PFOHL: Yes, it's the extension of the Smyth
10 County grant award that was given four years ago.

11 DELEGATE KILGORE: That's the one, Exit 54?

12 MR. PFOHL: Yes.

13 DR. REDWINE: Senator Carrico makes a motion to
14 approve the seven grants as listed.

15 MS. DiYORIO: Second.

16 DR. REDWINE: In a block, Ms. DiYorio seconds that
17 motion. All in favor, say aye? (Ayes). Opposed?

18 MR. MONTGOMERY: No.

19 MR. STALLARD: No.

20 DR. REDWINE: The motion is carried.

21 Mr. Pfohl, that leaves us with a current balance of
22 zero, is that correct?

23 MR. PFOHL: Yes. There is one other item.

24 DR. REDWINE: Keep in mind that this, while this fund
25 is not large for economic development, we made some decisions

1 earlier in the year, depleted the amounts, but they're for good
2 purposes, we believe. This is a constantly changing fund. We
3 get money back and we find money and money is turned back to
4 us. And there's always some changes going on. If your project
5 was not funded, it does not necessarily mean that we don't
6 believe that it has some merit, but as of today's business, it
7 could not be included. So we'd ask you to work with staff to find
8 out where they think your shortcomings are and feel free to re-
9 apply.

10 Now, moving on, do you want to take this up, Mr.
11 Pfohl?

12 MR. PFOHL: The Committee met back in May for a
13 number of stale grants that were presented to you that either
14 had not gotten underway or hadn't taken any action in recent
15 years. The Committee acted to rescind several of those grants
16 and recapture some of that money that you just redistributed
17 today.

18 One of the grants that you rescinded at that point was
19 Grant 1642, the Scott County Economic Development Authority
20 or the Daniel Boone Interpretative Center Exhibit. It was a
21 \$52,500 grant award, and it was awarded four years ago. Some
22 funds had been advanced earlier on, but there had been no
23 activity in that grant in nearly four years.

24 The Scott EDA now says that they have secured a
25 second round of National Scenic Byways funding, so there's some

1 money to get to the Interpretative Center, although they're still
2 looking at some alternatives. And some discussion has taken
3 place at the Natural Tunnel State Park as opposed to the site
4 originally envisioned. The EDA also points out that this original
5 grant of \$52,500 was used as match for the first Natural Scenic
6 Byways grant. They're asking today if your Committee will
7 consider restoring Grant 1642 in the amount of \$52,500. The
8 money is still on our books as an active grant. So it will not
9 come from another source.

10 MR. NOYES: For what period of time do they want
11 this extended?

12 MR. PFOHL: Typically extended for one year.

13 DR. REDWINE: Mr. Pfohl, Joe Fuller is present, and
14 he's with the Economic Development Committee. Where are we
15 in discussions with the state parks, as well as their willingness to
16 take this project in?

17 MR. FULLER: Mr. Chairman, it's active, and we had
18 discussed some times, and there is some correspondence that
19 came out yesterday. The decision hasn't been made, but I would
20 think it'll probably be in the next six weeks that we'll know
21 whether it's go or no go, and that is the State Park.

22 There's also another proposal, which we do not,
23 moving to the State Park, and there's also another side. And
24 recently, or the reason we're talking about moving it, as some of
25 you may know, the mountainous areas that we were first

1 attempting to build it on, and that bid figure or it's come in quite
2 a bit overbid originally due to the road construction involved, the
3 mountainous areas. In the mountainous areas, road costs are
4 astronomical. So we're trying to move it either to the Natural
5 Tunnel State Park or another location to build it to get out of the
6 road-building experience. We think we have a, we hope we have
7 or we think we have money to be able to build it.

8 Another thing I'd like to mention briefly is we were
9 just recently awarded \$640,000 for a scenic byways for --
10 and we also have \$280,000 already on hand for exhibits, and we
11 think that would be adequate for this.

12 DR. REDWINE: Thank you, sir.

13 DELEGATE KILGORE: Mr. Chairman, I can also tell
14 you that I've had conversations with the Virginia State Parks, as
15 well as with other people, and I think this is all very possible.

16 DR. REDWINE: Thank you, sir. That's fine, Mr. Fuller,
17 thank you.

18 I've been involved with this thing in a previous life and
19 very, very in debt, and it's been a project that's been ongoing in
20 theory for seven or eight years, and I would love to see it
21 constructed. However, the current economic standing of the
22 study and the county is burdened with operation, it will be a
23 stress on the county for operations. If this thing can be taken
24 into the park system, I think all of us would turn cartwheels. If it
25 is not, it will be a difficult project to keep. I mean we can get it

1 constructed, but a wise man told me one time that people will
2 give you more space for free than you can afford to keep up. I'm
3 concerned about the future of it if the county has to do the
4 operations. Mr. Kilgore, I know he's working on it, I know that
5 Mr. Fuller and John Kilgore, they had contact with the park
6 people, and if we could get that knocked out in the next few
7 months and know that's where it's going, I think that would be
8 fantastic. If not, it will be difficult.

9 I'll stop short of making it a contingency as accepted
10 by the parks, but I'd certainly like to see that happen before we
11 put hundreds of thousands into it and then the county would be
12 burdened by that.

13 MR. MONTGOMERY: Do we need a motion on the
14 extension?

15 DR. REDWINE: We need a motion on the extension,
16 or not the extension, how do you word that, Tim?

17 MR. PFOHL: That the grant be restored and the
18 extension would be required for one year.

19 DR. REDWINE: It was actually taken off or rescinded.
20 We need the grant to be restored, and then the extension for one
21 year?

22 MR. PFOHL: I don't know when your committee is
23 going to meet or the timeframe, whether it's six months or --

24 MR. MONTGOMERY: It makes sense to me if it was in
25 the park system, I think it's an excellent proposal. So I'll make a

1 motion that it be extended.

2 MR. NOYES: I think we should do it for 12 months,
3 because that's our standard. And hopefully, we'll have it all
4 resolved in advance of the 12 months.

5 DR. REDWINE: Mr. Montgomery makes a motion that
6 we restore funding for Grant Number 1642, Scott County
7 Economic Development, for purposes for the Daniel Boone
8 Interpretative Center, and give them an extension of 12 months
9 from today for movement. Senator Carrico seconds that. All in
10 favor, signify by saying aye. (Ayes). Opposed? (No response).

11 MR. NOYES: Thank you, Mr. Chairman. Two quick
12 updates for the Committee, and before that, lunch will be served
13 next door.

14 The King College and King School of Medicine, an
15 update on that. Final disbursement to King College has gone out
16 and received by the college and waiting for some documentation
17 from the King College. King School of Medicine has made
18 arrangement to have the Town of Abingdon serve as fiscal agent
19 for any further disbursements. We're waiting on some
20 paperwork on that.

21 What we're able to do is close out the relationship
22 with King College and have that relationship at least through the
23 end of this calendar year. And King School of Medicine, just like
24 the Committee had allowed previously, there may be a need for
25 an additional disbursement of Commission funds, but that'll have

1 to be done with a match dollar for dollar ahead of any second
2 disbursement and indicated that to Delegate Kilgore, so that's
3 where we are with that project.

4 We may in closed session consider another matter. I
5 don't think that needs to be dealt with, within executive session
6 at this time.

7 Commission staff and our counsel, or that is to say
8 Commission's counsel, Troutman and Sanders, are going to
9 receive a certain agreement pending between LENOWISCO and
10 Scott County Telephone. They're being red-lined, and our
11 counsel is working with their counsel, counsel for those two
12 entities to get an agreement in place just as soon as possible
13 that will enable that transaction to go forward and as much
14 security for the Commission as we can possibly muster.

15 What I would like to ask the Committee, and I
16 discussed this briefly with your chairman, that is once that
17 agreement is in place or it looks like what we can best get based
18 on what our counsel advises, I'll communicate that to Dr.
19 Redwine and I don't think that legal agreement needs to come
20 back before the Committee. I'd be happy to bring it back before
21 you, but I would like the consent of the Committee to go forward
22 to allow the transaction to advise LENOWISCO and Scott
23 County's attorney, but once we have the attorney's views
24 incorporated, that transaction could go forward.

25 DR. REDWINE: We had that meeting and discussion

1 previously, and it seemed to be the consent of the Committee
2 that we move forward.

3 MR. NOYES: We did not have resolution by counsel
4 representing the Commission on it at that time. What I said to
5 you, that process is now underway. Your counsel is working on
6 this, and our counsel is working with the other counsel or the
7 other party's counsel. I don't see a need for a special meeting
8 on it with the consent of this Committee to allow that.

9 SENATOR SMITH: I understand the need, but is it
10 unreasonable to ask a personal guarantee from the entity that's
11 currently controlling it to further protect our assets?

12 MR. NOYES: I don't know that one of the parties is in
13 any position or financial position to offer any kind of security, and
14 I don't know what form that would take, but I can ask our
15 counsel if there's anything beyond what --

16 SENATOR SMITH: I just bring it up in reference to
17 another entity creating dual businesses out of the same plan.

18 MR. NOYES: Senator, I don't know the answer to
19 your question. I can check with counsel on it, but I don't know
20 the answer, I don't know about trying to incorporate personal
21 guarantees speaking of organizational assets. Certainly the Scott
22 County Co-op is going to have to accept terms and conditions
23 that the Commission has as part of a new agreement, and that'll
24 be incorporated into the language with LENOWISCO in Scott
25 County. We don't require that generally. I think that's probably

1 sufficient.

2 SENATOR SMITH: Thank you. I'll let members of the
3 Committee know once it's ready.

4 DR. REDWINE: Let me say that if we don't need
5 formal action, is there any objection to or once staff and the legal
6 counsels are satisfied that they communicate that with me? Any
7 objection to us notifying the parties?

8 MR. STEPHENSON: The thought occurred to me that
9 this transaction is probably of a material nature to the
10 Commission and it would need Commission approval for it to
11 move forward, not just the staff and this Committee.

12 MR. NOYES: It certainly is a material transaction in
13 that assets already paid for will be controlled by another entity.
14 Maybe we can bring it up in the executive session in a couple of
15 weeks and see how they want to handle it. I'd like to tell them
16 the Southwest Subcommittee is okay with it.

17 DR. REDWINE: If we have to, we can pull this
18 committee together that morning.

19 MR. NOYES: I don't know that all the work is going to
20 be done on the agreement in two weeks, do you think Ned?

21 MR. STEPHENSON: Not likely.

22 DELEGATE KILGORE: Maybe we could have a meeting
23 that Thursday morning or we'd have that notice out and we can
24 handle it.

25 DR. REDWINE: We can put that on the list of

1 meetings.

2 DELEGATE KILGORE: Neal, can we do that?

3 MR. NOYES: We can do it, but the question is how
4 ready we're going to be, but I'll talk to you about it.

5 DR. REDWINE: Stacy, if you can include that in the
6 list and find us a time for a very short meeting on Thursday
7 morning.

8 MR. STEPHENSON: There is a meeting with the R&D
9 Committee Thursday morning ahead of the Commission meeting.
10 That may take some members out of the meeting.

11 MR. NOYES: A very early meeting, Stacy.

12 DR. REDWINE: There's a possibility we might have to
13 cancel it, and you can let us know ahead of time if this isn't going
14 to be ready, but I can't imagine us being there more than ten
15 minutes.

16 DELEGATE KILGORE: I'm hoping both sides of the
17 attorney will work to get that agreement worked out ahead of
18 time.

19 DR. REDWINE: In the interest of both parties wanting
20 to move ahead as long as everything legal is done, I know they
21 are. If you could help build that fire.

22 DELEGATE KILGORE: We'll get Mr. Noyes to do that,
23 he's the fire builder.

24 MR. NOYES: I can do that. We'll kind of schedule
25 that, and then if we're not ready, we'll try to move this ahead.

1 MR. REDWINE: Anything else, sir?

2 MR. NOYES: The next Committee meeting is still to
3 be determined and see how we do on some clawbacks and other
4 things and take up other matters.

5 DR. REDWINE: Next Committee meeting date to be
6 determined, maybe later this month prior to the full Commission
7 meeting, we'll let you know.

8 Now, anything before we go to public comment?

9 MR. NOYES: Terry, Stacy will call you back before the
10 Education Committee Meeting at 1:00 o'clock.

11 DELEGATE KILGORE: I may be in a place where I
12 can't call, I'll have to call you back.

13 DR. REDWINE: We'll move now on the agenda to
14 other comments. We'll open the floor at this time to anyone who
15 wishes to speak to this particular Committee before we close.

16 MR. MICHAEL JAMES: I'm Michael James, a citizen of
17 Lee County, as well as the IDA director of Lee County. I want to
18 say thank you to the staff of this Committee and the full
19 Commission for all of the support over the years to the county,
20 and we appreciate it very much. I was going to give you a
21 formal on-the-record update on our stale grant. All the
22 construction work has been completed. Yesterday, I submitted
23 some paper request for the remainder of the balance of that
24 grant, and we closed out Constitutional Oaks.

25 Mr. Pfohl was on the hot seat there, so the time

1 extension and the cooperation by the Committee, that the
2 Committee has granted us on that. Hopefully, the project will
3 bear fruit very soon, and we're hopeful for an economic
4 development announcement within the next several weeks.
5 Hopefully, it'll all be worth it very, very shortly. I just wanted to
6 say thank you to the Committee. The older I get, the more I
7 realize that the term thank you seems to have fallen out, but I
8 just want you to know we appreciate everything. And thank you
9 for what you do. Thank you.

10 DR. REDWINE: Thank you, sir.

11 Anyone else before we close? All right, if there's
12 nothing further, then we're adjourned.

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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 proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission, Southwest Economic Development Committee Meeting**, when held on Thursday, September 13, 2012, at 10:30 o'clock a.m. at the Hotel Roanoke & Conference Center, 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 ____ day of September, 2012.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2014.