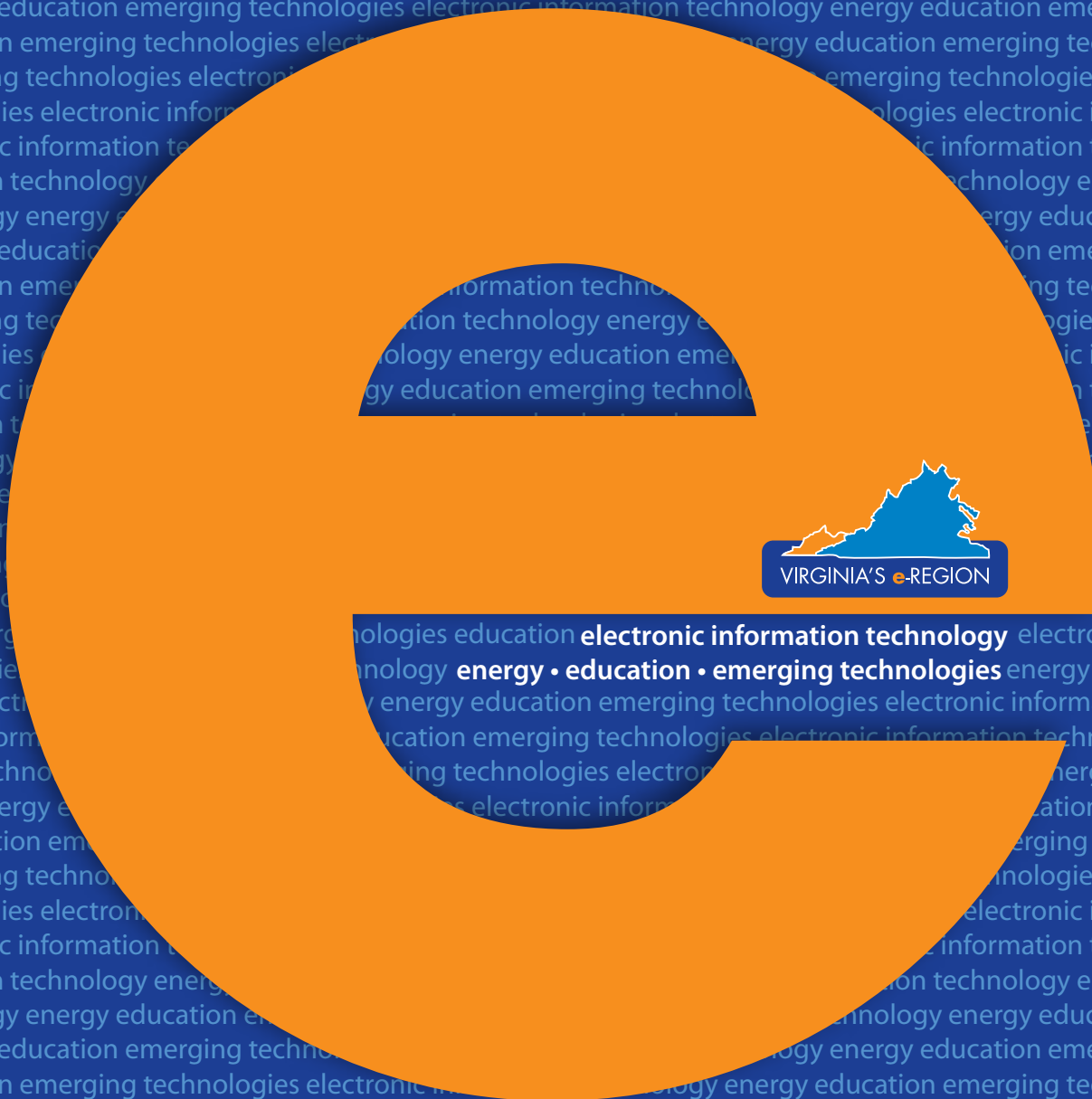


# VCEDA

Virginia Coalfield Economic Development Authority



**technology**  
**energy • education • emerging technologies**

## 2016 ANNUAL REPORT

## Chairman's Letter

Dear Governor McAuliffe,

It is with great pleasure that I submit to you and the General Assembly the 2016 Annual Report of the Virginia Coalfield Economic Development Authority (VCEDA). Despite the reality of VCEDA's coal and gas severance tax receipts falling to a level not seen in 20 years, 2016 was an active year. VCEDA approved more than \$10 million in new funding for projects. There were 811 new and retained jobs and more than \$50 million in investment announced in the region.

There were four new projects in 2016, including the location of Frontier Secure in Wise County with a projection of 500 new jobs, NC Virginia's announcement in Scott County with plans to create up to 72 new jobs, groundbreaking for a new Visitors Center being built in association with Southern Gap Outdoor Adventures with plans to create 15 new jobs and introduce even more outdoor tourism opportunities in Buchanan County, and a groundbreaking for the boutique Western Front Hotel in the Town of St. Paul with 15 projected jobs.

Four expansions of existing businesses in the region took place in 2016 with NorrisBuilt Fabrication in Norton expanding, with VCEDA's assistance, with plans to add 14 additional jobs. AT&T Wireless and Sykes Enterprises also added jobs in 2016, and VCEDA was able to assist the Appalachian School of Law in Buchanan County to retain 39 jobs.

Other highlights included TeleTech cutting the ribbon on its customer experience center in Scott County with plans for 300 jobs, ribbon cuttings at two advanced manufacturing centers of excellence in the region, a new ATV resort in Tazewell County, a new ATV connector trail in Wise County and the completion of a regional 4G wireless project. Other regional highlights included CGI celebrating the 10-year anniversary of its Southwest Virginia Center of Excellence in Russell County, a groundbreaking on a new ATV and equestrian trail system in Dickenson County, and a number of improvements made at the Breaks Interstate Park.

In 2016, VCEDA participated in 47 prospect visits with businesses and organizations looking to locate or expand in the coalfield region, averaging nearly one a week, and handled 112 inquiries about the region.

VCEDA remains committed to its important mission of helping to enhance and diversify the economy of the coalfield region of Virginia. With the impact of the coal industry's decline on the economy of our region, the role of VCEDA is more important than ever. We look forward to working with you and the General Assembly to help our region to transition in these challenging times.

J.P. Richardson

*J.P. Richardson*  
Chairman



J.P. Richardson  
Chairman



A groundbreaking ceremony is held June 21 for the Southern Gap Visitors Center designed to promote outdoor recreation and tourism in Buchanan County including the viewing of elk. VCEDA also closed up to a \$500,000 loan and up to a \$250,000 grant to the Buchanan County IDA that same day for the construction of the visitors center expected to create 15 jobs. The visitors center will be the focal point of an outdoor recreation project under private development. The project will include cabins and RV parking facilities.



On May 10, VCEDA closes a loan for up to \$5.6 million to the Wise County IDA to assist with completion of the Lonesome Pine Technology Center in Lonesome Pine Technology Park for a customer care center for Frontier Secure with 500 new jobs. In photo, from left, Jonathan Belcher, VCEDA executive director/general counsel; Ron McCall, VCEDA chairman; Kenny Gilley, Wise County IDA chairman; and Carl Snodgrass, Wise County IDA director.



The Southwest Virginia Alliance for Manufacturing (SVAM) holds a ribbon cutting and open house May 10 for a satellite advanced manufacturing Center of Excellence (COE) located in the Pioneer Center in Scott County. VCEDA approved up to a \$100,000 loan to the Scott County EDA for equipment for the COE.



## Mission of the Virginia Coalfield Economic Development Authority

The primary purpose of the Authority is to enhance the economic base for the seven county and one city coalfield region of Virginia (Lee, Wise, Scott, Buchanan, Russell, Tazewell and Dickenson Counties and the City of Norton). The Authority shall provide financial support for the purchase of real estate, construction of buildings for sale or lease, installation of utilities, direct loans and grants to private for-profit basic employers; may apply for matching funds from the state or federal government, or the private sector; and any other support improvements it deems necessary.

Code of VA Title 15.2 Chapter 60, Section 15.2-6002





VCEDA closes a loan of up to \$1 million to the St. Paul IDA on Dec. 14 for the Willis Building project, which will become the Western Front Hotel, a boutique hotel projecting 15 full time and 25 part time jobs. In the photo, from left, Todd Morgan, Willis Properties, LLC; Jonathan Belcher, VCEDA executive director/general counsel; Debora Baca, St. Paul IDA secretary; and Bob Harrison, St. Paul IDA chairman. A groundbreaking for the new hotel was held in June.



TeleTech cuts the ribbon for its new customer experience center in Scott County on Oct. 4. In addition to helping recruit the company to the region, VCEDA helped finance the purchase of the Riverside property where the new center is located and approved up to a \$2,853,000 loan to the Scott County EDA to help construct the center. The project is expected to create 300 new jobs.



Frontier Secure holds a ribbon cutting ceremony on September 26 for its customer care facility in the Lonesome Pine Technology Park in Wise County. In addition to funding the shell building Frontier will be occupying, VCEDA approved an up to \$5.6 million loan to the Wise County IDA for this project. At least 500 jobs are projected serving clients such as software giant Intuit. In photo, from left: Delegate Terry Kilgore; Brad Smith, Intuit CEO; Jonathan Belcher, VCEDA executive director/general counsel; Kelly Morgan, Frontier Secure president; and Todd McReynolds, Frontier Secure senior vice president.



VCEDA closes a \$250,000 loan to the Wise County IDA on Nov. 15 to assist with an existing business expansion project at NorrisBuilt Fabrication, located in the City of Norton. The project is expected to add 14 jobs. In photo, from left, Jonathan Belcher, VCEDA executive director/general counsel; Tiffany and Ron Norris, owners of NorrisBuilt Fabrication; Kenny Gilley, Wise County IDA chairman; and Carl Snodgrass, Wise County IDA director.



On March 31, VCEDA closes an up to \$6 million loan to the Buchanan County IDA for the purchase of real estate to help the Appalachian School of Law retain 39 jobs and create one new job. In the photo, from left, Vern Presley, Buchanan County IDA legal counsel; James Keen, vice chairman, Appalachian School of Law Board of Trustees; Sandra McGlothlin, Appalachian School of Law dean; Brenda Ward, Buchanan County IDA secretary/treasurer; Jay Rife, Buchanan County IDA chairman; and Jonathan Belcher, VCEDA executive director/general counsel.



VCEDA closes up to a \$40,000 grant to the Wise County IDA on May 10 for a feasibility study on the use of unmanned aerial systems (UAS) to evaluate vegetation on mined land in Wise County. VCEDA added UAS and UAV (unmanned aerial vehicles) as target industries for the region in 2015. In the photo, from left, Carl Snodgrass, Wise County IDA director; Jonathan Belcher, VCEDA executive director/general counsel; Kenny Gilley, Wise County IDA chairman; and Ron McCall, VCEDA chairman.

On May 17, the Southwest Virginia Alliance for Manufacturing (SVAM) holds a ribbon cutting and open house for a satellite advanced manufacturing Center of Excellence (COE) in the Bluestone Workforce Center in Tazewell County.

## Executive Director's Report



Jonathan Belcher  
Executive Director/  
General Counsel

2016 was another active year for the Virginia Coalfield Economic Development Authority (VCEDA). During the calendar year, VCEDA approved more than \$10 million in new funding, closed over \$16 million in loans and grants for projects throughout the region, participated in 47 prospect visits with businesses and organizations looking to locate or expand, and handled 112 inquiries about the region and its economic development programs. Twenty-one

outreach marketing events were completed to promote the region for new and expanded business. There were four new projects and four expansions of existing businesses in the region involving a projected total of 811 new and retained jobs and over \$50 million in investment.

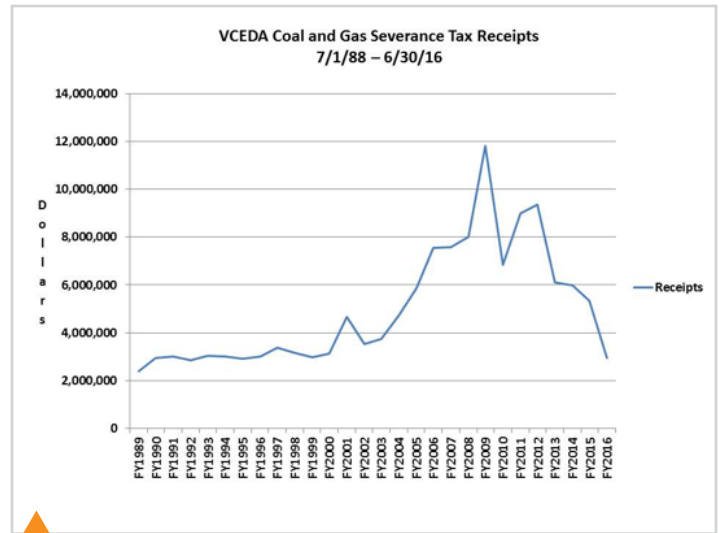
Highlights of the year included the location of Frontier Secure in Wise County with plans to create at least 500 new jobs, NC Virginia in Scott County with plans to create up to 72 new jobs, Southern Gap Outdoor Adventures with plans to create 15 new jobs in Buchanan County, and the expansion of NorrisBuilt Fabrication in Norton with another 14 projected jobs. A groundbreaking was held on the Western Front Hotel in the Town of St. Paul with 15 jobs projected. AT&T Wireless and Sykes Enterprises also added jobs in 2016, and VCEDA was glad to be able to help the Appalachian School of Law in Buchanan County retain 39 jobs.

Ribbon cuttings were held on two advanced manufacturing centers of excellence in the region, a new ATV resort in Tazewell County, a new ATV connector trail in Wise County, and to celebrate the completion of a regional 4G wireless project. A groundbreaking was held on a new ATV and equestrian trail system in Dickenson County, CGI celebrated the 10th anniversary of its Southwest Virginia Center of Excellence, and TeleTech cut the ribbon on its new customer experience center in Scott County with plans to hire at least 300. A number of improvements also were made at the Breaks Interstate Park, with help from VCEDA.

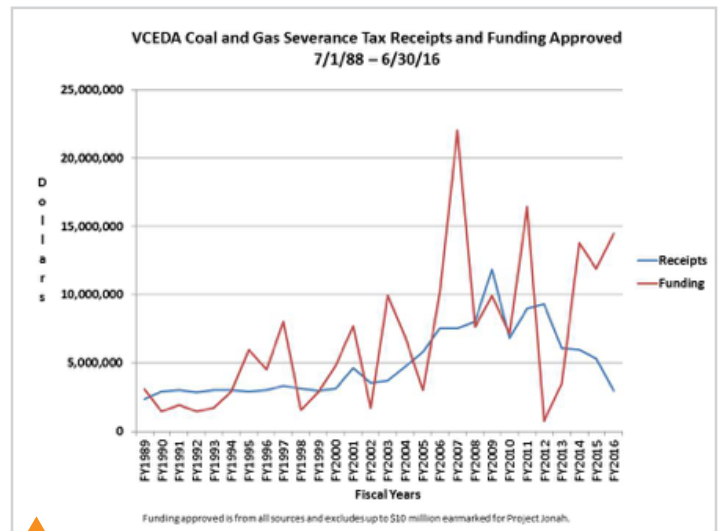
This progress was possible despite the fact that VCEDA's receipts from its primary revenue source of coal and natural gas severance taxes have fallen to the lowest levels seen in over 20 years. VCEDA's receipts from the severance taxes were less than \$3 million in FY2016. However, VCEDA approved over \$14 million in funding during FY2016. With the phase-out of the Coalfield Employment Enhancement Tax Credit, VCEDA's revenues from that source will be ending soon. VCEDA therefore is very closely monitoring the issue of declining revenues. VCEDA benefited from the coal industry's boom of several years ago. However, those resources are diminishing, and there is little expectation that severance revenues will return to those levels.

With the impact of the coal industry's decline on the economy of the region, the role of VCEDA now is more important than ever. VCEDA therefore remains committed to its important mission of helping to enhance and diversify the economy of the coalfield region of Virginia.

**VCEDA has approved over \$188 million in funding since 1988.**



Since FY2009, VCEDA has experienced declining revenues from its primary revenue source of the coal and natural gas severance taxes. Nearly all of VCEDA's revenues are derived from the coal and natural gas industries in the region.



While VCEDA's receipts from coal and natural gas severance taxes have been declining, VCEDA has continued to approve historically high amounts of loans and grants. For example, in FY2016 VCEDA approved over four times as much as it received in severance taxes.



VCEDA staff includes, from left, Mitzi White, office manager; Jean Jordan, funds administrator; Jonathan Belcher, executive director/general counsel; Marketta Horton, economic development specialist; and Susan Copeland, marketing coordinator.



A ribbon cutting is held April 13 at the Appalachian College of Pharmacy celebrating the completion of a regional 4G wireless project. VCEDA approved up to a \$1.5 million loan to help build four of the towers. In photo, from left, Skip Skinner, Lenowisco Planning District Commission executive director; Jonathan Belcher, VCEDA executive director/general counsel; Delegate Terry Kilgore; Jim Baldwin, Cumberland Plateau Planning District Commission executive director; and Delegate Will Morefield.



VCEDA closes up to a \$200,000 loan on May 9 to Trailhead Lodging, LLC to assist with the development of an ATV resort at the Original Pocahontas trailhead in Tazewell County, with 13 new jobs projected. In photo, from left, Mike Thompson, Tazewell County economic development director; Jonathan Belcher, VCEDA executive director/general counsel; Bruce Morris, Matthew Kesler, and Brent Harrison, Trailhead Lodging, LLC.

On May 11, VCEDA closed a grant of up to \$850,000 to the Dickenson County IDA to extend sewer to the Coalfield Regional Industrial Park at Red Onion. In photo, from left, Mitzi Sykes, Dickenson County IDA economic director; Danny Lambert, Dickenson County IDA secretary/treasurer; Ginger Senter, Dickenson County IDA chairperson; Jonathan Belcher, VCEDA executive director/general counsel; and David Yates, VCEDA Board and Dickenson County Board of Supervisors.



VCEDA closes a grant of up to \$126,773.70 to Breaks Interstate Park on March 14 for a facilities improvement package at the park that includes improvements at the horseback concessionaire area, the conference center, hotel, cabins, and the addition of a yurt. On July 8, VCEDA closes another \$150,000 grant to the Breaks Interstate Park to assist with its water park. In photo, Jonathan Belcher, VCEDA executive director/general counsel, left, and Austin Bradley, Breaks Interstate Park superintendent.



Tadano Mantis Corporation, a Japanese-owned manufacturer of crawler cranes, holds an open house for international dealers and the local public on Oct. 20 at its expanded facility in Richlands in Tazewell County. VCEDA provided a \$400,000 loan to assist with the expansion project. The company has 100 employees in Tazewell County.



On July 20, VCEDA closes up to a \$10,000 grant to the Heart of Appalachia Tourism Authority to help finance furniture, equipment and software. In photo are Jonathan Belcher, VCEDA executive director/general counsel, left, and Kitty Barker, Heart of Appalachia executive director.



On March 31, VCEDA closes a grant of up to \$618,000 to the Buchanan County IDA to extend natural gas service to Phase II of the Southern Gap development in Buchanan County. In photo, from left, Brenda Ward, Buchanan County IDA secretary/treasurer; Jay Rife, Buchanan County IDA chairman; and Jonathan Belcher, VCEDA executive director/general counsel.



A groundbreaking is held April 27 for the Spearhead Trails Dickenson County OHV and equestrian trails project. On March 21, VCEDA closed a loan of up to \$500,000 to the Southwest Regional Recreation Authority for this project. To be known as the Ridgeview Trail, this system of off-highway vehicle and equestrian trails is part of the Spearhead Trails initiative and is designed to promote economic development and job creation in the region. VCEDA has been a significant funder of the Spearhead Trails, approving over \$1.3 million total thusfar for multiple projects throughout the region.

# 2016 Highlights

## January 21

Coalfield Regional Legislative Reception is held in Richmond, VA.

## January 29

VCEDA board meets and approves up to a \$6 million loan to the Buchanan County IDA for a real estate acquisition to help the Appalachian School of Law in Grundy retain 39 jobs.

## February 17

NC Virginia, LLC announces it will expand its data center operations with a new location at the Crooked Road Tech Center in Scott County; up to 72 back office support jobs with the potential to employ up to 500 are projected.

## February 18

VCEDA board meets and approves up to a \$618,000 grant to the Buchanan County IDA to assist with the extension of natural gas service to Phase II of the Southern Gap development in Buchanan County. VCEDA approves up to a \$126,773.70 grant to the Breaks Interstate Park Commission to assist with a facilities improvement package. VCEDA also approves up to a \$500,000 loan to the Southwest Regional Recreation Authority to assist with development of OHV and equestrian trail systems in Dickenson County, and approves up to a \$1.1 million increase in the up to \$4.5 million loan approved by VCEDA to the Wise County IDA for the Frontier Secure project.

## February 26

VCEDA holds a meeting of local economic developers at the VCEDA office.

## March 14

VCEDA closes an up to \$126,773.70 grant to the Breaks Interstate Park Commission for a facilities improvements package at the park.

## March 21

VCEDA closes an up to \$500,000 loan to the Southwest Regional Recreation Authority for OHV and equestrian trail systems in Dickenson County.

## March 28

VCEDA attends an announcement of new jobs at AT&T Wireless in Lebanon.

## March 30-31

VCEDA attends the Southern Economic Development Council's Meet the Consultants Forum in Atlanta, GA.

## March 31

VCEDA closes an up to \$6 million loan to the Buchanan County IDA for the purchase of real estate to help the Appalachian School of Law retain 39 jobs.

## March 31

VCEDA closes an up to \$618,000 grant to the Buchanan County IDA to extend natural gas service to Phase II of the Southern Gap development in Buchanan County.

## April 4

VCEDA attends Congressman Morgan Griffith's Symposium on the Future of Coal-Focused Technology, Innovation and Industry, held at the University of Virginia's College at Wise.

## April 8

VCEDA attends the Russell County Legislative Forum held in Lebanon, VA.

## April 13

A ribbon cutting is held at the Appalachian College of Pharmacy in Oakwood, VA to celebrate the completion of a regional 4G wireless project for which VCEDA approved up to a \$1.5 million loan.

## April 14

VCEDA attends a workshop at Wise, VA on the federal POWER initiative to help coal communities.

## April 21

VCEDA board meets and approves up to a \$40,000 grant to the Wise County IDA for a feasibility study on the use of unmanned aerial systems equipped with remote sensing devices to evaluate vegetation on mined land in Wise County, up to a \$200,000 loan to Trailhead Lodging, LLC for the Trailhead ATV Resort located in Tazewell County, and up to a \$250,000 grant and up to a \$500,000 loan to the Buchanan County IDA for the Southern Gap Visitors Center in Buchanan County.

## April 26

VCEDA attends the Tobacco Region Revitalization Commission's Regional Summit held in Abingdon, VA.

## April 27

Southwest Regional Recreation Authority holds a groundbreaking for the Spearhead Trails Dickenson County OHV and equestrian trails project for which VCEDA approved an up to \$500,000 loan.

## May 2-5

VCEDA exhibits at the AUVSI Xponential 2016 conference in New Orleans and helps sponsor the Virginia reception. VCEDA joins more than 600 exhibitors representing more than 20 industries at one of the largest trade shows for the unmanned systems and robotics industries.

## May 6

CGI celebrates the 10th anniversary of its Southwest Virginia Center of Excellence in Russell County.

## May 9

VCEDA closes an up to \$200,000 loan to Trailhead Lodging, LLC to assist with the development of an ATV resort at the Original Pocahontas trailhead in Tazewell County, with 13 new jobs projected.

## May 10

VCEDA closes an up to \$5.6 million loan to the Wise County IDA for the Frontier Secure project, with 500 new jobs projected.

## May 10

The Southwest Virginia Alliance for Manufacturing holds a ribbon cutting ceremony/open house for

the advanced manufacturing satellite center of excellence at the Pioneer Center in Scott County. VCEDA approved up to a \$100,000 loan to the Scott County EDA for equipment for the center.

## May 10

VCEDA closes a \$40,000 grant to the Wise County IDA for a feasibility study on the use of unmanned aerial systems (UAS) to evaluate vegetation on mined land in Wise County.

## May 11

VCEDA closes an up to \$850,000 grant to the Dickenson County IDA to extend sewer to the Coalfield Regional Industrial Park at Red Onion.

## May 12

VCEDA attends the 2016 Southwest Virginia Economic Forum held at UVA-Wise.

## May 17

The Southwest Virginia Alliance for Manufacturing holds a ribbon cutting ceremony/open house for the advanced manufacturing satellite center of excellence located in the Bluestone Workforce Center in Tazewell County.

## May 23-24

VCEDA exhibits at the 37th Annual Conference and Exposition of the Virginia Coal & Energy Alliance held in Kingsport, TN.

## May 31

VCEDA holds a meeting of local economic developers at the VCEDA office.

## June 1

VCEDA attends a dinner held in honor of Micronic Technologies at the Chancellor's residence at UVA-Wise.

## June 16

VCEDA board meets and approves the applications of Paul's Repair Shop, Inc., Norris Screen and Manufacturing, LLC, and West River Conveyors and Machinery Company to the Go Global with Coal and Energy Technology program. VCEDA approves up to a \$150,000 grant to the Breaks Interstate Park Commission for the water park at the Breaks. VCEDA approves up to a \$10,000 grant to Heart of Appalachia Tourism Authority to finance the purchase of equipment, furniture, and software.

## June 16

VCEDA attends and exhibits at the annual awards banquet and gala of the Southwestern Virginia Technology Council, held at Abingdon, VA.

## June 21

A groundbreaking ceremony is held for the Southern Gap Visitors Center in Buchanan County. VCEDA closes up to a \$500,000 loan and up to a \$250,000 grant for the construction of this visitors center, which is designed to promote outdoor tourism and recreation including the viewing of elk. 15 jobs are projected.

## June 29

Frontier Secure announces it will locate a customer

care center at the Lonesome Pine Regional Business and Technology Park in Wise County, creating 500 new jobs.

### **July 8**

VCEDA closes the \$150,000 grant approved to the Breaks Interstate Park Commission to assist with a water park.

### **July 12-13**

VCEDA attends the Class of 2016 reception and orientation for the Go Global with Coal and Energy Technology program held in Richmond, VA. The program is a partnership between the Governor's office, VCEDA and the Virginia Economic Development Partnership (VEDP). This year's class included Paul's Repair Shop, Norris Screen, and West River Conveyors and Machinery Company.

### **July 20**

VCEDA closes an up to \$10,000 grant to Heart of Appalachia Tourism Authority to help the regional tourism authority with the purchase of equipment, furniture, and software.

### **July 22**

VCEDA participates in Governor McAuliffe's Unmanned Systems and Cyber Security Roundtable held at UVA-Wise.

### **July 29**

A ribbon cutting is held on the Coeburn Connector ATV Trail in Wise County, which connects the Town of Coeburn to the MountainView Trail system of Spearhead Trails. VCEDA provided funding to construct the connector trail.

### **July 31 - August 2**

VCEDA attends the Southern Economic Development Council's annual conference in Kansas City, MO.

### **August 9**

VCEDA exhibits at the Southwest Virginia Alliance for Manufacturing Expo held at Abingdon, VA.

### **August 16-17**

VCEDA attends and exhibits at the UAS Midwest conference in Dayton, Ohio.

### **August 24**

VCEDA attends the 90-day Action Team Follow-Up meeting for the 2016 Southwest Virginia Economic Forum.

### **August 24-27**

VCEDA attends the International Woodworking Fair in Atlanta along with VEDP.

### **August 30**

VCEDA holds a meeting with local economic developers at the VCEDA office.

### **September 7-8**

VCEDA attends the Commonwealth of Virginia's Innovative Technology Symposium (COVITS) in Richmond, VA.

### **September 26**

Frontier Secure holds a ribbon cutting ceremony for their new facility in Wise County. In addition to

funding the shell building, VCEDA approved up to a \$5.6 million loan for this project.

### **October 4-5**

VCEDA attends the Virginia Conference on World Trade in Norfolk, VA. At this year's conference, Virginia Secretary of Commerce and Trade Todd Haymore recognizes Ceramic Technology (Tazewell County) for its increased sales to Canada, the increase a result of Ceramic Technology's participation in the Go Global with Coal and Energy Technology (GGCET) program sponsored by VCEDA, VEDP and the Governor's Office.

### **October 4**

A ribbon cutting is held for TeleTech's new customer experience center in Scott County, which projects 300 new jobs. In addition to helping recruit the center, VCEDA approved up to a \$2,853,000 loan to the Scott County EDA to help with its construction.

### **October 6**

VCEDA exhibits at the Dickenson County Energy Expo.

### **October 6**

VCEDA exhibits at the Southwest Virginia Alliance for Manufacturing's Appreciation and Awards Dinner.

### **October 7**

VCEDA board approves up to a \$250,000 loan to the Wise County IDA to assist with an expansion of NorrisBuilt Fabrication and Mobile Welding, LLC, which projects 14 additional jobs.

### **October 9**

Members from the VCEDA board and staff attend a dinner held in honor of the Governor and First Lady during their visit to the Breaks Interstate Park.

### **October 10**

VCEDA participates in and co-sponsors a marketing event hosted by VEDP for attendees of the Industrial Asset Management Council Fall Forum in Indianapolis, IN.

### **October 16-18**

VCEDA participates with VEDP at CoreNet Global in Philadelphia, and helps co-sponsor a dinner event for attendees of the summit, which drew several site selectors. CoreNet Global is the largest event of its kind for corporate real estate professionals.

### **October 18**

VCEDA attends the United Way SWVA Leadership Summit.

### **October 20**

Tadano Mantis Corporation holds an open house at their newly expanded facility in Richlands, VA. VCEDA provided a \$400,000 loan to this manufacturer of crawler cranes, which now has a total of 100 employees in Tazewell County.

### **October 21**

VCEDA exhibits at the Tazewell County Business-to-Business Showcase.

### **November 1-3**

VCEDA hosts a large group from VEDP on a tour of all eight VCEDA localities to better familiarize VEDP staff with the region.

### **November 9-11**

VCEDA attends the SiteLink Forum in Lynchburg, VA. Staff had the opportunity to meet with seven leading site selectors from around the country, as part of VCEDA's ongoing strategy to communicate with site selection professionals.

### **November 10-11**

VCEDA attends and exhibits at the Virginia Manufacturers Association's annual Virginia Industry Forum held this year in Williamsburg, VA.

### **November 15**

VCEDA closes an up to \$250,000 loan to the Wise County IDA for the NorrisBuilt Fabrication expansion project, which projects 14 new jobs.

### **November 15**

VCEDA attends the UVA-Wise Forum Solar Workshop.

### **November 18**

VCEDA hosts the initial meeting of the Project Steering Committee for the VCEDA Regional Agricultural Strategic Plan. VCEDA has commissioned the Virginia Tech Office of Economic Development to complete this project to identify the opportunities for economic development for agriculture within the region.

### **November 22**

VCEDA hosts a VCEDA local economic developers meeting at the VCEDA office.

### **November 28**

VCEDA attends the annual meeting of the Virginia Coal & Energy Alliance.

### **December 12-15**

VCEDA attends Power-Gen International at Orlando, FL with VEDP.

### **December 14**

VCEDA closes up to a \$1 million loan to the Town of St. Paul IDA for the Willis Building (Western Front Hotel) project, a boutique hotel projecting 15 full-time and 25 part-time jobs.

### **December 15**

VCEDA board approves to extend the conditional earmark on the up to \$10 million in loan funds for Project Jonah, and approves a new Facilities Lease between the Dickenson County IDA and Newport Clintwood Mgmt, LLC concerning the Sleep Inn & Suites hotel in Clintwood. VCEDA also approves up to a \$300,000 loan to the Dickenson County IDA for the acquisition and development of a tract of real estate located in the Town of Clintwood. VCEDA approves two grants from the VCEDA Tourism Capital Improvement Matching Fund – an up to \$150,000 grant to the Town of Haysi for the Haysi Trails Center in Dickenson County and an up to \$125,000 grant to the Raven Theater and Coal Museum, Inc. in Tazewell County. The VCEDA Board elects officers for 2017: J.P. Richardson, Chairman; Rick Axthelm, Vice Chairman; Esther Bolling, Treasurer; and Frank Underwood, Secretary.

## Marketing Virginia's e-Region

In 2016, VCEDA saw an active year of marketing and business development activities, participating in 47 prospect visits to the region, averaging nearly one a week, and handling 112 inquiries about the region's assets and economic development programs. VCEDA participated in 21 outreach marketing events to promote the region for new and expanded business.

The strong message about Virginia's e-Region as an excellent location choice for business includes marketing to the unmanned aerial vehicles/unmanned aerial systems industry (UAV/UAS). To learn about the industry and make key contacts, VCEDA exhibited at and attended the world's largest unmanned systems trade conference, AUVSI Xponential 2016 in New Orleans in May, and UAS Midwest Conference in Dayton, Ohio in August. Central to VCEDA's message to this target market is the region's proximity to Virginia Tech, designated one of six FAA test sites for unmanned systems, the Mid Atlantic Aviation Partnership, and Wise County being the first FAA-approved rural drone delivery site in the U.S.

Assisting the region's existing businesses is a top priority for VCEDA. In 2016, three existing businesses in our region began their participation in the Go Global with Coal and Energy Technology program (GGCET), joining five other businesses in this program initiated in 2015 as a partnership between the Governor's Office, VCEDA, and the Virginia Economic Development Partnership (VEDP). One GGCET participant in the first year of the program, Ceramic Technology of Tazewell County, was recognized at this year's Virginia Conference on World Trade by Virginia Secretary of Commerce and Trade Todd Haymore for its increased international sales made possible through the company's involvement in GGCET. Four expansions of existing businesses took place in 2016. One company, NorrisBuilt Fabrication in Norton, expanded for the second time in two years.

VCEDA also added Marketing Ambassadors to help further market and promote the region. VCEDA welcomed Cathy St. Clair, Harry Rutherford and Ron Helton, business and economic development leaders from the region, to work in conjunction with VCEDA's marketing and business development programs, help generate leads and expand our marketing outreach. VCEDA also contracted with 310 Marketing to conduct a lead generation campaign for the e-Region.

In addition to VCEDA exhibiting at the AUVSI and UAS Midwest conferences, key outreach events for the year included attendance and support of special marketing events with VEDP at the Industrial Asset Management Council (IAMC) Fall Forum in Indianapolis and CoreNet Global Summit North America in Philadelphia, and attendance with VEDP at the International Woodworking Fair in Atlanta and PowerGen International in Orlando, FL. A member of the Southern Economic Development Council (SEDC), VCEDA attended this group's annual conference in Kansas City, and consultant's forum in Atlanta. VCEDA also networked with site consultants at the SiteLink Forum held in Lynchburg, VA. VCEDA exhibited at and attended the Virginia Manufacturers Association Forum in Williamsburg, VA, the Southwest Virginia Alliance for Manufacturing Expo in Abingdon, VA, and the Virginia Coal and Energy Alliance Conference and Expo in Kingsport, TN. VCEDA also attended the Commonwealth of Virginia's Innovative Technology Symposium (COVITS) in Richmond, VA.

VCEDA hosted a large group from VEDP on a tour of all eight VCEDA localities to better familiarize them with the region. Other outreach activity during the year included VCEDA exhibiting at local and regional business showcases and conferences including the Southwestern Virginia Technology Council's annual awards gala. VCEDA also provided funding for a new marketing campaign for available shell buildings in the region.

**There were 47 prospect visits in 2016, averaging nearly one a week.**



A large group from the Virginia Economic Development Partnership (VEDP) visits SteelFab in Lebanon during a familiarization tour of the VCEDA region in early November. VCEDA hosts the tour of all eight VCEDA localities so the economic development professionals can become more familiar with the region.



VCEDA implements a VCEDA Marketing Ambassador program in August as part of the business development plan for FY2017. VCEDA Marketing Ambassadors assist with additional marketing and business development outreach, such as attending trade shows and conferences and other events to help promote the region for new business and identify new leads. Ambassadors are, from left, Harry Rutherford, Cathy St. Clair and Ron Helton.

## 2016 New Projects and Expansions

New Projects	Jobs	Investment
NC Virginia	72	\$42,000,000
Frontier Secure	500	\$1,449,500
Southern Gap Outdoor Adventures/ Visitors Center	15	\$800,000
Western Front Hotel	15	\$6,000,000
Expansions	Jobs	Investment
AT&T Wireless	55	N/A
Sykes Enterprises (Vansant)	100	N/A
NorrisBuilt Fabrication	14	\$250,000
Appalachian School of Law	40*	N/A
<b>TOTAL</b>	<b>811*</b>	<b>\$50,499,500</b>

\* Includes 39 retained jobs.





VCEDA exhibits at the AUVSI Xponential 2016 Conference in New Orleans May 2-5, the largest trade show for the unmanned systems and robotics industries. Susan Copeland, VCEDA marketing coordinator, and John Kilgore, Scott County economic development director, joined 600 exhibitors representing 20 industries at the show.



The 2016 Class of the Go Global with Coal and Energy Technology (GGCET) program includes Norris Screen and Manufacturing, Paul's Repair Shop and West River Conveyors and Machinery Co. VCEDA is providing the funding for the program that is a partnership between the Governor's Office, VCEDA and VEDP and is designed to help the companies to grow their international presence and sales. In photo, from left, are Tom Lilly, Norris Screen and Manufacturing; Susan Copeland, VCEDA; Jackie Pruitt Estep, Paul's Repair Shop; Diane Thomas, VEDP; and Pete Savage, West River Conveyors and Machinery Co.



VCEDA exhibits at the UAS Midwest conference in Dayton, Ohio Aug. 16-17. Cathy St. Clair, VCEDA marketing ambassador, left, and Susan Copeland, VCEDA marketing coordinator, represented VCEDA at the conference of the unmanned aerial systems industry.



On Nov. 9-11, Susan Copeland, VCEDA marketing coordinator, attends the SiteLink Forum in Lynchburg, VA. It was an opportunity to meet and network with seven leading site selectors from around the country to market the region. In photo, are John Butler, left, site consultant; Susan Copeland, and Jim Beatty, site consultant.



VCEDA board members and staff attend a dinner Oct. 9 honoring Virginia Governor Terry McAuliffe and First Lady Dorothy McAuliffe at Breaks Interstate Park. In photo, from left, are Harry Childress, Larry Mosley and Mike Hymes, VCEDA board members; Governor and Mrs. McAuliffe; Julie Hensley, VCEDA board member; Molly Ward, Virginia Secretary of Natural Resources; and Jonathan Belcher, VCEDA executive director/general counsel.



VCEDA attends CoreNet Global Summit North America Oct. 16-18 as one of the partners with VEDP. Susan Copeland, VCEDA marketing coordinator, represented VCEDA at the conference for corporate real estate executives. VCEDA was also a sponsor for a Virginia reception held at Independence Hall.



Ceramic Technology of Tazewell County is recognized at the Virginia Conference on World Trade for its increase in sales to Canada as a result of the company's participation in the Go Global with Coal and Energy Technology (GGCET) program which is an initiative of the Governor's Office, VCEDA, and VEDP to help coal and energy technology businesses to expand their international sales.

# Virginia Coalfield Economic Development Authority Board of Directors



VCEDA board members include, from left, front, J.P. Richardson, chairman; Rick Axthelm, vice chairman; Esther Bolling, treasurer; Frank Underwood, secretary; and Jonathan Belcher, executive director/general counsel. Second row, Julie Hensley, Dan Gundersen, Dana Kilgore and Duane Miller. Back row, David Perry, Harry Childress, Kevin Elkins, Jim Baldwin and Mike Hymes. Not pictured are Carroll Branham, Mark Leonard and Larry Mosley.

## Officers

**J.P. Richardson**  
Chairman

**Rick Axthelm**  
Vice Chairman

**Frank Underwood**  
Secretary

**Esther Bolling**  
Treasurer

## Governor's Appointees

**Esther Bolling**

**Julie Hensley**

**Mike Hymes**

**Mark Leonard**

**Larry Mosley**

## Coal Producers

**Rick Axthelm**

Paramont Coal Company

**J.P. Richardson**

Surface Minerals Company

**Frank Underwood**

Buchanan Minerals

## Gas Producer

**Kevin Elkins**

CNX Gas

## Virginia Coal & Energy Alliance

**Harry Childress**

**Virginia Economic Development Partnership**

**Dan Gundersen**

## Planning District Commissions

**Jim Baldwin**

Cumberland Plateau PDC

**Duane Miller**

LENOWISCO PDC

## County Boards of Supervisors

**Carroll Branham**

Buchanan County

**David Perry**

Dickenson County

**Dana G. Kilgore**

Wise County

## 2016 VCEDA Loan and Grant Approvals

LOANS	COUNTY	PROJECT	APPROVED	AMOUNT
	Buchanan County	Buchanan Co. IDA/Appalachian School of Law	1/29/16	\$ 6,000,000.00
	Buchanan County	Buchanan Co. IDA/Southern Gap Visitors Center	4/21/16	\$ 500,000.00
	Dickenson County	SW Regional Recreation Authority/OHV and Equestrian Trails	2/18/16	\$ 500,000.00
	Dickenson County	Dickenson Co. IDA/Real Estate Acquisition & Development	12/15/16	\$ 300,000.00
	Tazewell County	Trailhead Lodging, LLC	4/21/16	\$ 200,000.00
	Wise County	Wise Co. IDA/Frontier Secure (Loan Increase)	2/18/16	\$ 1,100,000.00
	City of Norton	Wise County IDA/NorrisBuilt Fabrication	10/7/16	\$ 250,000.00
<b>TOTAL LOANS</b>				<b>\$ 8,850,000.00</b>

GRANTS	COUNTY	PROJECT	APPROVED	AMOUNT
	Buchanan County	Buchanan Co. IDA/Southern Gap Phase II Natural Gas	2/18/16	\$ 618,000.00
	Buchanan County	Buchanan Co. IDA/Southern Gap Visitors Center	4/21/16	\$ 250,000.00
	Dickenson County	Breaks Interstate Park/Facilities Improvements	2/18/16	\$ 126,773.70
	Dickenson County	Breaks Interstate Park/Water Park	6/16/16	\$ 150,000.00
	Dickenson County	Town of Haysi/Haysi Trails Center	12/15/16	\$ 150,000.00
	Tazewell County	Raven Theater and Coal Museum, Inc.	12/15/16	\$ 125,000.00
	Wise County	Wise Co. IDA/UAS Feasibility Study	4/21/16	\$ 40,000.00
	Regional	Virginia Coalfield Regional Tourism Authority	6/16/16	\$ 10,000.00
<b>TOTAL GRANTS</b>				<b>\$ 1,469,773.70</b>
<b>TOTAL LOANS &amp; GRANTS</b>				<b>\$ 10,319,773.70</b>

**Virginia Coalfield Economic Development Authority**  
**Statement of Cash Receipts & Disbursements—Year Ended December 31, 2016**

Coal & Gas Fund:	Fund Balance 1/1/2016	Cash Receipts			Cash Disbursements		Fund Balance 12/31/2016	Uncommitted Available Balance
		Receipts	Interest Earned	Loans Collections	Administrative & Business Dev. Expenses	Project Loans & Grants		
Buchanan County	\$ 15,417,275	\$ 1,318,432	\$ 59,585	\$ —	\$ 217,934	\$ 6,545,150	\$ 10,032,208	\$ 252,381
Dickenson County	\$ 10,626,599	\$ 642,331	\$ 57,698	\$ 103,677	\$ 149,235	\$ 130,044	\$ 11,151,026	\$ 9,204,160
Lee County	\$ (223,958)	\$ 2,395	\$ (184)	\$ 454,647	\$ 459	\$ —	\$ 232,441	\$ 232,441
City of Norton	\$ 61,416	\$ —	\$ 326	\$ —	\$ —	\$ —	\$ 61,742	\$ 61,742
Russell County	\$ 643,093	\$ 77,184	\$ 3,731	\$ 187,418	\$ 15,357	\$ 46,931	\$ 849,138	\$ 783,556
Scott County	\$ 65,995	\$ 866	\$ 351	\$ —	\$ 181	\$ —	\$ 67,031	\$ 67,031
Tazewell County	\$ 4,841,626	\$ 203,734	\$ 25,923	\$ 8,016	\$ 25,533	\$ 47,263	\$ 5,006,503	\$ 4,969,982
Wise County	\$ 9,637,743	\$ 179,112	\$ 41,910	\$ 199,998	\$ 40,251	\$ 5,790,145	\$ 4,228,367	\$ 2,665,317
Regional	\$ 9,481,273	\$ 411,366	\$ 41,587	\$ 133,257	\$ 254,850	\$ 3,437,227	\$ 6,375,406	\$ 5,158,935
<b>Total Coal &amp; Gas Fund</b>	<b>\$ 50,551,062</b>	<b>\$ 2,835,420</b>	<b>\$ 230,927</b>	<b>\$ 1,087,013</b>	<b>\$ 703,800</b>	<b>\$ 15,996,760</b>	<b>\$ 38,003,862</b>	<b>\$ 23,395,545</b>
<b>Other Funds:</b>								
Tax Credit	\$ 27,716,338	\$ 2,671,942	\$ 126,129	\$ —	—	\$ 400,000	\$ 30,114,409	\$ 20,114,409
Civil Penalties	\$ 293,534	\$ 90,991	\$ 483	\$ —	—	\$ 244,995	\$ 140,013	\$ 104,614
CFO Funds	\$ 196,589	\$ —	\$ 257	\$ 93,742	\$ —	\$ —	\$ 290,588	\$ 290,588

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
 Virginia Coalfield Economic  
 Development Authority  
 Lebanon, Virginia 24266

We have audited the accompanying statement of cash receipts and disbursements of the Virginia Coalfield Economic Development Authority, for the year ended December 31, 2016.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of cash receipts and disbursements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the recorded cash transaction of the cash receipts and disbursements of the Virginia Coalfield Economic Development Authority, for the year ended December 31, 2016, on the basis of accounting described below.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the Virginia Coalfield Economic Development Authority are prepared on the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**THROWER, BLANTON & ASSOCIATES, P.C.**  
 Certified Public Accountants  
 Norton, Virginia  
 March 1, 2017

**VIRGINIA COALFIELD ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTE TO FINANCIAL STATEMENTS**  
 December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Virginia Coalfield Economic Development Authority's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

## VCEDA Fast Facts

**VCEDA has helped create more than 20,000 jobs since its creation in 1988.**

**From 1988-2016, VCEDA approved more than \$188 million in funding for 289 projects throughout the coalfield region.**

**In 2016, there were 4 new projects and 4 expansions for a projected total of 811 new and retained jobs and over \$50 million in investment.**

**Since 2009, VCEDA has been involved in 273 prospect visits to the region. VCEDA was the lead source on 45% of these visits.**

**Since 2009, VCEDA has handled 976 inquiries about the region. VCEDA was the lead source on 68% of these inquiries.**

**There were 47 prospect visits in 2016, averaging nearly one a week.**

**Since 2007, VCEDA has completed 145 outreach business development and marketing events.**

**According to a 2015 study by Chmura Economics & Analytics:**

**“The total annual economic impact (direct, indirect, and induced) of VCEDA-attracted businesses in Virginia was estimated to be \$5.8 billion that supported 37,340 jobs in the state in 2014. VCEDA has helped to significantly diversify the regional economy.... VCEDA has made considerable contributions in reducing the unemployment in Southwest Virginia.... Without jobs attracted to the region by VCEDA, the region’s unemployment rate would be much higher – at 22.1% in 2014.”**

