VCEDA

VIRGINIA COALFIELD ECONOMIC DEVELOPMENT AUTHORITY

electronic IT • energy • education
emerging technologies • entrepreneurs

SOUTHWEST VIRGINIA'S e-REGION

2018 ANNUAL REPORT

& 30TH ANNIVERSARY YEAR

Chairman's Letter

The Honorable Ralph Northam
Governor of Virginia
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, Virginia 23219

J.P. Richardson
Chairman

Dear Governor Northam,

We are pleased to submit to you and the General Assembly the 2018 Annual Report of the Virginia Coalfield Economic Development Authority (VCEDA).

VCEDA marked its 30th anniversary year in 2018, the most active year in the history of the organization, approving more than $15 million for 45 loans and grants, and reporting 41 new projects and expansions. Funding was approved and projects were announced in every county and city in the coalfield region. The projects announced are expected to bring more than $9.5 million in private investment and create or retain 1,014 full-time and part-time jobs.

Also in 2018, VCEDA released the results of a study by Chmura Economics & Analytics which documents the direct, indirect, and induced economic impacts that VCEDA has on Southwest Virginia as well as the state. The report states that in 2018 VCEDA's total impact in the Commonwealth is estimated to be $7.9 billion supporting 43,753 jobs. The report, a copy of which is included as an appendix to this annual report, also discusses VCEDA's important role in diversifying the region's economy and reducing the region's unemployment rate.

VCEDA remains committed to its mission of helping to enhance and diversify the economy of the coalfield region of Virginia. We look forward to working with the Governor's Office and the General Assembly to help our region continue to diversify and grow.

Sincerely,

J.P. Richardson

J.P. Richardson
Chairman

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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

Celebrating 30 Years of Economic Development

The Virginia Coalfield Economic Development Authority (VCEDA) celebrated its 30th anniversary in 2018 during a special event following the December board meeting, recognizing the region's many allies; legislators; Charles Yates, the first executive director; and former state delegate Ford Quillen who introduced legislation in the 1988 General Assembly creating the economic development organization for the coalfield region of Virginia.

At the event, the region's state legislators were presented with certificates noting their "outstanding service and genuine concern for the people of Southwest Virginia and the Coalfield Region in their tireless efforts in support of the region and its economic development." These were awarded to state senators Bill Carrico and Ben Chafin and state delegates Terry Kilgore, Will Morefield, Israel O'Quinn and Todd Pillion.

Also during the 30th anniversary event, VCEDA received a report from Dr. Chris Chmura on the results of a study by Chmura Economics & Analytics on the economic impact of VCEDA. This study shows the total annual economic impact of VCEDA is estimated to be $6.9 billion in 2018 supporting 37,311 jobs in Southwest Virginia. The study also illustrates efforts by VCEDA "have greatly accelerated diversification in the region," and that without the jobs attracted to the region by VCEDA, the region's unemployment rate (currently less than 5%) would be more than three times higher.

The Chmura study also notes that all eight localities covered by VCEDA have benefited from VCEDA's job creation efforts. A complete copy of this study is included as an appendix to this annual report.

Former state delegate Ford Quillen, who introduced the legislation in the Virginia General Assembly in 1988 creating VCEDA, was a special guest at the 30th anniversary event. In photo, from left, are Charles Yates, the first Executive Director of VCEDA; J.P. Richardson, VCEDA Chairman; Ford Quillen; and Jonathan Belcher, VCEDA Executive Director/General Counsel.

VCEDA presented certificates of appreciation to the region's state legislators for their support of economic development during VCEDA's 30th anniversary event. In photo, from left, VCEDA Chairman J. P. Richardson, Delegate Will Morefield, Senator Ben Chafin, Delegate Terry Kilgore, Delegate Todd Pillion, Delegate Israel O'Quinn and VCEDA Executive Director/General Counsel Jonathan Belcher. Not pictured is Senator Bill Carrico who was also recognized at the event.

Executive Director's Report

Jonathan Belcher
Executive Director/
General Counsel

2018 was a historic year for the Virginia Coalfield Economic Development Authority (VCEDA) in many different ways. It marked the 30th anniversary of the organization's establishment in 1988. It was the most active year in the history of VCEDA in terms of new projects and expansions, prospect visits, and the number of loans and grants approved and closed. It also saw the region's unemployment rate drop to the lowest level in more than 11 years to less than 5% as of December 2018.

There were 41 new projects and expansions in 2018, the most in VCEDA's history. The 1,014 full-time and part-time jobs projected to be created and/or retained by these 41 projects is among the three best years since 2007. More than $9.5 million in private investment is projected by these projects. Projects were announced in every county and city in the VCEDA region during 2018.

Some of the projects announced include the Southern Gap Transportation and Logistics Center in Buchanan County, SAIC in Dickenson County, England Furniture in Lee County, TDEC in Russell County, AMR Pemco in Tazewell County, the Mutual Building project in Wise County, and Sugar Hill Cidery in the City of Norton.

In 2018, VCEDA approved 10 loans and 35 grants, and closed 8 loans and 38 grants, the highest numbers in VCEDA's history. The 45 loans and grants approved in 2018 total more than $15 million. Funding was approved for projects in every county and city in the region. Projects in Buchanan County were approved for the largest share of this funding, at more than $6.7 million total.

VCEDA's Seed Capital matching grant program, implemented in 2017, continued to see great success in 2018. Twenty-four new small businesses were approved for seed capital grants, bringing the total to 35 that have been assisted since 2017. These 35 new small businesses project more than 400 full-time and part-time jobs and more than $2.3 million in private investment.

Marketing and business development efforts also were significant in 2018, with 65 prospect visits during the year, and the completion of 25 outreach marketing events to places including Boston, Chicago, Denver, and the Washington, DC area.

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.

Finally, VCEDA was pleased to receive the results of an economic impact study completed by Chmura Economics & Analytics showing the total annual economic impact of VCEDA is estimated to be $6.9 billion in 2018 supporting 37,311 jobs in Southwest Virginia. The study also illustrates efforts by VCEDA "have greatly accelerated diversification in the region," and that without the jobs attracted to the region by VCEDA, the region's unemployment rate would be more than three times higher.

2018 Projects & Expansions

NEW PROJECTS	LOCALITY	JOBS	INVESTMENT
EWI	Buchanan	4 PT	N/A
Southern Gap Transportation and Logistics Center	Buchanan	5 FT	N/A
Buchanan County Marketing	Buchanan	1 FT	N/A
White Mountain Cabin Rentals and ATV Park, LLC	Buchanan	3 FT	$12,452.00
Haysi Supply Company, LLC	Dickenson	4 FT	$341,500.00
No Holds Barred Sauces, LLC	Dickenson	3 FT / 5 PT	$4,500.00
SAIC	Dickenson	40 FT	N/A
The Bloom Farm, LLC	Dickenson	1 FT	$10,000.00
Brad Deel Drone Photography & Videography, LLC	Dickenson	2 FT / 1 PT	$15,145.00
England Furniture	Lee	79 FT	$1,300,000.00
McPherson's Farm Equipment, LLC	Lee	1 FT	$155,000.00
Next Level Fitness Club, LLC	Russell	2 FT / 2 PT	$73,965.00
Praise Aeronautics LLC	Russell	6 FT	$10,378.00
TDEC	Russell	24 FT	N/A
3 Guys Transport, LLC	Scott	21 FT	$57,000.00
Yuma Storage	Scott	1 FT	$30,000.00
Sweet Maggie's LLC	Scott	1 FT	$7,000.00
Adria Auto & Truck Repair, Inc.	Tazewell	4 FT	$506,000.00
The Juice & Her Smoothie Bar	Tazewell	3 FT / 1 PT	$15,853.00
Shear Blessings Hair Studio, LLC	Tazewell	1 FT	$10,000.00
Bargain Mart, LLC	Tazewell	1 FT / 20 PT	$34,840.00
Bliss on Main	Tazewell	3 FT / 2 PT	$11,255.00
Remote Agri Drone, LLC	Tazewell	2 FT / 2 PT	$85,000.00
Sharina's Wingz LLC	Tazewell	8 FT / 6 PT	$20,200.00
Tazewell Co. Mercantile, LLC	Tazewell	1 FT	$10,500.00
Stone Mountain Adventures, LLC	Norton	5 PT	$32,385.00
Sugar Hill Cidery, LLC	Norton	6 FT / 28 PT	$185,000.00
BACO Enterprises LLC	Norton	1 FT / 15 PT	$180,000.00
IMPERFKT LLC	Wise	200 FT / 7 PT	$45,221.00
Healios LLC	Wise	4 FT / 1 PT	$15,000.00
K&E Southern Sweets, LLC	Wise	2 FT	$11,150.00
Lyric Theater	Wise	1 FT / 4 PT	$55,000.00
BSGRHA/Mutual Pharmacy	Wise	10 FT / 45 PT	N/A
TOTAL NEW PROJECTS (33)		**441 FT / 148 PT**	**$3,234,344.00**

FT = full-time; PT = part-time

2018 Projects & Expansions

EXPANSIONS	LOCALITY	JOBS	INVESTMENT
Apex Leasing Corporation	Buchanan	15 FT	$800,000.00
Breaks Interstate Park	Buchanan/Dickenson	3 FT / 25 PT	N/A
AT&T Wireless	Russell	200 FT*	N/A
Mountain Top Timber Products, LLC	Scott	50 FT	$3,760,000.00
Sunset Digital Communications	Tazewell	50 FT	N/A
Historic Crab Orchard Museum	Tazewell	2 PT	N/A
AMR PEMCO	Tazewell	75 FT	$1,750,000.00
Heart of Appalachia Tourism Authority	Wise	2 FT / 3 PT	N/A
TOTAL EXPANSIONS (8)		**395 FT / 30 PT**	**$6,310,000.00**
TOTAL NEW PROJECTS & EXPANSIONS (41)		**836 FT* / 178 PT**	**$9,544,344.00**

** Includes retained jobs. FT = full-time; PT = part-time*

GO GLOBAL WITH COAL & ENERGY TECHNOLOGY 2018 GRADUATE COMPANIES

Three coalfield region companies have increased sales and employment during the two years they participated in a pilot program sponsored by VCEDA and the Virginia Economic Development Partnership designed to assist coal and energy technology businesses in expanding their international business. The second class of companies that graduated in the summer from the Go Global with Coal and Energy Technology (GGCET) program included Paul's Fans and West River Conveyors and Machinery Co. of Buchanan County, and Norris Screen and Manufacturing of Tazewell County.

ENGLAND FURNITURE | LEE COUNTY | $515,000 LOAN

VCEDA joined Governor Ralph Northam and other state, local and federal officials in early March to announce that England Furniture, a manufacturer of quality upholstered furniture, would establish a manufacturing operation in the 32,000 sq. ft. Lee County Industrial Building in Dryden, Va. VCEDA approved up to a $515,000 loan to the Lee County Industrial Development Authority to help renovate the building for the project that projects 79 jobs and a $1.3 million investment. England Furniture has been crafting quality upholstered furniture since 1964, is recognized for its quality and short build cycle and has operated as an independent division of La-Z-Boy Incorporated since 1995.

Projects

SOUTHERN GAP TRANSPORTATION AND LOGISTICS CENTER BUCHANAN COUNTY | $5.729 MILLION GRANTS

Ground was officially broken in May for construction of the Southern Gap Transportation and Logistics Center in Buchanan County which will provide transportation and logistics workforce development and training through a partnership between VCEDA, the Buchanan County Industrial Development Authority, and Southwest Virginia Community College (SWCC). VCEDA approved up to $5.729 million in grants for the project. The new center, a 35,100 sq. ft. building that will include training garages, office, lab and classroom space, will be operated by SWCC and will offer a Commercial Driver's License (CDL) and Diesel Repair program, other credentialing programs, and a Certified Logistics Associate/Certified Logistics Technician program aimed at supply chain and related core competencies.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC) | DICKENSON COUNTY | $2 MILLION LOAN

Virginia Governor Ralph Northam, state, local and corporate officials came to Dickenson County in May to announce that Science Applications International Corporation (SAIC) would bring 40 information technology jobs to the county and locate on the second floor of a building in the Dickenson County Technology Park. VCEDA approved an up to $2 million loan to the Dickenson County Industrial Development Authority to build out the second floor of the building, now housing SERCO on the first floor, to establish an IT help desk/service desk for SAIC which was awarded a Virginia Information Technologies Agency (VITA) contract to provide IT services for the Commonwealth.

AMR PEMCO | TAZEWELL COUNTY | $1.4 MILLION LOAN

VCEDA closed an up to $1.4 million loan to AMR Pemco in Tazewell County in November to be used toward a planned expansion at its Bluefield, Va. facility. Proceeds from the loan will be used to finance the purchase of equipment and building improvements at the plant where AMR Pemco manufactures power distribution centers and other electrical supplies and systems for various industries. Founded in 1960, Pemco was acquired in 2016 by American Mine Research, Inc. (AMR) of Rocky Gap, Va. With the expansion the company plans to add 75 jobs in the next several years, a mixture of engineers, test technicians, welders, electric assemblers and metal fabrication machine operators.

Projects

BIG STONE GAP RHA | WISE COUNTY
$90,000 TOURISM CAPITAL IMPROVEMENT MATCHING GRANT

VCEDA approved an up to $90,000 grant from the VCEDA Tourism Capital Improvement Matching Fund to help finance renovation, rehabilitation and improvement of the former Mutual Pharmacy property in Big Stone Gap, Va. The Town of Big Stone Gap and the Big Stone Gap Redevelopment and Housing Authority have plans to renovate the two-story masonry building in the town's central business district to include dining and commercial space on the first floor and short-stay lodging on the second floor to support local and regional tourism and community development efforts. Six full-time and 25-30 part-time employees are projected within one year, and 10 full-time and 30-45 part-time employees within five years.

SUGAR HILL CIDERY, LLC | CITY OF NORTON
$90,000 TOURISM CAPITAL IMPROVEMENT MATCHING LOAN

VCEDA approved a loan of up to $90,000 from the VCEDA Tourism Capital Improvement Matching Fund to be used to finance the purchase of equipment to assist with the establishment of a new cidery and restaurant, Sugar Hill Cidery, LLC, to be located at 815 Park Avenue SW in Norton. Jennifer Bailey, who with her husband Greg opened Sugar Hill Brewing Company, LLC in St. Paul, Va., in 2016, is the owner of the new cidery that will manufacture hard cider, have a full-service restaurant, and also offer craft beer produced by Sugar Hill Brewing Company. The cidery will lease the property from the Norton Industrial Development Authority. Six full-time and 28 part-time jobs are projected.

TDEC | RUSSELL COUNTY

TDEC, a leading provider of business process outsourcing services headquartered in Maryland, opened a new office for its expanding data entry services on November 13 in Lebanon, Va. This project was the result of a VCEDA-generated lead and is expected to create at least 24 new full-time jobs.

TDEC
INFORMATION READY

Projects

EWI | BUCHANAN COUNTY | $509,895 GRANT

In 2017, VCEDA approved an up to $509,895 grant to the Buchanan County Industrial Development Authority to implement a cybersecurity pilot program designed to create jobs in the cybersecurity field and to mentor students to learn network monitoring skills through on-the-job training aimed at assisting small and medium size manufacturers. The project was officially launched in 2018. The IDA is working with EWI, an engineering and technology organization headquartered in Columbus, Ohio, which develops, tests and implements advanced manufacturing technologies for industry. Buchanan County is the first location in the U.S. to receive the pilot program which is geared toward rural areas.

LYRIC THEATER | WISE COUNTY
$40,000 TOURISM CAPITAL IMPROVEMENT MATCHING GRANT

VCEDA approved an up to $40,000 grant to help finance restoration of the awning-style marquee on the front of the historic Lyric Theater on Broad Street in St. Paul, Va. VCEDA approved the grant from the Tourism Capital Improvement Matching Fund to the Industrial Development Authority of the Town of St. Paul. The Town of St. Paul and the Town of St. Paul IDA have identified the restoration of the historic Lyric Theater as a key part of their revitalization and economic development plans. The Town, IDA and other partners have been working to secure funding for the restoration project which is projected to cost more than $3 million.

APEX LEASING | BUCHANAN COUNTY | $600,000 LOAN

VCEDA approved an up to $600,000 loan to Apex Leasing Corporation, an affiliate of West River Conveyors and Machinery Company, for an expansion that will create 12-15 new jobs in Buchanan County. Apex Leasing Corporation was formed in 1992 and leases property to West River, a designer and manufacturer of conveyor systems and equipment and one of the largest private employers in Buchanan County. Funds from the VCEDA loan will be utilized for an expansion, construction of an approximately 15,000 sq. ft. building, at the West River facility on Dismal River Road in Buchanan County, which will enable the company to develop new product lines.

Projects

BREAKS INTERSTATE PARK | BUCHANAN AND DICKENSON COUNTIES | $174,144 GRANTS

During the year VCEDA approved three grants to the Breaks Interstate Park from the VCEDA Civil Penalties Fund. By statute, 50 percent of the civil penalties collected by the Virginia Department of Mines, Minerals and Energy are transferred quarterly to VCEDA for the development of infrastructure and improvements at the Breaks Interstate Park. These three grants will enable the park to make several improvements and expand its adventure tourism offerings, which the park projects will allow it to add 3 full-time and 25 part-time jobs.

HEART OF APPALACHIA TOURISM AUTHORITY | REGIONAL $200,000 TOURISM CAPITAL IMPROVEMENT MATCHING GRANTS

In 2017, the VCEDA board approved up to a $150,000 grant to the Heart of Appalachia Tourism Authority (HOA) from the VCEDA Tourism Capital Improvement Matching Fund to assist with the marketing of tourism related capital improvements located within the coalfield region's seven counties and one city. The marketing campaign is aimed at increasing promotion of the region's tourism assets and assisting entrepreneurs and tourism industry businesses to increase the number of visitors traveling to the region and spending money at lodging, restaurants, retail and attractions. In 2018, VCEDA approved an additional up to $50,000 grant to HOA to assist with the tourism capital improvements marketing.

HISTORIC CRAB ORCHARD MUSEUM | TAZEWELL COUNTY $60,000 TOURISM CAPITAL IMPROVEMENT MATCHING GRANT

VCEDA approved an up to $60,000 grant to assist the Historic Crab Orchard Museum and Pioneer Park in Tazewell County with a renovation and expansion project. Funds for the grant from the VCEDA Tourism Capital Improvement Matching Fund will be used toward building construction, expansion and rehabilitation; the purchase of furniture, fixtures and equipment; as well as other improvements and costs associated with the project. Museum staff calls the project an investment in the future of tourism for the museum, which is situated on a 23-acre campus along US 19/460 in Tazewell County. The project is projected to result in the addition of 2-3 part-time jobs.

Projects

3 GUYS TRANSPORT, LLC | SCOTT COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

Assisting others with the transportation they need to get to doctor's appointments, to and from the hospital, to dialysis, or even a trip to the pharmacy are all part of the services offered by 3 Guys Transport. The idea to form the company came about when David Ramsey and Bo Tackett, of Keokee, began talking about people in need who were not in a position to transport themselves to doctor's appointments. They were joined by fellow owners Brandon O'Quinn and Ronnie Deel and 3 Guys Transport opened. The business is headquartered in leased space in the Pioneer Center Business Incubator in Duffield. The business projects having 21 full-time jobs within five years.

THE JUICE & HER SMOOTHIE BAR | TAZEWELL COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

Tazewell County native Omar Reed and his wife, Jelicia, were living in Texas when the couple made the decision to open their own business. They considered their options there, but the Southwest Virginia mountains kept pulling Omar home and they decided to return to Tazewell County to open The Juice & Her Smoothie Bar at 113 Shire Lane, North Tazewell. Natural smoothies, juices, parfaits, fruit bowls, protein bottles and other healthy snack choices are on the menu. A specialty smoothie is offered weekly which changes in part based on the fruit in season. The business projects having three full-time and one part-time jobs.

NO HOLDS BARRED SAUCES, LLC | DICKENSON COUNTY
$4,500 SEED CAPITAL MATCHING GRANT

When it comes to flavor, there are no holds barred by Deirdre Deel, of Haysi, owner of No Holds Barred Sauces, LLC. From her home kitchen in Dickenson County, Deel makes, bottles and distributes specialty sauces and jams. The products have been tested and evaluated by Virginia Tech which also led to approval by the Virginia Department of Agriculture and Consumer Services for her to receive a home processing permit to produce the goods. Currently, there are four different sauces and three jams in the No Holds Barred Sauces catalog. The business plan calls for three full-time and five part-time employees within five years.

Projects

ADRIA AUTO & TRUCK REPAIR, INC. | TAZEWELL COUNTY $10,000 SEED CAPITAL MATCHING GRANT

The Tazewell County area will have another option for car and truck repairs as Barry Reese and his son Lee open Adria Auto & Truck Repair, Inc. in North Tazewell. The first order of business was the construction and equipping of a 5,000 sq. ft. building, featuring five bays. A 15,000-pound lift takes care of big trucks. Services available include state inspection, alignments, tire changes and tire repair, engine repairs, tune-ups, transmission service, oil changes and diagnostic work. The business plans to employ four full-time employees within five years.

WHITE MOUNTAIN CABIN RENTALS AND ATV PARK, LLC BUCHANAN COUNTY | $10,000 SEED CAPITAL MATCHING GRANT

Two new cabins to take advantage of a growing tourist economy evolving around ATV trails are planned to be constructed in the White Mountain area of Buchanan County by White Mountain Cabin Rentals and ATV Park, LLC, owned by Harold H. (Buddy) Fuller Jr., and his wife, Patricia. The cabins will be located on Buchanan County's Jewell Valley Trail and just like four existing cabins already on site, will feature ride-out access to Buchanan County's Jewell Valley ATV-Bike Trail. Plans are to have them built by Spring 2019. The business projects three full-time employees within five years.

REMOTE AGRI DRONE, LLC | TAZEWELL COUNTY $10,000 SEED CAPITAL MATCHING GRANT

Crop dusting took a step into the 21st Century with the application of drone technology Don and Cheryl Nelson brought to Southwest Virginia through their new business, Remote Agri Drone, LLC. Based in Cedar Bluff, the business offers agricultural spraying for controlling plant and brush vegetation, as well as drone services for plant fertilization and soil analysis. The drone can also be outfitted with cameras for use in inspections of pipelines, electrical power tower/insulators and bridges and structures. Aerial photography, mapping, surveying and search and rescue services are also available. The business has plans to employ two full-time and two part-time employees within five years.

Projects

THE BLOOM FARM, LLC | DICKENSON COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

A commercial greenhouse offering flowers and ornamental and landscape plants for sale is scheduled to open in Clintwood in Dickenson County. Dickenson County native Steven Baker hopes his business will become one of the leading greenhouse commercial farm brands in Southwest Virginia and beyond. Once open, the business projects one full-time employee.

BLISS BOUTIQUE, LLC | TAZEWELL COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

What first started as a customer-client relationship for Amanda Hoops and Amanda Wright, both of Tazewell, turned into a 50-50 business partnership when the two decided to open Bliss on Main, a boutique clothing store in downtown Tazewell. Since opening their business on 145 Main Street, they've expanded their clothing line offerings and renovated the space to enlarge the interior of the shop. They offer quality affordable clothing and the store also promotes its own line of t-shirts made in-house and shipped throughout the country. They project three full-time employees and two part-time employees within five years.

PRAISE AERONAUTICS LLC | RUSSELL COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

Describing himself as a man of faith, Tim Whited says his new company, Praise Aeronautics LLC, is a prayer answered and a dream. The company offers drone operations including data acquisition for infrastructure inspection, agriculture and other services. Target markets for Praise Aeronautics include local, state and federal government, construction, mining and agricultural industries and realty companies. A certified SWAM vendor with the Commonwealth of Virginia, Praise Aeronautics is currently partnered as a "Highlighted Prime Subcontractor" with two large corporations within a multi-state region that can respond to solicitations for unmanned aerial solution services. Within five years, the business projects employing six full-time employees.

Projects

IMPERFKT LLC | WISE COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

What's in a word? Even more important, however is what's behind or within a word, according to Holly Kiser, owner of IMPERFKT, a new fashion clothing brand and screen printing design business located in Wise, Va. Kiser is the majority owner in the business which she co-owns with her sisters, Starla and Amanda. The online clothing brand celebrates human imperfections and diversity and features designs which send a message. Currently, the clothing brand is primarily available online through IMPERFKT's website and through promotions carried on its social media platforms, including Facebook, Twitter and Instagram. With plans to expand into manufacturing, she projects 200 full-time and seven part-time employees within five years.

NEXT LEVEL FITNESS CLUB, LLC | RUSSELL COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

For lifelong friends Jordan Smith and Tyler Castle, there was always tennis and cross country tossed in with a little basketball and baseball as the two grew up together, attending Lebanon High School. They also lifted weights and along the way, they talked about what it would be like to own their own gym. Smith and Castle took it to the next level and turned the talk about owning a gym into actually owning and operating a gym as they opened Next Level Fitness Club on Main Street in their hometown of Lebanon in early 2018. Next Level anticipates employing two full-time and two part-time employees within five years.

SHEAR BLESSINGS HAIR STUDIO, LLC | TAZEWELL COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

Twelve years ago, Sommer Miner found herself in a predicament. She was living in a homeless shelter, had a young child to care for and was not sure what her next step should be. Through hard work, prayer, study, determination and the support of her family, pastor and her church, City on a Hill, she turned her life around. In April 2018, she celebrated the grand opening of her new business, Shear Blessings Hair Studio, on Front Street in Cedar Bluff. While initially Miner projected one full-time employee, she also now has three part-time employees and one booth renter at the studio which is a full-service hair salon for men, women and children.

Projects

MCPHERSON'S FARM EQUIPMENT, LLC | LEE COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

A long-time farming family in Lee County—Bobby McPherson and his father—wanted to give fellow farmers in their area more options to buy and service farming equipment. Last February, Bobby McPherson created a new business, McPherson's Farm Equipment, LLC, to offer sales of new and used tractors and farming equipment, along with a full line of parts and service. The business is located along U.S. Rt. 58 on a two-acre plot fronting the family's 60-acre Lee County farm, near the Constitutional Oaks Industrial Park. As the business grows, McPherson projects having one full-time employee and said he may need to hire qualified mechanics and salespeople in the future.

SHARINA'S WINGZ LLC | TAZEWELL COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

Cousins Derek Pridgen and Terrence McDonald used to talk about opening their own business—about opening a sports bar in Tazewell, where they both grew up—a place where locals and tourists alike could drop by and meet friends, enjoy some good food and maybe watch a little football. That dream became reality when Pridgen and McDonald opened Sharina's Wingz at 171 Main Street and began serving a variety of chicken wings as their specialty. Homemade soups are offered daily, along with a variety of appetizers, burgers, club sandwiches and more. Projections call for the business to employ eight full-time and six part-time employees within five years.

BACO ENTERPRISES LLC | CITY OF NORTON
$10,000 SEED CAPITAL MATCHING GRANT

Two Wise countians who have been friends for years from the ballfields where their children played are bringing a new dining option to the area. David Cox of East Stone Gap and Chris Bartee of Big Stone Gap formed BACO Enterprises LLC to operate a franchise of Barberitos, LLC. Located in the Norton Commons shopping center, the new restaurant will offer what is described as fast casual southwestern cuisine. Menu items are made from scratch daily and include several healthy options including vegetables, ground turkey, beef, steak, and even tofu. Business projections call for one full-time and 15 part-time employees within five years.

Projects

TAZEWELL CO. MERCANTILE, LLC | TAZEWELL COUNTY $10,000 SEED CAPITAL MATCHING GRANT

When Bond Strong and her mother, Virginia Warner, decided to combine their dreams, the Tazewell Co. Mercantile at 1225 Front Street in Richlands was opened in the former historic Dixie Hotel building. Strong wanted to open a store featuring locally sourced foods and gift items including candles, quilts, crafts and custom gift baskets. Warner had antiques to offer for sale. Together, they worked to incorporate the antiques into the store, utilizing them as display pieces for store merchandise. Educational workshops on a variety of topics are also offered at the store. Initially, one full-time job was created and Strong projects adding additional support personnel by the third year.

BARGAIN MART, LLC | TAZEWELL COUNTY $10,000 SEED CAPITAL MATCHING GRANT

With the closing of a major retail store in the Tazewell area earlier in 2018, Sharon and John Thomas saw a void that perhaps they could help to fill and opened Bargain Mart, LLC. Located in the Four-Way Shopping Center in Tazewell, the new business offers TVs, appliances, household items, electronics, toys, sporting goods, tools, automotive, shoes, clothing, fixtures, plumbing supplies and more in the 2,500-square-foot store. The store, a discount department store specializing in the sale of general merchandise at wholesale prices, offers what Sharon Thomas refers to as quality liquidated merchandise. The business projects one full-time and 20 part-time employees within five years.

BRAD DEEL DRONE PHOTOGRAPHY & VIDEOGRAPHY, LLC DICKENSON COUNTY | $10,000 SEED CAPITAL MATCHING GRANT

Showcasing the beauty and landscapes of Southwest Virginia was a motivating factor for Dickenson County native Brad Deel to establish Brad Deel Drone Photography & Videography, LLC. The business idea grew from requests for his services to showcase tourism and economic development and the desire by friends and customers to own some of his photography. The business specializes in photography and videos utilized for landscape art, commercial development and tourism in Southwest Virginia. Deel hopes to employ at least two full-time employees and one part-time employee, including a bookkeeper and a photo/video editing person, within five years.

Projects

K&E SOUTHERN SWEETS, LLC | WISE COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

After working in the grocery business for 15 years, Kelley Adkins knew that when it came to making cakes, candies and pies, she knew what to do and how to do it on her own. Together with her daughter-in-law, Elizabeth Peak, the pair opened K&E Southern Sweets at 516 West Main Street in Wise. The new bakery offers wedding cakes, birthday cakes, specialty cupcakes, homemade candies, pies, cookies and cake pops. Already, they have met their projections of creating two full-time jobs. Adkins says she and Peak are always looking to add to the array of sweets they offer at the bakery with personal size pies next on the menu.

YUMA STORAGE | SCOTT COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

For years, Paul Fields drove back and forth on Yuma Road in Weber City, glancing over at a desolate piece of property as he passed it, thinking there must be something for which the property could be used. He thought about it awhile and then purchased the property, building 25 storage units on it. Within 30 days of opening, all of the units were rented and he was still receiving requests from the public interested in the rentals. He was forced to turn them away until he decided to add more units with the help of a VCEDA Seed Capital Matching Grant. Yuma Storage has one full-time employee.

HAYSI SUPPLY COMPANY, LLC | DICKENSON COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

Stepping into Haysi Supply Company on Main Street in downtown Haysi is a lot like stepping into the general store of times past. With merchandise ranging from hardware and camping supplies to feed and fishing gear, the well-stocked shelves provide everyday items, as well as those geared toward adventure tourism as that sector continues to expand in Dickenson County and surrounding areas. The business, owned by Jason Deel, was recognized in 2018 as the Dickenson County Chamber of Commerce new business of the year. He projects four full-time jobs within five years.

Projects

SWEET MAGGIE'S LLC | SCOTT COUNTY
$5,000 SEED CAPITAL MATCHING GRANT

When Maggie Demory, of Gate City, got into the cake business, at first, it was more out of necessity – the baker she had hired in Kingsport to make her two-year-old's birthday cake cancelled at the last minute and she and her sister then decided to do it themselves. She posted the finished product on social media and suddenly, she found others who wanted what she could do. She could make and decorate cakes and she found, she loved doing it. She dreamed of opening her own bakery and did so in 2018 as she began renovating space in downtown Gate City to open Sweet Maggie's Craft Bakery. One full-time employee is projected for the business.

STONE MOUNTAIN ADVENTURES, LLC | CITY OF NORTON
$15,000 SEED CAPITAL MATCHING GRANT

Neil and Beth Walker decided to toss their hats into the tourism ring, opening an outdoor adventure tourism company dedicated to helping tourists in the Wise County and Norton, Va., areas find their way and the equipment they need to enjoy the great outdoors. Their new business, Stone Mountain Adventures, LLC, has 14 mountain bikes available for rent; three paddle boats; three pedal-powered Go-Karts, 14 kayaks; and 12 innertubes. Guided tours are also available and include a guide for a four or eight-hour trip. The company projects having five part-time employees within five years.

HEALIOS LLC | WISE COUNTY
$10,000 SEED CAPITAL MATCHING GRANT

For Starla Kiser, opening her own medical practice was a long-held dream—ever since the Dickenson County native was in medical school at Harvard. That dream came true when she opened Healios Health Center in Wise, Va., and began to implement a new direct primary care model unique to the area which seeks to make medical care more affordable, especially for those without insurance and for those with high-deductible insurance plans. For a set monthly fee, patients who are members may see the doctor as often as needed during the month, have in-office diagnostic tests performed, minor procedures completed in the office and on top of that, 24/7 access to the doctor. Healios projects an employee count of four full-time and one part-time within five years.

Projects

SYKES ENTERPRISES | WISE COUNTY | $1.5 MILLION LOAN

VCEDA approved up to a $1.5 million loan to the Industrial Development Authority of Wise County to finance building construction and build-out, parking lot construction, and other improvements to assist Sykes Enterprises with the consolidation and expansion at its newest facility in the Lonesome Pine Regional Business and Technology Park in Wise. With the project, over 800 full-time Sykes employees will be located in the 85,000 sq. ft. building known as the Lonesome Pine Technology Center. In 2016, VCEDA closed an up to $5.6 million loan to the IDA for Phase I build-out costs for the newest Sykes facility.

MOUNTAIN EMPIRE COMMUNITY COLLEGE FOUNDATION REGIONAL | $500,000 GRANT

VCEDA approved an up to $500,000 grant to the Mountain Empire Community College Foundation to be used for workforce development and training at Mountain Empire Community College (MECC). The funds may be used for scholarships, tuition, and assessment fees, including administering National Career Readiness Certificate testing, to create and administer relevant courses to train and retrain the workforce for new jobs in the region. Students must be residents of the VCEDA region, which includes the counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise and the City of Norton. A similar grant for $500,000 was approved in 2017 to the Southwest Virginia Community College Educational Foundation.

RED ONION WATER LINE REPLACEMENT | DICKENSON COUNTY $1,004,890 LOAN

VCEDA closed an up to $1,004,890 loan to the Dickenson County Industrial Development Authority in July to be used to replace the water line servicing the Red Onion Industrial Park and the Red Onion State Prison in Dickenson County. The IDA will use the funds to help the Town of Clintwood replace the water line which services the prison and the Red Onion Industrial Park, also known as the Coalfield Regional Industrial Park.

Projects

RAVEN THEATER AND COAL MUSEUM | TAZEWELL COUNTY GRAND OPENING

VCEDA participated in the grand opening of the restored Raven Theater in Tazewell County in September. In December 2016, VCEDA approved up to a $125,000 grant for the project through the VCEDA Tourism Capital Improvement Matching Fund to be used to help renovate and restore the historic theater and ice cream shop located inside the theater building.

CONAWAY BROADBAND EXPANSION | BUCHANAN COUNTY $112,000 LOAN

VCEDA closed an up to $112,000 loan to the Buchanan County Industrial Development Authority in August to expand high speed broadband service to the Conaway section of Buchanan County. The project will be a public-private partnership between the Buchanan County IDA and Charter Communications which committed matching funds of $112,000 to build the estimated $224,000 project that involves construction of approximately 9.5 miles of new broadband infrastructure from approximately one mile west of Big Rock to the vicinity of the Virginia/Kentucky state line and from U.S. Route 460 to the head of Conaway, Route 610.

POWELL RIVER TRAIL PROJECT | WISE COUNTY $25,000 TOURISM CAPITAL IMPROVEMENT MATCHING GRANT

VCEDA closed up to a $25,000 grant from the VCEDA Tourism Capital Improvement Matching Fund to the Wise County Industrial Development Authority for improvements to the Powell River Trail and its trailhead at Appalachia, Va. in July. The trail is a multi-purpose hiking and biking trail featuring two tunnels and two bridges. The Town of Appalachia, through the use of grant funding and volunteer labor, has already completed Phase I and II of the Powell River Trail that will eventually link the towns of Appalachia and Big Stone Gap in Wise County. Currently, the trail, which officially opened in 2017, is 1.2 miles long and is bordered by the Jefferson National Forest.

2018 VCEDA Marketing Events

EVENT	DATE	LOCATION	TARGET
SW VA Legislative Reception	1/25/18	Richmond, VA	All target sectors
Governor's Conference on Agricultural Trade	3/5/18	Richmond, VA	Agriculture
Site Selectors Guild Annual Conference	3/19-21/18	Cincinnati, OH	Site location consultants
VEDA Spring Conference	4/11-12/18	Richmond, VA	Site location consultants
High Point Market	4/14-17/18	High Point, NC	Furniture manufacturing
AUVSI Xponential Conference & Call Trip	4/30-5/3/18	Denver, CO	UAV/UAS
Virginia Chamber of Commerce Annual Dinner	5/15/18	Richmond, VA	All target sectors
AmCon	5/15-16/18	Louisville, KY	Advanced manufacturing
SW VA Economic Forum	5/17/18	Wise, VA	All target sectors
VCEA Annual Conference & Expo	5/21-22/18	Kingsport, TN	Energy and clean coal technologies
VEDA Summer Conference	6/5/18	Danville, VA	Site location consultants
SWVTC Annual Awards Gala	6/21/18	Abingdon, VA	IT/Emerging technologies
SelectUSA Investment Summit	6/20-22/18	Washington, DC	Foreign direct investment
SVAM Manufacturers Expo	8/14/18	Wytheville, VA	Advanced manufacturing
Business of Food Conference	8/27/18	Abingdon, VA	Agriculture (food products)
International Manufacturers Technology Show	9/10-13/18	Chicago, IL	Advanced manufacturing
SVAM Manufacturers Appreciation Banquet	10/4/18	Abingdon, VA	Advanced manufacturing
AUVSI Unmanned Systems Symposium	10/8-10/18	Blacksburg, VA	UAV/UAS
National HUBZone Conference	10/11-12/18	Chantilly, VA	State and federal contractors
CoreNet Global Summit	10/14-17/18	Boston, MA	Site location consultants
Virginia Conference on World Trade	10/17-18/18	Richmond, VA	All target sectors
Governor's Summit on Rural Prosperity	10/21-22/18	Staunton, VA	All target sectors
VEDP Familiarization Tour	11/28-29/18	VCEDA Region	All target sectors
VEDA Winter Conference & Annual Meeting	12/4-5/18	Charlottesville, VA	Site location consultants
Virginia Economic Summit	12/7/18	Williamsburg, VA	All target sectors
TOTAL MARKETING EVENTS (25)			

2018 Business Development Statistics

PROSPECT VISITS	65
INQUIRIES	185
NEW PROJECTS	33
EXPANSIONS	8
PROJECTED JOBS	1,014 (836 FULL-TIME; 178 PART-TIME)
PROJECTED INVESTMENT	$9,544,344

SOUTHWEST VIRGINIA'S e-REGION

VCEDA markets the region as Southwest Virginia's e-Region with a focus on electronic IT, energy, education, emerging technologies and entrepreneurs.

Marketing Southwest Virginia's e-Region

This was the most active year in VCEDA's history with 65 prospect visits, the most ever recorded in the 30 years of the Authority's existence. The region saw 41 new projects and expansions in 2018, also an all-time high. VCEDA also recorded 185 inquiries about the region and its programs, the highest number in six years.

Increased social media presence on Facebook and Twitter, aggressive media relations and communications efforts, and outreach marketing to target industries inside and outside the region are among the tools VCEDA utilizes to increase awareness and visits to the region, which VCEDA markets as Southwest Virginia's e-Region and includes the counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise and the City of Norton. Frequent website updates and links to latest news events, the addition of new drone videos of the region's shell buildings and business parks and publications such as the Chmura Economics & Analytics study on VCEDA's economic impact to the region are all downloadable from www.vaceda.org.

During the year, VCEDA participated in 25 outreach marketing events to places including Cincinnati, Denver, Chicago, and Boston, to help promote the region and generate leads. Several events were in conjunction with the Virginia Economic Development Partnership, and site location consultants were among the target groups for the marketing efforts. VCEDA also utilized a lead generation firm, 310 Marketing, to assist in the generation of leads.

A new member was added to the marketing team in 2018, joining Cathy St. Clair and Charlotte Mullins as VCEDA Marketing Ambassadors. Mary Rae Carter, who served in the administrations of both Governor Bob McDonnell and Governor Terry McAuliffe, specializing in rural affairs, is the newest VCEDA Marketing Ambassador.

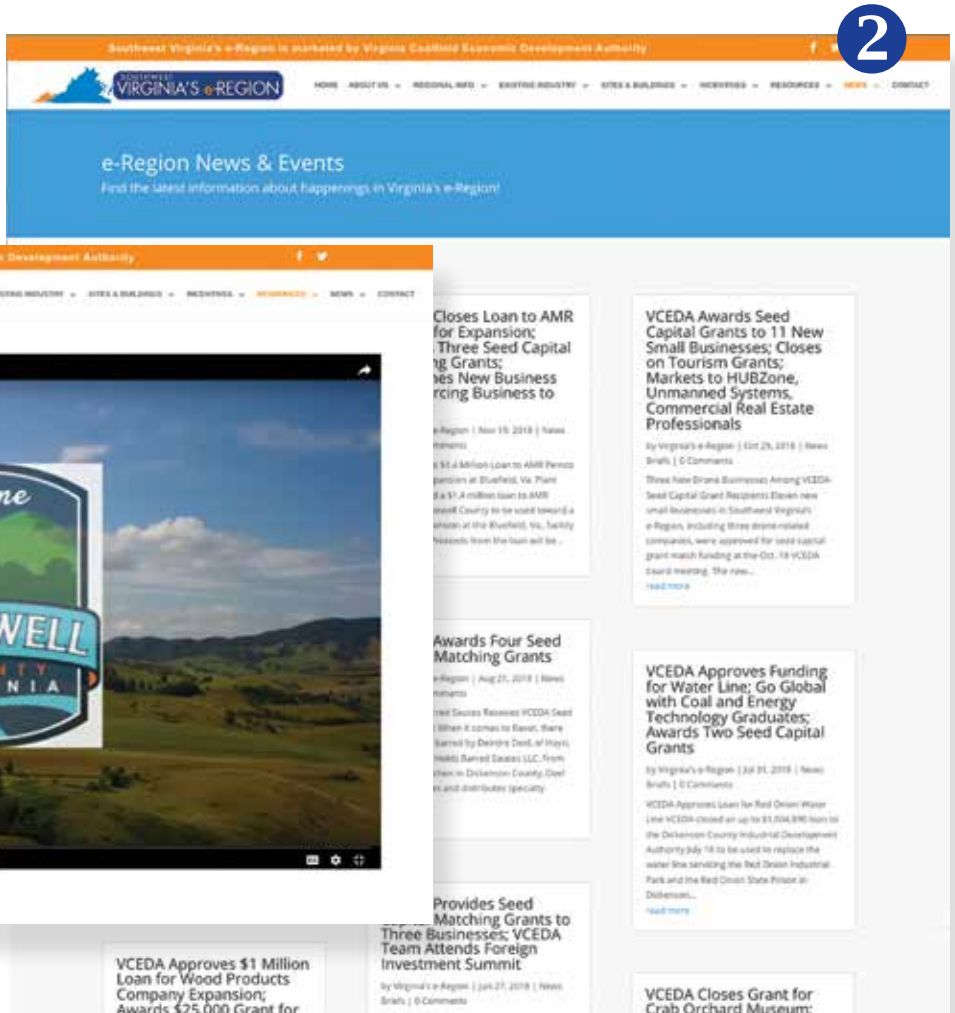
1. Southwest Virginia's e-Region Logo
2. VCEDA e-News Briefs
3. VCEDA Video for Bluestone
4. John Kilgore, Executive Director, Scott County EDA; left, Susan Copeland, VCEDA Marketing Coordinator; and Cathy St. Clair, VCEDA Marketing Ambassador, manning the e-Region booth and representing the region at SelectUSA in Washington, D.C. in June.
5. Marketing to the wood products industry, VCEDA attended the High Point Furniture Market with VEDP in April. Highlight of the visit was a tour of the England Furniture showroom at the renowned market. In photo, from left, John Kilgore, Scott County EDA; Susan Copeland, VCEDA; Terry England, President of England Furniture; and Matt Cantagallo, VEDP.

1

SOUTHWEST VIRGINIA'S e-REGION

electronic IT • energy • education
emerging technologies • entrepreneurs

2



3

6. Charlotte Mullins, left, VCEDA Marketing Ambassador, and Susan Copeland, VCEDA Marketing Coordinator, met with companies attending the International Manufacturers Technology Show in Chicago in September.

7. VCEDA Marketing Ambassador Mary Rae Carter with Virginia Secretary of Commerce and Trade Brian Ball at the Governor's Summit on Rural Prosperity held in October in Staunton, Va.

8. VCEDA hosted a group from the Virginia Economic Development Partnership on a familiarization tour of the region in November.

2018 VCEDA Loan Approvals

Loans

LOANS		APPROVED	AMOUNT
Buchanan County	Apex Leasing Corporation	2/15/18	$600,000.00
Buchanan County	Buchanan County IDA/Conaway Broadband	8/16/18	$112,000.00
Dickenson County	Dickenson County IDA/SAIC	2/15/18	$2,000,000.00
Dickenson County	Dickenson County IDA/Red Onion Water Line Replacement	4/19/18	$1,004,890.00
Lee County	Lee County IDA/England Furniture (Loan Increase)	2/15/18 & 4/19/18	$265,000.00
Scott County	Scott County EDA/Mountain Top Timber Products, LLC	2/15/18	$1,000,000.00
Tazewell County	Tazewell Cinema & Entertainment, LLC	8/16/18	$150,000.00
Tazewell County	Pemco Corporation d/b/a AMR PEMCO	10/18/18	$1,400,000.00
Wise County	Wise County IDA/Sykes Enterprises	4/19/18	$1,500,000.00
City of Norton	Sugar Hill Cidery, LLC	6/14/18	$90,000.00
TOTAL LOANS (10)			**$8,121,890.00**

2018 VCEDA Grant Approvals

Grants

GRANTS		APPROVED	AMOUNT
Buchanan County	Buchanan County IDA/Southern Gap Transportation and Logistics Center	4/19/18	$2,000,000.00
Buchanan County	Buchanan County IDA/Southern Gap Transportation and Logistics Center	4/19/18	$3,729,000.00
Buchanan County	Buchanan County IDA/Marketing	4/19/18	$255,000.00
Buchanan County	White Mountain Cabin Rentals and ATV Park, LLC	10/18/18	$10,000.00
Buchanan/Dickenson Counties	Breaks Interstate Park/ Improvements Grant	2/15/18	$39,000.00
Buchanan/Dickenson Counties	Breaks Interstate Park/ Improvements Grant	8/16/18	$92,000.00
Buchanan/Dickenson Counties	Breaks Interstate Park/ Infrastructure & Improvements	12/13/18	$43,144.00
Dickenson County	Haysi Supply Company, LLC	4/19/18	$10,000.00

Dickenson County	No Holds Barred Sauces, LLC	4/19/18	$4,500.00
Dickenson County	The Bloom Farm, LLC	10/18/18	$10,000.00
Dickenson County	Brad Deel Drone Photography & Videography, LLC	10/18/18	$10,000.00
Lee County	McPherson's Farm Equipment, LLC	10/18/18	$10,000.00
Russell County	Next Level Fitness Club, LLC	4/19/18	$10,000.00
Russell County	Praise Aeronautics LLC	10/18/18	$10,000.00
Scott County	Yuma Storage	4/19/18	$10,000.00
Scott County	Sweet Maggie's LLC	4/19/18	$5,000.00
Scott County	3 Guys Transport, LLC	4/19/18	$10,000.00
Tazewell County	Adria Auto & Truck Repair, Inc.	4/19/18	$10,000.00
Tazewell County	The Juice & Her Smoothie Bar	4/19/18	$10,000.00
Tazewell County	Shear Blessings Hair Studio, LLC	4/19/18	$10,000.00
Tazewell County	Historic Crab Orchard Museum and Pioneer Park, Inc.	4/19/18	$60,000.00
Tazewell County	Bargain Mart, LLC	10/18/18	$10,000.00
Tazewell County	Bliss Boutique, LLC d/b/a Bliss on Main	10/18/18	$10,000.00
Tazewell County	Remote Agri Drone, LLC	10/18/18	$10,000.00
Tazewell County	Sharina's Wingz LLC	10/18/18	$10,000.00
Tazewell County	Tazewell Co. Mercantile, LLC	10/18/18	$10,000.00
Wise County	IMPERFKT LLC	4/19/18	$10,000.00
Wise County	Healios LLC	4/19/18	$10,000.00
Wise County	K&E Southern Sweets, LLC	4/19/18	$10,000.00
Wise County	Wise County IDA/Powell River Trail	6/14/18	$25,000.00
Wise County	Town of St. Paul IDA/Lyric Theater	8/16/18	$40,000.00
Wise County	Big Stone Gap Redevelopment and Housing Authority/ Mutual Pharmacy	8/16/18	$90,000.00
City of Norton	BACO Enterprises LLC	10/18/18	$10,000.00
Regional	Mountain Empire Community College Foundation	2/15/18	$500,000.00
Regional	Heart of Appalachia Tourism Authority	8/16/18	$50,000.00
TOTAL GRANTS (35)			**$7,142,644.00**

TOTAL LOANS & GRANTS (45)			**$15,264,534.00**

Virginia Coalfield Economic Development Authority
Statement of Cash Receipts & Disbursements—Year Ended December 31, 2018

	CASH RECEIPTS				CASH DISBURSEMENTS			
Coal & Gas Fund	Fund Balance 1/1/18	Receipts	Interest Earned	Loans Collections	Administrative & Business Dev. Expenses	Project Loans & Grants	Fund Balance 12/31/18	Uncommitted Available Balance
Buchanan County	$ 10,240,878	$ 2,386,564	$ 142,798	$ 14,213	$ 275,639	$ 2,142,412	$ 10,366,402	$ 1,725,106
Dickenson County	11,956,922	1,192,831	172,154	73,126	150,171	1,547,839	11,697,023	8,694,571
Lee County	260,604	1,420	1,581	-	215	250,000	13,390	13,390
City of Norton	62,086	-	901	-	-	-	62,987	37,987
Russell County	55	156,405	270	335,058	18,534	316,160	157,094	157,094
Scott County	68,315	870	996	-	121	-	70,060	70,060
Tazewell County	3,059,692	258,049	41,484	359,004	24,007	786,837	2,907,385	1,054,135
Wise County	3,330,252	186,817	51,353	471,756	22,935	1,255,443	2,761,800	2,513,478
Regional	5,798,733	646,725	82,827	522,363	330,118	1,466,597	5,253,933	4,085,563
Total Coal & Gas Fund	**$ 34,777,537**	**$ 4,829,681**	**$ 494,364**	**$ 1,775,520**	**$ 821,740**	**$ 7,765,288**	**$ 33,290,074**	**$ 18,351,384**
Other Funds:								
Tax Credit	$ 33,190,528	$ 2,598,966	$ 551,284	-	-	$ 600,794	$ 35,739,984	$ 21,101,882
Civil Penalties	58,213	348,815	3,001	-	-	43,490	366,539	235,885
CFO Funds	345,943	-	531	29,969	-	-	376,443	376,443

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, 2018.

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 transactions of the cash receipts and disbursements of the Virginia Coalfield Economic Development Authority, for the year ended December 31, 2018, 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
February 13, 2019

VIRGINIA COALFIELD ECONOMIC DEVELOPMENT AUTHORITY
NOTE TO FINANCIAL STATEMENTS
December 31, 2018

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.

The Virginia Coalfield Economic Development Authority (VCEDA) Board: From left, front, Shelbie Willis, Becky Coleman, Dana Kilgore, Esther Bolling, Maggie Asbury and Duane Miller. Back, Frank Underwood, Mark Leonard, Rick Axthelm, Larry Mosley, Randy Rose, Chairman J. P. Richardson, Harry Childress, Joshua Ball and VCEDA Executive Director/General Counsel Jonathan Belcher. Board members not pictured include Jim Baldwin and Carroll Branham.

Virginia Coalfield Economic Development Authority Board of Directors

OFFICERS

J.P. Richardson
Chairman

Rick Axthelm
Vice Chairman

Frank Underwood
Secretary

Esther Bolling
Treasurer

GOVERNOR'S APPOINTEES

Maggie Asbury
Esther Bolling
Becky Coleman
Mark T. Leonard
Larry Mosley

COAL PRODUCERS

Rick Axthelm
Paramont Coal Company Virginia, LLC

J. P. Richardson
Surface Minerals Company

Frank Underwood
CBMC/Buchanan Minerals, LLC

GAS PRODUCER

Joshua Ball
CNX Resources

VIRGINIA COAL & ENERGY ALLIANCE

Harry Childress

PLANNING DISTRICT COMMISSIONS

Jim Baldwin
Cumberland Plateau PDC

Duane A. Miller
LENOWISCO PDC

COUNTY BOARD OF SUPERVISORS

Carroll Branham
Buchanan County

Shelbie Willis
Dickenson County

Dana G. Kilgore
Wise County

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

Randy Rose

The Economic Impact of Virginia Coalfield Economic Development Authority in Southwest Virginia and Virginia

Prepared for Virginia Coalfield Economic Development Authority

December 12, 2018

1309 E Cary Street, Richmond, VA 23219
1025 Huron Road East, Cleveland, OH 44115
chmuraecon.com

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About Chmura Economics & Analytics

We have a data-driven culture. We are a group of published scientists contributing to innovations with big data analytics on the forefront of applied economics and technology solutions. We have a very diverse team of people with backgrounds such as PhD economists, statisticians, computer scientists, and transformation strategists. We serve a cross section of decision makers from the defense, government, public, and private sectors.

As data scientists, we help our clients quickly answer big data questions. We provide a reliable picture of economic trends on both a macro and micro level. Our clients rely on the historical, current, and predictive market reports we provide to cut through the confusing information they receive on a daily basis from the media, politicians, and industry resources.

Our clients view us as trusted economic advisors because we help them mitigate risk and prepare for growth by understanding the why, the how, and the what about their local economy. As the nation's preferred provider of labor market data, we help our clients understand both the demand for and the supply of available data. Our clients benefit from our expertise by better understanding their own bottom line costs, sustainability issues, and associated risks.

Background

Virginia Coalfield Economic Development Authority (VCEDA) was created in 1988 by the General Assembly of Virginia to enhance and diversify the economic base of the Southwest Virginia coal-producing region. This authority covers the counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, and Wise, and the city of Norton (VCEDA region). Since its establishment, VCEDA has helped many businesses to locate and expand in the region, creating much-needed jobs.[1]

This study analyzes the economic impact of VCEDA in Southwest Virginia and Virginia.[2] The source of economic impact is the businesses attracted and retained through VCEDA.[3] As of October 2017, VCEDA has helped many businesses to locate and expand. Those jobs generate sustained economic impact in the region, by employing thousands of workers and generating business sales and revenue. The total economic impact of VCEDA also includes the economic ripple effects from the direct impact. The ripple impact, categorized as indirect and induced impacts, measures the secondary benefits of VCEDA-attracted businesses. For example, those businesses will purchase from many firms in the region and state as suppliers (indirect impact). In addition, workers of those businesses will spend some of their income in places where they live, benefiting businesses such as retail stores, restaurants, and healthcare facilities (induced impact).

The direct impact is estimated based on data provided by VCEDA. Ripple effects are estimated with IMPLAN Pro[4] software, which is a model often used by economists to measure the economic impact of events.

In addition to economic impact of VCEDA in terms of total revenue and jobs, Chmura analyzes the effect of VCEDA in increasing economic diversity, reducing regional unemployment, and lowering payments from government assistance programs in the region.

Jobs Attracted by VCEDA

Since its establishment in 1988 to October 2018, VCEDA has initiated 291 business attraction and expansion projects. Those projects include bringing new businesses to the region and helping existing businesses to expand. In total, VCEDA's efforts helped attract a total of 23,052 jobs (Table 1). The total investment of

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[1] In 2011 and 2015, Chmura Economics & Analytics analyzed the economic impact of VCEDA. The results of those analyses can be found in: The Economic Impact of the Coal Industry in Virginia, December 2011; and The Economic Impact of the Coal Industry in Virginia, January 2015.

[2] Southwest Virginia includes the following Virginia localities: counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, Washington, and Wise, and the cities of Bristol and Norton. This area is larger than the VCEDA region, but is consistent with the 2011 and 2015 Chmura studies.

[3] The one-time economic impact of capital expenditures and investment is not included in this analysis. This approach is consistent with the methodologies utilized in the 2011 and 2015 Chmura studies.

[4] *IMPLAN Professional* is an economic impact assessment modeling system developed by IMPLAN Group that is often used by economists to build models that estimate the impact of economic changes on local economies.

these projects reached $2.8 billion.[5] All localities in the VCEDA region benefited from the job creation effort by VCEDA, with each locality adding more than one thousand jobs.

Table 1: VCEDA Projects and Job Creation by Locality

Locality	Number of Projects	Number of Jobs
Buchanan	34	2,703
Dickenson	28	2,003
Lee	20	1,460
Russell	51	5,975
Scott	34	2,816
Tazewell	69	3,295
Wise/Norton	53	4,474
Various Locations[6]	2	326
VCEDA Total	**291**	**23,052**

Source: VCEDA

In addition to supporting job creation in Southwest Virginia, VCEDA also helps diversify the regional economy, which lays the foundation for sustained economic growth in the future. Challenged with the declining coal mining industry, VCEDA has attracted jobs in a wide range of advanced manufacturing and professional and business industries, including Tempur-Pedic, CGI, and AT&T Wireless. As Table 2 shows, 11,865 of all VCEDA-attracted jobs were in manufacturing, and 7,700 were in professional and business services (such as call centers). Tourism industries also grew based on support from VCEDA with many jobs generated in the trade and leisure sectors. Those efforts have reduced the regional economic reliance on the coal industry.

[5] Those projects do not include VCEDA investment in site development or utility construction not involving third-party businesses. VCEDA initiated several infrastructure development projects, such as extending water-sewer lines, without permanent jobs attached. Those projects are excluded in this study

[6] Two projects involved businesses that set up multiple sites in VCEDA region, but they did not provide job numbers for each site.

Table 2: VCEDA Projects and Job Creation by Industry

Industry Sector	Number of Businesses	Number of Jobs
Construction	2	253
Education & Health	13	581
Finance, Insurance, & Real Estate	2	20
Government	7	886
Information	5	292
Leisure	26	278
Manufacturing	147	11,865
Natural Resources	5	104
Other Services	6	170
Professional & Business Services	58	7,700
Trade (Wholesale & Retail)	14	571
Transportation, Warehousing, & Utility	6	332
Total	**291**	**23,052**

Source: VCEDA

Economic Impact of VCEDA

The economic impact of VCEDA is measured as a 2018 value, as jobs brought to the region by VCEDA are assumed to be permanent jobs.[7] The 23,052 jobs in the VCEDA region will also support other businesses in Southwest Virginia and throughout the state due to the multiplier effect. For example, when a manufacturing firm expands, the firm will purchase materials and supplies in the region to support its operations (indirect impact). In addition, retail venues and restaurants in the region also see increased sales when employees of this firm spend their wages in local communities (induced impact).

The total annual economic impact (direct, indirect, and induced) of VCEDA is estimated to be $6.9 billion in 2018 that supports 37,311 jobs in Southwest Virginia (Table 3). In terms of direct impact, the total revenue (or sales) of all businesses attracted by VCEDA is estimated to be $5.1 billion, with associated direct employment of 23,052 in 2018. An additional indirect impact of $1.2 billion and 8,022 jobs benefit other Southwest Virginia businesses that support VCEDA-attracted businesses. The number of jobs supported from the induced impact is estimated to be 6,238 with associated annual spending of $685.1 million. In terms of multipliers, each dollar of sales in VCEDA-attracted businesses can generate 36 cents in additional economic value for the region (output multiplier), while each job attracted by VCEDA can support an additional 0.62 jobs in the region (employment multiplier).

[7] It is possible that some of these jobs may been lost due to the recession or other economic forces. However, firm-specific data are not available to confirm if such is the case.

Table 3: Annual Economic Impact of VCEDA (2018)

		Direct	Indirect	Induced	Total
Southwest Virginia	Spending ($Million)	$5,067.0	$1,160.3	$685.1	$6,912.3
	Employment	23,052	8,022	6,238	37,311
Virginia	Spending ($Million)	$5,067.0	$1,692.0	$1,159.3	$7,918.2
	Employment	23,052	10,124	10,577	43,753

Note: Numbers may not sum due to rounding

Source: Chmura Economics & Analytics and IMPLAN Pro 2016

The total annual economic impact (direct, indirect, and induced) of VCEDA in Virginia is larger than the Southwest Virginia regional impact, as more businesses outside the region will also benefit from the VCEDA-attracted businesses. The total impact is estimated to be $7.9 billion that can support 43,753 jobs in Virginia in 2018.[8] The direct impact in Virginia is the same as that in Southwest Virginia, estimated at $5.1 billion and 23,052 jobs. Indirect impacts of $1.7 billion and 10,124 jobs are expected to benefit other Virginia businesses. The number of jobs supported due to the induced impact is 10,577 with associated annual spending of $1.2 billion in 2018. In terms of multipliers, each dollar of sales in VCEDA-attracted businesses can generate 56 cents in additional economic value for the state (output multiplier), while each job attracted by VCEDA can support an additional 0.90 jobs in Virginia (employment multiplier).

Other Benefits of VCEDA

In addition to the economic impact generated by VCEDA in terms of total revenue and jobs, Chmura also analyzed the effect of VCEDA in enhancing economic diversity, reducing unemployment, and lowering payments from government-assistance programs in the VCEDA region.

Impact of VCEDA on Economic Diversity

According to Virginia law, one of the key missions of VCEDA is to enhance and diversify the economic base of Virginia's coal-producing region. As mentioned earlier, VCEDA has attracted businesses in a wide range of industries to the region, especially those in the manufacturing and professional and business services sectors. Those efforts have helped diversify the regional economy.

To quantify the effect of VCEDA-attracted jobs on regional economic diversity, Chmura first constructed an industry diversity measure with employment data from 1990 to 2018. Chmura then computed the diversity measure of the regional economy, excluding jobs brought to the region by VCEDA.[9] In doing so, Chmura chose the Hachman diversity index to measure the economic diversity of the region. This index utilizes Virginia industry structure as a benchmark. The value of the diversity index varies between 0% and

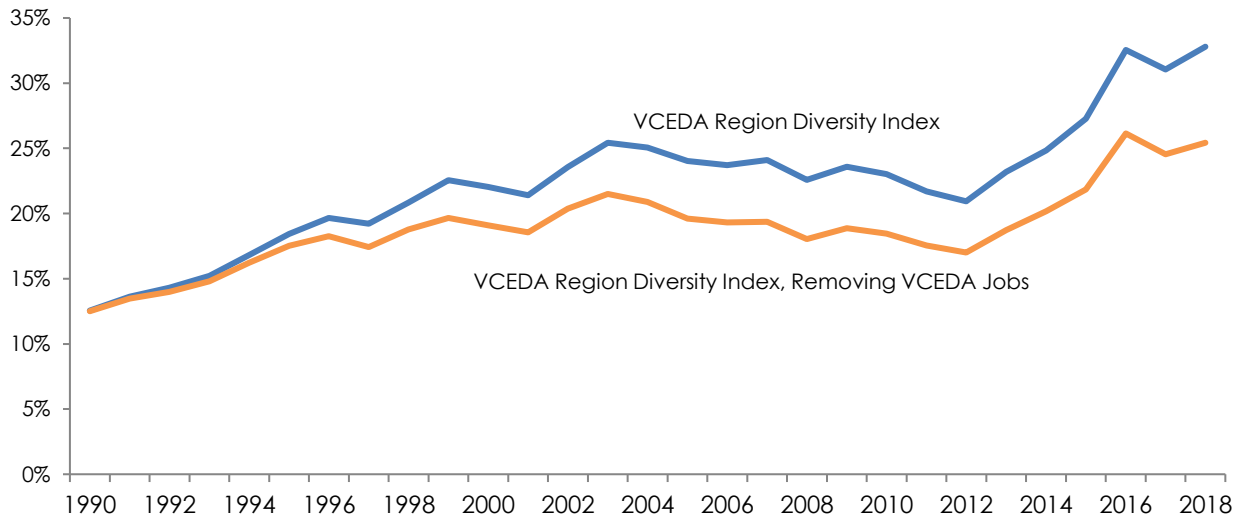
[8] Please note that the Virginia impact is inclusive of the impact in Southwest Virginia.

[9] This is the same methodology used in the previous Chmura studies, as well as the 2007 Virginia Tech Study: Economic Impact Analysis of the Virginia Coalfield Economic Development Authority. This historic analysis of economic diversity excludes those projects without a date.

100%, with a higher value representing a more diversified regional economy.[10] The Hachman diversity index is calculated as the inverse of the sum of the weighted location quotients of all industries in the region.[11]

Chmura's analysis shows that VCEDA has helped diversify the regional economy significantly since 1990. In 2018, the diversity index of the region was 32.8%, which is a dramatic improvement from 12.6% in 1990 (Figure 1). Diversity in the regional economy has increased since VCEDA was established. The pace of diversification has accelerated since 2012. If jobs related to VCEDA were removed, however, the diversity index in 2018 would fall to 25.4%.[12] This number is still higher than the diversity measure in the1990s and 2000s, showing that the regional economy is diversifying even without VCEDA-attracted jobs. Even so, the efforts by VCEDA have greatly accelerated diversification in the region.

Figure 1: Industry Diversity Index



Note: 2018 data represent the first two quarters
Source: VCEDA, JobsEQ, and Chmura

Impact of VCEDA on Unemployment Reduction

VCEDA-attracted jobs also help to reduce unemployment in the region. To estimate the effect of VCEDA-attracted jobs in reducing the regional unemployment rate, Chmura calculated the regional

[10] The Virginia Tech study uses percentage of employment shares in the top one, three, and five industries in the region as the diversity measure. Those indexes do not capture the full spectrum of economic diversity. For example, if VCEDA attracted a firm in a new industry that was not in the top 5, the diversity measure would not change by the Virginia Tech measure. However, the new firm would help to diversify the regional economy.

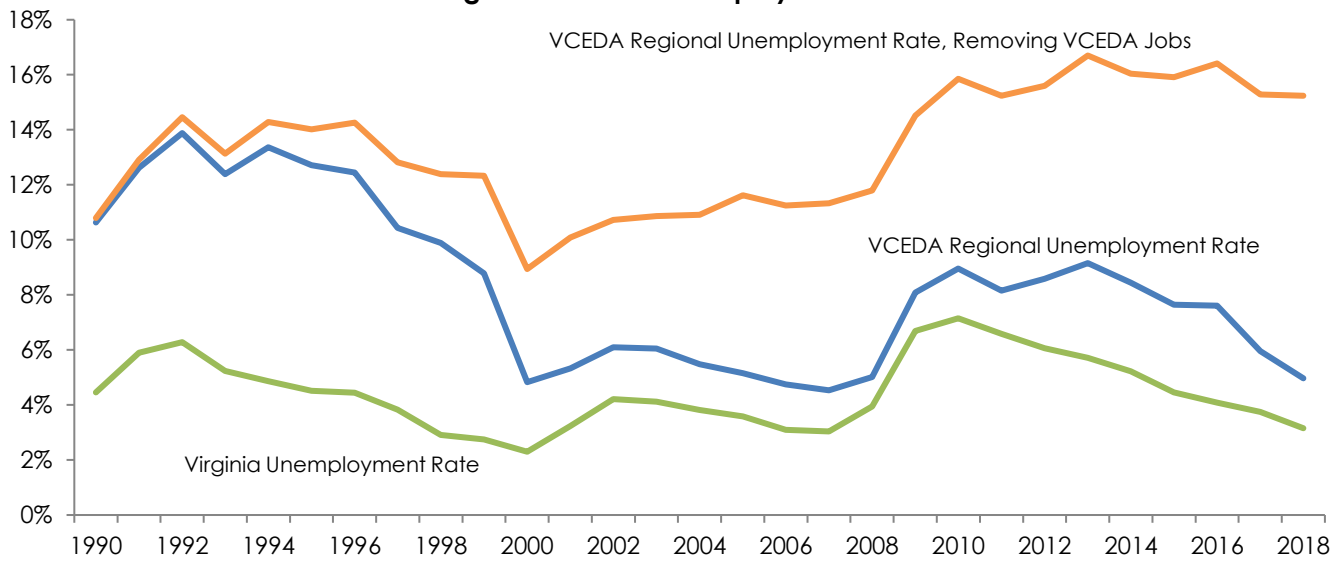
[11] Source: Economic Report to the Governor, State of Utah, by Hachman, 1995.

[12] In this analysis, Chmura assumed that VCEDA-attracted jobs have the same turnover rate as the industry average.

unemployment rate from 1990 to 2018, and the "would-be" unemployment rate of the region—removing jobs brought to the region by VCEDA.[13]

VCEDA has made considerable contributions in reducing the unemployment rate in the region (Figure 2). Based on the first eight months of data in 2018, the unemployment rate of the region was 5.0%, higher than the state average of 3.2%. In the 1990s, however, the region's unemployment situation was much worse than the state average. For example, in 1990, shortly after VCEDA was established, the region's unemployment rate was 10.6%, more than double the state average of 4.5%. The gap between the state and regional unemployment rates shrank drastically after 2000.

Figure 2: Annual Unemployment Rate



Note: 2018 data represent the first eight months
Source: VCEDA, JobsEQ, and Chmura

Without jobs attracted to the region by VCEDA, the region's unemployment rate would be much higher. For example, the estimate would put the 2018 unemployment rate at 15.3%, when jobs related to VCEDA were removed and added to regional unemployment.[14] The effect of VCEDA in reducing regional unemployment became more significant especially after the recession of 2007-09. Without VCEDA-attracted jobs, the unemployment rate of the region would stay in the double digits from 2010 to 2018. However, the actual regional unemployment rate declined sharply, from 9.0% in 2010 to 5.0% in 2018.

Impact of VCEDA on Payment from Government Assistance Programs

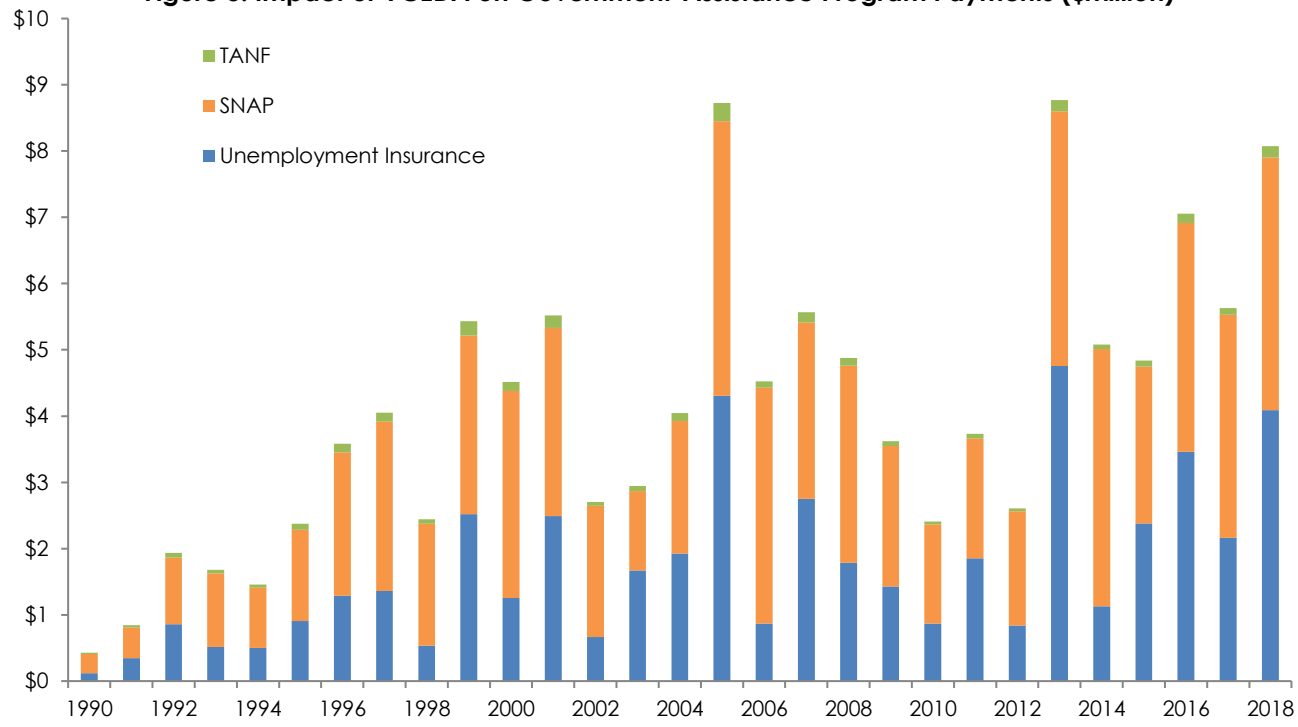
The jobs attracted by VCEDA will help residents earn wages and salaries. These jobs also can reduce payments from government-assistance programs to regional households. In this analysis, Chmura estimates

[13] This is the same methodology used in the 2011 and 2015 Chmura studies, as well as in the 2007 Virginia Tech study.
[14] In this estimate, Chmura took into consideration commuting and migration patterns, and did not add back estimated commuters and those who may move out of the region.

the effect of VCEDA on three types of government assistance programs: unemployment insurance (UI); Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps); and Temporary Assistance for Needy Families (TANF).[15] In this exercise, Chmura takes a broad view of the impact of VCEDA on those programs and assumes that the number of VCEDA-attracted jobs will eventually reduce the number of unemployed individuals in the region.[16]

Figure 3 presents the potential increase in government-assistant program payments if VCEDA-attracted jobs are not available in the region. This only includes the impact for the state government of Virginia, as some of those jobs may be taken by residents in other states.

Figure 3: Impact of VCEDA on Government-Assistance Program Payments ($Million)



Source: Virginia Department of Social Services & Chmura

For unemployment insurance programs, Chmura uses the following methodology. In 2018, for example, VCEDA was involved in various projects that brought 1,008 jobs to the region. Based on commuting patterns, it is estimated that 91% of those jobs would be taken by Virginia residents, resulting in 915 jobs for

[15] SNAP and TANF are two popular programs for low-income families. These families can also benefit from programs such as housing assistance or Medicaid. Chmura did not include housing assistance due to the relatively small size of the program. Working-age adults are not eligible for the Medicaid program during the study period. As a result, the effect would be negligible.

[16] It is possible that some VCEDA-attracted jobs will be filled by currently unemployed individuals, and some will be filled by people switching jobs from other businesses in the region. When those jobs are taken by job-switchers, it will set off a chain reaction as the businesses losing workers will look to replace the individuals who leave. The result is that unemployment in VCEDA region will eventually be reduced.

Virginians. If those workers were unemployed, they could apply for Virginia unemployment benefits. The latest data indicate that the average benefit is $308.40 per week for a duration of 15.1 weeks.[17] As a result, VCEDA-attracted jobs would save the state government $4.3 million in 2018. From 1989 to 2018, VCEDA-attracted jobs would have saved Virginia $49.9 million in cumulative unemployment insurance payments.

Low-income households are eligible for SNAP and TANF assistance programs, which is based on household income. The average annual wages for VCEDA-attracted jobs from 2014 to 2018 is about $33,500[18] while the current federal poverty line for a family of four is $25,100.[19] It is conceivable that for individuals receiving government assistance such as SNAP or TANF, VCEDA-attracted jobs will help them exit those two programs.

For the SNAP program, the challenge is to estimate how many Virginia residents might be able to leave the program due to new job opportunities created by VCEDA. Not every Virginia resident, even if they are unemployed, receives SNAP benefits—because they may live in a household where household income exceeds SNAP income criteria. Data from the United States Department of Agriculture indicate that in 2016, 89% of the country's unemployed participated in the SNAP program.[20] Using this as an assumption, of the 915 unemployed Virginia residents gaining new jobs due VCEDA in 2018, it is estimated that 814 individuals can leave the SNAP program.

The latest data from the Virginia Department of Social Services indicate that qualified households received a monthly payment of $253.70 per month from the SNAP program in 2017,[21] for a duration of 25.3 months.[22] As a result, with VCEDA-attracted jobs in 2018, the state government could save $3.9 million from reduced SNAP payments. From 1989 to 2018, VCEDA-attracted jobs would have saved Virginia $66.9 million in SNAP program payments.

Fewer families receive TANF benefits when compared to SNAP, as the qualifying criteria for the TANF program are stricter. According to 2016 data from the Virginia Department of Social Services, a monthly average of 23,504 households received TANF benefits, compared with 391,523 households receiving SNAP benefits. Using this as a guide, Chmura estimated that for newly employed Virginia residents due to VCEDA-attracted jobs in 2018, an estimated 49 can leave the TANF program. The latest data indicate that

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[17] Those are the latest Virginia state average payment and duration amounts, based on the first nine months of 2018 data. Source: Bureau of Labor Statistics, http://www.oui.doleta.gov/unemploy/claimssum.asp.
[18] Source: Chmura's calculation based on data from VCEDA.
[19] Source: U.S. Department of Health and Human Services, https://aspe.hhs.gov/poverty-guidelines. The federal poverty line is published once a year.
[20] Source: Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2016. U.S. Department of Agriculture, available at: https://www.fns.usda.gov/snap/characteristics-supplemental-nutrition-assistance-program-households-fiscal-year-2016.
[21] Source: SNAP Case Load & Expenditures, Virginia Department of Social Services, available at: http://www.dss.virginia.gov/geninfo/annual_report/benefits/index.html?pageID=1.
[22] Source: Dynamics of Economic Well-Being: Participation in Government Programs, 2009-2012: Who Gets Assistance, U.S. Census, 2015. https://www.census.gov/newsroom/press-releases/2015/cb15-97.html.

in 2016, households in the TANF program received an average monthly cash payment of $259.70,[23] for a duration of 14.2 months.[24] As a result, with jobs attracted by VCEDA, the state government could save $0.2 million in 2018. From 1989 to 2018, VCEDA-attracted jobs would have saved Virginia $3.1 million in SNAP program payments.

In summary, VCEDA-attracted jobs are estimated to have saved the Virginia government $4.0 million per year from reduced payments of three government assistance programs. Total savings are $119.9 million from 1989 to 2018.

[23] TANF Case Load & Payments, Virginia Department of Social Services, available at: http://www.dss.virginia.gov/geninfo/annual_report/benefits/index.html?pageID=3.

[24] Source: Dynamics of Economic Well-Being: Participation in Government Programs, 2009-2012: Who Gets Assistance, U.S. Census, 2015. https://www.census.gov/newsroom/press-releases/2015/cb15-97.html.

Appendix 1: Impact Study Glossary

IMPLAN Professional is an economic impact assessment modeling system. It allows the user to build economic models to estimate the impact of economic changes in states, counties, or communities. It was created in the 1970s by the Forestry Service and is widely used by economists to estimate the impact of specific event on the overall economy.

Input-Output Analysis—an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (impact analysis).

Direct Impact—economic activity generated by a project or operation. For construction, this represents activity of the contractor; for operations, this represents activity by tenants of the property.

Overhead—construction inputs not provided by the contractor.

Indirect Impact—secondary economic activity that is generated by a project or operation. An example might be a new office building generating demand for parking garages.

Induced (Household) Impact—economic activity generated by household income resulting from the direct and indirect impact.

Multiplier—the cumulative impacts of a unit change in economic activity on the entire economy.

VCEDA celebrates 30 years