



2007 annual report

Virginia Coalfield Economic Development Authority

Chairman's Letter

The Honorable Timothy M. Kaine
Governor of Virginia
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, Virginia 23219



Mark S. Wooten
Chairman

Dear Governor Kaine,

We are pleased to submit to you and the General Assembly the 2007 Annual Report of the Virginia Coalfield Economic Development Authority. Your commitment to our region is appreciated, and we welcome your many visits to Virginia's e-Region throughout the year.

In 2007, VCEDA approved six loans and eight grants for a total of \$22.1 million and more than 1,200 projected jobs. New announcements in the region include the planned Sykes IT Support Center as the first occupant in the area's largest economic park, a new biodiesel fuel production facility operated by Synergy Biofuels, LLC in Lee County, a new start-up operation of Pinnacle Wood Products of Virginia, Inc. in Wise County and another new manufacturer, Rogers Foam Corporation, in Scott County. Expansions at five existing businesses in the region also contributed to the job totals.

We thank you for the leadership and support of the Governor's Office and the General Assembly. We look forward to continuing to work with you and our many allies to further diversify the economy and bring jobs to the coalfield region of the Commonwealth.

Sincerely,

Mark S. Wooten
Chairman



Former Virginia Governor Mark Warner speaks at the December 12, 2007 ribbon-cutting ceremony for the Northrop Grumman project, which he announced in late 2005. Joining him are, from left, Governor Tim Kaine, Northrop Grumman's James O'Neill, and VCEDA's Jonathan Belcher.



Ribbon-cutting ceremony for the new Northrop Grumman center takes place inside the \$34.9 million facility in the Russell Regional Business Technology Park in Lebanon.



CGI's Southwest Virginia Center of Excellence

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



Northrop Grumman's Southwest Enterprise Solutions Center

Governor Tim Kaine tells the audience it is great to be a part of both the groundbreaking and the opening ceremonies for the technology centers in adjacent locations in the Russell Regional Business Technology Park.



Donna Morea, U.S. president of CGI, addresses the audience during the CGI ribbon-cutting ceremony.



James O'Neill, corporate vice president and president of Northrop Grumman's Information Technology Sector, speaks at the December 12 ribbon-cutting ceremony.



Governor Tim Kaine presents Northrop Grumman's James O'Neill with a Virginia flag.



Mark Eschle, director of the CGI Southwest Virginia Center of Excellence, welcomes the audience to the December 12 ceremony.



Governor Tim Kaine and former Governor Mark Warner join in the ceremony for CGI's new Southwest Virginia Center of Excellence.

Executive Director's Report



Jonathan Belcher
Executive Director

Joined by local economic developers and other allies, VCEDA led an aggressive team effort in 2007 to market the region as Virginia's e-Region focusing on the key areas of electronic information technology, energy and education.

It was a productive year for the region with the announcement of more than 1,000 new jobs. An investment of \$26.4 million was reported in six project announcements and five business expansions. VCEDA approved more than \$22.1 million in six loans and eight grants for projects throughout the region.

Several new companies announced plans to locate in Virginia's e-Region. Sykes Enterprises will become the first company in Buchanan County's new Southern Gap Park, the largest economic development park within our region. Synergy Biofuels, LLC, a start-up company that will produce biodiesel fuel from used vegetable oil, will locate in the former Super Sack building in Lee County and create at least 30 new jobs.

Two manufacturers announced plans to locate in existing facilities formerly occupied by other businesses. Pinnacle Wood Products of Virginia, Inc. is operating in the former Buster Brown Apparel building in Wise County and plans to create more than 200 jobs in the next three years. Rogers Foam Corporation, a Massachusetts company that makes engineered foam products, located in Scott County in a building formerly occupied by Mid-Atlantic Paper Company.

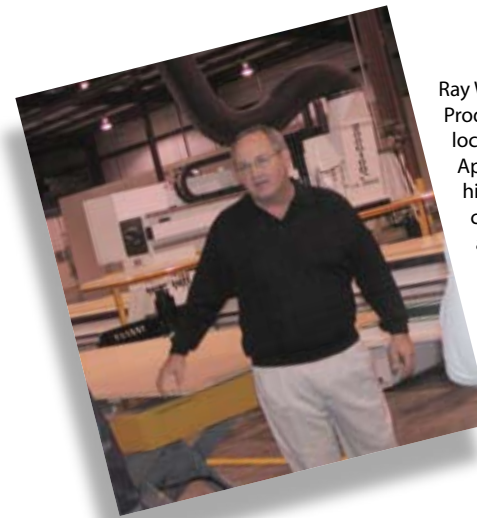
VCEDA was especially happy to be a part of existing business expansions. Locally owned D.R. Price Engineering moved its business into the long-vacant Honaker shell building; Buchanan Pump Service & Supply Co., Inc. in Wise County expanded its facilities and plans to add 15 new employees; Haysi Heating & Cooling is expanding and projects 27 new jobs; and KCG Call Centers moved into remodeled facilities in Lee County, adding more than 200 jobs.

On December 12, hundreds of the region's residents officially welcomed Northrop Grumman and CGI to Virginia's e-Region, cutting the ribbons to open their new technology centers in the Russell Regional Business Technology Park.

It's been a good year in which much positive progress has been made. I would like to thank the VCEDA board of directors, staff and all of our allies for their hard work and for embracing the team approach wholeheartedly.



VCEDA staff includes, from left, Mitzi White, Secretary; Marketta Horton, Economic Development Support Specialist; Susan Copeland, Business Development & PR Coordinator; Jonathan Belcher, Executive Director; Jean Jordan, Funds Administrator; and Jim O'Quinn, Special Projects Coordinator.



Ray Whitt, president of Pinnacle Wood Products of Virginia, Inc., a company locating in the former Buster Brown Apparel building, conducts tours of his operation during the ribbon-cutting ceremony in October. VCEDA approved a \$1.2 million loan to the Wise County IDA to purchase equipment and machinery for the start-up operation that will make custom cabinets, vanities, thermofoil doors and closets.

A ceremonial groundbreaking for the revamping of the former Dickenson County shell building into the Dickenson County Technology Center is held in October. Participating are, from left, David Yates, Paul Buchanan, Scott Moore, Keith Viers, Jonathan Belcher, Del. Bud Phillips and Sen. Phillip Puckett.



Andy Douthat, president of Allegheny Construction Company, announces the company will invest \$8 million in a Scott County site and plant and extract high-calcium limestone.



Hugh Taylor, right, president of Northrop Grumman's Commercial, State & Local IT Group, joins Jonathan Belcher, VCEDA executive director, in presenting a \$500,000 workforce development grant to Mountain Empire Community College and Southwest Virginia Community College (\$250,000 each) at a ceremony in the VCEDA office.

Existing Russell County business, D.R. Price Engineering, announces it will purchase the long-vacant Honaker shell building and relocate its business. From left are, Harry Rutherford, chairman of the Russell County IDA; principal owners Richard Bostic and Danny Price; Jonathan Belcher, VCEDA executive director; and State Del. Dan Bowling.



VCEDA presents a \$103,500 grant to the Dickenson County IDA for a regional agricultural marketing center. From left, front, are David Yates, chairman of the Dickenson County IDA; Jonathan Belcher, VCEDA executive director; Doris Rife, IDA; back, Richard Edwards, VCEDA board member; Scott Moore, Board of Supervisors; Paul Buchanan, chairman of the Dickenson County Board of Supervisors and VCEDA board member; Brad Mullins, Dickenson County extension agent; and Freddie Mullins, IDA legal counsel.



Synergy Biofuels, LLC officials accept a Virginia state flag during announcement ceremony in Lee County on December 11. Participating in the ceremony are, Jonathan Belcher, VCEDA executive director, Del. Terry Kilgore, Synergy officials Ankit Patel and Nareesh Patel, and Patrick Gottschalk, Virginia Secretary of Commerce and Trade.

VCEDA as a Key Ambassador for the Region

VCEDA commissioned Virginia Tech to do an economic analysis of VCEDA's more than \$80 million investments in the region from 1988-2006. The study showed significant impact and that VCEDA plays a key role as an ambassador for the region in economic development.

The study showed:

- Nearly 10,000 jobs created
- \$224 million in wage bill created
- 122,000 aggregated employment impact
- \$918 million tax impact of VCEDA funds
- Significant positive effect on regional unemployment rates

The Department of Agricultural and Applied Economics and the Office of Economic Development at Virginia Tech conducted the study.



VCEDA approves more than \$2.6 million for the Sykes IT Support Center planned as the first business in Buchanan County's Southern Gap Park. Participating in the loan closing are Kim Lindsay of the Buchanan County IDA, Jonathan Belcher, VCEDA executive director and Jay Rife, chairman of the Buchanan County IDA.



Matthew Rogers, left, president of Massachusetts-based Rogers Foam Corporation, announces his company will invest \$1.4 million and open a manufacturing facility in the Duffield Regional Industrial Park. Del. Terry Kilgore and Sen. William Wampler Jr. welcome the company to the region.

2007 highlights

1.9 VCEDA closes \$150,000 grant for HMG medical data center in Scott County.

1.9 VCEDA closes \$150,000 grant for Jenmar Corporation, which will locate a new manufacturing operation at the Wardell Industrial Park and create 70 jobs.

1.18 Regional Legislative Reception is held in Richmond.

2.19 Marketta Horton is promoted to Economic Development Support Specialist at VCEDA. Mitzi White is hired as Secretary.

2.24 The University of Appalachia College of Pharmacy holds open house at its newly renovated Garden facility. VCEDA had approved more than \$3 million for construction on the Garden campus and for equipment at the Slate Creek location.

3.9 VCEDA forgives \$2.6 million in loans for Buchanan County projects and holds a note-shredding ceremony.

3.15 VCEDA approves a grant for up to \$200,000 to the EDA of Scott County to be used toward development costs for the Daniel Boone Wilderness Trail Interpretive Center planned in Duffield.

4.30 A team led by VCEDA travels to North Carolina's Research Triangle Park to attend the national Small Business Innovation Research conference and spread the word about the growing information technology and business opportunities available in Virginia's e-Region.



5.8 Equitable Resources announces it will base its regional Virginia headquarters in Clintwood. The energy company plans to locate in a new 25,000-sq.-ft. facility to be built in the Dickenson County Technology Park.

5.9 The Russell County IDA and VCEDA announce that locally owned D. R. Price Engineering and Land Surveying plans to purchase the Honaker shell building and relocate its Russell County business. VCEDA provided the financing to acquire the land and construct the 12,000-sq.-ft. building built in 1992.



5.15 VCEDA closes a grant of up to \$103,500 to the Dickenson County IDA to be used toward the costs of development of a Coalfield Regional Agricultural Marketing Center, a combination livestock and farmers' market and agricultural education center.

5.21 VCEDA staff exhibits e-Region information at the Eastern Coal Council Conference & Expo at the Meadowview Conference Center in Kingsport, TN.

5.24 VCEDA and Northrop Grumman award a \$500,000 workforce training grant to Mountain Empire Community College and Southwest Virginia Community College. The total amount of the grant from the Coalfield Regional Opportunity Fund is \$1 million, with the other \$500,000 to the University of Virginia's College at Wise.

5.24 VCEDA staff attends Southwestern Virginia Technology Council's annual awards banquet and presents Virginia's e-Region exhibit and materials.



5.30 Maxxim Shared Services, LLC, a subsidiary of Alpha Natural Resources, holds ribbon-cutting for its new office space in the Wise County shell building. The new space consolidates engineering and related functions of several Alpha affiliated mining operations.

6.21 VCEDA approves \$16.3 million for regional projects, the largest amount of funding approved at a single board meeting. Funds include a \$4 million grant for a technology, research and training center in Dickenson County, \$5.7 million grant for further development of a regional, multi-use park in Buchanan County, \$5 million loan for a proposed data center in Wise County, and \$1.2 million loan for a new wood products manufacturing company locating in Wise County.

6.21 Virginia Tech presents to VCEDA Board of Directors the findings of a study to assess the regional economic impact of VCEDA since its creation in 1988. The study focuses on the impact of VCEDA's nearly \$80 million investment to revitalize the region's economy.

6.28 The VCEDA Executive Advisory Board holds its annual meeting and hears VCEDA Executive Director Jonathan Belcher introduce the marketing concept of Virginia's e-Region.

7.11 VCEDA hosts the Southwest Virginia IT Strategic Task Force quarterly meeting with Secretary of Commerce and Trade Patrick Gottschalk. Meeting participants also tour the under-construction Northrop Grumman Southwest Enterprise Solutions Center and the Southwest Virginia Technology Development Center.



7.11 Rogers Foam Corporation announces it will invest \$1.4 million and create 50 jobs in a manufacturing facility in the Duffield Regional Industrial Park in Scott County.

7.16 Dominion Virginia Power announces it has applied with the State Corporation Commission for permission to build a 585-megawatt electric generating power station in Southwest Virginia.

& happenings

7.19 VCEDA awards two grants totaling \$339,000 to the Wise County IDA; \$300,000 for development of sites in the Lonesome Pine Regional Business and Technology Park and \$39,000 for a study to assess the economic and community impact of the proposed coal-fired power plant in Wise County. VCEDA also closes two loans to the Wise County IDA; \$1.2 million for equipment for Pinnacle Wood Products of Virginia, Inc., and \$780,000 for an expansion at Buchanan Pump Service & Supply Co., Inc., in Wise County.



7.23 KCG Call Centers announces expansion and relocation to a remodeled facility in Pennington Gap.



8.9 VCEDA awards a \$4 million grant to the IDA of Dickenson County for the development of a workforce development, research and technology center in the Dickenson County Technology Park. The center will be located in a shell building which has been vacant since its construction.



8.16 VCEDA approves an \$800,000 loan to the Lee County IDA to help establish the region's first biodiesel production facility, which will utilize used and recycled vegetable oil to produce the biodiesel.

8.23 VCEDA hosts a dinner for the region's state legislators for an update on VCEDA activities.

9.4 Allegheny Construction Company announces it will invest \$8 million and reopen a plant in Scott County that will extract high-calcium limestone at the site formerly used by Cyprus Foote Mineral.

9.16 A team of 12 Southwest Virginia economic development professionals led by VCEDA attends the ninth annual COVITS (Commonwealth of Virginia Innovative Technology Symposium) in Northern Virginia as an exhibitor and also conducts individual visits with technology companies looking for potential expansion locations. The newly designed Virginia's e-Region display and marketing materials are unveiled to the more than 600 attendees, including Governor Tim Kaine.



10.3 VCEDA closes a \$5.7 million economic development grant to the Buchanan County IDA for Phase II development of Southern Gap Park. Sykes Enterprises announces it will be the park's first occupant, creating 400 new jobs.

10.16 VCEDA participates in the Business to Business Showcase at Southwest Virginia Community College.

10.18 VCEDA forgives \$6 million in loans for Wise County projects.

10.19 Buchanan Pump Service & Supply Co., Inc., holds a ribbon-cutting for a business expansion made possible by a \$780,000 VCEDA loan to the Wise County IDA. The company expanded its facilities and plans to add 15 employees, with 34 retained jobs.

10.24 Governor Tim Kaine announces International Automotive Components Group North America Inc., a leading supplier of automotive interior and exterior systems and components, will invest \$1 million and create 26 new jobs at its Russell County facility.

10.24 VCEDA and the Wise County IDA hold a ribbon-cutting ceremony for Pinnacle Wood Products of Virginia, Inc., a new start-up manufacturing operation in the former Buster Brown Apparel building in the Wise County Industrial Park. The company plans to employ 220 within three years.

10.25 Dickenson County holds groundbreaking ceremony for the start of renovations for the Dickenson County Technology Center to be located in the former shell building in Dickenson County Technology Park in Clintwood.

11.9 VCEDA and local economic developers hold their quarterly meeting and formalize plans to hold a joint legislative reception in Richmond in January.

12.6 The VCEDA Board of Directors approves a resolution in support of state funding for the Coalfields Expressway, calling the new highway the "missing link" to economic development in the coalfield region of the Commonwealth.

12.6 VCEDA forgives \$348,000 in loans for Russell County.

12.11 Synergy Biofuels, LLC, a start-up biodiesel fuel production company, announces it will locate in the former Super Sack building in the Lee County Industrial Park. The company plans to create at least 30 jobs and process used vegetable oil into biodiesel fuel.



12.12 Northrop Grumman and CGI hold grand opening ceremonies for their new technology centers built in the Russell Regional Business Technology Park. Governor Tim Kaine and former Governor Mark Warner participate in the ceremonies.

12.18 VCEDA closes a \$2.7 million loan to the Buchanan County IDA to assist with the Sykes information technology support center project to be located in the Southern Gap Park. Sykes Enterprises plans to invest at least \$10 million and provide at least 400 jobs.

Marketing the Region

VCEDA introduced Virginia's e-Region as a new brand identity for the region in 2007. Marketing initiatives centered on a roll-out campaign that included a logo that was incorporated into billboard and trade magazine advertising, a new exhibit display and new marketing materials. Local economic developers joined VCEDA in marketing the region as Virginia's e-Region at the Small Business Innovation and Research conference in Research Triangle Park, N.C., and in Northern Virginia at the Commonwealth of Virginia Innovative Technology Symposium (COVITS), where the new display unit was presented for the first time.

In addition to exhibiting at the conferences, the VCEDA-led teams also met with IT companies located in the Research Triangle and Northern Virginia areas to promote the business opportunities available in Virginia's e-Region. VCEDA contracted with an outside firm to help contact and pre-arrange these leads. This marketing firm is also contacting manufacturing companies in an effort to help generate leads for the region.

VCEDA's website continues to attract more than 35,000 visitors a month, and VCEDA entertained 29 prospect visits throughout the year and visited with 62 existing industries within the e-Region. Eleven announcements of new or existing business expansions took place in 2007.

2007 Projects & Announcements

Announcements	Type	Jobs	Investment
Sykes Enterprises	IT Support Center	400	\$ 10,000,000
Coalfield Agricultural Mktg. Center	Regional Market	8	132,000
Synergy Biofuels, LLC	Biodiesel Fuel	50	1,000,000
Rogers Foam Corp.	Furniture Foam	50	1,400,000
Allegheny Construction	Limestone Extraction	10	8,000,000
Pinnacle Wood Products of Virginia, Inc.	Wood Products	220	1,251,700
	Total:	738	\$ 21,783,700
Expansions:			
Haysi Heating & Cooling, Inc.	Duct Mfg.	27	\$ 500,000
KCG Call Centers	Customer Service	225	2,000,000
D. R. Price Engineering	Engineering Services	35*	300,000
International Automotive Components Group (IAC)	Auto Parts Mfg.	26	1,000,000
Buchanan Pump Service & Supply Co., Inc.	Water Pumps	15/34*	780,000
	Total	293	\$ 4,580,000
	Grand Total	1,031	\$ 26,363,700

*Retained jobs.

VCEDA leads a team of economic developers to Northern Virginia to promote Virginia's e-Region at COVITS and meet with IT companies in that region to alert them to opportunities in Southwest Virginia. A new display unit bearing the new Virginia's e-Region logo and theme is introduced at the technology conference.



VCEDA placed full page ads in Virginia Business magazine's Site Selection Guide and in Trade & Industry Development magazine. The Virginia's e-Region logo and theme were also featured on billboard advertising throughout the region.



The VCEDA Executive Advisory Board meets June 28 for its annual meeting. In the photo are, from left, A. George Mason Jr.; Eva Teig Hardy, Chairperson; Don Green; Jay Rife, VCEDA Vice Chairman; Jonathan Belcher, VCEDA Executive Director. Back row, Dan Carson; Daniel D. Smith; Mike King; Jim Baldwin, VCEDA board member; Tommy Hudson; Charles Yates, former VCEDA Executive Director; and former Virginia Governor Linwood Holton.

Executive Advisory Board Members

**Eva Teig Hardy –
Chairperson**
Senior Vice President
External Affairs
& Corporate
Communications
Dominion Virginia Power
Company

R. Daniel Carson Jr.
Vice President
External Affairs
Appalachian Power

Anna DeFazio Gadbois
Vice President
Government Relations &
Strategic Business
Development – CGI

Don M. Green
Executive Director
Napoleon Hill Foundation

**The Honorable
Linwood Holton**
McCandlish Holton, PC
Attorneys at Law

Tommy Hudson
President
Virginia Coal Association

Cheryl L. Janey
Vice President
Civil Programs
Harris Corporation

Michael D. King
Director
Strategy & Business
Development
Northrop Grumman
Corporation
IT Sector

Joshua N. Lief
Virginia International
Raceway

A. George Mason Jr.
Attorney At Law

**The Honorable
Ford C. Quillen**
Circuit Court Judge
Retired

Daniel D. Smith
Senior Vice President
Energy and Properties
Norfolk Southern
Corporation

Robert W. Woltz Jr.
President
Verizon Virginia, Inc.

Executive Advisory Board

Introduced to Virginia's e-Region

The VCEDA Executive Advisory Board met in Lebanon on June 28 for its annual update on economic development in the region.

VCEDA Executive Director Jonathan Belcher told the group, "During last year's annual meeting, we talked about turning the corner with energy and technology. It is exciting to report that our region continues to be in an economic transition, and three key drivers of Virginia's e-Region are electronic information technology, energy and education."

Belcher said VCEDA had been promoting the area as Virginia's Energy Region, and that while energy continues to be a major contributor to the region's economy, with the arrival of Northrop Grumman, CGI and others and the advancements in educational programs to develop the workforce for these new jobs, there is an even greater story to tell about the region.

Former Virginia Governor Linwood Holton, a charter member of the executive advisory board, said education is the foundation of economic development. "An educated human resource will not go anywhere if there is a job available," he said.

Michael King, director of strategy and development, Commercial State and Local Group for Northrop Grumman, a new member of the advisory board, said the company's new Southwest Enterprise Solutions Center in Lebanon is a core asset for Northrop Grumman. "We're here because of everyone in this room, the way you work together as a region and the way you are positioning education and setting yourselves up to be able to support technology," said King.

Mark Eschle, vice president and director of CGI's new Southwest Virginia Center of Excellence, said his company chose to locate in Virginia's e-Region because of the talent pool, geography and a positive regional business climate.

The advisory group also heard about progress in the development of the proposed \$1.8 billion coal-fired power station project in Wise County and an update on educational programs in the region, including a new software engineering bachelor's degree program, the only one in the state, being offered at the University of Virginia's College at Wise.



Eva Teig Hardy, chairperson of the advisory board, reports on progress of the proposed \$1.8 billion coal-fired power station project in Wise County.

2007 VCEDA Loan and Grant Approvals

Loans			
County	Project	Approved	Amount
Buchanan	Buchanan County IDA/Sykes Realty, Inc.	10/18/07	\$2,678,550
Dickenson	Haysi Heating & Cooling, Inc.	08/16/07	275,000
Lee	Lee County IDA/Synergy Biofuels, LLC	08/16/07	800,000
Wise	Wise County IDA/Buchanan Pump Service & Supply Co., Inc.	03/15/07	780,000
Wise	Wise County IDA/Data Center	06/21/07	5,000,000
Wise	Wise County IDA/Pinnacle Wood Products of Virginia, Inc.	06/21/07	1,200,000
Total Loans			\$10,733,550
Grants			
Buchanan	Buchanan County IDA/Southern Gap Park Phase II	06/21/07	\$5,700,000
Buchanan	Buchanan County IDA/Buchanan Information Park	06/21/07	60,000
Dickenson	Dickenson County IDA/Dickenson County Technology Center	06/21/07	4,000,000
Russell	Northrop Grumman Information Technology, Inc.	03/15/07	1,000,000
Scott	Scott County EDA/Daniel Boone Wilderness Trail Interpretive Center	03/15/07	200,000
Scott	Rogers Foam Corporation	08/16/07	100,000
Wise	Wise County IDA/Power Plant Study	06/21/07	39,000
Wise	Wise County IDA/Lonesome Pine Technology Park Development	06/21/07	300,000
Total Grants			\$ 11,399,000
Total Loans & Grants			\$ 22,132,550

Coal and Gas Tax Funds Statement of Cash Receipts & Disbursements

	Fund Balance 1/1/2007	Cash Receipts			Cash Disbursements		Fund Balance 12/31/07	Uncommitted Available Balance
		Coal & Gas Tax Receipts	Interest Earned	Loan Collections	Administrative/ Bus. Dev. Expenses	Project Loans/Grants Expenses		
Buchanan County	\$8,502,785	\$2,982,778	\$375,150	\$55,251	\$225,747	\$10,212,474	\$1,477,743	\$(1,093,079)
Dickenson County	4,842,857	1,352,465	292,941	246,493	98,829	154,617	6,481,310	1,557,428
Lee County	896,642	63,316	31,718	3,949	22,093	500,000	473,532	(526,468)
City of Norton	52,894	-	2,826	1,882	1,839	-	55,763	55,763
Russell County	860,379	397,179	33,942	204,486	72,294	843,100	580,592	580,592
Scott County	39,338	2,001	1,868	-	12,071	-	31,136	31,136
Tazewell County	742,397	272,023	50,187	222,536	47,029	-	1,240,114	740,114
Wise County	6,331,531	1,222,227	333,209	430,770	115,796	2,366,713	5,835,228	789,328
Undesignated	9,323,100	1,503,674	514,553	145,080	197,105	804,741	10,484,561	8,263,003
TOTALS	\$31,591,923	\$7,795,663	\$1,636,394	\$1,310,447	\$792,803	\$14,881,645	\$26,659,979	\$10,397,817

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 – coal and gas tax funds, of Virginia Coalfield Economic Development Authority, for the year ended December 31, 2007. This financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on the statement 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

This financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the coal and gas tax funds of Virginia Coalfield Economic Development Authority, for the year ended December 31, 2007, on the cash basis of accounting.

THROWER, BLANTON & ASSOCIATES, P.C.
Certified Public Accountants
February 22, 2008



Cutting the ribbon to open the new Pinnacle Wood Products of Virginia, Inc. facility in the former Buster Brown Apparel building in Wise are, from left, Ed Johnson, vice president, director of sales, Pinnacle; Joyce Payne, Wise County Chamber of Commerce; Jonathan Belcher, VCEDA executive director; Bill Hunsaker, chairman of the Wise Co. IDA; Pam Collie, Wise County Chamber of Commerce; Carl Snodgrass, Wise County economic development; Dorothy and Ray Whitt, owners; Del. Bud Phillips; Ned Stephenson, Virginia Tobacco Commission; and John Peace, Wise County Board of Supervisors and VCEDA board member.



Local television station is on hand for the official presentation of a \$200,000 VCEDA grant to the EDA of Scott County to be used for the Daniel Boone Wilderness Trail Interpretive Center planned for Duffield. From left, are Robert Barker, chairman of the Scott County EDA; John Kilgore, Scott County economic development director; and Jonathan Belcher, VCEDA executive director.



KCG Call Centers cuts ribbon to officially open its expansion to a remodeled Lee County facility. Participating in the ceremony are, from left, Del. Terry Kilgore; Ron Flanary, executive director of Lenowisco PDC; Tim Long, Lee County economic development director; Paul Kavanaugh, president of KCG; Kathy Kavanaugh, director of the customer service center; and Sen. William Wampler Jr.



Maxxim Shared Services, a subsidiary of Alpha Natural Resources, cuts the ribbon on its new office space in the Wise County shell building, which is now fully occupied. The new space consolidates engineering and related functions of Alpha mining operations in Southwest Virginia and Eastern Kentucky. This former shell building also houses Crutchfield Corporation and Carroll Engineering.

VCEDA awards a \$780,000 loan for expansion at long-time existing Wise County business, Buchanan Pump Service & Supply Co., Inc. Participating in the loan closing are, from left, Jean Jordan, VCEDA funds administrator; Carl Snodgrass, Wise County economic development; Jonathan Belcher, VCEDA executive director; Bill Hunsaker, chairman of the Wise County IDA; Eddie Buchanan, president of Buchanan Pump; Leonard Rogers, Buchanan Pump legal counsel; and Kevin Sturgill, Buchanan Pump accountant.

Congressman Rick Boucher, right, who secured \$500,000 in federal funding for the project, helps break ground for construction of the new Cranesnest Trail in Dickenson County. Joining in the ceremony are Paul Buchanan, chairman of the Dickenson County Board of Supervisors, and Del. Bud Phillips. The 23-mile trail will lead from Rt. 83 to the John Flannagan Reservoir.





VCEDA Board of Directors includes, from left, Robert Raines; Jay Rife, Vice Chairman; Michael Quillen, Treasurer; Ron Flanary; Paul Buchanan; and Jonathan Belcher, Executive Director. Second row, Gary Cox; Mark Wooten, Chairman; Donald Baker; and John Peace. Third row, Richard Edwards, Secretary; Jim Baldwin, Steve Greer, and George Cridlin. Not pictured are Gerald Ramsey, Carroll Branham and Jeff Anderson.



VCEDA honors retiring board members Paul Buchanan and John Peace at the December board meeting.

Virginia Coalfield Economic Development Authority Board of Directors

Officers

Mark S. Wooten
Chairman

Jay Rife
Vice Chairman

Richard W. Edwards
Secretary

Michael J. Quillen
Treasurer

Members

Governor's Appointees

Donald Baker
George F. Cridlin
Richard W. Edwards
B. Robert Raines
Jay Rife

Coal Producers

Michael J. Quillen
Alpha Natural Resources

Gerald Ramsey
Consolidation Coal
Company

Mark Wooten
A&G Coal Corporation

Gas Producer

Steve Greer
CNX Gas Company

Virginia Economic Development Partnership

Jeff Anderson

Planning District Commissions

Jim Baldwin
Cumberland Plateau PDC

Ronald Flanary
LENOWISCO PDC

County Boards of Supervisors

Carroll Branham
Buchanan County

Paul Buchanan
Dickenson County

John Peace II
Wise County

Virginia Coal Association

Gary Cox



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