



VCEDA

2006 Annual Report

Virginia Coalfield Economic Development Authority

Chairman's Letter



Mark S. Wooten
Chairman



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**

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

Dear Governor Kaine,

We are pleased to submit to you and the General Assembly the 2006 Annual Report of the Virginia Coalfield Economic Development Authority. We appreciate your commitment to our region and thank you for visiting and celebrating with us so many times during this eventful year in the coalfield region of the Commonwealth.

In 2006, VCEDA approved seven loans and seven grants for a total of \$10.4 million. New announcements in the region, including the proposed \$1 billion power plant, Holston Medical Group's medical records data center, and Jenmar Corporation's new plant are expected to create nearly 2,000 new jobs. Expansions such as Results-Duffield and KCG Call Centers, and Tempur Production's plans to add a R&D component to its Scott County facility, also contribute to the new job totals.

We appreciate the leadership and support of the Governor's Office and the General Assembly. Your interest in our region throughout the year is welcomed, and we look forward to continuing to work with you and our other allies to further diversify the economy and add jobs to the coalfields.

Sincerely,

Mark S. Wooten
Chairman

January 2

The Washington Post runs front page article on CGI and Northrop Grumman plans to locate technology centers in Southwest Virginia. Article headline, "Mining Coal Country for Tech Workers."

February 23

Duke Energy donates \$10,000 to VCEDA business development program.

March 16

Charles S. Yates, who has been involved in economic development in Southwest Virginia for more than 35 years and has served as VCEDA's only executive director since 1989, announces he will retire in 2006.

March 28



Results-Duffield opens a customer service center in the Pioneer Center for Business Opportunity in Duffield.

Governor Tim Kaine joins Congressman Rick Boucher and regional officials to break ground on Northrop Grumman's \$22.8 million Southwest Enterprise Solution Center in Lebanon.

2006 Highlights



CGI holds a grand opening of its temporary facility in Lebanon and groundbreaking for its Southwest Virginia Center of Excellence on May 2.



Carroll Engineering announces on Dec. 4 it will locate a sales and service office in the Wise shell building. From left, are Jonathan Belcher, Fred Luntsford, Ron Flanary, Jerry Hall, Winston Carroll, Mike Hastings, Clark Johnson, Bill Hunsaker, and Danny Breeding.



Senator William Wampler Jr., VCEDA Executive Advisory Board Chair Eva Teig Hardy, Charles Yates and Wise County Administrator Glen "Skip" Skinner share a photo at the May announcement by Dominion of a Wise County site for the proposed coal-fired power plant.



VCEDA awards \$7.9 million in loans and grants to the Buchanan County IDA for a variety of projects including construction at the Oakwood campus for the University of Appalachia College of Pharmacy, an expansion for the Appalachian School of Law and for the development of a regional industrial park.



Holston Medical Group announces plans to locate a state-of-the-art medical records data center in Duffield. From left, are Ron Flanary, Dr. David Redwine and Dr. Jerry Miller of Holston Medical Group.

April 6

The first of four ads in a VCEDA campaign promoting the VCEDA region as a location for information technology centers runs in the Business Technology section of the Washington Post.

April 13

Participants in the VCEDA Ambassador program meet at the VCEDA office to hear updates on available programs and to provide feedback and discussion on ideas for marketing and promoting the region.

May 2

CGI holds grand opening of a temporary facility and groundbreaking ceremonies for its new Southwest Virginia Center of Excellence in Lebanon.

May 2

Governor Tim Kaine announces that Clinch Mountain Finishing & Logistics will invest \$6 million and create 220 new jobs at a manufacturing facility in the Russell County Industrial Park in Lebanon. The company will expand an existing building and produce pre-finished hardwood flooring.

Charles Yates Says Good-bye

It's been a great journey for me serving as Executive Director to an organization that is an outstanding example of the true meaning of working together as a region.

I have many to thank for all the help along the way, especially the Virginia Coalfield Economic Development Authority Board of Directors, the Executive Advisory Board, the staff, plus the hundreds of you from our coalfield communities to Richmond who have supported the authority and me throughout these 17 years. And, former Delegate Ford Quillen, the father of the Coalfield Authority, has meant more to the organization and to me personally and professionally than anyone I can think of. I also want to congratulate Jonathan Belcher, my successor as Executive Director. In my opinion, the board could not have chosen a better qualified and proven leader.



Charles S. Yates

I remember the early days when VCEDA was an organization under enormous pressure to have instant success. Add to that a significant labor dispute and a downturn in the economy - factors we had no control over - and the spotlight was on this newly created organization to work together to keep the region focused on our mission to diversify the economy and create jobs in the coalfields.

There was no track record to fall back on and lots of confusion over who controlled the funding. But together we worked hard to develop guidelines and establish rules for this unique economic development organization, keeping in mind our very real focus of using that funding to grow and enhance the region.

It's very gratifying to me to get to "see" the strategies we put into place more than a decade ago come into play in our region today. In the early 90s we proposed some bold ideas. We wanted to attract high-tech, high-paying information technology jobs to our region. We wanted this strategy to work and we rolled up our sleeves and made it happen. Today we're working together as a region, maybe more than we ever have, to make sure that these career jobs coming to our communities are filled and that the companies are successful for years to come.

Have we made it? I think the region is well on its way. There's still more to do, but I feel confident that VCEDA and all its allies are in an excellent position to keep this regional attitude going forward. I'm going to miss being at the center of this growth, however, what better time to retire than when the momentum is strong and the organization is in good hands. I'm not far away, and I will always be an ally and supporter of the Virginia Coalfield Economic Development Authority.

Sincerely,
Charles Yates

May 9

VCEDA holds loan and grant closing ceremony with the Russell County Industrial Development Authority and CGI for funding associated with the information technology company's new Southwest Virginia Center of Excellence in Lebanon and the 300 high-tech jobs it will provide.

May 11

Dominion chooses Wise County site for proposed \$1 billion coal-fired power plant. A 500-megawatt plant would create 800 construction jobs, 75 at the power station, use two million tons a year of Virginia coal and support 250 mining jobs.

May 12

Visador Holding Corporation announces it will locate a manufacturing and distribution center in the former Bush Building in St. Paul. The facility will fabricate vinyl windows for new construction and employ 100.

May 18

VCEDA approves more than \$6.3 million in loans and grants for regional economic development projects that range from infrastructure in industrial parks to expansion of the Appalachian School of Law.

Charles Yates speaks at the Northrop Grumman groundbreaking ceremonies in October. At left is James R. O'Neill of Northrop Grumman and Governor Tim Kaine.



Jonathan Belcher, who has been with VCEDA since 1997, was selected by the board to succeed Charles Yates as executive director.



CHARLES S. YATES - CELEBRATING 17 YEARS OF SUCCESS WITH VCEDA



Charles Yates and former Governor Gerald Baliles participate in a regional meeting.



Donald Baker, who was chairman of VCEDA at the time, and Charles Yates attend an Appalachian Regional Commission meeting in Clintwood in 2003.



VCEDA board and staff present Charles Yates with framed memories of his career at VCEDA during a retirement reception following the Dec. 21 board meeting. From left are board member Gary Cox, Charles Yates and VCEDA Chairman Mark Wooten.

May 24

The Historic Crab Orchard Museum in Tazewell County holds a ribbon-cutting ceremony for its new expansion space, which was funded in part by a \$100,000 grant from VCEDA.

May 31

Tazewell County officials present plans for the Bluestone Regional Business and Technology Park.

June 5

VCEDA holds annual Executive Advisory Board meeting in Lebanon. Theme of the meeting is "Turning the Corner with Energy and Technology."

July 1

VCEDA Board of Directors names Jonathan S. Belcher Acting Executive Director. Belcher has been with VCEDA since 1997.

Executive Director's Report



Jonathan Belcher
Executive Director

It is truly an honor for me to have been selected by the Board of Directors to be the new chief administrative officer of the Virginia Coalfield Economic Development Authority. I extend my sincere thanks and appreciation to the board for promoting me first to Acting Executive Director, and then to Executive Director on November 9. My goal is to build and expand upon the excellent foundations already established, to carry out the board's policies and plans, and to help plan and implement new initiatives and strategies to help further enhance and diversify the economy of our region. I'm eagerly looking forward to this exciting challenge.

Thankfully, the condition of the authority has never been better. Regional unemployment rates are at the lowest levels recorded in years. The region has gone from double-digit unemployment in many areas to the low-single digits in several counties with none now above six percent. Although much work remains to be done, these statistics indicate that VCEDA and our many allies are making much progress towards the basic mission of job creation.

One key to this has been VCEDA's over-decade-old strategy to attract information technology jobs to the region. This progressed to the next level within the past 12-18 months with the locations of CGI, a major software development firm, and Northrop Grumman Information Technology, Inc., to the region. These projects are well under way, with CGI already employing more than 130 well-paid professionals in a temporary facility in Lebanon, and Northrop Grumman planning to begin operations in 2007 after completion of their facility. In addition, health services leader Holston Medical Group announced in October that it will build a medical-related information technology center at Duffield. Projects such as these validate the notion that our regional economy is beginning to transition to more of a knowledge-based economy.

Other successes include Dominion's announcement that a site in Wise County has been chosen for further evaluation for a new coal-fired power station that could result in nearly \$1 billion in investment, 800 construction jobs, 250 mining jobs, and 75 permanent jobs at the plant. The new Garden campus of the University of Appalachia College of Pharmacy opened at Oakwood, and Breaks Interstate Park received approval on a major capital improvements funding package from VCEDA.

I would like to express my sincere thanks to Charles S. Yates. Charles, who announced his retirement early in the year, very ably served as VCEDA's first and only executive director from 1989 until June 30, 2006. We will truly miss Charles, however I am sure he will continue to be an important friend and ally. It was a pleasure for me to work with Charles, and I learned much from him since I joined the staff in 1997.

Our challenge as we move forward is to build upon the excellent foundations that have been established, to stay true to our mission, and to grow upon this success. With the leadership of the VCEDA board, staff, and our many allies, I believe we have a great team in place to help do just that.



Executive Director Jonathan Belcher is surrounded by staff, from left, Marketta Horton, Economic Development Support Specialist; Jim O'Quinn, Special Projects Coordinator; Mitzi White, Secretary; and Jean Jordan, Funds Administrator.

July 7

VCEDA awards a \$125,000 grant from the Coalfield Regional Opportunity Fund to Results Duffield LLC to be used for an expansion creating 75 jobs at the customer service center located at the Pioneer Center.

July 11

VCEDA closes \$7.9 million in loans and grants for Buchanan County for University of Appalachia College of Pharmacy, Appalachian School of Law, and Lover's/Poplar Gap Regional Industrial Park.

July 28



Governor Tim Kaine announces 70 new jobs and a \$6 million investment by the Jennmar Corporation to locate a new corrugated metal pipe and mine roof support structure manufacturing facility in Wardell Industrial Park in Tazewell County.

August 17

VCEDA closes a loan for up to \$500,000 to the Wise County Industrial Development Authority to be used for machinery and tools for Visador's new manufacturing plant that will fabricate vinyl windows for new construction.



VCEDA awards a \$1.4 million grant for construction of lakefront cabins at Breaks Interstate Park. From left, are Mark Wooten, Park Superintendent Carl Mullins, Jonathan Belcher, Jim O'Quinn and Charlotte Mullins.

VCEDA awards grants and a loan for CGI's project. From left, participants in the award ceremony are, Jim Gillespie, Sen. Phillip Puckett, Mark Wooten, Jonathan Belcher, Lyn Tatum of CGI and Harry Rutherford.



VCEDA closes a \$500,000 loan for Visador Holding Corporation's planned St. Paul facility. From left, are Annette Underwood, Carl Snodgrass, Bill Hunsaker, Jerry Lockette of Visador, Jonathan Belcher and Jean Jordan.



Jonathan Belcher, far right, presents Kathy Kavanaugh, vice president of operations for KCG Call Centers, with an \$8,500 VCEDA grant for the Pennington Gap center. Also in photo are Jim Moore of Lee County IDA, Matt Taylor of KCG Call Centers, and Tim Long, Lee County IDA director.



Congressman Rick Boucher announces that Results Duffield will expand at the Pioneer Center in Duffield. From left, are Jonathan Belcher, Alec Brecker with Results Duffield, Congressman Rick Boucher, John Kilgore and Dr. David Redwine.

Delegate Terry Kilgore and Dr. David Redwine, chairman of the Scott County Board of Supervisors, chat at the grand opening of Results Duffield's customer service center in the Pioneer Center.



Governor Tim Kaine announces that Jenmar Corporation of Virginia, Inc. will invest \$6 million and create 70 new jobs in Tazewell County. The Governor presents a Virginia flag to Tony and Frank Calandra of Jenmar Corporation.



August 29



Tempur Production USA announces plans to invest \$3.5 million and create 20 new research and development jobs at its Duffield plant. Tempur currently employs around 300 and produces premium mattresses and pillows using a patented technique at its Scott County facility.

August 29

VCEDA closes a \$250,000 loan to the Lee County Industrial Development Authority for renovations to the Patriot Center in Pennington Gap.

September 1

Lear Corporation holds a community briefing to announce the recall of laid-off employees and a \$150,000 VCEDA loan to the Russell County Industrial Development Authority for repairs to the manufacturer's Lebanon facility.

September 18

The University of Virginia's College at Wise, VCEDA and Northrop Grumman announce a public-private partnership to enhance the college's technology curriculum and workforce development initiatives in the region. Northrop Grumman announces \$1 million in funding with half of the funding coming from a VCEDA grant.

Turning the Corner with Energy and Technology

After seeing more than 1,500 jobs and \$37 million in investments come to the coalfield region in recent years, “we still have work to do,” Charles Yates told the VCEDA Executive Advisory Board during the group’s annual meeting on June 5. Theme of the event was “Turning the Corner with Energy and Technology.” “We’re definitely at the next level of jobs we hoped to be seeking after we launched our technology initiatives in the early nineties,” said Yates. “And with the arrival of CGI and Northrop Grumman and the proposed \$1 billion coal-fired power plant, we have turned the corner, but we’re not through yet. There is still more work to do.”

“With the arrival of CGI and Northrop Grumman and the proposed \$1 billion coal-fired power plant, we have turned the corner, but we’re not through yet. There is still more to do.”

—Charles Yates

Yates told the advisory group that the VCEDA board and staff have worked hard to advance and broaden the economic base of the region as then Virginia Delegate Ford Quillen envisioned in 1988 in leading the effort to create the coalfield authority. Since its creation, VCEDA has helped the region attract 67 new companies, assisted with 38 expansions and helped add 13,400 jobs.

Eva Teig Hardy, advisory board chairperson, who is executive vice president external affairs and communications of Dominion Virginia Power Co., called the region’s economic development activity “a remarkable story” of how a region has come together, set important goals and focused on a common approach. “We need to share this great success story,” she said.

The board chair also briefed the group on the proposed coal-fired power plant to be located in Wise County. “This is a major regional asset that cannot be moved overseas on a whim,” said Hardy.

Coal remains a critical asset in the region, and Michael Quillen, president and CEO of Alpha Natural Resources and a member of the VCEDA board of directors, told the group all the easy-to-mine coal is gone. Quillen, who served as VCEDA’s first board chairman, said the coal industry’s biggest challenges are finding places to economically mine coal and replacing an aging labor force whose average age is 50.

Congressman Rick Boucher told the group that the coal industry remains a significant contributor to economic growth. He said the Energy Information Administration predicts continued growth in the industry and that by 2030, 57 percent of the fuel mix to generate electricity will be coal, compared to 51 percent today.

Both CGI and Northrop Grumman officials presented updates on the two information technology centers being built in Lebanon.

The advisory group also heard from Jeff Anderson, executive director of the Virginia Economic Development Partnership, who outlined the state’s economic development strategies. This involves working with regions of the state to establish existing industry programs, to help companies identify expansion opportunities in the state and to attract new companies into Virginia.

September 18



Governor Tim Kaine launches the Return to Roots campaign from the VCEDA board room. The campaign is aimed at attracting thousands of Southwest Virginia high school graduates who moved away for college and careers to alert them to the numerous job opportunities available in the region today.

September 27

VCEDA awards an \$8,500 grant to the Industrial Development Authority of Lee County that will result in the hiring of additional employees at the KCG Call Center in Pennington Gap to provide services for a major satellite radio firm.

October 2



Norton Industrial Development Authority officials host a “note shredding” ceremony for the \$1 million VCEDA loan for the Hotel Norton business center. VCEDA converted the loan to a grant at its August 22 meeting.

October 25

Holston Medical Group announces plans to locate a state-of-the-art medical records data center in Duffield, providing high-tech jobs with an average wage of \$68,000.



The Executive Advisory Board held its annual meeting and discussed "Turning the Corner with Energy and Technology." Board members and other guests in the photo are, from left, front, Ford Quillen, Charles Yates, Eva Teig Hardy, Linwood Holton, Congressman Rick Boucher and Jeff Anderson; second row, Rick Siger, Mark Wooten, Don Green, Robert Woltz, Tommy Hudson and Jay Rife. Back row, Bob Diggles, Dan Smith, George Mason, Dan Carson, Del. Dan Bowling and Bill Hutchinson.

Executive Advisory Board Members

Eva Teig Hardy – Chairperson
Executive Vice President External Affairs & Corporate Communications
Dominion Virginia Power

Senator George Allen

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

Don M. Green
Executive Director
Napoleon Hill Foundation

The Honorable Linwood Holton
McCandlish Holton
Attorneys at Law

Tommy Hudson
President
Virginia Coal Association

Cheryl Janey
Group Vice President Commercial, State and Local Group
Northrop Grumman

Joshua N. Lief
Virginia International Raceway

A. George Mason Jr.
President
Mason Energy Consultants, Inc.

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.



Congressman Rick Boucher addresses the VCEDA Executive Advisory Board.

October 26

Northrop Grumman hosts a Technology Summit at Southwest Virginia Higher Education Center.

October 27

Northrop Grumman breaks ground on its \$22.8 million Southwest Enterprise Solutions Center in the Russell Regional Business Technology Park in Lebanon. When complete, the facility will be home to more than 400 information technology workers.

November 9

The VCEDA Board of Directors promotes Jonathan S. Belcher to Executive Director. He had been serving as Acting Executive Director since July 1.

November 9

VCEDA approves \$1.4 million grant for development and construction of lakefront cabins at Breaks Interstate Park and a \$150,000 grant for the Holston Medical Group medical-related information technology center in Duffield.

Marketing the Region

With the announcements by CGI and Northrop Grumman in late 2005, the region received some national media attention. In January, the Washington Post featured the two IT companies' plans to build technology centers in Southwest Virginia. The article's headline: "Mining Coal Country for Tech Workers." National Public Radio also featured a segment on the two companies' decisions to locate their high-tech centers in the VCEDA region. State news media, including the Richmond Times-Dispatch, and Virginia Business magazine also featured the coalfield region's growing IT emphasis and the plans for CGI's Center of Excellence and Northrop Grumman's Southwest Enterprise Solutions Center.

In addition to interest in bringing information technology jobs to the coalfields, VCEDA contracted with an outside firm to contact hundreds of general manufacturing companies in an effort to generate leads for the region. This campaign will continue into 2007.

VCEDA received numerous inquiries and entertained prospects on a number of visits throughout the year. The VCEDA website reports nearly 30,000 hits a month. Ten announcements of new or existing business expansions took place in 2006.

To increase awareness of the VCEDA region as a location for information technology companies, VCEDA ran this ad in the Washington Post business technology section in April and May.

Two IT Giants Have Found It

A PLACE FOR LOWER-COST OUTSOURCING
Government contractors CGI AMS and Northrop Grumman are building multimillion-dollar technology centers in southwestern Virginia.

WHY SOUTHWESTERN VIRGINIA?

- It's a region comfortable with technology, including redundant fiber optic service.
- Lower costs of operation. Attractive and competitive \$50,000 salaries.
- Ideally positioned and safe location. Easy half-day drive from many cities.
- Unique funding and workforce training solutions.
- Where quality of life means workforce stability.
- Three new technology parks.

Come visit and see for yourself how locating here could lower your cost of outsourcing. Tell us your needs and we'll tailor your visit to your firm.

1.800.735.9999
www.vceda.org • ITinfo@vceda.org

2006 Projects & Announcements

Announcements	Type	Jobs	Investment
Dominion Energy	Power Plant	*1,125	\$ 1,000,000,000
Visador Holding Corporation	Vinyl Window Manufacturer	100	1,100,000
Holston Medical Group	Data Center/Medical Office	65	5,500,000
Carroll Engineering Company	Industrial & Mining Electronics	8	150,000
Total:		1,298	\$ 1,006,750,000

*Includes construction and mining related jobs.

Expansions:

Clinch Mountain Finishing & Logistics	Hardwood Flooring	220	\$ 6,000,000
Cingular Wireless	Customer Service	135	N/A
Results-Duffield	Customer Service	75	176,000
Jenmar Corporation of Virginia, Inc.	Corrugated Metal Pipe	70	6,000,000
Tempur Production	Mattress and Pillow Mfg.	20	3,500,000
Lear Corporation	Automotive Parts Mfg.	*32	150,000
KCG Call Centers	Customer Service	50	8,500
Sykes Enterprises	Customer Support	50	N/A
Total:		652	\$ 15,834,500

Grand Totals: 1,950 jobs, \$ 1,022,584,500

*Retained jobs.

November 30

Virginia Governor Tim Kaine and West Virginia Governor Joe Manchin meet in Bluefield, Virginia, to discuss possible joint initiatives between the two states, including the Bluestone Regional Business and Technology Park.

December 4

VCEDA and the Wise County Industrial Development Authority announce that Carroll Engineering Group, Inc., leading distributors of electrical, electronic and safety equipment for the eastern and midwestern U.S. coal mining industry, will open an office in the Wise shell building in the Wise County Industrial Park.

December 7

VCEDA, the Virginia Economic Development Partnership and local economic developers hold strategic meeting to discuss business development plans.

December 21



At its final meeting of the year, the VCEDA Board of Directors recognizes retiring Executive Director Charles S. Yates for his tireless efforts and dedication to the region over the years.

2006 VCEDA Loan and Grant Approvals

Loans	County	Project	Approved	Amount
	Buchanan	Buchanan County IDA/Appalachian School of Law	05/18/06	\$1,278,431
	Buchanan	Buchanan County IDA/University of Appalachia Forensics Lab	08/22/06	1,440,425
	Lee	Lee County IDA/Patriot Center	03/16/06	250,000
	Russell	Russell County IDA/Lear Corporation	08/22/06	150,000
	Tazewell	Simmons Equipment Company	05/18/06	500,000
	Tazewell	Jennmar Corporation of Virginia, Inc.	08/22/06	500,000
	Wise	Wise County IDA/Visador Holding Corporation	05/18/06	500,000
Total Loans				\$4,618,856

Grants	County	Project	Approved	Amount
	Buchanan	Buchanan County IDA/Lover's Gap/Poplar Gap Reg. Ind. Park	05/18/06	\$3,623,516
	Dickenson	Breaks Interstate Park Commission	11/09/06	1,400,000
	Lee	Lee County IDA/KCG Call Center	08/22/06	8,500
	Scott	Results Duffield, LLC	05/18/06	125,000
	Scott	Holston Medical Group	11/09/06	150,000
	Tazewell	Historic Crab Orchard Museum and Pioneer Park	05/18/06	300,000
	Tazewell	Jennmar Corporation of Virginia, Inc.	08/22/06	150,000
Total Grants				\$ 5,757,016
Total Loans & Grants				\$ 10,375,872

Coal and Gas Tax Funds Statement of Cash Receipts & Disbursements

	Fund Balance 1/1/2006	CASH RECEIPTS			CASH DISBURSEMENTS		Fund Balance 12/31/06	Uncommitted Available Balance
		Coal & Gas Tax Receipts	Interest Earned	Loan Collections	Administrative/ Bus. Dev. Expenses	Project Loans/Grants		
Buchanan	\$8,720,614	\$2,854,566	\$ 447,852	\$ 61,818	\$ 265,016	\$ 3,317,049	\$8,502,785	\$617,615
Dickenson	3,048,825	1,394,089	191,161	360,870	152,088	—	4,842,857	4,039,357
Lee	810,131	61,507	41,150	15,792	23,438	8,500	896,642	196,642
City of Norton	50,722	—	2,549	1,904	2,281	—	52,894	52,894
Russell	748,445	383,189	40,919	102,085	107,359	306,900	860,379	17,279
Scott	27,556	2,303	1,604	22,695	14,820	—	39,338	39,338
Tazewell	679,071	246,077	26,654	240,201	57,606	392,000	742,397	(257,603)
Wise	4,723,362	1,466,997	269,972	177,099	172,751	133,148	6,331,531	5,871,065
Undesignated	7,788,392	1,616,845	415,606	152,920	244,523	406,140	9,323,100	7,584,105
Totals	\$26,597,118	\$8,025,573	\$1,437,467	\$1,135,384	\$1,039,882	\$4,563,737	\$31,591,923	\$18,160,692

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, 2006. 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, 2006, on the cash basis of accounting.

THROWER, BLANTON & ASSOCIATES, P.C.
Certified Public Accountants
 January 30, 2007



VCEDA Board of Directors, from left, front, are Steve Greer; Gary Cox; Jonathan Belcher, Executive Director; Mike Quillen, Treasurer; Mark Wooten, Chairman; Richard Edwards, Secretary; and Roger Rife; back, Gerald Ramsey, Jim Baldwin, George Cridlin, Donald Baker, Jeff Anderson, Robert Raines, and John Peace. Not pictured: Jay Rife, Vice Chairman; Ron Flanary; and Gene Counts. Board member Joseph Keene, who represented the Buchanan County Board of Supervisors on the VCEDA Board of Directors, died Feb. 7, 2006.

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

G. Roger Rife

Buchanan County

Gene Counts

Dickenson County

John Peace II

Wise County

Virginia Coal Association

Gary Cox



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