

Southwest Virginia

“Changing Economy: Focus on Above Ground Assets”

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ECONOMIC SHIFT

Natural Assets/Culture

Historically region's economy was built on coal production and related industries as well as textile manufacturing. In 1980 - 1990, saw hemorrhage in manufacturing & mining jobs. 1990-2014, experienced 46% decrease in manufacturing and 45% decrease in mining jobs.

Local, regional and state organizations are now focusing on above ground assets.... a new economy including outdoor recreation, cultural heritage and technology related jobs.

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Examples of Economic Diversification



Tempur Pedic US Manufacturing Facility, Duffield, VA

Virginia Coalfield Economic Development Authority

- Created in 1988
- Funded through % of coal and gas severance tax
- Objective - Diversify regions economy
- Results:
 - \$205 million funding approved for to fund 314 economic development projects
 - 185 Loans - \$53 million
 - 182 Grants - \$66 million
 - Estimated impact of \$5.8 billion supporting 37,340 jobs



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Friends of Southwest Virginia

Created 2008

Non-profit created by Virginia General Assembly focused on building a sustainable creative economy preserving and protecting the regions rich heritage and natural resources, create jobs and welcoming both visitors and new businesses to the region. In addition, they promote the regions assets around the world.

Heartwood, a 29,000 sq.ft. artisan gateway in Abingdon serves as a sales center for local crafts.

Regional Impact

Travel Expenditures Increase - 56%

Local Travel Related Tax = \$26 million

Growth Travel & Leisure Employment = 14%



HEARTWOOD

Southwest Virginia's Artisan Gateway

together.

Crooked Road: Virginia's Heritage Music Trail

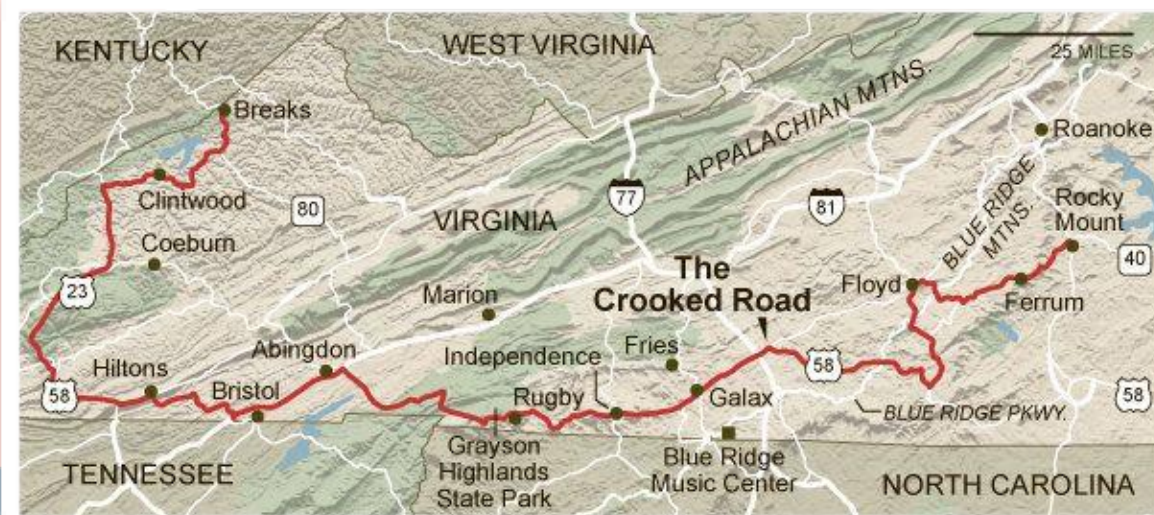
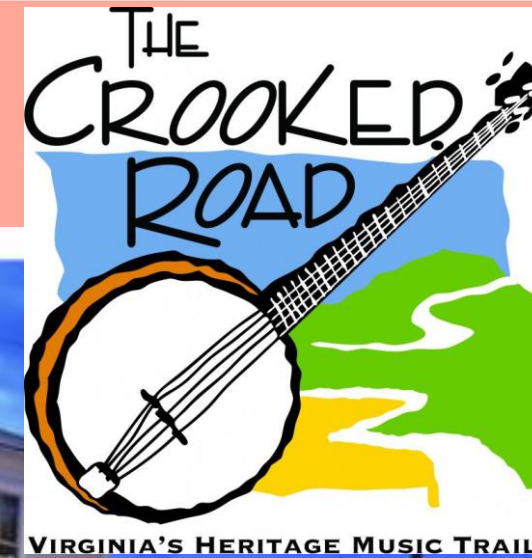
Created 2003

Promoting Southwest Virginia's music and culture by marketing over 60 cultural music venues in 19 counties, 4 cities and over 50 towns to tourists from around the world. This effort is bringing in tourists and growing businesses.

Visitors to the Crooked Road spend between \$192 and \$272 per person annually
Total = \$6.4 million

Economic Impact = \$9.2 million

Jobs Created = 131 full-time equivalent



Southwest Virginia Spearhead Trails

Started 2008

Virginia General Assembly passed legislation creating Southwest Virginia Recreation Authority with a mandate to create and maintain a system of multi-use trails in a 7 county region.

To date, 400 miles of trails on five systems offering ATV trails, hiking, biking, and equestrian have been created with a goal of covering over 500 miles.

Impact 2013-2017 = \$18.6-\$21.8 million

2016-2017 Visitors Spent = \$5.8 million

Jobs Created = 108 full-time equivalent



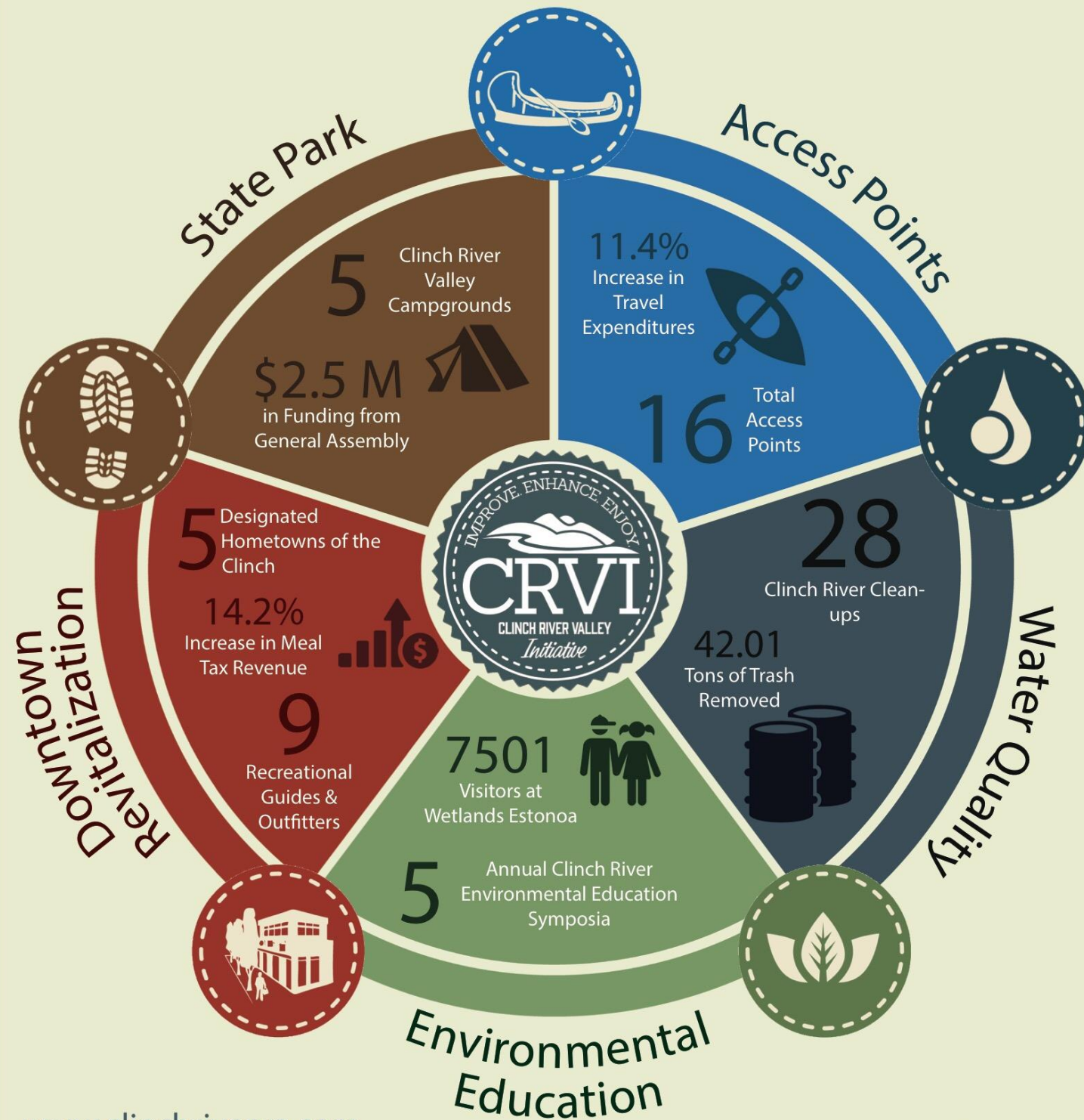
Clinch River Valley Initiative

Started 2010

CRVI is a collaborative effort in Southwest Virginia, focusing on the Clinch River Valley—one of the most biodiverse river systems in North America. Working at a watershed scale with many local partners, this grassroots effort has developed significant momentum with applicability for communities in Appalachia and beyond.



Clinch River Valley Initiative 2017 Indicators of Progress

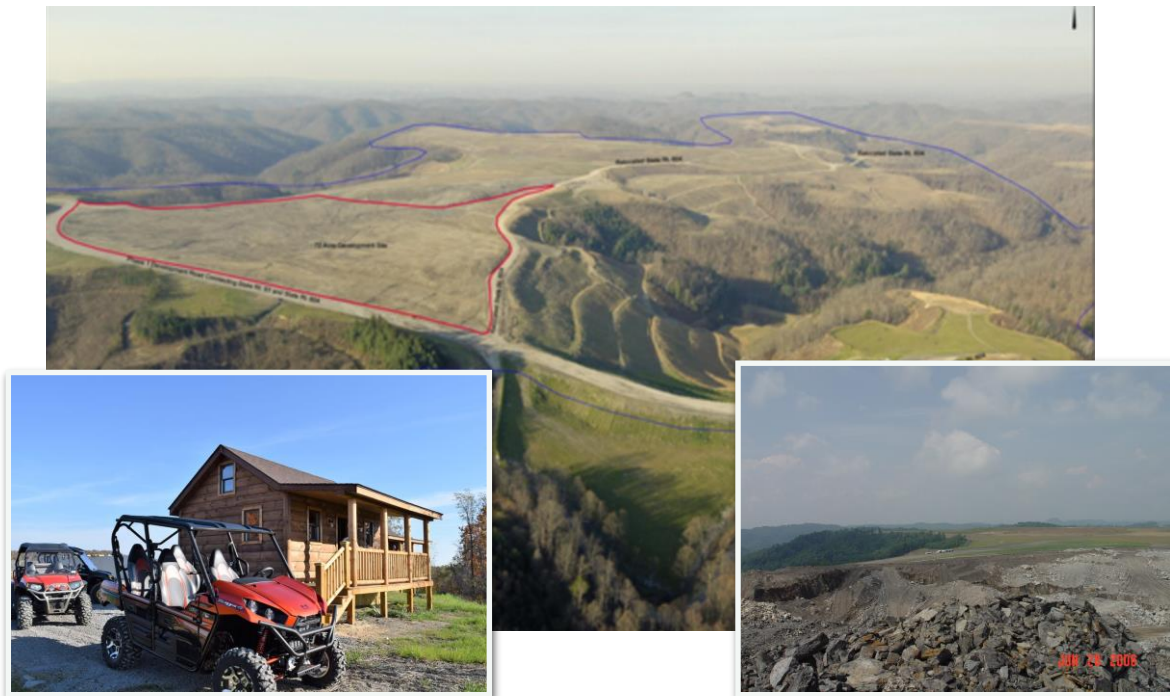


www.clinchriverva.com

* Progress tracked since 2010

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Buchanan County, VA ≡ Economy Shift



From Coal to Industrial/Recreation

A 3,200 acre former strip mining site turned into a mix use development of industrial and recreational opportunity. Sykes operates a customer help desk center employing 100's and a new training center underdevelopment.

Southern Gap Adventures started in 2017 offering ATV/OHV/Mountain Bike trails on more than 200 miles of Spearhead Trails Coal Canyon. They have cabin rentals, camp sites and RV sites with hookups; 7,500 sq.ft. visitor center under construction; and offer guided elk tours.

****Featured the July 2018 issue of ATV & SXS Illustrated.***



Appalachian School of Law/Appalachian College of Pharmacy

In August 1997, Buchanan County leaders welcomed the first class at the Appalachian School of Law housed in a vacant school in Grundy, Virginia.

The Appalahcian College of Pharmacy opened in 2005 in another vacant school in Oakwood, Virginia.

Planning is underway to open a third school focused on veterinarian science.

These diversification projects have helped to generate new revenue and offering hope to the community.

Targeted to the 9 Coal impacted counties of Southwest Virginia:

- For-profit entity
- Start-ups will be considered
- Located in program area
- Demonstrated ability to manage debt
- No delinquent debt or collections debt
- Personal guarantees required
- Small business or tourism program



THE NEW ECONOMY LOAN FUND

LOAN SIZE

\$50,000 - \$5MM

LOW EQUITY INJECTION REQUIREMENTS

\$50,000 - \$5MM

LOAN TERM

Amortization up to 10 years on non-real estate and up to 20 years on owner occupied commercial real estate (CRE)

- The economy in Virginia's coalfield region continues to have its challenges but economic diversification efforts are paying off.





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