

# TAZEWELL COUNTY VIRGINIA

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C. Eric Young  
County Administrator

October 1, 2021

Connie Bailey  
2268 Virginia Avenue  
Bluefield, VA 24605

***Re: September 7, 2021 Public Comment***

Dear Ms Bailey-Kitts:

I write at the request of the Tazewell County Board of Supervisors in response to the many written questions about the Pure Salmon project you submitted to the Board during the public comment portion of their September 7th, 2021 regular meeting. This letter will elaborate on the brief answers given to you on that occasion.

First, I believe the most important thing to explain in addressing the overall tenor of your letter is that this project came to the county, the Board did not create it. The Board of Supervisors for Tazewell County did not, of its own accord, decide to build a fish farm from whole cloth.

In late 2013, representatives from the Governor's Office, including the Virginia Israeli Advisory Board (VIAB) and the Virginia Economic Development Partnership (VEDP), approached the Board with representatives of Aqua Maof, an Israeli company who is a global leader in aquaculture. They specialize in the commercial production of large quantities of fish grown under roof. They proposed to build the world's largest indoor aquaculture facility in the United States, particularly Virginia. From that point, the project shifted and changed over several years based on site selection studies, market studies, and their investors' demands. Competing locations included South Carolina and Michigan. Eventually, they chose Tazewell County, in part due to the economic incentives offered by the State and the region. Therefore, our involvement in the planning was limited, apart from helping identify sources of public grants and loans to help entice the project to locate in Tazewell County.



Second, the county chose to budget ARPA funds to help construct water and sewer infrastructure to supply the project with the 400,000 gal/day they need because this would improve existing water and sewer infrastructure and, at the same time, create the desperately needed employment opportunities for our residents, also a mandate of ARPA. The water intake volumes and discharge volumes about which you express concern are within the limitations of existing Virginia Department of Health (VDH) and Virginia Department of Environmental Quality (DEQ) permits held by the Tazewell County Public Service Authority (PSA) and Town of Richlands. Pure Salmon (The Company) has worked closely for over a year with the PSA, DEQ, and VDH to insure the project complies with all applicable water and waste water regulations. Neither the Tazewell County PSA nor Town of Richlands will jeopardize their outstanding records on water quality or permit status.

Third, regarding your concern for erosion of soil at the site, the Erosion and Sediment (E&S) Control Plan and Storm Water Control Plan for the project were approved by DEQ. Because our County does not have the manpower to review such a large plan, the State (DEQ) was gracious enough to review both for us. After several months of comments by DEQ and changes by the Company, last winter both plans were approved.

Recognizing that we do not have personnel to monitor compliance of a project of this magnitude, the Board of Supervisors retained Gress Engineering of Bluefield, Virginia to perform E&S inspections on the project. DEQ will enforce the storm water control plan.

Fourth, regarding your concerns that the project will fail and Tazewell County will be left paying millions to finish it or will have spent millions and have nothing to show for it, Tazewell County is not obligated in any way to fund any shortfall in the project's construction budget.

This project has been vetted by the Commonwealth of Virginia's Economic Development Partnership (VEDP), the Virginia Coalfield Economic Development Authority (VCEDA) and other state agencies. The technology was vetted by Virginia Tech in 2013. Most importantly, we rely on the fact that 8F, the investor corporation, and several international investment firms have invested hundreds of millions of dollars in private funds in this project and private banks are willing to lend more. We do not believe those private institutions would have made such a commitment if they were not satisfied that the market is proven and technology works. Not only did the company provide documentation to the state showing they have sufficient funds to build the project, in fact they have begun to apply those funds. In 2019 and 2020 they purchased about \$2m worth of land in Tazewell and Russell Counties. Moreover, construction is already underway; to date they have moved millions of cubic yards of earth at an obviously great expense. This does not include the millions spent on engineering which is evident from the earthwork and the permit applications.



Tazewell County does have three obligations in connection with the project:

One, pursuant to a resolution of the Board in 2013, Tazewell County will provide the project a grant refunding their first three years of real and personal property tax payments. They will receive this only after they have created 238 jobs and have paid an equal amount in taxes to the County - they pay their taxes and we pay them back for three years. There is no net cost to the county.

Second, Tazewell County, Russell County, and Buchanan County all agreed to loan the project \$1m each for operating expenses once they have hired their first 100 employees. The loan will be amortized with interest. Again there is no obligation until they open their doors.

Last, in 2013 the Tobacco Commission issued a \$1m planning grant to the Company. Later, a second \$500,000.00 planning grant also was issued to the company for a total of \$1.5m in planning grants. These were for engineering costs, site selection costs, and marketing research costs. The terms of the grant provide that the Company must invest \$130m in construction and create at least 238 jobs by the end of 2023. In the event they do not, the Company must refund the grant to the commission. The repayment is *pro rata*, meaning if they perform two thirds of what was promised they only have to repay one third. If the company does not refund the grant, then Tazewell County must repay the grant to the Commission. Tazewell County has a deed of trust on some of the Company's real property in Tazewell County to secure this obligation.

Note, once the Company has completed construction and hired the 238 employees, the Tobacco Commission obligation is satisfied and any risk the County has with respect to that grant ends. Therefore, the County's promise to loan the project \$1m does not begin until after the Tobacco Commission grant obligation goes away. So, the County's maximum exposure to loss at that point would be \$1m. Our current exposure to possible loss is \$1.5m. Otherwise, the County is not obligated to pay any loan or grant repayment on their behalf.

The Board recognizes the staggering decline in our population, 10% over the past ten years, and the profound lack of good paying jobs in our County. This project presents a tremendous opportunity to revitalize our economy, stop outward migration of our children, and restore hope in our communities. Obviously the Board feels this opportunity is worth the financial risk.

Next, regarding your concerns about the Freedom of Information Act and discussion of the project in executive session, please note the executive session items referencing Pure Salmon or project Jonah refer to contract negotiations with Russell County or the Town of Richlands or contractors who provide the county support services to perform E&S inspections and the like that we are required to perform. Pure Salmon or Project Jonah references on the agenda are included in the description of the item to note why the contract is being made or for what purpose the work is to be performed. We do this



in order to provide the public as much information as possible without compromising the County's bargaining position. You will see that the item usually is listed as permissible for executive session under Section 2.2-3711(A)(29) for contract negotiations or bid evaluations, where if made public the County's bargain position would be compromised. This means we do not want the bidder for a contract for E&S inspections, for example, to know how much we planned to pay for the work or were willing to pay, so that we can keep the cost down. The same is true of our negotiations with other Counties who may chose to contribute to the project more or less depending on our contribution and who are negotiating with us regarding revenue sharing and loan contribution.

Last, you ask why we did not partner with an American aquaculture company rather than one from overseas. Again, the Board of Supervisors for Tazewell County is not building a fish farm. We were approached by the Company. They wanted to build this facility in the United States and were looking for a location. The State steered them here due to the low cost of land, low labor costs, proximity to Eastern and Mid Western markets, and available workforce. They picked us; we did not pick them.

This Board and previous Boards aggressively seek economic opportunity for our people to increase their professional opportunities, reduce their reliance on coal, and provide for their families. That is why they chose to support this project and continue to support it.

I hope these answers address your questions and allay your concerns. If you have any additional questions feel free to contact me 276-385-1208.

Sincerely,



C. Eric Young, Esq.

Cc: Tazewell County Board of Supervisors Members  
Tazewell County IDA Members  
Craig Horn, Buchanan County Administrator  
Lonzo Lester, Russell County Administrator  
Local Print Media