July 2008
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LEGISLATIVE PERFORMANCE REVIEW

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY

AUDIT OVERVIEW

The WVEDA's Loan Insurance Program Does Not Minimize Risk When Guaranteeing Loans

The WVEDA's Direct Loan Program Has Demonstrated Both Positive and Negative Indicators in Recent Years

WEST VIRGINIA LEGISLATIVE AUDITOR

PERFORMANCE EVALUATION & RESEARCH DIVISION

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John Sylvia
Director

July 29, 2008

The Honorable Edwin J. Bowman
State Senate
129 West Circle Drive
Weirton, West Virginia 26062

The Honorable Jim Morgan
House of Delegates
Building 1, Room E-213
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0470

Dear Chairs:

Pursuant to the West Virginia Performance Review Act, we are transmitting a Performance Review of the *West Virginia Economic Development Authority,* which will be presented to the Joint Committee on Government Operations and Joint Committee on Government Organization on Tuesday, July 29, 2008. The issues covered herein are *"The WVEDA's Loan Insurance Program Does Not Minimize Risk When Guaranteeing Loans" and "The WVEDA's Direct Loan Program Has Demonstrated Both Positive and Negative Indicators in Recent Years."*

We transmitted a draft copy of the report to the West Virginia Economic Development Authority on July 16, 2008. We held an exit conference on July 21, 2008. We received the agency response on July 24, 2008.

Let me know if you have any questions.

Sincerely,

John Sylvia

John Sylvia

JS/tlc

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EXECUTIVE SUMMARY

Issue 1: The WVEDA's Loan Insurance Program Does Not Minimize Risk When Guaranteeing Loans

The West Virginia Economic Development Authority (WVEDA) set its own limit on the amount it would insure against loans made to businesses. That limit is 80 percent of the loan or $500,000. Since 2003, the WVEDA's Loan Insurance Program has insured at least 80 percent in 22 of 27 loans. The WVEDA exceeded its $500,000 loan insurance limit criteria in four of those cases. While the program has been successful in the past five years, there have been some significant claims paid out by the WVEDA for failed development projects, the largest claim at $3 million. Programs such as these are generally considered valuable tools for business prospects to secure loans that businesses may not qualify for otherwise. All but one of West Virginia's bordering states utilizes similar loan insurance or guarantee programs.

While the program has been successful in the past five years, there have been some significant claims paid out by the WVEDA for failed development projects, the largest claim at $3 million.

Issue 2: The WVEDA's Direct Loan Program Has Demonstrated Both Positive and Negative Indicators in Recent Years

The average percentage of delinquent WVEDA loans has decreased from 5.59 percent in 2004 to 3.35 percent in September 2007.

The WVEDA considers a loan delinquent when a payment is 30 days past due and after the associate director has reviewed the loan and sent a notice to the borrower. The average percentage of delinquent WVEDA loans has decreased from 5.59 percent in 2004 to 3.35 percent in September 2007. As of June 30, 2007, the WVEDA had eight delinquent loans. Of those eight, three were considered non-performing.

Charge-off is the term lending institution use to describe loans in which all means of recovering the money due have been exhausted. Since 2004, the WVEDA has seen a significant decrease in its charge-off amounts. This could be an indicator that the WVEDA's loan analysis process has proved successful in determining quality loan prospects. From fiscal year 2004 to 2007 the WVEDA has reported a 60 percent decrease in total charge-off amounts.

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Recommendations

1. The Legislative Auditor recommends that the West Virginia Economic Development Authority refrain from exceeding the limits of its loan insurance program if possible.

2. The Legislative Auditor recommends that the Board continue its practices in reducing loan delinquencies and charge-off amounts.

OBJECTIVE, SCOPE & METHODOLOGY

Objective

This Agency Review is authorized by Chapter 4, Article 2, Section 5 of the West Virginia Code. The objective of this agency review is to examine the West Virginia Economic Development Authority's loan programs. This includes reviewing the overall mission of the agency and specific loans and incentives awarded during the scope of this review.

Scope

The scope of this report is from calendar year 2003 to November, 2007.

Methodology

The methodology of this review included reviewing all of the development programs offered by the Economic Development Authority, news media, reports, analyzing several of the agency's documents including loan applications, budget information and annual reports. Certain commercial banking statistics were analyzed and compared with similar statistics of the agency. Interviews with the Executive Director of the agency and internet research were also conducted. Every aspect of this review complied with Generally Accepted Government Auditing Standards (GAGAS).

Agency Overview

The West Virginia Economic Development Authority (WVEDA) is a public corporation and government agency formed in 1962 under Chapter 31, Article 15 of the West Virginia Code. The WVEDA is a special revenue agency and receives no general revenue. The agency is responsible for promoting economic growth in West Virginia primarily through the administration of loans. The bulk of WVEDA loans are take-out loans. These loans are for permanent financing that are only administered once the final construction of a project has been completed. Projects often obtain initial funding from a commercial bank and other means to complete initial construction. These take-out loans can then be used to repay the initial lending entity. The WVEDA also has the authority to issue bonds.

The WVEDA is responsible for promoting economic growth in West Virginia primarily through the administration of loans.

The WVEDA's loan program is similar to the loan practices of commercial banks. The Board of Directors of the WVEDA meets once a month to assess loan applications and periodically assess market conditions. The Board assesses profitability of proposals and job creation potential as well as the applicant's past compliance with state and federal tax laws. The WVEDA funds its largest loans by borrowing money from the West Virginia Board of Treasury Investmetns. Smaller loans are funded with the agency's revenue.

Besides loans, the WVEDA administers funds from grants and other special projects that are awarded by other government entities. Other development programs offered by the WVEDA include a loan insurance program that guarantees the repayment of loans made by commercial banks to development projects and tax credits to technology and research-based projects.

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In some instances state funding has been channeled through the WVEDA for projects not originating with WVEDA. For example, the WVEDA does not award grants though it administers the funds from the nearly $250 million in grants from the Lottery Revenue Bonds from FY 2002 to FY 2004. Those grants were awarded by the Economic Development Grant Committee which is a separate entity and was dismantled following the administering of these funds. According to recent reports, 47 projects were awarded close to $225 million of those funds by the Economic Development Grant Committee. Of the $225 million, 88 percent or $198.6 million has been disbursed as of October 2007.

The WVEDA is involved, though less frequently, with other economic development incentives besides loans. A loan insurance program is offered by the WVEDA. In this program, a business applies for a loan from a banking institution. Upon favorable review, the bank conditionally approves the loan and applies to the WVEDA for insurance on that loan up to 80 percent or $500,000 of the loan. If the WVEDA denies the loan insurance, the bank could possibly deny the loan. These applications are assessed by the Board of Directors during the monthly meetings. The WVEDA's insurance is for a period of four years, though extensions can be requested. Construction loans and lines of credit are not eligible for loan insurance by the WVEDA.

Less commonly used development tools available through the WVEDA are the High-Growth Business Tax Credit and the Economic Development and Technology Advancement Tax Credit. A business must be certified by the Tax Department as a research and development project to qualify for the High-Growth Business Tax Credit. The Economic Development and Technology Advancement Tax Credit encourages private development and research projects to partner with doctoral institutions for research purposes. It was last awarded in fiscal year 2005.

Issue 1

The WVEDA's Loan Insurance Program Does Not Minimize Risk When Guaranteeing Loans

Issue Summary

The WVEDA set its own limit on the amount it would insure against loans made by banks to businesses. That limit is 80 percent of the loan up to $500,000. Since 2003, the WVEDA's Loan Insurance Program has insured at least 80 percent in 22 of 27 loans. The WVEDA exceeded its loan insurance limit criteria in four of those cases. While the program has been successful in the past five years, there have been some significant claims paid out by the WVEDA for failed development projects.

Since 2003 the WVEDA's Loan Insurance Program has insured at least 80 percent in 22 of 27 loans. The WVEDA exceeded its loan insurance limit criteria in four of those cases.

The Loan Insurance Program Has Been an Effective Economic Development Tool

Since 2003 the WVEDA's Loan Insurance Program, or Loan Guarantees, has been generally effective as a tool for economic development in the state. The program has had a success rate of 74 percent in terms of loans paid off in full by businesses rather than by claims against the WVEDA's guarantees. This represents $10,273,770 over 20 loans successfully closed since 2003. The WVEDA guaranteed a total of $6,454,016 of this 20 loan total. In the past five years 27 loans have been insured. There have been approximately four to six loan insurance applications denied in that span, according to the WVEDA.

Since 2003 the WVEDA has incurred losses on seven loan guarantees totaling $4,361,942. Two of these loans exceeded the $500,000 limit criteria set by the WVEDA and account for $4 million of these losses.

Since 2003 the WVEDA has incurred losses on seven loan guarantees totaling $4,361,942. Two of these loans exceeded the $500,000 limit criteria set by the WVEDA and account for $4 million of these losses. Both loans were guaranteed for 100 percent of the original loan amount. In these two claims the total amount of the bank loan was paid; $1 million in 2004 and $3 million in 2007. All three claims paid by the WVEDA in 2007 were guaranteed for 100 percent of the loan amount. In two cases the losses were for substantially less than the guaranteed amount.

The WVEDA Made a Loan Guarantee of $3 Million That Was Claimed in 2007

The loan insurance program recently made headlines when it was reported that the State would be responsible for a $3 million loan guarantee made to First National Bank of Ronceverte. This $3 million guarantee far exceeded the WVEDA's policy of a $500,000 cap on loan guarantees. According to the WVEDA, this exception to policy was approved by the WVEDA Board in late 2004 in order to facilitate a $110 million grant from the U.S. Department of Energy to the Western Greenbrier Co-Generation Power Plant project.

This $3 million guarantee far exceeded the WVEDA's policy of a $500,000 cap on loan guarantees.

The Department of Energy grant required $5 million in local matching funds in order to conduct feasibility studies for the project. The $3 million loan, along with other financing, was used to meet the $5 million requirement in local matching funds. The total loan from the First National Bank of Ronceverte was $4.87 million. The project fell behind in payments to First National and the loan went into default in October 2007. An effort to refinance the loan with another bank fell through when Western Greenbrier Co-Generation was unable to fund an escrow account to cover interest payments.

WVEDA officials had hoped additional financial backers would invest in the project in time to keep it going forward. However, in December 2007 the $3 million claim was paid by the WVEDA to the First National Bank of Ronceverte. The WVEDA no longer has any involvement in the project.

The WVEDA exceeded its limit criteria because rather than guaranteeing a loan it was guaranteeing a debt service account. The account needed a specific dollar amount for the guarantee to be effective.

The WVEDA Paid a Loan Insurance Claim of $1 Million in 2004

In October 1999 the WVEDA approved a bond resolution to facilitate the Stonewall Jackson Lake State Park Project. In March 2000 the board of the WVEDA approved a loan insurance request of $1 million to further secure the debt service reserve of the bond issue. The loan insurance was tied to the operation of the entire Stonewall Jackson State Park project. The WVEDA was notified in September 2004 that inadequate funds were in the debt service account and the $1 million claim was requested. The claim was paid to United Bank, the trustee of the bond issue. According to the WVEDA, the inadequate funds were due to lower than projected revenues of the Stonewall Jackson State Park. The WVEDA exceeded its limit criteria because rather than guaranteeing a loan it was guaranteeing a debt service account. The account needed a specific dollar amount for the guarantee to be effective.

The percentage of loss decreases from 38 percent to 5 percent when two guarantee claims are subtracted.

Two Large Claims Significantly Change the Success of the Loan Insurance Program

The rate of loss in the loan insurance program since 2003 decreases significantly when the two largest claims paid are taken into consideration. PERD defines the loss rate as the percentage of the amounts guaranteed on which the WVEDA had to pay claims. Table 1 shows that the percentage of loss decreases from 38 percent to 5 percent when two guarantee loans paid out are subtracted.

Table 1
Loss Comparisons Minus Largest Loan Guarantees

Comparison Figures	Total of Bank Loans	Total Amount Guaranteed	Total Loss (Claims Paid Out)	Loss Rate
Including 2 Largest Losses	$15,578,370	$11,582,946	$4,361,942	38%
Subtracting 2 Largest Losses	$11,478,370	$7,582,946	$361,942	5%

Source: West Virginia Economic Development Authority

Each of West Virginia's Bordering States Offer a Loan Guarantee Program

Kentucky is the only border state that does not offer a loan insurance or guarantee program.

As seen in Table 2, the majority of West Virginia's bordering states each offer some sort of loan guarantee program through its economic development agencies. Kentucky is the only border state that does not offer a loan insurance or guarantee program. While each program shares similarities with West Virginia's, most of the bordering states focus their loan guarantees on small businesses. Each state imposes limitations on the monetary amount its program will guarantee. There are limitations as to how the loan funds may be used as well.

Table 2
Loan Guarantee Programs of West Virginia and Surrounding States

State	Limitations	Eligibility	Fees	Usage
West Virginia	80% or $500,000	Any Business	$500 Application Fee or 1% of Loan After Closing	Fixed Assets, Inventory, Working Capital, No Construction or Lines of Credit
Kentucky	No Program	No Program	No Program	No Program
Ohio	$250,000 for Working Capital/$500,000 for Fixed Assets	Small Businesses and Non-Profits	None	Lines of Credit, Construction, Loan Refinancing
Maryland	80% or $1,000,000	Small Businesses	1%	Working Capital, Equipment Purchase, Property, Debt Refinance
Pennsylvania	$500,000	Any Business	.5% to 3% at Close of Loan	Land, Building, Equipment, Working Capital
Virginia	75% or $500,000	Small Businesses	1.5%	Lines of Credit, Fixed Assets, Working Capital

Source: PERD survey of bordering states loan guarantee programs.

Conclusion

All but one of West Virginia's surrounding states offer loan insurance or guarantee programs similar to that of the WVEDA. The WVEDA's Loan Insurance Program has been a generally effective tool for promoting business in West Virginia. It is a tool used by most states in West Virginia's competitive region. However, recently the WVEDA has increased its risk when guaranteeing loans by going beyond its $500,000 limit and that has resulted in some substantial claims being paid. The most substantial claims paid recently were $3 million in 2007 and $1 million in 2004. The program's loss rate decreases over 30 percent, from 38 percent to 5 percent, when these two claims are omitted from the program's figures.

Recommendation

1. The Legislative Auditor recommends that the West Virginia Economic Development Authority refrain from exceeding the limits of its loan insurance program if possible.

Issue 2

The WVEDA's Direct Loan Program Has Demonstrated Both Positive and Negative Indicators in Recent Years

Issue Summary

The WVEDA has shown significant improvement in lowering loan delinquency rates and charge-off amounts in recent years. Total loan delinquency has dropped over two percentage points from 2004 to 2007. Loan charge-off amounts have decreased 60 percent over the same time period. These are both positive indicators that the WVEDA has made improvements in choosing projects to invest state funds. However, the balance of impaired loans has increased significantly since 2005.

Impaired loans are defined as non-performing or under-performing loans for which the collectability of the full amount of interest is in question, but for which management believes the principal to be substantially collectible.

The WVEDA's Impaired Loan Amounts Have Increased

One of the WVEDA's main functions is to approve and finance direct loans to enhance economic development in the state. The bulk of the funds are borrowed from the West Virginia Board of Treasury Investments through a revolving loan agreement. Through this agreement the WVEDA can borrow up to $175 million in total to be loaned for economic development projects.

The WVEDA charges an interest rate that would often be lower than that of commercial banks in similar loans. The WVEDA's interest rate is New York Prime minus four percent on loans from $50,000 to $800,000. These loans are made using the WVEDA's accumulated funds. On loans greater than $800,000 the interest rate is equal to the United States Treasury Note rate of equivalent maturity plus 0.75 percent. These larger loans are funded through the revolving loan agreement. WVEDA interest rates have a floor of four percent and no ceiling. The WVEDA received $6,350,000 in interest revenue in FY2007. As of June 30, 2007 the WVEDA's direct loan program had a balance of $151,729,307 in outstanding loans.

The WVEDA received $6,350,000 in interest revenue in FY2007. As of June 30, 2007 the WVEDA's direct loan program had a balance of $151,729,307 in outstanding loans.

Table 3 compares the WVEDA's total loan balance with that of its impaired loans. Impaired loans are defined as non-performing or under-performing loans for which the collectability of the full amount of interest is in question, but for which management believes the principal to be substantially collectible. The total loan balance is comprised of the major classifications of the WVEDA's loan portfolio. Those classifications are loans for industrial development projects, loans for industrial parks and one loan to a related party for venture capital development. The latter is a loan made to the West Virginia Enterprise Advancement Corporation, a nonprofit organization related through a common board of directors.

The impaired loan balance has increased $2,555,382 (34 percent) since 2004.

As seen in Table 3, the amount of impaired loans has increased from 2004 to 2006. The impaired loan balance has increased $2,555,382 (34 percent) since 2004. While impaired loans don't represent loss, it is a speculation for possible losses, or at least, the irrevocability of interest on the loans. It is also noted in Table 3 that impaired loans make up a relatively small percentage of total loan balance.

Table 3
Direct Loan Program Balances

Year	Total Loan Balance	Impaired Loans	Percentage of Loan Balance Impaired
2004	$137,705,853	$5,004,388	4%
2005	$138,663,524	$3,336,375	2%
2006	$139,267,820	$7,355,295	5%
2007	$151,729,307	$7,559,770	5%

Source: Independent Auditor's Report of West Virginia Economic Development Authority.

The WVEDA's Loan Delinquency Rate Is Comparable to Delinquency Rates of Commercial Banking Institutions

The WVEDA's primary goal is to encourage the economic development of the state while banks often solely seek to make a profit. Thus, commercial banks would generally be more conservative in making loans, while the WVEDA inherently takes on more risk.

Loan delinquency rates are a measure of the number of loans that are past due in repayment under any circumstance. The Federal Reserve defines loan delinquency in commercial banks as past due 30 days or more and still accruing interest. The categories of loans tracked by the Federal Reserve listed in the following tables are the most similar to the WVEDA's loan policies. As seen in Tables 4 and 5, the delinquency rates for commercial banks are significantly lower than the WVEDA, by almost half. Some financial institutions may have different criteria for declaring loans delinquent. However, it can be argued that a bank and the WVEDA have fairly different goals when awarding loans. The WVEDA's primary goal is to encourage the economic development of the state while banks often solely seek to make a profit. Thus, commercial banks would generally be more conservative in making loans, while the WVEDA inherently takes on more risk.

Table 4 Delinquency Rates of Commercial Banks*				
Year	**Total Loans and Leases**	**Commercial and Industrial Loans**	**Real Estate Loans**	**Agricultural Loans**
2005	1.57%	1.51%	1.37%	1.28%
2006	1.57%	1.27%	1.47%	1.10%
2007**	1.79%	1.17%	1.88%	1.24%

Source: U.S. Federal Reserve
* Average of the four financial quarters
** As of the end of financial quarter 2

Table 5 Delinquency Rates of WVEDA*				
Year	**Average Total Delinquency**	**Average Delinquent Accounts**	**Average Non-Performers**	**Average Industrial Parks**
2005	5.59%	3.46%	1.50%	.52%
2006	4.54%	2.49%	2.45%	.21%
2007**	3.35%	1.54%	1.71%	.10%

Source: West Virginia Economic Development Authority
* Monthly Average
** As of September 30, 2007

The average percentage of WVEDA loans that are delinquent has decreased from 5.59 percent in 2004 to 3.35 percent in September 2007.

Table 4 shows examples of the categories of loans as measured by the WVEDA. The WVEDA considers a loan delinquent when a payment is 30 days past due and after the associate director has reviewed the loan and sent a notice to the borrower. Non-performing loans are generally defined as loans that are in default or close to being in default. The WVEDA distinguishes loans used for industrial park projects from other loans when recording delinquency statistics. Industrial park loans are made for the construction of industrial shell buildings for new and expanding businesses. These loans are often made to local governments.

The average percentage of WVEDA loans that are delinquent has decreased from 5.59 percent in 2004 to 3.35 percent in September 2007. The WVEDA records a category of loans as delinquent over $175,000. As of June 30, 2007, the WVEDA had eight delinquent loans as shown in Table 6. Of those eight, three were considered non-performing.

Table 6
Delinquent Loans

Loan Recipient	Date Approved	Original Loan Amount	Balance	Loan Status
AE Inc.	August 2000	$1,718,550	$1,012,605	Delinquent
AE Inc.	August 1998	$2,600,000	$1,291,078	Delinquent
Fenton Art Glass Co.	October 1999	$1,125,000	$698,276	Delinquent
Innovative Marketing Strategy Inc.	March 2002	$283,500	$187,004	Non-Performing/ Bankruptcy
Roane County Economic Development Authority	March 2000	$1,350,000	$990,625	Non-Performing
Spencer Veneer, LLC	August 2000	$2,358,000	$1,529,731	Delinquent
Spencer Veneer, LLC	October 2003	$421,320	$327,470	Delinquent
Tyler County Development Authority	March 1998	$1,184,600	$1,000,000	Non-Performing

**As of June 30,2007*
Source: The WVEDA Summary of Specified Loss Reserves, West Virginia Development Office Media Center

The WVEDA's Charge-Off Rate Has Decreased in Recent Years

In 2007, the WVEDA declared $155,673 in charge-offs. This represents a 60 percent ($231,103) decrease in charge-off totals from 2004 to 2007.

The term charge-off is used by banks and lending institutions to describe delinquent loans in which all means of recovering the payments due have been exhausted. This would include all collections of collateral and other repayment options of the loan. The amount that cannot be recovered is declared a charge-off and is subtracted from the institutions assets for tax purposes.

Since 2004, the WVEDA has seen a significant decrease in its charge-off amounts. This could be an indicator that the WVEDA's loan analysis process has proved successful in determining quality loan prospects. In 2004, the charge-off amount declared by the WVEDA was $386,776. That amount has dropped each year since. In 2007, the WVEDA declared $155,673 in charge-offs. This represents a 60 percent ($231,103) decrease in charge-off totals from 2004 to 2007.

The WVEDA Has a Loss Reserve System for Higher Risk Loans

The WVEDA sets aside a portion of its annual budget to counter the loss accrued through delinquent and charge-off loans. This is the specified loss reserve.

The WVEDA maintains an allowance for loan loss account on its balance sheet to counter the loss accrued through delinquent and charge-off loans. This is the specified loss reserve. The WVEDA's staff assess loans that have missed payments or otherwise been analyzed as possible failing endeavors. The staff then designates an amount from the loss reserve and attaches it to a loan with potential loss.

Loans do not have to be currently delinquent to be assigned an amount of the loss reserves. For example, as of June 30, 2007 a loan of $4.2 million has been deemed a loss risk and assigned $500,000 of the loss reserve. This loan is otherwise in good standing on paper but possible factors such as owing taxes or employee downsizing are indicators of potential risk.

From June 2006 to June 2007, the loss reserve has increased $1 million from $4.67 million to $5.67 million.

From June 2006 to June 2007, the loss reserve has increased $1 million from $4.67 million to $5.67 million. As with the total reserve, the amounts assigned to individual loans have increased or decreased from year to year. Some loss reserves have been removed from loans as well.

Conclusion

Both loan delinquency rates and charge-off amounts for the WVEDA have decreased in the past three years. The charge-off amounts have decreased 60 percent from 2004 to 2007. Both of these decreases are good performance indicators that the agency has made good decisions regarding economic development loans. However, the increase in the amount of impaired loans indicates these numbers could rise should these loans continue to under-perform.

Although the WVEDA has significantly higher loan delinquency rates than that of commercial banks, the WVEDA loan delinquency rates have decreased while the rate of banks has increased. It should also be noted that the loan strategies of commercial banks are different than that of an economic development agency. Commercial banks are more conservative because their goal is to make a profit rather than enhancing economic development in communities.

Recommendation

2. The Legislative Auditor recommends that the Board continue its practices in reducing loan delinquencies and charge-off amounts.

Appendix A: Transmittal Letter

WEST VIRGINIA LEGISLATURE

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John Sylvia
Director

July15, 2008

Mr. David Warner, Executive Director
West Virginia Economic Development Authority
Northgate Business Park
160 Association Drive
Charleston, WV 25311-1217

Dear Mr. Warner:

This is to transmit a draft copy of the Agency Review of the West Virginia Economic Development Authority. This report is scheduled to be presented during the July 28 to 30, 2008 Interim meeting of the Joint Committee on Government Operations, and Joint Committee on Government Organizations. We will inform you of the exact time and location once the information becomes available. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions the committees may have.

We need to schedule an exit conference to discuss any concerns you may have with the report. We would like to have the meeting on Monday, July 21, 2008. Please notify us to schedule an exact time. In addition, we need your written response by noon on Thursday, July 24, 2008 in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 340-3192 by Thursday, July 24, 2008 to make arrangements.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

John Sylvia

John Sylvia

Enclosure
JS/dt

Joint Committee on Government and Finance

Appendix B: Agency Response

West Virginia Open for Business! USA West Virginia Economic Development Authority

July 22, 2008

RECEIVED
JUL 24 2008
PERFORMANCE EVALUATION AND RESEARCH DIVISION

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Charleston, West Virginia 25305-0610

RE: WVEDA Response to the Agency Review

Dear Mr. Sylvia:

I am in receipt of the final version of the Agency Overview of the West Virginia Economic Development Authority (WVEDA). I understand that the WVEDA Agency Review will be presented to the Joint Committee on Government Operations, and Joint Committee on Government Organizations on Tuesday July 29, 2008.

I have reviewed the report and I believe it to be an accurate depiction of the WVEDA operations that were studied by your project team.

Sincerely,

David A. Warner

David A. Warner
Executive Director

Cc: Kelley Goes, Secretary of Commerce (with copy of report)

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