

# Incentives & Loans Committee

## January 9, 2024

The Incentives and Loans Committee is meeting on January 9, 2024 at 9:00 am to consider performance period extensions for existing projects as well as other business. The following summaries provide staff overview and comment on the performance period extensions.

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### 1. Greenville County

#### *Oran Safety Glass, Inc. (#3295)*

#### **Request for a Performance Extension.**

**Staff Overview and Comments:** This is a Tobacco Region Opportunity Fund (TROF) grant for \$235,000 that was awarded to the Greenville County and Oran Safety Glass, Inc. (the “Company”). The performance period was March 2017 through March 2020. An administrative extension was granted through March 2021 and the Commission subsequently granted an extension through June of 2023. The performance agreement required the company to employ 55 individuals with an average annual wage of \$43,000 and provide new private taxable assets of \$4,450,000. The grant was disbursed pre-performance and a clawback will be due if all performance metrics are not met.

Based on available data, the Company has met the promised level of capital investment, delivering \$6,274,920 of capital investment, well over the \$4,500,000 promised.

The company has struggled to meet the employment obligation and has so far created 28 of the promised 55 jobs. It should be noted that the company is paying average annual wages well over those required by the agreement.

The company has also fully repaid a \$117,500 TROF loan that was awarded alongside the grant.

The company notes that they have made, and continue to make, significant efforts to hire new employees. These efforts have included increasing their market value starting salary by more than 40%. The company currently has at least 30 open positions that need to be filled at the plant and efforts to fill those positions are ongoing.

Given their active hiring, investment, wages paid, full repayment of the loan and overall performance to date, the Company, with the support of the County, is requesting an extension to include updated employment data that will show they have met more, or all, of their obligations under the grant agreement and allow efforts to meet the grant requirements to continue.

**Staff recommends a performance extension through June 30, 2024.**

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**2. Smyth County Economic Development Authority  
*Smyth County Machine and Fabrication, LLC (#3485)*  
Request for a Performance Extension.**

**Staff Overview and Comments:** This is a Tobacco Region Opportunity Fund (TROF) grant for \$200,000 that was awarded to the Smyth County and Smyth County Machine and Fabrication, LLC (the “Company”). The performance period was September 2018 through September 2021. An administrative extension was granted through September 2022 and the Commission subsequently granted an extension through September of 2023. The performance agreement required the company to employ 53 individuals with an average annual wage of \$35,883 and provide new private taxable assets of \$4,000,000. The grant was disbursed pre-performance and a clawback will be due if all performance metrics are not met.

Based on available data, the Company has met 63% of the promised level of capital investment, delivering \$2,537,441 of capital investment.

The company has created 32 of the promised 53 jobs. The company is paying average annual wages above those required by the agreement.

The company cites supply chain disruptions, inflation and a challenging job market as reasons they have struggled to meet the performance requirements. The company further notes that recent purchases, not yet included in the data available to Commission staff, will increase their performance related to the capital investment goal.

Given their jobs created to date, significant and continuing investment, wages paid, and ongoing efforts to meet the requirements of the agreement, the Company, with the support of the EDA, is requesting an extension to include updated data that will show they have met more of their obligations under the agreement and allow efforts to fully satisfy their obligations to continue.

**Staff recommends a performance extension through June 30, 2024.**

Dr. Charlette T. Woolridge

*Director*

*Gary L. Cifers  
Assistant County  
Administrator*

Russell O. Slayton, Jr.  
*Authority Attorney*

Tameka Green  
*Director of Finance*



Tony M. Conwell  
*Chairman  
District 4*

James Brown  
*Vice-Chairman  
District 2*

Belinda D. Astrop  
*District 1*

William B. Cain  
*District 3*

Hon. James E. Campos  
Tobacco Region Revitalization Commission  
701 E. Franklin St., Suite 501  
Richmond, VA 23219

Re: Extension of Grant: Oran Safety Glass

Dear Mr. Campos:

Oran Safety Glass has exceeded the goals of capital investment for the TROF grant awarded in 2017. Unfortunately, due to the COVID pandemic, the job creation has fallen short. Greenville County supports the company's request for a second extension. While recovering from the pandemic, it is proven difficult to find employees. The company has continued to have orders and the ability to grow their employment numbers and the County believes they will be able to achieve their job goals should an extension be granted.

OSG continues to be a great community partner, expanding 3 times since locating in Greenville County. Prior grant awards have been successfully administered by the company. It is the County's belief that OSG will do everything possible to successfully complete this award as well by the next extension deadline.

We appreciate your consideration of our request and will be happy to provide additional information as needed.

Sincerely,

*Natalie B. Slate*

Natalie B. Slate  
Director of Economic Development

November 30, 2023

Greensville County

1781 Greensville County Circle Emporia, Virginia 23847

Attn: Natalie Slate, Director of Economic Development

RE: Project 3295 Oran Safety Glass, Inc.

Dear Mrs. Slate,

I am responding today regarding Project 3295 - Oran Safety Glass specifically the requirements set forth by the Tobacco Commission as a condition of the grant funds received by Oran Safety Glass. OSG remains fully committed to meeting the terms of our agreement. We have fulfilled the capital investment obligation but continue to struggle to meet the terms of the employee obligation as agreed upon.

Our company has been trying for several years (in fact from the onset of the COVID 19 pandemic) to hire new employees to meet the grant obligation. It has been extremely challenging trying to fill the open positions at OSG, and we have implemented extraordinary measures to mitigate the challenge. OSG has increased our market value starting salary by more than 40% and these efforts are ongoing. We currently have at least 30 open positions that need to be filled at the plant despite all our efforts to attract and retain new employees.

We respectfully request a second extension of the TROF grant as we continue to strive to meet the criteria.

Respectfully,



David Yogev

V.P. Business Development, Oran Safety Glass, Inc.





Smyth County, Virginia  
121 Bagley Circle, Suite 100  
Marion, Virginia 24354

*Atkins District  
Chilhowie District  
North Fork District  
Park District  
Royal Oak District  
Rye Valley District  
Saltville District*

*Charles E. Atkins  
Michael L. Sturgill  
Charles P. Stevenson  
Kristopher S. Ratliff, DPh  
Courtney Widener  
Lori H. Deel  
Roscoe D. Call*

*County Administrator  
Asst. County Administrator - Operations  
Asst. County Administrator - Development*

*Shawn M. Utt  
Lisa Richardson  
Clegg Williams*

December 22, 2023

Stephen Versen  
Deputy Director  
Tobacco Region Revitalization Commission  
701 East Franklin Street, Suite 501  
Richmond, VA 23219

RE: Project 3485 Smyth County Machine and Fabrication LLC TROF Extension Request

Dear Mr. Versen,

Please use this letter as Smyth County's support of Smyth County Machine and Fabrication's request regarding their Tobacco Region Opportunity Fund performance agreement for a sixth-year extension. Smyth Machine & Fabrication has an obvious commitment to our community and continues to strive toward reaching its own goals as well as the metrics of the performance agreement. With extreme shifts in the local, state, and national economies, Smyth Machine has had to make strategic decisions that have delayed their ability to reach the promises within their original expansion commitments. Despite the obstacles Smyth Machine has faced, they have continued to be a strong community partner, and a successful company that continues to make investments into their employees and business operations.

With an approved extension, Smyth County Machine & Fabrication is confident they will meet the capital investment requirement by the subsequent performance date.

Should you have any additional questions, please don't hesitate to contact our office at 276-706-8304.

Respectfully,

Kendra Hayden  
Director of Community & Economic Development



Smyth County Board of Supervisors  
Ph. (276) 783-3298 | Fax (276) 783-9314 | [www.smythcounty.org](http://www.smythcounty.org)



Smyth County Machine  
260 Gordondale Road  
Atkins, VA 24311  
276 783-4582 (fax) 276-783-5742  
[www.smythcountymachine.com](http://www.smythcountymachine.com)

December 15, 2023

Kendra Hayden  
Smyth County Economic Development  
121 Bagley Circle, Suite 100  
Marion, VA 24354

Dear Kendra,

Thank you for reaching out regarding our progress toward the capital expansion commitment for the Tobacco Region Opportunity Fund grant. Due to extenuating circumstances, we would like to respectfully request that the performance date be extended.

As with most business, unforeseen circumstances in the last three years have significantly hampered our efforts to meet our planned expansion goals:

- Supply chain disruptions have greatly decreased the availability of equipment used in our operations. Manufacturers of CNC machines, for example, have extended the time it takes for a machine to be produced once an order is placed. Where previous availability may have been one to two months, we have seen promise dates ranging from six to nine months or longer. Similar disruptions in shipping can mean delays of up to a year between order placement and equipment receipt.
- Inflation, as well as extremely high interest rates, require that we take a much more careful approach in making commitments of the magnitude necessary to meet our expansion goals. Economic conditions worldwide have recently resulted in decreasing customer demand, and maintaining long term viability as an employer in Smyth County means making strategic financial decisions that were unexpected when the commitment was made.
- Supporting our employees has always been of the highest priority. As you know, we are a small company competing with employers like General Dynamics, Utility Trailer, and Volvo for available workforce. Attracting qualified workers in the current economy means, at least in the short term, increased wages and benefits must take priority over investing in facilities and equipment.

Our commitment to meeting the capital expansion goal remains firm, however. In 2023 we purchased a new machine that will significantly add to the current total reported by the Commissioner of Revenue's office. It is our intention to satisfy the commitment and believe that is possible with additional time.

We very much appreciate the county's support and willingness to consider our request for an extension. If you have any questions or would like additional information, please contact me at your convenience.

Respectfully,

*Becky H. Crouse*

Becky Crouse, Controller  
Smyth County Machine and Fabrication, LLC

