

1                                   **VIRGINIA TOBACCO INDEMNIFICATION**  
2                                   **AND COMMUNITY REVITALIZATION COMMISSION**

3                                   701 East Franklin Street, Suite 501  
4                                   Richmond, Virginia 23219  
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9                                   **TROF Committee Meeting**

10                                  Wednesday, May 20, 2015

11                                  4:00 P.M.  
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14                                  New College Institute  
15                                  Martinsville, Virginia  
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1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable Frank M. Ruff, Vice Chairman

4 The Honorable Daniel W. Marshall, III

5 Mr. Timothy S. Pfohl – Interim Executive Director & Grants  
6 Program Administration Director

7

8 COMMISSION STAFF:

9 Mr. Ned Stephenson – Deputy Executive Director

10 Ms. Stephanie S. Kim – Director of Finance

11 Ms. Carolyn Bringman – Performance Data Analyst

12 Ms. Suzette Patterson – Grants Office Manager

13 Ms. Sarah K. Capps – Grants Program Administrator,  
14 Southside Virginia

15 Mr. Benjamin Dawson – Grants Assistant, Southside Virginia

16 Ms. Sara G. Williams – Grants Program Administrator,  
17 Southwest Virginia

18 Ms. Jessica Stamper – Grants Assistant, Southwest Virginia

19 Ms. Stacey Richardson – Executive Assistant

20

21 COUNSEL FOR THE COMMISSION:

22 Ms. Elizabeth Myers, Assistant Attorney General  
23 Richmond, Virginia.

24

25 Mr. Evan Feinman – Executive Director effective May 26, 2015

1 DELEGATE KILGORE: The TROF  
2 Committee will come to order, so if you'll turn to page 106 in  
3 your book. Tim, would you call the roll?

4 MR. PFOHL: Delegate Kilgore?

5 DELEGATE KILGORE: Here.

6 MR. PFOHL: Senator Ruff?

7 SENATOR RUFF: Here.

8 MR. PFOHL: Delegate Marshall?

9 DELEGATE MARSHALL: Here.

10 MR. PFOHL: I'm Mr. Pfohl, I'm here. You  
11 have a quorum, Mr. Chairman.

12 DELEGATE KILGORE: All right, tell us  
13 what you've been doing. Let me just go this way. We need to  
14 approve the minutes and that's January 12, 2015 minutes.

15 DELEGATE MARSHALL: So moved.

16 DELEGATE KILGORE: We have a motion  
17 and a second. All those in favor of approving the minutes say  
18 aye. (Ayes.) The minutes are approved.

19 MR. STEPHENSON: Mr. Chairman, we  
20 have a variety of TROF matters that deserve your attention  
21 today. I'll start going through them, we'll take them one at a  
22 time. As you know, your TROF program operates under a  
23 policy that largely operates between meetings. There are  
24 certain things the Executive Director cannot do under that  
25 policy that need to come to either this Committee or the full

1 Commission.

2                   The first one before us, a particular  
3 project shown on page 107 and this is a project in Halifax  
4 County that we refer to as Project Roy to protect the identity of  
5 the company. You'll notice your book the details that are  
6 being presented to us in this project and in particular the  
7 guideline amount of the TROF award exceeds the authority of  
8 the director to approve. It also exceeds the authority of this  
9 Committee but I'm bringing this before you seeking your  
10 recommendation as to whether or not you want this go to  
11 forward to the Commission for approval. We have a  
12 gentleman in the audience today that's prepared to speak to  
13 this project if you would like to hear from him. That would be  
14 Matt Leonard.

15                   MR. LEONARD: Thank you for  
16 considering this TROF award for Halifax County and the  
17 details are in front of you. It's my understanding from Ned  
18 and Tim that the value being requested is by formula but it is  
19 an amount that the staff can't approve. This will be the first  
20 U.S. operation for an existing client overseas. They have  
21 narrowed down their location to Halifax, Virginia eliminating  
22 Alabama and North Carolina at this point. We are about 90%  
23 through with our due diligence and they are interested in us  
24 and we're interested in them. They have visited us and we  
25 have visited them and they'll be back in the U.S. next week

1 and will be coming to see us to work through some of the final  
2 details. They have a customer pool and they have a  
3 distributor in the United States that they've been working with  
4 for a number of years that will be an investor. They tell us  
5 they have the operating cash. They just need this capital  
6 investment for facility improvements and some major  
7 manufacturing equipment. I'll be glad to answer any  
8 questions that I can.

9 DELEGATE KILGORE: Ned, for those  
10 from the audience the reason that the TROF Committee  
11 cannot approve this what?

12 MR. STEPHENSON: It exceeds the  
13 Executive Director's authority and also yours. We're seeking a  
14 recommendation for you up or down as to whether it should  
15 be presented to the Commission.

16 DELEGATE KILGORE: What is the TROF  
17 Committee's level?

18 MR. STEPHENSON: Three million  
19 dollars.

20 DELEGATE KILGORE: And the  
21 Executive Director is two?

22 MR. STEPHENSON: Two million dollars.

23 DELEGATE MARSHALL: Ned, you need a  
24 motion from us to take it to the full Board?

25 MR. STEPHENSON: Yes, absent a

1 motion from you, it dies here.

2 DELEGATE MARSHALL: So moved.

3 DELEGATE KILGORE: Do I have a  
4 second.

5 SENATOR RUFF: Mr. Chairman, I would  
6 like to ask Matt about the payroll issue. The prevailing wage  
7 is listed as \$32,000 they're only talking about \$30,000 and  
8 you need a thousand employees. Do you have any problem  
9 with that?

10 MR. LEONARD: Not that I know of, I  
11 would assume if it was a problem for the TROF we would have  
12 heard about it. I believe at this end with the guidelines –

13 SENATOR RUFF: I'm not talking about  
14 the guidelines. I'm just wondering if as far as the employees a  
15 stable population and pay them less than the prevailing wage.

16 MR. LEONARD: We believe the wage  
17 they'll be paying is competitive for the region. We did that  
18 analysis and the first time they came through we were working  
19 hand to hand with VEDP and their analysis or they did an  
20 analysis for us on peer patterns and the workforce available  
21 and wages and we felt it was a fit for the region.

22 MR. STEPHENSON: Mr. Chairman, if I  
23 may, Senator Ruff, you'll notice in the analysis that the  
24 amount of the incentive is discounted slightly on account of  
25 the low wage and it shows up in the formula.

1 MR. LEONARD: I would also note that  
2 the wage that's been proposed by a prospect is higher than the  
3 per capita for Halifax.

4 DELEGATE KILGORE: We have a  
5 motion.

6 SENATOR RUFF: Second.

7 DELEGATE KILGORE: We have a motion  
8 and a second to recommend to the full Commission tomorrow  
9 that we approve the TROF award of \$4.120 to this project. All  
10 those in favor say aye. (Ayes.) Opposed? (No response.) That  
11 motion passes.

12 MR. STEPHENSON: Mr. Chairman, next  
13 on page eight of your book there's an extension request and  
14 before I go into this particular request I need to give you some  
15 background. The TROF contracts are written for a three-year  
16 period of time. There is a or what we refer to as a midpoint  
17 check and that means that the contracts provide that at the  
18 midpoint contract or eighteen months in the company must  
19 have performed at least 25% of either its job promise or its  
20 investment promise and if not, you have an opportunity to call  
21 the grant and ask for a refund. It's an opportunity and not a  
22 requirement. We do this simply because we had a high  
23 default rate in early years and we're not going to wait three full  
24 years to find out that nothing has happened. This is a  
25 particular company that we refer to as Project Jonah and it's

1 described on page 108 in your book. You can see the details  
2 there before you. It was a one million dollar grant and about  
3 \$700,000 has been disbursed. There was a job promise of  
4 268 and an investment promise of 134. To date there are  
5 none of either. We typically look at these internally and we  
6 require that there be material progress toward the  
7 accomplishment of these goals. If there's material progress  
8 the Director will grant the extension within his authority to do  
9 so and if there is not material progress, the Director will want  
10 to ask for a refund. In this particular case, there is a great  
11 deal of progress that is being described to us but it hasn't  
12 resulted in any jobs or investment. The dilemma at this point  
13 is whether or not you want to ask for a refund from this  
14 company at this particular juncture. We have a gentleman I  
15 think in the audience who can talk to you a little bit about  
16 that.

17 DELEGATE KILGORE: If we do nothing,  
18 what happens?

19 MR. STEPHENSON: If you do nothing,  
20 you will leave the decision to the Executive Director to call the  
21 shots and we're really here seeking your guidance on this  
22 particular one.

23 DELEGATE KILGORE: So we can either  
24 do nothing or to extend?

25 MR. STEPHENSON: Or to extend and the

1 applicant has requested a 21 month extension to continue  
2 their progress.

3 DELEGATE MARSHALL: The third  
4 option is to recall.

5 MR. STEPHENSON: That is correct.

6 DELEGATE KILGORE: And to recall  
7 means to ask for the money.

8 MR. STEPHENSON: For what?

9 DELEGATE KILGORE: To ask for the  
10 money back.

11 MR. STEPHENSON: Yes, that's the  
12 question. We do have another option which we have used in  
13 times past and that is if you have put your money out and  
14 eighteen months has gone by and no jobs and no investment,  
15 we have from time to time said for the grantee extension and  
16 there's no problem but we need a letter of credit guaranteeing  
17 your performance.

18 DELEGATE KILGORE: Is there  
19 somebody here from the company?

20 MR. PFOHL: I think Eric is here, Eric  
21 Young.

22 MR. YOUNG: Thank you, Mr. Chairman.  
23 I want to thank you for working with us. One thing I want to  
24 say is that we're coming in ahead of the deadline, it wasn't  
25 actually until July of this year. And we're asking now for our

1 last draw and we didn't get their first draw until May of last  
2 year. The reason they haven't drawn all the money down is  
3 that they had some permitting issues and had some issues  
4 with title to the land. If you'll look at it, I'm sure that's in  
5 there. This is a very large project and this is not an  
6 expansion. This involves a lot of investment and a lot of jobs.  
7 That 25% number is a big number to get to when you start  
8 essentially in May of 2014. What we're asking is that you take  
9 all that into consideration. I think it was outlined in the letter  
10 that was sent as well. The company has made some progress  
11 and they've done a lot when you talk about starting from  
12 scratch and where we're trying to get to. We would ask that  
13 you move the base date and to give them an extension on the  
14 time, the time running this October because they'll have their  
15 permits in October to begin construction in October.

16 DELEGATE KILGORE: They actually  
17 have been spending money to get to where they are?

18 MR. YOUNG: Their money and some of  
19 yours.

20 MR. PFOHL: What about the site  
21 engineer?

22 MR. YOUNG: The site engineer is coming  
23 now and there's representatives of the company here that  
24 could give you more details, perhaps more details than you  
25 want to know but they have a lot of information they're willing

1 to share.

2 MR. KIMMEL: I am Tal Kimmel, CEO of  
3 the company. With your permission I'll give you a fair and a  
4 quick update on where we are and then the reason for the  
5 delay. The reason for the delay as Eric has mentioned not yet  
6 been able to secure title to the land or the parts that we were  
7 seeking to purchase. We have several options to buy the land  
8 and I'm happy to report that we have signed an agreement to  
9 buy the land and it's very complex ownership of that  
10 particular parcel. There was a piece getting it through the  
11 bankruptcy court in North Carolina and I believe that's been  
12 resolved and I believe there's a motion in court that's expected  
13 to be adjudicated on June 5<sup>th</sup> that will give the trustee the  
14 final authority to sell it and sell us the land. The trustee has  
15 signed the purchase contract and we expect to receive all that  
16 without any issues. The closing date for purchase of the land  
17 is scheduled the end of June or June 30<sup>th</sup>, so there will be  
18 progress following that. That's been our main challenge to  
19 date, extending those issues in anticipation that this issue will  
20 resolve itself shortly. It seems like we're doing that.

21 We've already contracted and somebody  
22 was asking about structural engineers but we have design  
23 engineers working on the plans and that will be this month.  
24 We are expecting to get the first batch of structural design  
25 numbers and drawings. We've also done the soil analysis and

1 we have the engineers working on the site and mapping the  
2 soil check et cetera in anticipation and getting everything  
3 validated. This is for the most part where the money has gone  
4 to date. As has been mentioned, we've not yet reached a  
5 deadline and we didn't want to go right to the deadline and we  
6 kind of raised our hand and said this is an issue and we want  
7 to be very forthcoming and we've been that way throughout  
8 the process. So what we're asking is to essentially move the  
9 start date when we're expected to get the permits.

10 I can also report that we're going to start  
11 the permitting process. We know that will go very well. So  
12 we've made some concrete and tangible process associated  
13 with the project. I don't think we've wasted time but certain  
14 things were not under our control.

15 SENATOR RUFF: Mr. Chairman, what  
16 kind of private investment has been expended so far?

17 MR. KIMMEL: We've made a big effort to  
18 get private capital and raising private equity and we've  
19 engaged with two firms to assist us with that. One of the main  
20 hurdles when we discussed this with the investors and that's  
21 ensuring we have title to the site and as you know it's a  
22 challenge to raise private equity capital and this is referred to  
23 as Green Field Operations, which is not an ongoing business  
24 yet. One of the things that investors have requested is that  
25 we're able to secure title and permitting on the site before

1 capital is invested. If you're asking me in terms of numbers,  
2 I'd say about half of the equity portion that we are seeking,  
3 we've had discussions with the bank and we've had some  
4 interested in some commercial banks with the debt portion  
5 and then capital formation and we've spent a lot of effort  
6 working on that.

7 SENATOR RUFF: The Tobacco  
8 Commission funds, what are they going to be used for?

9 MR. KIMMEL: Primarily engineering,  
10 both the structural and design. We've given a very specific  
11 accounting of the expenditures to match the budget we  
12 submitted to the County prior to every request, so it's all been  
13 accounted for.

14 DELEGATE MARSHALL: Mr. Chairman, I  
15 just wanted to make the point the county or this letter on page  
16 two says and the county wants us to grant this extension and  
17 we wish you all the luck in the world to be successful but the  
18 county is going to have to sign on the dotted line.

19 UNIDENTIFIED: I'm here because you  
20 might need an update.

21 DELEGATE KILGORE: Thank you. The  
22 request is for extend for 21 months.

23 MR. YOUNG: From June 30, 2015, 21  
24 months after that.

25 MR. STEPHENSON: The base period

1 established in the contract, Eric do you have that in your  
2 hand?

3 MR. YOUNG: The base period was  
4 established December 31<sup>st</sup>, 2013 actually the agreement was  
5 executed in April of 2014 and first draw was in May of 2015.  
6 So they, about six months of this time to the first draw.

7 MR. STEPHENSON: The written request  
8 I received was for a 21 month delay for the entire contract.  
9 The base period, it would make it 21 months.

10 DELEGATE KILGORE: All right, do I  
11 have a motion?

12 DELEGATE MARSHALL: I move that we  
13 extend the contract until June 30<sup>th</sup>.

14 DELEGATE KILGORE: Do I have a  
15 second?

16 SENATOR RUFF: Second.

17 DELEGATE KILGORE: Any more  
18 discussion? All those in favor, aye. (Ayes.) Opposed? (No  
19 response.)

20 MR. YOUNG: Thank you, Mr. Chairman.

21 MR. STEPHENSON: Mr. Chairman, on  
22 page 109 and 110 you will see the TROF incentive guideline  
23 for the same project. One of them has already been approved  
24 this is in Wise County for a particular business there where  
25 the award made was \$90,000 and the Executive Director

1 approved that and that was done. The county has approached  
2 and asked that the award exceed the guideline amount and  
3 that it be raised from \$90,000 to \$484,000. Your policy does  
4 not permit the Executive Director to overline the guidelines.  
5 However, the Commission can at your recommendation. I  
6 believe Carl Snodgrass is here.

7 DELEGATE KILGORE: Carl, come on up.

8 MR. SNODGRASS: Thank you for this  
9 additional consideration. I've worked with this project in  
10 excess of two years. It involves the process and I'm not sure  
11 of the correct pronunciation but used tires, automobile tires  
12 and equipment tires and called the cooking process that  
13 virtually eliminates all the residue and they collect that and  
14 it's incorporated into three marketable products. One being  
15 the carbon black, one being the ---, and the remaining part  
16 would be development of number two heating oil. It  
17 eliminates the shredding process encountered in Wise County  
18 as far as the disposal of used tires. We anticipated employing  
19 25 jobs over a period of three years. They visited this process  
20 that's used in Arkansas and they think they can be successful  
21 with doing it here. They're willing to invest \$825,000 in assets  
22 they own now. The total project is \$1.75 million. We have  
23 acknowledgement from the staff of VCEDA that they will  
24 contribute in the form of a loan \$425,000. The \$484,000 is  
25 what we need to complete the project.

1 DELEGATE KILGORE: VCEDA says  
2 they'll be in for about \$425 on a loan?

3 MR. SNODGRASS: Not a loan but it  
4 won't be considered until the June meeting.

5 MR. PFOHL: The original TROF offer  
6 within this is somewhat oversimplified analysis. It resulted in  
7 the Commission receiving \$19 in private investment for each  
8 dollar they put on the table. The requested adjusted amount  
9 reduced that leveraging to about three and a half dollars for  
10 each dollar we put in, that was a substantial reduction.

11 DELEGATE KILGORE: The 484, where  
12 did they come up with 484?

13 MR. SNODGRASS: The total is \$1.725  
14 million, their part of it.

15 DELEGATE MARSHALL: Ned, the  
16 formula if I'm looking on page 110 as you go down it and do  
17 the math, the guidelines come up with \$95,000.

18 MR. STEPHENSON: Yes.

19 DELEGATE MARSHALL: If I go to page  
20 109 it looks like all the numbers are the same except for the  
21 requested amount of 425.

22 MR. STEPHENSON: That is correct.

23 DELEGATE MARSHALL: So above 425  
24 that's changed.

25 MR. STEPHENSON: That is correct. This

1 is what I call an overline request.

2 DELEGATE KILGORE: Did this request  
3 come about, did VCEDA have to say that we were, how did  
4 that come about?

5 MR. SNODGRASS: Well, the total project  
6 makes the additional funding to happen. Without the input  
7 from an outside private lender and –

8 DELEGATE KILGORE: - If we doubled  
9 the amount would that go a long way toward creating the jobs  
10 and we're trying to create jobs in Wise County, so what would  
11 happen? Would that help?

12 MR. SNODGRASS: We certainly wouldn't  
13 turn it down.

14 DELEGATE KILGORE: I'm just asking  
15 you do you think that would move the project forward.

16 MR. SNODGRASS: I'm not sure. I'd have  
17 to discuss it with them. As it stands right now, they're asking  
18 for 484.

19 DELEGATE KILGORE: You might have  
20 one vote for that. I don't know that you've got three other  
21 votes. I'm trying to help you out Carl.

22 MR. SNODGRASS: My point would be  
23 whatever we can get we'll be happy with.

24 DELEGATE KILGORE: This is going to  
25 be up in Blackwood?

1 MR. SNODGRASS: Yes, the industrial  
2 park and they've got a building and those are assets and  
3 they've got to have equipment to work the project. This we'd  
4 have to purchase some machinery.

5 SENATOR RUFF: Mr. Chairman, I'm a  
6 little bit concerned about and the prevailing wage 34,000 and  
7 here it's 21,000 and I'm not sure that's the goal of the Tobacco  
8 Commission, minimum wage jobs.

9 DELEGATE KILGORE: All I would argue  
10 is that any salary is better than zero.

11 MR. SNODGRASS: This company, we got  
12 some coal miners and they need jobs.

13 DELEGATE MARSHALL: I have a motion,  
14 Mr. Chairman, if you're ready. Mr. Chairman, I move that we  
15 approve a guideline of \$95,000 for this project.

16 SENATOR RUFF: Second.

17 DELEGATE KILGORE: All those in favor  
18 say aye. (Ayes.) All right, the motion passes. You get the  
19 \$95,000.

20 MR. SNODGRASS: That's the total  
21 amount?

22 MR. STEPHENSON: Are you speaking  
23 about ninety plus 95?

24 DELEGATE MARSHALL: 95 total. That's  
25 what the guidelines amount indicates.

1 MR. STEPHENSON: Thank you.

2 MR. SNODGRASS: Thank you very  
3 much.

4 MR. STEPHENSON: Mr. Chairman,  
5 another request came to us a couple of days ago after the  
6 book was published so you don't have it here but I'll describe  
7 it to you. The policy under which the Director operates  
8 indicates that the Commission will not make any offer or any  
9 incentive offer for less than \$50,000. That was decided some  
10 many years ago for various reasons related to small projects.  
11 The director routinely turns down any projects less than fifty.  
12 We have a particular project that has come to us from Bedford  
13 County and I can give you the details of it but the ask in this  
14 case is \$40,000. It was turned down and the county feels  
15 strongly about it and asked if you would hear them today.  
16 And we have Traci Blido here who would like to speak to you.

17 MS. BLIDO: Good afternoon, I'm Tracy  
18 Blido from Bedford County and I'm the director of county  
19 development for Bedford County. This is a company that has  
20 completely outgrown these facilities and they have been  
21 looking throughout the region and they found a facility that  
22 will work with them in Bedford County in the footprint.  
23 However, there's \$300,000 worth of investment that they  
24 would need to make in the building in order for their project to  
25 work. This is going to be called Company X because the



1 DELEGATE KILGORE: Do we do that or  
2 does it have to go to the full Commission?

3 MR. STEPHENSON: It needs to go to the  
4 Commission.

5 MS. BLIDO: I can also add that my  
6 economic development authority will match your \$40,000.

7 SENATOR RUFF: You indicated the jobs  
8 were in the region, where would the jobs be coming from?

9 MS. BLIDO: They are currently in  
10 Lynchburg and there's nowhere to expand in their leased  
11 facility so those jobs would be moving from Lynchburg just  
12 outside into Forest and into Bedford County and would grow  
13 in Bedford County and own the facility in Bedford County, not  
14 just lease it.

15 DELEGATE MARSHALL: They're not new  
16 jobs, these are existing jobs.

17 MS. BLIDO: But they're going to spend  
18 money when they're there. They'll be moving into Bedford  
19 County.

20 DELEGATE KILGORE: You all are  
21 committed to match our \$40,000?

22 MS. BLIDO: Yes, we are because this  
23 company needs whatever they can get of the \$300,000 and  
24 they're making the decision their ready to sign for that  
25 building.

1                   SENATOR RUFF: Mr. Chairman, this  
2 sounds great but I think we need to understand what has  
3 been our policy about taking jobs from within the region and  
4 moving them in the footprint.

5                   MR. PFOHL: Ned, do you want to try to  
6 handle that one?

7                   MR. STEPHENSON: The standard TROF  
8 contract that has been issued under your policy has many  
9 provisions in it developed over the years and one of which is  
10 that the Commission does not count or recognize jobs that are  
11 moved within the Commonwealth for the footprint or not. I  
12 was not fully aware of where these jobs were coming from and  
13 that's problematical for this that the jobs are coming from  
14 within the Commonwealth. The theory being that the  
15 Commission did not want to provide incentives to move people  
16 around inside the Commonwealth.

17                  DELEGATE KILGORE: If all these jobs  
18 are moving and that's in our TROF paperwork and all these  
19 jobs are moving from within the Commonwealth there's no  
20 jobs created.

21                  MR. STEPHENSON: There would be  
22 three new but the 33 saved jobs if they're coming from the  
23 Commonwealth would not get \$15,000 out of the forty. You  
24 can see that calculation there. I wasn't fully aware of where  
25 they were coming from.

1 SENATOR RUFF: What is the capital  
2 investment?

3 MS. BLIDO: There's \$3 million of  
4 equipment that will be moved into this facility. \$1.1 million  
5 and the 33 jobs. We did the math in the county and we  
6 always do that to make sure we're getting more in and in three  
7 years we estimated it would add to our tax base over \$105,000  
8 in three years.

9 SENATOR RUFF: That's nice but that's  
10 not related. If we did this without any job considerations  
11 beyond capital.

12 MR. STEPHENSON: I would have to do  
13 the math, Senator Ruff. It's intertwined. And if you notice  
14 there is a relationship between high capital and low wage and  
15 vice versa. Those elements are intertwined in our estimate.  
16 I'd have to run the math to come up with that.

17 DELEGATE MARSHALL: Is this new  
18 equipment or equipment that is currently in Lynchburg that  
19 you're going to move to Bedford.

20 MS. BLIDO: It's equipment that would  
21 be moved and then additional equipment purchase being  
22 when they're in Bedford County. There's no commitment at  
23 this time for the additional equipment. The company spends  
24 a lot of money every year on R&D. We want to save the  
25 company in our region.

1 DELEGATE KILGORE: There's no other  
2 place they can go but Lynchburg.

3 MR. PFOHL: Mr. Chairman, could we  
4 consider a motion that would allow Ned to recalculate based  
5 on this information we have now otherwise we abide by all  
6 elements of the policy in the TROF program with the exception  
7 of the \$50,000 minimum and authorize an amount to be  
8 determined by the formula?

9 DELEGATE MARSHALL: Tim, what we're  
10 asking is to lower that threshold fifty and if all the numbers  
11 come out, with my math comes out to \$30,000 then we're  
12 authorizing Ned for this project only over to \$30,000, is that  
13 what you're asking?

14 MR. PFOHL: Yes. The formula generated  
15 amount recognizing that it will be below fifty for the one-time  
16 exception.

17 DELEGATE KILGORE: Would Ned have  
18 that number available by tomorrow?

19 MR. STEPHENSON: That's a possibility.  
20 I'll see if I can get that to work.

21 SENATOR RUFF: Maybe the full motion  
22 should be that we would agree to remove the minimum on this  
23 application but still leave it in the hands of the Executive  
24 Director to determine it.

25 MR. STEPHENSON: That's better.

1 DELEGATE KILGORE: Are you moving?

2 SENATOR RUFF: Yes.

3 DELEGATE MARSHALL: Second.

4 DELEGATE KILGORE: We have a motion  
5 and a second. All those in favor say aye. (Ayes.) Opposed?  
6 (No response.)

7 DELEGATE MARSHALL: How many  
8 requests do we get that would fall under the fifty thousand  
9 threshold?

10 MR. STEPHENSON: A good number.  
11 You never see them unless the applicant feels compelled to  
12 speak. But yes, we do get some from time to time. Typically if  
13 a job count is in the single digits or the capital investment is  
14 very low, then they will fall below fifty.

15 DELEGATE MARSHALL: Are these some  
16 good projects at fifty thousand threshold?

17 MR. STEPHENSON: I think that  
18 threshold has been around a good long time and it's a little bit  
19 arbitrarily chosen, I think to avoid a flood of very small  
20 projects. These grants are labor intensive whether it's nine  
21 jobs or nine hundred. And it's the same amount of labor and  
22 depends on whether it calls for you to be engaged in.

23 Mr. Chairman, that concludes individual  
24 applications. But I have one more item that's not on your  
25 agenda if I may. In April, the Executive Committee reviewed a

1 revised TROF policy and it was before the Executive  
2 Committee for two reasons. One is that the Executive  
3 Committee was meeting that day and secondly many of the  
4 provisions of that policy have broad indications beyond the  
5 TROF Committee. That policy will be before the Executive  
6 Committee again in a little bit but I wanted to invite your  
7 attention on page forty where that policy is found. The major  
8 changes in that policy were to authorize the Executive Director  
9 to negotiate repayment plans and this is something you did in  
10 your minutes a year ago in May. I think it was the  
11 investigation as they said didn't have that in your policy so we  
12 placed it there. It requires matching funds from non-  
13 Commission sources and this is to comply with the new law  
14 that goes into effect July 1. There are several technical  
15 corrections that are probably not worth mentioning but in  
16 particular there was a long standing rule that the TROF  
17 program would only fund three awards per locality per fiscal  
18 year without approval from the Commission. We had taken  
19 that provision out when the Executive Committee saw it last  
20 month and they asked that we put that back in and that has  
21 been restored in the document before you so this will go to the  
22 Executive Committee for approval this afternoon. I just  
23 wanted to bring this up so you can have a chance to question  
24 it if you wish.

25 DELEGATE KILGORE: So if you have

1 more TROF awards the Executive Committee and the full  
2 Commission to get approval?

3 MR. STEPHENSON: Yes. If there are  
4 more than three, there is still a pathway for approval, it just  
5 requires the full Commission.

6 DELEGATE KILGORE: We don't want to  
7 hurt anyone that's creating jobs, is that right?

8 MR. STEPHENSON: Yes, in my time with  
9 the Commission, you have never not approved a TROF grant  
10 transaction that you wanted to. That concludes my report,  
11 Mr. Chairman.

12 DELEGATE KILGORE: Thank you.  
13 That's all we have. Is there any public comment? Anyone  
14 wish to make a public comment? If not, all right, we have a  
15 motion to adjourn.

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PROCEEDINGS CONCLUDED.

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## 1 CERTIFICATE OF THE COURT REPORTER

2  
3 I, Medford W. Howard, Registered Professional  
4 Reporter and Notary Public for the State of Virginia at large,  
5 do hereby certify that I was the court reporter who took down  
6 and transcribed the proceedings of the **Virginia Tobacco**  
7 **Indemnification and Community Revitalization**  
8 **Commission TROF Committee meeting when held on**  
9 **Wednesday, May 20, 2015 at 4:00 p.m. at the New College**  
10 **Institute, Martinsville, Virginia.**

11 I further certify this is a true and accurate  
12 transcript, to the best of my ability to hear and understand  
13 the proceedings.

14 Given under my hand this 5<sup>th</sup> day of June,  
15 2015.

16  
17  
18 \_\_\_\_\_  
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

22  
23 My Commission Expires: October 31, 2014.

24 Notary Registration Number: 224566