

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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7 **TROF COMMITTEE MEETING**

8 Wednesday, June 5, 2019

9 4:00 o'clock p.m.

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13 Institute for Advanced Learning and Research

14 150 Slayton Avenue

15 Danville, Virginia 24540

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1 APPEARANCES:

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3 THE TROF COMMITTEE:

4 The Honorable Terry G. Kilgore, Chairman

5 The Honorable Frank M. Ruff, Vice Chairman

6 The Honorable Daniel W. Marshall, III

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8 COMMISSION STAFF:

9 Mr. Evan Feinman, Executive Director

10 Mr. Andy Sorrell, Deputy Director

11 Ms. Sarah K. Capps, Grants Program Administrator -
12 Southside Virginia

13 Ms. Michele Faircloth, Grants Assistant
14 Southside Virginia

15 Ms. Sara Williams, Grants Program Administrator
16 Southwest Virginia

17 Ms. Jessica Stamper, Grants Assistant
18 Southwest Virginia

19 Ms. Stephanie S. Kim, Director of Finance

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21 COUNSEL FOR THE COMMISSION:

22 Ms. Elizabeth B. Myers

23 Assistant Attorney General

24 Richmond, Virginia 23219

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1 June 5, 2019

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DELEGATE KILGORE: Good afternoon, I call the TROF
4 Committee meeting to order and ask Evan to call the roll.

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MR. FEINMAN: Delegate Kilgore.

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DELEGATE KILGORE: Here.

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MR. FEINMAN: Delegate Marshall.

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DELEGATE MARSHALL: Here.

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MR. FEINMAN: Senator Ruff.

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SENATOR RUFF: Here.

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MR. FEINMAN: You have a quorum, Mr. Chairman.

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DELEGATE KILGORE: Do I have a motion to adopt the
13 minutes of our last meeting of 1-7-19?

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DELEGATE MARSHALL: So moved.

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SENATOR RUFF: Second.

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DELEGATE KILGORE: I have a motion and a second.

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The minutes are approved.

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MR. FEINMAN: Mr. Chairman, what I wanted to

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discuss with the Committee what we found is that we're getting a

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lot on the activities, but some of the TROF activities, the Staff is

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pretty confident about, and what we would propose is that some

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way that the Committee is clear as far as a project that we're

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already moving on. To break that down, we want to say if you

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want money, and that can always depend on the competition

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available. Sort of keep your powder dry type of situation.

1 My concern is that projects that fall within the formula
2 year or fiscal year versus higher impact projects and making sure
3 that the incentive funds are utilized properly and doing
4 something worthwhile. We might look for something similar but
5 not just to allocate the money but looking for something that will
6 really enhance a community using funds or looking for evidence
7 of a funding gap on the part of the company, the impact of the
8 project on the community, of course, sticking to the policies that
9 we have in place. Also, the average wage, then we get into the
10 grants and the loans. My thought would be --

11 DELEGATE MARSHALL: Are you looking for the
12 prevailing wage, or is that looked at?

13 MR. FEINMAN: I don't believe there's a strict policy.

14 DELEGATE MARSHALL: With the tight economy,
15 would we or should we be looking at the average prevailing
16 wage? I don't know what that particular number is, maybe 25
17 percent or so. What that certain number is, pretty close to the
18 prevailing wage.

19 MR. FEINMAN: But what we might want to be able to
20 do from a policy standpoint is to improve it, we've had a lot of
21 TROF activity lately. Previously, you mentioned something about
22 projects that reduced the prevailing wages in the community.

23 What we want to try to do is to look at how or the way
24 the formula works and whether or not we need to make any
25 policy changes and whether we need to tighten it up or improve

1 the way that we're updating it.

2 MR. FEINMAN: We do look at the prevailing wage in
3 the community per the policy guidance that we got from the
4 Committee previously. We only offer a loan to projects that we
5 or that are below the average wage, we offer a grant and a loan
6 to those projects above or we can say you've got to get to 10
7 percent or 25 percent. I would tell you that I or my remarks at
8 that time, I'm not sure if we do have a project coming in below,
9 but when they come in and get, or told because they are below
10 the average wage, they are not or they do not meet or not
11 eligible for a grant. I think the key is even in some localities,
12 some of them are high.

13 SENATOR RUFF: Would you do that calculation on the
14 wage level?

15 MR. FEINMAN: Yes.

16 DELEGATE MARSHALL: My question is, is that 10
17 percent as the minimum wage or 25 percent of the prevailing
18 wage?

19 SENATOR RUFF: Ten percent rather than --

20 MR. FEINMAN: -- The idea is to make it conditional as
21 opposed to -- I think you can see the value.

22 SENATOR RUFF: To make that decision --

23 MR. FEINMAN: For example, if we got a request to
24 change it for a business already in the Footprint and then we, for
25 example, had two other projects and the use of these dollars

1 here, but I keep thinking you look for the competition and also
2 look at it if it's a high value project. Something like maybe a call
3 center or something of that nature or IT, that we give or will give
4 us an opportunity to say the project would have some economic
5 indicators.

6 DELEGATE KILGORE: Do we need a motion for that?

7 SENATOR RUFF: I'd second it.

8 DELEGATE MARSHALL: What's the motion? But my
9 question is, do you look at or do you try to match up and you've
10 got people unemployed and they've got people, but they don't
11 have the skills to do that job, and we're trying to track some high
12 skilled jobs here, but those people that have the jobs, they can't
13 find people with the skills. I know of another company and vice
14 versa and that would serve a niche to get those people on that
15 list to get these jobs.

16 So, my question is, do we think or are we trying to
17 match up with each locality to match up the unemployed?

18 SENATOR RUFF: To respond to that, I would say that
19 would be the way, but --

20 DELEGATE KILGORE: Is there a motion here?

21 DELEGATE MARSHALL: Let me ask Mark Heath. So,
22 Mark, in your county, do you get or have that situation?

23 MR. HEATH: The people who are unemployed, is that
24 who you're speaking?

25 DELEGATE MARSHALL: The people who are

1 unemployed, do they try to match the people, the employers, the
2 unemployed, is there a way to do that, is what I'm asking? How
3 do you match that up?

4 MR. HEATH: I understand it is possible to do that and
5 we are not doing that right now because we think we are on the
6 other side of that. We are marketing to the county every day.
7 So, they want the, or the counties want to pay more and then
8 somebody comes in and it's a minimum wage type living
9 situation at home. Yes, we send 1,600 people and then maybe
10 somebody has got to make a decision and I'm going to get
11 retrained and get a job and that's what they're thinking or trying
12 to do, but if there are better jobs, they would come back home,
13 I'm sure, if that's what you're asking.

14 DELEGATE MARSHALL: Well, I think the motion is the
15 prevailing wage and ten percent.

16 MR. FEINMAN: The rules you have now if you offer
17 below the prevailing wage, we will offer the formula amount loan,
18 and if you are above the prevailing wage, offer the grant and the
19 loan option. If you are only eligible for a grant up to 10 percent
20 above the prevailing wage.

21 DELEGATE MARSHALL: Grant, not a loan. So, my
22 motion is, was the prevailing wage and 10 percent for a grant.

23 SENATOR RUFF: I would second that with the
24 provision that you verify, you are not going to change that if it is
25 a loan to provide jobs. We've looked at a number of different

1 models as I brought up before. We moved into a much more
2 reflective provision of the formula. When you change the
3 prevailing average wage premium, it's a little more complicated.
4 If you're just a little bit low or below the prevailing average
5 wage, it's not too bad. Then there's also the prevailing average
6 wage. The idea was that we continue to reward you for paying
7 above the prevailing average wage, and, likewise, there's a
8 punishment if you're well below the prevailing average wage.

9 DELEGATE KILGORE: The prevailing wage in Wise, for
10 example, is what? I'd like to know where these things are before
11 I go down that road.

12 MR. FEINMAN: Andy updates that fairly frequently as
13 far as what the data is, but generally you can check that out.

14 DELEGATE MARSHALL: Is it a 32 or so?

15 MR. SORRELL: Yes, the prevailing wage for Danville is
16 about \$36,136.

17 DELEGATE KILGORE: Thirty-six thousand?

18 MR. SORRELL: Yes.

19 DELEGATE KILGORE: Does that change quarterly?

20 MR. SORRELL: Not specifically, the formula, you
21 mean.

22 MR. FEINMAN: A change over what, smaller localities
23 do make a difference.

24 DELEGATE KILGORE: Well, if we have a motion, the
25 prevailing wage and 10 percent for grants and loans.

1 SENATOR RUFF: I'd second it.

2 DELEGATE KILGORE: In Danville, you've got jobs,
3 what are they, about 40 percent to get a grant, is that what's
4 needed? I'm trying to do the numbers in my head real fast.

5 MR. SORRELL: The numbers compared to last year,
6 there's been a change. We had, for instance, 1,790 jobs
7 promised and then 220 in capital improvement, \$4 million in
8 grant loan, \$6 million in grant approvals.

9 DELEGATE KILGORE: My concern is that you have the
10 prevailing wage, and that means that there are people below that
11 wage right now, so some people need these jobs to get up to the
12 minimum wage and add 10 percent. I'm worried about that or
13 worried about the opportunities that we have.

14 SENATOR RUFF: Five percent.

15 DELEGATE KILGORE: I would like five percent.

16 DELEGATE MARSHALL: We're going to have this fall
17 our meeting, and I would ask Andy to prepare something
18 showing me what the minimum wage is in all of the Footprint and
19 what this would do and we'll take it up at the fall meeting.

20 SENATOR RUFF: The grants, you mean, above the --

21 DELEGATE KILGORE: Prevailing wage, whatever it's
22 been.

23 SENATOR RUFF: I thought you said it would be below
24 the prevailing wage?

25 MR. FEINMAN: But what the Senator wants is you are

1 not going to get a loan if you are not up to the prevailing wage.

2 DELEGATE KILGORE: You would or wouldn't?

3 Any discussion on that, all in favor?

4 MR. FEINMAN: The TROF members will have to
5 decide that, but --

6 DELEGATE MARSHALL: So, you would, what's going
7 to happen if you don't?

8 DELEGATE KILGORE: What's going to happen is going
9 to happen regardless. They would do it or they would do
10 something that we've talked about, if you can get or if you have
11 an issue, are we voting on this motion? All those in favor, say
12 aye. (Ayes). All right. That motion, we're passing. And that
13 essentially is the TROF loans will be provided when salaries or
14 promised jobs are above the annual prevailing average wage for
15 the applicant locality and the incentive estimate provided by the
16 TROF estimator model for TROF applications, the Staff will
17 provide the TROF Committee with an approval or denial
18 recommendation. All right, that takes care of that.

19 Let's go to Extension Number 2995.

20 MR. SORRELL: That is a TROF that was granted that
21 they had to meet certain criteria. That was this time last year,
22 and you can with larger customers, they do have some limits on,
23 what they're asking for is a five-year extension for that to meet
24 the goals. September 30 of 2019, and they're going along pretty
25 well on their job performance goals by June of this year, so they

1 have not met the capital investment to get 220 or 230 by now in
2 terms of jobs.

3 SENATOR RUFF: This is for a month?

4 MR. SORRELL: If we grant them, September 30 of
5 2019, the five years, but they had to do that by June 30th, about
6 one-quarter away.

7 SENATOR RUFF: Well, I move we grant that.

8 DELEGATE KILGORE: All in favor of the extension?

9 (Ayes.)

10 MR. FEINMAN: We did change our policy.

11 MR. SORRELL: Originally, and they met that last
12 summer the policy changed some, and they were below the
13 prevailing average wage for the community and all that, the
14 change in the policy and the grant was 140, and the loan was
15 144.

16 Then in February, they submitted a grant request, and
17 we have not heard back since sometime in the summer, since
18 May. But that time, we applied the new TROF estimate to it, I
19 mean it was a small loan at \$20,000, as I recall.

20 DELEGATE KILGORE: How much?

21 MR. SORRELL: Twenty thousand. We applied the new
22 TROF estimate to it.

23 SENATOR CHAFIN: This is the Polycap, LLC company.
24 They're asking for the original incentive estimate for the project
25 in Russell County. They were supposed to provide 44 new jobs

1 with an annual average salary of \$29,474 and a capital
2 investment of at least \$7,900,000 over a three-year performance
3 period. They have spent much more than if you're just talking
4 about the IDA on this particular project. This was in the pipeline
5 for a long time.

6 THE COURT REPORTER: Would you mind speaking
7 up, I can't hear.

8 SENATOR CHAFIN: I think we should really reconsider
9 the Staff's position. As I say, it was in the pipeline and needs the
10 TROF help or did and still does.

11 SENATOR RUFF: Well, how are they doing?

12 MR. SORRELL: Forty-four jobs were promised in the
13 capital investment.

14 The wages are around \$29,474, and the prevailing
15 average wage rural \$39,460.

16 DELEGATE KILGORE: That's still pretty good for us.

17 SENATOR CHAFIN: This is to be a manufacturing
18 facility and the only one in that area and we're trying to
19 capitalize on this.

20 MR. FEINMAN: What happened here is because our
21 estimates are based on numbers that change quarterly. The
22 minimum wage changes. The County is told here what our
23 estimate is based upon what information is submitted, 50 to 60
24 days you need to know in order to come back and assess this. I
25 think they were talking like six or seven months. We had two

1 meetings, and then there was a case when they would show up,
2 and we didn't want to be where we have localities playing games
3 with us. We're always open, our doors are always open, but they
4 have to come in and work with us. And they need to come to us,
5 and then working within the formula, and we can give you a good
6 answer. You just can't get information and then sit on it. The
7 bottom line is we want to make sure our policies are being met
8 by all the partners and all the partners.

9 DELEGATE KILGORE: I think what happened to West
10 Virginia, the IDA, maybe the ball was dropped. I think everyone
11 understands the rules now, the new rules that were just adopted.

12 MR. SORRELL: We've had conversations with our
13 partners, and I think we have that straight from our point of
14 view.

15 MR. FEINMAN: We'll make good on our part, I think
16 we've got that straight.

17 SENATOR RUFF: I would move that we agree with
18 this.

19 DELEGATE KILGORE: Well, they promised 44 jobs, I
20 think that's what she said.

21 MR. SORRELL: Yes.

22 DELEGATE KILGORE: I think we should stay at the
23 old offer.

24 DELEGATE MARSHALL: I'll second that.

25 DELEGATE KILGORE: If that's a motion and a second,

1 all in favor, say aye. (Ayes). All right.
2 Do we have any public comment? (No response).
3 All right, then we're adjourned.

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PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, TROF Committee Meeting**, when held on Wednesday, June 5, 2019, at 4:00 o'clock p.m., at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Danville, Virginia 24540.

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

Given under my hand this _____ day of June, 2019.

Medford W. Howard
CCR