

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, October 9, 2019

9 4:30 o'clock p.m.

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13 General Francis Marion Hotel

14 107 East Main Street

15 Marion, Virginia

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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 October 9, 2019

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

6 MR. FEINMAN: Delegate Kilgore.

7 DELEGATE KILGORE: Here.

8 MR. FEINMAN: Delegate Marshall.

9 DELEGATE MARSHALL: Here. (By telephone).

10 MR. FEINMAN: Senator Ruff.

11 SENATOR RUFF: Here.

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

13 DELEGATE KILGORE: Do I have a motion to adopt the
14 minutes of our last meeting of June 5, 2019?

15 SENATOR RUFF: So moved.

16 DELEGATE MARSHALL: Second.

17 DELEGATE KILGORE: I have a motion and a second.
18 The minutes are approved.

19 Now, we talked about this in the Executive
20 Committee, and we'll need a motion on this.

21 MR. FEINMAN: We can do it right now.

22 THE COURT REPORTER: Could you speak up, please.

23 SENATOR RUFF: So moved.

24 DELEGATE MARSHALL: Second (by phone).

25 DELEGATE KILGORE: We have a motion and a second

1 to go into executive session.

2 MR. FEINMAN: Delegate Kilgore.

3 DELEGATE KILGORE: Aye.

4 MR. FEINMAN: Senator Ruff.

5 SENATOR RUFF: Aye.

6 MR. FEINMAN: Delegate Marshall.

7 DELEGATE MARSHALL: Aye.

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9 NOTE: Whereupon, the TROF Committee goes into
10 executive session in accordance with applicable statutes.

11 Thereupon, at the conclusion of the executive session,
12 the TROF Committee returns to open session in accordance with
13 the applicable state statutes.

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15 DELEGATE KILGORE: We're now back in open
16 session. Now, we have this Project Red. I move that the
17 Commission accept the TROF Committee's recommendation to
18 approve Project Red under a five-year scenario with a grant
19 incentive of up to \$4 million and a loan incentive of up to \$4
20 million, for a total incentive of up to \$8 million, of which \$4
21 million would be repayable to the Commission. We have a
22 motion, do I have a second?

23 SENATOR RUFF: Second.

24 DELEGATE MARSHALL: Aye.

25 DELEGATE KILGORE: That motion passes.

1 Now, we have a five-year scenario with MPower and to
2 de-obligate the funding. Danny, do you second that?

3 DELEGATE MARSHALL: Oh, yes.

4 DELEGATE KILGORE: All in favor, say aye. (Ayes).
5 Opposed? (No response). That motion carries.

6 Now, we have the Town of Tazewell, TROF Number
7 3300.

8 MR. FEINMAN: Mr. Chairman, this is to release the
9 Town of Tazewell from repayment obligations. Sunset Digital,
10 when they acquired BVU, they got a TROF, they contemplated
11 with the TROF hiring activity and centralizing the Town of
12 Tazewell. When they changed hands, they maintained their
13 commitment to regional employment and no longer wanted to
14 centralize it in the Town of Tazewell. They're not backing off any
15 of their commitment to the region, but it is now true that the
16 town is no longer benefitting in a way that the town benefitted
17 previously.

18 Unlike many of our counties, their burden in not being
19 responsible to the town which undertook, and they took a bond
20 which affects their borrowing capacity, a hedge against the risk,
21 and that strains their ability to pursue other opportunities. And
22 based on the terms of the deal related to their purchase of BVU,
23 and that affects their capital investment and hiring obligations.

24 Additionally, the company remained in possession of
25 the assets or with assets in Virginia that could be pursued should

1 we need a clawback, but the Staff thought that the Town of
2 Tazewell, release the Town of Tazewell from their obligation
3 given that they're no longer.

4 SENATOR RUFF: Mr. Chairman, I move that the Town
5 of Tazewell be released from repayment obligations of Number
6 3300.

7 DELEGATE MARSHALL: Second.

8 DELEGATE KILGORE: Any more discussion? All those
9 in favor, say aye. (Ayes). Opposed? (No response). That
10 motion carries.

11 Andy.

12 MR. SORRELL: Thank you, Mr. Chairman. The first
13 request for an extension, TROF Number 2850, City of Bristol.
14 You recall when this TROF was made back in 2014 in the amount
15 of \$265,000, and this extends back to 2017. The bottom line is
16 that in 2019, they are about 74 percent towards, about capital
17 assets, and about 70 percent of building.

18 Right now, they have an extension through the end of
19 this year, December 31, 2019, and that would be a six-year
20 extension from what they were originally granted. The Staff's
21 opinion is that they should be granted a sixth extension through
22 December 31, 2019, and they've met their obligation. Seventy-
23 five people, originally, it was estimated they would employ 75
24 people, they've got 74 percent of their capital investment and are
25 on their way to meeting the employment obligation. As far as

1 their building is concerned, they are as of September of 2019,
2 construction is 70 percent complete.

3 The Staff understands the Company's desire to extend
4 the performance period until the employment obligation is fully
5 met. The Staff does not want to recommend an extension past
6 December 31, 2019.

7 There's also a letter in your book from the city.

8 DELEGATE KILGORE: Anyone here want to speak to
9 that? We shared all the information with the Staff and we are
10 working with the contractors and we're doing exactly what the
11 Commission wants us to do and we're very excited about all this
12 and working toward our goals. And we certainly appreciate the
13 Commission's patience and the grants.

14 UNIDENTIFIED: Yes, this initial grant now has been
15 going on for about six years now. It was really seed money for
16 us to get the project started, and we're thankful for that. And
17 there's been some delays that really were due to a lot of things
18 that we don't control. In the letter that we helped the city draft,
19 but from the construction job standpoint, we far exceeded as far
20 as payroll goes, dollar-wise, like maybe four or four hundred and
21 fifty thousand in that quarter. We expect to generate around
22 \$900,000 because of that. This whole construction project close
23 to \$23 million. It started out just under 20. This project, as far
24 as starting out, had it not been for the 265, that building would
25 have been sitting there and never got started.

1 We'd like you to consider these construction jobs, too,
2 and payroll, and hopefully the end of this year, we'll have met all
3 our requirements.

4 SENATOR RUFF: Mr. Chairman, I move the extension
5 to December 31, 2019.

6 DELEGATE MARSHALL: Second.

7 DELEGATE KILGORE: All those in favor, say aye.
8 (Ayes). Opposed? (No response). That motion carries.

9 Now, we have Tazewell.

10 MR. SORRELL: Yes, Mr. Chairman. This is Number
11 3101, Blue Wolf Sales & Service, Tazewell County. They are
12 asking the Commissioner accept the TROF recommendation to
13 grant a fifth-year extension through September 30, 2020. This
14 was initially granted in 2015 in the amount originally of \$50,000.
15 Then the original 36-month performance period ended in
16 September, 2018, with the funding fully disbursed prior to
17 performance.

18 The taxable asset obligation during the performance
19 period was a million five. As of September, 2019, the
20 Commissioner of Revenue shows a significant amount of capital
21 investment that has been made by the company and more is
22 expected.

23 The employment projection was 15 people, with an
24 aggregate payroll of \$102,000. The county met with the
25 company and all this to review everything. The county is

1 concerned that the company is in a growth mode. They've also
2 worked with GenEdge and other financial experts to do a
3 business analysis to help the company's commitment to meeting
4 the performance obligations of the TROF grant. So, there is a
5 fifth-year extension request. The Staff does recommend that
6 approval.

7 DELEGATE KILGORE: We have a motion, do we have
8 a second?

9 SENATOR RUFF: Second.

10 DELEGATE KILGORE: All those in favor, say aye.
11 (Ayes). Opposed? (No response). That motion carries.

12 MR. FEINMAN: One thing to bring to the TROF
13 Committee's attention, we've been working on the TROF
14 formulas. We've been tinkering with that as far as priority. And
15 we're working on a new formula, and that will allow us to make
16 faster, on-the-spot awards, and I think that'll work better for the
17 Commission and the Committee.

18 One thing I'd like to do is find a way to share that
19 formula with you in a way that's not revealing all the workings to
20 all of our friends and corporate clients. So, we're going to be
21 working on that and we'll discuss that at a later date.

22 DELEGATE KILGORE: All right. Public comment?
23 All right. At this time, I'll adjourn the meeting.

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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, October 9, 2019, at 4:30 o'clock p.m., at the General Francis Marion Hotel, 107 East Main Street, Marion, Virginia.

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 28th day of October, 2019.

Medford W. Howard
CCR