Virginia Tobacco Region Revitalization Commission

Policy Resolution
January 9, 2018

Whereas, Title 3.2, Chapter 31 of the Virginia Code created the Tobacco Indemnification and Community Revitalization Commission, subsequently named the Tobacco Region Revitalization Commission (the "Commission") to, *inter alia*, revitalize tobacco dependent communities;

Whereas, in furtherance of such purpose, the Commission has established the Tobacco Region Opportunity Fund program (the "TROF Program") to provide performance-based monetary grants and loans to tobacco region localities to assist in the creation of new jobs and investments through new business development and existing business expansion;

Whereas, by prior action the Commission has established the Tobacco Region Opportunity Fund Committee (the "TROF Committee") to assist in the administration of the TROF Program, and the TROF Committee has administered the TROF Program and the making of grants thereunder; and

Whereas, the Commission desires to restate in further detail certain aspects of the TROF Program, as set forth in the Tobacco Region Opportunity Fund Policy (the "TROF Policy"), attached hereto as *Attachment A*, which is by this reference incorporated herein and made a part hereof, to set forth certain policies for the receipt, consideration, approval, processing and making of grants and loans under the TROF Program;

NOW, THEREFORE, BE IT RESOLVED by the Virginia Tobacco Region Revitalization Commission, that

1. The TROF Policy is hereby approved and shall supplant existing TROF Program guidelines, procedures and practices currently in place, and, shall to the extent of any inconsistency or conflict with existing TROF Program guidelines, procedures and practices, supersede and prevail over same. The Commission specifically approves and affirms the delegations of authority to the TROF Committee and the Executive Director set forth in the TROF Policy.

2. All TROF Program grants heretofore approved by the TROF Committee under authority delegated to it by the Commission are hereby approved and ratified in all respects.

Attachment A

Virginia Tobacco Region Revitalization Commission

Tobacco Region Opportunity Fund

POLICY
Effective January 9, 2018

Purpose of the Tobacco Region Opportunity Fund

The Tobacco Region Opportunity Fund (TROF) provides performance-based monetary grants and loans to localities in Virginia's tobacco producing regions to assist in the creation of new jobs and investments, whether through new business attraction or existing business expansion.

The Commission has implemented the TROF program to support the goal of the Commission to "revitalize the economies of tobacco dependent regions and communities." Under the TROF Program, the Commission will in large part evaluate the effectiveness of its undertaking by reference to job creation, workforce participation rate, wealth, diversity of economy, and taxable assets.

Applications for TROF Grants and Loans

The Commission will only accept TROF Grant and Loan applications from governing bodies, political subdivisions, or their control affiliates within the tobacco producing localities of Southside and Southwest Virginia.

Applications to the Commission for TROF Grants and Loans are to be submitted in writing in the form set forth from time to time by the Commission, and contain such information as the Commission may request, including but not limited to:

- name and contact information of the applicant;
- name and contact information of private entity beneficiary (if applicable);
- specific dollar amount being requested;
- name of the locality in which the private entity beneficiary is (or is to be) located (if applicable);
- number of new and/or saved jobs;
- average annual wage of new and/or saved jobs;
- amount of private capital investment into taxable assets; and
- North American Industry Classification System code of the private entity beneficiary (if applicable).

TROF Committee

Except as may be provided by the Commission from time to time, the TROF Committee previously established by the Commission shall continue, with such membership, responsibilities and duties as are set forth by the Commission within this Policy.

Approval of TROF Grants/Loans

(a) *Requirements*. Unless otherwise approved by the Commission, TROF Grants/Loans may only be approved when:

- The grant amount calculated in accordance with the Commission's incentive formula guidance attached hereto as *Exhibit A*, as the same may be revised from time to time, is at least $10,000; and
- at the applicant's discretion, the grantee may be awarded a loan up to 100% of the calculated grant amount; and
- matching funds from non-Commission sources are committed to the project and evidence thereof is satisfactory to the Executive Director.

(b) The Executive Director is authorized to approve or deny, on behalf of the Commission, TROF Grants and Loans under this Policy that meet the purposes of the TROF Program and the requirements in subsection (a) above in an amount not to exceed the lesser of the amount requested by the applicant(s) or the amount calculated in accordance with the Commission's incentive formula guidance, or 150% of this amount if awarded as a loan, attached hereto as *Exhibit A*, as the same may be revised from time to time; provided, however, that a TROF Grant or Loan in excess of $1,000,000 must be approved by the TROF Committee. If the TROF Committee is not able to meet within 10 days of the application, the Executive Director, in consultation with the TROF Committee, is authorized to approve a grant/loan that does not exceed $2,000,000. The TROF Committee is authorized to approve or deny, on behalf of the Commission, TROF Grants and Loans under this Policy that meet the purposes of the TROF Program and the requirements in subsection (a) above in an amount not to exceed $3,000,000. The Commission must approve a TROF Grant or Loan in an amount greater than $3,000,000. The Commission's incentive formula guidance shall be an index that calculates recommended grant amounts based on such factors as the annual payroll promised, the annual local prevailing wage, the number of jobs (direct, indirect and saved), and capital investment, with a greater premium applied to high unemployment areas, higher capital-to-payroll ratio and higher new-wage-to-prevailing-wage ratio).

(c) Priority shall be given to projects which bring new inflows of capital into the Region. This includes manufacturing, medical facilities which provide community-wide medical benefits that have been demonstrated to be a proven need within the Region, and other projects at the discretion of the Executive Director. Examples of projects which may not be considered for

an award include, but are not limited to, retail, sales, food service, and car washes.

(d) The aggregate amount of TROF Grants and Loans made during any fiscal year shall not exceed the sum of (i) amount set forth in the Commission's approved budget for such fiscal year, and (ii) refunds of prior TROF awards credited to the TROF account without prior approval of the Commission.

Performance Agreement

Unless otherwise approved by the Commission or the TROF Committee, all TROF Grants and Loans are to be disbursed pursuant to a Performance Agreement among the applicant, the Commission, and a private entity beneficiary, which the Executive Director is authorized to negotiate and enter into in substantially the same form as *Exhibit B* attached hereto, provided that such Performance Agreement shall contain the appropriate grant/loan and performance information for the TROF Grant or Loan as provided in the Commission's incentive formula guidance.

Acknowledgements

An acknowledgement of the Commission must appear in any publication, announcement, or significant event related to the project.

Audit and Reports

The terms of the Performance Agreement are subject to audit and verification by the Commission.

Repayment/Claw-back of TROF Grant;

Unless otherwise approved by the Commission, the Performance Agreement shall require repayment of full or *pro-rata* grant amounts if the specific performance targets set forth therein are not achieved. The Executive Director is authorized to negotiate and enter into repayment agreements with entities seeking to make such repayments in installments over a period not to exceed three years from the date of such repayment agreement.

The following remedies shall be employed as deemed appropriate by the Executive Director for all grants under which contractual obligations are owed to the Commission and have not been fulfilled within 60 days after delivery of a written demand notice to all parties to the Performance Agreement and its control affiliates:

A. Freeze all disbursements to the grantee and its control affiliates.
B. Decline to accept any application for new grants from the grantee or its control affiliates.
C. Enter the name of the grantee and its control affiliates into the State debt set-off system.

D. Refer the file to counsel for appropriate steps up to and including collection proceedings.