

TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501

Richmond, Virginia 23219

EXECUTIVE COMMITTEE MEETING

Monday, January 8, 2018

5:30 p.m.

Homewood Suites

Richmond, Virginia

CRANE-SNEAD & ASSOCIATES, INC.

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1 APPEARANCES:

2 Mr. Frank Ruff, Chairman

3 Ms. Kathy Byron

4 Mr. Bill Carrico

5 Mr. Ben Chafin

6 Ms. Mary Rae Carter

7 Mr. Danny Marshall

8 Mr. Will Morefield

9 Mr. Ed Owens

10 Mr. Tommy Wright

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12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director

14 Mr. Christopher E. Piper, Deputy Director

15 Mr. Timothy S. Pfohl, Grants Program Administration

16 Director

17 Ms. Stephanie S. Kim, Director of Finance

18 Ms. Sarah K. Capps, Grants Program Administrator,

19 Southside Virginia

20 Ms. Michele Faircloth, Grants Assistant,

21 Southside Virginia

22 Ms. Sara G. Williams, Grants Program Administrator,

23 Southwest Virginia

24 (Cont.)

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1 COMMISSION STAFF: (Cont.)

2 Ms. Jessica Stamper, Grants Assistant,

3 Southwest Virginia

4 Ms. Stacey Richardson, Administration Supervisor

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10 COUNSEL FOR THE COMMISSION:

11 Ms. Elizabeth B. Myers, Assistant Attorney General

12 Richmond, Virginia 23219

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1 January 8, 2018

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3 CHAIRMAN RUFF: If people will find
4 their seats, we'll get started in just a second
5 here.

6 All right. We have kidnapped Kilgore and
7 have taken him out of position, so I'm taking over.

8 Evan, would you call the roll, please.

9 MR. FEINMAN: Yes, sir,
10 Mr. Chairman.

11 Delegate Byron?

12 MS. BYRON: Here.

13 MR. FEINMAN: Senator Carrico?

14 MR. CARRICO: Here.

15 MR. FEINMAN: Senator Chafin?

16 MR. CHAFIN: Here.

17 MR. FEINMAN: Ms. Carter?

18 MS. CARTER: Here.

19 MR. FEINMAN: Delegate Kilgore?

20 Delegate Marshall?

21 MR. MARSHALL: Here.

22 MR. FEINMAN: Delegate Morefield?

23 Mr. Owens?

24 MR. OWENS: Here.

25 CHAIRMAN RUFF: Senator Ruff?

1 MR. RUFF: Here.

2 MR. FEINMAN: Delegate Wright?

3 You have a quorum, Mr. Chairman.

4 CHAIRMAN RUFF: All right. The
5 minutes were posted on the website for September
6 20th. If there are any changes in those, hearing
7 none, anybody want to make a motion?

8 MR. MARSHALL: So moved.

9 MR. OWENS: Second.

10 CHAIRMAN RUFF: Moved and seconded.

11 Approved. All in favor say aye (Ayes).

12 Okay. Do we want to go into executive
13 session now, or --

14 MR. FEINMAN: It's up to you, Mr.
15 Chairman. We can do it either way.

16 CHAIRMAN RUFF: Well, let's go ahead
17 and leave that to a little bit later.

18 The scholarship --

19 MR. FEINMAN: So that's done.

20 CHAIRMAN RUFF: All right. So the
21 TROP appeal from Russell County. And, Chris,
22 you're gonna lead that in conversation?

23 MR. PIPER: Yes, sir. Thank you,
24 Mr. Chairman.

25 CHAIRMAN RUFF: Wait a minute, I

1 need binoculars to see that.

2 MR. PIPER: Mr. Chairman,
3 Appalachian Biofuel's entered into an agreement
4 with the commission on the 8th day of August 2014.
5 They were going to create an alternative fuel
6 company.

7 Through -- after -- over the last few
8 years, we've checked in, as we do with all of our tobacco
9 region opportunity funds, grants, and determined that the
10 company had failed to employ any employees and there had
11 not been any capital investments.

12 We notified Mr. Charles Lessin of the need
13 for the clawback in March of 2017 -- well, actually, I
14 think we actually started way back in 2016 with the
15 discussions.

16 Anyway, we had a lot of discussion. And I
17 think you might remember in September this issue came up.
18 Unfortunately, through some -- I don't know --
19 miscommunication or timing is probably -- timing issues,
20 the representative for Appalachian Biofuels was unable to
21 speak. And, so, we wanted to give them an opportunity to
22 discuss the situation today.

23 Essentially, there is a \$565,000 grant.
24 The performance measures were not met. The entire amount
25 is being clawed back. As we understand it, I think

1 265,000, if I remember -- I don't remember the exact
2 numbers off the top of my head, but there is an agreement
3 to pay back some of this and then they had requested
4 \$10,000 to come from Russell County, IDA of \$10,000 from
5 Mr. Lessin, rather than paying the whole amount back.

6 The Staff recommends following precedent in
7 what we do with all TROF awards and not coming into an
8 agreement, the full amount would be clawed back. And I
9 think, if it pleases the chairman and the committee, that
10 will give an opportunity for the representatives from the
11 Appalachian Biofuels to speak.

12 CHAIRMAN RUFF: We're going to
13 suspend that for a minute and Evan is going to
14 explain the TROF Program to the new members.

15 MR. FEINMAN: Sure. Thank you, Mr.
16 Chairman.

17 The unfortunate acronym TROF stands for
18 Tobacco Region Opportunity Fund. It is a rolling
19 formula-based incentive program that we use to entice
20 employers to the tobacco region. It's supposed to be an
21 add on to make our region even more attractive than the
22 rest of the Commonwealth and it is based essentially on a
23 few factors. And it's mechanistic.

24 We don't use subjective judgments in the
25 awarding of TROF. We look at the amount of people who

1 will be employed, the median wage of those employees, and
2 the total taxable capital investment the company will make
3 in a given county. That allows the formula to spit out a
4 number.

5 That number is then modified somewhat by
6 the relative economic distress, or lack thereof within the
7 county. And the particular industry that the proposed
8 business would be. Some of those that are more target
9 industries like manufacturing get a little bit of a bump
10 up, others that are not get a bump down. And we are left
11 with a specific award.

12 That award, like all of our other grants,
13 goes to a -- not to the company directly, but to one of
14 our allowable grant recipients; almost universally the
15 county or county IDA. And then we have very specific
16 performance benchmarks.

17 So, at 18 months, if they're not 25 percent
18 of the way through their job creation and capital
19 investments, we have the opportunity, though not always
20 exercised, to begin a clawback. If they have good reason
21 for not having met those benchmarks, construction delays,
22 things that were outside their hands, then we almost
23 always let them continue to move forward.

24 Other times, though, we get 18 months in,
25 or at the end of the three-year performance period and

1 they haven't gotten there. If they haven't produced the
2 capital investment that they promised, or they haven't
3 produced the jobs or both, we claw back in percentage -- a
4 percentage of the award relative to their lack of
5 performance.

6 We have of late created a slight wrinkle to
7 that, which is that in an effort to -- without expending
8 more of our funds -- put bigger numbers on the table.
9 Virginia is classically regarded as a very low incentive
10 state relative to our peers.

11 We've created a TROF Loan Program, so
12 that -- at the recommendation of this commission was 50
13 percent of the recommended award they could get at a zero
14 interest loan, we're hoping to go up to 100 percent. But,
15 you know, that will happen this meeting. But, ideally,
16 it's not my choice.

17 But that's the way it works. And, so, one
18 of the things that we've had very frequently is, you know,
19 business is not a guarantee. And often a company with all
20 good intentions and all the right efforts just doesn't get
21 where they need to get. And that's fine. And sometimes
22 companies truly have a good story. And in the past this
23 committee has -- or commission has released them of their
24 obligations.

25 That has not been something I've

1 recommended while I've been executive director. My view
2 is that we can increase your opportunity to do business
3 via the TROF Program, but it is not an exercise in
4 shifting risk from the private sector to the (inaudible)
5 sector and it should not be.

6 CHAIRMAN RUFF: Thank you.

7 Did you want to come up now and speak to
8 the issue?

9 MR. NOLAN: Mr. Chairman, members of
10 the committee, good evening. My name is Chris
11 Nolan with the law firm McGuire Woods. And I'm
12 here tonight on behalf of Chuck Lessin, as it
13 relates to Appalachian Biofuels and the grant
14 that's being discussed. And Chuck's here in the
15 audience and available afterwards, after I make a
16 few comments, if the commission has questions,
17 specific project related questions as to -- as to
18 the biofuels project.

19 I'd like to give you just -- I want to take
20 a couple minutes, a little bit of background about this
21 project and why we're here before you relative to this
22 appeal.

23 Chuck Lessin is a resident here in central
24 Virginia and he's vice chair of the Virginia Israel
25 Advisory Board. And in that position for the last seven,

1 eight years, he has been very involved with economic
2 development in Virginia and particularly outreach to
3 Israeli companies to come here to Virginia to set up shop
4 and to create jobs. And in that travel, he got to know
5 southwest Virginia quite well.

6 Back in 2013, 2014 he had a vision for a
7 biofuel facility to be located in southwest Virginia and
8 decided that after having put together economic
9 development deals, he wanted to take the next step and
10 actually create jobs himself in southwest Virginia.

11 So, he partnered with a gentleman by the
12 name of Payton Johnson, who I believe is a Southwest
13 Virginia native, and they came up with Appalachian
14 Biofuels. And at the time, the price of oil per barrel
15 was about \$100. And during the course of this project, it
16 quickly dropped to below \$50 and then in 2016 it got as
17 low as \$26 a barrel. And the whole idea of a biofuel plan
18 is to provide an alternative to expensive oil, but oil
19 wasn't expensive, at that time.

20 So, they have made certain investments with
21 the TROF funds. And just to make sure we're straight on
22 the numbers, and Mr. Piper can correct me here if I'm
23 wrong, but I believe the total number spent was \$210,000
24 out of the 565 that was allocated. And there remains
25 \$355,000 held in escrow relative to this project. And,

1 you know, that's important, because every deal was
2 different.

3 And I want to tell you a little bit
4 just why I want you to view his deal differently;
5 factors beyond his control. And this wasn't a
6 localized market issue being beyond his control.
7 This is a global glut in oil, at the time, which
8 made the economics of a biofuel facility in
9 southwest Virginia; it just wasn't viable.

10 And rather than just -- once that was --
11 that was evident, rather than blowing through the money in
12 the hope of producing a miracle, Chuck did the prudent
13 thing, he stopped spending the TROF funds. That's why
14 there's \$355,000 left. And from that point on, he
15 invested an additional \$24,000 of his own money, paying
16 local vendors down there and paying engineers, the last
17 bill that was due. And of the 210 that was spent, a good
18 portion of that was a deposit on the equipment that would
19 be used in the facility, the engineering plans for that,
20 and they were all appropriate expenses for the project.

21 I think the commission should want to be in
22 the position of promoting prudent and responsible behavior
23 by grantees. If Chuck is a member of the Virginia
24 Business Community, not some foreign company that has come
25 in, offered to do a deal, deal goes bad, and there's no

1 ability to go after that company. This is different than
2 that.

3 Here's an individual. He's not going
4 anywhere. He's committed to economic development in
5 Virginia. There were circumstances beyond his control and
6 he did the prudent thing, he didn't blow through the
7 money. And that, I think, should be recognized and the
8 commission should want to incent that type of behavior in
9 grantees in the future to say, if you do the right and
10 responsible thing, we're going to recognize that when we
11 have to have this difficult conversation about how much
12 money you pay us back.

13 And, you know, as Mr. Piper had alluded to,
14 what Chuck has offered is, in addition to the monies that
15 he's paid out, in addition to the -- you know, the things
16 that I can't quantify where he spent over a year, twice a
17 month in Southwest Virginia making this his number one
18 mission to get this company off the ground.

19 I can't quantify that for you, but what I
20 do know is he's at least \$24,000 out-of-pocket. He's
21 willing to put another \$10,000 in of his own money as part
22 of the settlement. If the IDA would pay the additional
23 10, just so that each entity has some repayment, he would
24 reimburse the IDA then of their \$10,000.

25 You know, that's basically 10 percent of

1 the amount spent and the commission would have well over
2 60 percent of its grant monies returned to it, as -- when
3 you combine that with the escrow account. And we think
4 that this is what makes this different than the normal
5 situation and not unlike past practice of a few years ago.
6 And we would just ask that you consider that as you
7 deliberate, relative to the appeal. And, again, I have
8 Mr. Lessin here if there's any specific questions about
9 the project.

10 So, I thank you, appreciate the time. I've
11 taken more than I probably should have, but I do
12 appreciate you giving me the opportunity to speak on his
13 behalf. Thank you.

14 CHAIRMAN RUFF: Chris,
15 clarification. The 355,000 has now come back to
16 the commission?

17 MR. NOLAN: No, it is -- it is
18 actually in escrow. Chuck had conversations at the
19 time when things were looking to -- when the
20 project was not looking good, he and the IDA agreed
21 the best thing to do would be to put that money
22 into escrow and I believe it's with the law firm in
23 Southwest Virginia.

24 CHAIRMAN RUFF: Certainly in
25 economic development sometimes things go right,

1 sometimes things go wrong. If things had gone
2 right, Chuck would have been financially better
3 off.

4 Is -- is -- you're contending that
5 essentially 24 and 48,000 is -- should be his penalty?

6 MR. NOLAN: Yeah. I think,
7 Mr. Chairman, what I'm saying is that rather
8 than -- than looking at a complete 100 percent
9 clawback of the money spent, that the commission
10 recognize that you want to have your grantees
11 engage in prudent behavior. He's done that. And,
12 consequently, in conjunction with the money that
13 he's out-of-pocket, to go ahead and remit back to
14 the commission the full amount of the escrow and an
15 additional, the equivalent of another \$20,000.

16 CHAIRMAN RUFF: Any questions? Any
17 comment?

18 Yes, Mary Rae.

19 MS. CARTER: Yes. Chris, the
20 210,000 you said was spent on equipment.

21 MR. NOLAN: A portion. Hold on one
22 second, I've got it here. It was spent on
23 project-related costs.

24 I would say, by my figures, there was a
25 deposit on the equipment to be used for production. That

1 was about \$50,000. And then engineers were hired to look
2 at that equipment and to design the facility. They had
3 located a building in St. Paul's. They had -- were in the
4 process of designing biofuel process and the utilization
5 of the equipment that the deposit was put on.

6 Those two things right there were probably
7 over \$100,000; like, 105,000 of the 210.

8 MS. CARTER: And what was the rest
9 used for?

10 MR. NOLAN: It appears that of the
11 information provided to me, there was a real estate
12 rental deposit. That was about \$12,000. There was
13 general liability insurance. There was payment
14 of -- toward the lease that, you know, just ball
15 parking it here, probably \$6, 7, 8,000. Probably
16 \$2 or 3,000 in general liability insurance.

17 There was some travel related to the
18 company, from which they were going to license the enzymes
19 to use in the biofuel facility. There was some travel
20 associated with that. And some legal costs relative to
21 the transfer of that proprietary enzyme to the U.S., and I
22 believe that required the use of an Israeli attorney. But
23 Mr. Lessin can correct me if I've stated that incorrectly.

24 MS. CARTER: One more question.

25 CHAIRMAN RUFF: Mary Rae.

1 MS. CARTER: How much did Mr. Lessin
2 and his partner put into this project?

3 I understand it was 3.5 million per your
4 jobs, is that right?

5 MR. NOLAN: The performance
6 agreement was to have -- create 40 jobs and 3.5
7 million dollars in taxable assets.

8 And, Chuck, I don't know the --

9 MR. PIPER: I actually -- if I
10 might, Mr. Chairman, there was a spreadsheet that
11 they provided to us. It was \$24,700 in personal
12 expenses by Mr. Lessin.

13 MS. CARTER: Thank you.

14 MR. NOLAN: That we can quantify,
15 yeah. As I stated earlier, there was a lot of
16 other travel and things like that that didn't make
17 it onto the spreadsheet, but that's a minimum.
18 Probably a little higher than that, but that's what
19 we felt comfortable putting on the spreadsheet, at
20 the time.

21 CHAIRMAN RUFF: Ed.

22 MR. OWENS: Have you liquidated all
23 the assets of this company?

24 MR. NOLAN: We actually put the
25 deposit on the equipment, but we did not take

1 delivery of the equipment. It was a non-refundable
2 deposit. And in terms of the other funds that were
3 raised, we had a bank loan in place that we had
4 been approved for and personal monies and
5 investment monies. But when oil collapsed, we
6 stopped everything. We didn't take private
7 investment, we didn't take delivery of the -- the
8 equipment was much more than \$50,000. So, we put
9 everything on hold. So, there are really no
10 assets.

11 We did build out some of the building in
12 St. Paul, and I'm assuming somebody else is having the
13 benefit of that now, but there were no assets taken in.

14 CHAIRMAN RUFF: Ed.

15 MR. OWENS: So what's the gross
16 you're talking about giving back to the commission?

17 The commission would get how much money
18 back?

19 MR. NOLAN: 355 plus another 20.
20 So, 375 is what you're going to get back out of the
21 5 -- was it 565?

22 MR. PIPER: 565.

23 MR. NOLAN: Yeah.

24 CHAIRMAN RUFF: Questions. Chris,
25 has there been any negotiation back and forth on

1 this?

2 MR. PIPER: Yes. Mr. Chairman,
3 typically the clawback that we request is a
4 three-year with -- it has to be paid within three
5 years, if not immediately. Most of the time we're
6 dealing with businesses who can't pay it back
7 immediately and we have -- we work out payment
8 plans with them. In just about every instance,
9 that (inaudible) extends out more than three years.

10 We did in an Email submit a -- an option
11 for a five-year payback or clawback. So, we're working
12 out a payment plan over the next five years was our -- was
13 Staff offer.

14 CHAIRMAN RUFF: And that was 100
15 percent payback?

16 MR. PIPER: Yes, Mr. Chairman.
17 There was no -- the Staff did not offer anything
18 less than 100 present clawback.

19 CHAIRMAN RUFF: Ed.

20 MR. OWENS: Mr. Chairman, so we're
21 talking about \$190,000 difference in what they're
22 offering us and we're willing to go five years.
23 But when would we get the 375?

24 What kind of time frame?

25 MR. NOLAN: I think -- yeah, I think

1 within, you know, seven to 10 days would be my
2 guess. I mean, Mr. Lessin is an individual. He'd
3 have to, you know, I won't say find, but rearrange
4 some personal finances to stroke a check for the 10
5 to the commission and then the 10 to the IDA and
6 then arrange for the transfer of the remaining
7 moneys in escrow. And, you know, I appreciate this
8 position of Staff and I wouldn't expect them to do
9 anything other than what they're doing today. But
10 the reason we didn't accept the offer is that it's
11 still 100 percent repayment on 210 and, you know,
12 again, you're not dealing with a large corporation
13 that came in and -- you're dealing with an
14 individual, so.

15 MR. PIPER: Mr. Chairman, if I
16 might?

17 CHAIRMAN RUFF: Chris.

18 MR. PIPER: There's another concern
19 that I have, and I'd like to request that counsel
20 respond, if that's all right. The commission has a
21 requirement that any grant funds distributed must
22 be matched 1 to 1. If we were to accept this deal,
23 there's only been \$24,700 brought into it.

24 The money that was spent, that 210,000 that
25 was documented here was all grant funds. So, just to be

1 sure, that would be the case here. So, if we were to
2 forgive 190,000 repayment, there would have to be a 1 to 1
3 match. Am I correct?

4 MS. MYERS: I think that is correct,
5 that would be -- that would constitute an award,
6 therefore it would require the 1 to 1 match.

7 MR. PFOHL: Mr. Chairman, the 1 to 1
8 match went into effect July 1, 2015, which was
9 after the -- this grant agreement was signed.

10 CHAIRMAN RUFF: Yes, I don't think
11 this is applicable in this case.

12 MR. PIPER: My apologies. Thank
13 you, Tim.

14 CHAIRMAN RUFF: Anybody else want to
15 weigh in on it?

16 Evan?

17 MR. FEINMAN: You know, I will
18 stipulate that Chuck's a good guy and a good
19 businessman. The concern I have here is the --
20 while it is true that it was smart and prudent not
21 to spend the additional \$310,000, the way that the
22 program is structured already incents not spending
23 the \$300,000, because the requested clawback,
24 rather than being 190,000 would be 490,000, had the
25 \$300,000 been spent. So, I'm not sure that this

1 committee needs to create an additional incentive.

2 That said, Mr. Lessin's counsel has --
3 other than that, has, I think, created a distinguishing
4 feature in the fact of him being an individual as opposed
5 to a corporate entity. But I don't know and I don't know
6 if Chris knows the nature of his personal liability
7 relative to this corporate entity. That would be
8 something I'd be interested in knowing.

9 But other than that, you know, I think
10 we've had a good record of holding the line on TROFs in
11 this committee and I would hate to see that blemished
12 without an awfully good reason.

13 MR. NOLAN: Mr. Chairman, I hope
14 I've given you one.

15 CHAIRMAN RUFF: If -- if you had
16 another few weeks to negotiate, do you all think
17 you can come up with anything that would work out?

18 MR. NOLAN: I think we've tried.
19 And I think not coming off the number is the
20 stumbling block to that. And, you know, I would
21 really hope that you would consider what we've laid
22 out here today and we tried to get on the agenda in
23 September and there was some miscommunication on
24 that and, you know, my apology for that.

25 CHAIRMAN RUFF: Danny?

1 MR. MARSHALL: All right. So let me
2 be sure. So, if we take no action, no motion, then
3 they owe the money.

4 MR. FEINMAN: Correct.

5 MR. MARSHALL: So we have to make a
6 motion to alter full payment?

7 MR. FEINMAN: Yeah. I mean, if what
8 the Staff's position is right now, is that the
9 commission has given us guidance, which is to say,
10 we claw back TROF in proportion to their
11 performance or lack thereof on these metrics.

12 So, I don't view that we have a ton of room
13 or discretion in negotiating these deals, absent new
14 direction from you all, which is why we've been doing --
15 which is why we've been negotiating the posture we've been
16 negotiating.

17 MR. NOLAN: And I appreciate that
18 and I appreciate the opportunity to come here for
19 an appeal. I just -- you know, not wasting a bunch
20 of money trying to figure it out, right, there's a
21 time value to that and, you know, I think we've
22 tried to outline to you why we think this merits a
23 slightly different approach than what you've done
24 in the recent past. I don't think it's that
25 dissimilar from what you've done in the past, but

1 it is, as Mr. Feinman has pointed out, slightly
2 different than what you've done in the immediate
3 past.

4 CHAIRMAN RUFF: What is the reason
5 for the 355 staying in escrow and not coming back
6 to the commission?

7 MR. NOLAN: Well, I think we had to
8 have a conversation around what does a final
9 resolution look like.

10 CHAIRMAN RUFF: You wanted some
11 leverage, is that my understanding of what you just
12 said?

13 MR. NOLAN: Is there a teleprompter
14 down here, or some type of translator?

15 CHAIRMAN RUFF: Is there a motion?

16 Hearing none, I would assume that we're not
17 going to be able to come up off that position.

18 MR. NOLAN: Mr. Chairman, is that
19 the case because of the settlement offer on our
20 part wasn't sufficient, or is it that it's gonna be
21 the position of the commission that you're not
22 gonna allow something less than 100 percent?

23 CHAIRMAN RUFF: I think that no
24 action would occur today. I think if you can sit
25 down with Chris and Evan and figure out anything,

1 that would be the best route to take. Because I've
2 heard no motion, we can't do anything.

3 MR. NOLAN: Understood that.
4 Understood. Thank you.

5 Well, I think we would want the opportunity
6 then to have that conversation and to see if there's
7 another way at this and appreciate your time.

8 CHAIRMAN RUFF: Thank you.

9 MR. NOLAN: Thank you.

10 THE COURT: Okay. Chris, City of
11 Danville.

12 MR. PIPER: Yes. Mr. Chairman,
13 thank you.

14 Next up is a similar -- similar request.
15 The company Norhurst in the City of Danville received a
16 grant in 2012, a TROF, in the amount of \$625,000. It's
17 Grant Number 2592. And the agreement is in your -- is in
18 your board book.

19 In this case, the company agreed to
20 employing at least 108 persons and -- I'm sorry, I'm
21 trying to get myself organized after the last one -- 128
22 and capital expenditures of 2.2 million dollars.

23 In this case, the company had a shortfall
24 on both -- both instances and we began a clawback of
25 62,500 in -- for the capital expenditures. And, I'm

1 sorry, because there were two separate clawbacks, one for
2 the job and one for the expenditures. So, I've lost my
3 place, unfortunately. So, 625.

4 Do you know the total for jobs, because I
5 don't have that. Seventy --

6 MS. RICHARDSON: Three hundred --

7 MR. PIPER: 312,000 --

8 MS. RICHARDSON: -- five --

9 MR. PIPER: -- 500. So the total
10 clawback -- I'm sorry, I've lost all of my numbers
11 that were right in front of me.

12 Anyway, we notified -- and I'll continue to
13 look for those -- we notified Mr. Norhurst, the president
14 of -- I'm sorry, Mr. Norton, the president of Norhurst of
15 these -- of the clawback. He met with us and discussed.

16 We did work with him to try and see if we
17 could find other ways in which it would be reduced, based
18 on some employment figures that he brought to our
19 attention. When we reviewed the employment figures he
20 brought to our attention, they didn't meet the criteria of
21 the TROF; in other words, these employees were
22 contractors.

23 Sometimes with a TROF we will allow
24 subcontractors or contractors to be included in the
25 employment data. In this case, all of those individuals

1 were -- resided out-of-state. So, we were unable to
2 include those numbers in the total, so that the amount
3 stays the same.

4 So, we are -- thank you. So, 781,000 -- so
5 312,500 is the total amount of the clawback.

6 Mr. Norton and Norhurst have begun payments
7 on the job numbers. They did that back in 2015. And, so,
8 we are -- we notified them of the short falling and the
9 cap X and that's when we started discussions.

10 Mr. Norton had requested an opportunity to
11 appeal the matter and are requested for the clawback
12 before the commission and that's why we're here today.

13 CHAIRMAN RUFF: That was welcome.
14 You'd like to speak to the issue?

15 MR. NORTON: My name is Tim Norton.
16 I'm the president of Norhurst. I appreciate you
17 letting me speak to you all tonight.

18 When we separate out of the military,
19 military officers, after 14 years in the military, started
20 Norhurst Professional Services. We're an IT consulting
21 company. We're also a state and local government security
22 company.

23 We started working back in 2006, 2007.
24 Found success. A lot of private organizations wanted
25 military people to come in and help them with their IT

1 staffing. Moved to the City of Danville and found that
2 the Old Dan River Executive Building had a large
3 footprint, multiple offices.

4 At that time, the building was in total
5 decay. It had been vacant for four years. The people
6 that owned the building prior to us removed the roof from
7 the building, cut down all the light poles from the
8 building, took out all the wires from the building, left
9 all the doors unlocked. So when we got up there, we had
10 to use chainsaws to get up to the building, when we were
11 first told about it.

12 They had 26 windows missing from the
13 building. There were dead animals in the basement and in
14 the upstairs. The basement had been flooded with a foot
15 of water. It was such a bad place where people were using
16 drugs and homeless people were -- would squat, that the
17 City of Danville Police Department started having training
18 up there once a week for their dogs. So, they would set
19 up barriers and run dogs through the building to try to
20 keep the riffraff out.

21 The City wanted to tear it down. It had
22 been on the agenda several times to tear it down. When we
23 were approached about the building, we were told about
24 this grant. Now, being military guys, we don't know much
25 about the government so -- and government contracts, so we

1 hired an attorney to assist us with this.

2 We were told that we would qualify for
3 \$615,000 in grants, half of which could be used for people
4 that we would place and the other half would be to
5 revitalize this building. Now, we placed and still
6 continue to place a great number of consultants, IT
7 consultants, security consultants.

8 At one time our payroll was over \$250,000 a
9 month. So we're successful in the IT arena. However, the
10 wording of this agreement was that we can't count any of
11 those contractors as people that we've been placing, that
12 they have to be W-2 employees. So we tried to, I guess,
13 negotiate with the City, because we're paying for people
14 to work.

15 We're a viable business now in the City of
16 Danville. We're doing what we said we wanted to do. And
17 they said none of that counts. So we agreed to pay back
18 \$312,000 over a course of four years. Now, we've paid
19 three of those payments; \$234,000. We have one payment
20 left of \$78,500 due in August, which we're prepared to pay
21 in August.

22 We were told at the time that we signed
23 that grant repayment agreement that we were done. The
24 other part we had met. And two years later, after that,
25 we were told, oh, no, we've got a clawback. And the

1 reason it took two years is because something about a
2 36-month period from the last date of the tax valuation,
3 the highest tax valuation of the property.

4 Now as I understand it, we agreed that the
5 property would be worth 2.2 million dollars at some point.
6 When we received the building, it was worth 1.8 million
7 dollars and it had no electricity, it had no water. You
8 couldn't go into the building. It was declared a disaster
9 area and we had to get the city to come in and clear it
10 and structurally clear it before we could even get in to
11 start renovating it.

12 We put in over \$450,000 of our own money.
13 We've provided receipts to Chris, which he has. All the
14 documentation of the money we put in there. Now the way
15 we're thinking, 1.8 million dollars, plus over \$400,000,
16 and that was as of 2015, we put even more in since then,
17 we've achieved our 2.2 million.

18 What we were then told was, oh, no, that's
19 not the way it works. We're gonna have an independent --
20 or, excuse me, Mr. Gillum, who's the real estate
21 assessment officer, come in and he will assess what the
22 value of the property is. We were told at that point that
23 the real estate value goes down and has been going down
24 since 2007. So, now your property is worth 1.6 and 1.4.
25 It doesn't matter how much money you put into the

1 building, unless you increase the footprint of the
2 building, it's not gonna change what the value of the
3 property is worth.

4 So, basically we signed a contract that we
5 could never win. And even with all the attorneys and all
6 the people looking at the contract, no one advised us
7 that, hey, you're never going to be able to get this
8 property up to 2.2 million dollars. So when we received
9 that clawback, obviously we're all concerned and we're
10 like, guys, we said we would fix this building, which
11 we've done. We said we'd operate out of that building,
12 which we continue to do. We've paid over \$40,000 in taxes
13 over the last five years, because our tax rate is between
14 \$8 and 9,000 a year, which we can continue to pay. And we
15 pay our utilities.

16 It is now a beautiful building. When Mr.
17 Gillum came up there to do the assessment, he said this is
18 nicer than it ever looked with Dan River there. We spent
19 a lot of time fixing this place up. So it's now at value
20 and an asset to the City of Danville and it's not a
21 deterrent.

22 So, what we're asking for is that you guys
23 recognize what we've done, that we've used the grant for
24 what it was -- the purpose was for and that we've achieved
25 that objective and not look at the numbers, based on the

1 subjective evaluation or calculation evaluated by the
2 city.

3 CHAIRMAN RUFF: Tim.

4 So the building, you bought the building
5 and the assessed value by the City of Danville was 1.8
6 million at the time?

7 MR. NORTON: Yes, sir.

8 CHAIRMAN RUFF: And what year was
9 that?

10 MR. NORTON: 2012.

11 CHAIRMAN RUFF: All right. So --
12 and you spent 400K on the building since then. So,
13 the value of the building has been dropping because
14 of the tax assessments --

15 MR. NORTON: I think it's the city
16 tax rate, as explained to me, has been decreasing.
17 And as it decreases, the tax value of the property
18 decreases.

19 Now, in addition, sir, we've totally filled
20 out that building. Every office has got office equipment.
21 We put all new electricity, we got all new internet
22 services, the full cafeteria. It wasn't just people.
23 We've outfitted the building as a fully functioning
24 office, but those pieces didn't go into the calculation, I
25 guess, or they didn't bring value as property.

1 MR. MARSHALL: Can I ask Chris a
2 question?

3 So, Chris, in a situation like this, when
4 we're doing the TROF formula, I assume that what we're
5 looking for is the assessed value for the real estate;
6 real estate assessed value.

7 MR. PIPER: Yeah. Mr. Chairman,
8 yes, we request from the Commissioner of Revenue
9 the -- the collected taxes on the real property.

10 MR. MARSHALL: What happens in a
11 case when the -- the tax assessments on the
12 building, due no fault of the owners, but the value
13 of the building goes down because tax assessment
14 goes down?

15 MR. PIPER: Mr. Chairman, we look
16 over the full three years and take the highest
17 amount assessed for that period.

18 MR. MARSHALL: Well, I know in rural
19 parts of, you know, where we all live, you know,
20 we -- well, most of us do, that the values have
21 gone down. And that's -- you know, certainly the
22 City of Danville and no other locality wants their
23 value to go down, because that's less revenue that
24 they bring.

25 So, Evan, have we looked and thought about

1 that, or am I missing something here?

2 MR. FEINMAN: Well, so that's --
3 that's an interesting question. So the way the
4 program works, is a -- a TROF recipient is getting
5 funding based on the number of people that are
6 employed, which is a clear and straightforward
7 economic benefit to the region, and for a total
8 taxable capital investment, which is, again, to
9 broaden the tax base.

10 So, the question you're asking is, you
11 know, is our method of calculation not fair. I guess my
12 only answer there would be, you know, it's very hard for
13 us to find non subjective numbers, but for the county
14 assessor or the city assessor. I suppose if Norhurst were
15 able to find a business as usual projection for any tax
16 value of the building, had they not entered into it, and
17 then showed us the delta there, that -- that might be a
18 more accurate reflection of their improvements of the
19 property, but I don't -- I think that would be awfully
20 tough to do.

21 You know, we -- there's a limited amount of
22 staff time we have to be running, sort of, projected tax
23 value scenarios in our office. And I would hesitate to
24 sign Chris and his team up for doing that on a regular
25 basis. We'd have to start recalculating every single TROF

1 we do. It's relatively rare that somebody takes an empty
2 building, builds it with stuff and finds that it's worth
3 less. You know that it's rare, because these are
4 relatively rare appeals.

5 So, you know, as with the last applicant,
6 you know, I'm never -- I'm never not open to a new
7 argument. This is sort of the first I've heard of that.
8 You know, when I checked with Chris, what I hear is, they
9 didn't mean it. You know, they spent some money on the
10 building but they didn't get it to where they said they
11 were going to get it up to, and that's the end of it.

12 If there was a broad city-wide trend and it
13 turns out that, you know, they got it at 1.8, it would
14 have been worth 1.2 or something and now it's worth 1.6,
15 we could look at figuring that out and I can come back to
16 you all, but, you know, that's going to be really
17 speculative.

18 CHAIRMAN RUFF: Mary Rae.

19 MS. CARTER: This is where -- this
20 is where I'm confused. It says here that we have
21 data confirming that the promised capital
22 investment amounts of 2 million 200,000 was not
23 achieved.

24 Now, if the building, when they -- when
25 they decided to go into it is valued at 1.8 million and

1 they have shown that they have put 450,000 in
2 improvements, why haven't they met that investment?

3 MR. FEINMAN: Because not everything
4 that you spend money on actually increases the tax
5 base of the thing that you're doing.

6 So, for example, I could buy a building and
7 spend -- as HDL did here in Richmond before going out of
8 business -- hire a German slide manufacturer to build a
9 slide from the top floor of my building to the bottom
10 floor of my building. It's a couple \$100,000, but the
11 building is not worth a couple \$100,000 more.

12 We often see people spend money on things
13 that don't improve the tax base of the community, they
14 spend money on things that are specific needs for their
15 company. And, so, that's why what we go by is, you know,
16 how much are you improving the taxable capital assets.

17 So it's not -- the calculation isn't how
18 much do you spend, it's how much do you spend in taxable
19 capital.

20 MS. CARTER: Well, I'm still
21 confused.

22 MR. FEINMAN: Or on taxable capital.

23 MS. CARTER: Okay. I'm still
24 confused, because I would assume that this is
25 actually a benefit to Danville, because it was a

1 derelict building, so to speak, until they came
2 into it. So, how do you balance that out?

3 You've got the city saying it's -- the
4 value of it is going down, but yet compared to what it
5 was, I mean, there's got to be an asset.

6 MR. FEINMAN: I think that's a
7 challenge. And, so, you know, it certainly may be
8 that there were some errors at the outset of this.
9 I'm not entirely sure how Danville -- if the
10 building is as Mr. Norton described it, I'm not
11 sure how Danville calls it a 1.8 million dollar
12 building to begin with.

13 That said, receipts for \$400,000 worth of
14 expenditures is not the same as creating \$400,000 of new
15 tax value. That's simply not the measure. And it's not
16 the goal of the program.

17 What we can do is what I described earlier,
18 which is try to figure out if there was some -- you know,
19 this isn't a question of policy, right, it's a question of
20 measurement. We can try to figure out if there was some
21 broader scenario wherein the 1.8 million dollar building
22 would be valued at some amount less than it's currently
23 valued had Norhurst not occupied it. Though sitting right
24 here talking to you, I don't know how we would go about
25 doing that.

1 MS. CARTER: Yeah.

2 MR. FEINMAN: And, you know, you
3 have sent me difficult tasks before and I'm happy
4 to undertake this one, but --

5 CHAIRMAN RUFF: This is a new
6 difficult task.

7 MR. FEINMAN: Yes.

8 CHAIRMAN RUFF: Come back in May
9 with that answer.

10 MR. FEINMAN: Okay. If that's what
11 you guys want us to do, we will see if we can come
12 up with something. We'll try, as we always do, to
13 deal in good faith and see if there's some economic
14 argument here.

15 That said, I'd encourage Mr. Norton and
16 Norhurst to stay on schedule with their payments regarding
17 the employment figures in the interim.

18 CHAIRMAN RUFF: That's agreeable.

19 MR. NORTON: Thank you, guys.

20 CHAIRMAN RUFF: Moving on. TROF
21 Policy review.

22 Chris, you're still up.

23 MR. PIPER: Sorry, I needed a
24 second.

25 We're on to the policy review. Thank you,

1 Mr. Chairman. The TROF committee met last week. We
2 discussed some changes to the existing TROF policy.
3 Stacey passed it out in front of us. It looks like this,
4 if you don't have it. If you need binoculars, we can
5 probably procure those real quick.

6 To go through very quickly, on page 1,
7 number 3 was deleted. It talks about references to loans
8 expiring on June 30th, 2017. This would -- this vote
9 would allow the loan program for the TROF to continue and
10 I will explain the loan program here in just a moment.

11 Further, if you move to page 3, or number
12 two at the bottom here, we have several deletions. The
13 first one is requirement that the minimum private capital
14 investment be 1 million dollars. The commission voted
15 last year to allow the executive director discretion in
16 waiving that, so in this case we've decided to delete it.

17 The third section is the major change, the
18 first major change, that would be that previously, just
19 so, for the new commission members, the program for the
20 TROF, as Evan described earlier, also includes an
21 opportunity to plus up the grant, by offering the
22 applicant a loan of up to 50 percent of the grant. They
23 could take a loan of 150 percent of the total awarded
24 amount, calculated grant award.

25 Typically what happens is they accept a

1 grant for -- the grant award and then they can plus that
2 up with 50 percent of the grant, in the form of a loan.
3 Our program has been in place for about a year now and it
4 has been incredibly successful. If we have over six
5 grants, I know that doesn't sound incredibly successful,
6 but it is. But so far we've had six and a lot of renewed
7 interest in that program.

8 Therefore, we have asked to increase that
9 from 50 percent to 100 percent. So, an applicant can
10 request a grant. The calculated incentive would be
11 \$100,000. They could plus that up with a loan of \$100,000
12 that's payable within five years of the award date.

13 The other change on this page is the last
14 bullet. Currently there is a limit of up to three awards
15 per calendar year. We, at Staff, recommend that we remove
16 that language. We don't want to preclude a locality from
17 receiving a TROF grant for a wonderful opportunity based
18 on them being too successful that year.

19 Moving on to the next page is another
20 change and some language that was suggested by TROF
21 Committee. If you look at subsection C, one of the -- one
22 of the things that the TROF program wants to do is bring
23 in new inflows of capital into the region. And, so, we
24 wanted to make it clear, the TROF Committee wanted to make
25 it clear that priority will be given this project, which

1 brings new inflows of capital into regions. This includes
2 manufacturing, medical facilities which provides
3 community-wide medical benefits that have been
4 demonstrated to be a proven need within the region and
5 other projects at the discretion of the executive
6 director.

7 Examples of projects which may not be
8 considered for an award include but are not limited to
9 retail, sales, food, service and carwashes. If -- I'm
10 happy to take any questions on those changes, otherwise at
11 the will of the committee.

12 MR. FEINMAN: Address the changes
13 for a moment, Mr. Chairman.

14 So a little history for the folks who
15 haven't been here. We, a couple years ago, were finding
16 that we were winding up turning down perfectly good but
17 too small projects, and it was the view of this committee
18 and the TROF Committee that there was no reason to say no
19 to perfectly stable, new smaller business that only had
20 three or four, maybe up to 10, 12 employees.

21 What we found there was that that worked
22 pretty well. We reduced our requirement that the formula
23 only spit out a number of \$10,000 or greater. As a side
24 effect, though, of that success, we found some of the
25 sorts of business that we were not looking to incentivize

1 sneaking in, which just had been precluded by the prior
2 formula requirement.

3 So those are things like the car
4 dealerships, some ophthalmology centers, things like that
5 that are perfectly good businesses, but don't create new
6 inflow of capital to the region. And, so, this is to come
7 behind that and clean that up. That's the first and third
8 part of this.

9 The second part regarding the loans, has
10 really been in dialogue with our colleague at the Virginia
11 Economic Development Partnership, the State's Mainline
12 Economic Development Agency, particularly under the
13 direction of the new president over there, we really
14 started staking ourselves up against other states.

15 While I know it's not necessarily the way
16 our legislative members would characterize it, Virginia
17 remains a pretty low dollar incentive state relative to
18 our peers, particularly relative to our peers to the south
19 and southwest of us.

20 As a result, we're just consistently
21 putting down smaller numbers in front of these companies.
22 And one of the things that we found, that was a way to be
23 a benefit to companies that are often -- particularly
24 divisions of large companies that are strapped for capital
25 within their annual budget, or smaller companies that

1 simply don't want to undertake significant new liabilities
2 on their line of credit, is to offer them zero interest
3 loans in an amount of 15 percent of the grant. There's
4 been some uptake on that. In fact, we heard that if we
5 could offer more loans, they would take out those more
6 loans and it would make us even more attractive.

7 We have, with the TROF program, complete
8 protection for our monies, because the loans, like the
9 grant flow through the localities. So even if a corporate
10 entity defaults, we can collect from the local government.
11 So the opportunity to put more money on the table, make a
12 more attractive offer to a business entity without
13 actually undertaking any more risk or even more
14 expenditure, other than a fairly limited time value of
15 money piece, because we're offering these at zero percent,
16 we're down to score a benefit. So that additional plus up
17 from a 50 percent loan to 100 percent loan.

18 We've already heard from prospects. It is
19 something that they're very interested in.

20 CHAIRMAN RUFF: Questions?

21 MS. BYRON: Yes.

22 CHAIRMAN RUFF: Kathy.

23 MS. BYRON: Is page number 4
24 supposed to be Exhibit B?

25 It's not labeled Exhibit B, but is that

1 what that is?

2 MR. PIPER: Mr. Chairman, I didn't
3 include Exhibit B. There were no changes currently
4 to it.

5 MS. BYRON: You had mentioned it
6 further, the same form that's Exhibit B, so I
7 thought maybe it was attached.

8 So, Mr. Chairman, then page 4, is that new
9 language or is that what we're going by right now?

10 MR. FEINMAN: That's a continuation
11 of the repayment, slash, clawback, withdraw grant
12 language. That's the language we're using right
13 now.

14 MS. BYRON: Okay.

15 CHAIRMAN RUFF: Any further
16 questions?

17 Is there a motion?

18 A SPEAKER: So moved.

19 A SPEAKER: Seconded.

20 CHAIRMAN RUFF: Properly moved and
21 seconded that we approve the changes in the TROF.
22 All in favor say aye (Ayes)?

23 All opposed? (No response.)

24 That one passes.

25 Update on major project. Evan.

1 MR. FEINMAN: It's mixed, is the
2 short answer. Without going into executive
3 session, I don't think that's necessary for the
4 purpose of these projects.

5 Unfortunately Project New World has left
6 for a different world. We were very hopeful that we would
7 be achieving that project, but, unfortunately, they are --
8 states to the deep south seem like they're going to get
9 that. The plus side of that is, we do not need to dig
10 deeply into our endowment to make good on the promises we
11 made to that company.

12 On the other hand, Project Transformer in
13 Wise is moving along very well. We had a really strong
14 meeting with them out in the facility. We are partners at
15 the -- in the region, in the locality, at UVA Wise have
16 all come through in a big way and we anticipate hearing
17 good news from that in the very near future.

18 Beyond that, without going into executive
19 session, I can't say a lot more other than we're winning
20 more than we're losing. And we're getting, in part
21 because I think we've seen a real uptick in the value
22 provided by BDET. We're getting a lot done.

23 We're gonna be seeing in the spring -- I
24 don't know if Josh is still here -- we're hoping to bring
25 before the -- the special project committee a proposal to

1 kind of up-scale and up-resource the regional economic
2 development group. It will be relatively modest, it would
3 be on par with the amount of money we're currently
4 spending on Joe Animal (phonetic) and I think we're
5 getting a better return from that than we're getting from
6 Joe.

7 Additionally, we're going to see a
8 quadrupling of our foreign direct investment staff from
9 just Joe to Joe plus two additional positions funded by
10 NBP who are a great partner and perhaps one of the
11 greatest things the commission did.

12 And then secondarily we've got an economic
13 development position that we're looking to fund in
14 southwest Virginia. That was a project of Bee Seda
15 (phonetic), Glenda Wisco and the VCC.

16 We were moving forward fairly quickly on
17 that with an eye toward South Korea. Recent geopolitical
18 events made us maybe a little more hesitant about -- I
19 apologize, Stephanie -- maybe a little more hesitant about
20 South Korea, so we might wind up just putting them in
21 California.

22 So, the hunt is on right now -- well, in
23 the -- it really is. The hunt is on right now for the
24 right staff person. The trouble with foreign direct
25 investment staff is that you don't know you've screwed up

1 until a couple of years in and you hate to burn that
2 amount of time.

3 So what we're looking for right now, and it
4 may be a unicorn, but I think we can find it, is someone
5 who grew up in Southwest Virginia who now works in the
6 tech sector and is well regarded and has contacts in
7 California. So we're trying to find that. In the absence
8 of that person, we'll take somebody who's from rural
9 America and works in the tech sector and is well regarded,
10 but we're gonna go down the list.

11 From a policy standpoint, I think we're
12 moving forward. We've got everybody, those three groups
13 on the same page now, which is good. That took a little
14 doing. Some folks wanted more focus on marketing and if
15 somebody's located there, I haven't been able to persuade
16 them that if you know the right model is to keep somebody
17 where the prospects are, not at home traveling out to the
18 prospect.

19 So that's where we are in major projects,
20 at least as far as I can tell you without going into
21 executive session.

22 CHAIRMAN RUFF: Anybody have any
23 questions of Evan on that?

24 We'll take this out of cycle and see if
25 there's any public comment.

1 Hearing none, we need to go into executive
2 session for personnel issue?

3 MR. MARSHALL: Yeah. I move that we
4 go into closed meeting in accordance with the
5 Virginia Freedom of Information Act. The purpose
6 of this closed session is to discuss a personnel
7 matter. The subject of the closed session is to
8 discuss the compensation of the executive director,
9 the application exception from open meeting
10 requirements under the Freedom of Information Act
11 is something, something, something. I guess that's
12 a 32.2-3711A4.

13 I can't read my own --

14 CHAIRMAN RUFF: Second?

15 MR. OWENS: I second.

16 CHAIRMAN RUFF: All right.

17 MR. FEINMAN: Say aye or nay. They
18 have to say --

19 CHAIRMAN RUFF: All in favor say aye
20 (Ayes).

21 All opposed. (No response.)

22 Thank you all for coming. I wish it could
23 be a more exciting ending, but I don't expect you all
24 back.

25

1 (At this time, the executive
2 session is had; whereupon, the
3 proceeding continues, as follows)

4
5 MR. MARSHALL: I move that we vote
6 on and record our certification that to the best of
7 each member's knowledge, only public business
8 matters lawfully exempted from open meeting
9 requirements under this chapter, only such
10 business, public business matters as were
11 identified in the motion by which the closed
12 meeting was deemed were heard, discussed or
13 considered in the closed meeting.

14 MR. OWENS: Say that again. Second.
15 Second.

16 CHAIRMAN RUFF: All right. Call the
17 roll.

18 MR. FEINMAN: Delegate Byron?

19 MS. BYRON: Yes.

20 MR. FEINMAN: Senator Carrico?

21 MR. CARRICO: Yes.

22 MR. FEINMAN: Senator Chafin?

23 MR. CHAFIN: Yes.

24 MR. FEINMAN: Ms. Carter?

25 MS. CARTER: Yes.

1 MR. FEINMAN: Delegate Marshall?

2 MR. MARSHALL: Yes.

3 MR. FEINMAN: Delegate Morefield?

4 Mr. Owens?

5 MR. OWENS: Yes.

6 MR. FEINMAN: Senator Ruff?

7 CHAIRMAN RUFF: Yes.

8 MR. FEINMAN: Delegate Wright?

9 Motion passed.

10 CHAIRMAN RUFF: All right. If
11 you'll notice, we had a long conversation.

12 MR. FEINMAN: A couple of us noticed
13 that.

14 CHAIRMAN RUFF: I think everybody
15 was complimentary to the job that you've done, but
16 we believe the consensus was that we need to be
17 professional about how we do things. And, so,
18 whatever action we'll take, will be effective
19 tomorrow.

20 Alexis and Gretchen and Ben have agreed to
21 be a team to decide where this fits into the whole
22 spectrum of what the executive director pay ought to be,
23 so it's driven for the right reasons or the wrong reasons.

24 Is that reasonable?

25 MR. FEINMAN: Well, I think -- I'm

1 not sure what those are, but sure.

2 CHAIRMAN RUFF: I'm not sure we do
3 either, but you cited a couple of people to --
4 similar to, we just felt like there needs to be an
5 identical, identifiable way to determine what the
6 executive director's position ought to have --
7 well, ought to qualify for.

8 MR. FEINMAN: Okay. I mean, I will
9 express that I'm -- it's not the result I wanted.

10 THE COURT: Sure.

11 MR. FEINMAN: You know, I think to a
12 certain extent the market should determine what an
13 employee sort of is worth or not worth, but --

14 CHAIRMAN RUFF: That way may well be
15 the conclusion of that story.

16 MR. FEINMAN: If that's the
17 direction the committee wants to go, I accept it.

18 CHAIRMAN RUFF: All right. Since we
19 took care of all the other business -- business
20 before, then we are adjourned.

21

22 (At this time, the meeting is
23 adjourned.)

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CERTIFICATE OF THE COURT REPORTER

I, Jacqueline Barreto, Certified Court 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 Virginia Tobacco Region Revitalization Commission, Executive Committee Meeting, when held on Monday, January 8, 2018, at 5:30 p.m., at the Homewood Suites, Richmond, 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 20th day of January, 2018.

Jacqueline Barreto

Certified Court Reporter

Notary Public for the State of Virginia at Large

MY COMMISSION EXPIRES: October 31, 2018