

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 Monday, January 7, 2019

9 1:00 o'clock p.m.

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13 Homewood Suites

14 Richmond, Virginia 23219

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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    Mr. Timothy S. Pfohl, Grants Program Administration Director

12    Ms. Sarah K. Capps, Grants Program Administrator -

13        Southside Virginia

14    Ms. Jessica Stamper, Grants Assistant

15        Southwest Virginia

16    Ms. Michele Faircloth, Grants Assistant

17        Southside Virginia

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19    COUNSEL FOR THE COMMISSION:

20    Ms. Elizabeth B. Myers, Assistant Attorney General

21        Richmond, Virginia 23219

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1 January 7, 2019

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3 DELEGATE KILGORE: Good afternoon, this is the  
4 TROF Committee, and I'll call the roll, or ask Evan to call the roll.

5 MR. FEINMAN: Delegate Kilgore.

6 DELEGATE KILGORE: Here.

7 MR. FEINMAN: Delegate Marshall.

8 DELEGATE MARSHALL: Here.

9 MR. FEINMAN: Senator Ruff.

10 SENATOR RUFF: Here.

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

12 DELEGATE KILGORE: Do I have a motion to adopt the  
13 minutes of our last meeting, September 19<sup>th</sup>, 2018?

14 DELEGATE MARSHALL: So moved.

15 SENATOR RUFF: Second.

16 DELEGATE KILGORE: I have a motion and a second.

17 The minutes are approved.

18 Now, Andy.

19 MR. SORRELL: Okay, the City of Martinsville  
20 Extension, and we're still awaiting data for that one, and that's  
21 tabled until May.

22 The one from Henry County, that is an extension  
23 request. This is Project 2990, and they have requested an  
24 extension into the fifth year. And this requires action from the  
25 Committee. They were granted an extension last year or last

1 summer, and this was an award in the amount of \$170,000. As  
2 part of their TROF agreement, they were required to meet 29  
3 jobs and have 7.25 million in capital investment, and you'll see  
4 on page 44 of your packet, they've accomplished about 25  
5 percent of their jobs and a little over 30 percent of their capital  
6 investment.

7 The Martinsville-Henry County Economic Development  
8 Commission has indicated several things have happened in the  
9 last six months. You can see in the bottom of page 44, that sort  
10 of speaks to some of the items that they would expect will be  
11 occurring this year or happened in the last month or six months  
12 and that this extension will allow them to meet their commitment  
13 within a year. I will note that the VEDP did grant some additional  
14 extensions September 30<sup>th</sup>, but that's a different program, but  
15 they requested an additional year extension into the fifth year for  
16 their TROF award. Glad to answer any questions at this point.

17 DELEGATE MARSHALL: Tim, until the Economic  
18 Developer and Tim Hall from Henry County are here, if you all  
19 would like to answer any questions? Seeing none, then I move  
20 that we grant this.

21 SENATOR RUFF: I'm still thinking. In four years, if  
22 they have not met this commitment that they made and they're  
23 only a third of the way, what assurance do we have that it's  
24 going to be successful?

25 MR. HEATH: I'm Mark Heath. I'm here also with Tim

1 Hall. And our capital investment is probably \$3.35 million or  
2 something like that, but we have been working towards that goal  
3 and we have certifications that we have to meet that are  
4 required. With the improved economy over the last year and a  
5 half and this gas has taken off, but economic tools are in place  
6 now that will help accelerate this investment. Of course, I  
7 possibly cannot guarantee, but we'll be much better off a year  
8 from now with this extension. We know this is the last extension  
9 that we'll be granted, and we realize that.

10 They have indicated to us that they are going to have  
11 a fourth reactor in 2019, and there's a whole lot of money  
12 invested in that equipment. We're excited about where they are,  
13 but they're averaging over \$60,000, so this is a very good  
14 outlook.

15 SENATOR RUFF: You fully understand that you won't  
16 get my vote next year.

17 MR. HEATH: Yes, sir. We had a good conversation  
18 with Staff and we realize that this is the last extension that we'll  
19 have. If not, we'll reimburse what we have to, we believe we'll  
20 be on the plus side.

21 MR. HALL: We realize this is being recorded and we  
22 won't even ask.

23 DELEGATE KILGORE: I have a motion and second.  
24 All those in favor, say aye. (Ayes). Opposed? (No response).  
25 All right.

1 MR. HEATH: Thank you very much.

2 MR. SORRELL: Next we have a request from Mountain  
3 Top Timber. Evan will talk about that.

4 MR. FEINMAN: Southside Economic Development  
5 Committee is likely to ask if they can out of their balance  
6 increase the TROF loan that we extended to the company so they  
7 can meet an unexpected cost. To my knowing, not opposed  
8 every increase in the TROF grants, but if somebody wants to  
9 increase the amount they can borrow, I think that's all right,  
10 particularly if it comes out of another committee's balance.

11 DELEGATE KILGORE: I think that could lead to a  
12 situation where, I guess it's whatever phase it is, and some of  
13 this investment was a lot more than they thought originally, and  
14 that's what the additional loan would be for, was at \$113,000, I  
15 believe.

16 MR. FEINMAN: So, the only action this Committee  
17 needs to take is agree to modify the loan that you've already  
18 made to them, including the higher balance.

19 DELEGATE MARSHALL: I move that we approve the  
20 loan.

21 SENATOR RUFF: Second.

22 DELEGATE KILGORE: All those in favor, say aye.  
23 (Ayes). Opposed? (No response). So, that motion carries.

24 MR. FEINMAN: Now, we'll get into the meat of this.  
25 You all asked me at the last Committee meeting a couple of

1 questions related to how TROF works, what we might be able to  
2 do from a policy standpoint to improve it, and we've seen a  
3 dramatic uptake in the amount of TROF activity that we've seen

4 And, Delegate Marshall, you, for example, raised a  
5 question about whether or not we should be continuing to fund  
6 projects that reduce the prevailing wages in the community.

7 There's also been a fairly steady rate of questions  
8 about how we might address or which particular sectors were  
9 included and which were not. What we tried to do is take a hard  
10 look both at the way the formula works and whether or not we  
11 need to make significant policy changes to try to do a better job  
12 reflecting the concerns of the Committee's rates.

13 What we did is we took 20 TROF projects for a sample  
14 over the last couple of years with the TROF, and what we tried to  
15 do is make sure that it was a representative sample and a  
16 representative sample of what we were doing and without going  
17 deeply into this, we did a good job and picked a nice set of  
18 samples and brought in a nice cross section of TROF grants that  
19 we made for the past several years to make sure we can run a  
20 project.

21 One of the things we focused on is how we, and we  
22 looked at how the formula works now and where we have  
23 opportunity to either tighten it up or improve the way that we're  
24 updating. One of the early items we noticed while we were  
25 actually double counting. Early on, we had a real desire to try to

1 bring in projects, but we're capital heavy, focusing on factors and  
2 the kind of the equipment they would wind up having.

3 The thing was that when we actually looked at it, it  
4 wound up double-counting in our formula and what we could  
5 have done instead was just try to get a full accounting up here  
6 and not use an additional multiplier. The fiscal stress premium  
7 and one of the things we found is that while there is variance in  
8 our commission territory and the amount of fiscal stress given  
9 communities under, everybody is doing pretty close to everyone  
10 else. So, this fiscal stress calculation not being a significant  
11 factor in our formula and then the prevailing average wage  
12 premium, and we decided to focus heavily on this because it's  
13 something the Committee brought up and something that we  
14 think and we want to make sure that we try to work through in a  
15 serious fashion.

16 So, we ran a number of different models. First, we  
17 took the State's figure, and then we standardized that to make  
18 sure we were talking dollars and cents or apples to apples. We  
19 ran through six times and wound up with an improved formula  
20 and the overall awards. But I didn't find it was really reflective of  
21 the Committee's preference. So, we moved into a much more  
22 reflective provision of the formula.

23 So, we removed jobs indirect, both because indirect  
24 jobs are speculative and because, frankly, you don't really know  
25 if that's going to come true or not, and it was not benefitting our



1 formula. We changed the prevailing average wage premium, and  
2 it was a little complicated. When you think about it, we  
3 increased on a linear basis, but improved your amount of wage  
4 over the prevailing average wage, and that rises in a straight  
5 line.

6 Then we had an exponential decline. So, if you're  
7 below the prevailing average wage and if you're just a little  
8 below, it's not a big deal, and if you're a little below, that, as I  
9 said, isn't a big deal, but that reflects the below the average  
10 wage. If you think about it, it kind of slopes up or curves upward  
11 and then slopes beyond where the prevailing average wage is.

12 What we wound up with was eight more model runs  
13 that led us to a much cleaner formula. So, for those of you in  
14 this spreadsheet there's far fewer things here and our prevailing  
15 average wage premium is a little more complicated. Where we  
16 landed is you can see here is a somewhat significant reduction in  
17 overall scores and the best example is here and this is a real  
18 company here and you can figure out who it was pretty quickly.  
19 You can see here where it straddles the average wage and there  
20 still is a significant change even though it's a relatively modest  
21 page in the average salary. There is the prevailing average  
22 wage, that's 500 above, that's 500 below, and you can see the  
23 change. If you look and see how dramatic it is, 25,000, it comes  
24 down very steeply, and it goes up, but in a more modest fashion,  
25 not on a percentage basis.

1           The idea here is that we'll certainly continue to reward  
2 you for paying above the prevailing average wage, but we make  
3 it a pretty steep punishment if you're well below the prevailing  
4 average wage. You can see a company with slightly smaller  
5 numbers, and what you see is similar percentage changes in a  
6 smaller award number. For example, Company Number 2,  
7 significant movement on a percentage basis even just for a  
8 relatively modest amount above and below the prevailing  
9 average wage. A nice plus up if they're well above the prevailing  
10 average wage and a very steep decline in an award if they're well  
11 below the prevailing average wage.

12           That's what we tried to do with the formula to reflect  
13 the concerns that this Committee had raised regarding whether  
14 or not we were incentivizing those wages. I feel real good about  
15 it. Michael had a field day with it and he couldn't get here today,  
16 but he would have told you all the various mathematical he  
17 engaged in.

18           The reality is that we're running a number of different  
19 revisions to the formula and the Staff is pretty happy with this. L  
20 Unless you all want a far deeper explanation of the changes  
21 we've gotten, the simple description of what we've done to  
22 change the formula is a steep penalty for being below the  
23 average wage and reduction in double counting CapEx and we  
24 smoothed out the fiscal stress multipliers because it's not high  
25 impact and we found it wasn't attracting new business to

1 different portions of the footprint and just leading to different  
2 awards and made it more complex for us in respect that we're in  
3 multiple localities without actually giving the less advantaged  
4 localities a bump.

5 So, unless there's a significant change, I think  
6 adopting this new formula would be appreciated by the Staff, as  
7 it is reflective of your concerns, and then we can talk about some  
8 policy changes after we do the formula changes. Any questions?

9 DELEGATE MARSHALL: I looked at the Tobacco  
10 Commission's web page on TROF, so this reads the TROF  
11 program is designed to support goals of the Commission to  
12 develop a diverse economy in Southwest Virginia, in Southside,  
13 and the goals of the Commission is to develop a diverse economy  
14 in Southern Virginia and Southwest Virginia, and the goal is  
15 measured by job creation, workforce participation to bring wealth  
16 and diversity of the economy and taxable assets, and all  
17 measurements listed are increased with a new or expanded  
18 business and to create jobs that pay more than the prevailing  
19 wage.

20 Now, where all this came from, a TROF agreement  
21 started, and doing the math, these guys are going to make about  
22 a little above the minimum wage. I think if we're going to do  
23 what we said, we shouldn't be doing it. When you look at these,  
24 but if you look at the prevailing wage using Danville, it doesn't  
25 take into consideration Henry County and Pittsylvania County or

1 Halifax County, that surround Danville. The first question is  
2 should we use a prevailing wage, and it's realistic about where  
3 people are coming from to be --

4 MR. FEINMAN: We certainly could.

5 DELEGATE MARSHALL: Should we?

6 MR. FEINMAN: The challenge there is unless for every  
7 company that we're going to try to, small companies, it would be  
8 very hard to figure out the real region they're going to draw  
9 from, 15 or 20 employees, they may have one person that drives  
10 a long way away, but we can certainly always say we're going to  
11 concentrate the prevailing average wage by averaging in a  
12 sensible statistical fashion probably weighted by population each  
13 county and the average surrounding county. Say Pittsylvania will  
14 include Patrick and Henry, Campbell, or Halifax, maybe  
15 Appomattox is a little out of it, but I don't know you'd see a  
16 significant difference, particularly if you average across the whole  
17 region. But I'd think you'd find the numbers look pretty similar.  
18 It may be more accurate and there's some truth to that, but I  
19 don't know that the increase in accuracy is necessarily valuable  
20 relative to the increase in staff time that it takes to do that effort.

21 An interesting question would be whether or not there  
22 would be wide variance in the prevailing average wage in  
23 neighboring counties, and I suspect from time to time that'll be  
24 true and often it will not.

25 SENATOR RUFF: Mr. Chairman, for big companies,

1 that's a legitimate argument, but if it's close to minimum wage, I  
2 wouldn't drive to South Boston and Danville between there  
3 working.

4 DELEGATE MARSHALL: That kind of brings me to my  
5 question. Let's focus in on what you're talking about. For  
6 25,000 and 55, but about 45,000, but the 25,000, that's  
7 probably close to minimum wage or maybe a little more.

8 MR. FEINMAN: You'd still have the minimum wage.

9 DELEGATE MARSHALL: But if you look at the  
10 prevailing wage of 35,000, and what we say on our sheet on the  
11 website, and we're going to use at least the prevailing minimum  
12 wage, so we really shouldn't be talking to them unless the  
13 average wage of 36,494.

14 MR. FEINMAN: We have an opportunity to make this  
15 in a policy change after we change the formula. I've divided it  
16 first into formula changes, and then second, and the question is  
17 are we going to change the way we've been gatekeeping the  
18 whole program about who has access or who does not? That's  
19 an important question and one that we'll talk through in just one  
20 second.

21 DELEGATE MARSHALL: My concern is that, you know,  
22 we don't have the cash that we used to have. Economies are  
23 doing pretty well right now, and I don't think we need to get real  
24 picky, but I think we ought to try to start doing two things to  
25 protect our fund balance, and look for people that are actually

1 raising the prevailing minimum wage and not just, giving an  
2 incentive to somebody that's making \$10 an hour.

3 MR. FEINMAN: That is a direction we tried to push on  
4 the formula change, but two slides thereafter changes we can  
5 make in the policy related to TROF and that's eligibility. So, Mr.  
6 Chairman, I think that in the absence of any dramatic concerns  
7 with this change in the formula and I think we have been around  
8 a number of times and we're pretty confident this will improve  
9 TROFF and the TROFF formula and more reflective of the  
10 underlying economic concerns of the Committee. If we want to  
11 make further changes to the way that we treat applicants, I think  
12 there's a lot of opportunities to do that. If you all agree that this  
13 general formula change and I recommend it and then if you think  
14 that's a good one, then I certainly recommend it, and I'd  
15 appreciate a motion.

16 SENATOR RUFF: Mr. Chairman, I would move that  
17 this be the 2019 changes to TROF.

18 DELEGATE MARSHALL: Second.

19 DELEGATE KILGORE: All those in favor, say aye.  
20 (Ayes). That motion passes.

21 MR. FEINMAN: So, moving on, there was a question  
22 about whether or not we ought to calculate whether folks that  
23 are working in border communities, what percentage are crossing  
24 from North Carolina into Virginia or Tennessee and what  
25 percentage of Virginia residents. As a result of agreements or

1 lack of agreements between states in Northern Virginia and along  
2 West Virginia, because we have reciprocal state income tax  
3 agreement. A Marylander crosses into Northern Virginia and  
4 works here still pays Maryland income taxes, but North  
5 Carolinians cross into Virginia and work here and they pay  
6 Virginia income tax. Our belief is that we don't have to make  
7 those determinations about what the percentage of employees of  
8 a given company might be from North Carolina, as our localities  
9 and state government still receives their tax payment. If you  
10 want to do that, we're still willing to go down that road, but given  
11 the tax receipt issues, it may be mooted by that.

12 DELEGATE MARSHALL: Well, companies located in  
13 Greensboro and in Danville and employees in Greensboro.

14 MR. FEINMAN: There is a reduced value, and there's  
15 no question about that. If they're living somewhere else and  
16 grocery shopping somewhere else and they're contributing to  
17 those other communities but given that we get the income tax,  
18 the juice is probably not worth the squeeze on that, but if you  
19 feel like it is, we can try to figure it out.

20 SENATOR RUFF: Mr. Chairman, I would point out that  
21 in Northern Virginia just count some jobs in Maryland, so try to  
22 make up some, we do get tax money, but where they spend that  
23 money is another question.

24 DELEGATE MARSHALL: Is this on a case-by-case  
25 basis?

1           SENATOR RUFF: Case-by-case.

2           MR. FEINMAN: One thing we can do on a case-by-  
3 case basis is simply say we'll take a hard look at whether or not a  
4 company is going to draw a broad area and if we think that broad  
5 area will include portions that are not Virginia, we recommend  
6 reduced awards on that basis. We'd send out an email to the  
7 TROF Committee members, here's a proposal, and that would  
8 include the estimate with a statement that it's been reduced by  
9 X percentage as a result of a loss of revenue from non-indirect  
10 expenditures from wage employees out of state.

11           SENATOR RUFF: Mr. Chairman, rather than get too  
12 far into that, I would recommend that we try to work with other  
13 states, North Carolina, the Golden LEAF, and try to negotiate  
14 some things on a case-by-case basis.

15           MR. FEINMAN: I'm happy to reach out to Golden LEAF  
16 in North Carolina Economic Development and we have projects  
17 that help North Carolinians, we expect you all to do likewise.

18           DELEGATE MARSHALL: Well, we've got two big  
19 megasites here, Berry Hill and Commonwealth Crossing, right on  
20 the North Carolina line.

21           MR. FEINMAN: The other policy changes that we  
22 thought of is number one, if you're not, just flat out say that if  
23 you're not above the prevailing average wage, you're not eligible  
24 for TROF on page 52, and look at the top of your book, that slide  
25 there. That's a policy change where it's easy to implement at a



1 staff level. It would cause a certain amount of consternation  
2 amongst our constituent localities, but I think there's a sensible  
3 argument for it. Our worst, and this is borne out by statistics, or  
4 our worst unemployment locality is only a hair over five percent  
5 unemployment. The argument that, well, even a bad job is better  
6 than no job at all, probably would carry more weight when we  
7 were in double-digit employment in certain localities, but at this  
8 point we have the ability to be choosy and probably make sense  
9 from our perspective to start pushing that direction.

10 DELEGATE KILGORE: Can we say we wouldn't give  
11 grants to someone if we didn't meet that point?

12 MR. FEINMAN: We could, but one of the things we  
13 contemplated in saying we could reserve grants for a variety of  
14 very specific reasons. One of the things we talked about was  
15 size restriction, go hard on and some sectors are a little bit looser  
16 on whether or not it's more a question of is there capital coming  
17 in or is it purely a traded sector occupation.

18 Another that we could pursue is the requirement for  
19 COF, which is to say a grant is only available if there's true  
20 interstate and we could say inter-region competition. If we have  
21 a Tobacco community and a non-Tobacco community in  
22 competition for a project and they're grant eligible. Companies  
23 are interested in loans. The loans are not an also -- and we  
24 have a very high TROF one balance right now and there's still  
25 value in that, and I think we'd see companies coming in and

1 taking advantage of that even if the grants were not available.  
2 So, if we were to say, for example, that there has to be  
3 competition and you have to be above the prevailing wage to  
4 access a grant, otherwise we'll do formula-driven loans for  
5 everybody else, then I think you'd see continued activity on both  
6 sides of that divide. We can also say you're simply not eligible.  
7 We used to have a size restriction, could reinstitute that, but I'm  
8 not sure that's a great idea. We used to say if you didn't have at  
9 least a million in CapEx and a certain amount of employees,  
10 you're not eligible. I think we've gotten a lot of great companies,  
11 and I don't know that I'd want to start turning them away again.

12 Another change we could make is and focus entirely  
13 on lending and save our grants for the true big fish. We could  
14 say unless they qualify for a specific consideration, there's no  
15 grant. We could do zero lending to ease your transition into the  
16 area, and that's all. All these options are in front of you or limit  
17 the number of projects for community and there's various  
18 options. We could switch to showing up on the back end, we  
19 could do pay for performance or reimbursement. Then the final  
20 thought we had was we could go to a local match requirement.  
21 We said TROFs were matched by the corporate investment, but  
22 we could certainly say we'll split it with our local partner, and my  
23 sense there is that it would be a richer situation where  
24 communities that are already doing well have the liquidity to  
25 make the match for the ones that really need it. But I wanted to

1 put all this in front of you.

2 SENATOR RUFF: You talked about the reimbursement  
3 concept with potential companies?

4 MR. FEINMAN: I haven't gone out and discussed  
5 policy changes with companies, but in working on projects with a  
6 variety of different companies what we found is that they really  
7 do value our money coming in and we're the only program in  
8 Virginia at this point that does not do a reimbursement pay for  
9 performance award and if you are a smaller company and looking  
10 at capital intensive manufacturing, construction situation, it's well  
11 and good to know you'll get the money in three years, and that's  
12 pretty valuable from a business standpoint to have the cash at  
13 the outset, and we are protected in that regard, because we can  
14 always recover from the locality if there's nonperformance, and  
15 none of the other state economic development programs have  
16 that option or operate in that fashion that I'm aware of.

17 DELEGATE MARSHALL: So, we need to make a  
18 motion on what?

19 MR. FEINMAN: If you want to make a policy change,  
20 then you do that.

21 DELEGATE MARSHALL: I move that we restrict TROF  
22 awards to provide above the average annual prevailing wage.

23 SENATOR RUFF: Is that for loans or just grants?

24 DELEGATE MARSHALL: For grants.

25 SENATOR RUFF: I'll second that.

1 DELEGATE KILGORE: That's grants or they couldn't  
2 qualify for loans?

3 MR. FEINMAN: If that's the will of the Committee, the  
4 Committee sets the rules.

5 DELEGATE KILGORE: We've got to make sure that's  
6 in the record.

7 MR. FEINMAN: Restrict grants but not loans. Two  
8 projects above the prevailing average wage.

9 DELEGATE KILGORE: We have a motion and a  
10 second. All those in favor, say aye. (Ayes). That motion  
11 carries.

12 MR. FEINMAN: The second question is the  
13 competition question. Do we want to restrict grants to, or do you  
14 want to continue to operate grants, or even if we don't have  
15 evidence that's interstate or inter-regional?

16 DELEGATE KILGORE: I don't know that we need to do  
17 that. I think if somebody really chooses us and if it's the only  
18 place they want to go, I feel good about that. They're choosing  
19 to come to Danville or Pittsylvania or Lee County or wherever.  
20 They choose it first.

21 DELEGATE MARSHALL: Are we talking about  
22 competition here in the Tobacco Region, in the State?

23 MR. FEINMAN: We've never talked about competition  
24 in the region, but we would say that if it was locations within the  
25 region and anywhere outside the region, could be elsewhere in

1 the country. I do have some concerns with that approach. If  
2 competition happens outside of our knowledge, which it does, or  
3 economic developers go and talk to a company and say we have  
4 all this to offer and I know you've looked at incentive packages in  
5 other states, this is about what you can expect with a TROF, so  
6 when it comes to us, there's no longer any competition, but  
7 that's not to say that it was not at the outset.

8 DELEGATE MARSHALL: The megasites are always  
9 going to have competition out of state.

10 DELEGATE KILGORE: Small and medium companies.

11 MR. FEINMAN: They may or may not. They might be  
12 looking at six different locations around the footprint. We  
13 sometimes know it's North Carolina and us or Kentucky and us.  
14 The larger projects are more aware of who else you're talking to.

15 DELEGATE MARSHALL: If we do this, it'll force them  
16 to go shopping and we may lose.

17 SENATOR RUFF: Well, we're supposed to create jobs,  
18 and I don't think we should throw up roadblocks.

19 MR. FEINMAN: The other question is reimbursement  
20 and pay for performance versus money upfront, and I think  
21 there's value in that, and we're absolutely protected and only  
22 going to the reimbursement basis. In our communities, we've  
23 had some challenges with clawbacks from city and county  
24 governments who weren't ready for that kind of payment, but at  
25 the same time, as I've said, there's real value in that money

1 early on when somebody is setting up an operation, and that's an  
2 advantage relative to our competitors outside the footprint.

3 DELEGATE KILGORE: I'm in favor.

4 DELEGATE MARSHALL: But with some of the  
5 protections we have.

6 SENATOR RUFF: Mark, you're the professional in this,  
7 tell us the difference.

8 DELEGATE MARSHALL: We don't want to put you on  
9 the spot.

10 MR. HEATH: Would you restate the question.

11 SENATOR RUFF: If you had to negotiate from a  
12 position of reimbursement rather than paying money upfront,  
13 how would that change the equation?

14 MR. HEATH: Well, with respect to the county, we  
15 have gone away from upfront cash, but like when you consider  
16 TROF and you have a restriction on it, we're not going to give the  
17 money upfront, it's just not good to do that. We have found over  
18 the years with a company, but with respect to the cash up front,  
19 it may be somebody we want to think twice about, but if you're  
20 making a decision solely on cash. We put performance triggers  
21 on all of our agreements and we've done that for a number of  
22 years. It's helped us a lot. We actually believe that it's very  
23 helpful, but it really hasn't been a problem for us.

24 DELEGATE MARSHALL: Mark, you have a TROF grant,  
25 do you give them that money upfront?

1 MR. HEATH: No, we take your money and the County  
2 would hold it, and we install our own triggers. We just don't  
3 think it would be a problem --

4 DELEGATE KILGORE: The locality or each locality can  
5 do it however they wanted to.

6 MR. HEATH: We're going to always abide by your  
7 rules, but we're going to protect ourselves.

8 DELEGATE MARSHALL: Anyone else want to give us  
9 their thoughts? Looks like no.

10 DELEGATE KILGORE: I think since the County or  
11 localities can do that, I don't know why we need to jump into it  
12 right now.

13 DELEGATE MARSHALL: The only thing what Mark just  
14 said it's not hurting to do so.

15 MR. FEINMAN: If it's a large TROF and we give it to  
16 the County upfront and they're the ones slowly disbursing it and  
17 they gain the benefit of that interest and we do not, and if we do  
18 it, then, of course, the Commission gets it.

19 SENATOR RUFF: Is there a middle ground? Could we  
20 instruct Staff to mention what Henry County is doing, that might  
21 be a good way, and let us keep the cash.

22 DELEGATE KILGORE: We ought to keep it and  
23 disburse it.

24 MR. FEINMAN: I have been very clear with every  
25 committee that I'm pretty focused on our in-flow revenue.

1 DELEGATE MARSHALL: I put a motion on the table  
2 and the motion is to change our policy so we set up the TROF on  
3 a reimbursement basis.

4 DELEGATE KILGORE: You're talking about the grants?

5 DELEGATE MARSHALL: Yes.

6 SENATOR RUFF: I'm going to hold off, I think we  
7 should wait and see.

8 DELEGATE MARSHALL: I guess it died.

9 MR. FEINMAN: I have no other suggested policy  
10 changes for this group, the match and changing lending, unless  
11 you all have any other questions or suggestions for policy  
12 changes, that's what we came up with.

13 DELEGATE KILGORE: I'm looking at your TROF  
14 awards and some our confidential. Are there any questions  
15 about any of these or talk to Staff or Andy?

16 DELEGATE MARSHALL: Can I ask Evan about our  
17 counterpart to the south, Golden LEAF, what kind of program do  
18 they have?

19 MR. FEINMAN: I can't tell you exactly how it works.  
20 They have a variety, as we do, of different programs and make  
21 changes on a fairly consistent basis. They operate as a  
22 foundation and they're statewide. And they have different fiscal  
23 restrictions than we do. Their economic development  
24 landscaping, it's similar to ours, and their utilities are very  
25 heavily involved in every economic development move that they



1 make. The North Carolina Economic Development Agency is not  
2 the kind of leader and center point that EDEP is here. I can  
3 investigate and get back to you. I know they make a variety of  
4 grants. I don't know if they're formula driven like our TROF  
5 grants, but I can look into that and get back with you.

6 The Committee has no other business that I'm aware  
7 of.

8 DELEGATE KILGORE: Do I have a motion that we  
9 adjourn? All right. All those in favor, say aye. (Ayes). We're  
10 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 Monday, January 7, 2019, at 1:00 o'clock p.m., at the Homewood Suites in 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 \_\_\_\_\_ day of January, 2019.

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Medford W. Howard  
CCR