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**TOBACCO REGION REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501  
Richmond, Virginia 23219

**TROF COMMITTEE MEETING**

Wednesday, April 29, 2020  
9:30 o'clock a.m.

*(By Conference Call)*

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 Executive Director

11    Mr. Jordan Butler, Public Relations Coordinator

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1 April 29, 2020

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3 DELEGATE KILGORE: Welcome everybody. This is a  
4 new opportunity here, I guess, to do a meeting, so this is great,  
5 and welcome.

6 Evan, can you call the roll.

7 MR. FEINMAN: I can, Mr. Chairman.

8 Delegate Kilgore.

9 DELEGATE KILGORE: Here.

10 MR. FEINMAN: Delegate Marshall.

11 DELEGATE MARSHALL: Here.

12 MR. FEINMAN: Senator Ruff.

13 SENATOR RUFF: Here.

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

15 DELEGATE KILGORE: All right. Do I have a motion  
16 we approve the 10-9-19 meeting minutes?

17 SENATOR RUFF: So moved.

18 DELEGATE KILGORE: Wrong date, wrong date, what's  
19 the date?

20 MR. SORRELL: January 7, '20.

21 DELEGATE KILGORE: Okay. Do I have a motion we  
22 approve those minutes?

23 SENATOR RUFF: So moved.

24 DELEGATE KILGORE: All those in favor, say aye.  
25 (Ayes). Opposed? (No response). All right, that motion carries.

1 All right, I think, Andy, it's up to you, right?

2 MR. SORRELL: Yes, sir. Thank you, Mr. Chairman.

3 So, first off, we've got Project Power. This is the one our  
4 members will remember. Josh Lewis from the Virginia Industrial  
5 Advanced Alliance brought to you guys in January and we had a  
6 closed session discussion about it. This was what the  
7 Commission, what the Committee and then the Commission  
8 ultimately voted upon and recommended was that they authorize  
9 the Executive Director to negotiate terms of a TROF loan and  
10 bring back those terms to the Committee once negotiated.

11 The Staff did complete those negotiations with, with  
12 the locality, Carroll County, and Josh Lewis, and reviewed the  
13 details of that Project Power with the Committee members  
14 individually earlier in the week.

15 The basic terms of the loan were a \$1.9 million TROF  
16 loan payable over a term of six years, with annual loan payments  
17 of \$380,000 tied to an interest rate, the CPI, plus an interest rate  
18 tied to CPI and capped at five percent. The company will pay  
19 taxes on the large equipment that they would be utilizing the  
20 loan for, and the county will have ownership of that loan, I mean  
21 ownership of that equipment. And the Commission will have a  
22 lien on it, as well, to secure our interests.

23 And the other condition that the Commission would  
24 look at establishing with the loan would be that the company  
25 would pledge, sustain the locality for at least the term of the

1 loan.

2 So, those are the terms that we've negotiated, and I  
3 think what we're looking for is your blessing to present those to  
4 the locality to present to the company.

5 Evan, did you have anything you wanted to add to  
6 that?

7 MR. FEINMAN: Only that, you know, I think this  
8 should be regarded as a job-saving opportunity, you know, we're  
9 not making any money on this loan, but we're not losing any  
10 either, you know. We're going to get, we're going to make the  
11 loan, they're going to pay us back in a couple of years, and we're  
12 charging them the prevailing interest rate or the prevailing  
13 inflation rate for interest. So, it's a wash to help us save a pretty  
14 important company and add value to the entire immediate area  
15 in terms of their power ability, their power capacity because the  
16 transformer can serve more than just the operations of this one  
17 organization. So, I think it's a good deal and I'm glad we're able  
18 to do it.

19 DELEGATE KILGORE: Sounds like a good deal to save  
20 some jobs and also to get, you know, make sure that, and  
21 protect us. So, it's not, I think you all did a great job in getting  
22 this, putting this package together.

23 MR. FEINMAN: Thank you, Mr. Chairman. If I could  
24 suggest a motion. We are likely to be significantly increasing our  
25 ability to make loans in the next fiscal year. Two million dollars

1 is still a pretty big bite out of our TROF budget, so if you all could  
2 make an either/or motion on this authorizing us to make the loan  
3 either through the TROF budget or under any new loan program  
4 that the Commission establishes, that would be ideal. That way,  
5 we'll be able to keep the TROF pot a little better topped out.

6 DELEGATE KILGORE: We've got some options to  
7 keep the cash flow going and things of that nature. Do I have  
8 any more discussion, Frank, or Danny, or anyone?

9 SENATOR RUFF: No, I would make the motion that  
10 we word it as Evan just did.

11 DELEGATE MARSHALL: Second.

12 DELEGATE KILGORE: We have a second, any more  
13 discussion? All right, all those in favor of that motion, say aye.  
14 (Ayes). Opposed? (No response). Okay, that motion carries.

15 Andy.

16 MR. SORRELL: Thank you Mr. Chairman. All right,  
17 next up we have Project Jonah. This was another item that you  
18 discussed at your January meeting in closed session. The  
19 Committee recommended and the Commission ultimately  
20 approved an extension of this project, this TROF project dating  
21 back to 2014-2015, and the Commission approved an extension  
22 of this project for 90 days, and this was to allow for the project  
23 beneficiary to complete the purchase of property in Tazewell  
24 County. This has occurred.

25 And Staff has been negotiating terms for an amended

1 TROF agreement, which we have individually reviewed with the  
2 Committee members earlier this week.

3 So, the amended agreement would be something that  
4 would be a five-year additional performance period, no additional  
5 funds over what we already disbursed in this instance, this is a  
6 \$1.5 million cost grant that was previously disbursed. While this  
7 project going forward will be hiring fewer people than previously,  
8 it will be hiring them at a higher salary and the cap X will be  
9 much higher, as well.

10 So, Staff compared this project per parameters with  
11 the parameters that were the original project and found that the  
12 incentives would have been very comparable to what was  
13 provided with the \$1.5 million.

14 DELEGATE KILGORE: Andy, the county, the counties  
15 agree that to sign on and take responsibility, correct?

16 MR. SORRELL: Right, that's correct. The county has  
17 agreed to take on responsibility for this as the, if the beneficiary  
18 is not able to meet the terms of, the revised terms of the  
19 agreement. And, so, Staff has worked with counsel and with the  
20 county to negotiate a, some amended terms for the agreement  
21 from 2015. And so with that, I'd be happy to answer any  
22 questions.

23 Evan, did you have anything you wanted to add on to  
24 that?

25 MR. FEINMEL: Only that while this has been a project

1 that has faced challenges, it will be, if it's even half as successful  
2 as they talk about, it will be the largest capital investment in  
3 non, Bristol, Washington County, Southwest, in the entire time I  
4 have been here. And this is the kind of thing that would be a big  
5 win for Arlington. I mean we're talking about hundreds of jobs  
6 and hundreds and millions of capital expenditure. This will be a  
7 huge win for Tazewell and everybody in the county. And so, you  
8 know, we, we stuck with this thing for a long time, and I'm really  
9 hopeful that they're now on the right track to make it work.

10 DELEGATE KILGORE: You all feel comfortable they're  
11 on the right track, I think the county does, too, correct?

12 MR. FEINMAN: Yeah, they have now gotten, I mean  
13 the big problem with a big capital intensive project is that you  
14 need a lot of capital. And so they now have a very deep  
15 pocketed financial backer that is a global entity that we think will  
16 be able to help support their investments.

17 So, we have good indications on the ground, they've  
18 been hiring engineers and doing everything that you would do if  
19 you were planning to build a big expensive facility. So, we'll see  
20 how it turns out, but, you know, we're hopeful within the next  
21 year we'll be able to get out there and do a groundbreaking.

22 DELEGATE KILGORE: Any other members have  
23 questions or comments? All right, so what would our motion be,  
24 Andy?

25 MR. SORRELL: I believe the motion would be



1 something to the effect that the amended agreement, as  
2 reviewed individually with the Committee members, the terms of  
3 the amended agreement, as reviewed individually with the  
4 Committee members would be what would be, what would be  
5 presented to the locality as the Commission's amended TROF to  
6 Project Jonah.

7 DELEGATE KILGORE: Do I have Andy's motion placed  
8 by one of the members?

9 DELEGATE MARSALL: So moved.

10 DELEGATE KILGORE: Danny.

11 SENATOR RUFF: Second.

12 DELEGATE KILGORE: All right. Any other comments?  
13 All those in favor, say aye. (Ayes). Opposed? (No response).  
14 That motion carries.

15 I think we have to have public comment, is that  
16 correct, counsel?

17 MR. FEINMAN: Thank you, Mr. Chairman. We have  
18 one other piece of business that was mentioned. Last year, the  
19 Commission and the TROF Committee approved a grant and a  
20 loan for Project Heart with the Danville, Pittsylvania Regional  
21 Industrial Facilities Authority. And this was for a grant and a  
22 loan in the amount of \$270,000 each. The RIFFA (sp.) will be  
23 disbursing this, the grant portion in arrears for this particular  
24 project. But they were not comfortable with our, we're not going  
25 to be able to guarantee the loan portion.

1           So, Staff has been working to revise the loan  
2 agreement to make it more like a commercial loan. And we  
3 would, basically, where the loan would be guaranteed by the  
4 equipment that the company is purchasing. And so we wanted to  
5 bring that to your attention, something that's a little bit different  
6 than our typical loans so it won't be the locality that's  
7 guaranteeing that, but it'll be the equipment that they will be  
8 utilizing, and that's what we would be using to guarantee it.

9           DELEGATE KILGORE: Do you all feel comfortable in  
10 the secured situation?

11           MR. FEINMAN: Yes, Mr. Chairman. This is, it looks an  
12 awful lot like a traditional commercial loan. We've got more than  
13 the value of the loan itself in the equipment that they're going to  
14 be putting in there, and it's equipment that a lot of different folks  
15 could use, so there'd be a market for it after the fact. The  
16 county has had some worries about their debt levels and some  
17 other issues that caused them to not want to take on this loan.  
18 But because everything else is coming in arrears, this early  
19 extension of capital is going to be really useful to this company  
20 to set up operations.

21           They are a foreign entity, and so in addition to all the  
22 normal manufacturing startup costs, which are always steep,  
23 they've got a bunch of legal costs, as well, to create their new  
24 American entity, to get set and all that jazz. And, so, you know,  
25 that's always a hurdle when we're bringing new folks into the

1 country.

2 So, I think this is a good deal and hopefully a preview  
3 of increased loan activity to come.

4 DELEGATE KILGORE: Okay.

5 MR. FEINMAN: Go ahead, Dan.

6 DELEGATE MARSHALL: So, Evan, you and I talked  
7 about the problem we're having, but as far as the UK companies  
8 coming here that this is not going to be just a one-time, every  
9 time one of these UK companies come, we have this problem.  
10 Could we prepare boilerplate language so that when the next  
11 company shows up, that we don't have to spend a truckload of  
12 money to go through the whole process again?

13 MR. FEINMAN: On the legal side, I'm not sure we  
14 could really do that. I mean we could certainly hire an attorney  
15 or ask if somebody at the AG's office could create some  
16 boilerplate language that may save the finance fee. For their  
17 startup costs though, they really do need to hire their own  
18 counsel and get incorporated here in the U.S.

19 As far as our loans, you know, we don't throw away  
20 any documents. We always make sure if we can just change out  
21 a couple of terms and other specifics and use the same  
22 boilerplate language. We do that across all of our performance  
23 agreements and loan agreements and what have you, and  
24 there's no reason to reinvent wheels and we try to avoid it.

25 DELEGATE MARSHALL: Okay, thank you.

1 DELEGATE KILGORE: Frank, did you have a question?

2 SENATOR RUFF: Well, you know, we don't want to go  
3 down too many paths, we want to keep this as boilerplate as  
4 possible so that we're dealing with every locality in the same  
5 manner. If the exception becomes the rule, then I'm afraid we're  
6 going to not have any rules at all, and that's my only concern.

7 MR. FEINMAN: I think that's really fair. You know,  
8 this is a, this was a deal that we worked on for a very long time,  
9 and we have a current relationship for this. I agree that we  
10 should be very clear that this is an extremely rare exception and  
11 that we won't be deviating from our standard approach with  
12 much frequency.

13 SENATOR RUFF: Okay.

14 DELEGATE KILGORE: So, what would the motion be,  
15 Andy, in this particular instance?

16 MR. SORRELL: Evan, would we need a motion for this  
17 particular action?

18 MR. FEINMAN: Yeah, a motion to authorize me to  
19 enter into a loan secured by such collateral as we and the  
20 company agree to rather than the locality, wherein this instance  
21 DIBA (sp.).

22 DELEGATE MARSHALL: So moved.

23 DELEGATE KILGORE: Danny, do you make that  
24 motion?

25 DELEGATE MARSHALL: Yes.

1 DELEGATE KILGORE: Thank you. Do I have a  
2 second?

3 SENATOR RUFF: Second.

4 DELEGATE KILGORE: Any more discussion? Hearing  
5 none, all those in favor, say aye. (Ayes). Opposed? (No  
6 response). That motion carries.

7 MR. SORRELL: Thank you, Chair, that's all I had.

8 DELEGATE KILGORE: Now is the time for public  
9 comment. Anyone from the public who would like to comment?  
10 (No response). Hearing none, I would say this meeting is  
11 adjourned, and we have about five minutes before the Executive  
12 Committee.

13 MR. FEINMAN: Stay logged in here.

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15 NOTE: At this point, the TROF Committee meeting is  
16 concluded.

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**PROCEEDINGS CONCLUDED.**

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**CERTIFICATE OF THE COURT REPORTER**

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Tobacco Region Revitalization Commission, TROF Committee Meeting**, when held on Wednesday, April 29, 2020, at 9:30 o'clock a.m., by conference call.

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 6<sup>th</sup> day of May, 2020.

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Medford W. Howard

CCR