

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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8 **Incentives and Loan Committee Meeting**

9 Monday, September 28, 2020

10 2:00 o'clock p.m.

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14 (Electronic Conference Call Meeting)

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1 APPEARANCES:

2 The Honorable Lashrecse D. Aird, Chairwoman
 3 The Honorable A. Benton Chafin, Jr., Vice Chairman
 4 Mr. Edward Blevins
 5 Ms. Gretchen Clark
 6 The Honorable Chris L. Hurst
 7 The Honorable Terry G. Kilgore
 8 Mr. Robert Mills, Jr.
 9 The Honorable Joseph D. Morrissey
 10 The Honorable Sam Rasoul

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13 COMMISSION STAFF:

14 Mr. Evan Feinman, Executive Director
 15 Mr. Andy Sorrell, Deputy Director
 16 Mr. Michael F. Kaestner, Grants Program Administration Director
 17 Ms. Sarah K. Capps, Grants Program Administrator -
 18 Southern Virginia
 19 Ms. Michele Faircloth, Grants Assistant -
 20 Southern Virginia
 21 Ms. Sara G. Williams, Grants Program Administrator -
 22 Southwest Virginia
 23 Ms. Jessica Stamper, Grants Assistant -
 24 Southwest Virginia
 25 Mr. Jordan Butler, Public Relations Coordinator

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COMMISSION STAFF: *(Continued)*

Ms. Stephanie Kim, Director of Finance
Ms. Joyce Knight, Administrative Supervisor

COUNSEL FOR THE COMMISSION:

Ms. Elizabeth B. Myers, Assistant Attorney General
Richmond, Virginia 23219

1 September 28, 2020

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3 MR. FEINMAN: Welcome to the Incentives and Loan
4 Committee Meeting.

5 Andy, would you go ahead.

6 MR. SORRELL: Thank you, Mr. Chairman. This
7 meeting for the Tobacco Commission is being held electronically
8 without a quorum of the public body assembled in one location.
9 The nature of the pandemic dictates that it's unsafe to assemble
10 a quorum in one location. In addition, the purpose of the
11 meeting is to discuss or transact business as it is statutorily
12 required to continue the operations of the Commission. The
13 meeting is being held contemporaneously with the notice
14 provided to the Commission members, and a recording of the
15 meeting, as well as minutes, shall be posted on the Commission's
16 website as soon as practical after the Commission meeting. The
17 meeting agenda and other materials can be found in the
18 Commission's website, Guidelines VA.org.

19 As I mentioned, the meeting will be recorded. People
20 will be unmuted at the beginning of the meeting, but will be
21 returned to mute if background noise or disruption occurs.

22 Public comment will be provided for during the
23 meeting. And if a member of the public desires to address the
24 Commission, please reserve those questions during that portion
25 of the meeting. We'll ask for comments at that time at the end,

1 and you can use the raise-the-hand feature or you can use the
2 chat box, or just speak up.

3 At the time of public comments, please state your full
4 name, your location, and organization you represent. Each
5 person will be allowed two minutes each. If you get confused
6 with muting or unmuting, press star 6, or if you're calling in.

7 DELEGATE KILGORE: This is Terry Kilgore, just
8 remember that Chris Hurst was added to this Committee.

9 MR. FEINMAN: I've got him on the roll, Terry Kilgore,
10 thank you.

11 I'll call the roll.

12 Delegate Kilgore.

13 DELEGATE KILGORE: Here.

14 MR. FEINMAN: Delegate Aird.

15 DELEGATE AIRD: Present

16 MR. FEINMAN: Mr. Blevins.

17 MR. BLEVINS: Here.

18 MR. FEINMAN: Senator Chafin.

19 SENATOR CHAFIN: Here.

20 MR. FEINMAN: Ms. Clark.

21 MS. CLARK: Here.

22 MR. FEINMAN: Secretary Layne or Ms. Jennings.

23 MS. JENNINGS: Here.

24 MR. FEINMAN: Mr. Mills.

25 MR. MILLS: Here.

1 MR. FEINMAN: Senator Morrissey.

2 SENATOR MORRISSEY: (No response).

3 MR. FEINMAN: Delegate Rasoul.

4 DELEGATE RASOUL: Present.

5 MR. FEINMAN: Delegate Hurst.

6 DELEGATE HURST: Present.

7 MR. FEINMAN: We have a quorum.

8 So folks are aware, I think we should move the
9 agenda around a little bit, while waiting until there is a chair to
10 actually make that decision. So, at this point, the floor is open
11 for nominations for a Chairperson of the Incentives and Loan
12 Committee.

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14 NOTE: The Honorable Lashrecse D. Aird is
15 Chairwoman, Senator A. Benton Chafin, Jr. is Vice Chairman.

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17 DELEGATE AIRD: Senator Chafin is Vice Chair.

18 I do believe that we need to now approve the minutes
19 from the April 29th meeting. May I please have a motion to
20 approve those minutes. We have a motion and properly
21 seconded. Any questions? All in favor of approval of the
22 minutes, please say aye. (Ayes). Any opposed? (No response).
23 The motion is carried.

24 If I understand correctly, we now need to move into
25 closed session.

1 MR. FEINMAN: If I might suggest, rather than go into
2 closed session and come out a number of times and then conduct
3 policy discussions, it was only recently brought up to me that
4 that's a lot more difficult in a digital meeting than it is in a
5 normal meeting. So, I might suggest that we move down to the
6 extended policy discussion and the loan program guidelines
7 before we move into the executive session portion of the agenda.

8 DELEGATE AIRD: I think that's more than reasonable.
9 So, then let us jump into, I think that will begin right at
10 extensions and modifications. Is that correct?

11 MR. FEINMAN: We can do that, or let's start there.
12 The Deputy Director will lead that conversation.

13 DELEGATE AIRD: Andy.

14 MR. SORRELL: This is the extension, we have one
15 extension request. This is for the City of Bristol and The Sessions
16 Hotel, which is Project Number 2850. They're requesting a
17 performance extension through the end of the, of December of
18 2022. This is basically a Tobacco Region Opportunity Fund that
19 was granted to the City of Bristol and CBH Bristol Hotels in
20 February of 2014 in the amount of \$255,000, the funding
21 disbursed prior to performance.

22 The original performance period for this project, and
23 this was extended by Staff through the end of 2017. The
24 performance agreement requires a company to provide, to
25 employ 75 people and provide a taxable capital investment just

1 under \$20 million. In October of 2019, the project was about 70
2 percent complete, and the Commission approved an extension
3 for the grant performance period through the end of 2019. Initial
4 delays resulted from the pandemic, and they couldn't open as
5 early as they had planned. And that delayed the opening until
6 June, 2020.

7 In your packet, there was a letter of support and the
8 result of an updated letter of support that they provided. And
9 that basically gave a, an account for the grant, and that the
10 request for the -- While they had requested an extension
11 through December 31st, 2021, 2022, Staff feels that an extension
12 through the end of 2020 will capture the time period in which
13 they've opened and the hiring and capital budget as they put
14 forth opening of that hotel in Bristol.

15 Therefore, Staff recommendation for this particular
16 project is an extension through the end of this year, December
17 31st, 2020.

18 I'll be happy to try to answer any questions.

19 DELEGATE AIRD: Any questions for Andy? Should we
20 go ahead and take the motion at this time to approve that Staff
21 recommendation? May I have a motion?

22 MR. EADS: Andy, this is Randy Eads with the City of
23 Bristol. Is this an appropriate time to discuss this, or do I need
24 to wait until after a motion?

25 MR. SORRELL: I'll leave that to the Chair, but I

1 believe now is an appropriate time to discuss that if you have
2 questions.

3 DELEGATE AIRD: I'm in agreement with that, go
4 ahead.

5 UNIDENTIFIED: I'm here, as well, Randy, just to let
6 you know.

7 MR. EADS: I'll let Chris Wilcox, Economic
8 Development, take over at this point.

9 MR. WILCOX: Good afternoon, ladies and gentlemen.
10 Chris Wilcox here. I hope you all are doing well.

11 The City is respectfully requesting an extension
12 through December 31st, 2022, as Mr. Eads indicated. That's only
13 fair due to COVID. We've reviewed the numbers, and with
14 COVID, it looks like we're on track to meet our obligation of 75
15 and 40s. We feel like we don't know what 2021 is going to hold.
16 I think now I believe they're running a 48 percent occupancy
17 rate, pre-COVID, it was 60s. So, we respectfully ask the
18 Commission to go ahead and extend this into '20-'22, and we
19 have no doubt they'll be able to meet all their employment
20 objectives. And any consideration given is greatly appreciated.
21 But they're on target to meet those objectives.

22 DELEGATE AIRD: Mr. Wilcox, I do have a question.
23 Are you in disagreement with the 2020, and you would really
24 prefer 2022, is that correct?

25 MR. WILCOX: We're not in disagreement with any

1 extension. However, we do feel that it would be most successful
2 for everyone involved if we could get it extended through
3 December 31st, 2022.

4 This project has done wonders for downtown
5 revitalization of Bristol, Virginia. I think it's, for what the
6 Commission has done and what these funds are used for. And
7 we're very proud of it. And we just want to invest part of
8 Sessions and be thankful to the Commission in fulfilling what we
9 need to do at the same time.

10 DELEGATE RASOUL: Madam Chair.

11 DELEGATE AIRD: Delegate Rasoul.

12 DELEGATE RASOUL: I have a question for Andy just
13 for all of us newbies who are here, in the cycle that we have
14 here, how often are they reviewed, on an annual basis? Seems
15 like a big gap between 2020 and 2022. Just wondering what our
16 options are and also the rationale that Staff gave for the 2020
17 extension deadline, which we appreciate, as well.

18 MR. SORRELL: Certainly. Basically, these projects,
19 performance was 36 months at 2017. Staff extended it one year
20 to 48 months at 2017. Going into 2020, February 1st, 2020
21 would be six years of performance, and 2022 would be eight
22 years. Six years in the past about the end of the extensions that
23 are considered by the Commission or when they get past six
24 years, very few of them have requested past six years. That was
25 part of the reason Staff had recommendation for December 31st.

1 What I would be curious to know from the applicant is
2 what additional performance would be accepted in the period
3 from 2021 and 2022 over what would be provided at the end of
4 2020?

5 MR. EADS: This is Randy Eads, I think Tom Morgan
6 with The Sessions, it appears that the job performance or job
7 creation have been met at this time, that we have to use this
8 additional period of time, 75 employees for three consecutive
9 quarters and to meet the payroll obligation and set up for a
10 performance agreement. At this time, considering COVID, it's
11 going to be extremely difficult for The Sessions Hotel to meet
12 those requirements by December 31st, 2020, which is what the
13 Staff recommended.

14 I'd also point out that you have to recognize the
15 impact that COVID has had on the tourism industry . So, it
16 appears to me that it would best serve all parties involved, to
17 give The Sessions Hotel an opportunity to meet the performance
18 obligations for a reasonable amount of time. We do not know
19 what 2021 is going to bring with regards to COVID.

20 I was reading a report the other day stating the
21 tourism industry would probably not be recovered until 2024.
22 That's a significant amount of time between now and 2024 to get
23 the numbers back to where we were prior to this year.

24 So, we're respectfully requesting that the extension be
25 given.

1 DELEGATE RASOUL: Question for Andy.

2 DELEGATE AIRD: Delegate Rasoul?

3 DELEGATE RASOUL: Thank you, Madam Chair. So,
4 my understanding, Andy, is there are two main factors that we're
5 looking at, employment of 75 employees, and then an aggregate
6 payroll to meet a certain threshold, I think over 400,000, and
7 that this request that has been given, and I know that the hotel
8 has just opened, what has been recorded as to their current
9 status as far as being able to get close to those numbers.

10 MR. SORRELL: Let's see here. This letter that, it's
11 been updated since, I think they are about 62 employees, and
12 they're getting close to that at the end of the third quarter of
13 2020. That's just in one quarter. They need to show three
14 consecutive quarters, 75 or above employees. I believe that's
15 probably what they're getting to, and make sure that they're
16 showing the three quarters.

17 One option that could be considered is that the Staff is
18 always reviewing the performance metrics and jobs and capital
19 investment, wage, and is updating all that very frequently at the
20 Staff level. We can always consider an extension through
21 December 31st, 2021, and we could reevaluate where they are in
22 the process of meeting these jobs, the salaries, at this time next
23 year, to see if an additional extension may be warranted at that
24 time.

25 We could give them another year of performance if

1 warranted, and do it this time next year, and confirm where they
2 were. There may be an additional extension that could be
3 considered at that time.

4 DELEGATE RASOUL: A further question, Madam
5 Chair?

6 DELEGATE AIRD: Delegate Rasoul.

7 DELEGATE RASOUL: Just to clarify, and it may be
8 Randy or whoever could tell us what the current numbers look
9 like and the aggregated payroll and the other figure was
10 \$434,000, was that reported in this?

11 MR. SORRELL: Just for the first quarter in the letter of
12 extension. And it was a little over 250,000, so they still have a
13 ways to go on that one. But again, this is just showing for one
14 quarter now. The second quarter of 2020 was down because of
15 the COVID situation.

16 DELEGATE AIRD: Any other questions?

17 DELEGATE HURST: Madam Chair.

18 DELEGATE AIRD: Delegate Hurst.

19 DELEGATE HURST: I just want to say that I think it's
20 important that we address issues that are impacted by COVID,
21 but in terms of where I think this is for the project. It seems to
22 me, to be essential and help make sure that the financing stays
23 viable and that it can continue. Going through a checklist as a
24 business trying to get up off the ground and I'm glad that the
25 seed money that we were able to be a part of has now led to the

1 opening of a new business in an area, right, so mission
2 accomplished there. But come back next year, and then if we
3 find that we need to give another extension for performance. I
4 think we'd probably be very favorable in wanting to grant that if
5 COVID continues to be an impact. Why don't we just see where
6 we are a year from now.

7 Rather quickly, if somebody can help explain to me
8 though, there seems to be, in reviewing the documents, an issue
9 with the bank, the local bank, in terms of having additional
10 hurdles to overcome. Because my feeling is, just looking at this,
11 it would have been great if this hotel could have been built before
12 COVID had started, right, and that brought us to this point.
13 Maybe an overview of this kind of explaining more than just, and
14 the documentation.

15 UNIDENTIFIED: I'm from the City of Bristol, what
16 you're talking about is at one point, one of the local community
17 banks -- Community Trust Bank, and I think that gave them a
18 little bit of a problem for a period of time and it was able to be
19 worked through. At this time, I'm not aware of any issues with
20 any of the local banks or any of their financing. It took a period
21 of time working with USDA and the SBA in order to get the
22 funding through the SBA. And then once they did get funding
23 through SBA, there was a requirement that was unknown when
24 they began working with the local bank. And that required a
25 bridge loan, which they did not have to begin with.

1 All of that eventually did come together in late 2017
2 and early '18, they were able to begin work on that project and
3 get the hotel opened in relatively short order.

4 DELEGATE HURST: Madam Chair.

5 DELEGATE AIRD: Delegate Hurst.

6 DELEGATE HURST: The issue with that one particular
7 officer, I don't know if there's a changeover in personnel caused
8 that much of a delay, and then I'm seeing for the second time
9 information for various committees here for this Commission if
10 we don't take advantage of the tax credit and delayed projects
11 and then considering extensions. If there's been guidance that
12 prove to not be good, trying to pursue those where that was later
13 abandoned.

14 Then you had this issue with at the bank, which might
15 not be a current issue, but I just wonder, you know, was there
16 anything systemic going on here, or was this an isolated case,
17 because I just don't know how long a delay that we're actually
18 talking about here that just because a person left?

19 MR. MORGAN: Madam Chair, this is Todd Morgan,
20 with The Sessions properties. So, Delegate Hurst, I could answer
21 your question, it would probably take a couple of hours, but the
22 financial hurdles that we went through on this project, there were
23 tax credits and historic tax credits, state, and federal. The senior
24 lender utilized the USDA, BMI guarantee loan, which is
25 complicated. We also had the tourism development financing

1 program loan through the State of Virginia, which is a gap
2 financing program, I'm sure you're familiar with, it is also an SBA
3 loan. I think we have done the first project in history that has
4 both USDA and SBA funds. There were numerous delays, one of
5 which was the changeover at the bank throughout the years.

6 All the financing is in place and has been in place for
7 some time now. We were scheduled to open after all these
8 delays at the end of March of this year, which is when COVID hit,
9 so we would have had our three quarters this year if it hadn't
10 been for COVID. At the same time during the last six months of
11 the project, we decided to become a branded hotel, what's called
12 a soft brand, so we're a Marriott tribute that was not originally
13 contemplated, but once we got into the project, we decided that
14 would be the best for the project, and it has proven so.

15 So, we used the guidance from Marriott as far as the
16 opening date. Even to get open June 29th probably was pushing
17 a little ahead of what Marriott wanted, so we really have had two
18 quarters now, 2020, to even measure, and we did three. So,
19 we're at 62 employees and \$256,000 in payroll. That was
20 through as far as we could get, so we don't have the final
21 numbers yet. We're excited how the hotel is doing performance-
22 wise, based on the conditions we're in. And we feel like we'll
23 have to definitely get into 2021 to make it work, and possibly
24 '22, and we need to do that to have enough information. Thank
25 you.

1 DELEGATE RASOUL: I just wish again you had been
2 able to not have those unforeseen delays. I don't think --
3 contributed to necessarily where you could have gotten your
4 three quarters already before COVID hit.

5 MR. MORGAN: I wish the same.

6 DELEGATE AIRD: Andy, that 2021 would be a happy
7 medium between the request being made and the desire of the
8 Commission. Is there a motion to that effect?

9 UNIDENTIFIED: So moved, Madam Chair.

10 DELEGATE AIRD: Is there a second?

11 UNIDENTIFIED: Second.

12 DELEGATE AIRD: It's been moved and properly
13 seconded. Are there any additional questions or discussion? All
14 those in favor, please say aye. (Ayes). Any opposition? That
15 motion carries.

16 All right, now, we will move to the incentive policy
17 discussion, that will be led by Evan.

18 MR. FEINMAN: Thank you, Madam Chairwoman.
19 What you have before you is a couple of questions, and I
20 apologize for not having a handout on this, but it's growing
21 unwieldy, but there are two items that I wanted the newly
22 formed Committee to weigh in on. Our current structure within
23 the TROF Program contemplates in general that we make awards
24 to prospective grantees in advance of performance. And there's
25 a few reasons for that. One is simple -- that was the nature of

1 all grant programs and the opportunity for grants set up.

2 The second reason for that is that it does offer an
3 advantage to our region when so many other programs have
4 gone to payments in arrears, but it does also increase the risks,
5 it increased the risks, not necessarily that the Commission bears,
6 because we can only collect from the recipient locality, but it
7 does increase the risk for our locality. When a clawback occurs,
8 we may need to gather that from the host county or town or city
9 rather than the entity if the entity is out of funds.

10 The question is as a policy should we continue to
11 make awards upfront when that's requested, or should we not do
12 that?

13 And then the second question has to do with access to
14 our discretionary megasite incentive funds. We currently set that
15 rate at, a project, to access those funds, at least 400 jobs or
16 \$250 million in proposed capital expenditure, taxable capital
17 expenditure, I should add. It's been a while since we refreshed
18 that. There's a slight deviation, but the MEI requirement, which
19 is a major employer incentive that runs through VEDP, requires
20 that projects be at \$400 million or rather 400 jobs and \$250
21 million in Cap X. Those are the two policies we want to put in
22 front of the Committee and verify that you still wanted them to
23 operate as they're currently operating or modify them as you
24 choose.

25 DELEGATE RASOUL: There are so many people that

1 seem that there are some hefty decisions that have to be made
2 by what you just conveyed, and I think those thresholds are
3 pretty important. I think it's a little bit difficult for me to come to
4 a conclusion on that, Madam Chair, without having kind of more
5 context. For example, with regards to how often they come at
6 either at or above those thresholds, how many times are we
7 faced with those types of decisions. So, I think that -- Evan and
8 I have talked, I just think that there may be a little bit of
9 context, and it's a little bit difficult to discern at this moment.

10 DELEGATE AIRD: Evan, are you prepared to address
11 Delegate Rasoul's comments? Can you also clarify what action to
12 date with results in that policy?

13 MR. FEINMAN: Certainly, Madam Chair.

14 Delegate Rasoul, yes, I appreciate the complexity
15 before you. The current policy, if there is no change made, is
16 that we leave it to Staff's discretion to determine when we make
17 an award upfront versus one in arrears and in general what my
18 policy has been is that in the absence of an indication that the
19 project is of somewhat higher risk, that we make that award in
20 advance and allow the locality to bear the risk that it is
21 undertaking and that the Committee would maintain that fund.

22 The second question on the question of access to the
23 Incentive Fund, there, too, our current policy is that a project
24 must promise to hire at least 400 people or include at least \$250
25 million in taxable capital expenditure. That closely tracks but

1 doesn't quite mirror the Commission's MEI requirement. The MEI
2 requires to check both of those boxes, we only require one.

3 I will share, we see between zero and two of a project
4 that would qualify for our looser standard per year as a realistic
5 prospect. We will occasionally get some of the fishing
6 expeditions that promises a great deal, but I would say in most
7 years we've gotten one project of that scale that may be one that
8 we're going to weigh in, in years two or three. But I'd say on
9 average, it's, we're carrying one around in our pocket.

10 DELEGATE AIRD: Thank you so much. How
11 disruptive would it be to revisit this question at a later point in
12 time if the Commission is in need of doing so?

13 MR. FEINMAN: Madam Chair, I'm content to continue
14 to manage these deals through the next Commission meeting, if
15 you'd like to push it until then. We can also take in and prepare
16 written responses to all the questions that the members may
17 have in between now and then. Which may be a way to get
18 more deliberation on the part of the Commission members.
19 We're going to hear a little bit in special session about some
20 potentially large projects, but we don't have anything before us
21 immediately that I'm aware of that would, at least the major
22 employment credit. The question of disbursements upfront
23 versus arrears, and we can continue to go as we have before,
24 and I can increase my level of caution on a subjective basis
25 between now and January.

1 DELEGATE KILGORE: This is Delegate Kilgore. I
2 would just say that I think that's a good move on your part
3 because there's going to have to be some calls made by your
4 Committee to determine whether it's going to be upfront or the
5 back end. So, that's going to be very important for these
6 projects. So, I think it would be beneficial to set a special
7 meeting between now and January to address these issues, so
8 that Staff will have a little bit more time to talk to the individual
9 members and present that as a group.

10 DELEGATE AIRD: Thank you so much, Mr. Chairman.
11 If I could have that in the form of a motion, and I'm in
12 agreement I do believe we need to have a special meeting
13 dedicated to this discussion because it's quite critical. If
14 Commission members are in agreement, I would accept that
15 motion at this time.

16 DELEGATE RASOUL: Madam Chair, I second Terry
17 Kilgore's motion.

18 DELEGATE AIRD: Thank you, Delegate Rasoul. Are
19 there any further questions or further discussions on those?

20 MS. CLARK: Delegate Aird, could I just add that
21 during that discussion if we could get weigh in from the Economic
22 Development professionals because these are their tools to
23 recruit businesses and it's important that they agree to buy in on
24 what we decide.

25 DELEGATE AIRD: I'll make sure that the agenda for

1 that meeting includes such.

2 Any further discussion?

3 DELEGATE RASOUL: Madam Chair, a number of us
4 are going to be equally as excited about as these projects evolve,
5 as we saw with the previous project that we just discussed. The
6 proportionality of the people hired and the payroll total. It seems
7 as though with the previous project in Bristol, it was a difficult
8 time for sure and the proportionality of the people hired to the
9 payroll total was, it was not in line with 62 people at 250 or so,
10 when we're looking at 75 versus 434, and we are excited about
11 the number of jobs, but we're even more excited that they were
12 really good paying jobs along the way. So, looking forward in
13 having those conversations with the economic developers.

14 DELEGATE AIRD: Thank you so much, Delegate
15 Rasoul.

16 Any additional comments before we vote? Thank you,
17 hearing no more, all in favor of the motion and seconded, please
18 say aye. (Ayes). Any opposition? (No response). Okay, that
19 motion carries. And thank you, Evan.

20 I think you will be leading us through the next item,
21 which is Approval of the Loan Fund Program Guidelines.

22 MR. FEINMAN: Yes, Madam Chair. If you'd turn in
23 your book or scroll, if you're doing it digitally, to page 46, you'll
24 see the beginning of the Proposed Loan Fund Guidelines.
25 Members will recall that the Commission's Strategic Plan calls for

1 moving much of our total endowment and fund balance out of
2 the treasury and into our loan fund as possible to serve a couple
3 of different purposes.

4 First, it will increase our earnings relative to the
5 earnings that we were enjoying with our funds deposited in the
6 treasury.

7 Second, it's adding the tool to the toolbox to assist in
8 recovery as the economy begins to respond from the COVID
9 crisis.

10 The current balance is right around \$40 million that
11 we can deploy when this program is approved, and, in fact, our
12 Database Administrator, David, has been working very hard, and,
13 in fact, we believe we can get this application line late this week
14 or early next week, if these guidelines are approved by this
15 Committee.

16 I'm happy to walk through the guidelines at a very
17 high level, but as an overview, there is effectively three eligible
18 applicants for our loans and guidelines.

19 The first would be localities that are within the TRRC
20 Footprint. The second would be post-secondary educational
21 institutions that serve the TRRC Footprint. And, third, small
22 businesses that are located and plan to expend the funds within
23 the TRRC Footprint. The idea there being that it's okay if the
24 business has locations elsewhere, but the project to be funded by
25 our financing would need to incur within the Footprint.

1 Operationally, what we'll be aiming to do is offer rates
2 that are half or just below market rates that serves the purpose
3 of making it more advantageous to engage in the loan with us
4 than it might be otherwise, but also serves to maximize to the
5 greatest extent possible Commission revenues as a result of the
6 loans.

7 Loans would be applied for on a rolling basis, as with
8 our Opportunity Fund grants, and what we effectively do is there
9 is an informal working group, and I think it's important that that
10 informal working group remain informal, which will serve as our
11 credit committee, which will help advise the Staff as to which
12 projects we would send to VRA for credit analysis.

13 Prior to doing that, as we do with Opportunity Fund
14 grant requests, there would be what we call a red flag exercise,
15 which would be, the details of that project are sent to each
16 member of this Committee. If any member of the Committee
17 has concerns about a project, you could pull it out, and action on
18 that particular application would not occur until such time
19 provided that member is satisfied with the information they
20 receive or until the Committee meets.

21 After a project clears the red flag, all requirements are
22 exercised, and the Staff's review is complete, it would go to VRA
23 for a full-blown credit analysis. VRA already does the credit work
24 and analysis for our revolving loan fund, this would be a slightly
25 different account. It would, otherwise, be operationally the same

1 as our revolving loan fund with VRA.

2 The reason it seems to be a separate account is we do
3 want to be able to benefit from the interest on these loans, and
4 the revolving loan funds can only stay in that fund, so we'll be
5 able to make some withdrawals from the interest, so we'll be
6 able to have a separate account.

7 Otherwise, there's a lot more details here in what and
8 how the program operates, and I'll be happy to answer any
9 questions on those guidelines.

10 DELEGATE AIRD: Any questions at this time for Evan?
11 Delegate Hurst.

12 DELEGATE HURST: In Education, there was talk about
13 taking equipment from one grant and spreading it across
14 different community colleges that are in a certain nonprofit
15 Footprint that they've designated as the Southwest Region. How
16 do we go for criteria for the higher education institutions and
17 identifying which ones are eligible and which ones would not be?
18 I don't know if that's codified and whether that's under your
19 purview, e.d., or whether that's something that can be
20 committee-driven?

21 MR. FEINMAN: Sure. We would look at the same
22 eligibility that we do for our educational institutions that come
23 before us now. If you look at the guidelines, and this is on page
24 47, they need to be a public or nonprofit educational institution
25 based in Virginia that offers post-secondary degrees or they

1 would need to be an affiliated entity which could allow
2 foundations to apply on behalf of the entity which they service.
3 Need to spend all or nearly all of the loan funds within our
4 Footprint. The projects we finance would need to be consistent
5 with our Strategic Plan, which is to say it would need to
6 ultimately result in the creation of a nationally recognized
7 marketable credential, and then it would need to have been, we
8 need to approve it, and we need to think it's a good idea at the
9 Staff level and consultation within our informal credit committee.

10 What that means in effect is community colleges in
11 the Footprint, nonprofit or public four-year institutions in the
12 Footprint. Community colleges included in the Footprint, some of
13 them may be physically located outside the Footprint, but they
14 may have a project that will serve students who are drawn from
15 the Footprint or such remote locations of other facilities that may
16 exist and are created from time to time. So, you know, we could
17 certainly see a Virginia Tech or a JMU or George Mason or UVA
18 opening up a facility in the Footprint and may be eligible provided
19 that they were going to be engaging in that activity within the
20 Footprint, maybe on their own or maybe in partnership with one
21 of our higher ed. centers.

22 DELEGATE HURST: I'd like to note that sometimes
23 the Commission-defined footprint is not necessarily aligned with
24 other footprints that are defined by some of our grantees. If we
25 wanted to try to have some harmony for that, is that an issue

1 that would arise out of this Committee or if it's going to be about
2 the Commission Footprint that it would arise out of Executive or
3 Full Committee?

4 MR. FEINMAN: I'm happy to take whatever guidance
5 this Committee or the Full Commission wants to offer as regards
6 to eligibility; otherwise, I would implement the program
7 according to my understanding of the Footprint as we are aware
8 of it. And that's the manner in which I just described.

9 DELEGATE AIRD: Further questions for Evan? Okay,
10 hearing none, and having heard plenty discussion, is there a
11 desire from the Committee to go ahead and adopt what was
12 described?

13 DELEGATE HURST: I have a question if I can.

14 DELEGATE AIRD: Delegate Hurst.

15 DELEGATE HURST: Thank you. So, Evan, going back
16 to Number 4 on page 47, post-secondary education, it had been
17 referred to a loan fund by TRRC Staff. So, it would need to have
18 a recommendation by Staff in order for it to be eligible?

19 MR. FEINMAN: Yes, Delegate, for the post-secondary
20 institutions. The reason for that is that we want to make sure
21 that we are using these funds in the secondary context in a way
22 that's in keeping with our strategic objectives and it's informed
23 by other grant and loan requests that may be before our
24 Education Committee.

25 On the other hand, if you'd rather we simply treat

1 them like other folks in terms of that recommendation, we can
2 operate the program in that fashion.

3 DELEGATE HURST: I'm not trying to insinuate that,
4 the Commission is definitely seeing applications from not just our
5 community colleges and public colleges, I don't have any
6 problem with you guys wanting to make sure that it gets a stamp
7 of approval.

8 DELEGATE AIRD: Thank you, Delegate Hurst. Other
9 additional questions? Is there a motion from the Committee
10 members? Hearing no motion, are there additional questions
11 about the recommendation? I want to make sure everyone has a
12 clear understanding and feels comfortable with the information
13 that has been shared.

14 DELEGATE KILGORE: Madam Chairwoman, I would
15 make a motion that we accept the Loan Program Guidelines.

16 DELEGATE AIRD: Thank you, Mr. Chairman. Is there
17 a second?

18 DELEGATE HURST: I'll second that.

19 DELEGATE AIRD: Thank you, Delegate Hurst. It's
20 been moved and properly seconded. Are there additional
21 questions or discussion on the motion? Hearing none, all those
22 in favor, please say aye. (Ayes). Any opposed? (No response).
23 That motion carries.

24 Evan, I would ask if there's any other business before
25 what we now would do is move into closed session?

1 MR. FEINMAN: Madam Chairwoman, there is no other
2 business before this Committee beyond a couple of items that we
3 need to take up in closed session action. In the interest of
4 propriety, we're going to need to enter closed session and
5 address each project individually, address each project, and then
6 exit closed session, and then reenter, that's going to be a little
7 laborious.

8 All members of the Committee and the Commission,
9 as well as Commission Staff should have received a link to a
10 private video call that we're going to be using, and they can
11 enter that. We will be muting all of the mikes on this line so
12 there isn't feed-over from that call into this call. If you are an
13 applicant, please keep your ears open because some of the
14 specific principals from each of those projects are also invited to
15 the closed session, and everything we do in the closed session is
16 confidential.

17 DELEGATE AIRD: Evan, is there anything that needs
18 to be read or a particular statement that needs to be made to go
19 into closed session?

20 MR. FEINMAN: There is, Madam Chair. Andy, were
21 you able to get in touch with a member?

22 DELEGATE RASOUL: Thank you, Madam Chair.
23 Madam Chair, I move that we go into closed, into a closed
24 meeting in accordance with the Freedom of, Virginia Freedom of
25 Information Act.

1 The purpose of this closed session is to discuss a
2 prospective business or industry or the expansion of an existing
3 business or industry where no previous announcement has been
4 made of the business' or industry's interest in locating or
5 expanding its facilities in the community.

6 The subject of this closed session is for the discussion
7 of a Tobacco Region Opportunity Fund Project for Project
8 Skyscraper.

9 The applicable exemption from open meeting
10 requirements under the Freedom of Information Act is Section
11 2.2-3711(A)(5). That's my motion, Madam Chair.

12 DELEGATE AIRD: Do I have a second?

13 UNIDENTIFIED: Second.

14 DELEGATE AIRD: I have a motion that's been
15 properly seconded. Any questions or discussion? All in favor,
16 please say aye. (Ayes). Opposed? (No response). We are now
17 moving into closed session.

18

19 NOTE: Back in open session.

20

21 DELEGATE AIRD: Delegate Rasoul.

22 DELEGATE RASOUL: Madam Chair, I move that we go
23 into a closed meeting in accordance with the Freedom of
24 Information Act. The purpose of this closed session is to discuss
25 a prospective business or industry or the expansion of an existing

1 business or industry where no previous announcement has been
2 made of the business' or industry's interest in locating or
3 expanding its facilities in the community.

4 The subject of this closed session is for the discussion
5 of a Tobacco Region Opportunity Fund Incentive for Project
6 Homecoming.

7 The applicable exemption from open meeting
8 requirements under the Freedom of Information Act is Section
9 2.2-3711(A)(5).

10 DELEGATE AIRD: It's been moved, do we have a
11 second?

12 DELEGATE HURST: Second.

13 DELEGATE AIRD: Thank you, Delegate Hurst. We
14 have a motion and a second. Are there any questions or
15 discussion on the motion? Hearing none, all in favor, please say
16 aye. (Ayes). Any opposed? (No response). That motion
17 carries.

18 We'll now move into closed session.

19

20 NOTE: Back in open session.

21

22 DELEGATE RASOUL: I move that we vote on and
23 record our certification that, to the best of each member's
24 knowledge, only public business matters lawfully exempted from
25 open meeting requirements under this chapter and only such

1 public business matters as were identified in the motion by which
2 the closed meeting was convened and were heard, discussed, or
3 considered in the closed meeting.

4 DELEGATE AIRD: Do I have a motion? I have a
5 motion. Do I have a second?

6 MR. MILLS: Second.

7 DELEGATE AIRD: Any questions or discussion? The
8 roll at this time.

9 MR. FEINMAN: Delegate Aird.

10 DELEGATE AIRD: Aye.

11 MR. FEINMAN: Delegate Kilgore.

12 DELEGATE KILGORE: Aye.

13 MR. FEINMAN: Mr. Blevins.

14 MR. BLEVINS: Aye.

15 MR. FEINMAN: Senator Chafin.

16 SENATOR CHAFIN: Yes.

17 MR. FEINMAN: Ms. Clark.

18 MS. CLARK: Yes.

19 MR. FEINMAN: Ms. Jennings.

20 MS. JENNINGS: (No response).

21 MR. FEINMAN: Mr. Mills.

22 MR. MILLS: Yes.

23 MR. FEINMAN: Delegate Rasoul.

24 DELEGATE RASOUL: Aye.

25 MR. FEINMAN: Delegate Hurst.

1 DELEGATE HURST: Aye.

2 MR. FEINMAN: Motion carries, Madam Chairwoman.

3 DELEGATE AIRD: Thank you so much. Do you have
4 another item?

5 DELEGATE RASOUL: Madam Chair, I move that we go
6 into a closed meeting in accordance with the Freedom of
7 Information Act. The purpose of this closed session is to discuss
8 a prospective business or industry or the expansion of an existing
9 business or industry where no previous announcement has been
10 made of the business' or industry's interest in locating or
11 expanding its facilities in the community.

12 The subject of this closed session is for the discussion
13 of a Tobacco Region Opportunity Fund Incentive Project or
14 Incentive for Project M.

15 The applicable exemption for open meeting
16 requirements under the Freedom of Information Act is Section
17 2.2-3711(A)(5).

18 DELEGATE AIRD: It's been so moved. Do we have a
19 second?

20 DELEGATE HURST: Second.

21 DELEGATE AIRD: Thank you, Delegate Hurst. We
22 have a motion and a second. Any further discussion? That
23 motion carries. Any opposition? (No response).

24 We'll now go into closed session.

25

1 NOTE: Back in open session.

2

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

10 DELEGATE AIRD: Thank you, Delegate Rasoul. We
11 need a second to that motion.

12 UNIDENTIFIED: Second.

13 DELEGATE AIRD: Thank you. That motion was
14 seconded. We need a roll call.

15 MR. FEINMAN: Delegate Aird.

16 DELEGATE AIRD: Yes.

17 MR. FEINMAN: Delegate Kilgore.

18 DELEGATE KILGORE: Aye.

19 MR. FEINMAN: Mr. Blevins.

20 MR. BLEVINS: Aye.

21 MR. FEINMAN: Senator Chafin.

22 SENATOR CHAFIN: Yes.

23 MR. FEINMAN: Ms. Clark.

24 MS. CLARK: Yes.

25 MR. FEINMAN: Ms. Jennings.

1 MS. JENNINGS: (No response).

2 MR. FEINMAN: Mr. Mills.

3 MR. MILLS: Yes.

4 MR. FEINMAN: Senator Morrissey.

5 SENATOR MORRISSEY: (No response).

6 MR. FEINMAN: Delegate Rasoul.

7 DELEGATE RASOUL: Yes.

8 MR. FEINMAN: Delegate Hurst.

9 DELEGATE HURST: Yes.

10 MR. FEINMAN: That's it, Madam Chair.

11 DELEGATE AIRD: All right, fine, thank you. And
12 thank you to the members.

13 If there is no other business, I believe that --

14 DELEGATE KILGORE: On the last project, the package
15 is 34 percent, 22 percent, 22 percent of that is health care. So,
16 that's an additional 22 percent for health care and four percent
17 401(k), which is about average.

18 DELEGATE AIRD: Thank you so much, Mr. Chairman.
19 Any final comments?

20 MR. FEINMAN: We've got public comments. We have
21 to move items --

22 DELEGATE AIRD: I believe it's Project Skyscraper.

23 MR. SORRELL: I'm happy to read off the proposed
24 motion if you would like.

25 DELEGATE AIRD: Yes, please.

1 MR. SORRELL: The recommendation for Project
2 Skyscraper, with a 36-month performance period, with a grant
3 incentive of up to \$710,000 and a TROF loan incentive of up to
4 \$710,000, for a total incentive of up to \$1,420,000, of which
5 \$710,000 would be repaid to the Commission.

6 DELEGATE AIRD: Do I have a motion for that?

7 DELEGATE RASOUL: So moved.

8 DELEGATE AIRD: Do we have a second?

9 UNIDENTIFIED: Second.

10 DELEGATE AIRD: Mr. Chairman, the motion has been
11 moved and seconded. Are there any questions or discussion?
12 Hearing none, all in favor, please say aye. (Ayes). Any
13 opposed? (No response). That motion carries.

14 Andy, would you take us to Project Homecoming?

15 MR. SORRELL: Yes, this would be a recommendation
16 to allow for an exception to the TROF policy, to allow for the
17 incentive estimate to be provided for Project Homecoming due to
18 the number of jobs provided and capital investment being
19 provided, but not by the wage.

20 DELEGATE AIRD: Thank you. Do I have a motion for
21 that?

22 DELEGATE RASOUL: Madam Chair, can Andy, just so
23 that we're all familiar, could he read what he believes both
24 motions are to be?

25 MR. SORRELL: The second one, the recommendation

1 was to approve Project Homecoming with a 36-month
2 performance period, with a grant incentive of up to \$213,720,
3 and a loan incentive up to \$213,720, for a total incentive of up to
4 \$427,440.

5 Then we were going to also for the second one we
6 were going to also say that if they were able to meet the blended
7 average for the region, then an additional incentive would be
8 provided up to, in addition, of up to, this would be on top of an
9 additional offer of \$548,000. So, the difference between the
10 incentive and the 548.

11 DELEGATE RASOUL: Madam Chairwoman, I move the
12 first motion for the exception be granted.

13 DELEGATE AIRD: Do I have a second?

14 UNIDENTIFIED: Second.

15 DELEGATE AIRD: Any questions or discussion?

16 Hearing none, all in favor, please say aye. (Ayes). Any
17 opposed? (No response).

18 Delegate Hurst.

19 DELEGATE HURST: Madam Chair, I move the
20 incentive package, which was outlined by Andy, which offers
21 incentive, but also further incentive as the project attempts to
22 push the prevailing wage, push towards the prevailing wage for
23 the region as it moves forward.

24 MR. SORRELL: Delegate Rasoul, that was an
25 additional \$60,280 for the grant and \$60,280 in loan funds,

1 giving you a total of \$120,560.

2 DELEGATE AIRD: Thank you. That has been properly
3 moved and seconded. Any questions or further discussion?
4 Hearing none, all in favor, please say aye. (Ayes). Any opposed?
5 (No response). That motion carries.

6 Andy, Project M.

7 MR. SORRELL: Yes. Next is Project M. If the
8 Committee desires to provide an incentive for this Project M, a
9 36-month performance period for a grant incentive of up to
10 \$47,500, for a total incentive of up to \$95,000, of which \$47,500
11 -- commission.

12 DELEGATE KILGORE: Madam Chairwoman, Delegate
13 Kilgore here. I would say that a Fortune 500, I mean this is a big
14 project for, being involved for \$47,000 and good for the Tobacco
15 Commission to be behind this project. Fifteen million dollars of --
16 I think it's a good project. I don't think they're interested in the
17 loan part of it. We could take that off the table and make it more
18 palatable for the Commission.

19 So, I just think it's a good way to help them and even
20 in a small way, help them.

21 DELEGATE AIRD: Thank you. Additional comments or
22 questions?

23 DELEGATE RASOUL: Madam Chair, we're always very
24 grateful for large employers like this looking to expand in our
25 region. The question is not about how grateful we are, how

1 thankful for not only expanding potentially, but also expanding
2 with decent wages that are above the prevailing wage.

3 The question at hand is setting this precedent on an
4 expansion project, which would be a little different for us, and
5 the incentive is a little bit murky for us. So, I know that it
6 becomes a little bit difficult to determine if we are able, Madam
7 Chair, in the future to look back upon this, because we don't
8 know an exact timeline, it could be over the course of a year and
9 a half. But it would be my recommendation to the Committee
10 that we choose to not go forward at this time with this project
11 with the potential to revisit the whole question of projects in the
12 future.

13 DELEGATE AIRD: Thank you so much, Delegate
14 Rasoul.

15 Andy, from a process, if we were not to approve this
16 project, do we need just inaction or a motion for inaction?

17 MR. SORRELL: If you don't take action on it, then the
18 inaction is the action, and we won't provide the --

19 DELEGATE AIRD: Thank you so much. I'll ask the
20 Committee at this time, either a motion or we'll move on.
21 Hearing none, and that was the last project. And the action that
22 needs to occur unless I hear otherwise, if so, then I would accept
23 a motion to --

24 MR. FEINMAN: Madam Chair, we need to offer an
25 opportunity for public comment.

1 DELEGATE AIRD: Thank you. Any public comment?
2 Hearing no public comment, I will now accept a motion to
3 adjourn the Incentives and Loan Committee. I have a motion.
4 Is there a second. I'm sorry, I didn't hear a second, okay, thank
5 you. All in favor, say aye. (Ayes). This meeting is 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, Incentives and Loan Committee Meeting**, when held on Monday, September 28, 2020, at 2:00 o'clock p.m., (By Electronic 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 _____ day of October, 2020.

Medford W. Howard
CCR