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TOBACCO REGION REVITALIZATION COMMISSION

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Incentives and Loans Committee Meeting

Thursday, May 27, 2021
11:00 o'clock a.m.

(Electronic Conference Call Meeting)

1 APPEARANCES:

2 The Honorable Lashrecse D. Aird, Chairwoman
3 The Honorable Terry G. Kilgore, Vice Chairman
4 Mr. Edward Blevins
5 Ms. Gretchen Clark
6 Ms. Coley Jones Drinkwater
7 The Honorable Chris L. Hurst
8 The Honorable Thomas J Miles, III
9 The Honorable Joseph D. Morrissey
10 Ms. Cassidy Rasnick

11

12 COMMISSION STAFF:

13 Mr. Evan Feinman, Executive Director
14 Mr. Andy Sorrell, Deputy Director
15 Mr. Michael F. Kaestner, Grants Program Administration Director
16 Ms. Sarah K. Capps, Grants Program Administrator -
17 Southern Virginia
18 Ms. Sara G. Williams, Gants Program Administrator
19 Southwest Virginia
20 Ms. Stephanie Kim, Director of Finance
21 Mr. Jordan Butler, Public Relations Coordinator

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23 COUNSEL FOR THE COMMISSION:

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

1 May 27, 2021

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DELEGATE AIRD: Good morning, everyone. Thank you so much for joining us today for the Incentives and Loans Committee meeting. I'm going to call this meeting to order right now at 11:01. Again, I am Lashrecse Aird. At this time, I'm going to ask Andy to go ahead.

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MR. SORRELL: Thank you, Madam Chair. I'll give you a little information about the need for our electronic meeting this morning. Due to the Governor's declared state of emergency, this meeting of the Incentives and Loan Committee is being held electronically without a quorum of the public body physically assembled in one location. The nature of the pandemic makes it impractical and unsafe to assemble a quorum in a single location. Because of the nature of the emergency, it makes it impractical to assemble at a location, at a single location, excuse me.

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In addition, the focus of this meeting is to discuss or transact business as it is statutorily required to continue the operations of the Commission. The minutes of this meeting was provided on both the Commonwealth's calendar and the Commission's website, revitalizeva.org, contemporaneously with the notice provided to the Commission members. Meeting agenda and all other materials can be found on the Commission's website. The meeting agenda and other meeting materials can also be found on the Commission's website.

1 As with all Commissions meetings and committee
2 meetings, there will be opportunity for public comment both at
3 the beginning and end of this meeting. Minutes and recording of
4 the meeting will be posted on the Commission's website as soon
5 as practical at the conclusion of the meeting. And I will be happy
6 to read some ground rules now as we, as we do the electronic
7 meeting here.

8 As I mentioned, the meeting will be recorded, as Chair
9 Aird mentioned previously. Please mute yourself if you're not
10 speaking. If you participating by phone, you should be able to
11 press Star 6 to mute or unmute yourself. We start off with
12 unmuted during the meeting, but if there are disruptions and
13 there's background noise, we might need to, you'll be requested
14 to mute yourself. And if it continues, we may need to remove
15 you temporarily from the meeting to get that resolved.

16 If members of the public do have questions or
17 comments, please reserve those questions until the public
18 comment portion of the meeting. The Chair will ask for
19 comments at that time during the public comment session, and
20 you can use the raise-your-hand feature or use the chat box, or
21 just speak up, or you can speak on the phone, that we can make
22 sure it's read during the public comment session.

23 At the time of the public comment, please state your
24 full name, your location, and the organization you may represent
25 for the record. Please keep your comments to two minutes each.

1 Thank you. That's all the preliminary information I
2 have.

3 DELEGATE AIRD: Thank you so much, Andy. At this
4 time, we'll go ahead and have a formal roll call by Evan.

5 MR. FEINMAN: Thank you very much, Madam
6 Chairwoman

7 Delegate Aird.

8 DELEGATE AIRD: Here.

9 MR. FEINMAN: Delegate Kilgore.

10 DELEGATE KILGORE: Here.

11 MR. FEINMAN: Ms. Rasnick.

12 MS. RASNICK: Here.

13 MR. FEINMAN: Mr. Blevins.

14 MR. BLEVINS: Here.

15 MR. FEINMAN: Ms. Clark.

16 MS. CLARK: Present.

17 MR. FEINMAN: Ms. Drinkwater.

18 MS. DRINKWATER: Here.

19 MR. FEINMAN: Delegate Hurst.

20 DELEGATE HURST: Here.

21 MR. FEINMAN: Ms. Jennings.

22 MS. JENNINGS: (No response).

23 MR. FEINMAN: Mr. Miles.

24 MR. MILES: Here.

25 MR. FEINMAN: Senator Morrissey.

1 SENATOR MORRISSEY: Here.

2 MR. FEINMAN: Delegate Rasoul.

3 DELEGATE RASOUL: (No response).

4 MR. FEINMAN: You have a quorum, Madam
5 Chairwoman.

6 DELEGATE AIRD: Thank you so much, Evan, for the
7 roll call. As stated earlier, the minutes have been posted and
8 published to the website and provided to members in advance of
9 this meeting. I would now like to entertain a motion to approve
10 those minutes as prepared.

11 DELEGATE KILGORE: So moved.

12 MS. AIRD: It's been moved by Delegate Kilgore and
13 seconded. And I have the motion that has been properly
14 seconded. Are there any questions. All those in favor, please
15 say aye. (Ayes). Are there any opposed? (No response). That
16 motion is carried and the minutes are approved.

17 At this time, I would like to invite the opportunity for
18 public comment.

19 MR. SCEARCE: I'm Brandon Scarce, I'm not sure
20 what's happening with my video, I apologize. I'm in South
21 Boston, Virginia. And this is not on the agenda. My wife and I
22 started a medical practice here in South Boston and Halifax
23 County. I just wanted to bring to your attention that the Talent
24 Attraction Program and talking about a grant referring back to
25 the Department of Health, and that eliminates the ability of

1 doctors, nurse practitioners, dentists, and nurses who work in a
2 for-profit clinic, and you also can't actually own the clinic to
3 qualify.

4 So, the end result in my opinion is you have no long-
5 term vested interest in the community. So, therefore, in our
6 scenario, we didn't qualify. We started the clinic from scratch,
7 did everything on our own with zero state, local, or federal
8 incentives, because there are none, but then we also didn't -- --
9 Let me add that my wife's father and grandfather were tobacco
10 farmers. So, the irony of that hopefully is not lost on this
11 Committee. So, anyway, just wanted to bring it to your
12 attention, and we're certainly not meeting the goal because
13 Halifax County professionally -- the area for four decades.

14 Anyway, I appreciate your consideration and changing
15 those guidelines down the road later. Thank you very much.

16 DELEGATE AIRD: Brandon, thank you so much for
17 coming today and your comments.

18 MR. FEINMAN: Thank you, Madam Chairwoman.
19 Thank you, Mr. Scarce for your comments. I've seen that come
20 across my emails a couple of times, that program, the Talent
21 Attraction Program is a project of the Commission's Education
22 Committee, and so, it is not within the portfolio of this
23 Committee. We'll certainly insure that when the next round of
24 the Talent Attraction Program guidelines are approved that your
25 input is considered by that Committee.

1 DELEGATE AIRD: Thank you so much, Evan. Is there
2 any additional public comment at this time?

3 MR. SAUNDERS: My name is Sherman Saunders. Do
4 I speak now or do I speak later? Danville, Pittsylvania County,
5 RIFA.

6 DELEGATE AIRD: I don't think at this time.

7 MR. SAUNDERS: Okay, thank you.

8 DELEGATE AIRD: Thank you. Last call. Okay, great,
9 thank you. No other public comment at this time. There are a
10 number of items on the agenda for us to discuss.

11 Andy, for clarification, is this the appropriate time for
12 us to go into closed session?

13 MR. SORRELL: No, I would propose we do that after
14 we get through the items that are, the forbearance agreement,
15 the program extensions, project extensions, and so forth.

16 DELEGATE AIRD: Okay, great, so, let's start with the
17 forbearance agreements. And, Andy, take it away.

18 MR. SORRELL: Thank you, Chairwoman Aird. The
19 first project up is for the Danville-Pittsylvania Regional Industrial
20 Facilities Authority, or the RIFA. This is a forbearance request,
21 and this is Project 3482. This was a project that was approved
22 back in 2018 for the RIFA to benefit the Harlow Fastech. It was
23 an advanced award of \$315,000, but also a TROF loan award of
24 \$630,000. Both of these were fully disbursed to the RIFA back in
25 2019. The performance period for this particular project is 60

1 months and is scheduled to end on 9-30-23. The executed TROF
2 loan agreement, as you'll see in your Staff report, stipulated that
3 the first loan payment in the amount of \$63,000 was to be due
4 coming up this, February, February 1st, 2022. That anticipated a
5 two-year payment free period in 2020 and 2021, once needed
6 equipment arrived on the site.

7 You can understand disruptions were caused by the
8 pandemic and things were a little bit delayed for the company.
9 They requested that a forbearance period be provided when the
10 first loan payment would be due. So, what they have requested
11 is that rather than the first loan payment being due February 1st,
12 2022, they are requesting a forbearance period of two years, so
13 that would be February 1st, 2024. This is because the equipment
14 that they were planning to get while they may have been able to
15 received that during the pandemic, they were not able to receive
16 the staff from Germany that would have needed to train the
17 employees on how to use it. So, that significantly delayed their
18 ability to get that equipment, to get the training they need, and
19 that is why they have reflected the forbearance agreement.

20 As we were reviewing the draft forbearance
21 agreement with the RIFA staff, they also requested that because
22 of the increased time in which it will take to begin the payment
23 on the loan, this is what the forbearance period needed to be
24 approved, that the equipment is going to continue to depreciate
25 in value, and the equipment is what is securing the loan portion

1 of the project.

2 So, the RIFA estimated that the depreciation would be
3 approximately 40 percent by the time the first loan payment
4 begins in 2024. Therefore, the RIFA has also requested that
5 security for the project be reduced by \$250,000, 40 percent to
6 \$380,000 because of that depreciation in the collateral. While we
7 understand that, Staff's position is that we still need a full loan
8 amount secured if it's not with the equipment or with, or
9 something else, we need that full amount secured if that amount
10 of money is going to, is leaving the Commission and being
11 disbursed, and it has been.

12 Staff is not recommending to change the security and
13 keep it at the amount and all of this is if the loan payment is not
14 able to be made. Now, I do know that Mr. Saunders is here
15 representing the RIFA, and I'm sure he can address that
16 particular aspect of the request if you have questions on that.
17 Staff basically is recommending the forbearance period of
18 February 1st, 2022 to February 1st, 2024 and is shown in the
19 attached Forbearance Agreement, and that recommends that be,
20 recommended by the Committee, be approved by the
21 Commission. This has not yet been signed by the locality but
22 just be approved. Happy to answer any questions.

23 DELEGATE AIRD: Thank you so much, Andy. Are
24 there questions about the project, the request, or the Staff
25 recommendation? Seeing and hearing no questions, will accept

1 the recommendation to agree with the Staff's proposed
2 recommendation?

3 MR. FEINMAN: Madam Chairwoman, yes, Mr.
4 Saunders would like to speak to us.

5 MR. SAUNDERS: Sherman Saunders, I'm the
6 President of the Danville Pittsylvania County RIFA. First of all, let
7 me say good morning and thank you for allowing us to be here.
8 Also, let me say I'm very familiar with the history of this
9 organization, but does the name Charles Hawkins ring a bell? He
10 worked very hard in our region to get this started. I'm a native
11 of Pittsylvania County, a former tobacco farmer, and I live in
12 Danville now. I was a tobacco farmer, I know how this evolve, I
13 understand the Tobacco Commission, and, yes, this region needs
14 that money, so thank you for allowing us to be here.

15 I have with me today the City Manager of Danville,
16 Mr. Ken Larking, is here, as well. Thank you for the time to
17 address you. The letter I sent regarding Harlow's forbearance
18 request, we appreciate everything the Commission does and
19 everything you do to help transform the economy in our region,
20 not only providing grants and loans, but also helping generating
21 these for project prospects.

22 At the last meeting, I sent a letter, and with RIFA we
23 had a robust discussion about the -- program request. We're
24 concerned that the forbearance will reduce the value of the
25 equipment provided security for the loan. We support the two-

1 year forbearance on the loan for the company. We agree that
2 the pandemic has played a role in their ability to wrap up
3 production, especially with the various travel restrictions in place.
4 However, after two years will likely mean that the value of the
5 equipment will be lower, which means Danville and Pittsylvania
6 County will have less security on the loan, and there is a risk, a
7 risk that should the worst case scenario occur in the community,
8 we'll have to go out of pocket in order to reimburse the Tobacco
9 Commission -- especially given the increased role of the Tobacco
10 Commission have in landing this project, that the Commission
11 would reduce the local liability of this loan by \$250,000. You had
12 an initial letter, we sent a corrected letter, and at this point, I'll
13 ask the manager if he has anything to add at this time.

14 MR. FEINMAN: Thank you.

15 DELEGATE AIRD: Thank you so much for those
16 comments. Any other comments at this time? Comments were
17 made again emphasizing the reducing by \$250,000, the original
18 amount. We heard from Staff the problem with doing such,
19 which is why the recommendation to allow for the forbearance
20 period to be extended. I just want to make sure everyone is
21 clear about the recommendation, after having heard those
22 comments that there are no additional questions.

23 DELEGATE HURST: I have a question, Madam Chair.
24 If the gentleman could indicate, explanation for the RIFA
25 estimating that the value of the equipment will have depreciated

1 20 percent by the the first loan payment being due. I know that
2 when you go buy a car, you get the depreciation as soon as you
3 drive off the lot, but for this very specific equipment, is there
4 more of an explanation as to why it would depreciate so much so
5 quickly?

6 MR. SAUNDERS: I'll ask our City Manager to address
7 that.

8 MR. LARKING: The equipment is very specialized and
9 we are concerned that the value will go down with it. We're in
10 the same room, so it's causing a little bit of trouble. It's
11 specialized equipment, and the value of the equipment will go
12 down, adding two more years to it will clearly depreciate the
13 equipment more. The estimate is 40 percent, and our Economic
14 Development staff provided that information, perhaps Matt Rowe,
15 who I see is also on the call, might be able to provide additional
16 information on that. I'd appreciate the consideration of the
17 group on this request. We're very concerned that the local
18 government will have to pay the Tobacco Commission back
19 should a worst case scenario happened, and it would be great to
20 have this consideration. Thank you.

21 MR. FEINMAN: Madam Chairwoman, I think I can,
22 being fair to the RIFA and the Commission, I think I can just
23 quickly summarize to everybody what we're considering here.

24 We extended a loan to Harlow Fastech for the
25 purposes of buying equipment and having that equipment

1 installed. As a result of the pandemic, they were not able to get
2 either the equipment shipped in a timely fashion or the staff that
3 was needed who install the equipment, and that pushed them
4 back. And they need the equipment to build the product in order
5 to sell the product to get the revenue to pay the loan. So,
6 they've asked forbearance.

7 If everything had gone according to plan, there would
8 always have been enough value in the equipment to fully secure
9 the loan in case the company failed. Where we sit now for the
10 company to succeed, this will all be moved and it doesn't matter
11 who backs up the loan because they'll just make their payment.
12 Should the company fail under the current situation, the concern
13 is that the diminished value of the equipment in the intervening
14 couple of years will not be adequate and the company would be
15 out of pocket should the company fail. They have asked instead
16 that the Commission be out of pocket should the company failed.

17 I'm of the view that there's no great reason to shift all
18 of the risks from the RIFA to the Commission. If you wanted to
19 offer a middle path, I would suggest that it would be sharing the
20 risk, or we could recognize that the vast majority, if you want,
21 that this would go to the region and they need to bear the risk,
22 the potential risk of the company. The decision is yours. The
23 Staff recommendation is clear.

24 DELEGATE AIRD: Any comments at this time?

25 DELEGATE KILGORE: Evan, so, Staff is, you're not

1 suggesting to reduce it to \$250,000, the Staff is not?

2 MR. FEINMAN: No, but, one, I think the company can
3 succeed in this. We'll then have been worried about something
4 that's not going to happen. But, two, I'm of the view that while
5 people undertake risks, and in this instance, the county took a
6 loan out on behalf of an unknown process, they had the ability to
7 pursue that. Should the loan not be paid, while they guaranteed
8 it, they also have the ability to, and they have excellent
9 attorneys, and they can go seek repayment from the company
10 asking them to guarantee it. It's just nicer to have a secured
11 loan than an unsecured.

12 DELEGATE KILGORE: Evan, we're not prohibiting
13 them from coming back and talking to us about it again, right?

14 MR. FEINMAN: No, we can revisit the issue if there
15 were some problem with the company's ability to pay.

16 DELEGATE AIRD: Thank you so much, Evan and
17 Delegate Kilgore.

18 I do believe with no indicators, this will likely be --
19 because the project company will be successful. Are there any
20 additional comments at this time?

21 MR. BLEVINS: Just maybe as a compromise, would it
22 be to maybe consider an amortization on the payment since
23 we're reducing our collateral requirements? If the company has
24 the ability, would the company have the ability to handle a more
25 aggressive repayment on the loan?

1 DELEGATE AIRD: Thank you for the question, Mr.
2 Blevins. I think based on the facts and the recommendation and
3 the additional comments made by Evan, should this become a --
4 for the future, they are more than welcome to come back to the
5 Commission if there are any indicators that present that,
6 necessary at this time. Any other comments?

7 DELEGATE KILGORE: Madam Chairwoman, do we
8 need a motion?

9 DELEGATE AIRD: Yes.

10 DELEGATE KILGORE: I would make a motion that we
11 follow the Staff recommendation and extend a forbearance period
12 of February 1st, 2022 to February 1st, 2024, in accordance with
13 the forbearance agreement.

14 DELEGATE AIRD: Thank you so much.

15 DELEGATE HURST: Second.

16 DELEGATE AIRD: It's been moved and properly
17 seconded. All those in favor, please say aye. (Ayes). Are there
18 any opposed? (No response). That motion is carried. Thank
19 you. Back to you, Andy.

20 MR. SORRELL: Next is another request for a loan
21 forbearance. This is for a project by the Russell County
22 Industrial Development Authority for Project Polycap, LLC. They
23 are a maker of plastic caps and enclosures for plastic packaging.
24 They also have a TROF loan with us. This was another one from
25 back in 2019. They requested a forbearance period, which

1 actually already began. They were on time making their first
2 payment, and then right as the second payment was due, which
3 was due in February of this year, they requested a forbearance
4 period given the impact and everything on their business. And
5 they want to add a forbearance period of one year, from
6 February 1, 2021 to February 1, 2022, would then allow them to
7 meet their financial commitment by being able to redo payment
8 on their TROF loan and also to make sure that they have
9 resumption of cash flow in order to do that. I'll be happy to
10 answer any questions, and the locality is here if you have any
11 questions for them. This would be a recommendation for
12 forbearance period for one year. The signed forbearance
13 agreement is in your packet, this would be a recommendation to
14 ratify it since it's already been signed by the Commission here.

15 DELEGATE AIRD: Thank you so much, Andy. Are
16 there any comments at this time?

17 DELEGATE KILGORE: Ms. Chairwoman, I would make
18 a motion to approve the forbearance from February 1st, 2021 to
19 February 1st, 2022 and ratify the forbearance agreement
20 already.

21 DELEGATE AIRD: Thank you, Jordan, for that second.
22 Are there any additional comments or questions? All right, that
23 motion is before us. All those in favor, please say aye. (Ayes).
24 Are there any opposed? (No response). Thank you. That
25 motion carries.

1 All right, Andy, I think we're now going forward with
2 Extensions and Modifications and Appeals.

3 MR. SORRELL: Thank you, Ms. Chairwoman. I'm
4 going to have our Performance Metrics Manager, who also
5 worked with me on the TROF program, monitoring performance
6 and things of that nature. The next two projects that are
7 requesting extensions for the performance. Over to David
8 Bringman if it's okay with the Chair.

9 DELEGATE AIRD: Yes, please, David, go ahead.

10 MR. BRINGMAN: Good morning, everyone. I'm going
11 to present to you two extension modifications for your review.
12 The first one is Project 3138, Starsprings with the County of
13 Henry. The project was originally approved in 2016, and they
14 are currently meeting 47 percent of their jobs promise, 50
15 percent of their wage promise, and 82 percent of their tax
16 promise. The reason they're asking for the extra extension is
17 that the company had leadership changes and the global
18 pandemic of 2020, impacted their ability to fully achieve their
19 performance metrics. There is more information in your packet
20 in regard to why they're requesting the extension, Attachment
21 3A, but that is the general gist of it. Do you have any questions?

22 DELEGATE AIRD: Are there any questions?
23 Hopefully, this is another pretty straightforward
24 recommendation. Do we have a motion? All right, we have a
25 motion and a second. Are there any questions? Thank you.

1 Seeing none, everyone in favor, please say aye. (Ayes). Is
2 there anyone who is opposed? (No response). That motion
3 carries.

4 David, will you go to the next one, as well.

5 MR. BINGHAM: Yes. The next project is Project 3101,
6 Blue Wolf Sales and Service, Incorporated, with the Town of
7 Tazewell. This project was originally approved in 2015 and their
8 current performance metrics are, they are meeting one-third of
9 their jobs promise, 57 percent of their wage promise, and about
10 95 percent of their tax promise, although we're still waiting on
11 the Commissioner of Revenue verification of that one. The
12 company and county both believe that with the upcoming
13 extension they will achieve their performance goals by
14 September, 2022. And that is in the Attachment 4A. Are there
15 any questions on that one? All right.

16 DELEGATE AIRD: Are there any questions? I'll accept
17 a motion for the Staff recommendation. That has been moved
18 and properly seconded to accept the Staff recommendation. Are
19 there any additional questions or comments? All in favor, please
20 say aye. (Ayes). Are there any opposed? (No response). That
21 motion carries.

22 Go ahead, Andy.

23 MR. SORRELL: This is a project for Grayson County,
24 Grayson County Economic Development Authority, a company,
25 Oak Hall Industries, this is Project Number 2999. This is two-

1 part request, for an extension request and a little bit more
2 complicated request to consider Lee in Lieu of Taxes. Basically,
3 this project goes back to 2015, it was a grant for the amount of
4 just over \$400,000, funding was fully disbursed prior to
5 performance. The performance period ended back at the end of
6 2017 and the executed performance agreement had stipulations
7 that required the company to employ 100 people with an
8 aggregate payroll of \$572,000. For this particular project and
9 major part of the capital investment was for property that is
10 owned by the Town of Independence, which is in Grayson
11 County.

12 In order to meet those obligations, it was required
13 that the company pay the town an agreement, a payment fee in
14 lieu of taxes. That basically would have been what the company
15 would have paid if the company had owned the building
16 themselves. Back in 2015, that allowed that, the Commission to
17 consider the capital investment, I think about a million, \$1.2
18 million towards that capital investment.

19 As in the case with small localities and rural localities,
20 there were some changes in staff and those payments weren't
21 made. As Staff was going through projects that needed to be
22 considered to closing out, we did discover that in checking with
23 the county and the town and we found out all the payments have
24 not been made. And since we're outside of the performance
25 period, right now, Staff does not have the authority to accept

1 them. So, the request is to be able to accept payments now
2 even though we're outside of the performance period so that
3 they can then meet the terms of what the performance
4 agreement had required. Then, also, to request a performance
5 extension through June 30, 2020. Staff suggested 2020 rather
6 than '21 or '22 only because the project ended well before the
7 pandemic occurred.

8 However, the county has spoken with the company
9 just this morning, and they have a little bit more information on
10 what the company's timelines are and if they're planning to do
11 any expansions that might increase their employment level. If
12 we were to allow an extension, we would try to get the highest
13 number of employees they had since the performance period
14 began. But given the wages that the company has provided and
15 the number of employees the company has provided up to that
16 point, there still will be a repayment required to Commission
17 based upon the employment numbers.

18 If the Commission was to consider accepting payment
19 in lieu of taxes, that would allow them to -- capital investment
20 requirement, plus the benefit for allowing them to still earn a
21 portion of the grant.

22 So, with this, I'll be happy to answer any questions,
23 but you can see what the Staff recommendation is to accept the
24 real estate investment and count towards the capital investment
25 obligations from the Town of Independence and that the town

1 has received the fee in lieu of taxes in the amount of \$5,338.62,
2 and that the performance period extends through June 30, 2020.
3 I know that the county administrator and that officials are on the
4 phone if you have any questions regarding that.

5 DELEGATE AIRD: Thank you, Andy. Who's speaking?

6 MR. SHEPLEY: I'm Bill Shepley, I'm the County
7 Administrator for Grayson County. And you've always been a
8 wonderful partner. They make, one of the primary things they
9 make is graduation clothing, people that are graduating from
10 high school and college, and that's what they've done since the
11 pandemic.

12 My Deputy County Administrator, who's also with me
13 here, Mitch Smith, has been intimately involved in all of the
14 activities involved. If it's okay with you, Madam Chairwoman, I'd
15 like to turn it over to him and let him give you a little bit more
16 information.

17 DELEGATE AIRD: Thank you so much. Go ahead, Mr.
18 Smith.

19 MR. SMITH: Okay, thank you, everyone, Andy and
20 Commission members, good morning. I spoke with the CEO this
21 morning, and they are a great company to work with and are
22 very interested in staying in Grayson County. And I spoke with
23 the Plant Manager this morning, and he still hopes through today
24 that this company, even in the pandemic, with graduations being
25 basically called off last year, they did not lay one employee off

1 during that time. They hold to that that they've never laid an
2 employee off since their beginning. So, that's quite a status to
3 have and even in the pandemic where they would maintain that.
4 So, I thought that was noteworthy.

5 I spoke to Joe, their CEO, this morning. I said what's
6 your company, now that we're getting kind of past the pandemic,
7 what is your company's plans for ramping up performance. He
8 said, Mitch, if we could get the employees, our capital
9 improvements, which I hope you all will consider what Andy laid
10 out for you. But on to the employee part, he said if we could get
11 them, we could have, we could work 120 employees. And so I
12 asked him how would you do that, how do you plan to get that
13 many employees during this time. He said a new initiative that
14 we're talking about doing now, not just talking about, they're
15 going to, is we are a border county next to North Carolina, so,
16 now they are going to start advertising in the surrounding border
17 counties in North Carolina and see if they can pull some help in
18 from the Carolina area into this Grayson County location. And
19 they're going to do that right away. He said the overtime that
20 we're paying is tremendous and the plant manager told me this
21 morning that they're working their current staff, just working
22 them to death, they've been on seven with graduations back in
23 effect now, they've had to go on a seven-day work schedule for
24 some of their employees. So, they're doing great, they just need
25 help. He said we're even willing, some of the migrant workers

1 that are coming over, he said we're hoping some will come into
2 this area and we can hire them.

3 The plant manager also told me there's another virtual
4 job fair. They just attended one the other day, and there's
5 another one coming up in June, and they plan to be, they've
6 been at every one of them. I have to say that I've sent it to
7 them, and they have been out. I went by their location again
8 just a few weeks ago, and they have a big sign out, hiring. So,
9 they're doing everything. The Independence Town Manager told
10 me he had paid for them to put ads in the local paper. He said
11 we footed the bill for them on that to try to help them out a few
12 months ago.

13 So, it's not due to the lack of effort that they're trying
14 to find people to come to work there. So, any consideration. If
15 you all could consider, if the Commission members could
16 consider maybe a year's extension to see what they could do,
17 now that we're getting past the, getting past the pandemic, if we
18 could get a year's extension on to them. I know we're way past
19 the deadline, but if you could graciously enough to, see what
20 they could do, now that we're coming out for the employment
21 numbers, see if this North Carolina thing will help, see if the job
22 fairs that they go to and the different efforts, a concerted effort
23 in this area for the next year just to see what results that would
24 get them. Because I know they have very much concern about
25 repaying this part of the personnel side of the loan if they're not

1 able to pay here. Be happy to answer any questions anyone
2 might have.

3 DELEGATE AIRD: Thank you so much, Mr. Smith, for
4 those comments.

5 Are there any questions for Mr. Smith at this time,
6 also for Mr. Shepley? Hearing no questions, are there any
7 questions or comments about the Staff recommendation in
8 general? And just to reiterate the recommendation, it's in your
9 packet, acknowledgment and then through the performance
10 period through June of 2020. I just want to make sure everyone
11 understands. Any questions or comments?

12 MR. SORRELL: This is, I'd like to say, too, that if the
13 Commission was to consider what the county had requested in
14 terms of the extension, the additional year would be 2022,
15 correct me if I'm wrong.

16 UNIDENTIFIED: Madam Chair, if I could ask a
17 question. You said if we went down the route that Mr. Smith
18 suggested or requested, that the only thing would change would
19 be, it would be June 30, 2022?

20 DELEGATE AIRD: That's correct. Are there any
21 comments regarding that request relative to what the Staff has
22 recommended formally and that the request coming from the
23 county?

24 MR. SORRELL: This would allow the company to
25 meet, pick up any jobs that would be occurring after the

1 pandemic now until this time next year and, of course, we would
2 only be permitted to count jobs that are verified through the
3 Virginia Employment Commission.

4 UNIDENTIFIED: Madam Chair, if I may add, also. We
5 do have a meeting set up, and the CEO and the CFO, and the
6 different ones, will be coming into our board room next week for
7 a meeting to discuss where we're at and the route that will be
8 taken and the consideration that the Commission hopefully will
9 have for them today.

10 DELEGATE AIRD: Thank you so much. At this time,
11 I'd like to open it up for a motion and be clear that motion would
12 specify whether the Commission is in agreement with the
13 additional period of time, carrying the performance period out to
14 June 30, 2022 or keeping with the Staff recommendation.

15 UNIDENTIFIED: I'd move, Madam Chair, we approve
16 the Staff recommendation with the amendment of changing the
17 date from June 30th, changing that to June 30, 2022.

18 DELEGATE AIRD: Thank you so much, Jordan. Is
19 there a second. And there's a second. The motion has been
20 moved and properly seconded. Are there any final comments or
21 questions? Hearing none, all those in favor, please say aye.
22 (Ayes). Are there any opposed? (No response). That motion
23 carries.

24 Andy, I believe it's back to you.

25 MR. SORRELL: Thank you. The last motion is from

1 the County of Scott, Scott County Economic Development
2 Authority, this is for a company, Secure Mountain LLC, this is
3 Project Number 2845.

4 This is basically a request for TROF grant repayment
5 forgiveness, but more specifically more time to gather
6 information so that they can later request that at a Commission
7 meeting in the fall. Basically, this is a TROF grant that originally
8 started out as a Southwest Economic Development program
9 grant, and this would have been in 2013 or so for a project out in
10 Scott County, originally it was \$300,000, from the Southwest
11 Economic Development Committee, and then another \$150,000
12 of TROF funds were added to it, to have a total of \$460,000 that
13 was disbursed, all governed by the terms of a fully executed
14 TROF performance agreement, Tobacco Region Opportunity
15 Fund. Ultimately, this project did not fly, that's the bottom line.
16 They were going to provide a large amount of capital investment,
17 \$22 million, 28 new jobs, but the project did not ultimately
18 happen.

19 In early 2018, the EDA did repay the Commission 90
20 percent of the disbursed amount, so a little over \$412,000. And
21 at that time, the company did request that the remaining balance
22 of just under \$48,000 be forgiven. The company basically
23 indicated that the funds had been extended on project costs
24 related to site engineering, site preparation, and things of that
25 nature. That is good that that work was done in preparation for

1 preparing the site. Those type of jobs and funding, that's spent
2 on those type of activities, have never been something that we
3 included in TROF calculations for performance. And so, Staff did
4 not forgive that amount, and the EDA has requested that that
5 amount, as you can see in your packet there's a letter from the
6 EDA Staff that basically asked for more time so that they could
7 gather additional information on the jobs that were provided for
8 site preparation and engineering and the funds extended on that,
9 in an effort to show that at least 10 percent of that, at least 10
10 percent of the job to a place. The bottom line is, as I mentioned
11 before, the Staff doesn't support that request because that is not
12 something that, the TROF performance, and that's always been
13 the case.

14 So, Staff recommendations for this particular project
15 is that in terms of the mutually agreeable repayment plan be
16 agreed to by the Scott County Economic Development Authority
17 and that be established no later than June 30, 2021. Such
18 payment terms shall be for the full balance of the \$47,591.75,
19 which shall be fully repaid in no more than four years, over a
20 term of four years, by June 30, 2025.

21 Also, a recommendation on what to do if that doesn't
22 happen, basically, that if the Commission isn't able to work out
23 the terms, now, working out the terms doesn't mean you've got
24 a fully executed agreement, but it means we need to have the
25 idea, the plan in place for how that would be moving forward. If

1 we don't have the terms agreed to by June 30th, then the full
2 balance will be due. And if not received in 30 days, that interest
3 would accrue on that balance until paid.

4 At this point, I'll be happy to answer any questions. I
5 do know that the Scott County EDA staff had a family emergency
6 and couldn't be here today, but I know Delegate Kilgore is from
7 Scott County, so he's probably familiar with that particular
8 project.

9 MR. FEINMAN: Madam Chairwoman, if I could just
10 summarize very quickly. They were supposed to build the thing
11 and they didn't build it. And they want credit for their
12 construction, engineering, employment, and we don't give
13 anybody else credit for that, they shouldn't either. We just need
14 to reach an agreement on how they're going to repay this. We're
15 not going to have the whole cost due by the end of June, but
16 putting that in place just forces everybody to get to the table and
17 come up with a deal, and that's what we've asked.

18 DELEGATE AIRD: Thank you, Evan. I'll ask Delegate
19 Kilgore to make comments at this time.

20 DELEGATE KILGORE: What I was going to say was
21 that there is, I think there's some opportunity for a couple of
22 companies to come in and make this an ongoing concern, and I
23 take it that Staff would be very helpful if that happened and
24 they'd come back with a proposal.

25 DELEGATE AIRD: Thank you, Delegate Kilgore, for

1 that. I think the fine point on the comments that have been
2 made so far is that some sort of an agreement needs to be
3 made, period, and ultimately it would set a formal precedent for
4 us to allow a project that did not occur to receive credit for
5 construction costs and we do not do that for anyone else. I think
6 the Staff recommendation has been made clear, all parts of it,
7 and at this time, I would like a motion from the Commission.

8 DELEGATE HURST: I move that we adopt the Staff
9 recommendation that has been articulated.

10 DELEGATE AIRD: Thank you, Delegate Hurst. Is
11 there a second?

12 UNIDENTIFIED: I'll second it, Madam Chairwoman.

13 DELEGATE AIRD: Thank you. It's been moved and
14 properly seconded. Are there any final questions or comments
15 here? Hearing none, all of those in favor, please state aye.
16 (Ayes). Opposed? (No response). Thank you, that motion
17 carries.

18 That was the last item under the Extensions,
19 Modifications, and Appeals. At this time, I do believe we will
20 move into closed session. I just want to remind everyone you
21 should have received the information for the closed session
22 meeting and should have that prepared as we move forward.

23 MR. SORRELL: We had one of the projects that we
24 were going to discuss in closed session and no longer moving
25 forward, that was Project Glove, so the only closed session

1 meeting link that will be used is the second one. The other
2 projects are all in the same region, so we don't need to go in and
3 out of different closed sessions. The motion that we make in
4 closed session will be for all three projects we discussed, which
5 will be Projects Aurora, K2, and Project Sharon. We can discuss
6 all three projects after closed session motion is made. I will
7 remind everybody please close or exit from the WebEx meaning
8 when you go to the closed session portion, so nobody can hear
9 what's being discussed. We're also going to mute the line and
10 Jordan on our Staff is going to do that, and he'll monitor the chat
11 box when we're in closed session, we will basically be paused on
12 the public session.

13 UNIDENTIFIED: Madam Chair, so we would go to the
14 closed session for Aurora, K2, is that right?

15 DELEGATE AIRD: That is correct. Are there any other
16 questions regarding what we are about to do?

17 UNIDENTIFIED: Madam Chairwoman, are there only
18 two projects or three projects?

19 MR. FEINMAN: Three.

20 UNIDENTIFIED: Three, okay, thank you. I was
21 looking at the motion, that's why I was looking at the motion to
22 make sure the motion was right.

23 DELEGATE AIRD: At this time, we're going into closed
24 meeting in accordance with the Virginia Freedom of Information
25 Act. The purpose of the closed session is to discuss a

1 prospective business or industry or expansion of an existing
2 business or industry. No previous announcement has been made
3 of the business or industry interest in locating or expanding its
4 facilities in the community. The subject of this closed session is
5 for the discussion of Tobacco Region Opportunity Fund Incentive
6 for Projects Aurora, K2, and Sharon. The applicable exemption
7 of open meeting requirements under the Freedom of Information
8 Act, Section 2.2-3711A39, is that motion seconded?

9 DELEGATE KILGORE: Second.

10 DELEGATE AIRD: It's been moved and properly
11 seconded and a recorded vote is required. Are there any
12 questions or comments about that motion?

13 MR. FEINMAN: Madam Chairwoman, you can do a
14 voice vote to go in.

15 DELEGATE AIRD: Thank you. Are there any
16 questions or comments about the motion? Hearing none, all in
17 favor, please state aye. (Ayes). Opposed? (No response). We'll
18 move into closed session at this time.

19 We're now back in open session.

20 I'm going to move we vote on record we certify to the
21 best of each member's knowledge only public business matters
22 were discussed, business matters lawfully exempted from the
23 open meeting requirement under this chapter only such public
24 business matters as defined in the motion by which the full
25 meeting was convened were heard, discussed, or considered in

1 the closed meeting. And at this time, because a required roll call
2 vote is required, I will ask for all those who are in favor to say
3 aye. Begin the roll call for this vote, thank you.

4 MR. FEINMAN: Delegate Aird.

5 DELEGATE AIRD: Aye.

6 MR. FEINMAN: Delegate Kilgore.

7 DELEGATE KILGORE: Aye.

8 MR. FEINMAN: Ms. Rasnick has departed.

9 Mr. Blevins?

10 MR. BLEVINS: Aye.

11 MR. FEINMAN: Ms. Clark.

12 MS. CLARK: Aye.

13 MR. FEINMAN: Ms. Drinkwater.

14 MS. DRINKWATER: Aye.

15 MR. FEINMAN: Delegate Hurst.

16 DELEGATE HURST: Aye.

17 MR. FEINMAN: Ms. Jennings.

18 MS. JENNINGS: Aye.

19 MR. FEINMAN: Mr. Miles.

20 MR. MILES: Aye.

21 MR. FEINMAN: Senator Morrissey.

22 SENATOR MORRISSEY: Aye.

23 MR. FEINMAN: Delegate Rasoul.

24 MR. RASOUL: (No response).

25 MR. FEINMAN: The motion carried.

1 DELEGATE AIRD: Thank you so much, Evan. At this
2 time, Delegate Kilgore, I think you have a motion.

3 DELEGATE KILGORE: Thank you. I move that on
4 pages 26 and 27, that we approve and recommend to the Full
5 Commission to approve Project Aurora, Part A and B, with Staff
6 recommendations; also, that we approve Project K2, with Staff
7 recommendations, Project Sharon with Staff recommendations.
8 These Staff recommendations can be found on pages 26 and 27.

9 DELEGATE AIRD: Thank you so much, Delegate
10 Kilgore. The motion has been made. Is there a second?

11 JORDAN: I'll second, Madam Chair.

12 DELEGATE AIRD: Thank you so much, Jordan, it's
13 been moved and properly seconded. Are there any additional
14 questions or comments? Hearing none, all those in favor of the
15 motion, please state aye. (Ayes). Are there any opposed? (No
16 response). Great, that block motion carries.

17 Thanks to all the members for your patience.
18 Completing that portion of our agenda, is there any additional
19 business at this time?

20 MR. FEINMAN: There is not, Madam Chairwoman.

21 DELEGATE AIRD: Thank you so much, Evan. I will
22 now entertain additional public comments. If you wishing to
23 address the Committee, state your name.

24 MR. SORRELL: Madam Chair, can we ask Mr. Butler if
25 we have any chats, anybody requesting anything in the chat

1 feature while we were out in closed session?

2 MR. BUTLER: Nothing came in while you were in
3 closed session.

4 DELEGATE AIRD: Thank you. Senator Morrissey, are
5 you hoping to speak? Oh, okay, great.

6 Hearing no request for public comments, that
7 completes the business of the Incentives and Loans Committee.
8 Thank you so much, everyone.

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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 Thursday, May 27, 2021, at 11:00 o'clock a.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 July, 2021.

Medford W. Howard

CCR