

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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9 **TROF Committee Meeting**

10 Tuesday, January 12, 2016

11 8:30 A.M.

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14 The Hilton Downtown

15 Richmond, Virginia

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1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 The Honorable Frank M. Ruff, Vice Chairman

4 The Honorable Daniel W. Marshall, III

5 Mr. Evan Feinman – Executive Director

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7 COMMISSION STAFF:

8 Mr. Ned Stephenson – Deputy Executive Director

9 Mr. Timothy S. Pfohl – Grants Program Administration

10 Director

11 Ms. Sara G. Williams – Grants Program Administrator,

12 Southwest Virginia

13 Ms. Sarah K. Capps – Grants Program Administrator,

14 Southside Virginia

15 Ms. Stephanie S. Kim – Director of Finance

16 Ms. Stacey Richardson – Executive Assistant

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18 COUNSEL FOR THE COMMISSION:

19 Ms. Elizabeth B. Myers, Assistant Attorney General

20 Richmond, Virginia.

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1 DELEGATE KILGORE: Good morning,
2 I'm going to call the TROF Committee meeting to order and I'll
3 ask Evan to call the roll.

4 MR. FEINMAN: Delegate Kilgore?

5 DELEGATE KILGORE: Here.

6 MR. FEINMAN: Senator Ruff?

7 SENATOR RUFF: Here.

8 MR. FEINMAN: Delegate Marshall?

9 DELEGATE MARSHALL: Here.

10 MR. FEINMAN: And I'm here and
11 everyone is present, Mr. Chairman.

12 DELEGATE KILGORE: Do I have a
13 motion that we approve the 9/22/15 minutes?

14 DELEGATE MARSHALL: So moved.

15 SENATOR RUFF: Second.

16 DELEGATE KILGORE: All those in favor
17 say aye. (Ayes.) Opposed? (No response.) All right, the issue
18 before the TROF Committee today, I'll call on Ned.

19 MR. STEPHENSON: Members of the
20 Committee, the Commission made a TROF grant to the Scott
21 County EDA and the beneficiary of that grant had started a
22 project in Scott County on the beneficiary's performance
23 under the terms of the agreement. The Commission has
24 asked for a refund of that grant and the beneficiary has asked
25 if they could address the Committee this morning. Mr. George

1 Foresman is here and if it pleases the Committee, he would
2 like to speak. So I think it probably would be helpful to hear
3 from George and then perhaps maybe go into executive
4 session after that.

5 MR. FORESMAN: Good morning, Mr.
6 Chairman and members of the Committee. This is in
7 reference to grant #2845, which was for the Secure Mountain
8 Underground Technology Park.

9 As you all may remember, the Southwest
10 Virginia Committee and before the full Commission approved
11 a \$460,000 grant for the Technology Park in January of 2014.
12 This was a portion of a \$2.3 million grant request made to the
13 Commission. We entered into a performance agreement with
14 the EDA in the April 2014 timeframe and the money was
15 transferred to Secure Mountain.

16 Shortly thereafter, we went into
17 discussions with a U.S. government client and that became an
18 elongated discussion and ran from November of 2014 through
19 August of 2015. That particular potential tenant would have
20 required significant changes in the scope of the project in
21 terms of how we were going to do both the buildout of the
22 underground technology park as well as some security
23 features. Unfortunately, the U.S. government being the way
24 the U.S. government is I'd be more than happy to talk about
25 the client in closed session.

1 The client did not make a final
2 determination until August of 2015. They were not going to
3 come to the Secure Mountain Underground Technology Park
4 but they did indeed decide to stay in Virginia; in fact stayed in
5 Southwest Virginia.

6 During that time, we haven't been sitting
7 idle and we move ahead with a portion of the grant and we
8 expended a portion of that grant for the design work, which is
9 related to the \$2.3 million grant. We also engaged in
10 discussions with a group that was not a tenant with the
11 underground technology park. As the Chairman knows
12 because it's in his district, they are in active discussions with
13 the Scott County EDA and as a matter of fact, I think that's
14 part of the reason why John Kilgore is not here from the EDA
15 because he has a meeting with that group. That will be a
16 significant job contribution to the community and a significant
17 investment to the community. That same group is part of the
18 funding group that we're talking to.

19 Mr. Chairman, we simply request a
20 twelve month extension on the performance metrics and we
21 did not meet our eighteen month benchmark performance
22 under the grant. I can't sit here and tell you whether we will
23 or we won't at this point as a result of some of the ongoing
24 discussions with the external capital funding partners. If they
25 do in fact help fund the project as we expect them to do, and

1 we have an agreement in principal, we expect to start full
2 blown construction back on the original plan we had for the
3 site in the March/April timeframe, which technically will allow
4 us to meet the full benchmark associated with this grant prior
5 to the 36 month deadline.

6 Now, the one piece that I say very frankly
7 to the Commission that we were disappointed we didn't get the
8 full \$2.3 million requested and we also understand there are a
9 significant number of requirements of Southwest Virginia.
10 Part of the discussion we're having with this external funding
11 group, they may not want the Tobacco Commission to
12 participate because of the benchmark features but that's not a
13 discussion we need to have today.

14 So, the request for you is a twelve month
15 extension on our performance metrics and that will get us to
16 the point of either meeting our midterm benchmark
17 requirements under the TROF agreement and stretching out
18 and getting our full agreement under the TROF or making a
19 determination that we are going to return those funds to the
20 Commission. Ninety days will get us to the answering part of
21 the funding, but it will not get us to the end of the
22 employment terms for meeting all the benchmarks.

23 DELEGATE KILGORE: I think it
24 probably would be wise if we did go to an executive session
25 because I think we've got more questions.

1 SENATOR RUFF: I would move that we
2 go into executive session in accordance with the provisions of
3 the Virginia Freedom of Information Act for the purpose of
4 consultation with legal counsel pertaining to specific advice,
5 Virginia Code Section 2.2-3711.

6 DELEGATE MARSHALL: Second.

7 DELEGATE KILGORE: We have a motion
8 and a second, all those in favor say aye. (Ayes.) Opposed?
9 (No response.) Members can stay in the room, everyone else
10 we'd ask you to please wait in the hallway.

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12 NOTE: WHEREAS THE TROF COMMITTEE GOES INTO
13 EXECUTIVE SESSION AT 8:45 A.M.

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15 NOTE: THEREUPON, THE TROF COMMITTEE RECONVENES
16 IN OPEN SESSION AT 9:10 A.M., VIS:

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18 SENATOR RUFF: Mr. Chairman,
19 whereas the TROF Committee of the Virginia Tobacco
20 Commission has convened a closed meeting on this date in
21 accordance with the provisions of the Virginia Freedom of
22 Information Act and whereas the Code of Virginia requires a
23 certification by the Committee that such a meeting was
24 conducted in conformity with Virginia law.

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Now, therefore, be it resolved that the

1 Committee hereby certifies that to the best of each member's
2 knowledge, that only public business matters lawfully exempt
3 from open meeting requirements under the act and only such
4 public business matters as were identified in the motion by
5 which the closed meeting was convened were heard, discussed
6 or considered by the Committee in that meeting.

7 DELEGATE KILGORE: We'll need a roll
8 call.

9 MR. FEINMAN: Delegate Kilgore?

10 DELEGATE KILGORE: Yes.

11 MR. FEINMAN: Senator Ruff?

12 SENATOR RUFF: Yes.

13 MR. FEINMAN: Delegate Marshall?

14 DELEGATE MARSHALL: Yes.

15 MR. FEINMAN: Mr. Chairman, I think
16 what you heard about this project and the changes in the
17 scope of the project, we can do all this for a specific potential
18 client on this specific occasion. I can tell you that I as an
19 Executive Director routinely doing TROF on this scale without
20 calling you all fairly routinely. I don't see why with the new
21 tenant and new job numbers and new capital investment
22 numbers, we couldn't continue extending this TROF and make
23 them apply for a new TROF barring something unusual that
24 would be happening. Then we would have the additional
25 protection of our new TROF agreement and they would have a

1 TROF catered to their actual project, not trying to make a
2 square peg fit in a round hole.

3 MR. FORESMAN: Mr. Chairman, if I
4 might and to be very specific, if I've created confusion, I
5 apologize. We are back to the original scope that was
6 approved by the TROF grant. We took a little bit of a side light
7 as we discussed it in the closed session with this particular
8 client, but we did the original scope of work that's approved by
9 the Commission.

10 DELEGATE KILGORE: So we'll have the
11 same number of jobs created, the same amount of capital
12 investment?

13 MR. FORESMAN: Yes, sir.

14 DELEGATE KILGORE: I guess the issue
15 is if we can get some type of security. How long or do you
16 think you can get this security by the next meeting, which is
17 in May, late May?

18 MR. STEPHENSON: Mr. Chairman, if a
19 security is offered and put in place and the EDA signs off on
20 that I think we're home and we don't need another meeting
21 and we're done.

22 DELEGATE KILGORE: I was trying to get
23 an update.

24 MR. FEINMAN: We can update you.

25 DELEGATE MARSHALL: A motion then

1 would be to extend this with the protections.

2 DELEGATE KILGORE: Is that the
3 motion?

4 DELEGATE MARSHALL: Yes.

5 MR. STEPHENSON: Yes, close Delegate
6 Marshall. It would seem that the motion would need to
7 require that the beneficiary supply collateral security not later
8 than a certain date and during that time the Commission
9 would refrain from its collection efforts on the contract.

10 DELEGATE KILGORE: What date?

11 MR. STEPHENSON: I would think they
12 would need thirty to sixty days to assemble collateral and
13 that's a question for George if we have time enough.

14 MR. FORESMAN: Well we could
15 assemble the collateral tomorrow but the question is going to
16 be I know we have an EDA meeting scheduled –

17 MR. STEPHENSON: Sixty days?

18 DELEGATE KILGORE: Then we need
19 that motion.

20 DELEGATE MARSHALL: That would be
21 the motion, sixty days.

22 MR. STEPHENSON: The Commission
23 would suspend its collection efforts for sixty days and upon
24 presentation of the collateral, would completely suspend its
25 collection efforts on the contract.

1 DELEGATE MARSHALL: That's my
2 motion.

3 DELEGATE KILGORE: I have a motion
4 and a second, all those in favor say aye. (Ayes.) Opposed?
5 (No response.)

6 MR. FORESMAN: Just so I'm clear, Mr.
7 Chairman, do we have a twelve month extension?

8 DELEGATE KILGORE: If you get the
9 collateral, we're not worried about it, a twelve month extension
10 yes and get the collateral and satisfy the EDA. They're the
11 ones that would be ultimately responsible.

12 MR. FORESMAN: Thank you for your
13 time.

14 DELEGATE KILGORE: Tim, quickly, the
15 reserve grant extensions.

16 MR. PFOHL: Yes, very quickly, they
17 would fall back in with the federal ARRA stimulus grants were
18 available and the Commission authorizing TROF to approve
19 the reserve grants in the reserve program. That effort was
20 successful to the tune of attracting several millions of dollars
21 of federal money for projects in the Tobacco Region. We're
22 down to the last three active reserve grants and one has been
23 administratively extended through the Executive Director's
24 authority. Two other projects need the signature of the
25 Commission.

1 One is grant number 1816, Henry County
2 Water and Sewer extension. The Commonwealth Crossing
3 site, which is the mega site and they're nearly done grading
4 that. We'd like to retain the balance of \$336,000 to onsite
5 water and sewer.

6 The second one is grant 2171, Southwest
7 Virginia Cultural Heritage Commission and that is the creative
8 economy development initiative and there's a balance of
9 \$93,000 that's left on that that was awarded in 2011. The
10 staff is supportive of giving both those projects another year to
11 wrap up their efforts.

12 SENATOR RUFF: Mr. Chairman, I would
13 move that we extend those a year in a block.

14 DELEGATE KILGORE: Any discussion.

15 DELEGATE MARSHALL: Second.

16 DELEGATE KILGORE: All those in favor
17 say aye. (Ayes.) Opposed? (No response.) Thank you, Tim.
18 Any further comments for the TROF Committee? Do I have a
19 motion to adjourn?

20 DELEGATE MARSHALL: So moved.

21 DELEGATE KILGORE: We have a motion
22 to adjourn and we're adjourned.

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PROCEEDINGS CONCLUDED.

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1 CERTIFICATE OF THE COURT REPORTER

2
3 I, Medford W. Howard, Registered Professional
4 Reporter and Notary Public for the State of Virginia at large,
5 do hereby certify that I was the Court Reporter who took down
6 and transcribed the proceedings of the **Tobacco Region**
7 **Revitalization Commission TROF Committee meeting**
8 **when held on Tuesday, January 12, 2016 at 8:30 a.m. at**
9 **The Hilton Downtown, Richmond, Virginia.**

10 I further certify this is a true and accurate
11 transcript, to the best of my ability to hear and understand
12 the proceedings.

13 Given under my hand this _____ day of
14 January, 2016.

15
16
17 _____
18 Medford W. Howard

19 Registered Professional Reporter

20 Notary Public for the State of Virginia at Large

21
22 My Commission Expires: October 31, 2018.

23 Notary Registration Number: 224566