

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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8 **TROF Committee Meeting**

9 Wednesday, September 24, 2014

10 5:15 P.M.

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12
13 Holiday Inn Hotel & Suites
14 Bristol, Virginia

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. Timothy S. Pfohl – Interim Executive Director & Grants
6 Program Administration Director

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8 COMMISSION STAFF:

9 Mr. Ned Stephenson – Deputy Executive Director

10 Ms. Stephanie S. Kim – Director of Finance

11 Ms. Carolyn Bringman – Performance Data Analyst

12 Ms. Sarah K. Capps – Grants Program Administrator,
13 Southside Virginia

14 Ms. Sara G. Williams – Grants Program Administrator,
15 Southwest Virginia

16 Ms. Stacey Richardson – Executive Assistant

17

18 COUNSEL:

19 Heather Lockerman, Esquire

20 Senior Assistant Attorney General

21 Office of the Attorney General

22 Richmond, Virginia

23 Counsels for the Commission

24

25

1 DELEGATE KILGORE: I don't know
2 where Tim is, three of the four of us are here, here he comes.
3 We've got a quorum. Do I have a motion to approve the
4 minutes from the previous meeting? All right, all those in
5 favor say aye. (Ayes.) They're approved. All right, Ned, we
6 have a revised application from Mecklenburg.

7 MR. STEPHENSON: I've got it here Mr.
8 Chairman. Back in March, the Commission approved a TROF
9 award of \$2.3 million in favor of Mecklenburg County for a
10 private, I won't quote the company for confidentiality reasons
11 and that was approved by the Commission in May. Come
12 now, Mecklenburg County with revised job and capital
13 estimates for that particular company asking that the amount
14 of the award be raised from \$2.3 million to \$2.9 million. Your
15 guidelines support that change and Mecklenburg is asking
16 that you make that approval. I haven't seen anyone here from
17 Mecklenburg that wants to speak to that.

18 DELEGATE KILGORE: When you say
19 jobs, you mean the number of jobs and the amount of
20 investment would allow us to make a \$2.9 TROF award?

21 MR. STEPHENSON: Yes, it does.

22 DELEGATE MARSHALL: Ned, if you
23 would for the new folks at the table here tell them how this
24 math works.

25 MR. STEPHENSON: In the early years of

1 the Commission, the amount of the TROF award is essentially
2 however much was asked for and some of the numbers got a
3 little out of line. The staff of the Commission developed an
4 econometric model that takes into account the number of jobs
5 promised, the number of taxable assets of record, the wages
6 promised for those jobs, the unemployment rate in the region
7 and various other factors. When an applicant comes to us,
8 they must tell us what the terms of the deal are and we run
9 the model and it produces what we call the guideline amount.

10 If that guideline amount is presented to the Executive
11 Director, he has the authority to approve it up to a certain
12 dollar limit without further notice to the Commission if it's
13 within the guidelines. If it's above his dollar limit, then he
14 must go to the Committee of four and above their dollar limit
15 it must go to the full Commission. This particular request
16 went to the full Commission \$2.3 million as is required and
17 the \$2.9 will have to go to the full Commission tomorrow.

18 DELEGATE MARSHALL: If I could add
19 something, the company does not make an application to the
20 Commission, the locality makes the application to the
21 Commission so the check is written to the locality and the
22 company isn't on the hook but the locality is on the hook to
23 pay us back.

24 MR. STEPHENSON: That's correct. In
25 this case, the job count went from 580 to 700 and the taxable

1 assets went from \$46 million to \$64 million.

2 DELEGATE MARSHALL: Do we need a
3 motion?

4 MR. STEPHENSON: Yes, for a
5 recommendation to the Commission if that be your pleasure.

6 DELEGATE MARSHALL: So moved.

7 MR. PFOHL: Ned, do you have a grant
8 number on that?

9 MR. STEPHENSON: I have grant number
10 2875.

11 DELEGATE KILGORE: We have a motion
12 on grant number 2875 for Mecklenburg County to recommend
13 to the full Commission tomorrow for a total amount of the
14 TROF award of \$2.9 million, which is in line with the formula.

15 MR. STEPHENSON: Yes, sir.

16 DELEGATE KILGORE: All right. All
17 those in favor say aye. (Ayes.) Opposed? (No response.) Four
18 ayes, zero nos. Also, for the TROF for everyone out there one
19 no vote blocks it.

20 MR. STEPHENSON: That's correct. It
21 must be unanimous to move forward.

22 SENATOR RUFF: Mr. Chairman, the full
23 Commission is seventy –

24 DELEGATE KILGORE: No, no, I'm
25 talking about from here. To get to the full Commission it

1 takes all four votes, unanimous.

2 MR. STEPHENSON: Mr. Chairman, next
3 on the agenda is on page 55. Mr. Chairman, we have several
4 entities ask for an audience before the Committee to appeal
5 your policy decisions that are made along the way with respect
6 to these TROF grants and some are listed on your agenda.
7 Since the agenda was printed, two of the three have
8 withdrawn their appeal and yet another has appeared about
9 thirty minutes ago. The City of Danville is not present tonight
10 and does not wish to speak. The City of Martinsville was
11 present in the room but they advised me they do not intend to
12 appeal your decision so there is nothing to do there. I believe
13 representatives of Lee County are already in the room and
14 they wish to speak on behalf of Lee County.

15 MR. WYNN: Chairman Kilgore and
16 members, it's a great opportunity to come before you this
17 afternoon. This gentleman with me is Greg Edwards, this is
18 Paul Johnson, I'm Charles R. Wynn the chairman of the Lee
19 County Industrial Development Authority. I'd like to talk to
20 you a little bit about some grants we're having a problem with.
21 I'd like to first tell you where we were then and where we are
22 now. I'll start with coal. In St. Charles, Virginia the coal
23 industry was doing great, everything was going good, I can
24 remember when they had phone lines and right now we have
25 no lines in Lee County at all the last year and a half. The car

1 dealerships in Pennington Gap, Virginia had five car
2 dealerships and now we have none. They're absolutely gone.
3 In the tobacco industry and I remember when I was a kid,
4 every farm had a tobacco patch and you'd be lucky to see ten
5 farms now in Lee County that's growing tobacco. The hospital
6 closed down on us September 30, 2013 and that was really a
7 bad blow to Lee County and the surrounding area.

8 Right now, we have two grants that the
9 Commission has called in for a total payment. What we need
10 is to have some relief on those grants. We've sent a payment
11 schedule and we thought it was very lucrative to pay \$5,000 a
12 month, which is \$60,000 a year on those two grants. If we
13 even do this much, it would almost bankrupt us in less than
14 three years.

15 We have land in Lee County owned by
16 the IDA around \$3 or \$4 million. We'd be very lucky to sell
17 that land at half of that price if we could sell it period. Land
18 and property in Lee County is very hard to sell, almost
19 impossible.

20 We would like your support to try to do
21 what we could to get that solved. We've tried to make those
22 payments as well as we could. That in itself and that we're
23 even making those payments should be a credit to us in
24 everything. Lee County IDA needs some consideration on
25 these things and we're willing to pay all the grants but we've

1 got to have some way to pay them off without bankrupting Lee
2 County IDA. I don't think the Commission was set up to try
3 cause bankruptcy on the IDA. With the economy the way it is,
4 the Commission should be trying to help us all that you
5 possibly could. We're asking you to try your level best to give
6 some consideration to the Lee County IDA. Thank you.

7 MR. EDWARDS: Thank you, we've been
8 trying to pay these things back and we're not asking for
9 forgiveness. We're going to pay and we're willing to pay it and
10 you'll get your money and you won't bankrupt us but we're
11 struggling. We have some money and this isn't, this is the
12 industrial development authority. It's not really our money.

13 DELEGATE KILGORE: There have been
14 some payments made.

15 MR. EDWARDS: Yes.

16 DELEGATE KILGORE: How much has
17 been paid?

18 MR. STEPHENSON: The balance owing
19 on the two grants combined is \$626,000.

20 DELEGATE KILGORE: What was the
21 original grant, was it 476 and 450?

22 MR. STEPHENSON: That's correct. On
23 page 56 if you'll note.

24 DELEGATE KILGORE: So 926 is what
25 was awarded to Lee County and somehow we got back from

1 the county \$300,000 is that right?

2 MR. STEPHENSON: The math appears
3 on page 56. Since that was printed, a \$5,000 check arrived
4 two days ago to the Commission. There's a column that
5 indicates the amount due to the Tobacco Commission. \$441
6 on one grant and \$190 on the other less \$5,000.

7 DELEGATE KILGORE: \$621.

8 MR. EDWARDS: We've paid \$262,500 on
9 the USA grant and \$37,500 on the Apparel grant. What we're
10 also trying to do is the property we have we're trying to sell
11 and any equity we have in that property, use that towards the
12 debt to the Tobacco Commission. We know it's going to take a
13 while to try to sell this property. We've got some encumbered
14 that we're trying to sell. We have one deal we thought was
15 dead but it may not be. But the problem is that with our cash
16 flow situation, we're hurting. In the last census somehow we
17 gained people and we were asked how we did it, I told them
18 they're in federal prison. Everybody else lost and the coalfield
19 population, many people have left the coalfields for lack of
20 jobs. The last time we saw this happen in Lee County was
21 back in the 1950s when the population of Lee County was
22 forty some thousand people and in ten years it dropped to less
23 than twenty. We've been trying to provide jobs and all that's
24 true. At the same time, we recognize we owe this money and
25 we want to pay it back.

1 DELEGATE MARSHALL: So the two
2 grants you're talking about is the business just gone?

3 MR. EDWARDS: The Green USA came in
4 and offered some funds, we tried to track them down and
5 they're no longer here. The Elite Apparel that's gone, too. The
6 people that ran it sold it and then it was sold again and the
7 people that had it tried to get a lien on it but in fact it belongs
8 to the IDA and we're in the process of reclaiming that and try
9 to sell what equipment's left. There were some jobs there for
10 several years.

11 DELEGATE KILGORE: They made golf
12 shirts.

13 MR. EDWARDS: Yes.

14 MR. PFOHL: We're looking at a ten year
15 repayment schedule.

16 MR. EDWARDS: We're trying to sell the
17 property.

18 DELEGATE KILGORE: You all agree that
19 whatever would be coming from the sale of any property –

20 MR. EDWARDS: Any equity we have
21 would go toward paying the debt.

22 SENATOR RUFF: Mr. Chairman, would it
23 be proper for us to try to get a lien on the property?

24 DELEGATE KILGORE: The question was
25 could we get a lien on the property.

1 DELEGATE MARSHALL: Does Lee
2 County have a lien on the property?

3 MR. EDWARDS: Lee County, no. This
4 property is owned entirely by the industrial development
5 authority. There are some prior liens that may be held by TVA
6 or REA and you may have some liens on some of the property
7 already. When sold, we intend to pay it off and apply any
8 equity towards the debt. If you wish to place a secondary lien
9 on it or whatever is appropriate, we would be satisfied to do it.

10 DELEGATE KILGORE: And continue to
11 pay?

12 MR. EDWARDS: Yes, we're going to
13 continue to pay that \$5,000 a month. We've been trying to do
14 that in good faith.

15 SENATOR RUFF: Mr. Chairman, I would
16 move that we accept the \$5,000 a month for a two year period
17 of time and then at that point come back and review this issue
18 again.

19 DELEGATE MARSHALL: Any and all
20 monies on any assets you sell.

21 MR. EDWARDS: Any equity we get out of
22 it would go towards the debt.

23 DELEGATE MARSHALL: Any and all?

24 MR. EDWARDS: Any and all, yes.

25 DELEGATE MARSHALL: That would be

1 part of the motion.

2 MR. EDWARDS: Yes.

3 DELEGATE KILGORE: The motion would
4 be then that we agreed to accept the \$5,000 for two years and
5 any and all equity that the IDA receives from the sale of their
6 property would go toward paying the debt.

7 DELEGATE MARSHALL: For two years.

8 MS. LOCKERMAN: May I make a
9 suggestion? You may want to include in the motion some sort
10 of memorialization, a legally binding documentation which can
11 be worked out with counsel later, which compared to doing
12 what you are doing right now, which is a gentleman's
13 agreement.

14 SENATOR RUFF: I don't think we were
15 getting towards a gentleman's agreement. We were getting
16 towards a return of the property.

17 MS. LOCKERMAN: That wasn't part of
18 the motion.

19 DELEGATE KILGORE: So the motion
20 would be that you pay \$5,000 a month with a review in two
21 years and also a lien on the property.

22 MR. EDWARDS: Yes, real and personal.

23 MR. STEPHENSON: I have a couple of
24 questions, Mr. Chairman. As I understand the motion, the
25 Commission is actually for us to take a lien on the property. I

1 really don't know what the property is, how much it is worth
2 and whether it has a lien on it or not. We can go down that
3 road and I don't know what we're going to get. I will suggest
4 to the Committee, the Tobacco Commission staff and I are not
5 really set up to be in the installment loan business and we
6 have resisted that because when payments are late there's an
7 obligation to send past due letters if they don't pay. There's a
8 whole loan administration that goes with being a mortgage
9 note holder and we would have to crank all of that up to
10 manage one loan.

11 UNIDENTIFIED: If it's a yearly payment,
12 do what you need to do.

13 MR. STEPHENSON: The Commission
14 has approved a repayment for all TROF applicants and to date
15 all of those that have owed money and repayment have
16 complied with that payment schedule except two of three,
17 which are in the process of doing so. I'm urging the
18 Committee to consider keeping Lee County on the same
19 playing field as other counties are on.

20 Lastly, my thinking is because the
21 Commission has set forth a collection policy, it may be
22 appropriate for the Commission to waive that in this case.

23 MR. WYNN: We'd be perfectly willing to
24 do what you've recommended Mr. Chairman.

25 DELEGATE KILGORE: Can you provide

1 us a list of –

2 MR. WYNN: We'll provide you whatever
3 you need.

4 MR. STEPHENSON: Mr. Chairman, if
5 we're going to do this right, we need an appraisal and a title
6 abstract and we need to know what it is, what we're getting
7 because we're going to be secured and we need to be in a
8 position to be willing to foreclose on that security to get paid.
9 I can do that but I can tell you the mortgage loan
10 administration is not a simple process. There's a great deal to
11 it. I'm just cautioning you about going into something that
12 involves quite a bit.

13 DELEGATE MARSHALL: After hearing
14 about the first lean on this property.

15 MR. EDWARDS: Some of the property is
16 free and clear, some has a first lien.

17 DELEGATE KILGORE: Didn't you say
18 one if it is free and clear?

19 MR. EDWARDS: One or two of them is
20 free and clear and we're looking at trying to sell one.

21 SENATOR RUFF: Mr. Chairman, I'm
22 going to withdraw my motion and suggest maybe counsel and
23 staff can try to align this thing with the current situation.

24 DELEGATE KILGORE: You're going to
25 continue making the \$5,000 a month payments?

1 MR. WYNN: Yes, we're going to continue
2 to pay that regardless.

3 DELEGATE KILGORE: And provide us a
4 list of properties.

5 MR. WYNN: We'll get that to you. Tell us
6 what you want and we'll get it to you.

7 DELEGATE KILGORE: In the meantime
8 try to sell what you've got.

9 MR. EDWARDS: We're going to continue
10 to try to do that.

11 MR. STEPHENSON: Mr. Chairman, we
12 have in the audience tonight, we have representatives here
13 from Wise County who would like to speak to a project that
14 they're working on. I can tell the Committee that Wise County
15 applied through normal channels to TROF Committee for
16 funding. The guidelines for that particular project yielded a
17 guideline of \$345,000, which the executive director approved
18 on his authority yesterday or the day before. Wise County is
19 asking for a little bit more than that and they're appearing
20 before you today to make their case why you should override
21 the guideline amount.

22 MR. GILLESPIE: Thank you, Mr.
23 Chairman. I'm Joe Gillespie working with Carl Snodgrass and
24 I've been working with the VEDP on this particular project. In
25 Roanoke a couple weeks ago we came before the Southwest

1 Economic Development Committee and asked for \$710,000 on
2 this particular project. The problem we have is the fact that,
3 we do want to say thank you for the TROF grant that was
4 already approved. VCEDA had agreed to let Wise County have
5 \$2 million to build the building.

6 DELEGATE KILGORE: Would you
7 explain what VCEDA is for the non-coal guys here.

8 MR. GILLESPIE: That's the Virginia
9 Coalfield Economic Development Authority and they're based
10 in Lebanon and there's I believe seven counties in the region
11 and taxes are collected from them a portion of which goes to
12 the economic development and those projects. That group
13 approved a \$2 million loan to Wise County IDA for this project
14 with the stipulation that we have \$710,000 available from the
15 Tobacco Commission as additional funding. As indicated from
16 the guidelines, we had \$345, which leaves us about \$350,000
17 short but we're asking for your consideration to increase the
18 amount to \$710,000 that was originally requested and move
19 this project forward.

20 DELEGATE KILGORE: How many jobs
21 are involved?

22 MR. GILLESPIE: Eighty jobs.

23 DELEGATE MARSHALL: What's the
24 capital investment?

25 MR. GILLESPIE: The capital investment

1 is \$6.3 million.

2 DELEGATE KILGORE: How many jobs
3 have you lost in Wise County in the last year?

4 MR. GILLESPIE: The last figure I have is
5 like 1200 jobs.

6 DELEGATE MARSHALL: What's your
7 unemployment rate?

8 MR. GILLESPIE: 8.8% and the poverty
9 rate is 25.6.

10 DELEGATE KILGORE: Eighty jobs, \$6.3
11 million.

12 MR. GILLESPIE: This would be located
13 in the Wise County Industrial Park between Norton and Wise.

14 MR. PFOHL: How did this get from
15 \$455,000 project with investment for operating funds in the
16 Special Projects application to \$6.4 million?

17 MR. GILLESPIE: The \$455,000 that will
18 be contributed by the principals.

19 MR. PFOHL: Where's the other \$6
20 million coming from? \$2 million from VCEDA, right?

21 MR. GILLESPIE: \$2 million from VCEDA
22 that would go for building and construction. In a meeting I
23 had with them two weeks ago, they indicated that they had
24 purchased some additional equipment through family
25 connections.

1 DELEGATE KILGORE: Were they making
2 conveyor belts?

3 MR. GILLESPIE: Yes, conveyor belts like
4 you see in the supermarket chain stores. You see these at the
5 checkout counters.

6 DELEGATE MARSHALL: I believe there
7 was an application before Special Projects?

8 MR. PFOHL: Southwest.

9 DELEGATE MARSHALL: Did Southwest
10 approve?

11 MR. PFOHL: It was brought up but the
12 company was going to make payments on the building and \$2
13 million private investment, which would have made them
14 TROF eligible so we asked the county to submit a new TROF
15 application.

16 DELEGATE KILGORE: What is it based
17 on?

18 MR. STEPHENSON: It's based on our
19 guideline amount. I didn't bring the file with me; I didn't
20 know this was coming but Carl knows the number of jobs and
21 investments.

22 SENATOR RUFF: What is the average
23 salary?

24 MR. GILLESPIE: The average would be
25 36-40,000.

1 MR. PFOHL: The TROF guidelines that
2 were adopted by the Commission earlier this year require that
3 all grants that are paid up front as an incentive have to have a
4 security instrument letter or line of credit letter or
5 performance bond, be paid on the back end. The only
6 condition on which I could support doubling a TROF is if the
7 county is on record agreeing to one of those two methods.
8 Can you accept a back end payment upon proof of
9 performance if they hit their targets or is the IDA in a position
10 to get a letter of credit guaranteeing the full \$710,000 TROF?

11 MR. GILLESPIE: I don't have authority to
12 speak to the IDA and I can't speak for VCEDA either as far as
13 whether they would accept that if you put it on the loan. To
14 answer your question, I don't know.

15 MR. PFOHL: It is a program requirement
16 now that it's got to be one or the other, up front secured or
17 back end upon proof of performance.

18 DELEGATE MARSHALL: Mr. Chairman,
19 given that, we can't approve anything more than the 350
20 that's already been approved, can we?

21 MR. STEPHENSON: Actually, Mr.
22 Chairman, the Committee cannot overline this under the
23 Committee's authority but you can recommend action to the
24 Commission that they overline it subject to Commission
25 approval. The grant will be issued under the new program

1 guidelines and the IDA will have to conform to those
2 guidelines if they can. If they cannot, then there's no
3 disbursement.

4 SENATOR RUFF: Mr. Chairman, I would
5 suggest it might be best to have Southwest Economic
6 Development take a look at this rather than us changing the
7 guidelines. We put the guidelines in place and if we start
8 going away from the guidelines we're going to have a string of
9 people that will come to us asking us to, I'd ask if Southwest
10 would be willing to take a look at this.

11 DR. REDWINE: When we considered
12 this, there's nobody on Southwest that doesn't want a project
13 that has eighty jobs and significant investment and we knew
14 there was a TROF consideration coming and we didn't want to
15 kill it and we weren't sure we could fund it so we tabled it to
16 wait on TROF, which has now happened. I'm not going to
17 speak for the whole Committee but I'm sure there is support
18 for a project that has eighty jobs and this kind of investment.
19 We don't have a scheduled meeting, so this is something we'd
20 have to do in the near future or like tomorrow we'd have to
21 bring it up and discuss it before the full Commission, which
22 I'm perfectly willing to do.

23 DELEGATE KILGORE: You tabled it in
24 Southwest?

25 DR. REDWINE: We did table it in

1 Southwest.

2 DELEGATE KILGORE: Then you'd have
3 to untable it and bring it forward.

4 DR. REDWINE: But we do have a
5 balance, some available funds. Now, let me ask something for
6 my education. In the past, we have had occasions or on
7 occasion a grant funded through the Southwest that were
8 contingent or dependent upon or tied to the same conditions
9 as TROF.

10 MR. PFOHL: We did that earlier today
11 with Special Projects money that was added to TROF and
12 combined under the TROF performance agreement.

13 DR. REDWINE: If it would help,
14 members of the Southwest Committee to feel more
15 comfortable with funding the balance, did they say \$300,000
16 would get them through? I think it was said they needed so
17 much to get this match from VCEDA. I'm not saying we have
18 to do this but it probably would help if we could tie this grant
19 money to the same conditions as TROF. What I'm saying is
20 we'll take it before the full Commission and tell them this has
21 been a project that's been tabled by Southwest. If we fund
22 this, the Southwest portion would also be granted under the
23 conditions of TROF, which means you would need to meet
24 your job and investment goals. Would there be a problem
25 with that?

1 MR. SNODGRASS: I don't think so. You
2 say with this minor clarification, when you say the same
3 guidelines are you still talking about that –

4 DR. REDWINE: It would be the same
5 conditions. One, that one agreement would probably do it but
6 the difference is that if it fell through and they left town
7 instead of paying back \$345,000, you'd be paying back
8 \$645,000.

9 DELEGATE MARSHALL: Dr. Redwine,
10 they've already asked for money from TROF, so if we give it to
11 them through TROF, it would have to meet the guidelines.

12 DR. REDWINE: I'll just say that on
13 behalf of Southwest, I'm sure we'd be willing to listen to you if
14 that would help.

15 DELEGATE KILGORE: We'll just have to
16 bring it up and you'll have to make a note when you mention
17 your report, you'll need to bring it up.

18 SENATOR RUFF: Mr. Chairman, the
19 proper action would be that Committee recommend the
20 \$300,000 be committed to TROF for the express purpose of
21 adding to the other TROF.

22 DR. REDWINE: That would be the
23 motion and we'd have to work it out.

24 DELEGATE KILGORE: Go ahead and
25 write that up. So I want to thank you all and we're trying to

1 get there.

2 MR. SNODGRASS: We appreciate your
3 consideration.

4 DELEGATE KILGORE: Now, are we going
5 into executive session, do you want to bring that up?

6 MS. LOCKERMAN: I'm going to ask you
7 all to adopt the following motion whereas the TROF Committee
8 of the Tobacco Commission has convened a closed meeting in
9 accordance with the Virginia Freedom of Information Act
10 section 2.2-2711, whereas the Act requires the certification by
11 the Committee that such a meeting will be conducted in
12 conformity with such law.

13 DELEGATE KILGORE: Do I have a
14 motion? All right, I have a motion and a second. Delegate
15 Marshall?

16 DELEGATE MARSHALL: Yes.

17 DELEGATE KILGORE: Senator Ruff?

18 SENATOR RUFF: Yes.

19 DELEGATE KILGORE: Mr. Pfohl?

20 MR. PFOHL: Yes.

21 DELEGATE KILGORE: I vote yes. We're
22 in closed session.

23

24 NOTE: WHEREUPON THE TROF COMMITTEE GOES INTO
25 EXECUTIVE SESSION CLOSED TO THE PUBLIC.

1 WHEREUPON, THE COMMITTEE RECONVENES IN OPEN
2 SESSION, VIS:

3 MS. LOCKERMAN: I'd ask you to make a
4 motion and resolve that the Committee hereby certifies that to
5 the best of each member's knowledge, only public business
6 lawfully exempt from open meeting requirements under the
7 Act and only such public business matters as were identified
8 in the motion by which the closed meeting was convened, were
9 heard, discussed or considered by the Committee in that
10 meeting.

11 DELEGATE KILGORE: It's been moved
12 and seconded. Roll call. Delegate Marshall?

13 DELEGATE MARSHALL: Yes.

14 DELEGATE KILGORE: Senator Ruff?

15 SENATOR RUFF: Yes.

16 DELEGATE KILGORE: Mr. Pfohl?

17 MR. PFOHL: Yes.

18 DELEGATE KILGORE: And I vote aye.

19 MS. LOCKERMAN: Thank you.

20 DELEGATE KILGORE: We're back in
21 public session. We'll now move to the next item, public
22 comment. Does anyone want to make a comment in the
23 audience?

24 MR. BAUGH: Mr. Chairman, I'm Robert
25 Baugh from Lee County. I have a question and a comment.

1 On August 5th, I sent an email to the Lee County IDA to say
2 quote as of today the Commission will withhold all
3 disbursements by the Commission to Lee County IDA and the
4 current control affiliates and will refuse to accept any grant
5 requests from the same until such time as the subject grant
6 default is secured. I don't think what I heard you talking
7 about today cures those defaults. I just wonder if this policy
8 is still in effect and we have the hospital authority, which is
9 going to be looking for a substantial sum.

10 MR. PFOHL: I think that's something we
11 have to discuss with our legal counsel.

12 MR. BAUGH; The second part of my
13 comment is that and you didn't hear it today but the IDA and
14 board of supervisors have an economic development fund of a
15 little over \$611,000. That money I would assume could be
16 used to cure the obligation. It would require that the
17 supervisors agree to it but those funds are there and could be
18 used to cover this issue.

19 DELEGATE KILGORE: Thank you for
20 your information.

21 UNIDENTIFIED: My name is Jeff ---, I'm
22 also from Lee County. The first thing I want to say is I want to
23 thank you all for taking this stand and getting the money back
24 from the county. We have a problem in Lee County and I want
25 to say we do take this serious as you can see. We've had an

1 experience with them over the past year. Because of that,
2 we're not doing as much due diligence as we should be doing
3 with a lot of the monies and so forth. The story that was told
4 to you today is not quite all that. As was said, there is
5 \$611,000 in the economic development fund as well as
6 \$197,878 in the IDA account that could be called upon and
7 that referenced by the September 4th, 2014 financial
8 statement of the IDA. Also from the meeting March 4th, 2014
9 and there was a letter written that says the IDA has a book
10 value of \$4,051,336. Director James went on to say in the
11 same minutes that the IDA's total assets were \$6.2 million
12 and \$1.4 million of that is on accounts receivable.

13 I guess my point is that we as citizens,
14 we're not getting the complete picture that's going on. I see
15 you all aren't getting the complete picture. I just wanted to
16 point those things out. There are some stipulations on how
17 the funds they've got, I'm referring to the \$611,000, could be
18 used from the county and the IDA. Of course, the county is
19 the one that appoints the IDA. I've got those documents if
20 anybody wants to see them.

21 DELEGATE KILGORE: Yes, we need to
22 make sure you all give the sum and substance, with the other
23 groups here it would be better and we could have more
24 knowledge about that. I'm sorry about that. I didn't realize
25 you all were here to speak. I should have called you all with

1 the IDA.

2 UNIDENTIFIED: I'm sorry, myself being
3 a banker, these comments and things are right on target.
4 Cash in hand is much better than a lien. I think you all know
5 that.

6 DELEGATE KILGORE: Yes, we know
7 that. So I do want to thank you all for coming. Would you
8 mind giving a copy of that to, we appreciate it. All right. Any
9 other folks? Yes, ma'am, what would you like to say?

10 MS. BAUGH: I'm Catherine Baugh and
11 I'm from Lee County and I'd like to say on this Green USA
12 project that we've talked about, the man who came to see
13 about this project is currently in Georgia and was offered \$7
14 million for the recycling center and said he has this money
15 and we know exactly where he is. He's still doing the same
16 thing down there and our supervisors need to call and warn
17 those people. This isn't just a project that was unfortunate.
18 This guy was committing fraud every step of the way. So it
19 isn't just an unfortunate project. It was a bad project from the
20 beginning.

21 DELEGATE KILGORE: Thank you.
22 Thank you all for coming. If there's no further, I have a
23 motion that we adjourn. We're adjourned.

24

25

PROCEEDINGS CONCLUDED.

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 **Virginia Tobacco**
7 **Indemnification and Community Revitalization**
8 **Commission TROF Committee meeting when held on**
9 **Wednesday, September 24, 2014 at 5:15 p.m. at the**
10 **Holiday Inn Hotel & Suites, Bristol, Virginia.**

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

14 Given under my hand this 10th day of October,
15 2014.

16
17
18 _____
19 Medford W. Howard

20 Registered Professional Reporter

21 Notary Public for the State of Virginia at Large

22
23 My Commission Expires: October 31, 2014.

24 Notary Registration Number: 224566