

EXTENSION REQUESTS

April 28, 2021

Roanoke Star

EXTENSION REQUEST OVERVIEW

- The Code of Virginia § 2.2-115. (Commonwealth's Development Opportunity Fund, or COF) provides an option for the locality and Commonwealth to grant up to a 15-month extension of the performance date.
- Further, the Code of Virginia § 2.2-2237.3. (VEDP Division of Incentives) provides that an extension of the performance date may only be granted with the approval of the VEDP Board of Directors (VEDP Board); further, approval of both the VEDP Board and the MEI Project Approval Commission is required to grant any additional extensions.
- VEDP's incentives policy provides that all subsequent extension requests submitted on or after October 25, 2018, require the company to pay a fee equal to five percent of the Commonwealth's part of the grant. This fee will be waived in the event of force majeure and may be waived in other circumstances with the approval of the VEDP Board and the MEI Project Approval Commission.
- There is no fee associated with first extensions.
- All extension requests require the support of the local government.

CASCADES– HANOVER COUNTY

Summary:

- Manufacturer of recycled containerboard
- \$1,950,000 COF Grant
- Governor approved: 7/10/2018
- Initial performance date: 12/31/2021
- Subsequent performance date: 12/31/2023
- Extension request date: 3/12/2021

Targets per the Performance Agreement:

- 140 new jobs @ \$75,551 over baseline of 0
- \$275,010,000 capital investment

Actual as of 12/31/2020:

- 18 new jobs (13%) at \$74,860 (verified)
- \$8,656,000 capital investment (3%) (verified)

Request:

- Extend performance dates by 15 months, moving the initial performance date from 12/31/2021 to 3/31/2023, and subsequent performance date from 12/31/2023 to 3/31/2025

Rationale:

- Cascades underwent prolonged negotiations with DEQ to secure environmental permits. Discussions began during the purchase negotiations in 2018 and were not concluded until the summer of 2020.
- Operations now expected to start Q4 2022, instead of Q4 2021 as originally projected.
- Cascades projects investments of \$197.3 million in 2021 and \$130.7 million in 2022, which would exceed the investment target.
- Cascades has already executed 2 major contracts for the project, to modify paper machines and stock preparations.
- Cascades anticipates exceeding the statutory minimums and initial performance targets with a 15-month extension.
- Cascades must meet the statutory minimum employment requirement of 50 jobs at the required wage to retain any portion of the COF.
- Hanover County is supportive of a first extension for Cascades to reach its employment and investment targets.

MIDLAND CREDIT MANAGEMENT, INC.– ROANOKE CITY

Summary:

- Financial services provider
- Formerly Atlantic Credit and Finance
- \$250,000 COF Grant
- Governor approved: 12/22/2017
- Initial performance date: 3/1/2021
- Extension request date: 2/5/2021

Targets per the Performance Agreement:

- 115 new jobs @ \$43,333 over baseline of 244
- \$4,000,000 capital investment

Actual as of 12/31/2020:

- 26 new jobs (23%) at \$79,214 (verified)
- \$2,699,370 capital investment (67%) (verified)

Request:

- Extend performance date by 15 months from 3/1/2021 to 6/30/2022

Rationale:

- Due to the COVID-19 pandemic, Midland was not able to ramp-up hiring at their call center in Roanoke. Midland transitioned employees to telework and temporarily paused hiring for new positions.
- Now that COVID restrictions have been relaxed, the company has relaunched their hiring campaign with job postings and a new employee referral program. The company also continues to invest in equipment for the call center.
- Midland reported high confidence that it can reach its performance targets with the 15-month extension, barring further unforeseen impacts from COVID.
- Midland has met the statutory minimum for job creation and capital investment. The company must maintain the statutory minimum 15 jobs through the performance date to retain any portion of the COF.
- The City of Roanoke is supportive of a first extension for Midland to reach its employment and investment targets.

A photograph of the Richmond skyline at sunset, featuring several tall buildings and a bridge over a river. A large blue diagonal shape is overlaid on the left side of the image.

REPAYMENTS INITIATED: COF

Richmond Skyline

April 2021

REPAYMENT REQUIREMENTS FOR COF UNDERPERFORMANCE

- Per the Code of Virginia § 2.2-115. (Commonwealth's Development Opportunity Fund, or COF), all COF performance agreements “shall provide that if the private investment and new job contractual requirements are not met by the expiration of the date stipulated in the contract, including any extension granted by the political subdivision and the Commonwealth, **the business beneficiary shall be liable** to the political subdivision and the Commonwealth **for repayment of a portion of the funds provided** by the political subdivision under the contract and liable to the Commonwealth for repayment of a portion of the funds provided from the Commonwealth's Development Opportunity Fund.”
- JLARC Recommendation No. 24: "The Virginia Economic Development Partnership (VEDP) board of directors should require VEDP to develop and use standard policies and procedures that clearly explain when and how staff should enforce clawback provisions. Enforcement should be consistent and effective for all companies that do not meet their contractual obligations, including wage requirements. The board should require VEDP staff to **report regularly to the full board on each project that is subject to a clawback and the repayment status for each project that is subject to a clawback.**"

PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

Past due clawback referred to Office of the Attorney General as of April 9, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Home Care Industries	Mecklenburg	150,000	Full repayment of \$150,000 grant due 5/1/2013; company closed in January 2013; hard asset created (site preparation) through use of COF grant. The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	10/5/2010	3/31/2014
Lindenburg	Appomattox	1,400,000	Project not proceeding as planned; repayment of \$1,400,000 grant due 3/7/2016; VEDP has been pursuing an injunction to attach foreclosure proceeds by alleging misconduct by the project consultant; VEDP has a pending lawsuit against Lindenburg. The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	11/4/2014	4/30/2018
Tranlin	Chesterfield	4,811,726	Project not proceeding as planned; full repayment of \$5,000,000 grant to be repaid. \$150,000 repaid 10/24/2017; remainder to be repaid in six monthly installments of \$833,561 beginning 12/1/2017, secured by deed of trust on land. Additional \$38,274 repaid 9/19/2019. The VEDP Board, at its January 17, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/18/2014	12/31/2019
Evatran	Wythe	100,000	Full repayment of \$150,000 to be paid in three installments of \$50,000 each due 12/31/2016, 12/31/2017, and 12/31/2018; 2016 payment received; \$50,000 installments due 12/31/2017 and 12/31/2018. The VEDP Board, at its April 26, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/29/2010	12/31/2013
Qore	Washington	500,000	Company filed for bankruptcy; full repayment of \$500,000 grant was due 5/14/2017. Qore subsequently purchased by NanoGlobal. The VEDP Board, at its October 25, 2018, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/24/2015	12/31/2018
Axon Ghost Sentinel	Harrisonburg	75,000	Statutory minimum requirements not met; full repayment of \$75,000 grant due 7/25/2019. The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	6/29/2015	10/1/2018
Basket Savings	Arlington	40,000	Statutory minimum requirements not met; full repayment of \$125,000 grant due 9/30/19; \$85,000 held by Arlington received 9/5/19; \$40,000 balance due from Basket by 9/30/19. The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	2/29/2016	6/30/2019
Telos	Loudoun	65,000	Job threshold not fully met; prorated repayment of \$65,000 of \$500,000 grant due 7/9/2019. The VEDP Board, at its October 24, 2019, meeting, directed the Office of Attorney General to enforce collection of clawback in accordance with § 2.2-2237.3.C.	Yes	1/7/2014	3/31/2018
TOTAL		7,141,726				

PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

Clawback past due as of April 9, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
TeleTech	Scott	22,875	Job threshold not fully met; prorated repayment of \$22,875 of \$75,000 grant due 3/17/2021 (repayment was made by the company prior to the due date, but check was made payable to the wrong entity; new check is currently being processed).	Yes	10/21/2015	10/1/2020
TOTAL		22,875				

Clawback requested but not past due as of April 9, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Hardide	Henry	75,000	Statutory minimum requirements not met; full repayment of \$150,000 to be paid in two equal installments of \$75,000 due 3/31/2021 (received 3/22/2021) and 6/30/2021.	Yes	1/21/2015	12/31/2020
Jennchem	Russell	6,000	Job threshold not fully met; prorated repayment of \$6,000 of \$100,000 grant due 6/1/2021.	Yes	7/26/2017	9/1/2020
LifeNet Health	Virginia Beach	241,500	Job threshold not fully met; prorated repayment of \$241,500 of \$700,000 grant due 7/8/2021.	No	8/14/2017	12/31/2020
TOTAL		322,500				

PROGRESS REPORT ON COF PROJECTS SUBJECT TO CLAWBACK

Projects subject to clawback closed out since March 18, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Lohmann	Orange	85,000	Statutory minimum requirements not met; full repayment of \$85,000 grant received 3/18/2021.	No	5/12/2016	12/31/2020
Unison	Pittsylvania	105,000	Statutory minimum requirements not met; full repayment of \$105,000 grant received 3/22/2021.	Yes	9/7/2017	12/31/2020
Aladdin Manufacturing/ Mohawk	Rockbridge	73,000	Statutory minimum requirements not met; full repayment of \$73,000 grant received 4/6/2021.	Yes	1/8/2018	3/1/2021
TOTAL		263,000				

VEDP still processing closeout with performance dates at least 90 days prior

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
None						
TOTAL						

A photograph of the Smithfield Station Lighthouse, a white, multi-story building with a dark roof and a lantern room on top, situated on a wooden pier over water. The scene is captured at sunset, with a warm orange and yellow sky and the lighthouse reflected in the calm water. A large blue diagonal shape is overlaid on the left side of the image.

REPAYMENTS INITIATED: VJIP

Smithfield Station Lighthouse –
Isle of Wight County

April 28, 2021

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Economic
Development
Partnership
VEDP.org

PROGRESS REPORT ON VJIP PROJECTS SUBJECT TO CLAWBACK

Past due clawback referred to Office of the Attorney General as of April 9, 2021 - NONE

Clawback past due as of April 9, 2021

Company	Locality	Clawback Amount Due (\$)	Notes	Clawback Previously Reported?	Announcement Date	Performance Date
Notarize	Arlington	11,050	Statutory minimum investment threshold not met; repayment of \$11,050 was due 3/31/2021 (Company has indicated payment has been sent, but not yet received).	Yes	N/A (Prior to VJIP Announcements)	7/1/2019
TOTAL		11,050				

Clawback requested but not past due as of April 9, 2021 - NONE

Projects subject to clawback closed out since March 18, 2021 - NONE

VEDP still processing closeout with performance dates at least 90 days prior - NONE