

The Honorable Terry G. Kilgore
Chairman

The Honorable Frank M. Ruff
Vice Chairman



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TOBACCO REGION REVITALIZATION COMMISSION

August 5, 2019

Mr. Charles Lessin
6500 Patterson Avenue
Richmond, VA 23226

**Re: Tobacco Regional Opportunity Fund Performance Agreement
Dated 08/4/14 among the Virginia Tobacco Region Revitalization Commission,
Russell County IDA and Appalachian Biofuels, LLC. (#2941)**

Dear Mr. Lessin,

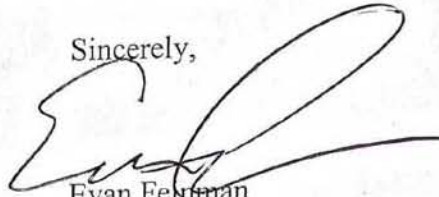
In 2014, a grant from the Tobacco Region Revitalization Commission (TRRC) Tobacco Region Opportunity Fund (TROF) was provided to your company, Appalachian Biofuels LLC (the "Company") to manufacture biodiesel in Russell County, Virginia (project # 2941). The TROF grant in the amount of \$565,000 was provided prior to performance based upon the promise of 40 new jobs. The promised capital investment was \$3,500,000. The period of performance was for 3 years from June 30, 2014 – June 30, 2017. The grant was disbursed in two installments, \$210,000 in September 2014 and \$355,000 in December 2014. The first installment of \$210,000 was invested in project-related costs and the second installment of \$355,000 was reserved in an escrow account.

In 2016, the Commission was notified that the project was not moving forward due to a drastic decline in world oil prices. In early 2017 the Commission notified the Company that the full grant amount of \$565,000 must be repaid for failing to meet the performance obligations. In early January 2018, the Commission's Executive Committee considered an appeal from the Company to reduce the clawback amount. After consideration, the Executive Committee declined to reduce the clawback and requested that the Company work with TRRC staff to develop a repayment plan. On January 22, 2018 the Company repaid the \$355,000 leaving \$210,000 to be repaid to the Commission.

In a February 2018 meeting with between TRRC staff and yourself, it was agreed that in your capacity as a member of the Virginia Israel Advisory Board, over a two-year period, you would work to meet the performance metrics promised as part of project 2941 (40 new jobs, capital investment of \$3.5M) to the Commission's footprint.

In July 2019, at the request of TRRC staff you provided a detailed confidential listing of the projects you have (and continue to be) involved with that are within the Commission footprint. After reviewing the locations, capital investment and jobs provided with these projects, TRRC staff can confirm that you have fully met the employment and capital investment obligations as agreed and the project can be closed. Thank you for your partnership with the Commission and please be in touch should you have any follow up questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Evan Fennman', written over a horizontal line.

Evan Fennman
Executive Director

CC: File
Russell County IDA c/o Ernest *Mc*Faddin