



Tazewell County Industrial Development Authority
TAZEWELL COUNTY, VIRGINIA

108 East Main Street • Tazewell, Virginia 24651 • Phone 276-385-1271 • Fax 276-988-2996

May 14, 2015

Tim Pfohl, Executive Director
Tobacco Commission
701 E. Franklin Street, Suite 501
Richmond, VA 23219

Re: TROF Performance Agreement dated March 19, 2014 among the Virginia Tobacco Commission, IDA of Tazewell County and Ecosus Virginia, LLC.

Dear Mr. Pfohl:

I write at the direction of the Tazewell County Industrial Development Authority (IDA) regarding the above referenced TROF Grant. You may recall that in 2014 the Commission awarded the one million Dollar planning grant to Project Jonah. The project will include a \$134m Dollar investment and create at least 268 full time jobs with significant wage rates. Since the grant was awarded, Project Jonah has worked deliberately and methodically to make this transformational project a reality in Southwest Virginia. Their accomplishments thus far are detailed in the attachment.

The grant agreement, however, states that if 25% of the investment and employment goals have not been met on or before July 1, 2015, the Commission may recall the grant. Given the magnitude of the project, legal encumbrances on the 122 acre site, and the complex permitting process, they do not expect to have met the 25% performance goal by July 1st.

You may recall the baseline quarter for the grant began December 31, 2013. The grant agreement was executed on April 17, 2014. Jonah presented a project schedule and budget to the IDA and requested their first draw on the grant proceeds on May 5, 2014. For each draw request Jonah submitted to the IDA a statement of how the funds from the previous draw had been spent and how they intended to spend the requested draw. To date they have not drawn all of the grant funds. In this time, they have eagerly advised the County Officials of their progress as well as their challenges.

To that end they have asked the IDA, well in advance of the July 1, 2015 deadline, to bring to the Commission's attention their need for more time to fulfill their obligations under the grant.

We respectfully request that the Commission grant their request to amend the grant agreement to establish a new base quarter as beginning October 1, 2015, a date by which they expect to have the necessary permits to commence construction. Given the scope of the project, the complexities involved, and the uncertainty as to the permitting time frames, the IDA feels this amendment is warranted.

We would appreciate the opportunity to appear before the committee to answer any questions they may have regarding the project details. If you need anything else from the IDA or project Jonah, please let me know. Thank you for considering this request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Doyle Rasnick".

Doyle Rasnick,
Chairman

Cc: Hon. Will Morefield, Delegate
Seth R. White, Chairman Tazewell County BoS
Tazewell County IDA Members
Patricia K. Green, Interim County Administrator

Project Jonah Accomplishments Thus Far:

- 1) Assembled a well qualified, US based project team (attach bio's if necessary)
- 2) Created Dominion Aquaculture, LLC, a VA limited liability company
- 3) Opened our local project office: 2557 Steelsburg Highway
Cedar Bluffs, VA 24609
- 4) Selected, qualified and contracted to purchase a 122 acre, SW VA site. Closing scheduled on or before 30 June 2015
- 5) Commissioned extensive, site specific civil engineering and formally commenced the permitting process
- 6) Commissioned extensive, site specific mechanical / structural engineering
- 7) Calculated and provided preliminary utility load requirements to the local city manager with intent to conclude formal rate agreements on all required utilities
- 8) Completed and presented a site specific, road access analysis to both the local county and city
- 9) Completed an extensive and successful market validation analysis among strategic accounts in all the main trade channels. Strong, favorable, independent endorsements from these accounts are now available to both investors and lenders
- 10) Following receipt of a written expression of interest, formal underwriting is now underway with a major regional lender for a \$45 mm debt facility
- 11) Israeli based parent company has committed to provide at least 10% of the total private equity
- 12) Engaged a well respected, national / international investment banking firm to place the remainder of the required private equity
- 13) Have, to date, received strong local, county and state support.

assist and represent to secure title to a tract or boundary of property containing approximately 122 acres, located near Richlands here in Tidwell County, Virginia (the "Property"). In this regard, Dominion has requested that I prepare this letter to provide you with some background information regarding the delays that have occurred in this matter and our continued efforts to finalize the closing on this transaction.

Quite frankly, the delays that have occurred in our efforts to close this transaction have simply been as a result of the complexities involved in the title to the Property. Without going into detail as to all of the issues involved, I can relate that the primary hurdles involved relate to the fact that the Mellins Grandchildren's Trust owns an undivided three-fifths (3/5ths) interest in the Property, and Parrett Crawford, being the Trustee in the John R. Mellins bankruptcy case pending before the United States Bankruptcy Court in North Carolina, owns the other undivided two-fifths (2/5ths) interest in the Property.

BOLLING & HEARL

ATTORNEYS AT LAW

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May 6, 2015

Ned Stephenson
Virginia Tobacco Commission
7th & Franklin Building
701 East Franklin Street, Suite 501
Richmond, VA 23219

Tim Pfohl
Virginia Tobacco Commission
7th & Franklin Building
701 East Franklin Street, Suite 501
Richmond, VA 23219

RE: *Dominion Aquaculture, LLC*
(Formerly Ecosus Virginia, LLC)

Dear Mr. Stephenson and Mr. Pfohl:

As you may know, approximately a year ago I was retained to assist and represent Dominion Aquaculture, LLC (“Dominion”) in matters regarding efforts to secure title to a tract or boundary of property containing approximately 122 acres, located near Richlands here in Tazewell County, Virginia (the “Property”). In this regard, Dominion has requested that I prepare this letter to provide you with some background information regarding the delays that have occurred in this matter and our continued efforts to finalize the closing on this transaction.

Quite frankly, the delays that have occurred in our efforts to close this transaction have simply been as a result of the complexities involved in the title to the Property. Without going into detail as to all of the issues involved, I can relate that the primary hurdles involved relate to the fact that the Mullins Grandchildren’s Trust owns an undivided three-fifths (3/5ths) interest in the Property, and Barrett Crawford, being the Trustee in the John R. Mullins bankruptcy case pending before the United States Bankruptcy Court in North Carolina, owns the other undivided two-fifths (2/5ths) interest in the Property.

In addressing matters regarding the interest owned by the Mullins Grandchildren's Trust, issues arose relating to the identity of the actual Trustee who would be authorized to act for or on behalf of the Trust, and this involved Court proceedings on which there were several hearings before the issues were resolved that would enable us to go forward with having a formal contract signed by the Trustees empowered to act on behalf of the Trust. Once all these issues were resolved, we secured a contract from the Court appointed Trustees to sell the Trust's undivided three-fifths (3/5ths) interest in the Property.

Separate and apart from this, and frankly the issues that caused the most delay were matters relating to the Mullins bankruptcy case pending in North Carolina. Again, without belaboring the many details involved, I can relate that in 2002, there was an Order entered by the Bankruptcy Court which purportedly had the effect of the undivided two-fifths (2/5ths) interest owned by John Robert Mullins, II and Charles R. Mullins, being owned or controlled by Barrett Crawford, the Bankruptcy Trustee. However, in our title examination on the Property and in reviewing the Bankruptcy Court documents, I frankly had concerns relating to certain technical issues, and as a result of my concerns, the attorney representing the Bankruptcy Trustee in North Carolina filed a follow-up Motion with the Court in September of last year. As a result of this, an Order was entered by the Bankruptcy Court on November 25, 2014, confirming and clarifying the fact that the Trustee in that Bankruptcy proceeding was the owner of the undivided two-fifths (2/5ths) interest in the Property.

Thereafter and having a contract already signed by the Trustees to the Mullins Grandchildren's Trust, we went forward with presenting a contract to the Bankruptcy Trustee regarding the remaining two-fifths (2/5ths) interest in the Property. The negotiations in attempting to get this contract finalized frankly took a few months to accomplish such that that the Bankruptcy Trustee did not sign the contract until April 14, 2015, and immediately thereafter on April 15th, Dominion also executed the contract to purchase the Property.

As a result of all this and despite our continued efforts over a period of several months, it was not until April 14th of this year that we were able to secure contracts in place from the owners of all the outstanding interests in the Property. As you might appreciate, even though we have the contract in place signed by the Bankruptcy Trustee regarding the undivided two-fifths (2/5ths) interest in the Property, this matter must be heard and approved by the Bankruptcy Court. In this regard, there is a hearing date now set for June 5th on this matter. The purpose of this hearing is for the Bankruptcy Trustee to obtain Court approval of the existing property sales contract and the follow-up sale of the 2/5ths interest by the Trustee.

If there is no objection filed by anyone, then the Court will enter an Order authorizing the Trustee to go forward. If there is any objection filed (which we very seriously doubt will happen), then the Court will continue the matter for a formal hearing in Charlotte, NC on some other date in June.

Stephenson, Ned (TIC)

From: Stephenson, Ned (TIC)
Sent: Monday, June 01, 2015 1:48 PM
To: 'Pam Warden'; Doyle Rasnick (Doyle@clinchvalleyprinting.com)
Cc: 'Eric Young'
Subject: RE: Performance Agreement dated 3/19/14 among Tobacco Commission, Tazewell County IDA, and Ecosus Virginia, LLC (grant #2889)

Doyle and Pam,

Please be advised that the Base Quarter in the subject agreement has been changed from the quarter ending on 12/31/14 to the quarter ending on 12/31/15, per your request by letter to the Commission dated 5/14/15.

Ned

Ned Stephenson
Deputy Director
Virginia Tobacco Commission
701 E. Franklin Street
Richmond, VA 23219
804.786.7690 office
804.840.5434 cell

From: Pam Warden [<mailto:pwarden@tazewellcounty.org>]
Sent: Thursday, May 14, 2015 12:55 PM
To: Stephenson, Ned (TIC)
Cc: Eric Young
Subject: Project Jonah

Please see attached letter from Mr. Young.

Thank you,

Pam Warden
Tazewell County
108 East Main Street
Tazewell, VA 24651
276-385-1271 (phone)
276-988-2996 (fax)
pwarden@tazewellcounty.org

5/27/14 No REC
data for
last 6 qtrs.
5/2017

From: tccopymachine@tazewellcounty.org [<mailto:tccopymachine@tazewellcounty.org>]
Sent: Thursday, May 14, 2015 1:52 AM
To: pwarden@tazewellcounty.org
Subject: Message from KMBT_C364