

Dear Mr. Westfall,

Thank you for your investigation and analysis of the TROF award to Appalachian biofuels, delivered on May 6, 2020. TRRC staff appreciates the thoroughness of the review and concur with the conclusions laid out in the report.

The business reasons for pursuing an alternative repayment strategy with Appalachian Biofuels were significant, and while the functional resolution of the clawback was appropriate, the procedural outcome was not, and should have included a return to the Commission, in closed session, to approve the workout plan devised by staff. In the future, any deviations from policy related to these negotiated resolutions will follow that approach.

Regarding the TROF reporting improvements suggested by OSIG, staff welcomed the idea and have implemented it. In preparation for Commission meetings held three times a year, staff has historically provided a written current status report on all recently approved and active TROF projects. This report has provided information on a project's location, approved performance parameters as well as the total funding amount approved for a project among other things. In response to suggestions from OSIG, staff now also includes information on the status of active TROF projects that are in the following status:

- Projects with Repayment Plans - These projects have completed their performance period and did not fully meet the promised performance obligations. Such projects will be under a term-limited and executed repayment agreement between all parties defining the repayment schedule of funds to the Commission. The report for these projects now lists the total amount in repayment owed and how much repayment remains.
- Projects with Performance Extensions - These projects are ones in which the original performance period has ended and a performance extension has been granted. Administrative extensions may be granted for 1 year past the original period. Extensions greater than 1 year require full Commission approval. Extensions are only considered when projects are progressing and have had an unavoidable delay in meeting performance metrics. Extensions are requested in writing and approved in writing. If performance metrics are not met at the conclusion of an extension, then terms for repayment are negotiated with the applicant. The report regarding these projects now lists the original performance period, any extensions and who granted the extension.
- Projects with Unique Statuses - TROF projects are not closed until either full performance has been met or a repayment plan has been completed. Any action different than the above, requires approval from the Commission and in nearly every instance is not recommended by staff. In extenuating

circumstances some projects are granted relief from the full Commission for certain elements of performance. The status of these projects will also be described in the TROF status report.

Thank you again for you and your team's professionalism regarding this investigation.

Regards,

A handwritten signature in black ink, appearing to read 'Evan Feinman', with a long horizontal line extending to the right.

Evan Feinman
Executive Director
Tobacco Region Revitalization Commission