



Virginia's First Regional Industrial Facility Authority

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Radford, VA 24141

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Bland County

Henry M. Blessing

Craig County

Jay Polen

Giles County

Chris McKlarney
Richard McCoy

Montgomery County

Mary W. Biggs, *Chair*
Craig Meadows

Pulaski County

Peter M. Huber
Shawn Utt

Roanoke County

Charlotte Moore
Douglas Chittum
Executive Committee

Wythe County

Bucky Sharitz
Martha P. Umberger

City of Radford

Bruce Brown
Basil Edwards

City of Roanoke

Brian Townsend
Court G. Rosen

City of Salem

John Givens
Benjamin Tripp

Town of Christiansburg

Randy Wingfield
Barry D. Helms,
Secretary/Treasurer

Town of Dublin

Doug Irvin
William H. Parker

Town of Narrows

Clayton Davis
Buddy Kast

Town of Pearisburg

Kenneth F. Vittum,
Vice-Chair
Brad Jones

Town of Pulaski

Morgan Welker
John Hawley
Executive Committee

DATE: July 7, 2010
TO: Virginia's First Regional Industrial Facility Authority Members
FROM: Joe Morgan, Executive Director
SUBJECT: Wednesday, July 14, Meeting Agenda

A meeting of the Virginia's First Regional Industrial Facility Authority Members will be held on **Wednesday, July 14 at 4:30 p.m.** The meeting will be held in the New River Room, New River Valley Competitiveness Center, Fairlawn. A light supper will be available. The New River Room is at the opposite end of the Competitiveness Center from the Planning District offices. Please notify us as to your plans for attendance.

1. Roll Call and Agenda Approval
2. Public Comments
3. Approval of January 13, 2010 Minutes (*attached*)
4. Treasurer's Reports for 1st and 2nd Quarter 2010 (*attached*)
5. Administrative Staff Report
 - a. Plan of Work Status (*attached*)
 - b. Board Member Documentation Required
 - c. Budget Recommendation (*attached*)
 - d. Executive Director Performance Review
6. Old Business
 - a. Insurance Coverage Changes
 - b. Adoption of Legislation Allowing Member Withdrawal (*attached*)
 - c. Plan for Allocation of \$600,000 Excess Dues (*attached*)
 - d. Strategic Planning
 - e. Executive Committee Continuance and Duties
7. New Business
 - a. Report from Participation Committee(s):
 - i. Commerce Park
 - a. Possible Communications Tower Site Lease
 - b. Water and Sewer Expansion
 - i. Easements and Tank Sites Transfer
 - ii. Financing and Schedule Update
 - c. Boundary Adjustments
 - d. Participation Agreement Amendment #2 Status
 - e. Surplus Property Disposition
 - ii. NRV NanoFab Hub Study Report (*attached*)
 - iii. NRV Wireless Authority
 - iv. Potential Participation Committee for Competitiveness Center
 - b. Other Reports and Business
8. Closed Session (if needed)
9. Adjournment - Next scheduled meeting: January 12, 2011

Virginia's FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
Meeting Minutes
January 13, 2010

1. Roll Call and Agenda Approval

Chairman Biggs called the meeting of the Authority to order at 4:30 p.m. at the New River Valley Competitiveness Center, Valley Center Drive, in Pulaski County. A roll call of the Board of Directors was taken and a quorum determined (see attached).

Mr. Morgan requested approval of the agenda.

Motion: Mr. Welker moved the board approve the amended agenda. Mr. Umberger seconded the motion.

Action: The motion carried unanimously.

2. Public Comments

No public comments were made.

3. Approval of July 12, 2009 Minutes

Motion: Mr. Vittum moved the Board approve the July 12, 2009 Authority meeting minutes. Mr. Huber seconded the motion.

Action: The motion carried unanimously.

4. Treasurer's Report -4th Quarter 2009 and Authorization for Bill Paying

Mr. Helms reviewed the Treasurer's Report for the fourth quarter of 2009, a copy of which is filed with the records of this meeting. The accounts payable for the quarter include: Rural Development; American Electric Power; Attorneys Guynn, Memmer, and Dillon; New River Valley Planning District Commission (NRVPDC); Anderson & Associates; Joe Morgan; New River Valley Development Corporation; Robinson Farmer Cox; and Erie Insurance.

For internal control separate NRVPDC staff members prepare checks and arrange for signing and distribution of checks. Treasurer Helms suggests paying all recurring bills so as to avoid any late payment penalties. Such bills can also be listed on the monthly report to the Executive Committee and quarterly financial reports. These bills would be paid monthly, should no objections be expressed once distributed to Executive Committee members of both VA's 1st and the Commerce Park Participation Committee. Janet McNew is responsible for preparing checks, as well as the quarterly treasurer's report. Christy Straight arranges for check signing and distribution for approved bills. Approval of this bill paying and financial reporting procedure was requested.

Motion: Mr. Helms moved the Board accept the 2009 fourth quarter financial report and authorize the recommended bill paying and financial reporting procedure. Mr. Townsend seconded the motion.

Action: The motion carried unanimously.

5. Administrative Staff Report

a. Quarterly Program of Work Update

Mr. Morgan provided an update of the semi-annual program of work (included in the records of this meeting) and stated most items will be completed by the end of FY2011.

b. Annual Report

Section 15.2-6403E, 1950 Code of Virginia, as amended, requires submission of an annual report to the member governments following the close of each fiscal year. The report is required to “set forth a complete operating and financial statement covering the operation of the Authority during such year.” Mr. Morgan submitted a draft report which includes a narrative summary, Program of Work Update and Consolidated Annual Financial Report (CAFR). The narrative summary is included in the records of this meeting.

Mr. Townsend asked who the report will be addressed to at the local government; Mr. Morgan will be sending the report to the government executive (administrator, manager) of each.

Motion: Mr. Meadows moved the board approve the annual report and direct the report be sent to member governments. Mr. Huber seconded the motion.

Action: The motion carried unanimously.

c. Board Member Documentation Required

A memo was sent to each Board Member and member local government requesting assistance with obtaining required documentation, as follows: annual financial disclosure statement due January 15; local governing body resolution of appointment; and oath of office. The memo has a table showing missing appointment resolutions or oaths of office. Mr. Morgan asked that board members who have not submitted their documentation yet, please do so soon.

He also encouraged board members to follow up with their local governments to give Board Member Alternates the flexibility of serving as an alternate for either of the two Board Members that each member government can appoint.

d. Strategic Planning Emphasis - Workforce Resources and Internet Gateway

Mr. Morgan advised the board that he has been working on a baseline categorization of workforce strengths and weaknesses to guide targeting of potential employers for the region. The Roanoke Valley Partnership and Virginia Economic Development Partnership have offered assistance with the characterization. He has also been attempting to describe the desired upgrades of the Virginia First webpage and related internet gateway to best communicate the Virginia First mission and resources. He expects to suggest Virginia First investment in both workforce resource characterization and internet gateway upgrade in the coming year.

Mr. Townsend asked that all no-cost available resources be used before any Virginia’s First money be spent on developing data. Mr. Morgan indicated his intention is to approach the categorization with that in mind by using the Virginia Workforce Investment Board’s information and working with the regional partnerships. No further action is needed from the board at this time.

e. Insurance Review Follow-Up

McNeary Insurance Consultants have completed the insurance review, a copy of which has been provided to Virginia's First's board members, that addresses the adequacy of general liability and errors and omissions coverage. The consultant has provided a series of recommendations (included in the records of this meeting). Mr. Morgan suggests the board authorize staff to proceed with the highest priority items (ranked as #5 in the review) immediately and the remaining recommendations in preparation for Fiscal Year 2011. Mr. Morgan also suggests the board authorize staff to amend the miscellaneous equipment losses policy to remove any equipment that have an actual cash value of less than \$1,000 (the amount of the policy's deductible).

Motion: Mr. Huber moved the board authorize the staff to proceed with the insurance coverage recommendations and modify the miscellaneous equipment losses policy to remove any equipment that have an actual cash value of less than \$1,000. Mr. Edwards seconded the motion.

Action: The motion carried unanimously.

f. Adequacy of Webpage Documents Library

Mr. Morgan requested feedback on whether the webpage documents library available at <http://www.nrvpdc.org/vafirst.html> is adequate or whether other hard copies of electronic document sources need to be made available to Board Members. The consensus suggests the format is still workable.

g. Executive Director Performance Review by Executive Committee

Mr. Morgan requested the Executive Committee review his performance prior to the July semi-annual VA 1st meeting. Should any board member have any comments or questions on the review, Mr. Morgan asked that they speak with him or any member of the executive committee.

6. Old Business

a. Suggested Legislation for VA 1st Member Withdrawal

Member governments were asked to voice any objections by December 1 on the suggested member withdrawal amendment to Section 15/2-6415, 1950 Code of Virginia, as amended. Several member governments commented with suggestions for clarification and revision. A revised version of the proposed amendment addressing those comments is included in the records of this meeting.

Ms. Umberger stated Delegate Ware had introduced the legislation as House Bill 538. She provided a copy that had been included in the Wythe County board of supervisors' recent meeting packet. Review of Delegate Ware's version matched the language in the revised version provided for this meeting.

Board members discussed the proposed legislation further, particularly discussing the payment of dues and action to be taken at this point.

Motion: Mr. Welker moved the board endorse HB538 as introduced. Mr. Chittum seconded the motion.

Action: The motion carried unanimously.

b. Allocation of \$600,000 Surplus Funds

The Authority has uncommitted funds, estimated at \$600,000. Mr. Morgan has suggested the board adopt a program to coordinate use of the surplus funds for their respective jurisdictions. The Commerce Park Participation Committee recommended on August 12, 2009, that \$300,000 be set aside for reservation of one million gallon per day increased water and sewer capacity from the Pulaski County Public Service Authority.

During conversations with Montgomery County, their attorney advised the use of the general funds will require a unanimous consent. Unanimous consent would be expressed by the affirmative vote of Authority Board Members representing each member government and the presence of no negative votes. It is conceivable that getting such unanimous consent may take several meetings, where perfect attendance is not achieved. So unanimous consent might be made by as few as 15 affirmative votes (one from each member government) or as many as 29 (two from each member government, except Craig County, which has only appointed one Board Member). Therefore, where an agenda item requires unanimous consent, every effort should be made to get a representative of all 15 member governments to attend.

It was also suggested that the funds may rather be referred to as excess funds rather than surplus funds. An excess designation contrasts to a surplus designation, in that a surplus designation would cause the return of the \$600,000 to all member governments in equal amounts, with no assurance that the surplus funds would be made available to any Authority implementation project, such as the Commerce Park water and sewer reserve from Commerce Park members' individual allocations.

Mr. Morgan suggests the Authority develop a plan for use of the funds that would be satisfactory to all member governments. The board generally discussed how the plan might be structured in a series of options for spending the funds to accommodate the member governments range of interests. It was generally agreed to keep the money within the Authority. The plan should be able to meet the unanimous consent of all 15 member governments, as affirmed by vote(s) at an Authority meeting(s).

Motion: Mr. Helms moved the Authority declare the Authority's funds not committed to budgetary allocations to be excess and authorize staff to prepare a plan for its use to be presented at the next meeting. Mr. Howlett seconded the motion.

Action: The motion carried unanimously.

c. Voting Majority Clarification

Mr. Morgan provided background information to the board on the requirements for unanimous action by the Board Members or the member governments and asked if the agreement needs to be amended to further clarify that only debt issuance pledging assets require consent of all member governments. He also asked if approval of debt issuance that pledges Authority assets be changed to a majority vote (2/3 or simple) of the board members. Documents referenced during this agenda items are included in the records of this meeting.

The board consensus was no changes are needed to the agreement.

7. New Business

a. Report from Participation Committee(s)

i. Commerce Park Actions for Ratification

The following items adopted by the Commerce Park Participation Committee were presented to the board for reporting and acceptance into the Virginia's First record.

- Participation Agreement Amendment

Pending final review by legal counsel, VA's 1st and all Commerce Park Member Governments were asked to adopt the proposed amendment. An excerpt from the November 19 Participation Committee meeting approving Amendment #2 to the Participation Agreement and a copy of the amendment are included in the records of this meeting.

Motion: Mr. Utt moved the board accept Amendment #2 of the Participation Agreement approved by the Commerce Park Participation Committee. Mr. Chittum seconded the motion.

Action: The motion carried unanimously.

Mr. Townsend asked if there is a timetable for approval, to which Mr. Morgan responded that the process should be complete in six months. Mr. Chittum stated his board has approved the amendment unanimously and thanked Montgomery County for their assistance with the changes.

- Airport Land Swap

Anderson and Associates is completing the plat for the five acre parcel to be swapped. After completion the plat will be sent to legal counsel for deed preparation. The only other obstacle of which Mr. Morgan is aware is whether Stellar One Bank and Rural Development will require reduction of outstanding loan principal of an amount equal to the fair market value of the property. Based on the recent MAI appraisal, the value will be \$31,500 (at \$6,250 per acre). If principal reduction payment is required, Mr. Morgan suggests delaying transfer until the next Participation Committee meeting, now scheduled for March 10, 2010.

Motion: Mr. Howlett moved the board ratify the land swap. Mr. Townsend seconded the motion.

Action: The motion carried unanimously.

- \$300,000 Water and Sewer Capacity Reserve

At the August 12 meeting, the Participation Committee approved reservation of \$300,000 from the Commerce Park members' surplus VA's 1st \$40,000 per member allocation for a reserve to cover the availability charges, once the one million gallon per day water and sewer capacity is provided to the Commerce Park through the Pulaski County Public Service Authority.

Motion: Mr. Townsend moved the board acknowledge the receipt of the participation committee's reservation of its members' Virginia's First excess funds of \$300,000 total or \$40,000 per committee member locality. Mr. Welker seconded the motion.

Action: The motion carried unanimously.

- NEEMO Option

At the November 19 Participation Committee meeting an option for a site for the proposed Virginia Nanotechnology Park was approved with conditions regarding site, option duration, price, access, land transfer and payment (which are further described in the staff report included in the records of this meeting).

Motion: Mr. Howlett moved the board authorize the option for the proposed Virginia Nanotechnology Park with the conditions set forth by the Commerce Park Participation Committee. Mr. Edwards seconded the motion.

Action: The motion carried unanimously.

- Water and Sewer Easements

Several easements and tank / pump station site transfers, have been granted to the Pulaski County Public Service Authority to accommodate the water and sewer expansion infrastructure currently under design and contract bidding.

Motion: Mr. Meadows moved the board approve the easements and transfers granted to the Pulaski County PSA. Mr. Irvin seconded the motion.

Action: The motion carried unanimously.

- Surplus Property Sale Listing

The listing with Woltz and Associates was renewed for six months through May 10, 2010. The listing includes an exclusion for ninety days to allow New Dublin Presbyterian Church to consider purchasing a buffer area. Planning is also underway to place a restrictive covenant that would limit uses within 700 feet of the Church building front door to those uses allowed by right in the Conservation District zoning designation of Pulaski County.

Motion: Mr. Chittum moved the board accept the surplus property sale listing renewal. Mr. Polen seconded the motion.

Action: The motion carried unanimously.

- Developments Covenants and Communications Committee Appointment

Nominees for the Committee are to be submitted to the Commerce Participation Committee at its next meeting. The Committee will serve both as a review panel for Commerce Park on site developments and as a forum for neighboring property owners regarding the Commerce Park development.

No further action is needed from the board at this time.

- Agricultural and Residential Lease Renewals

Current leases were approved for renewal. In March of 2010, the no-rent lease for acreage acquired from Edwina Dalton Phillips will convert to a lease for some compensation. Arrangements for continuing or seeking a new lessee are required.

Motion: Mr. Parker moved the board accept the lease renewals. Mr. Meadows seconded the motion.

Action: The motion carried unanimously.

ii. Project NEEMO (Nanomaterials for Energy, Environmental and Medical Operations)

The Town of Pulaski has arranged for further use of the Economic Development Authority matching grant for evaluation of the nanotechnology initiative. The study is being undertaken by the Virginia Tech Office of Economic Development and is to be completed in February. A major outcome will be a feasibility analysis for the overall initiative. Planning is shifting from focus on an iconic multi-purpose building at the Commerce Park toward defining the programmatic components to attract nanotechnology manufacturing to the VA's 1st region. Thompson and Litton is also doing engineering planning on a more generic site, including use of an existing building. The New River Valley Economic Development Alliance has identified potential nanotechnology related businesses that may consider locating in the region. None of the \$20,000 VA's 1st allocation for Project NEEMO has been used to date.

Mr. White provided an update on the Project NEEMO, which has been reoriented and renamed in after further study and development of the business plan. The project is now called "Virginia Nanomaterials Innovation-based Manufacturing Hub" which reflects the shift to a regional programmatic approach, rather than a single iconic building.

Mr. White highlighted several points the group is working on or has identified as assets to the project development:

- 1) Expand regional research to include manufacturing;
- 2) Continue the workforce development to insure technically-trained workers;
- 3) Utilize existing regional facilities and industrial development resources;
- 4) Exploit research university's focused nanotechnology programs and facilities (ICTAS including the NSF funded "Center for the Environmental Implications of Nanotechnology");
- 5) Have available prototype manufacturing facilities -- wet chemistry labs with hoods, office space -- the manufacturing and office space at the Competitiveness Center;
- 6) Focus on environmental risk management expertise;
- 7) Provide business development assistance via VT Knowledge Works business acceleration center structure, VT Business Technology Center for marketing assistance, and an organizational, governance structure that Virginia's First offers; and
- 8) Continue to seek funding from public and private sectors.

Mr. White also stated the group is working toward a point in the project development appropriate for hiring a program developer for VaNIMH.

iii. NRV Wireless Authority

The New River Valley Network Wireless Authority application to the National Telecommunication and Information Agency (NTIA) was selected in December for a second-phase application. This second phase inquiry requested more information pertaining to an Environmental Review, network detail and a pro-forma. The materials were submitted on December 22nd and a timeline for notification is not known at this time. Only four other projects in Virginia were selected for phase two.

NRVPDC Executive Director Kevin Byrd provided a further update that the project will include 65 miles of fiber at a cost of \$4.6 million, \$3.2 million of which would be federal funds, \$500,000 of in-kind services, and \$900,000 in a cash match.

iv. Competitiveness Center

A participation committee for the Center was considered in the past, but no deliberation by VA's 1st has occurred in the past year. As noted in the letter to Floyd County (included in the records of this meeting), the Center owner, NRV Development Corporation, is now seeking assistance in the Center's ownership, operation and financing. A similar letter was sent to all local governments in the NRV Planning District. VA's 1st Board Member from Pulaski County, County Administrator Peter Huber, has requested the potential participation committee be reconsidered.

As noted in the attached letter, the Center is approaching insolvency. Therefore, a VA's 1st Competitiveness Center participation committee would probably not be organized in time to address the insolvency, but might be helpful in getting a reprieve from creditors until the feasibility of a participation committee is determined, probably 90 to 180 days.

If there are VA's 1st member governments that are willing to consider participating, then the terms of a participation committee can be drafted and presented at a called meeting of interested governments. The draft of components for the participation agreement could be done by VA's 1st staff as has been done for Project NEEMO. An alternative is to allocate some funding for procuring a consultant for drafting the components, probably \$3,000 to \$5,000.

Mr. Huber added his comments about the need for upgrades of the facility and facility management arrangements. The board members discussed the agenda item including the benefits of a participation committee and what actions the Development Corporation would otherwise take.

Motion: Mr. Meadows moved the board authorize staff to study the feasibility of a participation committee and develop the agreement components and to also authorize up to \$3,000 for assistance if needed by staff. Mr. Howlett seconded the motion.

Action: The motion carried with one nay vote (Mr. Welker).

b. Other reports

Mr. Bopp informed the board of a "virtual call center" opportunity will be visiting on January 27 looking at creating 100 work-from-home positions thanks to Congressman Boucher's assistance. The Alliance is looking at how the opportunity could work without limiting it to one locality or another. He suggested Virginia's First would be an ideal sponsor for the project given its regional nature. He also said the opportunity comes with a training need and the Authority could provide a training incentive to cover \$500 to \$1,000 per trainee not covered under the Workforce Investment Board funding eligibility. Mr. Bopp asked the board for authorization to present this idea to the company during their visit.

Mr. Townsend asked if the incentive would include accountability measures such as retaining an employee for x amount of time or pay the training money after performance. Mr. Meadows stated the opportunity wouldn't be able to hire employees in Montgomery County if it is a competitor of Dish Network. Ms. Biggs suggested the process for participation could be worked out after the prospect meeting if needed.

Motion: Mr. Chittum moved Virginia's First support the recruitment of this opportunity and offer an incentive related to training with performance requirements. Mr. Townsend seconded the motion.

Action: The motion carried unanimously.

c. FY 11 Budget Preparation

The budget information submitted to the New River Valley regional budget review process in December 2009 was included in the records of this meeting. The budget submittal was developed within the ongoing revenue restraints for both VA's 1st and the Commerce Park. The VA's 1st budget proposal will be further developed and presented for approval at the July Annual VA's 1st Board meeting. No change is proposed for the \$5,000 annual dues request to each VA's 1st member government.

No further action is needed from the board at this time.

d. Confirmation of Authority Chair for 2010 per Code of Virginia 15.2-6403D

State law requires the Authority Chair to be designated annually by calendar year. Chair Mary Biggs current term runs through the July 14 Authority meeting. To comply with the Code, Chair Biggs should be confirmed through the remainder of her current term, as well as confirmation extended to her successor, if any.

Motion: Mr. Irvin moved the board confirmed the authority of Ms. Biggs as Virginia's First chair and designated her as chair for the remainder of the calendar year. Mr. Howlett seconded the motion.

Action: The motion carried unanimously.

e. Appointment of Nominating Committee for 2010-2012 Executive Committee

Motion: Mr. Howlett moved the board retain the existing officers and executive committee for the 2010-2012 term. Mr. Irvin seconded the motion.

Action: The motion carried unanimously, with Mr. Hawley abstaining.

8. Closed Session

No closed session was held.

9. Other Business

No other business was brought before the board.

10. Adjournment

Motion: Mr. Utt moved the meeting be adjourned. Mr. Parker seconded the motion.

Action: The motion carried unanimously.

With no further business to discuss, the meeting adjourned at 6:35 pm. The next scheduled meeting of the Authority will be held on July 14, 2010, with the time and location to be announced. In the interim the Executive Committee will advise staff on any matters needing action and appropriate reporting will be made to the membership.

Respectfully Submitted,

Approved by,

Joseph N. Morgan, Executive Director

Barry Helms, Secretary / Treasurer

**Virginia's FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
Attendance**

January 13, 2009
New River Competitiveness Center
Radford, VA

Jurisdiction	Member	Alternate
Bland County	() John C. Thompson () Henry M. Blessing	(x) Willie Howlett
Craig County	(x) Jay Polen	
Giles County	() Chris McKlarney () Richard McCoy	
Montgomery	(x) Craig Meadows (x) Mary Biggs	() Carol Edmonds (x) Brian Hamilton
Pulaski County	(x) Shawn Utt (x) Peter Huber	() Joe Sheffey () Ronnie Coake
Roanoke County	() Charlotte Moore (x) Douglas Chittum	() () Jill Loope
Wythe County	(x) Bucky Sharitz (x) Martha P. Umberger	
City of Radford	() Bruce Brown (x) Basil Edwards	
City of Roanoke	() Court Rosen (x) Brian Townsend	() Anita Price
City of Salem	() John Givens () Benjamin Tripp	
Town of Christiansburg	(x) Randy Wingfield (x) Barry Helms	
Town of Dublin	(x) Bill Parker (x) Doug Irvin	
Town of Narrows	() Clayton Davis () Buddy Kast	
Town of Pearisburg	() Brad Jones (x) Ken Vittum	
Town of Pulaski	(x) Morgan Welker (x) John Hawley	

Others Present: Aric Bopp, John White, Jack Murphy

Staff Present: Joe Morgan, Christy Straight, Kevin Byrd

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
MARCH 31, 2010

Balance Forward December 31, 2009		1,481,829.98
Dues/Shares/Rents Received 1/1/10 - 3/31/10	3,505.98	
Interest Earned January - March 2010	2,896.42	
Other credits (insurance premium reduction, AEP easement)	257.00	
Analysis charge January-March 2010	(377.89)	
Total Receivables (less fees)	6,281.51	6,281.51
<u>January Payables</u>		
Rural Development Loan	10,258.00	
Anderson & Associates	1,200.00	
Joe Morgan (November-December 2009)	4,123.75	
NRVPDC (November 2009)	2,501.49	
Olver, Inc	733.33	
Stellar One	113,980.92	
Fenton Pump Service	290.00	
<u>February Payables</u>		
Rural Development Loan	10,258.00	
AEP	445.84	
Erie Insurance-general liability	1,596.00	
Gynn, Memmer & Dillon	162.50	
McNeary, Inc.	2,000.00	
NRVDC	25.00	
NRVPDC (December 2009)	1,339.87	
<u>March Payables</u>		
Rural Development Loan	10,258.00	
Rural Development Loan - annual payment	119,448.00	
AEP	408.74	
Erie Insurance-general liability	76.00	
Erie Insurance-property mobile home	187.00	
NRVDC	75.00	
NRVPDC (Jan/Feb 2010)	4,299.34	
Joe Morgan (Jan/Feb 2010)	4,060.00	
AEP	298.21	
Total Accounts Payable	288,024.99	(288,024.99)
Balance March 31, 2010		1,200,086.50
Total Available Funds		
Virginia First Available Balance		800,139.16
Commerce Park Balance	399,947.34	
Reserve - Rural Development Loan #1	119,448.00	
Reserve - Rural Development Loan #2	123,096.00	
Commerce Park Balance Less Loan Reserves		157,403.34
Total Available Funds Less Loan Reserves		957,542.50
Property Owned		
Cullip, Doug (purchase price)	1,400,000.00	
Cullip, Andrew (purchase price)	355,000.00	
Collins/Evans (purchase price)	1,000,000.00	
Phillips, Edwina (purchase price)	2,178,000.00	
Construction/Improvements	1,958,385.06	
Equipment	43,350.00	
Total Cost of Fixed Assets	6,934,735.06	
2009 Appraised Value of Commerce park (839 acres excluding surplus property)	5,200,000.00	
2009 Assessed Value of 35 Acre Suplus Property	662,500.00	
2009 Assessed Value of 55 Acre Surplus Property	330,600.00	
2009 Equipment Value	17,340.00	
Estimated Value of Land, Buildings and Equipment	6,210,440.00	
Long-term Obligations - balance as of June 30, 2009		
Stellar One Bank Loan (phase 1)	1,177,588.00	
Rural Development Loan (phase 1)	1,971,008.00	
Rural Development Loan (phase 2)	2,218,409.00	
Total Current Debt	5,367,005.00	

Attachment to Treasurer's Report

Commerce Park Balance Detail

	As of 3/31/10
Total Balance	\$ 157,403.34
Restricted Balance	\$ 61,261.54
Unrestricted Balance	\$ 96,141.80

Virginia's First Balance Detail

	As of 3/31/10
Total Balance	\$ 800,139.16
Restricted Balance	\$ 7,571.54
Unrestricted Balance	\$ 792,567.62

Where the Money Goes
1/1/1999 Through 3/31/2010

Subcategory	1/1/1999 - 12/31/1999	1/1/2000 - 12/31/2000	1/1/2001 - 12/31/2001	1/1/2002 - 12/31/2002	1/1/2003 - 12/31/2003	1/1/2004 - 12/31/2004	1/1/2005 - 12/31/2005	1/1/2006 - 12/31/2006	1/1/2007 - 12/31/2007	1/1/2008 - 12/31/2008	1/1/2009 - 12/31/2009	1/1/2010 - 3/31/2010	Total
INCOME CATEGORIES													
Account Opening Deposit													
Money Market Account	1.00												1.00
Operating Account	1.00												1.00
Account Opening Deposit - Unassigned				0.01									0.01
Total Account Opening Deposit	2.00			0.01									2.01
Commerce Park													
Grants funded			1,000,000.00	1,256,939.93	88,923.88	189,206.35							2,535,070.16
Insurance overpayment			57.90										57.90
Interest Earned	108.77	6,276.54	29,539.65	4,094.57	2,257.26	2,466.60	2,593.64	24,313.17	23,551.26	10,020.62	5,751.42	1,448.21	112,421.71
Loan Proceeds		1,240,000.00	5,200.76	3,080,842.24	165,621.88	213,866.88	57,355.72		64,644.28				4,827,531.76
Other Income				1,752.00	5,000.00						145.00	1.00	6,898.00
Participant Shares FY 01-02			412,500.00										412,500.00
Participant Shares FY 02-03				412,500.00									412,500.00
Participant Shares FY 03-04					412,500.00								412,500.00
Participant Shares FY 04-05						406,600.00	5,900.00						412,500.00
Participant Shares FY 05-06							412,500.00						412,500.00
Participant Shares FY 06-07								406,656.00	5,844.00				412,500.00
Participant Shares FY 07-08									412,500.00				412,500.00
Participant Shares FY 08-09										412,499.75			412,499.75
Participant Shares FY 09-10		387,750.05	24,750.00								412,500.00		412,500.00
Participant Shares FY 99-00													412,500.05
Real Estate Earnest \$ Returned							50,000.00						50,000.00
Regional Funds FY 98-99	5,967.50	20,000.00											25,967.50
Regional Funds FY 99-00		20,000.00											20,000.00
Rents collected			11,450.00	11,744.00	11,300.00	12,892.04	12,900.00	11,200.00	11,060.00	10,128.00	7,197.68	3,505.98	103,377.70
Total Commerce Park	6,076.27	1,674,026.59	1,483,498.31	4,767,872.74	685,603.02	825,031.87	541,249.36	442,169.17	517,599.54	432,648.37	425,594.10	4,955.19	11,806,324.53
Other Income													
Reverse Charge							34.00						34.00
Total Other Income							34.00						34.00
Virginia's First RIFA													
Annual Dues FY 00-01		70,000.00					2,500.00	2,500.00					75,000.00
Annual Dues FY 01-02			70,000.00						2,500.00	2,500.00			75,000.00
Annual Dues FY 02-03				70,000.00									70,000.00
Annual Dues FY 03-04					70,000.00								70,000.00
Annual Dues FY 04-05						70,000.00							75,000.00
Annual Dues FY 05-06							5,000.00						75,000.00
Annual Dues FY 06-07							75,000.00						75,000.00
Annual Dues FY 07-08								60,000.00	15,000.00				75,000.00
Annual Dues FY 08-09									70,000.00	5,000.00			75,000.00
Annual Dues FY 09-10										75,000.00			75,000.00
Annual Dues FY 98-99	75,000.00										75,000.00		75,000.00
Annual Dues FY 99-00	70,000.00												75,000.00
Interest Earned	1,140.29	3,196.38	2,458.26	947.28	564.29	616.63	648.41	16,849.70	23,551.31	10,020.63	5,753.08	1,448.21	67,194.47
Other Income				556.86									556.86
Total Virginia's First RIFA	146,140.29	73,196.38	72,458.26	71,504.14	70,564.29	73,116.63	83,148.41	79,349.70	111,051.31	92,520.63	83,253.08	1,448.21	957,751.33
Income - Unassigned													
									0.00	0.00	0.00		0.00
TOTAL INCOME CATEGORIES	152,218.56	1,747,222.97	1,555,956.57	4,839,376.89	756,167.31	898,182.50	624,397.77	521,518.87	628,650.85	525,169.00	508,847.18	6,403.40	12,764,111.87
EXPENSE CATEGORIES													
Commerce Park Administration													
		3,239.53	9,111.30	31,236.35	46,646.68	64,712.30	41,968.24	41,872.17	34,845.84	23,232.47	47,933.32	10,487.31	355,285.51
Commerce Park Engineering/Design													
AEP Preliminary Study										14,272.00			14,272.00
Masterplan Mapping						538.25		311.85	8,404.50				9,254.60

Where the Money Goes
1/1/1999 Through 3/31/2010

Subcategory	1/1/1999 - 12/31/1999	1/1/2000 - 12/31/2000	1/1/2001 - 12/31/2001	1/1/2002 - 12/31/2002	1/1/2003 - 12/31/2003	1/1/2004 - 12/31/2004	1/1/2005 - 12/31/2005	1/1/2006 - 12/31/2006	1/1/2007 - 12/31/2007	1/1/2008 - 12/31/2008	1/1/2009 - 12/31/2009	1/1/2010 - 3/31/2010	Total
Phase I Design & Construction	39,118.62	174,422.41	126,325.46	218,295.94	23,675.26	614.25	800.00						583,251.94
Prospect Assistance Warren Data									6,691.00				6,691.00
Prospect Fees				3,195.11									3,195.11
Sewer PER					51,270.00	2,743.00	68,937.00						122,950.00
Shelor Motor Mile						39,013.50	1,859.00						40,872.50
Shelor Motor Mile Phase 2							7,524.00	13,800.86					21,324.86
Water PER					83,134.00	5,110.50	120,791.90	22,975.50					232,011.90
Water/Sewer Easement Survey						7,939.00	32,867.00	231.50					41,037.50
Well Monitoring					6,600.00	8,826.25	3,300.00	12,100.00	14,766.20	7,879.99	5,466.66	733.33	59,672.43
Commerce Park Engineering/Design - Unassigned											4,400.00	1,200.00	5,600.00
Total Commerce Park Engineering/Design	39,118.62	174,422.41	126,325.46	221,491.05	164,679.26	64,784.75	236,078.90	49,419.71	29,861.70	22,151.99	9,866.66	1,933.33	1,140,133.84
Commerce Park.													
Accounting fees		500.00	750.00	800.00	800.00	1,700.00	2,900.00	1,250.00	1,250.00	1,300.00	1,500.00		12,750.00
Advertising	57.33			599.42	34.50	55.59					501.00		1,247.84
Appraisal fee	600.00		2,000.00			2,500.00					3,500.00		8,600.00
Barn Demolition						37,499.79	1,113.20						38,612.99
County permits			25.00			25.00							50.00
Earnest Deposit						50,000.00							50,000.00
Environmental										1,790.00			1,790.00
Equipment Purchase					43,350.00								43,350.00
Insurance			1,145.32	10,780.00	1,747.00	2,093.00	10,509.00	3,022.00	3,652.00	3,787.00	3,659.00	1,603.00	41,997.32
Interest payment			172,590.28	32,343.04									204,933.32
Interim loan payment			1,000,000.00	2,002,013.89									3,002,013.89
Karst Evaluation	1,170.00												1,170.00
Legal fees	9,667.92	9,503.18	34,575.10	56,962.44	4,107.75	15,996.69	14,132.11	587.50	75.00	1,012.50	50.00		146,670.19
Maintenance				815.00	2,644.72	343.51	5,211.23	2,234.80	70.00	1,533.00		290.00	13,142.26
Marketing					5,000.00	6,900.00	72.35			26,300.00			38,272.35
Mebane House Stabilization					67.70	26,897.54	5,556.76						32,522.00
Miscellaneous											125.00	1,075.00	1,200.00
Real estate fees			3,107.50				61.00						3,168.50
Real estate purchase			1,002,096.40	690,000.00									1,692,096.40
Shelor Motor Mile Phase II							100.00	246,471.04					246,571.04
Shelor Motor Mile Project						60,465.88							60,465.88
Utilities				26,882.98	706.12	1,099.87	359.19	442.02	516.49	598.07	1,012.22	1,152.79	32,769.75
Total Commerce Park.	11,495.25	10,003.18	2,216,289.60	2,821,196.77	58,457.79	205,576.87	40,014.84	254,007.36	5,563.49	34,530.57	12,137.22	4,120.79	5,673,393.73
Loan													
Loan Interest					185,155.95	107,850.00		96,827.64					389,833.59
P&I							230,456.71	323,048.71	353,552.71	353,552.71	353,552.71	264,202.92	1,878,366.47
RD Guarantee Fee						11,015.00							11,015.00
Total Loan					185,155.95	118,865.00	230,456.71	419,876.35	353,552.71	353,552.71	353,552.71	264,202.92	2,279,215.06
Pay Request				1,943,885.56	14,499.50								1,958,385.06
Virginia's First Administration	7,635.82	10,722.26	11,524.80	11,942.84	3,938.19	10,425.79	6,823.28	9,368.86	9,820.87	9,482.32	18,134.90	5,837.14	115,657.07
Virginia's First RIFA.													
Accounting fees		500.00	750.00	800.00	800.00		1,100.00	1,250.00	1,250.00	1,300.00	1,500.00		9,250.00
Advertising							220.08			689.14			909.22
Bank fees	24.00			159.75	42.00	67.25		43.36	179.58	768.84	1,363.10	377.89	3,025.77
Check order	70.84												70.84
Insurance		825.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00		5,775.00
Legal fees	3,282.00	1,848.00	2,800.25	10,231.75	1,765.20						400.00	162.50	20,489.70
Miscellaneous			135.08	556.86	52.25	304.80		195.58		65.00	100.00	1,025.00	2,434.57
Total Virginia's First RIFA.	3,376.84	3,173.00	4,235.33	12,298.36	3,209.45	922.05	1,870.08	2,038.94	1,979.58	3,372.98	3,913.10	1,565.39	41,955.10
TOTAL EXPENSE CATEGORIES	61,626.53	201,560.38	2,367,486.49	5,042,050.93	476,586.82	465,286.76	557,212.05	776,583.39	435,624.19	446,323.04	445,537.91	288,146.88	11,564,025.37
GRAND TOTAL	90,592.03	1,545,662.59	(811,529.92)	(202,674.04)	279,580.49	432,895.74	67,185.72	(255,064.52)	193,026.66	78,845.96	63,309.27	(281,743.48)	1,200,086.50

VIRGINIA'S FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
JUNE 30, 2010

Balance Forward March 21, 2010		1,200,086.50
Dues/Shares/Rents Received 4/ 1/10 - 6/30/10	3,843.08	
Interest Earned April - June 2010	2,554.01	
Analysis charge April - June 2010	(376.00)	
Total Receivables (less fees)	6,021.09	6,021.09
<u>April Payables</u>		
Rural Development Loan	10,258.00	
Anderson & Associates	800.00	
NRVPDC (March 2010)	1,830.11	
Chartwells	161.04	
AEP	239.81	
<u>May Payables</u>		
Rural Development Loan	10,258.00	
AEP	205.82	
<u>June Payables</u>		
Rural Development Loan	10,258.00	
Chartwells	174.30	
NRVDC	75.00	
NRVPDC (April 2010)	1,014.64	
Pulaski Co Clerk of Court	43.00	
AEP	216.54	
Total Accounts Payable	35,534.26	(35,534.26)
Balance June 30, 2010		1,170,573.33
Total Available Funds		
Virginia First Available Balance		800,448.33
Commerce Park Balance	370,125.00	
Reserve - Rural Development Loan #1	119,448.00	
Reserve - Rural Development Loan #2	123,096.00	
Commerce Park Balance Less Loan Reserves		127,581.00
Total Available Funds Less Loan Reserves		928,029.33
Property Owned		
Cullip, Doug (purchase price)	1,400,000.00	
Cullip, Andrew (purchase price)	355,000.00	
Collins/Evans (purchase price)	1,000,000.00	
Phillips, Edwina (purchase price)	2,178,000.00	
Construction/Improvements	1,958,385.06	
Equipment	43,350.00	
Total Cost of Fixed Assets	6,934,735.06	
2009 Appraised Value of Commerce park (839 acres excluding surplus property)	5,200,000.00	
2009 Assessed Value of 35 Acre Suplus Property	662,500.00	
2009 Assessed Value of 55 Acre Surplus Property	330,600.00	
2009 Equipment Value	17,340.00	
Estimated Value of Land, Buildings and Equipment	6,210,440.00	
Long-term Obligations - balance as of June 30, 2009		
Stellar One Bank Loan (phase 1)	1,177,588.00	
Rural Development Loan (phase 1)	1,971,008.00	
Rural Development Loan (phase 2)	2,218,409.00	
Total Current Debt	5,367,005.00	

Attachment to Treasurer's Report

Commerce Park Balance Detail

	As of 6/30/10	Year-end minus outstanding FY10 payments
Total Balance	\$ 127,581.00	\$ 120,056.37
Restricted Balance	\$ 25,983.77	\$ 18,459.14
Unrestricted Balance	\$ 101,597.23	\$ 101,597.23

Virginia's First Balance Detail

	As of 6/30/10	Year-end minus outstanding FY10 payments
Total Balance	\$ 800,448.33	\$ 798,345.99
Restricted Balance	\$ 7,315.05	\$ 5,212.71
Unrestricted Balance	\$ 793,133.28	\$ 793,133.28
	\$ 928,029.33	\$ 918,402.36

Where the Money Goes
1/1/1999 Through 6/30/2010

Subcategory	1/1/1999 - 12/31/1999	1/1/2000 - 12/31/2000	1/1/2001 - 12/31/2001	1/1/2002 - 12/31/2002	1/1/2003 - 12/31/2003	1/1/2004 - 12/31/2004	1/1/2005 - 12/31/2005	1/1/2006 - 12/31/2006	1/1/2007 - 12/31/2007	1/1/2008 - 12/31/2008	1/1/2009 - 12/31/2009	1/1/2010 - 6/30/2010	Total
INCOME CATEGORIES													
Account Opening Deposit													
Money Market Account	1.00												1.00
Operating Account	1.00												1.00
Account Opening Deposit - Unassigned				0.01									0.01
Total Account Opening Deposit	2.00			0.01									2.01
Commerce Park													
Grants funded			1,000,000.00	1,256,939.93	88,923.88	189,206.35							2,535,070.16
Insurance overpayment			57.90										57.90
Interest Earned	108.77	6,276.54	29,539.65	4,094.57	2,257.26	2,466.60	2,593.64	24,313.17	23,551.26	10,020.62	5,751.42	2,725.22	113,698.72
Loan Proceeds		1,240,000.00	5,200.76	3,080,842.24	165,621.88	213,866.88	57,355.72		64,644.28				4,827,531.76
Other Income				1,752.00	5,000.00	34.00					145.00	1.00	6,932.00
Participant Shares FY 01-02			412,500.00										412,500.00
Participant Shares FY 02-03				412,500.00									412,500.00
Participant Shares FY 03-04					412,500.00								412,500.00
Participant Shares FY 04-05						406,600.00	5,900.00						412,500.00
Participant Shares FY 05-06							412,500.00						412,500.00
Participant Shares FY 06-07								406,656.00	5,844.00				412,500.00
Participant Shares FY 07-08									412,500.00				412,500.00
Participant Shares FY 08-09										412,499.75			412,499.75
Participant Shares FY 09-10											412,500.00		412,500.00
Participant Shares FY 99-00		387,750.05	24,750.00										412,500.05
Real Estate Earnest \$ Returned							50,000.00						50,000.00
Regional Funds FY 98-99	5,967.50	20,000.00											25,967.50
Regional Funds FY 99-00		20,000.00											20,000.00
Rents collected			11,450.00	11,744.00	11,300.00	12,892.04	12,900.00	11,200.00	11,060.00	10,128.00	7,197.68	7,349.06	107,220.78
Total Commerce Park	6,076.27	1,674,026.59	1,483,498.31	4,767,872.74	685,603.02	825,065.87	541,249.36	442,169.17	517,599.54	432,648.37	425,594.10	10,075.28	11,811,478.62
Virginia's First RIFA													
Annual Dues FY 00-01		70,000.00				2,500.00	2,500.00						75,000.00
Annual Dues FY 01-02			70,000.00					2,500.00	2,500.00				75,000.00
Annual Dues FY 02-03				70,000.00									70,000.00
Annual Dues FY 03-04					70,000.00								70,000.00
Annual Dues FY 04-05						70,000.00	5,000.00						75,000.00
Annual Dues FY 05-06							75,000.00						75,000.00
Annual Dues FY 06-07								60,000.00	15,000.00				75,000.00
Annual Dues FY 07-08									70,000.00	5,000.00			75,000.00
Annual Dues FY 08-09										75,000.00			75,000.00
Annual Dues FY 09-10											75,000.00		75,000.00
Annual Dues FY 98-99	75,000.00												75,000.00
Annual Dues FY 99-00	70,000.00									2,500.00	2,500.00		75,000.00
Interest Earned	1,140.29	3,196.38	2,458.26	947.28	564.29	616.63	648.41	16,849.70	23,551.31	10,020.63	5,753.08	2,725.21	68,471.47
Other Income				556.86									556.86
Total Virginia's First RIFA	146,140.29	73,196.38	72,458.26	71,504.14	70,564.29	73,116.63	83,148.41	79,349.70	111,051.31	92,520.63	83,253.08	2,725.21	959,028.33
Income - Unassigned										0.00	0.00	0.00	0.00
TOTAL INCOME CATEGORIES	<u>152,218.56</u>	<u>1,747,222.97</u>	<u>1,555,956.57</u>	<u>4,839,376.89</u>	<u>756,167.31</u>	<u>898,182.50</u>	<u>624,397.77</u>	<u>521,518.87</u>	<u>628,650.85</u>	<u>525,169.00</u>	<u>508,847.18</u>	<u>12,800.49</u>	<u>12,770,508.96</u>
EXPENSE CATEGORIES													
Commerce Park Administration		3,239.53	9,111.30	31,236.35	46,646.68	64,712.30	41,968.24	41,872.17	34,845.84	23,232.47	47,933.32	13,075.57	357,873.77
Commerce Park Engineering/Design													
AEP Preliminary Study										14,272.00			14,272.00
Masterplan Mapping						538.25		311.85	8,404.50				9,254.60
Phase I Design & Construction	39,118.62	174,422.41	126,325.46	218,295.94	23,675.26	614.25	800.00						583,251.94
Prospect Assistance Warren Data									6,691.00				6,691.00
Prospect Fees				3,195.11									3,195.11
Sewer PER					51,270.00	2,743.00	68,937.00						122,950.00

Where the Money Goes
1/1/1999 Through 6/30/2010

Subcategory	1/1/1999 - 12/31/1999	1/1/2000 - 12/31/2000	1/1/2001 - 12/31/2001	1/1/2002 - 12/31/2002	1/1/2003 - 12/31/2003	1/1/2004 - 12/31/2004	1/1/2005 - 12/31/2005	1/1/2006 - 12/31/2006	1/1/2007 - 12/31/2007	1/1/2008 - 12/31/2008	1/1/2009 - 12/31/2009	1/1/2010 - 6/30/2010	Total
Shelor Motor Mile						39,013.50	1,859.00						40,872.50
Shelor Motor Mile Phase 2							7,524.00	13,800.86					21,324.86
Water PER					83,134.00	5,110.50	120,791.90	22,975.50					232,011.90
Water/Sewer Easement Survey						7,939.00	32,867.00	231.50					41,037.50
Well Monitoring					6,600.00	8,826.25	3,300.00	12,100.00	14,766.20	7,879.99	5,466.66	733.33	59,672.43
Commerce Park Engineering/Design - Unassigned											4,400.00	2,000.00	6,400.00
Total Commerce Park Engineering/Design	39,118.62	174,422.41	126,325.46	221,491.05	164,679.26	64,784.75	236,078.90	49,419.71	29,861.70	22,151.99	9,866.66	2,733.33	1,140,933.84
Commerce Park.													
Accounting fees		500.00	750.00	800.00	800.00	1,700.00	2,900.00	1,250.00	1,250.00	1,300.00	1,500.00		12,750.00
Advertising	57.33			599.42	34.50	55.59					501.00		1,247.84
Appraisal fee	600.00		2,000.00			2,500.00					3,500.00		8,600.00
Barn Demolition						37,499.79	1,113.20						38,612.99
County permits			25.00			25.00							50.00
Earnest Deposit						50,000.00							50,000.00
Environmental											1,790.00		1,790.00
Equipment Purchase						43,350.00							43,350.00
Insurance			1,145.32	10,780.00	1,747.00	2,093.00	10,509.00	3,022.00	3,652.00	3,787.00	3,659.00	1,603.00	41,997.32
Interest payment			172,590.28	32,343.04									204,933.32
Interim loan payment			1,000,000.00	2,002,013.89									3,002,013.89
Karst Evaluation	1,170.00												1,170.00
Legal fees	9,667.92	9,503.18	34,575.10	56,962.44	4,107.75	15,996.69	14,132.11	587.50	75.00	1,012.50	50.00		146,670.19
Maintenance				815.00	2,644.72	343.51	5,211.23	2,234.80	70.00	1,533.00		290.00	13,142.26
Marketing					5,000.00	6,900.00	72.35			26,300.00			38,272.35
Mebane House Stabilization					67.70	26,897.54	5,556.76						32,522.00
Miscellaneous												125.00	1,275.00
Real estate fees			3,107.50				61.00					43.00	3,211.50
Real estate purchase			1,002,096.40	690,000.00									1,692,096.40
Shelor Motor Mile Phase II							100.00	246,471.04					246,571.04
Shelor Motor Mile Project						60,465.88							60,465.88
Utilities				26,882.98	706.12	1,099.87	359.19	442.02	516.49	598.07	1,012.22	1,814.96	33,431.92
Total Commerce Park.	11,495.25	10,003.18	2,216,289.60	2,821,196.77	58,457.79	205,576.87	40,014.84	254,007.36	5,563.49	34,530.57	12,137.22	4,900.96	5,674,173.90
Loan													
Loan Interest					185,155.95	107,850.00			96,827.64				389,833.59
P&I							230,456.71	323,048.71	353,552.71	353,552.71	353,552.71	294,976.92	1,909,140.47
RD Guarantee Fee						11,015.00							11,015.00
Total Loan					185,155.95	118,865.00	230,456.71	419,876.35	353,552.71	353,552.71	353,552.71	294,976.92	2,309,989.06
Pay Request													
				1,943,885.56	14,499.50								1,958,385.06
Virginia's First Administration													
	7,635.82	10,722.26	11,524.80	11,942.84	3,938.19	10,425.79	6,823.28	9,368.86	9,820.87	9,482.32	18,134.90	6,093.63	115,913.56
Virginia's First RIFA.													
Accounting fees		500.00	750.00	800.00	800.00		1,100.00	1,250.00	1,250.00	1,300.00	1,500.00		9,250.00
Advertising							220.08			689.14			909.22
Bank fees	24.00			159.75	42.00	67.25		43.36	179.58	768.84	1,363.10	753.89	3,401.77
Check order	70.84												70.84
Insurance		825.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00		5,775.00
Legal fees	3,282.00	1,848.00	2,800.25	10,231.75	1,765.20							162.50	20,489.70
Miscellaneous			135.08	556.86	52.25	304.80		195.58		65.00	100.00	1,360.34	2,769.91
Total Virginia's First RIFA.	3,376.84	3,173.00	4,235.33	12,298.36	3,209.45	922.05	1,870.08	2,038.94	1,979.58	3,372.98	3,913.10	2,276.73	42,666.44
TOTAL EXPENSE CATEGORIES													
	61,626.53	201,560.38	2,367,486.49	5,042,050.93	476,586.82	465,286.76	557,212.05	776,583.39	435,624.19	446,323.04	445,537.91	324,057.14	11,599,935.63
GRAND TOTAL													
	90,592.03	1,545,662.59	(811,529.92)	(202,674.04)	279,580.49	432,895.74	67,185.72	(255,064.52)	193,026.66	78,845.96	63,309.27	(311,256.65)	1,170,573.33



Virginia's First Regional Industrial Facility Authority

6580 Valley Center Drive, Suite 124

Radford, VA 24141

Phone (540) 639-1524 FAX (540) 831-6093

Bland County

Henry M. Blessing

Craig County

Jay Polen

Giles County

Chris McKlarney
Richard McCoy

Montgomery County

*Mary W. Biggs, *Chair*
Craig Meadows

Pulaski County

Peter M. Huber
Shawn Utt

Roanoke County

Charlotte Moore
*Douglas Chittum

Wythe County

Bucky Sharitz
Martha P. Umberger

City of Radford

Bruce Brown
Basil Edwards

City of Roanoke

Brian Townsend
Court G. Rosen

City of Salem

John Givens
Benjamin Tripp

Town of Christiansburg

Randy Wingfield
*Barry D. Helms,
Secretary / Treasurer

Town of Dublin

Doug Irvin
William H. Parker

Town of Narrows

Clayton Davis
Buddy Kast

Town of Pearisburg

*Kenneth F. Vittum,
Vice-Chair
Brad Jones

Town of Pulaski

Morgan Welker
*John Hawley

* *Executive Committee*

DATE: July 7, 2010
TO: Virginia's First Regional Industrial Facility Authority Members
FROM: Joe Morgan
SUBJECT: July 14, 2010 Meeting – Administrative Staff Report

1. **Roll Call and Agenda Approval** – If any member government will be unrepresented, we encourage you to arrange for appointment of an alternate member. It will be helpful to confirm unanimous consent on those action items all members to agree.
2. **Public Comments** – No requests to make comments have been received to date.
3. **Approval of January 13, 2010 Minutes** (*attached*)
4. **Treasurer's Reports for 1st and 2nd Quarter 2010** (*attached*) – In addition to the first and second quarter 2010 treasurer's reports, the following payables for FY 2010 have been submitted for payment:
 - Joe Morgan (Mar-Jun)- \$8,127.62 (VA 1st share \$1,923.41 - Commerce Park share \$6,204.21)
 - PDC Administration (May) - \$1,338.35 (VA 1st share \$178.93 - Commerce Park Share \$1,159.42)
 - PDC - \$161 – reimburse for Commerce Park for lunch meeting expenseThe resulting un-audited fiscal year end balances are: Virginia's 1st \$798,345.99 and Commerce Park \$120,056.37.
5. **Administrative Staff Report**
 - a. **Program of Work Status** – *Attached* is an update on the adopted program.
 - b. **Board Member Documentation Required** - We will check to confirm the appointment resolutions, oaths of office and financial declaration statements are current for all Board Members. For any missing credentials, we will attempt to contact both the individual member and the appointing local government. Fortunately, if the reappointment has not occurred, the current member may serve until reappointed or until a replacement is named and takes the oath of office.
 - c. **Budget Recommendation** – *Attached* is the recommended budget. No change is recommended in overall budget from the previous years and as presented in January. The Commerce Park section of the budget was adopted by the Commerce Park Participation Committee in March.
 - d. **Executive Director Performance Review** – The Executive Committee is requested to conduct a performance review and guidance on duties through the next year.
6. **Old Business**
 - a. **Insurance Coverage Changes** – The Commerce Park Participation Committee awarded coverage to VACo Risk Management. Both VACo Risk Management and VML Insurance Programs submitted proposals for insurance coverage. The coverage was as recommended in the McNeary, Inc. recommendations completed in January. The VACo quote of \$1,663 was lower than the VML quote of \$1,966. Included in the VACo policy is liability and errors / omissions coverage for the overall Virginia's First organization. It was anticipated that the new coverage would replace current

coverage under both Erie Insurance and VARisk. However, the VARisk coverage is being offered at no cost for FY 2011, so there is no reason to cancel coverage now. Approval of the overall insurance coverage by VACo Risk Management is requested for the record.

- b. Adoption of Legislation Allowing Member Withdrawal** – Attached is a copy of 2010 Acts of Assembly Chapter 531, which allows a procedure for member withdrawal, as endorsed by the Board in January, as well as by most member governments. A resolution of appreciation is recommended, similar to the attached draft, especially for the efforts of Delegate Crockett as Chair of Subcommittee – Stark, as well as Delegates Nutter and Ware
- c. Plan for Allocation of \$600,000 Excess Dues** – Attached is a recommended excess dues allocation plan. The concept behind the plan is that all members will consent to each member making its own individual decision on how best to use the \$40,000 per member current excess dues. Generally the plan shows all Commerce Park members allocating \$27,273 each in return for another 682 shares of equity, with the remaining \$12,727 designated for new economic development projects, dues payment or rebate. Non-Commerce Park members have all \$40,000 allocated for economic development projects, dues payment or rebate. If any member representative has another desired use for your individual locality share of excess funds, please let me know by the July 14 meeting.
- d. Strategic Planning** – As noted in the Program of Work update, some strategic planning should occur in the next year for at least the next two years, FY 2012 – FY 2014. Authorization is requested for the Executive Committee to work with staff to develop a plan; including pricing any needed consultant assistance. Hopefully a recommendation for a strategic planning process can be presented in January 2011 and undertaken by the end of FY 2011.
- e. Executive Committee Continuance and Duties** – The Executive Committee has been helpful, particularly for monthly bills review, meeting agenda review and advice to staff on action taken between VA 1st Authority Board meetings. The Executive Committee has enhanced a less frequent Board meeting schedule. It is timely to move from a trial to an ongoing basis. The additional recommended duties are evaluation of the Executive Director and approval of action beyond those that are administrative duties. Most Executive Committee duties are advisory and can be handled by e-mail. For action items, I understand the Virginia's First organizational documents would require a meeting with appropriate notice. For actions of the Executive Committee to stand, such should be ratified at the next succeeding Board meeting.

7. New Business

a. Report from Participation Committee(s):

- i. Commerce Park** – Virginia's First Board consent to the following actions of the Commerce Park Participation Committee is in order:
 - a. Possible Communications Tower Site Lease** – Depending on input from the Commerce Park Development, Covenants & Communications Committee, an option may be given for a tower site lease. Due to the site proximity to the NRV Airport, height limitations may make the site lease impractical.
 - b. Water and Sewer Expansion**
 - i. Easements and Tank Sites Transfer** – The Economic Development Administration (EDA) has approved all site and easement locations for the project. Consent is in order to the final site transfers and easements as filed with EDA.
 - ii. Financing and Schedule Update** – Approval is still being sought from Rural Development (RD) for low interest financing for the entire EDA grant match. Should RD financing not be forthcoming, alternative financing will be sought from the Virginia Resources Authority (VRA), private lenders or use of up to \$300,000 cash. Consent to the financing options is in order.
 - c. Boundary Adjustments** – Boundary adjustments to complete the five acre swap with the NRV Airport and allow for a buffer with the New Dublin Presbyterian Church have previously been authorized. The airport swap is for equal value, with no payment by either party. The Church buffer includes a lease purchase arrangement, with lease payments over the twenty year term going to the current Commerce

Park lenders and title to the buffer area transferring at the end of the term. Consent to the final form of the boundary adjustments is in order.

d. Participation Agreement Amendment #2 Status – As of July 1, all eleven Commerce Park member governments should have adopted the amendment. The Virginia's 1st Board adopted the amendment in January 2010. Consent to recording and document the amendment adoption, as deemed appropriate by the Virginia's First attorney, is in order.

e. Surplus Property Disposition – The Participation Committee has agreed to extend and modify the real estate listing with Woltz and Associates for sale of the 35 +/- acres associated with the historic Mebane house. The Commerce Park lenders have not agreed to the sale, beyond the terms of the loans that require a current appraisal and dedication of the entire appraised value to reduction of the loans' principal with no reduction in payments. The Committee authorized negotiation with the lenders to achieve some offset of payments with the proceeds of sale or lease of the surplus property. Consent to a surplus property sale and loan term negotiation to use the value of the surplus property toward the cost of the availability of increased water and sewer capacity from the Pulaski County Public Service Authority is in order.

ii. **NRV NanoFab Hub Study Report** – Attached for information is the May 2010 report from the Virginia Tech Office of Economic Development. The report recommends a nanotechnology environmental health and safety programmatic approach to provide a support structure that is deemed essential for nanotechnology cluster industry development. No specific request to Virginia's First is made at this time. Staff continues to be available to assist with planning. No request or recommendation for a participation committee structure is expected before the January 2011 Virginia's First meeting.

iii. **NRV Wireless Authority** – NRV Planning District Executive Director Kevin Byrd will have an update on the project.

iv. **Potential Participation Committee for Competitiveness Center** – After consulting with Bond Counsel Paul Jacobson of Sands, Anderson, Marks and Miller, it appears there is no eligibility for tax-exempt financing for the Center. So transferring the Center ownership to a Virginia's First participation committee is not expected to lower financing costs. A moral obligation by interested local governments may improve credit worthiness. Interested governments pledging surety may prefer to offer support to the Center if title is held by a subordinate governmental entity, such as Virginia's First. I understand the NRV Development Corporation was successful in arranging some favorable refinancing last month.

b. Other Reports and Business

8. Closed Session (if needed)

9. Adjournment - Next scheduled meeting: January 12, 2011

Virginia First Regional Industrial Facility Authority - Program of Work 2009-2011

Adopted 4-08-09 and Updated
6-21-10

	<u>TASK</u>	<u>CURRENT STATUS</u> <i>Completed Items Shown in Italics</i>	<u>TIMING</u>	<u>STAFF ASSIGNED</u>
GOVERNANCE				
Board of Directors	Continue coordinating with member local governments, including FOI, COI, Financial and other required disclosures	Staggered terms expire June 30, 2010 & 2012	July 2010 & January 2011	Straight / Morgan
Officers	Chairman to continue appointing nominating committee 4 - 6 months prior to end of terms	<i>Elected - but need annual confirmation of Chair in January per 15/2-6403D</i>	January 2011	Straight / Morgan
Executive Committee	Include officers and 2 at large members for at least 6 months trial	<i>Mary Biggs, Chair - Ken Vittum, Vice-Chair - Barry Helms, Secretary Treasurer - Doug Chittum and John Hawley, Members</i>	Re-Elect Officers Jan - July 2012	Current Staff
Executive Director	Designate Joe Morgan Executive Director on contract basis April 2009 to June 2011 OR Continue service of PDC Executive Director OR Engage alternate candidate	<i>Joe Morgan engaged</i>	Through July 2011	
MEETINGS				
	Use semi-annual scheduled meetings, with called meetings if needed	<i>Semi-annual meetings scheduled for 7/8/09, 1/13/10, 7/14/10, 1/12/11, & 7/13/11</i>	<i>Scheduled</i>	
MEMBERSHIP				
Periodic Updates	Add semi-annual update by Executive Director to Member CAO or Governing Body, as best suits each member government	Contacts expected next with designation of excess funds and NanoFab Hub participation	July to December 2012	Morgan
Additions / Withdrawals	VA 1st members to consider membership change arrangements, including legislation, that would allow amicable membership changes	<i>Approved in 2010 Acts of Assembly Ch. 531 amending 15.2-6415</i>	As Desired by Member Governments	Morgan
ADMINISTRATION				
Executive Director	Transfer to Permanent Executive Director with PDC Executive Director as Advisor	<i>Completed</i>	Through July 2011	Morgan
Financial Accounting	Retain at NRV PDC	<i>NRV PDC Maintains</i>	Through July 2011	McNew / Morgan
Record Keeping	Retain at NRV PDC with remote laptop access	<i>PDC Maintains</i>	Through July 2011	Straight / Morgan
Office / Meeting Space	Retain at NRV PDC as well as use of Morgan home office	<i>Completed</i>	Through July 2011	Morgan

Virginia First Regional Industrial Facility Authority - Program of Work 2009-2011

Adopted 4-08-09 and Updated
6-21-10

		<u>TASK</u>	<u>CURRENT STATUS</u> <i>Completed Items Shown in Italics</i>	<u>TIMING</u>	<u>STAFF ASSIGNED</u>
ADMINISTRATION (Continued)					
Communications					
Agendas	Retain at NRV PDC, with notebook format available for each member that includes Program of Work, minutes, staff reports, etc.		<i>PDF versions posted on NRV PDC webpage</i>	Through July 2011	Straight / Morgan
Correspondence	Retain at NRV PDC		<i>PDC Maintains</i>		Straight / Morgan
Telephone	Use PDC landline and cell/PDA for Ex Dir		<i>PDC Maintains</i>		Gilbertson/ Morgan
E-mail	Use PDC mail server and wireless PDA for Ex Dir		<i>PDC Maintains</i>		Gilbertson/ Morgan
Internet	Update VA 1st Website		<i>PDC Maintains</i>	2009-10	Gilbertson/ Morgan
PROFESSIONAL SERVICES					
Legal Counsel	Update procurement		Jim Guynn	2009-10	Morgan
Financial Auditor	Update procurement		Robinson, Farmer, Cox	2009-10	Morgan
Engineering	Update procurement		Draper-Aden / Anderson&Assoc	2009-10	Morgan
STRATEGIC PLANNING					
Regional Economic Development Needs	Emphasis on current regional workforce strengths and regional site development opportunities		Reassessment is due 10 years since VA 1st formed	2009-10	Morgan
Regional Economic Development Opportunities	Explore opportunities for investment and revenue sharing for all VA 1st members through new participation committees		VA 1st has established no regional projects except Commerce Park and recent Nanotechnology initiative	2009-11	Morgan
Frequency	Initial 2 year cycle of review and re-adoption		Consider Schedule at July 2010 Annual Authority Meeting	2009-11	Morgan
FINANCE					
Dues	Reassess long term requirements		<i>\$1,500 - \$2,500 adequate - remainder to accrue to excess funds</i>	2009-10	Morgan
Banking Use of Reserve	Update procurement		Coordinated through NRV PDC	2009-10	Morgan
Proposed Regional Economic Development Grant and Loan Program	Revisit as a mechanism to insure all VA 1st members have access to VA 1st resources		\$600,000 available as members unanimously agree for varying use of each member's \$40,000 share	2009-10	Morgan
Support of Participation Committees	Consider equitable policy to allow access without restricting non-participating members			2009-10	Morgan
Budgeting	Assign to Executive Director		FY 2011 Budget approval due by July 14, 2010	2010	Morgan

Virginia First Regional Industrial Facility Authority - Program of Work 2009-2011

Adopted 4-08-09 and
Updated 6-21-10

<u>TASK</u>	<u>CURRENT STATUS</u> <i>Completed Items Shown in Italics</i>	<u>TIMING</u>	<u>STAFF ASSIGNED</u>	
OTHER POTENTIAL PARTICIPATION COMMITTEES				
Project NEEMO				
Prospectus Development	Suggest Commerce Park role in Project NEEMO, including WWTP site, land dedication & equity share	Identification of private and public sector participants underway	2009-11	Morgan
Participation Committee Organization	Offer assistance in establishing an administration and financial structure	Participants will require an organizational structure	2011	Morgan
Project Implementation	Assist with program of work development as recommended by VA Tech Office of Economic Development	Programmatic versus Capital Facility focus now suggested as described in NRV NanoFab Business Plan	2010-11	Morgan
NRV Competitiveness Center	Assist with defining options and implementing restructuring	Components of Participation Committee to acquire center to be developed - No non-taxable advantage to VA 1st	Jul-10	Morgan
NRV Wireless Authority	Offer assistance with developing participation committee and serve as applicant for broadband funding through National Telecommunication and	Pending Federal funding approval and coordination by Citizen's Telecommunications	2009-10	Morgan
COMMUNITY RELATIONS				
<u>For Virginia 1st Authority and Participation Committees</u>				
Recognition of Past Leadership	Schedule an opportunity to express appreciation for Board and staff service	<i>Celebrated service of former Executive Director David Rundgren in summer - fall of 2009 - Consider involving past leaders in strategic planning</i>	2009-10	Morgan
Publication of History, Achievement & Goals	A concise description of the VA 1st achievements and future goals should be readily available to stakeholders and the general public	Significant resources have been invested in VA 1st organization and Commerce Park development	2009-10	Morgan

Virginia's First Regional Facility Authority Proposed Budget 2010-2011

**New River Valley Commerce Park
Proposed for Consideration July 14, 2101
July 2010 - June 2011**

	FY 2010 Adopted	FY 2011 Adopted
Contracted Administration:	\$43,360	\$43,360
Administration Expenses	\$6,035	\$8,035
Project Development	\$0	\$30,000
Professional Services	\$4,600	\$4,600
Site Maintenance	\$17,836	\$17,900
Capital Outlay	\$0	\$0
Total Debt Service	<u>\$356,525</u>	<u>\$356,525</u>
Total Expenses	<u>\$428,356</u>	<u>\$460,420</u>
Participant Shares		
Bland County	\$5,900	\$5,900
Craig County	\$5,844	\$5,844
Giles County	\$55,851	\$55,851
Montgomery County	\$55,851	\$55,851
Pulaski County	\$180,172	\$180,172
Roanoke County	\$29,255	\$29,255
City of Radford	\$23,258	\$23,258
City of Roanoke	\$27,500	\$27,500
Town of Dublin	\$2,968	\$2,968
Town of Pearisburg	\$5,900	\$5,900
Town of Pulaski	\$20,001	\$20,001
Subtotal Shares	<u>\$412,500</u>	<u>\$412,500</u>
Interest (Estimated)	\$5,000	\$5,000
Land and Building Leases	\$13,795	\$15,478
Total Estimated Income	<u>\$431,295</u>	<u>\$432,978</u>
Transfer from fund balance or VA 1st Grant	\$0	\$30,000
Balance -deficit	<u>\$2,939</u>	<u>\$2,558</u>
Virginia's	First Regional Industrial Facility Authority	
	Proposed Budget	
	July 2010 - June 2011	
	FY 2010	FY 2011
	Adopted	Proposed
Contracted Personnel:		
PDC Staff Services	\$8,926	\$8,926
Contracted Management	\$6,000	\$6,000
Transportation - Travel / Per Diem	\$2,400	\$2,400
	<u>\$17,326</u>	<u>\$17,326</u>
Administration Expenses		
Office Space	\$824	\$824
Telephone	\$50	\$50
Office Supplies	\$100	\$100
Postage	\$352	\$352
Copies	\$400	\$400
Media / Advertising	\$300	\$300
Insurance	\$550	\$550
Miscellaneous	\$100	\$500
	<u>\$2,676</u>	<u>\$3,076</u>
Project Development		
Professional Services		
Legal	\$4,000	\$4,000
Audit	\$2,100	\$2,100
	<u>\$6,100</u>	<u>\$6,100</u>
Total Expense	<u>\$26,102</u>	<u>\$26,502</u>
Anticipated Income		
Member Dues @ \$5,000	\$75,000	\$75,000
Interest	\$5,000	\$5,000
Total Income	<u>\$80,000</u>	<u>\$80,000</u>
Balance -deficit	<u>\$53,898</u>	<u>\$53,498</u>

[history](#) | [hilite](#) | [pdf](#)**CHAPTER 531**

An Act to amend and reenact § [15.2-6415](#) of the Code of Virginia, relating to the Virginia Regional Industrial Facilities Act.

[H 1206]

Approved April 11, 2010

Be it enacted by the General Assembly of Virginia:

1. That § [15.2-6415](#) of the Code of Virginia is amended and reenacted as follows:

§ [15.2-6415](#). Dissolution of authority.

A member locality of an authority may withdraw from the authority only (i) upon dissolution of the authority as set forth herein, or (ii) with the majority approval of all other members of such authority, upon a resolution adopted by the governing body of a member locality and after satisfaction of such member locality's legal obligations, including repayment of its portion of any debt incurred, with regard to the authority, or after making contractual provisions for the repayment of its portion of any debt incurred, with regard to the authority, as well as pledging to pay general dues for operation of the authority for the current and succeeding fiscal year following the effective date of withdrawal. No member seeking withdrawal shall retain, without the consent of a majority of the remaining members, any rights to contributions made by such member, to any property held by such authority or to any revenue sharing as allowed by §§ [15.2-6406](#) and [15.2-6407](#). Upon withdrawal, the withdrawing member shall also return to the authority any dues or other contributions refunded to such member during its membership in the authority. Whenever the board determines that the purpose for which the authority was created has been substantially fulfilled or is impractical or impossible to accomplish and that all obligations incurred by the authority have been paid or that cash or a sufficient amount of United States government securities has been deposited for their payment, or provisions satisfactory for the timely payment of all its outstanding obligations have been arranged, the board may adopt resolutions declaring and finding that the authority shall be dissolved. Appropriate attested copies of such resolutions shall be delivered to the Governor so that legislation dissolving such authority may be introduced in the General Assembly. The dissolution of an authority shall become effective according to the terms of such legislation. The title to all funds and other property owned by such authority at the time of such dissolution shall vest in the member localities which have contributed to the authority in proportion to their respective contributions.

[Legislative Information System](#)



Virginia's First Regional Industrial Facility Authority

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www.nrvpdc.org/vafirst.html

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Brad Jones

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Morgan Welker
John Hawley,
Executive Committee

RESOLUTION OF APPRECIATION

Whereas, the Virginia's First Regional Industrial Facility Authority was formed in 1999 to serve the counties of Bland, Craig, Giles, Montgomery, Pulaski, Roanoke, Wythe; the cities of Radford, Roanoke, Salem; and the towns of Christiansburg, Dublin, Narrows, Pearisburg, Pulaski; and

Whereas over the years of the Authority's existence local government member needs and expectations regarding regional endeavors have evolved along a variety of paths; and

Whereas in recognition of the economic development potential of the Authority, as well as the need for a flexible organizational format, legislators representing Virginia's First member localities have been responsive to requests for changes in Chapter 64 of Title 15.2 of the Code of Virginia, the Virginia Regional Industrial Facilities Act, to accommodate the long term viability of the Authority;

Now Therefore Be It Resolved, that the Board of Directors of the Virginia's First Regional Industrial Facility Authority do express appreciation for the adoption of Chapter 531 of the 2010 Acts of Assembly of the General Assembly, Commonwealth of Virginia, which allows for a plan of member withdrawal; and

Be It Further Resolved, that the Board expresses particular appreciation to Delegates Anne B. Crockett-Stark, David A. Nutter, and Onzlee Ware for introducing legislation leading to the adoption of Chapter 531 and to Delegate Crockett-Stark for guiding the amendment through the legislative process in her capacity as Chair of Subcommittee Number One of the House of Delegates Committee on Counties, Cities and Towns.

Adopted this fourteenth day of July, 2010

Attest:

Mary Biggs, Chair, Virginia's First Regional Industrial Facility Authority

Proposed Virginia's First Regional Industrial Facility Authority Excess Funds Distribution -

<u>Locality</u>	<u>Additional Commerce Park Shares for W&S Expansion</u>	<u>Dues</u>	<u>New Economic Development Projects</u>	<u>Rebate</u>	<u>Total</u>
Bland	\$27,273		\$12,727		\$40,000
Craig	\$27,273		\$12,727		\$40,000
Giles	\$27,273		\$12,727		\$40,000
Montgomery	\$27,273		\$12,727		\$40,000
Pulaski Co	\$27,273		\$12,727		\$40,000
Roanoke Co	\$27,273		\$12,727		\$40,000
Wythe			\$40,000		\$40,000
Radford	\$27,273		\$12,727		\$40,000
Roanoke City	\$27,273		\$12,727		\$40,000
Salem			\$40,000		\$40,000
Christiansburg		\$5,000	\$35,000		\$40,000
Dublin	\$27,273		\$12,727		\$40,000
Narrows		\$17,500	\$22,500		\$40,000
Pearisburg	\$27,273		\$12,727		\$40,000
Pulaski	\$27,273		\$12,727		\$40,000
Total	\$300,000	\$22,500	\$277,500	\$0	\$600,000

May 2010

Planning for Nanotechnology Initiatives in the New River Valley



Prepared By:

Mel Jones

Dave Nutter

John Provo, Ph.D.

OFFICE OF ECONOMIC DEVELOPMENT

702 University City Boulevard • Blacksburg, Virginia 24061-0162 • 540.231.5278 • Fax: 540.231.8850

Project Background and Summary

In the fall of 2008, Virginia Tech's Office of Economic Development (OED) and Business Technology Center (BTC) conducted an industry cluster study examining the prospects for a proposed nanotechnology park in Pulaski County. The study identified almost 300 U.S. nanotechnology firms that are offering their products in the commercial marketplace and are potential targets for relocation to Virginia. The study also found that the number of competitors to a nanotechnology business park, specifically targeting companies at this stage of development is extremely limited. Since the completion of the initial Virginia Tech study, the New River Valley Economic Development Alliance (NRVEDA) has funded a marketing outreach effort targeting the firms identified in the original report. This led to follow-up discussions between the identified companies and NRVEDA.

The following year OED and BTC were asked to develop a business plan for this initiative. Additionally, they were tasked with updating the market analysis completed during the 2008 study. . This included a review of funding trends, input from Virginia Tech researchers on the state of the nanotechnology industry , and an assessment of information on target firms.

As summarized in this document, federal funding for nanotechnology research and early stage commercialization remains strong and Virginia is a national leader in securing these funds. From its research,

OED identified a niche for the region by assisting nanotechnology firms in addressing environmental health and safety applications for for this new technology. Working with an advisory committee of local, regional, and state stakeholders¹ OED and BTC further explored this direction and refined the concept into a business plan under a separate cover, delivered with this document.

Nanotechnology Funding Trends

The National Science Foundation (NSF) continues to devote substantial grant money to nanotechnology. As identified in Figure 1 , funds have remained between \$100M and \$150M over the past three years. As noted in Figure 2 (, NSF has continued to invest significant funds in the Southern region , with Virginia winning approximately \$20M in 2009. Virginia Tech has won the most NSF grants in the state by far.

¹ Members, all of whom the authors are greatly indebted to, include: Aric Bopp (New River Valley Economic Development Alliance), Dr. David Clark (Virginia Tech Materials Science), Beth Doughty (Roanoke Valley Economic Development Partnership), Jim Flowers (VT Knowledgeworks), Dr. Roop Mahajan (Virginia Tech Institute for Critical Technology and Applied Science), Michael Miller (Virginia nanoTech), Joe Morgan (Virginia's First Industrial Development Authority), Twyla Powell (Virginia Economic Development Partnership), Ray Smoot (Virginia Tech Foundation); John White (Town of Pulaski Economic Development).

Figure 1: Aggregate Amount Awarded by NSF

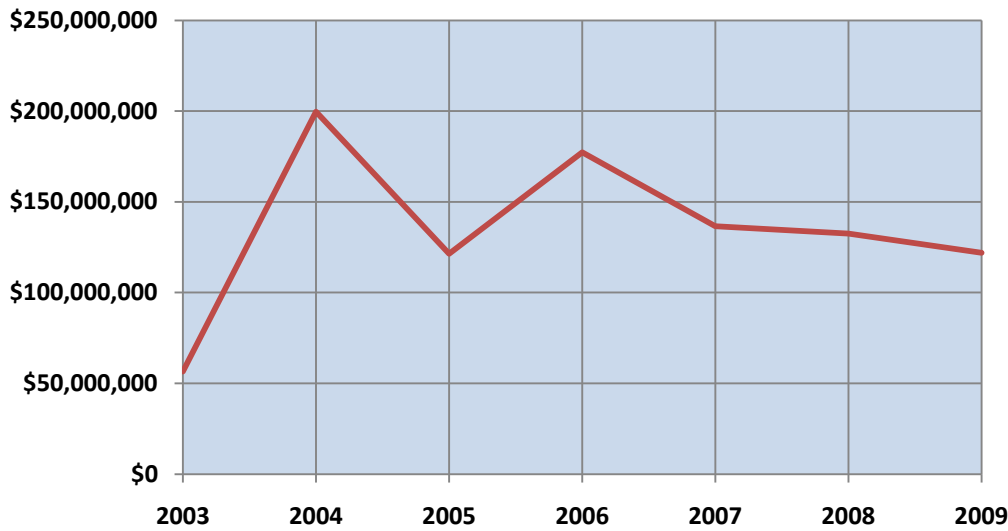
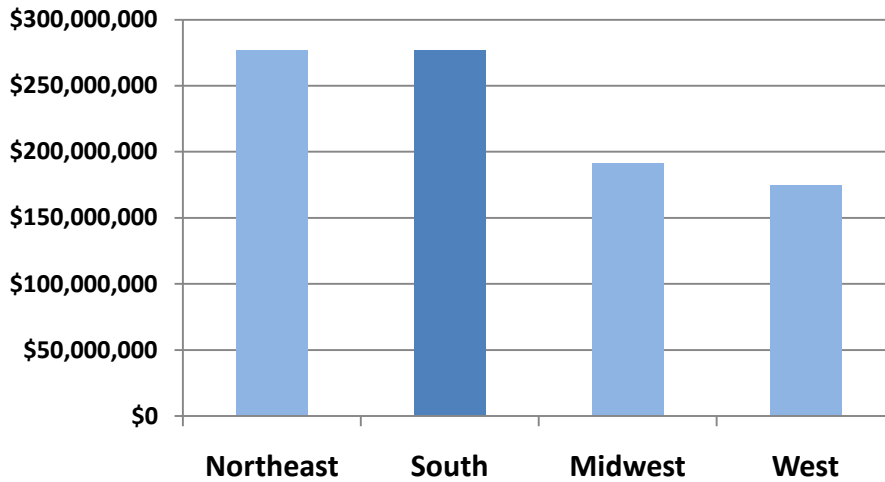
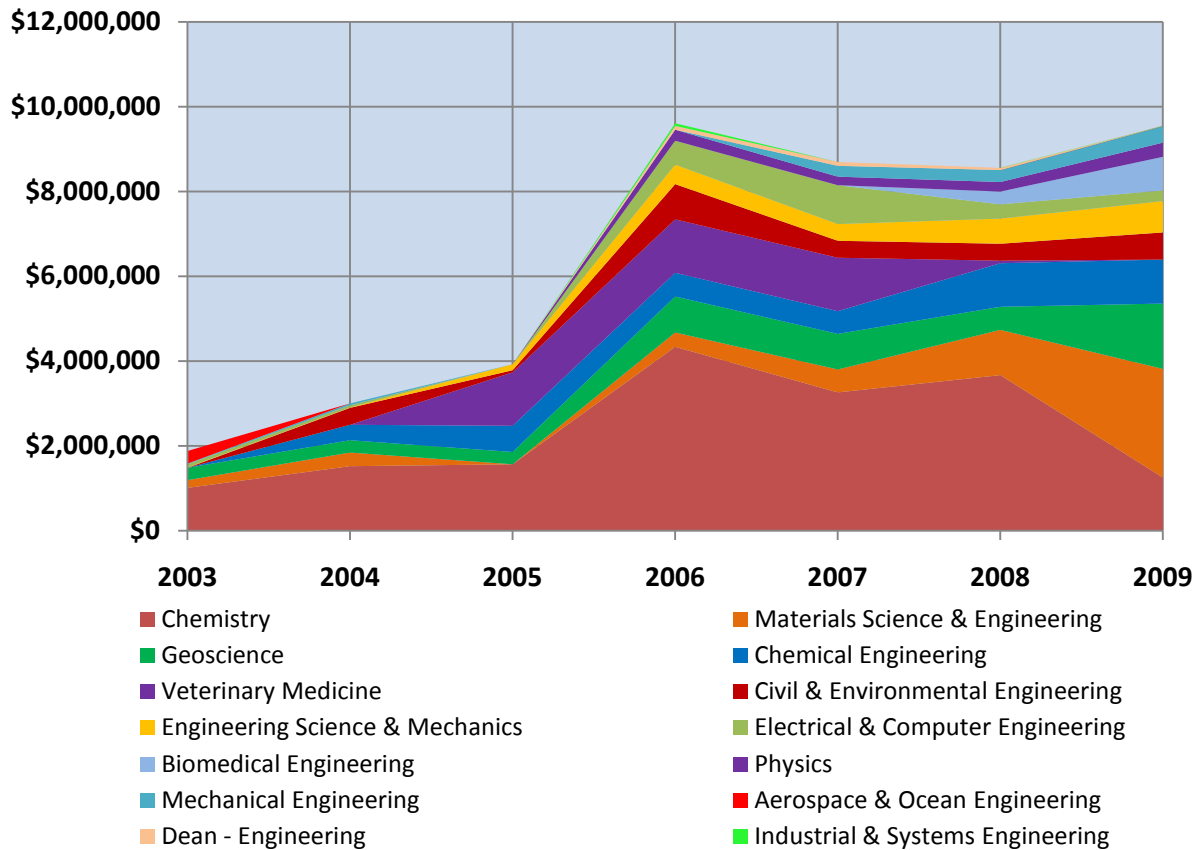


Figure 2: Aggregate 2009 NSF Funds Awarded by Region



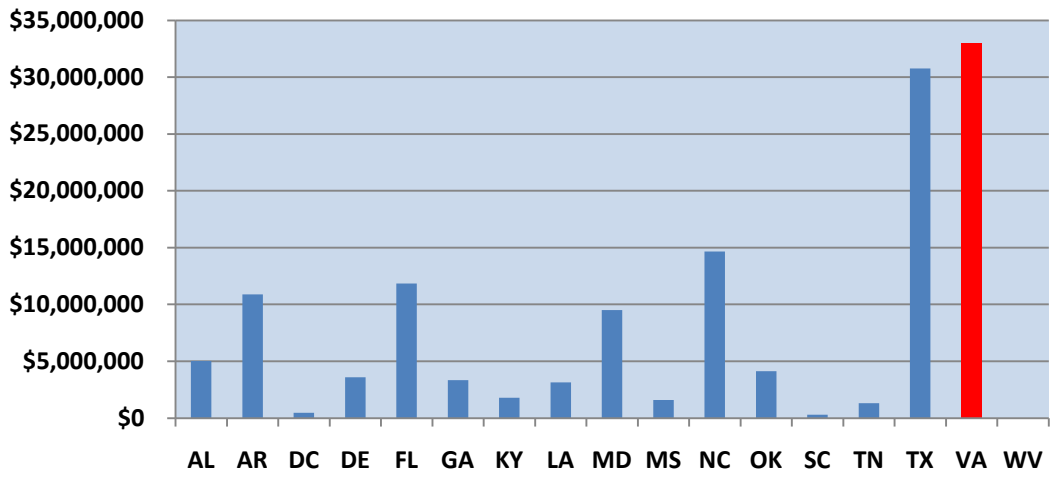
Aggregate yearly awards to Virginia Tech for nanotechnology have continued to rise. The school was granted approximately \$10M for nanotechnology related work in 2009. As detailed in Figure 3 (following page), the bulk of those awards are to the departments of Chemistry, Materials Science and Engineering, Geoscience, and Chemical Engineering. Nearly a third of the total grant money was won by other departments including Veterinary Medicine, Physics and Electrical and Computer Engineering.

Figure 3: Aggregate Nanotechnology Awards to Virginia Tech Departments



Small Business Innovation Research (SBIR) funding for nanotechnology advancements have increased since a severe reduction in 2007. Approximately \$60M was granted for nanotechnology in 2008. As noted in Figure 4 (following page) Virginia received more of those funds than any other state, about \$32M in 2008. Also note that grants from the National Institute of Standards and Technology are increasing substantially, although NIST has not yet reported data on that increase.

Figure 4: SBIR Funds Award for Nanotechnology in the US South



Technology Focus Group Results

The Technology Focus Group brought together many of the top nanotechnology research faculty at Virginia Tech. With input from the focus group, assumptions from the 2008 report were challenged and the project's direction was changed from the concept of a bricks and mortar nanotechnology park to the design of a nanotechnology environmental health and safety program. In assessing how industry will commercialize this technology, Virginia Tech faculty stressed that nano-materials will ultimately be incorporated into practically every product imaginable. This will present significant environmental concerns at various stages of the manufacturing process. For that reason, the focus group confirmed that a facility or program that could help companies minimize or eliminate the potential health effect of nano-materials would be a significant asset. Areas of focus might include effective ways to contain nano-materials, air filtration systems, and waste management.

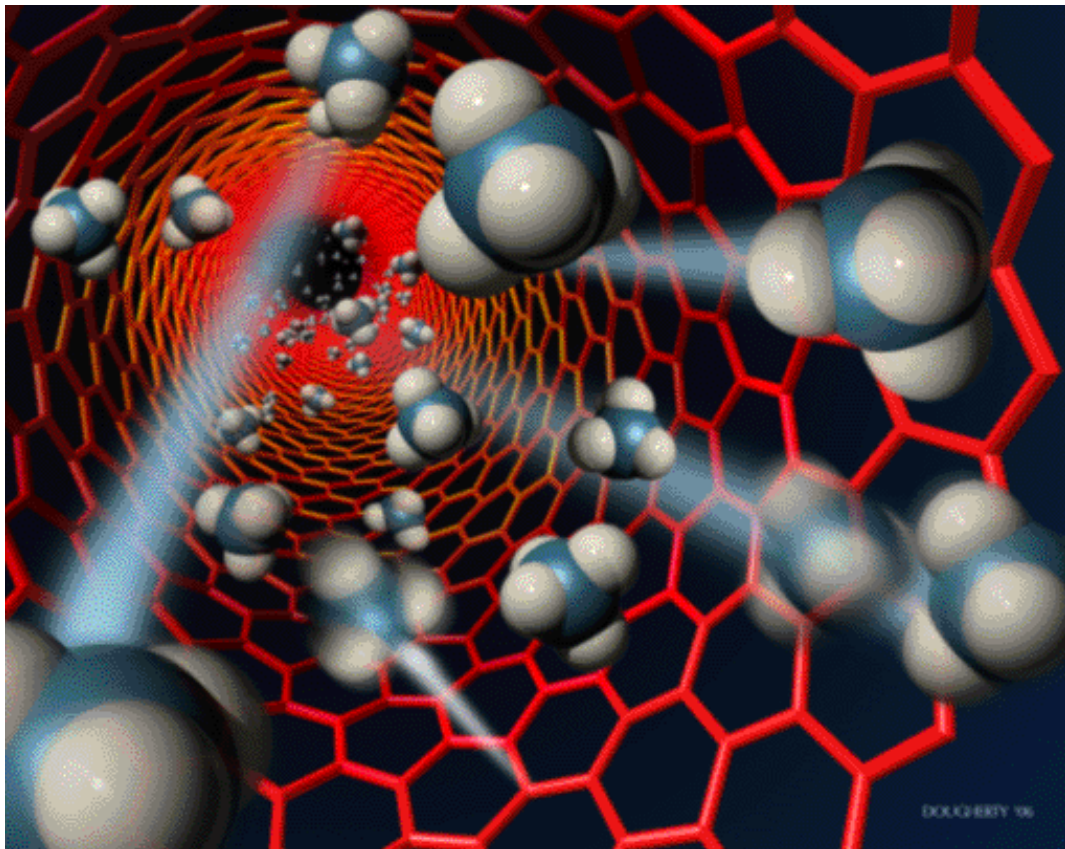
The Technology Focus Group also discussed possible resources for a future program or facility. Virginia Tech's Institute for Critical Technologies and Applied Sciences (ICTAS) goal is to develop an "intermediary facility" to assist the tiers of development between research and manufacturing.

Other resources that could assist with the objectives of the project include NIST's Center for Nanoscale Science and Technology operates a nanofabrication or NanoFab portal

that assists industry and academia with a suite of tools and processes for nanofabrication. (www.nist.gov/cnst/) The NIST Nanotechnology Portal reports on progress made toward establishing environment health and safety standards for nanotechnology research and industry.

In assessing the health and safety needs of nano-materials, researchers and manufacturers will be increasingly concerned with the responsible management of these materials in the future, since practically every product will contain some type of nano components. The technology focus group predicted that many companies may need to have their materials or products manufactured in the U.S. where quality assurances will be higher and consumer confidence will be critical in achieving broad consumer acceptance to incorporating this technology. . In sum, environmental health and safety programs to support the nanotechnology industry could be a profitable venture and an asset to the region. .

New River Valley NanoFab Hub



Business Plan

April 2010

Richard Daugherty, Ph.D.

Virginia Tech Business Technology Center

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New River Valley NanoFab Hub Business Plan Executive Summary

The U. S. market for nanomaterials is projected to increase from the current \$1 + billion to \$35 billion by 2020. The New River Valley NanoFab Hub (NNH), as proposed in this business plan, will support the development of an industrial cluster in Southwest Virginia for the commercialization of nanomaterials. The total nanomaterials market will be met through both large manufacturing companies and smaller specialty materials companies that will supply specific, unique materials needed for many nano-enabled product applications. It is the smaller, specialty nanomaterials companies that are the target companies for the New River Valley nanomaterials industry cluster.

The New River Valley NanoFab Hub will serve as advocate for its member companies, working with regional resources to meet its member company needs as well as providing and/or creating any missing requirements. As such, it will:

- Expand the regional entrepreneurial community beyond that championed by the Virginia Tech Corporate Research Center to include commercial production of nanomaterials and associated activities
- Leverage Virginia Tech's research programs, faculty resources and facilities in nanotechnology; these include:
 - Faculty expertise and research programs
 - Departmental and ICTAS nanotechnology research programs
 - ICTAS Nanoscale Characterization and Fabrication Laboratory
- Assist nanomaterials companies locating in the New River Valley in securing appropriate manufacturing space and government incentives
 - NNH will ensure office space and prototype manufacturing facilities are also available for ventures still in the process of transitioning to a production-size facility
- Leverage existing business development assistance programs in the region to support NNH member companies; this will include programs available through
 - VT KnowledgeWorks business acceleration center
 - Virginia Tech Business Technology Center
- Working with New River Community College and Virginia Tech to ensure that the technically trained workforce required by NNH member companies is available in the region
- Provide Environmental, Health and Safety (EHS) program development expertise and support; this will include

- Identifying the applicable EHS nanomaterials database information for each member company
 - Assisting each member company develop an initial EHS program appropriate for its production process
 - Coordinating with federal regulatory agencies to ensure member company EHS program compliance
 - Partnering with companies like NanoSafe, Inc., which is based in the Corporate Research Center, for the transition to the EHS program required in production
- Identify initial and first-stage investment sources for member companies

The overarching purpose of the proposed New River Valley NanoFab Hub will be to provide assistance to its member companies with respect to addressing environmental, health and safety (EHS) concerns in the commercial production of their nanomaterials products. Its staff will have the necessary expertise and professional networks to advise companies on the state-of-the-art of nanomaterials EHS, how it applies to their particular products, and the regulatory requirements that must be met. Through its developed relationships with federal agency personnel and companies like NanoSafe, it will help them develop their initial company EHS protocols and program that will ensure the health and safety of their employees and the environment.

A 2009 survey of potential target companies identified that at least ten are interested in relocating to the New River Valley if the NNH were established.

Support for the NNH will be provided by its member companies and the owners of local manufacturing buildings that will be leased by the companies; additional funding will be provided by local, state and federal economic development agencies. The total government funding needed over the initial ten years of NNH operations will be less than \$1.75 million.

The New River Valley NanoFab Hub will create a new industrial cluster in the region focused on the production of specialty nanomaterials. By 2025, it is projected that NNH will have created over 182 high-technology jobs within the companies associated with NNH. An additional 200 jobs will also be created as a result of the creation of the nanomaterials industry cluster. By 2025, the annual property tax revenues resulting from NNH member companies are expected to be almost \$200,000.

Over the first fifteen years of its operations (2011 – 2025), NNH associated companies are projected to have created an economic impact on the New River Valley region of over \$500 million.

1.0 Introduction

The New River Valley NanoFab Hub (NNH), as proposed in this business plan, will support the development of an industrial cluster in Southwest Virginia for the commercialization of nanomaterials.

In 2008, the Project on Emerging Nanotechnologies (PEN) identified over 800 commercially available nanotechnology-enabled products being used in or being developed for:

- Transportation applications, including the aerospace and automotive industries
- Electronics and optical applications
- Consumer products, including sporting goods
- Environmental applications
- Energy applications, especially renewable energy
- Life sciences applications
- Pharmaceutical and medical applications, especially drug delivery, implant coating, sensing and diagnostic applications
- Defense and military applications

Nanomaterials, with their unique physical and chemical properties resulting from their 1-100 nanometer size, are the starting materials for these products, as shown in Figure 1. Examples of nanomaterials include nanotubes, quantum dots, dendrimers, and fullerenes.

Figure 1. Nanotechnology Value Chain

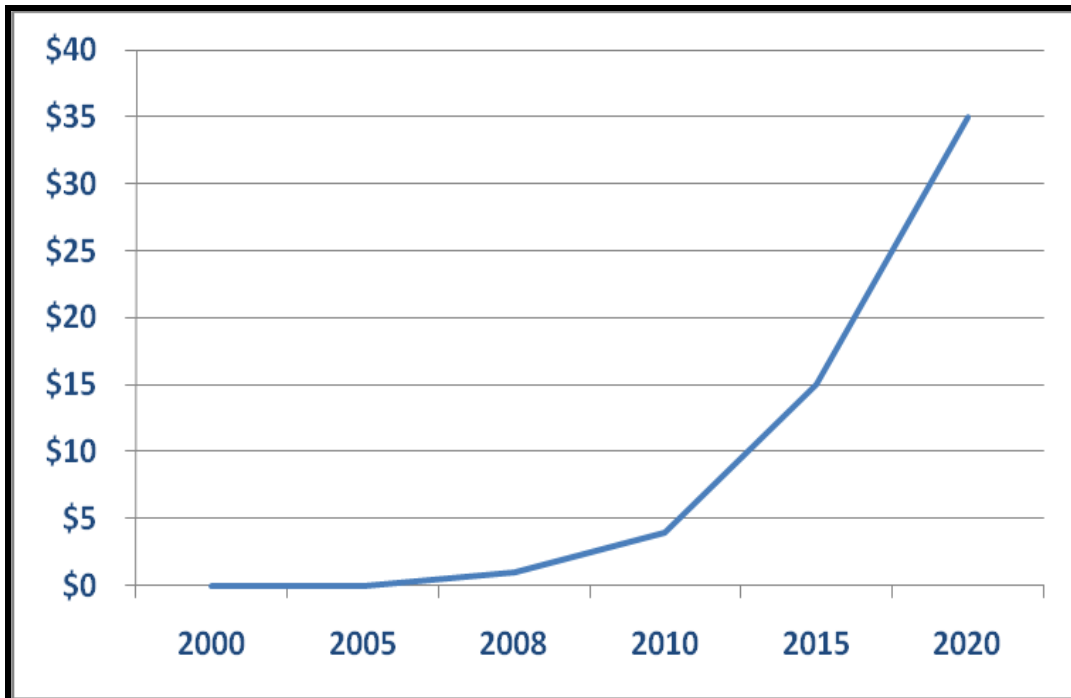


Overall, the U. S. market for nanomaterials is expected to increase from the current \$1 + billion to \$35 billion by 2020, as shown in Figure 2. This market will be met through both large manufacturing companies and smaller, specialty materials companies that will supply specific, unique materials needed for many nano-enabled product applications. It is the smaller, specialty nanomaterials companies that are the target companies of the New River Valley nanomaterials industry cluster.

As part of a regional study conducted in 2007-2008 to assess the potential for establishing a nanomaterials industry cluster in the New River Valley, the Virginia Tech Business Technology Center identified close to 300 nanomaterials ventures in the United States that had completed their initial materials development and were (or were ready to begin) providing product to companies for evaluation. These companies were contacted in 2009 to verify they were ready to initiate commercialization of their product developments and assess their interest in establishing

their commercial operations in the New River Valley if the proposed NNH were established. Over ten companies stated their interest in moving to the New River Valley if the NNH were established.

Figure 2. U. S. Nanomaterials Market Projection, Billions of Dollars
Sources: Lux Research, Freedonia Group, Global Industry Analysts



2.0 EHS and Commercialization of Nanomaterials

2.1 Introduction

Nanomaterials exhibit unique and extraordinary physical and chemical properties as a result of their 1-100 nanometer size. However, because of their size and other characteristics, there are also environmental, health and safety concerns associated with their use. This is especially a concern in commercial manufacturing operations where environmental, workplace and disposal issues need to be addressed.

Particle size and surface area are important material characteristics from a toxicological and health perspective because as the size of a particle decreases, its surface area increases, which allows a greater proportion of its atoms or molecules to be displayed on its surface. The atoms or molecules on the surface of nanomaterials may be chemically and biologically reactive, potentially contributing to the development of adverse health effects. Other physical and chemical properties of nanomaterials such as shape, size distribution, surface coating, charge, crystallization, purity, aggregation potential and solubility may also affect the physicochemical characteristics and transport properties of nanomaterials. They could negate or amplify any environmental, health and safety issues. Thus, the evaluation of the safety of nanomaterials requires a multi-disciplinary approach that includes toxicologists in addition to experts in materials science, chemistry, physics, biotechnology, and engineering.

Currently there is not enough knowledge with respect to the toxicity of most engineered nanoparticles, nor is there sufficient information about the characteristics of products containing nanomaterials, to establish safe exposure levels in the workplace. Although such matters may be addressed through professional judgment during the development of nanomaterials, these matters are of primary importance in commercial operations.

Since it may be possible to alter/adjust the physicochemical properties of nanomaterials with changes in the manufacturing process, such options also need to be included as part of the commercialization development process.

The overarching purpose of the proposed New River Valley NanoFab Hub will be to provide assistance to its member companies with respect to addressing environmental, health and safety (EHS) concerns in the commercial production of their nanomaterials products. Its staff will have the necessary expertise and professional network to advise companies on the state-of-the-art of nanomaterials EHS, how it applies to their particular products, and the regulatory requirements that must be met. Through its developed relationships with federal agency personnel and companies like NanoSafe, it will help them develop their initial company EHS protocols and program that will ensure the health and safety of their employees and the environment.

2.2 Government Agencies Addressing EHS Nanomaterials Concerns

Government agencies in both the U.S. and Europe are addressing the environmental, health and safety (EHS) concerns associated with nanomaterials. For companies associated with the New River Valley NanoFab Hub (NNH), the primary EHS concern is the occupational health and

safety of its employees in the workplace. Since 2004, the National Institute for Occupational Safety and Health (NIOSH), which is part of the Centers for Disease Control and Prevention within the U.S. Department of Health and Human Services, has served as the focal point for the exchange of information needed to ensure worker and workplace safety. Their activities include research that addresses the practical concerns of nanomaterials production:

- How might workers be exposed to nano-sized particles in the manufacturing or industrial use of nanomaterials
- What effects might nanoparticles have on the body's systems
- How do nanoparticles interact with the body's systems

The portion of NIOSH's proposed 2009 budget focused on understanding the EHS risks posed by nanomaterials was \$254 million. To date, NIOSH has prepared three documents that serve as a basis for nanomaterials EHS reviews:

- Approaches to Safe Nanotechnology
- Progress Towards Safe Nanotechnology in the Workplace
- Strategic Plan for NIOSH Nanotechnology Research and Guidance

It has also established general interim guidelines for companies working with nanoscale materials.

NIOSH coordinates its activities—and works in partnership with—labor, industry and other government agencies who are also stakeholders with respect to nanomaterials EHS concerns. This includes:

- The National Nanotechnology Initiative (NNI) Program, a cooperative activity among 25 federal agencies with research and regulatory responsibilities; 13 of these agencies have R & D budgets that relate to nanotechnology.
- The U.S. EPA has full legal authority to gather EHS information and require research regarding chemical substances of potential concern. It administers the Toxic Substance Control Act (TSCA), a comprehensive federal government regulatory scheme covering the manufacturing, distribution, sale and use of all chemical substances. Most of EPA's efforts under TSCA with respect to nanoscale materials are within its Nanoscale Materials Stewardship Program (NMSP) that was first implemented in 2008. NMSP collects existing data from manufacturers of engineered nanoscale materials for later use in possible regulations. The data submitted to date includes material characterization, hazards, use, potential exposure and risk management practices from about 30 companies for about 125 materials.
- The U.S. FDA formed a Nanotechnology Task Force in 2006 to assess the state of scientific knowledge on nano-related concerns and the effectiveness of existing food and drug regulations to address issues raised by nanotechnology. To date, no nanotechnology specific regulations have been issued.

NANOSAFE 2 was established in Europe to develop procedures that would ensure safe industrial production of nanoparticles. Their program is based on the paradigm of risk assessment and risk management; and includes:

- Nanoparticle detection for exposure assessment and control
- Toxicology to determine dose-response criteria and to identify hazards

It also provides an repository for existing nanomaterials EHS knowledge.

2.3 Nano Risk Framework

The relationship between a hazard, such as the inherent toxic property of a chemical, and the associated risk, the consequences of being exposed to the hazard at a particular exposure level, is the focus of EHS programs. In 2005, DuPont and the Environmental Defense organization formed a collaboration to develop an EHS framework applicable for the development, production, use and end-of-life disposal or recycling of engineered nanoscale materials that would provide a basis for their risk management. In 2007, they published their framework; and it provides a foundation for EHS nanomaterials programs. One of the premises of the framework is that managing risks earlier rather than later not only protects workers and users of nanomaterials, it also helps protect companies from potential liability or regulatory risks. In other words, proactivity needs to be a guiding principle in any EHS program since it may create alternatives to workplace procedures and the need for personal protective equipment through elimination of the risk or a substitution that negates the risk.

Risk assessment is the systematic scientific characterization of potential adverse health effects resulting from human or environmental exposures to hazardous agents or situations. It includes:

- Hazard identification, including the qualitative evaluation of the adverse effects of a substance
- Exposure assessment, including the evaluation of the types and magnitude or levels of exposure
- Dose-response evaluation, including the relationship between dose and incidence/severity of an adverse effect
- Risk characterization, including the quantitative estimation of the probable incidence of adverse health effects under various conditions of exposure and a description of the uncertainties included in the estimation

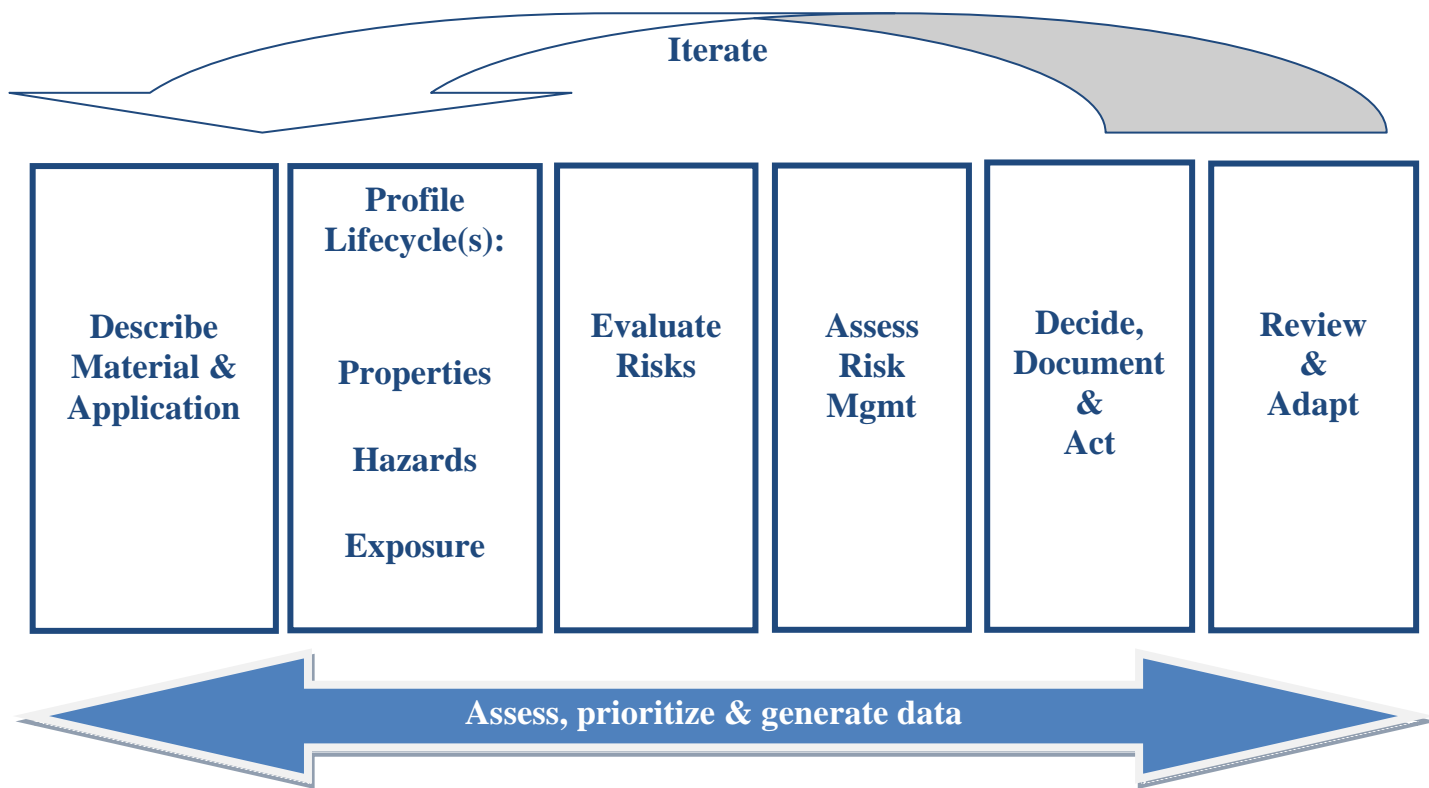
One common tool used in risk assessments is Multi-Criteria Decision Analysis (MCDA), in which:

- A set of criteria relevant to the decision at hand is created
- The preference parameters for the analysis model are defined
- The performance of each alternative is measured
- The information to address the concern/issue at hand is aggregated

and, from the analysis, the best alternative is chosen.

The six-step Nano Risk Framework, shown in Figure 3, provides a methodical procedure for recognizing potential EHS risks related to exposure to novel nanomaterials, the materials produced by NNH member companies. Obviously, the risk assessment needs to be followed by the development of a written, comprehensive health and safety program that addresses the identified hazards/risks. Such a program will include procedures for the installation and evaluation of workplace controls, procedures for selecting and using personal protective equipment, and the systematic evaluation of exposures. The procedures and the program will need to be reviewed periodically as new information about the hazards and risks is generated.

**Figure 3. Nano Risk Framework
Developed by Environmental Defense – DuPont Nano Partnership**



2.4 New River Valley NanoFab Hub EHS Support

As stated earlier, the overarching purpose of the proposed New River Valley NanoFab Hub will be to provide assistance to its member companies with respect to addressing environmental, health and safety (EHS) concerns in the commercial production of their nanomaterials products. This is especially important to NNH member companies as EHS procedures they have developed and applied in their laboratory work typically are not appropriate for the production environment. The NNH staff will have the necessary expertise and professional network to advise member companies with respect to their EHS needs by:

- Being cognizant of the available EHS information applicable to the nanomaterials being produced
- Knowing what is required to manage their technology safely and effectively in the production environment
- Providing expertise in engineering controls, work practices and management systems appropriate for their production processes so that all regulatory requirements are met

NNH will continually work with NIOSH and other federal agencies to maintain its understanding of the known data appropriate for particular nanomaterials production processes. It will also review EHS programs developed by other nanomaterials companies and researchers, such as Purdue University’s Birck Nanotechnology Center, to ensure its members are implementing best practices.

NNH member companies, because of their size, are expected to need to subcontract their EHS program maintenance to others with the appropriate core competencies and expertise; one such company is NanoSafe, Inc., with offices in Blacksburg, Virginia. Dr. Matthew Hull, President of NanoSafe, has developed a network with all of the agencies working on EHS nanomaterials concerns as well as the research community developing hazard-risk relationships for nanomaterials. NNH will partner with companies like NanoSafe, as appropriate, and employ the equivalent of NanoSafe’s Five Point EHS Program foundation in development of member company EHS programs to ensure the transition from NNH assistance to a subcontracted EHS program is minimal.

NanoSafe’s Five Point EHS Program is a proactive, web-enabled nanotechnology EHS management system that serves as an interface between industry, academia and the authoritative federal agencies, including NIOSH. It includes the five components shown in Figure 4.

Figure 4. NanoSafe’s Five Point EHS Program Framework



3.0 Opportunity

Innovation doesn't happen at the national level; it happens in regions that create an environment that supports business and where entrepreneurs are encouraged to gather, meet, pollinate ideas, and compete. The New River Valley NanoFab Hub (NNH) will create such an industry cluster for nanomaterials ventures pursuing commercialization of their technological innovations. As shown below, the New River Valley region already has many of the assets and supporting activities needed.

3.1 Entrepreneurial Community and Support Services

The Virginia Tech Corporate Research Center (CRC) was established in Blacksburg in the 1980s to develop a prestigious research park for high-technology companies in the New River Valley. In collaboration with Virginia Tech, the CRC advances the research, educational and technology transfer missions of the university while providing a focal point for the entrepreneurial community in the region. The CRC currently serves as the home for 140+ private high-technology companies and research centers, with a combined employment of over 2,000. As shown in Figures 6 and 7, these include the complete range of companies from student entrepreneurs to branch locations of national companies and public companies; they also include a diversity of technologies. The CRC has been recognized as an outstanding research park, both regionally and nationally. As such, it is an economic development driving force for the local economy.

Figure 5. Aerial View of the Virginia Tech Corporate Research Center



Figure 6. Breadth of Types of Companies at the CRC

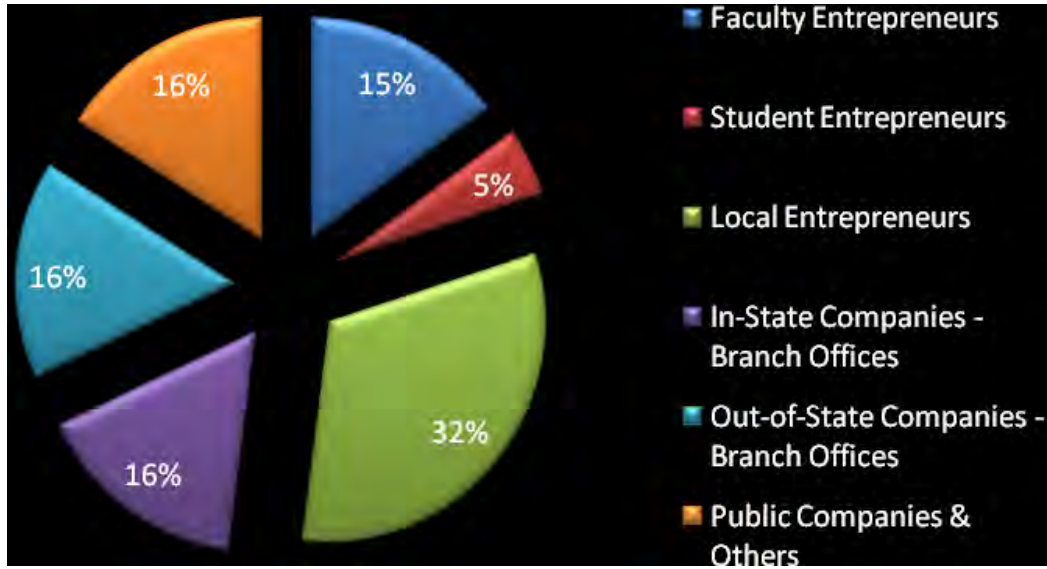
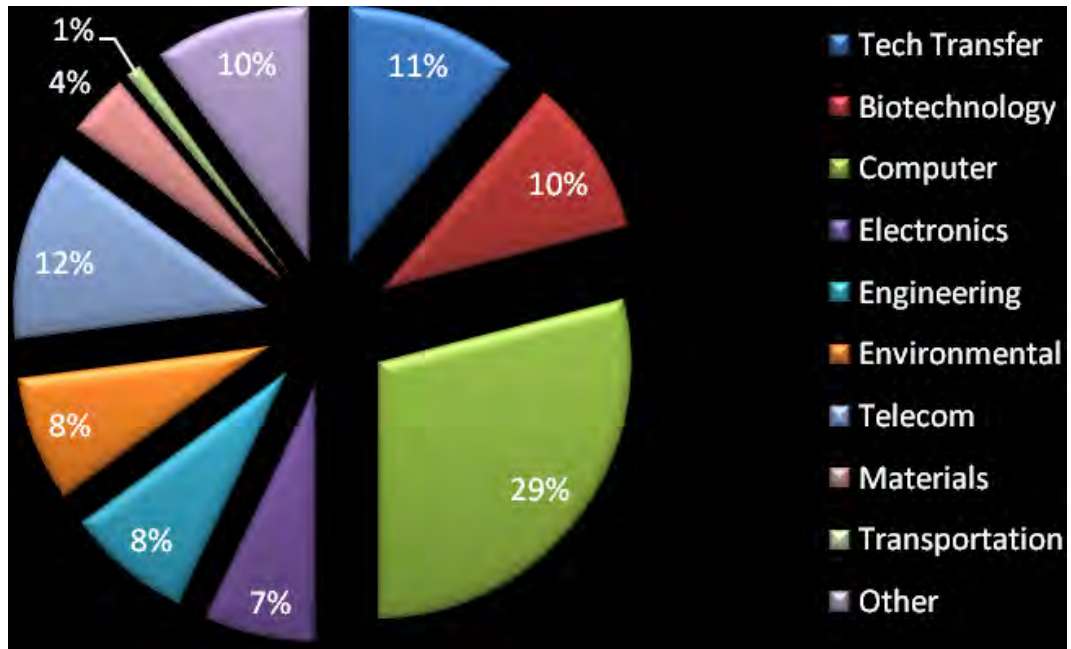


Figure 7. Diversity of Technologies Being Explored at the CRC



Within the CRC is VT KnowledgeWorks (VTKW), a business incubation/acceleration center serving high-technology based enterprises at all stages of the business life cycle. VTKW offers a wide spectrum of training and mentoring opportunities for entrepreneurs as well as assist them prepare for presentations to investor groups.

The Virginia Tech Business Technology Center, also housed at the CRC, provides assistance to entrepreneurs, small businesses and existing large businesses in assessing and quantifying their business opportunities as well as providing help in business plan development.

3.2 Nanotechnology Research Resources

Research funding for nanotechnology at Virginia Tech has been at the \$8-10 million/year level for a number of years. One of the foundations of these activities has been the Dorn Group in Nanotechnology at Virginia Tech, a group well known for its success in inserting metals into carbon molecules. The overall Virginia Tech program includes many materials science research projects, including printing technologies and renewable energy development. It also currently includes a grant involving researchers from geosciences and civil and environmental engineering who are part of a multimillion dollar, multi-university consortium addressing the environmental exposure, biological effects and ecological consequences of using nanomaterials.

Within Virginia Tech is the Institute for Critical Technology and Applied Science (ICTAS) that supports and promotes cutting edge research in technologies that will play a key role in transforming society in the 21st Century, as shown in Figure 8. The Institute provides a collaborative atmosphere for path-finding interdisciplinary research in eight research thrust areas that include Nanoscale Science and Engineering, Nano-Bio Interface, and Sustainable Energy. These three thrusts focus on:

- The understanding and control of matter at the nanoscale, with an eye on developing new materials, devices and systems for a wide spectrum of applications in electronics and computers, medicine and health, aeronautics and space explorations, environmental and energy, biotechnology and agriculture, materials and manufacturing
- Uncovering the structure and function of biosystems at the nanoscale for applications in such areas as targeted delivery of nanomedicines, body part replacement and regenerative medicine, cellular engineering microsystems, inflammation and nanoscale surgery
- The discovery of alternative energy resources to sustain and improve the quality of life; current focus is the development of renewable energy sources with hydrogen and enzymatic fuel cells, solar energy harvesting with organic photovoltaic cells, and collaborative research in geothermal, hydroelectric and wind power

Included within the resources of ICTAS is the Nanoscale Characterization and Fabrication Laboratory, a 16,000 sq ft laboratory building, shown in Figure 9, with instrumentation for bio-

and nano-characterization. This state-of-the-art facility is equipped with more than \$10 million of highly specialized equipment that includes:

- Field Emission Scanning Transmission Electron Microscope (FE-STEM)
- Field Emission Scanning Electron Microscope (FE-SEM)
- Focused Ion Beam/FE-SEM Workstation
- Environmental Scanning Electron Microscope
- Secondary Ion Mass Spectrometer
- Scanning X-ray Photoelectron Spectrometer Microprobe
- Multiphoton Excitation Microscope
- Bio-Atomic Force Microscope
- Nanoindenter Test Instrument
- Nanomanipulator for high resolution surface imaging
- Nuclear Magnetic Resonance Spectrometers

Figure 8. ICTAS Research Foci

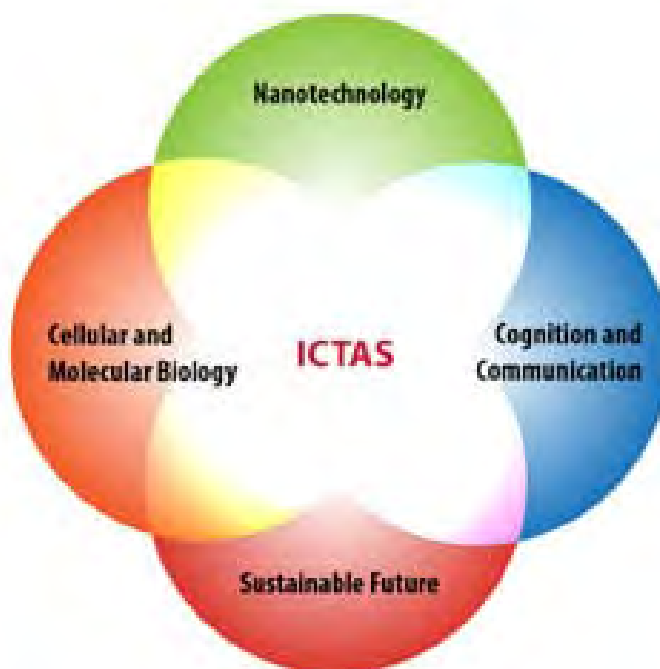


Figure 9. ICTAS Nanoscale Characterization and Fabrication Laboratory



Virginia Tech's Chemical Engineering and Mechanical Engineering Departments also provide a resource for the proposed New River Valley NanoFab Hub (NNH) since member companies will be heavily involved in production process development and design/construction of the associated production equipment. Active research areas in these departments include nanotechnology, polymer science and engineering, colloid and surface chemistry, biomolecular modeling, biochemical and tissue engineering, catalysis and surface engineering, computer-aided design and computational sciences, bio-engineering, dynamics/controls, energy systems and autonomous systems and robotics. Both departments are consistently ranked in the top 10-15% of U. S. university engineering departments nationally.

3.3 Nanomaterials EHS Resources

One of the companies resident at the Corporate Research Center is NanoSafe, Inc. It offers environmental health and safety (EHS) consulting, testing, and research and development services to nanotechnology companies. NanoSafe has developed an extensive network of contacts and relationships with the federal agencies involved in nanotechnology EHS research and regulation as well as professional and industrial nanotechnology EHS personnel. It has developed the Five-Point NanoSafe Framework that was mentioned earlier; and NNH will use this as the framework or an equivalent framework for its EHS program activities.

3.4 Workforce Development

NNH member companies will need knowledge workers for its innovation-based operations as their production processes will use automated, process-controlled equipment that require an educated workforce. Graduates of existing educational programs at Virginia Tech and New River Community College meet these requirements. New River Community College has existing Associate Degree programs within its Division of Business and Technologies for electronics, instrumentation and electrical, information technology, instrumentation and control

automation. These programs complement the more advanced engineering and science programs at Virginia Tech. NNH will work with both institutions when a need among its member companies arises for additional program offerings.

3.5 Venture Investment Opportunities

Startup financing, as well as first-stage financing, will be required by NNH member companies as they successfully launch their specialty nanomaterials products. Currently, there are not many such investment firms in the New River Valley; however, current activities within the New River Valley's entrepreneurial community are addressing this need. NNH will also be addressing this need as part of its activities.

3.6 Competitive NanoFab Centers

The mission of the New River Valley NanoFab Hub (NNH) is to provide the support required for the successful transition of nanomaterials developments to commercialization. The Virginia Tech Business Technology Center (BTC) reviewed U.S. centers with similar missions to identify possible competitive operations. In its review, it discovered a number of centers whose stated mission implied they could be competitors to NNH; however, upon closer examination of their activities to date, no center was found that is pursuing a mission similar to that of NNH:

- ***The New Venture Center in Madison, WI***, provides facilities, services and support needed for technology transfer and transition of research to the marketplace. The Center has a close relationship with the University of Wisconsin at Madison; and is providing space to a number of technology-based business ventures; these range from liquid crystal technology developments to biotech/medical diagnostic kit manufacture.

The Center is best classified as a technology incubator that is not focused on nanomaterials development.

- ***The National Nanotechnology Manufacturing Center in Swainsboro, GA***, is dedicated to promoting rapid commercialization of nano-based products. This includes facilitating companies with pilot-scale manufacturing capabilities. The Center relies on federal government funding grants; and its installed facilities primarily support electronic component development.

To date, no business ventures are active at the Center.

- ***Nano Rite Innovation Center in Eau Claire, WI***, has research facilities, wet lab space and a clean room that could support nanomaterials development venture companies.

The Center is a general technology business incubator that supports companies working in micromachining, micro-fabrication/photoetching and manipulation of matter at the molecular level.

- ***Pennsylvania NanoMaterials Commercialization Center in Pittsburgh, PA***, is a consortium of established companies and universities in Pennsylvania that works with the Air Force Research Lab to provide funding to startup ventures. The Center does not assist ventures beyond providing funding.

To date, the Center has invested in six companies developing photovoltaic fuel cells, light-emitting diodes and heat pipe components/products/applications employing nanomaterials.

The following centers were also reviewed by the BTC; but were not found to be competitors to NNH:

- Alliance for Nanomedical Technologies, Ithaca, NY
- Girvan Institute of Technology, Santa Clara/Los Angeles, CA
- Innovista at University of South Carolina, Columbia, SC
- Marcy NanoCenter, Rome, NY
- Innovation Valley NanoAlliance, Oak Ridge, TN
- Birck Nanotechnology Center, Purdue University
- Nanotech West, Ohio State University

4.0 New River Valley NanoFab Hub Value Proposition

The mission of the New River Valley NanoFab Hub (NNH) is to assist its member companies transition their nanomaterials technology developments into commercial products. The focus of these companies will be specialty nanomaterials for which the annual market will be less than 2,000-3,000 kilograms; prices for such materials will be at least \$1,000/kg in production quantities. Each member company is expected to develop multiple specialty nanomaterials from its technology base; however, total annual revenues for each company are expected to be less than \$10 million.

Such small companies will need testing/analysis, process development, marketing and/or EHS program support services for both their product development and production activities. Some of these, as discussed earlier, will be provided through the resources currently available in the New River Valley. Others, especially the development of required EHS programs, will be available through NNH.

NNH member companies are expected to use typical production facility space for their product development and production activities. Existing facilities in the New River Valley can meet these requirements; and, as such, NNH will work closely with existing building owners to assure its member company needs are met. Of course, each company will need to renovate their space to accommodate any specific production equipment and testing requirements.

4.1 Value Proposition

The New River Valley NanoFab Hub (NNH) will serve as advocate for its member companies, working with regional resources to meet its member company needs as well as providing and/or creating any missing requirements. As such, NNH will:

- Expand the regional entrepreneurial community beyond that championed by the Virginia Tech Corporate Research Center to include commercial production of nanomaterials and associated activities
- Leverage Virginia Tech's research programs, faculty resources and facilities in nanotechnology; these include:
 - Faculty expertise and research programs
 - Departmental and ICTAS nanotechnology research programs
 - ICTAS Nanoscale Characterization and Fabrication Laboratory
- Assist nanomaterials companies locating in the New River Valley in securing appropriate manufacturing space and government incentives
 - NNH will ensure office space and prototype manufacturing facilities are also available for ventures still in the process of transitioning to a production-size facility
- Leverage existing business development assistance programs in the region to support NNH member companies; this will include programs available through

- VT KnowledgeWorks business acceleration center
 - Virginia Tech Business Technology Center
- Working with New River Community College and Virginia Tech to ensure that the technically trained workforce required by NNH member companies is available in the region
 - Provide EHS program development expertise and support; this will include
 - Identifying the applicable EHS nanomaterials database information for each member company
 - Assisting each member company develop an initial EHS program appropriate for its production process
 - Coordinating with federal regulatory agencies to ensure member company EHS program compliance
 - Partnering with companies like NanoSafe, Inc., for the transition to the EHS program required in production
 - Identify initial and first-stage investment sources for member companies

Projected NNH activities are detailed in Section 5 of this document, as part of the financial projections. The projected economic impact of NNH’s activities in the New River Valley is also provided in Section 5.

4.2 Proposed Organizational Structure

The New River Valley NanoFab Hub (NNH) is proposed to be organized under the existing governing structure of Virginia’s First Regional Industrial Facilities Authority. The Authority was created in 1999 to enhance the economic base of fourteen jurisdictions in the New River and Roanoke River Valleys:

Pulaski County	City of Radford
Montgomery County	City of Roanoke
Wythe County	City of Salem
Bland County	Town of Pulaski
Roanoke County	Town of Dublin
Giles County	Town of Pearisburg
Craig County	Town of Narrows
Town of Christiansburg	

Through the Authority, NNH will receive support from those jurisdictions and private entities supporting it (the NNH Participation Committee); while NNH, through its member companies, will lease appropriate space, create high-technology jobs and support a new manufacturing base for the region.

5.0 Expected Impact of New River Valley NanoFab Hub

5.1 Financial Projection Assumptions

As stated above, the New River Valley NanoFab Hub (NNH) will create a new cluster in the New River Valley region focused on the production of specialty nanomaterials. Nanotechnology development concepts from all regions of the U.S. that have moved or are ready to move into customer Beta testing programs will be the source of NNH's member companies. Through its marketing activities and value proposition, NNH is expected to enlist at least one company per year initially and at least two companies per year by the third year of operations. By 2025, NNH is expected to have at least 23 member companies; this progression in NNH member companies is shown in Table 1.

Table 1. NNH Member Company Growth, 2011 - 2025

Year	Number of New Companies Entering NNH in Year
2011	1
2012	1
2013	2
2014	2
2015	2
2016	2
2017	2
2018	2
2019	2
2020	2
2021	1
2022	1
2023	1
2024	1
2025	1

Companies are expected to need 7,000 square feet for their operations over the first five years of development; at that point, they are expected to need to expand to 20,000 square feet to support a total annual production of 3,000 kilograms from one to three product offerings based on their core nanomaterials technology. These projections result in an average NNH member company reaching \$3 million in annual revenues within 9 years of joining NNH, as shown in Table 2.

Table 2. Individual Company Projected Production Levels and Revenues
Note: Initial years are devoted to production process development and market introduction

Year Since Joining NNH	Level of Production & Selling Prices			Total Revenues, Dollars	Rental Space, Sq Ft
	First Product	Second Product	Third Product		
1	25 kg @ \$1,500/kg	-	-	\$37,500	7,000
2	50 kg @ \$1,500/kg	-	-	\$75,000	7,000
3	100 kg @ \$1,400/kg	-	-	\$140,000	7,000
4	200 kg @ \$1,325/kg	25 kg @ \$1,500/kg	-	\$302,500	7,000
5	400 kg @ \$1,250/kg	50 kg @ \$1,500/kg	-	\$575,000	7,000
6	600 kg @ \$1,175/kg	200 kg @ \$1,325/kg	50 kg @ \$1,500/kg	\$1,045,000	20,000
7	800 kg @ \$1,100/kg	600 kg @ \$1,175/kg	200 kg @ \$1,325/kg	\$1,850,000	20,000
8	900 kg @ \$1,050/kg	800 kg @ \$1,100/kg	600 kg @ \$1,175/kg	\$2,530,000	20,000
9+	1,000 kg @ \$1,000/kg	1,000 kg @ \$1,000/kg	1,000 kg @ \$1,000/kg	\$3,000,000	20,000

These projections result in a need for about 400,000 square feet of manufacturing space in the region by NNH member companies by 2025.

Some new NNH member companies may not have progressed sufficiently to need 7,000 square feet of operational and administrative space initially. For these few companies, NNH will have an arrangement with a local building developer or an existing business incubator to provide these companies with 1,000-1,500 square feet for their prototype development activities. These companies are expected to develop their market opportunities sufficiently within two years to move to their own leased space. NNH's offices for its staff and activities will be housed adjacent to the prototype spaces. The total space required for both activities is estimated to be less than 7,500 square feet.

The NNH will initially hire a Hub Director and an Administrative Assistant. As the number of NNH member companies increases beyond 2-3, which is expected by 2012-2013, a Technologist will be added to the staff to assist in NNH's EHS programs. A Marketing Director will also be hired in 2012-2013 to allow the Director to focus on supporting EHS program developments for member companies. By 2013, the total NNH staff is expected to be five. As more companies join NNH, another EHS expert will be added to the staff; the additional position is expected to be needed by 2014-2015. These assumptions are shown in Table 3.

Table 3. Projected NNH Staff

Position	Burdened Annual Salary	Staff Positions				
		2011	2012	2013	2014	2015
NNH Director	\$120,000	1	1	1	1	1
EHS Expert	\$100,000	0	0	0	0.5	1
Technologist	\$ 60,000	0	0.5	1	1	1
Marketing Director	\$ 100,000	0	0.5	1	1	1
Administrative Staff	\$45,000	1	1	2	2	2

5.2 NNH Revenues

The NNH will have four funding sources:

- Each NNH member company will pay an annual NNH membership fee of \$15,000. This will cover EHS support provided to member companies as well as business development support and networking activities.
- NNH will work with building owners in the region who will provide the space needed by NNH member companies. Lease arrangements are to include an annual fee paid by building owners to the NNH. The suggested rate schedule is:
 - For leases of less than 7,500 square feet, the annual fee will be \$1.50 per square foot
 - For leases of greater than 7,500 square feet, the annual fee will be \$0.50 per square foot

These will provide annual revenues to NNH as shown in Table 4.

Table 4. NNH Revenues Associated with Member Companies

Year	Number of NNH Member Companies	Member Fee	Rental Fee Charge	Total Income Associated with NNH Members
2011	1	\$15,000	\$10,500	\$25,500
2012	2	\$30,000	\$21,000	\$51,000
2013	4	\$60,000	\$42,000	\$102,000
2014	6	\$90,000	\$63,000	\$153,000
2015	8	\$120,000	\$84,000	\$204,000
2016	10	\$150,000	\$104,500	\$254,500
2017	12	\$180,000	\$125,000	\$305,000
2018	14	\$210,000	\$145,000	\$355,000
2019	16	\$240,000	\$165,000	\$405,000
2020	18	\$270,000	\$185,000	\$455,000
2021	19	\$285,000	\$194,500	\$479,500
2022	20	\$300,000	\$204,000	\$504,000
2023	21	\$315,000	\$213,500	\$528,500
2024	22	\$330,000	\$223,000	\$553,000
2025	23	\$345,000	\$232,500	\$577,500

- Regional economic development agencies and governments will be solicited by NNH for a total of \$100,000 per year of support over the first nine years of operations. After that, revenues from member companies and local building owners will be sufficient to reduce the required level of support to \$50,000 or less per year.
- NNH will seek federal and state grants to assist in its initial years of operations. It is projected that matching funds of at least \$500,000 over the first five years of operations will be available from these sources.

5.3 Projected NNH Profit/Loss Statement

Table 5 summarizes the projected NNH income, expenses and profit/loss for the period 2011 – 2025.

Table 5. Projected NNH Profit/Loss Statement

Year	Hub Expenses	Portion Paid by Regional Agencies	Revenues from NNH Members	Federal Grants	Annual NNH Net Income
2011	\$265,000	\$100,000	\$25,500	-	(\$139,500)
2012	245,000	100,000	51,000	\$150,000	56,000
2013	370,000	100,000	102,000	200,000	32,000
2014	420,000	100,000	153,000	200,000	33,000
2015	470,000	100,000	204,000	-	(166,000)
2016	470,000	100,000	254,500	-	(115,500)
2017	470,000	100,000	305,000	-	(65,000)
2018	470,000	100,000	355,000	-	(15,000)
2019	470,000	100,000	405,000	-	35,000
2020	470,000	50,000	455,000	-	35,000
2021	470,000	50,000	479,500	-	59,500
2022	470,000	50,000	504,000	-	84,000
2023	470,000	50,000	528,500	-	108,500
2024	470,000	-	553,000	-	83,000
2025	470,000	-	577,500	-	107,500
<i>Total</i>		<i>\$1,100,000</i>			<i>\$134,500</i>

5.4 Projected NNH Member Company Revenues and Staffing

Based on the assumptions and projections listed above, the projected revenues per year for NNH member companies and the associated jobs created by them are shown in Table 6.

Table 6. Projected NNH Member Company Revenues and Staffing

Year	NNH Member Company Revenues	NNH Member Company Staff Positions
2011	\$37,500	5
2012	112,500	10
2013	290,000	20
2014	667,500	30
2015	1,382,500	40
2016	2,730,000	50
2017	5,155,000	60
2018	8,730,000	71
2019	13,500,000	84
2020	19,110,000	98
2021	25,072,500	108
2022	30,997,500	118
2023	36,857,500	128
2024	42,555,000	138
2025	47,980,000	148
<i>Total</i>	<i>\$235,257,500</i>	

Note: NNH staff positions are in addition to the positions in Table 6

5.5 Projected Economic Impact of NNH on the New River Valley

Over the past two-three decades, there has been an increasing recognition that self-sustaining regional economic development is driven by small, innovative firms; and that a central feature of sustained high-tech development is an entrepreneurial research-based support center. These centers, that have been created throughout the U. S., support both the development of businesses and business clusters; and the proposed New River Valley NanoFab Hub (NNH) is expected to provide a major portion of such a base for the New River Valley region.

SRI International (SRI) was commissioned over the last decade by the National Science Foundation (NSF) to complete a number of economic impact assessments for its Engineering Research Centers (ERCs). The ERC Program was created to assist in the establishment of a group of interdisciplinary centers that would provide an environment for university and industry collaboration in the pursuit of strategic advances in complex engineered systems and system-level technologies with the potential to spawn whole new industries or to radically transform product lines, process technologies or service delivery methodologies within current industries. As such, the SRI methodology is considered applicable for projecting the regional economic impact of the proposed New River Valley NanoFab Hub.

To completely assess the expected net economic impact on the New River Valley of the creation and continuing support for the proposed NNH, the following impact components were considered:

1. Revenues of companies located in the New River Valley that developed into commercial companies as a result of the proposed NNH
2. Cost savings to local nanomaterials firms that hire local students and graduates during the 2011-2025 time period
3. Qualitative impact of the NNH during 2011-2025 on NNH member companies
4. Impact of the NNH during 2011-2025 on the underlying competitiveness of NNH member companies
5. Spending by attendees at locally-held NNH workshops and conferences during 2011-2025
6. Revenues of companies that locate in the New River Valley because of NNH member companies; these include both customers of NNH member companies and businesses that are spun out of NNH member companies
7. Secondary indirect and induced effects resulting from NNH activities during 2011-2025 that are attributable to the existence of the NNH

Two of these components were not included in the SRI methodology and will not be included in the economic impact calculation for the NNH:

- SRI was unable to establish a way to quantify the qualitative impact of R&D centers on regional firms

- Although SRI found that over 90% of participants in centers similar to the NNH considered themselves to be more competitive as a result of their participation, they were unable to establish a method for quantifying this impact

The projected revenues and employee numbers for the twenty-three companies (minimum) expected to become NNH members between 2011 and 2025 are shown in Table 6.

Quantification of Economic Impacts

1. Revenues of companies located in the New River Valley: \$235.3 million, as shown in Table 6.
2. Hiring of locally educated students and graduates:

SRI determined that students and graduates who studied nanomaterials and associated production process topics and were hired by local firms saved these firms one year of salaries & benefits because of their previous training. It is estimated that each local nanomaterials firm will hire at least 2 local graduates with Associate or Bachelor’s degrees during the period 2010-2025. It is also estimated that this will save the companies \$50,000 minimum for each locally educated person hired

Employee Hires per Company	Number of NNH Member Companies	Conservative Savings/Hire	Total Savings
2 Associates or Bachelors	23	\$50,000	\$1,150,000

3. Qualitative impact of NNH membership: not calculated; see previous comments
4. NNH member company competitiveness: not calculated; see previous comments
5. Workshop & conference attendee expenditures:

The NNH, by its nature, is expected to host two workshops/conferences per year starting in 2014. The average attendance at each event is estimated at 50 non-local participants; and each attendee is expected to spend \$150/day over the 2-3 day meeting. This results in an economic impact in the region of \$180,000 for the period 2011-2025.

6. Revenues of customers of NNH member companies located in the New River Valley and of companies in the region spun out of NNH member companies:

From SRI data on technology development research centers, it is projected that 3 companies who are customers of NNH member companies will locate in the New River Valley by 2025 to be close to their material supplier. In addition, it is expected that staff of NNH member companies will create 2-3 new business ventures by 2025; and that these businesses will be resident in the New River Valley. These will provide an additional \$19.7 million in revenues in the region during 2011 to 2025; and result in an additional 29 positions by 2025, as shown in Table 7. In this calculation, each company is assumed to develop similarly to a NNH member company.

Table 7. Projected Spin Out and Spin In Company Revenues and Staffing

Year	Company Revenues	Company Staff Positions
2011	-	-
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	\$37,500	5
2018	112,500	10
2019	215,000	10
2020	480,000	15
2021	990,000	20
2022	1,835,000	20
2023	3,375,000	25
2024	5,332,500	26
2025	7,290,000	29
<i>Total</i>	<i>\$19,667,500</i>	

7. Secondary indirect & induced effects:

As local firms and employees spend or invest their earnings, a ripple effect is created in the local economy. These results from:

- Indirect impacts: purchases of goods and services from other firms by the businesses
- Induced impact: purchases of goods and services (food, housing, transportation, recreation, etc) by employees of the businesses

A methodology has evolved for measuring these effects; it uses multipliers applied to the previously calculated economic impact components. Based on data produced by the U. S. Bureau of Economic Analysis and the Minnesota IMPLAN Group, a multiplier factor of 1.10 was chosen for the current study. This factor is considered conservative, since factors of 5-7 are typical for organic chemical manufacturers and biotechnology companies; and some NNH member companies are expected to be working within these industries.

Table 8 shows that the projected total economic impact on the New River Valley during 2011-2025 as a result of the proposed New River Valley NanoFab Hub will be more than \$500 million. As stated above, this is considered a conservative projection.

Table 8. Projected Economic Impact of NNH

Economic Impact Component	Direct Impact, \$ Millions	Indirect & Induced Impact, \$ Millions	Total, \$ Millions
NNH Member Company Revenues	\$235.3	\$258.8	\$494.1
Hiring of Locally Educated Students & Graduates	1.2	1.3	2.5
Qualitative Impact of NNH Membership	<i>Not Calculated</i>	-	-
NNH Member Company Competitiveness	<i>Not Calculated</i>	-	-
Additional Companies Located in Region Because of NNH	19.7	21.6	41.3
Workshops & Conferences	0.2	0.2	0.4
<i>Total</i>	\$256.4	\$281.9	\$538.3

5.6 Projected Employment Impact of NNH on the New River Valley

Another way to look at the projected economic impact of NNH on the New River Valley is to consider jobs created or supported by it. Referring to Tables 6 & 7, the number of direct jobs created by 2025 because of the NNH is 182. Using a similar approach as above, the number of indirect and induced jobs created by NNH's presence in the region is 200. Thus, it is projected that 382 jobs will be created in the region by 2025 as a result of the establishment of the New River Valley NanoFab Hub.

5.7 Projected Property Tax Impact of NNH on the New River Valley

The property tax revenues resulting from each of the 23 new NNH companies on the region is \$8,500 on average:

- Each company, on average, is expected to occupy 20,000 sq ft; and the assessed value is estimated at \$50/sq ft. An average real estate tax rate of 50 cents per \$100 of assessed value creates an annual tax of \$5,000/company.
- Each company, on average, is expected to have capital in machinery and tools of about \$500,000. An average tax rate of 70 cents per \$100 of assessed value creates an annual tax of \$3,500/company.

Thus, for the projected 23 new NNH member companies, the projected annual property tax revenues would be almost \$200,000.

Appendix: Possible Mission Expansion

There are a number of nanotechnology research activities at Virginia Tech, including major activities within ICTAS in Nanoscale Science and Engineering, Nano-Bio Interface, and Sustainable Energy. These are expected to create patentable technologies with commercial application potential. A nanotechnology prototype fabrication facility would assist this technology transfer activity; and it has been suggested that the New River Valley NanoFab Hub expand its mission to include such a facility.

Such a prototype fabrication facility would need to include a wide variety of equipment that support electronic, biological, medical, energy, and environmental applications as a minimum. Thus, the facility would need to include equipment for lithography, film and metal deposition & growth, annealing and heat treatment furnaces, atomic layer and chemical vapor deposition, etching, nano-machining and laser writing as well as state-of-the-art equipment to screen new and novel chemical precursors. Wet chemistry laboratories, a Class 10 (ISO 4) clean room, and post-processing facilities would also be required. Such a facility would be at least 10,000 square feet.

The cost for such a facility and the resulting annual operating budget are both considered beyond the current aspirations of the New River Valley NanoFab Hub.