



October 19, 2022

The Honorable Janet D. Howell
Chair
Senate Finance and Appropriations Committee
P.O. Box 2608
Reston, Virginia 20195

The Honorable Barry D. Knight
Chair
House Appropriations Committee
1852 Mill Landing Road
Virginia Beach, Virginia 23457

The Honorable Roxann L. Robinson
Chair
House Finance Committee
P.O. Box 4627
Midlothian, Virginia 23112

RE: Quarterly Report on Commonwealth's Development Opportunity Fund (COF) per § 2.2-115(G)

Senators and Delegates:

I am writing to provide documentation of the transactions of the Commonwealth's Development Opportunity Fund (COF) which have occurred during the first quarter of the 2023 fiscal year as required by § 2.2-115(G) of the Code of Virginia.

As of September 30, 2022, a total of \$387,533,100 had been appropriated to the Fund over time. As of September 30, 2022, the Cardinal Financial System cash balance was \$84,158,043, and the balance available for future commitments totaled \$40,721,130. Taking into account COF preapprovals of \$19,174,000 made by the Secretary of Commerce and Trade, however, the available balance is \$21,547,130. Generally, 40% of preapprovals, or \$7,669,600, do not move forward, and the available balance is more likely approximately \$29,000,000. Active grants awarded since the inception of the Fund total 700.

For the first quarter of the 2023 fiscal year, ended September 30, 2022, a total of \$9,404,500 was committed from the Opportunity Fund to assist eight projects relocating to or expanding in the state. Total committed job creation of these projects was 1,860, while committed investment totaled \$749.1 million. Summaries on these projects follow:

1. Hanover County: Unilock, a manufacturer of concrete block and brick, will locate a new facility in Hanover County. This project will create 50 new jobs and an investment of \$55.6 million (amount of grant: \$340,000; use of grant: building construction; other grants awarded: Virginia Jobs Investment Program grant of \$37,500; local match: \$340,000; anticipated completion date: September 2025; average wage of new jobs: \$65,592; prevailing average wage: \$48,827). This project has been announced.

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2. Chesterfield County: **Plenty Unlimited Inc.** will locate a new indoor vertical greenhouse in Chesterfield County. This location will create 300 new jobs and an investment of \$300.0 million (amount of grant: \$2,400,000; use of grant: site preparation and building construction; other grants awarded: Agriculture and Forestry Industries Incentive grant of \$500,000, Port Economic and Infrastructure Development grant of \$75,000; local match: \$3,000,000; anticipated completion date: December 2028; average wage of new jobs: \$53,555; prevailing average wage: \$53,554). This project has been announced.
3. Fairfax County: **Hilton**, a leading global hospitality company, will retain and expand its existing corporate headquarters in Fairfax County. This retention/expansion will create 350 new jobs and an investment of \$50.3 million (amount of grant: \$1,000,000; use of grant: building upfits; other grants awarded: Virginia Jobs Investment Program grant of \$315,000, Virginia Economic Development Incentive Grant of \$5,000,000; local match: \$1,000,000; anticipated completion date: September 2027; average wage of new jobs: \$242,297; prevailing average wage: \$99,205). This project has been announced.
4. Buchanan County: **Coronado Coal**, a producer of high-quality metallurgical coal, will expand its existing facility in Buchanan County. The company will create 181 new jobs and invest \$169.1 million (amount of grant: \$3,525,000; use of grant: road improvements and building construction; other grants awarded: Virginia Jobs Investment Program grant of \$76,000; local match: \$5,000,000; anticipated completion date: December 2026; average wage of new jobs: \$108,254; prevailing average wage: \$50,867). This project has been announced.
5. City of Virginia Beach and Dinwiddie County: **DroneUp** will expand its existing headquarters facility in the City of Virginia Beach and locate a drone pilot training facility in Dinwiddie County. This project will create 655 new jobs and an investment of \$27.2 million (amount of grant: \$928,000; use of grant: building construction; other grants awarded: Virginia Jobs Investment Program grant of \$533,000, Virginia Economic Development Incentive Grant of \$4,000,000; local match: \$928,000; anticipated completion date: June 2027; average wage of new jobs: \$103,652; prevailing average wage: \$51,024 [blended average for Virginia Beach and Dinwiddie]). This project has been announced.
6. Halifax County: **Hitachi Energy USA, Inc.**, a manufacturer of specialty transformers, will expand its existing facility in Halifax County. This expansion will create 165 new jobs and an investment of \$37.0 million (amount of grant: \$511,500; use of grant: building construction; other grants awarded: Virginia Jobs Investment Program grant of \$115,500, Enterprise Zone Job Creation grant of \$450,000, Enterprise Zone Real Property Investment grant of \$200,000, Port Economic and Infrastructure Development grant of \$75,000; local match:

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\$569,500; anticipated completion date: October 2025; average wage of new jobs: \$43,500; prevailing average wage: \$41,754). This project has been announced.

7. Chesterfield County: **Civica Rx** will locate a new laboratory testing facility in Chesterfield County. This location will create 51 new jobs and an investment of \$27.8 million (amount of grant: \$400,000; use of grant: building construction and upfits; other grants awarded: none; local match: \$400,000; anticipated completion date: September 2025; average wage of new jobs: \$100,000; prevailing average wage: \$54,301). This project has been announced.
8. Halifax County: **IperionX** will locate a new titanium demonstration facility in Halifax County. The company will create 108 new jobs and invest \$82.1 million (amount of grant: \$300,000; use of grant: building upfits; other grants awarded: Virginia Jobs Investment Program grant of \$108,000, Enterprise Zone Job Creation grant of \$314,700; local match: \$2,000,000; anticipated completion date: September 2025; average wage of new jobs: \$52,382; prevailing average wage: \$42,142). This project has been announced.

For the projects that have been announced, I am enclosing a profile and analysis and recommendation by the Virginia Economic Development Partnership.

For the first quarter of the 2023 fiscal year, actual disbursements from the Fund totaling \$600,000 were made to the City of Danville for Litehouse.

Sincerely,

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Jason El Koubi
President and Chief Executive Officer

JRE:kme

Enclosures

cc The Honorable Caren Merrick
Secretary of Commerce and Trade