

**Virginia Tobacco Region Revitalization Commission
Energy Ingenuity Committee Meeting
Inn at Wise, 110 East Main Street, Wise, Virginia
May 21, 2024
4:15 p.m.
Meeting Minutes**

Commissioners Present

Delegate Thomas A. Garrett, Jr., Chair (Remote)	Delegate Terry G. Kilgore
Senator Lashrecse D. Aird, Vice Chair	Delegate Daniel Marshall, III
Ms. Amanda Cox	Mr. Arthur “Dale” Moore
Mr. Watt R. Foster, Jr.	Delegate James W. Morefield
Senator T. Travis Hackworth	Delegate Israel D. O’Quinn

Staff

Honorable James Campos	Mr. Jordan Butler
Mr. Stephen Versen	Mr. Jerry Silva
Ms. Stephanie Kim	Ms. Adrian Chapman
Ms. Vicki Humphreys	Ms. Emily Van Pelt
Ms. Sara Williams	Ms. Hannah Franke-Fuller
Ms. Sarah Capps	Ms. Roz Stein

Counsel for the Commission

Ms. Elizabeth Myers

Guests

Ms. Kristy Johnson, Halifax County Industrial Development Authority
Mr. Mike Henry, Hitachi
Mr. Vincent Motley, Hitachi

The Committee meeting was led by Vice Chair Aird, who called the meeting to order at 4:23 p.m. Campos called roll. Hackworth moved to approve Commissioner Garrett’s remote participation; Aird seconded the motion; all members present voted “aye.”

This was the first meeting for this Committee; therefore, there were no minutes to approve.

The meeting was opened to public comment, and there was none.

Campos opened the program portion of the meeting with a few words about the importance of energy innovation in Virginia’s tobacco footprint, then turned the meeting over to Mr. Silva, who

gave an overview of the program guidelines. There were 17 applicants to the program with requests totaling \$27,650,000.

Humphreys provided an overview of Energy Catalyst Planning Grant projects 4259 and 4262. Aird asked if the nature of project 4262 was cause for concern; Humphreys shared that the Energy Program was too new to know, but that the project may have cash flow issues. Aird asked about the timeline for the project; Humphreys replied that the grantees have three years to complete the study. Still regarding project 4262, Marshall asked who will provide the training, and Humphreys replied that the Edtunity Institute will provide the training.

Marshall asked if community colleges have any training like this project's program, and Humphreys shared that she was not aware of any. Marshall conveyed his concern about a company about which he knew nothing previously; Humphreys provided additional background on the Edtunity Institute and its work with community colleges in the surrounding area.

Marshall also expressed concern about the timing of bringing this to Virginia's market; Humphreys shared that she had similar concerns, which are assuaged by the fact that this grant is for a planning project rather than a production project. To Marshall's point, without a workforce already in the area, this project is ahead of the market curve. Silva added that project leaders plan to use existing data to find gaps in training needs that are not being filled by community colleges. Hackworth added that, although electric vehicle technology in the Tobacco Region will likely grow in the future, perhaps this company is not the best fit for the Tobacco Commission at this time; he suggests instead exploring what can be boosted in the local community colleges.

Garrett added that, while the company is a 501(c)(3), it is based in Norfolk, Virginia, rather than in the tobacco footprint; he would rather focus on colleges that are based in the footprint.

Foster shared that the technology training this company is offering is not extremely challenging and he does not see the value in giving these grant funds to a little-known company that is based outside of the Tobacco Region.

Aird clarified that this is a request for a study to determine the infrastructure needs within the footprint and the workforce needed to develop that infrastructure; Humphreys affirmed that this would be a study, rather than an implementation project.

Garrett stated his opinion that while this study could be beneficial, he still believes the funds could be better utilized by the colleges that are already established.

Kilgore added that partnering with community colleges for additional programs while doing the study may be an avenue to push this project through more easily.

Cox asked if there was a way to assist tailoring the project to the needs of the Commission footprint so that it could be funded; Humphreys replied that the hope in tabling this project is to give the applicant more time to develop the project into a good fit for the Commission. Aird stated for record purposes that she believed this was a very good study and did want to see it come to fruition. Silva added that this project was designed specifically to benefit military bases within the Tobacco Region.

Aird asked for a motion; Marshall motioned for project 4262 to be tabled; Foster seconded the motion; all members present voted "aye," except for Aird who voted "nay." The motion passed.

Morefield motioned for project 4259 to be approved at staff's recommendation; Hackworth seconded the motion; all members present voted "aye."

Humphreys provided an overview of Energy Execution Implementation Grant project 4260.

Ms. Kristy Johnson, of the Halifax County IDA, and Mr. Mike Henry and Mr. Vincent Motley, of Hitachi, were present at the meeting and spoke on behalf of project 4260. They elaborated that, without the new equipment to be purchased with the Tobacco Commission funds, they very likely would have to outsource their business orders to other, larger production companies.

Marshall asked how long it would take to install the new equipment; Henry replied that they have been quoted four to six months from purchase order to functionality.

Hackworth asked if this was equipment or energy related; Henry replied it was energy related as the production factories create power transformers. Hackworth followed with his concern about the timeline; from tabling to lead time for ordering the equipment, there would be significant production losses if this project is delayed.

Silva added that he had met with Hitachi at their facility and determined that, because there were other federal funding opportunities, this project with its focus on purchasing new energy equipment would be a viable option to utilize Commission funds. Unfortunately, the Hitachi facility did not meet the requirements for other funding opportunities.

Johnson agreed that, while they had looked into additional funding, they ultimately defaulted to the 25% offered by the Tobacco Commission.

Humphreys added that the costs for the equipment is quoted and documented in the project's records.

Marshall inquired about the lower operating costs and whether a loan offer could be made instead of a grant. Johnson was not aware there had ever been that option. Silva stated that, in the initial meeting, a loan option had been declined by Hitachi and the locality.

Garrett added that production at the Hitachi facility was of national interest, and Hitachi is a large and self-sustaining company already. Keeping Hitachi in the Commission footprint is in everyone's best interest, but he questions whether it "dovetails" with the Commission's priorities.

Morefield addressed the general consensus for a loan instead of a grant option. Johnson answered that the representatives present at the meeting did not have the authority to give an answer at that time, but they were interested in this alternate avenue and would present it for vetting to other staff.

Foster added that Hitachi is already a multi-trillion dollar corporation and wondered why it needs a million dollars from the Tobacco Commission. He mentioned Delta Stars, a competitor to Hitachi in the area, which is creating upgrades without seeking outside assistance. Why does Hitachi need to seek our funds for things they can likely pay for themselves?

Aird circled back to the fact that the Commission does have an appetite to be helpful but wants additional time to determine how best to assist.

Marshall suggested a loan option be put on the table to give Hitachi's corporate office time to consider, but the facility could start the process of ordering the equipment if necessary.

Humphreys asked if the loan option would be coming from the Energy Fund or the Incentives and Loans Fund. Marshall did not have a preference.

Campos stated that, even though there are funds allocated in the Energy Fund, the new loan program might be a better option if this project does utilize a loan. Versen added that the loan program with VSBFA does list energy as a priority, but there may need to be discussions given that Hitachi does not qualify as a small business.

Aird prepared to make a motion, and asked for confirmation from Halifax and Hitachi representatives if they were comfortable with the direction the project had taken. Johnson said they were comfortable.

Marshall moved to offer a loan rather than an energy grant; Hackworth seconded the motion; all members present voted "aye." Aird added the final comment, requesting that Commission staff provide Committee members with any feedback from the company as to whether they are receptive to this approach as soon as it becomes available.

Humphreys provided an overview of Energy Execution Implementation Grant project 4261. Silva expressed the wish for more time to discuss the project with the company. Marshall reminded the Committee that some of the original funds for the project site came from the Tobacco Commission. Kilgore moved that the Committee vote to follow staff recommendation to table this project; Cox seconded the motion; all members present voted "aye."

Campos stated that, as this program was very new, the Commission expected to receive many more applications in the future for projects promoting energy development in the Tobacco Region. Silva added that stakeholders are prepared to come to our sites in the footprint to see what their options are based on the opportunities the Tobacco Commission can provide. Campos added that we will work closely with the Virginia Department of Energy and other government agencies to develop matching funds. Aird adjourned the meeting at 5:21 p.m.