



**North Carolina**  
**Department of Commerce**  
*Commerce Finance Center*

Explanatory Memorandum

TO: Representative Thomas R. Tillis  
Senator Philip Edward Berger  
Co-Chairs, Joint Legislative Commission on Governmental Operations

FROM: Mark N. Poole, Department of Commerce, Industrial Development Fund (IDF)

DATE: October 3, 2011

The attached document summarizes grant activity for fiscal year 2010-2011 for both the Industrial Development Fund and the affiliated Utility Account. In addition to awards made during the period in question, the document also reflects projects in which funds have been encumbered in anticipation of an acceptable application. A final grouping captures pre-applications that have been submitted that do not yet include the encumbrance of funds due to the scarcity of financial resources. It is our expectation that as funds become available, these projects will move up the chain to include an associated encumbrance and eventually, a successful application.

As a brief reminder of how the Industrial Development Fund operates, grants are made to a unit of local government to assist in economic development and job creation. As has often been the case over the last 24 months, awards are made in partnership with a specific project or company recruitment and play an important role in the success of these recruitments. Because the North Carolina Department of Commerce has become increasingly aggressive in our job creation efforts, it would not be unusual to have a number of different performance-based programs at work during any given recruitment. As a result, I would be reluctant to attribute the success of any recruitment solely to the IDF but I strongly believe it plays a critical role. In many cases, the publicly-owned infrastructures that these grants help provide are often mentioned as a tipping point in the decision-making process. So while I do not believe all the credit for the jobs listed can go to the IDF, I would caution against downplaying the significance of their participation.

A final explanatory note: When IDF awards are made, the entire amount is encumbered but the project may take 24-36 months to complete, depending on the complexity of the project and the needs of a particular company. So in this regard, a \$500,000 grant made in April may not have seen any funds actually spent as of yet, whereas an award made in 2009 may still be drawing down on their funds. We monitor the ebb and flow of these funds very closely to insure we are responsible guardians of the State's resources, and the attached spreadsheet is the most accurate reflection of our efforts.

Grant Number	Grant Type	Award Date	Reg-ion	Tier	Approved Projects County/City-Town	County	Firm	New or Existing Industry	Jobs	AWARD
U-402	Utility	08/11/10	2	1	Shelby	Cleveland	Foothills Commerce Center	N	N/A	\$500,000
U-403	Utility	08/17/10	6	2	Duplin	Duplin	Project Pipeline	E	64	\$500,000
U-404	Utility	08/27/10	7	1	Northampton	Northampton	Northampton Farms Natural Gas	E	42	\$500,000
U-405	Utility	08/27/10	6	1	Jones	Jones	Coastal Beverage	E	13	\$130,000
U-406	Utility	09/01/10	4	2	Franklin	Franklin	Triangle North Franklin Ind. Park	N	N/A	\$500,000
I-408	IDF	10/18/10	1	1	City of Lenoir	Caldwell	Vantage Foods	E	20	\$200,000
I-413	IDF	03/09/11	6	1	Edgecombe	Edgecombe	FCA	E	5	\$25,000
U-407	Utility	10/08/10	2	1	Cleveland	Cleveland	Clearwater Paper Rail/Access Rd.	N	182	\$500,000
U-409	Utility	10/22/10	3	2	City of Asheboro	Randolph	Allen Precision Industries	E	20	\$130,095
U-410	Utility	12/29/10	2	1	Cleveland	Cleveland	Secondary Water line	N	17	\$500,000
U-414	Utility	03/09/11	3	2	Town of Liberty	Randolph	Americhem	E	27	\$59,850
U-415	Utility	03/15/11	6	1	City of Kinston	Lenoir	Dopaco	E	N/A	\$500,000
U-416	Utility	05/06/11	4	1	Henderson	Vance	Vescom America	E	20	\$33,000
U-417	Utility	06/07/11	4	2	Lee	Lee	Lee County Industrial Park	E	122	\$500,000
U-418	Utility	06/21/11	1	1	Burke	Burke	Geiger International	E	55	\$500,000
									587	\$5,077,945
Encumbrances		Date								
	Utility	3/1/11	6	1	Kinston	Lenoir	West Pharmaceutical	E	Retention	\$500,000
	Utility	3/1/11	6	1	Jones	Jones	US 17 Industrial Park improvements	N/A	N/A	\$380,000
									250	\$880,000
Unfulfilled Applications		App. Received								
	Utility	4/7/11	7	1	Chocowinity	Beaufort	Chocowinity Industrial Park	N/A	N/A	\$378,080
	Utility	4/18/11	5	1	Columbus	Columbus	Industrial Park/Shell Building	N/A	N/A	\$53,290
	Utility	3/2/11	1	1	McDowell	McDowell	Industrial Park	N/A	N/A	\$500,000
	Utility	5/13/11	2	1	Kings Mountain	Cleveland	Project Roosevelt	N/A	3	\$30,000
	Utility	5/16/11	2	1	Cleveland	Cleveland	Project Fresh	N	250	\$500,000
									253	\$1,461,370