

**GO Virginia Hampton Roads
Regional Council**

**MEETING NO. 1
April 4, 2017**

Meeting number one of the GO Virginia Hampton Roads Regional Council (“Regional Council”) was held Tuesday, April 4, 2017, in the Board Room of The Port of Virginia in Suite 600 in the World Trade Center.

Members Present:

Kenneth Alexander	Maria Herbert
Roland Bailey	Michael Kuhns
Timothy J. Bentley	Jerry Miller
John R. Broderick	McKinley Price
Anne C. H. Conner	John F. Reinhart
Robert A. Crum	Frank W. Roach
John T. Dever	William D. Sessoms, Jr.
William B. Downey	Jeffrey Smith
Jack L. Ezzell, Jr.	Thomas G. Tingle
Thomas R. Frantz	Rick L. Weddle
Michael Gentry	

Members Absent:

Shawn Avery	Bryan Stephens
Deborah M. DiCroce	Bruce Thompson
J.D. Myers, II	Gary Warren

Others Present:

Sheri Bailey	Tom Mastaglio
Steven Bain	Ray Mattes
Margaret Ballard	Delceno Miles
Neal Barber	Jason Miyares
Dennis Burke	Kimberly Pierceall
Keith Cannady	Wade Powell
Michael Cobb	Richard Severinghaus
Rob Colorina	Robert Sharak
Mark Geduldig-Yatrofsky	Brian Smith
Greg Grootendorst	Doug Smith
Andrea Kilmer	Ron Williams
Brian Kirwin	John O. Wynne

Staff Present:

James K. Spore, President & CEO, Reinvent Hampton Roads
Donna S. Morris, Executive Vice President, Reinvent Hampton Roads
Tiffany Brannon, Administrative Assistant, Reinvent Hampton Roads
Evans McMillion, Consultant, Reinvent Hampton Roads

1. Welcome and Introductions

Mr. Spore called the meeting to order at 11:00 a.m., welcomed everyone and thanked The Port of Virginia for providing their conference room for the inaugural meeting of the GO Virginia Hampton Roads Regional Council. He indicated this was a historic moment in the Commonwealth of Virginia and Hampton Roads. Mr. Spore credited the Virginia General

Assembly, the Governor and Mr. Wynne for GO Virginia, an initiative designed to improve the state's economy by creating more high paying jobs with specific emphasis placed on collaboration. He invited everyone around the table to introduce themselves. Following introductions, Mr. Spore provided an overview of the contents contained in resource books prepared for Regional Council members.

2. Adoption of GO Virginia Regional Council Bylaws

Mr. Spore asked members to consider the draft Bylaws included in the agenda package that was sent to members prior to the meeting. Approving bylaws and electing officers would be the first line of business for the organization.

ON A MOTION BY MR. REINHART, SECONDED BY MAYOR SESSOMS, THE REGIONAL COUNCIL APPROVED THE PROPOSED BYLAWS CONTAINED IN THE MEETING AGENDA MATERIALS.

3. Election of Chair and Vice Chair

Mr. Spore reported that as the Reinvent Hampton Roads Board of Directors began populating the Regional Council they took into consideration the GO Virginia requirements. It was clear that the chair and vice-chair needed to be business representatives. The Reinvent Hampton Roads Board of Directors would like to propose Ms. Anne Conner and Mr. Thomas Frantz as Vice-Chair and Chair, respectively. Mr. Spore asked for other recommendations from the floor. Receiving no other recommendations, the following action was taken:

ON A MOTION BY MAYOR SESSOMS, SECONDED BY MR. EZZELL, THE REGIONAL COUNCIL APPROVED MR. THOMAS FRANTZ AS CHAIR AND MS. ANNE CONNER AS VICE-CHAIR OF THE REGIONAL COUNCIL.

4. Terms of Regional Council Members

Mr. Spore turned the meeting over to Mr. Frantz, who thanked the Regional Council for their support and the Reinvent Hampton Roads staff for their assistance in preparing the agenda and support materials for the meeting. He also recognized the leadership of Mr. Wynne in beginning this important work at the state level several years ago.

Mr. Frantz proceeded with the agenda item regarding the terms for board members. The staggered three-year terms proposed were developed by the Reinvent Hampton Roads Board and were done alphabetically. The bylaws state that a member can serve two consecutive three-year terms. He indicated that members with proposed terms ending in 2018 and 2019 would still be eligible to serve two consecutive three-year terms. Mr. Frantz went through the list of members and their respective terms, inviting feedback and questions.

ON A MOTION BY MR. KUHNS, SECONDED BY MR. TINGLE, THE REGIONAL COUNCIL APPROVED MEMBER TERMS AS DELINEATED IN THE AGENDA PACKET.

5. Consideration and Adoption of Support Agreement with Reinvent Hampton Roads

Mr. Frantz stated that the role of the Regional Council is to develop an Economic Growth and Diversification Plan that includes regional priorities and collaborative opportunities. He described Reinvent Hampton Roads as the needed action and support organization for the

Regional Council. Mr. Frantz invited Mr. Spore to discuss elements of the proposed Memorandum of Understanding between the two organizations. The roles and responsibilities of both entities are clearly defined in the two page agreement. Reinvent Hampton Roads will be set up to provide staffing, administrative support and other duties as assigned.

Mr. Spore indicated we are awaiting specific instructions from the Attorney General's Office on the Freedom of Information Act (FOIA) and Conflict of Interest Act (COIA). Mr. Frantz added that we will likely follow the rules of education foundations, Virginia Port Authority, and other similar public bodies. Additional information will be provided at the upcoming full day workshop scheduled to take place in Richmond on April 20.

Mayor Price stated the April 20 meeting in Richmond will conflict with the Hampton Roads Planning District Commission and Hampton Roads Transportation Planning Organization meetings. Three Mayors who serve on the Regional Council, in addition to Mr. Crum, will not be able to attend the Richmond meeting due to these conflicts. Mr. Frantz suggested checking with the state on whether the date for the Richmond meeting could be changed.

ON A MOTION BY MR. TINGLE, SECONDED BY MS. HERBERT, THE REGIONAL COUNCIL APPROVED ADOPTION OF THE SUPPORT AGREEMENT WITH REINVENT HAMPTON ROADS, AS DELINEATED IN THE AGENDA PACKET.

6. Overview of GO Virginia Program and Role of Regional Councils

Before introducing Mr. Wynne, Mr. Frantz invited newly elected Vice-Chair Anne Conner to offer comments. Ms. Conner stated that as a regional citizen she is grateful for the Council's vote to elect her Vice-Chair and she looks forward to working with everyone. Ms. Conner expressed that we are on the cusp of significant economic development and high paying job growth. Much can be accomplished when working collaboratively.

Two and half months ago Mr. Frantz visited a session with the 2017 CIVIC Leadership class. The class has formed several task forces, comprised of young leaders addressing regional problems, issues, and opportunities. He was struck by the "roll-up-your-sleeves" attitude they exuded. Each group started addressing their issue by highlighting the strengths and opportunities of the region. They exhibited a passion and willingness and readiness to make things better. Mr. Frantz believes the current generation and those that follow are enthused and want to pick up the ball and run with it. This is a great time in our history to have transformative work being done to improve collaboration and alignment among the various cities, counties, state and federal government. There is no silver bullet in how we will improve, but there are a couple of resonating factors he shared:

- (1) We have always viewed ourselves as a cul-de-sac and that has been more of an inferiority complex. With what is currently happening in the region, specifically growth at the port and improvement in port operations with connectivity to the west, the northeast, and now to the south, with the broadband expansion and the spaceport at Wallops Island, we are beginning to see a change in the mindset from being the cul-de-sac to a becoming a gateway. Overtime, this will be very positive for the region.

(2) We must create more, high-paying jobs and GO Virginia is the catalyst which creates an incentive-based system to change silo behavior to a more collaborative, aligned and enthusiastic behavior. More opportunities will come from this change in behavior. We must be a culture where entrepreneurs thrive – blending translational research with the entrepreneurial spirit by funding it better and having an environment that attracts private equity because of those opportunities. We must diversify the economy. If you look at the market information from Richmond to the Oceanfront there are 3 million people, making this mega region the 17th largest in the country, but it is only the 20th largest from a production standpoint. What that means is that while we may ship it here we are not producing enough here in the region.

Mr. Frantz invited Mr. Wynne to discuss the GO Virginia program. Mr. Wynne thanked everyone on the Regional Council for agreeing to serve and proceeded to discuss the key elements of GO Virginia, highlighted in the attached Powerpoint presentation. The summary included the purpose statement, why GO Virginia is needed and specific data to back up the need, all referenced in the slides.

Providing a voluntary incentive to improve the economy is deemed better than forcing change through mandates. Mr. Wynne indicated he is often asked why the focus of GO Virginia is on high paying jobs, rather than all jobs. He stated that low paying jobs do not create high paying jobs, but the reverse is true. The individuals most impacted by a lagging economy are those in low paying jobs, so it stands to reason that creating higher paying jobs will improve the economy for everyone.

Another question often raised is about GO Virginia's focus on economic activities that bring new income into the state – not just shifting market share. The Dillion Rule (independent cities/counties) gives localities control over only a few income streams (real estate and machinery and tool taxes). Attracting out of state revenue will produce real economic growth – new money, supporting jobs.

Mr. Wynne emphasized that it is the region that serves as the overriding economy, because many firms have multiple locations, not all within one locality. He also stated this initiative is NOT about regionalism. It is about two or more localities voluntarily coming together on a project of common interest. Virginia's culture of having independent cities and counties can stand in the way of efficiency improvement. It is not the fault of any one locality, but rather the system they have inherited.

Virginia has also been highly dependent on federal spending. Virginia is losing high paying jobs and senior business leaders must be actively engaged in helping to bring those jobs back. For the first time since the 1920s we have an out-migration of people because of the lack of high paying jobs. This is a serious problem that must be addressed.

Virginia and other State comparisons during the Recession and Recovery period were featured in one of the slides. It was noted that Ohio, in particular, has made a huge comeback from the Recession. The GDP growth rate for Hampton Roads' average from 2009 and 2015 is .70%, while the U.S. is 2.6%. This is compounded annually.

Hampton Roads has not recaptured the jobs that were lost during the Recession. Richmond (48,700) and Northern Virginia (105,100) combined job growth produces the state average (152,500), while Hampton Roads lost 6,500 jobs and these jobs are not all equal.

Hampton Roads is replacing higher paying jobs with \$.70 on the dollar jobs and this has been happening over a long period of time. The Gross State Product (GSP) effect of private sector job change in the state from 2007 to February, 2017 has produced a downdraft on the economy of \$6 Billion/year. The need to change this was the motivation behind putting GO Virginia into place, with focus on more collaboration (because of the system that exists) and the need to create more higher paying jobs can help to address the shortfall.

Mr. Wynne provided an overview on the uses of GO Virginia grants (~\$30 Million). The first round of \$650,000 per region will be used to identify priorities. Every region in the state will have information that will help them with this part of the process, thanks to work currently underway and to be available this summer by the state. Funds will begin to be awarded in June. Per capita grants (about half of the funds will be divided among the regions, based on population) will stay in the region. There will be statewide competition for the \$11.3 Million that remains. High dollar impact, transformational projects will be key contenders for these funds. As a “Commonwealth,” the desire of GO Virginia is for every region in the state to improve.

A key role of the Regional Councils will be to put an Economic Growth and Diversification Plan in place. Regional Councils must also insure business leadership is actively involved. A civic standard of performance will not work. The Regional Council will likely help groups repurpose what they are doing in order to see improvement – it is change and it will be challenging.

Regarding the pitfalls to avoid, remain focused on higher paying jobs, rather than a more comprehensive plan. Mr. Wynne also provided highlights on some of the other GO Virginia Initiatives including the Collaborative Jobs Act, Virginia Research Investment Committee, collaboration with the Virginia Economic Development Partnership, the Virginia Community College System Credentialing Program, and better alignment with the Workforce Investment Boards.

Mr. Wynne indicated he and Mr. Reinhart are now on the board of the Virginia Economic Development Partnership (VEDP). He has been meeting with the new VEDP President Stephen Moret on a regular basis. VEDP has patterned their structure after the GO Virginia nine regions so that the representation on their board will reflect the entire state. Moving together with a plan that makes sense is the current direction.

The state receives and spends \$344 Million a year on workforce. Much of this comes from the federal government for specific programs. Mr. Wynne indicated it remains unclear to him what the metrics are. Ms. Sarah Dunnigan, heads up the state workforce board and will be working in partnership with the GO Virginia Regional Councils.

Mr. Wynne then provided a summary of the next steps in the process. He encouraged all members to attend the statewide orientation summit on April 20. The details are being confirmed. The afternoon of this full day event will feature breakout sessions that will allow members to learn about the types of projects being considered throughout the state. At the

end of the day the Regional Council Chairs, Vice Chairs and support organization leads will spend time together for a separate session. All of the legislators will be invited to participate in a separate breakout session, as their questions might be different than those of the Regional Council members.

Baseline economic data and analysis will be done by the state and shared with each region. This information is not intended to control but simply to share what has been found. June through September will be the timeframe when regional plans will be accepted and funded. The state board intends to meet every six weeks to consider projects beginning in September.

Upon concluding, Mr. Wynne noted the intent, principles and evaluation criteria for the Economic Growth and Diversification Plan. He also emphasized the importance of having performance metrics in place. GO Virginia will be looking at metrics in terms of what they invested in and what that investment produced (causes and effect). As an example, metrics might include the value of the new high paying jobs created and the amount of out of state revenue generated, etc.

Mr. Wynne indicated he had received some pushback from the retail sector when describing the focus on creating higher paying jobs. He acknowledged the importance of the retail jobs in the total economy, but it is not an area of focus for GO Virginia.

Potential projects were also highlighted and Mr. Wynne indicated a good deal of money and time had been spent trying to validate this. Scaling up existing small and mid-sized businesses is being done in other states as well as in several regions of Virginia. Seventy percent of new jobs are created in the small and mid-sized companies. The question is how come we are not focused on scaling them up? No economic development authority owns that approach at the state, regional or local level. It has not been done around industry clusters. If you scale-up firms within a cluster you can come up with a sustainable, critical mass. It involves developing the supply chain, employment opportunities that extend beyond the company where an employee works.

Credentialing and business focused training will come from the partnerships use of technology that will lower costs. Higher education will get the credit for these changes and will have access to incentive dollars to make it happen. There is a separate pool of funds to do this work.

Site development is critical and considered another potential project. The state, nor region, has in place a comprehensive list of shovel-ready sites. No sites mean there will be no companies or jobs.

Commercialization of R&D and startup collaborations (incubators and accelerators) are also predicates we need.

Mr. Wynne also presented a list of projects that would not be funded with GO Virginia money. Following his presentation he asked for questions or comments.

Questions/comments:

Dr. Dever asked Mr. Wynne to define “higher paying jobs.” Mr. Wynne stated it is defined as median or higher paying jobs within your region. Specific data will be available for Hampton Roads as well as other regions, at the April 20 meeting in Richmond.

Mayor Sessoms asked if the funding would be available annually. The funds will be for the two years, following the state’s biennial budget timeframe. It was acknowledged that this is a new program that needs to be proven, but the point was made that if successful it needs to be something the state invests in over time.

Mayor Alexander thanked Mr. Wynne for his leadership. He mentioned that he was a member of the General Assembly and a strong supporter of the program on the Finance Committee. Mayor Alexander attributed Mr. Wynne’s leadership and drive as the reason the legislation was passed and has reached this point. He added the point to follow on Mayor Sessoms’ statement, the General Assembly will pass a budget every two years and to insure that revenue continues, it will take everyone at the table to lobby the state delegation to make sure the Governor introduces it into the budget and that it stays. It is challenging when a Governor takes money away and you work to get it restored. It is incumbent on all members seated at the table to work as hard as Mr. Wynne for this.

Mr. Wynne said that some of the key business leaders across the state hired McGuire Woods at the cost of roughly \$5 Million to get the legislation in place. Much of this started with building grassroots and political support. In the next gubernatorial election they intend to have both candidates running on this initiative. He added that there are 8,000 organizations and individuals across the state that have endorsed GO Virginia and they would like to get this group more actively involved. The Regional Councils and the connections each member brings will be significant going forward.

Mr. Frantz emphasized the work that remains to be done and the importance of being organized to handle it. He looked at the Regional Council as a company. The region is our company and we must roll out a plan that leads to success. He hopes to see the Regional Council as an action council going forward. The more we win and share the wins, the faster the culture will begin to change.

Mr. Frantz asked Mr. Spore to provide an overview of the Economic Growth and Diversification Plan outline provided in the agenda materials. The seven page document highlights requirements of the plan, based on the legislation. He noted the legislation summaries and bills are included in the resource notebook behind Tab 1.

Mr. Spore indicated there is a very short timeframe on the preparation of the Economic Growth and Diversification Plan. The work has started by creating the collaborative partnerships with other key regional players. For example, Mr. Crum and his team at the HRPDC have been working with Reinvent Hampton Roads on some of the common elements that would be included in the region’s Comprehensive Economic Development Strategy (CEDS). The HRPDC is required to prepare and keep current an active CEDS in order for the region to be eligible for federal funding from the U.S. Department of Commerce Economic Development Administration.

Collaborative work is also being done with the workforce investment boards and HREDA on the workforce gap analysis. There will be a briefing on April 18 at VMASC in Suffolk (from 8:30am to 10:30am) for those interested in attending. The information on this event will be shared with Regional Council. This is an important component of the Economic Growth and Diversification Plan requirements.

Mr. Spore also reported on the process underway to review all of the state and local economic development plans to avoid any possible duplication of effort. Mr. Crum's staff is pulling together all of the planning documents that exist (includes seventeen localities and the Eastern Shore). The state is also providing baseline economic data that will be used. It will be in a consistent format with all nine regions around the state.

More will be learned at the April 20 meeting about what is required in the plan. The plan must be in place by August 25, 2017. A good deal of time and energy will be placed on the preparation of this document, which will ultimately guide how proposals are judged for GO Virginia funds.

Mr. Frantz reported that the bylaws provide the opportunity to put an Executive Committee and a Nominating Committee in place. Until we had this meeting we were not able to start talking about an Executive Committee. With the Chair and Vice-Chair appointed and with the Regional Council's approval, it was suggested that the Chair and Vice-Chair set up a seven person Executive Committee in the next few weeks. The Executive Committee would have the power of the Regional Council between meetings. Without proposing specific names, Mr. Frantz asked the Regional Council to empower the Chair and Vice-Chair to set up the Executive Committee, sharing the names when they have been confirmed. Mr. Frantz also asked that if anyone had any comments regarding the process to contact him and/or Ms. Conner.

ON A MOTION BY MR. REINHART, SECONDED BY MS. HERBERT, THE REGIONAL COUNCIL APPROVED THAT THE CHAIR AND VICE-CHAIR DETERMINE MEMBERS OF THE REGIONAL COUNCIL EXECUTIVE COMMITTEE FOR 2017-2018.

Mr. Reinhart asked if a Nominating Committee would also be set up after the Executive Committee is established. Mr. Frantz confirmed that a Nominating Committee will need to be established, although not required immediately. There was no disagreement.

7. Public Comment

Mr. Frantz invited members of the public attending the meeting to offer comments or questions. He also asked that speakers limit their comments to 3 minutes. The following individuals spoke:

- a. Mr. Mark Gedulig-Yatrofsky is publisher of PortsmouthCityWatch.org – Mr. Gedulig-Yatrofsky stated that he was impressed with Mr. Wynne's presentation and one he had not heard before. He said Mr. Wynne's presentation was given with preciseness and clarity, indicating he would try to match that in his own remarks. He stated he believes what we are doing is important, that he has a worthy vision and he thinks it is important to let the public see the workings of this organization. He asked

that GO Virginia do what the regional bodies like the HRPDC, HRTPO and HRTAC do by recording and posting meetings on YouTube so the public has full access. Mr. Gedulig-Yatrofsky thinks if people were to hear and see Mr. Wynne's presentation as given today there would be a lot of enthusiasm.

Mr. Frantz thanked Mr. Gedulig-Yatrofsky for his comments and indicated that generating enthusiasm is exactly what is needed to create a mindset that is more positive.

- b. Mr. Ray Mattes is President of the Retail Alliance/Retail Merchants Association –Mr. Mattes asked Mr. Wynne about the pushback from retailers that he referenced in his comments and how the Retail Alliance can help. Mr. Wynne thanked Mr. Mattes for his question. Mr. Wynne indicated the program is not intended to replace anything that currently exists to support business. Most localities will help or reward businesses for creating jobs. GO Virginia will be asking the localities to shift more of their resources towards jobs that are supported by export dollars. Most local retailers do not specifically do that but if we are successful in bringing in revenue from outside the region, it will help those in retail business.

Mr. Wynne expressed appreciation for Mr. Mattes' question. He added that most business organizations have expressed support for GO Virginia. Mr. Mattes added that his organization believes in critical mass and retailers are suffering today because of increased online purchasing. They are looking for an even balance playing field and he indicated the Retail Alliance is there to support this effort.

- c. Delegate Jason Miyares is a member of the Virginia General Assembly, representing part of Virginia Beach (82nd District) – Delegate Miyares commended Mayor Sessoms for the job that he does in presenting the city's legislative priorities prior to the General Assembly sessions. He encourages his colleagues in the legislature to listen to the local government leaders and seek from them their state legislative priorities, believing GO Virginia funding and support should be a part of that list of priorities. They hear so many different voices and the best way to avoid confusion is to provide one voice, backed by accurate information.

8. Concluding comments for the Chair

Mr. Frantz reminded members of the joint meeting to be held in Richmond on April 20. He encouraged as many members of the Regional Council to attend as possible. He indicated that the Richmond meeting was set by the GO Virginia Board, recognizing the conflict with a couple of key meetings in Hampton Roads that would prevent some Regional Council members from participating.

Also as a follow-up to the public comment, prior to the next meeting of the Regional Council, officers will discuss the public nature of the meeting and what we might do to post or broadcast future Regional Council meetings. Procedures followed by other public entities will be considered.

9. Adjournment

There being no further business to come before the Regional Council, Mr. Frantz adjourned the meeting at 12:05 p.m.

Respectfully submitted,



James K. Spore
Secretary to the Regional Council

APPROVED



Thomas Frantz
Chair of the Regional Council