

**GO Virginia Hampton Roads
Regional Council**

**MEETING NO. 14
August 1, 2019**

Meeting number fourteen of the GO Virginia Hampton Roads Regional Council (“Regional Council”) was held Thursday, August 1, 2019, at 10:00am at the Virginia Analysis Modeling and Simulation Center (VMASC) Conference Room located at 1030 University Boulevard, Suffolk, VA.

<u>Members Present:</u>	Shawn Avery	Maria Herbert
	Timothy J. Bentley	Jim Kibler
	John R. Broderick	J.D. Myers, II
	R. Bruce Bradley	John Olson
	Patrick Coady	Jeffrey Smith
	William B. Downey	Bryan Stephens
	Robert Dyer	Thomas G. Tingle
	Thomas R. Frantz, Chair	

<u>Members Absent:</u>	Kenneth Alexander	Jerry Miller
	Anne C. H. Conner, Vice Chair	McKinley Price
	John T. Dever	John F. Reinhart
	Jack L. Ezzell, Jr.	Katherine Rowe
	Michael Gentry	Bruce Thompson
	Jeffrey Holland	Gary Warren
	Bob McKenna	

Staff Present: James K. Spore, President & CEO, Reinvent Hampton Roads
Donna S. Morris, Executive Vice President, Reinvent Hampton Roads
Gia M. Freeman, Administrative Assistant, Reinvent Hampton Roads

1. Call to Order and Opening Comments

Mr. Frantz called the meeting to order at 10:05 a.m., declaring a quorum present. He welcomed members and guests in attendance recognizing Mr. Drew Lumpkin, from Senator Mark Warner’s Office; Ms. Diane Kaufman, from Senator Tim Kaine’s Office, and Mr. Robert Bowen, Director of Norfolk Airport Authority.

Mr. Frantz thanked ODU President John Broderick and the staff at VMASC for hosting the meeting.

2. Approval of May 2, 2019 Regional Council meeting minutes

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED THE MINUTES OF THE MAY 2ND MEETING AS PRESENTED IN THE AGENDA MATERIALS.

3. Presentation of Updated Economic Growth and Diversification Plan

Mr. Frantz invited Dr. Larry “Chip” Filer to present proposed updates to the Economic Growth and Diversification Plan, including data highlights, areas of concern and opportunities. The report affirms economic conditions in the region have been steadily improving, with growth in the regional GDP,

per capita income and employment. Some of the improvement was credited to increases in federal spending.

The priority clusters proposed in the original plan were reaffirmed, with Life Sciences as a cluster that could emerge and should be monitored. Some specific growth areas supported with GO Virginia and federal grants include cyber security, unmanned systems and aerospace.

Areas of concern contained in the updated plan relate to population decline, with emphasis on the 20 to 34 age range as well as workforce and talent development. Talent shortages exist in engineering and engineering technology. There are critical shortages of technically skilled workers at all levels of education. These shortages threaten the short-run growth potential in the identified industry clusters.

The report also references potential GO Virginia projects that could emerge from the RVA/HR Collaborative and the I-64 Corridor. Other possible projects with federal funding support include Maritime Industrial Ecosystem Analysis (OEA grant) and the Open Seas Maritime Technology Hub (EDA i6 grant). The federal grants tied to projects like this can leverage GO Virginia funds.

There are non-GO Virginia initiatives included in the report to such as the regional branding initiative, Talent Pipeline Strategy Report, the Jefferson Lab ION Collider, etc. These are added to identify synergies that might exist and prevent duplication.

The report suggests that agility should be a goal for Region 5, rather than diversification. Agility comes from new companies that are not connected to government spending or it could come from existing government contracting companies finding commercial use for their products and services.

Comments:

- The Tech Talent Pipeline: Resources have been aimed at Northern Virginia. ODU can grow computer science and computer engineering by almost 4,000 degrees over a 15-year period. With the same appropriate investment from the Commonwealth, the number of faculty must increase.
- If the EIC comes to the region it will be significant. The timeline for a decision has been shorted from 6 months to six weeks.
- Regarding the trend on outward migration the change in population is due to more births than deaths.
- GO Virginia results will be long term and GDP and population will not change quickly, what would be the top indicators? The indicators identified in the report for early signals include the production of degrees and new firm creation in the priority clusters. Employment growth comes out on a frequent basis and because it is attached to tax data it must accurate in the initial estimate.
- There is concern about the lack of infrastructure to support the sites recently inventoried in our region and statewide. There is not enough natural gas infrastructure in this area to serve any new economic development opportunity from Charles City to the east and south. The Tier 5 mega-site in Suffolk has lost \$ 4 Billion and 11,000 jobs because it cannot be supplied with natural gas. In light of the news about another hurdle in advancing the Atlantic Coast Pipeline we must be aware that unless this project gets permitted there will be no ability to generate electrons or deliver natural gas to any advanced manufacturing facility in the region. How do we address energy connectivity?
 - It is a federal issue. The question is whether federal agencies can grant rights of way to cross the Appalachian Trail or the Blue Ridge Parkway.

- Agencies were granted the authority but contested and the Federal Court agreed with the challenge. The Supreme Court has been asked to take the case but has not yet acted on the petition filed.
 - Another option would be for Congress to authorize the crossing. There are more than forty pipelines that already cross the Appalachian Trail and Congress granted some easements but the vast majority were granted by agencies.
 - Action steps would include contacting the Congressional delegation, alert members regarding the importance of this issue. The City of Suffolk has made contact recently and other local governments are contemplating it.
 - The Atlantic Coast Pipeline (ACP) solves the problem. While other alternatives are being considered ACP is considered the most cost-effective means to address the need for Hampton Roads (a short line from Isle of Wight County to Chesapeake).
- Mr. Spore noted on June 26th a brainstorming session was held with stakeholders to discuss possible GO Virginia Projects. This meeting included representatives from Richmond (Region 4). On July 19th The GO Virginia Regional Council Executive Committee held a meeting, reviewed the document and recommended a motion for the Regional Council to submit the updated Economic Growth and Diversification Plan to the State GO Virginia Board for adoption at their September 10th meeting. He thanked Dr. Filer and his team, and the resources provided by Old Dominion University.

ON A MOTION MADE AND SECONDED, THE REGIONAL COUNCIL APPROVED THE UPDATED ECONOMIC GROWTH AND DIVERSIFICATION PLAN FOR REGION 5 AS PRESENTED.

Upon approval by the Regional Council, the Updated Economic Growth and Diversification Plan will be sent to the Virginia Department of Housing and Community Development by close of business on August 1st.

4. Regional Entrepreneurial Eco-System Initiative

Ms. Monique Adams (Executive Director, 757 Angels) and Ms. Evans McMillion (Executive Director, 757 Accelerate) provided a brief overview of the history, research and opportunities the region can pursue through the GO Virginia Regional Entrepreneurship Initiative (REI) as a follow-up to the recommendations from the TEconomy report funded by the State.

The headline is there is incredible momentum underway to develop the entrepreneurial ecosystem, with \$50 Million in investments made, attracting companies and capital from outside Hampton Roads, all aligning well with the Economic Growth and Diversification Plan. The following points were shared:

- Eco-systems have consistent components. They are a reflection of the communities and they all have access to capital, resources, talent (tech talent), and corporate support.
- Five years ago, 757 Angels started and has brought the region recognition nationally. In 2016 Startwheel was formed that provide a digital hub to connect those starting or growing a business to resources they need. In 2017, 757 Accelerate was the outcome of a grant made to EDA for i6 Challenge funding. In 2018, 757 Launch took place and was considered a successful indicator with 450 people attending, of how the region is building density of start-ups. In late 2018, the i6

Challenge grant funded the first cohort of five accelerator companies. GO Virginia funds were awarded to the 757 Seed Fund project in 2018 to help companies get to the stage where they are viable.

- The goal is to be inclusive, interconnected and impactful, always measuring to show significant progress toward goals and capturing lessons learned that can be shared.
- 757 Angels offers a centralized source of angel capital – To date, \$ 47 Million has been invested in 23 companies by 122 investors, creating 198 high paying jobs at an average salary of \$77,000 (90% of the capital remains in Hampton Roads). 757 Angels was recognized as a member of the Top 10 Group in the country for investments by Angel Capital Association.
- 757 Accelerate was created through a federal grant to support early stage companies (\$20K in non-diluted capital given to each company). In two years they received 260 applications. To date there have been 2 cohorts (10 companies) participating in a three-month rigorous, mentorship driven (160 mentors), milestone-based program; \$100k equity-free participation awards; \$ 2.6 Million in capital raised; 7 pitch events; and 20 industry areas represented. They have partnered with Lighthouse Labs (Richmond). RISE Resiliency Program is a partner as well as the Innovation Commercialization Assistance Program (ICAP) at George Mason University.
- 757 Seed Fund is catalytic capital, a \$ 1.5 Million pre-seed fund. Only 5- 6 companies can be taken per year, based on funding. The Seed Fund is to address the critical capital needs that are accelerator worthy or companies not in the accelerator but still promising. 757 Seed Fund will sit next to the 757 Angel network for an important connection.
- Hampton Roads created an innovation pathway for firms to grow from ideation to high growth companies, providing human and financial resources necessary to enhance growth. You can have an idea, get the support you need through the ideation phase, get through the accelerator to further validate the idea, then proceed to the 757 Seed Fund or 757 Angels and become a high growth company.
- Space has been made available on Granby Street, called *Assembly*. Only innovators and creators will occupy this space. The project will be fully subsidized by the City of Norfolk, Ferguson Enterprises and Towne Bank. It will accommodate 45 tenants for a six-month timeframe, later becoming rent-paying tenants. It is not intended to compete with existing co-working spaces. They will measure workforce development and business growth, as well as regional reputation.
- The REI opportunity provided through GO Virginia will provide \$ 300,000 to each region, with less stringent match requirements, to engage key stakeholders in the region to collectively develop the strategy and structure to advance the entrepreneurial ecosystem, based on recommendations provided in the TEconomy report for Region 5, to include a sustainability plan.
 - A conversation has been held with various stakeholders in the region and they have agreed to support the effort and actively participate.
 - Who is the right convener? They felt Reinvent Hampton Roads is agnostic, an honest broker for the region and they have been focused on all efforts and initiatives that align with the GO Virginia Region 5 Plan. Based on the research that has already been done on entrepreneurial ecosystems emphasis will be paced on ideation and later stage capital.

Mr. Frantz and members of the Regional Council applauded Ms. Adams and Ms. McMillion for their

work. A brief overview by Mr. Spore of the State's requirements and reference to the schedule included in the agenda packet.

Mr. Frantz also noted that he is one of two members on the Regional Council that also sit on the Reinvent Hampton Roads Board of Directors (no more than two members can serve on both boards). Mr. Frantz disclosed that he has no personal interest in this project.

Mr. Bryan Stephens thanked Ms. Adams and Ms. McMillion for their work and he indicated the Hampton Roads Chamber of Commerce is solidly supports this effort because of those leading the effort and the focus on job creation.

It was noted that if Reinvent Hampton Roads is the applicant an outside organization could set up the review committee to consider all proposals received. Mr. Spore indicated the Hampton Roads Planning District Commission has agreed to serve in that role if needed to include monitoring the contract. There being no further questions or comments the following action was taken:

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED AUTHORIZING REINVENT HAMPTON ROADS, ON THEIR BEHALF, TO PUT TOGETHER AND DISTRIBUTE A REQUEST FOR INFORMATION/QUALIFICATIONS THAT COMPLIES WITH THE VIRGINIA PROCUREMENT ACT, INVITING INTERESTED STAKEHOLDERS TO SUBMIT AN OFFER FOR CONSIDERATION TO SERVE AS THE REGIONAL COORDINATING ENTITY THAT WILL EXECUTE THE REGIONAL ENTREPRENEURSHIP INITIATIVE PLAN.

5. Update on GO Virginia Actions

It is the responsibility of the Regional Council to monitor progress made on approved GO Virginia funded projects. Mr. Spore highlighted the progress made over the second quarter of FY19 for each of the seven projects supported by GO Virginia grants in Region 5. All awardees have met milestones necessary to draw down funds. The slides capturing the grant reports are attached to these minutes.

Mr. Spore referenced the report in the agenda packet listing all grants awarded throughout the state as of June 12, 2019. He indicated 39 of the 51 grants awarded were related to workforce development projects.

6. GO Virginia Grant Requests

Mr. Spore referenced Tab D of the agenda packet, highlighting three grant applications received for consideration. Unfortunately, due to the limited funds available for Administrative Approval grants (under \$100,000), one small grant request to support an Eastern Shore Hydro Drone project was withdrawn by the applicant. Clarification has been requested of the DHCD staff on the GO Virginia board policy that provides regions \$250,000 for administrative approval applications each fiscal year. Two days prior to the grant review committee meeting DHCD staff informed us that Region 5 had only \$ 85,295 available for administrative approval applications and the remaining per capita allocation for that fiscal year must be drawn before the FY 2020 allocation of \$250,000 can be used.

A brief overview of the two applications reviewed by the Grant Review Committee was presented, along with the Grant Review Committee's recommendations.

The first application for a competitive grant with Region 7 to support the Virginia K-12 Computer Science Pipeline Project was recommended for approval contingent on specific adjustments to be made to the budget that will remove GO Virginia funds directed to the K-5 elements of the project as

well as technology infrastructure that is typically funded by the school districts; the establishment of an Industry Council to assist with curriculum development; and, actively engaging the eight Regional Superintendent Study Groups throughout the state. These adjustments were suggested following discussions with the staff at DHCD and members of the GO Virginia State Board. These issues have been shared with Region 7. They will have until August 9th to adjust and file the application with the state. The following action was taken:

ON A MOTION MADE AND SECONDED, THE REGIONAL COUNCIL APPROVED THE REQUEST TO SUPPORT A COMPETITIVE GRANT APPLICATION WITH REGION 7 TO SUPPORT THE VIRGINIA K-12 COMPUTER SCIENCE PIPELINE PROJECT, SUBJECT TO ADJUSTMENTS THAT ADDRESS THE CONDITIONS CONTAINED IN THE RECOMMENDATION FROM THE GRANT REVIEW COMMITTEE.

THE REGIONAL COUNCIL REQUESTED THAT SUPPORT STAFF WORK WITH REGION 7 TO INSURE THE RECOMMENDED AJUSTMENTS ARE MADE AND ONLY IF NECESSARY, WILL BRING THE APPLICATION BACK TO THE GO VIRGINIA REGIONAL COUNCIL EXECUTIVE COMMITTEE FOR ADDITIONAL REVIEW AND APPROVAL.

Mr. Pat Coady provided a brief overview of the Eastern Shore Hydro Drone project, an administrative approval grant application that was withdrawn. He indicated this project has the greatest potential for workforce development and because it involves near-shore shallow water surveying it could be applied to all tidal waters, useful for things like dredging. This project could eventually be part of a competitive grant application. The Eastern Shore currently has two grants in place for dredging surveys – determining how much needs to be dredged and disposed of. The hydro drone would identify the specific areas that need dredging. This would be important for the Virginia Port facilities in Hampton Roads and up to Richmond. Four regions have a vital interest in what this project can offer. If funds are made available for administrative approval this application will be resubmitted.

The second application is for an administrative approval grant to support The GIG (Gather, Innovate, Grow) on the Eastern Shore. The project is intended to develop a viable commercial model for entrepreneurial ecosystem support in rural regions with limited financial resources. The proposal includes a makerspace as well as a connection to the MD hotDesk program. If extended to the Eastern Shore hotDesk would provide connectivity to eight facilities through a central server magnetic card system. While the Grant Review Committee expressed support for the project, reservations about the request caused them to recommend denying the application but continue to work with partners on the Eastern Shore to create and sustain an entrepreneurial ecosystem, based on preliminary analysis needed. Specifically, it was suggested that Old Dominion University conduct the feasibility study work sited in the application, using a federal OEA grant they received. Some of these funds are being used to help rural communities like Wise County.

Mr. Coady provided a written response to the Grant Review Committee recommendation that was distributed to the Regional Council outlining reasons for reconsideration. Invited to share his thoughts in the meeting Mr. Coady introduced the three principles of the project who were in attendance: Ms. Kerry Kobe (Entrepreneur and former CPO, overseeing software and security projects for a large firm in Chicago); Mr. Joe Betit (former Chief Surveyor and Innovation Officer for Bechtel); and Ron Matthews (CPA, formed and managed several medical companies), all with considerable entrepreneurial experience.

Mr. Coady shared how The GIG addresses the *Foundational and Entrepreneurship Development Regional Action Plan* in the Eastern Shore Stronger Economies Together (SET) strategy, a program of the USDA that received a high-quality award. The SET plan, like the Economic Growth and Diversification Plan has been rolled into the Comprehensive Economic Development Strategy (CEDS) for the Eastern Shore. The SET plan development process included a needs and assessment involving stakeholders to determine specific next steps, including the creation of an incubator for new businesses, the impetus behind The GIG. Mr. Coady apologized that this was not explained in the GO Virginia grant application.

Shore Growth Ventures was also mentioned. It is a seed capital group for the Eastern Shore with just under \$ 100,000 raised. Mr. Coady indicated he is not a principle in The GIG but he did establish the non-profit Eastern Shore Foundation to serve as the non-profit applicant.

Scalability and process were issues raised by the Grant Review Committee. In terms of process Mr. Coady sited his personal involvement is setting up two cyber-optic companies as well as Mr. Betit's experience in a construction company. He emphasized that entrepreneurs work by testing and hard data, not focus groups. The take the recommendation to conduct another study is a repeat of all that has already been done.

The funds are needed to test a new idea. It is possible a larger grant request will follow to scale-up the project, possibly at Wallops Island. Regarding the selected location in Exmore, the reason for the makerspace location is due to internet access. The Eastern Shore needs this kind of innovation.

Following discussion, it was recommended that staff, with input from the grant review committee and an adjusted budget send the application to the Regional Council Executive Committee for consideration and action.

7. Other Business

Mr. Frantz invited members to join the Friends of Jefferson Lab. He will send the link to everyone.

8. Public Comment

There was no public comment.

9. Adjourn

The next Regional Council meeting will be held on October 24, 2019 at 10:00am (location to be confirmed). There being no further business, Mr. Frantz adjourned the meeting at 12:08 p.m.

Respectfully submitted,

Donna S. Morris
Secretary to the Regional Council

APPROVED

Thomas R. Frantz
Chairman of the Regional Council