

**GO Virginia Hampton Roads
Regional Council**

**MEETING NO. 22
August 5, 2021**

Meeting number twenty-two of the GO Virginia Hampton Roads Regional Council (“Regional Council”) was held Thursday, August 5, 2021, at 10:00am. This meeting was held in the Conference Room at the Virginia Port Authority located in the World Trade Center, 101 W. Main Street, Suite 600, Norfolk, VA.

<u>Members Present:</u>	Shawn Avery	Maria Herbert
	Timothy J. Bentley	Jeffrey Holland
	R. Bruce Bradley	Bob McKenna
	John R. Broderick	J.D. Myers, II (remote)
	Patrick Coady	John Olson
	Anne C. H. Conner, Vice Chair (remote)	John F. Reinhart
	Marcia Conston	Jeffery Smith
	Christen Faatz	Bryan Stephens
	Thomas R. Frantz, Chair	Thomas G. Tingle (remote)

<u>Members Absent:</u>	Kenneth Alexander	Cheryl McLeskey
	William B. Downey	Jerry Miller
	Robert “Bobby” Dyer	McKinley Price
	Jack L. Ezzell, Jr.	Katherine Rowe
	Michael Gentry	Bruce Thompson

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, Opening Comments and Roll Call

Chairman Tom Frantz welcomed everyone and called the meeting to order at 10:05 a.m. He recognized Mr. John O. “Dubby” Wynne, a founder and the first Chair of the GO Virginia State Board as well as Mr. Alston Underwood a summer intern working at Williams Mullen. He informed members and guests in attendance that since COVID restrictions were lifted for meetings a quorum of Regional Council members must be physically assembled at the primary or central meeting location. Since several members were participating by phone Mr. Frantz asked Ms. Morris to conduct a roll call to confirm all members of the Regional Council participating. Following the roll call a quorum was confirmed.

2. Approval of MAY 6, 2021 Regional Council meeting minutes

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED THE MINUTES OF THE MAY 6TH MEETING AS PRESENTED IN THE AGENDA PACKET.

3. Public Comment – No public comment.

4. GO Virginia State Board Actions – Mr. Spore reported that the State Board met on June 15th and took the following actions:

4.1. Elected Ms. Nancy Agee as Chair and adopted a proclamation honoring Mr. Thomas Ferrell.

- 4.2. Adopted Capacity Building allocation for FY22, providing \$250,000 for each region (no match required).
 - 4.3. Adopted the per capita allocation for each region (Region 5 will receive \$3,425,572). The General Assembly has been very generous with the allocation to the GO Virginia program. He encouraged members to reach out to state elected leaders, thanking them for their continued commitment.
 - 4.4. Approved all nine GO Virginia Region budgets.
 - 4.5. As of March 31st, 170 GO Virginia projects have been approved since the program started in 2017.
 - 4.6. Region 5 was awarded: \$ 1,450,000 to support the Cybersecurity Job Creation System (CJCS) application (competitive request); \$ 500,000 to support Campus 757 (per capita request); and, \$ 2,415,573 to support 757 Collab (per capita request/the largest per capita grant award in Region 5 to date). The Maritime Entry-to-Employment Training (MEET) Program request of \$ 723,000 (per capita request) was deferred.
5. **Quarterly GO Virginia Grant Progress Reports** – Mr. Frantz invited Ms. Morris to provide an update on the status of Region 5 GO Virginia funded projects. She referred to TAB C of the agenda packet for details on the outcomes to date compared to the expected deliverables for each of the 23 projects funded in Region 5. The most recent awards do not appear on the report, as the grant agreements are still in negotiation. She reported that eight projects are complete and those remaining are on track. Circumstances beyond the sub-grantee’s control prompted minor adjustments for a few, such as budget revisions and grant agreement extensions. The following additional updates were shared:
- 5.1. **Kings Creek Commerce Center** (also known as the Hampton Roads Unmanned Systems Facility) – The grant end date has been extended through June 2022. The amended agreement includes deliverable to complete studies and plans to bring approximately 82 acres of potentially developable property to a Tier 3 in the Virginia Business Ready Sites Program scale.
 - 5.2. **Hampton Roads Workforce Council Talent Pipeline Development Program** – A Business Intelligence Analyst, Employer Engagement Manager, and a Director of Strategic Development have been hired. They have also established an Employer Collaborative in the maritime sector.
 - 5.3. **Virginia Virtual Maritime Trades Training Program** – The program faced setbacks due to restructuring at Newport News Shipbuilding that impacted the project team, but thanks to partnerships established with the Community College Workforce Cooperative through TCC, ODU’s VMASC, and the Apprentice School they are moving ahead.

Ms. Morris invited anyone interested and available to join Mr. Matt Smith (Director of Offshore Wind, Hampton Roads Alliance) at 12:30pm for a tour of the Offshore Wind Landing on the 2nd floor of the World Trade Center.

Mr. Pat Coady, member of the Regional Council and President of the Eastern Shore Foundation shared an update on theGIG, one of two projects supported with GO Virginia funds, making a positive impact on the Eastern Shore.

TheGIG is a co-working space and a makerspace for Virginia and the Eastern Shore. It is also

affiliated with a chain of makerspaces in Maryland. The grand opening was scheduled in March and that week the Governor shut the State down. The project went immediately into the mode of being restricted to having only three to four people in the facility. Due to these circumstances the GIG grant agreement was extended but recently closed. The landlord has taken over the GIG and will continue the project as a private enterprise. Membership has increased and is rapidly reaching the point it will have to look at expanding to a larger space.

Emphasizing how GO Virginia projects underway can spark new ideas and create opportunities Chairman Frantz referenced one of the first projects GO Virginia funded led to the formation of a Regional Industrial Facility Authority (RIFA) on the Virginia Peninsula. The Eastern Virginia RIFA is in the process of acquiring a parcel of land, known as the Kings Creek Commerce Center in York County. A portion of the property was envisioned to be the location of an unmanned systems facility. About the same time a local company called DroneUp began rapidly growing, with Walmart as a new partner to advance commercial drone service and delivery to 4700 stores around the USA. This will lead to a testing and training center that will be located somewhere either in Virginia or another location in the country. The testing and training center will become the hub for an industry cluster. There are a number of options here in Region 5, to include Wallops Island, NASA LaRC and ODU VISA program. HII is also developing under-water drone capabilities. Because of our focus on building entrepreneurship, private equity, and industry clusters the CEO and COO of DroneUp were asked to speak about their journey and offer their perspective on the opportunity to create a testing/training site hub for the area. Mr. Frantz introduced Mr. Tom Walker, Founder and CEO and Mr. Anthony Vittone, COO of Virginia Beach-based DroneUp.

Mr. Walker said DroneUp started in Hampton Roads in November 2016 with an idea that drones were going to have a revolutionary impact in numerous areas, such as intermodal transportation, inspections, public safety, and emergency response. They started by building a simple mobile app that would allow them to identify a drone pilot and track where they deploy missions. Through the support of their COO & Chief Legal Officer, they were able to obtain a patent. This was a powerful move as it stops other companies from being able to use that mobile app. As a result, their aerial services division expanded to 15,000 drone operators in the USA, plus a concentration of operators in 43 other countries. They are the largest drone provider in the world, providing aerial inspection, port security, public safety, and anything that can be done with drones. Over the last three years the business has grown triple digits (700% in 2018 and 1004% in the last year).

Last year, when the pandemic hit, the White House reached out and asked how they could use commercial drones and operators to bring relief and provide response services. DroneUp had never done this before but they came together to do the first, most comprehensive drone delivery exercise in history. From that exercise a whitepaper was produced that is now used as the official guide on how to do deliver both in the USA and outside the country. As a result, Walmart contacted them. At the time the three major competitors in the last mile delivery of drones were Walmart, Amazon, and Google. Amazon said they would use their drones to initiate a mass response to the pandemic. Google said they would do the same thing and Walmart said they would as well, but since they did not have any drones, it made their response problematic. Walmart brought in DroneUp and gave them the opportunity to use drones for last mile and contactless delivery of COVID test kits. DroneUp launched operations in New York, Las Vegas, and in the heat of what was going on they were in El Paso in two different locations doing delivery. During their operations in those hot spots they did not have

one single case of COVID among the team, thanks to good guidance and discipline.

Over the course of delivery operations, they performed 1,255 residential deliveries. In only nine weeks they made more drone deliveries than Amazon, Google, UPS, USPS, DHL and FedEx were able to do combined in the entire year. As a result, Drone Up received support from the FAA, elected officials in New York, Las Vegas, Texas, and Louisiana, therefore creating opportunities to influence policy. That resulted in DroneUp being the first company in the USA to be able to fly over people and offer residential delivery. They are still the only company that has that ability. Rather than taking the same approach Amazon had taken to build their own program and systems, Walmart decided to invest in DroneUp and signed a partnership deal.

DroneUp has now been chartered and over the next three to five years they will be training roughly 25,000 drone operators. In their corporate office they have gone from twelve to fifty employees last year; 100 by the end of 2021; and, 300 by the end of 2022. The corporate office will remain at Newtown Road in Virginia Beach, with 50-55 employees. Where they put the additional 250 plus employees and the planned training facility has not yet been determined. They are looking at four sites in Virginia, two in North Carolina, North Dakota, South Dakota, Louisiana, and Texas. The important thing to note is DroneUp has not only the opportunity to change the industries they are touching, but they are in a position to create new jobs in a new industry where currently they do not exist. The challenge with creating a new industry is there is no current workforce development program to support it. There are very few college programs that produce effective operators in this industry and more importantly, while they are trying to train 25,000 operators that will be manning 700 locations throughout the country, millions of dollars are being invested in autonomy, eliminating the need for those very same jobs. Fortunately, DroneUp has developed a path through their own workforce development plan and will allow developers to move into different positions.

Mr. Walker recognized Mr. Frantz for the support and guidance he offered when this began as an idea in 2016. Mr. Frantz said the interesting thing to him is the response from area universities to focus on data and analytics, which is a key component of growth in this industry. This is what GO Virginia is set up to do – identify and focus on opportunities within our region’s priority industries.

He thanked Mr. Walker and Mr. Vittone for their work and for being based in the Hampton Roads region.

Regional Council member Bruce Bradley commented on how impressive the presentation was and asked what the profile was for a drone operator and if college-level training was required. Mr. Walker said an operator needs to be motivated, ready to learn, appreciate emerging technologies, and not overwhelmed by constant cognitive change. College-level training is not required. Many of their best operators are young kids who were attracted early by video games.

Regional Council member John Reinhart also expressed how impressive the presentation was. He asked about their ability to work with the Department of Defense (DoD) and whether VEDP was actively working with them on their site search and other things that can be done at the State level that will encourage them to expand here. In response Mr. Walker indicated DroneUP has a contract with NATO, providing emergency field service with a system to automatically arm the drone with what is needed, quickly. They are also setting up to do some international work. Thus far DoD, with

some hesitancy around drone programs prompted by confusion around Chinese and American-made drones, there has been some movement. There has been discussion about a contract to do Navy inspections using drones. They recently did the first digital twin of the USS Wisconsin using outdoor drones and in-door drones, building a 3-D model that allows you to do a walk through. DroneUp is the only drone company in the US that is certified by the American Bureau of Shipbuilding. This will allow them to do ship inspections as well as offshore oil and wind turbine inspections. Delivery to ships will be a significant market. There has also been a large uptick in medical device delivery.

In response to the question regarding VEDP, Mr. Vittone indicated DroneUp is in active discussions and as a result two site visits have been made, with two more planned. The York County Facility, Richard Bland College, Fort Monroe and Lawrenceville (Brunswick County) are the Virginia sites visited.

Regional Council member Bryan Stephens mentioned when you are looking at talent attraction, transitioning military veterans would be a prime target to address their workforce needs. Mr. Walker stated he hires former military when they show up. Many in the training, R&D, and field operations team are retired military. Mr. Frantz stated that Mr. Walker was in the military as a nuclear engineer and an Officer in the Navy.

Mr. Walker stated that DroneUp is new and everything is about having a customer. Walmart is the largest drone customer in the world, but more importantly is every company that wants to sell a drone technology, product or anything related to drones must go through DroneUp. Last week three companies from Israel, companies from Germany, and elsewhere were beginning to set up offices and put people in them. When it comes to industry clusters, his advice is to find the company that has customers and those customers will ultimately bring in other businesses. They anticipate 10 to 12 businesses will locate here in Hampton Roads if the test facility is in this area in the next twelve months.

Status of GO Virginia Funding – Ms. Morris referred to TAB D in the agenda packet highlighting the six different GO Virginia funding categories and the accompanying spreadsheet providing the breakdown of the grants awarded in each category, including the applications to be considered.

6. GO Virginia Grant Applications for Consideration

Mr. Spore provided a brief overview of the process used to review applications submitted. The process is very similar to what the State follows, using a series of panels comprised of subject matter experts to review the application, meet with the applicant and develop a recommendation to be presented to the Regional Council. If approved, the application is submitted to the state for review and consideration. Once approved by the State GO Virginia Board, there is another phase of the process that includes negotiating a performance contract, milestones and anticipated deliverables. Once a grant is closed, there is another phase to conduct the formal closeout reporting.

In Region 5 the review panels are set up around the four key GO Virginia focus areas – Talent Development, Entrepreneurial Eco-system (R&D/ accelerators), Industry Cluster Scale-up, and Sites/Infrastructure. For this round of applications, two panels were created and met in July. The Talent and Credentialing panel members included Regional Council member Dr. John Olson, Ms. Kate Meechan (former CEO of Volunteer Hampton Roads), Dr. Jim Shaeffer (ESCC), Ms. Judy

Begland (former CEO of Opportunity, Inc.), and Mr. Steve Herbert (former Suffolk City Manager, Virginia Beach Deputy City Manager and President & CEO of the Hampton Roads Alliance). The second panel reviewed one application aligned with Industry Cluster Development & Scale-up. This panel included Regional Council members Mr. Jeff Holland and Mr. Jerry Miller, Mr. Steve Holcomb (GENEDGE), Mr. Jim Kibler (retired President, Virginia Natural Gas) and Mr. Keith Cannady (HRPDC).

- a. Maritime Entry-to-Employment Training (MEET) – Mr. Spore stated the re-submission by Old Dominion University and partners Tidewater Community College and QED Systems requests \$ 723,000. This application was submitted and approved by the Regional Council at the May 6th meeting, so action is not necessary today. The GO Virginia State Board deferred the application when first submitted. Following their decision several calls were scheduled with the DHCD staff and the applicant to address the issues that came up. The DHCD staff seemed satisfied with the answers and the application would be resubmitted for consideration in September.
- b. Setting Pathways that Activate Real-World Knowledge (SPARK) – Mr. Spore summarized the resubmitted Enhanced Capacity Building application from Portsmouth Public Schools, requesting \$100,000, with a match of \$55,000. This application includes a broader scope to include advanced manufacturing to launch the first module of the SPARK program. They have many active partners to include Newport News Shipbuilding, Fairlead, Virginia Shipbuilding and Ship Repair Association (VSSRA), Tidewater Community College, SimIS, VMASC and the Hampton Roads Workforce Council. The program will use science and math and STEM-related programs in a manufacturing setting, in addition to soft skill development, sited as a need by employers. Projected outcomes include a digital course module, the first of four, a future training module developed and delivered to 100 teachers. The Regional Council deferred this application when presented as a per capita request. The questions raised have been addressed and this resubmission as a planning grant is recommended for approval by the Subject Matter Review Committee.

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED THE RECOMMENDATION TO APPROVE THE SETTING PATHWAYS THAT ACTIVATE REAL-WORLD KNOWLEDGE PROGRAM ENHANCED CAPACITY BUILDING GRANT APPLICATION SUBMITTED BY PORTSMOUTH PUBLIC SCHOOLS FOR \$ 100,000.

- c. Career and Development Program – Mr. Spore provided an overview of the workforce development application, referring to the summary provided in the agenda packet. The applicant is Neighborhood, a 501(c)(3) that provides organizational development and skill training in the South Norfolk Neighborhood in Chesapeake. This request of \$ 85,222, with matching funds of \$ 42,611 will allow them to direct resources to the expansion of space needed to increase their production from serving 20 residents per year to 80 per year. Their funding partners include the Hampton Roads Community Foundation and the Overton Group. The applicant shared very impressive results in what they have been able to do to help those in a community with great needs. This will be a wrap-around service, providing a way to get those in this community out of poverty. The Subject Matter Review Panel enthusiastically supported this application. Mr. Spore mentioned that while all Economic Recovery & Resilience (ERR) FAST Access funds allocated to Region 5 have been awarded to date, the DHCD staff confirmed we are able to access funds to cover this request from our per capita allocation.

Mr. Reinhart mentioned another important issue to raise here is improving childcare access. Mr. Spore indicated that while this grant will help them direct funds toward expansion, they provide

wrap-around services. He mentioned the United Way Bridge Program and they also offer this assistance.

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED THE ECONOMIC RECOVERY AND RESILIENCE FAST ACCESS GRANT APPLICATION SUBMITTED BY NEIGHBORHOOD TO SUPPORT THE CAREER AND DEVELOPMENT PROGRAM IN THE AMOUNT OF \$ 85,222. (*Mr. Shawn Avery abstained*)

- d. Regional Energy Master Plan Development – Mr. Spore stated the amount requested from GO Virginia by the Hampton Roads Alliance is \$ 84,000, with a match of \$ 42,000. This is an Enhanced Capacity Building request with funding used to hire an independent consultant that would assess our energy assets and needs. Since the Atlantic Coast Pipeline was cancelled on July 5, 2020 there is question about next steps in addressing current and future energy needs. The assessment will include determine the baseline of energy use and supply, the prospect for growth, and what are the alternatives to meet that requirement. The Subject Matter Review Panel thought this was an important request and recommends approval.

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED THE ENHANCED CAPACITY BUILDING GRANT APPLICATION SUBMITTED BY THE HAMPTON ROADS ALLIANCE TO SUPPORT THE REGIONAL ENERGY MASTER PLAN DEVELOPMENT IN THE AMOUNT OF \$ 84,000.

7. Biennial update of the Economic Growth & Diversification Plan – Mr. Spore referred to the memo included in the agenda packet outlining an approach for consideration to meet the requirement by the State to update the Region’s Economic Growth and Diversification (EG&D) Plan. We were notified that the State has extended the deadline for when the update must be submitted to the end of the calendar year.

The approach suggested is to form a Task Force of regional partners as a way of building additional ownership in the plan. The reason would not only be to save money, but to build ownership and accountability. Not many people even know about the EG&D Plan, so this is a way to get regional partners actively involved. The \$40,000 included in the FY2022 Capacity Building Budget is set aside for the update if needed.

The Regional Council expressed support for the approach and took the following action:

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED THE APPROACH AS OUTLINED IN THE MEMORANDUM FROM MR. SPORE TO PROCEED WITH THE REQUIRED UPDATE OF THE REGION 5 ECONOMIC GROWTH AND DIVERSIFICATION PLAN.

8. Other Business – Mr. Spore indicated there is a meeting currently going on in the Offshore Wind Landing space on the second floor, but if any members are ever interested in touring the facility, please let the staff know and we will set up a time for you to see this space.

Mr. Spore also reminded members of the upcoming Blueprint 2030 meeting for Region 5 to be held August 11th. Mr. Frantz thanked Mr. Spore for drafting his remarks for this meeting. He invited any Regional Council members, if interested to review and offer any comments to improve or add to the presentation in advance.

Mr. Spore said this is a clear indication that the GO Virginia program is making an impact when the

State Chamber reaches out to each of the GO Virginia nine regions to participate.

Ms. Herbert thanked the staff for a lot of work that is done to bring reviewers together to evaluate applications and in constant communication with the applicants. She mentioned this would not be possible without the support offered by Reinvent Hampton Roads.

Mr. Bradley asked the question about *DroneUp* locating their training site in Hampton Roads and what we can do to make that happen. Mr. Frantz responded by saying it is in the hands of the Virginia Economic Development Partnership (VEDP) and local IDAs. One of the reasons this presentation was made to the Regional Council today is because between now and the next meeting in October, there may be decision. When that time comes, they will be looking for VEDP funding for training and testing as well as local IDA funding. The cities and counties and universities that will host them will probably be looking for GO Virginia funding. If everything is in Hampton Roads it will be probably be a per capita request, but if other regions are involved it could be a competitive grant request, which could be a larger request.

Mr. Frantz asked if the Regional Council would support having the Executive Committee hold a special meeting when and if that happens to make the decision for Region 5 or would they prefer to call a full Regional Council meeting.

Mr. Coady recommended authorizing the Executive Committee to act on behalf of the board. A second was offered. Before a formal vote was taken, Mr. Holland suggested it may be more impactful if a vote on a matter of this magnitude was taken by the full Regional Council. Mr. Frantz agreed, and it was decided that based on the judgement of the leadership either a special full Regional Council meeting or Executive Committee meeting would be called if needed.

ON A MOTION MADE AND SECONDED THE REGIONAL COUNCIL APPROVED HAVING THE LEADERSHIP DECIDE WHETHER TO CONVENE THE FULL REGIONAL COUNCIL FOR A SPECIAL CALL MEETING OR THE EXECUTIVE COMMITTEE IF NEEDED.

9. **Adjourn** – There being no further business, the meeting was adjourned.

Respectfully submitted,

Donna S. Morris

Donna S. Morris
Secretary to the Regional Council

APPROVED



Thomas R. Frantz
Chair of the Regional Council