

Go Virginia, Region 2 Council Meeting Minutes

February 23, 2018

*Center for Advanced Engineering and Research (CAER)
Forest, VA*

Chairman Dr. Raymond Smoot Convened the Meeting at 10:10am

Council members in attendance: Ms. Marla Akridge, Dr. John Capps, Mr. Kenneth Craig, Ms. Beverly Dalton, Mr. William Fralin, Dr. Michael Friedlander (via phone), Mr. Don Halliwill, Dr. Brian Hemphill, Dr. Victor Iannello, Mr. Floyd Merryman, Mr. Marty Muscatello, Mr. John Putney, Dr. Raymond Smoot, Mr. John Williamson

Absent: Dr. Eddie Amos, Dr. Nathaniel Bishop, Mr. Ab Boxley, Mr. Patrick Collignon, Ms. Sandy Davis, Dr. John Dooley, Mr. Michael Fleming, Mr. Watt Foster, Mr. Mike Hamlar, Ms. Terry Jamerson, Ms. Debbie Petrine, Mr. E.W. Tibbs, Ms. Shannon Valentine

Region 2 staff in attendance: Dr. John Provo, Dr. Scott Tate, Sarah Lyon-Hill

Public attendees: See end of document for Sign-in sheet with names of public attendees

Opening remarks (administrative):

- **Past Meeting Minutes:** Chairman Smoot asked for corrections or additions to Council Meeting Minutes from January and October. No changes. Chairman Smoot moved to approve minutes. Council approved.
- **New Council Member:** State board approved Marty Muscatello as new Region 2 Council member

John Provo discussed “lessons learned from GOVA process thus far”: Perhaps the most confusing issue for all of us has surrounded the role of localities. With more than a dozen projects having run through the full process, DHCD now has a much clearer understanding of the expectations from the state board, especially several legislative members of that body, on this issue.

- Two or more cities or counties (or towns with additional documentation of their engagement in economic development) must be active participants in any project funded by GO Virginia, not merely supportive in a general sense.
- GO Virginia projects should include local financial commitments (cash or in-kind) totaling 20% of the project or \$50,000, whichever is greater.
- Meeting the local participation or commitment requirements through regional organizations such as yours requires not only your commitment, but also a corresponding local letter, which in the case of financial commitments would “ earmark ” their contribution to you directly to the proposed project.
- Waivers for projects serving more than half of the GO Virginia Region 2 population are still available at the discretion of the state board, however they are very much to be considered a “last resort.” Any proposed waiver does not replace local participation as described in point #1 above. A proposed waiver should also be accompanied with some evidence of a good faith

effort to secure local financial participation as described in point #2 above, and some plan or commitment to pursue that kind of support moving forward.

- **Nominations to fill vacant council seat:** Chairman Smoot reported that E. W. Tibbs has brought forward the nomination of Fred Armstrong, Chairman and CEO of Wiley|Wilson in Lynchburg. Chairman Smoot motioned to approve. John Putney and Beverly Dalton seconded the motion to approve. Council approved with no dissenting votes.
- **Proposed funding for the coming two years:** Mr. John Putney described DHCD preliminary budget proposal for Region 2: \$1.285 billion (year 1) and \$1.421 billion (year 2).
- **Quarter 4 Agenda:** After this meeting, all Region 2 funding for this year could be distributed. Future meeting and work for the remainder of this fiscal year include:
 - 1) *Endorsing proposals for state competitive funds:* At least one or more possible proposals involving Region 2 are coming. Council and staff have direction from the state to publicize opportunities, and staff is moving forward with that mandate.
 - 2) *Key work items in terms to the Council:* metrics and evaluation of programs, review and update of projects as they align with GOVA plan (gap analysis), planning for future work.

Application Presentations with Q&A:

Proposal 1: Expanding the Business Development & Entrepreneurial Ecosystem – The Advancement Foundation (TAF):

- Scott Tate provided summary of proposed project along with subject matter reviewer's feedback. Annette Patterson represented the applicant during the Q&A process.

Ms. Patterson addressed five main questions from council members: current success rate, sustainability of the program, how innovative is TAF in engaging local stakeholders, concerns about duplication of services with other applicants (SBDC and RAMP), and the nature of TAF's in-kind match. First, when asked about TAF's current success rate with businesses, Ms. Patterson replied that 60% of businesses that go through the Gauntlet Program, which they propose to expand through the grant, are thriving and growing. Of the 120-200 businesses that have gone through the program, four could be considered as part of GOVA industry clusters and each are supporting at least one higher than median wage job (e.g. Frost Gear). Second, TAF will create a sustainable network of mentors and businesses within the region with this funding. Third, when addressing innovative incentives to get increased commitment from local stakeholders, TAF uses the "stone soup approach". TAF has begun measuring the effects and growing partnership resulting from this approach. Fourth, Ms. Patterson differentiated TAF's program from SBDC's by describing TAF's approach as more intensive hand-holding. Finally, TAF's in-kind match from localities includes administrative support, space, community and business sponsors, and support for entrepreneurs (e.g. helping them build their website).

Proposal 2: Partnering Multi-Species Animal Research Facility – Biotherapeutics

- Scott Tate provided summary of proposed project along with subject matter reviewer's feedback. Lee Sandstead represented the applicant during the Q&A process.

Reinforced by staff and reviewer comments, council members questioned whether the local match for this proposal qualified it for GOVA funding or whether the proposal qualified for a waiver. While it could potentially qualify for the multiregional pot of funding, the applicant would have to make a case for a

significant ROI. Another concern expressed was oversight of the facility. Mr. Sandstead responded that while Biotherapeutics is a private business, they have talked with many interested businesses in Blacksburg about opening the facility to any company. Council members confirmed that the direct jobs created from this facility would have higher than median wages (\$32K-\$70K), would not go against any VA regulations on animal testing, and that the facility would address an essential step in the commercialization process. Dr. Michael Friedlander proposed potentially expanding the local match by partnering with Roanoke stakeholders who are doing similar work.

Proposal 3: Center for Energy Research and Education (CERE) Industry Labs – Liberty University

- Scott Tate provided summary of proposed project along with subject matter reviewer's feedback. Jonathan Whitt represented the applicant during the Q&A process.

In response to questions about what is new about this project and how it helps the region, Mr. Whitt replied this facility would be uniquely for industry, as opposed to their other student-oriented facilities. GOVA funding would result in strengthened partnerships between the university and energy companies in the region, additional investments through leveraged grant funding, and partnerships with local schools/workforce development. Council members expressed two main concerns about the proposal: 1) the apparent disconnect between the described activities (seemingly workforce-centric) and the return of investment metrics described—grant dollars; and 2) the research credentials and successful funding experience of existing Liberty faculty to effectively pursue Department of Energy grant funding. Mr. Whitt replied the facility would consist of both workforce development and industry research with the support of other university institutions with a track record of grant funding. Council members agreed that GOVA funding should be used to grow and develop the existing energy cluster (as it related to advanced manufacturing) in the Lynchburg region, and the proposed project could provide the opportunity to reenergize the energy cluster. Region 2 staff confirmed with Mr. Whitt that the applicant could provide evidence of active support from the locality of Bedford.

Proposal 4: Enhancing the Region through New Technology for Unmanned Systems – Dabney S. Lancaster Community College (DSLCC)

- Scott Tate provided summary of proposed project along with subject matter reviewer's feedback. Gail Johnson (DSLCC) and Timothy Tingler (Quest Knight Enterprises) represented the applicant during the Q&A process.

Council members questioned the strength of the partnership between DSLCC and its private industry partners, asking the commitment of the industry partners to the region. Ms. Johnson and Mr. Tingler explained that QKE and other partners are already present in the Alleghany school system through an ARC grant. Florida dollars are already coming into the region through this effort. QKE's commitment is to hire students once they are trained, plus provide them additional training, and make a case for growing a Covington office. Mr. Tingler noted that he has personal connections in the region and wants to have his company grow here. Ms. Johnson added that a good business case for drone testing and development exists in Alleghany with little population, no FAA sites, unfettered space, and an abandoned ore mine to test underground and in the dark. In response to questions about industry recognized credentials for UAS, the applicants explained that no industry recognized standard exists at present because the industry is so new; however, they are working to develop industry recognized certifications and are incorporating any other existing certifications (from other industries) into the

program. One council member pointed out that this program represents two GOVA regions in its application.

Proposal 5: RAMP Expansion – Roanoke-Blacksburg Technology Council

- Scott Tate provided summary of proposed project along with subject matter reviewer's feedback. He noted that this second application for GOVA funding responded to critiques from the last round of Region 2 application reviews in January. Mary Miller and Robert McAden represented the applicant during the Q&A process.

Ms. Miller provided council members with descriptions on RAMP's local match, industry clusters, and success to-date. The RAMP application has collected letters of support as well as sufficient in-kind and dollar match from localities to meet the 1:1 match requirement. Their most recent cohort covered Region 2 target industry clusters including life sciences, manufacturing, and emerging technology industries such as drones, big data, and data analytics. This cohort made "terrific progress" through this program in that several went through significant pivots, leadership changes, or restructuring to prepare them for future growth. When asked if they cooperate with TAF and SBDC, Ms. Miller replied that RAMP has partnered and learned from many accelerator programs across the U.S. Based on this experience, she sees opportunities for close collaboration with these local partners.

Proposal 6: Roanoke SBDC New River Valley Expansion

- Scott Tate provided summary of proposed project along with subject matter reviewer's feedback. Bart Smith represented the applicant during the Q&A process.

In response to council member questions about the SBDC's work with high growth companies, Mr. Smith responded that 65% of SBDC clients are existing businesses. As such, the SBDC has very experienced subject matter experts that directly address the needs of growing firms. Mr. Smith explained that the challenge of many high growth entrepreneurs is understanding how to actually run and grow a business (not just commercialize). The SBDC provides the comprehensive expertise for them to learn these skills. Mr. Smith distinguished the SBDC's work from TAF, explaining that the SBDC works with businesses "further down the road", in other words Stage 2 businesses with growth potential. Council members also asked questions regarding past and current local support for the SBDC in the New River Valley. For context, Mr. Smith explained that the SBDC office that had existed in the New River Valley previously had local match entirely from Radford University. When the previous office closed suddenly, localities did not have time to make room in their budgets to support the SBDC, nor were they used to that idea of support. Currently, local match is coming from locality funds running through the New River Valley Regional Commission; however, Mr. Smith foresees a time (once the infrastructure is put in place and the SBDC proves its value in the region) that localities will allocate funding in their budget to the New River Valley SBDC office.

Discussion and voting by the council

Council took a similar approach to the previous proposal review, going through proposals one by one with additional comments followed by a vote. The council would not approve projects on the basis that the project would be revised before being submitted to the state board. Moreover, voting should be based on the projects in their current state and on their ability to achieve Go Virginia goals. Dr. Raymond Smoot elected to abstain from voting unless there was a need in the case of a tie.

Partnering Multi-Species Animal Research Facility

- Beverly Dalton motioned to delay action on the proposed project until it is further developed. John Williamson seconded the motion. 16 members voted in favor, with no council members voting against.

RAMP Expansion

- John Capps motioned that the Region 2 Council approve the proposed project and recommend it to the state GO Virginia Board for review. Victor Ianello seconded the motion. 16 members voted in favor, with no council members voting against.

Center for Energy Research and Education (CERE) Industry Labs

- John Williamson motioned that the Region 2 Council approve the proposed project and recommend it to the state GO Virginia Board for review. Victor Ianello seconded the motion. 15 members voted in favor, Kenneth Craig abstained, with no council members voting against.

Enhancing the Region through New Technology for Unmanned Systems

- Victor Ianello motioned that the Region 2 Council approve the proposed project and recommend it to the state GO Virginia Board for review. John Williamson seconded the motion. 15 members voted in favor, Marla Akridge abstained, with no council members voting against.

SBDC Expansion and TAF Expansion

- William Fralin motioned that the Region 2 Council allocate remaining Region 2 funds (\$33K) to the proposed SBDC Expansion project and recommend it to the state GO Virginia Board for review. Council welcomed TAF to apply for the next GOVA round of funding. Kenneth Craig seconded the motion. 16 members voted in favor, with no council members voting against.

The state board will review all proposals in April.

Public Comments: Chairman Smoot opened the floor for public comments and there were no comments.

Chairman Smoot concluded the meeting at 12:35pm

Public Sign In Sheet

NAME	AFFILIATION
1 Robert McAden	RBTC / RAMP
2 Mary Guy Miller	RBTC / RAMP
3 Tim Tingles	Queen Knight Enterprises
4 Gail Johnson	DSLCC
5 WAYNE STRICKLAND	RVARC
6 Pam Bailey	Bedford County
7 Mary Zirkle	Town of Bedford
8 Annette Patterson	The Advancement Foundation
9 Kathy Hodges	The Franklin Center / Area III WIDA Board
10 Ben Bowman	Roanoke Workforce Board
11 BOB BAILEY	CAFER
12 Megan Lucas	Lynchburg Regis Bus Alliance
13 Lee Sandstead	BioTherapeutics
14 Sam English	
15 Kevin Byrd	
16 Bart Smith	
17	
18	